



TOFAŞ

TÜRK OTOMOBİL FABRİKASI A.Ş.

Sustainability Report 2019

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About the Report

With our sustainability reports, we aim to provide our stakeholders with the most up-to-date and holistic information about our activities. This year, in our seventh report, we share with our stakeholders the efforts we made during our sustainability journey, our administrative approaches, the social, economic, and environmental impacts of our activities, our performance results, and our targets.

Tofaş Sustainability Report 2019 covers Tofaş Türk Otomobil Fabrikası A.Ş. between 01.01.2019 and 31.12.2019. Except for financial data, information on our affiliates Fer Mas Oto Ticaret A.Ş. and Koç Fiat Kredi Finansman A.Ş., is not included in this report, unless stated otherwise.

This report is prepared in compliance with GRI Standards: "Core" option. The report content has been determined based on the portfolio of topics we obtained as a result of the study aimed at determining sustainability priorities. In certain priority topics, aside from the company

information, we included the performance results of the studies we have been carrying out together with our stakeholders that are in the sphere of our value chain. When preparing the data included in the report, we used indicators specified in the GRI Reporting Standard as well as such performance evaluation criteria as the CDP and corporate governance grade, which are recognized in this field, to provide a more comprehensive and holistic analysis opportunity for readers.

We aim to carry out our future reporting studies by following the same guidance methodology on an annual basis. You can access our interactive sustainability webpage at

tofas.com.tr/en/Sustainability/SustainabilityReports to see the sustainability reports of previous years as well as the PDF version of the Tofaş Sustainability Report 2019.

Message from CEO



As Tofaş, with the strength of our half-century of knowledge and experience, we continued to create value for all our stakeholders in 2019, despite the challenging economic developments witnessed both in the world and in our country.

We work with the goal of sustainable growth in line with the values of our main shareholders Koç Holding and FCA. In addition to our economic advancement, we have been further improving our sustainability performance every year. This year we continued to be included in the Borsa İstanbul (BIST) Sustainability Index for the sixth time. With our performance in the corporate management field, our Corporate Governance rating was announced by the Capital Markets Board of Turkey as 9.26 in 2019.

Tofaş created, based on the export revenues in 2019, a foreign trade surplus of \$919 million and continued to be among the leading industrial organizations of our country with the production of 264 thousand vehicles and the export of 194 thousand vehicles. We maintained our leading position in the industry and achieved 93% domestic production share in domestic market sales. Our share in the automobile and light commercial vehicle market in Turkey, where we represent Fiat, Fiat Professional, Alfa Romeo, Jeep, Ferrari and Maserati, reached 16.4% with an increase of 5.7 percentage points.

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Having celebrated its 25th anniversary in 2019 and being an important power of our sustainability performance, our R&D Center is one of the most important R&D centers of both Turkey and FCA, with its experience, competence and high-tech laboratories. Within the scope of our R&D activities in 2019, we mostly focused on the improvement and development of Fiorino, Doblo, Egea models and also supported various FCA projects. We carried out R&D activities for developing the new Egea model (MCA). Until 2019, we have invested 58 million Euros in our R&D Center for the design and testing infrastructure. Furthermore, we also invested 9 million Euros in equipment to improve our competencies in 2019.

We closely follow the new technologies and applications and carry out studies for digital transformation in line with our needs in order to improve the customer satisfaction we achieved for our products and services and to improve our operational efficiency. We focus on developing digital technologies such as the Internet of Things, Data Science and Robotic Process Automations, under the responsibility of our “technology leaders”; and in cooperation with the external ecosystem, we implement these technologies on opportunities that will create value in our business processes. We are continuing to develop systematically our competencies throughout the company, as required

by digital transformation, through the transformation programs we have created by leveraging the power of our academy and technology partners.

As part of the World Class Manufacturing (WCM) journey that began in 2006, we had managed to rank among one of the top three factories within FCA, reaching the "Golden Level" in 2013. We have continued to improve our production standards since then, and we increased our score to 81 as a result of the audit that took place in 2019 and achieved to be the company with the highest score among all automobile factories where WCM is applied.

The number of our projects, including those within the scope of WCM Energy Management Methodology, reached 116 in 2019, and we managed to achieve 48,975 GJ of energy savings and a reduction of 3,959 tons of CO₂ emissions thanks to these projects. Tofaş was included in the B band in the Climate Change program, and its rating score in the CDP Water program was B. We evaluate climate change risks within our risk-based management model and carry out studies to support the transition to a low carbon economy.

We do not limit our sphere of influence with the production, but rather adopt with a holistic approach, the sustainability perspective in our entire value chain as a corporate culture. We invest in development together with our stakeholders in our value chain. In 2019, we carried out studies with our suppliers in such areas as quality, delivery, efficiency, environment, occupational health and safety, and employee development. We aim to ensure that the decisions we take by evaluating all our activities with a focus on our social and environmental responsibilities are compatible with our sustainability culture. With organizations such as Tofaş Environment and Energy Day and Go Tech, we aimed to support our suppliers in the field of sustainability. We supported the development of our dealers' employees with programs such as Sales and Service School carried out under Tofaş Academy, as well as with organizations such as Proudly Fiat, Discovery Days.

Tofaş continues to implement its long-term social responsibility projects in the axes of sports, education, and culture and arts, with a view to contributing to the national economy and social development. We create value for the society with many projects, including Tofaş Sports Club, Fiat "İyiye İşaret", Tofaş Science High School, Fiat Laboratories,

Tofaş Museum of Cars and Anatolian Carriages, and studies supporting archaeological excavations.

Although the scope of this report covers our activities and results for 2019, I would like to give information also on our support to the battle against the COVID-19 pandemic, to minimize its effects on our stakeholders and the society. Since the beginning of the process, we have implemented all necessary precautions by placing the health of our employees as our priority. In addition, with the sense of responsibility we felt -as one of the leading industry and R&D companies in Turkey- we quickly took action to provide the necessary support for the fight against the outbreak. We made a needs assessment for health institutions and determined the equipment we can produce, including face shields. We verified, in the studies we conducted with doctors, the designs of biological sampling and intubation cabins for the protection of healthcare workers and started production. We produced 50,000 face shields and 1,300 biological sampling and intubation cabins and delivered them to health institutions in 70 provinces of Turkey. We also presented the designs of the equipment as open source. By supporting different companies in their efforts to start production, we contributed to the endeavors aimed at ensuring wider mobilization against the outbreak. We will transparently share the effects of the pandemic on our operations and goals in the report of next year. Now, we are continuing our efforts to maintain the welfare of the society and our employees through remote working methods and updated annual plans for the continuity of our business in this process.

Our goal is to maintain the sustainable success of our company as a global company that creates value for its customers and that is a source of pride for its employees and business partners. I extend my sincere thanks to all of our stakeholders, including our shareholders, customers, employees, dealers and suppliers, for their belief, support and contribution to Tofaş.



Cengiz Eroldu
Board Member & CEO

Governance and Sustainability

The foundation of our management and sustainability understanding is based on the values and principles of our main shareholders, Koç Holding and Fiat Chrysler Automobiles (FCA). We consider governance and sustainability as a whole. While acting under a governance approach through which risks are managed effectively and which is based on business ethics norms, we integrate our sustainability strategy into all of our activities. In line with our participatory approach, we learn expectations of our stakeholders through different communication channels and include them in our decision processes.

Corporate Governance Structure

For corporate sustainability, we adopt a transparent, responsible, fair, and accountable governance approach in line with the Communiqué of the Capital Markets Board of Turkey on Corporate Governance Principles. We are working to implement these principles at all levels, and we measure our performance and report the results to our stakeholders.

Each passing day, we are developing our governance practices in line with modern principles and practices. As a result of these efforts, our Corporate Governance Rating, which was 9.20 in 2018, was raised to 9.26 based on the evaluation of our activities in 2019.

Tofaş Board of Directors consists of 10 members, 2 of whom are independent. The duties of the Chairman and the CEO are carried out by different persons. CEO is the only member responsible for executive performance and reports directly to the Board of Directors.

The CEO and the senior management of the company are responsible for identifying and managing strategic trends, ensuring the proper functioning of risk management and early warning and control systems, determining corporate targets, ensuring compliance with corporate governance principles, and achieving the expected performance and results in this field.

The Corporate Governance Committee, the Audit Committee, and the Early Risk Detection and Risk Management Committee, that report to the Board of Directors, have an important role in ensuring the activity efficiency of the Board of Directors. The duties of the Nomination Committee and the Remuneration Committee are also performed by the Corporate Governance Committee.

For more information about Tofaş's corporate governance structure, you may visit tofas.com.tr/en/InvestorRelations/CorporateGovernance or refer to the Tofaş Annual Report 2019, which is published interactively at ir.tofas.com.tr/2019/en/.

Risk Management

Risk management processes in Tofaş are under the responsibility of the Board of Directors. The duties and activities in the field of risk management are carried out by the Audit Committee and the Early Risk Detection and Risk Management Committee in accordance with the relevant legislation. Corporate risk strategies are determined on the basis of reports submitted to the Board of Directors.

Risk management is a part of the annual target spread and performance evaluation system. We attach importance to the implementation and dissemination of internationally recognized principles and steps on risk management. We follow our risk management processes within the scope of our 5-step methodology.

-  Risk Identification
-  Risk Measurement
-  Risk Assessment
-  Risk Reduction or Transfer
-  Continuous Monitoring of Risks

Sustainability risks are one of the main issues of Tofaş's risk management portfolio and cover all issues that have an impact on the sustainability performance. The sustainability risks are determined with a preventive approach and the results are reported within the scope of the Risk Management Policy.

For more information about Tofaş's corporate governance structure, you may visit tofas.com.tr/en/InvestorRelations/CorporateGovernance or refer to the Tofaş Annual Report 2019, which is published interactively at [ir.tofas.com.tr/2019/en/..](http://ir.tofas.com.tr/2019/en/>.)

Business Ethics and Anti-Corruption

All of our activities in Tofaş are guided by our commitment to the rules of business ethics and "zero tolerance" against corruption and bribery, both of which are the cornerstones of our corporate culture. We regulate our ethical values and the rules we have to follow with the "Tofaş Code of Conduct and Code of Practice" document. We define our perspective on combating corruption in our Anti-Bribery and Anti-Corruption Policy.

These rules and policies address the following issues: compliance with business ethics, protection of all kinds of company assets and information, prevention of conflicts of interest, issues to be taken into consideration in establishing business partnerships, occupational health and safety, anti-bribery and anti-corruption. In addition, there are mechanisms for reporting violations, as well as disciplinary rules and sanctions to be applied in case of violation, and the process is followed up precisely. We consider the

10th principle of the United Nations Global Compact (UNGC), to which Koç Holding, one of our main shareholders, is a signatory, as an integral part of our anti-corruption approach.

a. Anti-Corruption Policy and Systems

Within the scope of business ethics and anti-corruption, we follow a compliance program that includes risk-based assessment, monitoring, auditing, reporting and training activities carried out under the coordination of Tofaş Ethics Committee and Internal Audit Department. To prevent corruption, the principle of "separation of duties" in business processes has been adopted and necessary control points have been defined. The functionality and effectiveness of business processes and control points are reviewed periodically through audits conducted by the Internal Audit Department. Furthermore, business processes and financial statements of the company are audited at least twice a year, by independent audit teams.

The Tofaş Board of Directors bears the primary responsibility for ensuring that the activities of the company are carried out in compliance with the relevant legislation, the Tofaş Code of Ethics and the Tofaş Anti-Bribery and Anti-Corruption Policy. Activities regarding this responsibility are carried out by the Tofaş Ethics Committee appointed by the Board of Directors. Ethics Committee consists of the CEO, the Chief Legal Counsel, the Director of Human Resources and other relevant directors, and convenes every 6 months or upon the call of one of the members. The Tofaş Ethics Committee is responsible for: ensuring that the ethical principles are understood and implemented within the company, communicated with internal and external stakeholders, managed effectively, and revised when necessary; the investigation and conclusion of reports on violations by employees and third parties; the establishment of investigation committees where necessary; the execution of resolutions in accordance with disciplinary procedures; and informing relevant authorities. The sanctions, including termination of a contract, which are to be applied in case a violation is determined, are stipulated in the Tofaş Code of Ethics and the Personnel Regulation.

Governance and Sustainability

The Tofaş Ethics Committee is also responsible for monitoring and supervision of compliance with the anti-bribery and anti-corruption policy and ethical rules. The activities regarding the supervision of compliance with these rules and policies are performed regularly by the Internal Audit Department on behalf of the Tofaş Ethics Committee. When determining the risks regarding ethics, corruption, and bribery, risk-based assessments are taken as a basis. This ensures considering many factors, such as the nature and location of the activity, the internal and external risks to which the activity is exposed, and the current internal controls. The risk of corruption and bribery is among the significant criteria used when determining internal and external risks.

Based on the results of risk assessments carried out by the Internal Audit Department, an audit plan is prepared for reviewing and strengthening the effectiveness of internal controls at the required points. The audit plan is submitted to the Audit Committee for consent and approval. The units that are considered to be relatively riskier according to the risk-based assessment are primarily included in the audit plan or are routinely checked. In the audit activities performed, the risks of corruption and bribery are considered, and these risks are evaluated through eliminatory controls. In case the controls related to the existing risks are considered insufficient, corrective actions are taken by the relevant units. The Internal Audit Department submits the results of the audit activities in writing and verbally to the General Manager and the Audit Committee affiliated with the Board of Directors. The complaints, problems and examination results that are considered important by the Internal Audit Department and the Ethics Committee are reviewed and assessed in the relevant Board Committees that convene at least four times a year. In the audits carried out in 2019, no bribery case was encountered.

We hold our employees responsible for protecting our values and ethical principles and for acting in accordance with working principles, and we take their written commitments in this regard. In this context, our anti-bribery and anti-corruption policy have been

communicated to all of our employees. In addition to the written commitments we have received from our existing employees, our newly-hired colleagues are also provided with our code of ethics and anti-bribery and anti-corruption policy, in exchange for their signature. Furthermore, a session about ethical rules has been included in the compulsory orientation training delivered to newly recruited personnel. Since December 2017, we have been implementing a unit-based program that includes regular informative meetings on ethical rules for the existing personnel.

Giving importance to ethical rules and ensuring the employees' compliance with these rules are among the primary responsibilities of all senior and middle level managers. It is explicitly stated in our Anti-Bribery and Anti-Corruption Policy that Tofaş employees will not be held liable for any losses incurred by the company due to their compliance with the code of ethics. The obligation to fully comply with such codes and policies applies not only for our employees but also for our business partners and internal and external stakeholders, including all members of our Board of Directors and our suppliers and dealers. We consider compliance with business ethics and anti-corruption as an integral part of our activities and we strive for continuous improvement.

We continuously communicate our codes and policies regarding business ethics and anti-corruption with our business partners through our web site.

Before establishing business partnerships and selecting business partners, such as suppliers and dealers, we carry out due-diligence that includes bribery and anti-corruption issues among others; we select business partners who can comply with our respective rules and policies; and we evaluate them on the basis of various criteria, including ethical compliance.

In the selection of the companies that will supply goods and services or that will serve as a representative, we pay regard to the objective criteria, including issues on the risk of corruption and bribe, set out in the internal procedures. Preliminary evaluations of such companies are carried out jointly by the respective business unit and purchasing unit. After the evaluation of alternatives, the final selection

among the pre-qualified companies as well as the determination of the price are performed by the purchasing unit, considering the most advantageous conditions for Tofaş. Basically, the principles of ethics and transparency are adopted in the company selection process. Supplier companies are paid for their services only if such services are in accordance with the legal regulations and comply with the codes and policies of Tofaş. Necessary mechanisms for the supervision of business processes have been established to ensure the appropriateness of payments made for services; and the effectiveness of such mechanisms is reviewed regularly by the Internal Audit Department. In the contracts we execute with our business partners, we refer to relevant laws as well as ethical codes of conduct and application principles, and we clearly state that non-compliance with such laws and codes will constitute good cause for termination. Moreover, we monitor the performance of our business partners in the fight against corruption and bribery. To the best of our knowledge, there was no case of bribery or corruption in relation to our business partners in 2019.

The adequacy of our Company's anti-bribery and anti-corruption policies, mechanisms and reports is evaluated independently by the Board Committees at least once a year. In this context, the mechanisms, systems and procedures we have developed regarding anti-bribery and anti-corruption were evaluated independently by the Audit Committee of the Board of Directors of Tofaş and found appropriate. The result of the evaluation is included in the minutes of the committee meeting dated 04.02.2020.

To ensure compliance with applicable regulations and the company's own rules, we follow the individuals and companies that are blacklisted based on information we collect from public authorities, international data providers and various media sources, including social media channels. We identify the dealers, suppliers, contractors, and customers who are known or suspected to have been engaged in bribery, and we initiate a process in accordance with our procedures for the termination of ongoing contracts with such parties.

We have established easily accessible communication channels for notifications on violations of the Code of Ethics and the Anti-Bribery and Anti-Corruption Policy. Such communication channels are periodically reminded to employees, suppliers, and other stakeholders to raise their awareness. Our employees, business partners and all other stakeholders may report any cases that they believe are not in compliance with our rules and policies to etikkurul@tofas.com.tr by stating their names or on an anonymous basis. In addition, notifications made through other communication channels of the company, i.e. corporate websites and customer services hotline, as well as the notifications made by employees are also evaluated.

The confidentiality of both the information shared and the respective investigation is guaranteed by the Ethics Committee. The Ethics Committee also guarantees that employees and stakeholders who report a bribery and/or corruption case will not experience any adverse consequences. This is clearly emphasized in the Tofaş's Code of Ethics, Code of Practice, and Anti-Bribery and Anti-Corruption Policy.

As it is clearly stated in our Code of Ethics, Tofaş is not a party to any political or ideological thought, tendency or organization; we do not provide in kind, material, or moral support, whether directly or indirectly, to the activities or campaigns of any political parties, politicians, or candidates. We exchange information with public institutions within the framework of our transparent relations and respond explicitly to the requests for information on our sector. Furthermore, we endeavor to utter the sectoral problems and development opportunities through the studies of sectoral non-governmental organizations. If a public institution is our client or if there is a tender procurement process, we act in accordance with the rules of free competition without compromising our principle of full compliance with laws and procedures.

Governance and Sustainability

b. Reporting of the Fight against Corruption

To ensure the familiarity with and adoption of Tofaş's rules, we provide online training and reminder activities regarding our Code of Ethics and our Anti-Bribery and Anti-Corruption Policy. These training programs are intended not only for our employees but also for our suppliers and dealers and include theoretical information as well as case studies which they may encounter in business life. In 2019, a total of 4,337 people, 2,656 of which were the employees of dealers, were trained online.

Also, in 2019, our employees were asked to resubmit their conflict of interest statements.

Our online training program that was launched in 2016 was updated in 2018. Our online training program was improved based on the feedback received from our suppliers and dealers who

participated in our online training courses, including ethical code of conduct and bribery. Besides, in order to prioritize the issues to be included in the sustainability report, we consulted with our dealers and suppliers as well as non-governmental organizations. Accordingly, 95% of our stakeholders identified business ethics and anti-corruption as issues to which priority should be attached.

In 2019, no bribery case was experienced in our Company and no bribery-related case was reported through our communications channels. In 2019, no corruption-related allegation was made against the company. Tofaş received 23 notifications on various issues, reported via the company's communication channels, in 2019. The results of examinations of these notifications are summarized in the table below.

Notifications Submitted through our Communication Channels	2019	2018	2017	2016	2015
Those That Led to a Disciplinary Decision	3	4	5	3	2
Those in which No Incompatibilities Were Detected	20	13	9	6	3
TOTAL	23	17	14	9	5

Our Company rigorously evaluates all ideas, opinions, and suggestions from our stakeholders regarding ethical compliance as well as fight against bribery and corruption and integrates them into its existing practices. In this context, we cooperate with the Ethics and Reputation Society (TEİD), a non-governmental organization that is the most active platform in Turkey, on the fight against corruption and bribery. TEİD has a significant role in providing our company with the flow of information on anti-bribery mechanisms from various stakeholders. Two executives of our company are members of the Board of Directors of TEİD. The Internal Audit Department is following closely and participating in TEİD's activities where information and opinions on the fight against corruption are shared. Except for the membership fee, no additional fee is paid for the support received from TEİD.

The effectiveness of the anti-corruption program and reporting system of our company is assessed by TEİD on an annual basis through the Anti-Corruption Program Effectiveness Survey, developed based on the guidelines of OECD and UN on best practices, and is improved in accordance with respective recommendations. To follow international developments in this field, our Company continues its membership to, and active participation in, the working groups established under TEİD, UN, OECD, and B20.

In line with its goal of being the industry leader in the fight against corruption, our company has participated in Europe's largest collective action on anti-corruption. Tofaş is one of the 140 signatories of the "Declaration on the Common Principles of Business Ethics", as the first and only company from the Turkish automotive sector and encourages its large suppliers to participate in the same collective action.

Internal Control & Internal Audit

Establishing an effective internal control and internal audit mechanism is a significant part of our responsible and sustainable governance approach. Our studies regarding internal control and internal audit allow us to ensure the efficiency and continuity of our operations and the reliability of the reports. The Board of Directors is responsible for the proper functioning of the internal control system and internal audit, and the necessary coordination on behalf of the Board of Directors is provided by a Board Member and the CEO.

Our internal control system has been designed in accordance with international standards and best practices. To ensure that employees have the responsibility, knowledge, and authority for the internal control processes, the internal control system is integrated into business processes through policies, procedures, and instructions. The efficiency of internal control systems is assessed through internal audits conducted by the Internal Audit Department of Tofaş and external audits conducted by audit teams affiliated to Koç Holding and FCA as well as by independent audit firms. The improvement activities addressing the areas in which areas of improvement are found as a result of the audits performed are carried out rapidly by the relevant departments.

The authority and responsibilities of the Internal Audit Department are determined in line with the Internal Audit Regulation. The Internal Audit Department reports directly to the CEO of the Company, who is also a Member of the Board of Directors and has no hierarchical relation with other units. This ensures the independence and objectivity of the auditors. The knowledge, skills and abilities of internal auditors are improved with continuous professional development activities.

The Audit Committee of the Board of Directors is responsible for the effectiveness of the internal audit systems, the evaluation of operation, and the reporting of the actions to be taken for improvement to the Board of Directors.

In the scope of internal audits, units may be audited by other units. Unit representatives become specialized in certain subjects and evaluate other units in line with their areas of expertise. In addition to internal audits carried out within the company, we conduct regular audits of dealers and suppliers regarding sustainability issues, including environment, working and manufacturing conditions, ethics, and quality.

Sustainability Management

We define our sustainability management as a basic philosophy for the management of our employees as well as all of our stakeholders in our sphere, by taking into consideration economic, environmental and social values. We work to disseminate the sustainability culture and awareness to all our processes and stakeholders, with a lifelong perspective. Within our risk-based management model, we improve our current studies according to evaluations based on various factors, including environmental and social values, which are the main components of sustainability.

At Tofaş, sustainability is adopted as a management philosophy by the entire board of directors, including the CEO. The management of our sustainability strategy determined by the "Sustainability Committee" under the leadership of the senior management is under the responsibility of the "Early Risk Detection and Risk Management Committee".

In the risk-based working model, action plans are prepared based on the risks and opportunities identified in the field by all our units and relevant stakeholders, and progress is followed by risk owners. The Risk Management Committee reports all works and practices carried out within this context to the Corporate Governance Committee, and if deemed necessary, to the Board of Directors. This ensures the flow of information on our sustainability activities to the Board of Directors. The sustainability is always on the agenda of the Board of Directors and evaluated by the members of the Board of Directors. Apart from this information flow, the Sustainability Team coordinates the activities, in which the senior management including the CEO is involved and which are carried out by the relevant directorates and units, and reports to the respective Board Committees.

Governance and Sustainability

Sustainability Management

CEO
Board Member

Sustainability Committee

- Plant Director
- Finance Director
- Human Resources Director
- Corporate Relations Director
- External Relations Director
- Environment Health and Occupational Safety Manager (EHS)

Sustainability Working group

- Environmental Systems Manager
- Health and Occupational Safety Manager
- Human Resources Manager
- Corporate Communication Manager
- Corporate Governance and Stakeholder Relations Officer
- Strategic Management Process and Business Development Officer
- Supplier Relations Procurement Officer
- Production Directorate Officer
- Supply Chain Officer
- After-sale Officer
- R&D Officer

Sustainability is managed within the framework of the "Sustainability Policy of Tofaş", which includes the general principles of our sustainability approach. Our sustainability strategies are determined and followed by the Tofaş Sustainability Committee. The Sustainability Working Group is responsible for reporting the performance results of sustainability management through the sustainability report.

You can access Tofaş's Corporate Sustainability Policy at tofas.com.tr/en/Sustainability/Policies or in the Tofaş Annual Report 2019 which is published interactively at ir.tofas.com.tr/2019/en/

Sustainability Priorities

We determine our sustainability priorities by involving our stakeholders, with which our interaction is higher and on which our influence is higher; and through the targets we set, we continue to witness in our business processes the positive impact of our management approach about sustainability priorities.

We created a wide universe of subjects in line with the factors covered in the GRI standard, and by considering the various subjects that are closely related to the automotive sector. When determining our sustainability priorities, we took into consideration Sustainable Development Goals, which are recognized as global goals that address environmental, social and economic problems.

We carried out two separate questionnaire studies to ensure the participation of internal and external stakeholders in decision-making mechanisms. While the first of these questionnaires was carried out with the participation of the company's executives, the second one was carried out with our stakeholder groups, including suppliers and non-governmental organizations. In this way, the universe of subjects was finalized.

Within the scope of the study to determine the sustainability priorities, the universe of subjects consisting of 40 subjects and 17 Sustainable Development Goals was evaluated by senior and medium level managers of Tofaş. Subsequently, the studies were consolidated and the relevance of these subjects and goals with the operations of Tofaş was evaluated. In the last stage, priorities were determined by considering both the level of impact of Tofaş's operations on these subjects and the expectation of our stakeholders. As a result of this evaluation made in 2017, we decided to manage our priorities through long-term targets, in line with the target year of 2030 set for Sustainable Development Goals; and we are monitoring our progress on related topics annually and are updating our action plans in line with the new knowledge and experience we gain.

The below table, which is the result of all these studies, shows Tofaş's main production-related processes that are associated with the priority subjects determined as a result of the survey carried out with our stakeholders. Our goal here is to update the priorities of the company based on a lifelong perspective, and accordingly create new action plans, through which we will create value together with all of our stakeholders.

Tofaş's Sustainability Priorities		Procurement Processes	Production Processes	Delivery Processes	Marketing & Sales Processes	After-Sales Processes
Governance Priorities	Business Ethics and Anti-Corruption	x	x	x	x	x
	Management of Sustainability Risks in the Value Chain	x	x	x	x	x
Environmental Priorities	Climate Change	x	x	x		x
	Energy Consumption	x	x	x		x
	GHG and other Emissions	x	x	x		x
	Use of Environmentally Friendly Materials and Waste Management	x	x	x		x
	Product, Process, Mobility Model Innovation		x			
	Electric/Alternative Fuel Vehicles		x		x	x
	Vehicle Fuel Consumption		x		x	x
Economic Priorities	Digitalization	x	x		x	x
	Customer Satisfaction		x		x	x
	Product and Service Quality		x		x	x
	Brand Perception		x		x	x
	Business Success of Suppliers and Dealers	x			x	x
Social Priorities	Occupational Health and Safety	x	x	x		
	Talent Management and Vocational Training	x	x		x	x
	Human Rights at Workplace	x	x			
	Woman Employment, Diversity, Equal Opportunities		x		x	
	Business Life - Private Life Balance		x			
	Vehicle and Traffic Safety		x		x	x

Governance and Sustainability

Stakeholder Engagement

"Partnerships for the Goals", which is the 17th article of Sustainable Development Goals, refers to the fact that sustainability cannot be achieved alone. We consider it important to develop our sustainability culture based on this perspective, to act with our stakeholders to achieve our goals and to cooperate with professional organizations in various fields.

We are continuing our communication with all of our stakeholders in our value chain on the basis of transparency and accountability principles.

We aim that our sustainability culture is adopted as a way of doing business, and we plan to achieve this by developing collaborations with our stakeholders, including our employees, dealers and suppliers. In this context, we support our stakeholders' efforts to comply with the UN Global Compact.

STAKEHOLDER GROUP	PRACTICE TYPE AND FREQUENCY
Employees	Surveys and Research (at various intervals); Training Activities, Tofaş Code of Ethical Conduct, Internal Communication Platforms (news screens, intranet), Announcements and Postings (continuous); Suggestion and Rewarding System (instant); OHS Committees, Working Groups and Committees (at various intervals); Internal Publications (three times a year); Performance Management and Career Development Meetings, Social Activities (at least twice a year); Management Meetings, Communication Meetings, Annual Report, Sustainability Report, Environment Day (annually); Working Life Evaluation Survey (annually).
Majority Shareholders	General Assembly Meetings, Annual Report, Corporate Governance Compliance Report, Sustainability Report (annually); Board of Directors Meetings, Interim Reports (quarterly); Material Disclosures (upon necessity).
Minority Shareholders	Investor Presentations, One-on-One-Interviews (upon request); General Assembly Meetings, Annual Report, Corporate Governance Compliance Report, Sustainability Report (annually); Interim Reports (quarterly); Material Disclosures (upon necessity).
Dealers	One-on-One Meetings (upon request); Abroad Dealer Meetings, Domestic Dealer Meetings, Customer Satisfaction Survey, Annual Report, Sustainability Report (annually); Internal Publications (three times a year); Dealer Trainings (continuous).
Suppliers	One-on-One Meetings (upon request); OHS Committees (monthly); Annual Report, Sustainability Report (annually); Supplier Business Ethics Principles, Training and Development Programs (continuous); Internal Publications (three times a year).
Product End Users	Product Labels and Users Guides (continuous), Marketing Communication Studies (continuous); Participation in Fairs, Annual Report, Sustainability Report (annually).
Local Community	Complaint System, Social Projects, Donations and Sponsorships (upon request). Information Meetings (upon necessity); Annual Report, Sustainability Report (annually).
Sector Actors	Meetings and Discussions, Projects and Initiatives (upon request); Participation in Fairs (several times a year); Annual Report, Sustainability Report (annually).
Local Administrations	Meetings and Discussions (upon request); Annual Report, Sustainability Report (annually).
Public Institutions	Meetings and Discussions (upon request); Informative Reports (at various intervals); Public Audits (at various intervals/instant); Annual Report, Sustainability Report (annually).
NGOs	Memberships (continuous); Working Groups, Committee and Board Memberships (periodical); Joint Projects and Initiatives, Meetings and Discussions (upon request); Annual Report, Sustainability Report (annually).
Universities and Academics	Scholarship and Internship Opportunities, Participation in Academic Congresses and Seminars, R&D Project Partnerships, Tofaş R&D Publications (continuous); Sponsorship and Support; Support for Academic Research and Publications, Meetings and Discussions (upon request); Annual Report, Sustainability Report (annually).
Employee Families	Informative Studies (continuous); Internal Publications (three a year); Social Events (at least two times a year); Environment Day (annually).
Opinion Leaders	Meetings and Discussions (upon request); Annual Report, Sustainability Report (annually).
Media	Interviews and Talks; Meetings and Discussions (upon request); Press Releases, Material Disclosure (upon necessity); Annual Report, Sustainability Report (annually).

Consumer Experience

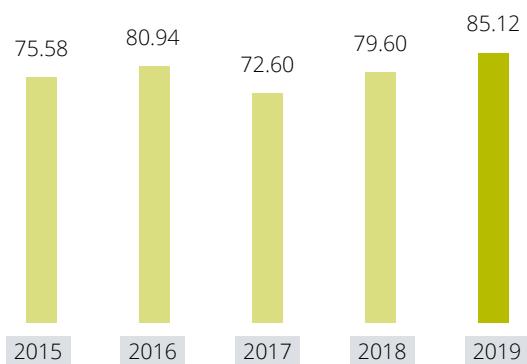
We are in a sector from which the expectations of end consumers in such areas as security, comfort and quality are very high. One of our most important inputs in achieving success in both domestic and international markets is that we have always focused on our customers' needs and expectations. We follow the consumer experiences in a wide market, considering various components, and aim for continuous improvement in this area as well.

Customer Satisfaction

Tofaş's top priority in customer satisfaction is to ensure that our production activities offer a variety of brands and models and meet high quality requirements to satisfy the needs of target markets. The other pillar of ensuring customer satisfaction is to offer solutions to our customers in sales and after-sales processes and to respect customer's rights under all conditions. We pay attention to satisfy the needs and expectations of our customers within the framework of company policies and legal practices.

The main characteristics of our brand from the viewpoint of our consumers are that our vehicles in the automobile category are economical, suitable for family use, driver-friendly, popular, and have low maintenance costs, and in the light commercial vehicle category are suitable for business life and for families.

Customer Satisfaction Trend* (%)



* Calculation method was changed as of 2018.
* NPS is followed.

We manage our customers, dealers and authorized services in Turkey's different regions with different cultures, through the customer relations management systems we have established with a common understanding. This allows us to ensure that the communication between the customer, dealer/technical service, and Tofaş, the three pillars of customer satisfaction, progresses systematically.

Within the scope of our "**Vehicle Status Tracking at the Service**" application, which we have developed based on customer experience, digital screens are placed in customer waiting areas so that customers can track the status of their vehicles during service operations and receive instant notification. On these screens, customers can instantly monitor all stages of the process regarding their vehicles.

With our "**Fast Service**" application developed in line with the principle of "speed", which is one of our brand promises, we aim to shorten the service time of simple maintenance/repair needs of our customers. In cases when our customers request only one of the operations offered with the

application, we guarantee to deliver their vehicles within maximum one hour by providing them a "Fast Service" appointment opportunity.

In 2019, as a first in the Turkish automotive sector, we launched an online application allowing customers to start a video conversation with the sales consultant via the website, without any requirement to install any applications or make an appointment. Through our new project "Connect to the showroom instantly and buy your car!", which offers an easy sales process, potential customers may contact with a dealer through a video call and experience a virtual showroom visit at www.fiat.com.tr.

You can access our Customer Satisfaction Policy at tofas.com.tr/en/Sustainability/Policies or in the Tofaş Annual Report 2019 which is published interactively at ir.tofas.com.tr/2019/en/

Innovation

At the many points where we directly or indirectly contact with our stakeholders included in our value chain, we aim to carry out our activities in line with our "sustainable future" belief. We consider innovation not as a separate line of business but rather as a value that we have integrated into all of our processes.

Our innovation studies consist of the improvement and advancement of existing models and the development of new models. As part of our digital transformation efforts in 2019, we implemented various projects and reviewed and put into practice several case studies to enhance our employees' competencies and improve our infrastructure and databases. Apart from these, we develop programs that encourage in-house entrepreneurship and innovation. We strive to reach and implement innovative and creative business ideas that will carry Tofaş to the future. In the scope of our open innovation efforts, we meet startup companies with which we can develop collaborations and utilize external innovation ideas.

R&D Management

Our R&D management proceeds based on our strategy to become a global, competitive product and technology development center, which internalizes existing technologies in accordance with the needs and which rapidly implements new technologies. While adapting this strategy to our products, we aim to develop new product projects for the market needs, offer such products on the market and improve our existing products in line with expectations.

In the Tofaş R&D Center, where one can see many reflections of our sustainability culture, we attach importance to making progress in an expanded R&D network, which includes universities, co-designer suppliers and engineering companies, keeping in mind that cooperation will strengthen R&D. We consider strengthening our competencies as a

priority for becoming a center where global advanced engineering studies of FCA are carried out. In this context, we continued our research projects in technology fields, to which we give strategic priority, in 2019, both within the company and within the framework of university-industry collaborations.

Within the scope of 2023 targets, TÜBİTAK made a call for 2244 - Industry Doctorate Program for the raising of qualified human resources with a doctorate degree, as required by the industry and under the university-industry cooperation, with the aim of promoting the employment of researchers with a doctoral degree in the industry and improving the cooperation between universities/research infrastructure and industry. Tofaş R&D planned to employ 18 doctoral students to work in the following projects covered under the 2244 - Industry Doctorate Program.

- Improvement of competitive design and material development inputs for future cars with cutting-edge technology applications,
- Artificial Intelligence in Design,
- Development and Verification of ADAS (Advanced Driver Assistance System) Applications,
- NVH performance management of HVAC systems and acoustic mapping,
- Improvement of Innovation Management Methodology, and Investigation of Patents and International Incentive Programs throughout the World.

In addition, Tofaş worked with seven supplier companies in 2019 on design development projects supported by TÜBİTAK and H2020.

Our studies in the R&D center progress around three main components: environmental sustainability, social sustainability, and competence. We follow our works through long-term and short-term goals that serve as milestones.

We recognize that being able to produce information in today's world is one of the most important factors for development, and we aim to contribute to the national economy accordingly. In this context, we closely follow the technological developments around the world and contribute directly to the development of these technologies. By integrating design processes into R&D studies, we are working on developing passenger and commercial vehicles which stand out with their innovative engineering design details as well as technological superiorities. In 2019, we worked extensively on the improvement and development of the Fiorino, Doblò, Egea models, and we also supported the R&D projects of FCA. We also started the R&D activities related to the development (MCA) project of the new Egea model.

"We allocated TL 355 million for R&D expenditures in 2019, which means an increase of approximately 45% compared to the previous year."

The total investments for the design and test infrastructure made at Tofaş R&D center until 2019 in the areas of vehicle concept, style, body, interior design, suspension, engine, emission, vibration and acoustics exceeded 58 million Euros. The new testing fields, in which we have invested 10 million Euros, and which we commissioned in 2019, increased the capability of our R&D Center to develop more competitive products.

R&D Engineer Training Program

We continued the Summer Term R&D Engineer Training Program in 2019, which we have been carrying out in cooperation with Bursa Industrialists and Businesspeople Association (BUSİAD) and Uludağ Automotive Industry Exporters' Association. The program was also supported by Tofaş Academy as a program partner.

With its infrastructure that can compete with Europe in the field of vehicle development, Tofaş R&D Center is located on a total space of 20,110 m² and employs approximately 700 personnel in its laboratories and offices. Tofaş R&D Center, with its various laboratories equipped with high technology, is one of FCA's largest R&D centers in Europe. When recruiting

personnel to Tofaş R&D Center, we give priority to those who have a master's or doctoral degree.

Among the personnel working in the R&D Center, 64 were holding a master's or doctoral degree 2008, while this number increased to 150 in 2019. In the recruitments to be made for the R&D Center, priority is given to the employment of those who have a master's or doctoral degree. As of 2019, 13 of the Tofaş R&D employees are studying in doctoral programs, whereas 28 others are studying in master's programs.

One of the prerequisites for Turkey to increase its international recognition and develop itself, as a product development center, is to address all elements of the R&D value chain in a holistic approach. Tofaş attaches special importance to such issues as joint design development, organization of local engineering companies, and collaborations with universities. Carrying out university-industry collaboration projects in parallel with its technology development studies, Tofaş R&D Center has been involved in 137 projects with 18 different universities in the last 15 years.

In many research projects carried out at Tofaş R&D Center with the support of TÜBİTAK and the European Union, we cooperate with FCA Research Center and foreign design centers as well as faculty members of various universities. Tofaş R&D Center has increased the number of its EU supported research projects to 23 and has worked with more than 200 international project partners within the scope of these projects.

Tofaş R&D Center aims to increase the number of patent applications every year with new projects and innovative ideas that provide added value. As a result of its innovative studies, Tofaş R&D Center made 106 patent applications within the country and 17 patent applications in the international arena.

Digital Transformation

We closely follow the new technologies and applications related to the automotive industry and carry out studies for digital transformation in line with our needs in order to increase operational efficiency and improve customer satisfaction for the vehicles we produce. In this way, we continue to renew both our operations and our products in line with our "Life is

Innovation

Renewal" philosophy. Through our inter-departmental digital transformation committee, we closely follow the new technologies and the opportunities they create, through our rapid experiencing and prototyping approach. Within the framework of this approach, we aim to increase customer experience by following the process based on the data received from the vehicle and the production line, and we improve our processes by creating a value from such data with advanced analytical techniques, thus enabling the workforce to use technology quickly and efficiently to focus on value-added jobs. For example, with our data analytics project that was granted the International Quality Award 2019, we estimate the warranty costs of the vehicles using historical data, allowing us to ensure more efficient management of financial resources and to create new opportunities in R&D, design, and spare parts processes.

We actively follow each of the digital technologies (Artificial Intelligence, Data Science, IoT, RPA, Image Processing, VR, AR, Robotics, etc.) being developed around the world, and ensure a company-wide focus on such technologies with the responsibility of a "technology leader". While increasing the level of awareness of our company regarding rapidly developing technologies making use of the strength of our academy, we systematically develop our technical competencies as required by digital transformation. To ensure operational efficiency within our production facility, we manage the digitization process in a dynamic approach through a comprehensive committee that reports regularly the progress and outcomes related to the process to senior management at monthly meetings. The ideas of our employees about the process improvement are subjected to pre-qualification and submitted to the top management for final evaluation and decision regarding whether they will be implemented as a project. As a result of the studies carried out:

- The introduction of "TofaşGO" application, our corporate internal communication platform, in 2017, allowed us to provide bidirectional and instant communication within the company, to support in-house entrepreneurship and idea sharing, and to gather all applications of Tofaş in one application. Having received many national and international awards, TofaşGO has been used more actively by our employees day by day. In 2019, we continued to improve the application in line with the feedback we received from our employees and added various features, such as live broadcasting, social grouping, receiving personalized notifications, and giving real-time feedback in all directions.
- With our "IoT" platform, we can now collect many data within the company from different points, especially in the industrial area, make instant decisions automatically, or create the necessary reports for decision making processes. We successfully completed many technical, administrative and financial forecasting projects with the help of "data science" and "learning systems" by processing the data we produce. Through this infrastructure, we can track quality errors and equipment, carry out simultaneous predictive maintenance works, and monitor and track many of our processes, including those on-the-line. Thanks to "robotic process automation", we have eliminated many jobs that did not create any added value and achieved a leaner and more efficient operation level. In 2019, we continued our investments on robotic transformation for basic infrastructure and office processes.
- We are the first and only Turkish company that has taken on the leadership of the Robopartner Project, which is carried out under the EU Framework Program (FP7) to extend the use of robots in assembly lines and to develop business models, methods, software, and equipment for common, productive, and safe robot/human working environments.

- We evaluate the risks and opportunities on autonomous driving and connectivity, one of the most important developments in the automotive industry and follow a road map compatible with FCA's strategy. As part of the digitalization of vehicles, we are carrying out studies on providing communication between on-board electronic units.

The studies for the "Fiat Yol Arkadaşım Connect" (FYA Connect) Project, which was developed within Tofaş as the first remote access technology in its class, were completed in 2018, and the current number of users of FYA Connect has reached 8,217. With the improvements in 2019, FYA Connect is now applicable to all models produced by Tofaş. Developed in line with our digitalization strategies and based on the expectations and needs of our customers, such as safety and comfort, FYA Connect was designed to add a new dimension to our customers' relations with their vehicles and to communication of Tofaş with customers. Running based on connectivity technology, the platform allows vehicle owners to remotely connect to their vehicles via a smartphone or computer. FYA Connect continued to increase the services it provides to users in 2019, considering the opportunities created by technological developments as well as user experience and feedback. Developed to convey to drivers security-related information and guidance, commercial service offers, and gamification suggestions of various stakeholders aimed at improving the driving experience, FYA Connect is also forming the infrastructure of a platform economy which is being established.

Vehicle Safety, Driving and Passenger Comfort

Within the framework of customer satisfaction, we adopt vehicle safety and quality as our first priority. In line with FCA's "safety for all passengers" vision, we are working to develop smart vehicles that offer service and support to drivers in terms of comfort and safety. We make sure that all of our innovations and vehicles are in full compliance with the legal regulations and requirements in relevant markets.

Our vehicles are equipped with passive and active safety systems. We aim to prevent accidents with the help of active safety systems and to ensure that our customers escape from any injuries with the help of passive safety systems in case of an accident. In this way, we observe the safety of not only the drivers and

passengers in the vehicle, but also the safety of other vehicles, passengers and pedestrians traveling in traffic outside the vehicle.

With the help of data science and learning algorithms, we are working on how to predict possible accidents and vehicle failures before they occur, based on the data produced by the driver and the vehicle.

FYA Connect continues to consider the safety of Fiat users with its new features. In the current version of the application, the driver is informed instantly and directed to the nearest service in case of any breakdown of the vehicles. Thanks to a new feature added to the application, owners of Fiat brand vehicles, who are registered with Seatmate Connect, are warned with a special notification tone when they approach the points which pose high accident risk. Thus, drivers are urged to drive even more carefully in risky areas without being distracted.

Climate Change

Climate change has turned into a global crisis, and its expected economic impacts on the business world are among the most critical issues of today. The business world has a great responsibility in the management, which now includes such issues as digitalization, distributed energy resources, and low carbon economy, of the climate change crisis.

Many companies in the automotive industry have made many commitments that they will take necessary actions on this issue. In this context, we, as Tofaş, continue to work for preventing climate change and implement the best practices as well as the plans for transition to the low carbon future step by step.

We carry out our works within the scope of combating climate change and transition to a low carbon economy in three main areas:

- Reduction of emissions from our production activities
- Raising awareness of our supply chain regarding climate change and monitoring the related emissions
- Studies on energy efficiency and alternative fuels in vehicles

We aim to demonstrate to all our stakeholders the importance we attach to this challenge by carrying out all of works on this issue through the Sustainability Committee and Sustainability Working Group, that report directly to the CEO.

"Tofaş has presented its responses to the Carbon Disclosure Project (CDP) in 2019 and as a result of the evaluation, it was included in the B- (Management) band in Climate Change and Water programs."

When we evaluate our activities from a lifelong perspective and consider the needs and expectations of our stakeholders, we can say that our greatest impact in the field of climate change is the usage of our vehicles. Our stakeholders expect us to design and manufacture vehicles that will ensure their travel experiences and transport and distribution operations with more sustainable methods. As Tofaş, we work to develop vehicles with lower emissions or using alternative fuels. Our transition journey to a low carbon economy has already begun and we aware that this is a process that needs to be continued with constant improvement. In this context, we share our progress every year with all our stakeholders through our reports.

"Studies on reducing emissions consist of 21% of our R&D activities."

Within the scope of transition to a low carbon economy,

- We support the following efforts of FCA, which were launched in accordance with its product strategies: increasing efficiency in conventional motor vehicles; expanding the use of alternative fuel systems and developing electric and hybrid vehicles. The projects on which we worked in 2019 were:
- Studies on the development of a fully electric vehicle
- Development of a battery management system
- Integration of a wireless high-speed charging system (100kW) into a vehicle,
- Computer-aided analyses and simulations (HiL and SiL etc.)
- Studies on the development of a model-based embedded software
- Development of a control unit for electric vehicles

- Development and integration onto a vehicle of a 48 V Light hybrid system
- In-wheel driving systems application
- To reduce greenhouse gas (GHG) emissions resulting from production, we invest in energy efficiency in our production facilities.
- With our efforts to reduce fuel consumption in vehicles, we try to save energy and minimize the release of emissions.
- We carry out studies that will ensure energy efficiency in our distribution operations.
- Through customer information services as well as studies on the development of suppliers and dealers, we are working to disseminate the environmental and climate responsibility throughout our value chain.

"By 2024, we aim to have reduced our greenhouse gas emissions resulting from production by 33% compared to 2011."

For more information about Climate Change, you may visit tofas.com.tr/en/Sustainability/ EnvironmentClimateChange or refer to the Tofaş Annual Report 2019, which is published interactively at ir.tofas.com.tr/2019/.

Mobility Solutions

Ever-changing trends and the developing technology throughout the world come up with new mobility needs for individuals, including our customers. At Tofaş, we develop technologies and solutions to ensure freedom of travel and to satisfy various mobility needs through sustainable methods. We support FCA's researches and studies aimed at raising awareness of customers regarding being more sensitive to energy consumption.

Low-Emission Vehicles

With the gradually increasing importance of climate change, the share of the development of low-emission vehicles under FCA within mobility solutions is increasing. As Tofaş, we support these studies and consider this issue as an area that requires continuous improvement.

"Stage 2" emission homologation testing of Fiorino 1.4 LPG was performed successfully in the Tofaş Emission Laboratory.

In addition to reducing the level of emission from vehicles, we also reduce the amount of raw materials used in manufacturing without compromising the safety of the vehicle, thus ensuring more efficient resource utilization and less waste generation.

Portable Emission Measurement System (PEMS)

The Portable Emission Measurement System allows the performing of measurements, which are normally performed in emission laboratories, under real road conditions. The system has been developed to assess the vehicle's emission results in a traffic environment that represents actual road conditions instead of tests carried out under constant conditions in emission laboratories. The use of PEMS for passenger vehicles in Turkey was first launched by Tofaş. The test results are used as an input for the engine software of vehicles during the project phase and serves as a reference for the measurements made in our emission laboratory. Real Driving Emissions (RDE) tests, which became mandatory with the Euro 6D-Temp emission level and which were applied in a type approval test for the first time in Turkey, were completed using the Portable Emission Measurement Device (PEMS).

Climate Change

Alternative Fuel Vehicles

Another area we are working in within the scope of our mobility solutions is the development of alternative fuel vehicles. Accordingly, we are closely following the electric vehicle technologies around the world. We are carrying out studies aimed at

integrating these technologies with the innovative solutions and applications developed and aimed at performing the local production of electric vehicle systems and components. We also support FCA's efforts to expand the use of alternative fuel systems such as those using natural gas and biofuels. Our projects and goals this context are as follows:

Assured H2020 Project

Ensuring a better understanding of the effect of fast charging profiles on the battery in terms the life of the charger-vehicle combination, sizing, safety, network reliability and energy efficiency increase; and reducing the total cost of ownership (TCO),

Developing new generation modular high power charging solutions for electric buses and trucks and light commercial vehicles,

Integration and verification of the system on electric city transport buses, different types of trucks (600kW - pantograph) and 1 light commercial electric vehicle (100kW - wireless) prototype suitable for fast charging.

Hi-Fi H2020 Project

Reduction of efforts and costs by verifying the hardware integration of the electric vehicle components into the system in the software environment, thus preventing the errors that may occur in further stages

Developing a method for the development and testability of electric vehicle components

Project On The Development Of A Battery Management System With Active And Passive Balancing Properties Suitable For Automotive Standards For Electric and Hybrid Vehicles

Robust and fast Battery Management Systems (BMS) solutions for potential projects on different types of battery packs

Being more reliable and configurable than ready-made BMS solutions.

SYS2WHEEL H2020 Project

Efficient adaptation to BEVs and existing vehicle platforms and development of components, systems and architectures by 2030 for the future CO₂ free city logistics

Energy Efficiency and Emissions

We, as Tofaş, work together with our supply chain and FCA within the scope of combating climate change. We are aware that the energy efficiency and reduction of emissions that can be achieved in the production process are completely under our control and constitute the areas where we can make the fastest impact. For this reason, energy efficiency and emissions are the most important part of our environmental management. We fulfill our responsibility to reduce the risks of climate change by limiting our energy consumption and release of emissions from year to year.

The management of energy efficiency and emission issues in Tofaş is under the responsibility of Energy Guides Board, Tofaş Sustainability Working Group and Tofaş Sustainability Committee that report to the CEO on a regular basis. We monitor our energy efficiency and emission performance and improve it continuously in line with short-, medium- and long-term targets. We keep our emission values below the limit values determined by public authorities.

We support the transition to a low carbon economy through our studies on energy efficiency. We are continuing to reduce energy consumption and associated greenhouse gas emissions with the projects we implement. Within the scope of WCM Energy Management Methodology, Tofaş launched a total of 116 energy efficiency projects in 2019. Considering the projects launched in the last quarter of 2018, the total number of energy projects implemented in 2019 reached 158. Most of the projects were carried out with very low investment costs ($ROI < 1$) within the framework of Smart Solutions, LCA (Low Cost Automation), operational control techniques, and awareness activities.

In line with the production figures that decreased compared to the previous year due to economic reasons, there have been changes in the working shifts. The fixed energy consumptions and decreased daily production rates had an adverse effect on the energy consumption per vehicle (GJ/vehicle). Despite this adverse effect, our energy saving efforts yielded positive results, and we managed to keep the energy consumption per vehicle at 4.01 GJ/vehicle, whereas emission from production per vehicle realized as 0,377. Improvement studies are continuing in line with our targets.

As a result of the studies carried out to reduce fixed energy consumption in the last two years, during which the automotive industry was adversely affected by economic conditions, the base energy level was reduced by 24% compared to 2017.

"Tofaş received the "Certificate of Achievement", given to projects that enhance efficiency, from the Minister of Energy at the Award Ceremony organized by the Ministry of Energy and Natural Resources of the Republic of Turkey."

"We developed a special algorithm software that instantly analyzes the effects of different production conditions and parameters on energy consumption and that can indicate the losses occurred on a process basis. With our software called TEMAS (Tofaş Energy Monitoring Analyzing System), we aim to make a difference in our energy projects within the scope of digital transformation activities."

Volatile Organic Compound (VOC) emissions occur during painting applications, which is one of the main processes in automotive production. We managed to reduce the VOC emission weight per painted surface from 35.47 g/m² (in 2014) to 32.8 g/m² and continue our efforts to further reduce VOC emissions in line with our targets.

We support the transition to a low carbon economy through our studies on energy efficiency. We are continuing to reduce energy consumption and associated greenhouse gas emissions with the projects we implement. We managed to achieve 48,975 GJ of energy savings and a reduction of 3,281 tons of CO₂ emissions thanks to the projects implemented within the scope of WCM (World Class Manufacturing) Energy Management Methodology.

Energy Consumption (GJ/vehicle)



Greenhouse Gas Emissions

(Scope1+Scope2) (ton CO₂e/vehicle)



VOC Emission Trend (gr/m²)



Manufacturing

At Tofaş, we perform an efficient, high-quality, sustainable, and world-class manufacturing with the experience and knowledge we have gained for half a century. We use state-of-the art technologies in our manufacturing processes, and we guarantee the efficiency of our processes through quality systems and standards. We constantly reduce the environmental impact resulting from our production processes. In addition, we evaluate our products and services from a lifelong perspective and manage the positive or negative effects we create.

"We have secured a place for the 6th time, among the 50 Turkish firms qualified for the BIST Sustainability Index in 2019 as a result of a comprehensive assessment made by EIRIS , an international rating foundation, thanks to our concept of sustainable production."

World Class Manufacturing

We are closely following customer expectations for quality and use information that we gather in that field as a key input for raising the quality of all production and service processes in the value chain and to bring them to the most competitive level. We are providing a world class competitive edge through our quality concept centered around customer satisfaction.

We have been using WCM (World Class Manufacturing) methodology since 2006 in order to systematically improve and boost competitive power in production. The WCM methodology basically focuses on occupational safety, quality, cost, delivery, and environment, aiming to reach "zero" in each of those areas. The WCM Program is being followed in 213 FCA plants and its around 400 suppliers throughout the world.

-  **Zero Occupational Accident**
-  **Zero Environmental Accident**
-  **Zero Loss**
-  **Zero Quality Error**

We received the "Fastest Growing Plant" sine 2006 when our WCM journey began and it was the first FCA plant reaching the Silver Level in 2009. Tofaş crowned its accomplishment by becoming one of the three factories that had reached the "Golden Level" in the FCA world as a result of an audit conducted in November 2013. Focused on constantly raising its production standards during its WCM journey, Tofaş managed to raise its score from 77 to 81 in 2019 to become the company that has the highest score among all automobile plants where the WCM is being followed.

You can access lone detailed information about the World Class Manufacturing (WCM) Methodology at tofas.com.tr/en/InvestorRelations/CorporateGovernance/ or Tofaş Annual Report 2019, which is published interactively on ir.tofas.com/tr/2019/en/.

"Tofaş managed to raise its score from 77 to 81 in 2019 to become the company that has the highest score among all automobile plants where the WCM is being followed."

Manufacturing

Quality

We are shaping our quality strategies in parallel with FCA's Global Quality System that aims to ensure that production and services conform to superior quality norms. We have made it our mission to ensure that our products and services are of quality complying with the applicable statutory and sector-wide legislation, are reliable in terms of physical norms, and perform better than their rivals.

We are carrying out our production processes by following numerous management quality and standards. Thus, we are enhancing our capability to respond to risks as well as quality of management. We are constantly improving our performance regarding our management system and standards by monitoring them through independent external auditing, certification, and verification. We are avoiding risks by monitoring our all processes through WPI (Work Place Integration) methodology.

"We updated our Quality Policy according to current needs, expectations and trends. You can reach the Tofaş Quality Policy at tofas.com.tr/Sustainability/Policies/."

In 2019, as an output of our efforts,

- Egea was selected as the most successful automobile among 19 models as a result of an annual NCBS quality comparison survey conducted by after a 3-month use, which covered all leading carmakers selling cars to their European customers while Doblo received an award as the most successive light commercial vehicle model, which confirmed the competitive level that we had reached in terms of quality.

We have been using WCM (World Class Manufacturing) methodology in order to systematically improve and boost competitive power in manufacturing. With a score of 4, we were selected as one of the best 4 plants of FCA based on our score in the quality pillar in 2017.

In 2019, our Fiat Tipo model was identified as the most problem-free automobile in the category of problems warranting repair as a result of a control, with a 0.84 fault rate among 100 models, according to a report drawn up by GTÜ Institute functioning as the official vehicle inspection center in Germany and published in a special edition of Auto Zeitung magazine. This score was the best received among all cars manufactured under FCA so far.

Digital Quality Management

In Tofaş, quality data is managed through a digital platform which covers all new projects and serial production processes. It contains integrated WCM QCS (World Class Manufacturing / Quality and Customer Safety) tools. Potential risks are also managed through the same system.

Using this software offers us various advantages, including:

- Formation of corporate memory;
- Management on a single platform;
- Access from any place in the world whether within the company or externally;
- Managing WCM QCS activities in a digital medium.

The International Quality Awards ceremony was organized in London on 27 November by **The CQI** (Chartered Quality Institute), one of the leading quality institutes, in London, United Kingdom. It involved 103 projects from 10 different countries, competing in 7 main categories, and Tofaş Quality Team won the top award in the category "Development Systems," leading its international rivals.

The advanced level demonstrated by the advanced Machine Learning and Quality 4.0 application under the **Warranty 4.0 Projection System** developed was described by all jury members as an exemplary project.

"Digitalization" is being treated as a strategy within the Quality Directorate since 2017. The main objectives of this strategy are:

- to explore new technologies and processes;
- to provide reliable and effective quality processes;
- to understand customers better and faster;
- to perform more effective quality controls at lower costs

To attain our long-term quality goals in that context, the quality directorate and other production units work together to:

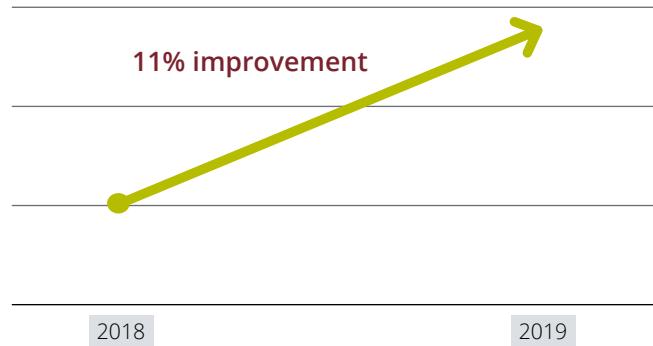
- IoT & Data Analytic
- RPA (Robotic Process Automation)
- Advanced Robot / Cobot Systems
- Data processing technologies
- A total of 41 quality projects are being carried out, including AR&VR (Argumente and virtual reality).

CPA



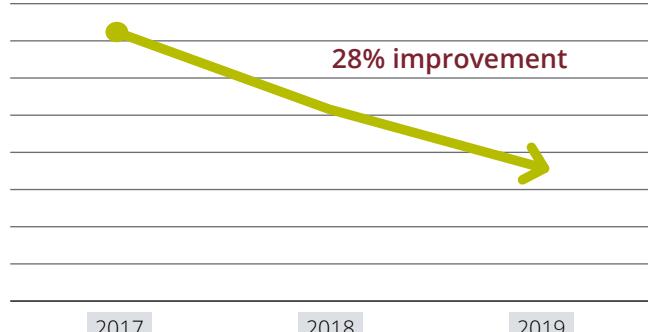
It is the aesthetic evaluation of the produced vehicles before they are transported to the dealer.

FTC



Indication of getting approval for the first time without any repair or operation on the manufactured vehicles

QT



It is a survey on phone to measure the satisfaction of customers after a certain period of use.

Supplier Quality Performance



It is the indicator that expresses the error points resulting from the quality errors created by the products produced by the sub-industries.

Manufacturing

Risk Management

Risks are identified, necessary actions are taken, and they are followed up on by employing a risk and opportunity assessment method defined for all processes by using the perspective provided by ISO 9001:2015. Periodic reviews are done in order to identify new risks and opportunities.

In addition, we analyze all processes in the Quality Directorate and all quality-related processes in other units through a strategic perspective and Hoshin Kanri methodology. We analyze potential risks in those processes, their potential effects on us, and actions that need to be taken while regularly monitoring the risk maturity levels of the processes.

Stakeholder Engagement

Tofaş is making efforts to create a value chain focusing on continuous development and embracing its own business ethic and working norms. In that context, it contributes to efforts made by its supplier, the most vital component of the value chain, to increase the quality of their products and services.

The Connected Supplier event organized in that context attracted a large turnout and focused on devising low-cost technological solutions to quality problems.

Environmental Management

We regard protection of natural resources and carrying out our operations with minimum environmental impact as one of our fundamental responsibilities. We are carrying out projects to control and minimize indirect environmental impacts across our value chain as well as our direct environmental impact and we remain committed to constantly reducing our adverse environmental impact.

Environmental issues are being handled by the Sustainability Committee and the Sustainability Working Group in line with Tofaş Environment and Energy Policy and environmental performance is reported to the Board of Directors.

Reinforcing our management infrastructure regarding the environment plays a key role in the improvement of our environmental performance. We are speeding up our decision-making processes by also calculating the economic effects of our environmental risks, while allocating resources for the management of environmental risks as part of risk management. We are attaching great importance to raising awareness on environmental issues among our employees and those of our business partners.

"We spent more than TL 1.2 million for environmental management and investments and organized environmental training for 4850 people*hours in 2019."



Green Purchasing

At the root of our green purchasing policy is the philosophy to spread our sustainability culture to our entire supply chain and to bring products and services with a minimized environmental impact to the fore. Our green purchasing policy is aimed at minimizing environmental impact stemming from the production processes of our suppliers and their services, to improve their general environmental performance, and reducing environmental risks.

As part of our efforts, we provide suppliers from whom we purchase products for manufacturing vehicles a list containing environmental issues. Guided by a due diligence logic, the list informs our supplier on the consequences of their environmental impact (energy, water consumption), general information concerning environmental management system, questions on management of environmental risks. Their replies help us calculate our environmental impact arising from the production of components of a car.

Our Green Purchasing program, launched in 2018, continued this year with improvement and development efforts made with our 7 suppliers selected from different sectors. We formulated plans comprising our suggestions for long-, medium-, and long-term methodic and technical development with the purpose of their environmental and energy performance as a result of field visits paid to our suppliers selected as pilots with our technical experts responsible for the continuity and development of production processes of our plant.

A total of 103 actions are being monitored and 40% of them was completed by the end of 2019 and positive changes began to be observed in the environment and energy indicators of our pilot firms. While our program is under way with our 7 suppliers in line with our action plans, we intend to roll it out to our all direct material suppliers in the coming period.

As regards procurement of services, we are drawing up specifications laying down environmental sensitivities intrinsic to each service item and identifying preference criteria. Thus, services are purchased only from suppliers meeting the specified criteria.

You can access detailed information on Environmental Management and Tofaş's Environment and Energy Policy at tofas.com.tr/en/Sustainability/Policies or in the Tofaş Annual Report 2019 which is published interactively at ir.tofas.com.tr/2019/en/.

Water Management

Being aware of the fact that the climate crisis will have profound effects on water resources, we are making endeavors for ensuring efficient use of water. We are managing our water and wastewater processes in the most efficient manner while trying to carry out operations with minimum consumption of water. We have made it our mission to continuously improve our water consumption through various methods while conducting periodic analyses in the name of ensuring the continuity and sustainability of water resources.

We make intensive use of well water in our production processes. Our water consumption fell from 1.073.626 m³ in 2018 to 929.882 in 2019. Our water consumption per vehicle dropped from 3.55 m³ in 2018 to 3.33 in 2019.

Fresh Water Consumption (m³/vehicle)



Manufacturing

We make sure that fresh water extracted is reused many times in line with our principle of making responsible use of water resources. We return waste water resulting from the process to the production process again in order to meet our water demand.

"We recycled 62.2 million m³ of water in 2019."

We constantly monitor our biological effects in order to avoid any adverse effect on natural areas and creatures living there and conduct environmental impact assessments. We identify potential risks through periodic controls and take necessary actions. In that regard, we adhere to the Convention on Biological Diversity which has been ratified by Turkey.

Management of waste water is a key component of our water management policy in that it has the potential to create a negative effect on biodiversity. We are making endeavors to recycle waste water resulting from our operations in our modern treatment units at the maximum level and discharge remaining waste water to an appropriate receiving bodies in amounts below the thresholds defined in waste water discharge licenses.

"We discharged 630 thousand m³ of waste water in 2019."

Management of Materials and Waste

We regard all kinds of waste disposal as a loss of natural loss in line with our Environment and Energy Policy and aim at preventing pollution at its source. We ensure that all industrial waste created during production processes as raw material and source of energy in the cement industry and hence achieve our "zero waste disposal" goal.

As part of our management of materials and waste, we focus on the reduction of consumption of materials, broad utilization of recyclable materials, minimizing quantity of resulting waste, and its recycling as a whole. In addition to our own operations, we are encouraging our suppliers to reduce the quantity of materials they use.

The total quantity of waste per vehicle was 39.5 kg in 2019.

"In parallel with our sustainable production, we ensure efficiency in all production processes through 5R (refuse, reduce, reuse, recycle, recover) improvements."

Waste Amount (kg/vehicle)

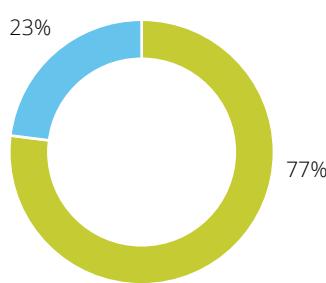


Work Place

We regard our employees as our valuable assets with top priority for ensuring rapid adaption to evolving competition as well as experience, creativity, and leadership. We are doing our best in the interest of offering a healthy and safe working environment which is fair, egalitarian, embracing and upholds human rights and characterized by relations based

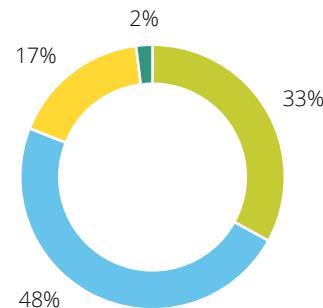
on respect and trust, and contributes to social life. We complement our respect for our employees by skill and performance management policies intended to improve their personal and professional skills. As a result of all those efforts, we aim at becoming an employer preferred by innovative, creative, talented, and competent professionals.

Employee Breakdown by Category



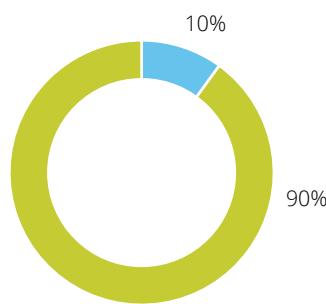
● Field Worker ● Office Employee

Employee Breakdown by Age



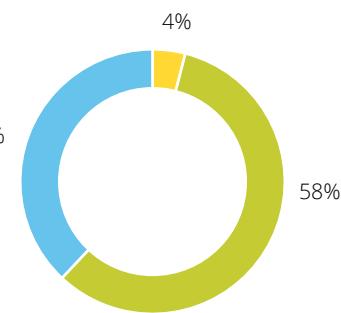
● 18-30 ● 31-40 ● 41-50 ● 51-60

Employee Breakdown by Gender



● Male ● Female

Employee Breakdown by Education Level



● High School ● University ● Primary

Work Place

Human Rights

Human rights issues in Tofaş is being handled through the Tofaş Ethics Committee reporting to the Board of Directors. We adhere to the principles of the UN Global Contact, which has been signed by Koç Holding, our majority shareholder, and it is our objective to ensure 100% compliance with the principles. We also support to encourage our distributors and suppliers to observe the same principles.

Diversity is one of the major components of our approach to human rights. We believe that diversity is a criterion of richness for our corporate culture. As part of this approach, we assess our employees based on their knowledge, talents, and skills in the process of recruitment or other human resources processes. There is no discrimination on the grounds of age, sex, faith, ethnic origin, or a similar reason in any process. We adhere to the principle of "equal pay for equal work" in fixing the wages of our employees. We are offering equal benefits to all employees performing the same work.

We never tolerate any breach of labor rights, child labor, forced labor, discrimination, and similar practices. It is our aim to roll out our approach to human rights to our value chain in its entirety. For that purpose, we expect our suppliers and business partners to adhere to the same human rights principles observed by Tofaş.

Safeguarding employees' union rights is one of the issues that we meticulously try to ensure. We attach importance to ensuring that the employees are represented by a trustworthy organization in their dealings with the company management and allow our employees to freely exercise their rights to conclude collective agreements and to join trade unions. We expect our suppliers and business partners to follow our policy regarding the safeguarding of labor rights.

"In 2019, 70% of our employees were governed by a collective bargaining agreement."

As we are a member of the Koç Group, all newly recruited office employees join the Pension and Benefits Fund Foundation of Koç Holding. Field employees hired by Tofaş can also join the Pension and Benefits Fund Foundation of Koç Holding.

Our employees and their families are eligible for a group special health insurance and KoçFamily Program offered to the companies within the Koç Group. All Tofaş employees paid per hour are covered by the Complementary Health Insurance (TSS) with 100% contribution from the company. Employees are free to include their spouses and children in the insurance policy. In 2019, a total of 5,635 employees and 5,660 members of their families were included in the TSS.

The number of children eligible for scholarship under a program titled "Tofaş Offers One More Support for Education," which we launched in 2011 in order to support the education of our employees' children, rose to 2,171 in 2019.

Gender Equality

We believe that equal participation in employment is one of the most decisive factors in social progress. In that context, we encourage women's participation in the workforce and focus on increasing the percentage of female employees. We are making efforts to improve the employment conditions of our female employees.

We contribute to better work and life balance of our female employees. Our Daycare Allowance program, launched in 2016 for that purpose, has been used by a total of 442 female employees, including 138 in 2019.

We are providing support for our female employees in order to enable them to return to work after giving birth to a baby and to strike a balance between their work and childcare.

"All female employees who had taken maternity leave returned to work at the end of their leave in 2019."

Employee Development

Our Coaching and Talent Development Programs

Tofaş hires professional coaches who are trained within the company to provide development counseling, individual coaching, and team coaching regarding competence and behavioral development specific to Tofaş.

Development Counseling

The program titled Development Counseling is a 7-step behavioral development journey. This program has been designed for employees who aim at achieving change through professional and personal development in order to enable them to translate their potential and new skills into productive actions in line with the company's goals.

The Development Counseling program provides Tofaş employees with professional support needed during the path from the current situation to the desired ideal. Development Counseling has been designed as an original program tailored to individuals. A development counselor helps employees seeking advice learn new methods, find new areas, and acquire new perspectives by using coaching and mentoring tools.

"Behavioral Development Counseling," which is being implemented in Tofaş since 2017 and attended by some 300 employees, is aimed at enhancing our employees' skills in line with the company's goals. We provide our employees with fully personalized development guidance through coaching and mentoring.

In 2019, 52 employees completed the Development Counseling Program.

Individual Coaching

Individual Coaching is a development journey that lasts around 6 months, helping employees discover their potential for achieving desired results in line with the company's goals.

"Individual Coaching" program, which has been continuing within Tofaş since 2018 and attended by some 50 employees, helps the employees to discover their potential in order to achieve results in parallel with the company's objectives. Attended by more than 400 employees in the past two years, the "Team Coaching" program is intended to mobilize creative potential of teams in order to boost collective productive capacity.

A total of 40 employees completed the Individual Coaching Program in 2019.

Team Coaching

The team coaching program has been developed in order to create efficient and integrated teams, to help a team mobilize its collective productive capacity and take actions accordingly. Thus, the team devises a clear vision and takes a specific direction, boosting performance within the company. The Team Coaching program consists of 4 sessions completed in 2 to 3 months. To derive maximum benefit from the program, the team leader and members are encouraged to join the program voluntarily.

A total of 28 teams made up of 249 employees completed this program in 2019.

Work Place

360+ Instantaneous Vision Platform

We launched the «360+ Instantaneous vision» program, which enables individuals to receive feedback from anyone that they may choose in 2019. The program allowed our employees to get feedback from individuals at any level and to share their opinions with them. In 2019, 1067 employees shared 4,051 opinions through the program developed by employing people-centered design method with the purpose of creating opportunities for development through personal awareness with insight provided by employees.

Our projects that we successfully carried out based on the fact that sustainable achievements can be achieved only through investments in people, technology, and the working environment, received many awards in 2019. In that scope, we received EMCC 2019 Global Coaching Award from EMCC (European Mentoring & Coaching Council) for our approaches based on personalized social and experimental learning strategy aimed at developing skills among our employees.

Our projects that brought awards in the category of coaching are underpinned by activities targeting talented people who are at the heart of our company as well as the value chain that we own. We are managing this process as part of the main strategic initiative called "Valuable Employees Creating Value," which is intended to improve the talent base that our company and value chain will need in the future as well as organizational capabilities.

Our Learning and Development Projects

Founded in 2010, Tofaş Academy is intended to create and discipline Tofaş's corporate memory in order to achieve sustainable benefits while enabling its all employees and stakeholders to be more successful in their work and to be prepared for the future.

Having assumed a key role in the company's journey into the future, Tofaş Academy is focused on individual, professional, and organizational development by precisely identifying needs with the objective of providing well-trained and experienced workforce for the automotive industry. With hundreds of training modules designed for different individual learning styles and trainers trained within its organization, Tofaş Academy represents a development platform with physical conditions and content similar to that of universities and aims at offering a learning experience tailored for each employee. In that context, there are 234 active internal trainers, 9 development counselor, and 10 internal coaches whose development is also supported by Tofaş Academy.

Tofaş Academy offers training and development services for around 15,000 people employed by Tofaş and its dealers and suppliers.

"In 2019, Tofaş Academy received 9 different awards from reputable international platforms, including Stevie and Brandon Hall."

Stevie and Brandon Hall awards are presented to international companies and organizations for their performance and positive contributions to social life. Link-Entry System Training, Fiat Companion Connect Training Program, Discovery Days, I am Proud To Be a Member of Fiat, and Purchasing Professional Development Program received awards in the field of development solutions while Tofaş Academy Integrated Training Management System, Digital Development Assistant: "Zekky, "Tideo", an Interactive Video Content Platform, and Corporate Networking Platform received awards in the field of learning technologies.

The Best Academy in the Field of Training and Development

Tofaş Academy has earned an award as the "Best Organization in the Field of Training and Development" at the 16th ATD (Association for Talent Development) BEST Awards 2018, which is one of the most prestigious awards in the training and development sphere. The annual ATD BEST awards are presented to corporations which have matched their development activities with corporate goals and strategies in order to create added value. Among the key factors that has earned Tofaş Academy an ATD BEST award are its active role in discovering and implementing innovative ideas, innovative solutions for development, and www.tofasakademi.com, a content compilation website that it offers for supporting development of training professionals across the world.

Smart Development Planning Through "Zekky," a Digital Development Assistant

We are supporting our employees in acquiring leadership skills and behavioral development through our behavioral development programs that we design in line with our concept of personalized learning. More than 1500 employees used digital development assistant Zekky in 2019 and benefited from leadership, behavioral, and technical development programs proposed by the system depending on needs, including classroom training, online training, video sources, reading articles offered by the Academy, outsourced online training (MOOC), coaching and one-on-one mentoring.

"In 2019, average training hours each person was 58.9 hours for office employees; 22.9 hours for field personnel, and 19.24 hours for dealer employees."

"Industrial Development Schools and Dojo Occupational Health and Safety Experience Area were put into service within Tofaş Academy."

- Supported by new features including the Curriculum System, Wiki, Digital Development Assistant, Zekky, and Live Broadcasting System, Tofaş Academy Integrated Training Management System continued enriching 7/24 digital learning experience for field and office staff.
- Structured programs related to Data Science, RPA, and IOT, all aimed at improving future capabilities, were designed.
- All team leaders completed the "Koç-like Leadership" program. The Field Leadership program supported development of our leaders managing field staff.
- In addition to development programs organized about innovation, design-oriented thought, and agility, coaching support was provided for intra-company projects.
- Agility methods were employed in content production processes through "Agile Learning Design," an original method developed by Tofaş Academy.
- Efforts were made to ensure equality in learning and development for both employees and their families across Turkey by virtue of social responsibility projects, including Coding and Good Sign for Children.

"60% of Dealer Development Activities was carried out by using digital resources in 2019."

- Development of employees were supported through I Am Proud To Be a Member of Fiat event, CRM and Service Marketing Day, STU (Social Technical Expert), and Warranty Experts Refreshment Training, and training in launching products supported by rival products, which we have organized in order to enhance technical and behavioral capabilities of dealer employees.
- Interactive learning was supported through real time broadcasts needed by dealer employees after the activation of the live broadcasting system.

Work Place

- Online and classroom training programs were organized as part of the Commercial Systems Project in accordance with mixed training methodology with a view to helping dealer employees adopting to modern system. Adopting an agile approach, regional training programs were organized for all dealer sale teams within 1 week.
- Designed to satisfy the need for a system where role-based development can be monitored, the Individual Development Program included training program tailored to the roles and personal development needs of dealer employees and initial training was organized for the dealer management team.
- Dealer Development School Programs enhance knowledge and communication skills of our employees assigned to sale, servicing, and spare parts departments regarding our models and technologies while offering customized learning opportunities.

Social Life

We are offering various social amenities, activities, and opportunities in order to increase employee motivation and enriching their work environment with social activities. Teams voluntarily formed by Tofaş employees (22 clubs active in 16 sports fields) actively carried out their activities also in 2019.

Football, volleyball, basketball, tennis, bowling, chess, swimming, track and field, table tennis, cycling, and sailing teams made up of our employees take part in the annual Koç Sports Festival and inter-company events.

A fitness gym, basketball courts, and table tennis area within Mustafa V. Koç Sports Hall offer services to sports fans. Tofaş Sports Club provides employee children with the opportunity to play basketball, football, volleyball and to swim. There is an outdoor gymnasium accessible to all employees at Istanbul head office.

Around 300 cultural, fine arts, and sports events are organized annually in average and more than 50 thousand employees and their families attend those events, which also include concerts, exhibitions, shows, and conferences.

Occupational Health and Safety

Occupational health and safety is the top priority in the World-class Management (WCM) model. Tofaş has set an example within FCA thanks to its policies that make a difference in terms of occupational health and safety. We host many people from local and foreign firms and governmental agencies, who visit us in order to review our occupational health and safety policies.

We are handling issues related to occupational health and safety through the Office of Occupational Safety and Fire Security which reports to the Environment and Occupational Health and Safety Office. We support our processes and policies by Tofaş OHS Policy OHSAS 18001 (45001 transition process is under way), WCM Occupational Safety Standard, FCA Occupational Safety Standards, and Tofaş Contractor Management methodologies.

We are adopting the World Class Proactive and Simple Occupational Safety regarding occupational health and safety. We aim at creating a sustainable occupational safety culture and protecting all workforce within the boundaries of the plant from injuries and diseases through safe working areas and employees paying attention to safety. We are committed to achieving sustainable "zero work accident" and "zero occupational disease" by continuously improving occupational health and safety culture.

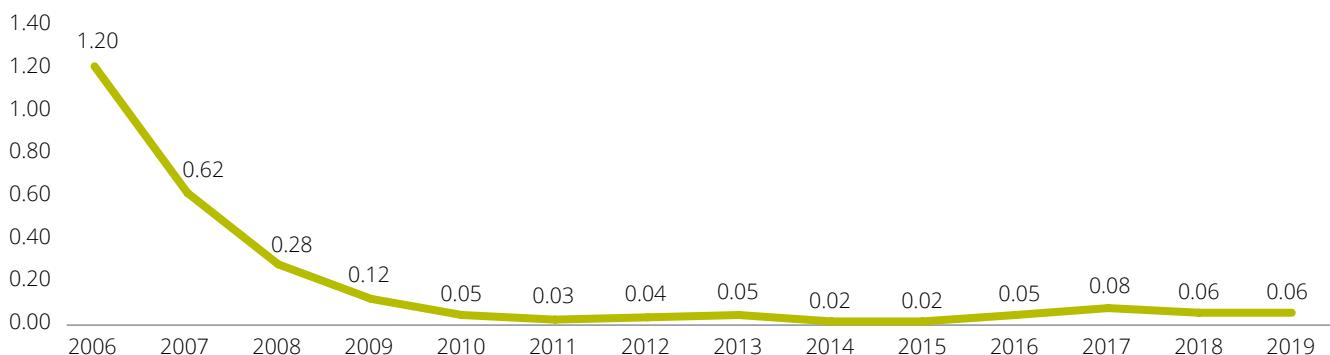
"We have improved Lost Time Accident (LTA) frequency 95% since 2006 when we initiated our World-Class Occupational Safety activities."

Training in Occupational Health and Safety and Related Policies

We organize training programs in the interest of constantly raising awareness on occupational health and safety among our employees and contractor employees, ensuring that occupational health and safety culture is firmly established and embraced by more people through various practices.

"In 2019, we provided 34.575 person*hour training in occupational health and safety for 4795 Tofaş employees and 3701 man*hour training for the employees of 701 contractors."

Lost Day Accident Rate



* ≥1 day lost time (accident number x 100.000 / working hour)

Occupational Safety Simulation Training Area (DOJO)	It is our intention to inform our employees on work-related risks through equipment installed and simulated stations. In 2019, we provided DOJO training for 18.013 person*hour.
Inspection Certification through Virtual Reality (VR)	We desire to measure employee capabilities to identify risks and to bring them to the same level. Employees perform audits in a 3D virtual medium, which contains a section of a real production area where certain types of non-conformance exist. Scores are assigned to risks identified and employees who have crossed a certain threshold are approved as auditors.
Contractor Management Procedure	Instructions are issued in order to ensure that contractor work is proactively supervised and that all standards are effectively established before the start of the work.
Occupational Safety Forum Theater and Drama Training	These are interactive training methods used for preventing unsafe behavior and to strengthen occupational safety culture. They ensure that employees join a play in order to have a learning experience on occupational safety.
Attention and Perception Test (Vienna Test)	The test aims at measuring attention, perception, concentration, and motor skills of construction machine operators, maintenance staff, quality control staff, and test drivers.
Occupational Safety Captain	It is an application where production teams made up of 8 to 15 field staff assume responsibility for occupational safety for two weeks. Captains wear special caps and arm bands during their assignment. They perform their own work while observing potential non-conformance and unsafe behavior in the workplace.
Occupational Safety Painting Competition	The occupational safety painting competition, which is organized annually in order to support occupational safety culture, is aimed at reaching out to the employees' children. We invite children who take part in the competition to the plant and give them various prizes. Their paintings are exhibited at the factory.
Team Streamers	We put up streamers related to occupational safety in work areas of production teams in order to encourage zero accident rate. If no work accident has occurred, a blue streamer is displayed. If an accident has happened, an orange one is put up.
SMAT	In order to improve the safety culture and raise awareness in the company, we conduct auditing and training at the same time leading by management, applied by the relevant office and field employees at all levels.
Safety Patrol	We demonstrate the management's safety commitment through our safety field tours and our unsafe conditions and behavior determinations and rapid improvement actions.
Toolbox Meetings	Theme-based topics are taught to remind occupational safety criticalities.
Green Book	We have established our safety standards and compliance with these standards is ensured in existing settlements and applications, and in structures and applications to be added.
Trivia Train	With the application of safety trivia train game, it contributes to increase the safety culture and participation.
Kiken Yochi	It was created with the aim of developing the ability of employees working alone or as a team in TOFAŞ to predict and realize the hazards they may encounter in the workplace.
Intrinsic Safety Design	The safety team takes part in the project team as a participant in all stages from the design phase for the plant / machine / equipment / product to the completion of the installation in Tofaş, from the manufacturer's field, and makes necessary checks in terms of occupational safety.
Near Miss Classification	The severity of the near miss incidents occurring is different from each other. (A, B, C Type) Thanks to the classification of the near miss incident according to their severity, it is ensured that their actions are effectively followed and prioritized.
Autonomous safety controls	In order to evaluate current and potential unsafe conditions and behaviors, it is applied to define the method of checking the suitability of employees' own work area / equipment and personal protective equipment, hand tools, etc., in each shift.
Safety League	It was created in order to follow the safety activities of lean teams until the end of the year in the competition environment, to achieve their goals and to carry out team internalization activities by having fun.

Value Chain

We manage our value chain in an efficient and sustainable fashion. We are working with our stakeholders in order to create a value chain upholding uniform ethical values and work principle while encouraging continuous development. We contribute to the performance and productivity of our suppliers and dealers, the most important components of our value chain.

Supply Chain Management

We are maintaining our relationship with our suppliers based on sustainable competition, transparency, and trust in line with the concept of business partnership. We believe that supply chain, which is financially strong, operationally environment friendly, and reliable in terms of quality and continuity. In that context, we are endeavoring to make contributions to continuous development of our suppliers which are among the key elements of our value chain.

Supply chain processes are carried out through specialized units, including Supply Chain and Purchasing Directorate, which directly reports to the CEO, WCC (World Class Company), and Allied Industry Supplier Quality and Development. Strategic goals set and performance results achieved are reported to the company's senior management, Committee for Early Detection of Risks and Risk Management, and the Board of Directors. Goals and strategies devised by the senior management provide guidance for our operations in the future.

We are expecting our supplier to adopt the same ethical values as Tofaş. Thus, agreements that we conclude with suppliers also encompass Tofaş Ethic Standards. We lend support to our suppliers in order to enable them to rectify any infringement of our ethic standards.

We take care to make sure that our procurement activities related to new projects lead to transfer of advanced and smart technologies to the Turkish automotive industry and contribute to Tofaş's competitiveness on the global arena. Tofaş is working with more than 2,500 direct and indirect (service and industrial procurement) suppliers. We purchase goods from 152 direct material suppliers in 14 cities in Turkey.

Supplier Selection

Our main expectation of our suppliers is their cooperation with us in order to attain common goals. We take account of some basic criteria while selecting our suppliers.

- We work with suppliers who have technical and organizational capabilities aimed at meeting the expectations of the automotive industry;
- Are financially strong;
- Have advanced design, production, and test capabilities;
- Have the capacity to contribute to Tofaş's competitiveness in terms of quality and cost improvements;
- Are able to constantly grow and increase their competitiveness by keeping abreast of development and best practices in the industry;
- Adapt themselves to rapidly developing technology by using their flexible and agile organizational capabilities;
- Monitor and minimize their environmental impact in line with our green procurement process;
- Have successfully passed our audits regarding process and working norms

We are handling our overseas supplier processes with FCA procurement organization. As regards local procurement, we are keen to reduce the dependence of the Turkish automotive industry on imported goods and to increase domestic production of components. In 2019, 75% of goods, excluding motor and transmission gear, from local suppliers and continued our contribution to the growth of local suppliers.

Localization is one of our medium- and long-term strategies. We support local suppliers in order to enable them to reach a global scale and become competitive.

Supplier Development Policies

We are pursuing policies that will contribute to the development of our suppliers in many fields, including product design, organizational/technical development, quality, cost improvement, physical and financial risks, improvement of production process, joint procurement, and sustainability. We aim at establishing a proactive and autonomous procurement process through our supplier development efforts. We organize special training and events for the suppliers in order to share our technical knowledge with our suppliers.

One of our primary goals in our supplier development efforts is to establish a proactive and autonomous process by totally changing the reactive way of doing business focusing on resolution of problems. In this context, our strategy is basically aimed at:

- properly focusing on our current problems and adopting an approach to offer effective and lasting solutions;
- working in harmony as a strong and competent team in order to achieve common goals and objectives;
- establishing systems that will identify and prevent all potential risks in our production processes before they escalate into a problem;
- designing and commissioning products and processes that will not lead to failures in order to achieve perfect quality.

In 2019, main activities carried out for that purpose as part of continuous development of suppliers and sustainability concept are as follows:

- In 2018, more than 1,000 long-lasting improvement projects were carried out for 43 suppliers through teams made up of highly qualified experts from different fields with support provided by Tofaş experts in order to detect risks in our critical and problematic processes in a proper and timely fashion as part of our strategy "to develop proactive and autonomous processes. More than 500 long-lasting improvements were put into practice for 32 suppliers in 2019 and those operations were carried out autonomously by the majority of the suppliers. Innovative and technological solutions are put into practice in order to eliminate current problems and risks in supplier processes while

accelerating digital transformation, developing efficient and error-free production processes and establishing visual and effective management systems through our "**digital transformation**" strategy. In addition to those solutions, we brought suppliers and providers of vanguard technology solution providers and suppliers, including start-ups together at "GoTech" event with a view to raising awareness among our suppliers and enabling them to access technology faster and to speed up the spread of best practices. After organizing the first event in 2018, we held the second one in 2019 and a total of 215 people and 54 suppliers attended and 18 best practices were shared.

- We have been making efforts to roll out WCM to the suppliers since 2009 in order to enable them to integrate World Class Manufacturing (WCM) methodology with their own business models as part of **World Class Supplier (WCS) Program**. We are carrying out these projects with 25 suppliers at the end of 2019 in addition to cooperation with 12 suppliers. There are 4 Turkish suppliers in the FCA global supplier list, which includes a total of 11 suppliers which have attained WCM bronze goal.
- The Connected Supplier event attracted a large turnout and focused on devising low-cost technological solutions to quality problems. Technological solutions were devised with 19 startups and technology providers in order to develop 18 process reported by 19 suppliers in 2019.
- We share innovative methods providing improvements in terms of quality and cost with our suppliers. **LCA (Low Cost Automation)** project was rolled out to 50 suppliers in 2018 and projects were monitored on the spot taking advantage of Tofaş knowledge and experience in order to enable the suppliers to maintain this project autonomously also in 2019.
- We carried out Sup.Port program which enabled us to transfer "**UP" Program (Apply Your Skills, Plan Your Development)**", which we had carried out in the preceding reporting period in order to improve supplier capabilities in such key areas as quality, project, and logistics to the field and to put actions into practice in 2019. Teams made up of 25 participants from 5 suppliers from were set up for addressing problems with mentoring provided by Tofaş's senior management and their capabilities were enhanced for that purpose.

Value Chain

- Supplier Performance Portal (Supplier Scorecard) enabled us to monitor the course of supplier performance and growth indicators as well as internal customer satisfaction while managing deviations with our suppliers. The development portal contains quality performance, logistical performance, commercial performance, continuous improvement performance, and performance in managing stakeholder relations.

Tofaş's Supply Chain Logistical Cost
Computation software was designated as "highly recommended" in "Supply Chain Design and Engineering Award" category in 2019 European Automotive Logistics Awards.

Our goal was to improve the quality of our suppliers' logistical processes in 2019. Logistical processes need to be designed, developed, and improved as is the case for each process. We were mainly focused on proposing solutions to problems by analyzing logistical failures that we have observed and taking account of the resources of our suppliers in order to ensure smooth processes. Giving due consideration to the supply chain, we began analyzing all failures in the flow from the supplier's procurement of raw materials, production, storage, and shipment areas, Tofaş material delivery points, storage areas, and Tofaş production line. Failures that we monitored in 2019 as part of our projects were improved 54%. We are continuing our endeavors for setting higher goals as part of the concept of "Logistical Quality."

Management of Sustainability Risk in the Supply Chain

We assess sustainability risks not only for our own operations, but also the entire supply chain. We employ proactive methods to predict, manage, and monitor environmental, social, and economic risks that may occur in the supply chain and to map out required action plans in advance. We provide financial and operational support for our suppliers to help them acquire information regarding the management of sustainability risks.

We monitor and assess supplier performance based on specific criteria. We are striving to raise awareness among the suppliers in order to make them realize that reaching the targeted performance and implementation level is also a factor helping the supplier to achieve growth.

We are identifying social and environmental risks in our supply chain through efficient and comprehensive audits. We support our suppliers so that they can improve their performance through development plans devised after the audits. To identify financial risks in our supply chain, our Financial Risk Management Department, supported by a third party independent auditor, conducts audits if necessary.

"In 2019, 13 suppliers were assessed in terms of environmental criteria and financial risk assessment was conducted by 81 suppliers."

Authorized Dealer and Service Network

We are establishing long-term relations with our dealers based on trust. Our advanced logistical and distribution capabilities and after-sale services increase satisfaction among our customers.

The dealer network established for brands we represent is divided into sale, servicing, and spare parts units. A large part of the Tofaş dealer network provides services for customers as integrated facilities. Termed 3S, this dealer network structure offers sale of brand new cars and after-sale services in the same area. In addition, automobile insurance, traffic liability insurance, and car loans are among the services offered to customers by many Tofaş dealers. Tofaş's dealer network, offering services for Fiat, Alfa Romeo ve Jeep® brands, includes 71 Fiat and 18 Alfa Romeo-Jeep® regional dealers in 2019. Providing services from a total of 97 sale and 122 servicing points, Fiat is among the top three brands in Turkey in terms of sale and servicing network.

In 2019, sale, after-sale, and customer care center for Fiat, Alfa Romeo, and Jeep® brands and the training management system for around 5,500 employers employed by Magneti Marelli and Opar, which are engaged in the field of spare parts have been updated in line with new generation technology. In addition, technical and behavioral development activities were carried out for dealer employees by using a mixed training method as well as programs such as Sales School and Servicing School and events named I Am Proud To Be a Member of Fiat and Discovery Days.

Corporate Social Responsibility

Becoming a corporate citizen requires analyzing the needs of our society from different perspectives and producing proper solutions to current problems. Starting from here, we have made it our mission to contribute to the national economy through our employment policies, value chain, and innovation efforts while creating value for our long-term social responsibility projects.

Contribution to Local Economy

With our broad value chain, Tofaş has a big sphere of influence over the local economy. Being aware of our responsibility, we are pursuing policies that will contribute to the local economy through various channels.

We directly contribute to the local economy through local employment. In 2019, all field employees and 17 out of 19 senior managers were locally hired staff members.

We also provide direct and indirect contributions to the local economy through our efforts to enhance organizational and professional skills of people employed by our suppliers and dealers as well as R&D and innovation projects.

Social Investments

Planning projects that will support social development is one of the most effective methods used for creating value for society. We are fulfilling our responsibilities through long-term sustainable social responsibility projects.

We take account of the needs of the local community and expectations of our stakeholders while carrying out projects. We mainly conceive projects in the field of sports, education, health, culture-arts based on those components.

Social responsibility projects are being carried out by the Corporate Communication Directorate in line with Tofaş's Donation and Sponsorship Policy. We earmarked TL 6.7 million for social responsibility projects in 2019.

Sports

Tofaş Sports Club

Tofaş Sports Club continues finding new talents for the Turkish sports sector by its model aimed at bringing up young players for teams its long-term investments made for that purpose.

Tofaş Sports Hall

Tofaş teams plays its host games in Nilüfer Tofaş Sports Hall in Bursa. Attracting a high turnout, those matches also contribute to the social life of Bursa residents.

Tofaş Next Generation Project

Tofaş Next Generation Project was launched in 2016 in order to provide equal opportunity for children to access sports facilities and help them acquire a culture and perspective that will contribute to their success in all spheres of life. The project is a training and implementation model for the trio of coach, family, and child for bringing up a generation with a real sports culture, offering every child an equal opportunity to play basketball in his or her community.

Tofaş Next Generation Project reached out almost 5,000 children through 15 basketball schools founded in different counties of Bursa since its launch. Junior teams made up of children selected for training practice in Mustafa V. Koç Sports Hall. Athletes coming from Next Generation Tofaş compose the majority of the junior teams of Tofaş Sports Club.

Corporate Social Responsibility

The remote training system set up for training trainers and families in the regions, street tournaments organized in order to spread the culture of basketball, science and creative drama workshops are among the other activities of the project. Trainers, families, and children watched around 40,000 videos in 2019 and their number reached 140,000 to date.

Mustafa V. Koç Sports Complex

Inaugurated by Tofaş Sports Club in 2016, Mustafa V. Koç Sports Complex provide services for Tofaş employees as well as amateur sports clubs and athletes in Bursa. The facility has a floor area of 5,800 m² and comprises a gym housing three basketball tracks, a fitness center, and a full-service rehabilitation center providing all kinds of physical treatment.

"50 Hoops" Project

Pursuing its mission "to make Bursa a basketball city," Tofaş Sports Club began building basketball courts in different counties of Bursa as part of 50 Hoops Project in 2019. The inauguration ceremony of the project was held on the court in Yunuseli in the province of Osmangazi. The objective is to magnify the positive effects of sports in their neighborhoods so that a healthier and balanced generation is brought up. A total of 40 courts were opened within the year in collaboration with local governments and 10 more courts are expected to be completed in 2020.

Tofaş Basketball Schools

In 2019, a total of 3,655 children were receiving training in 18 Tofaş basketball schools operated in 10 cities with the purpose of contributing to whole society.

Education

Fiat Laboratories

Fiat Laboratories, integrated with Koç Holding's "Vocational Education: A Crucial Matter For The Nation" project, were put into service in 2006. To date, 2,250 students and teachers received training at the laboratories.

The project is aimed at establishing and supporting laboratories in schools in order to support training and learning related to motor vehicle technology; training programs and workshops are organized for trainers; and student are supported in their efforts to find internships and jobs after their graduation. Vehbi Koç Foundation provides scholarships for qualified students receiving education at Fiat Laboratories under the "Vocational Education: A Crucial Matter For The Nation" project.

The term of the protocol signed with the Directorate-General for Vocational and Technical Education with which Tofaş cooperates under Fiat Laboratories project in 2019. Tofaş will continue supporting the project, which is currently being implemented in 5 schools, in the next 3 years.

Tofaş Science High School

Jointly built by Demirtaş Industrial Park DOSAB and Tofaş and Inaugurated in 2014-2015 academic year, Tofaş High School in Nilüfer, Bursa.

"Innovation Workshop" set up within Tofaş High School with Tofaş's support is designed to bring up skilled youth who will steer the automotive and engineering field and shape the future. Designated by the Ministry of Education as an inspiring project, the Innovation Workshop will be rolled out to all science high schools.

Coding Education for Children

Voluntary trainers from Tofaş began teaching coding to children in order to ensure that new generations are better prepared for the future technologies. A total of 208 students, all children of Tofaş employees, divided into 16 groups received education on robotic coding, and 3D printers, which was jointly organized by Information and Communication Technologies Directorate and Tofaş Academy in 2019.

The team extended the scope of the project and continued the training in schools in Bursa and its periphery in coordination with the Ministry of Education. In that context, a total of 240 children attending 6 public primary schools selected in collaboration with the Ministry of Education received training in robotic coding in the same year.

The project received the first award in the Social Responsibility category among Technology Captains Awards.

"İyiye İşaret"

"İyiye İşaret" Platform is a social responsibility project designed to enable individuals with hearing impairment to better express themselves in Turkish. Ten employees with hearing impairment, all employed at Tofaş plant, received education in Turkish as part of the project. Specific words were selected based on most frequent mistakes and interactive videos showing how those words are used in Turkish grammar were shown during the education process. "İyiye İşaret" platform, which is accessible to all individuals with hearing impairment via engelsizhareket.fiat.com.tr, offers videos explaining words and how they are used within sentences visually and by using sign language. A total of 350 words were explained on the platform in one year. The project reached out to a total of 180,000 individuals with visual impairment, their families, and teachers to date. A cooperation protocol was signed with the Ministry of Family Labor and Social Services in 2019 for improving and extending the project. The "İyiye İşaret" project will be promoted under the protocol with support to be provided by the ministry so that the platform will reach out to more individuals and efforts to further develop the platform will continue with contributions from the ministry's experts. Elected as the top project in "People Adding Value to the Environment and Society" in the "Most Successful Koç Members" in 2019, the "İyiye İşaret" also received the "Special Jury Award of the Year" in 2019 Gladiator Awards organized by the Association of Automotive Distributors (ODD).

Culture-Arts

Tofaş Museum of Cars and Anatolian Carriages and Tofaş Art Gallery

Tofaş Museum of Cars and Anatolian Carriages Museum is the first and the only Anatolia cars museum founded in order to preserve automotive heritage in Anatolia. We opened the museum in a renovated silk factory situated in Umurbey neighborhood in 2002. Visitors take a historical tour that begins with a wheel made 2,600 years and ends with motor vehicles manufactured by Tofaş.

Visited by approximately 800 thousand people since its foundation, Tofaş Bursa Anatolia Cars Museum also hosted 6 exhibitions at Umurbey Turkish Bath, which is located within its boundaries and serves as an art gallery so far. More than 180 thousand people visited the last exhibition entitled "The Poise Of The Steelyard: Scales, Weights & Measuring Instruments," which features the highlights of society and trade in the course of history, in 2019.

Pamukkale Hierapolis archaeological excavations

We are supporting excavation works in Hierapolis Ancient City in Pamukkale, which is one of the five largest ancient cities in Turkey and included in UNESCO World Heritage List in 1988, since 2005. A 70-strong international team, including archeologists, architects, restorers, and experts particularly from Italy and Turkey, are carrying out the excavation works under the aegis of the Ministry of Culture and Tourism and Denizli Governor's Office. Among the other significant Hieropolitan remains that have been unearthed are two necropolises, baths, a basilica, a martyrium, the Frontinus Gate, a gymnasium, an Apollo temple, and the so-called Pluto's Gate (Plutonium), a shrine sacred to the ancient god of the underworld, Pluto.

Performance Data	2015	2016	2017	2018	2019
Economic and Operational Indicators					
Production (number)	278,252	383,491	384,174	301,750	264,197
Total Retail Sales (number)	113,929	109,021	122,818	72,764	78,692
Automobiles	51,802	55,284	64,133	44,374	59,602
LCV	62,127	53,737	58,685	28,390	23,390
Total Exports (number)	173,873	279,537	270,760	243,833	194,145
Automobiles	32,055	139,629	152,089	133,362	107,189
LCV	141,818	139,908	118,671	110,471	86,956
Capacity Utilization Rate (%)	70	95	85	67	59
Net Sales (thousand TL)	10,168,542	14,605,281	17,467,806	18,603,331	18,896,914
Domestic	4,121,142	4,291,021	5,409,421	3,934,701	5,355,308
Export	5,729,275	9,839,301	11,887,628	14,455,023	13,301,313
Other Real Operating Sales	70,306	105,629	170,757	213,607	240,293
Profit Before Tax (thousand TL)	617,987	797,936	1,229,472	1,290,894	1,456,555
Profit After Tax (thousand TL)	830,801	970,228	1,282,818	1,330,423	1,481,639
EBITDA (thousand TL)	1,062,668	1,366,148	2,002,064	2,484,452	2,479,757
Earnings per Share (Kr)	1.66	1.94	2.57	2.66	2.96
Economic Value Generated - Net Income (thousand TL)	10,168,542	14,605,281	17,467,806	18,603,331	18,896,914
Economic Value Distributed (thousand TL)	10,076,334	14,053,163	16,243,695	16,999,598	17,438,696
Operating Costs	8,809,825	12,536,578	15,085,665	15,314,209	15,615,177
Employee Wages and Benefits	548,210	728,353	774,509	852,757	907,408
Dividend Payment to Shareholders	365,000	365,000	350,000	800,000	880,000
Government Taxes and Other Obligations	336,497	399,803	26,503	25,887	29,383
Community Investments*	7,000	10,000	9,000	9,000	10,000
Economic Value Retained (thousand TL)	92,208	552,117	1,224,111	1,603,733	1,458,218
Government Incentives (thousand TL)*	73,449	69,938	169,575	160,643	266,290
Corporate Governance Rating Notes	9.06	9.14	9.15	9.2	9.26
Total R&D Budget (million TL)	584	498	244	244	355
Total R&D Employees (number)	674	628	620	690	710
Total Number of Patents	6	5	5	32	22

Performance Data	2015	2016	2017	2018	2019
Environmental Performance Indicators					
Total Energy Consumption (GJ)	1,303,923	1,496,302	1,446,336	1,165,961	1,042,245
Direct Energy Consumption - Natural Gas (GJ)	805,475	895,259	862,084	676,304	593,241
Indirect Energy Consumption (GJ)	498,448	601,043	584,252	489,657	449,004
Electricity	498,448	601,043	584,252	489,657	449,004
Steam	0	0	0	0	0
Energy Consumption per Vehicle Manufactured (GJ/vehicle)	4.69	3.88	3.76	4	4
Energy Saved Through Efficiency Projects (GJ)	71,010	60,169	72,633	79,935	48,975
GHG Emission Reduction Through Efficiency Projects (Ton CO2e)	6,225	4,213	5,918	5,387	3,960
Scope 1	4,403	2,688	2,708	3,505	1,584
Scope 2	1,822	1,525	3,210	1,882	2,376
Direct GHG Emissions (Scope 1) (Ton CO2e)	68,904	77,808	68,467	50,062	46,266
Indirect GHG Emissions (Scope 2) (Ton CO2e)	61,753	74,463	69,136	59,253	53,272
GHG Emissions From Personnel Commuting (Scope 3) (Ton CO2e)	3,442	4,938	3,444	9,080	4,737
GHG Emissions per Vehicle Manufactured (Kg CO2e/vehicle)	0.47	0.397	0.358	0.362	0.377
Total VOC Emissions (ton)	1,054	1,388	1,319	1,027	921
Specific VOC Emissions (gr/m2 painting surface)	33.76	34.55	33.91	32.87	32.78
Total Water Withdrawal - Underground sources (m3)	894,265	1,254,487	1,210,039	1,073,623	929,882
Fresh Water Consumption per Vehicle Manufactured (m3/vehicle)	3.21	3.27	3.15	3.55	3.33
Total Water Recovered (m3)	60,841,359	68,688,520	63,204,065	64,555,900	62,247,070
Reuse	60,841,359	68,688,520	63,204,065	64,555,900	62,247,070
Recycle	0	0	0	0	0
Waste Water Discharge - to Receiving Natural Environment (m3)	760,629	1,009,621	987,634	743,173	630,014
Total Hazardous Wastes by Disposal Method (ton)	1,447	2,305	2,341	1,861	1,495
Energy Recovery	1,014	1,667	1,869	1,439	1,093
Recovery	411	507	562	421.931	402.07
Landfill	22	131	0	0	0
Total Non-Hazardous Wastes by Disposal Method (ton)	78,479	86,514.0	93,109	74,310	55,507
Energy Recovery	1,060	1,448.5	2,766	884.6	1,120.10
Recovery	77,419	85,065	90,343	73,425	54,387

Performance Data	2015	2016	2017	2018	2019
Total Non-Hazardous Wastes by Disposal Method (ton)	1,447	2,305	2,431	1,861	1,495
Total Packaging Material Used (ton)	9,316	11,768	10,263	8,298	6,022
Packaging Waste Recovery Ratio (%)	100	100	100	100	100
Environmental Trainings - Participation (number of participants)	2,767	3,760	1,662	5,443	12,842
<i>Direct Employees</i>	2,143	3,517	329	2,859	3,521
<i>Contractor Employees</i>	624	243	1,333	13,885	9,321
Environmental Trainings - Total Hours (person x hours)	6,407	3,826	1,662	6,664	4,850
<i>Direct Employees</i>	1,648	3,504	329	2,671	3,521
<i>Contractor Employees</i>	4,759	322	1,333	3,993	1,329
Total Environmental Management Costs (TL)	2,230,971	1,034,007	1,309,448	1,340,123	1,176,024
Fines Due to non-Compliance to Environmental Regulations (number-TL)	0	0	0	0	0
Environmental Impact Grievances Received Through Formal Mechanisms (number)	0	0	0	0	0
Suppliers Screened by Using Environmental Criteria number	7	15	14	14	13
Social Performance Indicators	2015	2016	2017	2018	2019
Employee Trainings - Participation (number of participants)*	8,187	8,113	7,527	11,638	27,627
<i>Shopfloor Employees</i>	10,723	19,949	15,575	26,768	16,118
<i>Office Employees</i>	5,462	7,245	8,192	11,114	7,723
<i>Agents' Employees</i>				10,006	18,101
<i>Suppliers' Employees</i>				915	1,273
<i>Female</i>	2,137	3,475	1,962	7,325	5,534
<i>Male</i>	14,048	23,719	21,805	41,478	37,681
Employee Trainings - Total Hours (person x hours)*	94,918	665,629	191,507	408,966	329,409
<i>Tofaş Shopfloor Employees</i>	25,258	564,527	91,001	193,238	123,193
<i>Tofaş Office Employees</i>	69,660	101,102	100,506	131,367	97,283
<i>Agents' Employees</i>				73,465	96,340
<i>Suppliers' Employees</i>				10,896	12,593
<i>Female</i>	14,600	107,754	24,988	64,936	50,894
<i>Male</i>	80,318	557,875	166,519	344,029	278,515
Average Hours of Training per Employee (hours/person)	40.3	82.0	44.5	36.8	29.3
<i>Tofaş Shopfloor Employees</i>	32.3	87.8	40.1	29.4	22.9
<i>Tofaş Office Employees</i>	44.0	60.0	66.5	77.1	58.9
<i>Agents' Employees</i>				13.4	19.2
<i>Suppliers' Employees</i>				15.8	18.2
<i>Female</i>	40.8	122.5	41.4	31.9	24.2
<i>Male</i>	40.1	77.1	44.9	19.9	16.6

*Due to the change of scope, historical adjustments were made.

Performance Data	2015	2016	2017	2018	2019
Contractor Employee Trainings - Participation (number of participants)	5,748	711	1,135	3,993	1,329
<i>Contractor Employee Trainings - Total Hours (person x hours)</i>	4,592	11,376	13,702	13,885	9,321
<i>Average Hours of Training per Contractor Employee (hours/ person)</i>	4.6	11.4	12.1	4.8	7.01
OHS Trainings - Participation (number of participants)	8,756	14,173	17,881	11,691	8,496
<i>Direct Employees</i>	4,364	6,966	8,934	6,920	4,795
<i>Contractor Employees</i>	4,392	7,207	8,947	4,771	3,701
OHS Trainings - Total Hours (person x hours)	34,896	60,865	73,016	91,556	36,168
<i>Direct Employees</i>	31,602	55,460	66,306	87,978	34,575
<i>Contractor Employees</i>	3,294	5,405	6,710	3,578	1,593
Injury Rate					
<i>Direct Employees</i>	0.05	0.05	0.33	0.30	0.15
<i>Contractor Employees</i>	0.81	1.7	0.7	0.21	0.45
Occupational Diseases					
<i>Direct Employees</i>	0	0	0	0	0
<i>Contractor Employees</i>	0	0	0	0	0
Lost Day Rate					
<i>Direct Employees</i>	0.02	0.05	0.08	0.06	0.06
<i>Contractor Employees</i>	0.69	0.79	0.16	0.04	0.23
Fatalities (number)					
<i>Direct Employees</i>	0	0	0	0	0
<i>Contractor Employees</i>	0	0	0	0	0
Employees Involved in Activities with High Accident or Disease Risk (number)	0	0	0	0	0
OHS Committees Established (number)	9	9	9	9	9
Total Members in OHS Committees Established (number)	98	99	99	99	99
Employee Representatives in OHS Committees Established (number)	11	12	12	12	12
Total Suppliers based on Workforce Criteria (number)	20	21	26	14	14

Employee Demographics	2015	2016	2017	2018	2019
Total Workforce (number)	8,868	11,113	10,156	8,526	7,421
Direct Employees	8,018	10,215	9,221	7,694	6,720
Female	422	872	872	800	694
Male	7,596	9,343	8,349	6,894	6,026
Contractor Employees	850	898	935	832	701
Employees by Contract Type (number)	8,018	10,215	9,221	7,694	6,720
Permanent	7,890	10,104	9,221	7,665	6,714
Female	422	872	872	794	694
Male	7,468	9,232	8,349	6,871	6,020
Temporary	128	111	-	23	5
Female	-	-	-	-	-
Male	128	111	-	23	5
Employees by Category (number)	8,018	10,215	9,221	7,694	6,720
Shopfloor Employees	6,399	8,532	7,511	6,009	5,171
Female	79	540	509	421	339
Male	6,320	7,992	7,002	5,588	4,832
Office Employees	1,619	1,683	1,710	1,685	1,549
Female	343	332	363	379	355
Male	1,276	1,351	1,347	1,306	1,194
Employees by Type (number)	8,018	10,215	9,221	7,694	6,720
Full-time	7,967	10,215	9,221	7,694	6,720
Female	422	872	872	800	694
Male	7,596	9,343	8,349	6,894	6,026
Part-time	-	-	-	-	-
Employees by Education Level (number)	8,018	10,215	9,221	7,694	6,720
Primary	716	666	497	367	252
Secondary	4,691	6,194	5,536	4,473	3,892
University and Above	2,611	3,355	3,188	2,854	2,576
Employees by Age Group (number)	8,018	10,215	9,221	7,694	6,720
18-30	3,331	5,464	4,421	2,984	2,215
31-40	2,719	2,943	3,225	3,304	3,228
41-50	1,860	1,681	1,490	1,307	1,167
51-60	108	127	85	98	110
Senior Management Structure (number)	16	15	16	17	19
by Gender	17	16	17	18	19
Female	1	1	1	1	1
Male	16	15	16	17	18
by Age Group	17	16	17	18	19
18-30	-	-	-	-	-
31-40	1	1	-	1	1
41-50	11	9	10	10	8
51-60	5	6	7	7	10

Employee Demographics	2015	2016	2017	2018	2019
by Nationality	16	15	16	17	19
Turkish Citizen	14	13	15	15	17
Expat	2	2	1	2	2
Mid-level Management Structure (number)	166	170	184	281	263
by Gender	166	170	184	281	263
Female	20	18	26	39	37
Male	146	152	158	242	226
by Age Group	166	170	184	281	263
18-30	-	-	-	9	5
31-40	68	69	77	138	124
41-50	83	82	84	100	102
51-60	15	19	23	34	32
Employees Covered by Collective Bargaining Agreement (number)	6,391	8,524	7,503	6,009	5,171
New Hires (number)	3,087	3,623	536	245	5
by Gender	3,087	3,623	536	245	5
Female	124	574	74	76	1
Male	2,963	3,049	462	169	4
by Age Group	3,087	3,623	536	245	5
18-30	2,851	3,354	440	206	4
31-40	82	146	76	36	-
41-50	111	89	19	3	1
51-60	43	34	1	-	-

GRI CONTENT INDEX

Disclosures	Description and Page Numbers
GRI 101: Foundation 2016	
GRI 102: General Disclosures 2016	
Organizational Profile	
102-1	Legal Notice and Contacts (p.67)
102-2	Tofaş 2019 Annual Report (p.48-52)
102-3	Legal Notice and Contacts (p.67)
102-4	Tofaş 2019 Annual Report (p.4)
102-5	Tofaş 2019 Annual Report (p.26)
102-6	Tofaş 2019 Annual Report (p.26)
102-7	Performance Data (p.46)
102-8	Performance Data (p.46)
102-9	Supply Chain Management (p.40)
102-10	No significant change has been occurred neither in company's operational or financial structure nor supply chain.
102-11	Business Ethics and Anti-corruption (p.7-10); Internal Control and Internal Audit (p.11); World Class Manufacturing and Quality (s.27-28); Human Rights (p.34); https://tofas.com.tr/en/Sustainability/Policies/Pages/CodeofEthics.aspx
102-12	Sustainability Management (p.12); Climate Change (p.22-23); Human Rights (p.34); https://tofas.com.tr/en/Sustainability/Policies/Pages/CodeofEthics.aspx
102-13	Corporate Memberships (p.58-59)
Strategy	
102-14	Message from CEO (p.4-5)
102-15	Message from CEO (p.4-5); Sustainability Management (p.11)
Ethics and Integrity	
102-16	Business Ethics and Anti-corruption (p.7-10); https://tofas.com.tr/en/Sustainability/Policies/Pages/CodeofEthics.aspx
102-17	Business Ethics and Anti-corruption (p.7-10); https://tofas.com.tr/en/Sustainability/Policies/Pages/CodeofEthics.aspx
Governance	
102-18	Corporate Governance Structure (p.6)
102-19	Sustainability Management (p.11-12)
102-20	Sustainability Management (p.11-12)
102-22	Corporate Governance Structure (p.6); Tofaş 2019 Annual Report (p.66)
102-23	Tofaş 2019 Annual Report (p.26)

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

102-24	Tofaş 2019 Annual Report (p.66)
102-25	Business Ethics and Anti-corruption (p.7-10); https://tofas.com.tr/en/Sustainability/Policies/Pages/CodeofEthics.aspx
102-26	Sustainability Management (p.11-12)
102-27	Sustainability Management (p.11-12)
102-28	Corporate Governance Structure (p.6); Risk Management (p.6-7); Sustainability Management (p.11-12)
102-29	Risk Management (p.6-7); Sustainability Management (p.13)
102-30	Risk Management (p.6-7); Sustainability Management (p.11-12)
102-31	Risk Management (p.6-7); Sustainability Management (p.13)
102-32	Sustainability Management (p.11-12); After being examined by Tofaş Sustainability Working Group, Tofaş Sustainability Report has been submitted to Tofaş Sustainability Committee and published after their approval.
102-35	Tofaş 2019 Annual Report (p.66)
102-36	Tofaş 2019 Annual Report (p.66)
102-37	Tofaş 2019 Annual Report (p.66)
Stakeholder Engagement	
102-40	Stakeholder Engagement (p.15)
102-41	Human Rights (p.34)
102-42	Stakeholder Engagement (p.14)
102-43	Stakeholder Engagement (p.14)
102-44	Customer Satisfaction (p.16-17); Corporate Citizenship (p.43); https://tofas.com.tr/en/Sustainability/Policies/Pages/CodeofEthics.aspx
Reporting Practice	
102-45	About the Report (p.3)
102-46	About the Report (p.3); Sustainability Management (p.12)
102-47	Sustainability Management (p.13)
102-48	About the Report (p.3)
102-49	About the Report (p.3)
102-50	About the Report (p.3)
102-51	About the Report (p.3)
102-52	About the Report (p.3)
102-53	Legal Notice and Contacts (p.67)
102-54	About the Report (p.3)
102-55	GRI Content Index (p.44)
102-56	Independent Assurance Statement (p.63); Legal Notice and Contacts (p.67)

Material Issues		
Standards	Disclosures	Description and Page Numbers
Business Ethics and Anti-Corruption		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Business Ethics and Anti-corruption (p.7-10); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); https://tofas.com.tr/en/Sustainability/Policies/Pages/CodeofEthics.aspx
	103-3	Risk Management (p.6-7); Business Ethics and Anti-corruption (p.7-10); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Management of Sustainability Risks in Supply Chain (p.42); https://tofas.com.tr/en/Sustainability/Policies/Pages/CodeofEthics.aspx
GRI 205: Anti-corruption 2016	205-1	Business Ethics and Anti-corruption (p.7-10)
	205-2	Business Ethics and Anti-corruption (p.7-10)
	205-3	Business Ethics and Anti-corruption (p.7-10)
Climate Change		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Climate Change (p.22-23); Mobility Solutions (p.23); Energy Efficiency and Emissions (25-26); Management of Sustainability Risks in Supply Chain (p.42)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Climate Change (p.22-23); Mobility Solutions (p.23); Energy Efficiency and Emissions (25-26); Management of Sustainability Risks in Supply Chain (p.42)
GRI 302: Energy 2016	302-1	Energy Efficiency and Emissions (p.25); Performance Data (p.46)
	302-3	Energy Efficiency and Emissions (p.25); Performance Data (p.46)
	302-4	Energy Efficiency and Emissions (p.25); Performance Data (p.46)
GRI 305: Emissons 2016	305-1	Energy Efficiency and Emissions (p.25); Performance Data (p.46)
	305-2	Energy Efficiency and Emissions (p.25); Performance Data (p.46)
	305-4	Energy Efficiency and Emissions (p.25); Performance Data (p.46)
	305-5	Energy Efficiency and Emissions (p.25); Performance Data (p.46)
	305-7	Energy Efficiency and Emissions (p.25); Performance Data (p.46)
Environmentally Friendly Material Use and Waste Management		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Environmental Management (p.30-31); Material and Waste Management (p.32); Management of Sustainability Risks in Supply Chain (p.42)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Management of Sustainability Risks in Supply Chain (p.42)
GRI 306: Effluents and Waste 2016	306-1	Water Management (p.31); Performance Data (p.46)
	306-2	Material and Waste Management (p.32); Performance Data (p.46)
	306-5	Water Management (p.31)

Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Occupational Health and Safety (p.38); Management of Sustainability Risks in Supply Chain (p.42)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Management of Sustainability Risks in Supply Chain (p.42)
GRI 403: Occupational Health and Safety 2016	403-1	Occupational Health and Safety Trainings and Practices (p.39)
	403-2	Performance Data (p.46) During the reporting period neither fatality nor occupational disease case occurred.
	403-3	Performance Data (p.46)
	403-4	Our OHS commitments are found in the collective bargaining agreement. Most recent collective bargaining agreement contains OHS issues such as compliance to regulations, health and protective equipment.
Talent Management and Occupational Training		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Employee Development (p.29-30); Management of Sustainability Risks in Supply Chain (p.42)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Management of Sustainability Risks in Supply Chain (p.42)
GRI 404: Training and Education 2016	404-1	Employee Development (p.35-36); Performance Data (p.46)
	404-2	Employee Development (p.35-36)
	404-3	Employee Development (p.35-36)
Women Employment, Diversity, Equal Opportunites		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Human Rights (p.34); Social Gender Equality (p.34); Management of Sustainability Risks in Supply Chain (p.42)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Human Rights (p.34); Management of Sustainability Risks in Supply Chain (p.42)
GRI 405: Diversity and Equal Opportunity 2016	405-1	Performance Data (p.46)
	405-2	Social Gender Equality (p.34)
Human Rights at Workplace		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure; Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Human Rights (p.34); Social Gender Equality (p.34); Management of Sustainability Risks in Supply Chain (p.42)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Human Rights (p.34); Management of Sustainability Risks in Supply Chain (p.42)
GRI 406: Non- discrimination 2016	406-1	During the reporting period, no case of discrimination has occurred.

GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	During the reporting period, no evidence for unionization and collective bargaining rights to be under risk in Tofaş operation. Same principle is also considered during supplier audit process and no risk element witnessed
GRI 408: Child Labor 2016	408-1	During the reporting period, no evidence for risk of child labor in Tofaş operations has been witnessed. Same principle is also considered during supplier audit process and no risk element witnessed.
GRI 409: Forced and Compulsory Labor 2016	409-1	During the reporting period, no evidence for risk of forced or compulsory labor in Tofaş operations has been witnessed. Same principle is also considered during supplier audit process and no risk element witnessed.
GRI 410: Security Practices 2016	410-1	Certified security personnel specialized in the field take charge in ensuring the safety of Tofaş operation. Communication with third parties and human rights issues are involved in the scope of the security personnel's training. All security personnel are informed about company procedure.
Vehicle and Traffic Safety		
	103-1	Sustainability Management (p.13)
GRI 103: Management Approach 2016	103-2	Corporate Governance Structure(p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Vehicle Safety, Driving and Passenger Comfort (p.21)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)
GRI 416: Customer Health and Safety 2016	416-1	Vehicle Safety, Driving and Passenger Comfort (p.21)
	416-2	During the reporting period, no case of non-compliance to regulations has occurred regarding vehicle and passenger safety aspects.
The Balance of Business Life - Private Life		
	103-1	Sustainability Management (p.13)
GRI 103: Management Approach 2016	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Social Life (p.38)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)
Brand Perception		
	103-1	Sustainability Management (p.13)
GRI 103: Management Approach 2016	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Customer Satisfaction (p.16-17)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)

Product and Service Quality		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); World Class Manufacturing and Quality (p.27-28)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)
Customer Satisfaction		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Customer Satisfaction (p.16-17)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)
Supplier and Dealer Business Success		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Supplier Development Practices (p.41-42); Management of Sustainability Risks in Supply Chain (p.42); Authorized Dealer and Service Network (p.42)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Management of Sustainability Risks in Supply Chain (p.42)
Sustainability Risk Management in Value Chain		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Management of Sustainability Risks in Supply Chain (p.42)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)
Product, Process, Mobility Model Innovation		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Mobility Solutions (p.23)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)
Digitalization		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Digital Transformation (p.19-21);
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)

Our Corporate Memberships

Climate Platform (REC Turkey)	Membership
Automobile Industry Association	Board of Directors, Committee, and Working Group Memberships
Automobile Distributors' Association (ODD)	General Assembly and Committee Memberships
Istanbul Chamber of Commerce (ISO)	36th Group Occupational Committee and Assembly Membership
Bursa Chamber of Commerce and Industry (BTSO)	Assembly and Committee Membership
Turkish Metal Industrialists' Association (MESS)	Membership
Foreign Capital Association (YASED)	Board of Directors and Committee Memberships; Automotive and Allied Industry Working Group Chairmanship
Uludağ Exporters' Associations Automotive Exporters' Association (OIB)	Vice Chairman of Board of Directors
Bursa Industrialists and Businessmen's Association (BUSIAD)	Board of Directors and Specialization Group Memberships
Demirtaş Industrial Park (DOSAB)	Board of Directors and Training Committee Memberships
Demirtaş Industrial Park and Businessmen's Association (DOSABSİAD)	Membership
Turkey Personnel Management Association Bursa Branch (PERYÖN)	Membership
Foreign Economic Relations Council Eurasia, Africa and Middle East Business Council (DEİK)	Membership
Foreign Trade Association of Turkey (TÜRKTRADE)	Membership
Turkey Quality Association (Kalder)	Membership
Advertisers' Association (RVD)	Membership
Italian Chamber of Commerce	Representation
World Italian Entrepreneurs Association (CIIM EurAsiaMed)	Board Member
Turkish Industry and Business Association (TUSIAD)	Membership and Working Group Memberships
DENİZTEMİZ-TURMEPA	Membership

Corporate Communication Experts Association (KİD)	Board Member
The Union of Chambers and Commodity Exchanges of Turkey (TOBB)	Industry Assembly Presidency and Trade Assembly Membership
ERT-TBC	Membership
Association of Financial Institutions (FKB)	Membership and Board of Directors Membership
İşık Üniversitesi.	Industrial Engineering Department Advisory Committee Membership
Turkish Ministry of Industry and Trade	Subcommittee Membership
Internal Audit Institute of Turkey (TIDE)	Membership
Turkish Researchers' Association (TUAD)	Membership
Corporate Governance Association of Turkey (TKYD)	Board Member
Investor Relations Association (TUYID)	Corporate Membership
Ethic and Reputation Association (TEID)	Board Member
Bursa Chamber of Commerce and Industry Education Foundation (BUTGEM)	Board Member
Vocational Qualifications Authority (MYK)	Automotive Sector Committee Chairmanship
Automotive Technology Platform (OTEP)	Executive Board and Security Group Membership
ODTÜ/BİLTİR-ÜTEST Product Utilization Test Unit (OTEST)	Advisory Board Membership
İstanbul Chamber of Commerce (ITO)	Membership
National Formwork Producers' Association (UKUB)	Substitute Board Member
Tax Council	Working Group Memberships
Corporate Risk Management Association (KRYD)	Chairman of Board of Directors



TÜRK LOYDU

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GHG VERIFICATION STATEMENT

Statement Date: 30.06.2020

Statement No: 07

Revision No: 01

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TÜRK LOYDU

TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

CARBON DISCLOSURE PROJECT GHG VERIFICATION STATEMENT

TL Project No: 2020-0408



TÜRK LOYDU

Evliya Çelebi Mah. Tersaneler Cad. No:26/1 34944 Tuzla-İSTANBUL
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GHG VERIFICATION STATEMENT

Statement Date: 30.06.2020

Statement No: 07

Revision No: 01

Page: 2 / 3

1. SCOPE

Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. performed verification of conformity of the TOFAŞ GHG Inventory Report for the period 1st January 2019 to 31st December 2019 to ISO 14064-1:2006 *Greenhouse Gases—Part 1: “Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals”* at a reasonable confidence level according to ISO 14064-3 standard. Verification activities including process analysis were conducted on June 2020.

These studies had been carried out in order to provide a verification opinion with reasonable confidence that the TOFAŞ 2019 GHG Inventory Report, which includes GHG emissions Scope 1 (direct greenhouse gas emissions) and Scope 2 (energy indirect greenhouse gas emissions) does not contain significant errors and to ensure that Scope 3 (other indirect greenhouse gas emissions) greenhouse gas emissions are verified at a limited confidence level in accordance with ISO 14064-3:2006 *Greenhouse Gases—Part 3: “Specification with guidance for the validation and verification of greenhouse gas assertions”*.

Türk Loydu Uygunluk Değerleme Hizmetleri A.Ş. approves the TOFAŞ greenhouse gas assertion in order to satisfy the terms of CDP disclosure requirements under the Carbon Disclosure Project.

2. GHG STATEMENT

The GHG assertions verified were the following:

- That the 2019 GHG Inventory has been developed in accordance with common industry practice, including ISO 14064-1:2006 Standard.
- That the calculated Scope 1 and Scope 2 GHG emissions for the 2019 are **99.539 tons of CO₂e**. The emission sources included for each source has been given in verification report.
- That the calculated Scope 3 GHG emissions for the 2019 are **5.362.532 tons of CO₂e**. The emission sources included for each category has been given below.

- Purchased goods and services	: 451.748 tons of CO ₂ e
- Upstream transportation and distribution	: 120.388 tons of CO ₂ e
- Waste generated in operations	: 881 tons of CO ₂ e
- Business travel	: 186 tons of CO ₂ e
- Employee commuting	: 4.737 tons of CO ₂ e
- Downstream transportation and distribution	: 27.145 tons of CO ₂ e
- Use of sold products	: 4.613.459 tons of CO ₂ e
- End of life treatment of sold products	: 143.988 tons of CO ₂ e

3. ASSURANCE LEVEL

The verification task was to form an opinion at a reasonable and limited level of assurance about the above GHG assertions, regarding:

- Conformance with the general requirements of ISO 14064-1:2006.
- Reasonableness of the calculated Scope 1 and Scope 2 emissions for the 01.01.2019-31.12.2019.
- Limitation of the calculated Scope 3 emissions for the 01.01.2019-31.12.2019.



TÜRK LOYDU

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GHG VERIFICATION STATEMENT

Statement Date: 30.06.2020

Statement No: 07

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4. VERIFICATION ACTIVITIES

The verification performed by Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. applied ISO 14064-3:2006 International Standard for GHG verifications. The following verification activities were conducted:

- a. Review of documentation, procedure and methodologies, including emission report,
- b. Assessment of risks and verification planning,
- c. Assessment of documentation, control and methodologies, including the facility quality management systems,
- d. Assessment of verification findings and outstanding issues in verification report,
- e. Assessment and review of resolutions to outstanding issues in verification report,
- f. Issuance of verification statement and completion of verification.

5. VERIFICIATON OPINION

GHG statement has been prepared based on the processes and procedures carried out in accordance with the requirements of ISO 14064-1.

GHG Assertion #1: The GHG inventory conforms to the general requirements of ISO 14064-1 Standard.

GHG Assertion #2: 99.539 tons CO₂e of which 46.267 tons of CO₂e are direct emissions (Scope 1) and 53.272 tons of CO₂e are energy indirect emissions (Scope 2) are reasonable.

View Declaration

The greenhouse gas emission data (Scope 1 and 2) for 2019 disclosed in the Sustainability Report as a result of verification audit held on the basis of international standards has been verified with reasonable assurance.

GHG Assertion #3: 5.362.532 tons CO₂e of which are other indirect emissions (Scope 3) are verified with limited assurance.

View Declaration

The greenhouse gas emission data (Scope 3) for 2019 disclosed in the Sustainability Report as a result of verification audit held on the basis of international standards has been verified with limited assurance.

Onur YILMAZ
Technical Manager
Greenhouse Gas Lead Verifier



TÜRK LOYDU

SERA GAZI DOĞRULAMA BEYANI GREENHOUSE GAS VERIFICATION STATEMENT

Belge No / Certificate No : 2020.0408.0008

TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.



19893

GENEL MÜDÜRLÜK / HEAD OFFICE:
BÜYÜKDERE CAD. NO: 145 TOFAŞ HAN
34394, ZİNCİRLİKUYU, İSTANBUL, TURKEY

ÜRETİM TESİSİ / PRODUCTION FACILITY:
İSTANBUL CAD. NO: 574
16369, BURSA, TURKEY

f firmasında Türk Loydu tarafından
Türk Loydu hereby certifies that,

TS ISO 14064-1:2006

(Aynı zamanda düzenlenen bu belge ISO 14064-3'e uygun olarak süreç, izleme ve raporlama
gerekliklerinin sağlandığını gösterir)
(As well as criteria given to provide for consistent operations, monitoring and reporting in
ISO 14064-3:2006)

standardına uygun olarak gerçekleştirilen doğrulama sonucunda
in consequence of the verification carried out in compliance with the standard

Toplam Sera Gazı Emisyonu : 99.539 tCO₂e
Total Greenhouse Gas Emission

Doğrudan Emisyonlar : 46.267 tCO₂e
Direct Emissions

Enerji Dolaylı Emisyonlar : 53.272 tCO₂e
Energy Indirect Emissions

Güven Seviyesi : Makul
Level of Assurance : Reasonable

yukarıda bildirilen Sera Gazı Bildirimi kapsamında doğrulanmıştır.
verified within the scope of above-mentioned Greenhouse Gas Assertion.

Doğrulama Periyodu / Verification Period : 01.01.2019-31.12.2019
Belgelendirme Tarihi / Date of Certification : 30.06.2020
Doğrulama Raporu Ref.No / Ref.No of Verification Report : 2020-0408-02

Sorumlu Müdür
Responsible Manager

Teknik Yönetici
Technical Manager

Tofaş 2019 Sustainability Report Stakeholder Feedback Form

Which stakeholder groups do you belong to?			
Employee		Local Community	
Shareholder		Local Administration	
Supplier		Public Institution	
Dealer		University & Academy	
Customer		Employee Family	
NGO		Other (please indicate)	
Media			

What was your overall impression of the report?				
	Very Good	Good	Fair	Poor
Content				
Scope				
Materiality				
Readability				
Clarity of Quantitative Data				
Comparability				
Design				

To what extent does the report meet your expectations?

Comprehensively	
Partially	
Not at all	

Please share your comments, expectations and suggestions.

Name:

Email:

Phone:

You can share with us the feedback form via sustainability@tofas.com.tr.

Legal Notice and Contacts

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You may contact our Sustainability Officer in order to obtain information about the report and to share your opinions and suggestions.

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