

TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

Sustainability Report 2018

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About the Report

With the sustainability reporting practice, we aim to provide our stakeholders with the most current and holistic information about our activities.

With our sustainability report we published this year for the 6th time, we share our studies we conducted during our sustainability journey, our administrative approaches, and the social, economic and environmental impacts of our operations, our performance results and our goals with our stakeholders once more.

Tofaş 2018 Sustainability Report involves the activities of Tofaş Türk Otomobil Fabrikası A.Ş. between 01.01.2018 - 31.12.2018. Except for the financial data, information regarding our subsidiaries, Fer Mas Oto Ticaret A.Ş. and Koç Fiat Finansman A.Ş. companies, is not included in the report, unless otherwise stated.

This report has been prepared in accordance with GRI Standards: "Core" option. Report content is based on the subject portfolio obtained as a result of the study of identification of sustainability priorities. In some material subjects, we included performance results for the relevant stakeholders in addition to company information. When preparing the data available in this report, we also benefited from the sector-wide performance evaluation criteria in order to provide the reader a more comprehensive and integrated analysis in addition to indicators defined in GRI Standards.

We aim to carry out our future reporting activities in the annual plan by following the same guiding methodology. You may find sustainability reports for previous periods, PDF version of Tofaş Sustainability Report 2018 and detailed information about the content of the report at <https://www.tofas.com.tr/en/Pages/default.aspx>.

Message from CEO



The year 2018 was a year in which the global economic recovery continued. Besides, there were strong fluctuations in emerging markets. When we evaluate our country in particular, the volatility in exchange rates and the upward trend in inflation affected the automotive sector negatively. Turkey's automotive sector manufacturing fell by 8.9% while sales in car market fell by 33%. In spite of all these negative developments in the sector, Tofaş continued to be the sector leader with 91% domestic manufacturing share in 2018, when we celebrated our 50th year. We represent the manufacturing of 19% of the automotive industry, and 18% of its exportation. Our manufacturing volume reached 302,000 while our export volume reached 3 million.

By supporting our economic growth with our corporate sustainability performance, we strive to reach a stronger position in all aspects of the sector in which we operate. Our work in corporate governance was evaluated and our rating is raised to 9.20 in 2018. With our performance in sustainability, we continue to be included in the Borsa İstanbul (BIST) Sustainability Index.

We continued to be the company that invested the most in R & D in 2018 with R & D expenditure of TL 244 million. Tofaş R & D Center played an important role in increasing its exports by providing manufacturing to four different brands. Developed in the responsibility of Tofaş R & D, Egea family was updated with new versions and up-to-date technological equipment in 2018, and the connectivity technology for Egea, Doblo and Fiorino. These developments carried our R & D bar further.

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With our environmental sustainability efforts, we continue to fulfill our responsibility in combating climate change. In 2018, we continued to increase the number of our efficiency studies in order to reduce our energy consumption and thus the amount of greenhouse gas emissions released. As part of WCM Energy Management Methodology, we have implemented 60 new energy efficiency projects in 2018. Thanks to the projects, we achieved conservation of 79,935 GJ of energy and 5.383 tons of CO2 emissions.

We adopt the principle of maintaining our activities with minimum environmental impact with our understanding of responsible environmental management. In this context, we allocated TL 1.34 million for environmental management and investment expenditures in 2018. In addition, we organized 6.664 person * hour environmental training to promote environmental awareness.

We continue to implement exemplary practices within the FCA by continuously improving our performance in the field of occupational health and safety. In the MESS Occupational Health and Safety Competitions this year we won the first place in Golden Glove award and won a prize in the Gold Suggestion category. We've improved the Lost Time Accident (LTA) frequency by 95% since we started World Class Safety. We continued to increase our employees 'and contractors' awareness of occupational health and safety with our good practices and training activities. We organized 91,556 person * hour occupational health and safety training during the period.

We continued our training and development activities full-speed at Tofaş Academy, which undertook the role of Tofaş's "information factory". Among the top 45 corporate academies in the world, Tofaş has been awarded the Best Awards 2018 by the Association for Talent Development (ATD) Best, which is recognized as the world's most prestigious award in education and development.

We are investing in the future of the society in which we live with our social responsibility projects, which have been carried out for a long time from sport to culture and art, from education to health. In 2018, we allocated TL 6.7 million to social responsibility projects that create value for the society.

Our aim for the future periods is to maintain the sustainable success we have achieved in the first 50 years by creating value for its customers and having employees and business partners that are proud to be a part of the company. I would like to thank all of our stakeholders for their support and contribution in this long-running journey.



Cengiz Eroldu
CEO

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Governance and Sustainability

The foundation of our governance and sustainability approach is based on the values and principles we have received from our main shareholders, Koç Holding and Fiat Chrysler Automobiles. We consider governance and sustainability as a whole. We integrate our sustainability strategy into all of our activities while we operate within the framework of a governance approach, based on business ethics norms and where risks are managed effectively. In line with our participatory approach, we learn the expectations of our stakeholders through different communication channels and incorporate them into our decision processes.

Corporate Governance Structure

We adopt a transparent, responsible, fair and accountable governance approach. We direct Tofaş Corporate Governance practices in line with the Corporate Governance Principles. We strive to implement these principles at all levels and present our performance to our stakeholders through measuring and reporting.

We are developing our managerial practices in line with modern principles and practices. As a result of our work, our Corporate Governance Rating Note, which was 9.15 in 2017, was raised to 9.20 as a result of the evaluation.

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

The CEO and company senior management are responsible for identifying and managing strategic trends, ensuring risk management, ensuring the

functioning of early warning and control systems, determining corporate targets, ensuring compliance with corporate governance principles and achieving the expected performance and results in this area.

The Corporate Governance Committee, Audit Committee, Early Detection of Risk and Risk Management Committee, which carries out their activities under the Board of Directors, have an important role in ensuring the activity efficiency of the Board of Directors. The duties of the Nomination Committee and the Remuneration Committee are also performed by the Corporate Governance Committee.

You can reach the detailed information about Tofaş corporate governance structure from <https://tofas.com.tr/en/InvestorRelations/CorporateGovernance/Pages/default.aspx> or 2018 Tofaş Annual Report, which is published interactively in <http://ir.tofas.com.tr/en/index.html>

Risk Management

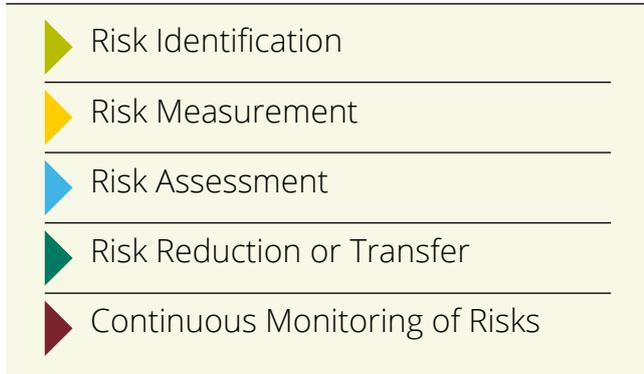
Risk management processes in Tofaş are the responsibility of the Board of Directors. The duties and activities in the field of risk management are carried out by the Audit Committee and the Early Risk Detection and Risk Management Committee in accordance with the relevant legislation. In accordance with the reports offered to the Board of Directors, corporate risk strategies are determined.

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

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

You can reach the detailed information about Tofaş corporate risk management from <https://tof.com.tr/en/InvestorRelations/CorporateGovernance/Pages/default.aspx> or 2018 Tofaş Annual Report, which is published interactively in <http://ir.tof.com.tr/en/index.html>



Business Ethics and Anti-Corruption

As Tofaş, we are committed to adhering to the rules of business ethics, which are the cornerstones of our corporate culture, and to a zero-tolerance approach to corruption and bribery in all our activities. We regulate our ethical values and the rules we have to follow with "Tofaş Code of Conduct and Code of Practice" document. We define our perspective on combating corruption in our Anti-Bribery and Anti-Corruption Policy.

In our rules and policies, compliance with business ethics, protection of all kinds of company assets and information, prevention of conflicts of interest, issues to be taken into consideration in establishing business partnerships, occupational health and safety, anti-bribery and anti-corruption issues are discussed. In addition, mechanisms for reporting violations and disciplinary rules and sanctions to be

applied in case of violation are among the pillars of these documents and the process is followed with precision. We recognize the 10th principle of the United Nations Global Compact (UNGC), of which is Koç Holding, one of our main shareholders, is the signatory, as an integral part of our anti-corruption approach.

Within the scope of business ethics and combating corruption, we follow a compliance program that includes risk-based assessment, monitoring, auditing, reporting and training activities under the coordination of Tofaş Ethics Committee and Internal Audit Department. In order to prevent corruption, the principle of "separation of duties" in business processes has been adopted and necessary control points have been defined. The functionality and effectiveness of business processes and control points are reviewed by periodic audits conducted by the Internal Audit Department. In addition, business processes and financial statements of the company are audited at least 2 times a year by independent audit teams.

The Tofaş Board of Directors is primarily responsible for ensuring that the company's activities are carried out in compliance with the legislation, the Tofaş Code of Ethics and the Tofaş Anti-Bribery and Anti-Corruption Policy. This responsibility is carried out by the Tofaş Ethics Committee appointed by the Board of Directors. Ethics Committee; consists of CEO, the Chief Legal Counsel, the Director of Human Resources and other relevant directors, who convene every 6 months or upon the call of one of the members.

The Tofaş Ethics Committee is responsible for the dissemination and understanding of ethical principles within the company, communication with internal and external stakeholders, revision of necessary conditions, effective management, review and settlement of employee and third parties' violations, establishment of investigative committees where necessary and is responsible for informing the authorities. The sanctions which will be applied in cases of infringement until the cancellation of the contract are organized in the Tofaş Code of Ethics and Personnel Regulations.

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Governance and Sustainability

Tofaş Ethics Committee is also responsible for monitoring and auditing of anti-bribery and anti-corruption policy and compliance with ethical rules. The auditing activities related to compliance with these rules and policies are performed periodically by the Internal Audit Department on behalf of the Tofaş Ethics Committee. Risk-based assessment is the basis for determining the risks related to ethics, corruption and bribery. Risk-based assessments take into account many aspects such as the nature of the activity, where it is carried out, the internal and external risks that are exposed, and the current internal controls. Corruption and bribery risk are important criteria for the detection of internal and external risks. For example, the units that operate directly with the public and private suppliers and customers are considered to be more risky.

According to the results of risk assessment prepared by the Internal Audit Department, an audit plan is prepared for reviewing and strengthening the effectiveness of internal controls at required points. The audit plan is submitted to the Audit Committee for its opinion and approval. On the other hand, the units that are considered to be relatively more risky as a result of the risk-based assessment are included in the audit plan or are routinely checked. In the audit activities performed, the risks of corruption and bribery are handled and these risks are evaluated by eliminating controls. In case the controls related to the existing risks are considered insufficient, corrective actions are taken by the relevant units. The Internal Audit Department submits the results of the audit activities in writing and orally to the General Manager and the Audit Committee attached to the Board of Directors. Important complaints, problems and examination results are reviewed and assessed in the relevant Board Committees, which meet at least four times a year through the Internal Audit Department and the Ethics Committee.

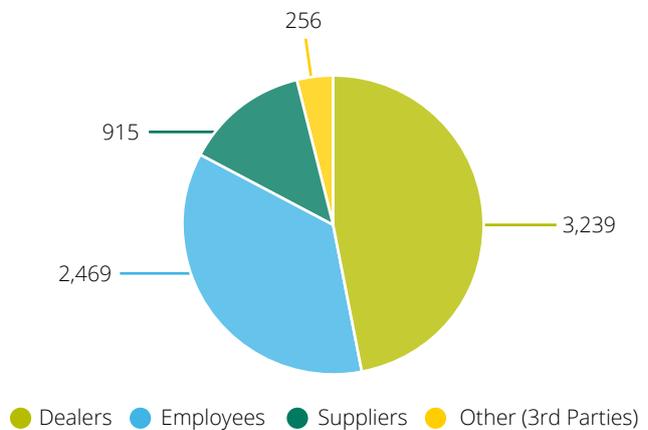
We consider protecting our values and ethical principles, acting in accordance with working principles as the responsibility of our employees and take their written commitments. In this context, our policy of bribery and anti-corruption has been communicated with all of our employees. In addition to the written commitments we have received from our current employees, we introduce our new colleagues who are joining us with code of ethics, anti-bribery and anti-corruption policy, in exchange for their signature.

In addition, ethical rules have been introduced in the compulsory job entry trainings given to newly recruited personnel. Also, as of December 2017, the current personnel have been periodically introduced a program of information meetings on ethical rules per unit basis. Giving importance to ethical rules and ensuring compliance of employees are among primary responsibilities of all senior and middle managers.

It is explicitly stated in our Anti-Bribery and Anti-Corruption Policy that Tofaş employees will not be held liable for any losses incurred by the company due to their compliance with the code of ethics. In addition to our employees, all members of our Board of Directors, suppliers and dealers are obliged to fully comply with these rules and policies. We see compliance with business ethics and the fight against corruption as an integral part of our activities and we strive for continuous improvement.

We conduct the communication of our rules and policies regarding business ethics and anti-corruption with our business partners through platforms such as our web site and periodicals. Our online training program has been developed with the feedbacks we have collected from our suppliers and dealers who have received our online training covering ethical rules of conduct and bribery. In addition, dealers, suppliers and non-governmental organizations were consulted during the prioritization of the issues to be included in the sustainability report. Accordingly, our stakeholders identified 95% of business ethics and anti-corruption issues as the top priority.

Online Training Program on Anti-Bribery and Anti Corruption (number of person - as of 2018 year-end)



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We are conducting due-dilligence studies including bribery and anti-corruption issues in the establishment of various business partnerships and the selection of business partners such as suppliers and dealers, we select business partners who can comply with our respective rules and policies and subject them to assessments including ethical compliance criteria prior to the establishment of the partnership.

In the selection of the companies that we will receive goods and services or that will work through representation, the objective criteria set out in the internal procedures are protected. These criteria include issues such as the risk of corruption and bribery, and the pre-evaluations are jointly carried out by the related business unit and purchasing unit. During the process of the company selection that provide the criteria and of the determination of the fee, alternatives are evaluated by the purchasing department and the most advantageous company is chosen to work with Tofaş.

In principle, the principles of ethics and transparency are adopted in company selection methods. These companies are paid only for their services in accordance with the legal regulations related to Tofaş rules and policies. In order to guarantee the appropriateness of service payments, the necessary control points have been established on the business processes, and the effectiveness of these checkpoints is periodically tested by the Internal Audit Department.

In our contracts with our business partners, we include laws, ethical codes of conduct and application principles, and we declare that this will be a cause of termination if not complied. In addition, we monitor the business partners' performance in combating corruption and bribery. There are no cases of bribery or corruption in our business partners in 2018.

In order to recognize and adopt the Tofaş Code of Ethics, our Company conducts its online training and reminder activities, including our Code of Ethics and our Anti-Bribery and Anti-Corruption Policy.

In addition to the theoretical information, our training program, which includes case examples in business life, covers not only our employees but also our suppliers and dealers.

As of the end of 2018, a total of 6,879 people, of which 3,239 are dealers employees, were given online training. Thanks to the online trainings we commissioned in 2016, we believe that the awareness of anti-bribery and anti-corruption approach is improved further than the previous reporting period. (Online ethics training, whose update was completed in the first quarter of 2018, was assigned to all employees as compulsory education and by the end of 2018, 1,629 personnel completed this training). In 2018, all employees were asked to renew their statements about whether they are in a position to cause a conflict of interest.

The adequacy of our Company's anti-bribery and anti-corruption policies, mechanisms and reporting is evaluated independently by the Board Committees at least once a year. In this context, the mechanisms, systems and procedures we have developed in the field of anti-bribery and anti-corruption were evaluated independently by the Audit Committee of Tofaş Board of Directors and found appropriate. The results of the evaluation are included in the committee meeting minutes dated 07.02.2019.

In order to ensure compliance with current regulations and the company's own rules, we follow the individuals and companies that are blacklisted based on information received from public authorities, international data providers and various media such as social media sources. According to our procedures, we provide the identification of the vehicles, suppliers, contractors and customers who are known or suspected to have bribed and initiate the termination process of ongoing contracts with such parties.

The Code of Ethics and the Anti-Bribery and Anti-Corruption Policy are easily accessible and open. In order to create employee awareness, communication channels are periodically reminded to employees, suppliers and other stakeholders. Our employees, business partners and all other stakeholders may report any cases that do not comply with our rules and policies to the e-mail address : etikkurul@tofas.com.tr with their names or on an anonymous basis. In addition, corporate addresses of the company or notifications shared with employees are also evaluated.

Governance and Sustainability

The confidentiality of shared information and related investigation is guaranteed by the Ethics Committee. The Ethics Committee also guarantees that employees and stakeholders who declare bribery and corruption are not subject to any negative circumstances. This is clearly emphasized in the Tofaş Code of Ethics and Code of Practice and the Anti-Bribery and Anti-Corruption Policy.

In 2018, no bribery cases were experienced in our Company and no bribery related issues were communicated to us in our communications channels. In 2018, no corruption claims were raised against the company. In 2018, Tofaş received 17 notifications on various issues via communication channels. The examination results of the notifications received are summarized in the table below.

Notifications Received via Whistleblowing Channels	2018	2017	2016	2015
Disciplinary Decisions	4	5	3	2
Incompatibility Non-Detected	13	9	6	3
Total	17	14	9	5

As it is clearly stated in our Code of Ethics, Tofaş is not a party to any political or ideological thought, tendency or organization; we do not provide in kind, material or moral support directly or indirectly to the activities or campaigns of political parties, politicians and candidates. We exchange mutual information within the framework of our transparent relations with public institutions and respond clearly to the information requests about our sector. In addition, we endeavor to address the sectoral problems through the work of sectoral non-governmental organizations. In cases where public institutions are in the position of a client or in the case of procurement, we act in accordance with the rules of free competition without compromising the principle of full compliance with laws and procedures.

Our Company carefully evaluates, and integrates all ideas, opinions and suggestions that come from our stakeholders regarding ethical compliance, bribery and corruption, into its existing practices. In this context, it is in cooperation with TEİD (Ethics and

Reputation Society), the most active platform and non-governmental organization in the country, on the fight against corruption and bribery. TEİD plays an important role in providing information flow to our company from the stakeholders on anti-bribery mechanisms. 2 of our company executives are active in the Board of Directors of TEİD. The activities of TEİD which share information and opinions on the fight against corruption are closely monitored by the Internal Audit Department. There is no additional fee for the support received from TEİD except for the membership fee.

The effectiveness of our company's anti-corruption program and reporting system is assessed annually by TEİD with the Anti-Corruption Program Activity Survey, based on OECD and UN best practice guidelines, and improved in accordance with development recommendations. Our Company is also a member and active participant in the TEİD, UN, OECD and B20 working groups to follow international developments in this field.

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Our company has participated in Europe's largest anti-corruption collective action in this area, in line with its goal of being the industry leader in the fight against corruption. Being one of the 140 signatories of the "Business Ethics Common Principles Declaration", TOFAŞ remains the first and only signatory in the automotive sector and encourages our large suppliers to participate in the same collective action.

Internal Control and Internal Audit

Establishing an effective internal control and internal audit mechanism is an important part of our responsible and sustainable management approach. Through internal control and internal audit, we ensure the efficiency and continuity of our operations and the reliability of the reporting. The Board of Directors is responsible for the proper functioning of the internal control system and internal audit, and ensures the necessary coordination on behalf of the Board of Directors and CEO Board of Directors.

Our internal control system has been designed following international standards and best practices. Internal control system is integrated into business processes with policies, procedures and instructions so that our employees have the responsibility, knowledge and authority for the internal control processes. Efficiency of internal control systems is carried out with internal audit by Tofaş Internal Audit Department, and audit teams affiliated to Koç Holding and FCA are assessed through external audits conducted by independent audit firms. As a result of the audits performed, the necessary development activities for the areas that are open to improvement are carried out rapidly by the relevant departments.

The authority and responsibilities of the Internal Audit Directorate are determined in line with the Internal Audit Regulation. The Internal Audit Department reports directly to the Company CEO who is also a Member of the Board of Directors and is not

affiliated with other units. Thus, the independence and objectivity of the auditors are guaranteed. The knowledge and skills of internal auditors are continuously strengthened by professional development activities.

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

In the scope of audit activities, inter-unit audits are also available. Unit representatives specialize in certain subjects and evaluate other units in line with their areas of expertise. In addition to internal audits, we carry out regular audit activities covering the sustainability issues such as environment, work and manufacturing conditions, ethics and quality for dealers and suppliers.

Sustainability Management

A sustainable management model is one of our key priorities. We are working to spread sustainability culture and consciousness to all our processes and stakeholders. We adopt sustainability as a way of doing business and make improvements by taking our current work from a sustainable point of view.

Sustainability management at Tofaş is the responsibility of the Early Risk Detection and Risk Management Committee. Reporting is made to the Corporate Governance Committee and information flow is provided at the Board level about our sustainability activities. Thus, the issue of sustainability is on the agenda of the Board of Directors and evaluated by the members of the Board of Directors. Accordingly, the activities carried out by the relevant directorates and units, in which the senior management, primarily the CEO, are involved, are coordinated by the Sustainability Team and reported to the Board Committees.

Governance and Sustainability

Sustainability Management

**CEO
Board Member**

Sustainability Committee

- Chairman: Factory Director
- Financial Director
- Human Resources Director
- Corporate Relations Director
- External Relations Director
- Environment, Health and Occupational Safety (EHS) Manager

Sustainability Working Group

- Chairman: Environment, Health and Occupational Safety (EHS) Manager
- (OHSAS 18001 - ISO 14001 - ISO 14064 - ISO 50001)
- Environmental Systems Administrator
- Health and Safety Administrator
- Human Resources Administrator
- Corporate Communication Administrator
- Institutional Management & Shareholder Relations Officer
- Strategic Management Process & Business Development Responsible
- Procurement & Supplier Relations Responsible
- Production Responsible
- Supply Chain Responsible
- After-Sales Responsible
- R&D Responsible

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

You can reach Tofaş Corporate Sustainability Policy <https://tofasc.com.tr/en/Sustainability/Policies/Pages/default.aspx> or through the Tofaş Annual Report 2018, which is also published interactively at <http://ir.tofasc.com.tr/en/index.html>

Sustainability Priorities

In the first phase of our study to determine our sustainability priorities, a wide range of topics has been created in line with the subjects of the GRI standard and the subjects that are closely related to the automotive sector. In determining our sustainability priorities, we have considered Sustainable Development Goals, which are defined as the universal objectives that address environmental, social and economic problems.

Two separate questionnaires were organized to ensure the participation of internal and external stakeholders in decision-making mechanisms. After the first survey with the participation of company executives, a second survey with our stakeholder groups, including suppliers and non-governmental organizations, was conducted. Thus, the universe of subject was finalized.

Within the scope of the study to determine the sustainability priorities, the universe of subject consisting of 40 subjects and 17 Sustainable Development Goals were evaluated one by one by Tofaş middle and top managers. Subsequently, the studies were consolidated and the relevance of Tofaş operations was evaluated. In the last stage, priorities were determined by considering the impact level of Tofaş operations on these issues and stakeholder expectation parameters.

The table below, which is the result of all these studies, shows the Tofaş main processes related to the priority issues determined by the survey according to the opinions of our stakeholders.

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	Tofaş Sustainability Topics	Supply Processes	Manufacturing Processes	Distribution Processes	Marketing & Sales Processes	After-Sales Processes
Governance Topics	Business Ethics and Anti-corruption	x	x	x	x	x
	Sustainability Risk Management in Value Chain	x	x	x	x	x
Environmental Topics	Climate Change	x	x	x		
	Energy Consumption	x	x	x		
	Greenhouse Gas and Other Emissions	x	x	x		
	Environmentally-friendly Material Use and Waste Management	x	x	x		
	Product, Process, Mobility Model Innovation		x			
	Electric/Alternative Fuel Vehicles		x		x	x
	Vehicle Fuel Consumption		x		x	x
Economic Topics	Digitalization		x		x	x
	Customer Satisfaction		x		x	x
	Product and Service Quality		x		x	x
	Brand Perception		x		x	x
	Supplier and Dealer Business Success	x			x	x
Social Topics	Occupational Health and Safety	x	x			
	Talent Management and Occupational Training	x	x			
	Human Rights at Workplace	x	x			
	Women Employment, Diversity, Equal Opportunities		x			
	Business Life - Private Life Balance		x			
	Vehicle and Traffic Safety		x		x	x

Governance and Sustainability

Stakeholder Engagement

We believe that spreading our understanding of sustainability to a wider area is possible by acting with our stakeholders. We adopt a transparent and accountable approach in communicating with stakeholder groups in our domain. We inform our stakeholders about our activities through various channels and consult their opinions.

We work together with our stakeholders for common purposes. We plan our work by considering the characteristics of the target stakeholder group. In determining the stakeholder group that we will work with, we primarily prefer institutions and organizations that adopt similar ethical working principles and working culture as Tofaş and focus on common goals and are solution-oriented.

Communication Practices with Stakeholders

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

Consumer Experience

We develop our products and services to meet the expectations and needs of our customers so that we offer our customers a superior consumer experience. We focus on continually improving the consumer experience to ensure that our vehicles maintain their values during their consumption.

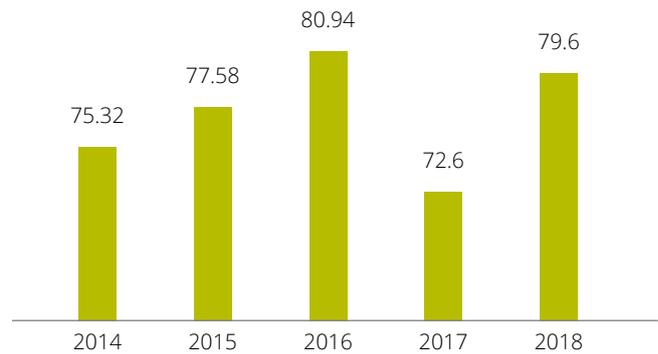
Customer Satisfaction

We consider customer satisfaction as a multi-component issue. In the first stage, we carry out our production activities in accordance with the brand and model diversity and in high quality conditions, taking into account the needs of the target markets. The other pillar of customer satisfaction is to provide solutions to our customers in sales and after-sales processes and to ensure customer rights under all conditions.

With a customer-oriented approach, we strive to produce the most appropriate solutions for our customers within the framework of Tofaş company policy and legal practices and to monitor their needs at every stage. We strive to continuously increase customer satisfaction through our customer relationship management systems, joint works with dealers and authorized services.

With our after-sales service quality and the superior consumer experience we provide in our country, we strive to achieve the highest rank in the European Customer Satisfaction Survey. We measure the satisfaction level of our customers through unbiased research. In 2018, our Customer Satisfaction Score stood at 79.6%. We evaluate the feedback from our customers in business processes to ensure proactive improvements in our products and services.

Customer Satisfactions Trend* (%)



* The calculation method has been changed since 2018.
 * NPS is followed.

Within the scope of Vehicle Status Tracking Application in Service, which is based on the customer experience, digital displays are placed in customer waiting areas so that customers can track the status of their vehicles in the service and receive instant notification. Through these screens, customers can instantly monitor all stages of the process related to their vehicles.

In line with the principle of “speed”, which is one of our brand promises, with our “Fast Service”, we aim to shorten the time of operation in the service for the simple maintenance / repair needs of our customers. Customers who have a “Fast Service” appointment are required to take delivery of their vehicles within a maximum of 1 hour when they request one of the services specified in the service.

You can reach our Customer Satisfaction Policy via the address <https://tofas.com.tr/en/Sustainability/Policies/Pages/default.aspx> or the Tofaş Annual Report 2018 published in <http://ir.tofas.com.tr/en/index.html>

Brand Perception

Understanding the image created by Tofaş brand in the eyes of our customers is very important for understanding customer expectations and needs. By combining the results of customer market research conducted by FCA at the global level, with local feedback, we have the opportunity to evaluate the perception of our consumers about our brands from an integrated framework.

Prominent characteristics of our brand in the eyes of our consumers are: being economical, suitable for family use, preferable by everyone and have low maintenance costs in passenger car category; and being suitable for business life and suitable for families with children in light commercial vehicle category.

Innovation

Innovation is one of the basic building blocks of our corporate culture and our sustainable management approach. We create programs that encourage in-house entrepreneurship and innovation. We strive to reach and implement innovative and creative business ideas that will carry Tofaş to the future. We are able to develop our open innovation efforts, meet new initiatives and catch up with external ideas.

R & D Management

We carry out customer-oriented technological research activities to meet the needs of our customers. Our research studies are shaped on three interdependent levels, namely, environmental sustainability, social sustainability and competence. We consider strengthening our competencies as a priority, as a center where globally advanced engineering studies of FCA are carried out.

We closely follow technological developments in the world and contribute directly to the development of these technologies. We aim to contribute to the national economy by integrating design processes into R & D activities and developing passenger cars and commercial vehicles that stand out with their innovative engineering design details as well as their technological superiorities.

Tofaş R & D Center, which has a competitive infrastructure in Europe in the field of vehicle development, has a total of 20,110 m² laboratory and office space and approximately 600 employees. Tofaş R & D Center is one of the largest R & D centers of FCA in Europe with its high technology and diversity. In Tofaş R & D Center recruitment, employees who have master and doctorate degrees are given priority. As of the end of 2018, the number of graduate and doctorate employees working at the R & D Center increased to 139.

“In 2018, we transferred TL 244 million to R & D expenditures.”

R & D Engineer Training Program

For the third time in 2018, we conducted the Summer Term R & D Engineer Training Program in cooperation with BUSİAD and Uludağ Automotive Industry Exporters Union (OİB). Tofaş Academy also supported the program as a program partner.

- We believe that collaborations in joint product development are of great importance for the Tofaş R & D Center to increase its international recognition and development. We carry out university-industry cooperation projects in parallel with technology development activities. Between the years of 2006-2018, we collaborated with 16 different universities in 130 projects.
- We are involved in many research projects conducted with the support of TÜBİTAK and EU. Tofaş R & D Center participated in 16 different research projects in 2018 and has worked with over 200 international project partners. In 2017 and 2018, 6 of our new Horizon2020 project applications were accepted.
- We aim to increase the number of patent applications every year with new projects and innovative ideas. As a result of innovative studies, we have made 38 new domestic patent applications and 10 international patent applications.

Digital Transformation

We aim to realize the most effective operation and customer experience, and to create new products and values by using relevant technologies and trends within the scope of digital transformation studies. Thanks to our exemplary and inspiring efforts, we continuously improve our products, customers, industrial and operational areas in line with company vision and strategies and produce new values.

We effectively monitor each of the digital technologies we see in the future (Artificial intelligence, data science, IoT, RPA, image processing, VR, AR, robotics, etc.) with a company-wide focus on a “technology leader” responsibility. On the one hand, we develop our potential by taking care of our needs, and we implement projects for these needs. We develop our competencies continuously by using the power of our academy in terms of both awareness and practicability in terms of rapidly developing technologies, and produce creative ideas with different methods and techniques.

The process of digitalization is managed dynamically by a comprehensive committee and the progress and outputs related to the process are reported to the senior management on a regular basis every month. After the opinions of the employees are brought to a certain maturity, they are evaluated in the monthly senior management meetings and it is decided whether they will be considered as a project.

As a result of the studies;

We have created an effective communication platform for our employees with the “TofaşGO practice” which has been deemed worthy of many awards.

With the IoT platform we have established within the company, we can now collect a lot of data from many points, especially in the industrial area, automatically make instant decisions or create reports for taking decisions. We have successfully completed many technical, administrative and financial forecasting projects with the help of “data science and “learning systems.”

We have achieved a leaner and more efficient operation by eliminating many non-added value jobs through “robotic process automation”, which we also call the white collar robot.

We are the first and only Turkish company to assume the leadership of the Robopartner Project carried out under the EU Framework Program (FP7) to develop business models, methods, software and equipment for common, efficient and safe robot / human working environments with the expansion of the use of robots in assembly lines.

Digitalization in Vehicles

As part of our digitalization efforts in vehicles, we are conducting studies to communicate the electronic units on vehicles between each other.

The works of Fiat My Travel Mate & Connect Project, which was developed within Tofaş and the first remote access technology in its class, was completed in 2018. The project is also the first project we offer to the market with a start-up cooperation on the open innovation side. In line with our digitalization strategies, the Fiat My Travel Mate Platform, which is created by taking customer expectations and needs into account, is designed to give a new dimension to Tofaş’s customer communication and our customers’ relations with their own vehicles. Combining vehicle users and their vehicles with connectivity technology, the platform allows vehicle owners to connect to their cars remotely via a smartphone or computer.

With the help of data science and learning algorithms, we work on the data produced by the driver and the vehicle and to estimate the possible accidents and vehicle failures before they happen.

Vehicle Safety, Driving and Passenger Comfort

In line with the “safety for all passengers” vision of FCA, we are working to develop intelligent vehicles that offer service and support to the driver in terms of comfort and safety. We ensure that our vehicles fully comply with the legal regulations and requirements in the relevant markets.

We equip our vehicles with passive and active safety systems. With passive safety systems, we aim to prevent our customers from getting into any accident situation without any harm, and to prevent the accident from occurring with active safety systems. In this way, not only the driver and passengers in the vehicle, but also the parties outside the vehicle such as other vehicles and passengers in the traffic and pedestrians.

Climate Change

Climate change is one of the most fundamental problems the world faces today. The general opinion of scientists is that the problem of climate change is largely caused by human-induced greenhouse gases. In the face of this situation, while measures are being taken worldwide, the automotive sector carries out activities in line with its responsibility. As one of the leading players in the sector, we act with the awareness of the environmental, social and economic responsibilities we have.

We conduct the climate change issue through the Sustainability Committee and the Sustainability Working Group, which report directly to the CEO.

“In 2018, Tofaş submitted the responses to the Carbon Disclosure Project (CDP) and as a result of the evaluation, it was included in the B (Management) band in the Climate Change program. In the CDP Water program, its rating grade has been B- (Management).”

The most important expectation of our stakeholders about climate change is that we produce tools to ensure that consumers’ travel experiences, transportation and distribution operations are carried out in a more sustainable way. In order to respond to the expectations of our stakeholders, we are working to develop tools with lower emissions or alternative fuels.

As part of the fight against climate change,

- We support the efficiency increase in conventional motor vehicles implemented by FCA in line with product strategies; the expansion of the use of alternative fuel systems and the development of electric and hybrid vehicles.
- By investing in energy efficiency in our manufacturing facilities, we reduce manufacturing-related greenhouse gas emissions.
- By reducing fuel consumption in our vehicles, we are trying to minimize the emission release by saving energy.
- We carry out energy efficiency studies in our distribution operations.
- We are working to expand the awareness of environment and climate responsibility through the whole value chain, with the supplier and dealer development studies and customer information services.

“By 2020, we aim to reduce our greenhouse gas emissions from manufacturing by 30% compared to 2011.”

Detailed information on Climate Change can be reached via the address <https://tofas.com.tr/en/Sustainability/EnvironmentClimateChange/Pages/default.aspx>, or in the Tofaş Annual Report 2018 which is also published interactively via [http:// ir.tofas.com.tr/en/index.html](http://ir.tofas.com.tr/en/index.html)

Mobility Solutions

Together with ever-changing trends and developing technology throughout the world, new mobility needs of our customers are emerging. We produce technologies and solutions for sustainable freedom of travel and different mobility needs. We support FCA's research and studies on how to create consumer-responsive behavior.

Low Emission Vehicles

With the increasing importance of climate change, the share of developing low-emission vehicles under FCA within mobility solutions is increasing. As Tofaş, we support these studies and see the issue as a continuous development area.

In addition to lowering the emission levels of the vehicles, we reduce the amount of raw materials used in manufacturing in a way that does not compromise the safety of the vehicle, thus ensuring more efficient resource utilization and less waste consumption.

Portable Emission Measurement System (PEMS)

The Portable Emission Measurement System allows measurements in emission laboratories to be realized in real-world road conditions. The system is designed to assess the vehicle's emissions results in a traffic environment that represents actual road conditions instead of tests carried out under constant conditions in emission laboratories. In passenger cars, PEMS usage has been engaged as a first in Turkey by Tofaş. The test results provide input to the engine software during the project phase of the vehicles and are also a reference to the measurements of our emission laboratory.

Alternative Fuel Vehicles

Another area where we work within the scope of our mobility solutions is the development of alternative fuel vehicles. In line with this, we closely follow the electric vehicle technologies in the world. We are working with the aim of integrating these technologies with the innovative solutions and practices developed and ensuring the domestic production of electrical vehicle systems and components. We support FCA's efforts to promote the use of alternative fuel systems such as natural gas and biofuels.

Energy Efficiency & Emissions

We see energy efficiency and emissions as the area where we can create the most visible impact in combating climate change. For this reason, energy efficiency and emissions are the most important part of our environmental management. By limiting our energy consumption and emission release from year to year, we fulfill our responsibility to reduce the risks posed by climate change.

The Energy Guidelines Board, Tofaş Sustainability Working Group and Tofaş Sustainability Committee are responsible for the management of energy efficiency and emission management issues at Tofaş and reporting is made to the CEO. We monitor and continuously improve our energy efficiency and emission performance in line with the short, medium and long term targets. We keep our emission values below the limit values set by the public authorities. In 2018, our energy consumption per vehicle was 3.86 GJ, while our emissions per vehicle were XXX ton CO₂.

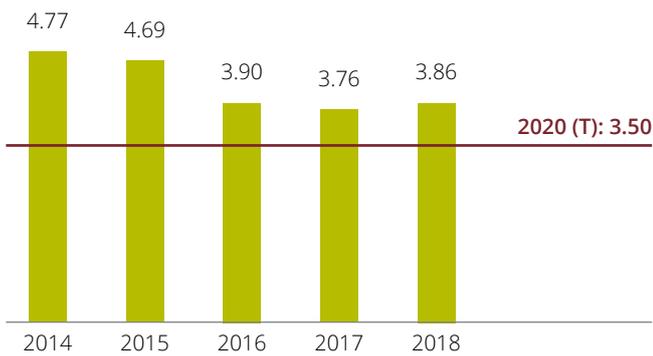
Climate Change

“By 2020, we aim to achieve our energy consumption per vehicle to 3.50 GJ and the amount of emissions per vehicle to 0.350 tons CO₂e.”

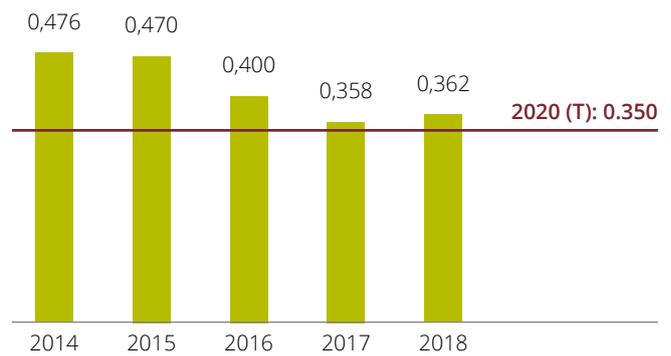
During dyeing applications, one of the main processes of automotive production, Volatile Organic Compound (VOC) emissions occur. In 2018, we reduced the weight of VOC emissions per painted surface from 33.91 gr/m² to 32.87 gr/m². We continue our efforts to reduce VOC emissions and by 2020 we aim to reach 29 gr/ m².

We support the transition to a low carbon economy through our energy efficiency efforts. We continue to reduce energy consumption and related greenhouse gas emissions through the projects we have implemented. Within the scope of WCM Energy Management Methodology, we implemented 60 energy efficiency projects in 2018. With the other projects that were commissioned in the last quarter of 2017, the total number of energy projects affecting 2018 reached 79. Within the scope of the projects, we achieved 79.935 GJ energy savings and accordingly 5.383 tons of CO₂ reduction.

Energy Consumption (GJ/vehicle)



Greenhouse Gas Emissions (Scope1+Scope2) (ton CO₂e/vehicle)



VOC Emission Trend (gr/m²)



Manufacturing

As one of the pioneering automotive manufacturers in our country, we realize world-class efficient, high quality and sustainable production. We use the latest technologies in which we can reach the most effective results in quality and efficiency in our manufacturing processes and guarantee the efficiency of our processes with quality systems and standards. We continuously improve the environmental impact of our manufacturing processes, and also calculate the impact our products and services have on the lifecycle.

“In 2018, within the scope of the evaluation that international evaluation board EIRIS has conducted in Borsa Istanbul, we became one of the 50 Turkish companies that are eligible to be included in the BIST Sustainability Index, thanks to our sustainable manufacturing approach.”

World Class Manufacturing and Quality

By perceiving our customers' quality expectations directly, we strive to raise the quality level of all manufacturing and service processes in the value chain and bring them to the most competitive level. We provide a world-class competitive advantage with our understanding of quality that is central to customer satisfaction.

We use WCM (World-Class Manufacturing) methodology to systematically improve and improve the competitiveness in manufacturing. WCM aims to reach “zero” by focusing on occupational safety, quality, cost, delivery and environmental issues. The WCM Program is being implemented today in 213 factories of the FCA and around 400 factories of its suppliers worldwide.

 **Zero Work and Environment Accident**

 **Zero Quality Error**

 **Zero Loss**

Since our commencement of WCM journey in 2006, we have continuously improved our manufacturing standards. As a result of the audits carried out, we continued our growth by reaching 77 points in 2017, as one of the first three factories to reach FCA “Gold Level” in 2013.

We have significantly improved occupational accidents, external quality indicators, productivity and machine malfunctions. All these improvements took place systematically and with the participation of employees. In 2018, each field employee at Tofaş contributed to our work by making 27 suggestions.

In 2018, the Tofaş Quality Team became the finalist in the “Innovation in Quality Methods” category at the International Quality Awards held with participants from 11 different countries around the world. The quality team, together with the Elua Integrated Quality Management Platform, had the opportunity to present their innovations in the quality methods and the successful results in an international platform.

We steer our quality strategies in line with FCA's Global Quality System, which aims to achieve the highest quality standards of products and services. We aim to ensure that our products and services have qualifications in accordance with the relevant legal and sectoral regulations, are reliable in terms of physical norms, and their performances are higher than their competitors.

Manufacturing

We carry out our manufacturing processes by following a large number of management quality and standard. In this way, we strengthen our capacity to respond to risks and our management quality. We continuously improve our level of performance for our management systems and standards by following independent external audit, certification and verification activities. With WPI (Work Place Integration) methodology, we monitor all our processes from start to finish and prevent risks. With the IMDS Program, we ensure the control of chemicals and prohibited substances in our supply chain.

More detailed information about World Class Manufacturing (WCM) Methodology is available at <https://tofasakademi.com> or the Tofaş Annual Report 2018, which is published interactively at <http://ir.tofas.com.tr/en/index.html>



Environmental Management

We consider the protection of environmental resources and the realization of our activities with minimum environmental impact as one of our main responsibilities. In addition to the direct environmental impact we create, we also work to control and improve the indirect environmental impacts that occur throughout our value chain. We are committed to continuously reducing the negative impacts we create on the environment.

Environmental issues are carried out by the Sustainability Committee and Sustainability Working Group in line with the Tofaş Environmental and Energy Policy, and reporting on environmental performance is made to the Board of Directors.

Strengthening our environmental management infrastructure plays an important role in improving our environmental performance. For this reason, we continue to allocate resources for environmental management expenditures. We attach great importance to raising awareness on environmental issues and bringing environmental awareness to our employees and business partners.

“In 2018, we made environmental management and investment expenditures worth of TL 1.34 million; we organized 6.664 person * hour environmental training.”

Green Purchasing

Our green purchasing efforts are based on our philosophy of product and service choice, which has reduced environmental impact. We aim to reduce the environmental impacts caused by the manufacturing processes of our suppliers and the services they produce, to improve their overall environmental performance and to reduce environmental risks.

Within the scope of our work, we deliver a check-list of environmental issues to suppliers we buy products from. Through the list prepared with due-diligence logic, we request from our suppliers the results of their environmental impacts (energy, water consumption), general information about environmental management systems and questions about environmental risk management. Through the answers, we obtain the necessary data to calculate the environmental impact of the manufacturing of parts that make up an automobile.

We have identified a focus group of 8 suppliers from different sectors at the point of reducing the environmental impacts we have identified. Together with these suppliers, we started to work to reduce the environmental impact caused by their manufacturing. We aim to expand our gains in other suppliers in the future.

In service purchases, we create specifications specifically for the service item, specifying environmental sensitivity related to the subject and setting the criteria for preference. Thus, service purchases are only made from suppliers that meet the specified criteria.

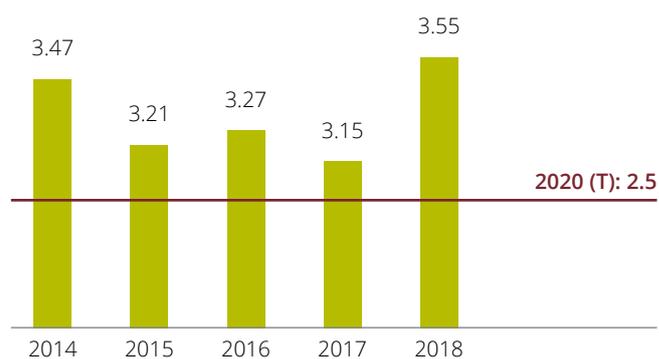
Detailed information about Environmental Management and Tofaş Environmental and Energy Policy can be found in <https://www.tofas.com.tr/en/Sustainability/Policies/Pages/default.aspx> or the Tofaş Annual Report 2018, which is also published interactively via <http://ir.tofas.com.tr/en/index.html>

Water Management

We adopt a responsible approach to the efficient use of water, one of the most vital natural resources. By managing our water and wastewater processes in the most efficient way, we are trying to realize our activities with minimum water consumption. We aim to continuously improve the amount of water usage with various practices. We carry out periodic analysis studies to ensure the continuity and sustainability of water resources.

"In 2018, 1 million m³ of water used in the production processes constitutes the well water. Our water consumption per vehicle was 3,55m³ in 2018. By 2020, we aim to bring this volume to 2,50 m³."

Fresh Water Consumption (m³/vehicle)



Manufacturing

We ensure that the fresh water taken is reused repeatedly, in line with our principle of using water resources responsibly. At the end of the process, we put waste water back into the production process to meet our water needs.

“In 2018, we achieved the recovery of 64.5 million m3 of water.”

In order to avoid any negative effects on natural areas and living creatures we constantly monitor our biological effects and conduct environmental impact assessment studies. With the controls we perform periodically, we identify potential risks and take necessary measures. In this regard, we accept Convention on Biological Diversity as legislation which Turkey is a party to.

Management of wastewater constitutes a significant part of our responsible water management approach due to its potential negative impact on biodiversity. We are trying to recycle the wastewater generated by our operations to the maximum level in our modern treatment units. We discharge remaining waste water to the receiving environments with loads under limit values specified in the waste water discharge permits.

“In 2018, we discharged 7.4 million m3 of waste water.”

Material and Waste Management

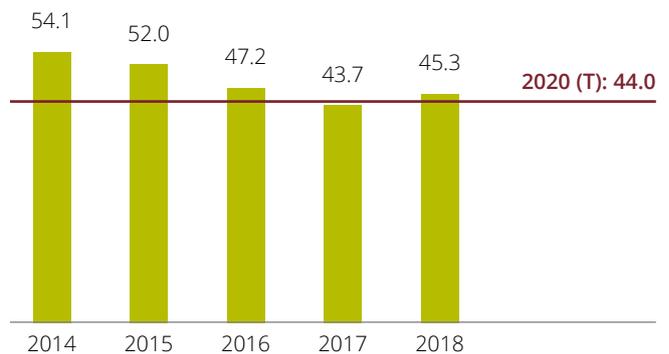
In line with our Environmental and Energy Policy, we consider all kinds of waste disposal as a loss of natural resources and we aim to prevent pollution at the source. We ensure that all of the industrial wastes generated during the manufacturing processes are used as raw materials and energy sources in the cement sector, thereby achieving our goal of “zero waste disposal”.

Within the scope of our material and waste management activities, we focus on reducing the use of materials, the use of recyclable materials on a large scale, minimizing the amount of waste generated and recovering the whole amount. In addition to our own operations, we also work on reducing the use of materials in our suppliers.

The total amount of waste per vehicle was 45,3 kg in 2018. By 2020, we aim to realize this ratio as 44 kg/vehicle.

In line with our manufacturing approach, we provide 5R (refuse, reduce, reuse, recycle, recover-deny, reduce, reuse, recycle, recover) improvements in all manufacturing processes and provide efficiency in using natural resources.

Waste Amount (kg/vehicle)

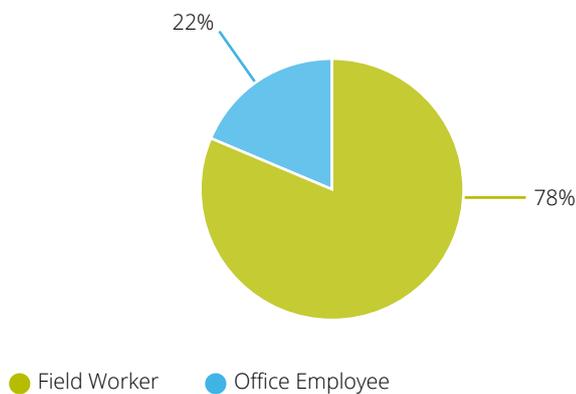


Work Place

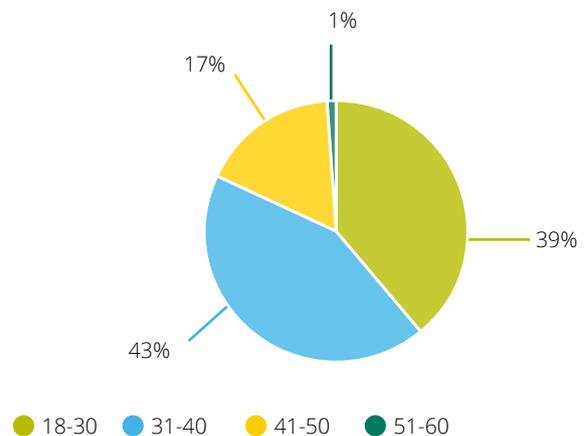
We put all our efforts to provide our most valuable capital, employees, a work environment that is healthy, safe, fair, egalitarian, participant, respects human rights, highlights trust-oriented relationships, adds a value to social life. We support the value we give to our employees with our talents and

performance management practices aimed at improving their personal and professional skills. As a result of all these, we aim to be a preferred workplace for innovative, creative, versatile and competent professionals.

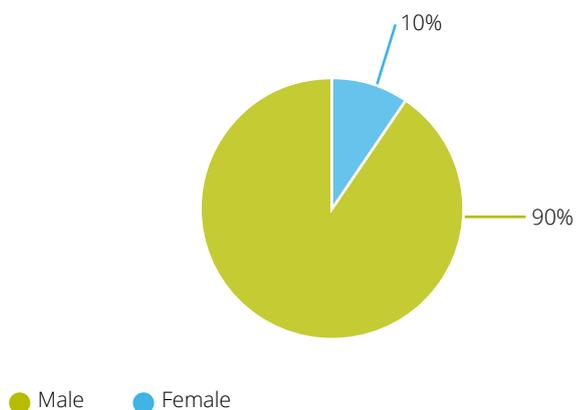
Employee Breakdown by Category



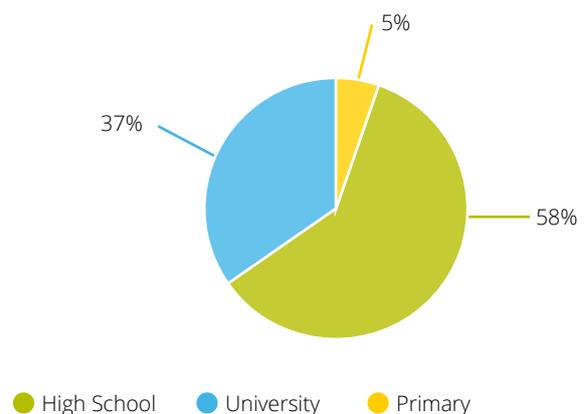
Employee Breakdown by Age



Employee Breakdown by Gender



Employee Breakdown by Education Level



Work Place

Human rights

The human rights field in Tofaş is managed by the Tofaş Ethics Committee, which is affiliated to the Board of Directors. We accept the UN Global Compact, which our main shareholder Koç Holding is a party to, and target to be 100% compliant with.

One of the most important components of our human rights approach is diversity. We believe that diversity is a criterion of richness for our corporate culture. As part of this understanding, we evaluate our employees according to their knowledge and skills in recruitment or other human resources processes. We do not discriminate on any of our processes based on age, gender, belief, ethnic origin or similar reasons. We adopt the principle of “equal pay for equal work” in determining the wage level of our employees. We offer equal opportunities to all our employees for the same value.

We do not permit violations of employee rights, child labor, forced and compulsory labor or discrimination. We aim to spread this approach towards human rights throughout our value chain. In this respect, we expect our suppliers and business partners to adopt the principles that are identical to Tofaş on human rights.

The protection of trade union rights of employees is also among the issues we follow with the same care. We attach importance to the representation of our employees in their relations with company management within the framework of a healthy structure and allow our employees to exercise their right to collective agreement and association freely. We expect that our position on the protection of trade union rights will be adopted by our suppliers and business partners.

“As of 2018, 70% of our employees work within the scope of collective agreement”

As we are a company affiliated to Koç Group, all newly hired office workers become members of the Koç Holding Pension and Assistance Foundation. Field employees who have started to work in Tofaş can become a member of Koç Holding Pension and Assistance Foundation.

Our employees and their families can benefit from the KoçAilem Program and Community-specific private health insurance offered to Koç Group companies. All hourly paid Tofaş employees are covered by the Complementary Health Insurance with 100% company contribution. Employees can also include their spouses and children in insurance. In 2018, 8.109 employees and 5.616 family members were included in the scope of Complementary Health Insurance.

The number of children benefiting from the “One More Support to Education by Tofaş” scholarship practice, which we started in 2011 to support the educational background of our employees’ children, reached 1,886 in 2018.

Social Gender Equality

We believe that equal participation in employment is one of the most decisive factors in the progress of society. In this respect, we encourage women employees to participate in the workforce and focus on increasing the number of women employed in recruitment. We are working to improve the working conditions of our current female employees.

We contribute to the work-life balance of our female employees. In this context, our 2016 Preschool Benefit practice was benefited from by 304 women employees by the end of 2018. We provide the necessary support for the female employees to return to their jobs after maternity leave and to ensure that the business life and the care that children need in a balanced manner.

“In 2018, all of the female employees who left for maternity leave returned to their jobs when the leaving period ended”

Employee Development

We support the professional and personal skills of our employees with the training activities we organize under the roof of Tofaş Academy. Within the Academy, we gather the development of our entire value chain under one roof. Tofaş Academy acts with the mission of: "Providing the best learning experience for Tofaş and the value chain so that our employees make the job better today and prepare for the future."

Tofaş Academy focuses on individual, professional and institutional development by identifying the need in the most accurate way to provide trained and experienced human resources to the automotive sector. Tofaş Academy, which has hundreds of training modules designed according to different individual learning styles and which educates its own trainers, represents a development platform with comprehensive physical conditions and content infrastructure. Within the Tofaş Academy, 71% of employees' development is covered by internal resources. In this context, there are 194 active internal trainers, 8 development consultants, 8 internal coaches and their development is supported by Tofaş Academy.

"Tofaş Academy has been awarded 13 different awards in 2018 by the world's reputable international platforms such as Stevie and Brandon Hall".

The Best Academy in Education and Development

Tofaş Academy, was awarded with ATD (Association for Talent Development) BEST Awards (Best Institution in Education and Development) 2018, one of the most prestigious awards in the field of education and development and which was held for the 16th time this year. Each year, the ATD BEST Awards are awarded to organizations that create added value by aligning their development activities with the company's goals and strategies. Among the important elements that brought Tofaş Academy the first place at ATD BEST are its effective role in the development and implementation of innovative ideas, and also www.tofasakademi.com, a content compilation site that offers innovative development solutions and support for the development of educational professionals in the world.

In 2018, we provided class training with the participation of 7,514 people and distance education with participation of 14.698 people for office workers; and for field employees class training with 9.096 participants and distance education with 7.680 participants. Also, we organized 13,072 person * hour technical class training for 618 employees of 57 suppliers employees and 30,459 person * hour technical and behavioral training for 2,633 dealer employees.

"In 2018, the training time per person was 73.9 hours for office workers; 28.4 hours for field workers."

In line with our personalized learning approach, we provide our employees with development consultancy, individual coaching and team coaching support through in-house certified coaches. The program, which can be described as a 7-step behavioral development journey, is designed for employees aiming for transformation in their professional and personal development. Employees are encouraged to transform their existing potential and developed competencies into action.

In 2018,

- With its interactive video platform, Tideo, corporate memory and social learning platform Wiki, Training Management System has continued to develop the 24/7 digital learning experience for field and office workers.
- Tofaş's reversed mentoring practice "Present Youth" is implemented. The practice aims to increase inter-generational interaction and prepare Tofaş for the future. Within the scope of the program, 21 directors and general managers from Tofaş's senior management and 66 "Tofaş New Generation Mentor" were brought together. In this program, where all the top management is in the mentee seat, mentors have explained their preferences regarding the leadership, digital transformation, career opportunities, working environment and conditions of the new generation and contributed to the development of their mentees.
- A technical competence assessment system has been launched. The system has been designed based on the need for a system that can be rapidly adapted to the constantly evolving and changing processes of Tofaş, which can be managed with a single technological infrastructure and whose quality is standard. The system provides field workers with the opportunity to monitor their own development and to see the expected skills for other positions within the company.

Work Place

- In order to support the development of field employees and ensure that they reach their expected levels of competence, special training programs such as Maintenance and Mold School have been carried out under the umbrella of the Production Academy. In this context, 114 different topics were provided by the internal trainers that Tofaş Academy trained with internal resources.

In addition to providing development programs that support employees' development, we monitor development processes with the Performance Management System covering all Tofaş employees. The two most important building blocks of the Performance Management System are Leadership Principles, which are defined as targets and behavioral competencies. Targets are determined at the beginning of the year and are reviewed with development plans and interviews conducted between managers and employees throughout the year. Performance improvement meetings are held twice a year with Tofaş employees, whose performance evaluation results are open for improvement. An effective development plan is prepared between employees and their managers by discussing action steps for feedback, evaluation and development. In this context, more than 200 interviews have been conducted with over 100 employees in 2018.

Social Life

We offer various social opportunities and activities to increase the motivation of our employees and to enrich their business lives with social activities. Tofaş employees formed 16 clubs and teams in 15 sports branches on a voluntary basis and continued their activities in 2018.

Football, volleyball, basketball, tennis, bowling, chess, swimming, athletics, table tennis, cycling and sailing teams take part in the annual Koç Sports Festival and inter-company organizations.

The fitness center, basketball courts and table tennis area in the Mustafa V. Koç Sports Hall offer services to sports fans. Tofaş Sports Club provides sports opportunities for employee's children in basketball, football, volleyball and swimming branches. There is also a gymnasium open to all employees at the Istanbul Headquarters.

An average of 300 cultural, artistic and sportive events are organized each year; more than 50,000 employees and relatives attend these events including concerts, exhibitions, shows and conferences.

All employees and their families meet on Tofaş Day once a year and share the happiness of being a big family. The social facilities in Tofaş Factory were renewed in 2018 and continued to host employees and their families.

Occupational Health and Safety

Occupational health and safety is the most important factor in the World Class Manufacturing (WCM) management model. We are showing as an example in FCA with our difference practices. In our factory, we welcome many companies that come to examine our occupational health and safety practices.

In 2018 Within the scope of "European Best Practice Awards" Competition, organized by EU-OSHA, we won the competition held in Turkey, and earned the right to represent Turkey for the second stage that will be held across Europe in the future.

We carry out the Occupational Health and Safety issues through the Work and Fire Safety Management Unit, which is affiliated to the Directorate of Environment, Health and Occupational Safety. We support our processes and practices with Tofaş OHS Policy, OHSAS 18001, WCM Occupational Safety Standard, Fiat Occupational Safety Standards and Tofaş Contractor Procedure methodologies.

We adopt the "World-Class Proactive and Lean Work Safety" approach for occupational health and safety. We aim to create a sustainable occupational safety culture with safe working areas and to protect all human resources within the business boundaries from injuries and health breakdowns. We are committed to achieving the goal of zero occupational accidents and zero occupational disease by continuously improving the occupational health and safety culture.

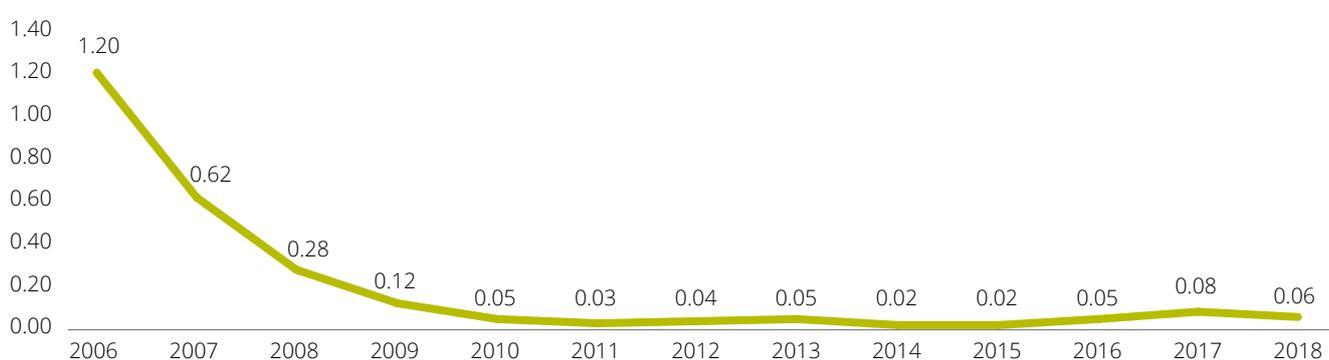
"We've improved the Lost Time Accident (LTA) frequency by 95% since we started World Class Occupational Safety activities"

Occupational Health and Safety Training and Practices

We organize trainings in order to continuously raise the awareness levels of our employees and contractor employees on occupational health and safety, and ensure the establishment and spread of occupational health and safety culture through various practices.

In 2018, 6,920 Tofaş employees received 87,978 people * hours; 4.771 employees of the contractor company received 3,578 people * hours of occupational health and safety training.

Lost Day Accident Rate



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

Occupational Safety Simulation Training Area (DOJO)	We aim to communicate the risks in the working area to the employees with the help of established equipments and simulated stations. In 2018, we provided 21,124 person * hours of DOJO training.
Supervision Certification with Virtual Reality (VR)	We aim to measure and assess the ability of employees to identify risks in the field. Within the scope of the practice, employees are performing the audit in a three-dimensional virtual environment with a section of the actual production site with certain non-conformities. Employees who score a certain score are approved as auditors.
Contractor Company Management Procedure	We aim to proactively handle the work of contractors with the instructions created and to ensure that all rules are determined and audited before the work starts.
Occupational Safety Forum Theater and Drama Trainings	Interactive training methods used for zeroing unsafe behaviors and strengthening the occupational safety culture. As a part of the game, employees are provided with learning experience on occupational safety.
Attention and Perception Test (Vienna Test)	With the help of the test, we aim to measure attention, perception, concentration and motor skills of work machine operators, maintenance personnel, quality control personnel and test drivers.
Occupational Safety Captain	Occupational Safety Captain is a practice where work safety responsibility is undertaken by field workers for one week in manufacturing teams consisting of 8-15 people. The assigned captains carry hats and armbands specially prepared during their tenure, while observing possible workspace nonconformities and unsafe behaviors while doing their jobs.
Occupational Safety Painting Competition	We aim to reach to the children of the employees with the occupational safety painting competition organized every year to support the occupational safety culture. We invite children to participate in the competition together with their families and give them various gifts. The pictures they draw are displayed in the factory and hangs in the field.
Team Flags	We encourage the accident-free working areas of the manufacturing teams with regard to occupational safety. If there was no work accident in the team, the blue, if it was, the orange pennant is hanging.

Value Chain

One of the critical factors behind our sustainable business success is that we manage our broad value chain network effectively and sustainably. We are working for a value chain which has the same ethical values and working principles as Tofaş, and the principle of continuous development. We contribute to increasing the business success and productivity of our suppliers and dealers, which are the two most important elements of our value chain.

Supply Chain Management

We carry out our relationships with our suppliers on the basis of sustainable competition based on openness and trust. We believe that a supply chain that is financially strong, operationally environmentally friendly, reliable in terms of manufacturing quality and continuity will reinforce our business success. In this context, we are working to contribute to the continuous development of our suppliers, which are the most important elements of our value chain.

Supply chain processes are carried out through specialized units such as Supply Chain and Procurement Directorate, WCC, Supply Industry Development, which are directly affiliated to the CEO. The strategic objectives and performance results are reported to the senior management, the Early Risk Detection and Risk Management Committee and the Board of Directors. The goals and strategic orientations determined by the senior management are guiding our future activities.

We expect our suppliers to adopt identical ethical values with Tofaş. Therefore, our agreements with suppliers also cover the Tofaş Code of Ethics. In the event of any incompatibility with our code of ethics, we support our suppliers to adapt. We attach importance to our purchasing activities for our new projects so that they bring advanced and intelligent technologies to the Turkish automotive sector and ensure that they contribute to Tofaş's competitive power in the global arena.

Supplier Selection

Our basic expectation from our suppliers is that they act in accordance with common goals as us. When considering the suppliers we will work with, we consider some basic criteria.

- Having technical and organizational competencies to meet the expectations of the automotive industry,
- Financially strong,
- Advanced design production and testing capability,
- Having the capacity to contribute to the competitiveness of Tofaş in terms of quality and cost improvement,
- Continuously improving itself and improving its competitiveness by following the developments and good practices in the sector,
- Being able to adapt to the rapidly developing technology, flexible and agile organization capabilities,
- We work with suppliers who have successfully passed our audits on process and working norms.

We carry out our international procurement processes together with the FCA purchasing organization. In the local procurement, we act in line with our goal of reducing the foreign dependency of the Turkish automotive sector and localization. In 2018, we continued to contribute to the development of domestic suppliers by using 75% of our procurement activities, excluding engines and transmissions, from domestic suppliers.

We include localization as one of our medium and long term strategies. Through our joint efforts with local suppliers, we support suppliers' access to global scale and competitiveness.

Supplier Development Practices

We carry out practices that contribute to the development of our suppliers in many areas such as product design, organizational / technical development, quality, cost improvement, physical and financial risks, manufacturing process improvement, joint purchasing and sustainability. We aim to create a proactive and autonomous procurement process with our supplier development activities. In order to share our know-how with our suppliers, we organize various training and events for suppliers within the year.

One of our main objectives in our supplier development activities is; to change the way of doing business by being reactive and focused on problem solving and to focus more on creating a proactive and autonomous process. In this context our basic approach is:

- Focusing on our current problems correctly, developing approaches to solve them effectively and permanently,
- Working as a strong and competent team in cooperation with the common aim and goal,
- To establish systems that will detect and prevent all possible risks in our manufacturing processes before they become a problem,
- To design and produce products and processes that cannot produce errors and to achieve a perfect quality level.

In 2018, in line with this objective, the main activities carried out within the framework of continuous development and sustainability in supplier dimension are as follows:

- Within the scope of our strategy of **“creating proactive and autonomous processes”**, in 2018, more than 1,000 permanent improvement activities were put into service in 43 suppliers with the support of Tofaş expert teams and with the teams formed from different fields of expertise. In 2019, our suppliers will continue their activities within the scope of related strategies.
- Innovative and technological solutions are implemented with our **“digital transformation”** strategy in order to accelerate the digital transformation, to develop efficient and error-free production processes, to create visual and efficient management systems while solving the current problems and risks in our suppliers' processes permanently. In addition to these solutions, we have brought together leading technology solutions providers in their fields including start-ups and suppliers in **“GoTech”** organization in order to increase the speed to access technology and their awareness, also to accelerate the spread of good practice examples. The first of the organization was realized in 2018 with the participation of 189 people and 56 suppliers and 50 best practices were shared.
- We organized **Tofaş Environment and Energy Day** with the participation of our suppliers. In this organization aiming to share knowledge and experience on Environment, Energy and Sustainability, our suppliers shared good practice examples. In this event, which we will repeat every year, we aim to increase the sustainability awareness of our suppliers, which constitute the most important element of our value chain.
- Within the scope of the **World Class Supplier (WCS) Program**, we have been conducting studies on the expansion of WCM in suppliers since 2009 in order to integrate World Class Manufacturing (WCM) methodology into business models. As of the end of 2018, we continue our activities with 28 suppliers. We are participating with 3 Turkish suppliers on the FCA global supplier list, which has a total of 10 suppliers reaching the WCM Bronze target.
- We share innovative applications with suppliers that improve quality and cost. **LCA (LowCostAutomation)** project was expanded in 50 suppliers in 2018. Materials Logistics Engineering Directorate LCA (low cost automation) team won the first prize in European Automotive Logistics Awards Packaging & Material Handling Innovation category with the **“Ceiling Coating Low Cost Automation”** project that was commissioned in 2018.

Value Chain

- **“The Setup Time Improvement Project”**, which aims to increase productivity in the manufacturing processes of suppliers, was implemented in 20 suppliers in 2018.
- In order to improve the competencies of suppliers in important areas such as quality, project and logistics, the **UP Program (Apply Your Competencies, Plan Your Development)**, which was implemented in the previous reporting period, continued in 2018 as well. As of the end of 2018, 36 employees of 11 suppliers completed their basic training.
- **With Management Projects for Suppliers** we continued to develop management skills such as problem solving, planning and diagnostics of suppliers in 2018. With these efforts, we aim to increase the efficiency of human resources and business processes of our suppliers and to strengthen organizational competencies. In 2018, we provided mentoring support to 28 projects in 17 suppliers and ensured the successful implementation of the projects in order to disseminate the problem-solving culture in our suppliers and strengthen the culture of kaizen (continuous improvement).
- With the **Supplier Development Monitoring Portal**, a new practice that we commissioned in 2018, we can monitor the performance and development indicators of our suppliers, the results of internal customer satisfaction and manage deviations with our supplier. In the development portal, quality performance, logistics performance, commercial performance, performance of continuous improvement activities, performance of stakeholder relations management are included.

Management of Sustainability Risks in Supply Chain

We evaluate sustainability risks not only for our own operations, but also for our entire supply chain. We aim to foresee, manage and monitor the environmental, social and economic risks that may occur in the supply chain by using proactive methods and to establish the necessary action plans in advance. We provide financial and operational support to our suppliers in order to be knowledgeable in the management of sustainability risks.

We evaluate suppliers' performance in accordance with certain criteria. We act with the belief that reaching the targeted performance and application level is also a developmental factor for the supplier itself.

We identify social and environmental risks in our supply chain through effective and comprehensive audit work. Following the audits, we support our suppliers to improve their performance with the development plans we prepare. We carry out audits through our Financial Risk Management Department with the support of an independent third party to determine the financial risks in our supply chain.

“In 2018, 14 suppliers were evaluated in terms of environmental criteria; the financial risk assessment of 57 suppliers was carried out.”

Authorized Dealer and Service Network

We establish long-term and trust-based business relationships with our dealers. With our advanced logistics and distribution competence, after-sales service opportunities, we create an impact that increases the satisfaction level of our customers.

The dealer network of the brands we represent is structured as sales, service, spare parts. Almost all of the Tofaş dealer network serves customers as an integrated facility. This dealer network structure, which is defined as 3S, offers zero vehicle sales and after sales services in the same field. In addition, services such as automobile insurance, traffic insurance and vehicle loan are among the services offered to many Tofaş dealers. As of 2018, there are 73 Fiat, 17 Alfa Romeo Jeep® main dealers in the Tofaş dealer network, which serves Fiat, Alfa Romeo and Jeep® brands. Fiat serving with a total of x sales and x service points, is among the top three brands in Turkey in terms of sales and service penetration.

In 2018, sales, after-sales and customer attention center of our Fiat, Alfa Romeo and Jeep brands; management system for the development of approximately 5,500 employees of MagnetiMarelli and Opar operating in the field of spare parts are updated in accordance with the new generation technology. In addition, programs such as Sales School, Service School, and technical and behavioral development activities for the employees of the dealers such as “I'm from Fiat with pride”, Discovery Days were organized.

Corporate Social Responsibility

Being a corporate citizen requires to follow the needs of the society we live in from a multifaceted perspective, and to produce the right solutions for the current problems. From this point of view, we aim to contribute to the national economy with our employment practices, value chain and innovation activities, and to create value for the society with our social responsibility projects.

Contribution to Local Economy

Considering our large-scale value chain, Tofaş has a huge impact on the local economy. With the awareness of our responsibility, we carry out practices that will contribute to the local economy in various ways.

We contribute directly to the local economy through local employment practices. As of 2018, all of our field employees and 88% of our senior executives are local qualified employees.

We also provide contributions to the local economy through our efforts to strengthen the institutional and professional competencies of our suppliers' and dealers' employees, and our R & D and innovation activities.

Social Investments

One of the most effective methods of creating value for society is to produce projects that will enable social development. With our long-term and sustainable social responsibility projects, we do our part in this matter.

We consider the needs of the local community and the expectations of our stakeholders when implementing the projects. In line with these components, we mainly produce projects in the fields of sports, education, health and culture-arts.

Social responsibility projects are managed by the Corporate Communication Directorate, within the framework of Tofaş Donation and Sponsorship Policy. In 2018, we allocated TL 8.2 million of resources to social responsibility projects.

Sports

Tofaş Sports Club

Tofaş Sports Club is active in basketball, football, volleyball, table tennis, water polo and bridge branches. The club continued its efforts to bring new talents to Turkish sports in 2018 with its infrastructure investments and infrastructure oriented team.

Tofaş Sports Hall

Tofaş plays host matches in Nilüfer Tofaş Sports Hall in Bursa. High occupancy rates contribute to the social life of the people of Bursa.

New Generation Tofaş Project

The New Generation Tofaş Project is a training and practice model for the coach - family - child triangle. With the project, it is aimed to create equal opportunities for children in sports and to give children a culture and perspective beyond sport education which will help them to be successful in every field of life. In this context, every child is working to play basketball with equal opportunities in his / her environment and to grow a generation with a real sports culture.

Since the project was launched in 2016, 15 basketball schools have reached 5,000 children. 16 small teams formed from children selected for the youth system, continue their training at Mustafa V. Koç Sports Hall. The Tofaş Sports Club's team consists of the young teams of Tofaş.

For the sustainability of the sportive activities, 34 trainers involved in the project as an intern are given trainings on theoretical and active training in the field every week. In 2018, 3 trainers, who were trained in the trainings program of the New Generation Tofaş, started official coaching in Tofaş Sports Club.

Corporate Social Responsibility

Mustafa V. Koç Sports Hall

Mustafa V. Koç Sports Hall, which was opened in 2016 by Tofaş Sports Club, serves to the amateur sports clubs, athletes in Bursa, Tofaş personnel as well as our club athletes. The 5,800 m² facility includes a sports hall with three basketball courts, a fitness center and a full-fledged sportsman rehabilitation center to meet any physical therapy needs.

Education

Fiat Laboratories

The Fiat Laboratories, which are integrated with Koç Holding's "Meslek Lisesi Memleket Meselesi" -Vocational High School, A Crucial Matter- Project, aim to raise the technical manpower of the Turkish automotive industry and to evaluate this power in the industry. Working in cooperation with the General Directorate of Vocational and Technical Education, Tofaş contributes to the development of the fields of motor vehicle technology of industrial technical education schools and institutions through Fiat Laboratories.

While Fiat Laboratories left their 12th year in 2018, the number of students and teachers studying in laboratories approached 2,250. 218 students graduated from the laboratories during the semester. The Fiat Laboratories protocol, which ended in 2018, was extended to 3 years for the 2018-2019 academic year.

In 2018, in all schools within the Fiat Laboratories, the Service Technical Specialists (STS) of the services in the relevant region, together with the Tofaş Academy trainers, provided training on the detection of technical faults on the vehicles, and behavioral competences in the service and social life.

Within the scope of the 2017-2018 European Union Project, a group of teachers and students from Ankara Güvercinlik Sehit Hasan Gulhan Vocational and Technical Anatolian High School proudly represented the Fiat brand with their studies abroad as well as gaining experience abroad in Spain.

Within the scope of the "Vocational Education: A Crucial Matter for the Nation" project, scholarships are provided by the Vehbi Koç Foundation every year to those who have the required conditions among the students studying at the Fiat Laboratories. In 2018, 273 students were granted scholarships.

Tofaş Science High School

Tofaş Science High School, which is implemented by Demirtaş Organized Industrial Zone, DOSAB and Tofaş, and started its education in 2014-2015 academic year, is located in Nilüfer district of Bursa. As of 2018, 412 students have been educated in the high school, which has 16 classrooms, 70 dormitory rooms with a capacity of 280 people and a gymnasium.

Opened at the Tofaş Science High School, the Innovation Workshop aims to shape the future of the automotive and engineering field, and support the training of the equipped young people. While the decision to disseminate the Innovation Workshop, which was determined "inspirational Project" by the Ministry of National Education, to all science high schools, the support for the continuity of the workshop continues.

Bursa Tofaş Science High School, which has been the fifth in Turkey and first in Bursa in preferred school rankings in the 2018-2019 academic year, has one student in top 20 and four students in top 500 in Turkey overall rankings.

Toy Piggy Bank

Tofaş Volunteers worked for children as part of their "Toy Piggy Bank" event in 2018. Toys were collected from employees by placing piggy banks in certain places in the factory. Collected toys continue to be delivered to places like schools in need, hospitals, institutions, etc. The project is expected to be completed by 23 April.

Health

Fiat Barrier-Free Movement Program

Since 2016, we have been producing solutions that facilitate the lives of disabled people with special driving apparatus, trainings and architectural solutions within the scope of the in Fiat Barrier-Free Movement Program in order to enable physically disabled individuals to move freely and increase their mobility. In an attempt to see more disabled people in the social area, we organize various activities as a part of the program. In this context, we implemented the first barrier-free tribune of Turkey basketball courts in Tofaş Sports Hall with the slogan of "Come on to the game".

Good Sign

The Good Sign Platform is a social responsibility project developed to support the hearing impaired and deafers to express themselves effectively and in a better way in Turkish language. Within the scope of the project, 10 trainers who are hearing impaired, deaf and high school graduates in Tofaş Factory were given Turkish trainings. During the training process, and how to use these words in Turkish Grammar was presented to the public with interactive videos.

You can reach the videos at <https://engelsizhareket.fiat.com.tr/>.

Lösev (the foundation for children with leukemia) Shop

In order to support children with leukemia, Tofaş Volunteers Health Projects Team established a stand in front of the dining hall with the cooperation of Lösev and sold Lösev Shop products.

Support for people with disabilities

Tofaş Volunteers Disabled Projects Team visited the School of Niş and met with students with disabilities. In this way, students who produce in the workshops organized at weekends in the school earn income. Tofaş volunteers help students to do their job and help them to accelerate their production.

Art and Culture

Tofaş Bursa Anatolian Cars Museum and Tofaş Art Gallery

Tofaş Bursa Anatolian Cars Museum, founded to perpetuate the automotive heritage in Anatolia is Turkey's first and only Anatolian car museum. 17,000 m2 of land including the old silk factory in the Umurbey neighborhood, the historical Umurbey Bathhouse and the old Turkish house next to it, have been restored and transformed into a museum by Tofaş. The museum takes its visitors on a historic journey starting from a wheel of 2,600 years ago, to motor vehicles produced by Tofaş.

Tofaş Anatolian Cars Museum has been visited by nearly 600 thousand people since its establishment. Located within the boundaries of the Tofaş Museum of Anatolian Cars, Umurbey Bath, which serves as an Art Gallery, hosted 6 temporary exhibitions until this time. Visitors of the "Kantarın Topuzu; Teraziler, Ağırlıklar, Ölçü Aletleri" - Weigher's Knob; Scales, Weights, Measuring Instruments- exhibition, which is opened in 2016 and carries the traces of social and commercial life from past to present, exceeded 140 thousand as of 2018.

Pamukkale Hierapolis Excavation Sponsorship

Since 2005 we have been sponsoring the excavations at Hierapolis Antique City in Pamukkale which is one of the five largest ancient cities in Turkey and has been listed as a UNESCO World Heritage in 1988. Under the main sponsorship of Tofaş the works carried out under the auspices of the Ministry of Culture and Tourism and the Denizli Governorship continued in 2018 as well.

During the excavations of Hierapolis, international team of about 70 people is taking part, mainly from Italy and Turkey, including archaeologists, architects, restorers and experts.

Within the scope of the works, restoration of the stage building of the Antique Theater, which was built about 1,800 years ago, was completed.

Hierapolis Ancient Theater, having the title of only theater to have its stage building restored in Turkey, has become active for culture and art activities with its capacity of 12 thousand people after the restoration works.

For the last two years, we have been supporting the excavations and restoration works of the Ploutonion and the Hades Statue in the ancient city. As a result of the works, the Sacred Space of Ploutonion and Hades Statue were unearthed in 2018. The finds uncovered during the excavations of the Plutonium Region lead the discovered history of Hierapolis 300 years back.

Performance Data	2014	2015	2016	2017	2018
Economic and Operational Indicators					
Production (number)	222,807	278,252	383,491	384,174	301,750
Total Retail Sales (number)	92,355	113,929	109,021	122,818	72,764
Automobiles	42,769	51,802	55,284	64,133	44,374
LCV	49,586	62,127	53,737	58,685	38,390
Total Exports (number)	142,281	173,873	279,537	270,760	243,833
Automobiles	25,067	32,055	139,629	152,089	133,362
LCV	117,214	141,818	139,908	118,671	110,471
Capacity Utilization Rate (%)	56	70	95	85	67
Net Sales (thousand TL)	7,440,009	10,168,542	14,605,281	17,467,806	18,603,331
Domestic	3,023,705	4,121,142	4,291,021	5,409,421	3,934,701
Export	4,297,030	5,729,275	9,839,301	11,887,628	14,455,023
Other Real Operating Sales	119,274	70,306	105,629	170,757	213,607
Profit Before Tax (thousand TL)	472,253	617,987	797,936	1,229,472	1,290,894
Profit After Tax (thousand TL)	574,238	830,801	970,228	1,282,818	1,330,423
EBITDA (thousand TL)	815,607	1,062,668	1,366,148	2,002,064	2,484,452
Earnings per Share (Kr)	1.15	1.66	1.94	2.57	2.66
Economic Value Generated - Net Income (thousand TL)	7,440,009	10,168,542	14,605,281	17,467,806	18,603,331
Economic Value Distributed (thousand TL)	7,301,164	10,066,710	14,039,839	16,244,902	17,001,071
Operating Costs	6,062,362	8,809,825	12,536,578	15,085,665	15,314,209
Employee Wages and Benefits	520,030	548,210	728,353	774,509	852,757
Dividend Payment to Shareholders	485,000	365,000	365,000	350,000	800,000
Government Taxes and Other Obligations	228,387	336,497	399,803	26,503	25,887
Community Investments*	5,385	7,177	10,105	8,225	8,218
Economic Value Retained (thousand TL)	132,885	92,208	552,117	1,224,111	1,603,733
Government Incentives (thousand TL)*	95,174	73,449	69,938	169,575	160,643
Corporate Governance Rating Notes	9.01	9.06	9.14	9.15	9.2
Total R&D Budget (million TL)	541,057	584	498	244	244
Total R&D Employees (number)	605	674	628	620	690
Total Number of Patents	4	6	5	5	32

Performance Data	2014	2015	2016	2017	2018
Environmental Performance Indicators	2014	2015	2016	2017	2018
Total Energy Consumption (GJ)	1,063,686	1,303,923	1,496,302	1,446,336	1,165,961
Direct Energy Consumption - Natural Gas (GJ)	609,138	805,475	895,259	862,084	676,304
Indirect Energy Consumption (GJ)	454,548	498,448	601,043	584,252	489,657
Electricity	434,108	498,448	601,043	584,252	489,657
Steam	20,440	0	0	0	0
Energy Consumption per Vehicle Manufactured (GJ/vehicle)	4.77	4.69	3.88	3.76	4
Energy Saved Through Efficiency Projects (GJ)	124,812	71,010	60,169	72,633	79,935
GHG Emission Reduction Through Efficiency Projects (Ton CO2e)	9,720	6,225	4,213	5,918	5,387
Scope 1	4,995	4,403	2,688	2,708	3,505
Scope 2	4,725	1,822	1,525	3,210	1,882
Direct GHG Emissions (Scope 1) (Ton CO2e)	50,103	68,904	77,808	68,467	50,062
Indirect GHG Emissions (Scope 2) (Ton CO2e)	55,879	61,753	74,463	69,136	59,253
GHG Emissions From Personnel Commuting (Scope 3) (Ton CO2e)	2,740	3,442	4,938	3,444	9,080
GHG Emissions per Vehicle Manufactured (Kg CO2e/vehicle)	0.476	0.47	0.397	0.358	0.362
Total VOC Emissions (ton)	891	1,054	1,388	1,319	1,027
Specific VOC Emissions (gr/m2 painting surface)	35.5	33.76	34.55	33.91	32.87
Total Water Withdrawal - Underground sources (m3)	772,247	894,265	1,254,487	1,210,039	1,073,623
Fresh Water Consumption per Vehicle Manufactured (m3/vehicle)	3.47	3.21	3.27	3.15	3.55
Total Water Recovered (m3)	52,430,664	60,841,359	68,688,520	63,204,065	64,555,900
Reuse	52,421,214	60,841,359	68,688,520	63,204,065	64,555,900
Recycle	9,450	0	0	0	0
Waste Water Discharge - to Receiving Natural Environment (m3)	580,600	760,629	1,009,621	987,634	743,173
Total Hazardous Wastes by Disposal Method (ton)	1,484	1,447	2,305	2,341	1,861
Energy Recovery	867.31	1,014	1,667	1,869	1,439
Recovery	320.1	411	507	562	421.931
Landfill	297.44	22	131	0	0
Total Non-Hazardous Wastes by Disposal Method (ton)	62,753.1	78,479	86,514.0	93,109	74,310
Energy Recovery	1,046.90	1,060	1,448.5	2,766	884.6
Recovery	61,706.2	77,419	85,065	90,343	73,425

Performance Data	2014	2015	2016	2017	2018
Total Non-Hazardous Wastes by Disposal Method (ton)	1,484	1,447	2,305	2,431	1,861
Total Packaging Material Used (ton)	5,987	9,316	11,768	10,263	8,298
Packaging Waste Recovery Ratio (%)	100	100	100	100	100
Environmental Trainings - Participation (number of participants)	3,917	2,767	3,760	1,662	5,443
Direct Employees	3,092	2,143	3,517	329	2859
Contractor Employees	825	624	243	1,333	13,885
Environmental Trainings - Total Hours (person x hours)	3,917	6,407	3,826	1,662	6,664
Direct Employees	3,092	1,648	3,504	329	2671
Contractor Employees	825	4,759	322	1,333	3,993
Total Environmental Management Costs (TL)	1,581,544	2,230,971	1,034,007	1,309,448	1,340,123
Fines Due to non-Compliance to Environmental Regulations (number-TL)	0-0	0	0	0	0
Environmental Impact Grievances Received Through Formal Mechanisms (number)	0	0	0	0	0
Suppliers Screened by Using Environmental Criteria number	9	7	15	14	14
Social Performance Indicators					
Employee Trainings - Participation (number of participants)	7,131	8,187	8,113	7,527	8090
Shopfloor Employees	5,819	6,090	6,429	5,838	6385
Office Employees	1,312	2,097	1,684	1,689	1705
Female	148	1,306	879	672	870
Male	6,983	6,881	7,234	6,855	7295
Employee Trainings - Total Hours (person x hours)	268,412	94,918	665,629	191,507	324,605
Shopfloor Employees	141,080	25,258	564,527	91,001	201,741
Office Employees	127,332	69,660	101,102	100,506	137,147
Female	13,420	14,600	107,754	24,988	52,668
Male	254,991	80,318	557,875	166,519	271,937
Average Hours of Training per Employee (hours/person)	39.9	40.25	82.04	44.5	36.8
Shopfloor Employees	28.1	32.32	87.8	40.1	29.4
Office Employees	86.3	44.03	60	66.5	77.1
Female	44.3	40.82	122.5	41.4	60.53
Male	41	40.1	77.1	44.9	37.27

Performance Data	2014	2015	2016	2017	2018
Contractor Employee Trainings - Participation (number of participants)	5,167	5,748	711	1,135	3,993
Contractor Employee Trainings - Total Hours (person x hours)	7,649	4,592	11,376	13,702	13,885
Average Hours of Training per Contractor Employee (hours/ person)	5.0	4.6	11.4	12.1	4.8
OHS Trainings - Participation (number of participants)	16,543	8,756	14,173	17,881	11,691
Direct Employees	8,062	4,364	6,966	8,934	6,920
Contractor Employees	8,481	4,392	7,207	8,947	4,771
OHS Trainings - Total Hours (person x hours)	67,181	34,896	60,865	73,016	91,556
Direct Employees	59,532	31,602	55,460	66,306	87,978
Contractor Employees	7,649	3,294	5,405	6,710	3,578
Injury Rate					
Direct Employees	0.04	0.05	0.05	0.33	0.30
Contractor Employees	0.13	0.81	1.7	0.7	0.21
Occupational Diseases					
Direct Employees	0	0	0	0	0
Contractor Employees	0	0	0	0	0
Lost Day Rate					
Direct Employees	0.02	0.02	0.05	0.08	0.06
Contractor Employees	0.51	0.69	0.79	0.16	0.04
Fatalities (number)					
Direct Employees	0	0	0	0	0
Contractor Employees	0	0	0	0	0
Employees Involved in Activities with High Accident or Disease Risk (number)	0	0	0	0	0
OHS Committees Established (number)	9	9	9	9	9
Total Members in OHS Committees Established (number)	95	98	99	99	99
Employee Representatives in OHS Committees Established (number)	9	11	12	12	12
Total Suppliers based on Workforce Criteria (number)	21	20	21	26	14

Employee Demographics	2013	2014	2015	2016	2017	2018
Total Workforce (number)	7,087	7,259	8,868	11,113	10,156	8,526
Direct Employees	6,262	6,490	8,018	10,215	9,221	7,694
Female	244	303	422	872	872	800
Male	6,018	6,187	7,596	9,343	8,349	6,894
Contractor Employees	825	769	850	898	935	832
Employees by Contract Type (number)	6,262	6,490	8,018	10,215	9,221	7,694
Permanent	6,252	6,461	7,890	10,104	9,221	7,665
Female	242	303	422	872	872	794
Male	6,010	6,158	7,468	9,232	8,349	6,871
Temporary	10	29	128	111	0	23
Female	2	0	0	0	0	0
Male	8	29	128	111	0	23
Employees by Category (number)	6,262	6,490	8,018	10,215	9,221	7,694
Shopfloor Employees	4,924	5,015	6,399	8,532	7,511	6,009
Female	2	20	79	540	509	421
Male	4,922	4,995	6,320	7,992	7,002	5,588
Office Employees	1,138	1,475	1,619	1,683	1,710	1,685
Female	242	283	343	332	363	379
Male	1,069	1,192	1,276	1,351	1,347	1,306
Employees by Type (number)	6,262	6,490	8,018	10,215	9,221	7,694
Full-time	6,262	6,490	7,967	10,215	9,221	7,694
Female	244	303	422	872	872	800
Male	6,018	6,187	7,596	9,343	8,349	6,894
Part-time	0	0	0	0	0	0
Employees by Education Level (number)	6,262	6,490	8,018	10,215	9,221	7,694
Primary	747	701	716	666	497	367
Secondary	3,582	3,662	4,691	6,194	5,536	4,473
University and Above	1,933	2,127	2,611	3,355	3,188	2,854
Employees by Age Group (number)	6,262	6,490	8,018	10,215	9,221	7,694
18-30	2,010	1,828	3,331	5,464	4,421	2,984
31-40	2,148	2,635	2,719	2,943	3,225	3,304
41-50	1,952	1,951	1,860	1,681	1,490	1,307
51-60	42	76	108	127	85	98
Senior Management Structure (number)	19	18	16	15	16	17
by Gender	19	18	16	15	16	17
Female	1	1	0	0	0	0
Male	18	17	16	15	16	17
by Age Group	19	18	16	15	16	17
18-30	0	0	0	0	0	0
31-40	1	0	1	1	0	1
41-50	13	10	10	8	9	9
51-60	5	8	5	6	7	7

Employee Demographics	2013	2014	2015	2016	2017	2018
by Nationality	19	18	16	15	16	17
Turkish Citizen	16	16	14	13	15	15
Expat	3	2	2	2	1	2
Mid-level Management Structure (number)	200	210	166	170	184	281
by Gender	200	210	166	170	184	281
Female	18	20	20	18	26	39
Male	182	190	146	152	158	242
by Age Group	200	210	166	170	184	281
18-30	4	2	0	0	0	9
31-40	85	90	68	69	77	138
41-50	97	99	83	82	84	100
51-60	14	19	15	19	23	34
Employees Covered by Collective Bargaining Agreement (number)	4,924	5,011	6,391	8,524	7,503	6,009
New Hires (number)	366	607	3,087	3,623	536	245
by Gender	366	607	3,087	3,623	536	245
Female	40	76	124	574	74	76
Male	326	531	2,963	3,049	462	169
by Age Group	366	607	3,087	3,623	536	245
18-30	296	507	2,851	3,354	440	206
31-40	64	68	82	146	76	36
41-50	3	22	111	89	19	3
51-60	3	10	43	34	1	0
Employees Left (number)	1,129	426	925	1,375	1,530	1,801
by Gender	1,129	426	925	1,375	1,530	1,801
Female	20	20	38	89	74	155
Male	1,109	406	887	1,286	1,456	1,646
by Age Group	1,128	426	925	1,375	1,530	1,801
18-30	802	114	547	792	992	1,256
31-40	187	131	153	201	179	242
41-50	127	146	205	275	246	222
51-60	12	35	20	107	113	80
Employees on Parental Leave	549	481	490	611	679	644
Female	16	29	33	49	104	97
Male	533	452	457	562	575	547
Employees Returned to Work After Parental Leave	549	481	490	601	655	644
Female	16	29	33	49	80	97
Male	533	452	457	552	575	547
Employees Returned to Work After Parental Leave and Still Employed 12 Months After Their Return	549	472	479	590	625	585
Female	16	29	33	47	63	78
Male	533	443	446	543	562	507



GRI Content Index

Disclosures	Description and Page Numbers
GRI 101: Foundation 2016	
GRI 101: Foundation 2016	
Organizational Profile	
102-1	Legal Notice and Contacts (p.59)
102-2	Tofaş 2018 Annual Report (p.46-50)
102-3	Legal Notice and Contacts (p.59)
102-4	Tofaş 2018 Annual Report (p.4)
102-5	Tofaş 2018 Annual Report (p.88)
102-6	Tofaş 2018 Annual Report (p.38)
102-7	Performance Data (p.38)
102-8	Performance Data (p.42)
102-9	Supply Chain Management (p.32)
102-10	No significant change has been occurred neither in company's operational or financial structure nor supply chain.
102-11	Business Ethics and Anti-corruption (p.11-7); Internal Control and Internal Audit (p.11); World Class Manufacturing and Quality (s.24-23); Human Rights (p.28); https://tofas.com.tr/en/Sustainability/Policies/Pages/CodeofEthics.aspx
102-12	Sustainability Management (p.12); Climate Change (p.20); Human Rights (p.28); https://tofas.com.tr/en/Sustainability/Policies/Pages/CodeofEthics.aspx
102-13	Corporate Memberships (p.50-51)
Strategy	
102-14	Message from CEO (p.4-5)
102-15	Message from CEO (p.4-5); Sustainability Management (p.11)
Ethics and Integrity	
102-16	Business Ethics and Anti-corruption (p.11-7); https://tofas.com.tr/en/Sustainability/Policies/Pages/CodeofEthics.aspx
102-17	Business Ethics and Anti-corruption (p.11-7); https://tofas.com.tr/en/Sustainability/Policies/Pages/CodeofEthics.aspx
Governance	
102-18	Corporate Governance Structure (p.6)
102-19	Sustainability Management (p.11-12)
102-20	Sustainability Management (p.11-12)
102-22	Corporate Governance Structure (p.6); Tofaş 2018 Annual Report (p.24-25, 104-105)
102-23	Tofaş 2018 Annual Report (p.24-25)
102-24	Tofaş 2018 Annual Report (p.104-105)

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

102-25	Business Ethics and Anti-corruption (p.11-7); https://tofas.com.tr/en/Sustainability/Policies/Pages/CodeofEthics.aspx
102-26	Sustainability Management (p.11-12)
102-27	Sustainability Management (p.11-12)
102-28	Corporate Governance Structure (p.6); Risk Management (p.6-7); Sustainability Management (p.11-12)
102-29	Risk Management (p.6-7); Sustainability Management (p.13)
102-30	Risk Management (p.6-7); Sustainability Management (p.11-12)
102-31	Risk Management (p.6-7); Sustainability Management (p.13)
102-32	Sustainability Management (p.11-12); After being examined by Tofaş Sustainability Working Group, Tofaş Sustainability Report has been submitted to Tofaş Sustainability Committee and published after their approval.
102-35	Tofaş 2018 Annual Report (p.114)
102-36	Tofaş 2018 Annual Report (p.114)
102-37	Tofaş 2018 Annual Report (p.114)
Stakeholder Engagement	
102-40	Stakeholder Engagement (p.15)
102-41	Human Rights (p.28)
102-42	Stakeholder Engagement (p.14)
102-43	Stakeholder Engagement (p.14)
102-44	Customer Satisfaction (p.16); Corporate Citizenship (p.35); https://tofas.com.tr/en/Sustainability/Policies/Pages/CodeofEthics.aspx
Reporting Practice	
102-45	About the Report (p.3)
102-46	About the Report (p.3); Sustainability Management (p.12)
102-47	Sustainability Management (p.13)
102-48	About the Report (p.3)
102-49	About the Report (p.3)
102-50	About the Report (p.3)
102-51	About the Report (p.3)
102-52	About the Report (p.3)
102-53	Legal Notice and Contacts (p.59)
102-54	About the Report (p.3)
102-55	GRI Content Index (p.44)
102-56	Independent Assurance Statement (p.52); Legal Notice and Contacts (p.59)

Material Issues		
Standards	Disclosures	Description and Page Numbers
Business Ethics and Anti-Corruption		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Business Ethics and Anti-corruption (p.7-11); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); https://tofas.com.tr/en/Sustainability/Policies/Pages/CodeofEthics.aspx
	103-3	Risk Management (p.6-7); Business Ethics and Anti-corruption (p.7-11); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Management of Sustainability Risks in Supply Chain (p.34); https://tofas.com.tr/en/Sustainability/Policies/Pages/CodeofEthics.aspx
GRI 205: Anti- corruption 2016	205-1	Business Ethics and Anti-corruption (p.11-7)
	205-2	Business Ethics and Anti-corruption (p.11-7)
	205-3	Business Ethics and Anti-corruption (p.11-7)
Climate Change		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Climate Change (p.20); Mobility Solutions (p.21); Energy Efficiency and Emissions (21-22); Management of Sustainability Risks in Supply Chain (p.34)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Climate Change (p.20); Mobility Solutions (p.21); Energy Efficiency and Emissions (21-22); Management of Sustainability Risks in Supply Chain (p.34)
GRI 302: Energy 2016	302-1	Energy Efficiency and Emissions (p.21); Performance Data (p.39)
	302-3	Energy Efficiency and Emissions (p.21); Performance Data (p.39)
	302-4	Energy Efficiency and Emissions (p.21); Performance Data (p.39)
GRI 305: Emissions 2016	305-1	Energy Efficiency and Emissions (p.21); Performance Data (p.39)
	305-2	Energy Efficiency and Emissions (p.21); Performance Data (p.39)
	305-4	Energy Efficiency and Emissions (p.21); Performance Data (p.39)
	305-5	Energy Efficiency and Emissions (p.21); Performance Data (p.39)
	305-7	Energy Efficiency and Emissions (p.21); Performance Data (p.39)
Environmentally Friendly Material Use and Waste Management		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Environmental Management (p.24); Material and Waste Management (p.26); Management of Sustainability Risks in Supply Chain (p.34)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Management of Sustainability Risks in Supply Chain (p.34)
GRI 306: Effluents and Waste 2016	306-1	Water Management (p.26); Performance Data (p.39)
	306-2	Material and Waste Management (p.26); Performance Data (p.39)
	306-5	Water Management (p.25)

Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Occupational Health and Safety (p.30); Management of Sustainability Risks in Supply Chain (p.34)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Management of Sustainability Risks in Supply Chain (p.34)
GRI 403: Occupational Health and Safety 2016	403-1	Occupational Health and Safety Trainings and Practices (p.31)
	403-2	Performance Data (p.41) During the reporting period neither fatality nor occupational disease case occurred.
	403-3	Performance Data (p.41)
	403-4	Our OHS commitments are found in the collective bargaining agreement. Most recent collective bargaining agreement contains OHS issues such as compliance to regulations, health and protective equipment.
Talent Management and Occupational Training		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Employee Development (p.29-30); Management of Sustainability Risks in Supply Chain (p.34)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Management of Sustainability Risks in Supply Chain (p.34)
GRI 404: Training and Education 2016	404-1	Employee Development (p.30-29); Performance Data (p.40)
	404-2	Employee Development (p.30-29)
	404-3	Employee Development (p.30-29)
Women Employment, Diversity, Equal Opportunites		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Human Rights (p.28); Social Gender Equality (p.28); Management of Sustainability Risks in Supply Chain (p.34)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Human Rights (p.28); Management of Sustainability Risks in Supply Chain (p.34)
GRI 405: Diversity and Equal Opportunity 2016	405-1	Performance Data (p.42)
	405-2	Social Social Gender Equality (p.28)
Human Rights at Workplace		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure; Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Human Rights (p.28); Social Gender Equality (p.30); Management of Sustainability Risks in Supply Chain (p.34)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Human Rights (p.28); Management of Sustainability Risks in Supply Chain (p.34)
GRI 406: Non- discrimination 2016	406-1	During the reporting period, no case of discrimination has occurred.

GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	During the reporting period, no evidence for unionization and collective bargaining rights to be under risk in Tofaş operation. Same principle is also considered during supplier audit process and no risk element witnessed
GRI 408: Child Labor 2016	408-1	During the reporting period, no evidence for risk of child labor in Tofaş operations has been witnessed. Same principle is also considered during supplier audit process and no risk element witnessed.
GRI 409: Forced and Compulsory Labor 2016	409-1	During the reporting period, no evidence for risk of forced or compulsory labor in Tofaş operations has been witnessed. Same principle is also considered during supplier audit process and no risk element witnessed.
GRI 410: Security Practices 2016	410-1	Certified security personnel specialized in the field take charge in ensuring the safety of Tofaş operation. Communication with third parties and human rights issues are involved in the scope of the security personnel's training. All security personnel are informed about company procedure.
Vehicle and Traffic Safety		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure(p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Vehicle Safety, Driving and Passenger Comfort (p.21)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)
GRI 416: Customer Health and Safety 201	416-1	Vehicle Safety, Driving and Passenger Comfort (p.19)
	416-2	During the reporting period, no case of non-compliance to regulations has occurred regarding vehicle and passenger safety aspects.
The Balance of Business Life - Private Life		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Social Life (p.30)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)
Brand Perception		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Brand Perception (p.17)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)

Product and Service Quality		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); World Class Manufacturing and Quality (p.23-24)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)
Customer Satisfaction		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Customer Satisfaction (p.16)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)
Supplier and Dealer Business Success		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Supplier Development Practices (p.33-34); Management of Sustainability Risks in Supply Chain (p.34); Authorized Dealer and Service Network (p.34)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Management of Sustainability Risks in Supply Chain (p.34)
Sustainability Risk Management in Value Chain		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Management of Sustainability Risks in Supply Chain (p.34)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)
Product, Process, Mobility Model Innovation		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Mobility Solutions (p.21)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)
Digitalization		
GRI 103: Management Approach 2016	103-1	Sustainability Management (p.13)
	103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Digital Transformation (p.18); Digitalization in Vehicles (p.19)
	103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)

CORPORATE MEMBERSHIPS

Climate Platform (REC Turkey)	Membership
Automobile Manufacturers' Association	Board of Directors, Committee and Study Group Memberships
Automobile Distributors' Association (ADA)	General Assembly, Board of Directors, Audit Commission and Committee Memberships
Istanbul Chamber of Industry (ICI)	36th Group Professional Committee and Assembly Memberships
Bursa Chamber of Commerce and Industry (BTSO)	Assembly and Committee Memberships
Turkish Metal Industrials Union (MESS)	Membership
International Investors Association (YASED)	Board of Directors and Committee Memberships; Automotive and Supply Industry Study Group Presidency
Uludag Automotive Industry Exporters' Association (OIB)	Vice Presidency of the Executive Board
Bursa Industry and Businessman Association (BUSIAD)	Board of Directors and Expert Group Memberships
Demirtaş Organized Industry Zone (DOSAB)	Board of Directors and Education Commission Memberships
Demirtaş Organized Industry Zone Industrialists' and Businessmen's Association (DOSABSIAD)	General Assembly Membership
People Management Association of Turkey (PERYÖN)	Membership
Foreign Economic Relations Board Eurasia, Africa and Middle East Works Council (DEİK)	Membership
Foreign Trade Association of Turkey (TÜRKTRADE)	Membership
Turkish Quality Association (KALDER)	Membership and Board Membership
Advertisers Association (RVD)	Membership
Italian Chamber of Commerce	Representation
World Italian Entrepreneurs Association (CIIM EurAsiaMed)	Board Membership
Turkish Industry and Business Association (TÜSİAD)	Membership and Study Group Memberships
DENİZTEMİZ-TURMEPA	Membership

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Corporate Communications Professionals Association (KID)	Board Membership
The Union of Chambers and Commodity Exchanges of Turkey (TOBB)	Automotive Industry Assembly Membership, Automotive Trade Assembly Membership
ERT-TBC	Membership
Association of Financial Institutions (FKB)	Membership and Board Membership
Işık University	Department of Industrial Engineering Council Membership
Ministry of Science, Industry and Technology	Sub-committee Membership
The Institute of Internal Auditing (TİDE)	Membership
Turkish Researchers' Association (TUAD)	Membership
Corporate Governance Association of Turkey (TKYD)	Corporate Membership and Study Group Membership
Investor Relations Association (TUYİD)	Corporate Membership
Ethics and Reputation Society (TEİD)	Corporate Membership and Representation
Bursa Chamber of Commerce and Industry Educational Foundation (BUTGEM)	Board Membership
Professional Competency Board (MYK)	Automotive Industry Committee Presidency
Automotive Technology Platform (OTEP)	Executive Board and Security Group Membership
METU/BİLTİR-ÜTEST Product Use Test Unit (OTEST)	Council Membership
Istanbul Chamber of Commerce (İTO)	Membership
Tool Manufacturers' Association of Turkey (UKUB)	Substitute Board Membership
Tax Council	Study Group Membership
Corporate Risk Management Association (KRYD)	Membership



GREENHOUSE GAS VERIFICATION REPORT

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BUSINESS INFORMATION

Company Name	TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.		
Company Address	Head Office: Büyükdere Cad. No:145 Tofaş Han 34394, Zincirlikuyu, İstanbul, Türkiye Production Facility: İstanbul Cad. No:574 16369, Bursa, Türkiye		
Customer Number	SG-GNL-102	Report Date	11.06.2019
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Authorized Person's Name Surname	Ahu KÖKSAL	Position Title	Environment System Specialist
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VERIFICATION BODY INFORMATION

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VERIFICATION TEAM

Lead Verifier	Okay KAYHANLI
Verifier	Ahmet EDEPLİ, Bengi ÇİFTÇİ, Kürşat KUŞ, Gamze DURUKAN

INDEPENDENT REVIEWER

Name Surname	MUSTAFA SARIKOÇ	E-mail	msarikoc@qsicert.com
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INFORMATION OF THE AUTHORITY APPROVING THE REPORT ON BEHALF OF QSI

Name Surname	Okay KAYHANLI	Title	General Manager
Verification Report Number	SG-010-2019		



GREENHOUSE GAS VERIFICATION REPORT

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T: 0312 472 60 67
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The Aim & Scope of the Verification	Independently and objectively monitoring the compliance of the emissions, directly and indirectly controlled by the establishment, with the requirements of the greenhouse gas reporting standard TS EN ISO 14064-1
Verification Period	01.01.2018-31.12.2018
Base Year	2011
Emission Report Date (Final emission report submitted to the verifying business)	11.06.2019
Direct Emissions (tCO_{2e})	50.062
Energy Indirect Emissions (tCO_{2e})	59.253
Other Indirect Emissions (tCO_{2e})	6.339.365
Total Emission Amount (Scope 1 & 2) (tCO_{2e})	109.315
Emission Value of Biological Combustion Source (tCO_{2e})	-
Method Used	Based on Calculation
Level of Assurance Level & Materiality	For Scope 1 ve 2 Reasonable Assurance Level & %5, For Scope 3 Limited Assurance Level.
The number of man-days spent on site visits	5
Dates of site visit	22.05.2019
Information about the team that performed the site visit	Okay KAYHANLI, Ahmet EDEPLİ, Bengi ÇİFTÇİ, Kürşat KUŞ, Gamze DURUKAN
The date range during which the verification process was executed	22.05.2019 – 17.06.2019
Total number of man-days spent for verification process	10
Verification Result	QSI confirms that the greenhouse gas statement report of the organization is prepared in accordance with the requirements of TS EN ISO 14064-1 for the above mentioned verification period according to TS EN ISO 14064-3 standard.
Assessment by Verification Criteria	The assessment made by the verification team suggests that the greenhouse gas report meets the verification criteria.

1- VERIFICATION EXPLANATION

The verified greenhouse gas statements are as follows;

- Greenhouse gas statement for the year 2018 is developed according to TS EN ISO 14064-1 standard.
- The greenhouse gas emissions calculated for the year 2018 are Production Area; 106.993, Head Office 2.322 t CO_{2eq} ; total 109.315 t CO_{2eq}. (Information on each facility and emission source is provided in this report).
- Indirect The greenhouse gas emissions calculated for the year 2018 are 6.339.365 t CO_{2eq}.

The purpose of the verification is to establish a reasonable trust level opinion on the above-mentioned greenhouse gas statements, including:

- a) Compliance with the requirements of TS EN ISO 14064-1 standard,
- b) The acceptability of the emissions calculated in 2017.

The verification activities are based on TS EN ISO 14064-3. In this context, the following verification activities were carried out;

- Reviewing of documentation, controls and methods, including other verification reports,
- Preparation of the risk assessment and verification plan,
- Evaluation of greenhouse gas information management, documentation, records, controls and methods of the organization,
- Documentation of verification findings and observations in the verification report,
- Assessment and documentation of non-conformities and reconciliations of observations in the verification report,
- Preparing the verification statement and completing the verification.

Verifier's Opinion and Qualifications

- Verification description -1: The greenhouse gas statement has been prepared in accordance with the requirements of TS EN ISO 14064-1.
- Verification description -2: Production Area 106.993, Head Office 2.322 tons Total 109.315 tons of eCO₂ emission statement were verified.

✓ Scope 1 – Production Area	48.914 CO _{2e}
✓ Scope 1 – Head Office	1.148 CO _{2e}
✓ Scope 2 - Production Area	58.079 CO _{2e}
✓ Scope 2 - Head Office	1.174 CO _{2e}

- Verification description -3: 6.339.365 tons of indirect eCO₂ emission statement were verified.

✓ Purchased goods and services :	551.600 tCO _{2e}
✓ Upstream transportation and distribution:	129.935 tCO _{2e}
✓ Waste generated in operations:	770 tCO _{2e}
✓ Business travels:	188 tCO _{2e}
✓ Employee commuting:	9.080 tCO _{2e}
✓ Downstream transportation and distribution:	34.003 tCO _{2e}
✓ Use of sold products:	5.428.293 tCO _{2e}
✓ End of life treatment of sold products:	185.497 tCO _{2e}

Approved By
Okay KAYHANLI





GREENHOUSE GASES VERIFICATION STATEMENT

TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

Organizational Boundaries

Head Office: Büyükdere Cad. No:145 Tofaş Mah. 34394, Zincirlikuyu, İstanbul, Türkiye
Production Facility: İstanbul Cad. No:574 16369, Bursa, Türkiye

QSI verified the quantity of Greenhouse Gas between **01 January 2018 - 31 December 2018** of the above organization and found to be in accordance with the requirements of the standards detailed below.

ISO 14064-1:2006

Total Greenhouse Gas Emissions:

Direct Emissions; **50062 tCO₂e**
Energy Indirect Emissions; **59253 tCO₂e**
Emissions from the the combustion of biomass; - tCO₂e

Level of assurance; **Reasonable**

Issue Date : 17.06.2019
Reporting Period : 01.01.2018 - 31.12.2018
Verification Report Number : SG-010-2019
Verification Certificate No : SG-BL-005-2019

Okay KAYHANLI
General Manager



TÜRK LOYDU

Evliya Çelebi Mah. Tersaneler Cad. No:26/1 34944 Tuzla-İSTANBUL
Phone: +90 216 581 37 00, Fax: + 90 216 581 38 20, e-mail: tlbb@turkloydu.org, web: www.turkloydu.org

ASSURANCE STATEMENT (Reasonable Level)

Statement Date: 13.06.2019

Statement No: 05

Revision No: 01

Page: 1 / 2



TÜRK LOYDU

TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş. ASSURANCE STATEMENT (REASONABLE LEVEL)



TÜRK LOYDU

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ASSURANCE STATEMENT (Reasonable Level)

Statement Date: 13.06.2019

Statement No: 05

Revision No: 01

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1. SCOPE OF WORK

Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. carried out office and field studies to provide an independent assurance at reasonable confidence level of its select GRI Performance Indicators (Energy Efficiency and GHG (CO₂) Emissions, Water Management) of TOFAŞ Sustainability Report 2018 according to GRI G4 Sustainability Reporting Guidelines. Verification activities were conducted during May 2019.

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

- G4-EN3 Energy Efficiency ve GHG Emissions Performance Data
- G4-EN8 Water Management Performance Data
- G4-EN10 Water Management Performance Data

The information and responsibility in the TOFAŞ 2018 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 16369 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 16369 BURSA on 21.05.2019,
- 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 indicator 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

We have been informed that the results of our studies; the data and information contained in the assurance statement is clear, understandable, accessible, accurate and reliable without any material error or misstatement at reasonable confidence level.

Based on our work, it is our opinion; the GRI Performance Indicators (Energy Efficiency and Greenhouse Gas Emissions, Water Management) of TOFAŞ 2018 Sustainability Report are verified and confirmed by the verification team.

Onur YILMAZ
Technical Manager
Greenhouse Gas Lead Verifier

Tofaş 2018 Sustainability Report Stakeholder Feedback Form

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

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

To what extent does the report meet your expectations?	
Comprehensively	
Partially	
Not at all	

Please share your comments, expectations and suggestions.

Name:

Email:

Phone:

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

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102-56

Legal Notice and Contacts

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Designed by:

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