

LIFE IS RENEWAL

TOFAŞ 2015 SUSTAINABILITY REPORT



TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

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ABOUT THE REPORT

WITH OUR SUSTAINABILITY REPORTING WHICH WE FIRST LAUNCHED IN 2013, TOFAŞ AIMS TO PRESENT HOLISTIC AND THE MOST THE MOST UP-TO-DATE INFORMATION TO ALL OUR STAKEHOLDERS.



With our sustainability reporting which we first launched in 2013, Tofaş aims to present holistic and the most the most up-to-date information to all our stakeholders, most notably including our investors and shareholders, employees, dealers, suppliers, business partners, universities and non-governmental organizations. In line with transparency and accountability principles, through our third report that we published, we share with stakeholders our studies we conducted, management approached we followed, social, economic and environmental impacts of our activities, objectives we aimed and performance results we achieved during our sustainability journey.

As in our report previously published in 2014, Tofaş 2015 Sustainability Report has been prepared in accordance with Global Reporting Initiative (GRI) G4 reporting standards, the latest application option featured by GRI. As such, all the information in this report has been disclosed in line with "in accordance with core option" of G4.

The information disclosed in this report covers the activities conducted by Tofaş Türk Otomotiv Fabrikası A.Ş. Any

information other than financial data regarding our subsidiaries Fer Mas Oto Ticaret A.Ş. and Koç Fiat Kredi Finansman A.Ş., unless otherwise indicated, has not been included in this report. In order to provide a comprehensive point of view to the reader, mention has been given to the performance results for the relevant stakeholder regarding certain material issues. In addition to indicators stated by GRI G4 Reporting Guidelines, for enabling a more comprehensive analysis, performance evaluation methods generally acknowledged in our sector were also employed during the content preparation process of this report.

The information disclosed in Tofaş 2015 Sustainability Report covers the performance realized during the reporting period between 1 January - 31 December 2015 while data regarding previous terms were also shared. We aim to conduct our future reporting practices by following the same guiding methodology in an annual plan.

You can access the 2015 and previous years' sustainability reports in PDF format as well as more detailed reporting content on www.tofas.com.tr.



MESSAGE FROM CEO



WE WORK FOR CONSTANTLY IMPROVING OUR PERFORMANCE BY TREATING OUR ACTIVITIES IN SOCIAL, ENVIRONMENTAL AND ECONOMIC DIMENSIONS.

We have just completed a successful year in which we continued to grow soundly and to defend our leading position in the automotives industry. With the strength derived from our shareholders, Koç Holding and Fiat Chrysler Automobiles, we are working to build a sustainable future while continuing to create value for all of our stakeholders. We are striving constantly to improve the social and environmental as well as the economic dimensions of our performance in keeping with our principle of being a company that is transparent, accountable, fair, and responsible.

In our conduct of corporate governance, risk management, and sustainability management, we take an integrated approach which is mindful of internationally-recognized criteria. In the conduct of our business operations, we conform to the highest ethical standards and we adhere to a "zero-tolerance" principle with respect to corruption and bribery. Our ethical approach is governed by Tofaş Code of Ethics our attitudes towards bribery and corruption are informed by our publicly-disclosed Anti-Bribery and Corruption Policy.

We also continue to strengthen our corporate sustainability performance year after year. In 2015 we received an award in the "Carbon and Energy Management" category at the Sustainable Business Summit while our corporate governance performance rating, a measure of our compliance with Capital Markets Board Corporate Governance Principles, was also raised to 9.06 out of a possible 10.0 points. Having originally been included in the Borsa İstanbul Sustainability Index in 2014, the continued inclusion of Tofaş shares in that index based on a 2015 assessment of our performance is evidence that we continue to comply with BIST sustainability criteria.

Aware that, as a huge industrial concern, our company has a responsibility to help protect the balance of nature on account of the direct impact that we have on the environment ranging from effluents discharged by our manufacturing processes on the one hand to the raw materials that we use and the electricity that we consume on the other, we therefore make an effort to manage and minimize that impact in the most effective way possible. We are conscious of the risks that climate change, one of the most serious global issues today, poses for our business and we therefore strive to reduce the contributions which our own operations might make to it. We play a role in the creation of new technologies through R&D activities in support of sustainable mobility such as low-emission vehicles and alternative fuels.

This year we continued to improve our manufacturing competitive strength with the guidance of FCA's World Class Manufacturing (WCM) methodology. We carried out our operations in line with the WCM principle of reaching "zero fault" with respect to workplace safety, quality, cost, delivery, and environment issues. We are actively promoting the WCM methodology throughout our entire value-creation chain from suppliers to dealers and customers. During the reporting period, we worked with 31 of our suppliers to improve their WCM compliance.

During the reporting period we also continued to improve our own environmental performance, which is one of the fundamental issues on which the WCM program focuses. We reduced our average energy consumption per vehicle manufactured figure from 4.77 GJ in 2014 to 4.69 GJ in 2015. Over the same twelve-month period our average per-vehicle emission value also fell from 0.476 CO₂e to 0.470 tons CO₂e, thereby

bringing us another step closer to our 2020 target of 0.350 tons/vehicle. Our average water consumption per vehicle manufactured figure, which has been edging down since 2012, continued to do so last year and reached 3.21 m³/vehicle. Likewise thanks to the energy efficiency projects that we carried out during the reporting period we achieved savings of 71,010 GJ of energy and 6,225 tons CO₂ of emissions. We also continued to make improvements in our materials and waste management practices in line with our "Zero Materials Loss" and "Zero Unrecovered Waste" targets.

We are striving to perform better in line with our pledge to provide our employees with a workplace environment which is safe, which values people, and which is characterized by a culture of fairness and learning. We continued to engage in the instructional activities that are carried out under the auspices of Tofaş Academy in order to support the individual talents and professional/occupational development of our employees: a total of 94,918 hours of training was provided to 8,817 employees during the reporting period.

We regard improving the business success of our suppliers and dealers as being fundamental to our own business success. During the reporting period we continued to monitor the performance of our suppliers across a broad range of issues such as environmental and occupational health and safety, quality, productivity, and human resources development. Through the instructional programs that we conducted under the auspices of Tofaş Academy we gave our suppliers the benefit of our own knowledge and experience. We also engaged in a variety of activities and practices aimed at developing our dealership and after-sales services networks owing to the direct impact which their performance has on our own business success.

We continued to strengthen our occupational health & safety performance in line with our "Zero Accident" target and our "Step by Step Workplace Safety" approach. Through our "Cultural Transformation in Workplace Safety" projects we have reduced the average number of workdays lost due to accidents by 60% to around 0.02. During the reporting period we continued to provide intensive occupational health & safety training for both our own employees and those of our contractors. Our occupational health & safety practices were once again recognized as among the best by the European Agency for Safety and Health at Work in its 2014-2015 campaign.

Through the social responsibility projects that we undertake in line with our attitudes concerning responsible corporate citizenship, we continue to support the wellbeing of the community of which we are a part. We take an in-depth approach in the conduct of our social responsibility projects, which we concentrate in the areas of sport, education, and culture & art.

From its very inception, Tofaş has owed its constantly-renewed roster of success most of all to the talents and dedication of its employees and likewise to the confidence and support of its shareholders, suppliers, business partners, and other stakeholders. In closing I therefore take this opportunity to thank them for having made that success possible.



Cengiz Eroldu

Chief Executive Officer

IN 2015 OUR AVERAGE PER-VEHICLE EMISSION VALUE ALSO FELL FROM 0.476 TONS CO₂e TO 0.470 TONS CO₂e.

GOVERNANCE AND SUSTAINABILITY

LISTED IN THE BIST SUSTAINABILITY INDEX SINCE 2014, OUR COMPANY'S POSITION IN THE INDEX WAS CONFIRMED ONCE AGAIN IN 2015.



The basis of our management approach is based on values and principles derived from our shareholders, Koç Holding and Fiat Chrysler Automobiles (FCA). Due to our commitment to business ethics, responsibility and development oriented working system, we continue to lead the industry while constantly renewing ourselves.

CORPORATE GOVERNANCE STRUCTURE

We conduct Tofaş Corporate Governance practices in accordance with the Corporate Governance Principles with a transparent, accountable, fair and responsible manner. We follow the modern principles and regulations that meet with the international measures and we continuously develop our practices. In order to improve our corporate governance performance, we measure and share it with our stakeholders through reporting.

We manage our corporate governance practices with the understanding of implementation of Corporate Governance Principles at every level. In this context,

we are subject to the rating process since 2007 with our corporate governance activities. We were the first Koç Group company which received a rating note; hence in 2015, we have been amongst 5 companies listed in BIST Corporate Governance Index which was first initiated in 2007.

In the evaluation in 2015, our corporate governance rating note was announced as 9.06, considering our commitment to the corporate governance principles, our willingness to implement this as a constant and dynamic process and the studies conducted accordingly.

Our company has also been listed in the BIST Sustainability Index since 2014. In 2015, as a result of EIRIS and BIST assessments, our company's position in the Sustainability Index was confirmed once again.

Tofaş Board of Directors consists of 12 members, including two independent members in accordance with the Capital Market Board (CMB) regulations and selected by General Assembly in line with CMB Communiqué on Corporate Governance. While Chairman and Chief Executive Officer duties are carried out by different individuals, CEO is the only executive Board member. Board of Directors is responsible for determination of strategic approached and their conduct, risk management, effectiveness of early warning and control systems, identification of corporate objectives, compliance with corporate governance principles and the efforts to achieve anticipated performance and results. The Board of Directors is administered within the framework of the Turkish Commercial Law, Capital Market Law and



the provisions of the Articles of Association. The realization of the targeted performance and execution of the work in this direction; are the responsibility of the CEO and senior management of the company and are reported directly to the Board of Directors.

Corporate Governance Committee, Audit Committee, Early Detection of Risks and Risk Management Committee, which perform under the Board of Directors, have a key role in ensuring the effectiveness of the activities of the Board of Directors. Nomination Committee and Remuneration Committee duties are carried out by the Corporate Governance Committee.

The detailed information about Tofaş corporate governance structure is available on www.tofas.com.tr or in our interactive 2015 Tofaş Annual Report available on <http://ir.tofas.com.tr>.

RISK MANAGEMENT

At Tofaş, risk management is a Board responsibility, and related tasks and activities are conducted by Audit Committee, as well as Early Detection of Risks and Risk Management Committee in accordance with legal regulations. The Committee is responsible for the determination of corporate risk policies, identification of the possibilities regarding measurement and management of risks, establishment of convenient risk limits, as well as monitoring and reporting. Corporate risk strategies are determined in accordance with the reporting from Early Detection of Risk and Risk Management Committee to Board of Directors. Risk management is a part of the expansion of annual targets and performance evaluation system.

We have 5 main steps based on a methodology recognized globally to monitor and manage the risks at Tofaş.

1. Identifying the risk: In the first place, we try to predict how possible future incidents may influence our company goals and build an opinion towards when, where, how and why risks can appear.
2. Measuring the risk: We cluster identified risks by magnitude and criticality. We try to clarify the magnitude and understand correlations.
3. Evaluating the risk: We analyze balance and impact between positive and negative results caused by the identified risks; yet we decide which risks to focus on by prioritizing in order to reduce risk level.
4. Mitigating or transferring the risk: We create and conduct an action plan including necessary actions and precaution for mitigation of potential negative impacts of risks which are identified as critical.
5. Continuous monitoring: We check the effectiveness and efficiency of our risk management system. We take necessary precautions promptly, and yet evaluate their effectiveness; if necessary we improve the process.

**WE MANAGE
OUR CORPORATE
GOVERNANCE
PRACTICES WITH THE
UNDERSTANDING OF
IMPLEMENTATION
OF CORPORATE
GOVERNANCE
PRINCIPLES AT EVERY
LEVEL.**

9.06
CORPORATE GOVERNANCE RATING
NOTE IN 2015



GOVERNANCE AND SUSTAINABILITY

**ALL EMPLOYEES
GIVE A WRITTEN
COMMITMENT FOR
FULLY COMPLYING WITH
TOFAŞ CODE OF ETHICS.**



Our risk management organization is formed in line with legal requirements as well as additional regulations. They perform their duties according to the principles such as "protection of corporate assets and values", "ensuring commercial, financial and operational confidence" and "corporate risk management sustainability". The Sustainability risks, one of the six main pillars of Tofaş's risk management portfolio, comprise all subjects that have impacted on company's sustainability performance. Thereby considering possible sustainability risks, the preventive approaches are defined and the outcomes are reported.

Please visit www.tofas.com.tr for detailed information about Tofaş corporate risk management policy, principles, organization and practices.

BUSINESS ETHICS AND ANTI-CORRUPTION

Our basic principles for all our activities are commitment to the superior business ethics rules and zero tolerance to bribery and corruption. Tofaş Code of Ethics, which is binding for all employees, suppliers and business partners, defines the basis of our understanding of ethics and rules to be applied. Besides, our approach to corruption and bribery is clearly defined in our Anti-Bribery and Corruption Policy.

Our principles and policies regarding business ethics and anti-corruption cover the topics of our internal and external business relations, protection of all kinds of corporate assets and information, the prevention of conflict of

interest, issues to be considered during the establishment of business relations and partnerships, health and safety in working environment, anti-bribery and anti-corruption practices. Breach reporting mechanisms and the disciplinary rules and sanction in case of any violation are also defined in our policy and procedures. The principles such as human rights, labor standards, environment and anti-corruption determined by United Nations Global Compact (UNGC) signed by our shareholder Koç Holding, are integral part of our business ethics and anti-corruption approach.

From every level, all employees give a written commitment for fully complying with Tofaş Code of Ethics. The Code of Ethics and Anti-Bribery and Corruption Policy are also shared with new hires within the new recruitment information packs. All employees are supposed to abide by the Code of Ethics, to motivate and to warn other employees, to notify to Ethics Committee according to the policies in case of breach.

We expect also our Board members, shareholders, suppliers and dealers, in broad terms all our business partners and stakeholders, to comply with all the relevant rules and policies. We perform trainings and refresher activities for the full adoption of our rules and the policies. Within the training that includes the topics discussed in Tofaş Code of Ethics and Anti-Bribery and Corruption Policy, we exemplify the behaviors expected to be shown in business cases to trainees. We also include our dealers and suppliers in these training programs.

All senior and mid-level executives are responsible for emphasizing the Code of Ethics and ensuring that employees are complying with. Tofaş employees are not held responsible for any company loss caused by their behavior complied with ethical rules.

We consider the compliance to business ethics and anti-corruption as an integral part of our activities and we strive for continuous improvement. In this respect, during the reporting period, we published Anti-Bribery and Corruption Policy and launched new training programs accordingly.

We communicate consistently our rules and policies about the business ethics, anti-bribery and anti-corruption to our business partners via our website, periodicals and workshops. Moreover, we act responsibly during the selection process for business partners such as suppliers and dealers, we prefer the ones which may adopt our rules and policies, and we conduct assessments before building any partnership. In our contracts with business partners, we include clauses which require adoption of our Code of Ethics and policies as an obligation and follow the performance of our business partners in this respect. During the reporting period no significant case of breach of Code of Ethics, bribery or corruption arised either in Tofaş or business partner operations.

In an attempt to comply with current regulations and company's own rules, we follow blacklisted individuals and companies according to the information received by the public authorities, international data provider organizations and the social media resources. Thus,

we identify the agent, the supplier, the contractor and the clients which are known or suspected as a bribe payer. If we reveal that a supplier is blacklisted due to their engagement in bribery or corruption, we immediately start the process for termination of ongoing contracts with them.

For effectiveness and improvement of our anti-bribery and anti-corruption mechanisms, we communicate with our stakeholders constantly. We adopt advanced reporting standards regarding the business ethics, anti-bribery and anti-corruption.

Tofaş is a member of Turkey Ethics and Reputation Association (TEID). TEID maintains its support and guidance for Tofaş with its innovative studies and initiatives on ethics, anti-bribery and anti-corruption. Moreover, in the reporting period, within the "Transparency in Corporate Reporting" survey in which Transparency International evaluated anti-corruption programs and organizational transparency of the companies publicly traded in Borsa Istanbul, we were ranked as the second among the B group companies which have solely domestic subsidiaries.

Efficiency of our company's anti-corruption mechanism and reporting systems is independently evaluated at least once a year by Board committees. Mechanisms and systems we have developed, have been evaluated and approved by the Board committees in 2015. You may find all Committee meeting minutes including all considerations of "our anti-bribery and anti-corruption mechanism" on our corporate website.

FOR EFFECTIVENESS AND IMPROVEMENT OF OUR ANTI-BRIBERY AND ANTI-CORRUPTION MECHANISMS, WE COMMUNICATE WITH OUR STAKEHOLDERS CONSTANTLY.

ZERO

OUR BASIC PRINCIPLES FOR ALL OUR ACTIVITIES ARE COMMITMENT TO THE SUPERIOR BUSINESS ETHICS RULES AND ZERO TOLERANCE TO BRIBERY AND CORRUPTION.



GOVERNANCE AND SUSTAINABILITY

TO CREATE EMPLOYEE AWARENESS ON THE CODE OF ETHICS AND ANTI-BRIBERY AND CORRUPTION POLICY, COMMUNICATION CHANNELS ARE HIGHLIGHTED TO EMPLOYEES PERIODICALLY.

The Board of Directors is responsible for conducting all company activities in accordance with the business ethics rules. This responsibility is exercised through Tofaş Ethics Committee nominated by our Board of Directors. The Ethics Committee is composed of CEO, Legal Officer, Human Resources Director and other related directors. Committee gathers at every 6 months or upon call from any of its members. Tofaş Ethics Committee is responsible for the dissemination and the understanding of ethical principles through the company, its communication with internal and external stakeholders, revision when necessary, its effective management, the investigation and settlement of the employees' and third parties' notice of violations, establishing a commission of inquiry if necessary, implementing the decision according to the discipline procedure and informing the related authorities.

In tandem with Tofaş Ethics Committee and the Internal Audit Department, we follow a compliance program that includes risk-based evaluations, monitoring, auditing, reporting and training activities. At risk-based evaluations, various factors such as nature and place of activity imposed internal and external risks and the current internal controls are considered. Regarding the risk analysis result, we take required precautions in order to manage the risk at required points and develop an action plan in order to strengthen internal control. The Internal Audit Department is responsible for conducting necessary follow-up activity regarding compliance and investigation when needed. Material complaints, problems and in-

vestigation results are considered and reviewed at least 4 times a year by related Board Committees via the Internal Audit Department and the Ethics Committee. Investigation and discipline procedures to follow in cases of breach of the Code of Ethics and Anti-Bribery and Corruption Policy by employees or third parties are identified.

In order to determine the situations contrary to the Code of Ethics and Anti-Bribery and Corruption Policy we have created easily accessible and open whistle-blowing channels. To create employee awareness on the Code of Ethics and Anti-Bribery and Corruption Policy, communication channels are highlighted to employees periodically. Having a clear identity and contact details of those reporting violations is essential, while the confidentiality of those information and related investigation is preserved by the Ethics Committee. Whenever a concern of breach arises, it is the responsibility of all our employees and stakeholders to notify it. During the reporting period, five notifications were received through our whistle-blowing system. These notifications have been concluded by investigations of our Internal Audit Department. On the other hand, no such case has been communicated through our channels with business partners during the reporting period.

As stated clearly in our Code of Ethics, Tofaş cannot adhere any political or ideological opinion, initiative or organization; cannot support directly or indirectly any activity or campaigns of a politic party, a politician or a candidate. Tofaş does not carry out any lobbying activities for

the interest of the company, nor does it support the people who carry out lobbying activities. We exchange the information with public institutions within the framework of transparent relationships and respond their information requests about our industry. Besides, we raise our concerns on sectoral issues through activities of sectoral NGOs. We abide by free competition requirements and fully comply with relevant legal procedures in cases where public institutions are our customers, or during the bidding processes.

You can access detailed information about Tofaş Code of Ethics, the Anti-Bribery and Corruption Policy risk management structure, the principals and procedures regarding audit mechanisms on www.tofas.com.tr. You can communicate for any opinion and suggestion related to business ethics, anti-bribery and anti-corruption with our sustainability responsible whose contact details are shared in this report.

INTERNAL CONTROL AND INTERNAL AUDIT

As Tofaş, to create an effective internal control mechanism for each business process is an essential part of our understanding of responsible and sustainable management. We maintain effectiveness and efficiency of our operations, reliability of our reporting, compliance with the regulations and protection of our assets by our designed internal control systems. Our internal control systems are one of main tools to ensure us to carry out our missions and to achieve the goals.

Our internal control system has been designed based on the international standards and best practices; integrated in our company policy, procedure, instructions and business process. For an effective internal control system, we believe that the most important role belongs to the employees. We give importance to our employees to have responsibility, necessary information, capacity and authority intended internal control environment.

Effectiveness of our internal control systems is assessed by Tofaş Internal Audit Department and the external audit services. The external audit services include audits by audit teams of Koç Holding and FCA, independent audit companies determined by the General Assembly and other related ad-hoc third-party services. Necessary actions are taken immediately in case of detection of any improvement areas, as a result of these audits.

Our Internal Audit Department's aim, authority and responsibility are defined by in Internal Audit Charter. As the Internal Audit Department reports directly to the CEO, they do not have any hierarchical link to other departments. Thus, the independence and objectivity of auditors are ensured. It has ensured that internal auditors have analytical thinking competence, strong communication skills, audit technical knowledge and ethical values required by the profession. Internal auditors improve their knowledge, skills and other qualifications continuously by professional development practices.

The Audit Committee under Board of Directors is responsible for evaluating the effectiveness and the conduct of internal audit system; and for reporting improvement areas to the Board.

Inter-department audits are also a part of our internal audit system. In this practice, department representatives are provided to specialize in certain subjects and these representatives evaluate other departments in line with their expertise.

Our audit operations cover our stakeholders such as dealers and suppliers. We audit our dealers and suppliers from sustainability perspectives such as environment, working and production conditions, ethics and quality.

GOVERNANCE AND SUSTAINABILITY

WE MANAGE THE SUSTAINABILITY SUBJECT IN THE CONTEXT OF “TOFAŞ SUSTAINABLE POLICY” INCLUDING OUR GENERAL SUSTAINABILITY APPROACH.



SUSTAINABILITY MANAGEMENT

As Tofaş, creating a sustainable and value generating management model is one of our priorities. Sustainability Management subject, one of the six main subjects of our corporate risk management, is under the responsibility of the Early Detection of Risk and Risk Management Committee. Reporting about this subject is presented to the Corporate Governance Committee and thus the Board of Directors is informed about the operations. In this way, sustainability subject is under responsibility of the Board and monitored by its members. Therefore, the operations conducted by executives, notably CEO, related directorships, are coordinated by the Sustainability Team and reported to the given Board Committees.

We manage the sustainability subject in the context of “Tofaş Sustainable Policy” including our general sustainability approach. Our sustainability strategies are defined and monitored by Tofaş Sus-

tainability Committee. The Sustainability Work Group is responsible for strategic decision making about sustainability management and putting it into practice and for sharing the performance results by the sustainability report.

Tofaş Identification of Sustainability Priorities study has been prepared based on completeness, sustainability context, materiality and stakeholder inclusiveness principles of the GRI G4 reporting. The subjects that are effective on Tofaş sustainability performance are defined after a five-step process::

1. Determination of the potential priorities considering industrial, operational and geographic characteristics in the workshops with the participation of Tofaş Sustainability Study Group,
2. Evaluation of potential priorities by impacts on business value, the place in a value chain and the importance with regard to stakeholder expectations by the senior and mid-level executives,

	Material Issues of 2015	Supply Processes	Manufacturing Processes	Distribution Processes	Marketing & Sales Processes	After-Sales Processes
Governance Aspects	Business Ethics & Anti-corruption	●	●	●	●	●
	Sustainability & Risk Management	●	●	●	●	●
	Stakeholder Engagement	●	●	●	●	●
	Management of Sustainability Risks in the Supply Chain	●	●	●	●	●
Environmental Aspects	Energy Efficiency & Emissions	●	●	●		
	Environmental Impacts of Manufacturing		●			
	Sustainable Mobility Solutions		●			
Economic Aspects	Product & Service Quality		●		●	●
	Customer Satisfaction		●		●	●
	R&D Management and Collaborations		●			
	Dealer and Supplier Business Success	●			●	●
	Product Strategy in Developing Markets		●		●	
Social Aspects	Occupational Health & Safety	●	●			
	Talent Management & Vocational Training	●	●			
	Human Rights in the Workplace	●	●	●	●	●
	Community Development	●	●	●	●	●

3. Informing Koç Holding and FCA about obtained results and to take their suggestions,
4. Revaluation of study results with Tofaş Sustainability Work Group by taking expert opinion in consideration,
5. Conclusion of materiality analysis by submitting results for the approval of Tofaş Sustainability Committee.

STAKEHOLDER ENGAGEMENT

Establishment of a communication based on transparency and responsiveness with stakeholders groups within our area of influence is one of the top requirements of our responsible management approach. For this reason, we ask for our stakeholders' opinion on our activities and inform them. We work with our stakeholders towards common objectives. While planning our activities, we pay utmost attention to establish best possible channels by taking characteristics of target stakeholder groups.

While identifying our stakeholders to be collaborated with, we give priority to the institutions and the organizations that embrace the ethic working principals and culture, seeking for a common goal and being solution oriented. In addition to this, we collaborate with the non-governmental organizations and the professional organizations which we that we regard as a major strength in mass improvement; we become a member of these organizations and take charge in their governance bodies.

Stakeholder Group	Practice Type and Frequency
Employees	Surveys and Research (at various intervals); Training Activities, Tofaş Code of Ethical Conduct, Corporate Portal, Announcements and Postings (continuous); Suggestion and Rewarding System (instant); OHS Committees, Working Groups and Committees (at various intervals); Internal Publications (twelve 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 (twelve times a year); Internal Publications (twelve 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 (twelve times a year).
Product End Users	Product Labels and User 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 (periodic); 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 (twelve times 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).

CLIMATE CHANGE

STAKEHOLDERS EXPECTS US TO DEVELOP LOW-EMISSION OR ALTERNATIVE-FUELED VEHICLES AND CREATE SUSTAINABLE MOBILITY SOLUTIONS FOR TRANSPORTATIONS OPERATIONS.

We are aware of the environmental, social and economic risks brought by the climate change, one of the most important problems the world currently faces. Precautions are taken globally to decrease greenhouse gas emissions, which are the main cause of climate change, and the control mechanism to reduce the impacts of climate change and the legal regulations are adopted by the governments and the international organizations.

The automotive industry also has important responsibility about the climate change. As being one of the leading producers of the industry, stakeholders expects us to develop low-emission or alternative-fueled vehicles and create sustainable mobility solutions for transportations operations. While conducting our operations we consider our stakeholders' expectations in this regard.

Climate change issues fall under the responsibility of the Sustainability Committee and the Sustainability Work Group and is reported to CEO. We consider the greenhouse gas emission objectives in the performance evaluations of our executives responsible for climate change. We manage the climate change subject in line with risks and opportunities identified during the corporate governance processes. We address this issue in all its parts such as legal as emission limits, operational as significant change in weather conditions and financial as emission trade.

We work in regular communication and collaboration with public authorities about climate change. In this case, since 2011 we have been a member of the Climate Platform, an independent and non-profit initiative founded for decreasing the impacts of climate change and for supporting the efforts for the low carbon economy by Regional Environment Center (REC) and Turkish Industry and Business Association (TÜSİAD). In addition to this, we contribute to the improvement of the regulations and standards about the automotive industry via our membership in the Automotive Industry Association.



93

OUR DISCLOSURE SCORE IN 2015

We are a signatory to the “2°C Challenge Communique” which is an international corporate declaration calls for global action and employment of global policies against climate change.

After being the first automotive company taking part in the A band of the Carbon Disclosure Program (CDP) in 2014, we increased our disclosure score from 86 to 93 in 2015. We try to develop the innovative solutions intending to fight against climate change in our products and process. In our studies, we aim to increase alternative fueled systems, to decrease vehicle’s energy demand, to create systems that reduce emissions. In this case, as being one of the main R&D and production center, we support

all studies conducted by FCA on increasing efficiency in conventional motor vehicle, extending alternative fuel systems such as natural gas and bio-fuel, developing electric and hybrid vehicles. We conduct an energy efficiency work in our production center in order to decrease greenhouse gas emission caused by production. With the same regard, by increasing efficiency in in logistics operations we aim to reduce distribution based emissions. We aim to decrease greenhouse gas emissions by 15% by the end of 2016, and by 30% by 2020.

We work to improve environmental and climate awareness in every part of our value chain. Accordingly, we prepare a supplier and dealer development program. We provide a service to inform our clients about the subject, in accordance with our aim to increase awareness to end-users.

WE AIM TO DECREASE GREENHOUSE GAS EMISSIONS BY 15% BY THE END OF 2016, AND BY 30% BY 2020.

Eco-Drive

Driving styles of end-users influence environmental impacts of the vehicles significantly. We have developed Eco-Drive application and contacted our customers to encourage them to increase drive-induced emissions. With this user-friendly application, we give personal tips to drivers in order them to change their way of driving for optimizing fuel consumption.

Commercial Green Car of the Year Award from USA to Tofaş

During the reporting period, ProMaster City - a Fiat Doblo model which is imported to USA under the Ram brand - has been awarded as the “Green Commercial Car of the Year 2016” by Green Car Journal. Ram ProMaster City comes forward by its reduced impacts on environment and operating efficiency. While determining the winner, each potential commercial car in the USA market has been reviewed by their environmental specifications as well as their conventional features to which consumers are looking for such as functionality, versatility, security, value and style have been considered.





100%

RECYCLING

WE ENSURE ALL OF INDUSTRIAL WASTES IN PRODUCTION PROCESS TO BE USED AS A RECYCLED MATERIAL OR AS RAW MATERIAL AND ENERGY RESOURCE IN THE CEMENT INDUSTRY.

FOR THE YEAR 2020,
WE AIM TO REDUCE OUR
ENERGY CONSUMPTION
TO 3.50 GJ; EMISSIONS
TO 0.350T CO₂e.

PRODUCT PORTFOLIO

WE STARTED EXPORTING THE FIAT EGEA, DEVELOPED BY TOFAŞ ENGINEERING AND LABOR, TO MORE THAN 40 COUNTRIES. RIGHT FROM THE BEGINNING EGEA RECEIVED APPRECIATION AND CREDIT OF THE MARKET.



As being the only company in Turkey that produces both personal cars and light commercial vehicles, beside Fiat Linea and Egea, we produce for Fiat, Citroen and Peugeot within the scope of the Project Minicargo, for Fiat, Opel, Vauxhall and RAM within the scope of the project New Doblo. Moreover, we conduct the domestic factorship of Fiat, Alfa Romeo, Lancia, Jeep, Maserati and Ferrari.

You can find information about our current product portfolio in the 2015 Tofaş Annual Report.

PRODUCT STRATEGY AT DEVELOPING MARKETS

Manufacturing fuel-efficient and low-emission vehicles which address consumer expectations and needs is a basic component of FCA's global product portfolio strategy. As being one of the strategic partners of FCA's global network, we work for high quality manufacturing of vehicles meeting with the target markets' requirements, with due regard to defined brand and model versatility. On the other hand, we support FCA's global strategy formulation process with the local entries about Turk-

ish market demands and client expectations.

To identify our strategy, we consider different market's specific conditions and necessities, improve solutions to fully and promptly cover expectations and demands in time. In this way, as we seize opportunities of our target markets, we reinforce our presence in the market.

As Tofaş, to increase our presence in emerging markets as well as in our domestic market is one of our most important strategies. During our design, product and production development process, we reveal the most suitable solution, considering countries' conditions. For example, legal regulations in the target markets, fuel and quality norms, road conditions, security standards, climate and geographic conditions are considered during our product and production process. Accordingly, we realized various successful projects and applications during the reporting period. In 2015, with our new personal car and light commercial vehicle investments, we continued to satisfy the need of different clients in domestic and export markets.



best

FIAT EGEA HAS BEEN AWARDED AS BEST AUTOMOBILE OF THE YEAR IN EUROPE BY AUTOBEST.

We started exporting the Fiat Egea, developed by Tofaş engineering and labor, to more than 40 countries. Right from the beginning Egea received appreciation and credit of the market; hence it has been awarded as Best Automobile of the Year in Europe by Autobest.

We have offered fourth-generation Fiat Doblo in the light commercial segment for customers in Europe and in Turkey. At the same time, Doblo, under the RAM brand, continues to increase its presence and competitiveness as a product shaping customers' expectations in the international markets such as USA, Canada, Caribbean, Peru, and Costa Rica.

We have decided to invest in Fiat Fiorino within the year and regarding this decision we aim to complete in 2016 the development studies that increase added value and competitive edge of the product.

MARKET OUTLOOK

The Turkish automobile and the light commercial vehicle market has reached to all time high level, by increasing its sales 26.1% comparing to the previous year with a volume of 968,017 units. Within the year, the domestic automobile market has grown at the rate of 23.5% and 725,596 automobiles were sold. Regarding light commercial vehicles, sales increased 34.4% to reach 242,421 units.

In the light commercial vehicle market, by Fiat brand, we attained 25.6% market share by selling 62,127 cars. In 2015, Fiat Linea reaching 35,041 units sales volume, has become our highest performing model. Jeep brand, with high performance of Renegade model, has significantly increased its sales

volume by 78.9%. Tofaş's total market share has reached 11.8% with 113,929 units sales volume.

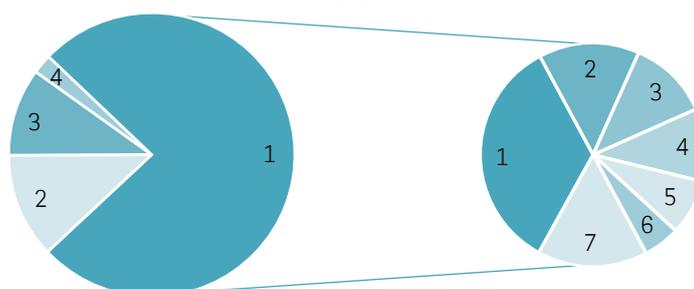
In 2015, the European automobile market achieved 9.2% growth and light commercial vehicle market achieved 11.6%. Correspondingly, we have displayed higher performance than Europe automobile market's growth by 14.8% increase in our total exports to Europe. In export markets other than Europe, notably in North America, Ram ProMaster City sales continues successfully by marking a sales volume of 20,334 in the first year, thereby contributing significantly to Tofaş's exportation. Consequently, we increased our total exports to 173,873 with a 22.2% growth when compared to the previous year, hence our export revenue reached to 1.9 billion Euros.

Total Market (unit)	2014	2015	Variance
Automobile	587,331	725,596	(+) 23.5%
Light Commercial Vehicle (LCV)	180,350	242,421	(+) 34.4%
Total	767,681	968,017	(+) 26.1%

Retail Sale (unit)	2014	2015	Variance
Automobile	42,769	51,802	(+) 21.1%
Light Commercial Vehicle (LCV)	49,586	62,127	(+) 25.3%
Total	92,355	113,929	(+) 23.4%

Export (unit)	2014	2015	Variance
Automobile	25,067	32,055	(+) 27.9%
Light Commercial Vehicle (LCV)	117,214	141,818	(+) 20.0%
Total	142,281	173,873	(+) 22.2%

BREAKDOWN OF EXPORTS BY COUNTRY (%)



1- Europe 76%
2- USA and Canada 12%
3- MENA 10%
4- Others 2%

1- Italy 26%
2- UK 11%
3- Spain 9%
4- France 8%

5- Germany 6%
6- Belgium 4%
7- Other Europe 12%

PRODUCT PORTFOLIO

17

17 DIFFERENT SERVICES DURING
AFTER SALES PROCESSES

Görkem Kızılay

**Service Consultant-Kırmak
Automotive**

Training organized by Tofaş for after-sale service consultants helped me to become one step closer to my career plan in automobile industry by contributing development of my knowledge and skills. I believe that this kind of trainings will increase motivation and will make people more productive.

Another highlight regarding Tofaş's exportation activities in 2015 was the launch of Fiat Egea model for manufacturing and exportation. During the reporting period, with Fiat Egea model, which is known as Fiat Tipo in the export markets, we won "the Best Automobile in Europe" award at Autobest by a jury composed of members from 26 different countries. Within Egea Project that will continue until the end of 2023, we plan to manufacture 580,000 sedan automobiles. We aim to start manufacturing Egea Project's hatchback and station-wagon models in 2016 and to produce 700,000 automobiles mainly for exportation between 2016-2023.

CUSTOMER EXPERIENCE

Providing excellent customer experiences with our products and services which meet customers' expectations and demands is the most important component of our main product strategy shared with FCA. For this reason, we design our product and services by considering our customers' expectations and demands. By focusing on customers' expectations, we ensure that our vehicles retain their value during the consumption period, thereby adding value for our consumers.

While identifying our quality strategies, we base FCA's Global Quality System that aims to guarantee product and services to be convenient to high quality norms. According to our quality definition, we aim for our products and services to have suitable qualifications as far as legal and the industrial regulations, to be physically reliable, and performing higher when compared with our competitors. We give importance to engineering quality, design and ergonomics in our products as well as meeting with customer's expectations at the dealers and the authorized services in before and after-sales period. We provide our customers with a wide service range of 17 different services during after sales processes.

Holistic perspective for a convenient product range

In order to understand customers' expectations and demands, to learn satisfaction level about current portfolio, the customer market researches on a global scale are conducted by FCA team starting from product, design and configuration process. We support the process where Consumer Promoter Scores and Net Promoter Scores are considered, with the results that we received via local market customer feedbacks. In this case, we develop a more holistic point of view to provide the most suitable product range.

In order to maintain customer satisfaction during and after sales, and to provide higher quality service to our clients, we create development plans together with our suppliers, dealers and authorized services. In addition to these plans coordinated by our after-sales business development team, we provide sales and after-sale services through workflows developed in line with ISO 9001 Standards. We monitor our customers' satisfaction on these services via our customer relations management systems. We resolve any oversight causing customer dissatisfaction by contacting consumers directly to compensate. Then, in order to check customer satisfaction levels, we undertake objective market researches. We monitor our after-sale service achievements by the performance indicators, and we create monthly movement plans by sharing these data with executives.

Complete and prompt information

Informing our customers completely and promptly about our products and services is one of the most important components of our customer experience approach. For this case, we provide our customers resources where they can find information about our vehicles. Our clients can reach these informative resources about legal regulations and secure and reliable during their purchase procedures or on our corporate website.

Also, we train our dealers and suppliers in order them to provide exact information to our customers.

With our new tablet applications "Vehicle admission by Tablets", we allow our customers who come to Tofaş for vehicle maintenance and repair to follow the process interactively. With this application, we give all the details about the process to our customers and make sure that they leave their car safely.

Ever-growing customer satisfaction

We work for our aim to be on the top ranks of the Europe Customer Satisfaction Research, via our after-sale service quality and provided an excellent customer experience. We try to increase the customer satisfaction via our services according after-sale business development studies.

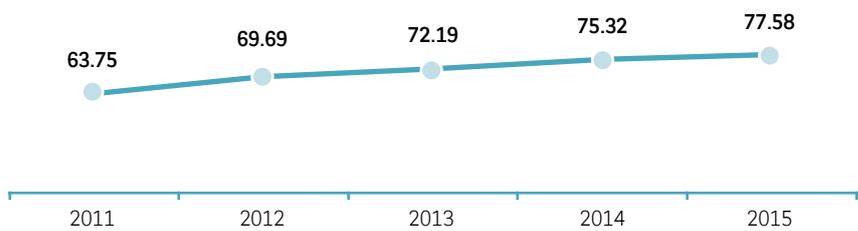
INFORMING OUR CUSTOMERS COMPLETELY AND PROMPTLY ABOUT OUR PRODUCTS AND SERVICES IS ONE OF THE MOST IMPORTANT COMPONENTS OF OUR CUSTOMER EXPERIENCE APPROACH.

77.58%

OUR CUSTOMER SATISFACTION SCORE IN 2015



CUSTOMER SATISFACTION SURVEY



PRODUCT PORTFOLIO

best**THE BEST R&D CENTER IN
AUTOMOTIVE INDUSTRY AWARD****Prof. Dr. Ferruh Öztürk****Uludağ University Head of
Automotive Engineering
Department**

I can define Tofaş as a local automotive giant and as the apple of Bursa. It contributes to the studies and researches advancing the Turkish automotive industry and the expansion of a technology development culture. With R&D Center, it supports design, manufacturing and technology development studies in Turkey.

The Best R&D Center Award in Automotive Industry

Tofaş R&D Center won "The Best R&D Center in Automotive Industry" award and "The Third Best R&D Center" award amongst all R&D centers in Turkey during the 4th Private Sector R&D Centers Summit organized by Ministry of Science, Industry and Technology in 2015. Tofaş has also been ranked first in "R&D Expense Density" and "Project Capacity".

R&D MANAGEMENT

We maintain our pioneer position in Turkish automotive industry with our world class quality and our services that fit our customers. With the studies conducted at Tofaş R&D Center founded in 1994, we aim to contribute to the national economy as designing more competitive personal and commercial vehicles. Tofaş R&D Center has a strategic importance as it is the only R&D center of FCA located outside of Italy and posses an infrastructure which can compete with European peers, both intellectually and physically. The R&D Center has officially been registered by Ministry of Industry and Commerce.

Almost 700 people work in the Tofaş R&D Center in an 18,090 m² of space. We allocated more than 584 million TL for R&D expenses in 2015. We have been listed as 1,290th by R&D Investment in 2015 global ranking made by European Union, thus listed amongst 3 Turkish companies ranked among the top 1,500.

We aim to increase our patent application each year through added-value projects and innovative ideas. As a

result of innovative studies conducted by Tofaş R&D Center, we have increased our number of invention disclosures by 110%, and number of patent applications by 32%, compared to previous year. We applied for 106 new patents, we received six patents.

We aim to produce the sensational vehicles and the technologies that fully meet customer expectations worldwide through our R&D Vision 2020. We identify our strategic objectives via this vision. Our main goals within our R&D Vision 2020 are to be a part of product design process planned by FCA R&D in Europe and in Middle East, to develop production and advanced product technologies to create customer value, to help the improvement of common designers and engineering companies in Turkey.

We believe that the R&D collaborations have an important role for increasing global recognition of Turkey as a product development center and its development. We give importance to common design development, organization of local engineering companies, and collaboration with universities. Since 2006, we have been working with 16



different universities on 100 projects as Tofaş R&D Center. We have built various collaborations on TUBITAK and European Union supported projects with FCA Research Center and the design centers from abroad as well as with academicians from various universities.

By 2015, we have worked within EU (FB and EUREKA) Research Projects. So far, we had a chance to work with more than 100 international project partners via these projects. With Robopartner Project (Human-Robot Collaboration Technologies for Intelligent, Flexible, and Secure Operations in the Future's Assembly Plants), we became the first and the only Turkish company leading a project in Production Technologies field.

In order to develop creativity and inventing technics in our R&D studies, in 2015, we continued with the TRIZ method which is a creative problem solving method. With these studies, we realized 55 patent applications from 71 applicable suggestions chosen out of 232 ideas. We are still working on remaining 16 suggestions.

32%

WE HAVE INCREASED OUR NUMBER OF INVENTION DISCLOSURES BY 110%, AND NUMBER OF PATENT APPLICATIONS BY 32%, COMPARED TO PREVIOUS YEAR.

SUSTAINABLE MOBILITY SOLUTIONS

Climate change, one of the most global issues today, changes in customers' purchasing decisions and new product and service expectations of customers due to developing technologies address the responsibility of designing sustainable mobility solutions to automotive manufacturers. As a company in the automotive industry, we are responsible for new technology development and for generating solutions about providing customer's freedom of travel and different mobility demands with the sustainable methods.

To create sustainable mobility solutions is one of the most important component of FCA's global strategies. Group-wide researches and studies conducted related to increase of vehicle versatility and alternative fuel systems, reduction in environmental impacts of conventional engine vehicles, new services that respond new mobility demands, and raising energy consumption sensitive behavior amongst customers. In the FCA network, we also participate in these studies and conduct projects particularly aimed at reducing the environmental impacts of products. In this context, we carry on various studies about increasing vehicle, driving, passenger comfort and security to meet with the customer expectations.

AutoNET Project

With AutoNET Project launched in collaboration with METU in 2013, we have completed the design software development studies that can create an algorithmic schedule for the automotive communication network. With the algorithmic schedule, we aim to increase car the network security and to decrease test period.

CarCoDe Project

Within our CarCoDe Smart Content Transmission for Automobiles Platform completed during the reporting period, we have carried a vehicle remote access works with wireless communication technologies. With this Project, we aim to provide a vehicle remote diagnostics service by direct and real time access, and utilization of the information and entertainment service and the platform for the V2 applications.

Active Air Guide Shutter Development Project

With the improvement of the thermal insulation in the vehicle, the project for the reduction of fuel consumption and emission is expected to be completed in 2016. This project aims a 2% reduction in the CO₂ emission level and in the vehicle fuel consumption.

PRODUCT PORTFOLIO

584

**TL BILLION
R&D EXPENSES IN 2015**

Cold-end Exhaust System Development Project

We aim to be prepared for the future as reinforcing the methods that optimize the exhaust line and the muffler design for reducing the emission of CO₂ with the project of the development of cold exhaust system. We work for our own design exhaust system to be advantageous in terms of the pressure loss and the noise towards it to have reasonable weight. With this project, we aim to reduce the cold exhaust pressure loss seen in the 95 kW engine, to provide turbocharger outlet temperature lower than 65 Celsius and to increase the first natural frequency of the exhaust hangers and brackets higher than 250 Hz level.

Euro 6 Vehicle Development Project

Within the environmental friendlier vehicle development studies in line with the European norms, we have synchronized our Doblo 1.3 and 1.6 diesel engine vehicles to the new emission standards. For this, while developing the low emission pressure EGR system in the diesel engines designs, we have added new sensors on a motor and renewed the engine control software for the entire system.

Vehicle safety, driving and passenger comfort

One of our sustainable mobility focus points is to provide our customers with safe and comfortable driving and passenger experience. We embrace FCA's 'safety for all passengers' vision and carry on studies to increase security and comfort at Tofaş R&D Center. As safety measures differ from one market to another, we monitor vehicles on sale to comply with legal regulations in the relevant markets.

We equip our vehicles with active safety systems in order our customers to experience a safe drive while employing passive safety system to avoid injuries during a possible accident case. We also consider safety of other cars, passengers and pedestrians in the traffic, beside drivers and passengers. As working with FCA, we improve our current systems and create new ones.

Developing vehicle information networks and driver support systems

One of our subject areas related to the sustainable mobility studies is an inter-communication between the electronic devices on vehicles. We work on the software developments that provide this communication at necessary processing speed and in reliable scales. We create some systems that provide this complex communication operation work quickly and reliably.

Vehicles with low energy consumption and emission values

Emissions resulting from fuel consumption are the most important environmental impact caused by vehicles. Along with climate change gaining importance, share of FCA's projects providing low fuel consumption and emissions studies increase in total sustainable mobility studies. In the direction of the effectuated the legal regulations in EU countries which are our main export



market, a significant decrease has been realized in terms of fuel consumption and emission values in the vehicles produced by FCA. As Tofaş, we contribute FCA's studies and consider this subject as a continuous development area.

Within our sustainable mobility studies, we carry out studies about decreasing the environmental impacts of vehicles other than fuel consumption, emission value and alternative fuel system. By decreasing our raw material usage during production in a way not to jeopardize the integrity of a car, we aim to provide more productive usage of resources, less waste, lighter vehicle and less fuel consumption. Additionally, with our studies to increase the recycle qualifications of materials used in the vehicles we increase environmental and material productivity performance.

Electric and Alternative Fuel Vehicles

Developing electric and alternative fuel cars is a significant part of our sustainable mobility studies. We take a part in the strategic research areas of the R&D studies conducted by FCA for development of these vehicles which will be used more in the future. In these projects, we focus on developing the electric engines for various models, interfaces and various systems, parts and components to be used in vehicles equipped with CNG and ANG fuel systems.

IMPROVE Project

During the reporting period, we continued our IMPROVE electric vehicle performance, the road efficiency integration and management studies which we began in the direction of the energy recovery improvement strategy with a full electric braking system in 2013; we expect it to be completed in 2016. Within this, we conducted various studies on the vehicle systems and infrastructure, the control software and vehicle integration, vehicle mechanical integration and vehicle simulations. With this Project, we aim to increase the drive range by reducing the energy consumption, to gain competence in full electric braking system and to provide route optimization and energy efficiency by the cloud structure.

WiCharge Project

We realized the demo application of our wireless charging system WiCharge for the electric vehicles after completing its concept development. We aim for this project to be tested on a real electric vehicle by a test modal according to the system modeling and simulation results. This project's software development part will be conducted in collaboration with Yeditepe University Electronic Engineering Department.





The background of the entire image is an anechoic chamber, characterized by its walls, floor, and ceiling covered in a dense array of grey, pyramid-shaped electromagnetic wave absorbers. In the foreground, a large, cylindrical industrial fan with a black metal grille is mounted on a yellow metal frame with four casters. The fan is positioned on a white floor marked with yellow and black diagonal hazard stripes. A small yellow sensor or camera is visible on the upper left wall of the chamber.

173,873

OUR EXPORTS WE REACHED IN 2015
WITH AN INCREASE OF 22.2%.

**WE ACHIEVED A 11.8%
MARKET SHARE WITH
OUR SALES OF 113,929
UNITS.**

MANUFACTURING

gold

WE HAVE BECOME ONE OF THE THREE FACTORIES REACHING GOLD LEVEL IN FCA WORLD.

BY FOCUSING ON WORK SAFETY, QUALITY, COST, DELIVERY AND ENVIRONMENT, WCM AIMS TO REACH 'ZERO FAULT' IN EACH ASPECT.



We work to put the most innovative technologies into practice as being one of the strategic R&D centers of FCA located in Europe and a leading company in Turkish automotive industry. We conduct world-class, productive, quality and sustainable production processes. We ensure our manufacturing process operability and effectiveness through international quality systems and standards. We measure and evaluate our products and services' impacts during the lifecycle, starting with the manufacturing process.

WORLD-CLASS MANUFACTURING AND MANAGEMENT STANDARDS

We use the WCM (World Class Manufacturing) methodology for systematically improving our competitiveness in manufacturing. By focusing on work safety, quality, cost, delivery and environment, WCM aims to reach 'zero fault' in each aspect. The WCM Program, today, is applied in 196 group factories and in 370 supplier factories world-wide.

As starting the WCM practices in 2006, after receiving 'The Fastest Improving Factory' award, we became the first FCA factory that reached Silver Level in 2009. After 2013 audit, we celebrated our success as being one of the three factories reaching Gold Level in FCA world. In 2015, we reached a score of 74 and continued to improve. We improved occupational accidents indicators, external quality indicators and our productivity considerably, by focusing on increasing our manufacturing standards during our WCM journey. We realized all these improvements by our systematical approach and engagement of our employees. During reporting period, each operator contributed our improvements with 21 suggestions on average.

We try to expand our WCM methodology in the areas related our external stakeholders. Within the World Class Supplier (WCS) Program, we have been leading our suppliers to apply WCM methodology since 2009. By the end of 2015, together with 31 suppliers, we have been conducting practices that increase world-class competitiveness.

We adopt multiple efficiency and management quality systems and standards in order to keep our response capacity against risks that may occur during manufacturing and management quality at maximum level. In this context, we follow ISO 9001 Total Quality System Standard, OHSAS 18001 Occupational Health and Safety System Standard, ISO 14001 Environmental Management System Standard, ISO 50001 Energy Management System Standard, ISO 14064 Greenhouse Gases Calculation and Audit System Standard, ISO 20000 Service Management System Standard. We mitigate potential risks by monitoring all our process with WPI (Work Progress Integration) methodology. We ensure control of chemicals and non-use of forbidden raw materials in our



supply chain via our IMDS Program. We continuously improve our performance in management system and standards through external audits, certification and verification practices. Besides, we conduct employee awareness raising programs.

ENERGY EFFICIENCY AND EMISSIONS

Energy efficiency in manufacturing and related emission management is the major part of our environment management. We give particular importance to the management of the subject in order to mitigate environmental, social and economic risks caused by the climate change and to hinder our competitiveness to be affected negatively by the energy unit cost increases. In this vein, we manage this subject with an organization starting from the senior management and expanding to related departments.

The Energy Guides Committee, Tofaş Sustainability Work Group and Tofaş Sustainability Committee are responsible for the energy efficiency and the emission management at Tofaş and report directly to CEO. We continuously improve and monitor our energy efficiency and emission performance in accordance with short, medium and long term objectives. We report performance monitored monthly and annually by main indicators to the senior management every month together with findings received within F Matrix Energy Improvement Program.

We conduct our energy management practices as a part of Tofaş Environment and Energy Policy. We adopt ISO 50001 Energy Management Standard and WCM Energy Pillar principles for the energy management and ISO 14064 Greenhouse Gas Calculation and Audit Standard for greenhouse gas emission management. Within the emission management, we conduct Scope1,

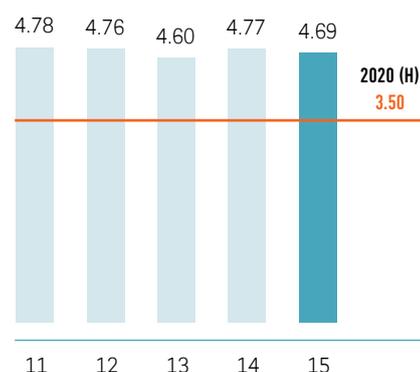
Scope 2 and Scope 3 level calculations and the verifications. Our greenhouse gas emission values have been verified by independent companies regarding ISO 14064 Standard in 2015. At the same time, we keep emission level under the legal limits defined by public authorities.

Our sustainable manufacturing approach resulted in becoming one of 29 Turkish companies entitled to be listed in BIST Sustainability Index after the evaluation carried out within Borsa Istanbul by EIRIS, an international assessment company.

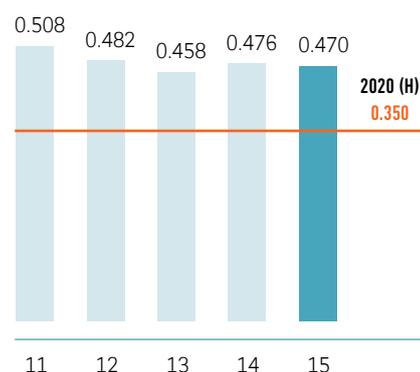
We have increased our manufacturing volume by 25% compared to the last year and decreased energy consumption value per vehicle by 2%. Thanks to energy efficiency projects we conducted, we have outperformed our goal set for 2015 as 4.82 GJ and achieved an energy consumption level of 4.69 GJ. Reduction in energy consumption per vehicle resulted in a parallel reduction in GHG emissions from 0.476 tons CO₂ to 0.470 tons CO₂. In line with our energy efficiency strategic plan, for the year 2020, we aim our energy consumption per vehicle reduced by 25% compared to 2015 and reach 3.50 GJ; as well as emissions to reach 0.350t CO₂ by 26% reduction.

During paint application, one of the main processes of automotive manufacturing, volatile organic compound (VOC) emissions occur. We have decreased VOC emission weight per surface dyed from 35.47 gr/m² in 2014 to 33.76 gr/m² in 2015. By continuing our efforts in the future, we aim to reduce VOC emissions to reach 29.00 gr/m² level in 2020.

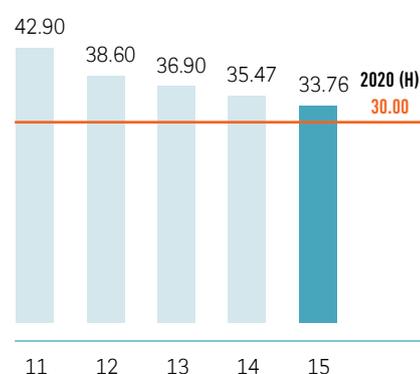
ENERGY CONSUMPTION (GJ/vehicle)



SCOPE 1+2 GHG EMISSIONS (Ton CO₂e/vehicle)



UOC EMISSIONS TREND (gr/m²)



MANUFACTURING

Nitrotherm – VOC Reduction Project

In 2015, unlike the traditional paint system implementation methodologies within Nitrotherm Project, we use pure nitrogen gas separated from air instead of air as paint carrier. Nitrogen as molecule, is faster and smaller than any other gas in the air and carries the paint as small molecules on the vehicle quickly. This way, we increase transfer efficiency and quality as increasing the surface diffusion of paint.

Flexible Production Project

Because of common line structure in the paint process, we were not able to have different work shifts for different models and production has to continue in mixed modal structure. By initiating Flexible Production Project in the last quarter of 2015, we had eight different overtime shifts based on various models. This way, we provided a less energy use with the overtime work only for a needed model.

Energy Efficiency Projects

In order to reduce energy consumption and related GHG emissions, we conduct multiple energy efficiency projects in various fields such as heat loss prevention, waste heat recovery, cooling, the lighting automation using the maximum rate of the solar illumination, the localization and automation systems to reduce the compressed air leakages, the energy consumption correlation and optimizations, insulation material usage. In this context, we have conducted 90 new energy efficiency projects in 2015. With the projects engaged in the last quarter of 2014, the project number that affects 2015 has reached to 168. We saved 71,010 GJ of energy and 6,225 tons of CO₂e emission through the energy efficiency projects.

ENVIRONMENTAL MANAGEMENT SYSTEM

We aim to perform our production process with minimum environmental impact possible, alongside being lean and efficient. In addition to this, we commit to reduce negative impacts on the environment continuously. Tofaş Environ-

ment and Energy Policy that we developed in accordance with this approach aims to provide sustainability in the environmental management. We commit to review our Environmental and Energy Policy on a regular basis. Within this policy, our environmental vision is to build a “World-Class Environmental Management System” by using the proactive and the lean management tools. In order to reach our main goal zero waste/zero loss, instead cleaning, we prefer not to pollute to begin with.

In line with our sustainable goals and strategies, we search and use the best available techniques in our sector and lead the industry. We review our aims and goals periodically and ensure to employ necessary information, expertise and economic resources in order to reach our goals.

We convey our Environmental and Energy Policy to our employees regularly by class and on-the-job trainings within the environment and energy module and we share our objectives and strategy up-to-date.

6,225 CO₂e

EMISSION SAVINGS ACHIEVED THROUGH ENERGY EFFICIENCY PROJECTS IN 2015



We manage the environment by following the ISO 14001 Environmental Management Standard and the WCM Environment Pillar; with a responsibility approach starting from the senior management and expanding to the production departments. Our goals on environment are determined by the expert groups such as the Sustainability Committee, the Sustainability Work Group and applied by the Environment, Health and Safety Management, the Environment and Energy Guides in the field.

The environmental performance at Tofaş is an integral component of corporate and individual performance evaluation. We monitor our environmental performance regularly and share the results achieved with our senior management and with our stakeholders through various channels.

Environmental management is also an important constituent of our corporate risk management. The Environmental Management Unit is responsible for ensuring the system reliability and for reporting periodically our environmental management system audits to the sensor management. Our environmental performance level is monitored by periodic internal and external audits, the WCM and the ISO 14001 audits and the Koç Holding Environmental Audit.

In order to ensure compliance with the legal regulations, the changes are followed by our team in charge of environmental

management. During the reporting period, we have not had any case of non-compliance with the environmental regulations and were not subjected to any formal sanctions in this regard. In addition to the compliance, it is also important for us that our stakeholders are not affected by any negative environmental impact caused by our activities. In this regard, we consider the feedbacks from our stakeholders on the environmental impacts of our activities. During the reporting period, we did not receive any grievance in this regard.

In order to continuously develop our environmental management, we allocate a significant amount of resource to environmental performance improvement studies; we organize environmental trainings for direct and business partner employees in order to increase their awareness and knowledge. In 2015, we have invested 2.24 million TL in our environmental investment and management practices. We have organized 1,648 person*hours of environmental trainings for Tofaş employees and 4,749 person*hours for business partner employees.

We emphasized our environmental management performance with the awards received during the reporting period. Within the EHS Leaderships Awards coordinated by FCA, we have won the third prize in EMEA Region with the Paintshop Waste Heat Recovery Applications Project.

Direct Use of Solar Energy in the Production Process Project

The Project implemented during the reporting period is based on a principle of direct use of the solar heated air in the production processes. This practice which is a major example for the application of renewable energy technologies, has been employed for the first time at the Paintshop flash-off process. At this renewable energy project which is globally a best practice for the automotive industry on the usage of the solar heated air, we provide 122 tons of CO₂e greenhouse gas reduction, by generating the heated air as 2.181 GJ of natural gas equivalent. The Project has also an importance for the sustainable carbon and the energy management because of being financially sound even if it is a renewable energy project, being maintenance free and having a high scalability potential.



award

SUSTAINABLE BUSINESS AWARDS,
CARBON AND THE ENERGY
MANAGEMENT CATEGORY:
"GREEN BUSINESS AWARD"

MANUFACTURING

3.21

IN 2015 WE DECREASED OUR FRESH WATER CONSUMPTION PER VEHICLE TO 3.21 M³/VEHICLE.



Through the “7 Steps Proactive Energy and Carbon Management System Project” which is a part of the WCM methodology that we have been following since 2011, we began to consider the identification of priority areas, the classification of the energy losses and the prioritization principles at our energy efficiency and the carbon emission reduction practices. We have developed standard and efficient improvement strategies by integrating this systematic approach to all processes in both current facilities and new investments. With this project, we have been granted a “Green Business Award” for the Carbon and the Energy Management Category in the second Sustainable Business Awards coordinated by the Sustainable Academy in 2015.

Water Management

We believe that the water resources will become more crucial than any other resource in the future and think that precautions should be taken from this day on to avoid problems to access water. In this direction, we manage our water consumption and waste water processes with a responsible water management approach and work to ensure that water resources are used efficiently.

The underground water used in production processes has the most significant share in our total water consumption. The municipal water and the water bought from third parties for domestic use and drinking water have a small share in our total water consumption. Consistency and sustainability of the water resources that we use have a huge importance for us. Therefore, we analyze our water resources periodically. As a result of analysis carried out during the period, no stress caused by our consumption was found on resource consistency. On the other hand, the water needs of our stakeholders, especially the local community neighboring our

production facilities are not under the risk because of the type of the water we use.

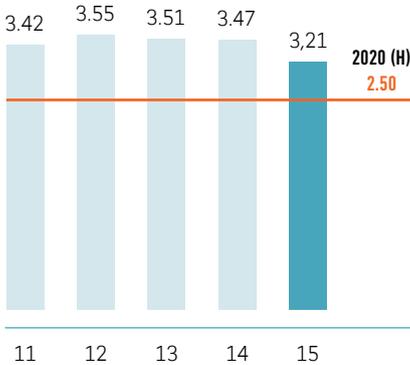
We maintained the reduction trend of the fresh water consumption per vehicle produced during the reporting period. We decreased our fresh water consumption per vehicle, which was 3.47 m³/vehicle in 2014, to 3.21 m³/vehicle. Thus, we have moved our performance, beyond our goal that we had determined as 3.40 m³/vehicle. We aim to reduce the fresh water consumption per vehicle to 2.50 m³/vehicle by 2020.

We emphasize responsible use of the fresh water resources. In this context, we reuse the fresh water withdrawn multiple cycles and also feed the production with recycled waste water which arises as a result of processes; thus, we supply the most significant share of our water need. During the reporting period, we recovered 60,841,359 m³ of water in this context.

We monitor our biodiversity impacts on the natural areas and the organisms that live there in order them not to be affected by our operations and we conduct the environmental impact assessment studies. We perform periodic controls in order to identify the potential risks and take precautions mitigate those. We adopt the principles of the Biological Diversity Agreement to which Turkey is signatory party.

In addition to our recycling studies, the waste water management is an important part of our water management understanding, because of its potential negative impacts on biodiversity. We try to recycle the waste water occurred during our operations at a maximum level at our modern treatment facilities and we discharge waste water to the receiving environments with loads under the limit values defined in discharge permits. During the reporting

FRESH WATER WITHDRAWAL (m³/vehicle)



period, we discharged 2.73 m³ per a vehicle produced and a total of 760,629 m³ of waste water. Besides receiving environments defined in our discharge permits not being high biodiversity value areas, thanks to our waste water discharge performance, no negative impact found on current biodiversity value or living beings during calculations and audits performed by public authorities.

During the reporting period, we have responded for the first time to the CDP Water Program and our water management performance has been considered as "Management" which is also EU average. During the assessment, our activities which aims to reduce possible impacts of water related risks are emphasized as effective and significant.

Efficient and Environmentally Friendly Material and Waste Management

Inefficient use of materials in the production process results in increase of waste amount after production. We consider sending waste to landfill is a material loss and we believe that this inefficiency effects our financial performance negatively. As a requirement of Tofaş Environment and Energy Policy, we aim to reduce the waste at the

source and to recover as much as possible. In this case, we focus on,

- The reduction of material use,
- Recycled/recyclable materials to be used on a larger scale,
- Waste amount to be minimized and fully recovered.

We ensure the 100% of industrial wastes in production process to be used as a recycled material or as raw material and energy resource in the cement industry, so we reach our aim "zero waste disposal".

The use of environmentally friendly materials in production processes and reduction of the amount of material affect various business processes positively. In addition to our related business units, we ensure that our suppliers play an active role in these practices.

In parallel with the increase in our production amount, we also had an increase in our total waste amount when compared to the previous year. During the reporting period, our total waste amount was 79,926 tons where 1,447 tons were hazardous and 78,479 tons were non-hazardous.

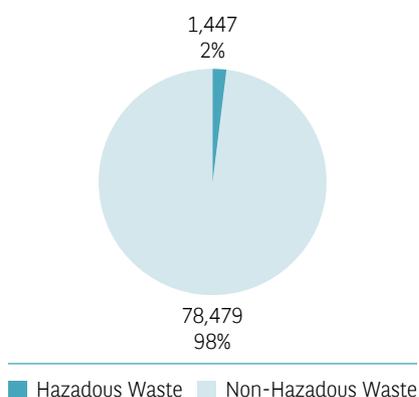
Sheet Thickness Reduction Project

In 2015, we continued to the project where we aim to reduce the sheet consumption and its potential environmental impacts by reducing average thickness of steel consumed. With this project, we aim to supply 1% thinner flat steel materials and provide a less fuel consumption by approximately 0.4%-0.8% per vehicle while keeping the Fiat standards. Within this period, we supplied 0.43% thinner material than the nominal thickness, thus we saved 448 tons of steel. We aim to achieve 1% reduction rate as the main objective of the Project in 2016.

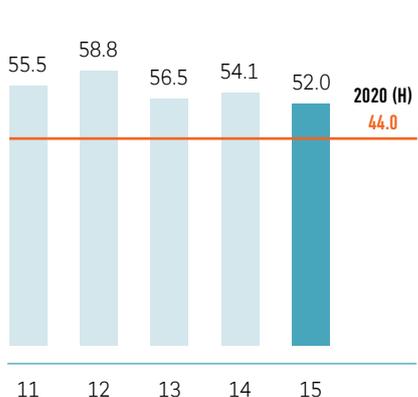
Waste Sludge Reduction Project

In 2014, we have completed the second stage of the project conducted in the waste water treatment facility. With the treatment performance improvement in 2015, we have ensured 20% of treatment sludge reduction within our study where we targeted reducing the treatment sludge quantity and the total disposal costs. As a side benefit of this project, thanks to the use of neutral chemicals instead of acidic chemicals, we have also reduced safety risks in the handling process.

TOTAL WASTE BY TYPE (ton-%)



THE AMOUNT OF WASTE (kg/vehicle)







8,018

NUMBER OF OUR EMPLOYEES IN 2015

A SAFE, DYNAMIC,
DECENT, FAIR WORKING
PLACE

WORK ENVIRONMENT

OUR MAIN OBJECTIVE FOR OCCUPATIONAL HEALTH AND SAFETY IS “ZERO ACCIDENT”.

We aim to create a work culture that embrace innovative thinking, having a broad perspective, openness to the development, ability to adapt changes, collective learning approach and which perform towards common objectives. We provide a safe, dynamic, decent workplace and fair development opportunities to our employees.

You may find detailed information about HR policy, systems and practices on www.tofas.com.tr.

OCCUPATIONAL HEALTH AND SAFETY

To provide the occupational health and safety in a workplace is a must for a competent organization. Our main objective for occupational health and safety is “zero accident” and we embrace the approach “Step-by-Step Occupational Safety”. By overreaching the legal requirements, we steer our Occupational Health and Safety processes through World-Class Occupational Safety and Tofaş OHSAS Policy and we support our processes and applications by OHSAH 18001, WCM Occupational Safety Standards and Tofaş Contractor Procedure methodologies.

We manage the occupational health and safety, which is a part of our corporate risk management procedures, with an organisation starting from the senior management expanding to the manufacturing units. Our OHS objectives are identified by the senior management in the direction of the risk management studies performed regularly and possible risks are mitigated by developing action plans.

Occupational health and safety is ranks in the first place in the WCM model as it is the most material factor. Our factory, which is introduced by FCA as a benchmark for others, hosts visits organized in order to examine distinctive practices in place.

We aim “zero accident and zero occupational disease” with the Tofaş Occupational Health and Safety Management System. With the Safety Culture Change Projects that we have been conducting for the last 3 years, we have reduced our lost time accident frequency by 60% to 0.02, meanwhile we decreased medical treatment cases frequency by 0.05.

WE ARE AN AGILE TEAM, WE WORK WITH PASSION

We are big team who act fast and reach the result quickly. We are passionate about our work.

WE ARE COMPETITIVE, WE MAKE A DIFFERENCE

We develop ourselves continuously. We always aim the best. We are innovative and think simple.

WE CARE ABOUT PEOPLE AND NATURE

In Tofaş, people make a difference and our customers come first. For this reason we work in the light of “first the people” approach. We accomplish our responsibilities to environment and society.

WE ARE AMBITIOUS, WE COMMIT AND WE ACHIEVE

We embrace our target. We reach the result despite obstacles. We work transparently and see our mistakes as a development opportunity.

SHAPING THE FUTURE

WINNING THROUGH

CONDUCTING THE TEAMS

IMPROVING COOPERATION

LEARNING CONTINUOUSLY

Occupational Health and Safety Trainings

We provide Tofaş and contractor employees with trainings in order to increase the occupational health and safety awareness. In 2015, we have organized occupational health and safety trainings for 31.602 person*hours to 4.364 Tofaş employees and for 3.294 person*hours to 4.392 contractor employees.

To manage occupational health and safety effectively and to succeed in this area, increase of employee awareness has a cardinal importance. So, we encourage our employees to take responsibility and to engage in decision-making processes by various practices.

- With the Occupational Safety Simulation Training Area (DOJO) application, we aim our employees to learn the work place risks by the help of risk simulated stations and equipment. In 2015, we have conducted 9.180 person*hours of DOJO trainings.

- Through 29 directives established in Contractor Management Procedure, we aim to approach contractor processes proactively to make them safer by identifying the rules before the work starts and to audit them.
- We provide an interactive training that we call the Occupational Safety Drama Training in order to maintain zero unsafe behaviour at the non-routine works and to strengthen the occupational safety culture.
- Via Attention and Concentration Test (Vienna Test), we aim to measure attention, concentration and motor skills of the vehicle operators, the maintenance and the quality control staffs and the test drivers.
- We provide the occupational safety responsibility to be undertaken by blue-collars during a week in a lean production team of 8-15 workers, by our Safety Captain application. Thus, while doing their job, they observe

the possible workplace unsafe conditions and the unsafe acts.

- Within our Team Flag application, the flags about occupational safety are hung in the production team working areas. A blue flag stands for a team who has no accident, an orange flag stands for the one who has.

Our Occupational Health and Safety practices took place among the best practices in Europe for two consecutive periods in the "Best Practice Awards" competition which is organized biennially by European Agency for Safety and Health at Work (EU-OSHA), in 2012-2013 and in 2014-2015. In the national area, we won the 'Golden Gloves' award in the companies' category and the "Golden Suggestion award in the personal category in the Occupational Safety competition organized by Turkish Employers' Association of Metal Industries.



OUR OHS PRACTICES TOOK PLACE AMONG THE BEST PRACTICES IN EUROPE FOR TWO CONSECUTIVE PERIODS IN THE "BEST PRACTICE AWARDS" COMPETITION WHICH IS ORGANIZED BIENNIALLY BY EU-OSHA. IN THE NATIONAL AREA, WE WON THE 'GOLDEN GLOVES' AWARD IN THE COMPANIES' CATEGORY AND THE "GOLDEN SUGGESTION AWARD IN THE PERSONAL CATEGORY IN THE OCCUPATIONAL SAFETY COMPETITION ORGANIZED BY TURKISH EMPLOYERS' ASSOCIATION OF METAL INDUSTRIES.

WORK ENVIRONMENT

100%

WE AIM 100% COMPLIANCE TO THE PRINCIPLES OF UN GLOBAL COMPACT

Tuğba Demirkaya

Paintshop BPU Leader-TOFAŞ

The automotive industry, as a heavy industry field, is a work area where male employees are dominant both in terms of management and production posts. The system in Tofaş has been arranged for the female employees to work under proper conditions. Acknowledgement of female labour in Tofaş culture provides convenience.

Cemre Yalçındağ

Student – Middle East Technical University

Thanks to Hack-Auto, career event organized by Tofaş, we learnt a lot about company management which we did not experience before. We decided with our team members as if we were managing a real company and witnessed that every small detail can influence the outcome significantly. Beside what we learnt from the simulation, we also met with Tofaş family. I had a chance to visit such factory for the first time and I enjoyed it a lot.

TALENT MANAGEMENT

As being a world-class company, we aim to become a favourite workplace for the multi-dimensional, creative and competent professionals. We work for providing a fair, peaceful, people-oriented workplace environment where the skills are developed and shared. Our call our employees for becoming a part of an organisation where the engagement is rewarded and the relations are managed on the basis of mutual respect and trust. In this vein, we move with a vision to become a decent, ever-growing and high performance-oriented workplace which also adds value to social life.

Workplace Culture

We provide our employees with a work environment where they can enhance their skills, creativity and potentials; and where they are treated equally and fairly. During the hiring process, we evaluate our prospects' knowledge, skill, behaviour and conformance with the company culture by various systematics. During recruitment or any other HR process, we don't discriminate against age, gender, belief, ethnic origin or any similar aspect. We enable equal opportunities to all our employees in the same position.

We manage the human rights via Tofaş Ethic Committee performing under the Board of Directors. About human rights, we assume the United Nations Global Compact, which is adopted by our main shareholder Koç Holding, as binding for us as well and aim 100% compliance to its principles. Within our activities, we avoid any practice that can be identified as discriminatory. We don't allow child labour, forced or compulsory labour and abuse of employee rights under no circumstance. This understanding of human rights is also binding for our value chain beside the company operations. We expect our suppliers and business partners to act according to these principals. During reporting period, we didn't

receive any formal complaint regarding supplier and business partner operations which raise a concern that these rights were at risk.

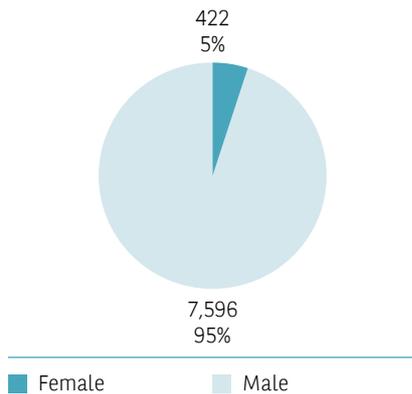
We respect our employees' right for unionization and organisation. We engage in close and constructive relations with trade unions for our employees to use their right freely. By year 2015, 72% of our employees in companywide are covered by collective bargaining agreement. In May and June 2015, following the labour unrest in the industry and in our factory, mutual steps were taken on the common-sense and dialogue basis, in order to come to a peaceful conclusion and re-start work; hence we have reached a mutual agreement via meetings held with our employees.

In line with our approach to unionization, we didn't experience any production or labour loss caused by the industrial relations during reporting period, except for the labour unrest in May. In the same way, we expect our suppliers and business partners to enforce union rights in full. We didn't receive any complaint about certain risks about the union rights for our supplier or business partners operations during the reporting period.

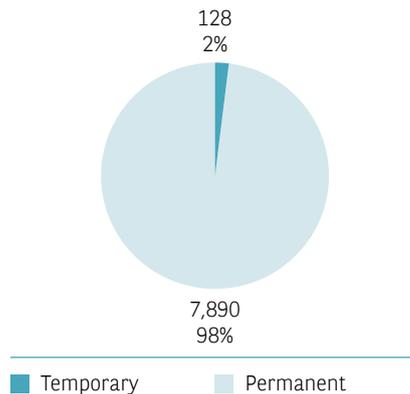
We provide various opportunities for our employees and their families to enhance their life standards. In this context, if they prefer, our employees and their families can benefit from the KoçAilem Program provided to Koç Group companies and the Group-wide private health insurance. Beside their formal social security, they can also benefit from the pension fund provided by Koç Holding Pension and Support Fund Foundation. Our employees who adhered to the program make payment at the rate of 6% of their gross salary on condition not to exceed the ceiling amount defined by the Foundation and the same amount is transferred to the fund by Tofaş as an employer contribution. This way, we support our employees to make savings.

Workforce Statistics

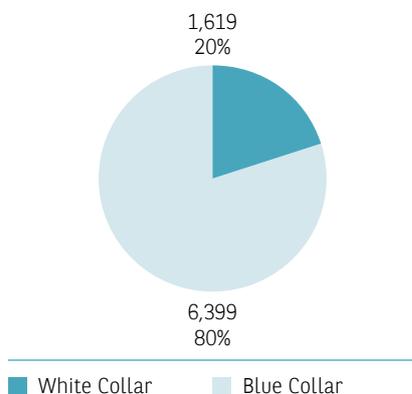
Employee Breakdown by Gender



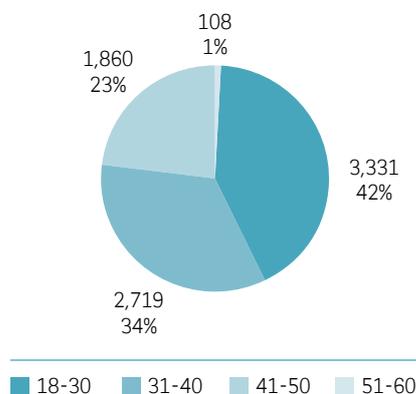
Employee Breakdown by Contract Type



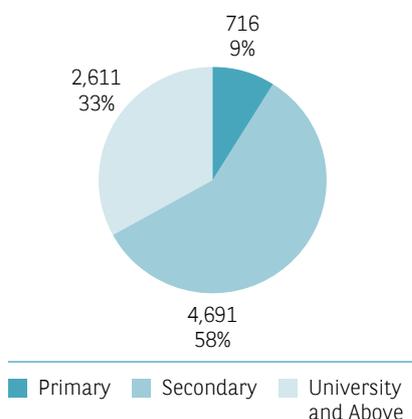
Employee Breakdown by Category



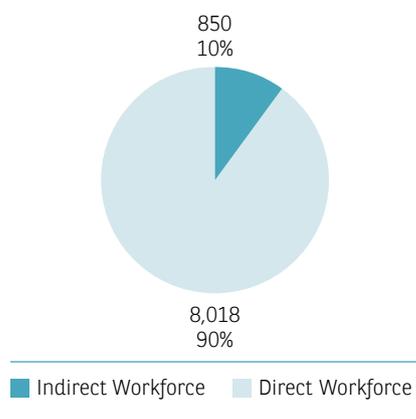
Employee Breakdown by Age



Employee Breakdown by Education Level



General Workforce Breakdown



72%
72% OF OUR EMPLOYEES ARE COVERED BY COLLECTIVE BARGAINING AGREEMENT

WE PROVIDE OUR EMPLOYEES WITH A WORK ENVIRONMENT WHERE THEY CAN ENHANCE THEIR SKILLS, CREATIVITY AND POTENTIALS; AND WHERE THEY ARE TREATED EQUALLY AND FAIRLY.



WORK ENVIRONMENT

94,918

**EMPLOYEE TRAININGS IN 2015
TOTAL HOURS (PERSON X HOURS)**

Tofaş Academy Library

Within this application conducted for supporting learning culture, we provide the information to be accessed easily and the publications that contribute self-development. Our application has been cited as a good example at the Best Practice Portal where the FCA factory applications are shared.

POTA Potential Academy

We have created POTA Potential Academy Program to prepare future Tofaş leaders and Tofaş itself for the future. The objective of this program, focusing on Personal Leadership, Strategic Leadership and Team Management subjects, is to provide attenders to have a different point of view on their work, to question their business conduct to excel, to follow global and local values, trends, development and change opportunities. Our POTA application has been conducted since 2008, was granted with a silver award for "The Best Usage of Blended Learning" at HCN Excellence Awards during the reportin period.

Continuous Development-Oriented Workplace

We provide our employees with training opportunities in order them to seize their true potential and to improve their knowledge and skills. Within training programs organized under Tofaş Academy umbrella, we have provided 5,812 white-collar employees with class trainings and 4,194 distance learning books and visual materials that support self-development. In addition, we provided 16,299 blue-collar employees with classroom trainings and 431 distance learning books and visual materials. During 2015, we have conducted 41 hours of trainings per white-collar employees and 28.8 hours per blue-collar employees. Again within the Tofaş Academy programs, we gave technical class trainings to 768 employees of our 68 suppliers for 885 person*hours; and a technical and behavioural training to 5,172 dealer owners and their employees.

During the reporting period, we have realized the Sustainable Working Processes training focused all our management personnels. All of our leaders and experts have attended to the trainings coordinated third time a year.

Employee Trainings - Number of Participants (person)	8,187
Blue Collar	6,090
White Collar	2,097
Female	1,306
Male	6,881

Employee Trainings - Total Hours (person x hours)	94,918
Blue Collar	25,258
White Collar	69,660
Female	14,600
Male	80,318



High Performance-Oriented Workplace

On the way to success and to our objectives, it is vital for us to evaluate our performance, to identify our skills and improvement areas correctly. We continuously monitor our performance by the performance evaluation and the career development systems and take necessary lessons from the results. The system where personal goals and behavioral performance are considered, includes all blue and white collar employees. As our goals are determined annually, the development plans are reviewed at least once a year. Within the assessment, beside these goal achievements, we monitor the behavioural competence peculiar to Tofaş and the attitudes expected from our employees. The subjects about sustainability management is one of our employees' performance goal. We share the results obtained in consequence of the assessment with our employees in order them to receive feedback. In 2015, all of our employees has received a performance feedback.

The performance management system is also a component of the salary policy. While determining our employees' salary level, we consider some factors such as the nature of business, the responsibilities taken, and the general wage level. We also accept the principle "equal pay for equal work" and don't let our employees to be discriminated due to gender or any other personal qualification. The salary difference between our employees doing an equal job can only appear because of a contribution difference based on a seniority or a performance.

Workplace Adding Value to Social Life

We give importance to our employee's professional and personal life balance and provide them some activities to enrich their social life. We believe that their social opportunities affect positively their Professional life. As many as 11 volunteer clubs and nine volunteer sport team continue on their activities at Tofaş. Our social clubs arrange averagely 200 cultural, artistic and sportive activities a year, more than 50.000 employees and their connexions attend each year. Our sport team participate each year to Koç Holding Sport Fest, CorriFiat and sports organizations between companies. In addition to this, as many of our employees attends the intercorporate tournament and we gather our employees and their families together in the Tofaş Day.

200

ACTIVITIES ARRANGED BY OUR SOCIAL CLUBS (ANNUAL AVERAGE)

Özlem Gavcar

Social Activities and Events Responsible-TOFAŞ

In recent years, social opportunities have become significant criteria for companies to be chosen. We are one of leading companies about this case in Turkey. We try to create some opportunities for our employees to have joyous and educative time out of the office for themselves or with their family.



VALUE CHAIN IMPROVEMENT

73%

RATIO OF LOCAL SUPPLIERS IN OUR PURCHASES

WE SUPPORT THE DEVELOPMENT OF OUR SUPPLIERS, TO PROVIDE ORGANIZATIONAL EXCELLENCE AND TO IMPROVE BUSINESS PROCESSES CONTINUOUSLY AS A PRINCIPLE.



We believe that we can achieve sustainable business performance via excellence in value chain that adopts similar business ethics and working norms with Tofaş and focus on continuous development. In this vein, we support improvement of business success and productivity of our suppliers and dealers which are the two most important constituents of our value chain. We provide our suppliers and dealers with training opportunities via programs organized under Tofaş Academy.

SUPPLY CHAIN MANAGEMENT

We work for achieving a sustainable business performance through a supply chain that is financially sound, environmentally friendly in terms of operations, and reliable in terms of production quality and consistency. support the development of our suppliers, to provide organizational excellence and to improve business processes continuously as a principle. Thus, we build close relationships based on business performance with our suppliers and conduct various studies for development.

We invest in development of the success of our supplier network. Within the

supply chain management, we model our supplier selection, business and operation development, learning, control and feedback processes with the applications and systems compatible with the global best practices. We manage our processes by expert units such as our Supply Chain Directorate, the WCC and the Supplier Development which report directly to CEO; and through a systematic based on monitoring strategic goals. We report performance results achieved periodically to the senior management, Early Detection of Risks and Risk Management Committee and to the Board of Directors. The objectives and strategic approaches determined by our senior management identify our future activities.

We believe that it is necessary for our suppliers to adopt similar ethical principles with us. For that reason, we include Tofaş Code of Ethics to the agreements concluded with suppliers. In case of any breach, we support them to comply with these norms.

Supplier Profile

When selecting suppliers, we expect them to technically and organizationally excel in order to meet automotive industry's expectations, to be financially sound, to have a capacity that contributes Tofaş's competitiveness in terms of quality and cost reduction, to integrate innovations and industrial best practices to their business processes, to succeed in our process and work norm audits. Besides all, we expect them to adopt an open and reliable relation and to act together towards common objectives.



As giving an utmost importance to localization for the Turkish automotive industry, we significantly contribute to the improvement of local suppliers. Except engine and transmission, we carry out 73% of our purchases from local suppliers. We conduct majority of our international purchasing with FCA purchasing organization. In 2015, we realized material and equipment supply directly from 152 local and 20 foreign companies. Indirectly, we realized purchasing from 1,856 local and 556 foreign companies.

For a sustainable supply chain management, it is necessary for our suppliers to provide operational and financial sustainability and reduce production risks to minimum. In case that only one OEM (Original Equipment Manufacturer) forms majority of our suppliers' production volume, they would be exposed to negative impacts if production volume changes. We want our suppliers to sustain their profitability being financially and operationally sound. So, rather than supplying for only one OEM, we prefer our suppliers to have diverse businesses and to be a part of other producers' supply chains. In this vein, while increasing our supply chain quality, we conduct projects for our suppliers to increase their capacity to serve to other markets.

Supplier Development Practices

We carry out various activities which support our suppliers to develop in terms of product design, quality, cost, physical and financial risks and to increase their competitive edge. Within supplier development practices, we continued to extend WCM methodology, developing risk management in supply chain and conducting orientation studies for supplier employees during reporting period.

Through UP Supplier Competence Development practice, we identify development activities and prepare a technical development map for people working at related position, in order to increase technical capacity for critical positions within our suppliers that contact directly with Tofaş.

We share Tofaş's technical expertise and Tofaş Academy trainings with our suppliers. In 2015, we provided 41 training modules to 574 employees from 43 suppliers.

For improving our suppliers' management skills, human resources and process efficiency, in 2015, we continued our projects on problem solving, planning, and diagnosis competence development and supplier organizational competence enhancement which we initiated in 2014.

WE SHARE TOFAŞ'S TECHNICAL EXPERTISE AND TOFAŞ ACADEMY TRAININGS WITH OUR SUPPLIERS. IN 2015, WE PROVIDED 41 TRAINING MODULES TO 574 EMPLOYEES FROM 43 SUPPLIERS.

Tofaş Supplier Audit Map

We evaluate our supplier performance via Supplier Audit Map. We periodically inspect our suppliers in terms of quality, cost, competitiveness, self-development performance, awareness and financial performance. Regarding the results, we develop medium and long term objectives and improvement plans for them.

VALUE CHAIN IMPROVEMENT

WE CONDUCT WCM EXPANSION PROJECT IN ORDER OUR SUPPLIERS TO INTEGRATE WCM METHODOLOGY TO THEIR BUSINESS MODELS AND TO EMBRACE THE WCM PROGRAM. THROUGH THIS PROJECT, WE AIM AT SUPPORTING OUR SUPPLIER DEVELOPMENT PARTICULARLY IN ENVIRONMENT AND HEALTH AND SAFETY; ENHANCING THEIR COMPETITIVENESS BY IMPROVING THEIR WCM PERFORMANCE.

Engin Meydan

Beyçelik-General Manager

Tofaş means engineering, trust and sustainable success. Tofaş continuously manufactures renewed world-class models and enables us to develop our competitiveness in all areas by adapting ourselves to this renewal. Tofaş is the right address for a continuous change and development. The most crucial advantages that we acquired by working together with Tofaş are their encouragement for us to employ all current technologies used in global automotive industry simultaneously; acquiring dynamic and talented workforce and competitiveness.

During the reporting period, for enabling our suppliers to access reliable information regarding our business processes, we maintained 'Sinerji' supplier orientation program which we launched in 2014. In this context, we provided 150 employees from 50 suppliers with trainings, by achieving our 2015 goal.

We conducted physical risk evaluations for 46 suppliers by the end of 2015, as part of physical and financial risk monitoring studies. Besides, during the year, we developed action plans for 37 companies after evaluating their financial risks.

We organized Supplier HR Summit, which we first initiated in 2014, under the brand of Focus on Development (GO) Summit in 2015, for sharing best practices regarding development of HR processes of our suppliers. 44 suppliers participated to this organization.

We conduct WCM Expansion Project in order our suppliers to integrate WCM methodology to their business models and to embrace the WCM Program. Through this project, we aim at supporting our supplier development particularly in environment and health and safety; enhancing their competitiveness by improving their WCM performance. In this vein, we train our suppliers and provide them consultancy service. We monitor their performance improvement by management review meetings

held quarterly and by audits once at specialist level and once at executive level each year. Moreover, FCA Central WCM Office inspects our suppliers as well to check our performance. Within the Project, we reached target succeed level for 10 companies between 16, during the reporting period. For the future periods, we aim our 21 suppliers to be monitored within WCM Expansion Project.

Sustainability Risks Management in Supply Chain

We evaluate sustainability risks throughout our entire supply chain. We adopt proactive methods in order to early-detect, manage and monitor environmental, social and economic risks that may appear in the supplier chain and to develop necessary action plans in advance. We support our suppliers operationally and financially to enable them to gain information about sustainability risk management. In addition to that, we try to increase their awareness; hence they also accept that achieving targeted practice and performance level is a development generating aspect both for them and Tofaş as well.

An extensive and effective auditing practice is necessary for identifying risks in supply chain. Therefore, we conduct extensive supplier audits including environment, employee development, health and safety aspects;

then we prepare development plans for our suppliers to improve their performance. As a part of Supplier Risks Evaluation Project that we conduct together with our suppliers, we have audited 46 suppliers which generate 55% of our total local purchasing budget.

To identify financial risks in supply chain, each year amongst predefined number of suppliers, our Financial Risk Management Department carry out audits together with the support of an independent third party corporation. After audits, we provide consultancy in financial matters as evaluating suppliers in low, middle or high risk categories. Audits help us to take precautions by identifying financial risks of suppliers in advance and to avoid interruptions in production continuity. In 2015, we have completed financial risk evaluations of 37 suppliers and developed their action plans.

Social and Environmental Risk Reduction in Raw Material and Product Logistics

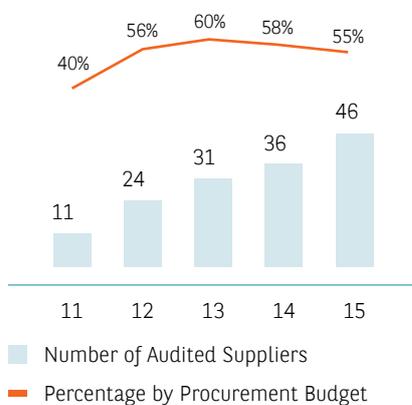
We aim to realize our logistics operation in the safest way and with minimum environmental impact. Since we conduct our logistics operations through service provider companies, we consider sustainability impacts occurring in this operation within the supply chain. Various departments such as purchasing, production, financial affairs, sales and marketing take part in logistics process which is coordinated by our supply chain business units. We follow corporate policy and procedures to keep our logistics operations going completely and uninterrupted. We monitor and report our performance and target achievements on a monthly basis. We aim to improve our logistics performance through developing innovative applications.

Volume of our logistics operations are composed of 30% imported raw materials supply, 35% local material supply called "Milkrun" managed by Tofaş service providers and 35% local raw material supply by our suppliers.

WE AIM TO REALIZE OUR LOGISTICS OPERATION IN THE SAFEST WAY AND WITH MINIMUM ENVIRONMENTAL IMPACT.



EXPANSION OF WCM AMONG SUPPLIERS



VALUE CHAIN IMPROVEMENT

AIMING TO INCREASE LOGISTIC COSTS BESIDE OPTIMUM FLOW AND EXPANDING IN FCA WORLD, 'LOGISTIC FLOW ALTERATION' PROJECT IS CONSIDERED AS A BEST PRACTICE.

Onur Sümbüloğlu

General Manager - Oto Sabır

Tofaş means a school for us. I started to this school, when I was 16. I've learned to live, to work and to taste cultural richness. From the day I have started, I have been learning and improving each day. People learning and being successful like me loves a lot this school.

We aim to mitigate sustainability risks that may occur during logistics operations where sustainability risks may emerge significantly such as road safety, energy consumption, GHG emissions and secondary packaging material usage. For this reason, we only work with service providers which may fulfill certain business principals and standards. Environmental competences such as energy efficiency management system, carbon footprint validation certificate, emission calculations, electric vehicle usage, waste collection organization, afforestation; social competences such as childcare services for encouraging female employment; investing in social development are considered as main selection criteria for service provider companies.

We make an utmost effort to reduce environmental impacts of our logistics operations. For that end, we use low emission vehicles conforming with current environment standards, develop solutions such as marine or railway transportation alternative to road transportation. Moreover, we conduct logistics optimization studies and monitor vehicle occupancy rates. Again in accordance with our aim to reduce the environmental impacts during the logistics process, we conduct studies for decreasing packaging material consumption such as using light-weight materials in packaging production, providing standardization, loading the packaging to the trucks more efficiently. Thus, we decrease waste and emissions amount as well.

CBU Delivery Process Order Management and Product Logistics is one of our practices for optimization of our logistics process. Within this application, we monitor completed vehicle delivery parking area and monitor the loading area in order vehicles to be delivered safely. Therefore, we minimize possible delivery risks and vehicles waiting process.

Another application to optimize logistics process is 'Logistic Flow Alteration'. Within this application, we analyze Tofaş's global material suppliers and material volume supplied from these suppliers. With these analyses, we optimize logistic flows and provide materials to be delivered to Tofaş in an economic and sustainable way. This Project aiming to increase logistic costs beside optimum flow and expanding in FCA World is considered as a best practice.

With our study realizing transportation with a trailer-lorry instead of trucks, we have realized transportation with one trailer a day instead of two trucks. Thus, we have decreased in total 24 rounds and 1,200 km monthly and emitted 1.79 kg CO₂e less.

AUTHORIZED DEALER AND SERVICE NETWORK

We strengthen our powerful brand image with our wide range product portfolio, extensive dealer network and after sale service structure supported by technological capacity. At our authorized dealer and service, we provide services such as new car sale, second hand car sale, maintenance, repair, spare part sales, automobile and traffic insurance and auto loan. We try to develop permanently our dealer and service network affecting our work performance.

By the reporting period, we have 81 dealers and 75 of them sale Fiat, 14 of them sale Alfa Romeo, Jeep and Lancia brand vehicles. In order to give closer and good quality service to our customers, dealers open additional sales and services points in different locations. We have 40 sales and services points structured this way. Beside these points, Fiat provides a service to its customers by 113 sales and 135 service points. We employ 5,531 people in our dealer network, 425 people work in sales and services for the brands Alfa Romeo, Jeep and Lancia.

Tofaş Academy Dealer Portal

We continue to support our dealers' improvement with an intensive e-education program and also with an updated and enriched context. We have been granted a bronze award for our Dealer Portal program at HCM Excellence Awards in 2015. We provide our dealer employees to access faster and easily to the information, the news and the trainings needed, by creating an innovative HR, training, and improvement and communication space. Also we provide an improvement opportunity to almost 8,000 people through the Tofaş Academy Dealer Portal, in order to manage the objective processes effectively. We continue to support the improvement of our dealers with the updated and rich contents, along with e-learning activities. We were granted a bronze award at HCM Excellence Awards in 2015, with our Dealer Portal application.

Discovery Days

During the reporting period, we have gathered our major spare part and accessory suppliers and service consultants in charge of sales together at the discovery days. This way, we aimed them to share their sales techniques, talent and creative thinking between them.

Erol Karadaş

General Manager -Karataş Otomotiv

Being part of a wide, corporate and big brand as Tofaş always honors and makes us proud. Tofaş as being a locomotive of the industry in our country is a brand that proved to manufacture, to succeed and to realize its philosophy "As long as my country and my state exist, I exist."

WE STRENGTHEN OUR POWERFUL BRAND IMAGE WITH OUR WIDE RANGE PRODUCT PORTFOLIO, EXTENSIVE DEALER NETWORK AND AFTER SALE SERVICE STRUCTURE SUPPORTED BY TECHNOLOGICAL CAPACITY.





value

WE RUN LONG TERM SOCIAL RESPONSIBILITY PROJECTS IN CULTURE, ART, SPORT AND ENVIRONMENT DOMAIN THAT CREATES A VALUE FOR SOCIETY.

WE WORK FOR CREATING POSITIVE IMPACT ON LOCAL ECONOMY WITH OUR WIDE VALUE CHAIN THAT INCLUDES MORE THAN HUNDRED COMPANIES FROM OUR SUPPLIERS TO OUR DEALERS.



CORPORATE CITIZENSHIP

TL 16 billion

FUNDS ALLOCATED TO CORPORATE CITIZENSHIP PROJECTS DURING THE REPORTING PERIOD

WE ACT WITH THE RESPONSIBILITY OF THE PLACE WE TAKE IN TURKISH ECONOMY AS ONE OF THE LEADING COMPANIES OF AUTOMOTIVE INDUSTRY.

We define ourselves as a corporate citizen and adopt a sensitive approach towards improvement of the society we operate. We aim to support social development in many ways. We contribute to country's economy and run long term social responsibility projects in culture, art, sport and environment fields that create value for society.

We manage our social development studies within the scope of Tofaş Donation and Sponsorship Politics via Corporate Relations Directorate. Before defining our future projects and studies, we analyze local society's and our stakeholders' expectations and needs.

We transferred more than 16 million Turkish liras to corporate citizenship projects during the reporting period.

CONTRIBUTION TO LOCAL ECONOMY

We act with the responsibility of the place we take in Turkish economy as one of the leading companies of automotive industry. We work for creating positive impact on local economy with our wide value chain that includes more than hundred companies from our suppliers to our dealers. We accordingly give utmost importance to increase local employment. All of our blue-collar

labor and 88% of our executives consist of local employees.

We also contribute indirectly to the local economy with our corporate and professional improvement activities conducted with our suppliers and business partners and with R&D studies which can be considered as a global best practice.

Direct Economic Impacts (million TL)	
Created Economic Value	10,168.54
Net Sales	10,168.54
Distributed Economic Value	10,076.33
Operating Costs	8,809.82
Employee Wages	548.21
Dividends	365.00
Taxes	336.50
Social Investments	16.80
Accumulated Economic Value	92.21

EDUCATION

Fiat Laboratories

In 2006, after signing a protocol with the Turkish Ministry of Education in 2008, we extended Fiat Laboratories Fiat Technical Education Program integrated with Vocational High School National Matter Project started by Koç Holding in countrywide, by founding 11 Fiat Laboratories in 9 cities. With Fiat Laboratories, we aim to train technical manpower having a command of new technology and to make use of this power in Turkish automotive industry. We work together with After-Sales Managers, Service Council Regional Representatives and Regional Managers in Fiat Laboratories founded in 11 vocational high schools in İstanbul, Bursa, Kocaeli, Ankara, Antalya, Izmir, Adana, Samsun and Diyarbakır. From the year 2010 where we graduated our first students on, 1,300 students graduated from our laboratories.



In the reporting period, we won grand prize in "Social Responsibility" category with Fiat Laboratories - Fiat Technical Education Program within Learning and Process Awards organized by Turkish Education and Progress Platform (TEGEP).

Tofaş Science High School

Tofaş Science High School we opened in Bursa with the cooperation of Demirtaş Organized Industrial Zone (DOSAB), commenced education in school year 2014-2015. 384 students have education in this high school including 16 classes, 70 dorm rooms with 280 people capacity and a sport complex. With its first graduated students in 2015, The Tofaş Science High School has achieved a success rate of 84% in the university entrance exam and became the most successful secondary school in Bursa.

ARTS&CULTURE

Tofaş Bursa Museum of Anatolian Cars and Tofaş Art Gallery

Tofaş Bursa Museum of Anatolian Cars is the one and only Anatolian car museum, founded with the intent of protecting automotive heritage in Anatolia. We renovated and converted a land of 17,000 m², located in Umurbey Neighborhood that includes an old filature, Umurbey Historical Turkish Bath and old Turkish house near the Turkish bath into a museum. Tofaş Museum of Anatolian Cars that has opened its doors in 2002, welcomed almost 550,000 visitors since its foundation.

Historical Umurbey Turkish bath giving a service as art gallery within the boundaries of Tofaş Museum of Anatolian Cars, hosted "Time Machines" exhibition between 2013-2015 and was visited by 100,000 people. "Here I am: Zeki Müren" exhibition hold in collaboration with Yapı Kredi Bank Arts&Culture in 2015 reached almost 20,000 visitors.

Sponsorship for Pamukkale Hierapolis Excavations

Since 2005, we have been one of main sponsors of ancient city in Hierapolis Antique City in Pamukkale which is one of Turkey's five biggest ancient city ruins and entered the UNESCO's World Heritage List in 1988. We continued to support excavation works sponsored by Tofaş also in 2015 under the control of Ministry of Culture and Tourism and Governorship of Denizli. A team with almost 70 people including archaeologist, architectures, restorators and specialists takes charge at Hierapolis excavations. Within the scope of the excavations, renovation of Antique Theater hall, one of the most beautiful examples among Roman theatres that was constructed almost 1,800 years ago, has been completed. Hierapolis Antic Theatre that is the only one whose hall has been renovated in Turkey, was opened for arts and culture activities with capacity of 12,000 people after renovation.

1,300

TOTAL NUMBER OF GRADUATES FROM
FIAT LABORATORIES



Talha Şimşek

Fiat Laboratory Student

When you say Tofaş, its vehicles, support to education and facilities for us come to my mind. With the education given by Tofaş, I am one step closer to my future dreams. Tofaş made us meet with new technologies by supporting our school with atelier equipment such as motors and educational materials. It also widened our horizon in terms of self-improvement. Fiat Laboratories' opportunities prepare us for business life and career. It provides our hand skills to be improved and us to know industry with internship programs.



CORPORATE CITIZENSHIP

Sponsorship for Küçükyalı Archeoparc Excavations

We continue to support for 12 years the Küçükyalı Archeology Park excavation under the control of the Ministry of Culture, General Directorate of Cultural Heritage and Museums, started in 2001 by Italian and Turkish researchers. Within this project, we conducted promotion and guidance activities during the excavation season in 2015 as every year. We also organized trainings for primary education students, along with the protection works and scientific activities. During the excavations season, we continued researches at the retention, restoration, photography and database operation departments within the scientific laboratory. We also continued to use the archeology laboratory founded by Koç University.

SPORT

Tofaş Sports Club

Tofaş Sports Club that founded with the name Tofaş SAS (water sports, athletics, sportive games) in Tofaş Factory in Bursa in 1974, continues to bring new talents in Turkish sport with ongoing youth setup investments and youth setup focused team style.

The club that is active in basketball, football, volleyball, table tennis, water polo and bridge branch, brought the first European Cup Final and the first Turkey Championships, Presidency Cup Championship, Turkey Cup Championship and Schools Basketball World Championship to the Bursa in Basketball branch. Recently, after being champion in Minor League in the season 2008-2009, Tofaş Basketball Team is promoted to Beko Basketball League and continues the struggle in premier league with its renewed squad in the season 2015-2016.

New Arena Investment

Tofaş Sport Club carried out a new sport complex on Tofaş factory land. 5,800 m² complex includes a sports hall with three basketball courts, condition center and full-fledged athlete rehabilitation center that covers all kind of physiotherapy demand. We are planning to bring this complex into service for amateur sports clubs and athletes in Bursa alongside with Tofaş employees in second half of 2016.

Tofaş Basketball Schools and Basketball Volunteers Project-FiatBall Basketball Festival

We continue to raise basketball players for 16 years with Tofaş Basketball Schools under Tofaş Sports Club. Tofaş Basketball Schools that raises athletes in 23 schools in 9 cities promote sports to 3,500 children annually. With the project called "Tofaş in the Schools" since 2011, 15,000 children in 80 schools have been reached.

The project called "Basketball Volunteers" being implemented in 2000 by Tofaş Sports Club and Turkish Education Volunteers Foundation (TEGV) for the children between the ages of 7 and 14 who do not have chance to do sport because of structural problems and lack of resource has been ended with FiatBall Basketball Festival which was held at Koç University in 2015. Within Basketball Volunteers Project, almost 13,000 children met with basketball, 317 TEGV volunteers took coaching training.



ENVIRONMENT

World Environment Day

With the sense of responsibility to the society and to the world we live in, we continue to our works for a sustainable tomorrow. We celebrated enthusiastically the forth of 5 June World Environment Day celebration become traditional with participation of our children. The organization with the attendance of Bursa Governorship-Directorate of Environment and Urbanization was like a festival, with painting carnival, shows of children and surprise gifts. With the intent of creating environment awareness at early age of our children, we aim to continue to our celebration by reaching more people each year.



Forestation Activities

We carried out forestation activities in order to contribute rehabilitation of forests which were damaged during forest fire in Mudanya and Gölyazı regions in 2015. We planted 5,000 saplings with participation our employees and their families.



CORPORATE MEMBERSHIPS

Climate Platform (REC Turkey)	Membership
Automotive Manufacturers Association	Board of Directors, Committee and Study Group Memberships
Automotive Distributors' Association (ADA)	General Assembly, Board of Directors, Audit Commission and Committee Memberships
Istanbul Chamber of Industry (ICI)	36 th 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)	Membership
Turkish Industry and Business Association (TÜSİAD)	Membership and Study Group Memberships
DENİZTEMİZ-TURMEPA	Membership
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	Membership
Turkish Researchers' Assoc	Membership
Corporate Governance Association of Turkey (TKYD)	Corporate Membership and Study Group Membership
Investor Relations Association (TUYID)	Corporate Membership
Ethics and Reputation Society (TEID)	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 (OTEPE)	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

PERFORMANCE DATA

	2011	2012	2013	2014	2015
Economical and Operational Indicators					
Production (number)	307,788	256,428	244,614	222,807	278,252
Automobiles	98,505	77,538	82,817	59,109	73,637
LCV	195,555	178,89	161,797	163,698	204,615
CKD/SKD	13,728	0	0	0	0
Total Retail Sales (number)	129,945	104,598	100,441	92,355	113,929
Automobiles	58,838	46,461	53,104	42,769	51,802
LCV	71,107	58,137	47,337	49,586	62,127
Total Exports (number)	180,698	154,069	160,319	142,281	173,873
Automobiles	53,216	46,869	43,477	25,067	32,055
LCV	113,562	107,200	116,842	117,214	141,818
CKD/SKD	13,920	0	0	0	0
Capacity Utilization Rate (%)	77	64	61	56	70*
Net Sales (thousand TL)	7,336,658	6,705,274	7,037,954	7,440,009	10,168,542***
Domestic	3,242,963	2,928,462	2,876,376	3,023,705	4,121,142
Export	3,964,044	3,667,217	4,069,041	4,297,030	5,729,275
Other Real Operating Sales	129,651	109,595	92,537	119,274	70,306
Profit Before Tax (thousand TL)	508,088	497,44	477,075	472,253	617,987
Profit After Tax (thousand TL)	474,165	442,039	434,223	574,238	830,801
EBITDA (thousand TL)	806,196	834,155	816,735	815,607	1,062,668
Earnings per Share (Kr)	0.95	0.88	0.87	1.15	1.66
Economic Value Generated - Net Income (thousand TL)	7,336,658	6,705,274	7,037,954	7,440,009	10,168,542
Economic Value Distributed (thousand TL)	6,853,313	6,534,307	6,669,779	7,307,124	10,076,334
Operating Costs	6,137,418	5,467,501	5,751,832	6,062,362	8,809,825
Employee Wages and Benefits	356,344	431,271	439,750	520,030	548,210
Dividend Payment to Shareholders	250,000	480,000	325,000	485,000	365,000
Government Taxes and Other Obligations	98,985	144,086	140,229	228,387	336,497
Community Investments	10,566	11,449	12,968	11,345	16,802
Economic Value Retained (thousand TL)	483,345	170,967	368,175	132,885	92,208
Government Incentives (thousand TL)	25,608	102,935	50,241	55,420	47,046
Corporate Governance Rating Notes	8.58	9.03	9.14	9.01	9.06

	2011	2012	2013	2014	2015
Total R&D Budget (TL)	126,772	106,998	113,466	541,057	584
Total R&D Employees (number)	395	395	491	605	674
Total Number of Patents	25	28	48	4	6
Environmental Performance Indicators					
Total Energy Consumption (GJ)	1,406,295	1,220,966	1,124,120	1,063,686	1,303,923
Direct Energy Consumption - Natural Gas (GJ)	644,128	607,682	612,661	609,138	805,475
Indirect Energy Consumption (GJ)	762,167	613,284	511,459	454,548	498,448
Electricity	535,517	480,107	441,120	434,108	498,448
Steam	226,650	133,177	70,339	20,440	0
Energy Consumption per Vehicle Manufactured (GJ/vehicle)	4.78	4.76	4.60	4.77	4.69
Energy Saved Through Efficiency Projects (GJ)	95,400	113,500	72,614	124,812	71,010
GHG Emission Reduction Through Efficiency Projects (Ton CO ₂ e)	8,653	10,294	6,541	9,720	6,225
Scope 1	2,756	3,278	2,254	4,995	4,403
Scope 2	5,897	7,016	4,287	4,725	1,822
Direct GHG Emissions (Scope 1) (Ton CO ₂ e)	60,977	51,058	49,208	50,103	68,904
Indirect GHG Emissions (Scope 2) (Ton CO ₂ e)	88,705	72,574	62,919	55,879	61,753
GHG Emissions From Personnel Commuting (Scope 3) (Ton CO ₂ e)	-	-	2,639	2,740	3,442
GHG Emissions per Vehicle Manufactured (Kg CO ₂ e/vehicle)	0.508	0.482	0.458	0.476	0.470
Total VOC Emissions (ton)	1,371	1,091	993	891	1,054
Specific VOC Emissions (gr/m ² painting surface)	42.9	38.56	36.9	35.5	33.76
Total Water Withdrawal - Underground sources (m ³)	1,005,765	910,516	857,305	772,247	894,265
Fresh Water Consumption per Vehicle Manufactured (m ³ /vehicle)	3.42	3.55	3.51	3.47	3.21
Total Water Recovered (m ³)	27,631,420	49,136,180	52,099,771	52,430,664	60,841,359
Reuse	27,607,277	49,103,510	52,079,106	52,421,214	60,841,359
Recycle	24,143	32,670	20,665	9,450	0
Waste Water Discharge - to Receiving Natural Environment (m ³)	598,415	429,341	587,561	580,600	760,629
Total Hazardous Wastes by Disposal Method (ton)	3,520.6	2,870.6	2,618.4	1,484	1,447
Energy Recovery	2,784.1	2,427.6	2,321.9	867.31	1,014
Recovery	343.7	441.9	288.6	320.073	411
Landfill	344.5	0	0	297.44	22
Incineration	22.9	4.2	7.9	0	0
Other	25.5	0	0	0	0

	2011	2012	2013	2014	2015
Total Non-Hazardous Wastes by Disposal Method (ton)	81,624.6	69,379.1	67,831.5	62,753.1	7,847.9
Energy Recovery	8.5	322.7	296.8	1,046.90	1.06
Recovery	81,223	69,056.4	67,534.7	61,706.2	7,741.9
Landfill	350.1	0	0	0	0
Incineration	0	0	0	0	0
Other	43	0	0	0	0
Hazardous Wastes Transported for Disposal Purposes (Ton)	3,520.6	2,870.6	2,618.4	1,484	1,447
Total Packaging Material Used (ton)	7,788	6,886	6,535	5,987	9,316
Packaging Waste Recovery Ratio (%)	100	100	100	100	100
Environmental Trainings - Participation (number of participants)	3,102	2,305	1,600	3,917	2,767
Direct Employees	2,402	1,575	630	3,092	2,143
Contractor Employees	700	730	970	825	624
Environmental Trainings - Total Hours (person x hours)	8,020	3,180	1,780	3,917	6,407
Direct Employees	7,320	2,090	630	3,092	1,648
Contractor Employees	700	1,090	1,150	825	4,759
Total Environmental Management Costs (TL)**	1,965,000	2,109,100	1,821,600	1,581,544	2,230,971
Fines Due to non-Compliance to Environmental Regulations (number- TL)	0-0	0-0	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 (%)	0	2	6	9	7
Social Performance Indicators					
Employee Trainings - Participation (number of participants)	5,536	5,641	5,619	7,131	8,187
Blue Collar	4,380	4,576	4,380	5,819	6,090
White Collar	1,156	1,065	1,239	1,312	2,097
Female	89	114	121	148	1,306
Male	7,047	6,527	5,498	6,983	6,881
Employee Trainings - Total Hours (person x hours)	243,045	159,223	224,198	268,412	94,918
Blue Collar	149,482	106,525	122,560	141,080	25,258
White Collar	93,563	52,698	101,638	127,332	69,660
Female	7,957	9,870	10,120	13,420	14,600
Male	235,088	149,353	214,078	254,991	80,318

	2011	2012	2013	2014	2015
Average Hours of Training per Employee (hours/person)	31.4	22	35.8	39.9	40.25
Blue Collar	23.1	17.9	24.9	28.1	32.32
White Collar	73.7	41.8	76	86.3	44.03
Female	35.4	43.9	41.5	44.3	40.82
Male	31.3	21.3	35.6	41	40.1
Contractor Employee Trainings - Participation (number of participants)	3,954	3,842	3,312	3,875	5,748
Contractor Employee Trainings - Total Hours (person x hours)	4,264	4,301	5,982	7,649	4,592
Average Hours of Training per Contractor Employee (hours/person)	4.8	4.5	4	5	4.6
OHS Trainings - Participation (number of participants)	9,877	12,751	10,914	16,543	8,756
Direct Employees	5,923	8,909	6,497	8,062	4,364
Contractor Employees	3,954	3,842	4,417	8,481	4,392
OHS Trainings - Total Hours (person x hours)	59,060	25,456	34,500	67,181	34,896
Direct Employees	54,796	21,155	28,518	59,532	31,602
Contractor Employees	4,264	4,301	5,982	7,649	3,294
Injury Rate					
Direct Employees	0.07	0.06	0.06	0.04	0.05
Contractor Employees	1.21	0.79	0.58	0.13	0.81
Occupational Diseases	0	0	0	0	0
Direct Employees	0	0	0	0	0
Contractor Employees	0	0	0	0	0
Lost Day Rate					
Direct Employees	0.03	0.04	0.05	0.02	0.02
Contractor Employees	0.24	2.06	0.73	0.51	0.69
Fatalities	0	0	0	0	0
Direct Employees	0	0	0	0	0
Contractor Employees	0	0	0	0	0
Number of Employees Involved in Activities with High Accident or Disease Risk	0	0	0	0	0
Suppliers Screened by Using Labor Criteria (number)**	0	2	15	21	20

*A 70% capacity usage rate is observed, calculated by the installed capacity according to the three shift system; calculations using the two-shift system, which has been in operation since 2013, show a capacity usage rate of 104%..

** The data is revised retrospectively due to the assessment change made regarding scope limits.

*** The revenue of finance sector activities is included.

EMPLOYEE DEMOGRAPHICS

	2011	2012	2013	2014	2015
Total Workforce (number)	8,621	8,183	7,087	7,259	8,868
Direct Employees	7,740	7,229	6,262	6,490	8,018
Female	225	225	244	303	422
Male	7,515	7,004	6,018	6,187	7,596
Contractor Employees	881	954	825	769	850
Employees by Contract Type (number)	7,740	7,229	6,262	6,490	8,018
Permanent	6,731	6,413	6,252	6,461	7,890
Female	220	219	242	303	422
Male	6,511	6,194	6,010	6,158	7,468
Temporary	1,009	816	10	29	128
Female	5	6	2	0	0
Male	1,004	810	8	29	128
Employees by Category (number)	7,740	7,229	6,262	6,490	8,018
Blue Collar	6,471	5,967	4,924	5,015	6,399
Female	2	1	2	20	79
Male	6,469	5,966	4,922	4,995	6,320
White Collar	1,269	1,262	1,138	1,475	1,619
Female	223	224	242	283	343
Male	1,046	1,038	1,069	1,192	1,276
Employees by Type (number)	7,740	7,229	6,262	6,490	8,018
Full-time	7,740	7,229	6,262	6,490	8,018
Female	225	225	244	303	422
Male	7,515	7,004	6,018	6,187	7,596
Part-time	0	0	0	0	0
Employees by Education Level (number)	7,740	7,229	6,262	6,490	8,018
Primary	898	819	747	701	716
Secondary	4,770	4,424	3,582	3,662	4,691
University and Above	2,072	1,986	1,933	2,127	2,611

	2011	2012	2013	2014	2015
Employees by Age Group (number)	7,740	7,229	6,262	6,490	8,018
18-30	4,177	3,330	2,010	1,828	3,331
31-40	1,628	1,897	2,148	2,635	2,719
41-50	1,905	1,968	1,952	1,951	1,860
51-60	30	34	42	76	108
Senior Management Structure (number)	15	16	19	18	16
by Gender	15	16	19	18	16
Female	1	1	1	1	0
Male	14	15	18	17	16
by Age Group	15	16	19	18	16
18-30	0	0	0	0	0
31-40	1	1	1	0	1
41-50	11	11	13	10	10
51-60	3	4	5	8	5
by Nationality	15	16	19	18	16
Turkish Citizen	14	15	16	16	14
Expat	1	1	3	2	2
Mid-level Management Structure (number)	188	187	200	210	166
by Gender	188	187	200	210	166
Female	15	14	18	20	20
Male	173	173	182	190	146
by Age Group	187	186	200	210	166
18-30	5	3	4	2	0
31-40	82	74	85	90	68
41-50	90	97	97	99	83
51-60	10	12	14	19	15
Employees Covered by Collective Bargaining Agreement (number)	6,471	5,967	4,924	5,011	6,391

	2011	2012	2013	2014	2015
New Hires (number)	950	94	366	607	3,087
by Gender	951	94	366	607	3,087
Female	37	25	40	76	124
Male	914	69	326	531	2,963
by Age Group	951	94	366	607	3,087
18-30	908	62	296	507	2,851
31-40	39	23	64	68	82
41-50	4	8	3	22	111
51-60	0	1	3	10	43
Employees Left (number)	309	566	1129	426	925
by Gender	309	566	1129	426	925
Female	8	21	20	20	38
Male	301	545	1109	406	887
by Age Group	309	566	1128	426	925
18-30	186	333	802	114	547
31-40	45	123	187	131	153
41-50	74	95	127	146	205
51-60	4	15	12	35	20
Employees on Parental Leave	599	373	549	481	490
Female	18	19	16	29	33
Male	581	354	533	452	457
Employees Returned to Work After Parental Leave	74	45	549	481	490
Female	10	10	16	29	33
Male	64	35	533	452	457
Employees Returned to Work After Parental Leave and Still Employed 12 Months After Their Return	74	45	549	472	479
Female	10	10	16	29	33
Male	64	35	533	443	446



GRI G4 CONTENT INDEX

Indicator	Description	External Assurance	Identified Omissions
Profile Disclosures			
G4-1	Message from the CEO (p.2-3)	-	-
G4-2	Message from the CEO (p.2-3); Sustainability Management (p.10)	-	-
G4-3	Contact (p.73)	-	-
G4-4	Tofaş 2015 Annual Report (p.37-40)	-	-
G4-5	Contact (p.73)	-	-
G4-6	Product Portfolio (p.16-17)	-	-
G4-7	Tofaş 2015 Annual Report (p.66)	-	-
G4-8	Market Outlook (p.18)	-	-
G4-9	Market Outlook (p.17); Talent Management (p.37); Performance Data (p.53, 57); Tofaş 2015 Annual Report (p.100-106)	-	-
G4-10	Performance Data (p.57-58)	-	-
G4-11	Message from the CEO (p.2-3)	-	-
G4-12	Message from the CEO (p.2-3); Sustainability Management (p.10)	-	-
G4-13	Contact (p.73)	-	-
G4-14	Tofaş 2015 Annual Report (p.37-40)	-	-
G4-15	Contact (p.73)	-	-
G4-16	Product Portfolio (p.16-17)	-	-
G4-17	Tofaş 2015 Annual Report (p.66)	-	-
G4-18	Market Outlook (p.18)	-	-
G4-19	Market Outlook (p.17); Talent Management (p.37); Performance Data (p.53, 57); Tofaş 2015 Annual Report (p.100-106)	-	-
G4-20	Performance Data (p.57-58)	-	-
G4-21	Sustainability Management (p.10); Within the materiality process, we have identified the scope and boundary of the performance indicators. While following indicator protocols for disclosures regarding Material Aspects complied with indicators defined in GRI G4 Reporting Guide; we have defined company-specific performance indicators for Material Aspects not defined by GRI G4. Due to the scope limit of reporting, information regarding Tofaş subsidiaries Fer Mas Oto Ticaret A.Ş. and Koç Fiat Kredi Tüketici Finansman A.Ş. companies is excluded from the reporting content, except for data we provide for giving a general information about the company's financial portfolio. On the other hand, whereas company information on Material Aspects are involved in the scope of the report; to be limited with related subtopics, we have employed supplier information for energy and emissions, OHS, talent management and vocational training, human rights in the workplace subjects, dealer and service information on product and service quality and customer satisfaction subjects; supplier, dealer and service information on business ethics and anti-corruption, management of sustainability risks, dealer and supplier business success in the value chain subjects; FCA information on sustainable mobility solutions, R&D development and cooperations, product strategy in developing markets subjects.	-	-

Indicator	Description	External Assurance	Identified Omissions
G4-22	About the Report (p.1)	-	-
G4-23	About the Report (p.1)	-	-
G4-24	Stakeholder Engagement (p.11)	-	-
G4-25	Stakeholder Engagement (p.11)	-	-
G4-26	Stakeholder Engagement (p.11); Stakeholder Feedback Form (inside rear cover)	-	-
G4-27	Business Ethics and Anti-corruption (p.6-9); Developing Markets and Product Strategy (p.16); Customer Experience (p.18-19); Corporate Citizenship (p.48)	-	-
G4-28	About the Report (p.1)	-	-
G4-29	About the Report (p.1)	-	-
G4-30	About the Report (p.1)	-	-
G4-31	Contact (p.73)	-	-
G4-32	About the Report (p.1); GRI Index (p.60); Legal Disclaimer (p.73); Independent Assurance Statement (p.68-70); GHG Verification Statement (p.71-72)	-	-
G4-33	Legal Disclaimer (p.73)	-	-
G4-34	Corporate Governance Structure (p.4-5); Tofaş 2015 Annual Report (p.79-84, 87-88)	-	-
G4-35	Sustainability Management (p.9)	-	-
G4-36	Sustainability Management (p.9)	-	-
G4-38	Corporate Governance Structure (p.4); Performance Data (p.58); Tofaş 2015 Annual Report (p.19-21, 79-84)	-	-
G4-39	Tofaş 2015 Annual Report (p.19)	-	-
G4-40	Tofaş 2015 Annual Report (p.83-84)	-	-
G4-41	Tofaş Code of Ethical Conducts: http://www.tofas.com.tr/en/About/Documents/ETHICALCONDUCT_.pdf	-	-
G4-42	Sustainability Management (p.10)	-	-
G4-43	Sustainability Management (p.10)	-	-
G4-44	Corporate Governance Structure (p.4-5); Risk Management (p.5); Sustainability Management (p.10); Tofaş 2015 Annual Report (p.91)	-	-
G4-45	Risk Management (p.5); Sustainability Management (p.10)	-	-
G4-46	Risk Management (p.5); Sustainability Management (p.10); Tofaş 2015 Annual Report (p.85, 87-88)	-	-
G4-47	Risk Management (p.5); Sustainability Management (p.10); Tofaş 2015 Annual Report (p.85, 87-88)	-	-
G4-48	Sustainability Management (p.10-11)	-	-
G4-51	After being examined by Tofaş Sustainability Working Group, Tofaş Sustainability Report has been submitted to Tofaş sustainability Committee and published after their approval.	-	-
G4-52	Tofaş 2015 Annual Report (p.91)	-	-
G4-53	Tofaş 2015 Annual Report (p.86, 91)	-	-

Indicator	Description	External Assurance	Identified Omissions
G4-56	Tofaş Code of Ethical Conducts: http://www.tofas.com.tr/en/About/Documents/ETHICALCONDUCT_.pdf	-	-
G4-57	Business Ethics and Anti-corruption (p.8)	-	-
G4-58	Business Ethics and Anti-corruption (p.8)	-	-
Standard Disclosures			
Material Aspect: Economic Performance			
G4-DMA	Not material	-	-
G4-EC1	Contribution to Local Economy (p.48)	-	-
G4-EC3	Workplace Culture (p.36) Tofaş 2015 Annual Report (p.134)	-	-
G4-EC4	Tofaş 2015 Annual Report (p.131)	-	-
G4-EC5	Due to equal salary for equal job approach, no salary difference can be measured by gender at Tofaş. Ratios of entry wage to minimum wage are calculated by employee category. This rate is 1.1 for blue-collar employees and 3.27 for white-collar employees.	-	-
Material Aspect: Market Outlook			
G4-DMA	Not material	-	-
G4-EC6	Performance Data (p.58)	-	-
Material Aspect: Indirect Economic Impacts			
G4-DMA	Corporate Citizenship (p.48); Contribution to Local Economy (p.48)	-	-
G4-EC7	Corporate Citizenship (p.48)	-	-
G4-EC8	R&D Management (p.20); Sustainable Mobility Solutions (p.21-23); Continuous Development Oriented Workplace (p.38); Corporate Citizenship (p.48)	-	-
Material Aspect: Procurement Practices			
G4-DMA	Supply Chain Management (p.40)	-	-
G4-EC9	Supplier Profile (p.40-41)	-	-
Material Aspect: Energy			
G4-DMA	Energy Efficiency and Emissions (p.27)	-	-
G4-EN3	Energy Efficiency and Emissions (p.27); Performance Data (p.54)	Independently Assured	-
G4-EN5	Energy Efficiency and Emissions (p.27); Performance Data (p.54)	-	-
G4-EN6	Energy Efficiency and Emissions (p.27); Performance Data (p.54)	-	-

Indicator	Description	External Assurance	Identified Omissions
Material Aspect: Water			
G4-DMA	Environmental Management System (p.28-30); Water Management (p.30-31)	-	-
G4-EN8	Water Management (p.30); Performance Data (p.54)	Independently Assured	-
G4-EN9	Water Management (p.30)	-	-
G4-EN10	Water Management (p.30); Performance Data (p.54)	Independently Assured	-
Material Aspect: Biodiversity			
G4-DMA	Not material	-	-
G4-EN11	Tofaş production plants and other units are not located in the areas under protection due to their biodiversity or other environmental particularities.	-	-
G4-EN12	No significant negative environmental impact case witnessed in the neighboring areas to Tofaş manufacturing plant has occurred due to Tofaş operations. All operations are conducted in line with limit values defined in permissions granted by related authorities.	-	-
Material Aspect: Emissions			
G4-DMA	Energy Efficiency and Emissions (p.27-28)	-	-
G4-EN15	Energy Efficiency and Emissions (p.27); Performance Data (p.54)	Independently Assured	-
G4-EN16	Energy Efficiency and Emissions (p.27); Performance Data (p.54)	Independently Assured	-
G4-EN18	Energy Efficiency and Emissions (p.27); Performance Data (p.54)	Independently Assured	-
G4-EN19	Energy Efficiency and Emissions (p.27); Performance Data (p.54)	Independently Assured	-
G4-EN21	Energy Efficiency and Emissions (p.27); Performance Data (p.54)	-	-
Material Aspect: Effluents and Waste			
G4-DMA	Efficient and Environmentally Friendly Material and Waste Management (p.31)	-	-
G4-EN22	Water Management (p.31); Performance Data (p.54)	-	-
G4-EN23	Efficient and Environmentally Friendly Material and Waste Management (p.31); Performance Data (p.54-55)	-	-
G4-EN25	Performance Data (p.54-55)	-	-
G4-EN26	Water Management (p.31)	-	-
Material Aspect: Products and Services			
G4-DMA	Sustainable Mobility Solutions (p.21-23)	-	-
G4-EN27	Sustainable Mobility Solutions (p.21-23)	-	-
Material Aspect: Compliance			
G4-DMA	Not material	-	-
G4-EN29	Environmental Management System (p.29)	-	-

Indicator	Description	External Assurance	Identified Omissions
Material Aspect: Transport			
G4-DMA	Social and Environmental Risk Reduction in Raw Material and Product Logistics (p.43-44)	-	-
G4-EN30	Social and Environmental Risk Reduction in Raw Material and Product Logistics (p.43-44)	-	-
Material Aspect: Overall			
G4-DMA	Not material	-	-
G4-EN31	Environmental Management System (p.29)	-	-
Material Aspect: Supplier Environmental Assessment			
G4-DMA	Tofaş Supplier Audit Map (p.41); Supplier Development Practices (p.41-42); Management of Sustainability Risks in the Supply Chain (p.42-43)	-	-
G4-EN32	Management of Sustainability Risks in the Supply Chain (p.43); Performance Data (p.55)	-	-
G4-EN33	Management of Sustainability Risks in the Supply Chain (p.42-43)	-	-
Material Aspect: Environmental Grievance Mechanisms			
G4-DMA	Not material	-	-
G4-EN34	Environmental Management System (p.29)	-	-
Material Aspect: Employment			
G4-DMA	Not material	-	-
G4-LA1	Performance Data (p.59)	-	-
G4-LA2	All Tofaş employees benefit identically from all rights in accordance with the nature of their employment contracts. By year 2015, there are no part-time employees within the workforce and there are 128 employees working with temporary employment contract.	-	-
G4-LA3	Performance Data (p.59)	-	-
Material Aspect: Occupational Health and Safety			
G4-DMA	Occupational Health and Safety (p.34-35)	-	-
G4-LA5	98 employees take charge in 9 OHS committees located in Tofaş manufacturing plant. Binding decisions with regards to OHS issues are taken in the committees all employees represented in.	-	-
G4-LA6	Occupational Health and Safety (p.34); Performance Data (p.56) During the reporting period neither fatality nor occupational disease case occurred.	-	-
G4-LA7	Performance Data (p.34)	-	-
G4-LA8	Our OHS commitments are found in the collective bargaining agreements. Most recent collective bargaining agreement contains OHS issues such as compliance to regulations, health and protective equipments.	-	-
Material Aspect: Education			
G4-DMA	Continuous Development Oriented Workplace (p.38)	-	-
G4-LA9	Continuous Development Oriented Workplace (p.38); Performance Data (p.56)	-	-
G4-LA10	Continuous Development Oriented Workplace (p.38)	-	-
G4-LA11	High Performance Oriented Workplace (p.39)	-	-

Indicator	Description	External Assurance	Identified Omissions
Material Aspect: Diversity and Equal Opportunity			
G4-DMA	Workplace Culture (p.36)	-	-
G4-LA12	Workplace Culture (p.37)	-	-
Material Aspect: Equal Remuneration for Women and Men			
G4-DMA	Workplace Culture (p.36)	-	-
G4-LA13	High Performance Oriented Workplace (p.39)	-	-
Material Aspect: Supplier Assessment for Labor Practices			
G4-DMA	Sustainability Risks Management in Supply Chain (p.42-43)	-	-
G4-LA14	Sustainability Risks Management in Supply Chain (p.42-43)	-	-
G4-LA15	Sustainability Risks Management in Supply Chain (p.42-43)	-	-
Material Aspect: Non-discrimination			
G4-DMA	Workplace Culture (p.36)	-	-
G4-HR3	During the reporting period, no case of discrimination has occurred.	-	-
Material Aspect: Freedom of Association and Collective Bargaining			
G4-DMA	Workplace Culture (p.36)	-	-
G4-HR4	During the reporting period, no evidence for unionization and collective bargaining rights to be under risk in Tofaş operations. Same principle is also considered during supplier audit process and no risk element witnessed.	-	-
Material Aspect: Child Labor			
G4-DMA	Workplace Culture (p.36)	-	-
G4-HR5	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.	-	-
Material Aspect: Forced and Compulsory Labor			
G4-DMA	Workplace Culture (p.36)	-	-
G4-HR6	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.	-	-
Material Aspect: Security Practices			
G4-DMA	Not material	-	-
G4-HR7	Certified security personnel specialized in the field take charge in ensuring the safety of Tofaş operations. 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 procedures.	-	-
Material Aspect: Assessment			
G4-DMA	Business Ethics and Anti-corruption (p.6)	-	-
G4-HR9	Business Ethics and Anti-corruption (p.6)	-	-

Indicator	Description	External Assurance	Identified Omissions
Material Aspect: Supplier Human Rights Assessment			
G4-DMA	Sustainability Risks Management in Supply Chain (p.42-43)	-	-
G4-HR10	Sustainability Risks Management in Supply Chain (p.42-43)	-	-
G4-HR11	Sustainability Risks Management in Supply Chain (p.42-43)	-	-
Material Aspect: Local Communities			
G4-DMA	Corporate Citizenship (p.48)	-	-
G4-S02	Corporate Citizenship (p.48) During the reporting period, no case of negative impact on local community due to Tofaş operations has occurred.	-	-
Material Aspect: Anti-Corruption			
G4-DMA	Business Ethics and Anti-corruption (p.6-9)	-	-
G4-S03	Business Ethics and Anti-corruption (p.7)	-	-
G4-S04	Business Ethics and Anti-corruption (p.6)	-	-
G4-S05	Business Ethics and Anti-corruption (p.7)	-	-
Material Aspect: Public Policy			
G4-DMA	Not material	-	-
G4-S06	Business Ethics and Anti-corruption (p.8)	-	-
Material Aspect: Grievance Mechanisms for Impacts on Society			
G4-DMA	Not material	-	-
G4-S011	Business Ethics and Anti-corruption (p.8)	-	-
Material Aspect: Customer Health and Safety			
G4-DMA	Vehicle Safety, Driving and Passenger Comfort (p.22)	-	-
G4-PR1	Vehicle Safety, Driving and Passenger Comfort (p.22)	-	-
G4-PR2	During the reporting period, no case of non-compliance to regulations has occurred regarding vehicle and passenger safety aspects.	-	-
Material Aspect: Product and Service Labeling			
G4-DMA	Customer Experience (p.18-19)	-	-
G4-PR3	Customer Experience (p.18-19)	-	-
G4-PR4	During the reporting period, no case of non-compliance to regulations has occurred regarding customer information practices and product labeling.	-	-
G4-PR5	Customer Experience (p.19)	-	-

Indicator	Description	External Assurance	Identified Omissions
Material Aspect: Marketing Communications			
G4-DMA	Not material	-	-
G4-PR7	During the reporting period, no case of non-compliance to regulations has occurred regarding marketing communication aspects.	-	-
Material Aspect: Sustainability and Risk Management			
DMA	Risk Management (p.5-6); Sustainability Management (p.10-11); Sustainability Risks Management in Supply Chain (p.42-43)	-	-
Material Aspect: Sustainable Mobility Solutions			
DMA	Sustainable Mobility Solutions (p.21)	-	-
Material Aspect: R&D Management and Collaborations			
DMA	R&D Management (p.20-21)	-	-
Material Aspect: Dealer and Supplier Success			
DMA	Supply Chain Management (p.40-43); Authorized Dealer and Service Network (p.45)	-	-
Material Aspect: Product Strategy in Developing Markets			
DMA	Product Strategy in Developing Markets (p.16)	-	-

ASSURANCE STATEMENT

Bureau Veritas	Assurance Statement (Reasonable level)
	ASR-TT-07 version 1.1



INDEPENDENT ASSURANCE STATEMENT

To: The Stakeholders of TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

Introduction and objectives of work

BUREAU VERITAS TURKEY has been engaged by TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş. to conduct an independent assurance of its select GRI Performance Indicators (Energy Efficiency and GHG (CO₂) Emissions, Water Management) of TOFAŞ Sustainability Report 2015. This Assurance Statement applies to the related information on these indicators included within the scope of work described below.

This information and its presentation in the TOFAŞ Sustainability Report 2015 are the sole responsibility of the management of TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility 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.

Scope of work

TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş. requested Bureau Veritas to verify the accuracy and reliability of the following:

- Data and information included in the GRI Performance Indicators (Energy Efficiency and Emissions, Water Management) of TOFAŞ Sustainability Report for the 2015 year.

Methodology

As part of its independent assurance, Bureau Veritas undertook the following activities:

- BUREAU VERITAS TURKEY has made this verification for one production site located at Bursa Factory; Yeni Yalova Yolu Cad., No: 574, Osmangazi/BURSA and head office building located at Büyükdere Cad., Tofaş Han Kat:1-5, No:145, Zincirlikuyu/İSTANBUL;
- BUREAU VERITAS TURKEY has conducted a site visit at Bursa Factory; Yeni Yalova Yolu Cad., No: 574, Osmangazi/BURSA on 17.05.2016 for the 2015 year;
- Interviews with relevant personnel of TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş. 6 key employees were interviewed who are the responsible for the relevant data systems and collection, compilation and analyses processes during the site visit verification;
- Review of documentary evidence produced by TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.;
- Evaluation of information against Global Reporting Initiative (GRI) principles of Accuracy, Accessibility, Balance, Clarity, Comparability, Reliability and Timeliness;
- Audit of performance data;
- Review of TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş. data and information systems for collection, aggregation, analysis and review;

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Sustainability parameters, based on current best practice in independent assurance.



Bureau Veritas	Assurance Statement (Reasonable level)
	ASR-TT-07 version 1.1

The work was planned and carried out to provide reasonable, rather than absolute assurance and we believe it provides a reasonable basis for our conclusions.

Our findings

On the basis of our methodology and the activities described above, it is our opinion that:

- The information and data included in the scope of our assurance are accurate, reliable and free from material mistake or misstatement;
- The information is presented in a clear, understandable and accessible manner;
- Information on the GRI Performance Indicators (Energy Efficiency and Emissions, Water Management) of TOFAŞ Sustainability Report provides a fair and balanced representation of activities related to those parameters during the 2015 year;
- Information on the GRI Performance Indicators (Energy Efficiency and Emissions, Water Management) of TOFAŞ Sustainability Report allows readers to form a balanced opinion of TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş. activities and performance during the 2015 year;
- TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş. has established appropriate systems for the collection, aggregation and analysis of relevant information related to the GRI parameters of Energy Efficiency, Emissions and Water Management;

Additional commentary

Bureau Veritas was pleased to observe that there are areas of good practice identified during the assurance exercise in TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş., such as effective systems and processes used to ensure the accuracy of information, good quality review mechanisms, commitment from the organisation for regular and timely reporting.

Based on the work conducted, we recommend TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş. to consider the following:

- If the meters are being monitored by the operator, the readings may be double checked in order to reduce the risks of incorrect meter reading.
- Through there seem to be no problems with the meter calibrations, all meters need to be additionally checked by the operator to see if they operate properly or not.
- To prevent possible errors, re-control meetings need to be conducted with the participation of all relevant staff.

Evaluation against Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines

Bureau Veritas undertook an evaluation of the GRI Performance Indicators (Energy Efficiency and Emissions, Water Management) of TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş. Sustainability Report against the G4 Sustainability Reporting Guidelines for these parameters.

Based on our work, it is our opinion; the GRI Performance Indicators (Energy Efficiency and Emissions, Water Management) of TOFAŞ Sustainability Report are verified and confirmed by the verification team and the assurance statement is materially correct and is a fair representation of the assurance of the GRI G4 parameters EN3, EN8, EN10 data and information.

Bureau Veritas	Assurance Statement (Reasonable level)
	ASR-TT-07 version 1.1

Limitations and Exclusions

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period;
- Positional statements (expressions of opinion, belief, aim or future intention by TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş. and statements of future commitment;

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, and Social and Environmental management with almost 180 years history in providing independent assurance services.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest.

No member of the assurance team has a business relationship with TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş., its Directors or Managers beyond that required of this assignment. We have conducted this verification independently, and there has been no conflict of interest.

The assurance team has extensive experience in conducting verification and assurance over environmental and energy efficiency information, systems and processes, has over 3 years combined experience in this field and an excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.



ONUR YILMAZ

Lead Assuror

BUREAU VERITAS TURKEY

Küçükyalı - Maltepe / İSTANBUL

07/06/2016

GHG VERIFICATION STATEMENT



TOFAŞ Türk Otomobil Fabrikası A.S.
Yeni Yalova Yolu Cad. No:574/BURSA

To whom it may concern,

This letter is presented to TOFAŞ TURK OTOMOBİL FABRİKASI A.S. to present opinion of the Bureau Veritas Certification Turkey on the Greenhouse Gases Verification for the period 1st January 2015 to 31st December 2015.

Bureau Veritas Turkey consent to release of this letter by you to the Carbon Disclosure project in order to satisfy the terms of CDP disclosure requirements. Bureau Veritas Turkey not accepts or assumes any responsibility or liability on our part to CDP or to any other party who may have access to this letter or assurance report.

TOFAŞ TURK OTOMOBİL FABRİKASI A.S commissioned Bureau Veritas to perform a verification of its 2015 GHG Inventory. The verification was performed between April 2016 and May 2016.

The GHG assertions verified were the following:

1. That the [2015 GHG Inventory for Customer has been developed in accordance with common industry practice, including ISO 14064-1:2006 Standard
2. That the calculated Scope 1 and Scope 2 GHG emissions for the 2015 are **130.650 tons of CO₂e** (the emission sources included for each source has been given in verification report)
3. That the calculated Scope 3 GHG emissions for the 2015 are **6.510.213 tons of CO₂e** (the emission sources included for each category has been given below)
 - Purchased goods and services: **508.545 tons of CO₂e**
 - Upstream transportation and distribution: **56.234 tons of CO₂e**
 - Waste generated in operations: **444 tons of CO₂e**
 - Business travel: **585 tons of CO₂e**
 - Employee commuting: **3.442 tons of CO₂e**
 - Downstream transportation and distribution: **31.551 tons of CO₂e**
 - Use of sold products: **5.653.032 tons of CO₂e**
 - End of life treatment of sold products: **256.380 tons of CO₂e**

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

1. Conformance with the general requirements of ISO 14064-1.
2. Reasonableness of the calculated Scope 1 and Scope 2 emissions for the 01.01.2015-31.12.2015.
3. Limitation of the calculated Scope 3 emissions for the 01.01.2015-31.12.2015.

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Mersis No: 0191000648400014



The verification performed by Bureau Veritas applied ISO 14064-3 International Standard for GHG verifications. The following verification activities were conducted:

1. Review of documentation, controls and methodologies, including other verification reports,
2. Assessment of risks and verification planning,
3. Assessment of documentation, controls and methodologies, including the facility quality management systems,
4. Documentation of verification findings and outstanding issues in verification report,
5. Assessment and documentation of resolutions to outstanding issues in verification report,
6. Issuance of verification statement and completion of verification.

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

GHG Assertion #2: 130.650 tons CO₂e of which 68.897 tons of CO₂e are direct emissions (Scope 1) and 61.753 tons of CO₂e are energy indirect emissions (Scope 2) are reasonable. (The emission sources included for each category has been given in verification report)

View Declaration

The greenhouse gas emission data (Scope 1 and 2) for 2015 disclosed in the Sustainability Report as a result of verification audit held on the basis of international standards has been verified with reasonable assurance.

GHG Assertion #3: 6.510.213 tons CO₂e of which are other indirect emissions (Scope 3) are verified with limited assurance.

View Declaration

The greenhouse gas emission data (Scope 3) for 2015 disclosed in the Sustainability Report as a result of verification audit held on the basis of international standards has been verified with limited assurance.

Verifier Opinion and Qualifications

Based on the process and procedures conducted, the GHG assertion is prepared in accordance with the requirements of ISO 14064-1.

Based on the process and procedures conducted, the GHG assertion is materially correct and is a fair representation of the GHG data and information.

Date: 13 MAY 2016

ONUR YILMAZ
Product Manager

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Scope				
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