



**TOFAŞ**

TÜRK OTOMOBİL FABRİKASI A.Ş.

Integrated Report 2022

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## About This Report

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Tofaş aims to provide its stakeholders with the most up-to-date information about its activities and goals by means of integrated reports. The company is publishing its first integrated report this year. This report prioritizes the environmental, social, and corporate governance (ESG) approaches that inform the company's sustainability efforts. This report provides a transparent overview of the effects and contributions of all global operations last year, both in terms of ESG and United Nations Sustainable Development Goals (SDG), based on the company's sustainability performance and objectives in 2022.

This report has been prepared in accordance with the GRI standards. It covers all of Tofaş's operations during the period beginning on 1 January 2022 and ending on 31 December 2022. This integrated report covers only Tofaş's own data and does not include any data applicable to its subsidiaries Koç Fiat Kredi Finansman A.Ş. or Fer Mas Oto Ticaret A.Ş.

This report also includes selected corporate social responsibility (CSR) indicators that have been verified by authorized agencies. Verification details are provided in the appendix.

Tofaş solicits and welcomes readers' valuable feedback and thoughts on its sustainability journey. Please submit all feedback to [sustainability@tofas.com.tr](mailto:sustainability@tofas.com.tr)

## About Tofaş



Founded in 1968, Tofaş is Turkey's leading automotives manufacturer. A joint venture of Koç Holding and Stellantis in which each controls an equal stake, 24.3% of the company's shares are publicly traded on the İstanbul stock exchange (Borsa İstanbul). Tofaş's shares are quoted in the BIST 30 index as well as in the same exchange's BIST Corporate Governance Index and BIST Sustainability Index. Tofaş regularly submits climate and water responses to the Carbon Disclosure Project.

Tofaş's production capacity, export performance, R&D competencies, and workforce of nearly six thousand people make it one of Turkey's leading industrial concerns. Headquartered in İstanbul, Tofaş's production operations are carried out in Bursa at a plant with 411,193 m<sup>2</sup> of enclosed space situated on nearly 1 million m<sup>2</sup> of grounds.

As one of Stellantis's important manufacturing and R&D centers, Tofaş creates added value for Turkey's economy, industry, and R&D know-how. Today, with its knowledge and competencies to develop complete vehicles from scratch, Tofaş R&D Center, takes part in the product development processes of different models within Stellantis, in addition to the models produced at the Tofaş Factory.

Tofaş's plant produces Fiat Fiorinos as well as the Fiat Egea family's sedan, hatchback, station wagon. cross and cross wagon models. Tofaş exports more than half of the vehicles it produces to different countries in the world. Committed to being a leading player in all segments of its home market in line with customer expectations, Tofaş offers a broad portfolio of brands and products that include six brands (Fiat, Fiat Professional, Alfa Romeo, Jeep®, Maserati, Ferrari) for which it is the Turkish representative.



## Our Vision

Towards one million vehicles per annum...

To be a leading automotive company that creates the best value and mobility solutions for customers.

## Our Mission

To improve people's quality of life by providing them with the products and services that best suit society's need for mobility.

## About the Koç Group and Stellantis



### Koç Holding

Founded in 1926, Koç Holding is Turkey's biggest corporate group from the standpoints not only of its turnover and exports but also of its share of Borsa İstanbul capitalization, the taxes that it pays, and the employment that it creates. With an aggregate turnover corresponding to 9% of national income and a 7% share of the country's export trade by value, the Koç Group is one of the main engines of the Turkish economy. The group's flagship Koç Holding is the only Turkish company to be included in the Fortune Global 500 ranking. With its strong competitive advantages, Koç Holding commands leading positions in sectors with long-term growth potential such as energy, automotive, durable consumer goods, and financial services.



### Stellantis

Born of a merger of Fiat Chrysler Automobiles and Groupe PSA in 2021, Stellantis is one of the leading mobility providers that designs, develops, produces, and sells vehicles and mobility solutions. Stellantis's brand portfolio is positioned so as to offer a variety of sustainable solutions to meet the evolving needs of customers while also exploring such avenues as electrification, connectivity, autonomous driving, and car-sharing. With industrial operations taking place in about 30 countries, Stellantis-made products are supplied to more than 130 markets around the world.

## Key Highlights

In 2022 Tofaş bolstered its strong position in the Turkish automotive industry with TL 65.5 billion in sales and a home market share of 19.2%.

### OPERATIONAL HIGHLIGHTS

	2018	2019	2020	2021	2022
Export Sales (TL thousand)	14,455,023	13,301,313	10,821,043	14,643,275	29,903,470
Domestic Sales (TL thousand)	3,934,701	5,355,308	12,441,509	14,264,210	34,038,696
Other Income from Operational Activities (TL thousand)	213,607	240,293	294,195	776,820	1,603,188
Cumulative Production Volume (units)	301,750	264,197	250,630	228,544	263,747
Sales (units)	311,499	271,319	259,479	234,786	270,271

### 95.7%

The leader of the domestic sales with a share of 95.7%

### 7 years

The most preferred automobile in Turkey for 7 years in a row.

### 12.3%

Tofaş's share in Turkey's automotive exports

### the leader for 4 years

Fiat is the leader in passenger and light commercial vehicles for 4 years.

### 18.7% market share

The leader of Turkey's automobile market with the Fiat brand

### 19.5%

Tofaş's share in Turkey's automotive production

### 100%

Waste recovery

### 0.322 tonCO<sub>2</sub>eq<sup>1</sup>

Emissions per vehicle produced

### 2,74 m<sup>3</sup> /vehicle

Water consumption per vehicle

<sup>1</sup> 1 2022 per-vehicle value tracked as part of the year's performance evaluation. Total emissions amount to 85,000 tons CO<sub>2</sub>.

**FINANCIAL HIGHLIGHTS**

(TL thousand)	2018	2019	2020	2021	2022
Total Assets	13,001,799	12,809,287	19,475,621	23,473,341	40,375,815
Shareholders' Equity	3,706,555	4,329,209	4,468,611	5,743,391	11,313,640
Sales Revenues	18,603,331	18,896,914	23,556,747	29,684,305	65,545,354
EBITDA	2,532,578	2,479,757	3,025,512	5,794,126	11,269,849
Profit Before Tax	1,290,894	1,456,555	1,830,776	3,512,216	8,562,231
Net Profit	1,330,423	1,481,639	1,784,170	3,281,316	8,562,191

**+71.6%**

In 2021 total assets amounted TL 40.3 billion.

**+97.0%**

In 2022 shareholders' equity reached TL 11.3 billion with an increase of 97.0%.

**+120.8%**

In 2022 sales revenues rose by 120.8% and reached TL 65.5 billion.

**+94.5%**

At year-end 2022 Tofaş's EBITDA was TL 11.3 billion with an increase of 94.5%.

**+143.8%**

In 2022 profit before tax increased by 143.8% to TL 8.6 billion in value.

**+160.9%**

Net profit increased by 160.9% reaching TL 8.6 billion in 2022.

## CEO's Assessment



As Tofaş, we are committed to being Turkey's leading automotives manufacturer in the creation of the best value and mobility solutions for customers. We will continue to improve everyone's quality of life by providing products and services that meet the mobility needs of society as a whole.

Dear Tofaş stakeholders:

We embarked upon 2023 with a devastating earthquake that struck our country on February 6 and caused widespread destruction and provoked the deepest sorrow. We continue to work together in solidarity with others and take part in projects capable of helping our country heal the wounds of what was one of its worst natural disasters in recent memory.

Beset as it was by the still lingering effects of the Covid-19 pandemic, by global supply-demand issues, by war in Ukraine, and by historically high inflation and soaring lending rates, 2022 was a challenging year indeed. Despite worldwide challenges posed by global economic slowdown and by changes in demand, particularly in the European market—the country's biggest, Turkey's total automotive exports

grew by 5.5% and reached USD 31 billion in value in 2022. A number of factors that included pent-up demand, continued growth in e-commerce, high inflation, and low interest rates nourished domestic demand for automotives in Turkey last year. Domestic sales of passenger cars and light commercial vehicles (LCV) increased by 6.2% and amounted to 783,283 units in 2022. Passenger car sales in Turkey increased by 5.5% and reached 592,660 units while LCV sales were up by 8.6% and reached 190,623 units. The Turkish automotives industry faced a number of tough challenges last year. These included not only soaring raw material and energy prices and high exchange rates but also supply chain disruptions arising especially from the ongoing global chip shortage. Despite such challenges however, the Turkish automotives industry turned out a total of 1,352,000 units in 2022, an increase of 6% over the previous year.



### **Leadership arising from uninterrupted production**

Thanks to an agile organizational structure and to effective management, we have been successfully coping with semiconductor supply difficulties and maintaining overall production continuity. We further strengthened our position as Turkey's top carmaker in 2022, with 95% of sales coming from our own assembly line. Our total sales were up by 20.3% year-on and supplied a 19.2% share of the total market. In exports, our company registered an 8% rate of year-on growth on a unit-sale basis and captured a 12.3% share of Turkey's automotives industry exports.

Tofaş's Fiat Egea sedan once again made us proud as Turkey's best-selling car, this time for the seventh year in a row. In 2022, Tofaş launched the Fiat Egea in four body variants: Sedan, Hatchback, Cross, and Cross Wagon with a mix of diesel automatic transmission and hybrid engine options.

Tofaş continued to maintain its strong position in the LCV market by capturing a market share of 25.7%. The Fiat Doblò, a popular minivan that commands a significant market share, was once designated "Light Commercial Vehicle of the Year".

### **Sustainable quality approaches and product development capabilities**

Tofaş is committed to improving its quality indicators every year in line with its sustainable quality approach, which puts customer satisfaction at the center of everything. In an overall evaluation of the Stellantis Production System, Tofaş ranks among Stellantis's top two manufacturing plants.

With its knowledge and experience in developing completely-new vehicles entirely from scratch, Tofaş's R&D center continues to create added value for the company in the areas of vehicle design and production. The Tofaş R&D Center also contributes to Turkey's economy and to its production and R&D

knowhow through engineering-service exports as a result of its involvement in the development of various models within the Stellantis system. The company is also expanding its operations in order to address and satisfy the growing needs of the global automotives software market.

### **Combating climate change**

The growing impact of climate change on our planet's ecosystem is changing the ways in which we all produce and consume and has put climate change and environmental protection among the top priorities on the global automotives industry's agenda.

As a corporate member of the Directorate of Climate Change's Climate Platform, Tofaş is committed to taking steps to gradually meet the requirements of a carbon-neutral market. Tofaş regards the protection of natural resources, the conduct of its operations with minimum environmental impact, and the collaborative spread of its sustainability attitudes among all stakeholders with which it interacts as being among its core responsibilities. Tofaş focuses on effectively managing and reducing both its direct and its indirect environmental impact throughout its entire value chain. The company closely monitors European Green Deal developments in order to integrate them into its own climate change mitigation strategies.

Tofaş has committed itself to becoming a carbon-neutral company and is engaged in resolute and meaningful efforts to achieve that goal. It aims to reduce its overall Scope 1 and Scope 2 emissions by 50% by 2030 through such means as using green materials, generating and using solar power, carrying out energy-efficiency projects, and incorporating circular-economy practices into its operations and products. It also further strengthened the roadmap that it laid out to minimize the adverse impact of climate change by joining the Science-Based Targets Initiative (SBTi) in December 2022.

## CEO's Assessment

In 2022 Tofaş continued to reduce its CO<sub>2</sub> emissions and its energy and water consumption-performance through a variety of efficiency-enhancement projects and environmental and operational investments. The 201 energy-efficiency projects which the company carried out last year conserved a total of 115,055 GJ of energy and reduced overall CO<sub>2</sub> emissions by 9,622 tons. Tofaş's per-vehicle energy consumption fell by 20% in 2022 to 3.19 GJ, thereby outperforming the year's target. Production-related greenhouse gas emissions amounted to 249 kg/tCO<sub>2</sub>e per vehicle. Tofaş reduced its per-vehicle water consumption performance by 6% to 2.74 m<sup>3</sup> last year. It also recycled about 60 million m<sup>3</sup> of usable water thanks to a factory-wide circulation system. In 2022 Tofaş successfully passed environmental audits conducted by statutory authorities and by independent external agencies, all of which reported zero instances of non-compliance.

Tofaş constantly makes not only its production processes but also the vehicles it manufactures more environmental so as to increase the value that it offers its customers. The same approach also informs the company's R&D, innovation, and digitalization efforts. Tofaş aims to rapidly increase the electrification of all models in production; consistently increases the use of green materials in its vehicle design and production processes; is currently working on pilot studies to improve the greenhouse gas emissions performance of all vehicles. During 2022 the Tofaş R&D Center increased the number of EU-supported projects on its calendar to 31 and worked with more than 260 international project partners. Every year the center aims to add new value-adding innovative projects to the calendar while also increasing the number of Tofaş's new patent applications. Last year a total of 71 new patents were filed for.

In 2022 Tofaş completed 364 digitalization and innovation projects. The number of the company's digitalization projects has reached 1,500. These projects focus mainly on giving Tofaş the benefit of such technologies as the Internet of Things (IoT), collaborative robots (cobots), and robotic process automation (RPA).

### Our most valuable resource: People

We design all of our human resources processes and policies with inclusion, equality, and diversity in mind. We also prioritize the development of our employees to better prepare them for the future. We treat all of our employees honestly and fairly, refrain from discrimination, and provide a respectful, safe, and healthy workplace environment. We are committed to achieving the sustainable goals of "zero work accidents" and "zero occupational diseases" by taking a world-class, proactive, and lean approach to occupational health and safety, and by continuously improving our occupational health and safety culture. Through a variety of events and projects, we also continue to support the entry-level recruitment of new graduates who will shape Tofaş's future.

In addition to the UN Women's Empowerment Principles (WEP) to which we subscribed in 2017, we believe that differences in matters pertaining to gender, age, ethnicity, religious beliefs, ways of living and forms of expression, and mental and physical abilities, are all sources of richness. We are committed to tapping into these differences to create value. We reflect this commitment in all our human resources processes and policies.

As of end-2022, 10% of Tofaş's workforce of 5,928 people were female. Of all newly-hired personnel last year, 28% were women. Tofaş provides jobs for more differently-enabled people and has also undertaken more projects to recruit them than any other employer in Bursa. As of the same date, the company had 194 people with physical disabilities on its payroll.

We have committed to proactively and steadily increasing the percentage of women and disabled individuals in Tofaş's workforce at Tofaş through various means and initiatives. Our goal is to increase the percentage of women in office positions from 25% to 35% and the overall percentage of individuals with disabilities in Tofaş's workforce from 3.3% to 5% by 2026. We have also set targets of raising the percentages of women employed in the areas of technology and innovation and of technology & innovation management from their current 18% and 13% levels to 30% and 20% respectively by the same year.

### **Alignment with UN Sustainable Development Goals**

We believe that a robust social context is essential to our business success. We focus on social responsibility projects that support social development and create social value in a variety of ways while also contributing to the national economy. We align our social responsibility initiatives with United Nations Sustainable Development Goals in view of local needs, expectations, and priorities. We define measurable medium and long-term objectives for our socially-beneficial projects and monitor the projects' progress accordingly. One such project is the Tofaş Sports Club. In addition to all the sport-

related successes that it has achieved since the day it was founded, the club has supported the fostering of healthy generations and improved the quality of social life by giving every young person an equal chance to discover and demonstrate their abilities. Tofaş Sports Club's social responsibility projects have so far touched the lives of 30 thousand people. In addition to the funding that the company regularly budgets for social responsibility projects, Tofaş paid out a total of TL 24.8 million as charitable donations and assistance in 2022.

As Tofaş, we are committed to being Turkey's leading automotives manufacturer in the creation of the best value and mobility solutions for customers. We will continue to improve everyone's quality of life by providing products and services that meet the mobility needs of society as a whole.

In closing, I thank all our shareholders, customers, employees, dealers, suppliers, and other stakeholders for trusting and supporting Tofaş and contributing to its success.

Very truly yours,



Cengiz Eroldu  
CEO

## Awards & Recognitions in 2022

### EXPORT CHAMPIONS RECOGNIZED

At an award ceremony conducted by the Turkish Exporters Assembly to empower women in Turkey's export trade, Tofaş ranked seventh among Turkey's export champions. Tofaş independent board member Neslihan Tonbul accepted the TİM award on the company's behalf.

### INTELLIGENT ENERGY MANAGEMENT SYSTEM PROJECT MINISTRY AWARD

Tofaş's Paintshop Intelligent Energy Management System project placed first in an "Industrial Energy Efficiency 2021" project competition organized by the Ministry of Energy & Natural Resources.

### TOFAŞ BURSA'S PATENT-APPLICATION CHAMPION

The Ministry of Industry & Technology honors firms that are successful in the management of SMEs' intellectual & industrial property rights. The ministry cited Tofaş as "Bursa's #1 Patent Applicant" in recognition of the company's contributions to the growth and development of Turkey's industrial property rights system.

### GEAR UP INTELLIGENT CAMPAIGN MANAGEMENT SYSTEM PICKS UP THREE AWARDS

In the series of Direct Marketing Awards, Tofaş's Gear Up intelligent campaign management system placed first in the "Data-Based Loyalty Programs" category and second in both the "Innovative Data & Advanced Analytics Deployment" and the "Creating Value From Data" categories.

### OGD AWARDS FOR EGEA HYBRID LAUNCH AND FYA CONNECT

Tofaş's "Fiat Egea Hybrid Launch" picked up the "Car of the Year Press Launch" award at the Automotive Journalists Association' (OGD) 7<sup>th</sup> annual "Car of the Year in Turkey" gathering. This was the first time this award has been given to anyone. Tofaş's "Fiat Connect" also won the OGD's "Innovation" award.

### FIAT CONNECT EARNS CX AWARD GOLD

Tofaş Fiat Connect returned from the year's round of Turkey Customer Experience Awards with gold in the "Customer Growth Strategy". Fiat Connect was also the only entry in the category deemed to be worthy of an award.

### NEW FIAT CONNECT FUNCTION EARNS IDC AWARD

Fiat Connect's innovative "Second-Hand Dynamic Assessment" function placed first in the "Future of Digital Innovation" category of the IDC Turkey DX Awards 2022 organized by the International Data Corporation.

### THREE CRYSTAL APPLES GRAND FOR FIAT

In the 34<sup>th</sup> round of the Turkish Association of Advertising Agencies' series of Crystal Apple awards, Fiat's "Panda Dere Tepe Türküler" Turkish folk music radio project earned two Crystal Apples as well as the Crystal Apple Grand Prize.

### **ALFA ROMEO ONLINE “ALTIN ÖRÜMCEK” AWARD**

Alfa Romeo’s “Alfa Romeo Online” digital sales channel and its feature that lets Alfa Romeo owners experiment with differently-configured models placed third in the “Automotives” category of the year’s “Altın Örümcek” web awards.

### **JEEP CRYSTAL APPLE AND FELIS AWARDS**

Jeep was awarded a silver Crystal Apple for its “Jeep Crossword Puzzle” campaign. The brand’s “Jeep Çık” communication campaign also earned Tofaş a crystal award in the Crystal Apple Awards series as well as a Felis award in the “Print & Publishing” category.

### **JEEP ODD AWARD**

In the 13<sup>th</sup> round of the Gladiators Awards series of ODMD Sales & Communication honors handed out by the Automotive Distributors & Mobility Association, the “Jeep Crossword Puzzle” was honored as “Newspaper Campaign Of The Year” in 2022.

## **Awards & Recognitions in the Field of ESG**

### **TOFAŞ “MESS WORK SAFETY STARS” AWARD**

Tofaş’s “VR Forklift Simulator” project earned its Bursa plant a place among the top three contenders in the “Innovation In Communication” category of the Turkish Employers’ Association of Metal Industries’ “Work Safety Stars” competition.

### **TOFAŞ BURSA’S TOP EMPLOYER**

In 2021 Tofaş provided more jobs for more people than any other company in Bursa.

### **TOFAŞ’S INNOVATIVE LEARNING & DEVELOPMENT SOLUTIONS PICK UP TWO INTERNATIONAL AWARDS**

In the year’s round of “Stevie Awards For Great Employers”, Tofaş Academy’s “Ask Someone Who Knows” program won silver in the “Mentoring Program: Coaching & Mentoring” category while its “Agility Coaching Certification Program” won bronze in the “Certification Programs” category.

### **“ASK SOMEONE WHO KNOWS” BRINGS HOME TWO AWARDS**

In the series of European Mentoring and Coaching Council (EMCC) accreditation awards, Tofaş Academy’s “Ask Someone Who Knows” mentoring program was honored with a silver International Standards for Mentoring and Coaching Programs (ISMCP) award. Its “Ask Someone Who Knows” mentor training received a European Foundation for Quality Management EQA award.



## Sustainability at Tofaş: A Timeline

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### 2014

Tofaş Sustainability Team is formed and a Prioritization Survey is conducted

CDP Climate Change reporting begins

Tofaş Sustainability website launched

Turkey's first automotives manufacturer to be included in the CDP Climate Change A list.

One of 15 companies included in the BIST Sustainability Index

First carmaker in Turkey to publish a sustainability report



### 2015

Turkey's first automotives manufacturer to submit responses to the CDP Water Program

Turkey's first automotives manufacturer to have its Scope 3 emissions verified



### 2016

Included in CDP Climate Leaders list



## The External Environment

### THE AUTOMOTIVES INDUSTRY & TOFAŞ

#### The Global Automotives Market & Tofaş

Although the lingering effects of the Covid-19 pandemic continued to abate, 2022 was nevertheless a challenging year owing to ongoing global supply & demand issues, to the war in Ukraine, and to historically high inflation and soaring interest rates everywhere.

The European automotives market (EU + UK + EFTA) suffered a 4% contraction in 2022 owing to production hampered by disruptions in the supply of semiconductors. Although the impact of these disruptions has since lessened, the shortages contributed significantly to last year's contraction. Looking at principal national markets in detail, Germany's grew by 1.1%, while France's, Spain's, and Italy's shrank by 7.6%, 5.4%, and 9.7% respectively. What with the contractions witnessed in both 2020 and 2022, the European automotives market closed the latter year at around 13% below its 2019 pre-pandemic level.

Tofaş's exports recovered by 8.0% in 2022, with the company shipping a total of 121,485 vehicles abroad. This performance also gave Tofaş a 12.3% share of Turkey's total exports as measured by volume. Although passenger vehicle exports were down by 15% year-on, light commercial vehicle (LCV) exports were up by about 24% as compared with 2021. The drop in passenger vehicle exports was attributable mainly to supply-chain issues and to an unexpectedly

rapid market-preference shift towards hybrids and all-electrics. The rise in commercial vehicle exports was nourished largely by more people buying more things online and by demand coming from the North American market. Tofaş's own export earnings slightly more than doubled (up 109.6%) year-on and amounted to TL 29,903 million in value. Looking forward, the company anticipates export sales on the order of 70-80 thousand units in 2023.

#### The Turkish Automotives Industry & Tofaş

According to figures published by the Automotive Distributors Association, the Turkish retail passenger car and light commercial vehicle market booked sales of 783,283 units in 2022, an increase of 6.2% over the previous year.

The principal factors driving vehicle demand in Turkey in 2022 were (1) pent-up demand that arose from market contraction in 2018-2020, (2) consumers' desire to protect the purchasing power of their money against high inflation and a weakening Turkish lira, and (3) the steady increase in e-commerce and online shopping. Fourth-quarter LCV demand surged (up 47%) on a Q/Q basis owing mainly to a modest improvement in vehicle market availability but also to low base effects.

Tofaş sold a total of 150,013 vehicles in 2022 across its lineup of Fiat, Fiat Professional, Jeep®, Alfa Romeo, Maserati, and Ferrari brands. Tofaş's own sales as measured by volume were up by 20.3% year-on and corresponded to a 19.15% share of the overall market.

Turkey's passenger vehicle market grew by 5% with a total of 592,660 units sold in 2022. Tofaş's share of that market increased by 31.8% year-on and reached 17.03%. A total of 100,932 units were sold. Tofaş's Fiat brand remained the Turkish market's leader in both the passenger vehicle and LCV segments last year. The 146,435 units that the company sold in 2022 corresponded to a market share of 18.7%. Fiat's share of the domestic passenger vehicle market rose to 16.4% in 2022. This performance was nourished by the continued success of the Fiat Egea family. With 68,779 units sold, the Fiat Egea Sedan remained Turkey's best-selling car in 2022, this time for the seventh year in a row. Both the successful early-2021 launch of the Egea Cross, the brand's crossover model, and the strong performance of the Fiat Egea Hatchback and Station Wagon models all contributed to the stout defense of Fiat's overall market share.

Turning now to the LCV market, a total of 190,623 vehicles were sold in 2022, up by 8.6% year-on. Tofaş successfully maintained its strong 25.7% market-share position in LCV sales with its Fiat and Fiat Professional brands. In the minivan segment, makes up a substantial part of the LCV market, the much in demand Fiat Doblò and the Fiat Fiorino continued perform strongly.

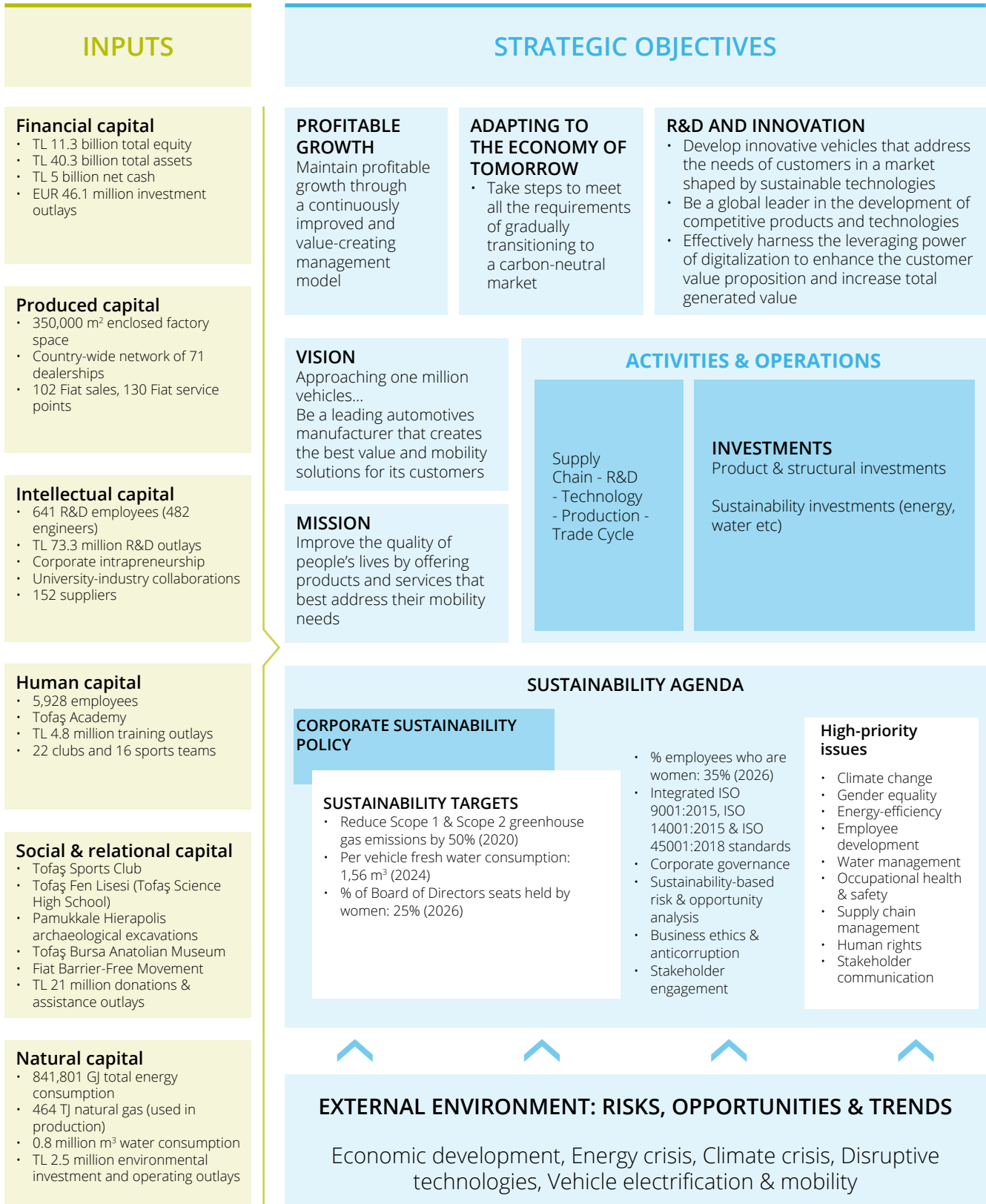
Tofaş continues to closely monitor the effects of the earthquakes that struck Kahramanmaraş and affected ten of the country's provinces on 6 February 2023 to determine the impact that they are having not only on the company's operations, business continuity, and performance but also on its employees.

From the very moment the earthquakes struck, Tofaş moved to come to the aid of victims to help bind the wounds of the disaster. Tofaş immediately dispatched a team of 17 search & rescue and medical personnel, who reached the area the same day. Tofaş closely coordinated with AFAD in support of search & rescue areas in earthquake-affected areas. Relief and materiel provided by Tofaş and also donated by its employees were transported to stricken areas aboard Tofaş-owned trucks and distributed to those in need.

Tofaş worked with other Koç Group companies in the building and equipping of Koç Holding Umut Kent container cities in disaster areas. Tofaş Sports Club is coordinating with local coaches and the Turkish Basketball Coaches Association (TÜBAD) in the provision of basketball training resources to local kids.

Looking forward, Tofaş anticipates that between 975-1,025 thousand vehicles of all kinds will be sold in Turkey in 2023 and that its own sales will be in the 190-200 thousand range.

# Business Model





OUTPUT	RESULTS	STAKEHOLDERS	SDG ALIGNMENTS
<p><b>Products &amp; services</b></p> <ul style="list-style-type: none"> <li>Total 263,747 passenger &amp; light commercial vehicle</li> <li>Sales &amp; after-sales services</li> </ul> <p><b>Brands</b></p> <ul style="list-style-type: none"> <li>FIAT                             <ul style="list-style-type: none"> <li>Egea</li> <li>500</li> <li>500L</li> <li>500X</li> <li>Panda</li> </ul> </li> <li>FIAT PROFESSIONAL                             <ul style="list-style-type: none"> <li>Doblò</li> <li>Fiorino</li> <li>Pratico</li> <li>Ducato</li> </ul> </li> <li>ALFA ROMEO                             <ul style="list-style-type: none"> <li>Tonale</li> <li>Stelvio</li> <li>Giulia</li> </ul> </li> <li>JEEP®                             <ul style="list-style-type: none"> <li>Compass</li> <li>Wrangler</li> <li>Renegade</li> </ul> </li> <li>LANCIA (After-sales services only)</li> </ul> <p><b>Environmental footprint &amp; waste</b></p> <ul style="list-style-type: none"> <li>38,313 tCO<sub>2</sub>e direct greenhouse gas emissions (Scope 1)</li> <li>46,558 tCO<sub>2</sub>e direct greenhouse gas emissions (Scope 2)</li> <li>26.84 kg/waste generation (Excluding pressed sheet metal waste and non-production waste)</li> <li>0.322 tCO<sub>2</sub>e/vehicle produced</li> <li>2.74 m<sup>3</sup> water/vehicle produced</li> </ul>	<p><b>Financial capital</b></p> <ul style="list-style-type: none"> <li>TL 113 billion EBITDA</li> <li>TL 8 billion net profit</li> <li>TL 3 billion in dividend payments</li> <li>9.26 corporate governance rating</li> <li>138 share-price increase</li> </ul> <p><b>Produced capital</b></p> <ul style="list-style-type: none"> <li>İzmir Institute of Technology Techno Park Software Center Product Development &amp; Software branch</li> </ul> <p><b>Intellectual capital</b></p> <ul style="list-style-type: none"> <li>16 new patents</li> <li>364 digitalization projects completed</li> </ul> <p><b>Human capital</b></p> <ul style="list-style-type: none"> <li>15.61 hrs training / employee</li> <li>3,134 hrs ethical principles training</li> <li>36,948 hrs OHS training</li> <li>164,128 hrs total training</li> <li>1.21 Lost Time Injury (LTI) rate</li> </ul> <p><b>Social &amp; relational capital</b></p> <ul style="list-style-type: none"> <li>Social responsibility projects</li> <li>Aid and support delivered to earthquake-stricken regions</li> </ul> <p><b>Natural capital</b></p> <ul style="list-style-type: none"> <li>64 m<sup>3</sup> water recovery</li> <li>29% reduction in Scope 1 emissions</li> <li>100% waste recycling</li> <li>Single-use plastic elimination</li> </ul>	<ul style="list-style-type: none"> <li>Public agencies &amp; organizations</li> <li>Shareholders &amp; investors</li> <li>Financial institutions</li> <li>Customers</li> <li>Employees</li> <li>Labor unions</li> <li>Business partners &amp; suppliers</li> </ul> <ul style="list-style-type: none"> <li>Employees</li> <li>Business partners &amp; suppliers</li> <li>Labor unions</li> </ul> <ul style="list-style-type: none"> <li>Customers</li> <li>Business partners &amp; suppliers</li> </ul> <ul style="list-style-type: none"> <li>Educational institutions</li> <li>Business partners &amp; suppliers</li> <li>Public agencies &amp; organizations</li> </ul> <ul style="list-style-type: none"> <li>NGOs</li> <li>Educational institutions</li> <li>Business partners &amp; suppliers</li> <li>Media</li> </ul> <ul style="list-style-type: none"> <li>All stakeholders</li> </ul>	<p><b>SDG ALIGNMENTS</b></p> <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>8 DECENT WORK AND ECONOMIC GROWTH, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 17 PARTNERSHIPS FOR THE GOALS</p> <p>8 DECENT WORK AND ECONOMIC GROWTH, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 17 PARTNERSHIPS FOR THE GOALS</p> <p>1 NO POVERTY, 3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES, 17 PARTNERSHIPS FOR THE GOALS</p> <p>17 PARTNERSHIPS FOR THE GOALS</p> <p>7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 17 PARTNERSHIPS FOR THE GOALS</p>

## Management Approaches at Tofaş

### CORPORATE GOVERNANCE AT TOFAŞ

Given the evolving landscape and dynamics of capital markets today, adherence to corporate governance principles has become an increasingly more important and critical issue for Tofaş. Tofaş complies with the Corporate Governance Principles set forth by the Capital Markets Board (SPK) and continually updates its corporate governance practices as may be needed to keep them aligned with changing conditions.

Tofaş embraces corporate governance as a core element of its corporate culture and continuously conducts its operations accordingly. Tofaş is committed to upholding the principles of transparency, accountability, fairness, and responsibility, as defined by the SPK Corporate Governance Communique. Consistent with its emphasis on sustainability, the company integrates these principles into all of its corporate governance practices

### Capital & shareholder structure

Shareholders controlling more than a 10% interest in the company

Pursuant to SPK authorization 532 dated 1 August 1991, Tofaş is subject to the provisions and requirements of the Turkish Capital Markets Law's (CML) Registered Capital System. As of 31 December 2022, the company's SPK-authorized registered capital ceiling was TL 1,000,000,000. This ceiling is valid for five years (2021-2025). During the five-year period ending on 31 December 2025, the Tofaş Board of Directors is authorized, subject to the provisions of CML, to take decisions on matters pertaining to increasing its paid-in capital up to the TL 1 billion ceiling by issuing new ordinary, preference, premium, and/or below-par-value shares on such occasions as it may deem necessary.

Tofaş paid-in capital as of 31 December 2022 was TL 500 million.

Shareholder	Share Group	Share Amount (TL)	Voting Right	Share Ratio (%)
<b>FCA Italy S.p.A.</b>	D	189,279,856.87	18,927,985,687	37.8560
Koç Holding A.Ş.	A	187,938,121.26	18,793,812,126	37.5876
Temel Tic. ve Yat. A.Ş.	A	175,693.44	17,569,344	0.0351
Koç Family	A	1,166,042.17	116,604,217	0.2333
Others	E	121,440,286.26	12,144,028,626	24.2880
<b>Total</b>		<b>500,000,000.00</b>	<b>50,000,000,000</b>	<b>100</b>

At ordinary and extraordinary general assembly meetings, shareholders exercise their voting rights based on the total nominal value of the shares that they control. At general assembly meetings, votes are normally cast openly however a secret ballot may be held if shareholders controlling at least 20% of the shares present at a meeting so request.

## Share Information

With their average trading value up by 121% in 2022, Tofaş's shares significantly outperformed the 98% rise in Borsa İstanbul's BIST 100 index last year. On the basis of their twelve-month performance however, Tofaş shares gained 138% in value in 2022 while the BIST 100 index was up by 197%.

IPO:	1 July 1991
Ticker symbol:	TOASO
Paid-in capital:	TL 500,000,000
Registered capital ceiling:	TL 1,000,000,000

### 2022 trading highlights

Closing:	TL 165.70
Market capitalization:	USD 4.43 billion
Intraday high:	TL 170.20
Intraday low:	TL 58.95
% held by international investors:	22.4%
Average trading volume:	USD 67.6 million

As of end-2022, 22.4% of Tofaş's shares were held by foreign shareholders while the average foreign-investor share of BIST-traded companies was 29.6% as of the same date.

### Tofaş shares are traded in the following market and included in the following indices:

BIST SUSTAINABILITY INDEX / BIST ALL / BIST INDUSTRY / BIST 30 / BIST 100 / BIST Bursa / BIST STAR / BIST CORPORATE GOVERNANCE / BIST Dividend / BIST METAL PRODUCTS, MACHINERY / BIST 50

### Tofaş Board of Directors

The Tofaş Board of Directors consists of ten members, two of whom must be independent directors. The roles of board chair and company CEO are held by different individuals. The only member of the Tofaş Board of Directors with executive duties is the CEO, who reports solely and directly to the board. The Board of Directors is responsible for the conduct and oversight of the company's affairs and business.

Its members are elected by the general assembly of shareholders subject to the requirements of the Turkish Commercial Code and SPK regulations. There must be an even number of boardmembers but no fewer than eight and no more than twelve.

For board of directors meetings to be held, a majority of its membership must be present; for a board decision to be valid, a majority of members present must vote in favor of it. For a board resolution to be passed, the presence and affirmative votes of at least 2 non-independent members nominated by Group A shareholders and of at least 2 non-independent members nominated by Group D shareholders are required. All other applicable requirements as mandated by SPK Corporate Governance Principles are binding.

Half of the seats on the Tofaş Board of Directors must be filled from among candidates nominated by Group A shareholders and the other half from among candidates nominated by Group D shareholders. Group A and Group D shareholders must each nominate one candidate who satisfies the independent-director requirements of SPK regulations.

Tofaş's goal is to achieve age, gender, race, nationality, and ethnic background diversity in the composition of its Board of Directors. The text of the Tofaş Board of Directors Diversity Policy that went into effect on 31 January 2022 may be found at <https://www.tofas.com.tr/en/Sustainability/Policies>.

Both the number of independent directors and their qualifications are determined in accordance with the regulatory requirements of SPK Corporate Governance Principles. All of the members of the Audit Committee, 40% of the members of the Corporate Governance Committee, and half of the members of the Risk Detection Committee are independent directors. All members of the Tofaş Board of Directors are elected to three-year terms of office and are eligible for re-election.

### Duties, Authorities and Limit of Authorities of the Board of Directors

- Both the Chair and Members of the Board of Directors shall be authorized with specified duties and authorizations defined in Article 11 of the Articles of Association and related articles of the Turkish Commercial Code.

## Management Approaches at Tofaş

- Furthermore, the regulation concerning Executive Board Decisions is available in the 10<sup>th</sup> article of the Articles of Association.
- The regulation concerning Auditing is contained in the 13<sup>th</sup> article of the Articles of Association.

Tofaş Board of Directors members' CVs are published in the [2022 annual report](#) and may also be found on the company's corporate website at [www.tofas.com.tr](http://www.tofas.com.tr).

Information about the Tofaş Board of Directors' activities and operations during the reporting period are presented in the [2022 annual report](#).

### Tofaş Board of Directors Committees

Within the Tofaş Board of Directors there are three committees (Corporate Governance Committee, Risk Detection & Risk Management Committee, Audit Committee) and also one board (Board of Ethics).

The Corporate Governance Committee, the Audit Committee, and the Risk Detection & Risk Management Committee, all of which report directly to the Tofaş Board of Directors, play an important role in the effectiveness of the board's activities. The duties of the Nomination Committee and the Remuneration Committee may also be carried out by the Corporate Governance Committee.

The Board of Directors has overall responsibility for the conduct of risk management processes at Tofaş while the Audit Committee and the Risk Detection Committee are responsible for the fulfillment and execution of risk-management processes as required by applicable laws and regulations. Corporate risk strategies are determined in line with reports submitted to the Board of Directors.

Information about the Tofaş Board of Directors committees' activities and operations during the reporting period are presented in the [2022 annual report](#).

### Tofaş Senior Management

As of the reporting date, Tofaş's senior management consisted of a chief executive officer and eighteen senior executives.

The company's CEO and senior executives are responsible for:

- Identifying and managing strategic goals;
- Ensuring the operability of risk management, early warning, and control systems;
- Determining corporate goals;
- Ensuring that corporate governance principles are complied with and that compliance performance and results are achieved as expected;
- Auditing and approving the sustainability report and checking that all material issues have been examined.

Tofaş senior executives' CVs are published in the [2022 annual report](#) and may also be found on the company's corporate website at [www.tofas.com.tr](http://www.tofas.com.tr).

### Remuneration Policy for Top-Level Managers and Members of the Board of Directors

This policy document defines the remuneration system and practices for the members of the board of directors and top-level managers with administrative responsibilities as defined by CMB regulations.

Fixed wages payable to members of the board of directors are designated by the ordinary general assembly every year.

Executive board members are paid in accordance with the policy applicable for top-level managers and detailed below.

Within the frame of the Corporate Governance Committee's judgment, additional benefits can be provided to members who are assigned with the performance of certain roles for supporting the Company's operations by virtue of the functions they undertake, which will be in addition to the fixed remuneration determined by the General Assembly.

Performance-based payments are not used for remuneration of independent members of the board of directors.

Members of the board of directors are paid based on the period from assignment to resignation. Expenses of the members of the board of directors related with the benefits they provide for the company (transportation, telephone, insurance, etc.) are covered by the company.

Remuneration for Top-Level Managers consists of fixed and performance based components.

Fixed wages of Top-Level Managers are determined in accordance with international standards and legal liabilities based on macroeconomic market data, wage policies applicable in the market, size of the company, long-term objectives and individual positions.

Bonuses payable to Top-Level Managers are based on bonus base, company performance and individual performance. The criteria are as follows:

**Bonus Base:** Bonus Base is updated every year and varies according to the positions of managers and volume of business. Bonus base is updated based on the top-management bonus policies applicable in the market.

- **Company Performance:** Company performance is calculated every year by measuring the financial and operational (market share, exports, international operations, efficiency etc.) objectives of the company in terms of achievement at the end of the year. The basic principles while defining the

company objectives are ensuring that achievements are sustainable and improvements are made as compared to the previous year.

- **Individual Performance:** When assessing individual performance, individual and collective goals that senior executives set together with their respective teams and managers and key performance indicators are taken into account. In measuring individual performance, long-term sustainable improvement also in non-financial areas is a key principle that is pursued.

In case of resignation of a top-level manager, a certain amount of bonus can be paid based on the term of assignment, term of assignment as a top-level manager, benefits provided, last target bonus before resignation, wages paid in the last year and bonus data.

Total amounts paid to Top-Level Managers and Members of the Board of Directors based on the principles listed above are submitted to the information and/or approval of the shareholders at the next general assembly meeting.

This is to inform our esteemed Shareholders.

## RISK MANAGEMENT AT TOFAŞ

Tofaş takes a holistic approach to risk management that is mindful of risks across all three dimensions: economic, environmental, and social. The conduct of the company's operations is informed by the principles of "Safeguarding corporate assets and values", "Protecting commercial, financial, and operational reputation", and "Ensuring corporate risk management sustainability".

Tofaş management is responsible and accountable for all the financial, commercial, operational, and organizational aspects of managing corporate risks and of taking and implementing all necessary internal audit and control measures.



## Management Approaches at Tofaş

The company's operations are managed proactively giving careful consideration to the extent to which risks and risk-related financial, commercial, and operational outcomes will impact Tofaş. Tofaş management takes a five-step approach to risk identification and assessment in order to manage risks in a systematic way. These five steps are:

1. Identifying risks
2. Quantifying risks
3. Assessing risks

4. Reducing or transferring risks
5. Monitoring and reporting risks.

Under Tofaş Risk Management Policy, risk management activities at the company are reported to the Board of Directors as required by laws and regulations. Risk reporting guidelines were determined after an evaluation of Tofaş's risk management system by a committee that was set up specifically for that purpose.

## Sustainability-Based Risk & Opportunity Analysis

	Risks	Opportunities
<b>Economic</b>	<ul style="list-style-type: none"> <li>• Debt-repayment risks</li> <li>• The primary financial consequences of these risks manifest as market losses that are attributable to shifts in market expectations</li> </ul>	<ul style="list-style-type: none"> <li>• Direct-debit system</li> <li>• Internal control system</li> <li>• Increase the number of Tofaş R&amp;D Center's EU-supported research projects</li> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>• New EU CO<sub>2</sub> emission regulations requiring 30-50% reductions in CO<sub>2</sub> emissions by 2030</li> <li>• Potential sales or production losses due to compliance with national and international laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Tofaş has a structured production system which is aligned with SPW (Stellantis Production Way, one of the highest global manufacturing standards today) and which encourages sustainable, systematic improvements and energy-conservation projects aimed at eliminating losses.</li> <li>• Tofaş develops and deploys production process solutions that focus on reducing fossil-fuel use, further reducing energy consumption, and reducing overall environmental impact</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>• No medium or long-term risks</li> </ul>	<ul style="list-style-type: none"> <li>• Tofaş strives to promote environmental and climate responsibility and awareness across its value chain through supplier and dealer development initiatives and customer education services</li> <li>• Tofaş engages with all stakeholders by actively encouraging them to continuously contribute suggestions and by implementing suitable changes based on stakeholders' input</li> </ul>

## INTERNAL CONTROL & AUDIT AT TOFAŞ

While bolstering the sustainability and efficiency of its operations, Tofaş also ensures the credibility of operational reporting through rigorous internal audits. The company ensures management accountability and sustainability through the deployment of effective control mechanisms.

The Tofaş Board of Directors Audit Committee is responsible for the oversight of the company's internal control and internal audit systems. The committee proactively addresses foreseeable financial, commercial, and operational risks etc as well as those associated with corporate risk management. The committee also considers and determines whether or not the company is fulfilling its statutory obligations with respect to internal control, internal audit, and risk management.

The Audit Committee reports to the Board of Directors all action that is taken to improve, based on its own assessments, the effectiveness and functions of internal control systems.

## QUALITY MANAGEMENT AT TOFAŞ

Seeking to directly understand its customers' quality expectations, Tofaş strives to raise the quality of its manufacturing and service processes and to maximize its quality competitiveness throughout its value-creation chain. The company's quality management system is regularly updated and improved in light of changes in customers' expectations.

In line with its customer satisfaction-centric sustainable quality approach, Tofaş strives to improve its quality indicators consistently every year. As a result of its quality management efforts, in 2022 Tofaş ranked among the top three Stellantis system plants rated on the basis of their production excellence for the third year in a row.

For the 2022 survey and review, Stellantis published a new standard in which customer-assessment criteria were made uniform throughout the entire group. As a result of the huge improvement in its customer-assessed quality metric last year, Tofaş emerged from the year's evaluation as one of the top performers across the entire Stellantis ecosystem.

Under a new testing standard introduced in 2022, upon leaving the factory all vehicles are subjected to short-track testing under conditions that mimic average-customer use. By ensuring that only defect-free vehicles are supplied to customers, this practice increases customer satisfaction. According to the results of independently-conducted new car buyer surveys, in 2022 the Fiat Egea's sedan and wagon models ranked in the top quartile with the highest quality scores.

A 2022 upgrade to the highest currently-available level in the next-generation Statistical Process Control (SPC) system used at the plant has significantly speeded up measurement processes and resulted in a doubling of the frequency with which vehicle bodies are measured. Measurements by multiple coordinate measurement machines (CMM) now require only a single SPC unit. The ability to examine body-scan results in real time also increases diagnostic capabilities.

In 2022 Tofaş underwent and successfully passed the second interim review audits of its integrated ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 standard certifications without any instances of nonconformity being reported.

## Management Approaches at Tofaş

The results of these audits show that Tofaş is especially strong in the following areas:

- Taking and following up corrective action to deal with integrated quality management system nonconformities
- System handling and management processes
- On-site work-safety practices
- Regulatory applications
- Coordinated, simultaneous conduct of multiple projects
- Compliance with Stellantis-mandated requirements
- Tracking and acting upon key performance indicators.

Successfully undergoing and passing the conformity of production audit conducted by the Italian transportation ministry in 2022, Tofaş's certificate of conformity has been renewed for another three years. Ministry representatives conducting the audit said they were impressed by how the notion of quality from an end-user's perspective had been incorporated into all of the plants processes and options.

In 2022 Tofaş's quality department organized six on-campus meetings under the company's university-industry collaboration program. During these meetings, students and newly-hired employees were provided with information about Tofaş's automotive industry, worklife, quality, digitalization, and industrialization processes, knowledge, and experience.

## ETHICAL BEHAVIOR & ANTICORRUPTION AT TOFAŞ

Tofaş's commitment to the advanced business ethics that are part of the bedrock of its corporate culture inform all of the company's activities and operations. This means that ethical behavior of the highest sort is an essential priority and responsibility of every Tofaş employee. However not only Tofaş employees but also Tofaş dealers, suppliers and business partners, and all other stakeholders with whom the company actively engages are likewise expected to abide by the company's ethical guidelines.

The Tofaş Board of Ethics is responsible for the implementation of the Tofaş Code of Ethics and for overseeing compliance with its rules. Tofaş adheres to a no-tolerance approach when dealing with matters involving bribery and corruption. The company is committed to undertaking its activities fairly and honestly in line with legal and ethical guidelines. In all of the policies and procedures that it formulates, Tofaş strives to be in full compliance with the requirements of laws and regulations, with ethical and professional standards, and with universally-recognized principles. Within this scope, risks of bribery and corruption are identified and actions are taken to reduce them. Compliance with company ethical guidelines is supported by means of in-house group training sessions, regular ethical guideline announcements, and online training resources.

The 10<sup>th</sup> principle titled "Anti-Corruption" of the United Nations Global Compact to which Koç Holding, one of Tofaş's major stockholders, is signatory, is an indispensable part of Tofaş's approach to business ethics and anti-corruption.

All forms of discrimination be they based on language, race, gender, political affiliation, religious belief, or similar considerations are prohibited in the conduct of business and workplace relationships at Tofaş. Work agreements between the company and its employees may not incorporate any terms or conditions which, directly or indirectly, would subject an employee to prejudicial treatment on the grounds of gender or pregnancy at the time the agreement

is entered into, while it is in effect, or when it is terminated except in cases where job-related risks, employee safety, or the requirements of law dictate otherwise. The principle of “Equal Pay For Equal Work” applies to everyone and no employee may be paid more or less based on their gender. All hiring, assignment, and promotion decisions must be based on objective performance criteria and never on such considerations as language, religion, gender, race, or the like. Tofaş condones neither the employment of children nor any form of forced or compulsory labor.

## SUSTAINABILITY MANAGEMENT AT TOFAŞ

Tofaş’s top priority is to maintain a continuously improving, value-creating management model that takes full account of the social, environmental, and economic impact of all of its activities and operations. The CEO and all members of the Tofaş Board of Directors have committed themselves to a sustainability-focused management approach.

The Tofaş Corporate Sustainability Policy is based on an integrated approach and on business models aligned with sustainable future strategies. Tofaş’s corporate sustainability policy is approached and implemented both locally and nationally in ways that demonstrate the company’s responsibilities towards its stakeholders. Tofaş’s sustainability approaches and practices are dealt with holistically, with input from all stakeholders being solicited and considered.

Tofaş’s Corporate Sustainability Policy is based on the three pillars of environmental, social, and corporate governance embracing the following principles:

- Effectively manage risks and continuously improve all processes
- Implement a sustainable environmental management policy based on national environmental laws and regulations, applicable environmental standards, and best-available technologies
- Satisfy all the requirements of national and international laws, regulations, and administrative provisions
- Make the company’s performance and production operations more efficient and effective
- Strive for zero accidents whenever addressing OHS issues
- Ensure information security and business continuity in the conduct of all operations
- Embrace ethical behavior, anticorruption, and other corporate governance principles as elements of corporate culture
- Foster an open communication environment that encourages employee engagement
- Conserve energy and protect environmental and natural resources
- Work with its suppliers to improve their own sustainability practices
- Ensure customer satisfaction continuity and sustainability
- Build and maintain transparent and collaborative relationships with stakeholders
- Educate stakeholders about climate change and raise public awareness of this issue
- Communicate the company’s sustainable environmental policies & practices openly and honestly with the public at large
- Communicate CSR activities to stakeholders in ways that are aligned with the company’s overall strategies.

Under the heading of “Governance & Sustainability”, the foregoing principles are treated as essential elements of the company’s corporate governance structure and of its risk management, business ethics & anticorruption, sustainability management,

## Management Approaches at Tofaş

and stakeholder engagement practices. Tofaş's sustainability policy applies to all aspects of social, ethical, and environmental management. It is based on stakeholder participation and takes into account stakeholders' satisfaction and expectations. The company's sustainability and social responsibility initiatives are constantly improved and managed in line with the company's corporate vision and in light of stakeholders' priorities.

The management, improvement, and auditing of Tofaş's corporate, social, and environmental activities as well as the transparent disclosure of its managerial, social, and environmental performance to all stakeholders are key issues for the company. Tofaş's corporate sustainability policy is informed by these issues. Policy compliance is monitored by the Tofaş Corporate Sustainability Policy Management Committee and all related issues are reported to and assessed by committees subject to the oversight of the Tofaş Board of Directors. Prior to 2022, corporate sustainability reports were published separately. As of that year, they were integrated into the company's annual reports.

### Tofaş Sustainability Committee

The Tofaş Sustainability Committee develops and monitors the company's sustainability strategies. The Risk Detection & Risk Management Committee oversees the Sustainability Committee to ensure that its strategies are aligned with the company's overall risk management framework.

Tofaş evaluates whatever risks and opportunities may be identified by any of its units, employees, or other stakeholders. Action to minimize risks is taken as may be necessary. Risk owners are responsible for monitoring the progress of action plans. Based on its evaluation of the importance of a particular issue, the Risk Detection & Risk Management Committee reports directly either to the Corporate Governance Committee or to the Tofaş Board of Directors. Within the same framework, the Board of Directors is kept advised about the company's sustainability issues and the board evaluates those that are placed on

its agenda. The Tofaş Sustainability Committee is responsible for coordinating and reporting all sustainability-related issues overseen by the company's senior management, departments, and units.

### Climate change and risk assessment

Tofaş identifies and assesses climate risks across its value chain. The company then ranks these risks by importance in order to manage them more effectively and comprehensively. Climate risks are assessed by assigning them scores that are based on their financial impact on the company.

The climate risk assessment process begins by identifying and classifying climate risks based on the likelihood of their occurrence and on their potential impact (individually and severally) on the company's profitability, business continuity, and reputation. Risk factors are initially analyzed together and then prioritized according to their importance. For events that exceed a pre-defined threshold, existing mitigation measures are analyzed and future measures, action plans, and risk owners are determined.

Under the Tofaş risk-assessment methodology, climate-related risks are scored based on their financial, reputational, production, operational, human, and legal impact. The highest of these is defined as the risk assessment score. All risks are assessed on the basis of their impact, likelihood, and time frame. If its calculated score is less than six, the risk is deemed to be acceptable. Risks whose scores are between six and twelve are classified as "Moderate" while those with scores over twelve are classified as "High". An exception to this rule is made in the case of reputational risks and legal risks, which are always deemed to be "High" whatever their score may be. When scoring financial risks, thresholds are defined for financial losses that are considered likely to have a significant impact on the company. Financial losses below EUR 1 million are deemed to be acceptable.

## Climate-related risks

Risk	Importance	Explanation
Current regulations	*****	All activities of the Company are managed in accordance with the relevant regulations. At the same time, current and possible future regulations are closely monitored and budgeted regularly every year.
Potential changes in the legal, regulatory, and policy frameworks	*****	Laws, regulations, and government policies (such as those related to improving fuel economy and reducing greenhouse gas emissions) can have a significant impact on the company because they directly affect the company's operations. Tofaş takes steps to conform to best practices in the mitigation of climate change-related risks and is currently developing plans and readying itself for a low-carbon future.
Technology	*****	<p>Newly-emerging technologies are rapidly changing customer expectations as well as companies' production processes and business models. Furthermore the autonomous-driving technology landscape is fiercely competitive, with both technology companies and startups vying for market share. Tofaş keeps a close watch on innovations in technology and on changes in the regulatory framework in order to continuously improve its competitive edge. The company continuously adjusts its technology strategies and practices to better meet the changing needs of markets and customers. Tofaş also conducts advanced training programs that give its employees the opportunity to keep pace with new technologies.</p> <p>Tofaş is committed to developing its R&amp;D capabilities in the areas of connectivity, infotainment, powertrain systems, control software, and advanced driver assistance systems. The company is also committed to continuously expanding its operations so as to meet the growing needs of the global automotives software industry.</p> <p>In 2022 Tofaş again continued to work on a variety of technology projects, including research into the autonomous driving technologies that are seen as essential in the transition to a lower-carbon, more energy-efficient economy.</p>
Legal framework	***	Tofaş closely monitors emerging climate policies around the world and develops compliance plans to mitigate risks that may arise from new regulations.

Management Approaches at Tofaş

Risk	Importance	Explanation
Market risk	*****	Global environmental, social, demographic, and technological changes are driving the transformation of customers' mobility needs and expectations. Risks related to changes in those needs and expectations are important because they may result in delays in the development of new technologies and in a failure to create and sell profitable products that address them. Research is regularly conducted to track changing customer needs and trends. To sustainably meet customers' changing needs and expectations, Tofaş explores new technologies, develops solutions, and creates new sales and service models. To the same end, Tofaş is also working on the development of alternative-fuel vehicles. The company is closely monitoring global electric vehicle technologies and is working to integrate them into its own innovative solutions and applications so that the associated vehicle components and systems may be produced domestically. Tofaş is also contributing to Stellantis's efforts to promote the use of natural gas and biofuel-powered alternative fuel systems.
Reputation	***	No conflicts on this issue are anticipated for the foreseeable future.
Acute physical	***	Nilüfer Çayı, a river that passes within 500 meters of the Tofaş plant, has been identified as a primary flood risk.

Climate-risk management

Tofaş classifies financial obligations arising from current regulations governing its products and services as "climate-related financial risks". Changes in the regulatory framework increase Tofaş's operational costs.

Laws, regulations, and government policies—particularly those related to fuel efficiency and greenhouse gas and exhaust gas emissions—significantly impact the company's business processes.

R&D resources are budgeted as needed to help minimize climate risks. In order to comply with CO<sub>2</sub> and pollutant emission and fuel-efficiency regulations as a member of the Stellantis Group, Tofaş:

- Optimizes the environmental performance of conventional engines;
- Increases the use of compressed natural gas as a fuel;

- Reduces vehicles' overall energy demand (such as by making them lighter and improving their aerodynamics);
- Designs emission-reducing systems (such as start-stop systems);
- Engages with customers and raises their climate risk awareness (such as through its eco:Drive driver-training program).

Aware of the environmental impact of fuel consumption, exhaust emissions, and reducing vehicle weight, Tofaş engages in extensive research and development in these areas. For example Tofaş's weight-reduction design R&D focuses on vehicle cross-section and topology optimization as well as on high-strength/lightweight materials and hybrid solutions.

Responding to changing customer needs and demands, Tofaş also focuses on vehicle electrification and on the development of new mobility solutions.



A strong and unforeseen surge in the demand for low-carbon emission vehicles is regarded as a financial risk because of the potential impact that it could have on the company's revenues. The primary financial consequence of the materialization of this risk is the loss of potential sales due to an inability to meet market demand. Market research on this issue suggests that Tofaş is at risk of losing approximately 2.5% of its market share on this account.

General awareness of climate change is being raised by the automotives industry's increasingly greater focus on low-emission vehicles as mobility solutions. Tofaş sees this issue as one of its top developmental priorities. To manage this risk effectively, the company analyzes consumer behavior to pinpoint emerging market trends while also working with unions and employee representatives to increase the flexibility of its production operations. The company continuously monitors market share and trends in consumer demand and analyzes potential scenarios and their financial implications. Tofaş conducts targeted analyses on various subjects such as how consumers feel about ecofriendly vehicles and what impact consumers' attitudes have on price flexibility, market penetration, and brand reputation. Tofaş is working on innovative solutions and applications of its own with the goal of domestically producing systems and components for electric vehicles that incorporate these technologies. In line with this, a hybrid version of the Fiat Egea was introduced in 2022.

### Climate strategy and decarbonization plans

Tofaş uses both the transition and the physical climate scenarios formulated by the Intergovernmental Panel on Climate Change. The company is also a signatory to the "2°C Challenge Communiqué" published by the Corporate Leaders Group and in December 2022 it applied for admission to the Science-Based Targets Initiative and was accepted.

To protect itself against climate-induced regulatory framework risk, Tofaş makes use of three different scenarios:

**The High Carbon-Pricing Scenario** envisions policies being put in place that are deemed strong enough to cut greenhouse gas emissions and keep global warming below 2°C by the end of the century. It is based on research conducted by the OECD and by

the International Energy Agency (IEA 2017).

**The Mid-Level Carbon Pricing Scenario** assumes that policies will be implemented to reduce greenhouse gas emissions and limit climate change to 2°C in the long term; however, it posits that immediate action will be delayed. This scenario is based on research conducted by the OECD and IEA as well as on assessments of the adequacy of Turkey's National Contribution Statement by Climate Action Tracker, Ecofys, Climate Analytics, and the New Climate Team. It assumes that countries whose current climate commitments fall short of the short-term 2°C goal will step up their efforts to reduce emissions in the medium to long term.

**The Low Carbon-Pricing Scenario** assumes that Turkey will achieve full implementation of its national contribution commitment as defined by research conducted by the OECD and by IEA 2017. The prices generated by this scenario are likely to be too low to meet the goals of the Paris Agreement.

Based on these scenarios, Tofaş may be exposed to carbon-pricing risk on its Scope 1 emissions ranging between USD 1.6-5.6 million a year between now and 2030. The exact extent of this financial risk depends on which aspects of the three scenarios are most valid.

To protect itself against climate-induced physical risk, Tofaş also makes use of three other scenarios:

**The High Climate Change Scenario** (RCP 8.5) is sometimes referred to as "Business-As-Usual" and assumes that greenhouse gases will continue to be generated at their present rates. Under this scenario, global temperatures are expected to rise by more than 4°C by the end of the current century.

**The Moderate Climate Change Scenario** (RCP 4.5) assumes that strong efforts will be made to reduce emissions to half their current levels by 2080. Under this scenario, it is more likely that global temperatures will rise by more than 2°C by the end of the current century.

**The Low Climate Change Scenario** (RCP 2.6) assumes that aggressive steps will be taken to halve emissions by 2050. Under this scenario, global temperatures could rise by less than 2°C by the end of the current century.

## Management Approaches at Tofaş

Tofaş uses data applicable to its own assets when analyzing climate-change scenarios. Even in a “low” climate-change scenario, we could still see warming of 2°C by the end of this century. In a “reasonable” scenario, the temperature is expected to increase by something above 2°C by the end of the century, while in a “high” scenario, the increase could surpass 4°C.

Tofaş begins by precisely geolocating each of its impactable facilities. Based on its location, a facility is then matched with seven different climate-change hazards. Once the matching is complete, the facility's overall climate risk exposure can be measured. This information is used as input when determining the company's corporate or collective physical risk scores.

Just as it also does in transition-risk analyses (particularly those involving market risk and regulatory risk), Tofaş considers physical risk scenarios looking as far ahead as 2050.

For purposes of assessment, risks such as water stress, flooding, heatwaves, cold snaps, severe storms, forest fires, and rising sea levels are taken into account.

Climate change is expected to increase both the severity and the frequency of such natural hazards and put Tofaş's physical assets and ongoing operations at increasingly greater risk. Tofaş's Risk Management Policy aims primarily to prevent and minimize losses that could lead to operational disruptions and/or cause the company material damage. Based on risk assessments, annual investment and maintenance budgets are adjusted so as to lower the associated risk scores.

In 2021 Tofaş set a target of a total of 102,917 tCO<sub>2</sub>e for Scope 1 and Scope 2 emissions and committed itself to reducing those emissions by 50% by 2030 (Base-year: 2021). The company's Scope 1 and Scope 2 emissions in 2022 amounted to 84,871 tCO<sub>2</sub>e.

Tofaş is a corporate member of the Climate Platform and supports the transition to a low-carbon economy through its energy efficiency initiatives. The company is developing solutions to cut energy consumption in its production processes, with a particular focus on reducing the use of fossil fuels. In 2022 these energy-

efficiency solutions resulted in total energy savings of 115,055 GJ and in total cost savings of EUR 3.4 million euros. In line with its green procurements strategy, Tofaş also makes a point of prioritizing the selection of more energy-efficient machinery and equipment.

Tofaş continued to reduce energy consumption and CO<sub>2</sub> emissions in 2022 in line with its commitment to Stellantis's World Class Manufacturing methodology. A total of 201 energy-efficiency projects were undertaken in 2022 as a result of which, the company conserved 115,055 GJ of energy and prevented the emission of 9,622 tons of CO<sub>2</sub> as of the fourth quarter.

Due to the growing importance of climate change, Stellantis is increasingly focusing on developing low-emission vehicles as mobility solutions. Tofaş supports these efforts and sees this as an avenue for continuous development as it moves forward. Through the Tofaş R&D Center, the company has invested about EUR 58 million on design and testing infrastructure for use in the development and improvement of Tofaş vehicles' concepts, styling, bodies, interiors, suspension systems, engines, emissions performance, vibration performance, and acoustics performance. The number of EU-funded research projects in which the R&D center has participated has reached 31. The center has worked with more than 260 international partners in the conduct of these projects.

The Tofaş R&D Center aims to steadily increase the number of patents for which it applies by undertaking value-adding innovative projects and exploring innovative ideas year after year. To date, Tofaş has filed more than 71 patent applications as a result of the center's work.

Tofaş's approach to risk and opportunity management helps boost its credit rating, which makes it easier to collaborate with investment banks, while its environmental initiatives make it easier to attract capital.

## Stakeholder Relations at Tofaş

Tofaş aims to promote among all of its stakeholders a sustainability awareness which is mindful of the needs of future generations and which is aligned with United Nations Sustainable Development Goals (UN SKA). The company conducts its operations with an awareness that collaboration among its employees, dealers, and suppliers is needed to ensure that its own sustainability approach is reflected in all of its business processes.

Tofaş focuses on transparency and accountability in line with the strategic importance that it attaches to stakeholder engagement. Tofaş also supports its stakeholders' efforts to comply with the tenets of the UN Global Compact.

### **PARTNERING WITH STAKEHOLDERS TO ADDRESS CLIMATE CHANGE**

#### **Suppliers**

In line with the Green Procurements strategy to which Tofaş has been adhering since 2017, all of the company's direct suppliers have been included in an environmental-performance improvement program that requires suppliers to respond to a slate of questions assessing their environmental management systems and performance from the standpoints of greenhouse gas emissions climate change mitigation, and energy-efficiency among other things. Tofaş then works with suppliers and supports them in their efforts to improve their performance.

Tofaş analyzes the ESG data provided by all direct suppliers and then selects those representative of different business sectors. The company conducts workshops and on-site visits and draws up action plans covering technical and methodological development projects with the aim of improving these suppliers' performance and lowering their risk scores. More than a hundred short, medium, and long-term projects have been undertaken under the various action plans that have been formulated. As a result of the completion of 76% of the short-term projects, improvements of about 35% have been achieved in suppliers' energy-efficiency and GHG emissions performance.

#### **Customers**

Tofaş interacts with customers on a regular basis in order to communicate to them information about the proper use of the company's products and services. One example of this is the Fiat Connect program, an app that collects and analyzes information about drivers' driving habits and recommends ways to improve them and save on fuel. In this way, Fiat Connect helps reduce fuel consumption and also the amounts of pollutants that users' vehicles release into the environment. The app is particularly useful in city driving and can reduce fuel consumption by as much as 25%.

Tofaş customers are given access to awareness-creating and educational videos through its products' guides and manuals as well as through Fiat Connect and online platforms. The eco:Drive system, which is currently available on some models, provides individualized feedback about a driver's driving style to help reduce fuel consumption and emissions. The aggregate impact of and all action taken by eco:Drive users is measured in terms of total CO<sub>2</sub> emissions prevented. This information is updated daily.

#### **Non-governmental organizations**

##### **Automotive Manufacturers Association**

The Automotive Manufacturers Association (OSD) is the Turkish national partner of the European Automobile Manufacturers' Association (ACEA). In that capacity OSD represents the interests of the country's 15 car, van, truck and bus makers.

Two of the greatest challenges confronting us today are using limited resources responsibly and protecting the environment. OSD closely monitors environmental targets set by the EU and draws its members' attention to issues such as technological advances, new types of fuel and refueling, and the rapid renewal of the vehicle fleet on European roads. OSD believes that these challenges can be met only through the joint efforts of all Turkish automotives industry players and policymakers.

## Stakeholder Relations at Tofaş

As a member of trade associations such as OSD, Tofaş also plays a role in the development of automotives-industry government regulations and standards.

### **Turkish Industrialists' and Businessmen's Association - Environment & Climate Change Working Group**

The TÜSİAD Environment and Climate Change Working Group was established to support the development of regulations that support economic growth while aligning with Turkey's environmental policies and the sustainability of natural resources. The group examines both EU and Turkish climate regulations while also contributing to the efforts of the Turkey Climate Platform (REC Türkiye).

Tofaş engages in continuous dialogue and collaboration with numerous public agencies and organizations. The company is a member of the Climate Platform, an independent non-profit initiative co-established in 2011 by the Regional Environmental Center Turkey (REC) and TÜSİAD. One of the platform's aims is to support efforts to combat climate change and to transition to a low-carbon economy.

### **International Investors Association of Turkey - Sustainable Development Working Group**

The YASED Sustainable Development Working Group was established in 2022 to advance the work initiated under the YASED Sustainable Development Platform (SDP). Unlike the platform format, the working group format is designed to strengthen SDP's previous activities both by providing a dedicated infrastructure for regular meetings among participants representing different fields and interests by incorporating a dynamic feedback mechanism.

The Sustainable Development Working Group aims to bring its members together to create a greater impact in the area of sustainability and also to develop other sustainability initiatives. The group is composed of members with expertise and a passion for advancing sustainable development. Members work together to achieve common goals by leveraging their collective strengths. The group's overall vision is aligned with United Nations Sustainable Development Goals. The Sustainable Development Working Group's top priorities include the European Green Deal, energy-efficiency improvements, and carbon-reduction technologies.




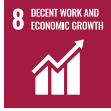





# Tofaş's Sustainability Priorities

## TOFAŞ 2022 MATERIALITY ANALYSIS

Conforming to the AA1000 Stakeholder Engagement Standard, Tofaş classifies sustainability-related priorities as being "Low", "Medium", and "High based on the results of surveys that solicit the opinions of both internal and external stakeholders.



## Tofaş's Sustainability Priorities

Material Topics	What is Tofaş doing	Reference SDG
<b>Climate change</b>	Tofaş has developed management mechanisms to identify climate-related risks effectively and to plan and take action as necessary within the overall framework of its corporate sustainability strategy. The Tofaş Board of Directors closely monitors climate change risk management activities and action plans and provides leadership on such matters. The company also measures the performance of climate-related activities and keeps a de-tailed watch on whether or not established climate change mitigation goals are being achieved.	
<b>Gender equality</b>	Tofaş believes that equal participation in the workforce is one of the most critical elements driving social progress. To this end, the company encourages women to participate in the workforce and strives to increase the percentage of women among its newly-recruited personnel. Tofaş is committed to creating a workplace in which all employees can thrive, regardless of gender.	
<b>Energy-efficiency</b>	Tofaş recognizes that energy-efficiency and emissions-reduction are two aspects of its production processes over which it has the most complete control and that both are areas in which the company can have the most immediate impact. For this reason, both are also among its highest-priority issues. Tofaş fulfills its responsibility to mitigate climate change risks by consistently improving its energy-consumption and emissions-reduction performance each year.	
<b>Employee Development</b>	Tofaş recognizes the value of its employees and supports their personal and professional growth through effective talent and performance management practices.	
<b>Water management</b>	Tofaş is committed to using water efficiently. The company manages its water and wastewater processes in the most effective way possible to reduce its water consumption and to minimize its environmental impact. It strives to continuously improve its water use in various ways and also conducts periodic analyses to ensure the continuity and sustainability of its water resources.	
<b>Occupational health &amp; safety</b>	Tofaş takes a world-class, proactive, and lean approach when dealing with occupational health and safety issues. The company aims to create a sustainable OHS culture of workplace safety by ensuring safe work environments and promoting safe behavior among employees, with the overarching goal of protecting everyone on Tofaş premises from injury and health risks. Tofaş is committed to achieving a sustainable goal of “Zero Work-Related Accidents & Illnesses” by continuously improving its occupational health and safety culture.	
<b>Supply chain management</b>	Tofaş manages its relationships with suppliers in ways that are built on openness and trust, are informed by a sense of partnership, and focus on sustainable competition. The company believes that its business success is bolstered by a supply chain that is financially strong, environmentally conscious, and reliable in terms of production quality and consistency. Recognizing that its suppliers are the crucial links in its value chain, Tofaş helps them continuously improve their performance.	
<b>Human rights</b>	At Tofaş, matters pertaining to human rights are overseen by the Tofaş Ethics Committee, which reports directly to the Tofaş Board of Directors. At Tofaş, all behavior and practices that violate human rights such as child, forced, or compulsory labor or discrimination of any kind are strictly prohibited. The company also aims to encourage the adoption of its approach to human rights across its entire value chain.	
<b>Stakeholder communication</b>	Tofaş's actions are informed by a belief that in order to fully integrate sustainability into all of its business operations, collaboration among all of its employees, dealers, and suppliers is essential. In line with the company's strategic focus on stakeholder engagement, Tofaş gives high priority to transparency and responsibility in its interactions with stakeholders.	

## Tofaş's Capitals

### FINANCIAL CAPITAL

Tofaş aims to sustain its profitable growth by deploying a value-creating management model that is continuously being improved.

#### 2022 AT A GLANCE

- Tofaş's total sales were up by 121% and reached TL 65,545 million.
- Tofaş's export earnings increased by 109.6% year-on and amounted to TL 29,903 million in value.
- As of year-end, Tofaş's total assets and total equity had risen to TL 40.3 billion and TL 11.3 billion respectively.
- Tofaş's EBITDA increased 94.5% year-over-year to TL 11.3 billion.
- Tofaş's net profit was up by 160.9% year-over-year and reached TL 8.6 billion.
- Tofaş spent EUR 46 million on investments in 2022.
- In 2022 Tofaş a record-breaking lump-sum gross dividend of TL 3.2 billion out of its 2021 profits.
- In 2022, the average value of Tofaş shares increased by 121% compared to the previous year's average value, thereby outperforming the BIST 100 index, which gained 98% over the same period.



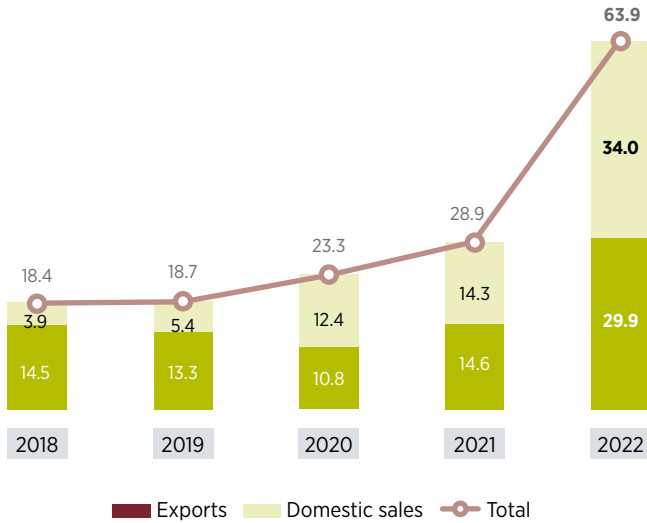
## Tofaş's Capitals - Financial Capital

### SALES

Tofaş's home-market sales increased numerically by 20.3% year-on and totaled TL 148,786 units. Last year the company's total sales revenues rose by 121% and reached TL 65,545 million.

SALES (UNITS)	DOMESTIC SALES			EXPORT SALES			TOTAL		
	2021	2022	CHANGE %	2021	2022	CHANGE %	2021	2022	CHANGE %
Passenger vehicles	74,944	100,722	34.4	45,536	39,109	-14.1	120,480	139,831	16.1
LCV	47,365	48,064	1.5	66,941	82,376	23.1	114,306	130,440	14.1
<b>Total</b>	<b>122,309</b>	<b>148,786</b>	<b>21.6</b>	<b>112,477</b>	<b>121,485</b>	<b>8.0</b>	<b>234,786</b>	<b>270,271</b>	<b>15.1</b>

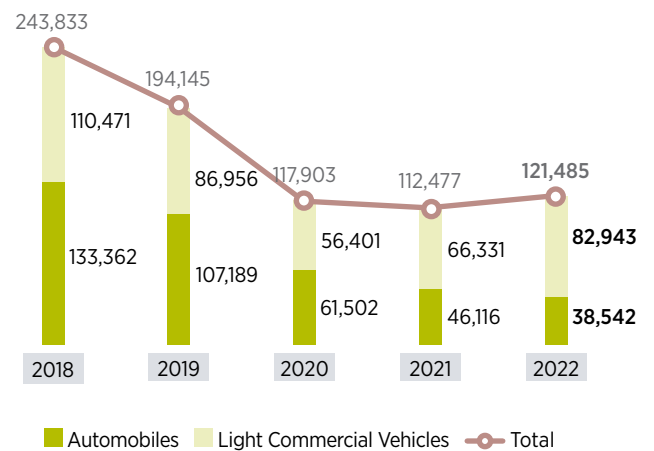
SALES (UNITS)	2021	2022	CHANGE (UNITS)
<b>Domestic Sales</b>	<b>122,309</b>	<b>148,786</b>	<b>26,477</b>
<b>Manufactured</b>	<b>115,982</b>	<b>142,338</b>	<b>26,356</b>
Egea Sedan	49,183	68,668	19,485
Egea HB	21,677	27,988	6,311
Doblò	28,865	24,321	-4,544
Fiorino	16,257	21,361	5,104
<b>Imported</b>	<b>6,327</b>	<b>6,448</b>	<b>121</b>
Ducato	2,243	2,383	140
Fiat 500	635	165	-470
Jeep®	2,906	2,346	-560
Ulysse	0	2	2
Scudo	0	232	232
Alfa Romeo	172	880	708
Panda	235	84	-151
Maserati	101	312	211
Ferrari	35	44	9
<b>Exports</b>	<b>112,477</b>	<b>121,485</b>	<b>9,008</b>
Tipo	16,278	7,890	-8,388
Tipo HB and SW	29,246	30,452	1,206
Doblò	37,697	32,806	-4,891
Ram Doblo	11,064	27,755	16,691
Fiorino	18,180	22,574	4,394
Others	12	8	-4
<b>Total</b>	<b>234,786</b>	<b>270,271</b>	<b>35,485</b>

**TOTAL SALES (TL MILLION)****SALES (TL THOUSAND)**

	2021	2022	CHANGE %
Export Sales	14,643,275	29,903,470	104.2
Domestic Sales	14,264,210	34,038,696	138.6
Other Income from Operational Activities	776,820	1,603,188	106.4
<b>Total</b>	<b>29,684,305</b>	<b>65,545,354</b>	<b>120.8</b>

**EXPORTS**

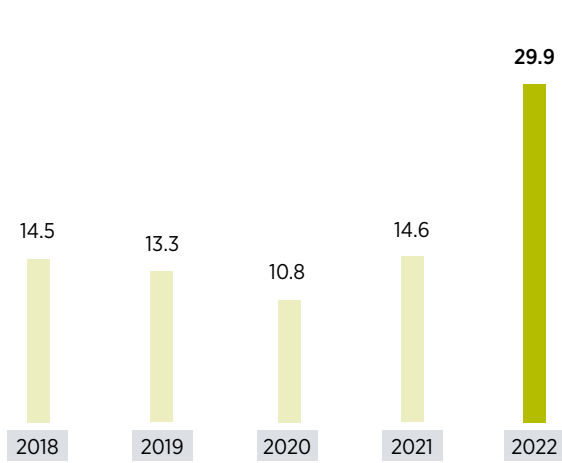
Tofaş registered an 8% year-over-year increase in its export unit sales and shipped a total of 121,485 vehicles abroad. With this performance, the company controlled a 12.3% of Turkey's total export volume. Although passenger vehicle exports were down by 15.2% in 2022, light commercial vehicle exports increased by around 24.1%. Taken together, this translates into an 8.0% increase in export performance. The drop in passenger vehicle exports is attributable supply-side shortages as well as to a rapid market shift towards electrics and hybrids. The growth in commercial vehicle exports was supported by surging e-commerce volumes and by sales to North American markets.

**EXPORTS (UNITS)**

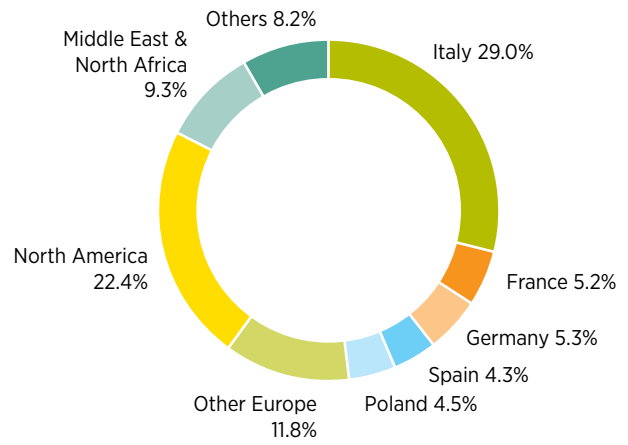
## Tofaş's Capitals - Financial Capital

Tofaş's 2022 export revenues were up by 109.6% year-on and reached TL 29,903 million in value.

**ANNUAL EXPORT INCOME** (TL MILLION)



**DESTINATION OF EXPORTS** (BASED ON UNITS SOLD)

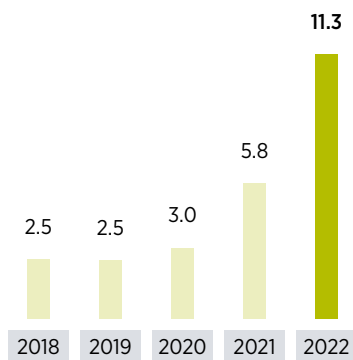


## FINANCIAL RESULTS

As of end-2022, Tofaş had total assets of TL 40.3 billion, total equity of TL 11.3 billion, and a net cash position of TL 5 billion.

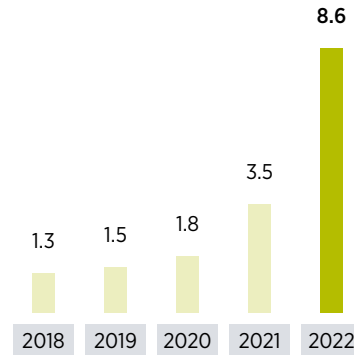
(TL million)	2021	2022	CHANGE (%)
Total Current Assets	16,170	33,385	106.5
Total Fixed Assets	7,304	6,991	-4.3
<b>Total Assets</b>	<b>23,473</b>	<b>40,376</b>	72.0
Total Short-Term Liabilities	13,758	26,069	89.5
Total Long-Term Liabilities	3,972	2,993	-24.7
<b>Total Liabilities</b>	<b>17,730</b>	<b>29,062</b>	63.9
Total Equity	5,743	11,314	97.0
<b>Total Resources</b>	<b>23,473</b>	<b>40,376</b>	<b>72.0</b>
Net Cash	-3.5	5.1	243

### EBITDA (BILLION TL)



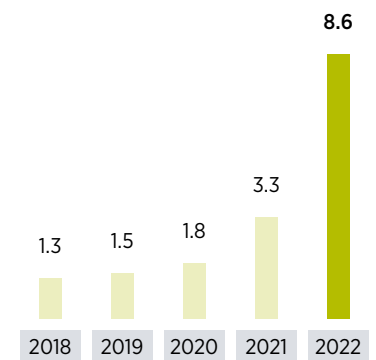
Tofaş's total sales revenues amounted to TL 65.5 billion in value. EBITDA grew by 94.5% year-on and reached TL 11.3 billion. This growth was driven by strong home-market performance, disciplined cost control, and production flexibility.

### PRETAX PROFIT (THOUSAND TL)



Supported by a strong cash position and improvements in net financing costs, Tofaş's pretax profit was up by 143.8% year-on in 2022 and reached TL 8.6 billion.

### NET PROFIT (BILLION TL)



With the effects of deferred tax income, the company's net profit was up by 160.9% year-on and amounted to TL 8.6 billion.

## Tofaş's Capitals - Financial Capital

YEARS	EBITDA		PROFIT BEFORE TAX		NET PROFIT	
	TL thousand	Change %	TL thousand	Change %	TL thousand	Change %
2018	2,532,578	24.40%	1,290,894	5.00%	1,330,423	3.70%
2019	2,479,757	-2.10%	1,456,555	12.80%	1,481,639	11.40%
2020	3,025,512	22.00%	1,830,776	25.70%	1,784,170	20.40%
2021	5,794,126	91.50%	3,512,216	91.80%	3,281,316	83.90%
2022	11,269,849	94.50%	8,562,231	143.80%	8,562,191	160.90%

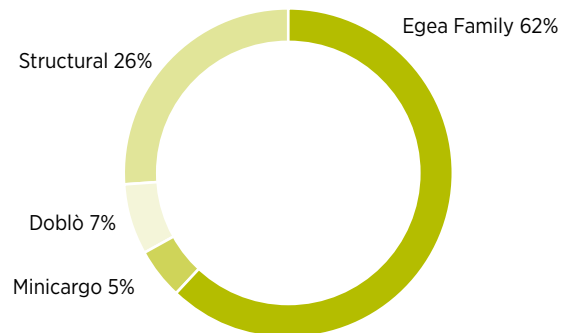
## INVESTMENTS & R&D EXPENDITURES

Tofaş's total investments amounted to EUR 46 million in value during 2022, much of it on Egea-related projects.

	2018	2019	2020	2021	2022
Total investments (EUR million)	95	106.6	108.3	100	46.1

2022 INVESTMENTS	(EUR MILLION)
Egea Family	28.7
Doblò	11.9
Structural	3.3
Minicargo	2.2
<b>Total</b>	<b>46.1</b>

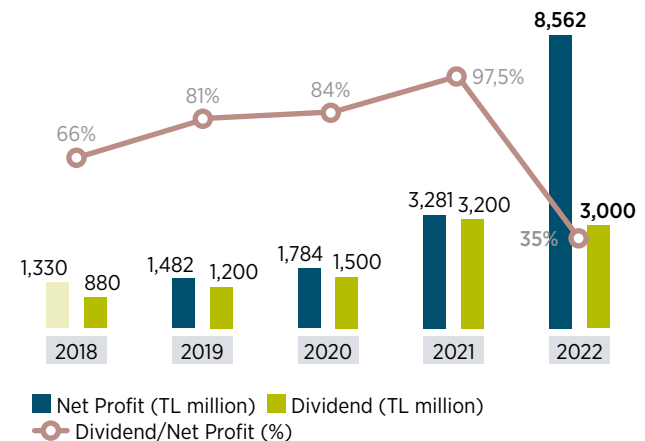
## BREAKDOWN OF INVESTMENTS (%)



## DIVIDENDS

In 2022 Tofaş paid out a record-breaking lump-sum gross dividend of TL 3.2 billion out of its 2021 profits. This is the highest dividend the company has ever in its history paid out of prior-year profits. In the five years between 2018 and 2022, Tofaş paid out a total of TL 6.8 billion in dividends. For 2022, Tofaş management anticipates paying out a total gross dividend on the order of TL 3,000 million, which corresponds to 35% of its projected 2022 net profit.

## DIVIDEND PAYMENT PERFORMANCE



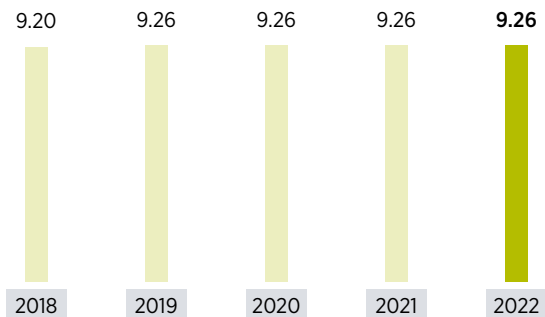
## CORPORATE GOVERNANCE RATING

The implementation of corporate governance principles as a dynamic process made necessary by developments in capital markets is a matter of decisive and increasing importance for Tofaş. Having committed itself to compliance with the Capital Markets Board's published corporate governance principles and adopted corporate governance as an inhouse corporate culture, Tofaş conducts its operations making such improvements and changes as emergent conditions may require.

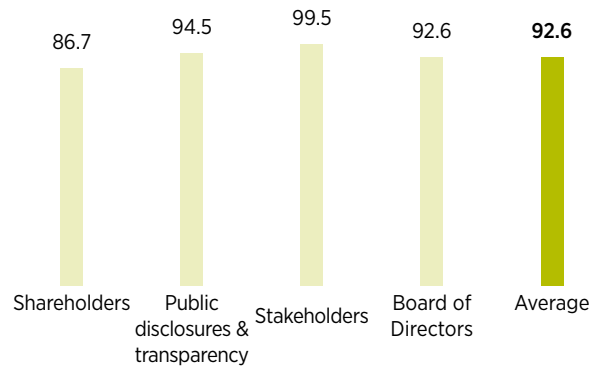
Tofaş takes a sustainable approach in the conduct of its corporate governance practices in keeping with the principles of transparency, accountability, fairness, and responsibility as spelled out in the Capital Markets Board's Corporate Governance Communique.

Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., a corporate governance and credit rating services provider, periodically reviews and updates Tofaş's corporate governance rating. According to a Saha-issued 26 October 2022 corporate governance report, Tofaş had been assigned a corporate governance rating of 9.26 based on a review of the company's performance as of that date.

## CORPORATE GOVERNANCE RATING



## BREAKDOWN OF CORPORATE GOVERNANCE RATING (%)

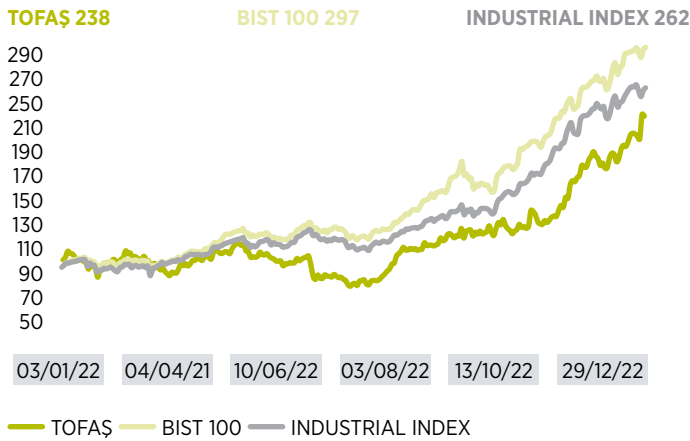


Tofaş's Capitals - Financial Capital

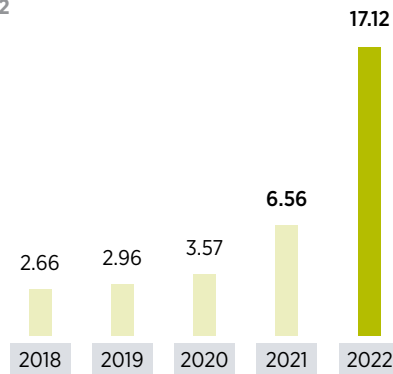
SHARE PERFORMANCE

With their average trading value up by 121% in 2022, Tofaş's shares significantly outperformed the 98% rise in Borsa İstanbul's BIST 100 index last year. On the basis of their twelve-month performance however, Tofaş shares gained 138% in value in 2022 while the BIST 100 index was up by 197%.

TOFAŞ, BIST 100 AND INDUSTRIAL INDEX DAILY MOVEMENT ACCORDING TO CLOSING VALUES, 31.12.2020=100



EARNINGS PER SHARE (TL)



WHY TOFAŞ?

**STRONG DOMESTIC MARKET POSITION**

- Fiat Turkey's automotive market leader for four years in a row
- Extensive Turkish-market presence with extensive six-brand portfolio of vehicles & products capable satisfying customer expectations in every segment

**VALUE-ADDING PRODUCTION**

- One of the biggest European R&D centers in the Stellantis ecosystem
- One of the most efficient, and most flexible production centers in the entire Stellantis ecosystem

**GUARANTEED EXPORT CONTRACTS**

- Euro-based costs
- High export earnings
- Take or pay guarantees

**SOLID FINANCIAL POSITION**

- Increased profitability supported by pricing & cost discipline
- Robust balance sheet supported by free cashflow

**OUTSTANDING PROFITABILITY SHARED WITH INVESTORS**

- Historically high dividend payout



## SUBSIDIARIES & AFFILIATES

Information about Tofaş's related-party sales and purchases is provided in footnote 27 to the 2022 financial statements.

### Koç Fiat Kredi Finansman A.Ş.

Koç Fiat Kredi provides financial-solution services for all of the automotive brands as well as for the second-hand vehicles and spare parts etc offered for sale through Tofaş. With its ability to provide conventional customers with one-stop and fast service without their having to leave the dealer's premises as well as online and with its own operational strengths KFK provides individual and commercial customers with financing support.

In 2022, TL 4.52 billion worth of credit was disbursed by the company in order to finance purchases of 21,000 vehicles. Koç Fiat Kredi finances 21.5% of Tofaş's retail sales and its loan portfolio as of 31 December 2022 was worth TL 4.80 billion. Last year Koç Fiat Kredi continued to fund this portfolio by means of bank loans and marketable security issues, the total value of both of which as of year-end was TL 4.12 billion. The securities issued had a nominal value of TL 542.5 million. Koç Fiat Kredi's A1+ Short-term national (TR) and AA Long-term national (TR) credit ratings were once again confirmed in 2022 with stable outlooks in both cases.

In 2021 the company launched a project to update headquarters and dealership infrastructure so that operations can be managed more effectively at the individual-unit level. This project is intended to shorten additional development and maintenance processes and make them more productive while also generating savings in licensing fees. Another goal is to leverage Koç Fiat Kredi's recruitment of a next-gen workforce. The first two phases of the project, both dealing with after-sales processes, were completed in 2022. Pre-sale processes will be dealt with in the third and last phase of the project, planned to get under way in 2023. Another project paralleling the modernization project and concerned with a one-stop self-service mobile app that allows customers to take care of all of their business on their own was also completed in 2022.

### Koç Fiat Sigorta

The "Koç Fiat Sigorta" initiative that arose in line both with anticipated developments in customers' automotive-industry expectations and with Tofaş's own mobility priorities was transformed into a new business unit and Koç Fiat Kredi subsidiary under the oversight of the Tofaş Mobility Solutions Division.

Koç Fiat Sigorta is a good example of how inhouse entrepreneurship can create brand-new business lines for Tofaş. With the launch of this subsidiary, Tofaş has taken an important step in line with its vision of delivering end-to-end excellence in the customer experience by offering insurance coverage for their mobility as well as other needs. With the potential to become Turkey's biggest insurance agency, Koç Fiat Sigorta will be providing customers with whatever mobility-related insurance products and services they may need through Tofaş's nationwide dealership network and other channels. Through its Customer CareCenter, Koç Fiat Sigorta will be able to provide policy-related information the moment a claim arises and to stand by customers throughout the claim-resolution process. Koç Fiat Sigorta will also be looking to play a role in the creation and development of future mobility-insurance products and services.

### Fer Mas Oto Ticaret A.Ş.

Fer Mas was set up in 2005 as a subsidiary in which Tofaş controls a 99.4% stake. The company represents the Ferrari and Maserati badges in Turkey and provides both with after-sales services.

In 2022, Tofaş's Ferrari dealerships sold 44 cars in Turkey while its Maserati dealerships sold 314.

In 2022 Fer Mas services relocated to new premises in İstanbul Vadi Koru. In their new home, a dedicated 375 m<sup>2</sup> area has been set aside for the exclusive use of Ferrari and Maserati customers. There is also a 1,200 m<sup>2</sup> body & paint repairs shop and a 1,125 m<sup>2</sup> mechanical repairs shop.

## Tofaş's Capitals - Produced Capital

### PRODUCED CAPITAL

Tofaş is a global player in manufacturing that offers competitive solutions on a worldwide scale. With its widespread dealer network, trustworthy supply chain,

and diverse range of brands and products, Tofaş has the ability to address a variety of customer needs. The company is committed to reaching a broad audience and continually works to deliver the best value for its customers.

#### 2022 AT A GLANCE

- The 263,747 vehicles that Tofaş produced in 2022 corresponded to 19.5% of the Turkish automotives industry's total output.
- A new Egea Cross Wagon was added to the Fiat Egea product line in 2022.
- In 2022, Egea rolled out diesel automatic transmission and hybrid engine options across its Sedan, Hatchback, Cross, and Cross Wagon body types.
- In 2022, Fiat 500 began offering its HB Dolcevita and Cabrio Dolcevita models with a new, more economical and environmentally friendlier 1.0-liter Hybrid 70 hp manual transmission engine option.
- In 2022, the 500L model hit the market with two versions—Cross and Cross Plus—both equipped with a 1.4-liter manual petrol engine.
- The new special “Soft Top” edition of the 500X was launched in 2022. This version comes with sporty body features and is powered by a 1.3-liter engine with an automatic transmission, delivering 150 hp and 270 Nm of torque.
- The Panda rolled out its updated “City” trim and a hybrid engine option in 2022.
- The budgeted value of all of Tofaş's procurements direct material, spare part, and industrial service procurements in 2022 was EUR 3 billion.
- In its efforts to support the development of domestic manufacturers, Tofaş sources about 75% of components other than engines and transmissions from home-market vendors.
- In 2022, Tofaş published an environmental & social auditing policy applicable to all of its suppliers.
- As of end-2022, Tofaş had completed the digital-maturity assessments of 34 of its suppliers.
- As of end-2022, 80% of more than 100 actions intended to improve the environmental and energy performance of twelve suppliers prioritized under Tofaş's Green Procurements initiative had been completed. Improvements of up to 50% in environmental performance were achieved.
- In 2022, 32 robotic process automation projects intend to streamline procurement and supply chain operations were commissioned.
- As of end-2022, Tofaş was working with 33 suppliers who complied with World Class Manufacturing production standards.
- A total of 85 projects whose technical solution and feasibility parameters are compatible with Tofaş's Connected Supplier” initiative were commissioned. This initiative encourages digital projects that bring suppliers, startups, and technology-providers together
- In 2022, Tofaş launched its Control Tower management system. This is a suite of algorithms that can autonomously manage supply-chain procurements and make accurate decisions about them.
- Under the “Predictive Supplier” initiative, which uses machine learning to identify and prevent errors, solutions for three different processes were implemented at three different suppliers in 2022. Twelve 2021 Predictive Supplier projects were also introduced at other suppliers last year.

## PRODUCTION

Tofaş Bursa ranks among the top three plants according to the results of a Stellantis Production System assessment of the OHS, quality, and efficiency performance of its operations. In order to continually enhance its competitive edge, Tofaş prioritizes productivity-oriented digital optimization applications and smart factory initiatives. The company also adapts its production practices so as both to benefit from advances in technology and to align itself with market demand.

A leading production center whose advanced technology, digitalization, quality, and efficiency resources enable it to supply competitive solutions throughout the world, Tofaş conducts its production operations at a plant with 411,193 m<sup>2</sup> of indoor space occupying 1 million m<sup>2</sup> of grounds in Bursa Turkey. This plant manufactures Fiat Egea Sedan, Hatchback, Station Wagon, Cross, and Cross Wagon models as well as Fiorino vans.

The 263,747 vehicles that Tofaş produced in 2022 corresponded to 19.5% of the Turkish automotives industry's total output.

PRODUCTION (UNITS)	2018	2019	2020	2021	2022
Egea	147,859	146,103	151,736	116,679	134,844
Doblò	104,198	76,529	68,798	77,520	85,021
MCV	49,693	41,565	30,096	34,345	43,882
<b>Total</b>	<b>301,750</b>	<b>264,197</b>	<b>250,630</b>	<b>228,544</b>	<b>263,747</b>

## EXTENSIVE DEALERSHIP NETWORK

The dealership network for the brands which Tofaş represents sells new vehicles, second-hand vehicles, and spare parts and also provides maintenance & repair services. Nearly all Tofaş dealers qualify as “integrated”, which means that customers can find sales, services, and spare parts at a single location. Many Tofaş dealers also provide customers with such additional services as compulsory and optional motor vehicle insurance coverage and vehicle financing.

All 71 of the Fiat dealers in the network also service the company's Alfa Romeo, Jeep® and Maserati brands. With the inclusion of the satellite and authorized service points not associated with the premises of the network's dealerships, there are 102 Fiat sales points and 130 Fiat service points located all over Turkey. There are also 21 Alfa Romeo-Jeep® main dealerships, together with another five locations that only service the vehicles. The number of Maserati dealerships is three.

By interacting with sales representatives in real time through the company's digital channels, prospective Fiat, Alfa Romeo, and Jeep owners can visit showrooms, check vehicles out, and make purchases without having to leave home.

As part of the Fiat Barrier-Free Movement program, infrastructure additions incorporated into the Fiat and Fiat Professional websites in 2022 make it possible for people with hearing disabilities to interact with a dealer without the need for anyone else's assistance. Tofaş intends to bring all the dealership and service-outlet venues associated with any of its brands into compliance with its accessibility-standards by 2026.

## Customer Satisfaction

Tofaş aims to maintain continuously high levels of customer satisfaction through its advanced logistics and distribution competencies and its mature after-sales services capabilities as well as thanks to the long term, trust-based business relationships that it establishes with its dealers.

Tofaş regularly surveys its customers to ensure that it is satisfying their needs and expectations. In addition to the company's sales & after-sales process solutions aimed at ensuring customer satisfaction, Tofaş is mindful of protecting consumer rights at all times and under all conditions. Tofaş is committed to meeting the needs and expectations of its customers in the best possible way by complying with all applicable legal and regulatory requirements as well as with corporate governance principles.

## Tofaş's Capitals - Produced Capital

Customer satisfaction is both achieved and continuously improved thanks to a customer relationship management system that was created with the involvement of customers, dealers, and authorized service centers in 126 locations across Turkey.

Developed with a focus on improving the customer experience, Tofaş's in-service vehicle tracking system, which allows customers to track the real-time maintenance & repair progress of their vehicles on digital displays, has been installed in waiting-rooms.

In line with the Tofaş brand's promise of "speed", the company has introduced a "Quick-Service" feature that reduces the time customers need to spend at a service center while waiting for maintenance and repair work to be done. Customers who book an appointment for one of the services in the "Quick Service" menu are guaranteed to get their vehicles back within an hour.

Tofaş prioritizes vehicle safety and quality in all its processes and supports the development of smart vehicles. This is in line with Stellantis's vision of ensuring the vehicular-traffic safety of everyone and it is aimed at providing comfort and security for the driver. In line with this, innovations are created and developed so as to comply with the standards and legal requirements of the markets in which they will be operating.

To ensure the safety of drivers, passengers, other road users, and pedestrians, Tofaş has recourse to both active and passive safety measures. Passive safety systems protect passengers in the event of an accident while active safety systems are intended to prevent accidents from occurring in the first place. Tofaş makes use of data science and learning algorithms that analyze driver and vehicle data in order to develop preventive measures capable of anticipating potential accidents and vehicle malfunctions.

Tofaş incurred no penalties or warnings in 2022 related to any violations of laws and regulations related to any detrimental impact of its products or services on human health or safety. Tofaş had no instances of non-compliance with product and service information and labeling regulations or

guidelines in 2022. Additionally, Tofaş incurred no penalties or warnings for non-compliance with any advertising, promotion, sponsorship, or other marketing & communication regulations or voluntary guidelines.

### Fiat Connect Kasko

Tofaş offers comprehensive insurance policy services at service stations to improve customer satisfaction and loyalty. Two key concerns in policy pricing are fairness, that is, ensuring that policyholders are not penalized for having vehicles that have not been used for a long time; and cost recovery, that is, reflecting the costs of those responsible for losses in policies' terms. To develop its "Intelligent Insurance" business model, Tofaş uses chatbots, RPA, and connectivity technologies to base pricing on real-world vehicle-use data. Tofaş partners with Aksigorta to offer personalized insurance policies based on customers' driving habits. This has resulted in cost savings and benefits such as avoiding unnecessary or excessive premium payments. By encouraging safe driving and increasing customer satisfaction, this solution informs a business strategy that focuses on data in the automobile insurance sector and provides value to all partners.

### EXTENSIVE BRAND & PRODUCT PORTFOLIO

Tofaş represents six brands in its home market: Fiat, Fiat Professional, Alfa Romeo, Jeep®, Maserati, and Ferrari.

#### Fiat

#### Egea

The Fiat Egea Sedan first appeared on roads in Turkey and around the world in 2015. Collaboratively engineered by Tofaş R&D Center and Stellantis with Tofaş directly involved in every aspect from concept design to product development and marketing, the Fiat Egea commands a place of special importance not just for Tofaş but for the Turkish automotive industry as a whole.

The Fiat Egea is offered in a wide range of body types: Sedan, Cross, Cross Wagon, and Station Wagon. Featuring best-in-class handling characteristics and equipped with connectivity technologies not found in its class at all, the Fiat Egea successfully fulfills its “A good car should also be affordable” mission. Manufactured in Bursa and exported all over the world under Fiat Tipo brand, Fiat Egea was voted “Best-Buy Car Of The Year in Europe” at AutoBest 2016. Fiat Egea succeeded in becoming Turkey’s most popular automobile for seven years in a row between 2016-2021. In 2021, Egeas with facelifted body options and the Egea Cross went on sale. The Egea Cross was voted Turkey’s “Car Of The Year” by the Automotive Journalists Association in the year it was put on sale.

In 2022, the Egea Cross Wagon was added to the Fiat Egea lineup. Automatic-transmission and hybrid-engine equipped versions of Egea’s Sedan, Hatchback, Cross, and Cross Wagon models were put on sale. Tofaş’s Egea Hybrid is equipped with a 1.5 liter 4-cylinder turbo petrol FireFly engine with 130 HP power and 240 Nm torque together with a 15 kW electric motor powered by a 48-volt battery.

## 500

Able combining its sixty years of inherited DNA with new trends in design and timeless style, the Fiat 500 is a recognized icon of the automotive world. In 2022, HB Dolcevit and Cabrio Dolcevit versions of the Fiat 500 with a more economical and ecofriendly 1.0-liter Hybrid 70 HP MT engine option were put on sale.

## 500L

Going on sale in 2013, the 500L combines “multipurpose family car” and “crossover” characteristics in a single model with its roominess, functionality, attractive design, and drive features.

In 2022, the 500L model was offered in two Cross body versions—the Cross and Cross Plus—both equipped with a 1.4-liter petrol manual-gearbox engine.

## 500X

Put on sale in 2015, the Fiat 500X is the 500 family’s crossover member. Fiat 500X’s quality, technology, active and passive safety features, and comfort options position it as one of the boldest offerings in the crossover segment. “Soft Top”, a new special-edition version of the 500X designed for drivers who are looking for performance, went on sale in 2022. Fitted out with sports-car body features, this new model comes with a 1.3 liter 150 HP 270 Nm torque engine and an automatic transmission.

## Panda

On sale in Turkey ever since its introduction in 2004, Panda’s convenience of use on city streets, relatively larger dimensions for its class and superior functionality make it a preferred choice. In 2022 a new version of the Panda with “City” level equipment and hybrid-engine options was put on sale. Now offered with “City”, “Urban”, “Cross”, “Cross 4x4”, and “Cross Plus 4x4” equipment-level options, this Fiat Panda combines fuel economy and performance with a 1.0 liter 3 cylinder 70 HP hybrid engine.

## Fiat Professional

### Doblò

With its durability, performance, and usability constantly being improved for over two decades, the Doblò is the front-runner of Turkey’s small commercial-vehicle class. The Doblò has been hailed as commercial vehicle of the year many times since its introduction. A strong player in Turkish and European professional markets, a version of the Doblò was introduced to the North American market in 2015 under the name RAM ProMaster City. A one-ton payload, roomy interior, and economical engine options in a range of body types make the Doblò the preferred choice of large families as well as of tradesmen and artisans.

## Tofaş's Capitals - Produced Capital

### Fiorino

The Fiorino is the outcome of a Tofaş Minicargo project that represents a milestone in the company's history. In continuous production at Tofaş since 2007, the Fiorino remains one of the most popular offerings available in Turkey's light commercial vehicle market. Coming in 1.3 liter Multijet 95 HP diesel, 1.4 liter 77 HP petrol, and 1.4 liter petrol factory-exit LPG-convertible engine versions, the Fiorino is capable of addressing a wide range of driving needs. Its compact design suitable for city driving, onboard technology, and fuel economy make it the preferred choice of both businesses and ordinary drivers.

### Pratico

As the "compact pickup" model of the Fiat commercial vehicle family, the smart design and maneuverability of Pratico make it easy to drive in city traffic. Sharing the same platform as the Fiat Doblò, the Pratico stands apart from other models in its class by virtue of its sheet-metal aluminum body and its 1.6-liter 120 HP engine options all conforming to the Euro 6d emissions standard. A loading capacity of up to a ton and 4.2 m<sup>2</sup> of cargo space that is fully accessible from every door also make the van highly adaptable to city life.

### Ducato

The Ducato distinguishes itself in the spacious-interior van segment for four decades with its front-wheel drive, high load capacity, and versatility.

Continuous development of the Ducato by Fiat over the years has resulted in more than 10 thousand variants of it being sold in more than 80 countries around the world since its introduction. Offered with a 140-160 HP range of engine and 9-speed fully-automatic transmission options, the Ducato's high-performance technology and safety features set it apart in its class. Van, pickup, and minibus body options mean that the Ducato can meet the needs of commercial-vehicle customers whatever their business may be. The Ducato Co-Driver is equipped

with Level 2 autonomous driving capabilities that include adaptive cruise control, autonomous emergency braking, and lane keep assist without the need for driver intervention.

### Alfa Romeo

#### Tonale

Signaling a momentous change in a brand that has had a singular impact on automotive history while remaining faithful to the badge's heritage ever since 1910, the Alfa Romeo Tonale combines sports-car DNA and cutting-edge technology and electrification. Awarded a five-star Euro NCAP safety rating, many Level-2 autonomous driving features that boost driving safety are standard on the Tonale. Turkish-market offerings of the Tonale come with automatic transmission and three equipment levels (Sprint, TI, Veloce) and are fitted either with a new 1.5 liter 160 HP 240 Nm hybrid turbo petrol engine or with a 1.6 liter 130 HP 320 Nm torque diesel engine.

#### Stelvio

Alfa Romeo set a new milestone in its 107-year history with the 2017 introduction of Stelvio, its first offering in the SUV market. Offering the best acceleration performance in its class, Stelvio distinguishes itself from its rivals by virtue of its Q4 AWD traction system and its perfect weight balance. What's more thanks to its first-class technology and innovative platform, Stelvio achieved a 5-star Euro NCAP rating by racking up 97 out of 100 safety points for adult occupants.

#### Giulia

Outstanding in its class by virtue of its unrivaled Italian stylishness and superior reliability while also achieving a perfect balance between form and function for an excellent driving experience, Alfa Romeo Giulia made its first appearance on the Turkish market in 2017. Giulia brought a new point of view in the sports sedan segment with its interior and exterior design features, state-of-the-art technology, high-quality materials, and superior performance.



## Jeep®

### Compass

First introduced to the Turkish market in 2017, the Jeep® Compass was given a comprehensive makeover in 2021 with the addition of new design, technology, and safety features. The new Compass carries forward the 80-year heritage of the Jeep® brand with an array of product features, driving dynamics, and onboard technology that meet the needs of today's consumers. The Compass uniquely distinguishes itself in its class by supporting the characteristic design and driving dynamics of the Jeep® brand with advanced safety and connectivity features.

### Wrangler

Wrangler, unquestionably one of the most important and iconic models in the history of the Jeep® brand, is equipped with a 2.0-liter 272 HP petrol engine combined with an 8-speed automatic transmission and provides superior 4x4 capabilities and comprehensive safety features. With its superior ground clearance and approach and departure angles, the Wrangler is considered to be the best in its class in terms of off-road capability. The Wrangler's water-fording depth of up to 76 cm makes it the most reliable deep-water-capable vehicle in its class as well.

### Renegade

Designed in the USA and built in Italy, Renegade is the smallest, most talented, and most energetic member of the Jeep® family's offerings in the SUV class. Having first entered the Turkish market in 2014, an enhanced, more dynamically-designed version of the Jeep® Renegade equipped with innovative tech, new engine options, and advanced safety features went on sale in Turkey in 2019. Offering an extensive range of engine and feature options chosen to meet the needs of its segment ever since its introduction to the market, a Jeep® Renegade optionally equipped with a 4xe PHEV engine also made an appearance in 2021. The 1.3-liter electric and turbocharged petrol engine of the 4xe can produce 240 hp. as the only rechargeable hybrid in its segment, the Renegade

4xe can provide all-electric driving thanks to its hybrid powertrain and 11.4 kWh battery.

### Lancia

In line with strategic decisions, all models in Lancia series have been dropped except for Ypsilon, which continues to be sold in Italy. Sales of Lancia vehicles were therefore suspended in Turkey in 2015, though after-sales services will of course continue to be provided.

## SUPPLY CHAIN MANAGEMENT

Ever since the day it was founded, Tofaş has always given great importance to increasing localization and to reducing import-dependency in the Turkish automotive industry. In order to contribute to the growth and development of a domestic automotive components-manufacturing sector, the company procures an average of 75% of its inputs other than engines and gearboxes from suppliers based in Turkey.

Tofaş is exploring ways to increase that figure to 90% by 2030.

Competitively positioned as a production & manufacturing base, Tofaş will continue to focus on superior-quality localization to support the global competitiveness of its supply chain in Turkey as it moves forward. As Tofaş continues to strengthen its position within Stellantis, it will better undertake the vital role of leveraging the development of its suppliers in Turkey.

Tofaş is committed to creating and maintaining a supply chain that is financially robust, operationally eco-aware, and reliable from the standpoints of production quality and continuity. Acknowledging that its suppliers are as crucially important to its value chain as its own employees are, the company contributes to suppliers' continuous development by helping them to achieve organizational excellence and to improve their business productivity and success while also strengthening Tofaş's own sustainability culture throughout its supply chain.



## Tofaş's Capitals - Produced Capital

Tofaş not only assesses the sustainability risks posed by its operational processes but also aims to anticipate, manage, and monitor environmental, social, and economic risks that might arise across its entire supply chain. The goal of these processes is to develop anticipatory action plans using the most efficient and innovative methods available.

Tofaş provides financial and operational support to its suppliers to help them manage sustainability risks. The company assesses their performance on the basis of specifically-stated criteria.

To identify financial risks in its supply chain, Tofaş Financial Risk Management conducts audits with the help of an independent (third-party) organization. In addition, social and environmental risks in the supply chain are also identified through efficient and comprehensive audit reviews. After these audits, action plans to help suppliers improve their performance are developed and put into effect.

The IMDS system is used to check all components provided by submanufacturers and suppliers for the presence of lead, mercury, cadmium, and hexavalent chromium to ensure their compliance with EU Directive 2000/53/EC. Additionally, all inputs used at Tofaş comply with the Global Automotive Declarable Substance List (GADSL) standard and contain no prohibited chemicals.

Tofaş's procurements consist mainly of outsourced direct inputs, components, and industrial services. The total budget value of all procurement-related purchases in 2022 was EUR 3 billion. Tofaş works with over 3,000 suppliers in its procurements of goods and services; it also purchases direct inputs from 152 suppliers located in 14 cities across Turkey.

### Supply chain diversity

Tofaş works with an extensive and complex supply chain from which, in the main, it procures preformed sheet metal components, forged & cast machined components, mechanical & electromechanical components, electrical installments, molded plastic and rubber components, seats, door panels, vehicle glass, glove compartments, bumpers, mufflers, chemicals, interior & exterior trim, and connectors. In order to ensure and support the continuity of its manufacturing operations, Tofaş also engages in a broad range of service and other procurements such as capital goods and related services, contractor services, maintenance & repair services, training & consultancy services, hardware and services. Owing to the importance of supply-chain continuity, a multifaceted risk-management approach is prioritized in the conduct of purchasing processes and of supplier relations.

### Improvements in Procurement Processes

Whenever Tofaş considers the procurements aspects of its new projects, it gives particular attention to acquiring the latest technological abilities for the Turkish automotive industry on the one hand and to boosting its own competitive strength on the other. In line with this, Tofaş encourages international firms that are global manufacturers of automotive components to invest in Turkey or to enter into joint ventures with local suppliers.

### Green Procurement

Tofaş's Green Procurement efforts are grounded in a philosophy both of fostering a culture of sustainability through the company's supply chain and of drawing attention to products and services whose environmental impact is lower. The goals of the Green Procurement program are to reduce the environmental impact of Tofaş's suppliers' production and service-provision processes, to improve its suppliers overall environmental performance, and to help reduce environmental risks.

Tofaş formulated an Environmental & Social Control Mechanisms Policy for its suppliers in 2022 with the aims of creating action plans for the environmental & social auditing of all of its domestic direct-materials suppliers and of completing such audits by 2025. By 2030 Tofaş also aims to have increased the CDP-solicited response rate to climate-change and water-security questionnaires among its domestic direct-materials suppliers to at least 10% and to have reduced the carbon footprint of its supply chain by 55% as per the Paris Agreement.

In pursuit of its Green Procurement objectives, Tofaş has selected twelve firms which together account for 45% of all the waste created, 39% of all the water used, and 34% of all the carbon emissions generated by its entire supply chain. As a result of visits made to these suppliers' premises and of the subsequent analyses of current-situation findings, more than 100 actions for improving environmental-impact and energy-efficiency performance were identified. As of 2022, 80% of these actions had been completed and improvements of up to 50%—especially in environmental performance—had been achieved.

### Robotic Process Automation

The Procurements and Supply Chain Departments continue their efforts to increase competitiveness by simplifying business processes using up-to-date methods and through their digitalization. In line with this, 32 Robotic Process Automation (RPA) projects related to Tofaş's operational processes were commissioned in 2022.

### Materials Procurement Process Automation (Control Tower)

In 2022 Tofaş commissioned a new supply chain management system that makes it possible for materials procurements and associated decision-making processes to be fully automated through the deployment of algorithmic control. Called "Control Tower", this new system's digital simulation and optimization algorithms make it possible to view all logistical movements and to make decisions about what to do if unplanned events occur. Control Tower accesses information contained in different databases using such tools as RPA, Python, and SQL. Besides improving efficiency, Control Tower also ensures process continuity in the event of uncertainties or emergencies. The Control Tower system's scope will continue to be expanded in 2023.

## Tofaş's Capitals - Produced Capital

### Prospective Supplier Application Portal

A Tofaş Prospective Supplier Application Portal that was opened in 2021 allows firms wishing to become a Tofaş supplier to submit their applications online. By keeping a digital record of such applications, the platform makes it possible for both suppliers and Tofaş to explore and evaluate new business opportunities.

### Industrial Cost Effectiveness Project (ICE)

Tofaş's Industrial Cost Effectiveness (ICE) project was initiated in 2021 with the aims both of developing its submanufacturing suppliers' understanding and appreciation of cost-effectiveness and of incorporating their ideas into cost-optimization processes. Proposal-related ideas submitted through the ICE system by the suppliers who made the proposals are collected and compiled by the system and used as input for cost-optimization.

### Supplier Development

In the conduct of all of its procurements operations, Tofaş focuses on establishing and maintaining business-partner relationships while making efforts to help its suppliers to enhance their performance in many different areas such as product design, organizational and technical improvements, quality, cost-improvement, physical and financial risk mitigation, manufacturing process improvement, collective procurement, and sustainability. Tofaş's primary goal is to create a proactive and autonomous procurements process.

Since 2009, Tofaş has been encouraging its suppliers to take part in the World Class Supplier (WCS) program, which involves employing WCM methods in the conduct of their own operations. In the Stellantis's WCM ranking of the hundreds of suppliers with which it works globally, four of Tofaş's domestic suppliers are in the top eleven and have attained "Bronze" status.

All of Tofaş's direct-inputs suppliers hold ISO 14001 Environmental Management System certification.

### GoTECH Technology Summit

The fifth in the series of annual GoTECH technology summits that have been held since 2018 to support suppliers' efforts to improve their technological capabilities took place in 2022. Conducted with the aim of creating synergies among suppliers on the one hand and public agencies and organizations, domestic technology-suppliers, and innovative startups on the other, the summit was convened under the auspices of Tofaş Academy. Recently commissioned digitalization project winners were also announced during the summit. Also shown off was a new model for incentivizing project partnerships on which Tofaş and the Small and Medium Enterprises Development Organization worked together and which facilitates supplier incentive and rebate processes

### **Connected Supplier**

“Connected Supplier” is Tofaş’s name for a process that brings suppliers, startups, and technology-providers together in an ecosystem that develops digital projects capable of supporting Tofaş suppliers. Improvements made in the Connected Supplier process last year resulted in 250 new ideas being put forth and the commissioning of 85 projects that had been identified as being feasible.

### **Digital Maturity Assessment**

To support the digitalization efforts and processes of its suppliers, Tofaş began measuring the value-adding and digital-maturity levels of its suppliers in a project undertaken jointly with the Turkish Metal Industries Employers’ Association’s MEXT Technology Center. The digital-maturity levels of 34 Tofaş suppliers had been measured as of end-2022.

### **Predictive Supplier**

Under Tofaş’s Predictive Supplier Initiative, robust solutions are created to reactively deal with defects while machine-learning technology based on parameter-tracking and forecasting input is used at process points where defects occur. During 2022, solutions were developed at three different suppliers for three different processes. Expansion of twelve of the projects that were undertaken in 2021 improved part defect-detection and intervention performance.

Tofaş's Capitals - Human Capital

## HUMAN CAPITAL

Tofaş's human resources policy is based on recruiting and hiring qualified people who are best suited to its operational needs and on maintaining a workforce-motivating workplace environment. Tofaş strives to

create a respectful and trusting work environment that is healthy, safe, and socially rewarding. The company also supports the active involvement of young professionals in the workforce through a variety of programs and initiatives.

### 2022 AT A GLANCE

- As of end-2022, Tofaş had a total of 5,928 people on its payroll. 10% of its workforce were female as of the same date.
- 28.45% of the new people that Tofaş hired in 2022 were female.
- 98% of Tofaş employees participated in the company's Pusula career-planning program in 2022.
- 9% of the employees who were promoted at Tofaş last year were female; 5.9% of the company's middle and senior managers were female.
- In both 2020 and 2021, Tofaş employed more people with disabilities than any other company based in Bursa. As of end-2022, the company had 194 workers with disabilities on its payroll.
- As of end-2022, 5,078 employees and 7,813 of their family members (spouses and dependents) were covered by the company's supplementary health insurance program.
- In 2022, another 342 beneficiaries were included in Tofaş's supplementary educational-support scholarship program for its employees' dependent children, bringing the total number so far to 3,070.
- In 2022 Tofaş booked a total of TL 4.8 million as employee training expenditures. Last year the company provided a total of 96,855 hours of training to all of its employees; 4,517 employees received 36,948 hours of occupational health & safety training.
- Digital literacy training intended to promote digital competencies throughout Tofaş was provided to 568 field personnel.

An ethics committee that reports directly to the Tofaş Board of Directors is responsible for the oversight and management of human rights at the company. Tofaş adheres to the principles of the United Nations Global Compact, to which both of its controlling shareholders are signatories, and aims to fully abide by all of the principles.

In addition to the UN Women's Empowerment Principles (WEP) to which the company subscribed in 2017, Tofaş believes that differences in matters pertaining to gender, age, ethnicity, faith, ways of living and forms of expression, and mental and physical abilities, are all sources of richness. Tofaş is committed to tapping into these differences to create value. It reflects this commitment in all of its human resources processes and policies.

Tofaş never tolerates any form of labor rights violations, child labor, forced labor, or discrimination in the conduct of any of its operations. Tofaş aims to extend its human rights approach throughout its entire value chain. The company expects its suppliers and business partners to uphold the same human rights principles as it does. Tofaş has published a "Tofaş Supply Chain Compliance Policy" that provides its suppliers and business partners with guidance on the standards they are expected to follow.

Tofaş incurred no penalties or warnings in 2022 related to any violations of laws and regulations related to any non-compliance with the requirements of social or economic laws and regulations.

## HUMAN RIGHTS COMPLIANCE

- Tofaş complies with the following international standards and principles governing human rights:
- United Nations Guiding Principles on Business and Human Rights (2011)
- United Nations Global Compact (2000)
- ILO Declaration on Fundamental Principles and Rights at Work (1998)
- OECD Guidelines for Multinational Enterprises (2011)
- Principles for the Empowerment of Women (2011)

### Inclusiveness & diversity

Tofaş believes that diversity is an asset and a hallmark of a successful corporate culture. The company regards diversity as one of the most crucial components of its human rights approach. Tofaş therefore is mindful of diversity along with knowledge, skills, and competencies in its human resources recruitment and management processes. In the conduct of those processes, no distinctions whatsoever based on age, gender, ethnic origin, or other irrelevant concerns are made or tolerated. Tofaş abides by the “Equal pay for equal” work principle. Every employee with the same competencies and responsibilities is entitled to and benefits from the same opportunities.

Tofaş believes that equal participation in the workforce is one of the most critical factors driving social progress. To this end, the company encourages women to participate in the workforce and strives to

increase the percentage of women among its newly-recruited personnel. 28.45% of new personnel hired in 2022 were female.

In both 2020 and 2021, the Ministry of Labor and Social Security cited Tofaş as the company employing more people with disabilities and undertaking more projects to promote their employment than any other company based in Bursa. As of end-2022, Tofaş had 194 workers with disabilities on its payroll. Tofaş aims to increase the number of women and people with disabilities on its payroll by 2026 through new and enhanced initiatives. Tofaş aims to increase the percentage of female employees from 25% to 35% and of people with disabilities from 3.3% to 5% among its office staff. Tofaş aims to increase the representation of women in technology and innovation positions from 18% to 30% and in technology and innovation management roles from 13% to 20% by 2026.

	2018	2019	2020	2021	2022
% female employees receiving promotions	16%	9%	5%	29%	9%
% female employees	10.4%	10.3%	9.7%	10.1%	10.1%
% female mid-senior level employees	40%	33%	28%	21%	28.45%
% disabled employees	5.6%	5.9%	5.9%	5.9%	5.9%

	Current (2022)	Target (2026)
% female applicants	17%	40%
% female employees	10.1%	35%
% disabled employees	3.2%	5%
% physically disabled employees	-	15%

## Tofaş's Capitals - Human Capital

### HIRING PROCEDURES

In the conduct of its recruitment and hiring processes Tofaş Human Resources makes use of reliable tools and methods that will help identify and select the best candidates. These tools and methods include competency-based/technical interviews, video/telephone interviews, Assessment Center practices, artificial intelligence tests in technical areas, personal inventories, and reference checks.

When adding to its candidates' pool, Tofaş not only makes use of extramural resources but also publishes position vacancies through the internal announcement systems of Koç Group companies. As part of its efforts to spot and manage talent at an earlier stage, the company keeps its employee-candidate pool replenished by means of a variety of short- and long-term traineeship programs. Through its Assessment Center, which is used to select personnel for managerial roles, it conducts digital "Pre-boarding" and "On-boarding" programs that support the adaptation and development of newly-hired employees by bringing them up to speed more quickly.

### TRAINING & DEVELOPMENT

In 2022 Tofaş provided a total of 96,855 hours of training to all of its employees. Average training times among office and field personnel were 25.2 hours and 12.4 hours respectively.

	TOFAŞ	DEALER	SUPPLIER
# training programs/courses	96,855	36,412	2,376
# eligible employees	6,108	5,351	1,272
Average training time/employee	15.61	6.30	2.5
% online courses	→ 49%	↑ 62%	→ 33%
Attendance	↑ 94%	↑ 84%	→ 70%

Total training time (hours)	164,128
Average training time (hours)/office employee	25.2
Average training time (hours)/field employee	12.4

### Tofaş Academy

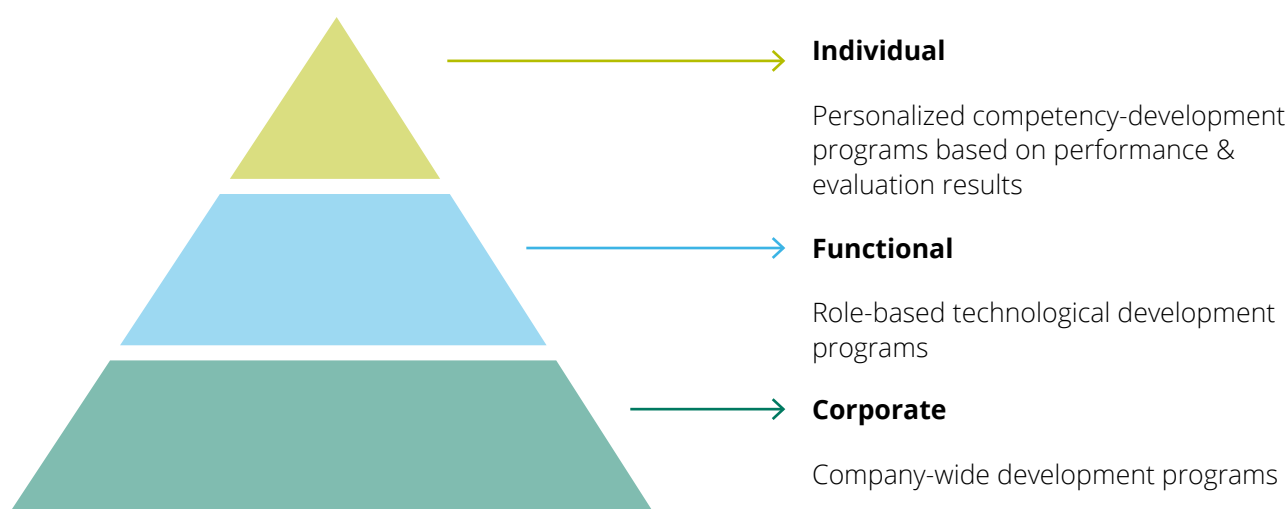
Tofaş Academy's goal is to provide Tofaş and its value-creation chain with a learning experience that is the most appropriate to people's ability to do today's tasks better and to prepare themselves for the future.

Tofaş Academy provides training & development services for about 15,000 people consisting not only of Tofaş employees but also the employees of its dealership network, Customer Contact Center, and suppliers.

Conducting its operations with 249 instructors and 150 mentors, all of whom are employed by Tofaş, 90% of the Tofaş Academy's technical training is internally sourced. Programs dealing with leadership and behavior issues are prepared according to specific needs and are conducted by both in-house and outsourced training specialists.



PARTICIPANT	REPORT HEADING	VALUE
<b>Monthly salaries</b>	Total number of participants	12,642 people
	Ratio of digital training	76%
	Average training time/person	25.2 hours
<b>Hourly wages</b>	Total number of participants	15,052 people
	Ratio of digital training	31%
	Average training time/person	12.4 hours
<b>Business partners</b>	Number of supplier firms	137 firms
	Number of supplier personnel taking part in training	263 people
	Total training time	2,376 hours
<b>Dealership personnel</b>	Total number of participants (virtual face-to-face training)	6,924 people
	Ratio of digital training	62%
	Average training time/person	6.8 hours



### Company-wide development programs

The “Corporate Development” tier at the bottom of the pyramid covers topics that are relevant to all employees throughout the organization. These topics include statutory and regulatory requirements such as occupational health & safety, information security, the Stellantis Production Way, and rules governing ethical behavior. The “Corporate Development” tier also includes development programs specifically designed for leaders and employees to internalize remote work culture throughout the company in the post-pandemic world. Corporate development

is supported by face-to-face learning and by online development tools created by the Tofaş Academy Training Experience Platform (LXP) and made accessible through Tindex.

**In the Functional Development tier**, training is provided by Tofaş’s internal trainers using content aimed at developing 3,680 competencies associated with the functional requirements of 342 roles. Technical training is provided in four different models to accommodate individual learning styles: Self-service, Flipped, hybrid, and Mentoring.

## Tofaş's Capitals - Human Capital

- **Self-service learning** is a development tool that offers development actions, videos, and reading materials that participants can work on at their own pace throughout the year. It is best suited to the needs of independent learners.
- **Flipped learning** is a development tool in which participants complete a pre-defined asynchronous curriculum before practical face-to-face training with an instructor. This provides an opportunity to experience learning in both the remote and in-person learning environments.
- **Hybrid (Face-to-face)** learning is a composite development tool which combines virtual and in-person encounters between trainees and trainers and which is enriched with audio-visual resources.
- **Mentoring** is a development tool in which a trainee meets with an individual mentor four to eight times; content, techniques, and activities are all tailored to the trainee's specific needs.

In addition to these four basic learning methods, specialized development programs that focus specifically on the agility, digital-transformation, and future digital skills required by IT and R&D personnel are also provided.

**In the Personal Development** tier, individualized behavioral and technical development solutions are offered, taking into account an employee's performance evaluation results, areas in need of development based on technical competency analysis, and next year's OKRs (Objectives & Key Results). At the beginning of each year, employees create a twelve-month personal development plan with the help of Tofaş Academy's Zekky smart development assistant. In these development plans, both the employee's job description and the evaluation results they are expected to achieve are considered in order to create a personalized learning program that the employee will follow throughout the year. After an employee's personal development plan has been checked for alignment with the company's strategies and approved, it may be further enhanced with activities such as summits, conferences, and externally-sourced training resources that address the employee's specific needs.

Development programs incorporating the approaches described above can be summarized under seven headings:

- **Leadership & Behavioral Development:**

Leadership & Behavioral Development: Behavioral development is aligned with the following eight principles: Customer Focus, Makes People Feel Valued, Walks the Talk, Ambitious & Competitive, Innovative & Simple, Takes Ownership of the Company, Discovers & Develops Talents, and Master of the Job. Self-service learning paths and Experience Circle development tools supported by synchronous and asynchronous resources are available to support each principle.

To support leadership development, each leader is required to create a progression action plan based on the results of a semiannual leadership climate survey. A leader's individual development plan may include development tools such as coaching, team coaching, shadow coaching, mentoring, and experience circles.

- **Focused Technical Development:** Employee progression is systematically tracked by creating programs based on individual and functional areas of development that emerge from technical competency analyses. For their focused technical development, employees may choose from a variety of technical development activities that include 345 different topics (204 industrial development schools, 141 technical training courses), taught by 221 Tofaş Academy instructors. During 2022, 568 field employees were given digital literacy training in order to promote digital competencies within Tofaş. Digital literacy training received a trainee-satisfaction score of 4.9 out of 5. Training participants made 58 digital transformation suggestions.

- **Agility & Digital Transformation Programs:**

Development programs are implemented to develop the agility and digital transformation competencies of functions, taking into account the Tofaş's strategies, corporate values, and needs. For agility transformation, customized programs are designed to address the specific needs of agile coaches, product owners, scrum masters, and leaders. As a company that embraces change, Tofaş provides its employees with training for agile-coach, scrum-master, and product-owner roles. Tofaş plans to increase the number of certified product owners from 9 in 2022 to 47 in 2023 and the number of scrum masters from 66 to 110. In the 2022 edition of Stevie Awards for Great Employers, Tofaş's Agility Coach Development Program was honored in the certification programs category and its Bir Bilene Sor (BBS) Mentorship Program was awarded in the coaching and mentoring category. BBS is also accredited by EMCC Global.

- **Industrial Development Schools:** These schools provide field personnel with specialized operational and technical development programs in four different areas: Moldmaking, Maintenance, Quality, and Production. Within Tofaş Academy there is a hands-on practice area that serves as a mockup for field-related activities. In this area, trainees can engage in practical exercises to enhance their manual skills.

- **Supplier Development:** Developa is a digital platform using state-of-the-art learning technologies to address suppliers' competency-development needs. Commanding a leading position in online and digital learning, Developa is accessible to all Tofaş suppliers. It has a catalog of about a thousand different content and asynchronous training resources as well as Tideo and Wiki learning platforms.

- **Dealer Development:** A variety of programs are provided to support the sales and after-sales services personnel employed by the company's Fiat, Fiat Professional, Alfa Romeo, Jeep®, Maserati, and Ferrari dealerships.

The effectiveness of all of these programs is tracked on the basis of such key performance indicators as average training time/person, % digital learning content, attendance, training satisfaction score, net promoter score, and training-success score.

### Orientation program for new managers

Newly-appointed managers take part in an orientation program that has been designed to address Tofaş's particular needs. In the first of this program's four stages, new managers are introduced to the company's essential HR practices and procedures. In the second, they are introduced to the knowledge and skills they most will need during their first weeks and months as managers. Stage 3 focuses on multidimensional leadership. The fourth and last stage is a six-month development program with modules on self-leadership and team leadership plus inventorying and coaching sessions to prepare new managers for their roles.

In 2022, 33 newly-appointed managers responsible for a total of 300 employees completed this program.

## Tofaş's Capitals - Human Capital

### Personalized Leadership Development

New managers continue to receive individualized development support after completing orientation. Twice a year, a leadership climate survey with eight headings is conducted to determine this content. Based on the results of the survey, each new manager receives individualized development suggestions through LinkedIn Learning. New managers also have access to development tools such as individual and team coaching. In 2022, 242 managers received individualized LinkedIn Learning development suggestions.

### Self-Service Technical Development Solutions

In self-service technical development, participants were given the opportunity to pick and choose from a catalog of Tofaş Academy resource options to satisfy their own personal development and learning goals prior to 2022. Dubbed "As you like it", the aim of this approach was to encourage trainees to take responsibility for their own progression. Asynchronous training resources such as videos allowed learners to move forward at their own pace as they wished. Virtual classrooms were provided for trainees who preferred face-to-face training methods and wanted to learn directly from an instructor. Trainees who wanted to specialize in a subject could opt for one-on-one learning.

In early 2022, feedback from employees was collected again and the "As you like it" framework was updated based on the results of an agile project. As part of this updating, asynchronous training was converted to the "Flipped Classroom" method to improve the learning experience. With the reinstatement of pre-pandemic training practices, a "Face-to-Face (Hybrid)" learning method was also designed using both "virtual" and "real-world" classroom encounters. The "As you like it" learning flow was likewise changed to give individual learners the freedom to explore a wider range of subjects and create a personalized learning experience.

### PERFORMANCE MANAGEMENT SYSTEM

In 2021 Tofaş introduced a new approach to performance management whose aims are to support new ways in which employees do their jobs and to speed up adoption of the agile working model. This new performance system is based on encouraging and sustaining dialogue between employee and supervisor. Team leaders meet with their individual team members five times a year, on which occasions targets and results are managed through development-focused dialogues. Because employees are allowed to proactively update their targets as the year progresses, their performance can be managed more dynamically.

Employees' performance is managed according to a twelve-month calendar so as to bracket career-progression and compensation management as well. Once long-term strategic planning objectives have been determined, managers and specialists work in tandem to initiate the OKR process, which is then completed through individual and joint efforts. At the conclusion of the OKR process, the details of what business results everyone achieved and how they achieved them are individually evaluated. The results of this evaluation are used as input to determine individual employees' salary increases and bonuses. In addition to this year-end performance review, at midyear each employee's technical competencies are evaluated and compared with the requirements of their job position. In situations where this comparison justifies it, employees' salaries and bonuses may be increased by advancement to a higher level.

Two different career-path processes—"Potential Career" and "Technical Career"—are deployed to ensure that performance affects career progression as well as compensation. The Potential Career process is intended to prepare future leaders. The Technical Career process on the other hand focuses on employees who are motivated to create added value for the company by broadening their competencies laterally and on advancing them to positions demanding greater engineering and technical expertise.

## CAREER MANAGEMENT

Career management at Tofaş is informed by robustly-designed policies and practices. Its processes include career guidance, rotation, potential-recognition & development, and technical progression among others. For every process there are well-defined stages, standards, and criteria, all of which are transparently communicated to all employees.

Under the “Pusula” career-planning system that was introduced in 2022, employees and supervisors have begun discussing and setting short and medium-term career objectives in much greater detail. These discussions are intended to enable employees to clearly lay out their chosen career paths, to discover alternative paths, and take advantage of progression opportunities. As a result of the introduction of this new process, the percentage of employees making career plans shot up from 34% in 2021 to 98% in 2022.

A POTA Master Class development program is in place to support employee career progression. The goal of this potential-development program is to identify the company’s future leaders and support their efforts and progression. A variety of methods are used in the program selection processes to ensure that evaluations are fair, objective, and transparent. Successful candidates attend a two-year development program that focuses on Tofaş leadership competencies. Employees identified as having potential may be transferred to another position at the company if one opens and its requirements are compatible with their own competencies. Tofaş has partnered with Management Centre Türkiye in the creation of a development program and training content that addresses the specific needs of specialists and managers. In 2022, 93 Tofaş employees (49 managers and 44 specialists) attended the MCT development program.

Tofaş employees are given the opportunity to pursue their own career paths in line with their own career goals through a rotation and promotion program called Kariyerine Yön Ver. All open positions at Tofaş are announced in-house to the company’s own employees first. Field-personnel career-progression processes were revised in 2021 to make them faster, easier, fairer, and more transparent by incorporating alternative examination methods and real-time feedback mechanisms into them. These changes have made the processes more dynamic and compatible with continuous progression.

For in-house promotions and transfers, the company has set up a special program called “Kariyerine Yön Ver” whose standards and procedures are clearly communicated to all personnel. This program encourages employees to explore positions with different duties and responsibilities in a bid to progress according to their own career objectives. The most important benefits of this program in promotion and transfer processes are:

- The program levels the playing field among all employees when there are management-position openings.
- The program ensures that all selection processes are objective, fair, and transparent.

Every Tofaş employee has the right to respond to any announcement of any management position vacancy under the “Kariyerine Yön Ver” program. Every employee who does apply for such a position is objectively evaluated according to a five-step process that is detailed below. This process is intended to ensure that the employee who is selected to fill the position is the one best qualified to do so.

**1. Application Package:** A document that candidates prepare about themselves and the role they are applying for before an interview.

**2. Role-fit Interview:** An interview to assess a candidate’s suitability for the position being applied for.

**Tofaş's Capitals - Human Capital**

**3. Assessment Center:** A series of exercises and activities designed specifically to assess the skill set that Tofaş seeks in its leaders.

**4. Final Jury Presentation:** The candidate prepares a case study related to the position they are applying for and presents it before a panel of senior executives.

**5. Feedback Meeting:** After the job application process is complete, all employees involved in it receive detailed feedback about each stage. Developmental support is also provided to employees who request it through coaching and mentoring sessions.

In 2022 a total of 34 Tofaş employees were promoted to an immediately senior position. A detailed breakdown of these promotions is presented below.

- Promoted from Specialist to Supervisor: 21
- Promoted from Section Chief to Supervisor: 5
- Promoted from Supervisor to Manager: 7
- Promoted from Manager to Director: 1

Information about the number of promotions and promotion rates at the company during the most recent four years is presented in the following table.

	2019	2020	2021	2022
# employees promoted	10	16	17	34
% promoted (# employees promoted / # total number employees)	1.0	1.0	1.1	2.4

Tofaş and the Bursa Provincial Directorate of National Education signed a protocol covering the provision of various occupational training & development resources in order to expand the province's qualified workforce. Under this agreement, it is aimed to increase the qualified workforce and to give master-craftsmen certificate to the participants at the end of the program.

**EMPLOYEE RIGHTS**

**Financial & Social Benefits**

Every white-collar employee who is hired by a Koç Group company is automatically enrolled in the Koç Holding Retirement & Assistance Fund as part of the hiring process. Employees' contributions to the fund are invested in marketable securities and real estate properties. Upon retirement or termination of fund membership, employees are eligible to receive a lump sum payment or a pension at their option. The Koç Holding Retirement & Assistance Fund provides health insurance coverage for its members and retirees as well as for their spouses and for offspring less than 24 years old. The fund also provides members with a variety of social benefits such as financial support when buying a home or for addressing other needs, and insurance coverage against death, full or partial disability, and illness risks.

Tofaş employees qualify for complementary health insurance in which the company matches 100% of their own contributions. They may also opt to have this coverage extended to their spouses and dependent children as well. As of end-2022, 5,078 employees and 7,813 of their family members (spouses and dependent children) were covered by complementary health insurance.

In 2022 another 342 people joined the "Tofaş Supports Education Once Again" scholarship program that the company originally introduced in 2011 for its employees' dependent children, thereby bringing the total number of people benefitting from such support to 3,070.

To support women’s participation in the workforce and help them to better balance their work and home lives, Tofaş provides its female employees with unconditional daycare assistance for their dependent children up to 66 months old. Tofaş switched to the Flexible Daycare Assistance model in 2022, allowing all employees who send their dependent children to daycare to benefit from it. At their option, employees may receive cash daycare assistance or else have their children enrolled in an education ministry-approved daycare center. Tofaş introduced daycare assistance in 2016. In 2022, an average of 215 women a month benefited from it.

As of 31 December 2022, Tofaş’s accounts showed a severance pay liability of TL 1,094,875,159.39, all of which was fully covered by provisions. The company regularly and consistently provides its employees with all social benefits as mandated by law.

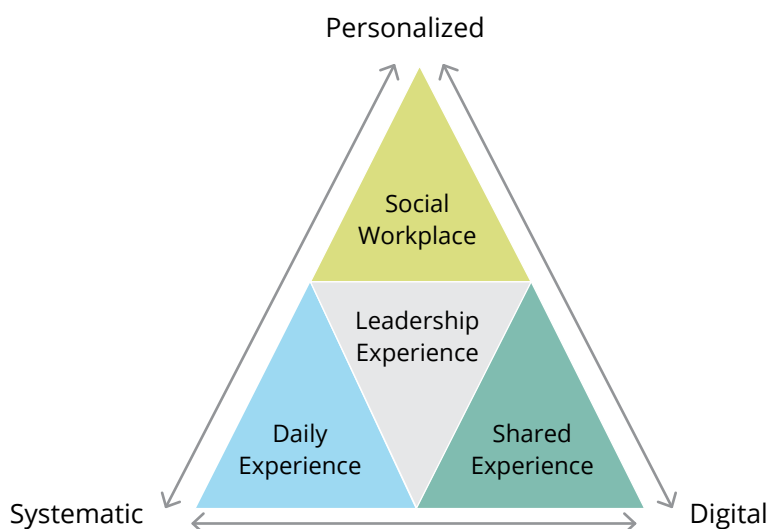
### “Sence?” Instant Feedback Platform

Tofaş conducts an annual Employee Engagement Survey that provides insights into employees’ overall motivation and commitment. However it was realized that new measurement methods were needed to strengthen all aspects of the employee experience.

In 2022 Tofaş launched its “Sence?” instant feedback platform, which makes it possible for employees to immediately express their opinions about employee-experience issues and submit their views and suggestions about processes. Their input is used to improve the company’s human resources processes.

The “Sence?” platform is accessible from about two dozen locations. To protect submitters’ privacy, all input is anonymized before being sent to Qualtrics for analysis. A dashboard has been created for each process. Each human resources process also has a product owner and an employee experience specialist who together closely monitor the employee experience.

### Employee Experience Approach





**Tofaş's Capitals - Human Capital**

**Zekky HR Chatbot**

Commissioned in 2022, Zekky Chatbot is a smartphone app that gives Tofaş employees immediate 24/7 access to information about numerous company human resources processes wherever they may be and whenever they wish.

**TofaşGO**

Introduced in 2017, TofaşGO is a corporate internal communication platform that has since become the recipient of numerous national and international awards and recognitions. TofaşGO is a mobile app and web portal that is accessible by all Tofaş field and office personnel. Besides making many aspects of employees' lives easier, it also ensures the speed and continuity of in-house communication. The number of TofaşGO users is continuously growing: in 2022, every employee used it twice a day on average. Within TofaşGO is a Tofaş Chat Room where employees may freely express and share their ideas and opinions. The room was entered about half a million times in 2022. TofaşGO is regularly improved to reflect changes in technology and user feedback. A "Bana Özel" tab that was added in 2022 for example gives employees immediate, user-friendly access to all human resource processes they might need to know about.

**Employee Engagement**

The independent consultancy AON Hewitt is contracted to conduct an annual Employee Engagement Survey at Tofaş. In 2022, the survey revealed a company-wide employee-satisfaction score of 70%. Survey results are tracked separately for office and field employees.

In addition to the company-wide score, employee engagement is also tracked on the basis of 15 issues that impact employee satisfaction. Additional surveys and analyses may be conducted on an issue-by-issue basis in light of survey results, with action plans being formulated accordingly.

**Respect For Unionization Rights**

Tofaş is diligent about protecting employees' right to unionize. Tofaş values its employees' right to unionize and to bargain collectively and makes certain that employees are strongly represented in their interactions with the company. Tofaş fosters an environment in which employees may freely exercise their right to organize and bargain collectively. The company also expects its suppliers and business partners to comply with its attitudes towards protecting unionization rights.

In line with the priority Tofaş gives to supporting its employees' union membership and collective bargaining rights, 75.6% of the company's employees were covered by a collective bargaining agreement in 2022.

As an employer, Tofaş is a member of the Turkish Employers' Association of Metal Industries (MESS). The collective bargaining agreement that MESS entered into with the Turkish Metalworkers' Union on 12 January 2022 will expire on 31 August 2023.

**SOCIAL ACTIVITIES**

Tofaş employees have formed 22 clubs and 16 sports teams, membership in all of which is voluntary.

Many functions and events that had been suspended owing to pandemic-related restrictions resumed in 2022. Among these activities, the 23 April Children's Day Festival and series of summer-evening concerts were especially well attended.

During "Tofaş Day", an event held at the Bursa plant for company employees and their families, more than 18 thousand guests took part in such enjoyable proceedings as organized tours of the factory and staged events for kids, teens, and adults. Concerts rounded out the day.

Located at the Tofaş Bursa plant is an employee rec center that contains a restaurant, a cafe, and indoor and outdoor playgrounds that may be used by all Tofaş personnel and their families. Located within the Mustafa V. Koç Sports Complex at the Bursa plant are

a fitness center, basketball courts, and a table tennis area for the use of those who enjoy sports. Outdoor sports facilities consisting of a synthetic pitch, tennis courts, and a basketball court that were opened last year also give all employees the opportunity to take part in sports. Tofaş's headquarters in İstanbul houses a fitness center that may be used by all employees.

## OCCUPATIONAL HEALTH & SAFETY

Tofaş adheres to a proactive and lean approach to occupational health & safety and regards it as the most critical element in its OHS management model. The company aims to protect everyone within its operational premises against physical injury and health risks. It does this by fostering a sustainable OHS culture and maintaining safe workplace environments. The Tofaş plant is a leading example of good OHS practices within the Stellantis system and is frequently visited by representatives of many other companies interested in observing its innovative approaches.

Tofaş's operations in Bursa and İstanbul have again both successfully completed their annual Integrated ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 audits and their certifications have been renewed. Tofaş also successfully passed this year's annual audit for compliance with the ISO 45001:2018 standard (a refinement of the OHSAS 18001:2007 standard) and its certification was once again renewed.

In the conduct of their ISO 45001 audit, auditors focused on the following key issues:

- Managing risks and opportunities impacting the management system
- Managing contractors' OHS risks
- Managing changes arising from contractors' OHS risks
- Managing employees' and other stakeholders' expectations and ensuring their engagement and consultation.

Along with the ISO 45001 standard, both Koç Holding OHS management procedures and Stellantis Production Way (SPW) OHS principles are also in effect at Tofaş. All 6,410 Tofaş employees as well as all contractor personnel on the company's premises are subject to the requirements of this composite system.

All operations and operational premises, whether routine or not, are subject to the same risk-analysis process. This involves identifying risks and intervening immediately on a provisional basis if necessary; seeking out the most effective methods and more lasting solutions; specifying what action must be taken and following it up. Those involved in risk-analysis processes are provided with all essential training (including technical training such as CMSE and NEBOSH) as may be required to perform their jobs effectively. Risk analysis and associated processes are reviewed as part of annual assessments and feedback is solicited to improve the system.

Employees may always report hazards and dangerous situations directly or through systems to which they have access. Tofaş field personnel participate in OHS inspections through the SMAT system. Tofaş is committed to ensuring that employees at all levels, from management to the front line, understand the benefits of reporting occupational health & safety (OHS) concerns. All employees are protected by labor laws and regulations as well as by Tofaş OHS policy from ever being penalized in any way whatsoever for reporting safety issues. Employees are expressly made aware of this point during OHS training. Systems are also in place that incentivize employees to report hazards.

After every accident or near-miss incident (close call), a PDCA-based detailed root-cause analysis is carried out. For this purpose, an investigation team is formed to consider all available information and identify the root cause of the incident; ways to prevent the root cause from reoccurring are sought out and identified; preventive action is planned, taken, and followed up. These and all associated processes are reviewed weekly, monthly, and yearly. In the course

## Tofaş's Capitals - Human Capital

of these reviews, incidents and actions are assessed and feedback for making systematic improvements is obtained.

Tofaş conducts risk analysis to identify and eliminate hazards in all operations and facilities. The OHS field team routinely conducts field inspections and reports any instances of non-compliance. In addition to its dedicated OHS team, Tofaş also uses practices such as SMAT, Safety Patrol, OHS Kaizen, and Safety Captain to encourage all employees to spot and report hazards. To improve the sustainability and quality of these practices, Tofaş provides training and conducts reviews. All OHS-related data is transferred to and managed in a central system. This system is accessible to all employees and is easily reached from any computer or mobile phone.

Bimonthly management meetings are held to review and assess recent developments in OHS issues. These meetings are also attended by union representatives so that their input on the implementation and improvement of the OHS management system may also be solicited. In addition, surveys are likewise regularly conducted to improve the OHS management system. Employees may similarly submit suggestions about OHS systems and practices in a variety of ways. OHS information is provided to employees through various channels such as workplace bulletin boards and information panels, closed-circuit TV in common areas, and posters and banners. OHS information is also accessible interactively through the company's in-house communication portal.

As required by law, bimonthly OHS committee meetings are held to review OHS issues. These meetings are attended by an employer's representative, an OHS specialist, a company physician, a union representative, and a company HR officer. Decisions are made by a simple majority of those present.

All employees are given at least 12 hours of OHS training in the course of 24 months. They are also

given specific training concerning hazards that may have been identified during risk assessments. OHS training is provided to newly-hired personnel and to those whose job responsibilities change. There is a specially-equipped dedicated training area (dojo) in which, at regular intervals, employees are given hands-on training in dealing with risks associated with their jobs.

The Tofaş plant has a clinic with a five-bed observation and emergency room, a well-equipped analysis lab, and respiratory, eye, and audiometric testing equipment. The company employs six physicians and eight paramedics at the clinic to provide personnel with free medical care. Company-supported complementary health insurance also gives employees convenient and affordable access to many privately-owned healthcare facilities.

Tofaş assesses all risks across all of its operations, prioritizes them, specifies action that needs to be taken to mitigate them, and monitors the results of such action.

Work-related accidents are identified, defined, and prevented from recurring as follows:

1. Hazards are identified through risk analysis, field inspections, and autonomous audits.
2. Root-cause analyses are conducted in the case of any accident which resulted in an injury and which occurred because of improper procedures being followed in maintenance areas.
3. Based on analysis results, corrective action is taken to make work areas safer and reinforcement training is provided as needed.

The following action is taken to deal with health issues not related to work:

- TofaşGO, in-house news panels, Wiki articles, brochures, and training programs are used to raise awareness about health issues such as heart health and salt use.

- Online nutrition counseling is provided through the “Female Workers Anemia Program” and FitBrokoli to counter anemia, which is common among women in Turkey.
- During the pandemic, Pilates, cardio, and yoga classes were provided online to encourage personnel to exercise.

Priority is given to using poka-yoke (“mistake-proof”) systems to eliminate hazards and minimize risks through control hierarchies. To achieve this, workplaces and machinery & equipment are modified where possible and work-related rules are changed as needed. Training is also provided in support of these modifications and changes.

There were no fatalities attributable to work-related accidents or illnesses in 2022. Eighteen accidents were recorded last year; nine of them involved only subcontractor personnel; seven of them resulted in work-related injuries or illnesses.

<b>Tofaş employees</b>	<b>Number</b>	<b>Percentage</b>
Fatalities resulting from work-related injuries	0	0

Severe work-related injuries (excluding fatalities)	0	0
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<b>Subcontractor personnel</b>	<b>Number</b>	<b>Percentage</b>
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Fatalities resulting from work-related injuries	0	0
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Severe work-related injuries (excluding fatalities)	0	0
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### **Target: Zero Accidents and Occupational Diseases**

Tofaş strives to maximize OHS awareness not just among its own employees but also among its trainees, visitors, suppliers, and contractors. To this end, Tofaş commits itself to:

- Fulfilling all of its OHS-related statutory and other obligations;
- Abiding by the principle that all employees have a shared responsibility for contributing to continual-improvement processes;
- Soliciting the opinions of all personnel about OHS practices and ensuring participation in them;
- Reducing OHS risks by eliminating OHS threats;
- Continually improving OHS targets.

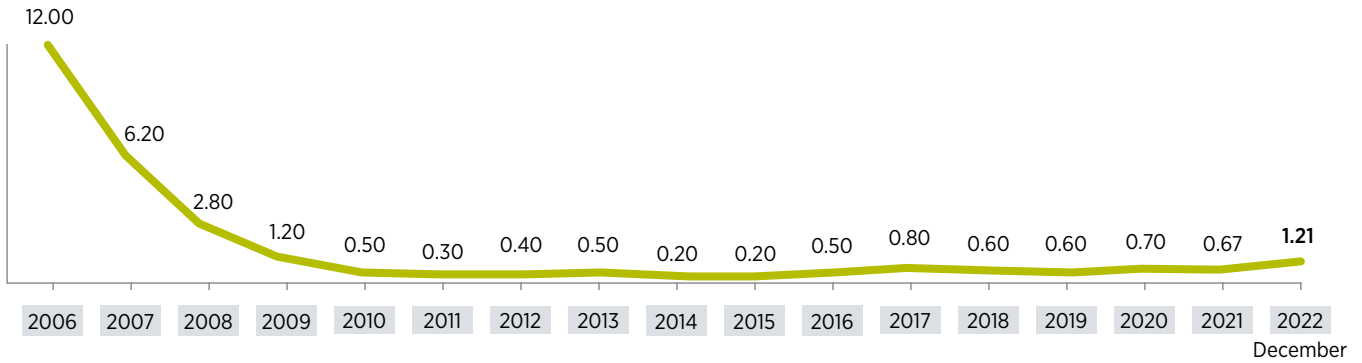
Tofaş makes use of an OHS Management System in order to achieve zero work-related accident and illness rates. Since the beginning of the company's campaign to continuously improve workplace safety performance, the Lost Time Accident Rate has decreased by 90%.

### **MESS WORK SAFETY STARS AWARD**

In the year's round of “Work Safety Stars” awards given out by the Turkish Employers' Association of Metal Industries (MESS), Tofaş's “VR Forklift Simulator” project earned its Bursa plant a place among the top three contenders in the “Innovation In Communication” category. A trainee forklift operator wearing a VR headset in conjunction with the simulator can experiment with potential near miss incidents and get a clearer and more immediate understanding of the risks involved in driving a forklift in the real world.

Tofaş's Capitals - Human Capital

LOST DAY ACCIDENT RATE



\* 1 day lost time (accident number x 1,000,000 / working hours)

**Sustainable, Lean & Proactive OHS Management**

Tofaş uses a seven-step methodology to improve and achieve excellence in occupational health & safety.

**Steps 1 & 2:** The process begins with an analysis of accidents because identifying the root causes of accidents is crucial to their prevention. Another important issue is ensuring that preventive measures are communicated throughout the company.

**Step 3:** Analyze risks and identify ways to mitigate them. This includes not only legal-compliance risks and risk-assessment but also mitigating risks in non-routine operations through visual-cue management, subcontractor management, and training.

**Step 4:** Conduct OHS audits and organize safety patrols. In this step, management-level support is essential for increasing employee motivation and promoting safety culture throughout the company.

**Step 5:** Workers assume responsibility for their own safety with the full support of management. Personal initiative is very important in this step because an autonomous OHS culture can only be created through representatives mediating the relationship between labor and management.

**Step 6:** Initiate collaborative team-based initiatives and practices that increase OHS awareness among team members.

**Step 7:** Introduce critical healthy-lifestyle recommendations and campaigns that promote employees' overall health and wellbeing such as body-age calculations, health & dietician support, and home-safety practices.

**Occupational Health & Safety Organizational Structure**

Tofaş has a core OHS unit that reports directly to the Assistant General Manager for Environment, Health & Safety. This unit's team regularly attends weekly review and monthly OHS meetings, which allows them to stay in touch with other departments' OHS officers.

The core OHS unit is staffed by OHS specialists who are fully qualified in such areas as mechanical, electrical, and electronic equipment and systems, chemical engineering, and so on.

Five full-time OHS officers are assigned to the company's main production units. They report both to the OHS Unit and to the Assistant General Manager for Environment, Health & Safety.

Within the overall OHS structure there are also seven workplace physicians, nine paramedics, and one dietician who are employed in the company's clinic. These likewise report to the Human Resources Department and to the Assistant General Manager for Environment, Health & Safety.

## INTELLECTUAL CAPITAL

Tofaş is a leading automotives manufacturer whose vision is to create the best value and mobility solutions for its customers and whose aim is to improve the quality of customers' lives through its products and services. Tofaş's core strategic R&D and innovation goals are to develop customer-

focused innovative vehicles for a market shaped by sustainability technologies, to be a globally competitive product and technology development center, and to make effective use of digitalization to increase the value proposition and total value delivered to customers. Tofaş is also constantly expanding the scope of its operations to meet the needs of the global automotives software market.

### 2022 AT A GLANCE

- As of end-2022 the Tofaş R&D Center had more than 600 people on its payroll. Of these, 482 were engineers and 159 held master's or doctor's degrees.
- Tofaş's Product Development & software Branch located in İzmir Institute of Technology's technopark commenced operations in 2022.
- The total value of vehicle-concept, styling, body, interior-design, suspension, engine, emissions, vibration, and acoustics investments topped EUR 58 million as of end-2022.
- 22% of Tofaş's environment-related R&D work is focused on emissions reduction.
- Over the last sixteen years, the Tofaş R&D Center has worked with eighteen universities on about 130 projects.
- With the addition of 13 European Union R&D projects that were added in 2021 and 2022, the number of EU projects that the Tofaş R&D Center has been involved in totals 31.
- 71 new patent applications were filed in Tofaş's name in 2022.
- The completion of 364 digitalization projects in 2022 brings the total number of such projects undertaken by the center to 1,500.
- The number of people with expertise in artificial intelligence who are involved in the Data Science Program reached 124 in 2022. To date, Tofaş employees have initiated 30 new data science projects.
- In 2022, 568 field employees took part in a Tofaş Academy program aimed at promoting technology literacy and digital-transformation awareness.
- In 2022, Tofaş launched the "HackYourJob" in-house entrepreneurship program to help employees learn basic coding, develop their own applications, and bring their creative solutions and ideas to life.
- A feature that was added to Fiat Connect in 2022 enables the app to be used to make mobile payments at Fiat service centers and Opet petrol stations.
- In Tofaş's ongoing efforts to make connectivity technology accessible to everyone, Fiat Connect was made standard on all Fiat Egea models in 2022.

**Tofaş's Capitals - Intellectual Capital**

**TOFAŞ R&D CENTER**

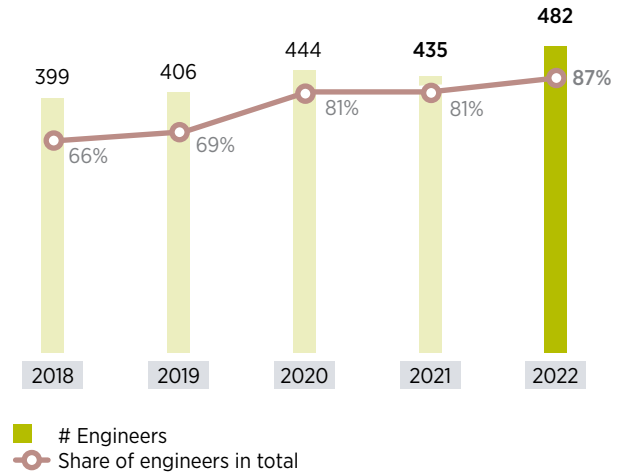
Set up in 1994, the Tofaş R&D Center was awarded Ministry of Industry and Technology R&D center certification in 2008. The center's research work is conducted in line with the company's strategic priorities and focuses on three overlapping areas:

- Satisfying people's need for mobility
- Ensuring environmental sustainability
- Increasing productivity

The goal of the Tofaş R&D Center is to be a globally competitive product & technology development hub. The center focuses especially on developing and launching new products and on improving existing ones in line with markets' needs and expectations.

As one of Stellantis's leading R&D centers, Tofaş R&D is also considered to be the best automotives R&D center in Turkey. The center has all the knowledge, skills, and technical resources needed to develop a completely new vehicle from scratch. Its owner, Tofaş, budgets more for R&D than any other company in Turkey. Tofaş R&D Center's assets include 20,110 m<sup>2</sup> of lab and office space and access to a diversified global network of outstanding high-tech vehicle-development resources. At end-2022, the center had a staff of over 600 including 482 engineers and 159 people awarded master's or doctor's degrees.

**# OF ENGINEERS IN TOFAŞ R&D CENTER**



Tofaş R&D is also an engineering export hub for global product projects. Besides working on vehicles manufactured by Tofaş, the center's engineers play an active role in product-development projects for Stellantis brands and models produced in different parts of the world. As Tofaş' responsibility in Stellantis product projects continues to grow, the center's engineering exports make an increasingly greater contribution to Turkey's economy, industry, and R&D expertise. As part of Stellantis's strategic plan, Tofaş is also taking on a greater role in the software development of Stellantis vehicles in Turkey and globally expanding its activities in the automotives software industry in order to meet the needs of customers around the world.

To this end, Tofaş will be looking to develop its competencies in the areas of connectivity, infotainment, powertrains, control software, and advanced driver assistance systems; to expand its R&D team by including engineering firms and freelance software developers; to increase R&D exports by working with a much wider R&D ecosystem; and to contribute to the development of Turkey's overall engineering ecosystem.



## Tofaş R&D İzmir Branch

Tofaş R&D Center's newly-created Product-Development & Software branch commenced operations in İzmir Institute of High Technology's Technopark İzmir Software Center in 2022.

Through its new İzmir-based R&D branch, Tofaş plans to expand the scope of its automotive software development operations so as to undertake increasingly more responsibilities in such areas as designing components and systems for different brands and models, carrying out virtual & physical verifications, and prototyping across the entire Stellantis ecosystem.

Tofaş R&D İzmir will be working on calibration & safety issues, data-science & AI-based intelligent vehicle architecture, autonomous & driverless vehicle solutions, connectivity solutions, automotive cybersecurity, and management & optimization algorithms in the provision of fleet services.

At a time when the place and importance of software in product-development processes are becoming increasingly greater, Tofaş envisions addressing the global demand for automotive software by becoming an integral part of Stellantis's software-based growth strategy through its İzmir R&D branch while also continuing to respond to the software needs of its home market.

## Investments

As of end-2022, the total value of the Tofaş R&D Center's investments in design and testing equipment for use in the areas of vehicle concept, styling, bodywork, interiors, suspension systems, engines, emissions, vibration, and acoustics amounted to more than EUR 58 million. R&D expenditure in 2022 was TL 671 million.

In the conduct of its 2022 operations, the Tofaş R&D Center was intensively engaged in model-improvement projects for the Fiorino, Doblò, and Egea lines. 350 of the Tofaş R&D Center's engineers are currently involved in the product-development processes for a variety of vehicles for other members of the Stellantis Group.

Continuing to prioritize environment-related investments, Tofaş allocates 22% of its research & development budget for emissions-reduction projects. Tofaş is committed to developing vehicles with lower emissions and vehicles that run on alternative fuels to improve the efficiency of users' transportation and distribution operations and make the mobility experience more enjoyable for everyone.

(TL million)	2018	2019	2020	2021	2022
R&D expenditure	244	355	575	882	671

## Tofaş's Capitals - Intellectual Capital

### Product Development and Manufacturing Technologies

The Tofaş R&D Center possesses all of the product engineering design and analysis competencies that may be needed to completely design a vehicle from start to finish. In line with the Tofaş R&D Center's strategic objectives, the company likewise supports research projects that will lead to gains in product development and manufacturing technology knowhow.

The Tofaş R&D center's focus on environmental sustainability addresses such issues as vehicle electrification and reducing vehicles' weights and energy consumption. Studies on productivity give priority to digital optimization of processes and low-cost automation in all areas.

### Collaborations

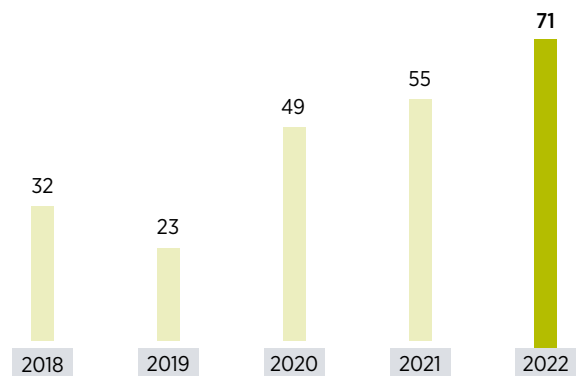
A prerequisite for Turkey's increasing its international visibility and viability as a product development center is an ability to simultaneously address all of the elements of the R&D value-creation chain. This is why Tofaş gives special importance to joint design and development projects, to marshaling the resources of local engineering firms, and to working together with universities. Undertaking university-industry collaboration projects in parallel with its technology-development operations, Tofaş R&D collaborated with sixteen different universities on about 130 projects in the last fifteen years.

When developing products and processes, the Tofaş R&D Center engages with stakeholders in different sectors so as to ensure that the projects on which it is working are conducted effectively and that any social and/or environmental issues which may arise are dealt with. With the benefit of European Union and TÜBİTAK support and the business opportunities created by both platforms, Tofaş develops high added-value, innovative, and ecofriendly projects. With the addition of 13 EU research projects that were approved in 2021 and 2022, the number of such projects in which the Tofaş R&D Center has taken or is taking part reached 31 as of end-2022. The number of international project partners with which the center has worked in the conduct of these projects is now more than 260.

### Intellectual Property Rights

The Tofaş R&D Center's goal is to increase the number of patents that it applies for every year by coming up with new projects and innovative ideas that create added value. As a result of the innovative work carried out by the Tofaş R&D Center, new applications for 71 patents were submitted in 2022.

#### # OF PATENTS



### INNOVATION & DIGITALIZATION

Tofaş's strategic priorities and practices are informed by technological developments in light of changing market and customer needs. The company regards intelligent-factory solutions that make use of productivity-enhancing digital optimization so as to constantly improve its competitive strength as one of its strategic priorities.

### Investments and Projects

During 2022 Tofaş completed a total of 364 projects, of which 1,500 were associated with digitalization solutions. Foremost among the digitalization projects on which the company focused last year were those that involved such technologies as Internet of Things (IoT), advanced data analytics & machine learning, image processing, collaborative robots (cobots), and robotic process automation (RPA). Much of the production machinery and equipment currently in use at Tofaş is already connected to an IoT platform that makes it possible for their critical parameters to be monitored in real time. The total number of projects that facilitate early problem-detection & intervention at Tofaş reached 761 in 2022 with the addition of 167 new ones during the year.

- During 2022, 72 work-process digitalization projects were carried out bringing the total number of such projects to 272. Besides facilitating workflows, these projects also make them more economical.
- The total number of Tofaş projects that make use of RPA technology to come up with solutions for repetitive tasks which employees must perform but which demand attention reached 300 in 2022 with the addition of 136 new ones during the year.
- Between 2016 and 2022, a total of 64 projects making use of next-generation image processing & machine-vision technologies to ensure the effectiveness of critical QC processes were carried out.
- Through the deployment of cobots to help automate unergonomic tasks, some Tofaş production operations that require people and robots to perform tasks together have been made more efficient.
- Between 2019 and 2022, a total of 15 projects involving the use of wearable technologies to reduce labor costs and to improve worker ergonomics were carried out.
- The total number of projects that make use of data-science, AI, and machine learning technologies to optimize tasks that are particularly difficult for workers to perform by hand reached 33 in 2022 with the addition of 9 new ones during the year. Such projects lead to significant opportunities and improvements in the areas of occupational health & safety and productivity.

Tofaş continues to invest in developing such IT capabilities as remote working, 5G, cloud, and cybersecurity while also improving the quality of existing databases as an essential element of its ongoing digitalization studies.

In order to expand employees' data competencies and to support the proliferation of their data-focused analytical projects, big-data backbone accessibility has been increased so that they may tap its resources to develop analytical scenarios of their own into which they may incorporate data from both internal and external sources. The addition of self-service analytical products and rapid software-development methods such as low-code/no-code tools to existing infrastructure has been accelerated.

During 2022, various modernization projects related to Tofaş's commercial operations and production-management systems were deployed.

Investments capable of advancing the robotic-transformation of basic infrastructure and office processes have been accelerated and are now at the point at which they are capable of supporting operational agility.

In the period ahead, Tofaş will continue to take a benefit-driven approach when dealing with digitalization projects and will be focusing on carrying out more projects with higher added value, collaborating more effectively with external resources, investing in the digital competencies of its employees, and developing new services and partnerships through an integrated connectivity infrastructure.

### **Talent & Ecosystem Development**

Two important elements of any successful organizational implementation of digitalization and innovation are firstly the propagation of digital and innovative mindsets and competencies throughout the organization and secondly the expansion of the ecosystem so as to engage all appropriate solution partners. As a component of its corporate entrepreneurship approach, Tofaş regularly engages and works together with other Koç Group companies, NGOs, universities, incubation centers, and angel investment groups.

## Tofaş's Capitals - Intellectual Capital

Expertise domains were established and tasked with guiding the acquisition and implementation of such fundamental technologies as data science, machine learning, IoT, and RPA. Work has begun on developing a platform management system for ecosystem expansion. Under the online training and full-time consultancy Data Science Program that was initiated in 2019, the number of Tofaş personnel with AI competencies reached 124 in 2022 while 30 data science projects were also submitted. Under the auspices of Tofaş Academy, 35 Tofaş employees are taking part in IoT training and 158 are receiving training so that they will be able to support RPA program-related process analysis and the implementation of new RPA projects.

Tofaş seeks to foster technology-literacy and digital-transformation culture both within the company and throughout its value-creation chain. For this purpose, Tofaş Academy, working together with Tofaş technology partners, has developed a program that turns digital transformation into a cultural journey whose aim is to support the spread and adoption of technology literacy and digital culture. Individualized, classroom, and video training resources are made available under this program. During 2022, 568 field personnel received such training.

Under the Optimus initiative that was launched in 2020 to support Tofaş employees in the development of digitalization-related projects, 181 Tofaş personnel led a total of 364 projects during 2022. Originally conceived as a factory-related undertaking, the success of the Optimus initiative led to the expansion of its scope so as to include quality-control and supply-chain functions as well. Energy and supply chain-related Optimus project numbers are expected to increase in 2023.

### Corporate Intrapreneurship

Tofaş conducts corporate intrapreneurship programs with the aim of supporting employees in their efforts to acquire new competencies and to make use of innovative methods to come up with creative ideas capable of being developed as projects.

- Under the "Benim Projem" [My Project] corporate intrapreneurship program, Tofaş employee-developed product, service, and process projects are assessed by a jury and those deemed worthy are encouraged to advance to the next stage. Project-owners are rewarded if their projects reach the prototyping stage and their investor presentations are successful.
- Tofaş's kaizen-based suggestion systems is designed to encourage employees to come up with innovative solutions, particularly whenever they spot an opportunity for improving production processes. Tofaş personnel who are employed in production-related functions set themselves annual suggestion-submission targets. Project owners whose ideas are trialed and deemed to be successful are rewarded.
- Tofaş's idea-bank Fikir Kumbarası Platformu is a corporate-intrapreneurship program for soliciting and collecting program-related ideas and proposals. Company employees may use this platform at any time to submit ideas for projects they would like to see undertaken.
- In 2022 Tofaş initiated a HackYourJob corporate intrapreneurship program with the support of Koç Holding, Microsoft, and KoçSistem. The aim of this program is to encourage Tofaş employees to learn basic coding, to design apps of their own, and to come up with creative solutions for turning their ideas into reality. In the hackathon that is organized as part of this program, Tofaş employees receive three days of Microsoft Power platform training and compete as teams in the development of project ideas and software solutions.

## Fiat Connect

Developed inhouse by Tofaş and bringing connected-vehicle technology to its class for the first time in Turkey, Fiat Connect employs remote-access technology that transforms drivers' habits and their interactions with their vehicles.

Originally introduced in 2018 as both a web and a mobile-based support service, Fiat Connect involves the installation of a component that is attached to a vehicle's electronic control unit. Once activated, Fiat Connect makes it easy for drivers to keep track and manage all the details of every aspect of their vehicle (including service history) and also to receive personalized notifications of special campaigns and reminders about periodic maintenance.

Over the years since its original introduction, Fiat Connect's capabilities have continued to be expanded with the incorporation of new features such as Accident Black Spot", "Child Alarm", "Gamified Fuel Economy", and "Android Auto Integration" in addition to individualized comprehensive automobile insurance policies based on driving habits.

In 2022 a mobile payments feature was added to Fiat Connect under an agreement with Mastercard. This feature allows drivers to pay for fuel at Opet stations through Fiat Connect. In keeping with its goal of making connectivity technology as widely available as possible, Tofaş made Fiat Connect standard equipment across the entire Fiat Egea family last year.

Between 2018 and 2022, Fiat Connect came to the aid of Tofaş customers at times when they were most in need of support by proactively summoning ambulances in 62 incidents.

Committed to the development of smart vehicles that provide drivers with service and support in the areas of safety, comfort, and environmental-awareness, Tofaş intends to continue adding increasingly more safe-driving habits categories to its Fiat Connect app and to increase the number of Fiat Connect users by 2025.

**Tofaş's Capitals - Social & Relational Capital**

**SOCIAL & RELATIONAL CAPITAL**

Tofaş believes that a strong society is the fundamental to its business success. It therefore focuses on multifaceted, socially-beneficial projects that promote social progress, contribute to the national economy, and create added value for society at large.

Tofaş's socially-beneficial projects are designed both to address the needs, expectations, and priorities of the country and to be compatible with UN Sustainable Development Goals. The company monitors the progress of these projects on the basis of the measurable medium and long-term targets that it sets for them.

**2022 AT A GLANCE**

- In 2022 Tofaş paid out a total of TL 24.8 million as charitable donations and assistance.
- As of end-2022, a total of 29,000 people had benefited from socially-beneficial projects undertaken by Tofaş Sports Club.
- As of end-2022, more than 5,000 athletes and more than 400 coaches had benefited from Tofaş Sports Club's resources. 750 of them have since gone on to represent Turkey in international competitions.
- As of end-2022, 4,500 children had attended 22 Tofaş Basketball Schools in 10 cities.
- As of end-2022, 6,500 children and 5,000 parents and guardians had benefited from the company's "Next Generation Tofaş" project.
- As of end-2022, 46 basketball courts had been built in Bursa through Tofaş's Neighborhood Pitches Project.
- Attending the United Nations Generation Equality Forum as members of the "Technology & Innovation" action group in 2022, Tofaş along with other Koç Group companies announced their commitments to strengthen the roles of women and girls in the areas of technology and innovation. Tofaş has set itself the goal of reaching out to 30,000 girls through projects that it will be undertaking between now and 2026.
- As part of the Fiat Barrier-Free Movement program, additional features incorporated into the Fiat and Fiat Professional websites in 2022 make it possible for people with hearing disabilities to interact with a dealer without the need for outside assistance.
- Tofaş's Museum of Cars and Anatolian Carriages in Bursa welcomed 106,000 people in 2022, bringing the total number of visitors since the museum opened its doors to about 1.5 million.

**SOCIAL INVESTMENTS**

Believing fundamentally that contributing to society is one of the duties of a responsible corporate citizen, Tofaş regards charitable donations and sponsorships as an important means of supporting social wellbeing in localities where it carries out its operations. Total donations and aid made in 2022 was TL 24.8 million.

As a way of enhancing a project's effectiveness and encouraging practical-solution development, Tofaş encourages its own employees, dealers, and suppliers as well as other stakeholders to play a role in dealing particularly with its environmental and social aspects. To the same end, it also enters into strong collaborations with NGOs, international agencies

and organizations, universities, local governments, and private individuals with expertise in the project's subject matter.

Tofaş regards employee voluntarism as an essential element of its CSR attitudes and approaches. It encourages employees to club together as volunteers not only to play an active role in a variety of social-responsibility undertakings but also to develop socially-beneficial projects through in-house intrapreneurship programs.

Tofaş undertakes long-term projects that invest in future generations, promote inclusiveness and diversity, and protect the cultural heritage.

## INVESTING IN FUTURE GENERATIONS

### Tofaş Sports Club

The systematic, infrastructure-focused efforts of the Tofaş Sports Club have nurtured many new basketball players both for Bursa and for the country as a whole ever since the club was founded in 1974. The club supports both rearing healthy new generations and improving the quality of people's lives in general by giving all youngsters an equal opportunity to take part in sports activities.

Players and coaches who had their start at the Tofaş Sports Club have gone on to achieve success in sports both nationally and internationally. The club continues to pursue its twin goals of making Bursa a city renowned for basketball and of being a model sports club in which its members and supporters can take pride. The club's priorities are to nurture athletes from the grassroots level, to manage its Basketball A Team, and to carry out socially-beneficial projects. As of 2022, 29,000 people had benefitted from such projects. The club intends to increase that number to 45,000 by 2030.

#### NUMBER OF PEOPLE REACHED BY TOFAŞ SPORTS CLUB SOCIAL RESPONSIBILITY PROJECTS



### Infrastructure

As of end-2021, more than 5,000 athletes have benefitted from Tofaş Sports Club's infrastructure and more than 400 coaches have been employed in it since the club was formed.

### Basketball A Team

Over the years since its formation, the Tofaş Sports Club's men's basketball team has won 1 President's, 2 Basketball Super League, and 3 Turkish League cups. As of 2022, about 745 athletes have played on the Tofaş Men's Basketball A Team. During the 2022-2023 season, the team is competing in Basketball Super League and Basketball Champions League games.

### Promoting equality of opportunity in sport and sport culture

As summed up in its "Basketball City Bursa" motto, the aims of the Tofaş Sports Club are to provide all youngsters with the opportunities they need to take part in sport and also to promote equality of opportunity in sport and sport culture not just in its home province of Bursa but throughout the entire country. To leverage its effectiveness, the club cooperates with NGOs, local governments, and national and international organizations and also carries out projects capable of benefitting society as a whole.

Twenty-two Tofaş Basketball Schools that have been set up in ten cities contribute to their local communities. As of 2022, a total of 4,500 children have received basketball training in these schools.

Launched in 2016, the goals of the Tofaş Next Generation Project are to provide all children with an equal opportunity to take part in sports and to foster attitudes and points of view among children that will help them be successful in all aspects of life. The Tofaş Next Generation Project is based on a training and implementation model that focuses on the trainer-family-child triangle in order to foster a generation whose members truly believe that every child should have an equal chance to play basketball.

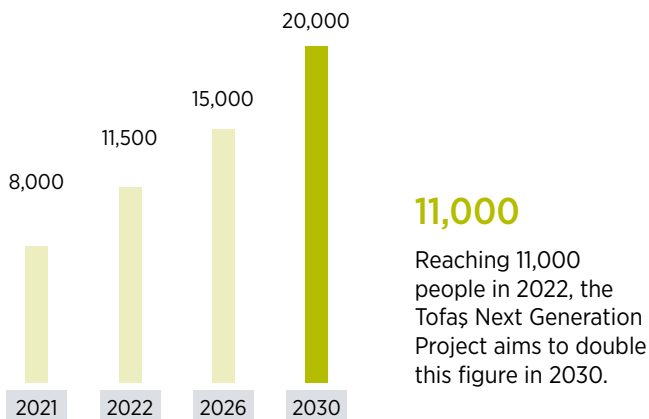


## Tofaş's Capitals - Social & Relational Capital

Minor and junior teams formed from among selected children continue their training at the Mustafa V. Koç Sports Complex. The members of the Tofaş Sports Club's junior teams consist largely of youngsters who have undergone Next Generation Tofaş training. Other aspects of the project include an e-learning system set up to provide distance learning resources for coaches and family members, street tournaments conducted to promote basketball among the public at large, and science and creative drama workshops.

As of 2022, e-learning system training videos had been viewed a total of 250 thousand times and 6,500 children and 5,000 parents had been reached through 15 basketball schools located in Bursa province townships. The goal is to reach 20 thousand children and parents by 2030.

### NUMBERS OF CHILDREN & PARENTS REACHED BY THE NEXT-GENERATION TOFAŞ PROJECT (unit)



In 2019 the Tofaş Sports Club began establishing basketball courts in different parts of Bursa city as part of Tofaş's Neighborhood Pitches Project. As of 2022, 46 of these pitches had been created in the city and are being provided with seasonal upkeep and maintenance services.

The Tofaş Basketball Team plays its home games at the Nilüfer Tofaş Gymnasium, another Tofaş facility that contributes to the social life of the city of Bursa and its people. The premises and facilities of the Tofaş Sports Club Mustafa V. Koç Sports Complex, are available not only to Tofaş personnel but also to Bursa's amateur sports teams and athletes since 2016. With 5,800 m<sup>2</sup> of space, this complex contains three basketball courts, a fitness center, and a fully-equipped sports rehabilitation center capable of providing whatever forms of physical therapy athletes may require.

### Tofaş Science High School

Located in the Demirtaş Organized Industrial Zone in Bursa's Nilüfer township, instruction at Tofaş Science High School began in the 2014-2015 academic year. Tofaş provides the school with material support for the development of its instructors, students, and physical facilities. It also provides scholarship support for successful graduates who go on to university.

Initiated with Tofaş support at Tofaş Science High School, the "Innovation Workshop" aims to support the instruction of well-educated young people who will shape the future of automotive and engineering field in Turkey and serve as its leaders. Having identified it as a "Project That Inspires", the Ministry of Education has decided to expand the Innovation Workshop program to embrace all science high schools. This support is being provided with the goal of making the Tofaş Innovation Workshop one of the top three STEM (Science, Technology, Engineering & Mathematics) workshops in Europe by 2030.

Tofaş Science High School's curriculum gives attention to gender-equality and to career-choice awareness as a way of encouraging female students to go into engineering and thereby increasing the breadth and depth of its recruitment pool.

## INCLUSIVENESS AND DIVERSITY

### Fiat Barrier-Free Movement Program

The Fiat Barrier-Free Movement is a program that was initiated to make it possible for drivers and passengers with reduced mobility to get around without being dependent on others. Rooted in the idea that everyone should have the freedom to travel safely and freely, the program's goal is to support freedom of movement among persons with disabilities and their families through solutions that address their safe-driving and travel-comfort needs.

To this end, Tofaş deploys the Fiat brand in its efforts to come up with solutions to a variety of issues ranging from raising vehicle-purchase awareness among persons with disabilities to making vehicles more suitable for drivers and passengers. In addition to such product-specific awareness, efforts are also made to create and support disability-issue awareness and sensitivity among the public at large.

Under the "Speaking The Same Language" project that was started in 2021, sign language is now being used when dealing with hearing-impaired customers in the conduct of vehicle-purchase, vehicle-use, and after-sales services processes, thereby making such processes more sustainable from the standpoints of their accessibility, inclusiveness, and equality.

In 2022 the scope of the Fiat Unhindered Movement program was expanded by making changes in and adding features to the websites of the Fiat and Fiat Professional brands that will make it possible for hearing-impaired users to communicate with a dealer without the need for anyone else's support. Tofaş has also set itself the goal of achieving disability-standards compliance among the dealerships and authorized-service areas of all the brands that it represents by 2026.

### Social Gender Equality

Tofaş seeks to promote social gender equality through activities that create social added value.

In line with the Gender Equality Forum's global acceleration plan to achieve gender equality through the Technology and Innovation for Gender Equality Action Coalition, Tofaş will contribute towards efforts to increase the number of girls studying science, technology, engineering, and mathematics subjects throughout Turkey by creating new projects whose aim is to achieve this as well as by participating in existing ones. Tofaş has set itself the goal of reaching 30 thousand girls through such projects by 2026.

## Tofaş's Capitals - Social & Relational Capital

### PROTECTING THE CULTURAL HERITAGE

#### Tofaş Museum of Cars and Anatolian Carriages and Tofaş Art Gallery

Located in Bursa's Umurbey district, the Tofaş Museum of Cars and Anatolian Carriages is a private museum focusing on the Anatolian transport heritage. A former silk-weaving mill that used to be here was restored and converted for use as a museum by Tofaş. On display at the museum is a historical panorama of the history of human transport in Anatolia beginning with a wheel that is 2,600 years old and extending to the present day with examples of Tofaş-built motor vehicles.

The museum opened its doors in 2002 and has received about 1.5 million visitors since then.

Located within the same grounds as the museum is the Tofaş Art Gallery housed in the Umurbey Hammam, the original construction of which dates to 1430. To date the gallery has hosted six exhibitions, the most recent of which is "The Poise Of The Steelyard: Scales, Weights & Measuring Instruments", a show with past and present-day examples of such equipment. The museum's cafeteria, Fayton Cafe, is open to museum visitors as well as to the public. The museum's gardens are planted with more than 50 different species and serve as a venue for concerts and culture & art events throughout the year.

For the International Ceramics Festival organized in Bursa by the Turkish Ceramics Society with the support of NPO Durma Sanat in 2022, the Tofaş Museum of Cars and Anatolian Carriages hosted an exhibition of works from Hacettepe University's "MacSabal" collection.

#### Pamukkale Hierapolis Archaeological Excavations

Since 2005 Tofaş has been supporting archaeological excavations at Hierapolis, the extensive ruins of one of the five biggest ancient cities in Turkey. Coterminous with the Pamukkale thermal zone, both Hierapolis and Pamukkale were declared UNESCO World Heritage sites in 1988. Excavation work, which is being overseen by the Ministry of Culture and Tourism and the Denizli governor's office, is being carried out by an international team of about seventy archaeologists, architects, restorers, conservators, and other experts mainly from Italy and Turkey. Among the other significant unearthed in Hierapolis 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. The site of ancient Hierapolis at Pamukkale welcomed 1.1 million visitors in 2022.

## NATURAL CAPITAL

Having set full alignment with the economy of the future as one of its key strategic objectives, Tofaş is taking steps to ease its gradual transition to a carbon-neutral automotives market. Within the same framework, the company recognizes both protecting

natural resources and minimizing the environmental impact of its operations as two key responsibilities. Along with its own, direct environmental impact, Tofaş also focuses on managing and reducing the indirect environmental impact of its operations across its entire value chain.

### 2022 AT A GLANCE

- In 2022 Tofaş continued to be one of only 50 Turkish companies whose shares qualified for inclusion in the BIST Sustainability Index.
- Tofaş successfully passed all its mandatory and voluntary environmental audits in 2022 with no instances of non-compliance.
- In December 2022 Tofaş applied for admission to the Science-Based Targets Initiative and was accepted.
- In 2022 Tofaş booked a total of TL 2.5 million as environmental investment and management outlays.
- In 2022 Tofaş carried out 201 energy-efficiency projects. These projects conserved 115,055 GJ of energy and reduced the company's CO<sub>2</sub> emissions by 9,622 tons
- In 2022 Tofaş reduced the average amount of energy needed to make one vehicle by 20% to 3.19 GJ, a figure well below the year's target. The average greenhouse gas emissions generated in the production of one vehicle amounted to around 249 kg/CO<sub>2</sub> (eq).
- In 2022 Tofaş used about 2.74 m<sup>3</sup> of water to make one vehicle. This was 6% less than in 2021.
- The Tofaş plant is equipped with an internal water recycling system that made it possible to reuse about 60 million m<sup>3</sup> of water in 2022.
- In 2022 the production of one vehicle generated only 26.84 kgs of waste on average.
- Last year, 6,889 Tofaş employees received a total of 10,757 hours of environmental awareness-enhancement training.

## CLIMATE CHANGE

Tofaş's holistic approach to climate change mitigation simultaneously considers:

- Mandatory emission limits
- Physical and operational demands resulting from sudden changes in weather etc
- Financial implications such as carbon trading

As part of its corporate risk management framework, Tofaş takes quick action to address potential threats in all three dimensions while also developing ecofriendly techniques and sustainable solutions.

## Tofaş's Capitals - Natural Capital

### ENVIRONMENTAL & ENERGY-RESOURCE SUSTAINABILITY

Tofaş seeks to pass a clean and livable world on to future generations through a sustainable approach when dealing with environment and energy-related matters. In the conduct of all of its operations, Tofaş complies fully with all national and international requirements and it strives constantly to reduce the environmental impact of its manufacturing activities and of its products and services by making continuous improvements in its performance and through the use of appropriate technologies.

Environmental issues are handled by the Tofaş Sustainability Committee and by the Tofaş Sustainability Working Group in line with Tofaş's Environmental and Energy Policy. Both committee and working group report directly to the Tofaş Board of Directors concerning the company's environmental performance.

Tofaş takes a preventive and proactive approach to environmental risk management, which is costly but essential, in line with SPW (Stellantis Production Way) principles and the ISO 14001 standard. By continually improving its production system, the company goes beyond environmental regulations in its efforts to minimize risks and to eliminate or at least reduce pollution. Tofaş takes steps to keep potential risks under control so as to be sure that the financial impact of any losses in the event of their realization is minimal.

Tofaş deploys effective, integrated environmental management systems in order to:

- Prevent pollution at source and reduce environmental risks;
- Reduce the environmental impact of its products by taking a life-cycle approach;
- Use energy and natural resources responsibly and efficiently;
- Increase the environmental and energy-conservation awareness of employees, other stakeholders, and society at large.

Tofaş booked a total of TL 2.5 million as environmental investment and management outlays in 2022.

In order to keep all of its stakeholders informed about its targets on environment and sustainability issues, Tofaş transparently publishes the results of its efforts in these areas in sustainability reports and on its corporate website.

Environmental target	Performance indicator	2022	2023 (T)	2026 (T)
Energy consumption	GJ/vehicle	3.19	2.75	3.21
Greenhouse gas emissions	kg/CO <sub>2</sub> (eq)/vehicle	249	262	100
VOC emissions	gr/m <sup>2</sup>	28.29	33.12	22.9
Fresh water consumption	m <sup>3</sup> /vehicle	2.74	3.08	1.79
Total waste generated	kg/vehicle	26.84	28.17	29.44
% waste disposed in landfill	%	0	0	0

## SUSTAINABLE MANUFACTURING ATTITUDES

Having adopted sustainable-manufacturing principles in the conduct of its operations, Tofaş achieves natural resource use efficiency by implementing the “5R” (Refuse, Reduce, Reuse, Recycle, Recover) hierarchy in all of its production processes.

As a result of a comprehensive assessment carried out at Borsa İstanbul in 2022 by EIRIS, one of the responsible investment industry's leading research providers, Tofaş remained one of 50 firms in Turkey whose shares qualify for inclusion in the BIST Sustainability Index. Tofaş also submitted its responses concerning climate-change and water-use issues to the Carbon Disclosure Project.

## LOW-CARBON ECONOMY TRANSITION

Tofaş regards climate change as a matter that has legal implications (such as emission limits), physical and operational implications (such as radical changes in weather conditions), and financial implications (such as emissions trading). As part of its general corporate risk-management operations, the company identifies what risks these issues may entail, determines what its responses will be, and develops sustainable and effective solutions to deal with them.

Tofaş keeps a close watch on the progress of the European Green Deal in order to integrate EGD policies and practices into its own strategies for combating climate change. Tofaş is currently engaged in efforts to make itself a carbon-neutral company. The conduct of its projects to reduce emissions arising from production operations and the results that those projects achieve are independently verified and certified every year.

Supporting the transition to a low-carbon economy through its energy-efficiency efforts, Tofaş is also a corporate member of the Climate Platform. Tofaş has also committed itself to the “2 °C Challenge” program, an internationally-promoted corporate-mission statement that calls for global policies and

actions to tackle climate change. In December 2022, Tofaş also joined the Science Based Targets initiative.

The hundreds of energy efficiency projects which the company has undertaken are steadily reducing the energy density of its operations. When new investments are to be undertaken or changes are to be made in machinery and equipment, environmental-impact and energy-efficiency procedures are standardized both by initiating a Kanban (lean/just-in-time manufacturing) process and by adhering to best-available-technology (BAT) practices.

Tofaş works with NGOs, professional associations, and statutory authorities in the formulation of policies to deal with environmental issues. As a member of the Turkish Automotive Manufacturers Association and of the Turkish Industry and Business Association, it takes part in both organizations' working groups. Tofaş likewise seeks to contribute to the environmental value chain through partnerships with universities and with professional associations and chambers.

## ZERO NON-COMPLIANCE

As the first automotive manufacturer in Turkey to be awarded ISO 14001 Environmental Management System certification, which it received in 1998, Tofaş has had a well-established and sustainable environmental management system ever since.

Tofaş commissioned its ISO 14064-1 Greenhouse Gases Management System in 2020 and has been having its annual GHG emissions reports verified ever since. The company's ISO 50001 Energy Management System was also commissioned in 2013.

Tofaş has maintained a record of “zero non-compliance” ever since its very first environmental audit. Tofaş successfully passed all its mandatory and voluntary environmental audits in 2022 with no instances of non-compliance.

## Tofaş's Capitals - Natural Capital

### ZERO WASTE MANAGEMENT SYSTEM

Tofaş's environmental approach is to make use of proactive and efficient management tools. In order to achieve its "Zero Waste/Zero Loss" goal, the company's maxim is "If you don't cause pollution in the first place, then there's nothing that you have to clean up."

One consequence of Tofaş's Environment & Energy Policy is that it seeks both to reduce waste at source and to recover and recycle as much as possible of any waste that may be generated. Thus for example 100% of the industrial waste resulting from its manufacturing processes is either recovered or else used as raw material and energy inputs in the cement industry, thereby helping the company to achieve its "Zero Waste Disposal" goal.

Tofaş's Zero Waste Management System was set up

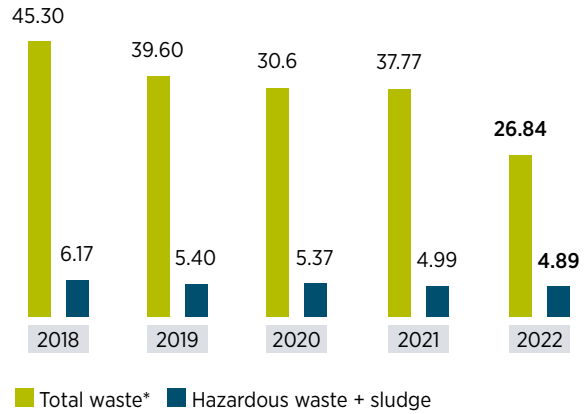
- to prevent pollution at source,
- to use resources responsibly and efficiently and prevent their waste,
- to source-separate, collect, and recycle waste.

Tofaş's Zero Waste Management System was awarded "Zero-Waste" certification by the Ministry of Environment and Urbanization.

In 2022, Tofaş continued to fulfil its pledge to eliminate single-use plastics by ending the individual use of disposable plastic products at its Bursa plant.

All (100%) of the industrial waste generated in the course of Tofaş's production operations is recovered and used as raw-material inputs and fuel by cement-makers. This means that Tofaş has effectively achieved its no-disposable-waste (zero-landfill) goal.

### INDUSTRIAL WASTE (KG/VEHICLE)



\* Does not include pressed-metal waste or waste not directly related to production.

### Waste Recovery & Reuse at Tofaş

Insofar as is possible, packaging such as wood, cardboard, plastic sheeting etc associated with materials that Tofaş uses in its production operations is not discarded as waste but recovered and reused both to minimize the environmental impact of such operations and to save on costs. Cardboard for example is put to use in shipments of exported spare parts. Wooden pallets, boards, and slats are used in a variety of ways such as for building planters.

A total of 756 such planters made from scrap wood were installed in various places around the factory where they were needed during 2022. Scrap wood was also used to build an office furniture set, two doghouses for the employee recreation center, and ten stray-animal feeders for installation in the vicinity of the Tofaş Museum of Cars and Anatolian Carriages in Bursa. This recycling prevented the harvesting of 150 trees and the emission of 3.5 tons of CO<sub>2</sub>.



## ENERGY CONSUMPTION

Taking into account both the life-cycle aspects of its products and services and the needs and expectations of its stakeholders, Tofaş recognizes that its own production operations and the use of the vehicles that it manufactures make up a significant part of the company's impact on climate change. Seeking to make it possible for stakeholders to satisfy their mobility, transport, and distribution needs more sustainably, Tofaş seeks to improve the emissions performance of its vehicles while also developing vehicles that make use of non-conventional alternative fuels.

In support of the transition to a low-carbon economy, Tofaş takes part in projects to increased conventional-engine efficiency, expand the use of alternative fuel systems, and develop electric and hybrid vehicles that are undertaken in line with Stellantis's product strategies.

In order to help keep its emissions below maximum limits set by government agencies, Tofaş sets itself short, medium, and long-term energy-efficiency and emissions-reduction targets and continuously monitors its performance progress. Tofaş's CEO also receives regular briefings from the Energy Guidance Working Group and from the Tofaş Sustainability Committee on energy-efficiency and emissions-control issues.

21% of Tofaş's R&D operations are related to emissions reduction. As a result of efforts to decrease fixed-energy consumption in line with its overall goal of reducing carbon emissions, 3.19 GJ/vehicle energy-consumption performance that Tofaş achieved in 2022 was better than the target that had been set for the year. Tofaş targets to put its renewable energy investments into use from 2022 and to reduce its GHG emissions resulting from manufacturing by 22.6% by 2026 solely with the support of these investments.

	2018	2019	2020	2021	2022
Total energy consumption (GJ)	1,165,961	1,042,245	993,438	906,678	841,801
Direct energy consumption - natural gas (GJ)	676,304	593,241	578,984	519,016	463,607
Indirect energy consumption (GJ)	489,657	449,004	414,454	387,662	378,194
Energy consumption/manufactured vehicle (GJ)	3.86	4.01	4.02	3.97	3.19

### ENERGY CONSUMPTION (GJ/VEHICLE)



### Intelligent Energy-Management

An intelligent energy-management system that makes use of internally-sourced algorithms has been installed in Tofaş's paint-production plant. Whenever a planned or unplanned production halt occurs, this system automatically puts energy-consuming equipment into standby mode. Using operational data as its inputs, the system detects when production has ended and it automatically shuts down each production line as its production process finishes and reduces the energy supplied to it to the minimum required. Thanks to this system, Tofaş conserves 1,735,776 kWh of electricity and 147,600 m<sup>3</sup> of natural gas a year thereby also preventing the release of 1,060 tCO<sub>2</sub>e into the environment.

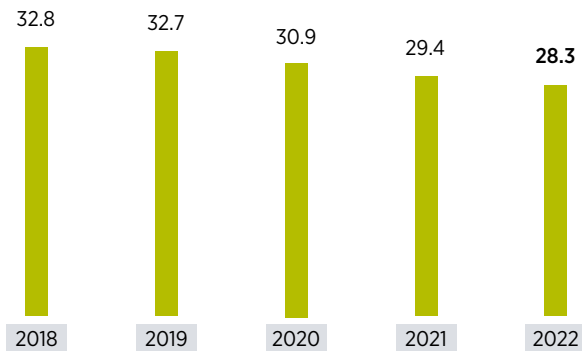
## Tofaş's Capitals - Natural Capital

### VOC Emissions

Over the last five years Tofaş has achieved around a 15% reduction in its volatile organic compound (VOC) emissions through improvements in its operational controls.

Along with changes in manufacturing processes such as the use of solvent-free cleaning products, a switch to one-bell spray-painting technology, the introduction of electrostatically-applied water-borne paints, and the commissioning of the company's nitrotherm spray project, Tofaş has been able to achieve VOC-emission performance ratings that are well below EU-prescribed limits.

#### VOC EMISSIONS (GRAM/m<sup>2</sup>)



### GHG Density Emissions Trend

During 2022 Tofaş engaged in efforts to reduce its energy consumption and CO<sub>2</sub> emissions as specified by the Stellantis Production Way (SPW) methodology to which it adheres. 201 energy-efficiency projects have been initiated as part of these efforts, thanks to which 115,055 GJ of energy have been conserved and, in this way, 9,622 tons of CO<sub>2</sub> emissions have been prevented

#### GHG DENSITY EMISSIONS (TONS CO<sub>2</sub>(eq) /VEHICLE)



\* Emissions are calculated according to the methods set forth in the following guidelines:

Intergovernmental Panel on Climate Change-IPCC National Greenhouse Gas Inventory Guidelines, 2006 Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (Revised Version)

	2018	2019	2020	2021	2022
Direct greenhouse gas emissions (Scope 1) (tCO <sub>2</sub> e)	50,062	46,266	45,653	42,790	38,313
Indirect greenhouse gas emissions (Scope 2) (tCO <sub>2</sub> e)	59,253	53,247	50,303	46,180	46,558

## WATER USE

Tofaş strives to reduce the amounts of fresh water it needs by efficiently managing its water intake, recycling, and discharge systems and by developing solutions to improve water use. The company regularly analyzes its water use in order to ensure the continuity and sustainability of its water supply.

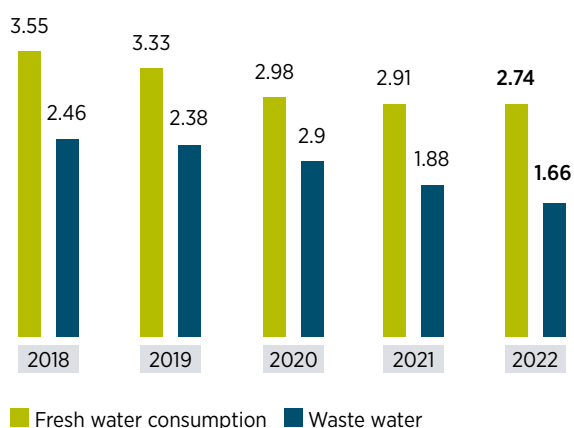
The Tofaş Sustainability Committee, led by the CEO, sets and monitors all water-related strategies. The Sustainability Working Group is responsible for strategic decision-making processes related to sustainability management. The group reports directly to the Sustainability Committee. The Environmental Health & Safety Manager, who is a member of the Sustainability Committee and the leader of the Sustainability Working Group, manages all water-related issues, including operational risks and opportunities. This officer also closely monitors issues such as water consumption and wastewater treatment and ensures that they are managed effectively.

Tofaş's water management approach is informed by the principle of efficient water use. Owing to its potentially adverse impact on biodiversity, wastewater management is a critical part of Tofaş's overall approach to water-systems management. Wastewater generated in the conduct of operations is recycled to the greatest possible extent with the aid of state-of-the-art treatment plants. Treated wastewater is discharged into receiving environments with loads that are below regulatorily-allowed limits. In 2022, 473,000 m<sup>3</sup> of operational wastewater was treated and returned to the natural environment.

The average amount of water used per manufactured vehicle decreased from 2.91 m<sup>3</sup> in 2021 to 2.74 m<sup>3</sup> in 2022. Recycling projects are targeted to reduce average water consumption to 1.79 m<sup>3</sup>/vehicle by 2026.

The Tofaş plant's internal recirculation system enabled the reuse of approximately 60 million m<sup>3</sup> of water in 2022. Last year the company began harvesting rainwater and using it for general purposes at the plant.

### FRESH WATER CONSUMPTION (m<sup>3</sup>/VEHICLE)



## Tofaş's Capitals - Natural Capital

### Supply Chain Water-Management

Tofaş closely monitors its direct-materials suppliers from the standpoints of their fresh-water resources, water consumption, sewage volumes and discharge points, wastewater-management systems and action plans as well as of the locations of their operations.

The existence of physically and regulatorily appropriate water resources is critically important to suppliers' business processes. In recognition of this, Tofaş regularly assesses its suppliers from the standpoints of water consumption, water sources, water treatment processes, and wastewater quality.

This data is compiled and used to create risk profiles and matrices that assess risks arising from potential regulatory changes and/or process disruptions. The most recent assessment indicated that the company is not exposed to any significant supplier-based water risks. Environmental impact assessments are also conducted using EIA matrixes that employ the same water-related data as inputs. These matrixes are used to develop programs to help suppliers improve their water-use and other environmental-performance indicators and thus reduce their overall environmental impact.

## Stakeholder-Based Water-Risk Assessment

	<b>Relevance &amp; involvement</b>	<b>Explanation</b>
Customers	Not relevant, included	Tofaş acknowledges that its customers want the company to make its production processes more sustainable. It therefore includes water-use as a priority issue in its sustainability reports.
Employees	Relevant, always included	Tofaş is mindful of the needs of its employees when assessing risks. In addition to providing personnel with an adequate supply of potable water, the company also provides them with water-conservation training.
Investors	Relevant, always included	Borsa İstanbul operates a Sustainability Index that includes water-related issues in its company-evaluation criteria. Water-related issues are one of the priority topics reported to all stakeholders in Tofaş's sustainability reports.
Local communities	Relevant, always included	Tofaş is committed to supporting the development of local communities as well as to minimizing any detrimental environmental impact on them. All company operations in water-stressed areas strive to minimize the amounts of water they take in and to improve the quality of the water they discharge. Tofaş collaborates with local authorities and suppliers on projects and initiatives that benefit local communities in wherever it has operations.
NGOs	Relevant, always included	Tofaş includes non-governmental organizations (NGOs) in its risk assessments both as an element of reputation management and for benchmarking purposes. The company collaborates with NGOs and solicits their opinions and suggestions according to their areas of expertise.
Other water users in the same catchment	Relevant, always included	The DOSAB Industrial Zone has underground water extraction wells and a wastewater treatment plant in the same catchment area.
Regulatory authorities	Relevant, always included	With pressures on water sources continuing to mount, authorities are increasingly obliging manufacturers to discharge no liquid effluents into the environment at all as a way of encouraging them to reuse water and reduce overall water consumption.
Nilüfer River Catchment authorities	Relevant, always included	Authorities are preparing a Nilüfer River Catchment Area Plan that will reduce the amounts of treated water that may be discharged into the environment, with the ultimate aim of reducing it to zero.
Local governmental & non-governmental interest groups	Relevant, always included	Tofaş is a member of OSD and TÜSİAD water-risk working groups and also heads the Koç Holding Water Management & Risk Assessment Working Group.
Suppliers	Relevant, always included	Water stress among suppliers will have a direct impact on Tofaş's production. The company audits its suppliers to improve their water management.
Local water service-providers	Relevant, always included	The DOSAB Industrial Zone provides water services for tenants. Tofaş regards having recourse to these services as a possible alternative in the event of any changes in regulatory requirements.
Universities	Relevant, always included	Tofaş works with Uludağ University's Department of Environmental Engineering on issues involving water management and wastewater quality.

## Tofaş's Capitals - Natural Capital

### ECO-FRIENDLY MATERIALS

Tofaş takes a life-cycle approach when considering the environmental impact of its products and services and it manages their negative and positive effects accordingly.

While striving to reduce the environmental impact of the production and use of the vehicles it makes, Tofaş is also constantly engaged in projects to make those vehicles more eco-friendly.

The company sets targets for increasing the use of eco-friendly/recyclable materials in its vehicles while also recovering reusable elements from end-of-life vehicles and ensuring that everything else is disposed of in accordance with national and international regulations.

The Tofaş R&D team develops and works with national and international organizations on projects whose aim is to increase the percentages of recyclable and ecofriendly materials used in vehicles.

A few of the company's initiatives aimed at increasing the percentages of recyclable and ecofriendly materials used in vehicles are highlighted below.

- Ocean Fabric: Seat covers made from fabric manufactured using recycled plastic bottles collected from the sea.
- Recycling industrial PET bottles and using innovative techniques and processes to make automotive components.

- Multicycling: A method developed to recover plastic raw materials and restore them to their original properties, thereby allowing the materials to be reused over and over again.
- Using bio-based polymers in the production of automotive components.

### IMPROVING ENVIRONMENTAL PERFORMANCE & RAISING ENVIRONMENTAL AWARENESS

Tofaş strives to improve energy efficiency in its distribution operations. The company seeks to raise environment and climate-change awareness and encourage responsible behavior across its supply chain through supplier & dealer development programs on the one hand and customer information services on the other.

In addition to its direct environmental impact, Tofaş is also committed to reducing the indirect environmental impact of its operations. It does this by systematically improving environmental performance throughout its value chain.

To ensure the sustainability of logistics operations, issues such as energy consumption, greenhouse gas emissions, and appropriate packaging are given high priority. When selecting logistical service providers, factors such as energy-efficiency and emissions-management systems and carbon-footprint verification certifications are taken into consideration. Attention is also given to the use of alternative shipping methods (sea, rail) and of more ecofriendly vehicles and to shipping and delivery-route optimization.

Tofaş designates departmental environment & energy guides who are responsible for environmental principle and procedure adoption and compliance within their unit. These guides take part in monthly Environment & Energy Committee meetings, during which departmental training and deployment activities are discussed and planned.

Tofaş believes that the most important and effective way to improve its environmental performance is by strengthening the systems and processes by which that performance is managed. By focusing on the economic costs associated with environmental risks, the company streamlines its risk-management decision-making processes. Tofaş allocates budget resources for environmental risk management and reduction. Tofaş believes it is important to incentivize not just its own employees but all stakeholders to be environmentally aware and concerned in order to ensure the future sustainability of its own environmental performance.

In order to promote and encourage environmental awareness among its own employees and those of its business partners, Tofaş incorporates annual environmental-management targets into its performance-evaluation system. However the company also attaches great importance to raising environmental awareness in general:

- As part of its efforts to increase environmental awareness, 6,889 employees were provided with a total of 10,757 hours of training in the form of Tofaş Academy training modules as well as through digital platforms during 2022.
- Every visitor and contractor employee entering any of Tofaş's premises is required to undergo workplace-safety and environmental-risk and rule training. This training must be repeated at least once a year.
- Energy-conservation and environment-protection projects and competitions are used along with visual and other materials to increase environmental awareness within the factory.
- Tofaş employees and their families take part in company-organized observances of World Environment Day on June 5<sup>th</sup> every year.
- Under a project conducted together with the Bursa Federation of Disabled Persons' Associations, receptacles for the disposal of plastic bottle and container caps were installed in twenty locations around the factory. These caps are collected by the federation, which uses the proceeds from their recycling for the benefit of people with disabilities.
- A "Join the Green Transformation" case-study competition that Tofaş organized was attended by more than 200 junior and senior-year university students. Finalists prepared and delivered presentations on how they would manage the automotives industry's dynamics as it transitioned to a low-carbon economy. In addition to team awards, the members of the top three teams were given priority in admittance to Tofaş's Prova Plus long-term internship program.



## Performance Data

### Economic and Operational Indicators

	2018	2019	2020	2021	2022	External Assurance
Production (pcs)	301,750	264,197	250,630	228,544	263,747	
Total Retail Sales (pcs)	72,764	78,692	141,976	124,738	150,013	
Automobile	44,374	59,602	97,015	76,565	100,932	
Light Commercial Vehicle	28,390	19,090	44,961	48,173	49,081	
Total Exports (pcs)	243,833	194,145	117,903	112,477	121,485	
Automobile	133,362	107,189	61,502	46,116	38,542	
Light Commercial Vehicle	110,471	86,956	56,401	66,361	82,943	
Capacity Utilization Rate (%)	67	59	56	54	58	
Net Sales (thousand TL)	18,603,331	18,896,914	23,556,747	29,684,305	65,545,354	
Domestic	3,934,701	5,355,308	12,441,509	14,264,210	34,038,696	
Exports	14,455,023	13,301,313	10,821,043	14,643,275	29,903,470	
Other Sales from Main Operations	213,607	240,293	294,195	776,820	1,603,188	
Profit Before Tax (thousand TL)	1,290,894	1,456,555	1,830,776	3,512,216	8,562,229	
Profit After Tax (thousand TL)	1,330,423	1,481,639	1,784,170	3,281,316	8,562,191	
EBITDA (thousand TL)	2,484,452	2,479,757	3,025,512	5,794,126	11,269,849	
Earnings per Share (Kr)	2.66	2.96	3.57	6.56	17.12	
Economic Value Generated - Net Income (thousand TL)	18,603,331	18,896,914	23,556,747	29,684,305	65,545,354	
Economic Value Distributed (thousand TL)	16,999,598	17,438,696	21,861,477	25,716,057	58,488,456	
Operating Costs	15,314,209	15,615,177	19,699,090	22,846,755	51,669,747	
Employee Wages and Benefits	852,757	907,408	916,840	1,241,339	2,832,142	
Dividend Payment to Shareholders	800,000	880,000	1,200,000	1,500,000	3,200,000	
Government Taxes and Other Obligations	25,887	29,383	31,884	113,178	761,698	
Social Investments	8,218	10,000	13,663	14,785	24,868	
Economic Value Retained (thousand TL)	1,603,733	1,458,218	1,695,270	3,968,248	7,056,898	
Government Incentives (thousand TL)	160,643	266,290	325,440	931,703	990,399	
Corporate Governance Rating Note	9.20	9.26	9.26	9.26	9.26	
Total R&D Budget (million TL)	244	355	575	882	671	
Total Number of R&D Personnel	690	710	579	600	600	
Total Number of Patents	32	23	49	55	71	

**Environmental Indicators**

	2018	2019	2020	2021	2022	External Assurance
Total Energy Consumption (GJ)	1,165,961	1,042,245	993,438	884,925	841,801	✓
Direct Energy Consumption - Natural Gas (GJ)	676,304	593,241	578,984	497,066	463,607	✓
Indirect Energy Consumption (GJ)	489,657	449,004	414,454	387,859	378,194	✓
Electricity	489,657	449,004	414,454	387,859	378,194	✓
Steam	-	-	-	-	-	✓
Energy Consumption per Vehicle Manufactured (GJ/vehicle)	4.00	4.00	4.00	4.00	3.19	✓
Energy Saved Through Efficiency Projects (GJ)	79,935	48,975	31,155	77,974	115,055	✓
GHG Emission Reduction Through Efficiency Projects (ton CO <sub>2</sub> e)	5,387	3,960	2,884	5,148	9,622	✓
Scope 1	3,505	1,584	1,823	3,693	3,693	✓
Scope 2	1,882	2,376	1,061	1,455	5,929	✓
Direct GHG Emissions (Scope 1) (ton CO <sub>2</sub> e)	50,062	46,266	42,784	55,191	38,313	✓
Indirect GHG Emissions (Scope 2) (ton CO <sub>2</sub> e)	59,253	53,272	54,757	47,726	46,558	✓
GHG Emissions From Personnel Commuting (Scope 3) (ton CO <sub>2</sub> e)	6,339	6,461	6,363	6,562	7,199	✓
GHG Emissions per Vehicle Manufactured (kg CO <sub>2</sub> e/vehicle)	0.362	0.377	0.383	0.389	0.322	✓
Total VOC Emissions (ton)	1,027	921	849	762	859	
Specific VOC Emissions (gr/m <sup>2</sup> painting surface)	33	33	31	29	28	
Total Water Withdrawal - Underground sources (m <sup>3</sup> )	1,073,623	929,882	788,444	776,732	794,608	✓
Fresh Water Consumption per Vehicle Manufactured (m <sup>3</sup> /vehicle)	3.55	3.33	2.98	2.91	2.74	✓
Total Water Recovered (m <sup>3</sup> )	64,555,900	62,247,070	60,569,408	59,892,800	60,637,820	✓
Reuse	64,555,900	62,247,070	60,569,408	59,892,800	60,637,820	✓
Recycle	-	-	-	-	-	✓
Wastewater Discharge - Natural Receiving Environment (m <sup>3</sup> )	743,173	630,014	510,408	437,290	437,947	✓

## Performance Data

<b>Environmental Indicators (cont'd)</b>						
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>External Assurance</b>
Total Amount of Hazardous Waste by Disposal Method (ton)	1,861	1,495	1,808	1,280	1,292	✓
Energy Recovery	1,439	1,093	1,161	1,280	1,292	✓
Recovery	422	402	647	-	-	✓
Landfill	-	-	-	-	-	✓
Total Amount of Non-hazardous Waste by Disposal Method (ton)	74,310	55,507	58,285	55,086	62,690	✓
Energy Recovery	885	1,120	1	-	-	✓
Recovery	73,425	54,387	58,284	55,086	62,690	✓
Amount of Hazardous Waste Transferred for Disposal Purposes (ton)	1,861	1,495	1,808	1,280	1,292	✓
Amount of Electronic Waste (ton)	18	10	15	10	11	✓
Total Packaging Material Used (ton)	8,298	6,022	5,895	5,555	5,745	✓
Packaging Waste Recovery Ratio (%)	100	100	100	100	100	✓
Environment Training for Personnel - Participation (number of participants)	5,443	12,842	13,099	7,778	7,996	
Company's Own Personnel	2,859	3,521	5,099	6,458	6,889	
Contractor Personnel	13,885	9,321	8,000	1,320	1,107	
Environment Training for Personnel - Total Hours (person x hours)	6,664	4,850	9,584	11,007	12,380	
Company's Own Personnel	2,671	3,521	8,572	9,688	10,757	
Contractor Personnel	3,993	1,329	2,012	1,319	1,623	
Total Environmental Management Costs (TL)	1,340,123	1,176,024	1,320,000	1,300,249	2,485,000	
Fines Associated with Violation of Regulations on Environment (number of fines, TL values)	0	0	0	0	0	
Environmental Impact-related Complaints Received Through Formal Mechanisms (number of complaints)	0	0	0	0	0	
Total Number of Suppliers Assessed Based on Environmental Criteria	14	13	12	16	16	

<b>Social Indicators</b>						
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>External Assurance</b>
Total Working Hours	17,051,697	14,543,466	13,173,432	11,945,333	12,386,964	
Personnel Training - Number of Participants	48,803	43,215	37,726	44,054	27,694	
Tofaş Field Personnel	26,768	16,118	18,237	39,575	15,052	
Tofaş Office Personnel	11,114	7,723	11,905	4,479	12,642	
Dealer Personnel	10,006	18,101	7,290	4,014	6,924	
Supplier Personnel	915	1,273	294	838	263	
Female	7,325	5,534	5,662	8,677	4,569	
Male	41,478	37,681	32,064	35,377	35,320	
Personnel Training - Total Number of Hours (person x hour)	408,966	329,409	247,274	239,099	164,128	
Tofaş Field Personnel	193,238	123,193	119,800	132,910	93,754	
Tofaş Office Personnel	131,367	97,283	57,566	106,189	70,374	
Dealer Personnel	73,465	96,340	68,122	48,569	47,083	
Supplier Personnel	10,896	12,593	1,786	6,776	2,376	
Female	64,936	50,894	39,262	32,954	22,847	
Male	344,029	278,515	208,011	206,145	141,281	
Average Hours of Training per Personnel (hours/person)	36.8	29.3	26.2	18.7	23.4	
Tofaş Field Personnel	29.4	22.9	22.9	17.9	25.2	
Tofaş Office Personnel	77.1	58.9	37.2	64.3	12.4	
Dealer Personnel	13.4	19.2	20.3	12.1	6.8	
Supplier Personnel	15.8	18.2	3.1	8.1	9	
Female	31.9	24.2	22.7	15.4	12.7	
Male	19.9	16.6	14.2	10.6	13.4	
OHS Training for Personnel - Number of Participants	11,691	8,496	5,942	10,200	6,237	
Company's Own Personnel	6,920	4,795	4,201	6,128	4,517	
Contractor Personnel	4,771	3,701	1,741	4,072	1,720	
OHS Training for Personnel - Total Number of Hours	91,556	36,168	36,490	77,199	52,429	
Company's Own Personnel	87,978	34,575	35,184	74,512	36,948	
Contractor Personnel	11,691	8,496	1,306	2,687	15,481	
Number of Accidents	23	46	29	19	27	
Company's Own Personnel	14	31	15	11	18	
Contractor Personnel	9	15	14	8	9	
Non-LTA Rate (first aid)						
Company's Own Personnel	0.3	0.15	0.14	0.09	0.15	
Contractor Personnel	0.21	0.45	0.4	0.39	0.33	

## Performance Data

<b>Social Indicators (cont'd)</b>						
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>External Assurance</b>
Occupational Disease Rate (ODR)						
Company's Own Personnel	0	0	0.01	0	0	
Contractor Personnel	0	0	0	0	0	
LTA Rate (number of accidents resulting in loss of $\geq 1$ day x 100,000 / working hours)						
Company's Own Personnel	0.06	0.06	0.07	0.07	0.12	
Contractor Personnel	0.04	0.23	0.22	0.17	0.18	
Number of Occupational Casualties	0	0	0	0	0	
Company's Own Personnel	0	0	0	0	0	
Contractor Personnel	0	0	0	0	0	
Number of personnel engaged in activities with a high risk of accident or occupational disease	0	0	0	0	0	
Number of Currently Available OHS Committees	9	9	9	9	9	
Total Number of Members in OHS Committees	99	99	99	99	99	
Number of Employee Representatives in OHS Committees	12	12	12	12	12	
Total Number of Suppliers Assessed Based on Workforce Criteria	14	14	14	14	16	

<b>Employee Demography</b>						
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>External Assurance</b>
Total Workforce (number)	8,526	7,421	7,401	7,237	6,569	
Company's Own Personnel	7,694	6,720	6,876	6,410	5,935	
Female	800	694	668	645	599	
Male	6,894	6,026	6,208	5,765	5,336	
Contractor Personnel	832	701	525	827	634	
Total Number of Employees by Contract Type	7,694	6,720	6,876	6,410	5,935	
Permanent	7,665	6,714	6,425	6,408	5,928	
Female	794	694	668	645	599	
Male	6,871	6,020	5,757	5,763	5,329	
Temporary	23	5	451	2	7	
Female	-	-	-	-	0	
Male	23	5	451	2	7	
Total Number of Employees by Categories	7,694	6,720	6,876	6,410	5,935	
Field Personnel	6,009	5,171	5,394	4,946	4,488	
Female	421	339	325	311	259	
Male	5,588	4,832	5,069	4,635	4,229	
Office Personnel	1,685	1,549	1,482	1,464	1,447	
Female	379	355	343	334	340	
Male	1,306	1,194	1,139	1,130	1,107	
Total Number of Employees by Employment Type	7,694	6,720	6,876	6,410	5,935	
Full Time	7,694	6,720	6,876	6,410	5,935	
Female	800	694	668	645	599	
Male	6,894	6,026	6,208	5,765	5,336	
Part Time	-	-	-	-	0	
Total Number of Employees by Education Levels	7,694	6,720	6,876	6,410	5,935	
Primary School	367	252	239	190	162	
High School	4,473	3,892	4,040	3,718	3,371	
University and Higher	2,854	2,576	2,597	2,502	2,402	
Total Number of Employees By Age Groups	7,694	6,720	6,875	6,410	5,935	
18-30	2,984	2,215	2,252	1,804	1,439	
31-40	3,304	3,228	3,346	3,323	3,016	
41-50	1,307	1,167	1,083	1,112	1,290	
51-60	98	110	194	170	190	

## Performance Data

## Employee Demography (cont'd)

	2018	2019	2020	2021	2022	External Assurance
Top Management (number)	17	19	19	18	19	
By Gender	17	19	19	18	19	
Female	-	1	1	1	1	
Male	17	18	18	17	18	
By Age Group	17	19	19	18	19	
18-30	-	-	-	-	0	
31-40	1	1	-	-	0	
41-50	9	8	7	6	7	
51-60	7	10	12	12	12	
Nationality	17	19	19	18	19	
Republic of Turkey	15	17	17	16	17	
Expat	2	2	2	2	2	
Mid-level Management (number)	281	263	260	258	263	
By Gender	281	263	260	258	263	
Female	39	37	37	39	37	
Male	242	226	223	219	226	
By Age Group	281	263	260	258	263	
18-30	9	5	4	1	2	
31-40	138	124	113	104	94	
41-50	100	102	110	119	130	
51-60	34	32	33	34	37	
Those Falling Under Collective Bargaining (number)	6,009	5,171	5,346	4,946	4,488	
New Personnel (number)	245	5	497	384	235	
By Gender	245	5	497	384	235	
Female	76	1	12	31	67	
Male	169	4	485	353	168	
By Age Group	245	5	497	384	235	
18-30	206	4	434	346	175	
31-40	36	-	13	35	54	
41-50	3	1	4	2	6	
51-60	-	-	46	1	0	



**Employee Demography (cont'd)**

	2018	2019	2020	2021	2022	External Assurance
Those Who Resigned (number)	1,801	843	853	594	758	
By Gender	1,801	843	853	594	758	
Female	155	83	97	59	123	
Male	1,646	760	756	535	635	
By Age Group	1,801	843	853	594	758	
18-30	1,256	448	556	258	237	
31-40	242	170	93	152	318	
41-50	222	131	49	63	66	
51-60	80	94	155	121	137	
Those on Parental Leave (number)	644	624	481	470	384	
Female	97	102	93	63	55	
Male	547	522	388	407	329	
Those Who Returned After Parental Leave (number)	644	624	458	459	365	
Female	97	102	70	59	51	
Male	547	522	388	400	314	
Those Who Returned From Parental Leave and Did Not Resign in the Last 12 Months (number)	585	596	464	459	365	
Female	78	90	89	66	51	
Male	507	506	375	393	314	

✔ Verified by Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş.

# GRI Content Index



CONTENT INDEX  
ESSENTIALS SERVICE

2023

Statement of Use	Tofaş has reported in accordance with the GRI Standards for the period 01/01/2022 to 31/12/2022
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None Apply
For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.	

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
<b>GRI 2: General Disclosures 2021</b>	2-1 Organisational details	2-3	
	2-2 Entities included in the organisation's sustainability reporting	1	
	2-3 Reporting period, frequency and contact point	1	
	2-4 Restatements of Information	There is no restated information.	
	2-5 External Assurance	110-112	
	2-6 Activities, Value Chain and Other Business Relationships	4-5	
	2-7 Employees	54-57	
	2-8 Workers Who are not Employees	54-57	
	2-9 Governance Structure and Composition	18-30	
	2-10 Nomination and Selection of the Highest Governance Body	Regarding the minimum qualities to be sought in appointments to Board Member, Tofaş acts in accordance with the provisions of Turkish Commerce Code and the regulations of Capital Markets Board.	
	2-11 Chair of the Highest Governance Body	The Chairman of the Board of Directors has no executive duty.	
	2-12 Role of the Highest Governance Body in Overseeing the Management of Impacts	18-30	
	2-13 Delegation of Responsibility for Managing Impacts	18-30	
	2-14 Role of the Highest Governance Body in Sustainability Reporting	18-30	
	2-15 Conflicts of Interest	54	
	2-16 Communication of Critical Concerns	31-32	

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
	2-17 Collective Knowledge of the Highest Governance Body	18-30	
	2-18 Evaluation of the Performance of the Highest Governance Body	18-30	
	2-19 Remuneration Policies	55, 60	
	2-20 Process to Determine Remuneration	55, 60	
	2-21 Annual Total Compensation Ratio	Confidential information due to the Tofaş policy.	
	2-22 Statement on Sustainable Development Strategy	16-17	
	2-23 Policy Commitments	16, 19-22, 24-30, 54, 65, 83-84	
	2-24 Embedding Policy Commitments	19-22, 24-30, 54, 65, 83-84	
	2-25 Processes to Remediate Negative Impacts	6, 7, 65, 87, 89, 90	
	2-26 Mechanisms for Seeking Advice and Raising Concerns	64	
	2-27 Compliance with Laws and Regulations	There are no fines or sanctions in the reporting period.	
	2-28 Membership Associations	72, 89	
	2-29 Approach to Stakeholder Engagement	31-32	
	2-30 Collective Bargaining Agreements	64	
	3-1 Process to Determine Material Topics	33-34	
<b>GRI 3: Material Topics 2021</b>	3-2 List of Material Topics	33 There are no significant changes from previous reporting periods in the list of material topics and topic boundaries.	
<b>Economic Performance</b>			
<b>Economic Performance</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
	201-1 Direct Economic Value Generated and Distributed	35-43	
	201-2 Financial Implications and other Risks and Opportunities Due to Climate Change	27-28	
<b>GRI 201: Economic Performance 2016</b>	201-3 Defined Benefit Plan Obligations and other Retirement Plans	35-43	
	201-4 Financial Assistance Received from Government	There is no financial assistance received from government during the reporting period.	

## GRI Content Index

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
<b>Market Position</b>			
<b>Market Presence</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 202: Market Presence 2016</b>	202-1 Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage	In Tofaş, the standard entry level wage of all employees is above the local minimum wage.	
	202-2 Proportion of senior management hired from the local community	All members of Tofaş senior management are Turkish Republic citizens.	
<b>Economic Impact</b>			
<b>Indirect Economic Impact</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 203: Indirect Economic Impact 2016</b>	203-1 Infrastructure investments and services supported	69, 71-73	
	203-2 Significant indirect economic impacts	35-43	
<b>Tax</b>			
<b>GRI 207: Tax 2019</b>	207-1 Approach to tax	39-40, 92	
	207-2 Tax governance, control, and risk management	39-40, 92	
	207-3 Stakeholder engagement and management of concerns related to tax	39-40, 92	
	207-4 Country-by-country reporting	1, 39-40, 92	
<b>Local Purchase</b>			
<b>Procurement Practices</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	16-17, 31, 34, 44, 49-59	
<b>Anticompetitiveness</b>			
<b>Anti-Corruption</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 205: Anti-Corruption 2016</b>	205-1 Operations assessed for risks related to corruption	16, 24-25	
	205-2 Communication and training about anti-corruption policies and procedures	24-25	
	205-3 Confirmed incidents of corruption and actions taken	24-25	

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
<b>Anti-Competitive Behavior</b>			
<b>GRI 206: Anti-Competitive Behavior 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	24-25	
<b>Sustainable Product</b>			
<b>Materials</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	44, 48-50, 52, 84, 90	
	301-2 Recycled input materials used	44, 48-50, 52, 84, 90	
	301-3 Reclaimed products and their packaging materials	44, 48-50, 52, 84, 90	
<b>Gender Equality</b>			
<b>Diversity and Equal Opportunity</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of Governance Bodies and Employees	19, 55, 79	
	405-2 Ratio of Basic Salary and Remuneration of Women to Men	There is no gender-based wage discrimination in Tofaş.	
<b>Non-Discrimination</b>			
<b>GRI 406: Non-Discrimination 2016</b>	406-1 Incidents of Discrimination and Corrective Actions Taken	There are no incidents of discrimination during the reporting period.	
<b>Human Rights Impact</b>			
<b>Freedom of Association and Collective Bargaining</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and Suppliers in Which the Right to Freedom of Association and Collective Bargaining may be at Risk	During the reporting period, there are no incidents of violation of employees' rights to exercise freedom of association or collective bargaining or it is under significant risk.	
<b>Child Labor</b>			
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and Suppliers at Significant Risk for Incidents of Child Labor	Tofaş does not employ child labor in any way.	
<b>Forced or Compulsory Labor</b>			
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and Suppliers at Significant Risk for Incidents of Forced or Compulsory Labor	There are no activities and operations at Tofaş with significant risk for incidents of forced or compulsory labor in 2022.	

## GRI Content Index

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
<b>Energy Efficiency</b>			
<b>Energy</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	85-86	
	302-2 Energy consumption outside of the organization	85-86	
	302-3 Energy intensity	85-86	
	302-4 Reduction of energy consumption	85-86	
	302-5 Reductions in energy requirements of products and services	85-86	
<b>Water Consumption</b>			
<b>Water and Effluents</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	87-88	
	303-2 Management of water discharge-related impacts	87-88	
	303-3 Water withdrawal	87-88	
	303-4 Water discharge	87-88	
	303-5 Water consumption	87-88	
<b>Biodiversity</b>			
<b>Biodiversity</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 304: Biodiversity 2016</b>	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	33, 82, 87	
	304-2 Significant impacts of activities, products and services on biodiversity	33, 82, 87	
	304-3 Habitats protected or restored	33, 82, 87	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	33, 82, 87	

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
<b>GHG Emissions</b>			
<b>Emissions</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	93	
	305-2 Energy indirect (Scope 2) GHG emissions	93	
	305-3 Other indirect (Scope 3) GHG emissions	93	
	305-4 GHG emissions intensity	28-29, 81, 83, 86, 92	
	305-5 Reduction of GHG emissions	28-29, 81, 83, 86, 92	
	305-6 Emissions of ozone-depleting substances (ODS)	28-29, 81, 83, 86, 92	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	28-29, 81, 83, 86, 92	
<b>Waste</b>			
<b>Waste</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 306: Waste 2020</b>	306-1 Water discharge by quality and destination	84, 87-88, 93-94	
	306-2 Waste by type and disposal method	84, 93-94	
	306-3 Significant spills	84, 93-94	
	306-4 Transport of hazardous waste	84, 93-94	
	306-5 Water bodies affected by water discharges and/or runoff	84, 87-88, 93-94	
<b>Supply Chain GHG</b>			
<b>Supplier Environmental Assessment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers monitored according to environmental criteria	88-91	
	308-2 Negative Environmental Impacts in the Supply Chain and Actions Taken	88-91	



## GRI Content Index

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
<b>Number of Internal Stakeholders</b>			
<b>Employment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 401: Employment 2016</b>	401-1 New Employee Hires and Employee Turnover	25, 34, 54-60	
	401-2 Benefits Provided to Full-Time Employees that are not Provided to Temporary or Part-Time Employees	25, 34, 54-60	
	401-3 Parental Leave	25, 34, 54-60	
<b>Labor / Management Relations</b>			
<b>GRI 402: Labor / Management Relations 2016</b>	402-1 Minimum Notice Periods Regarding	61-63, 99	
<b>OHS</b>			
<b>Occupational Health and Safety</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational Health and Safety Management System	65-68	
	403-2 Hazard Identification, Risk Assessment, and Incident Investigation	65-68	
	403-3 Occupational Health Services	65-68	
	403-4 Worker Participation, Consultation, and Communication on Occupational Health and Safety	65-68	
	403-5 Worker Training on Occupational Health and Safety	65-68	
	403-6 Promotion of Worker Health	65-68	
	403-7 Prevention and Mitigation of Occupational Health and Safety Impacts Directly linked by Business Relationships	65-68	
	403-8 Workers Covered by an Occupational Health and Safety Management System	65-68	
	403-9 Work-Related Injuries	65-68	
	403-10 Work-Related Ill Health	65-68	

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
<b>Educational Opportunities</b>			
<b>Training and Education</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 404: Training and Education 2016</b>	404-1 Average Hours of Training per Year per Employee	95	
	404-2 Programs for Upgrading Employee Skills and Transition Assistance Programs	56-59	
	404-3 Percentage of Employees Receiving Regular Performance and Career Development Reviews	56-59	
<b>Product Information</b>			
<b>Customer Health and Safety</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	46	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		There is no non-compliance during the reporting period.
<b>Marketing and Labeling</b>			
<b>GRI 417: Marketing and Labeling 2016</b>	417-1 Requirements for product and service information and labeling	46	
	417-2 Incidents of non-compliance concerning product and service information and labeling		There is no non-compliance during the reporting period.
	417-3 Incidents of non-compliance concerning marketing communications		There is no non-compliance during the reporting period.
<b>Data Privacy</b>			
<b>Customer Privacy</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		There are no complaints concerning breaches of customer privacy and losses of customer data during the reporting period.

## GRI Content Index

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
<b>Child Labor at External Stakeholder</b>			
<b>Rights of Indigenous Peoples</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 411: Rights of Indigenous People 2016</b>	411-1 Incidents of violations involving rights of indigenous peoples	There is no non-compliance during the reporting period.	
<b>Social Benefit Projects</b>			
<b>Local Communities</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	35-36	
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	76-80, 89	
	413-2 Operations with significant actual and potential negative impacts on local communities	76-80	
<b>External Stakeholder's Social and Environmental Compliance</b>			
<b>Supplier Social Assessment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34	
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	14, 16-17, 22, 34, 44, 50-51	
	414-2 Negative social impacts in the supply chain and actions taken	14, 16-17, 22, 34, 44, 50-51	
<b>Public Policy</b>			
<b>GRI 415: Public Policy 2016</b>	415-1 Political contributions	Tofaş adheres to a strict policy of non-partisanship and maintains impartiality.	

<b>GRI Standard</b>	<b>Disclosure</b>	<b>Relevant Page Numbers and/or Explanations</b>	<b>Omission</b>
<b>Anti-Corruption</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34, 54-68	
<b>R&amp;D and Innovation</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34, 69-75	
<b>GHG from Vehicle Manufacture</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34, 86	
<b>Local Purchase</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34, 44-45, 50-51	
<b>Digitalization</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34, 52-53, 72-75	
<b>Renewable Energy</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34, 85	
<b>Wastewater</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34, 87-89, 93	
<b>Ozone Layer</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34, 81-82	
<b>Risk and Opportunity</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	22, 26, 33-34	
<b>Energy Consumption of the Supply Chain</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34, 44, 49-51	
<b>Access to Water Resources</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34, 87-88	
<b>Environmentally Friendly External Stakeholder</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of Material Topics	33-34, 75, 81	

# Tofaş Türk Otomobil Fabrikası A.Ş. Assurance Statement (Limited Level)



## TÜRK LOYDU

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

Tel: +90 216 581 37 00, Faks: + 90 216 581 38 20, e-posta: tlbb@turkloydu.org, web: www.turkloydu.org

### 1. SCOPE OF WORK

Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. carried out office and field studies to provide an independent assurance at limited confidence level of its select GRI Performance Disclosures (Energy, Water & Effluents, Emissions and Waste) of TOFAŞ Sustainability Report 2022 according to the GRI Standards.

Verification activities were conducted between the period of June and August 2023 with process analysis.

This Assurance Statement applies to the related performance data and information on these disclosures included within the scope of work described below.

- 302-1 Energy consumption within the organization
- 302-3 Energy intensity
- 302-4 Reduction of energy consumption
- 303-3 Water withdrawal
- 303-4 Water discharge
- 303-5 Water consumption
- 305-1 Direct (Scope 1) GHG emissions
- 305-2 Energy indirect (Scope 2) GHG emissions
- 305-3 Other indirect (Scope 3) GHG emissions
- 305-4 GHG emissions intensity
- 306-1 Waste generation and significant waste-related impacts
- 306-2 Management of significant waste-related impacts
- 306-3 Waste generated
- 306-4 Waste diverted from disposal
- 306-5 Waste directed to disposal

The information and responsibility in the TOFAŞ 2022 Sustainability Report belongs to the organization and Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. was not involved in the drafting of the Report. The sole responsibility of the Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. was to provide independent assurance on the accuracy and reliability of information included, and on the underlying systems and processes used to collect, analyse and review it.

### 2. VERIFICATION ACTIVITIES

Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. undertook the following verification activities as part of its independent assurance:

- a. TOFAŞ Türk Otomobil Fabrikası A.Ş. has made this verification for one production site located at Bursa Factory; İstanbul Cad., No:574 16110 BURSA and head office building located at Büyükdere Cad. No:145 Tofaş Han 34394 Zincirlikuyu/İSTANBUL,

- b. Site visit had been conducted at Bursa Factory; İstanbul Cad., No:574 16110 BURSA on 09.06.2023,
- c. Relevant personnel interviewed who are the responsible for the relevant data systems and collection, compilation and analyses processes during the site visit verification,
- d. Review and verify of performance disclosure information and datas with reference documents,
- e. Evaluation of data and information management systems in terms of collection, aggregation, analysis and review.

### 3. ASSURANCE STATEMENT

Türk Loydu planned and performed verification studies to obtain the information, explanations and evidence that we considered necessary to provide a limited assurance level based on the process and procedures conducted.

Türk Loydu conducted the verification with regard to the assertion of TOFAŞ which includes assessment of the company information management system and monitoring & reporting methodology. This assessment included the collection of evidence supporting of the reported data and multiple cross checks, reporting standard and calculation methodologies referenced in the verification criteria.

Türk Loydu's approach is risk-based, drawing on an understanding of the risks associated with calculating GHG emission information and the controls in place to mitigate these risks. Our studies included assessment, on a limited sample basis, of evidence relevant to the reporting of emission information.

Based on our work, it is our opinion; the GRI Performance Disclosures (Energy, Water & Effluents, Emissions and Waste) of TOFAŞ 2022 Sustainability Report are verified and confirmed by the verification team according to the GRI Standards.

H. Uğur AYKAÇ  
Responsible Manager

Onur YILMAZ  
Greenhouse Gas Lead Verifier

## Sustainability Reporting Assurance Statement



# TÜRK LOYDU

## SERA GAZI DOĞRULAMA BEYANI GREENHOUSE GAS VERIFICATION STATEMENT

Belge No / Certificate No : 2023.0451.0048

### TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

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

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

firmasında Türk Loydu tarafından  
Türk Loydu hereby certifies that,

### TS ISO 14064-1:2018

(Aynı zamanda düzenlenen bu belge ISO 14064-3'e uygun olarak süreç, izleme ve raporlama gerekliliklerinin sağlandığını gösterir)  
(As well as criteria given to provide for consistent operations, monitoring and reporting in ISO 14064-3:2019)

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

**Toplam Sera Gazı Emisyonu** : 7,199,750 tCO<sub>2</sub>e  
**Total Greenhouse Gas Emission**

**Doğrudan Emisyonlar** : 38,313 tCO<sub>2</sub>e  
**Direct Emissions**

**Dolaylı Emisyonlar** : 7,161,437 tCO<sub>2</sub>e  
**Indirect Emissions**

**Güven Seviyesi** : Sınırlı  
**Level of Assurance** : Limited

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

Doğrulama Periyodu / Verification Period : 01.01.2022-31.12.2022  
Belgelendirme Tarihi / Date of Certification : 01.09.2023  
Doğrulama Raporu Ref.No / Ref.No of Verification Report : 2023-0451-01

Sorumlu Müdür  
Responsible Manager

Teknik Yönetici  
Technical Manager



## Tofaş 2022 Integrated 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](mailto:sustainability@tofas.com.tr).

## Legal Notice and Contacts

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For more information about the report and to share your opinions and suggestions please contact our Sustainability Officer.

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### Disclaimer:

This Tofaş 2022 Integrated Report ("Report") was prepared by Tofaş Türk Otomobil Fabrikası A.Ş. ("Tofaş"). All the information, opinions, and assessments contained in the Report were provided by Tofaş, may not be complete and, apart from data related to energy, water, and greenhouse gas emissions, have not been independently verified for purposes of this Report. This Report is for informational purposes only and is not intended to be used as the basis for any investment decisions. The information disclosed in this report is not an offer—or any part of an offer—to sell Tofaş shares; neither is it a solicitation to engage in such a sale. No legal relationship of such a nature may be deemed to have been established by the publication of this Report. All information disclosed and supporting documentation referred to in this Report are believed to be accurate as of the reporting period. The information is based on reliable sources and is presented in good faith. Nevertheless, Tofaş makes no representations, warranties, or commitments with respect to the information. Accordingly, neither Tofaş, nor Tofaş shareholders, nor Tofaş subsidiaries, nor Tofaş company directors, employees, or consultants may be held responsible for any direct or indirect losses or damages that any person or persons may suffer either (1) as a result of any information or communication disclosed in this Report or (2) based on any information that may or may not have been included in this Report.



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