

TOFAŞ

TÜRK OTOMOBİL FABRİKASI A.Ş.

Tofaş Türk Otomobil Fabrikası A.Ş.

Supply Chain Compliance Policy

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1. PURPOSE AND SCOPE

The purpose of this Supply Chain Compliance Policy (the “**Policy**”) is to communicate the principles and values of Tofaş to our Business Partners and provide them with the necessary guidance on the standards we expect them to meet.

This Policy is also intended to provide guidance to Tofaş in its processes for selecting and monitoring Business Partners.

All employees, directors, and officers of Tofaş shall comply with this Policy, which is an integral part of the Tofaş Code of Ethics. Tofaş takes the necessary steps to ensure that all of its Business Partners are aware of and act in accordance with this Policy.

2. DEFINITIONS

“**Bribery**” refers to giving, offering, promising, or proposing anything of value with the aim of obtaining Improper Advantage over, or Corruptly Influencing a business transaction or relationship. Forms of value covers any form of benefit including but not limited to money, gifts, entertainment that:

- affect or may affect impartiality, performance, and ability to make decisions,
- may be reputation wise detrimental if it became public,
- would be a breach of the applicable legislation,
- can be perceived as bribery, or
- may correspond to a privileged treatment for carrying out a certain task.

“**Business Partner**” includes suppliers, distributors, dealers, authorized services and other third parties with whom the company has a business relationship and all kinds of representatives, subcontractors, consultants, etc. acting on behalf of the company, as well as their employees and representatives.

“**Corruption**” means “the abuse of entrusted power for private gain.

“**Export Control Regulations**” means the laws and regulations that regulate and restrict the import, export and re-export of technologies, information, goods, and services for reasons of commerce, foreign policy, and national security.

“**Government/Public Official**” broadly refers to a variety of individuals including but not limited to the following:

- Employees working at government bodies domestically or in a foreign country,
- Employees of government business enterprises (domestic or in a foreign country),
- Employees of political parties, political candidates, (domestic or in a foreign country),
- Any person who holds a legislative, administrative, or judicial position, (domestic or in a foreign country),

- Judges, jury members, or other officials who work at domestic, foreign, or international courts,
- Officials or representatives working at national or international parliaments;
- Arbitrators resorted to, who have been entrusted with a task within the arbitration procedure, in order to resolve a legal dispute.

“**Human Rights**” are rights inherent to all human beings, regardless of gender, race, color, religion, language, age, nationality, difference of thought, national or social origin, and wealth. This includes the right to an equal, free, and dignified life, among other human rights.

“**ILO**” means The International Labor Organization

“**Tofaş**” means Tofaş Türk Otomobil Fabrikası A.Ş. and companies which are controlled directly or indirectly, jointly, or individually by Tofaş Türk Otomobil Fabrikası A.Ş. and the joint venture companies listed in its consolidated financial report.

“**Laundering the Proceeds of Crime**” means the activities that involve taking criminal proceeds and disguising their illegal source in anticipation of ultimately using such criminal proceeds to perform legal and illegal activities.

“**Main Shareholders**” means Koç Holding A.Ş. and Stellantis N.V., the main shareholder of Tofaş.

“**Politically Exposed Person (PEP)**” refers to individuals who are currently or in the past, either domestically or in a foreign country, elected or appointed to an important public function; board members, senior executives and deputy executives of international organisations and other persons holding equivalent positions; senior politicians; senior officials of political parties; senior judicial, administrative or military officials; senior executives of state-owned enterprises; and the spouses, first-degree relatives (mother, father and children) and relatives of all such persons.¹

“**Sanctions**” are restrictions on financial or commercial transactions imposed by one or more countries or organizations and intended to target another country, region, sector, organization or individual.

“**Sanctions Target**” means;

- Any individual, entity, vessel or government which is a designated target of Sanctions (collectively, “**Listed Persons**”) (e.g., SDNs);
- Companies owned 50% or more, directly or indirectly, by a Listed Person;
- Individuals or companies that are resident, incorporated, registered, or located in countries or territories such as Crimea, Donetsk, Luhansk and Sevastopol Regions of Ukraine, Cuba, Iran, North Korea, and Syria that are subject to a comprehensive country or territory-wide Embargo as of the approval/revision date of this Policy (i.e., the “**Embargoed Countries**”), and

¹ <https://www.fatf-gafi.org/documents/documents/peps-r12-r22.html>

- Persons or companies owned or controlled by, or operating as agents of, the governments of Embargoed Countries or the Government of Venezuela.

“**The UN**” means the United Nations

“**The UN Global Compact**” is a global pact initiated by the United Nations, to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labor, the environment, and anti-corruption.

“**The UN Guiding Principles on Business and Human Rights**”² is a set of guidelines for states and companies to prevent, address and remedy human rights abuses committed in business operations.

“**The Universal Declaration of Human Rights (UDHR)**”³ is a milestone document in the history of human rights, proclaimed by the United Nations General Assembly in Paris on 10 December 1948 as a common standard of achievements for all peoples and all nations. It sets out, for the first time, fundamental human rights to be universally protected.

“**The ILO Declaration on Fundamental Principles and Rights at Work**”⁴ is an ILO declaration adopted in 1998 that commits all member states whether or not they have ratified the relevant Conventions, to respect, and promote the following four categories of principles and rights in good faith: freedom of association and effective recognition of collective bargaining, elimination of all forms of forced or compulsory labor, abolition of child labor, elimination of discrimination in employment and occupation.

3. GENERAL PRINCIPLES

Tofaş selects its Business Partners based on factors such as technical competence, product and service quality, pricing, corporate reputation, and financial soundness etc. Tofaş also applies a risk-based approach to assess the compliance-related risks associated with its Business Partners in order to ensure compliance with the principles outlined in this Policy. Within the framework of this approach, the following points are considered:

- Taking necessary measures to effectively manage the risks associated with Sanctions and Export Control Regulations,⁵
- Conduct Due Diligence⁶ on Business Partners before and during the course of the business relationship to ensure that they are not directly or indirectly Sanctions Targets, and to verify that there is no negative intelligence on Bribery, Corruption, Laundering

² https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

³ <https://www.un.org/en/universal-declaration-human-rights/>

⁴ <https://www.ilo.org/declaration/lang--en/index.htm>

⁵ Please refer to Tofaş Sanctions and Export Controls Policy for details.

⁶ Please refer to Tofaş Sanctions and Export Controls Policy for details.

- the Proceeds of Crime and financing of terrorism and weapons of mass destruction, human rights violations, etc., and to identify any other potential compliance risks,
- Auditing the Business Partners, when necessary, to determine whether they comply with the Tofaş Code of Ethics, in particular applicable legislations, contractual obligations, and the Guiding Principles for Business Partners ("**Principles**") detailed below,
 - Providing necessary training to Business Partners to ensure compliance with expected standards, if required.

Business Partner Onboarding Process

As a first-line role⁷, the business units, before establishing a business relationship with a new Business Partner, are responsible for identifying potential risks associated with Sanctions and Export Control Regulations, ensuring that the relevant party is not a Sanctions Target, and perform intelligence ("**Due Diligence**")⁸ through a screening tool by taking all necessary commitments in accordance with all the legislation on the protection of personal data in force in the countries where the Tofaş operates, in order to identify compliance and other reputational risks such as Bribery, Corruption, Laundering the Proceeds of Crime, financing of terrorism and weapons of mass destruction, human rights violations, etc. and assessing whether the relevant parties comply with the Guiding Principles for Business Partners⁹. In addition, it should be confirmed whether the relevant Business Partner is a Public Official or a PEP by conducting internet, media, and other database searches.

Due Diligence is carried out by the business units under the coordination of the Legal and Compliance Department of Tofaş as a second line role¹⁰ and is monitored regularly. In the event that the Due Diligence contains a warning sign regarding any compliance risk, or it is determined that the Business Partner is a Public Official or a PEP, the Legal and Compliance Department of Tofaş must be informed immediately. The Legal and Compliance Department may decide to stop the transaction or conduct Enhanced Due Diligence ("**EDD**"). In this case, the CEO is informed about the compliance risks identified and the possible impact of these risks on the Tofaş and the measures suggested to be taken in case of establishing, terminating, or continuing a business relationship. The CEO shall make the decision to establish, continue or terminate the business relationship taking into account the assessments and recommendations of the relevant EDD report. Decisions taken with the approval of the CEO shall be reported by the Legal and Compliance Department to Main Shareholders upon their request, and the entire process shall be subject to internal audit¹¹, if deemed necessary.

At the stage of signing a contract with a Business Partner, Tofaş shall ensure that the relevant persons are informed about this Policy. Furthermore, Tofaş reserves the right to terminate the contract or apply other penalties in the event of a violation of the Policy. Clauses such as the obligation to comply

⁷ Please refer to Tofaş Sanctions and Export Controls Policy for details.

⁸ Please refer to Tofaş Sanctions and Export Controls Policy for details.

⁹ Please refer to the "4. Guiding Principles for Business Partners" section of this Policy for details.

¹⁰ The Compliance Function, which is called the second line and is closely linked to the processes in the first line, provides support to the first line in managing compliance risks and coordinates the business units. In addition to continuous monitoring activities, it also proposes action plans to prevent the occurrence/recurrence of risks and supports the first line by ensuring follow-up.

¹¹As a third line role, internal audit aims to provide independent and objective assurance and advice on the adequacy/effectiveness of governance and risk management based on retrospective findings.

with this Policy, the Principles and Tofaş's audit right over the relevant party are included in the relevant contracts.

4. GUIDING PRINCIPLES FOR BUSINESS PARTNERS

Tofaş's Guiding Principles for Business Partners (“**Principles**”) are established as a part of this Policy and Tofaş's Compliance Program and are prepared in accordance with the UN Global Compact. Tofaş takes these Principles into consideration in the processes of selecting and monitoring Business Partners by conducting pre-competency assessment and all Business Partners of Tofaş are expected to comply with these Principles. While concluding any contract with a Business Partner, Tofaş reserves the right to terminate the relevant contract or to apply other possible sanctions in case of any violation of this Policy and the Principles specified herein.

4.1. Laws and Regulations

Business Partners of Tofaş are expected to act in compliance with all laws, rules, and regulations applicable to their business and industry, including competition, the prevention of Laundering the Proceeds of Crime and the financing of terrorism and weapons of mass destruction, data privacy, anti-bribery, and anti-corruption laws.

4.2. Anti-Bribery and Corruption & Prevention of Laundering of the Proceeds of Crime and Financing of Terrorism and Weapons of Mass Destruction

Business Partners are expected to comply with all applicable laws regarding the anti-bribery and corruption, including but not limited to the US “Foreign Corrupt Practices Act” (“FCPA”), “United Kingdom Bribery Act” (“UKBA”), Prevention of Laundering of the Proceeds of Crime and Financing of Terrorism and Weapons of Mass Destruction, while conducting business on behalf of Tofaş. Any form of bribery and the giving or receiving of anything of value, directly or indirectly, to gain an improper advantage and influence the objective decision-making processes is unacceptable. Any activity that may lead to prevention of laundering of the proceeds of crime and financing of terrorism and weapons of mass destruction, with or without malicious intent, is unacceptable and illegal.

All transactions must be accurately and transparently recorded in the books and records with sufficient descriptions.

4.3. Human Rights

Business Partners are expected to conduct their business activities in accordance with the Tofaş Human Rights Policy.

4.3.1. Employment

Business Partners of Tofaş shall ensure that their operations are not associated with child labour, forced labour or labour abuse.

In addition, in accordance with the conventions and recommendations of the ILO, the Universal Declaration of Human Rights, and the UN Global Compact, Tofaş expects its Business Partners to have a zero tolerance policy towards slavery and human trafficking

and not to resort to forced labour under any circumstances (work is considered forced or compulsory when it is imposed by threat (withholding of food, confiscation of land, non-payment of wages, physical violence, sexual abuse or involuntary prison labour, etc.).

4.3.2. Compliance with Labor Laws

Business Partners are expected to comply with the labour laws of the countries in which they operate.

Wages shall be set competitively in accordance with the relevant sectors, the local labour market and, where applicable, collective bargaining agreements. All compensation, including social benefits shall be paid in accordance with the applicable laws and regulations. Other relevant laws and regulations such as working hours, overtime, maximum working hours and employee benefits must be complied with.

4.3.3. No Harassment or Violence

Business Partners are expected to provide a workplace free from violence, harassment and other unsafe or disturbing conditions resulting from internal or external threats. Any form of physical, verbal, sexual or psychological harassment, bullying, abuse, or threat will not be tolerated.

4.3.4. Discrimination

Business Partners are expected to provide a work environment where any form of discrimination is not tolerated; where employees are treated fairly and where there is zero tolerance of discrimination, (based on race, gender, colour, national or social origin, trade union activity, ethnicity, religion, age, disability, sexual orientation, or political opinion).

4.3.5. Freedom of Organization and Collective Bargaining

Business Partners are expected to respect the right and freedom of choice of their employees to join trade unions and to bargain collectively without fear of retaliation.

4.4. Health and Safety

Business Partners are expected to provide a safe and healthy working environment, to comply with all relevant laws and regulations and to implement all necessary safety measures for all work areas. Business Partners must take immediate action when unsafe conditions or behaviours occur and minimise the risk of injuries and accidents.

4.5. Environment

Tofaş expects its Business Partners to make every effort to protect and preserve the environment. In this regard, Tofaş expects its Business Partners to comply with the following matters to the extent applicable to the relevant party and/or transaction:

- Comply with all applicable environmental laws and regulations including Tofaş's Health Safety and Environment Management System Procedure.

- The supplier must have ISO 14001 certification or an equivalent standard certificate or demonstrate that it has taken the necessary steps to become certified.
- Continuously improve their environmental performance and resource efficiency and reduce their environmental impact.
- Adopt a policy of voluntarily in the field of research to improve their products and bring them to an even higher standard in terms of respect for the environment.
- Fulfilling Tofaş's commitment to green materials by proposing solutions that incorporate recycled and/or naturally sourced materials.
- Ensure that materials, products, or parts purchased by Tofaş from the Business Partner comply with the laws or regulations applicable in the country of manufacture and do not contain prohibited substances and materials.
- Contribute to the recyclability of vehicles by providing materials.
- Implementing a policy to reduce CO2 emissions in order to contribute to Tofaş's commitments made in accordance with the Paris Agreement and, for this purpose, reporting annually to Tofaş the CO2 emissions related to the production, upstream and downstream transport of purchased goods and services.
- To have effective monitoring systems and procedures against industrial accidents and other emergencies.
- Reduce their environmental impact to address greenhouse gas emissions and energy consumption, water management, waste management, pollution prevention and protection of biodiversity.
- Have effective monitoring systems and procedures for industrial accidents and other emergency situations.
- Encourage their Business Partners and third parties to improve their environmental performance.

4.6. Animal Welfare

Tofaş's Business Partners undertake to respect the five animal welfare principles officially recognised by the World Organisation for Animal Health ("OIE") and to ensure that their Business Partners also respect these animal welfare principles.

4.7. Preventing the Use of Conflict Materials

Tofaş aims to fulfil its duty of care and contribute to the development of responsible procurement. Tofaş's policy is to ensure transparency with its Business Partners regarding the origin of the minerals used, especially from conflict zones (including tungsten, tantalum, tin, and gold).

Business Partners undertake to provide Tofaş with the following information in writing:

- The detailed composition of the materials used in the production of the supplied parts and any changes in this composition.
- All information necessary to comply with the applicable legislation on "conflict minerals" through the latest version of the EICC GeSI/CMRT form.

- The smelter from which it sources directly or through subcontractors.
- Avoiding sourcing through illegal channels and promoting a responsible sourcing process.

4.8. Compliance with the Code of Ethics, Laws, and International Conventions

Tofaş expects its Business Partners to conduct their business with fairness, integrity and in accordance with the law and the Tofaş Code of Ethics.

Tofaş expects its Business Partners to conduct their business in accordance with the laws, international conventions to which the Republic of Türkiye is a party, the United Nations Declaration of Human Rights, the United Nations Global Compact, Tofaş Code of Ethics, other compliance policies of Tofaş and to act within the framework of fairness, accuracy, honesty, responsibility, trust, accountability, openness, and respect.

4.9. Conflict of Interest

Business Partners shall not enter into personal transactions with Tofaş employees that could lead to an actual or perceived conflict of interest and damage Tofaş's reputation.

Persons, organizations and Tofaş employees who have or are likely to have a close relationship (such as kinship, friendship or similar) between Business Partners or other persons and organizations that may have a business relationship with Tofaş, and Tofaş employees who give business to these persons and organizations, approve their business or take decisions regarding them, are obliged to inform the Legal and Compliance Department of Tofaş about the situation.

Before establishing any direct or indirect business relationship between a former Tofaş employee and a Tofaş company, the department that will establish a business relationship shall inform the Legal and Compliance Department of Tofaş and the necessary approval process is carried out within the scope of the company's internal procedures.

4.10. Reporting

Business Partners are expected to provide effective lines of communication for reporting violations and taking the necessary action in a timely manner. Business Partners and their employees should be able to report their concerns without any fear of retaliation or retribution. Employees of Business Partners may report their concerns directly to Tofaş Ethics Committee (etikkurul@tofasc.com.tr) or alternatively to the Ethics Hotline of each of the Main Shareholders.

4.11. Training and Development

Tofaş encourages its Business Partners to provide their employees with training programs and tools to enhance their skills and capabilities.

4.12. Management Systems

Business Partners are expected to establish and maintain appropriate management systems in order to ensure that they operate in accordance with laws, regulations and the principles set forth in this document.

4.13. Evaluation and Corrective Actions

Tofaş reserves the right to periodically assess the social and environmental performance of its Business Partners, either by itself or through a third party. This assessment shall cover issues such as the environment, labour practices, fair business practices and sustainable procurement and shall be used for risk identification and selection of facilities to be audited.

Tofaş may require Business Partners to implement a corrective action plan to improve their performance and provide technical assistance to Business Partners to jointly define the necessary solutions.

5. AUTHORITY AND RESPONSIBILITIES

All employees and directors of Tofaş are responsible for complying with this Policy, implementing, and supporting the Tofaş's procedures and controls in accordance with the requirements of this Policy. Tofaş also expects and takes necessary steps to ensure that all its Business Partners to the extent applicable comply with and/or act in accordance with this Policy.

If there is a discrepancy between the local regulations, applicable in the countries where Tofaş operates, and this Policy, the stricter of the two shall prevail, unless such practice is in violation of the relevant local laws and regulations, the stricter of the two, supersede.

If you become aware of any action that you believe is inconsistent with this Policy, the applicable law, or the Tofaş Code of Ethics, you may seek guidance or report the incident to your line manager. You may report the incident (i) by sending an e-mail to etikkurul@tofas.com.tr or alternatively, (ii) to Koç Holding's Ethics Hotline via the following link: "koc.com.tr/hotline" and Stellantis N.V.'s Ethics Hotline via the following link: "<https://secure.ethicspoint.eu/domain/media/en/gui/102375/index.html>". If you are an employee of Tofaş, in addition to the abovementioned channels, you may also submit your concerns and notifications through the "Ethics Hotline", which can be accessed through the link "go.tofas.com.tr".

Tofaş employees may contact the Legal and Compliance Department of Tofaş for their questions regarding this Policy and its application. Violation of this Policy may result in significant disciplinary actions including dismissal. If this Policy is violated by third parties, their contracts may be terminated.

6. EFFECTIVE DATE AND REVISION HISTORY

This Policy takes effect on 10.07.2024 as of the date approved by the Board of Directors and will be maintained by the Legal and Compliance Department of Tofaş.

Revision	Date	Comment