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In this 5th release of our sustainability reports that we have been publishing since 2013 based on the principles of transparency and accountability, we would like to share with our stakeholders, once again, the studies conducted during our sustainability journey, our administrative approaches, the social, economic and environmental impacts of our activities in addition to performance results and targets. We aim to offer the latest and most holistic information to all stakeholders, primarily the investors and shareholders, employees, dealers, suppliers, business partners, universities, and non-governmental organizations.

This report involves the activities of Tofaş Türk Otomobil Fabrikası A.Ş. between 01.01.2017 - 31.12.2017. Except for the financial data, information regarding our subsidiaries, Fer Mas Oto Ticaret A.Ş. and Koç Fiat Finansman A.Ş. companies, are not included in the report, unless otherwise stated.

This report has been prepared in accordance with GRI Standards: "Core" option. Report content is based on the subject portfolio obtained as a result of sustainability topics identification process. In some material subjects, we included performance results for the relevant stakeholders in addition to company information. When preparing the data available in this report, we referred to performance evaluation criteria that are generally acknowledged by the sector in order to present a more comprehensive and holistic analysis in addition to indicators defined in GRI Standards. Our target is to conduct future reporting studies in the annual plan by following the same guiding methodology.

You may find sustainability reports for previous periods, PDF version of Tofaş Sustainability Report 2017 and detailed information about the content of the report at www.tofas.com.tr

Message from CEO



We have just completed a successful year in which investments, trade and industry production have increased at global scale despite the challenges in world economy. While the recovery in global economy had positive impacts on automotive sector, automotive production in Turkey has increased by 13% in 2017 compared to the previous year. At Tofaş, we sustained leadership position in production in 2017 following the year 2016 when we made history through records. We realized 23% of industry production through 384,000 vehicles we produced and reached the highest production level in Turkish automotive history.

We continue to carry corporate sustainability performance further in addition to our economic performance. In regard to the corporate governance studies conducted in 2017, our corporate governance score in Capital Market Board (CMB) regulations reached 9.15. We continued to be listed in BIST Sustainability Index thanks to our sustainability governance approach according to the comprehensive evaluations conducted by EIRIS, the international association, under Borsa Istanbul.

We continue to move our company forward in technology and product development through R&D investments. We succeeded in ranking on top for the third time from Turkey in 2017 in R&D Investments Score List of European Commission's Joint Research Center; and we covered 12 steps all at once in this list.

We realize practices which set an example in FCA system and constantly improving our performance in occupational health and safety which is the top priority of WCM management model. Since we started World-Class Occupational Safety activities, we have reduced Lost Time Accident frequency by 90% to the level of 0.08. We ceaselessly maintain trainings in occupational health and safety which we regard as our joint responsibility to all employees. In 2017, we conducted a total of 73,016 person*hour occupational health and safety trainings.

We continue to support the knowledge and talents of our employees who have an important role in sustainable business success. In the reporting period, office employees received an average of 60 hours training through Tofaş Academy platform while field employees received 12 hours of training.

We act with an awareness in the potential risks of climate change which are among the leading global issues today; and we adopt a responsible approach in energy efficiency and emission management in order to mitigate these risks. Besides, we aim to realize production processes with the least environmental impact. We saved 72,633 GJ energy, and thus reduced CO₂ by 5,918 tones thanks to efficiency studies conducted in 2017. While reducing energy consumption per vehicle and emission amounts, we recycled 63 million m³ water through waste water recycling studies.

We continue to track the performances of our suppliers which is one of the most fundamental elements of our business success, and we continue to support the improvements they achieve. We monitored our suppliers through comprehensive audit studies which included commercial efficiency, quality, delivery, environment, occupational health and safety, and employee development in 2017 as well. We contributed to enhance suppliers' competitive powers through supplier development studies.

Based on the corporate citizenship approach which is one of the most significant factors of our company culture and policy, we continue to contribute to local economy and carry out long-term social responsibility projects. In 2017, we allocated 7 million TL resource to projects we realized in training, sports, culture & art and environment.

Leaving our 50th year in operation behind, as Tofaş, we aim to continue to enhance our performance in the next years ahead. We believe that we can achieve this target only with the collaboration of stakeholders. We would like to thank all our stakeholders including our employees, shareholders, suppliers and business partners who empower us in our sustainability journey.



Cengiz Eroldu
CEO

Governance and Sustainability

Our management approach is based on the value and principles derived from our shareholders, Koç Holding and Fiat Chrysler Automobiles (FCA). In view of our commitment to business ethics, responsibility and development oriented business model, 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 in a transparent, accountable, fair and responsible manner. We endeavor to realize Corporate Governance Principle at all levels, and measure and present our performance to our stakeholders through reporting.



Tofaş Board of Directors consists of 10 members, two of whom are independent, elected by the General Assembly within the scope of the Capital Markets Board Corporate Governance Communiqué and in accordance with the CMB regulations. While Chairman and Chief Executive Officer duties are carried out by different individuals, CEO is the only executive Board member.

CEO and company executives are responsible for determination of strategic approaches 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; and they report 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.

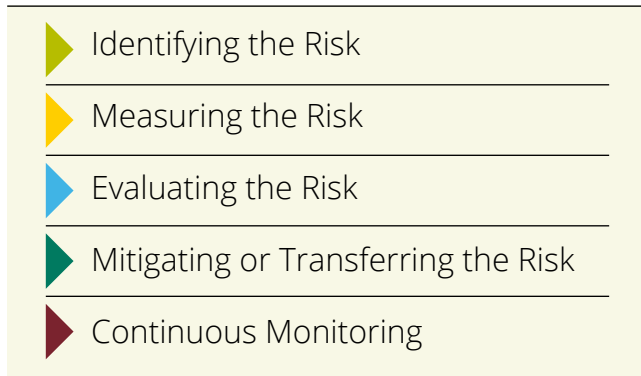
The detailed information about Tofaş corporate governance structure is available on www.tofas.com.tr/en/sustainability/Pages/CorporateGovernance.aspx or on our 2017 Tofaş Annual Report.

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. Corporate risks strategies are defined according to the reports of the Committee to the Board of Directors. Risk management is also 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 of Tofaş:



The Sustainability risks, one of the six main pillars of Tofaş's risk management portfolio, comprise all subjects that have impacts on company's sustainability performance. Thereby considering possible sustainability risks, the preventive measures are defined, and the outcomes are reported.



Tofaş Corporate Risk Management Policy is available on www.tofas.com.tr/en/Investor/Dividend%20Policy%20and%20Information%20Policy/SIRKETIMIZ%20RISK%20POLITIKASI_2014_EN_US.pdf or on our 2017 Tofaş Annual Report.

Business Ethics and Anti-Corruption

Our fundamental principles for all our activities are commitment to business ethics rules and "zero tolerance" to bribery and corruption. We regulate the basis of our understanding of ethics and rules to be applied through the "Tofaş Code of Ethics and Application Principles." Besides, our approach to corruption and bribery is clearly defined in our Anti-Bribery and Anti-Corruption Policy.

Our principles and policies regarding business ethics and anti-corruption cover the topics of compliance business conduct with business ethics, 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, and 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 and processes are monitored precisely. The 10th principle of United Nations Global Compact (UNGC) on anti-corruption signed by our shareholder

Koç Holding, is an integral part of our business ethics and anti-corruption approach.

Within business ethics and anti-corruption program, in tandem with Tofaş Ethics Committee and the Internal Audit Department, we follow a compliance program that includes risk-based assessments, monitoring, auditing, reporting and training activities. The principle of segregation of duties is adopted to prevent corruption, and the necessary check points are defined. The functionality and efficiency of business processes and check points is reviewed through periodical audits conducted by Internal Audit Department. In addition, independent audit teams perform audits on the business processes and financial statements at least twice a year.

The Board of Directors is primarily responsible for conducting all company activities in accordance with legal regulations the Tofaş Business Ethics Rules and Tofaş Anti-Bribery and Anti-Corruption Policy. This responsibility is exercised through Tofaş Ethics Committee nominated by our Board of Directors. The Ethics Committee is composed of CEO, Chief 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, the communication with internal and external stakeholders, the revision activities 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. Sanctions, even contract cancellations to be applied in case of breaches are held according to Tofaş Code of Ethics and Staff Regulations.

Tofaş Ethics Committee is also responsible for monitoring and auditing of compliance with anti-bribery and anti-corruption policy and code of ethics. Internal audit department conducts periodical auditing activities regarding compliance with such codes and policies on behalf of the Tofaş Ethics Committee. Risks related to code of ethics, bribery and corruption are identified through risk-based assessment. Several factors including the quality of the activity, the place of conduct, internal and external risks, and current internal controls are

Governance and Sustainability

considered in risk-based assessments. Bribery and corruption risks are key criteria in detecting internal and external risks. For instance, units that work directly with public and private sector suppliers and customers are considered as exposed to higher risks.

An audit plan is prepared to review effectiveness and strengthen internal control in necessary areas according to the risk assessment results conducted by internal audit department. This audit plan is submitted for approval and review to Audit Committee. Besides, as a result of the risk-based assessment results, departments that have relatively higher risk level are included primarily to the audit plan or subject to routine controls. Corruption and bribery risks are handled in these auditing activities, and risk-mitigating controls are evaluated. In case of inefficient control levels, the related departments conduct corrective actions. Internal Audit Department submits the audit results both verbally and in written form to the General Manager and the Audit Committee, operating under the Board of Directors. The results of significant complaints, problems and inspections are assessed and reviewed at least quarterly by Board Sub-committees via Internal Audit Department and Ethics Committee. There are no bribery or corruption cases observed in the audits conducted in 2017.

All employees are responsible for protecting our values and principles of ethics and acting in accordance with working principles, and moreover, they give a signed declaration of commitment. In this context, our code of ethics and anti-bribery and anti-corruption policy are communicated with all employees. In addition to declaration of commitments we received from current employees, code of ethics and anti-bribery and corruption policy are submitted to newly hired colleagues by signature. Moreover, compulsory orientation trainings offered to newly hired employees, henceforth, includes code of ethics. As of December 2017, the relevant personnel participate in briefing meetings program about the code of ethics based on their units. During the reporting period, a total of 35 employees participated in the very first briefing meeting in December 2017. All senior and mid-level managers are responsible for attaching the necessary importance to the code

of ethics and the accordance of employees to these codes. It is evident in our Anti-Bribery and Anti-Corruption Policy that Tofaş employees cannot be deemed responsible for any loss that the company suffers due to their actions compliant with ethical rules. Not only employees, but Board members, suppliers and dealers, namely all business partners and all stakeholders must fully obey these codes and policies. Compliance to business ethics and anti-corruption rules are an integral part of our activities, and we strive to improve them constantly.

We continuously communicate our rules and policies regarding business ethics and anti-corruption with our business partners via platforms such as website and periodical publications. We improved our online training program based on feedbacks gathered from suppliers and dealers that completed our online program on code of ethics and anti-bribery. Moreover, we consult to dealers, suppliers and non-governmental organizations when prioritizing subjects that shall be included in the sustainability report. According to this consultation, 95% of the relevant stakeholders identified business ethics and anti-corruption subject as the top priority.

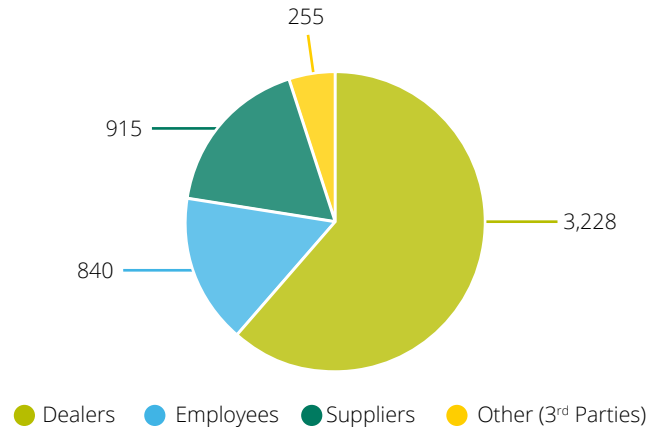
We conduct due diligence processes including anti-bribery and anti-corruption issues before establishing commercial partnerships and selecting business partners such as suppliers and dealers. We choose business partners who shall comply with our rules and policies. Before establishing a partnership, we evaluate prospective partners according to specific criteria including ethical compliance.

Objective criteria specified in internal procedures are taken into account when selecting agents or companies that Tofaş will receive goods or services from. Aforementioned criteria include subjects such as corruption and bribery risks, and the pre-assessments are conducted jointly by the related business unit and purchasing department. During the selection and determination of procurement amounts regarding companies complying with the criteria, the purchasing department evaluates the alternatives and selects the most beneficial option for Tofaş. We basically adopt the ethics principles, fairness and transparency in selecting suppliers.

These agents or companies only receive payment on the condition that their services comply with the rules and policies of Tofaş and related laws and regulations. We established the necessary checkpoints on business processes in order to ensure the suitability of payments in return of a service; Internal Audit Department periodically tests the efficiency of these checkpoints. We include relevant regulations and code of ethics in contracts signed with business partners; and we declare that any breach of these clauses will result in the termination of contract. In addition, we monitor the performance of our business partners related to anti-bribery and anti-corruption. There are no bribery or corruption cases submitted us related to our business partners in 2017.

In order to recognize and adopt Tofaş Code of Ethics, we conduct online training and refresher activities that include Code of Ethics and Anti-bribery and Anti-corruption Policy. In addition to theoretical information, this training program includes case studies that one may encounter in business life and is offered not only to employees but suppliers and dealers as well. As of the end of 2017, a total of 5,238 employees, 3,228 of which were dealer employees have received online training. We believe that awareness on anti-bribery and anti-corruption has improved compared to the previous reporting period thanks to the online trainings we offered in 2016 (online ethics training which is updated in the first quarter of 2018, was assigned as a compulsory program to all employees, and as of the end of March 2018, 226 personnel have completed this training). In 2017, we renewed employee declarations on conflict of interest.

Online Training Program on Anti-Bribery and Anti-Corruption (number of person - as of 2017 year-end)



The efficiency of anti-bribery and anti-corruption policies, mechanisms and reporting tools are evaluated independently by sub-committees of the Board at least once a year. In this context, mechanisms, systems and procedures we developed in regard to anti-bribery and anti-corruption was evaluated independently and approved by Audit Committee of Tofaş Board of Directors. The assessment result is publicly available in our website in committee meeting minutes dated 01.02.2018. .

We monitor individuals and companies in the black list formed according to information gathered from various sources such as public authorities, international data providers and social media sources in order to comply with current regulations and corporate codes. Based on our procedures, we detect agents, suppliers, contractors and customers that are known or suspected to give bribe, and we commence the termination process of ongoing contracts with these parties.

Easy to access and open whistleblowing channels are established to detect any situations violating Code of Ethics and Anti-bribery and Anti-corruption Policy. In order to create employee awareness, employees, suppliers and other stakeholders are reminded about the whistleblowing channels at certain intervals. Employees, business partners and all other stakeholders can send e-mails to etikkurul@tofah.com.tr anonymously or with their names, notifying

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any suspicious situation they believe to violate these codes and policies. In addition, notifications made to corporate addresses or shared with employees are also assessed.

Ethics Committee ensures the confidentiality of shared information and the interrogation. This Committee ensures that employees that notify any suspicious violation of anti-bribery and corruption policy are not subject to any negative reactions. This is clearly emphasized in Tofaş Code of Ethics and

Anti-Bribery and Anti-Corruption Policy.

In 2017, there were no case of bribery observed in our company; there was no reported case of bribery amongst the notifications made through our whistleblowing channels. In 2017, there are no cases of corruption notified to the company. In 2017, Tofaş has received 14 notifications on different subjects via these communication channels. The results of these notifications are as follows:

Notifications Received via Whistleblowing Channels	2017	2016	2015
Disciplinary Sanction	5	3	2
Unconformity Not Detected	9	6	3
TOTAL	14	9	5

As explicitly stated in Code of Ethics, Tofaş cannot be a part of any political or ideological thought, trend or organization; and cannot provide financial, pro-bono or moral support to activities or campaigns of any political parties, politicians or candidates whether directly or indirectly. In the frame of transparent relations, we established with public institutions, we share know-how mutually and respond openly to demands of information regarding our sector. In addition, we work to express general industrial issues via the studies conducted by industrial non-governmental organizations. We act in fair competition rules without sacrificing full compliance principle to laws and procedures in case public institutions become customers or when participating tenders.

Our company meticulously evaluates every opinion, view and suggestion received from our stakeholders regarding ethical compliance, anti-bribery and anti-corruption; integrate them into current applications. In this context, we are in collaboration with TEID (Ethics and Reputation Society) which is the most

active platform and non-governmental organization in Turkey in regards to anti-bribery and anti-corruption and the necessary precautions against them. TEID plays an important role in the flow of information on anti-bribery mechanisms from stakeholders to our company. Two managers of our company are on active duty in the board of directors of TEID. We closely follow the events of TEID in which knowledge and perspectives are shared in regards to anti-corruption; Internal Audit Department participates in these events as well. Beside membership fee, Tofaş does not pay TEID any fee for their support.

We evaluate and improve the efficiency of our anti-corruption program and reporting system according to improvement suggestions through the "Survey on Efficiency of Anti-Corruption Programs" prepared annually by TEID based on the best practice guidelines of OECD and UN. Our company is also a member and active participant of TEID, UN, OECD and B20 working groups in order to monitor the international developments in this regard.

Our company has attended the largest collective action on anti-corruption in Europe in accordance with its objective to become the leader of the sector in anti-corruption. Being among the 140 signatories of "Joint Business Ethics Declaration," TOFAŞ maintains to be the first and only signatory from automotive sector and encourages large-scale suppliers to participate in the same collective action.

Tofaş Code of Ethics, Anti-bribery and Anti-corruption Policy, and the details of other functions are available in www.tofas.com.tr/en/sustainability/Pages/CorporateGovernance/EthicalConduct.aspx

Internal Control and Internal Audit

Creating an effective internal control mechanism for each business process is an essential part of our understanding of responsible and sustainable management. We ensure effectiveness and efficiency of our operations, reliability of our reporting, compliance to the regulations and protection of our assets through our internal control systems.

Our internal control system has been designed based on the international standards and best practices, and has been integrated in our company policy, procedure, instructions and business process. We give importance to our employees to have responsibility, information, capacity and authority regarding internal control processes.

Effectiveness of our internal control systems is assessed by Tofaş Internal Audit Department and the external audit services. The external audit services include audits conducted 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 goals, authorities and responsibilities are defined in Internal Audit Guidelines. Reporting directly to the CEO, the Internal Audit Department does 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.

Internal audit system involves inter-unit audits as well. Unit representatives are provided to specialize in certain subjects and they evaluate other departments in line with their expertise. In addition to internal audits, we provide periodical audit studies for dealer and supplier operations as well. We conduct audits on sustainability issues including environment, working and manufacturing conditions, ethics and quality.

Sustainability Management

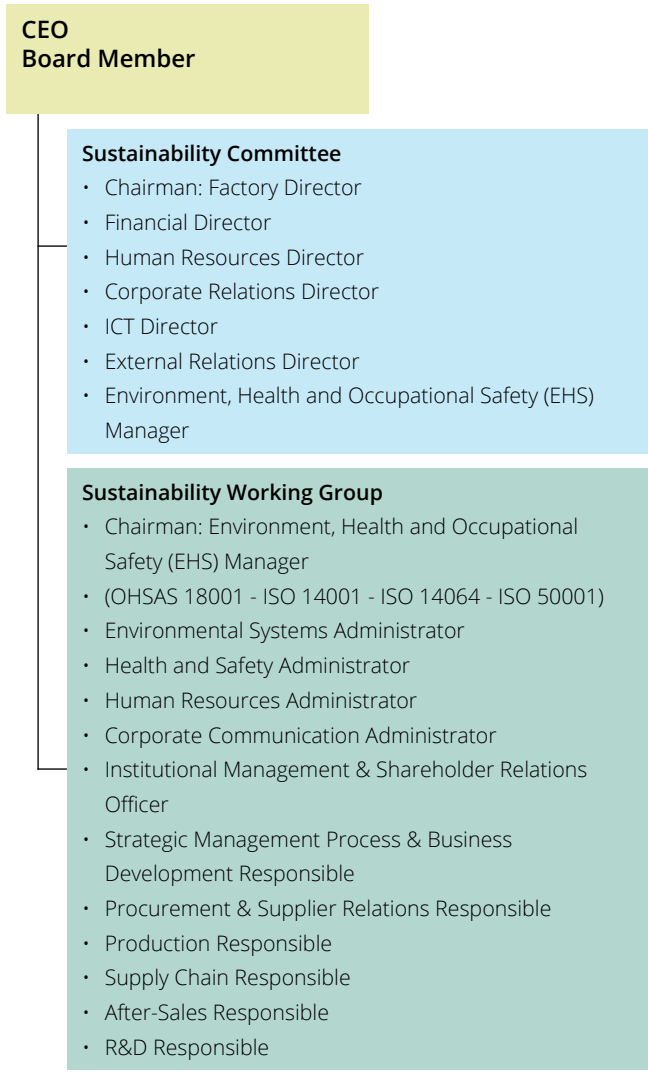
At Tofaş, we assume that creating a sustainable and value-generating management model is our top priority. At Tofaş, Sustainability Management subject, one of the six main pillars of our corporate risk management, is under the responsibility of the Early Detection of Risk and Risk Management Committee. Activities are reported to the Corporate Governance Committee, and the Board of Directors is informed about sustainability efforts. Thus, sustainability subject is under responsibility of the Board and monitored by its members. Therefore, the operations conducted by executives, notably CEO, related directors, are coordinated by the Sustainability Team and reported to the given Board Committees.

At Tofaş, we manage the sustainability subject in the context of "Tofaş Sustainability Policy" including our general sustainability approach. Our sustainability strategies are defined and monitored by Tofaş Sustainability Committee. The Sustainability Working Group is responsible for strategic decision making about sustainability management and putting it into practice and for sharing the performance results through sustainability reports.

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Tofaş Corporate Sustainability Policy is available on www.tofas.com.tr/tr/surdurulebilirlik/Pages/Politika.aspx or on our 2017 Tofaş Annual Report which we publish interactively on ir.tofas.com.tr/en/index.html.

Tofaş Sustainability Management Organization



Sustainability Priorities

Tofaş’s study on the identification of sustainability priorities has been conducted in line with the principles such as completeness, sustainability context, materiality and stakeholder inclusiveness outlined by GRI Standards in order to define report content. While topics mentioned in GRI Standards constitute a large part of the subject universe, topics related specifically to our sector are also covered. We have also considered Sustainable Development Goals (SDGs) defined as universal set of goals that deal with environmental, social and economic issues while identifying the sustainability priorities.

We conducted a series of studies in order to enable internal and external stakeholders participate in decision-making mechanisms in the process of identifying the sustainability priorities. We have conducted a survey for company directors as the first step. Afterwards, we realized a second survey to which stakeholder groups including suppliers and NGOs attended, hence concluded our topic universe.

In the context materiality study for identifying sustainability priorities, a topic universe of 40 issues and 17 goals are evaluated by two different studies conducted by mid-level and senior managers of Tofaş. Following the consolidation of these studies, relevance of Tofaş operations with these topics was evaluated. In the final step, priorities were set in consideration of parameters such as the impact level of Tofaş operations and stakeholder expectations on these issues. The resulting scheme of these studies demonstrates Tofaş’s main processes in relation to material topics identified as a result of the survey based on stakeholder views.

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

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Stakeholder Engagement

Based on our responsible management approach, we establish a communication based on transparency and accountability with stakeholder groups within our area of influence. In this regard, we ask for our stakeholders' opinions and inform them about our activities. We realize several studies to act together based on mutual goals. While planning our activities, we pay utmost attention to the qualifications of target stakeholder groups.

While identifying our stakeholders for collaboration, we give priority to the institutions and the organizations that embrace similar ethical understanding and working culture, seek for a common goal and that are solution oriented. In addition to this, we collaborate with the NGOs and the professional organizations, and we become a member of these organizations and serve in their governance bodies.

Tofaş Stakeholder Day

Tofaş Stakeholder Day

In 2017, we invited our stakeholders who have responded our materiality survey conducted during preparation of this report, such as representatives from NGOs, Koç Holding and industrial associations, to the "Stakeholder Day" organized in order to better understand stakeholder expectations and learn their opinions about our practices. During this event, we shared our activities that have been conducting since 2014 in addition to evaluations on our practices and the report. In the second section, we performed a workshop on "What are the Expectations of Stakeholders from Us" with the attendance of all participants. In this workshop, stakeholders evaluated the material topics and voiced their expectations from our reporting practice. We developed our report based on the feedback from this sustainability workshop.

Communication Practices with Stakeholders

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

Consumer Experience

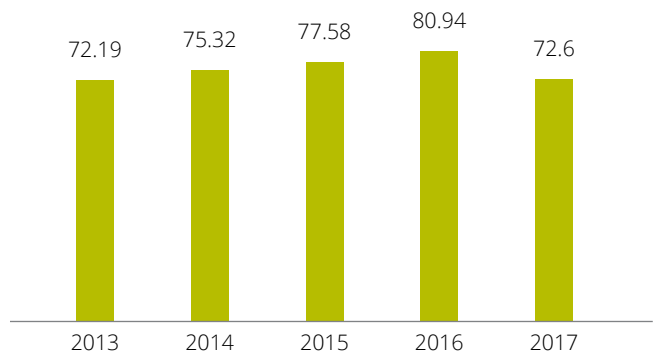
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We provide excellent customer experience with our products and services which meet customers' expectations and demands. By constantly improving customer experience, we ensure that our vehicles retain their value during the consumption period, thereby adding value for our consumers. We evaluate the satisfaction level of our customers and their views on our brand, products and services through several researches we carry out.

Customer Satisfaction

We pay utmost importance to the expectations and needs of our customers while designing products and services. We produce vehicles that have the requirements of target markets at high quality standards complying with the defined brand and model diversity, and endeavor to enhance customer satisfaction level. We give utmost importance to offer solutions to customers, to meet their needs and to protect their rights under any conditions within the frame of company policies and legal practices.

Customer Satisfaction Trend* (%)



*The method of calculation has been changed in 2017.



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We work to rank in the top levels of Europe Customer Satisfaction Survey with our after-sales service quality and excellent customer experience. We work in coordination with dealers and authorized services and prepare development plans in order to maintain customer satisfaction both during and after sales, and to offer higher service quality to customers. We continuously improve customer satisfaction via customer relations management system and measure satisfaction levels via independent researches. In the reporting period, Customer Satisfaction Score was 72.6%. The reason of the decline trend in the satisfaction level compared to the previous year is the change in the method of calculation.

Fast Track Service

Our target is to reduce processing periods during service works for the simple maintenance & repair requirements of our customers based on the "speed" principle which is one of the brand commitments of Tofaş in "Fast Track Service." In this regard, we commit customers who make an appointment from "Fast Track Service" to receive their vehicles in an hour at most when they demand one of the processes defined in this service.

For detailed information: <https://otomobil.fiat.com.tr/hizli-servis-randevusu>

Vehicle Status Tracking at Service

In this application designed based on customer experiences, we placed digital screens in customer waiting areas to enable customers track the status of their vehicles and receive instant notifications. Through these screens, customers are able to instantly monitor all process steps regarding their vehicles.

Customer Satisfaction Policy is available on www.tofas.com.tr/en/About/Pages/Policies/CustomerSatisfactionPolicy.aspx or on 2017 Tofaş Annual Report published also in ir.tofas.com.tr/en/index.html.

Brand Perception

FCA conducts customer market researches on a global scale in order to understand customers' expectations and demands, and to learn satisfaction levels about current portfolio. At Tofaş, we support the results of global researches with local feedbacks and evaluate brand perception of our customers holistically.

Certain factors define our vehicles: for passenger cars, being affordable, environmentally-friendly and suitable for family use; for commercial vehicles, being technologically advanced, innovative, suitable for business use and providing price-benefit balance. These factors highlight Fiat brand in the eyes of consumers.

Innovation

We consider innovation as an inseparable part of our corporate culture and sustainability management approach. While digitalization shapes our products, services and processes, we endeavor to completely meet the requirements of our customers through customer-oriented technological research activities.

We focus on reaching and realizing innovative and different business ideas that may carry Tofaş forward. We build programs that encourage internal entrepreneurship and innovation for this target. In addition, we ceaselessly interact with stakeholders based on open innovation studies, we are introduced to entrepreneurs that may create an opportunity of collaboration, and thus we embrace external innovative ideas.

The Agile Team

Based on our approach that shapes the future through taking the right steps in innovation, we established a structure called "the agile team" to support innovative ideas created by different units of the company and move the studies forward. We designed a process from the step that teams which have a project, an idea or a claim persuade the senior management to the step of establishing special teams that will work full time to operate these ideas rapidly. Teams are responsible for validation of projects that respond to customer expectations and utilize technology at peak via performing tests on site with the end user after a fast prototyping process, and the activation of these projects. Teams that work based on the logic of an entrepreneur receive investments to their projects and work with a lean business development model. During this process, two projects received agile team approval.

I have an Idea

We established an infrastructure to gather innovative ideas of our stakeholders. We obtain new ideas of our employees in dealer and service network through "I have an Idea" program, reward those with ideas that rank top 3, and work to activate these ideas. Thanks to this program, our stakeholder group which establishes the closest contact with our customers contributes to our innovation studies.

R&D Management

Based on our R&D vision, we closely follow the technological developments and work with an aim to produce fascinating vehicles and technologies that completely meet the needs of customers around the world. At Tofaş R&D Center which possesses an infrastructure that is capable to compete with European equivalents, we aim to contribute to national economy by developing passenger cars and commercial vehicles distinguished with their technological superiority and innovative engineering details. Tofaş R&D Center is the only center - apart from Italy - that provides service to European markets of FCA thanks to high-tech and diverse laboratories, and approximately 700 employees.

In 2017, we allocated 244 million TL to R&D expenses. We ranked for three consecutive years in the list prepared by the European Union and in which companies are listed based on their R&D investment amounts. Our center has moved 12 rankings up in the R&D Investments Score List of Joint Research Center of European Commission and ranked 535th.



Embracing all aspects of R&D value chain is one of the prerequisites in order to increase and improve international recognition of Turkey as a product development center. In this regard, we focus on co-designing, organization of local engineering companies, and cooperation with universities. We believe that university-industry cooperation projects should be performed in parallel to technological development studies. In 2016-2017 period, we worked in coordination with 16 different universities in almost 120 projects.

We have built various collaborations on projects supported by TUBITAK and European Union. As of 2017, we have been working in 16 EU Research Projects. So far, we have worked with more than 200 international project partners via these projects. In 2017, we achieved to obtain approval for 4 new H2020 project application.

We aim to increase our patent applications each year through new added-value projects and innovative ideas. As a result of innovative studies conducted by Tofaş R&D Center, we have applied for 55 new patents in 2017.

MyProject

We reposition "MyProject" which was launched with a focus on product and engineering in R&D studies as an internal entrepreneurship program that involves all functions of Tofaş. This program reveals the creativity of employees and helps them contribute to projects that are performed for commercial targets. Thus, employees work with a logic similar to start-ups within an industrial organization. Employees receive different trainings according to this program, and appreciated ideas receive rewards.

Digital Transformation

TAt Tofaş, digitalization studies are focused on three main pillars such as product digitalization, industrial process digitalization and digitalization in commercial areas, hence process outputs regarding these fields are reported to the senior management on monthly basis. Within these digital transformation studies, digital initiatives are evaluated in detail in regard to the value they add to the customer journey, the efficiency they create, profitability and various other aspects. On the other hand, the management of new ideas accelerated in the digital transformation process in 2017. Employees' ideas are evaluated monthly, following a maturing process, in senior management meetings, and decided whether they should be handled as a project.

In 2017, we continued the implementation of the projects as internal digital initiative including multi-camera Image Processing Station for quality control, equipment spare parts production through 3D printers and the use of "enhanced reality glasses" for operator guidance in manual logistics operations. Within Collaborative Robot Project (COBOT), we contributed to the development of medium-load capacity collaborating robots capable of working with people in the production line. In addition, we continued feasibility and modeling studies to develop autonomous vehicles for internal logistics.

PICKPLACE Project based on "Developing Flexible, Safe and Durable Robotic Parts Holding System in Industrial Areas" and ARDEB Project based on "Investigating the Impact of Enhanced Reality Glasses on Cognitive Load in Automotive Production" within the concept of H2020 for which we prepared and applied in 2017 have been approved for funding according to the evaluations, and these projects are officially initiated.

Innovation

Robopartner project which is performed within the EU Framework Program (FP7) in order to generalize the use of robots in assembly lines and develop business model, method, software and equipment for joint, efficient and safe robot/human working environments has been coordinated in 2017, the closing report of this project was prepared, and we took the lead to submit this report.

We initiated intense trainings and enhancement of the competence of internal resources in the reporting period in data analytics which is another important subject in digitalization studies. Analytical project studies on large data have been started in 2017 and will continue in 2018 as well.

At Tofaş, we continue to simplify our business processes through digital transformation. In this regard, we carried digitalization to the processes of Human Resources as well. We planned innovative studies in this area via "end to end digital employment" target. In 2017, pioneer works are activated including Training Management System, Online Front-End Test System, Mobile Application and Tideo.

TofaşGO

TofaşGO is a corporate mobile and web portal that gathers all (around 10,000) field and office employees at a single point, eases the lives of employees, accelerates and gives continuity to internal communication as an example to digital transformation. The fundamental target of this application is to strengthen the bond and communication between employees and the company and to instantly transfer corporate information to employees. TofaşGO makes several human resources processes accessible to all employees via a single mobile application.

In 2017, TofaşGO was selected as "The Best Intranet Project of the Year" in European Excellence Awards in which successful communication projects conducted at different sectors and categories around Europe are rewarded. Based on the results of the survey, 70% of Tofaş employees stated that they are satisfied with the application.

We worked intensely on various digital transformation projects in commercial areas as well in addition to human resources processes. Most of these projects added value to customer journey. The prominent digital transformation projects of 2017 include digital showroom (configuration) technology for dealers, mobile applications that will create additional sales for dealers, digital mobile loan application for dealers to receive automobile loan, and end to end digital loan application projects for end users.

Digitalization in Vehicles

We perform studies for the intercommunication of electronic units on vehicles based on our studies in digitalization in vehicles. Studies on the new technology "Fiat My Travel Mate & Connect" which combines the vehicle with its driver which is one of the leading studies continued intensely in 2017 as well. This project aiming to connect drivers and their vehicles through "connectivity" technology enables drivers to remotely connect to their vehicles using a smart phone or a computer. This project is the first product offered to the market with a start-up cooperation on open innovation part of Tofaş.

Fiat My Travel Mate & Connect

Based on our digitalization strategies, Fiat My Travel Mate Platform established according to customer expectations and requirements is designed to give a new dimension to customers' relationships with their vehicles and the customer communication of Tofaş. This platform enables better understanding of customer expectations and developing products and services based on this. Our target is to meet customers with new functions that may ease their lives through data that will be created via this platform. Studies for this project continued intensely in 2017 will be completed in 2018.

Fiat vehicle owners can log in to this platform free of charge, and will have access to information regarding vehicle properties, service histories, maintenance reminders, campaigns, user guides, service points, and emergency calls. Our customers can access to instant warning notifications by connecting instantly to their vehicles when they purchase Fiat My Travel Mate & Connect service. This system is designed to use the energy on the vehicle at minimum level which creates an advantage in regards to efficiency.

Vehicle Safety, Driving and Passenger Comfort

At Tofaş, we embrace FCA's "safety for all passengers" vision. Based on customer-oriented technological research studies, we develop smart cars that serve for and support drivers in regard to comfort and safety. We ensure vehicles offered to the market comply with legal regulations and other market requirements.

We equip our vehicles with various numbers of passive safety systems to help customers experience safe driving and to avoid any harm in case of an accident. Before that, we place active safety systems in our vehicles to avoid accidents. Thus, we pursue not only the safety of the driver and the passengers but also the safety of other vehicles, passengers and pedestrians.

Climate Change

At Tofaş, we act with an awareness of the environmental, social and economic risks that climate change which is one of the major problems that the world is facing today may cause and the responsibility we undertake. We adopt the generalization of environment and climate responsibility approach in all value chain as a principle.

The Sustainability Committee and the Sustainability Work Group are responsible for climate change issues; and report to the CEO.

Tofaş submitted its responses to CDP in 2017 and ranked at B band in Climate Change Program as a result of the evaluation. The evaluation note in CDP Water program is "B Management."

We are aware that the most significant expectation of stakeholders regarding climate change is to develop vehicles that have lower emission levels or use alternative fuels; and to produce vehicles to realize traveling freedom which is a human right and the transportation operations via more sustainable methods. We provide energy saving through studies we conduct in order to decrease fuel consumption of vehicles, which is one of the most significant emission resources. We also conduct studies to provide energy efficiency in distribution processes. 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 biofuel, developing electric and hybrid vehicles.

We aim to decrease greenhouse gas emissions by 30% as of 2020 compared to the level in base year 2011.

Details on Climate Change are available on:

www.tofas.com.tr/en/sustainability/Pages/ClimateChange/Policy.aspx on our 2017 Tofaş Annual Report which we publish interactively on ir.tofas.com.tr/en/index.html.

Mobility Solutions

In line with changes in today's world and developing technology, we develop technologies that meet the new mobility needs of our customers and produce solutions for them. We work to provide freedom of travel and different mobility needs of individuals via sustainable methods. We support FCA's researches and studies on creating responsible consumer behavior in regards to energy consumption.

Vehicles with Low Emission Values

At Tofaş, we adopt environmental protection as a crucial part of our social responsibility. Along with climate change that gains importance, the share of FCA's projects providing low fuel consumption and emissions studies in total sustainable mobility studies has been increasing. At Tofaş, we contribute these studies and consider this subject as a continuous development area.



The system which we created in this regard and define as a portable emission measurement system enables the realization of measures done at emission laboratories under real road conditions. The target of this test is the evaluate the emission results of the vehicle under traffic environment which represents the real road conditions instead of tests done at constant conditions under emission laboratories. In Turkey, PEMS utilization in passenger cars has been activated first by Tofaş. The test results create input to engine software of vehicles at project step and become a reference for measurements in emission laboratories.

To watch the video, click the link www.youtube.com/watch?v=BijwZj5WkY&feature=youtu.be

In 2017, 25 million TL of R&D expenditures was allocated to emission reduction projects.

LiCON Project

LiCON which was initiated in 2015 for developing vehicles with low emission levels was completed in 2017. A prototype vehicle that is validated through tests is developed based on the project that aims to reduce fuel consumption and CO emissions by applying regenerative braking in conventional vehicles.

Doblò 1.3 and 1.6 Diesel Euro 6D Project

In 2017, we continued the projects that we initiated in 2016 to develop environmentally-friendly vehicles complying with European norms. Within this project, we aim to perform designing and design verification studies including engines, engine systems and electric architecture of Doblò 1.3 and 1.6 diesel vehicles, and to meet the emission requirements of both Euro6C and Euro6D.

In addition to emission levels of the vehicles, we focus on reducing the amount of raw materials used in production without risking vehicle safety, enabling more efficient use of resources and less waste consumption, and minimizing other environmental impacts.

Alternative Fuel Vehicles

One of the areas we focus on in regards to mobility studies is to develop vehicles with alternative fuel engines. We support FCA's focus on generalizing the use of alternative fuel systems such as natural gas and bio-fuel.

We closely monitor electric vehicle technologies globally. We carry out studies to integrate innovative solutions and applications with these technologies, and to produce electric vehicle systems and components locally. We realize projects about developing electric engines, interfaces and various systems, and parts and components to be used in vehicles equipped with CNG and ANG fuel systems.

IMPROVE Project

In 2017, we continued the performance, road efficiency, integration and management project studies on IMPROVE electric vehicle electronic performance initiated in 2013 based on our improvement strategy in energy recovery via full electric braking. In this regard, we carried out studies on vehicle control software and integration, vehicle mechanic integration and vehicle simulation for vehicle systems and infrastructures. With this project, we aim to increase the range by reducing energy consumption, to achieve competence in full electric braking system, and to enable route optimization and energy efficiency via cloud structure.

Climate Change

Range Enhancing Engine Application for Home Range Electric Vehicles

Based on our electric vehicle development studies, we closely monitor the developments in range enhancing system technologies and carry our feasibility studies to initiate new projects. According to the application we conduct in cooperation with FCA, we completed studies on developing electric vehicles with internal combustion and range enhancer; and initiated its application in the reporting period. Model-based control algorithms developed and system integration experience gained thanks to this application are added to Tofaş's know-how to create a basis for electric vehicle project with a range enhancer that possibly be developed in short or mid-term.

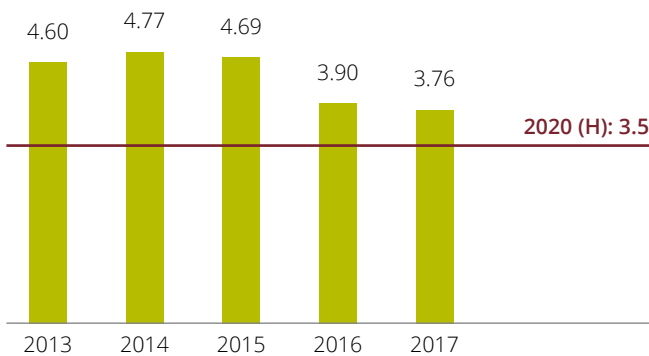
The Energy Guides Committee, Tofaş Sustainability Committee and Tofaş Sustainability Work Group are responsible for the energy efficiency and the emission management and report directly to CEO. We continuously improve and monitor our energy efficiency and emission performance in accordance with short, medium and long-term objectives. We keep our emission levels under the limits defined by public authorities.

We decreased energy consumption per vehicle by 5% to 3.76 GJ level in 2017. We aim to reduce this to 3.50 GJ as of 2020. In parallel to this reduction in energy consumption, we decreased emissions per vehicle by 10.5%. We aim to decrease GHG emissions per vehicle to 0.350 tons CO₂e by 2020 which was 0.358 tons CO₂e in 2017.

Energy Efficiency and Emissions

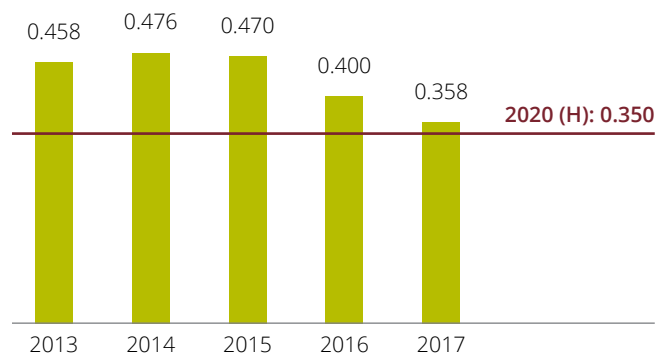
We give particular importance to energy efficiency and emission management in order to mitigate environmental, social and economic risks caused by the climate change. We manage this subject that is the most important part of our environmental management with an organization starting from the senior management and expanding to related departments.

Energy Consumption (GJ/vehicle)



Greenhouse Gas Emissions

(Scope1+Scope2) (ton CO₂e/vehicle)



During paint application, one of the main processes of vehicle manufacturing, volatile organic compound (VOC) emissions occur. VOC emission weight per surface painted was 33.91 gr/m² in 2017. By continuing our efforts in the future, we aim to reduce VOC emissions to 29.00 gr/m² level in 2020.

We support the transition to low carbon economy through energy efficiency studies. We continue to reduce energy consumption and related greenhouse gas emissions through energy efficiency projects we carry out. In 2017, we realized 34 new energy efficiency projects within WCM Energy Management Methodology. In addition to projects initiated in the last quarter of 2016, the number of projects that has an impact reached 72 in 2017. Thanks to these projects, we achieved a total of 72,633 GJ and saved 5,918 tons CO₂e of GHG emissions.

Energy Efficiency Second Prize

We were awarded with the second prize in "Energy Efficiency Awards" organized by Istanbul Chamber of Industry through our project "The Direct Use of Solar Energy in Manufacturing Processes (SolarDRY)" which we realized based on the studies with an aim to design energy efficient processes, to supply products and services, and to constantly improve energy performance.

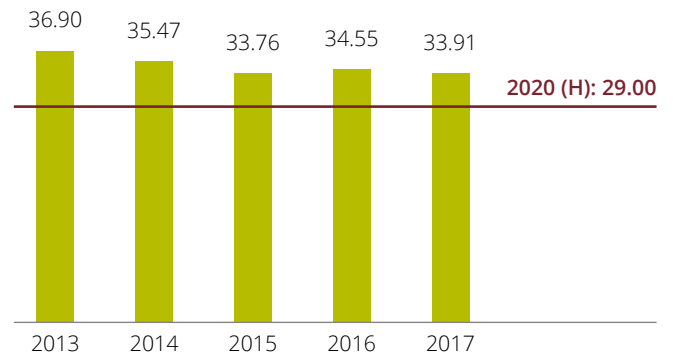
Information Center Power Utilization Efficiency (PUE) Improvement

Through elimination of leaks between hot and cold areas and improvements in the air conditioning system and parameterization studies, Power Utilization Efficiency has been reduced to 1.6 from 2 at Tofaş Main Information Center.

Details on Energy Efficiency and Emission Management are available on:

www.tofas.com.tr/en/sustainability/Pages/Environment/Management.aspx or on our 2017 Tofaş Annual Report which we publish interactively on ir.tofas.com.tr/en/index.html.

VOC Emission Trend (gr/m²)



Manufacturing

We follow world-class, efficient, quality and sustainable manufacturing processes as being one of the strategic R&D centers of FCA and a pioneer company in Turkish automotive industry. We use high-end technologies in manufacturing processes and aim to monitor and constantly improve the efficiency of our processes through quality systems and standards. We measure and evaluate our products and services' impacts during the life cycle, starting with the manufacturing process.

World-class Manufacturing and Quality

We use WCM (World Class Manufacturing) for systematical improvement and development of our competitiveness in manufacturing. WCM focuses basically on occupational safety, quality, costs, delivery and environment and aims to reach "zero" in all of these aspects. As of 2017, WCM program has been applied in 217 FCA manufacturing facilities and 370 suppliers' manufacturing facilities around the world.

We focused on constantly developing the manufacturing standards throughout our WCM journey. After the audits conducted, we celebrated our success as being one of the three factories reaching "Gold Level" in FCA world, and we continued this success through a score of 77 we obtained in 2017. With the contributions of our employees, we continue to reduce occupational accidents and machine malfunctioning, enhance our productivity and external quality indicators during our WCM journey. In 2017, each operator gave 26 suggestions on average and contributed to our studies.

We have been leading our suppliers to apply WCM methodology in addition to our own operations. By the end of 2017, we have been conducting World Class Supplier program with 27 suppliers.

While driving our quality strategies, we ground on Global Quality System of FCA which aims products and services to be provided at high quality norms. Our target is to have products and services that comply with the legal and industrial legislation that are reliable in terms of physical norms and deliver higher performance compared to its peers.

We adopt a large number of management quality and system standards in our manufacturing processes in addition to WCM methodology and strengthen our risk intervention capacity and management quality. We constantly enhance our performance level on management systems and standards we follow through periodical independent external audits, certification and verification studies. We preclude potential risks by monitoring all our processes entirely with WPI (Work Progress Integration) methodology. In addition, we apply IMDS program and ensure control of chemicals and non-use of forbidden raw materials in our supply chain.

The detailed information about World-Class Manufacturing (WCM) Methodology is available on www.tofas.com.tr/en/About/Pages/Policies/WorldClassManufacturing.aspx or on our 2017 Tofaş Annual Report which we publish interactively on ir.tofas.com.tr/en/index.html.



Environmental Management

We consider environmental protection as a crucial part of our social responsibility and focus on controlling and minimizing not only the direct environmental impacts, but also indirect environmental impacts occur in the entire value chain. Our target is to have lean and efficient manufacturing processes that have minimum impact on the environment. We commit to constantly reduce the negative impacts we create on environment.

Sustainability Committee and Sustainability Working Group act in accordance with Tofaş Environmental and Energy Policy in management of environmental issues; and report environmental performance to the Board of Directors.

We allocate a significant amount of resource to environmental management expenditures in order to improve environmental performance. In the reporting period, we spent over 1.4 million TL to environmental management activities and investments.

We organize environmental trainings to increase the environmental awareness of our employees and the employees of our business partners. In 2017, we have organized 1,662 person*hour environmental training to Tofaş employees and business partner employees.

In 2017, we did not encounter any case of unconformity to environmental regulations and we were not exposed to any official sanction. We did not receive any complaints from stakeholders about our environmental impacts.

Detailed information about Environmental Management and Tofaş Environment and Energy Policy are available on www.tofas.com.tr/en/sustainability/Pages/Environment/Policy.aspx or on our 2017 Tofaş Annual Report which we publish interactively on ir.tofas.com.tr/en/index.html.

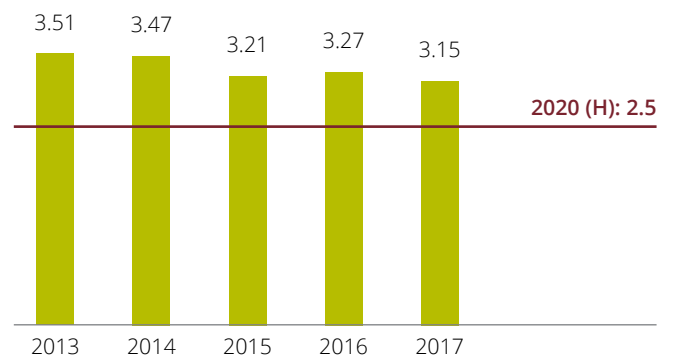
Water Management

We shape our water management approach according to the principle of efficient water use. We manage our water consumption and waste water processes responsibly and work to conduct our activities with the least possible water consumption.

A significant amount of our water used in production processes is withdrawn from underground water. The municipal water and the water bought from third parties for domestic use and potable water have a small share of 0.5% in our total water use. We conduct periodical analysis for the consistency and sustainability of the water resources that we use. As a result of analysis carried out in 2017, no stress caused by our consumption was found on resource consistency. On the other hand, the water requirements of our stakeholders, notably the local community living close to our production facilities, are not under any risk because of the type of the water we use.

We reduced fresh water consumption per vehicle which was 3.27 m³ in 2016 to 3.15 m³/vehicle with an improvement of 3.7%. We aim to reduce this ratio to 2.50 m³/vehicle by 2020.

Fresh Water Consumption (m³/vehicle)



Manufacturing

We emphasize responsible use of fresh water resources. In this context, we reuse the fresh water withdrawn for multiple cycles and feed the production with recycled waste water which arises as a result of processes; thus, we supply the most significant share of our water requirement. During the reporting period, we recovered 63.2 million m³ of water in this context.

We monitor our biodiversity impacts on the natural environments 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 with an aim to identify potential risks and take precautions to mitigate those. We adopt the principles of the Biological Diversity Agreement to which Turkey is a signatory party.

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. In 2017, we discharged 9.9 million m³ of waste water. The receiving environments defined in our discharge permits are not high biodiversity value areas; moreover, 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.

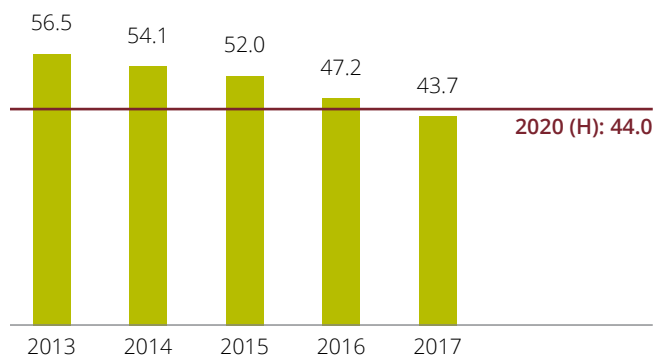
Material and Waste Management

In regards to Tofaş Environment and Energy Policy, we aim to reduce the waste at the source and to recover as much as possible. We focus on the reduction of material use, recycled/ recyclable materials to be used on a larger scale, and waste amount to be minimized and fully recovered.

We ensure all 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. In addition to our related business units, we ensure that our suppliers play an active role in using environmentally-friendly materials in production processes and reducing the amount of material.

Our total waste amount per vehicle which was 47.2 kg in 2016 was reduced to 43.76 kg/vehicle in 2017. We aim to reduce this amount to 44 kg/vehicle by 2020.

Waste Amount (kg/vehicle)

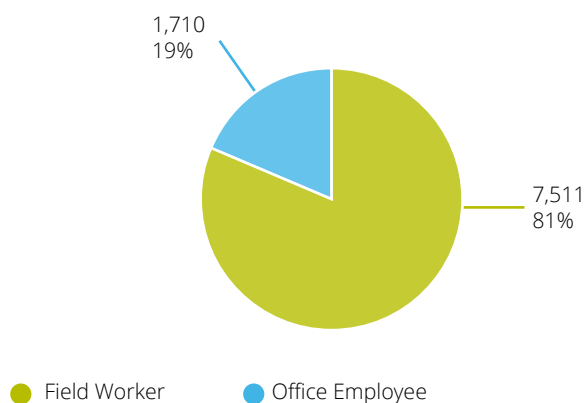


Workplace

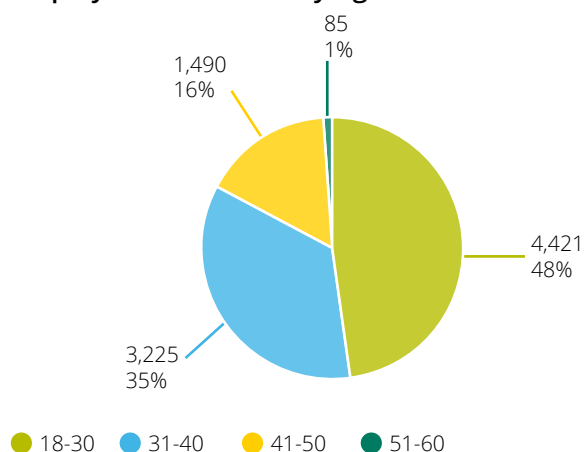
We aim to create an innovative workplace with a broad perspective that qualified professionals prefer. We offer our employees a healthy and safe working environment which embraces human rights, equality, safety and fairness which encourages engagement, and in which mutual relationships are

based on respect and trust. We develop the talents of our employees through performance and career management practices, training and development activities. We endeavor to be a workplace that adds value to social lives of our employees.

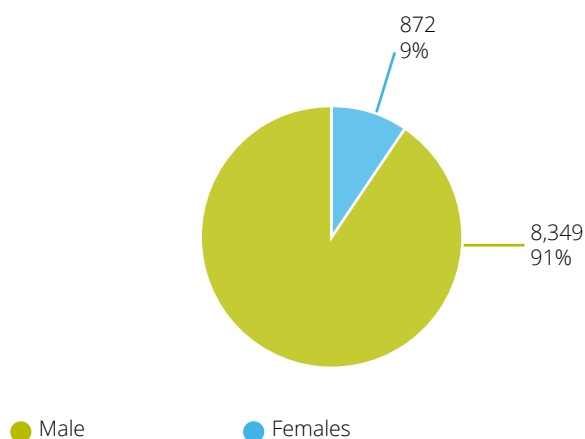
Employee Breakdown by Category



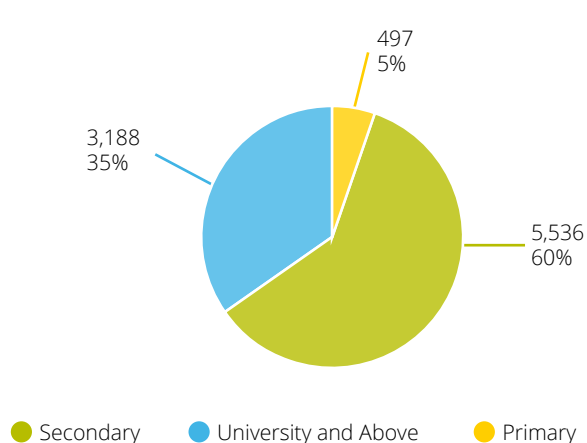
Employee Breakdown by Age



Employee Breakdown by Gender



Employee Breakdown by Education Level



Workplace

102-41

Human Rights

At Tofaş, the human rights are managed via Tofaş Ethics Committee performing under the Board of Directors. With regards to 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.

We do not allow child labor, forced or compulsory labor and abuse of employee rights under any circumstances. Within our activities, we avoid any practice that can be identified as discriminatory. 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. In 2017, we didn't receive any formal complaint regarding supplier and business partner operations which raise a concern that these rights were at risk.

At Tofaş, diversity is a criterion of wealth for the organization culture. Thus, during the hiring process, we evaluate our prospects' knowledge, skill, and capabilities. 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.

One of the subjects we meticulously monitor is the protection of unionization rights of employees. We attach importance to the representation of employees in a healthy framework in their relationships with the company management and enable free use of their collective bargaining and unionization rights. As of 2017, 74% of our employees work according to collective bargaining agreement. In line with our approach to unionization, we didn't experience any production or labor loss caused by the industrial relations during reporting period. We expect our suppliers and business partners to enforce union rights in full. We didn't receive any complaints about certain risks on the union rights regarding the operations of our suppliers or business partners 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. By the end of 2017, 7,373 employees and 3,456 family members were included to Complementary Health Insurance.

Office employees can also benefit from the pension fund provided by Koç Holding Pension and Support Fund Foundation when starting the job. 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.

In addition to social security opportunities provided to employees, we also support the education of the children of our employees. The number of children benefiting from scholarship practice "One More Support to Education by Tofaş" initiated in 2011 has reached 1,463 by the end of 2017.

Gender Equality

At Tofaş, we pay attention to diversity within the company and focus on increasing employment of women in new hiring processes. As of 2017, female employees constituted 9% of our total workforce. In 2017, we increased female employment ratio among office workers by 9%.

We contribute to the establishment of business life - private life balance of women in parallel to the target of increasing employment of women. Till the end of 2017, 265 female employees benefited from Day Care Support initiated by the end of 2016.

We provide the necessary support for female employees to return to their jobs after maternity leave and to coordinate business life with the special care their children requires. In the reporting period, 77% of female employees who were on maternity leave returned to their jobs when the leaving period ended.

While determining our employees' remuneration 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 characteristics. The remuneration difference between our employees performing same job shall only appear based on seniority or performance achievement.

Employee Development

We gather the development of all value chain under a single roof via training activities organized through Tofaş Academy. Within this Academy, we support the knowledge and talents of our employees multidimensionally. In 2017, 6,870 office employees attended to class trainings and 3,024 office employees received distant learning that supports self-development; moreover 10,762 field workers attended to classroom trainings and 874 field workers received distant learning. During the reporting period, we have conducted 60 hours of trainings per office employee and 12 hours per field workers. In addition, we gave technical class trainings to 1,135 employees of our 68 suppliers for 13,702 personxhours; and a technical and behavioral training to 3,774 dealer owners.

Employee Trainings	
Number of Participants	7,527
Field Workers	5,838
Office Employees	1,689
Female	672
Male	6,855
Total Hour (person*hour)	191,507
Field Workers	91,001
Office Employees	100,506
Female	24,988
Male	166,519

We apply the Performance Management System that includes all Tofaş employees to support performance and development-oriented culture. Two cornerstones of Performance Management System are the "Leadership Principles" defined as goals and behavioral competences. Our goals are set annually and reviewed at least once a year together with the development plans. Subjects related to sustainability management are also among the performance goals of our employees. Thanks to 360 Degrees Competency Evaluation approach, employees have the opportunity to give feedback about Leadership Principles to their managers and colleagues.

In 2017, we took an important step in line with our personalized learning approach. We provided support for the development and designing of personal development plans of almost 200 employees based on their personal needs via internal certified coaches based on the application called "Development Consultancy." In 2018, we aim to expand this application and activate development consultancy at team level.

We continued to apply Employee Experience Management (EEM) practice that we developed based on "Design Thinking" approach in 2017 as well. We provided "Human-oriented Design" trainings to teams that would carry out EEM projects according to the application we aimed to improve our processes in the eyes of our internal customers. These teams are encouraged to handle their processes via "Design-oriented Idea" approach. We aim to expand this application to other units and increase its efficiency in 2018.

Automotive Post-Graduate Program

During hiring process for Tofaş R&D Center, candidates that have post-graduate or PhD degree have priority. The number of employees that received post-graduate or PhD degree has increased to 134 in this R&D Center in 2017. In this regard, we carry out Automotive Post Graduate Program organized mutually with Uludağ University. According to this program, 6 experienced Tofaş employees give lectures at graduate and PhD levels. As of 2017, 59 Tofaş employees have been participating to post-graduate program, while 15 Tofaş employees have been participating to PhD program.

Workplace

Social Life

We believe that the social opportunities we provide to our employees have positive impacts on their business successes. In this regard, we offer several activities and opportunities that will help enrich their social lives.

13 volunteer clubs and 15 volunteer sport teams initiated by employees continue on their activities. Our sport teams participate each year to Koç Holding Sport Fest, and to sports organizations between companies such as Fiat GAMES and CorriFiat. Social activity groups arrange averagely 300 cultural, artistic and sportive activities a year such as concerts, exhibitions, shows and conferences. And more than 50,000 employees and their candidates attend each year.

Tofaş sports club opened summer schools on swimming, basketball and football and created sports opportunities for children of our employees. A sports hall open for every employee is available in the General Directorate in Istanbul.

We gather our employees and their families together in the Tofaş Day which is organized annually and they share the joy of having such a big family. All employees have the opportunity to enjoy their time with their families in the social facilities at Tofaş Factory.

Besides these activities, we offer dietitian service to employees on appointment basis, in addition to general health services given both in Tofaş Factory and in General Directorate.

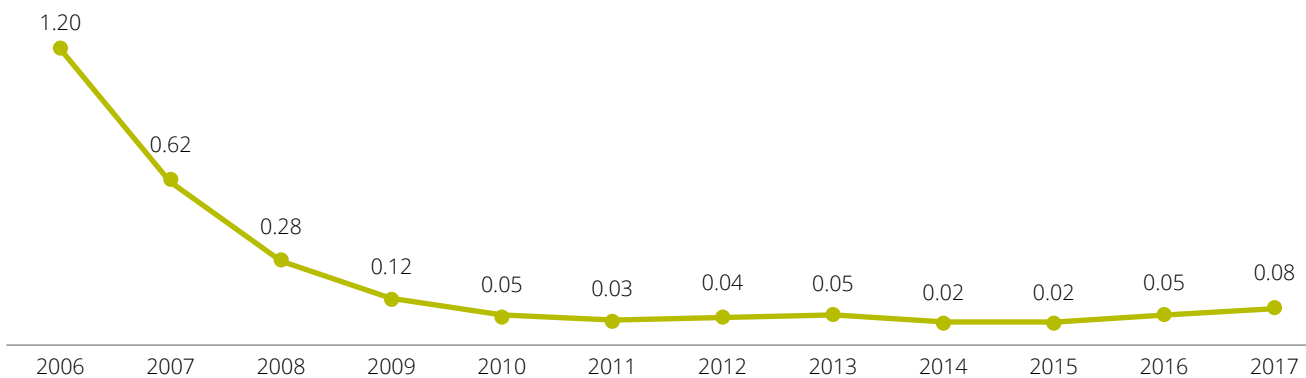
Occupational Health and Safety

We commit to reach “zero occupational accident” goal persistently by continuously improving occupational health and safety culture. We create sustainable occupational safety culture through safe workplace and aim to protect all human resources within the borders of the company against injuries and health deteriorations. We achieve exemplary OHS applications in World Class Manufacturing (WCM) management model.

Our occupational health and safety practices have been rewarded for the second consecutive year in the Golden Glove category of the Occupational Health and Safety Best Practices Competition organized by Turkish Employers’ Association of Metal Industries.

At Tofaş, we carry out OHS activities via Occupational and Fire Safety unit which performs under Environment, Health and Occupational Safety management. 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 OHSAS 18001, WCM Occupational Safety Standards and Tofaş Contractor Procedure methodologies.

Lost Day Rate



(≥1 day lost time accident number x 100,000 / working hour)
Includes Press-Die, BIW , Paint , Assembly , Suspension Shop , Logistics, Spare Part Unit and other Support Units.

Occupational health and safety ranks in the first place in the WCM model as it is the most material factor. At Tofaş, we carry out practices which are introduced by FCA as benchmarks for others. Several companies visit Tofaş Factory to examine our remarkable practices.

We have reduced Lost Time Accident (LTA) frequency by 93% since 2006 when World Class Occupational Safety practice was initiated.

Occupational Health and Safety Trainings and Practices

We provide trainings to Tofaş and contractor employees with an aim to increase the occupational health and safety awareness. In 2017, we have organized OHS trainings for 66,306 person*hours to 8,934 Tofaş employees and for 6,710 person*hours to 8,947 contractor employees.

- **Through Occupational Safety Simulation Training Field (DOJO)** application, we aim to teach our employees the workplace risks by the help of risk simulated stations and equipment. In 2017, we have conducted 6,400 person*hours of DOJO trainings.
- **Through 29 directives established in Contractor Management Procedure** we aim to approach contractor processes proactively to audit and to make them safer by identifying the rules before the work starts.
- **In the Occupational Safety Drama Training** we support the maintenance of zero unsafe behavior at the non-routine works and the enhancement of the occupational safety culture through interactive methods.
- **Through 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.

- **Based on our Safety Captain** practice, field workers undertake occupational safety responsibility during a week in a lean production team of 8-15 workers. Thus, while Captains in charge perform their duties, they observe the possible workplace unsafe conditions and - unsafe acts.
- **Within our Team Flag** practice, by hanging occupational safety flags in the work zone of production teams, we distinguish better performing teams.
- **iSGo mobile application** has been developed to support occupational safety culture and instant input of inconsistencies to the system. Inconsistencies that are detected via this application can be recorded instantly without losing time and field audit application (SMAT) entries can be done anywhere during the application.
- **With Occupational Safety Certification** application, we aim to measure risk evaluation abilities of our employees on site and to level these abilities. We carried this study which we formerly conducted in a special area on site to virtual platform via VR technology. Employees who log in to this certification through the application can wander around in 3D as if they are in a real manufacturing area and can perform risk audits.

Detailed information about Occupational Health and Safety and Tofaş Occupational Health and Safety Policy are available on: www.tofas.com.tr/en/sustainability/Pages/HealthandSafety.aspx or our 2017 Tofaş Annual Report which we publish interactively on ir.tofas.com.tr/en/index.html.

Value Chain

We believe that creating a sustainable value chain is one of the requirements of sustainable business success. We work to create a continuous development-oriented value chain adopting business ethics and working principles identical to that of Tofaş. In this vein, we contribute to the improvement of business success of our suppliers and dealers which are the material constituents of our value chain. We support the development of our suppliers and dealers through training programs we design.

Supply Chain Management

We build close relations based on business success, openness and trust with our suppliers. 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. We adopt the development of both our employees and suppliers continually, providing organizational excellence, and improving business processes steadily as a principle.

We manage our supply chain processes by expert units such as our Supplier Development which report directly to the CEO, in addition to WCC and the Supply Industry Development. Strategic goals and performance results achieved are reported 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 expect 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.

In 2017, we continued using up to date purchasing methods for purchasing business processes and our activities in generalizing these methods via digital transformation. In the next reporting period, we aim to continue improvement studies in product costs through detail part commonization and localization projects. In addition, we plan to activate our plans in regards to the long-term “Supplier Park Rationalization” in which supplier park will be analyzed multilaterally.

Selecting the Supplier

Principally, we expect our suppliers to act together towards common objectives. When selecting suppliers, we expect them to be 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 audit.

We conduct majority of our international purchasing with FCA purchasing organization. While carrying out local purchasing activities, we give the priority to local supplier with an aim of localization and to reduce foreign dependency. Except engine and transmission, we carried out 71% of our purchases from local suppliers in 2017. We realized direct material and equipment supply from 151 local companies, and indirect material and service supply from 1,814 local companies.



Supplier Development Practices

We give importance to enhancing suppliers' competitive edge and support their development. We carry out activities that contribute to the development of our suppliers in product design, organizational and technical development, quality, cost improvement, physical and financial risks, production process improvement, and joint purchasing.

Generalization of WCM (World Class Manufacturing) in Suppliers: We conduct studies to generalize WCM in order our suppliers to integrate WCM methodology to their business models and to embrace the WCM Program. We share innovative practices that provide quality and cost improvement with our suppliers. In this regard, the aim is to generalize LCA (Low Cost Automation) project which was expanded to 30 suppliers, to 20 new suppliers in the next period. "Setup Periods Improvement Project" which aims to increase efficiency in production processes of suppliers will be activated in practice in 10 suppliers in 2018.

Tofaş Academy Trainings for Suppliers: We share Tofaş's technical expertise with our suppliers through Tofaş Academy trainings. In 2017, we provided 58 training modules to 1,135 employees from 68 suppliers. Again, during this period, we initiated "UP" (Apply the Competencies, Plan the Development) program for the technical competency development of employees working in key areas including purchasing, quality, project and logistics units of certain suppliers; in this vein, 56 employees of 14 suppliers finished the basic trainings by the end of 2017. Suppliers' journey of development through UP program will continue through trainings prepared specifically for expertise areas in 2018 as well.

Management Projects for Suppliers: For improving our suppliers' management skills, human resources and process efficiency, we continued our projects on competency development in the areas of problem solving, planning, and diagnosis in 2017.

Supplier Orientation: 113 employees of 37 suppliers were informed with the organization called "Synergy" which aims to give healthy information to suppliers about Tofaş business processes.

Supplier HR Summit: In 2017, 74 suppliers attend to GO (Focus on Development) Summit in which best practices were shared to help develop HR processes of suppliers.

Sustainability Risk 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 predefine the necessary action plans. We support our suppliers operationally and financially to enable them to gain information about sustainability risk management.

We monitor and evaluate performance of all suppliers in areas of trade efficiency, quality and delivery via defined standards in order to secure quality and sustainability in manufacturing and increase our competitiveness. We work to increase suppliers' awareness on the fact that reaching the target performance and practice level is also a factor that provides development for the supplier.

We identify risks in supply chain through an extensive and effective auditing practice. Therefore, we conduct extensive supplier audits including environment, occupational health and safety, and employee development. Then we support our suppliers through development plans we prepared to improve their performance. According to the audit activities done in 2017, we evaluated 26 suppliers in social criteria and 14 suppliers in environmental criteria.

To identify financial risks in supply chain, we carry out audits via our Financial Risk Management Department together with the support of an independent third-party corporation. In 2017, we have completed financial risk evaluations of 48 suppliers and developed their action plans.

Value Chain

Authorized Dealer and Service Network

The factors that constantly increase customer satisfaction that Tofaş pays utmost importance to include its advanced logistics and distribution competency, developed after-sales service opportunities, and long-term business relations with its suppliers based on trust.

The dealer network of brands that Tofaş represents is structured as sales, service, and spare parts. Almost all Tofaş dealer network offers service to customers as an integrated facility. This dealer network defined as 3S offers new vehicle sales and after-sales services together in the same area. In addition, the services offered to customers in a Tofaş dealer include automobile insurance, traffic insurance and vehicle credits.

Providing service to brands including Fiat, Alfa Romeo and Jeep®, Tofaş Dealer Network has 77 main offices for Fiat and 15 main offices for Alfa Romeo Jeep® as of 2017. Fiat brand that provides a service to its customers by 111 sales and 128 service points is among the top three brands in regards to sales and service network. Fiat dealer organization has 5,270 employees. 335 employees work in sales and services for the brands Alfa Romeo Jeep and Lancia which consist of dealers that have been investing in these brands for long years and that are more experienced than those in the sector.

Corporate Citizenship

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As a corporate citizen, we adopt a responsible approach for the development of our society. In this regard, we continue to contribute to the local economy and carry our social investments that will create an added value for the society.

Contribution to Local Economy

As being one of the leading organizations in the sector, we create positive impact on local economy with our wide value chain as part of our corporate citizenship approach. We accordingly give utmost importance to increase local employment. All our field workforce and 93% 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 dealers and with R&D studies that can be regarded globally as good practices.

Community Investments

We realize long-term social responsibility projects that support social development in regards to sports, education and culture & art. We take into account the requirements and expectations of the local community and our stakeholders while realizing the projects. Social responsibility projects are carried out by the Corporate Communication Directorate based on Tofaş Donation and Sponsorship Policy.

In 2017, we allocated 7 million TL to social responsibility projects.

Sports

Tofaş Sports Club

Tofaş Sports Club that was founded with the name Tofaş SAS in Bursa Tofaş Factory in 1974 continues to operate in branches including basketball, football, volleyball, table tennis, water polo and bridge. The club brought the first European Cup Final and the first Turkey Championships, Presidency Cup Championship, Turkey Cup Championship and Schools Basketball World Championship to Bursa in Basketball branch. Tofaş Basketball Team continues to compete in ULEB EuroCup and Super League in 2017-2018 season. Tofaş Sports Club brings new talents in Turkish sport with ongoing investments in youth teams and youth-team focused model.

Tofaş Sports Hall

Tofaş plays the matches it hosts in Nilüfer Tofaş Sports Hall in Bursa. Matches played with high number of audience contribute to the social life of Bursa citizens.

New Generation Tofaş Project

New Generation Tofaş Project aims to provide equal opportunities to children for accessing to sports and to support them in gaining a culture and perspective that will help them to be successful in all aspects of life beyond sports training. New Generation Tofaş is a training and practice model in the triangle of a coach, family and the child for a generation that embrace a true sports culture in which every child can play basketball under the same opportunities in their neighborhoods. Through New Generation Tofaş Project, we reached to 1,000 children via 8 basketball



Corporate Citizenship

schools in 2017. 9 teams formed with children selected to youth team continue their trainings in Mustafa V. Koç Sports Complex.

For the sustainability of sportive activities, every week, 34 trainers that are interns in this project receive trainings on how to make theoretical and practically active trainings. Other areas of activity include an e learning system established in order to train families and trainers in these regions, street tournaments organized for developing a public-wide basketball culture, and science and creative drama workshops to support social intelligence development of children.

Mustafa V. Koç Sports Complex

Mustafa V. Koç Sports Complex which started functioning in 2016 offers service not only to Tofaş personnel, but amateur sports clubs and athletes in Bursa as well. 5,800 m² complex includes a sports hall with three basketball courts, training center and fully-equipped athlete rehabilitation center that covers all kind of physiotherapy requirements.

Training

Fiat Laboratory

Our goal for Fiat Laboratories which started functioning with the integration of Koç Holding's project "Vocational High Schools: A Crucial Matter for the Country" is to train technical workforce having a command of new technology and to make use of this power in Turkish automotive industry. We work in collaboration with the Ministry of Education, Directorate General for Vocational and Technical Education; and contribute to development of motor vehicle technology areas in industrial technical education schools and establishments. Fiat Laboratory launched for the first time in 2006 in Şişli Industrial Vocational High School celebrated its 11th anniversary in 2017.

Every school within Fiat Laboratories received 11 Fiat Egea based on "Vocational Education" program in order to help students follow new technologies more closely and receive education through updated tools in 2017.

As of 2017, the number of students and teachers in Fiat Laboratories has become 2,000. In 2017, 213 students were graduated from Fiat Laboratories. Within 2016 2017 European Union Project, Fiat Laboratory students and teachers had the opportunity to have training in European countries and to have international experience by working in services in these countries.

Teachers working in Fiat Laboratories receive annual trainings about technical, behavioral and social responsibility trainings that include up to date technologies in regards to in-service education. Until now, 400 vocational high school teachers benefited from In-Service Education Program whose 11th version was organized in 2017.

Based on the "Vocational High Schools: A Crucial Matter for the Country" project, student who are studying at Fiat Laboratories started to receive scholarship from Vehbi Koç Foundation; 311 students received scholarship in 2017.

Innovation Workshop in Tofaş Science High School

Tofaş Science High School opened with the cooperation of Demirtaş Organized Industrial Zone (DOSAB) and Tofaş which started education in 2014 2015 school year ranked first among favorite schools in Bursa for 2016 2017 school year. In 2017, "Innovation Workshop" which has been opened in Tofaş Science High School with the support of different departments at Tofaş created an environment where students are able to learn projecting processes via innovative methods through experience and have the opportunity to discover their own potentials. Through this Innovation Workshop, we aim to train qualified young people who would steer the fields of automotive and engineering and shape the future.

Vocational Education Support Program

Vocational Education Support Program has been initiated to bring technical labor force that masters new technologies in automotive industry to the sector. 57 Fiat Egea model vehicles were donated to 44 universities and 13 vocational high schools in 2007 to be used in workshop studies in order to provide students an opportunity to learn research development steps and operating principles of a vehicle through experience.

Culture & Art

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 600,000 visitors until now.

Historical Umurbey Turkish bath giving a service as Art Gallery within the boundaries of Tofaş Museum of Anatolian Cars, hosted a total of 6 temporary exhibitions. The number of visitors to "Scale knob: Balances, Weights, Measuring Devices" exhibition launched in 2016 and that has the footprints of social and commercial life from past to present is over 70,000.

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 listed as the UNESCO's World Heritage in 1988. Excavation works carried out under the control of Ministry of Culture and Tourism and Governorship of Denizli continued in 2017 as well.

An international team with almost 70 people including archaeologist, architectures, restorators and specialists, primarily from Italy and Turkey, takes charge at Hierapolis excavations. Within the scope of the excavations, renovation of Antique Theater hall, one of the best examples among Roman theatres that was constructed almost 1,800 years ago, has been completed. Hierapolis Antic Theatre, the only antic theatre in Turkey, the stage building of which has been renovated, was opened for arts and culture events with capacity of 12,000 people after renovation. We continue to support Hierapolis excavations through excavation and restoration works in Plutonium that was revealed in the ancient city.

Performance Data	2013	2014	2015	2016	2017
Economic and Operational Indicators					
Production (number)	244,614	222,807	278,252	383,491	384,174
Total Retail Sales (number)	100,441	92,355	113,929	109,021	122,818
Automobiles	53,104	42,769	51,802	55,284	64,133
LCV	47,337	49,586	62,127	53,737	58,685
Total Exports (number)	160,319	142,281	173,873	279,537	270,760
Automobiles	43,477	25,067	32,055	139,629	152,089
LCV	116,842	117,214	141,818	139,908	118,671
Capacity Utilization Rate (%)	61	56	70	95	85**
Net Sales (thousand TL)	7,037,954	7,440,009	10,168,542	14,605,281	17,467,806
Domestic	2,876,376	3,023,705	4,121,142	4,291,021	5,409,421
Export	4,069,041	4,297,030	5,729,275	9,839,301	11,887,628
Other Real Operating Sales	92,537	119,274	70,306	105,629	170,757
Profit Before Tax (thousand TL)	477,075	472,253	617,987	797,936	1,229,472
Profit After Tax (thousand TL)	434,223	574,238	830,801	970,228	1,282,818
EBITDA (thousand TL)	816,735	815,607	1,062,668	1,366,148	2,002,064
Earnings per Share (Kr)	0.87	1.15	1.66	1.94	2.57
Economic Value Generated - Net Income (thousand TL)	7,037,954	7,440,009	10,168,542	14,605,281	17,467,806
Economic Value Distributed (thousand TL)	6,661,216	7,300,388	9,700,811	14,038,555	16,243,695
Operating Costs	5,751,832	6,062,362	8,809,825	12,536,578	15,085,665
Employee Wages and Benefits	439,750	520,030	548,210	728,353	774,509
Dividend Payment to Shareholders	325,000	485,000	365,000	365,000	350,000
Government Taxes and Other Obligations	140,229	228,387	336,497	399,803	26,503
Community Investments*	4,405	4,609	6,279	8,821	7,018
Economic Value Retained (thousand TL)	368,175	132,885	92,208	552,117	1,224,111
Government Incentives (thousand TL)*	58,211	95,174	73,449	69,938	169,575
Corporate Governance Rating Notes	9.14	9.01	9.06	9.14	9.15
Total R&D Budget (million TL)	113	541	584	440	244
Total R&D Employees (number)	491	605	674	628	620
Total Number of Patents	48	4	6	5	5

Performance Data	2013	2014	2015	2016	2017
Environmental Performance Indicators					
Total Energy Consumption (GJ)	1,124,120	1,063,686	1,303,923	1,496,302	1,446,336
Direct Energy Consumption - Natural Gas (GJ)	612,661	609,138	805,475	895,259	862,084
Indirect Energy Consumption (GJ)	511,459	454,548	498,448	601,043	584,252
Electricity	441,120	434,108	498,448	601,043	584,252
Steam	70,339	20,440	0	0	0
Energy Consumption per Vehicle Manufactured (GJ/vehicle)	4.59	4.77	4.69	3.88	3.76
Energy Saved Through Efficiency Projects (GJ)	72,614	124,812	71,010	60,169	72,633
GHG Emission Reduction Through Efficiency Projects (Ton CO ₂ e)	6,541	9,720	6,225	4,213	5,918
Scope 1	2,254	4,995	4,403	2,688	2,708
Scope 2	4,287	4,725	1,822	1,525	3,210
Direct GHG Emissions (Scope 1) (Ton CO ₂ e)	49,208	50,103	68,904	77,808	68,467
Indirect GHG Emissions (Scope 2) (Ton CO ₂ e)	62,919	55,879	61,753	74,463	69,136
GHG Emissions From Personnel Commuting (Scope 3) (Ton CO ₂ e)	2,639	2,740	3,442	4,938	3,444
GHG Emissions per Vehicle Manufactured (Kg CO ₂ e/vehicle)	0.458	0.476	0.47	0.397	0.358
Total VOC Emissions (ton)	993	891	1,054	1,388	1,319
Specific VOC Emissions (gr/m ² painting surface)	36.9	35.5	33.76	34.55	33.91
Total Water Withdrawal - Underground sources (m ³)	857,305	772,247	894,265	1,254,587	1,210,039
Fresh Water Consumption per Vehicle Manufactured (m ³ /vehicle)	3.51	3.47	3.21	3.27	3.15
Total Water Recovered (m ³)	52,099,771	52,430,664	60,841,359	68,688,520	63,204,065
Reuse	52,079,106	52,421,214	60,841,359	68,688,520	63,204,065
Recycle	20,665	9,450	0	0	0
Waste Water Discharge - to Receiving Natural Environment (m ³)	587,561	580,600	760,629	1,009,621	987,634
Total Hazardous Wastes by Disposal Method (ton)	2,618.4	1,484	1,447	2,305	2,431
Energy Recovery	2,321.9	867.31	1,014	1,667	1,869
Recovery	288.6	320.1	411	507	562
Landfill	0	297.44	22	131	0
Total Non-Hazardous Wastes by Disposal Method (ton)	67,831.5	62,753.1	7,847.9	86,514.0	93,109
Energy Recovery	296.8	1,046.90	1,060	1,448.5	2,766
Recovery	67,534.7	61,706.2	7,741.9	85,065.0	90,343

Performance Data	2013	2014	2015	2016	2017
Total Non-Hazardous Wastes by Disposal Method (ton)	2,618.4	1,484	1,447	2,305	2,431
Total Packaging Material Used (ton)	6,535	5,987	9,316	11,768	10,263
Packaging Waste Recovery Ratio (%)	100	100	100	100	100
Environmental Trainings - Participation (number of participants)	1,600	3,917	2,767	3,760	1,662
Direct Employees	630	3,092	2,143	3,517	329
Contractor Employees	970	825	624	243	1,333
Environmental Trainings - Total Hours (person x hours)	1,780	3,917	6,407	3,826	1,662
Direct Employees	630	3,092	1,648	3,504	329
Contractor Employees	1,150	825	4,759	322	1,333
Total Environmental Management Costs (TL)	1,821,600	1,581,544	2,230,971	1,034,007	1,309,448
Fines Due to non-Compliance to Environmental Regulations (number-TL)	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 number	6	9	7	15	14
Social Performance Indicators					
Employee Trainings - Participation (number of participants)	5,619	7,131	8,187	8,113	7,527
Shopfloor Employees	4,380	5,819	6,090	6,429	5,838
Office Employees	1,239	1,312	2,097	1,684	1,689
Female	121	148	1,306	879	672
Male	5,498	6,983	6,881	7,234	6,855
Employee Trainings - Total Hours (person x hours)	224,198	268,412	94,918	665,629	191,507
Shopfloor Employees	122,560	141,080	25,258	564,527	91,001
Office Employees	101,638	127,332	69,660	101,102	100,506
Female	10,120	13,420	14,600	107,754	24,988
Male	214,078	254,991	80,318	557,875	166,519
Average Hours of Training per Employee (hours/person)	35.8	39.9	40.25	82.04	44.5
Shopfloor Employees	24.9	28.1	32.32	87.8	40.1
Office Employees	76.0	86.3	44.03	60	66.5
Female	41.5	44.3	40.82	122.5	41.4
Male	35.6	41	40.1	77.1	44.9

Performance Data	2013	2014	2015	2016	2017
Contractor Employee Trainings - Participation (number of participants)	4,417	5,167	5,748	711	1,135
Contractor Employee Trainings - Total Hours (person x hours)	5,982	7,649	4,592	11,376	13,702
Average Hours of Training per Contractor Employee (hours/ person)	4.0	5.0	4.6	11.4	12.1
OHS Trainings - Participation (number of participants)	10,914	16,543	8,756	14,173	17,881
Direct Employees	6,497	8,062	4,364	6,966	8,934
Contractor Employees	4,417	8,481	4,392	7,207	8,947
OHS Trainings - Total Hours (person x hours)	34,500	67,181	34,896	60,865	73,016
Direct Employees	28,518	59,532	31,602	55,460	66,306
Contractor Employees	5,982	7,649	3,294	5,405	6,710
Injury Rate					
Direct Employees	0.06	0.04	0.05	0.05	0.33
Contractor Employees	0.58	0.13	0.81	1.7	0.7
Occupational Diseases					
Direct Employees	0	0	0	0	0
Contractor Employees	0	0	0	0	0
Lost Day Rate					
Direct Employees	0.05	0.02	0.02	0.05	0.08
Contractor Employees	0.73	0.51	0.69	0.79	0.16
Fatalities (number)					
Direct Employees	0	0	0	0	0
Contractor Employees	0	0	0	0	0
Employees Involved in Activities with High Accident or Disease Risk (number)	0	0	0	0	0
OHS Committees Established (number)	9	9	9	9	9
Total Members in OHS Committees Established (number)	95	95	98	99	99
Employee Representatives in OHS Committees Established (number)	9	9	11	12	12
Total Suppliers based on Workforce Criteria (number)	15	21	20	21	26

*The data is revised retrospectively.

** Installed capacity increased.

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

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



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102-31	Risk Management (p.6-7); Sustainability Management (p.13)
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103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Risk Management in Supply Chain

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103-1	Sustainability Management (p.13)
103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Occupational Health and Safety (p.32); Sustainability Risk Management in Supply Chain (p.35)
103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Risk Management in Supply Chain (p.35)
403-1	Occupational Health and Safety Trainings and Practices (p.33)
403-2	"Performance Data (p.43) During the reporting period neither fatality nor occupational disease case occurred."
403-3	Performance Data (p.43)
403-4	Our OHS commitments are found in the collective bargaining agreement. Most recent collective bargaining agreement contains OHS issues such as compliance to regulations, health and protective equipment.
Training and Education 2016	
103-1	Sustainability Management (p.13)
103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Employee Development (p.31); Sustainability Risk Management in Supply Chain (p.35)
103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Risk Management in Supply Chain (p.35)
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103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Human Rights (p.30); Sustainability Risk Management in Supply Chain (p.35)
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103-1	Corporate Governance Structure; Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Human Rights (p.30); Gender Equality (p.30); Sustainability Risk Management in Supply Chain (p.35)
103-2	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Human Rights (p.30); Sustainability Risk Management in Supply Chain (p.35)
103-3	During the reporting period, no case of discrimination has occurred.
406-1	Raporlama döneminde ayrımcılıkla ilgili bir vaka yaşanmamıştır.

Freedom of Association and Collective Bargaining 2016	
103-1	Sustainability Management (p.13)
103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Human Rights (p.30); Sustainability Risk Management in Supply Chain (p.35)
103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Human Rights (p.30); Sustainability Risk Management in Supply Chain (p.35)
407-1	During the reporting period, no evidence for unionization and collective bargaining rights to be under risk in Tofaş operation. Same principle is also considered during supplier audit process and no risk element witnessed.
Child Labor 2016	
103-1	Sustainability Management (p.13)
103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Human Rights (p.30); Sustainability Risk Management in Supply Chain (p.35)
103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Human Rights (p.30); Sustainability Risk Management in Supply Chain (p.35)
408-1	During the reporting period, no evidence for risk of child labor in Tofaş operations has been witnessed. Same principle is also considered during supplier audit process and no risk element witnessed.
Forced or Compulsory Labor 2016	
103-1	Sustainability Management (p.13)
103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Human Rights (p.30); Sustainability Risk Management in Supply Chain (p.35)
103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Human Rights (p.30); Sustainability Risk Management in Supply Chain (p.35)
409-1	During the reporting period, no evidence for risk of forced or compulsory labor in Tofaş operations has been witnessed. Same principle is also considered during supplier audit process and no risk element witnessed.
Security Practices 2016	
103-1	Sustainability Management (p.13)
103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Human Rights (p.30); Sustainability Risk Management in Supply Chain (p.35)
103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Human Rights (p.30); Sustainability Risk Management in Supply Chain (p.35)
410-1	Certified security personnel specialized in the field take charge in ensuring the safety of Tofaş operation. Communication with third parties and human rights issues are involved in the scope of the security personnel's training. All security personnel are informed about company procedure.

Customer Health and Safety 2016	
103-1	Sustainability Management (p.13)
103-2	Corporate Governance Structure(p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Vehicle Safety, Driving and Passenger Comfort (p.21)
103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)
416-1	Vehicle Safety, Driving and Passenger Comfort (p.21)
416-2	During the reporting period, no case of non-compliance to regulations has occurred regarding vehicle and passenger safety aspects.
The Balance of Business Life - Private Life	
103-1	Sustainability Management (p.13)
103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Social Life (p.32)
103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)
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103-1	Sustainability Management (p.13)
103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Brand Perception (p.17)
103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)
Product and Service Quality 2016	
103-1	Sustainability Management
103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); World-Class Production and Quality (p.26)
103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)
Customer Satisfaction 2016	
103-1	Sustainability Management (p.13)
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103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11)
Supplier and Dealer Business Success 2016	
103-1	Sustainability Management (p.13)
103-2	Corporate Governance Structure (p.6); Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Management (p.11-12); Supplier Development Practices (p.35); Sustainability Risk Management in Supply Chain (p.35); Authorized Dealer and Service Network (p.36)
103-3	Risk Management (p.6-7); Internal Control and Internal Audit (p.11); Sustainability Risk Management in Supply Chain (p.35)

Corporate Memberships

Climate Platform (REC Turkey)	Membership
Automobile Manufacturers' Association	Board of Directors, Committee and Study Group Memberships
Automobile Distributors' Association (ADA)	General Assembly, Board of Directors, Audit Commission and Committee Memberships
Istanbul Chamber of Industry (ICI)	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)	Board 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 (TİDE)	Membership
Turkish Researchers' Association (TUAD)	Membership
Corporate Governance Association of Turkey (TKYD)	Corporate Membership and Study Group Membership
Investor Relations Association (TUYİD)	Corporate Membership
Ethics and Reputation Society (TEİD)	Corporate Membership and Representation
Bursa Chamber of Commerce and Industry Educational Foundation (BUTGEM)	Board Membership
Professional Competency Board (MYK)	Automotive Industry Committee Presidency
Automotive Technology Platform (OTEP)	Executive Board and Security Group Membership
METU/BİLTİR-ÜTEST Product Use Test Unit (OTEST)	Council Membership
Istanbul Chamber of Commerce (İTO)	Membership
Tool Manufacturers' Association of Turkey (UKUB)	Substitute Board Membership
Tax Council	Study Group Membership
Corporate Risk Management Association (KRYD)	Membership



GHG VERIFICATION STATEMENT

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1. SCOPE

Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. performed verification of conformity of the TOFAŞ GHG Inventory Report for the period 1st January 2017 to 31st December 2017 to *ISO 14064-1:2006 Greenhouse Gases–Part 1: “Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals”* at a reasonable confidence level according to ISO 14064-3 standard. Verification activities including office and field studies were conducted on May 2018.

These studies had been carried out in order to provide a verification opinion with reasonable confidence that the TOFAŞ 2017 GHG Inventory Report, which includes GHG emissions Scope 1 (direct greenhouse gas emissions) and Scope 2 (energy indirect greenhouse gas emissions) does not contain significant errors and to ensure that Scope 3 (other indirect greenhouse gas emissions) greenhouse gas emissions are verified at a limited confidence level in accordance with *ISO 14064-3:2006 Greenhouse Gases–Part 3: “Specification with guidance for the validation and verification of greenhouse gas assertions”*.

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

2. GHG STATEMENT

The GHG assertions verified were the following:

- That the 2017 GHG Inventory has been developed in accordance with common industry practice, including ISO 14064-1:2006 Standard.
- That the calculated Scope 1 and Scope 2 GHG emissions for the 2017 are **137.603 tons of CO₂e**. The emission sources included for each source has been given in verification report.
- That the calculated Scope 3 GHG emissions for the 2017 are **8.294.889 tons of CO₂e**. The emission sources included for each category has been given below.

- Purchased goods and services	: 694.984 tons of CO ₂ e
- Upstream transportation and distribution	: 166.884 tons of CO ₂ e
- Waste generated in operations	: 791 tons of CO ₂ e
- Business travel	: 300 tons of CO ₂ e
- Employee commuting	: 3.444 tons of CO ₂ e
- Downstream transportation and distribution	: 43.880 tons of CO ₂ e
- Use of sold products	: 7.114.408 tons of CO ₂ e
- End of life treatment of sold products	: 270.198 tons of CO ₂ e

3. ASSURANCE LEVEL

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

- Conformance with the general requirements of ISO 14064-1:2006.
- Reasonableness of the calculated Scope 1 and Scope 2 emissions for the 01.01.2017-31.12.2017.
- Limitation of the calculated Scope 3 emissions for the 01.01.2017-31.12.2017.



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4. VERIFICATION ACTIVITIES

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

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

5. VERIFICATON OPINION

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

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

GHG Assertion #2: 137.603 tons CO₂e of which 68.467 tons of CO₂e are direct emissions (Scope 1) and 69.136 tons of CO₂e are energy indirect emissions (Scope 2) are reasonable.

View Declaration

The greenhouse gas emission data (Scope 1 and 2) for 2017 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: 8.294.889 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 2017 disclosed in the Sustainability Report as a result of verification audit held on the basis of international standards has been verified with limited assurance.

Onur YILMAZ
Technical Manager
Greenhouse Gas Lead Verifier



TÜRK LOYDU

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ASSURANCE STATEMENT (Reasonable Level)

Statement Date: 13.06.2018	Statement No: 04	Revision No: 01	Page: 1 / 2
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TÜRK LOYDU

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

ASSURANCE STATEMENT (Reasonable Level)

Statement Date: 13.06.2018	Statement No: 04	Revision No: 01	Page: 2 / 2
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1. SCOPE OF WORK

Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. carried out office and field studies to provide an independent assurance at reasonable confidence level of its select GRI Performance Indicators (Energy Efficiency and GHG (CO₂) Emissions, Water Management) of TOFAŞ Sustainability Report 2017 according to GRI G4 Sustainability Reporting Guidelines. Verification activities were conducted during June 2018.

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

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

The information and responsibility in the TOFAŞ 2017 Sustainability Report belongs to the organization and Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. was not involved in the drafting of the Report. The sole responsibility of the Türk Loydu Uygunluk Değerlendirme Hizmetleri A.Ş. was to provide independent assurance on the accuracy and reliability of information included, and on the underlying systems and processes used to collect, analyse and review it.

2. VERIFICATION ACTIVITIES

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

- a. TOFAŞ Türk Otomobil Fabrikası A.Ş. has made this verification for one production site located at Bursa Factory; İstanbul Cad., No:574 16369 BURSA and head office building located at Büyükdere Cad. No: 145 Tofaş Han 34394 Zincirlikuyu/İSTANBUL,
- b. Site visit had been conducted at Bursa Factory; İstanbul Cad., No:574 16369 BURSA on 01.06.2018,
- c. Relevant personnel interviewed who are the responsible for the relevant data systems and collection, compilation and analyses processes during the site visit verification,
- d. Review and verify of performance indicator information and datas with reference documents,
- e. Evaluation of data and information management systems in terms of collection, aggregation, analysis and review.

3. ASSURANCE STATEMENT

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

Based on our work, it is our opinion; the GRI Performance Indicators (Energy Efficiency and Greenhouse Gas Emissions, Water Management) of TOFAŞ 2017 Sustainability Report are verified and confirmed by the verification team.



Onur YILMAZ
Technical Manager
Greenhouse Gas Lead Verifier



TÜRK LOYDU

SERA GAZI DOĞRULAMA BEYANI GREENHOUSE GAS VERIFICATION STATEMENT

Belge No / Certificate No : 2018.9918.0003

TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.



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

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

firmasında Türk Loydu tarafından
Türk Loydu hereby certifies that,

TS ISO 14064-1 : 2006

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

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

Toplam Sera Gazı Emisyonu Total Greenhouse Gas Emission	: 137.603 tCO ₂ e
Doğrudan Emisyonlar Direct Emissions	: 68.467 tCO ₂ e
Enerji Dolaylı Emisyonlar Energy Indirect Emissions	: 69.136 tCO ₂ e
Güven Seviyesi Level of Assurance	: Makul : Reasonable

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

Doğrulama Periyodu / Verification Period : 01.01.2017-31.12.2017
Belgelendirme Tarihi / Date of Certification : 12.06.2018
Doğrulama Raporu Ref.No / Ref.No of Verification Report : 9918-02

Sorumlu Müdür
Responsible Manager

Teknik Yönetici
Technical Manager

Tofaş 2017 Sustainability Report Stakeholder Feedback Form

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

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

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

Please share your comments, expectations and suggestions.

Name:

Email:

Phone:

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

Legal Notice and Contacts

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Legal Notice:

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