Sustainability Report 2022

TEMSA

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Messages to Our Stakeholders

Chairman's Message

Cevdet Alemdar
Chairman of the Board

Dear Stakeholders,

We suffered two major earthquake disasters at the start of 2023 that had a profound impact on our nation and brought us all immense pain. As soon as the earthquake struck, we gathered all available resources and, working with governmental and non-governmental organizations, offered assistance to 11 provinces that were impacted. We did our best to heal our wounds with great sensitivity in order to overcome these difficult times together. Once again, we would like to extend our deepest condolences to the entire nation.

At TEMSA, we draw attention to the rapid changes in the transportation sector and integrate sustainability into our strategy in order to achieve a strong position in the sector. Our R&D and innovation efforts in line with our strategy create significant opportunities for us to develop sustainable products, low-carbon services and innovative solutions.

Over the course of our more than 50 years in operation, we have successfully navigated several obstacles, including major global crises. In the face of these crises, we have not compromised on our sustainability vision and have continued to move forward in this area in a solid manner. We have 9 different products that directly reduce the use of environmental resources and carbon emissions through sustainable products, which we define as part of our sustainability journey.

As TEMSA, we continue to strengthen our international network under the umbrella of Sabancı Group and PPF Group by ranking among the world's leading brands in bus, midi-bus and light truck production with more than 50 years of experience. While putting more than 15,000 vehicles on the road in 70 countries around the world, we export five different electric bus models that we produce for intercity passenger and tourism buses and urban public transportation to European countries such as France, Germany, England, Italy, Austria, Sweden, Benelux countries and Lithuania, as well as the US and various Turkic republics. Through these initiatives, we not only set the standard for smart mobility solutions but also keep up the momentum to make electric vehicles more common in our country by growing our export volume. We value the involvement of our suppliers in our decision-making processes as they are one of our key success partners, and we handle our communications with them in a way that promotes sustainability.

As a company that prioritizes innovation and inventiveness, we invest in alternative fuel and electric vehicles. As TEMSA, we have evaluated our long-term investment portfolio and expanded our electric vehicle portfolio with the launch of "LD SB E" in this reporting year. In 2022, our sustainability-oriented R&D and innovation investments accounted for 54% of the total R&D budget. In the future, we are determined to bring autonomous vehicles to the market in addition to electric vehicles, and we are developing our collaborations and continuing our work in this direction.

As a company that places a high priority on renewable energy sources, we are working harder every day to lower our greenhouse gas emissions. In line with our 2050 net zero emission target, we closely monitor our emissions. For the transparency of our calculated emissions, we receive validation services from third-party independent validation companies. As part of our commitment to the Science Based Targets initiative (SBTi), we intend to reduce our Scope 1 and Scope 2 emissions by 42% by 2030 compared to the baseline year of 2021.

In the coming years, we aim to increase the impact of our sustainability-oriented efforts towards the goal of creating shared value in collaboration with our stakeholders. With great pleasure, I offer to you, our esteemed stakeholders, our performance in the areas of environmental, social, and corporate governance, as well as our progress towards achieving our objectives, through our comprehensive sustainability report. I would like to congratulate our entire team on their unwavering dedication to TEMSA's sustainability mission, as well as all of our cooperating stakeholders, and thank them for their contributions.

Sincerely,

CEO's Message

Tolga Kaan Doğancıoğlu
CEO

Dear Stakeholders,

I would like to offer our condolences and best wishes for a speedy recovery to all of the impacted residents as well as to the entire nation for the devastating earthquake on February 6, 2023, which struck 11 provinces in total, including Adana, which is home to our Company's headquarters. We mobilized our resources and gave support to the disaster zone immediately after the earthquake, and we continue to offer help. We as a society are confident that our unity will help us get through these trying times.

We are experiencing economic, social, and ecological changes in addition to natural disasters. The global automotive industry is one of the sectors that is responding to this change the fastest. The integration of our TEMSA electric buses into the public transportation network has several benefits, including enhanced air quality, fuel savings, lower fuel-related costs, and the prevention of noise pollution. These factors, created by digitalization and technology, also improve transportation and quality of life in smart cities.

As TEMSA, we work with the goal of contributing to smart mobility solutions that shape the sustainable future and decarbonization in the automotive industry. We continue our efforts to create smart cities in Türkiye and around the world by crossing borders with our electric vehicles. We continue to be the only manufacturer in Europe to offer electric cars in every segment, thus solidifying our position as a leader in electric vehicles.

As of 2020, one of our main goals has been to create a sustainable future in the automotive industry. We are working harder every day to become not just a bus manufacturer but also a service provider by offering products and services in a variety of sectors, including electric and autonomous vehicles, production of power distribution and vehicle charging units, and charging stations. With these efforts, we contribute significantly to our industry. With our product range, we as TEMSA contribute to "smart mobility" solutions and "decarbonization" that will shape the future of the automotive industry.

We export to 70 countries. We are able to go forward with our export capability and sustainability approach thanks to our product designs, weight reduction efforts, and processes designed to reduce the environmental impact of our products during their use by minimizing fuel consumption. In 2022, our sustainability-focused R&D and innovation investments reached 75.2 million TRY.

At TEMSA, we are adhering to the European Union's Green Deal Deforestation Law, which intends for all new vehicles to be zero-emission by 2035. By 2025, we aim for 50% of the vehicles in the city bus segment to be alternative fueled. Electric vehicles play an important role in our journey to reach this goal. We believe that realizing our commitments will also contribute to reducing deforestation, conserving energy and water resources, reducing waste and expanding the production of zero-emission vehicles.

We are also seizing the opportunities offered to us by the Fit for 55 Package, which includes various measures to reduce greenhouse gas emissions in the transportation sector. The measures envisaged by the package encourage us to make our production processes more sustainable and reduce the greenhouse gas emissions of the vehicles we produce. Accordingly, we are already taking steps to make our production processes greener and more sustainable. Our goal is to reduce our Scope 1 and Scope 2 emissions by 42% by 2030 in line with our SBTi commitment. In this process, we focus on developing innovative solutions in our products and production methods based on sustainability.

This year, TEMSA completed its first CDP report, a significant step in fortifying the approach we have adopted to address the climate crisis as part of our sustainability vision. With taking this step, we are proving that we have strengthened our efforts on climate-related issues. We signed a YEK-G Renewable Energy Supply Agreement with our electricity supplier and started using renewable energy sources in our operations. Through YEK-G, we achieved an emission reduction of 4,052.98 tons of CO_2e.

Furthermore, we leverage life cycle analysis logic to thoroughly examine the environmental impact of our products and services at every stage while developing effective strategic improvement processes for our inventory limits. Within this framework, we also care about the end-of-life emissions and end-of-life waste of our products. With our zero-waste approach that supports our circular economy goals, we were awarded the "Zero Waste Basic Level" certificate in 2020. In addition, we joined the Business and Sustainable Development Council Business Plastics Initiative, with the goal of achieving a 100% reduction in the consumption of single-use plastics in certain categories in our offices by 2024.

Our country is among those that is most likely to experience the trend of declining water supplies and the risk of water scarcity. Being aware of this situation, we reduced our water consumption by 8% compared to 2021. By 2030, we aim to reduce our water consumption per vehicle by 42%, starting in 2022. At TEMSA, we are taking steps to reduce biodiversity risks. We continue to work in cooperation with local communities to reduce deforestation and promote sustainable resource management practices.

In 2021, our Company was recognized with a “Silver” category award from the global rating platform EcoVadis, after the evaluation of more than 55 thousand companies. This award resulted from our successful performance in the field of sustainability. In 2022, we focused on activities to further improve our EcoVadis performance regarding the Environment, Human Rights, Labor, Ethics, and Sustainable Procurement.

We uphold our sustainability vision while carrying out our work focused on people and society. We offer our team an equitable, safe and healthy working environment based on our shared values. "A Sustainable, better life!" as we introduced the TEMSAĞLIK program, which was created with the motto "A sustainable, good life!"

Both in our offices and production facilities, we invest in development programs that strengthen the employment of talented employees. This year, we provided a total of 23,513 hours of training to our employees and allocated a budget of 2.1 million TRY for training programs. We took steps to increase the competencies of our employees by organizing trainings on various topics such as ethics, environment, sustainability and leadership. We attach importance to the participation of young people in employment and strengthen our human resources by recruiting new talents to our Company. We recruit young talents through our internship programs at TEMSA and SAHOL. In 2022, 75% of our new hires are under the age of 30. We continue our efforts for gender equality and women's empowerment. Women make up 31% of our new hires and 34% of managers in revenue generating roles.

Our ultimate goal is to further advance our environmental and social responsibilities for our future. I would like to thank our valued colleagues, customers, business partners, suppliers, and all our stakeholders for their valuable contributions to the progress we have made on our sustainability roadmap and the reduction of our environmental footprint.

Sincerely,

Tolga Kaan Doğancıoğlu

We mourn the passing of our colleague, the family members of our employees, and all our people who perished in the massive earthquake tragedy that struck Kahramanmaraş on February 6, 2023.

We offer our prayers and thoughts to the deceased citizens and employees, as well as condolences and patience for their loved ones and our country.

In collaboration and solidarity, we as TEMSA will persist in catering to the need of our citizens while also supporting the 11 provinces impacted by the earthquake.

GET WELL SOON TÜRKİYE!

About Our Report

As TEMSA Skoda Sabancı Transportation Vehicles Inc. (TEMSA), we share our environmental, social and governance (ESG) performance through our sustainability report[1], which we published for the third time.

About Our Report

We have prepared our report in compliance with Global Reporting Initiative (GRI) Sustainability Reporting Standards based on the reporting period of January 1 – December 31, 2022. We also reported our progress on the United Nations Global Compact (UNGC) and our contributions to the United Nations (UN) Sustainable Development Goals (SDGs) through our sustainability priorities. In addition, we discussed IFRS Standards S1 and S2, which are based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

We used the GRI Standards and the Sustainability Accounting Standards Board (SASB) 2018 Automobiles Standard indicators to determine our sustainability priorities. In addition to standard passenger cars, these indicators also cover public transportation vehicles, light trucks, and motorcycles. We reflected national and international stakeholder views in our prioritization analysis.

We have presented our vision, strategic management approach and best practices, with the main axis of our sustainability-oriented activities and future goals. We provided the results of our long-standing good practices for 2022 in our report together with our sustainability performance results. We have included without limitation our sales and marketing activities at our Adana production site, as well as in Türkiye and overseas, within the scope of the report.

During the reporting process, we have verified selected environmental, social, and economic performance indicators that serve long-term target areas in accordance with the International Standard for Assurance Engagements (ISAE 3000 Revised) for 2022.

Please send all your questions, comments, and suggestions about the report via our e-mail address surdurulebilirlik@temsa.com.

Text You can access the relevant links by clicking on the underlined texts throughout the report.

You can access any section of the report via the navigation menu on each page.

You can watch the related videos on each page with the play button.

The entire table of contents is linked to the relevant topics. You can directly access any page by clicking on the relevant title on the Table of Contents.

You can switch to the previous or next page via the arrows in the top corners of each page.

[1] There are no areas in the content of our report that have been revised from the previous year.

CORPORATE PROFILE

CORPORATE PROFILE

At TEMSA, as a people-oriented technology company that offers sustainable mobility solutions, our ambition is for 50 percent of the vehicles we manufacture in the city bus segment, to employ alternative fuel, and to bring our greenhouse gas emissions to net zero by 2050, with the support of our increasing circular business model practices.

TEMSA Corporate Movie | TEMSA Bus | Türkiye

Vision, Mission, and Values

With the technological strength and know-how of its affiliated company SKODA TRANSPORTATION, TEMSA continues to export its electric vehicles to European cities at the top of the sustainability league, with the vision of becoming one of the world's playmakers in the field of zero-emission vehicles. TEMSA continues its commercial activities in various fields and geographies, ranging from electric and hydrogen vehicles to autonomous driving solutions, from power distribution and vehicle charging unit production to charging stations, and is united in its commitment to comply with legal regulations, international agreements, ethical rules, and fair-trade principles.

Our Sustainability Vision
To be a value-driven organization that sees technology and digital as the key to sustainable living, recognizes scientific approaches as the most important factor in combating climate emergency, and prioritizes the shift from words to action.

CONNECTED WITH LIFE

Our Sustainability Vision
Our mission is to be a value-oriented mobility company that embraces sustainability with all elements of ESG and prioritizes creating lasting benefit for the world and humanity.

Our Goals:

- To be the world's leading mobility company
- To be one of the world's leading customer-oriented businesses
- Designing next generation mobility solutions of tomorrow
- Creating solutions through innovation
- To add value to society in the areas of labor, environment, and human rights by fostering a strong culture of ethics and compliance.

Our Values and Business Principles

RESPECT

We achieve our common goals primarily by respecting each other and working together.

SOLUTION-ORIENTED

We always provide solutions to our customers; we cover all the gray areas. We anticipate problems and offer proactive and rational solutions.

TRANSPARENCY

We attach importance to sharing information with the right people at the right time. We share the impact of new developments that have benefited our business. We always tell the truth and believe in the importance of effective feedback.

PASSION AND COMMITMENT

We are proud of the success we have achieved in our work which we carry out assionately. While working, we consistently act in accordance with our high ethical standards and always try to set a good example. Furthermore, we always support employees who make distinctive impacts.

TEMSA in Numbers

Increase compared to previous year | Decrease compared to previous year | Same as previous year | Added in 2022.

ECONOMIC

2022 Highlights	Change Indicator (Compared to 2021)
Over 500,000 m² production facility area	Same
Production capacity of 10,000+ units/year	Same
Export to 70 countries	Same
Over 1,000 car parks in the US with TS models	Same
1,537 Local Suppliers	Increase
Ratio of Payments Made to Local Suppliers 54%	Decrease
All R&D and Innovation Investments 140 Million TRY	Increase
Sustainability-oriented R&D and Innovation Investments 75,234,886 TRY	Increase
Rate of Sustainability-oriented R&D and Innovation Investments 54%	Increase
Number of Sustainable Product and Service (Impact reduction) 9	Increase
373,499,304 TRY Sustainable Product and Service Revenues (Impact reduction)	Increase
238 Customers in total	Increase

ENVIRONMENTAL

2022 Highlights	Change Indicator (Compared to 2021)
Environmental expenditure 508,918 TRY	Increase
4,171 hours of training provided to our employees within the scope of sustainability and environment	Increase
68.69% of electricity consumption generated from renewable resources	Increase
22% reduction in emissions	Increase
7.17% reduction in plastic waste	Increase
Energy savings of approximately 9,248,000 kWh	Increase

SOCIAL

2022 Highlights	Change Indicator (Compared to 2021)
1,378 Our employees	Increase
Occupational Health and Safety Investments 4,723,650 TRY	Increase
11,425 hours of Occupational Health and Safety Training provided to employees	Decrease
246 hours of Occupational Health and Safety Training provided to subcontractors	Increase
Female employees 9.2%	Increase
Senior Female Managers 30.8%	Increase
Investments in Social Projects (Except Sponsorships)	Increase
Number of young people reached through inclusion programs 1,490	Increase
Total Training Hours 23,513	Increase
Total Training Expenditures 2,120,321 TRY	Increase
Average Training Duration 3,658 Hours (n-3) 1,602 Hours (n-2) 314 Hours (n-1)	Increase
Increase in female blue-collar employment 1,300%	Increase
White-collar female employees 24.7%	Increase
Employee satisfaction score 85%	Added
Employee engagement score 74%	Added
530,000 TRY Corporate Social Responsibility Investments	Increase

About TEMSA

Since 1987, with an annual production capacity of over 10,000 vehicles, we have been mainly producing public transportation vehicles and offering advanced technology mobility solutions to our customers.

Since 1968 and with more than 54 years of experience, we are one of the leading bus and midi-bus manufacturers in Türkiye and the world.

We have a total production capacity of over 10 thousand vehicles, including 4,000 buses and midi-buses and 6,000 light trucks (annual/ single shift).

We are active in 70 countries and have developed approximately 68,000 vehicles with 100% Turkish engineering. We carry out our overseas activities through TEMSA Deutschland, TEMSA North America, and TEMSA France, our companies in the USA, Germany, and France, respectively. We develop, manufacture, and export the batteries and battery packs used in our electric vehicles at our facilities in Adana.

SHAPING THE FUTURE

SMART MOBILITY

With more than 50 years of experience, we are among the world's leading brands in bus, midi-bus, and light truck production. As of 2020, we started to operate under the umbrella of Sabancı Holding and PPF Group (Skoda Transportation).

We put nearly 15,000 vehicles on the road in 70 countries around the world and export our vehicles to European countries such as France, Germany, England, Italy, Italy, Austria, Sweden, Lithuania, and Benelux, as well as the United States of America and various Turkish Republics.

CUSTOMIZED PRODUCTS

WIDE PRODUCT RANGE

With 1,378 employees, we produce a total of 11,500 vehicles, including 4,000 buses and midi-buses and 7,500 light trucks, in a single shift each year at our 500,000 m² factory in Adana. We manufacture Maraton and Safir intercity passenger and tourism buses, Prestij midi-buses and Avenue buses for urban public transit, and TS35, TS30, and TS45 buses for the United States, as well as Avenue, LD, and MD9 buses in the Midi Coach segment for Europe.

With the technological strength and know-how of our affiliated company Skoda Transportation, we continue to export our electric vehicles to European cities at the top of the sustainability league, with the vision of becoming one of the world's playmakers in the field of electric vehicles.

Our Milestones

1968
Establishment of TEMSA

1984
Establishment of a technical support contract with Mitsubishi and commencement of the licensed product distributorship

1987
Production of the first Maraton-branded bus

1992
Production of Prestige Midi-bus and Canter trucks

1999
Commencement of exporting to France

2001
Commencement of exporting to the rest of Europe

2007
• Opening of TEMSA Germany office(TEMSA Deutschland)
• The first automotive company to be accepted into the Turquality program

2008
Commencement of exporting to US

2010
Entering the North American market for the first time in 2010 with the TS35 model

2013
• Launch of Avenue articulated and CNG vehicles
• Separation of TEMSA Global (Transportation Vehicles), TEMSA Motor Vehicles, and TEMSA Heavy Equipment

2014
First TS45 sale to the US

2015
Establishment of the R&D design office
Launch of the first electric vehicles
• MD9 electriCITY,
• Marathon, the first vehicle in the SHD segment
• The first smart bus Avenue IBUS

2016
• Commencement of TEMSA Smart 2020 studies carried out within the scope of industry 4.0
• Production of the first domestic electric bus, Avenue EV
• Opening of Markerlab

2017
• Launch of Avenue Electron, LD SB Plus, and new MD9
• Launch of Fleetics
• Completion of Phosphate Cataphoresis Plant
• Obtained an Authorized Economic Operator Status certificate
• Commissioning of the first TEMSA Robot (Camgöz)

2018
Establishment of TEMSA North America

2019
• Incorporation of TEMSA into True Capital Partners
• Establishment of TEMSA France (TFR SAS)

2020
• Incorporation of TEMSA into Sabancı Holding and PPF IndustryCo (primary partner of Skoda Transportation)
• TEMSA's first electric vehicle export (First electric bus export to Sweden)
• With the cooperation of ASELSAN, Turkey's vehicle production with the highest local rate

2021
• Silver Award at EcoVadis 2021 Sustainability Platform
• Electric bus export to the Czech Republic and Romania

2022
• Signing UN Global Compact
• Participation in SBTi
• First Electric Vehicle Production for the US Market - TS45E
• Europe's first electric intercity bus - LDSBE

Our Products and Services

At TEMSA, we produce light trucks as well as public transportation vehicles such as buses and midi-buses. We also manufacture batteries and battery packs for electric buses in our facility, which we started selling for the first time in 2020.

We support our customers also during the after-sales process and provide them with various after-sales services to ensure a high-quality customer experience. We regularly update our product and service portfolio, bearing in mind changing conditions and evolving global trends. We anticipate that 50% of the vehicles we will sell in the city bus segment in 2025 will be alternative fuel vehicles. In 2022, we launched two electric vehicles. We are expanding our portfolio by transitioning to alternative fuel vehicles, with a focus on hydrogen-fueled vehicles.

Number of Vehicles Produced in 2022

Electric **61**
Diesel **603**
Midi-bus **689**
Canter **1092**
Battery Packs **11**

Battery Technologies

We need innovation in business models and software to be developed in different verticals in order to design new vehicles, supply cells or batteries suitable for vehicles, and ensure the smooth operation of the new system based on collective movements in the face of changing economic conditions. While the need for batteries and cells is increasing all over the world, especially for renewable energy sources, we launched a new way of doing business in 2021. We designed TEMSA's energy-efficient, lightweight, durable battery pack, which has ECE R100 v2 and ECE R10 v5 certificates in compliance with European Union (EU) standards, to generate more power with less space and small volume. The battery management system, designed as a smart card by TEMSA engineers, provides high efficiency and extends the life of batteries.

TEMSA After Sales Services

We offer our after-sales services in four areas: quality management, e-systems, road support service and spare parts, with our innovative mobility solutions, competent services, and high-quality service approach. We meet the highest level of customer satisfaction with user-friendly, efficient, safe, accessible, and state-of-the-art services provided by our after-sales teams who are always there for you, anywhere in the world.

Our Operations and Markets

We have substantially increased our domestic and international market share with the environmentally friendly and smart mobility solutions we have developed. We conduct our overseas operations from three countries, with offices in the US, France, and Germany.

We export the vehicles we produce to European countries such as France, Germany, the UK, Italy, Austria, Sweden, and Ukraine as well as the United States and various Turkish Republic. Today, TEMSA vehicles operate in 70 countries, mainly in the US and Europe. We offer our international customers a wide range of services, from pre-sales to after-sales and from service capabilities to spare parts.

Our Contribution to National and International Reporting

We care about contributing by reflecting our sustainability performance on national and international platforms to achieve a net zero future and a largely decarbonized world with zero carbon emissions.

In 2022, we submitted our commitment to the Science Based Targets Initiative (SBTi) to set effective and measurable targets to reduce our emissions. We have not yet been able to submit our targets to SBTi as it is currently developing targets for emissions from the usage phase of vehicles and has temporarily halted the near-term and long-term target verification processes. After SBTi completes the development, we will begin the verification procedure to turn our commitment into an approved goal.

This year, we have participated in CDP reporting for the first time to further improve our performance and to transparently demonstrate our climate-related impact.

CDP reporting provides a comprehensive analysis of our company's carbon footprint, climate strategy, risks and opportunities, and targets. CDP's globally recognized methodology has also contributed to strengthening our sustainability strategy.

This year, we were able to retain our Silver Award success in EcoVadis reporting. This success is an indication that our company has improved and maintained its social and environmental performance at the level of international standards. By concentrating on the areas where we still have room for improvement, we want to build on this success in the future.

We aim to reduce the use of plastics as part of the targets we set within the framework of the Business Plastics Initiative and demonstrate our commitment to transition to a circular economy.

By adopting the principles of the United Nations Global Compact (UNGC), we emphasize the importance our company attaches to human rights, ethical values, environmental protection, and transparency. Under the guidance of the UNGC, we rely on these universal values to conduct business and create value for society, the environment, and our stakeholders.

Our progress in the national and international platforms we follow, and support plays a critical role in our sustainability journey. As TEMSA, we continue to move forward decisively to maintain our effectiveness in these platforms and contribute to the future with industry leadership.

STRATEGY AND MANAGEMENT

We determine our priorities for our impact area of influence with the participation of our internal and external stakeholders, and as a result, we provide a sustainable and profitable growth environment by identifying new opportunities.

STRATEGY AND MANAGEMENT

Our Strategic Priorities

We conduct responsible, strong, and agile operations by combining sustainability with digitalization, one of the most important trends changing the world. We see our employees, suppliers, and our entire value chain as our strategic collaborators. With this approach, we determine our priorities for our sphere of influence with the participation of our internal and external stakeholders, create new opportunities, and provide a sustainable and profitable growth environment.

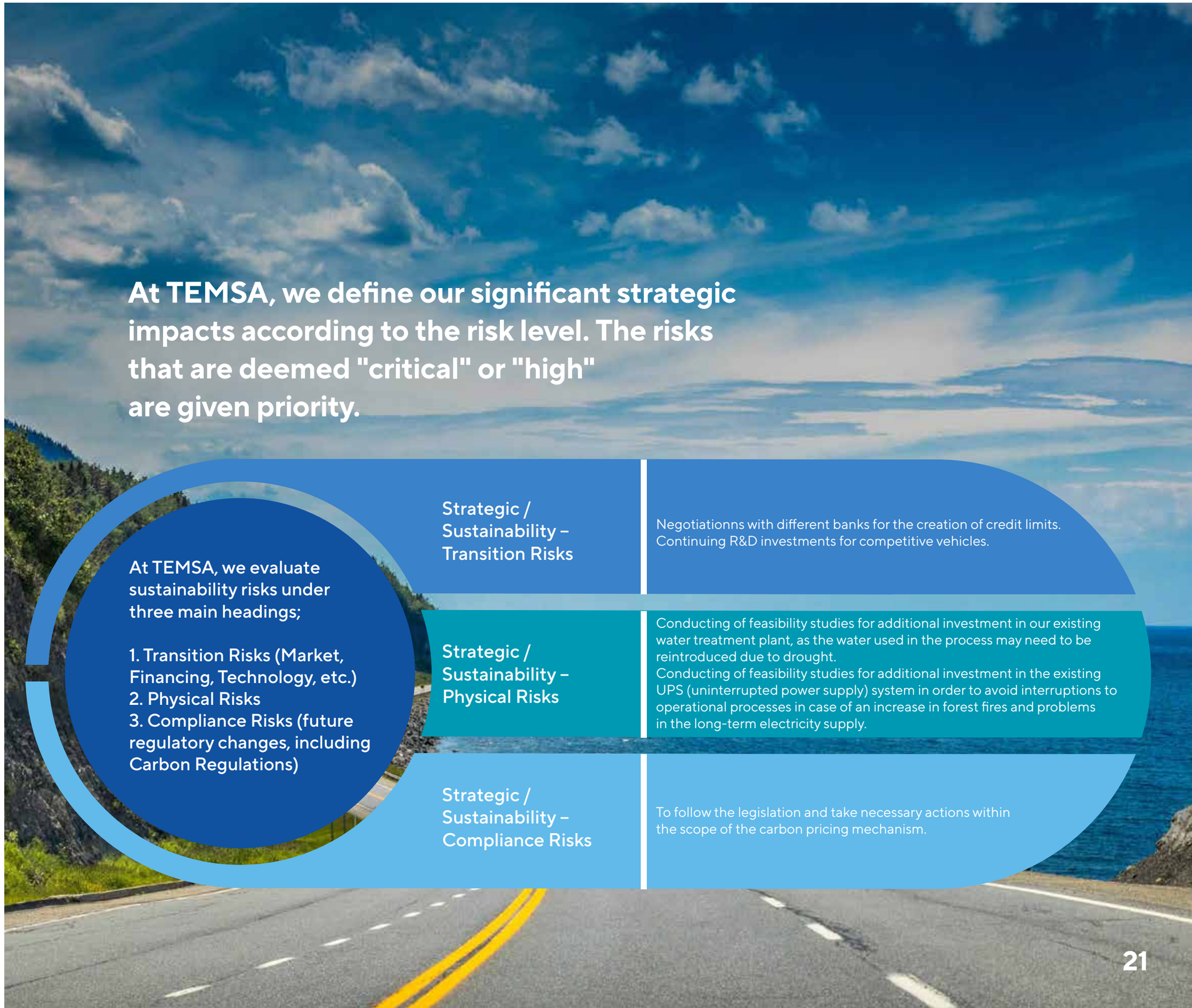
According to our strategic roadmap, which places a strong emphasis on sustainability and digitalization, our priorities for 2022 were to strengthen our human capital and provide opportunities for our employees to write new success stories, to create different financial resources that adapt to the changing world, to strengthen our influence in domestic and international markets and to provide a flawless customer experience. The activities and projects we completed in order achieve these priorities are detailed in various sections of our report. The diagram below shows our priorities in 2022, which will serve as the foundation for the actions that we will take to achieve our goals.

In 2025, we aim for 50% of the vehicles that we will sell in the city bus segment to be alternative fueled. We develop our operations and capabilities accordingly and review our prioritized actions required to achieve our strategic goals on an annual basis.

We will strive to ensure that all vehicles we produce are zero-emission by 2040.

Risk & Crisis Management

We see climate change as the biggest threat to the world's giant economies in many areas, including technology. 2022 was a year in which we experienced the effects of climate change at its peak. We believe that the steps and urgent measures needed to combat climate change should be implemented promptly. We keep working hard tirelessly to be risk-averse in the context of production, exports, and investments. Established in 2021, TEMSA's Early Risk Detection Committee (ERDC) began functioning in 2022 with representatives from both shareholders of our company (Board Member and Skoda Risk Manager). We address risks in four main categories: strategic, financial, operational and compliance. We also submit an annual risk report to the Sabancı Holding Early Detection of Risk Committee. At TEMSA, we address our risks under a total of 16 categories, including sustainability risks. We also prepare the Holding report in this context. These categories include Currency, Interest, Portfolio and Business Management, Occupational Health and Safety, Regulation and Implementation Changes, Reputation, Capital Markets, Legal Compliance, Cyber Security, Information Technologies, Business Continuity, Business and Operations Continuity, Human Resources and Key Personnel, Emergency and Disasters, Liquidity/Cash Management, Access to Finance. In 2022, we created our risk inventory. In this inventory, we identified impact, probability, vulnerability, and values for speed of reaching TEMSA, as well as risk scores, tolerance limits, key risk indicators (KRI). In addition, we defined the results of our risk and opportunity analysis within the scope of Compliance Universe studies during the reporting period.



At TEMSA, we define our significant strategic impacts according to the risk level. The risks that are deemed "critical" or "high" are given priority.

At TEMSA, we evaluate sustainability risks under three main headings;

1. Transition Risks (Market, Financing, Technology, etc.)
2. Physical Risks
3. Compliance Risks (future regulatory changes, including Carbon Regulations)

Strategic / Sustainability – Transition Risks	Negotiationns with different banks for the creation of credit limits. Continuing R&D investments for competitive vehicles.
Strategic / Sustainability – Physical Risks	Conducting of feasibility studies for additional investment in our existing water treatment plant, as the water used in the process may need to be reintroduced due to drought. Conducting of feasibility studies for additional investment in the existing UPS (uninterrupted power supply) system in order to avoid interruptions to operational processes in case of an increase in forest fires and problems in the long-term electricity supply.
Strategic / Sustainability – Compliance Risks	To follow the legislation and take necessary actions within the scope of the carbon pricing mechanism.

Our Climate Risks and Opportunities

Addressing Risks and Opportunities	The Impact of Risks and Opportunities	Subject Area of Primary Focus
Current and Emerging Regulations	We constantly monitor risks/opportunities related to national and international regulations. We comply with climate-related requirements on a global scale and ensure that our products meet standards. In addition to current risks, we also evaluate the risks we may face in the future. Our industry is one of those affected by climate-related regulations, emission generation, and fuel efficiency requirements. We manufacture our products in compliance with local and global standards and maintain our competitive advantage. Furthermore, when we evaluate the Carbon Border Adjustment Mechanism (CBAM) and the Emissions Trading System (ETS), we anticipate that TEMSA may be exposed to indirect costs that may arise from our suppliers in the iron and steel sector.	Product Life Cycle Brand Reputation and Loyalty Compliance with Corporate Governance Principles Compliance with National and International Standards Responsible Supply Chain Climate Crisis
Technological Developments	Due to our technology-based products and services, we always include technological issues in our risk and opportunity assessments. While we follow technological developments, we also draw attention to the environmental impacts of these developments. For example, as an electric vehicle manufacturer, we support our industry's green transformation and consider the increased need for charging with the development of the electric vehicle portfolio as a risk. Our R&D department works on projects to develop technologies in this area. We are also working on battery technologies that are critical for electrification.	Brand Reputation and Loyalty Compliance with National and International Standards Climate Crisis Product Life Cycle Data Privacy and Cyber Security Employee Development, Engagement and Communication Sustainable Innovation and Digitalization Ethics and Transparency Customer Satisfaction and Experience Energy Management
Legal	We evaluate our legal risks together with our Legal department. As TEMSA, we may face legal processes due to non-compliance with comprehensive climate-related legislation. In this context, our company considers the most important risk to be the circularity of batteries. We strive to meet the criteria of the circular economy at every step from battery design to production and from use to end-of-life.	Product Life Cycle Brand Reputation and Loyalty Compliance with Corporate Governance Principles Compliance with National and International Standards Responsible Supply Chain Climate Crisis
Market	We include changing market conditions and market expectations in our risk and opportunity assessments. We see failing to understand evolving consumer expectations and behaviors as a risk, and we see opportunities in the strength of our after-sales service approach and the expansion of our product and service offering.	Brand Reputation and Loyalty Compliance with Corporate Governance Principles Compliance with National and International Standards Responsible Supply Chain Climate Crisis Customer Satisfaction and Experience

Our Climate Risks and Opportunities

Addressing Risks and Opportunities	The Impact of Risks and Opportunities	Subject Area of Primary Focus
Reputation	We evaluate our reputational risks under our strategic risks. In analyzing our company's reputation, we start from our priority issues in our Sustainability Prioritization Matrix. We check the impact area of our priority issues when evaluating and making decisions regarding our company. The main reason for this approach is our responsibility to our stakeholders. While managing our reputation risks, we care about our stakeholder relations and the expectations of our stakeholders.	Brand Reputation and Loyalty Compliance with Corporate Governance Principles Compliance with National and International Standards Climate Crisis Risk & Crisis Management Data Privacy and Cyber Security Social Impact-Oriented Approach to Work Sustainable Governance and Communication Stakeholder Engagement
Acute Physical	Acute physical impacts such as floods, heavy rainfall, heat waves, storms and droughts caused by climate change pose risks to our operations and supply chain. At TEMSA, we focus on the risk of water shortages and interruption of operational processes due to drought. To minimize the potential impact of this risk, we are conducting feasibility studies for additional investments in process water. We are also working to reuse the discharge water from our treatment plant.	Risk & Crisis Management Product Life Cycle Conservation of Biodiversity Compliance with National and International Standards Waste Management Water and Wastewater Management Sustainable Innovation and Digitalization Responsible Supply Chain Energy Management Climate Crisis
Chronic Physical	When we analyze the chronic physical effects of climate change, we foresee that both TEMSA and our suppliers will be exposed to the risk of water scarcity in the long term. We focus on water conservation, support the production of our vehicles with business models in line with circular economy, and manage efficiency efforts.	Risk & Crisis Management Product Life Cycle Conservation of Biodiversity Compliance with National and International Standards Waste Management Water and Wastewater Management Sustainable Innovation and Digitalization Responsible Supply Chain Energy Management Climate Crisis

When we assess our climate-related risks and opportunities, we perceive the greatest impact on our existing products and portfolio's capacity to meet national and international standards. Due to the declining demand for traditional products, we are developing efforts to decarbonize our portfolio. We worked on two scenarios to calculate the financial impact of this risk. We reported the operational and financial impacts of our scenarios through TEMSA CDP Climate Change Survey. In addition to our risks, our R&D and innovation capabilities help us accelerate our strategy. Our R&D efforts and university-industry partnerships make us distinctive in the market.

We include risks identified in the scope of products and services, supply chain, R&D investments, and operations into our corporate strategy and monitor their financial impact.

Business Continuity at TEMSA

We aim to maintain our operations in a regular and uninterrupted manner in order to offer reliable and high-quality products to our customers. Through our Information Security and Business Continuity Policy, we strive to be an exemplary organization in the automotive sector with our information security and business continuity practices.

We carry our business continuity practices forward by growing steadily in changing market conditions, adding value to our customers, and cooperating with our supply chain. Furthermore, we address business continuity management in our organization based on emergency and crisis management. Emergency Management (plans, drills, etc.) is coordinated by EHS. Crisis management activities are carried out by the Risk and Compliance Department. Ongoing activities include the development of a Crisis Management Procedure and instructions based on a crisis scenario, as well as the creation of a simulation study for the Crisis Management Team.

Compliance with Corporate Governance Principles

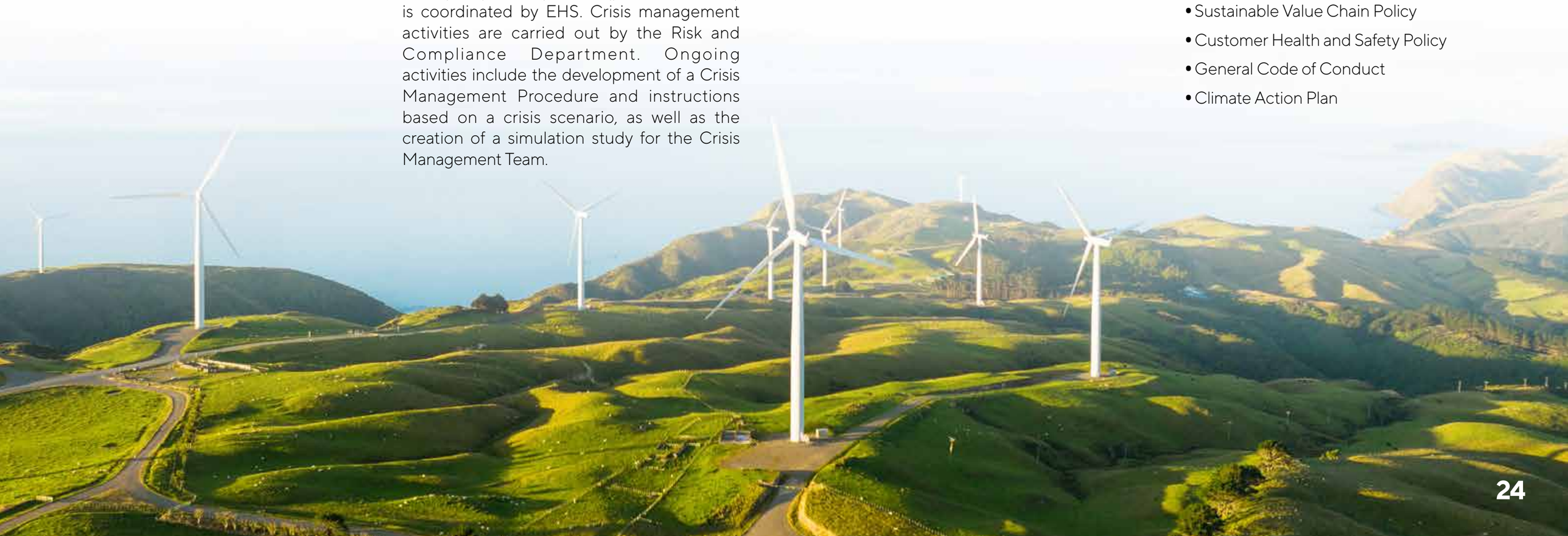
As an organization aiming to be the world's leading mobility company, we continuously monitor the increasing expectations of regulatory bodies, as well as worldwide trends, new approaches, and developments in compliance.

Adopting the principles of respect for ethical values, transparency and responsibility form the basis of our business processes. We act in accordance with the principle of integrity in our relations with our employees, customers, and all our stakeholders. We also strive to fully comply with legal regulations and meet all our corporate responsibilities.

Accordingly, we concentrate on integrating sustainability policies and focal points that are consistent with corporate governance principles. Our principle of integrity supports growth focused on long-term goals with a strong link between corporate governance and sustainability.

Our Sustainability-Oriented Policies

- Environment Policy
- Water Policy
- Biodiversity Policy
- Compliance Policy
- Social Sustainability Policy
- Sustainable Value Chain Policy
- Customer Health and Safety Policy
- General Code of Conduct
- Climate Action Plan



Ethics and Transparency

As a company operating worldwide, we observe our ethical values while carrying out our activities. The TEMSA Code of Business Ethics and General Code of Conduct, which are legally binding for all parties with whom we do business, outline the responsibilities of our employees as well as the standards we uphold in our business relations with stakeholders. We also share the duties and responsibilities regarding our code of ethics within the scope of TEMSA Ethics Procedure. TEMSA General Code of Conduct contains our basic standards regarding the values, principles, and ethical rules that our company adopts in its operations. TEMSA Code of Business Ethics includes our approach to issues such as anti-bribery and anti-corruption, human resources, human rights, and environmental protection. The Code of Business Ethics, which positions us as a responsible business citizen, guides our regional and global operations. We provide training on ethics and communicate our ethical approach regarding discrimination, harassment, abuse, and human rights.

As part of the procedures of Sabancı Holding, TEMSA employees can send their notifications regarding ethical violations to the TEMSA Code of Ethics Advisor via etik@temsa.com, to Sabancı Holding Headquarters via etik@sabanci.com and +90 212 385 85 85, and to the Ethics Committee via mail. In 2022, we did not receive any notification of ethical violations from our employees or external stakeholders.

In 2022, we received no notifications of environmental and social violations.

Business Ethics Performance Summary	2022
Number of notifications received on the ethics line	0
Number of notifications received on the ethics line which were resolved during the year	0
Number of notifications received on discrimination on the ethics line	0
Number of disturbances/harassment reports received on the ethics line	0
Number of notifications received on child labor/forced labor on the ethics line	0
Number of information security notifications received on the ethics line	0
Total training (hours) on ethics[2]	194
The employee coverage ratio of training on ethics	100*
Anti-Bribery and Anti-Corruption	**2022**
Number of detected bribery/corruption cases	0
Number of disciplinary penalties given to employees for bribery/corruption	0
Number of public lawsuits filed against the company regarding bribery/corruption	0

* Covers white-collar employee.

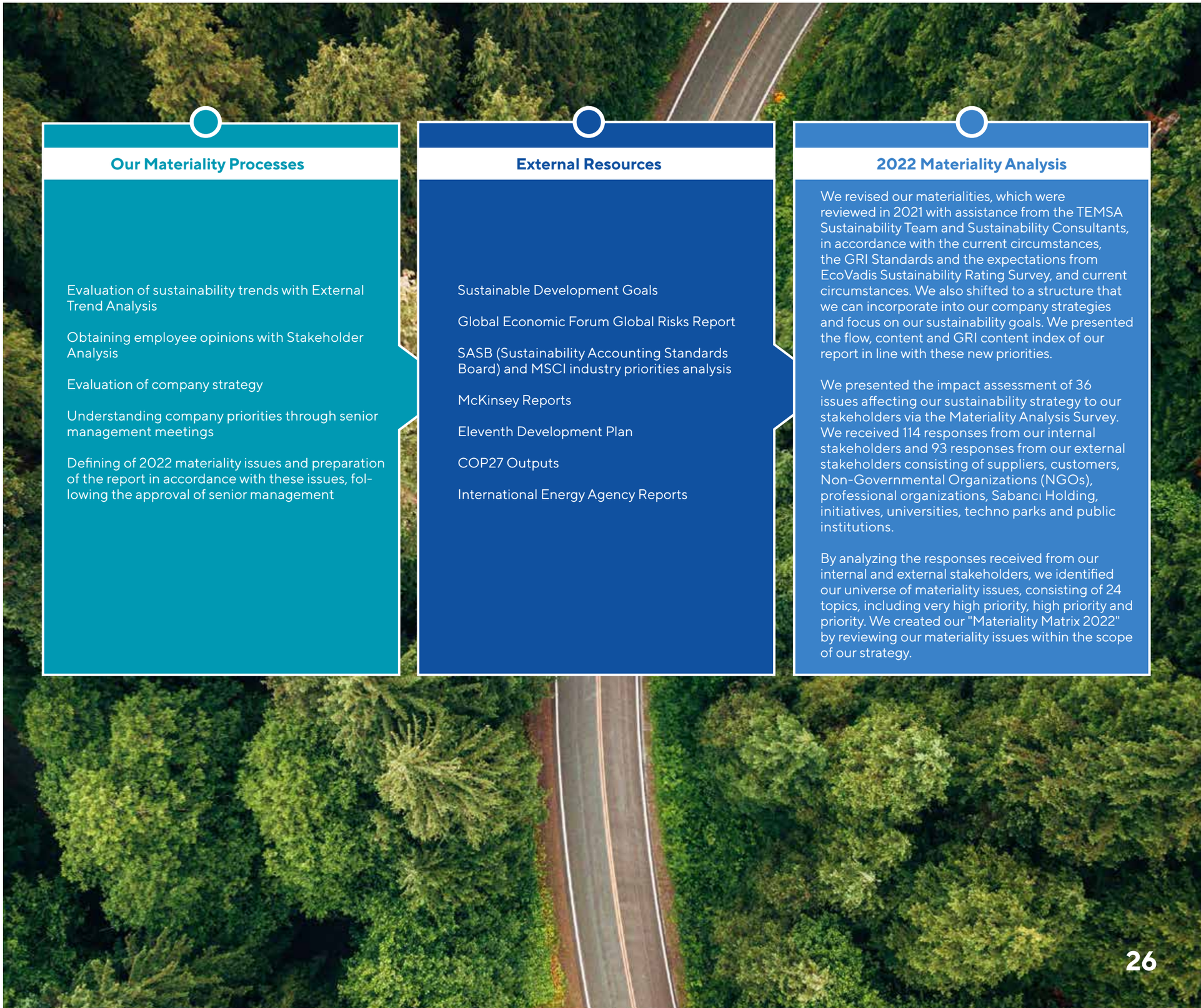
Compliance Performance

We monitor our compliance performance through TEMSA Compliance Policy. Each department has a Compliance Officer who is responsible for ensuring the implementation of compliance policies and procedures and working in coordination with the Risk and Compliance Department. Employees at TEMSA are required to report any violations or potential breaches of legislation, policies, and procedures to the Compliance Officer of their department or directly to uyum@temsa.com via email. Compliance Officers prepare compliance reports for their departments on a quarterly basis and submit risk analysis reports to the Risk and Compliance Department. We prepare risk analysis reports within the scope of private interviews with employees, survey activities, etc. As a result of these reports, new policies and procedures may be developed or existing policies and procedures may be updated within the context of the risks to which TEMSA is or may be exposed. Our risk analysis processes are based in anti-bribery and anti-corruption measures; respect for labor and human rights; conflict of interest and business ethics principles; import and export regulations and third-party due diligence; prevention of money laundering and financing of terrorism; adherence to competition legislation; protection of personal data; privacy and data security; preservation of the environment; and protection of intellectual property rights. In 2022, no public lawsuits or accrued penalties were filed against our Company or our employees regarding bribery and corruption. We have no lawsuits or non-compliance fines against us in the areas of personal data protection and competition, or in environmental, social, and corporate governance matters.

[2] İncluding human rights.

Our Sustainability Priorities

At TEMSA, we determine our sustainability priorities by focusing on high-risk areas, and in this process, we consider feedback from our key stakeholders through different communication platforms. In 2020, we conducted a comprehensive study to provide a strategic direction for TEMSA's sustainability activities and identified our sustainability priorities for the first time. While conducting this study, we evaluated our Company's future strategies, senior management's perspective on the future of our Company, global sustainability trends and the expectations of our employees, customers, and critical suppliers. In 2022, we renewed our study by strengthening our stakeholder ecosystem.



Our Materiality Processes

Evaluation of sustainability trends with External Trend Analysis

Obtaining employee opinions with Stakeholder Analysis

Evaluation of company strategy

Understanding company priorities through senior management meetings

Defining of 2022 materiality issues and preparation of the report in accordance with these issues, following the approval of senior management

External Resources

Sustainable Development Goals

Global Economic Forum Global Risks Report

SASB (Sustainability Accounting Standards Board) and MSCI industry priorities analysis

McKinsey Reports

Eleventh Development Plan

COP27 Outputs

International Energy Agency Reports

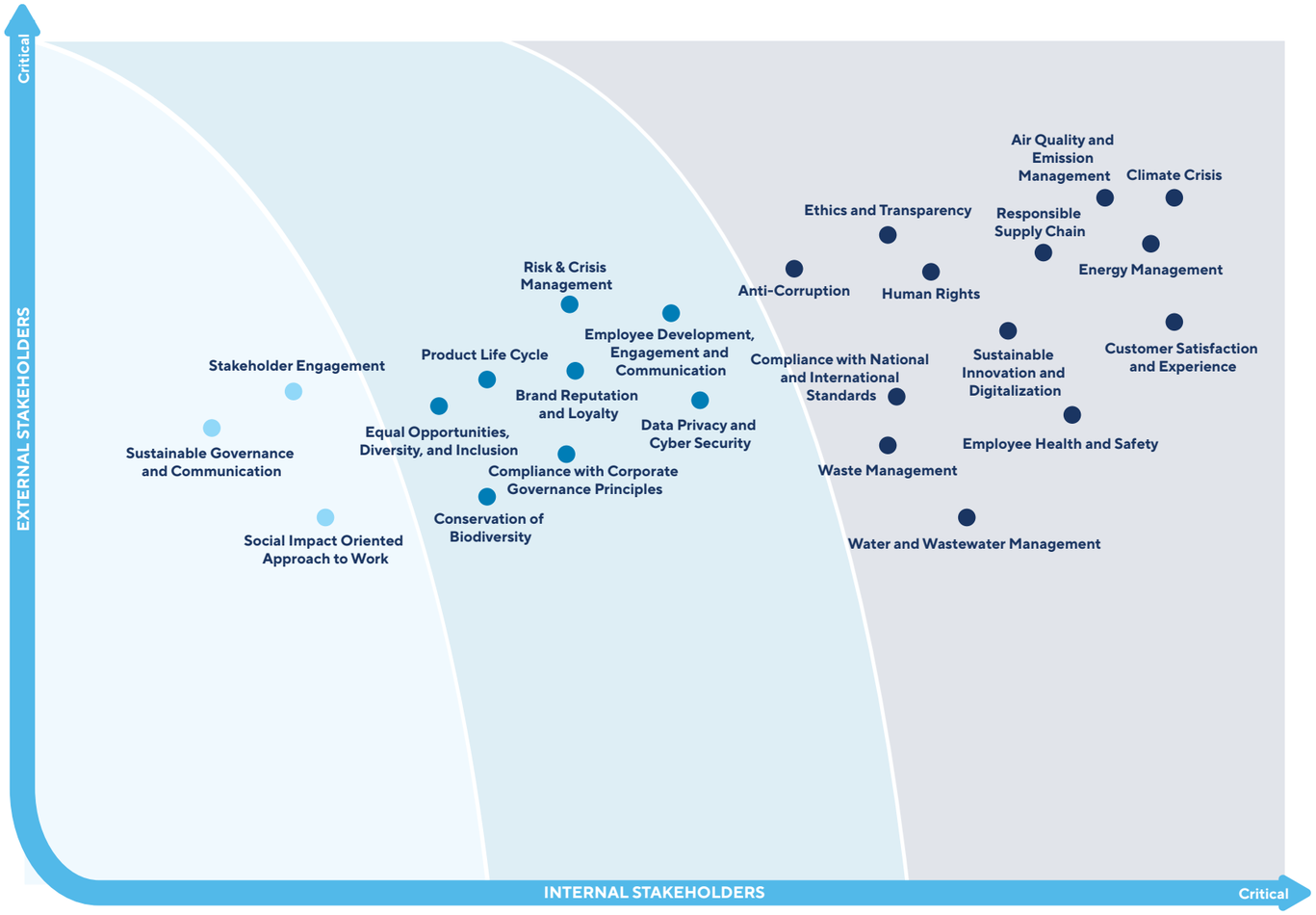
2022 Materiality Analysis

We revised our materialities, which were reviewed in 2021 with assistance from the TEMSA Sustainability Team and Sustainability Consultants, in accordance with the current circumstances, the GRI Standards and the expectations from EcoVadis Sustainability Rating Survey, and current circumstances. We also shifted to a structure that we can incorporate into our company strategies and focus on our sustainability goals. We presented the flow, content and GRI content index of our report in line with these new priorities.

We presented the impact assessment of 36 issues affecting our sustainability strategy to our stakeholders via the Materiality Analysis Survey. We received 114 responses from our internal stakeholders and 93 responses from our external stakeholders consisting of suppliers, customers, Non-Governmental Organizations (NGOs), professional organizations, Sabancı Holding, initiatives, universities, techno parks and public institutions.

By analyzing the responses received from our internal and external stakeholders, we identified our universe of materiality issues, consisting of 24 topics, including very high priority, high priority and priority. We created our "Materiality Matrix 2022" by reviewing our materiality issues within the scope of our strategy.

Our 2022 Materiality Matrix



Very High Materiality Issues

- Climate Crisis
- Air Quality and Emission Management
- Energy Management
- Responsible Supply Chain
- Customer Satisfaction and Experience
- Sustainable Innovation and Digitalization
- Ethics and Transparency
- Anti-Corruption
- Human Rights
- Occupational Health and Safety
- Compliance with National and International Standards
- Waste Management and Circular Economy
- Water and Wastewater Management

High Materiality Issues

- Employee Development, Engagement and Communication
- Risk & Crisis Management
- Data Privacy and Cyber Security
- Brand Reputation and Loyalty
- Product Life Cycle
- Equal Opportunities, Diversity, and Inclusion
- Compliance with Corporate Governance Principles
- Conservation of Biodiversity

Materiality Issues

- Stakeholder Engagement
- Sustainable Governance and Communication
- Social Impact Oriented Approach to Work

DIGITALIZATION, R&D AND INNOVATION-ORIENTED IMPACTS

- R&D and Innovation

Goals

- As the first company in Türkiye to receive the R&D Center certificate, we aim to be the pioneer of change in the fields of R&D and innovation.

ECONOMIC IMPACTS AND LOW-CARBON GROWTH

- Economic Performance and Sustainable Products
- Responsible Purchasing and Supply Chain Management
- Responsible Supply Chain Management
- Product Safety and Quality Management

Goals

- We execute awareness programs in order to raise awareness about safety and we aim to increase the number and extend the content of the training, driving and information meetings that we hold over the years.
- We follow the Product Recall Process within the scope of our Key Performance Indicators (KPIs) and aim to "Recall" the minimum number of Products.

ENVIRONMENTAL IMPACTS AND SUSTAINABLE OPERATIONS

- Commitments and Goals for Our Environmental Performance
- Combating Climate Crisis
- Energy Management
- Air Quality Management and Emission Control
- Waste Management and Circular Economy Practices
- Water and Wastewater Management
- Conservation of Biodiversity

Goals

- By 2050, we aim to bring our greenhouse gas emissions to net zero.
- By 2030, we aim to reduce our Scope 1 and Scope 2 emissions by 42%.
- By 2025, we aim for 50% of the vehicles in the city bus segment to be alternative fueled.
- By 2030, we aim to reduce our water consumption per vehicle by 42%.
- To focus on the conservation, improvement and development of all species, in particular endangered species and endemic species together with their habitats and to sustainably manage the impacts on biodiversity.
- We aim to maximize the sourcing efficiency of the materials of our products by 2040 and to switch to a circular economy while working in cooperation with our stakeholders in this process.

SOCIAL IMPACTS AND PEOPLE-ORIENTED ORGANIZATION

- Occupational Health and Safety
- Human Rights
- Employee Development, Engagement and Communication
- Equal Opportunities, Diversity, and Inclusion
- Social Impact-Oriented Approach to Work

Goals

- We aim to increase women's employment and we work in this direction in our recruitment processes.
- We hope that the stories of blue-collar women will inspire the whole world.
- In the upcoming years, we plan to continue the Safe and Economic Driving Techniques trainings which began in 2022 and were attended by 200 TEMSA drivers.
- With our workshop trainings within the scope of the Dream Bus project, we aim to help children realize their inner resources, become aware of their expectations and aspirations, and encourage them to dream.

Our Contribution to Sustainable Development Goals

		3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Very High Materiality Issues	Climate Crisis										13.1-13.3			
	Air Quality and Emission Management								11.6		13.2			
	Energy Management					7.2- 7.3					13.3			
	Responsible Supply Chain									12.2-12.5-12.6				
	Customer Satisfaction and Experience									12.6-12.8				
	Sustainable Innovation and Digitalization					7.2	8.2		11.2					
	Ethics and Transparency						8.5-8.7						16.5	
	Anti-Corruption												16.5	
	Human Rights			5.1-5.2			8.7							
	Occupational Health and Safety	3.9	4.3				8.8			12.4				
	Compliance with National and International Standards												16.6	17.14
	Waste Management and Circular Economy									12.2-12.5				
	Waste Management and Circular Economy				6.3									
High Materiality Issues	Employee Development, Engagement and Communication		4.3-4.4-4.7				8,5							
	Risk & Crisis Management										13.1-13.2			
	Data Privacy and Cyber Security									12.6			16.6	
	Brand Reputation and Loyalty									12.6-12.8				
	Product Life Cycle									12.2-12.5				
	Equal Opportunities, Diversity, and Inclusion		4.5	5.1-5.5				10.3						
	Compliance with Corporate Governance Principles												16.6	17.14-17.17
	Conservation of Biodiversity									12.2		15.5		
Materiality Issues	Stakeholder Engagement													17.16-17.17
	Sustainable Governance and Communication													17.14-17.17
	Social Impact-Oriented Approach to Work		4.4-4.5	5.1-5.2-5.3					11.2-11.3					

Sustainable Governance and Communication

Our key stakeholders are the people, institutions, and organizations who are impacted by our operations, have an impact on how we achieve our business goals, and with whom we collaborate.

In 2020, with our first sustainability report, we analyzed our stakeholder ecosystem and identified our key stakeholders. We develop tools to ensure continuous communication with each stakeholder in our stakeholder ecosystem. Our goal is to review our stakeholder list every two years. This year, we offer our communication with our key stakeholders in the table below, which we generated by examining our stakeholder universe during the reporting period.

With our sustainable governance, effective communication and strong social dialogue approach, we create value with all our stakeholders and build a sustainable future.

Social Dialogue

In order to increase social impact in the automotive industry, we create a strong environment of social dialog and cooperation with all our stakeholders. We support social dialogue and labor peace by understanding our customers' expectations and improving the customer experience, responding to the needs of our employees and adopting an ethical and transparent approach in our supply chain.

At TEMSA, we aim to maximize the talents of our employees and add value to our work based on diversity and inclusion. We aim to maintain the social dialogue approach in our industry through training programs, corporate responsibility and sustainability projects, and cooperative initiatives. In this context, we carry out activities across our entire value chain, with our most valuable stakeholders being our employees.

We engage in union activities to strengthen the participation of our employees, regulate employee-employee relations, ensure that our employees work in an environment that complies with ethical principles, and maintain our transparency. We also implement the collective bargaining process that addresses the scope of remuneration, social rights, working hours and the provision and protection of safe working environments. Our current collective bargaining agreement is valid for the years 2021-2023. We care about managing supply chain relations in our sector, sharing information for product/service development, supporting the sustainability approach in the business world, and creating an innovation-oriented social ecosystem through our efforts supporting social dialogue with our customers and suppliers.

Stakeholder Engagement and Communication

Stakeholders	Communication Platform	Frequency of Communication
SHAREHOLDERS	General Assembly meetings	Quarterly
	One-on-one interviews and meetings	Regularly
	Financial result evaluation meetings	Monthly
EMPLOYEES	Suggestion recognition and reward system (TEMSA Star)	Daily
	Intranet	Daily
	SMS	At least once a month
	Internal publications (TemPO)	At least once a week
	Bulletins (TEMSA Newsletter, TEMSA Academy, TEMSA Glocal Post)	Monthly/Weekly
	Trainings	Regularly
	Seminars	Regularly
	Road meetings	Annually
	Work Groups & Committees	At least once a month
	Social events	Regularly
DEALERS	Dealer meetings	At least once a week
	Field visits	Monthly
	Trainings	Annually
CUSTOMERS	24/7 technical assistance to our customers over the call center	Continuously
	Complaint and suggestion system	Continuously
SUPPLIERS	Online portal	Regularly
	One-on-one meetings (face-to-face, e-mail)	Regularly
	Visits, inspections (focus suppliers)	Regularly
PUBLIC INSTITUTIONS	Periodic meetings	Once a month
	Industry channels for industry information requests	Regularly
	Support for established projects & initiatives	Regularly
NON-GOVERNMENTAL ORGANIZATIONS	Association memberships	Regularly
	Work groups	Monthly
	Seminars, conferences, panels	Monthly
UNIVERSITIES	Academic congresses and seminars	Regularly
	Articles and publications, academic research	Regularly
	Training and technical support, sponsorships	Regularly
	Meetings and talks, joint projects	Regularly
	Career days	Regularly

COMPLIANCE WITH NATIONAL AND INTERNATIONAL STANDARDS

COMPLIANCE WITH NATIONAL AND INTERNATIONAL STANDARDS

Global Developments, Automotive Sector Trends and TEMSA Impact Assessment

The automotive industry is adapting to global trends that are increasingly focused on sustainability. These trends include focus areas such as minimizing environmental impact, energy efficiency, and shifting towards alternative energy sources. With the rise in electric vehicles, investments in alternative fuels, and changes in technology, the automotive sector is tackling sustainability from a variety of angles. Additionally, there are significant efforts being made in the areas of light weighting, sustainable mobility, autonomous driving technology, and connected vehicles.

We expect new local regulations to be introduced in the coming period within the scope of the Green Deal Action Plan published by the Ministry of Trade in 2021 and the compliance with the Paris Climate Agreement by the Ministry of Environment, Urbanization and Climate Change. We anticipate that we will readily adapt to new local regulations thanks to the actions we have taken to comply with the regulations that will affect both our industry and our company financially and operationally.

At TEMSA, we not only accept the global challenge of climate change, but we are also determined to act in accordance with our country's commitments in line with our national contribution declarations at the Conference of the Parties (COP) organized annually by the United Nations. We are also taking firm steps towards becoming a sustainable company, taking into account international commitments such as the European Green Deal. Our national climate action plan includes important policies and targets to promote energy transition, energy efficiency, carbon reduction, and sustainable transportation. We are committed to being a part of this effort.

We are aware that the transportation sector is an important source of energy consumption and carbon emissions, and therefore we are committed to carbon reduction and sustainable transportation, and to supporting local environmental goals. As TEMSA, we continue to work with determination to promote sustainability and combat climate change, and by doing so, we help Türkiye and the rest of the world accomplish their climate goals.

HYDROGEN

We see the industry's shift towards alternative fuels as a driving force that broadens our perspective and sphere of influence, rather than a challenging factor. We want to expand our portfolio in the hydrogen vehicles segment, strengthen our sustainable growth efforts and assume a leadership role on a global scale. The REPowerEU strategy published by the European Union (EU) stipulated that 10 million tons of renewable hydrogen must be produced by 2030 and that an equivalent quantity must be imported. According to the Global Hydrogen Council and McKinsey data, the global economic impact of hydrogen is expected to reach 2.5 trillion by 2050, with 30 million jobs created. The cost of green hydrogen energy will drop from 5.5-6 dollars/kg in 2022 to 2 dollars/kg in 2050. These global assessments have significant implications for Türkiye as well. Considering the solar potential, we have suitable areas to establish hydrogen valleys and hubs. At TEMSA, we are evaluating various cooperation opportunities for the production of hydrogen vehicles that will contribute to our country's energy transformation potential, and we act with common sense, bringing our stakeholders along for this journey.

ELECTRIFICATION AND MOBILITY

We are living in an era in which electric vehicle sales are quickly rising, energy storage technologies are evolving, and grid infrastructure is getting stronger. While electric vehicle sales are increasing in Türkiye, charging infrastructure is also expanding. According to the International Energy Agency's Global Electric Vehicles Outlook Report, decarbonizing electricity generation, developing appropriate charging infrastructure, and advancing sustainable battery production and recycling will be critical for electric vehicles to achieve their targeted carbon-emissions reduction potential. In this process, the Turkish automotive industry is taking steps towards achieving a competitive position in the global market through domestic production and R&D efforts. These steps have been taken in order to improve the user experience, such as expanding vehicle ranges and decreasing charging times. At TEMSA, we aim to reduce our environmental impact in the long term with our electric buses, which are designed in accordance with the charging infrastructure and aim to provide an effective solution for urban transportation. We also anticipate that the air quality in cities will improve as electric buses become more widespread.

Global and Local Regulations

November 6-20, 2022, COP27 (27th Conference of the Parties to the United Nations Framework Convention on Climate Change): The conference, which was attended by more than 190 countries, approved the establishment of a "Loss and Damage Fund", a resource that developing countries can rely on to repair the damage caused by climate-related disasters such as droughts and floods. The conference reaffirmed the objectives of the 2015 Paris Agreement, which set a limit on the increase in global average temperature to far below 2°C over pre-industrial levels and slightly over 1.5°C above pre-industrial levels.

TEMSA Impact Assessment: The conference prompted automakers to increase their investment and set more challenging goals for reducing greenhouse gas emissions. In this direction, we at TEMSA continue our efforts to realize the transition to electric and alternative fuels. We are increasing our investments in sustainable R&D and innovation to support low-carbon transportation.

December 7-19, 2022, COP 15 (15th Meeting of the Parties to the United Nations Convention on Biological Diversity): At COP15 in Montreal, more than 190 countries signed a historic agreement to halt biodiversity loss, restore ecosystems and protect the rights of indigenous people. The Kunming-Montreal Global Biodiversity Framework (GBF) pledged to protect 30% of the world's land, water, and marine resources by 2030 (30x30 commitment) and to provide US$200 billion to be used for biodiversity-related projects by 2030.

TEMSA Impact Assessment: COP15 results may bring new regulations and obligations to protect biodiversity. At TEMSA, we are working to advance our future efforts in this perspective, such as production and operation methods that are compatible with the environment and biodiversity, shifting toward the use of sustainable materials, investing in environmentally friendly technologies such as the development of electric and hydrogen-fueled vehicles, reviewing supply chain management, and working with suppliers that are more sensitive about conserving biodiversity.

March 21-25, 2022, World Water Forum: Over the course of a week, 1,000 delegations and 8,000 participants from all backgrounds shared their experiences and gained knowledge about developments under the topic of "Water Security for Peace and Development." There was a sizable turnout from the business community and relevant departments in addition to the Turkish delegation of the Water Institute.

TEMSA Impact Assessment: We are working to use water efficiently and reduce wastewater in our production processes. By 2030, we aim to reduce water consumption per vehicle by 42%, starting in 2022. In this regard, we will continue our efforts to develop and implement projects that will reduce our water footprint in cooperation with our stakeholders.

Global and Local Regulations

February 27, 2022, Contribution by the 2nd Work Group to the IPCC Sixth Assessment Report "Climate Change 2022: ***"Impacts, Adaptation, and Vulnerability"*** report was shared. The report examines the effects of climate change on ecosystems, biodiversity, and human societies at the global and regional levels, as well as the vulnerabilities, capacities, and limits of the natural world and human societies to adapt to climate change. The report confirms that the world faces inevitable "complex climate hazards" with a global warming of 1.5°C over the next 20 years.

TEMSA Impact Assessment: At TEMSA, we are working harder every day to achieve our work integrated with all of our processes, without leaving any of our stakeholders out, in order to accomplish our goal of 2050 net zero emissions reduction and 2045 net zero waste. We have committed to SBTi, an initiative that aims to keep global warming below 2°C and, if possible, limit it to 1.5°C. We are waiting for the announcement of automotive sector guidance to set an absolute emissions reduction target in line with SBTi recommendations. Since climate risks cannot be completely eliminated with the measures taken, we are focusing our efforts on creating a climate action plan to identify risks and ensure risk management in order to reduce sensitivity and exposure and increase adaptation capacity.

Emissions Gap Report 2022: The Closing Window – Climate crisis calls for rapid transformation of societies[3]: According to the UN Environment Programme (UNEP) report, only an urgent system-wide transformation can deliver the cuts needed to limit greenhouse gas emissions by 2030, and there is a 45% chance of reaching 1.5°C and a 30% chance of reaching 2°C, given the estimates based on current climate change policies.

TEMSA Impact Assessment: With the help of our decarbonization efforts in 2022, TEMSA aims to lower its Scope 1 and Scope 2 emissions by 42% by 2030 as compared to the base year of 2021. In order to achieve this goal every year, we plan to set interim targets and ensure follow-up.By 2040, our product range will be transformed with the goal of having zero-emission vehicles in the entire product range, while we also focus on developing new technologies that will increase fuel efficiency through our R&D efforts. We cooperate with municipalities and carry out joint projects for the electrification and widespread use of public transportation.

2022 Sustainable Development Report[4]: The report demonstrated how the numerous, concurrent global health, climate, biodiversity, geopolitical, and military problems have significantly impeded progress towards the universal goals (SDGs), which were adopted by all UN members at the historic 2015 summit.

TEMSA Impact Assessment: At TEMSA, we support the sub-targets of the United Nations Sustainable Development Goals with our sustainability priorities identified through stakeholder engagement efforts. Taking into account the projects we carry out, the KPIs we monitor, and our related targets, we have identified the Sustainable Development Goals, the sub-goals of which we directly support, within the scope of our sustainability priorities that we have identified to provide a strategic direction to TEMSA's sustainability activities. We contribute to development goals numbered 4, 5, 7, 8, 9, 11, 12, 13, 17 and shape our future vision according to these steps.

[3] Emissions Gap Report 2022 (unep.org)

[4] — SDG Indicators (un.org)

Global and Local Regulations

Corporate Sustainability Reporting Directive (CSRD) & EU Taxonomy: The CSRD, which will start to apply for 2024 sustainability reports to be published in 2025, is part of the Green Deal, which aims to develop a sustainable economy in the European Union. CSRD encourages companies to establish policies, strategies and performance management systems to promote sustainability, with a requirement for inclusive, detailed and transparent reporting. The CSRD will affect more than 50,000 companies in the EU, including those with only one subsidiary or branch, and aims to increase companies' sustainable financial investments by assessing whether their economic activities comply with the EU Taxonomy.

TEMSA Impact Assessment: At TEMSA, we follow CSRD to learn more about environmental, social and governance issues. In particular, we consider sustainability performance, carbon footprint, energy efficiency, environmental impacts and labor policies as priority issues. We disclose our sustainability performance through sustainable and strong communication with our internal and external stakeholders and through reports to platforms/reporting organizations such as CDP, EcoVadis and Sustainability Report. In line with the guidance and monitoring processes of the EU Taxonomy, we will follow the sustainability vision in the future. These regulations encourage more open and transparent reporting of our sustainability performance and alignment with the EU's sustainability goals.

Global Risks Report 2022[5]: In the Global Risks Report published by the World Economic Forum for 2022, climate crisis, increasing social divisions and uneven global recovery process are among the biggest risks besides the problems caused by the pandemic. Pandemic-induced economic and social problems, vaccination inequality, societal issues, and geopolitical conflicts resulting from the varying economic recovery rates of countries also stand out.

TEMSA Impact Assessment: The upheaval of the global agenda that started with the COVID-19 pandemic in 2019 and the global problems that followed caused serious supply chain problems in the inventories. As the supply chain was disrupted for various reasons, commodity prices skyrocketed, putting a strain on the financial statements of companies. The increasing global demand for chips and the crisis resulting from the inability to meet this demand affected many sectors, from automotive to technology, including TEMSA. In order to effectively handle such risks, TEMSA identified items whose production could be affected due to supply chain issues. We were able to manage inventories despite prolonged supply processes thanks to a more extensive forecasting study for suppliers and pre-order. We are developing a inventory policy in order to maintain effective supply chain management in the future.

February 21-25, 2022, Climate Council: The first Climate Council of Türkiye, organized by the Ministry of Environment, Urbanization and Climate Change, set a new roadmap for Climate Compatible Cities, Climate Friendly Agriculture, Drought Action Plan, Green and Clean Transportation Network, Green Energy, Green Economy, and Climate Education. The latest 217 decisions taken at the Council are critical in the combat against climate change.

TEMSA Impact Assessment: As a company operating in the automotive sector, developing our climate change strategy and climate action plan is among our top material issues, aligned with the important decisions made at the Climate Council organized by the Ministry of Environment, Urbanization, and Climate Change. We focus on developing new projects and new mobility solutions to strengthen our position in this area. At TEMSA, we also carry out various efforts to make production processes more sustainable. These include increasing energy efficiency, reducing water use and recycling waste into the circular economy.

[5] Global Risks Report 2022 | World Economic Forum | World Economic Forum (weforum.org)

Global and Local Regulations

Fit for 55 Package: Fit for 55 is the EU's target to reduce net greenhouse gas emissions by at least 55% by 2030 and aims to align EU legislation with the 2030 target. With updates to the EU emissions trading system, the package, which was drafted on July 14, 2021, remained on the agenda in 2022.

TEMSA Impact Assessment: The Fit for 55 Package requires all new vehicles to be zero-emission by 2035. Furthermore, two important regulations to note here are the CO2 Emission Regulation for Vehicles and the New Battery Directive introduced within the framework of the Circular Action Plan. This will accelerate TEMSA's transition to electric and hybrid vehicle production. At TEMSA, we already produce electric and alternative fueled vehicles. By 2040, we will strive for all vehicles we produce to be zero emission. The Fit for 55 Package will promote the use of sustainable forms of transportation such as public transport, cycling, and walking. This means that TEMSA will also be involved in the production of public transportation vehicles. The Fit for 55 Package envisages various measures to reduce greenhouse gas emissions from the transportation sector. These measures encourage TEMSA to make its manufacturing operations more sustainable and to lower the greenhouse gas emissions of the vehicles it manufactures. At TEMSA, we are already working to make our production processes more sustainable and focus on reducing our Scope 1 and Scope 2 emissions by 42% by 2030.

December 6, 2022, Green Deal Deforestation Law: The European Union adopted the law to combat global deforestation and forest degradation caused by production and consumption. With this law, a number of essential goods supplied to the EU market will no longer contribute to deforestation in the EU and elsewhere in the world.

TEMSA Impact Assessment: As TEMSA, we will strive to ensure social and environmental compliance in the supply chain by 2030 and within this context, we are committed to reducing biodiversity risks in the supply chain. We will take steps such as reducing deforestation, promoting sustainable resource management practices, and partnering with local communities. In line with the European Union's Green Deal Deforestation Law, which aims for all new vehicles to be zero emission by 2035, TEMSA will work to ensure that 50 percent of the city buses we sell will be alternative fueled vehicles by 2025. Realizing these commitments will also contribute to reducing deforestation, conserving energy and water resources, reducing waste and expanding the production of zero-emission vehicles.

June 22, 2022, Green Deal Nature Conservation Package: The Commission adopted proposals to restore damaged ecosystems and restore nature across Europe, including farmland, seas, forests, and urban environments. The Commission also proposes to reduce the use and risk of chemical pesticides by 50 percent by 2030.

TEMSA Impact Assessment: At TEMSA, we are committed to ensuring social and environmental compliance in the supply chain by 2030. In this context, we will continue our efforts to reduce biodiversity risks in the supply chain. We continue to take steps to reduce biodiversity risks in the supply chain, reducing deforestation, promoting sustainable resource management practices and partnering with local communities. We strive to make production processes more sustainable by improving energy efficiency, decreasing water use, and reducing waste. We are taking steps to improve waste management, and we are already taking action to implement recycling programs and ensure more sustainable waste disposal. In an effort to collaborate, we are discussing the issue with universities and non-governmental organizations.

Global and Local Regulations

August 2022, Sustainability Accounting Standards Board Standards Now Under the Responsibility of IFRS: In August 2022, IFRS (International Financial Reporting Standards) merged with the Value Reporting Foundation (VRF), the global non-profit organization that previously managed SASB (Sustainability Accounting Standards Board) standards, and took over responsibility for SASB Standards.

TEMSA Impact Assessment: Our sustainability efforts are becoming more powerful by the day. TEMSA believes in the importance of sustainability reporting and accounting. The company plans to continue its efforts in this area in the coming years.

World Economic Forum 2021-2022 Annual Report[6]: The 2021-2022 annual report summarized the concrete progress made by the World Economic Forum on various initiatives throughout the year. It also showed how the organization continues to be a bridge-builder in a world where international cooperation is increasingly under pressure.

TEMSA Impact Assessment: At TEMSA, digitalization has become an important part of our strategy. As our work is shaped by the development of new technologies, we follow new mobility trends and invest in alternative fueled vehicles. We employ renewable energy certificates in our production activities and reduce our Scope 2 emissions. We meet 11% of our electrical energy with a rooftop SPP system. This year, we measured all of our Scope 3 emissions for the first time, and we continue to monitor our emissions in this context.

UN Global Compact Corporate Net Zero Pathway - Delivering the Paris Agreement and the Sustainable Development Goals[7]: The UN Global Compact has released a policy document that defines a roadmap for companies to achieve net zero emissions and empowers the private sector to play a part in this path.

TEMSA Impact Assessment: At TEMSA, our target is to achieve net zero emissions by 2050. This target is based on science and covers all of TEMSA's processes, including all operational boundaries, supply chain, and products and services. To reach the 2050 target, we develop an action plan and update it every year in line with evolving sustainability developments. This plan includes emissions reduction targets, implementation strategies, and monitoring and reporting mechanisms. We make the necessary investments and changes to achieve our emissions reduction target. We monitor and transparently report our targets on a monthly and annual basis.

[6] World Economic Forum: Annual Report 2021-2022 | World Economic Forum (weforum.org)

[7] Corporate Net Zero Pathway - Delivering the Paris Agreement and the Sustainable Development Goals | UN Global Compact

Global and Local Regulations

UN Women Annual Report 2022[8]: Acting as a leader, UN Women shared the outcomes it has reached through 2022, the motivations behind its activities, and its collaborators, all in line with its vision of a world where gender equality is the norm.

TEMSA Impact Assessment: In order to support women's employment, we aim to employ at least 40% women in our recruitment processes. Not only have we established this goal, but we have also offered input regarding the key performance indicators of our HR team and department heads. In this way, we act together with a common goal. In 2022, female employment accounted for 37% of our total recruiting rate. We are taking firm steps forward in a world where the rate of white-collar women in the automotive industry is 25% (OSD Analysis). To ensure the safety of our female employees, we offer maternity packages and a private driver service with the premise of working 7.5 hours per day throughout the prenatal period. In addition, we attach importance to the work-life balance of female employees and prepare working conditions suitable for their desire to return to work after childbirth. We provide maternity benefits containing necessary supplies to our employees who are on maternity leave.

German Supply Chain Act: German businesses of a certain size are required by law to refrain from doing business with non-compliant suppliers, and they face consequences if they do.

TEMSA Impact Assessment: It has the potential to affect our Company in the medium and long term. In case of non-compliance, sanctions such as export restrictions may be imposed. The actions we have taken as TEMSA within the scope of the German Supply Chain Act are included under the heading of Responsible Purchasing and Supply Chain Management.

Sanctions that Significantly Affect Company Operations: USA (OFAC), SDN Lists (blocked persons list)

TEMSA Impact Assessment: It has the potential to affect the company in the medium and long term. Failure to comply with sanctions or other related regulations may result in administrative fines, criminal liability of executives, etc. We use Sanction Trace application for third party assessments. We conduct risk analysis by having them sign KYC and commitment letters. Details on the subject and the actions we have taken can be found under the heading of Responsible Purchasing and Supply Chain Management.

EU Circular Economy Action Plan and Digital Product Passport: Policies promoting the circular economy and the use of sustainable products are critical to the European Green Deal (2019), which aims to increase competitiveness in digitalization. In this context, the Circular Economy Action Plan, which was adopted by the European Parliament on February 10, 2021 as one of the most important components of the European Green Deal, aims to support circular economy processes through the design of products. The information requirements for products will be communicated to stakeholders through a digital product passport (DPP). The European Commission defines the DPP as "a product-specific data set, which can be electronically accessed through a data carrier to electronically register, process and share product-related information amongst supply chain businesses, authorities and consumers".

TEMSA Impact Assessment: At TEMSA, we take our sustainability vision one step further and operate in accordance with the principles of circular economy. We strive to manage resources in a sustainable manner by reducing waste generated during production. In this context, our company adopts the basic principles of circular economy in the production of buses, batteries, midi-buses and electric vehicles. We intend to define our goals in this regard in 2023.

[8] UN Women Highlights 2021-2022 | UN Women – Headquarters

DIGITALIZATION, R&D, AND INNOVATION-ORIENTED IMPACTS

As the first company in Türkiye to receive the R&D Center certificate, we aim to be the pioneer of change in the fields of R&D and innovation.

DIGITALIZATION, R&D, AND INNOVATION-ORIENTED IMPACTS

We aim to improve our sustainability performance by continuously working on digitalization and technology as well as R&D and innovation. Adopting this approach at every stage of our business processes contributes to the development of environmentally friendly, and energy-efficient vehicles. At the same time, we are taking strong steps towards a sustainable future by accelerating our development in areas such as digitalization and technology investments, autonomous vehicles, next generation vehicle technologies, electric vehicles, and battery technologies.

R&D and Innovation

As the first company in Türkiye to receive the R&D Center certificate, we aim to be the pioneer of change in the fields of R&D and innovation. In order to respond effectively to the transportation requirements and environmental standards of the future, we shape our R&D and innovation policies with sustainability at the forefront. In 2022, 54% of all our R&D and innovation investments focused on sustainability. This approach is supported by a network of collaborations ranging from universities and research centers to industrial partners and other stakeholders. Meanwhile, we remain committed to developing innovative solutions with advanced technologies to improve the quality of our products and services.

We are increasing our capacity in the international arena by collaborating with international projects and consortia. We approach the transportation needs of the future and technological innovations with a strategic perspective, making our products more suitable and efficient within this framework.

At TEMSA, we implement various methods to support increased employee participation in R&D and innovation processes. The B2Feel project, which we continued in 2022, is an example of these methods. The project is an initiative that gives TEMSA-SKODA personnel the opportunity to travel as passengers in R&D test vehicles. The main purpose of the project is to collect feedback from employees based on their experience, to incorporate innovative ideas into product development processes, and to increase employee loyalty. 24 B2Feel events were organized, with 69 people attending. At the end of the project, a total of 20 ideas and suggestions were obtained.

We develop and diversify our innovation processes by adopting an open innovation approach. To guarantee that innovation becomes ingrained in our company culture, we train our leaders by emphasizing the importance of innovation to our employees. Our leaders create open communication channels to encourage employee participation and support innovation processes. We also allow our employees to unleash their creativity by establishing innovation centers where they can share their new ideas. By bringing together various experts from within and outside the company, we build collaborative spaces and innovation centers that foster the exchange of ideas. We care about customer feedback and requests and take them into account as part of our product and service development processes. We also leverage the external innovation ecosystem by establishing strategic business partnerships. By offering rewards for creative thinking, we inspire our employees along with external participants to innovate through innovation competitions and awards events.

In 2022, we continued our R&D and innovation efforts unabated. Every year, as a company that has led pioneering practices in the sector, we invest significantly in R&D efforts.

Activities 2022

2
We submitted 2 project applications under 2 TÜBİTAK-1004 programs.

1
We were given incentive for 1 TÜBİTAK-1702, and our goal is to complete the project by 2025.

5
TÜBİTAK projects were followed, and 2 of them were completed.

1
We received acceptance for 1 TÜBİTAK-1711.

4
We applied for 4 Horizon Europe projects and were accepted by 2 of them.

In 2022, we developed the following TÜBİTAK projects:

TÜBİTAK 1505 HOME UPS

In the last 10 years, TEMSA has made great strides in the development of electric vehicles. While doing so, we aim to reduce vehicle sales costs and create a new product platform by enabling a second life cycle for the batteries used in vehicles after the warranty period. As part of the project, we plan to develop 10 kW household energy storage units that can be connected to the grid and supported by photovoltaic energy when the service life of used batteries expires. In this project, which is carried out with the contribution of Çukurova University - ENERCOM by supporting university-industry cooperation, we aim to recycle old batteries used in electric buses and, by using these batteries, to develop a grid-connected energy storage unit supported by photovoltaic panels. Furthermore, the photovoltaic panels will reduce grid dependency while also providing financial advantages by transmitting excess energy to the grid. By developing this product, which has never been manufactured domestically, we also hope to gain additional technical know-how and market share through the project.

TÜBİTAK 1501

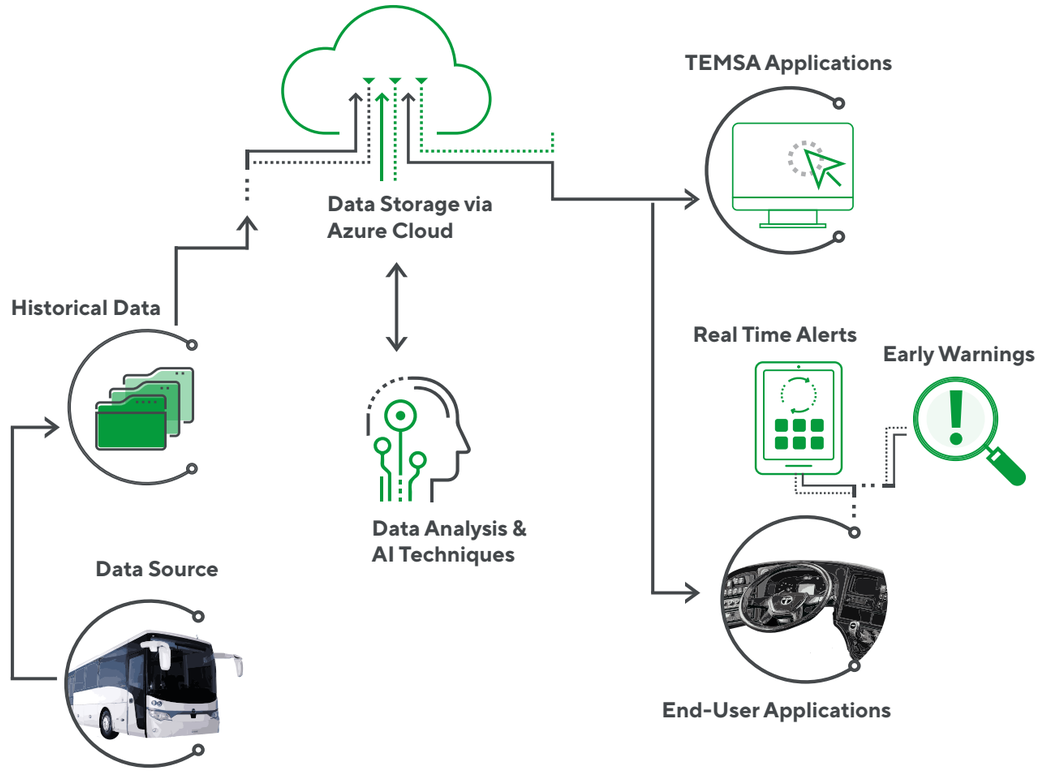
Our project, developed for HD RHD vehicles, aims to increase fuel efficiency and reduce emissions through the use of lightweight materials in vehicles. Within the scope of the project, the weight of the vehicles has been reduced by more than 400 kg. At the same time, we successfully completed our project in 2022, in which we aimed to develop an environmentally friendly product through the use of alternative materials.

TÜBİTAK 1711

Using artificial intelligence and machine learning techniques, this project intends to reduce estimated vehicle maintenance times and costs, increase operational efficiency, and improve spare parts management all at the same time. Our project was accepted in 2022 and is expected to be completed in 2024. The project is conducted in cooperation with DATAMIND and TOBB University.

TÜBTAK 1711, a project for predictive maintenance prediction and smart spare parts warehouse management of vehicle data using artificial intelligence and machine learning methods, is a game changer for future transportation systems. The project aims to track bus travel data in real time, monitor the location of buses, observe driver behavior, and optimize vehicle performance.

The project seeks to improve the safety of buses and passengers, enable buses to operate more efficiently and economically, monitor and improve the performance of bus companies and their drivers, enhance the travel experience, and increase customer satisfaction. We also contribute to making buses more sustainable by creating a database to collect and analyze travel data.



TÜBİTAK 1702

With this project, we aim to promote the use of high-performance supercapacitors in the automotive industry and to popularize supercapacitors equipped with porous gel electrolytes in the automotive industry. The main focus of our project is the development of high-performance supercapacitors and their wider use in automotive applications.

Our R&D activities on environmental protection and sustainability play a critical role in both technological innovation and the protection of natural resources. As part of these efforts, we focus on reducing environmental impacts and preventing water-related risks, and we carry out projects in this area.

With REEFLEX, an EU Horizon Project, we aim to encourage SMEs and start-ups to create new opportunities in energy demand elasticity markets and increase the participation of energy consumers. In this framework, the project focuses on increasing energy efficiency through improved energy management by using innovative approaches in energy management. Starting in 2023, the project will also develop a centralized interoperability platform and a service catalogue capable of maximizing the elasticity of distributed energy resources, respecting different end-user profiles. By developing a compatibility platform and service catalog, it maximizes the elasticity of distributed energy resources. The project also plans to increase transparency and encourage participation by using AI-powered services and distributed ledger technology. Consumers will benefit from innovative services that provide smart, personalized control while generating new revenue from data and elasticity transactions. In this context, the creation of a common operations market model with AI services and automation systems will reduce market entry barriers and costs.

Another one of our projects is the EBRT2030 (European Bus Rapid Transit 2030: Electric, Automated, Connected) project. Starting in 2023 and planned to be completed in 2026, this project aims to electrify, automate, and interconnect Europe's bus rapid transit systems in line with future technology trends, by 2030.

In addition to these projects, the use of electric and hydrogen buses stands out with its environmental benefits. These vehicles operate more efficiently than internal combustion engines and produce zero emissions, improving air quality and contributing to the protection of surface and ground water resources. They also play an important role in combating climate change and contribute to the sustainability of the water cycle and water resources by reducing greenhouse gas emissions. The use of water by hydrogen buses allows them to efficiently use a clean and renewable resource. All these factors help us reduce environmental risks and contribute to a sustainable transportation system. The purpose of these efforts is created positive impacts for the future by adopting an environmentally sensitive, innovation-driven approach.

My Energy is the Sun (Yakıtım Güneş)

We created the My Energy is the Sun project, which can charge up to 4 vehicles, with the goal of providing net zero emission charging services using the sun as a resource. In cooperation with EnerjiSA, a Sabancı group company, we integrated solar and DC-DC converters using TEMSA battery packs and developed an electric vehicle charging station.

In 2021, the My Energy is the Sun project, which received the Altınyaka award in the Sustainability category, provides 100% clean energy by offering off-grid charging. This mobile charging station can connect to a 132 kW solar energy system and has a storage capacity of 140 kW/h. It also has a DC charging capacity of 100 kW/h and the ability to charge four vehicles at the same time.

Following a pilot testing phase, we intend to offer the system in both national and international markets.

Digitalization and Technology

At TEMSA, we emphasized the importance of digital transformation with the "Driving Transformation" vision we launched in 2021, and we continue to adopt a strategic approach in the field of Information Technologies. In 2022, we took this vision even further and focused on more agile and strategic efforts. Our primary goal is to position services that have an impact on all processes on a more robust infrastructure. In this framework, we began to work on renewing and integrating information technology services into this infrastructure.The Robotic Process Automation "Logi" brand, developed by our Information Technologies team focusing on the "Future of Work", continued in 2022 as "TEMSA Tech Logi – Our Digital Colleague". Through the Logi robot, we implemented 10 different projects that added value to our company. Our Information Technologies team designed the TEMSA logo and Atatürk portrait from waste keyboards, creating art from waste in line with sustainability. We value employee participation in our digitalization processes, the same way we do in our R&D and Innovation processes. According to the World Economic Forum (WEF), more than half of the work we do in 2030 will require an understanding of digital technology. We share information on an ongoing basis through requests and ideas submitted through the EBA platform in order to improve the business processes of employees working in the field of information technology and to foster employee participation and innovation incentives. We received 69 new ideas and requests in 2022, and we successfully completed and implemented 67 of them.

We manage our information security processes with information security and cyber security procedures developed in accordance with ISO 27001 Information Security Management System Standards. We also continue to fulfill the requirements of ISO 22301 Business Continuity Management System. In this context, we are committed to establishing, maintaining, and improving information security and business continuity management systems by fulfilling the requirements of the standards through the Information Security and Business Continuity Policy that we have announced.

Digital Business Sustainability

- BUStory: Vehicle Story Tracking Project
- Order Confirmation - SAP Robotics Integration
- Digital Transformation of Export Invoices
- Automatic Balance Query Enhancement
- TT-DOC with QR
- Spare Parts Identification and Classification Standardization
- Actual Delivery Time Report

✓ The historical data of 23 vehicles used in 13 different projects were recorded in the BUStory digital database.
✓ The order tracking system was digitalized, which eliminated errors and delays.
✓ Each year, digital invoices saved 40 trees and 22,000 TRY of paper.
✓ With automatic balance tracking, an average of 4 hours of manual workload was eliminated.
✓ Increased access to vehicle documentation via QR codes.
✓ The standardization of spare parts numbering and classification processes resulted in labor savings of 98%.
✓ Tracking of material delivery times was automated with SAP.

Digital Business Resilience

- TEMSA CAMPUS
- PEGASUS Remote Work Program

✓ TEMSA Campus mobile application was developed.
✓ Time savings of 14 hours/month were achieved with PEGASUS.

Digital Business Automation

- Our Digital Colleague: TEMSA Tech Logi
- Direct Debit System Automation (DDS)
- Material Requirements Planning (MRP) Data Entry Automation
- Insurance Policy Entry Automation
- Project Packaging Automation

✓ 17 different projects were automated.
✓ Collections were made for an average of 19 companies in the first two weeks.
✓ The MRP automation system saved approximately 1.5 employee/day.
✓ With the automation of policy entries, an annual gain of 24 employee/day was achieved.
✓ Workforce and time spent on project packaging were reduced by 95%.

Business Intelligence

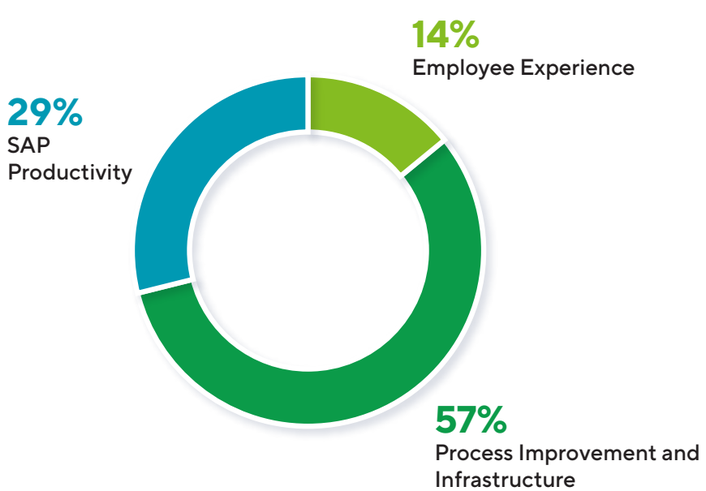
- Predictive Maintenance Estimation and Smart Spare Parts Warehouse Management of Vehicle Data with Artificial Intelligence and Machine Learning Methods

✓ Bus travel data was tracked in real time, driver behavior was observed, vehicle performance was optimized, travel data was collected, and a database was created for analysis.

Information Security Budget

2020	10,821,583 TRY
2021	16,914,996 TRY
2022	31,739,185 TRY

Our Digitalization and Technology Projects



SAP Productivity Efforts

Order Confirmation-SAP Robotics Integration

The main goal of our project is to automatically record the delivery dates in order confirmations into our system. This initiative aims to eliminate repetitive manual work. By doing this, time can be managed more effectively and errors and delays due to manual data entry are avoided. Additionally, faster data entry leads to faster customer service, digitalization of the order tracking system, and a more uniform procedure.

Actual Delivery Time Report

The main objective of our project is to effectively manage the delivery times of materials through data analysis and reporting via the SAP system. The scope of our project includes optimizing these processes by identifying the differences between standard delivery times and actual delivery times at material level. The goal of this project is to address the problem of lengthy manual reporting processes that impede effective KPI monitoring. By automating weighted average computations of lead times based on various shipment volumes, it also solves the issue of being unable to promptly detect items that do not meet normal lead times and provides more insightful data analysis. This project will enable more effective monitoring of procurement processes and improve the overall efficiency of the company. The process is now fully automated and has been a success.

Material Requirements Planning Data Entry Automation

The purpose of the project is to make production management more effective by automating the Material Requirements Planning (MRP) process. MRP is a production planning and inventory control system that analyzes production capacities, current stock levels and the need for goods. The scope of our project includes automating the manual process of entering weekly MRP data into the SAP system. Through labor and time savings, as well as the elimination of errors that could result from the process due to reliance on humans, this initiative will address the problems associated with the manual MRP data SAP integration procedure, which takes around one working day to complete.

Automatic Balance Query Enhancement

The aim of our project is to enable automatic querying of spare parts order balances. This is realized through the automatic transmission of balance lists via SAP, which manually transmits the supply dates of orders to suppliers via e-mail. The main goal of our project is to eliminate the manual workload and follow-up difficulties caused by the number of suppliers and the size of the order volume. This solution guarantees on-time deliveries by providing customers with their desired lead times more quickly. Balance tracking is now done through a standardized system. After the project was implemented, an average of 4 hours of manual workload was eliminated.

Process Improvement and Infrastructure Activities

Our Digital Colleague: TEMSA Tech Logi!

Thanks to TEMSA Tech Logi - Our Digital Colleague project, we contributed to our digitalization process. We automated 17 different projects by performing robotic process automation thanks to Logi. Some of the projects are listed below:

- Calculation of freight service invoices
- Transfer of EBA dealer invoices to SAP
- Creation of missing material reports
- Sales report standardization
- Order confirmation processes
- Direct debit system
- SAP Material requirements planning data entry
- Creating bill of lading documents from purchase invoices for overseas goods
- Entry and expensing of insurance policies

Our TEMSA Tech Logi project was one of the finalist projects selected among 593 projects in the "Productivity Project Awards" organized by the Ministry of Industry and Technology, General Directorate of Strategic Research and Productivity.

BUStory: Vehicle Story Tracking Project

We hope to strengthen traceability by moving the work done at the TEMSA R&D Center to a digital platform through the BUStory project. The BUStory Project aims to improve efficiency by providing R&D staff with easy access to test and assembly reports on relevant vehicles. In this way, R&D activities will be monitored more effectively, and all historical information of the vehicles can be safely stored in case of future sales. The project also aims to make improvements in important areas such as work discipline, resource management and customer satisfaction. In this context, we have 30 field employees who have successfully completed the project-specific training program. The program is currently being used in 25% of the projects, and we intend to improve this rate in 2023 and subsequent years.

Project Packaging Automation

Project Packaging Automation represents a software development project aimed at optimizing the vehicle packaging and weight calculations of TEMSA R&D department. This software works on a flexible template of the CATIA program, allowing for instant updates. It also helps to update weight calculations and project packages quickly and accurately for different variants by creating a library of components and options for all vehicles in the design phase.

Within the scope of the project, we aim to reduce the workforce and time spent in vehicle packaging processes by 95%, to provide better optimization opportunities by gathering the weight calculations of different options under a single table, and to archive the 3D models of the prepared project packages and make them reusable in the future. This project contributes to faster project progress by reducing the time loss and error risk caused by the current manual processes.

Direct Debit System Automation (DDS)

The main objective of our project is to automate the Direct Debit System (DDS) process. DDS is a cash management product that enables companies to automatically collect the receivables invoiced by their dealers and distributors. The project aims to move the collection processes realized through DDS from manual processes to a digital platform. This approach helps prevent financial and man-made losses. It also enables more effective use of the workforce and supports a sustainable business process with business partners. With Logi, we aim to improve the workflow by completing the process faster and more error-free compared to humans. As part of our project, we transferred our DDS business processes to our digital business partner Logi, and these processes were completed with 100% success.

TT-DOC with QR

The goal of our project was to establish a QR code reading system for general users by July 2022, in addition to the TT-DOC system, in which specific QR labels are prepared for each vehicle in order to instantly respond to consumer needs in a digitalizing world. Special QR labels were designed for each vehicle manufactured in 2022, and positive feedback was gathered during the TEMSA Service & Dealer convention. Previously, bus and midi-bus users were not able to access the "User Document" and "Maintenance Package & List" of their vehicles. With this project, two different systems were integrated. While a system was created for services and dealers where all technical documents are published, general bus and midi-bus users were given access to the "User Document", "Warranty Document" and "Maintenance Parts". Although the project is currently focused on technical documents, it paves the way for easier access to customized data in the future, including service entry/exit dates, problems with the vehicle, procedures applied, and more. In addition, this project contributed to the preliminary preparations required for the transition to the IoT (Internet of Things) system.

Insurance Policy Entry Automation

Our project aims to bring an end to the manual entry processes for insurance policies, usher in a digital era, and prevent human error with TEMSA Tech Logi, our Digital Colleague. At TEMSA, 1,200 insurance policies are manually entered annually. This project aims to automatically integrate Traffic, Insurance and Transportation policies from Aksigorta into the system through Logi. Thanks to the automation that has been running smoothly since March 2022, the project has yielded very successful results.

Digital Transformation of Export Invoices

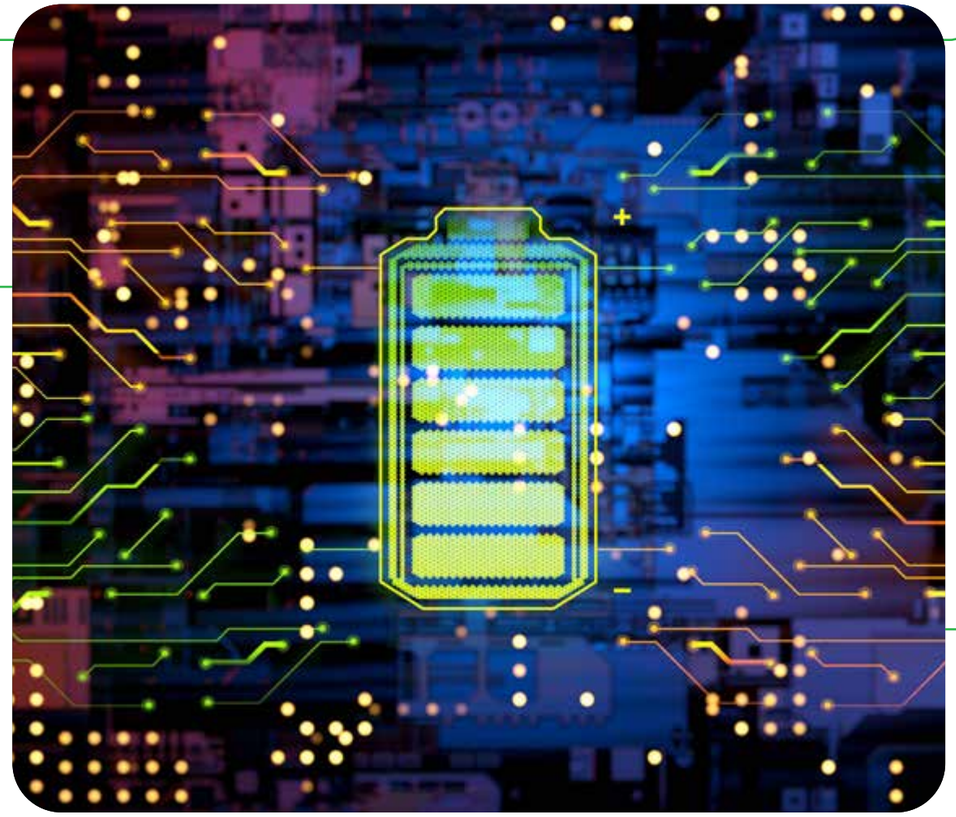
The aim of our project is to enable digital invoice sharing for export services, replacing the paper invoices received using the OKI DOT printer. As part of the project, we aim to reduce paper invoice costs, contribute to environmental sustainability, protect natural resources, reduce printer material costs, and encourage digital transformation, while providing important advantages such as a quiet working environment and saving 40 trees per year.

Spare Parts Identification and Classification Standardization

The purpose of our standardization project is to unify the spare parts numbering and categorization processes and make them more efficient by using talking codes. Within the scope of the project, components and detail materials used in spare parts are numbered according to an algorithmic structure, and this numbering is integrated with the spare part classification.

Material definitions created using supplier codes were resulting in sales losses in the absence of a uniform numbering system. To prevent this, the project minimizes sales losses by using standardized TEMSA codes. In addition, this systematic approach saves operational labor in the monthly manual spare parts classification process.

The project results are quite successful. The operational period, which takes 8-10 days per month, has been reduced to around 2 hours on a part-by-part basis, resulting in a 98% reduction in labor. There was a decline in outsourcing rates, and the project was concluded with total success.



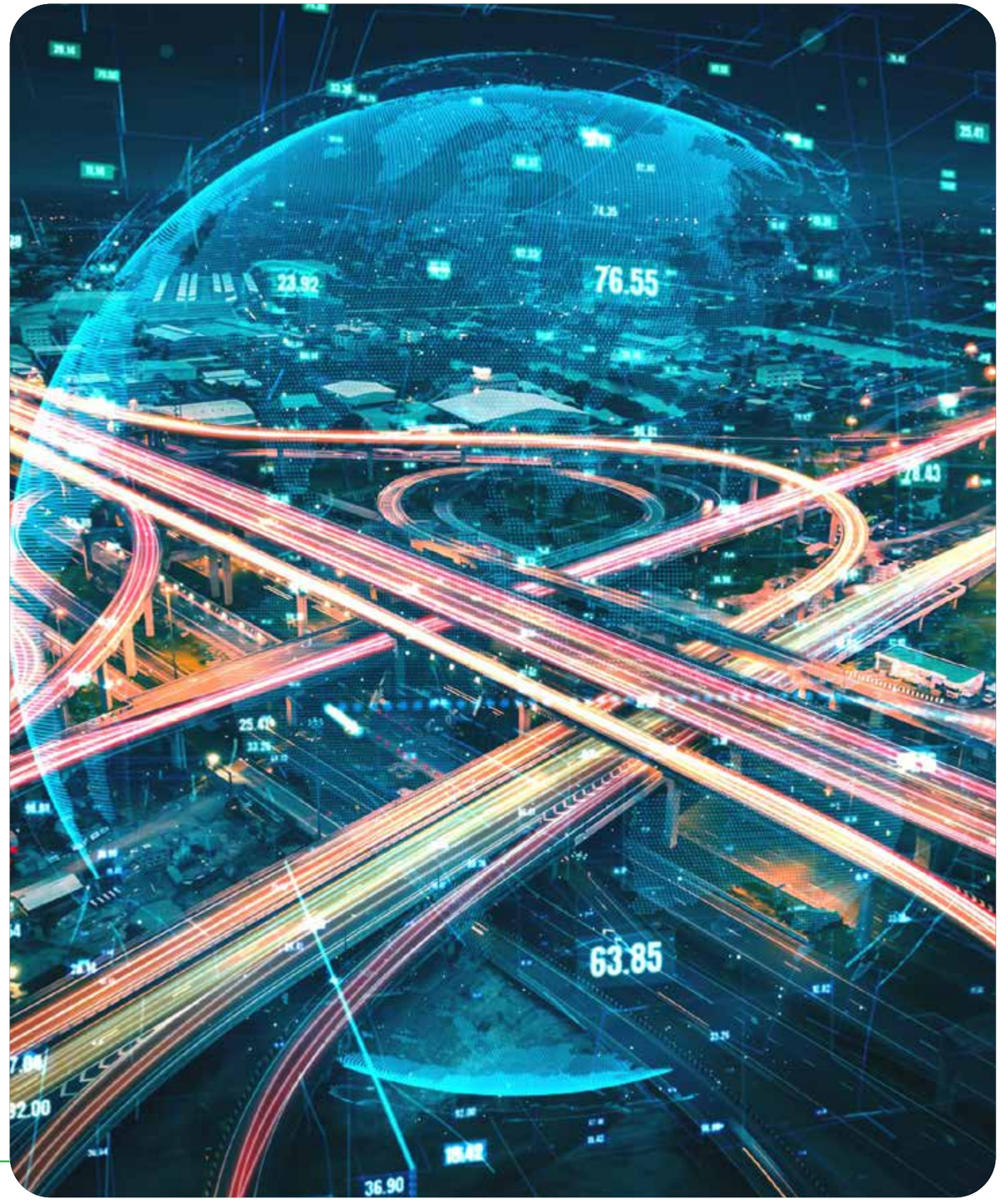
Employee Experience Activities

PEGASUS Remote Work Program

The primary purpose of our project is to collect off-site work information via mobile application within the scope of hybrid working method. We have developed and used a mobile application to enable Excel-based work calendars to transition to the digital era. Instead of Excel links that are updated monthly and become more and more complicated to access, our solution is designed to enable faster and easier access. It seeks to solve this problem, decrease the confusion caused by the increasing number of Excel files, and improve the control of data. We aim to achieve 70% of the targets by making efforts to ensure that our project, which has been implemented as of June 1, 2022, is fully adopted within the organization. We expect to reach the 100% target before the end of the year.

TEMSA CAMPUS

The goal of the TEMSA Campus project was to enhance and increase the accessibility of the existing intranet platform while averting issues that could arise from employees' poor access to trustworthy information. This platform, which provides accessibility via mobile devices and is also available in our overseas offices, covers approximately 1,400 employees and four different countries. Within the scope of this project, tools such as a recognition/appreciation system were also implemented to improve team communication while also enhancing the employee experience with a user-friendly design. We have also adopted an approach that aims to increase interaction among employees by highlighting new hires and birthdays. In this way, TEMSA Campus promises to provide a sustainable and inclusive platform by standardizing and further improving internal communication. The project, which was initially launched in Türkiye, has been observed for its applicability and impact in overseas offices, and scalable outcomes have been attained. Furthermore, we value feedback from users greatly in our efforts to continuously enhance the platform.



Data Privacy and Cyber Security

At TEMSA, we sign confidentiality agreements with our suppliers and business partners and take the necessary legal measures to protect data. As for data sharing, we use our own application TEMSA Transfer to share data, thus preventing inappropriate use of confidential information and/or third parties' failure to protect data confidentiality.

Within the scope of the ISO 27001 Information Security Management System, regular internal and external audits are conducted, and preventive actions are taken to address the findings of the audits. There are information security and cyber security procedures within the scope of ISO27001 Information Security Management System. TEMSA and its employees fully comply with all regulations regarding the protection of personal data. Each Employee is obliged to fully safeguard all personal data learned during the course of his/her activities and to transmit them to authorized individuals only in compliance with applicable regulations or with the written consent of the person concerned. We continue to work hard to meet the requirements of ISO 27001 standards for our Information Security Management System and ISO 22301 standards for our Business Continuity Management System, both of which we have incorporated into our business, as well as to maintain and improve the systems. In this context, we identify and systematically manage risks to business processes, conduct awareness-raising trainings, minimize unplanned interruptions, minimize security breaches, and impose penal sanctions when necessary.

We are devoted to our goal of setting an example in the automotive industry with our information security and business continuity standards by continuing our operations in an integrated manner with other management systems.

Autonomous Vehicles and New Vehicle Technologies

Our organization is heavily involved in the development of autonomous vehicles, which are intended to improve traffic efficiency and minimize environmental impact. Thanks to these technologies, we are constantly developing hardware to reduce emissions and prevent traffic accidents.

We are also taking firm steps towards achieving our sustainability goals with our efforts on next-generation vehicles. Our hydrogen and hybrid vehicles are being developed to ensure low carbon emissions and high energy efficiency. These vehicles support our goal of protecting natural resources while offering our customers environmentally friendly options.

Our Company will continue to work on autonomous vehicles and next-generation vehicles with a focus on sustainability, and we will continue to lead the way in this industry with innovations.

FuelCell 12m

With the FuelCell 12m project that we carried out in collaboration with Skoda, we are delivering our goal of developing a hydrogen vehicle that supports sustainability and adopts innovative approaches.

Our project focused on developing a new 12-meter hydrogen-powered vehicle design. We want to continue our sustainable growth strategy in the hydrogen vehicles segment, expand our vehicle product line, and play an effective and pioneering role in the international arena. This collaborative project helped us to strengthen the bonds of cooperation and to get to know each other better as mutual stakeholders.

The project is highlighted by the fact that hydrogen vehicles operate with zero emissions and are a non-polluting and environmentally friendly technology. Hydrogen vehicles additionally enjoy the advantages of fast refueling and long range. Refueling takes only 3 to 5 minutes, while a full tank of fuel can cover an average of 500 - 600 kilometers.

Trolleybus 12m

With the Trolleybus 12m project, which we completed in collaboration with Skoda, we are proud to introduce our sustainability and global growth strategy, as well as an innovative approach to the Trolleybus vehicles segment.

The main goal of this project was to minimize the environmental problems on the city line by offering a zero-emission transportation solution. Our new design is intended to generate electricity for the 12-meter Trolleybus vehicles, with the goal of making urban transportation more environmentally friendly. One of the biggest advantages of this project is that the Trolleybus vehicles are zero emission. Their ability to operate connected to the city line makes them a useful alternative for urban transportation. Furthermore, thanks to their batteries with a range of up to 50 kilometers, we provide assurance against problems that may occur on the city line.

HD12 Fuel Cell

As TEMSA, we are very proud to take an important step in the bus industry with the HD12 Fuel Cell project. Starting in 2023 and targeted to be completed in 2026, we are using Toyota's fuel cell technology and batteries to develop long-distance buses with an all-electric powertrain, manufactured according to GSR rules. The main goal of the project is to become a pioneer in H2 Coach vehicles, leading the emerging zero-emission transportation trends. This is the latest technological contribution to the bus industry as well as the development of an ecologically friendly transportation option. Our project, which will be carried out in cooperation with CaetanoBus, will support our leading position in the market in the field of zero-emission transportation and contribute to the acceleration of technological developments.

The HD12 Fuel Cell project, which brings long-distance advantages, makes the latest technological contribution to the bus industry while also developing an ecologically friendly transportation option. We believe that this project constitutes a green alternative for the buses of the future, and we continue to work hard to pursue this goal.

TS Group Vehicles EPA24

With the "EPA24 Compliant Passenger Bus" project, which was started in 2022 and is expected to be finished by 2024, we are working to develop a passenger bus that conforms with the new emission standards within the framework of TS Group Vehicles EPA 24. We carry out the production and integration of TS model vehicles serving in the United States market, at a level that complies with EPA emission standards.

The expected outputs and benefits from this project are multifaceted. First, we aim to improve air quality, reduce health risks, and create a more sustainable ecosystem by contributing to a significant reduction of harmful pollutants released into the environment through compliance with emission regulations. Furthermore, the focus on R&D quality in our project will enable us to develop technological advances and breakthrough inventions that may be implemented not only within our organization, but also across sectors. These advances could include areas such as more efficient and cleaner energy sources, improved emission control systems, and sustainable manufacturing processes. By sharing our findings and passing on best practices, we can help accelerate positive change and encourage others to adopt similar approaches.

The project focuses on emission regulations that address environmental impacts and prioritize innovation and the quality of R&D activities. We aim to spread project benefits to the broader community, promoting a green future and a healthier planet for generations to come.

Electric Vehicles and Battery Technologies

At TEMSA, we play a major role in shaping the transportation of the future. Thanks to our work on electric vehicles and battery technologies, we are making significant contributions to sustainability.

Electric vehicles are more environmentally friendly and efficient than traditional internal combustion engines. It is an important element that contributes positively not only to the environment but also to economic growth. Although the initial investment cost of electric vehicles is more costly than conventional vehicles, they serve as a more economical option in the long run. With our activities focusing on this green technology, we combine both the mission of protecting nature and economic benefits.

At TEMSA, we are determined to transform the transportation of the future with electric vehicles and battery technologies and to create a clean and sustainable world. At the same time, we participate in fairs for the electric vehicles we have developed and demonstrate our presence in the international market by introducing our innovation process to the world.

We are one of the pioneering companies in our industry to anticipate the transportation needs of the future and to begin working within the framework of digitalization and sustainability. For many years, we have designed our Company processes and products in this manner.

Development of New Generation TEMSA Battery Packs with Reduced Cost and Increased Energy Density

As TEMSA, our "Development of New Generation TEMSA Battery Packs with Reduced Cost and Increased Energy Density" project is a step towards our goal of developing special battery systems for electric vehicles. Our project started in August 2022 and is planned to be successfully completed in January 2023. Our main goal is to improve TEMSA's electric vehicle portfolio by making the energy storage needs of electric vehicles more efficient and economical.

At TEMSA, we have been conducting R&D projects and developing prototypes for electric vehicles since 2012. However, during this process, there have been sectoral challenges, especially in battery systems for the electrification of heavy-duty vehicles. Overcoming these sectoral problems is the main focus of our project. In this context, 15 specialized employees took part in our project, in which we developed a new generation battery system with a capacity of 102 kWh to be used for our electric vehicles.

We achieved significant success with the first-generation battery packs, but the need for a new battery pack design arose due to the tight pricing policies of module manufacturers and the decrease in costs with the increase in energy density. We also aim to add a fluid conditioning system to work with different cell or module manufacturers. As the demand for electric vehicles increases, battery technologies are evolving to reduce costs, increase safety and reduce supplier dependency. At TEMSA, we have decided to develop the second-generation battery pack in order to minimize imports, reduce costs, increase energy density, provide energy management in line with customer needs, and minimize supplier dependency.

Ultra-Fast Charging Lithium Battery-Powered Electric City Bus/Aselsan

Our Ultra-Fast Charging Electric Bus project is one of our steps to contribute to a green and sustainable future by utilizing Türkiye's domestic resources and technologies. The main objective of the project is to realize the production of an environmentally friendly bus with a high domestic production rate by utilizing Türkiye's domestic resources. Our project, which we launched in 2021 to accomplish this goal in collaboration with a leading technology company, Aselsan, uses Aselsan's technological expertise to help realize Türkiye's first lithium battery electric bus.

We believe that our project is an important step towards reducing the negative impact of urban transportation on the environment.

Here are some of the major achievements of this project so far:
- 770 tons of carbon emissions were avoided within 6 months of the start of our project.
- Compared to diesel buses, new electric buses are 10 dB quieter, which reduces noise pollution.
- 15 minutes charging time has been achieved.

We expect this project to make a major contribution to Türkiye's 2053 carbon neutrality targets.

Battery Projects

We are pleased to share some of the innovative battery projects that our Technology Development Department has carried out to support both environmental and economic sustainability. Thanks to our battery pack production area in our factory, which has an annual production capacity of 160 MWh, we have realized important projects that contribute to the energy sources of our electric buses.

Considering that the battery packs used for our electric buses have a certain lifespan, we looked for ways to give these batteries a secondary lifespan. As part of the projects, we carried out in this area, we attempted to make old batteries reusable rather than sending them to be recycled.

Order Picker Battery

One of these projects was to use the batteries from the MD9 Electricity vehicle to produce the Order Picker Battery used in our factory's warehouse. This allowed us to reuse old batteries to support our warehouse operations instead of purchasing new batteries.

Floor Sweeper Battery

We took a similar approach by replacing the lead-acid battery of our factory's floor sweeper with Li-Ion technology using batteries from our electric buses. This project helped us to improve the performance of our floor sweeper and reduce our environmental impact.

Forklift Battery

We have adopted a similar approach to transform the batteries in our forklift vehicles and started using environmentally friendly Li-Ion technology. This has contributed to making our business processes more sustainable by increasing the energy efficiency of forklifts.

UPS Battery

Finally, another significant project will be the conversion of UPS batteries at our factory. Using batteries from our electric buses, we aim to convert UPS batteries from lead acid technology to Li-Ion technology.

All of these projects are aimed at supporting sustainability, using energy resources more efficiently and becoming a business that does less harm to the environment.

Refrigerated Trailer Electrification (Refrigerated Truck)

We are paving the way for sustainable logistics transportation with our Refrigerated Trailer Electrification project. In order to electrify the trailers used to transport cold chain products, we launched this project in 2022 and produced the first electric refrigerated truck chassis in Türkiye.

Our project uses TEMSA batteries to enable the electrification of trailers carrying cold chain products. Trailers cooled using diesel fuel are now cooled in a more efficient and environmentally friendly way by controlling and operating the compressor thanks to the TEMSA battery pack, hybrid inverter and solar panels. The primary goal of the project is to achieve a 100% reduction in the amount of fossil fuels used in cooling energy. By achieving this, we emphasize the goal of saving fuel and reducing carbon emissions.
With the Refrigerated Trailer Electrification project, we are not only transforming the logistics industry, but also contributing to an environmentally friendly future.

Agricultural Battery

With the Agricultural Battery project, we aim to be part of a transformation that will shape the agricultural technologies of the future. The liquid cooled LFP battery pack with a capacity of 60 kWh, which lays the foundation of this project, offers an energy solution in the agricultural sector. Designed to meet the power needs and vibration values of tractors, this special battery pack contributes to the sustainability of agriculture by reducing diesel fuel consumption. Our prototype agricultural battery prevents the use of 22 tons of diesel fuel over its lifetime, offering both an economic advantage to farmers and a positive impact on the environment.

The conversion of diesel tractors to electric tractors saves 2,000 liters of diesel fuel per vehicle on an annual basis, while significantly reducing carbon emissions. The conversion of 500 tractors over 10 years will prevent approximately 15,000 tons of CO2e emissions. This is an important step in terms of the environment and climate change.

The success of our project was recognized in 2022 with the TISK Joint Future Award in the Future of Our Business category. We are proud to have received this prize, which shows how valuable our project is to society and the agriculture industry.

Marine Electrification

With the Marine Electrification project, we are shedding light on the future of maritime transportation in Türkiye. This project realizes the electrification of hybrid electric water taxis equipped with TEMSA battery packs and systems. This is a first in Türkiye, and it will lead to a more environmentally friendly future for maritime transportation.

The project started in 2022 and is expected to be completed in 2023. The water taxis used by Şehir Hatları (Istanbul City Lines) have been powered by TEMSA battery packs, making them a hybrid system that can operate in harmony with diesel generators. The main goal of our project is to reduce the carbon emissions of maritime transportation. We took a step towards sustainable maritime transportation by electrifying 5 water taxis. This project represents an important first step in reducing the carbon footprint of the marine sector. Over 10 years, we aim to reduce 15,000 tons of CO_2e emissions every year with five sea taxis.

MD9 electriCITY

The MD9 electriCITY stands out with its 9.5-meter length, powerful 250 kW electric motor and high passenger capacity of 53 people. While this electric vehicle stands out from its competitors in terms of performance, it also pioneers the electric transformation of urban and intercity transportation.

The MD9 electriCITY is the first electric vehicle model exported in TEMSA's history. It travels the roads of European countries such as Sweden, France, and Spain and contributes to the international expansion of sustainable transportation.

TEMSA continues to innovate and pioneer in the field of sustainable transportation. We are accelerating the transformation of electric vehicles with our innovative engineering approach and the unique solutions we bring to the transportation sector. As part of a demonstration program in collaboration with ALSA, Spain's largest operator company, we are proud to present the MD9 electriCITY electric bus in Murcia, Spain, attracting significant interest from passengers.
This amazing vehicle is also ready for Intercity use with Class II eligibility, thus offering a solution to meet all the transportation needs of our customers. With the MD9 electriCITY, TEMSA continues to build the future of sustainable transportation and offer our customers a cleaner, more efficient, and more environmentally friendly transportation experience.

Avenue Electron

Avenue Electron was developed entirely by Turkish engineers in Adana, and our national pride is now taking the stage in Istanbul. IETT eagerly tested Avenue Electron, our all-electric bus model. With a range of 400 kilometers, this environmentally friendly bus heralds a green future on the streets of our city.

Avenue Electron has a single pedal driving system. This technology provides drivers with a more efficient driving experience, optimizing energy management and increasing range by 15%. The test event, which took place at the İkitelli IETT garage in Istanbul, showcased the power and performance of the Avenue Electron. The Avenue Electron, which was tested with added weight, attracted attention with both its agility and durability.

Beyond sustainable transportation, Avenue Electron represents the power of national technology and the success of Turkish engineers.

TS45E

As the pioneer of electric bus technology, we are pushing the boundaries of electric transportation with the TS45E model. This vehicle offers passengers an environmentally friendly and high-performance travel experience. Our TS45E model can travel approximately 400 kilometers with a charging time of only 4 hours. This result reflects the success of our work on energy efficiency. Our passengers can now cover more distance and cause less damage to the environment during their urban and intercity travels.

The single pedal technology in the vehicle makes the driving experience even more special. This technology also increases the vehicle's range by up to 15% and reduces maintenance costs. The design, engineering and the entire battery packaging of TS45E was carried out in Adana with domestic capabilities. Our commitment to domestic production shows what we can succeed in this field.

TS45E has successfully passed tests at different locations in Silicon Valley and the State of California. TS45E, which provides a significant cost advantage over its conventional engine competitors in intercity distances, will be one of the pioneers of the transformation of electric buses.

Project Name	Current Status	Targeted Sustainability Impact	Collaboration	Achieved / Targeted Results
Autonomous Driving Electric Vehicle Design Project	Türkiye's dependence on foreign countries for autonomous vehicles increases design costs and eliminates design flexibility.	We aim to work towards mass production, become independent in vehicle design, and develop competitive and innovative autonomous vehicles. (Economic Impact)	Infotech and Galatasaray University	We will be able to develop much more flexible vehicle designs that can respond to every need with the completely domestic production of the software developed within the scope of the project.
Electric Bus Project for the US Market	We completed test activities on prototype vehicles. We carried out product validation processes followed by launches.	For the first time in Türkiye, we aim to design a fully electric vehicle for the US market to be used for intra-state travel. (Economic Impact)	Çukurova University	Our work is on going.
Aerodynamic Body Design and Prototype Production of Intercity Electric Bus for the US Market	In 2022, we started mass production for the project we completed in 2021.	With the improvement to be made through the project, we aim to save fuel, prevent wind noise, and avoid mud pollution behind the vehicle. (Environmental and Social Impact)	Anadolu University and TEQFLOW A.Ş.	We plan to start sales in 2023.
Vehicle Lightening Project with Alternative Materials	Vehicle lightweighting with alternative material (body and chassis) using s700 material (steel) for the first time was completed in 2022, and production and testing phases were started. Following our internal testing phases, we aim to send the vehicle to the tests to be conducted in the UK in 2023.	As part of our vehicle development approach in line with foreign market regulations, we carry out lightweighting efforts for the components of body, chassis, seat carcass group, and composite exterior trim group. In addition to the parts enhanced, we aim to contribute to weight reduction efforts with the use of thinned glass and low-density mastic sealant. (Environmental and Economic Impact)	Çukurova University	For the first time in Türkiye, we produced composite exterior trim parts using thinned frp and tested them on the vehicle. We established a numerical analysis infrastructure by experimenting with different composite materials and lamination parameters for the first time in the bus industry. As a result, we produced a 13-meter, 57-seater vehicle that complies with the weight regulations of the UK market, again for the first time.

ECONOMIC IMPACTS AND LOW-CARBON GROWTH

At TEMSA, we focus our efforts on the needs of a low-carbon future. While contributing to the Turkish economy with our value-added exports, we are actively working for the future of sustainable cities and low-carbon public transportation in line with our years of experience.

ECONOMIC IMPACTS AND LOW-CARBON GROWTH

Economic Performance and Sustainable Products

At TEMSA, we contribute to "smart mobility" solutions and "decarbonization" that will shape the sustainable future of the automotive industry. We deliver our electric vehicles, which are the focus of our investments, to countries across borders.

We continue our vehicle mobilization efforts at full speed to create smart cities in Türkiye and around the world and reinforce our leading role in electric vehicles. As TEMSA, we are the only manufacturer in Europe that can offer its customers an electric model in every segment.

As TEMSA, we are the only manufacturer in Europe that can offer its customers an electric model in every segment.

Our sustainable product definition, which we have defined in line with our sustainability strategy, falls under the category of impact reduction products. In this context, we have 9 different products that directly reduce the use of environmental resources and carbon emissions. In comparison to the previous year, the revenue we collected from the products that we classify as sustainable climbed by 1,072 percent.

The majority of our investments at TEMSA are in electric vehicles. For more than 10 years, we have been working on electric vehicle development, as well as new battery technologies, fuel saving, power distribution and vehicle charging units, the use of alternative fuels such as hydrogen, and charging stations. We design sustainable mobility solutions with our smart mobility vision. We offer our electric buses, for which we have started mass production, to Türkiye and the world.

Although the initial investment costs of electric vehicles were greater than those of conventional vehicles, the fact that they are far more economical than diesel vehicles in the long run is one of the primary considerations that encourages us. In this regard, we continue to expand our sustainable range year after year. With the LD SB E launched in the reporting year, we increased the number of vehicles in the electric product range to 5. In 2022, our sustainability-oriented R&D and innovation investments accounted for 54% of the total R&D budget. In the coming years, we plan to accelerate our work on alternative fuel vehicles and launch new alternative fuel vehicles such as hydrogen as well as electric vehicles.

Our revenue from sustainable products increased by 1,072 percent compared to last year and amounted to approximately 374 million TRY.

With the electric vehicles and battery technologies we develop, we minimize the environmental impact of our products by reducing their carbon footprint. We have different types of electric vehicles developed in the urban and intercity segments.

TEMSA's electric vehicles

As TEMSA, we provide our electric vehicles with a high local rate for use in many geographies across the world. Every year, we diversify our product range and develop our zero-emission and electric products.

Here you can find the story of our local and national vehicles, which have been using high value-added technology since 1984, from production to their introduction to users.

MD9 electriCITY

The MD9 electriCITY bus in the urban segment is an electric bus that offers quiet, smokeless and safe transportation. This zero-emission vehicle also saves energy with its energy recovery braking system. With this system, the MD9 starts charging the battery on the move, without the need to press the brake pedal. At the same time, thanks to intermediate charging at the last stop, it can increase its range up to 60 km in 20 minutes with a 150-kW charger. The vehicle's low center of gravity and direct drive system provide a safer and highly efficient driving experience.

MD9 electriCITY Class II

With a range of 400 km, our vehicle has been developed for use in short intercity distances. Class II differs from MD9 electriCITY in terms of certain hardware components and seat arrangement.

Avenue EV

In 2020, we launched the Avenue EV electric bus, developed in collaboration with TEMSA and ASELSAN. The vehicle's components such as the electric motor, traction inverter, main computer and instrument panel, which are usually imported, were designed and manufactured domestically by ASELSAN. The Avenue EV, which has the highest localization rate in the Turkish automotive sector, is offered to customers across a wide geography, especially in the European market. With its short-term charging feature, it can be fully charged in 15 minutes, allowing it to travel up to 80 kilometers in total. We anticipate that Avenue EV will reach higher sales volumes starting from 2022, thanks to both TEMSA's own sales activities and the synergy with Skoda.

Avenue Electron

The Avenue Electron, which is in the urban segment, has a single-pedal driving system. This allows the vehicle's range to be increased by up to 15%. The entire dashboard is equipped with a digital display, allowing the dashboard to be personalized for each fleet. The Avenue Electron air conditioning system uses a compressor-type heat pump to save power. Gear selector programs can maximize the power from regenerative braking, allowing the vehicle to recover 70% of the energy it uses and increase travel distance.

TS45E

This is an electric coach bus that we developed specifically for the North American market. The TS45E, whose design, engineering, and entire battery packaging were completed in Adana at domestic facilities, and which has shown great success in the test studies that have been ongoing in Silicon Valley for about 2 years, can travel approximately 400 kilometers on a single charge lasting only 4 hours.

LD SB E

Our LD SB E model is available in two different options, 12 or 13 meters. With a passenger capacity of 63 people, our vehicle shows the expected performance in all road conditions thanks to its 250-kW electric motor. With a range of 350 km, it is suitable for use in short intercity distances and/or as a school bus.

LF12 CNG

It is a low-emission bus developed for use in the city.

- It is assumed that the inner-city consumption for a 1.6 diesel engine vehicle is approximately 6 lt/100 km.
- When 1 liter of diesel fuel is burned, approximately 2.65 kg CO_2 e is released.
- Passenger carrying capacity is determined as 88 for Avenue Electron, 63 for MD9 Electricity, and 5 for regular automobiles.
- CO_2 emissions from the tank to the wheels, as well as emissions from oil extraction and production, are not considered.

The MD9 ElectriCITY saves up to 378,000 liters of fuel per year, preventing 1,000 tons of carbon emissions; the Avenue Electron saves up to 528,000 liters of fuel per year, preventing 1,400 tons of carbon emissions. 1 MD9 ElectriCITY prevents the CO_2 emissions of 63 cars and 1 Avenue Electron prevents the CO_2 emissions of 88 cars.

As TEMSA, we will continue to diversify our markets and, at the same time, expand our electrification solutions in the coming period.

During the reporting period, we achieved significant success in production, sales and exports, increasing our exports by 144%. As TEMSA, we will continue to diversify our markets and, at the same time, expand our electrification solutions in the coming period. Zero-emission electric vehicles account for 6% of our exports. We aim to increase this ratio every year, and by 2025, 50% of the city buses we sell will be alternative fueled vehicles.

In 2022, our total sales volume in all products increased by 122% compared to the previous year. Ranking among the top 35 companies with the highest number of exports in the automotive sector, we received the silver category award at the "Champions of Export" award ceremony organized by OIB with our successful performance in 2021.

Having shipped roughly 15,000 vehicles to nearly 70 countries to date, TEMSA will continue to grow with a focus on exports through new sales and deliveries in Türkiye and around the world.

Considering exports per kilogram, each of our electric bus exports creates an export value that is 25-30 times higher than Türkiye's average.

MD9 electriCITY Transforms Public Transportation in Spain

In 2022, as part of our extensive electric vehicle campaigns in the European market, we introduced our MD9 electriCITY model electric bus in Murcia, Spain and delivered the vehicle to the line of ALSA, the largest operator company in Spain, for the long term. We obtained full scores from the program's major operators for the test drives we conducted with the Mayor of Murcia, the Head of Transportation Department, and the Mobility Systems Director. The most praised characteristic of the MD9 electriCITY, according to feedback, was its silent ride. The overall design and performance of the vehicle, driving comfort, range values, safety, long lasting charge, and cost advantages were highly admired during the test program, where issues such as the wide visibility of the driver's area and the practicality of the seating layout came to the fore. Our 9-meter-long eco-friendly bus with zero carbon emissions also carries the imprints of quiet, comfortable, high-performance state-of-the-art technology.

TEMSA X IETT Avenue Electron Electrifies Istanbul

As the pioneer of the electric vehicle mobilization in public transportation in Türkiye, we aimed to make both environmental and economic contributions by launching the electric vehicle campaigning for Istanbul in 2022, following the test drives we conducted in Gaziantep, Mersin, Antalya, Diyarbakır, Denizli, and Kütahya.

IETT started testing our Avenue Electron model for the purchase of 100 electric vehicles in the 2022 budget. A test event was organized at IETT garage in Ikitelli, Istanbul for the introduction of our Avenue Electron model.

2022 UMA Motorcoach EXPO

We launched the first electric version of our TS45 model vehicle, which attracted great interest in North America, at the 2022 UMA Motorcoach EXPO. TS45E, the electric version of the TS45 family, which has been on the roads in the US and Canada since 2014 and is among the most preferred products of the market in the motorcoach segment, has been on test drives, for about two years, at different locations in Silicon Valley and California State, which are among the technology centers of the world. TS45E, which successfully passed all the tests and provides a significant cost advantage over its conventional engine competitors, especially in intercity distances, will be one of the pioneers of the transformation in the motorcoach segment with its high driving comfort, maximum passenger safety, advanced technology, and zero emission features.

We introduced Our LD SB E Model at Hannover IAA Transportation Fair

We unveiled our fifth electric bus, the LD SB E, which we have prepared for mass production, at the Hannover IAA Transportation, one of the world's most major commercial vehicle fairs, which is held between September 19 and 25, 2022.

More than 1,200 companies from 40 countries attended the fair, which showcased the latest launches and electric vehicle solutions of world's leading commercial vehicle manufacturers. In addition to the LD SB E, which we debuted during the show, the Avenue Electron and HD models were also introduced in Hannover.

We Showcased MD9 electriCITY and LD SB E Electric Vehicles at Autocar EXPO

We participated in the Autocar EXPO Fair, one of the most important organizations in France, held in Lyon on October 12-15, 2022. We exhibited the MD9 electriCITY, which is already on the roads of Europe, and the LD SB E, the youngest member of our electric vehicle portfolio, at our stand, and used the test drive service we offered to give the participants the LD SB Plus experience.

Great Cost Advantage for Vehicle Owners with the Renewed Fuso Center

In 2022, with its renewed front design, high carrying capacity, and increased driving comfort, Fuso Canter, which has achieved significant success in the Turkish commercial vehicle market where it has been operating for 30 years, is preparing to create a significant cost advantage for vehicle owners in different sectors such as public, construction, logistics, and food, which are the backbone of the Turkish economy.

Thanks to its robust structure and low vehicle weight, which are appreciated by all users, the Fuso Canter's high load carrying capacity and the fuel savings achieved provide a significant cost advantage to vehicle owners compared to its competitors. With our renewed models, we aim to increase our market share to 25%.

Responsible Purchasing and Supply Chain Management

Our suppliers and responsible purchasing practices assume a key role in realizing our sustainability strategy throughout our value chain. We harmonize with our suppliers in line with our common Code of Conduct and we opt to contract with suppliers who strive to perform better, provide a safe working environment and ensure all their employees arrive at their families in good health.

Vehicle manufacturing business, which requires a global supply chain, brings with it challenging risks. In line with the purposes of our collaborations with our suppliers, we transfer our expectations on environmental, social and governance issues and we further cooperate with them to improve their ESG performance to effectively manage the risks that we may face throughout our supply chain.

TEMSA Responsible Purchasing Policy, which was published in 2021, presents the principles that constitute the pillars of our supplier relations in addition to the goals and the framework of social and environmental audits that we have taken into consideration in contracting with the suppliers.

We periodically audit our suppliers with self-assessment surveys in accordance with this policy and all national and international procedures that we follow. We evaluate and categorize our suppliers based on sustainability performance and criteria. We request ESG performance information and re-evaluate the suppliers that we have classified in the critical category.

In 2022, we audited a total of 15 suppliers in line with environmental, social and governance criteria.

We organize supplier trainings, every year, in order to improve our suppliers' awareness on sustainability issues.

TEMSA Compliance with Law Commitment

As TEMSA, we require all our dealers, suppliers and customers with whom we carry out our commercial activities to sign our letter of commitment with regard to compliance with our measures on:

- Human Rights and Children's Rights,
- Compliance with Environmental Protection Law,
- Arms embargoes,
- Regulations on the Export Control of Dual-Use and Sensitive Items,
- Regulations on the prevention of Financial Crimes,
- Measures concerning the workforce, Prevention of Forced Labor,
- Anti-Bribery and Anti-Corruption,
- Prevention of Laundering Proceeds of Crime and Financing of Terrorism; and
- Data Security

German Supply Chain Due Diligence Act

Compliance with the Universal Human Rights rules, Prohibition of Child Labor and Environmental Protection regulations referred to within the scope of the German Supply Chain Due Diligence Act are incorporated in our TEMSA Compliance Policy and Code of Conduct.

SDN Lists (Banned Contacts List)

In order to evaluate 3rd Party risks, we make use of applications like Sanction Trace and KX tool, which integrate the sanction lists published by the relevant institutions and organizations of the USA, UN, EU and the UK.

Accordingly, we identify and exclude real and legal persons who have been the target of sanctions due to Human Rights Violations, Children's Rights Violations, Environmental Law Violations as well as the companies located in Sanctioned Countries and regions.

We carry out projects for the end-to-end digitalization of our sourcing and spare parts processes. Quality Performance Reports that we maintain in order to create a traceable supply chain help us to achieve our goals towards improving the production and supply processes of our suppliers by identifying their weaknesses and preventing financial losses such as problems and scrap costs and extra time spent on corrections. In 2022, we were awarded the first prize in the Industrial Transformation category with the "End-to-End Supply Chain Project" within the scope of Digital Transformation Program in Industry (TÜSİAD SD2).

We monitor the Sustainable Purchasing Performance of our Suppliers:

Sustainable Purchasing Performance	2022 Figures
Number / rate of suppliers who signed the TEMSA Responsible Sourcing Commitment	548 / 30
Ratio of suppliers that have passed the sustainability assessment to target suppliers.	In 2022, too, we audited our suppliers in line with environmental, social and governance criteria. In 2023, we will further continue our efforts to take action for our suppliers which were classified in the critical category.

Localization

The chip shortage and COVID-19, which have occupied the global agenda in recent years, affected the automotive industry in which we operate, as is the case with many other industries. These developments have caused failures and disruptions in the global supply chains of vehicle production, which are affected by various different dynamics. Owing to comprehensive forecasting and pre-order options, we as TEMSA, manage our inventory sustainably in the face of disrupted supply processes.

Disruptions in the global supply chain have re-emphasized the significance of domestic sourcing. In this regard, we as TEMSA, attach importance to localization activities, promote the use of local content in developing products and prioritize working with local suppliers. 84% of our suppliers consist of domestic companies. 53% of our supplier payments are made to local suppliers.

Since 2020, we have increased the number of our domestic suppliers by 65%.

We prioritize the use of domestic resources in the projects and collaborations that we carry out. We directly add value to the Turkish economy with our domestic sourcing policy.

Responsible Supply Chain Management

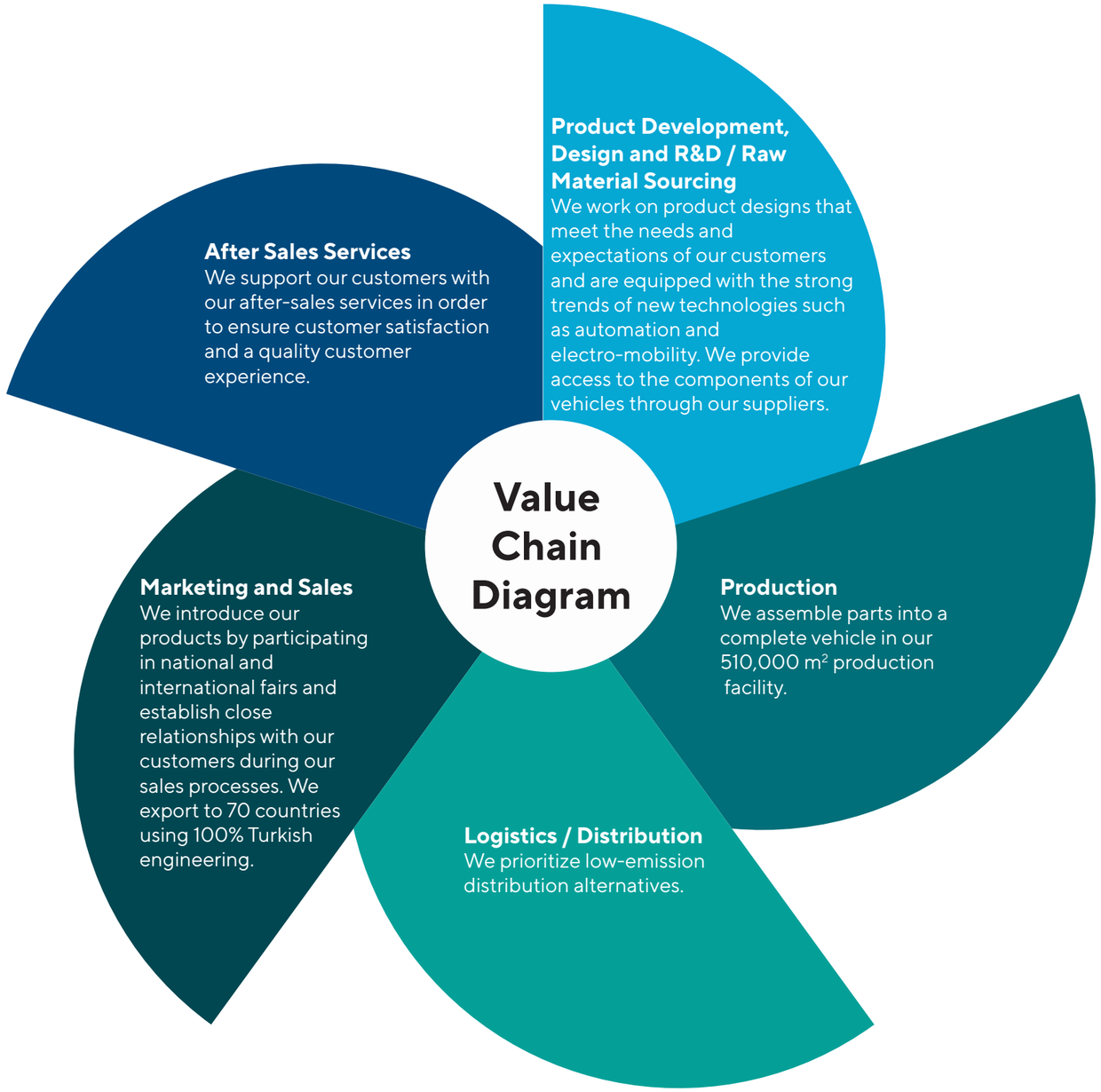
We attach importance to the responsible and sustainable management of our value chain, from raw material production of our suppliers to the delivery of our products to our customers and the after-sales services provided during the use of our products. We grow together with our stakeholders at all steps of our value chain.

We create added value together with all our stakeholders in our value chain.

Electric Vehicle Call from Temsa to the Tourism Sector for a "Sustainable Future"

We exhibited our MD9 electriCITY model by participating in ACE of M.I.C.E. Exhibitions, one of the most prestigious organizations in the world, held at the Istanbul Congress Center on 25-26-27 May 2022.

In this event which brings together all stakeholders of the tourism sector and was held for the ninth time this year with the "Sustainable Future" theme, we emphasized that electrification is one of the key elements of a sustainable future and made a "call" for electric vehicle mobilization to the entire tourism sector.



Product Safety and Quality Management

As TEMSA, we put emphasis on taking actions that will highlight corporate quality in all our activities. As an export-oriented company in our domestic and international operations, we prioritize providing quality products to all our customers. In order for our products to be reliable and durable, we have constituted a quality approach within which we organize our operations. In accordance with ISO 9001:2015 Quality Management System Standard and legal obligations, we design products that are capable to meet our customers' expectations.

As TEMSA, it is our priority to meet our customers' expectations in all our processes; accordingly, we maintain quality production processes based on the needs of the society. Furthermore, we continue to take remedial actions for our problems and areas that need improvement taking into account the feedback from all our stakeholders, in particular our customers. We place our quality and safety standards at the top of the agenda of our weekly meetings.

The effects of R&D studies on product quality are covered under R&D and Innovation whereas the effects of Digitalization on product quality are covered under Digitalization and Technology.

We carry out quality production processes by focusing on the needs of society, quality and safety standards.

Lean Manufacturing

We make use of lean production techniques in order to shorten customer delivery times and prevent waste by using resources optimally in our business processes. In this context, we work towards eliminating transactions that do not add value to business processes, unnecessary material and labor movements, long preparation processes with redundant inventory as well as preventing errors.

By minimizing losses, we increase our efficiency and ensure effective production processes.

Digitization of the Quality Information Report

Following quality reports is among the important factors that regulate the way we do business and enable us to progress faster. As TEMSA, we transfer PQR and DFs from SAP and Excel to the Power BI application and daily follow-up graphics and reports in the digital environment. This project that we actually use not only provides data tracking, but also enables us to control historical data and provides visibility and traceability of data by fault type/vehicle model/group code/assembly class/assembly group/part class/country/ supplier. Main goal of this project is to reduce the possible errors in the manual reporting system and to ensure the digitalization of data by reducing long reporting stages. Thanks to the system that we developed; we made the data understandable with colorful graphics that can be followed by our stakeholders. Common access to data particularly provides benefits with regard to preventing time loss and effective use of workforce. We also benefit financially from the strategy that we follow.

A3 Analysis

As TEMSA, we care about our customers' opinions and suggestions. A3 analyzes that we developed in this context help us to ensure standardization by giving the chance to identify the main causes and short- or long-term consequences of problems. Our aim in this analysis is to ensure that our analysis processes are completed correctly and sustainably by completing our problems in accordance with the solution methods. We further aim to analyze the problems in detail and prepare correct and permanent solutions while ensuring customer satisfaction. We develop sustainable measures and eliminate the possibility of the problems recurring while completing the analysis of the identified problems. One other gain, in this context, is to ensure that customer problems are not repeated and to save time by directly addressing the root cause of the problems.

CST Agile Team

This project that we have implemented by 2022 helps us to eliminate inefficient meetings and long-lasting solutions from the process of resolving customer complaints. We aim to reach fast and permanent solutions by creating an agile team. Owing to this project that we have developed in order to quickly address and solve customer complaints and problems, we take actions to help increase customer satisfaction by solving customer problems with the participation of stakeholders from different departments. This system has accelerated the solution of problems and increased the number of solved PQRs from 6 notifications per month to 20 notifications. Most prominent feature of the project is to quickly take actions and to swiftly respond to needs and problems. Thus, our level of customer satisfaction has been gradually improved. The agility approach, which is one of the working methods of leading companies, confirms that our company is adapting to international working systems. CST Agile Team project helps us to provide positive feedback from our stakeholders by improving the quality.

Quality Performance Report

This project that we have put into practice in 2022 is based on the aging rates of the determined return and DF criteria and enables us to create and track the performance scores of each of our suppliers with instant data flows. Monitoring supplier performance helps to observe the suppliers with poor performance and to determine the actions that need to be taken for improvement processes. The project further performs instant data tracking and enables us to identify suppliers with poor performance. Financial benefit we have attained in this context is to identify the areas that suppliers require improvement and to prevent the problems experienced in production and supply processes and the time losses related to material losses such as scrap costs.

Customer Satisfaction and Experience

As TEMSA, we prioritize meeting changing customer demands and requirements. To achieve this goal, we focus on talent management and successfully continue to develop innovative solutions for our customers in almost 70 countries. Starting with the product development, we carefully listen to the requirements and focus on meeting the needs of our customers throughout the use of products; thereby we exhibit our significance with the fast, explicit and specific services that we offer in after-sales services. While job definitions and work requirements have been changing due to digitalization and automation processes, we encourage our existing employees to adapt to these changes and bring new talents to our team. We closely monitor the development of our employees with the performance management system and provide them the opportunity to take their talents to an advanced level through the trainings we provide. In 2022, we provided a total of 14 hours training to 2 of our employees on Customer Complaints Management Systems.

We pay attention to the privacy of our customers. No privacy violations were detected at the end of the process that we executed in this context in 2022.

We, as TEMSA, make use of the Sanction Trace application for 3rd Party Due Diligence in applying the Responsible Investment Policy to customer operations. We used 9 different metrics for the purposes of the process in 2022, as a result of which we did not detect any environmental and social violations:

- Human Rights and Children's Rights
- Compliance with Environmental Protection Law
- Arms Embargoes
- Regulations on the Export Control of Dual-Use and Sensitive Items
- Regulations on the Prevention of Financial Crimes
- Measures Concerning the Workforce, Prevention of Forced Labor,
- Anti-Bribery and Anti-Corruption
- Prevention of Laundering Proceeds of Crime and Financing of Terrorism
- Measures regarding Data Security

We are by your side, anytime and anywhere. In order to ensure your satisfaction, we provide instant and customer-oriented solutions to all your requests and complaints 24/7 with our advanced customer service.

We, as TEMSA, focus on reducing the risks of environmental and social violations during the Due Diligence Process. We have added a component that assesses environmental factors to the Field Visits addressing our dealers and services. We oblige all our dealers, customers and suppliers sign a TEMSA Legal Compliance Commitment, which includes commitments to comply with environmental regulations, within the framework of Responsible Supply Chain rules.

We have further incorporated articles with regard to the Prohibition of Child Labor and Forced Labor to Field Visits addressing our dealers and services. This commitment covers the undertakings with regard to Universal Human Rights, Prohibition of Child Labor and Forced Labor. The measures and improvement activities that we undertake cover all countries where TEMSA operates and are related to the supply chain.

TEMSA Connect – Customer Management System

Our Purpose

- To effectively manage our customer contacts by gathering them under a single system.
- To improve our TEMSA customer satisfaction perception in line with our brand strategy.
- To ensure brand standardization in domestic and foreign markets.
- To create committed and satisfied TEMSA customers.

Outputs

- We are capable of managing the complaints from all channels (Call Center, Services-Web-Social Media-Şikayetvar) through a single system.
- We have integrated our services into the Customer Management System.
- We manage the complaints and technical requests submitted to our services through the system.
- As TEMSA, we have integrated all our departments into the system; thus we actively follow-up the issues and finalize them quickly.
- We have been developing a technical data bank by managing technical requests through the system.
- Real-time monitoring of the system allows us to analyze the status, numbers and waiting times of all requests and complaints.
- Owing to this reporting, we prepare action plans for our departments and present them to the board of directors accordingly.

WE MET WITH TEMSA AUTHORIZED SERVICES IN İSTANBUL

We held a meeting on 1 February 2022 at Marriot Asia Hotel İstanbul with the participation of 75 Temsa authorized services from all over Türkiye. At the meeting held with the main theme of "Customer Satisfaction", we shared news about TEMSA's prior year's assessment along with our 2022 targets with our authorized services.

The secret of our success lies in "Customer Satisfaction".

We conduct field visits with our teams more than before and we actively support both our authorized service network and our customers. Putting our customers in the heart of our operations, we make them feel that we are always by their side by providing after-sales services on a 24/7 basis.

WE MET WITH TEMSA AUTHORIZED DEALES IN CYPRUS

We held a meeting on 7-8 March 2022 in Cyprus with the participation of our authorized dealers from all over Türkiye where we evaluated last year's performance and focused on our new goals. For the purpose of the event, held with the theme of "Together We Are Stronger", we shared key figures for 2021 and determined our outstanding agenda items for 2022 as "Sustainability" and "Digitalization".

Our main agenda is "Customer Satisfaction"

One of the issues that assume a key role in our sales strategies is customer satisfaction. The results of our customer satisfaction surveys confirm that we are on the right track and stand out TEMSA in developing new products and creating faster solutions to customer needs.

WE MET WITH TEMSA AUTHORIZED SERVICES IN ADANA

We held the first leg of our Regional Authorized Services Meetings on 24-26 May 2022 at our Adana Facility with the participation of our authorized services from all over Türkiye. For the purpose of the meeting, we evaluated our operations for the first quarter of the year and we planned the business processes and discussed our goals for the next period.

The meeting aimed at strengthening our communication with our authorized services and increasing the efficiency in business processes included informative presentations on topics such as business development, technical service, after-sales operation plans.

TEMSA HELD "SAFE AND ECONOMIC DRIVING TECHNIQUES" TRAINING FOR THE DRIVERS OF OUR FLEET CUSTOMERS

The second run of our trainings, the first of which were provided to 172 TEMSA drivers working for HAVAIST urban shuttle services in İstanbul, was held in December with the participation of 28 drivers from Antalya. The first stage of the trainings, which consist of three stages in total, is dedicated to theoretical trainings in which we provide drivers with technical information about the hardware and safety features of the vehicles they drive. For the purpose of the second stage of the training, we teach practical driving techniques and transfer the necessary information for an economic and safe driving experience. In the last stage, we emphasize the significance of maintenance and authorized services for the long-lasting use of vehicles. Our trainings, the first of which was held in 2022 and throughout which 200 TEMSA drivers have been trained so far, will continue in 2023.

ESTABLISHMENT OF THE FLEET TEAM

We have established our Fleet Management team with the aim of gaining new customers, maintaining our relationships with existing customers, ensuring customer satisfaction, and providing 24/7 after-sales support to our fleet customers.

SPRING CAMPAIGN

For the purpose to increase the service entry and loyalty of our out-of-warranty TEMSA Safir, Marathon, Prestij and Fuso Canter vehicles, we are offering further sales opportunities for the sales of spare parts. We aim to increase service entries, achieve spare parts turnover targets, create additional sales volumes, win back lost customers, and further strengthen our brand's reputation in the field.

EXCLUSIVE CAMPAIGN FOR FILTER AND BRAKE PACKAGES

With this campaign, we aim to increase the service entries of TEMSA Safir, Marathon, Prestij and Fuso Canter vehicles, build customer loyalty and offer further sales opportunities for spare parts.

BAYRAM ACTIVITIES

Throughout the Bayram holiday, our authorized service personnel met with the drivers of TEMSA branded buses at the designated bus stations and recreation facilities. We, as TEMSA, further provided support to our customers during the holiday when necessary.

ORGANIZATION OF REGIONAL SERVICE MEETINGS

For the purpose of the meetings that we organized separately for our Bus, Canter and Joint Authorized Services within the scope of the 3-day events, we evaluated the 2021 KPIs for the After Sales Services, we maintained our efforts to improve customer satisfaction by setting targets for the year 2022 and discussing new projects.

Customer Health and Safety

As TEMSA, we determine the commitments to ensure the health and safety of our customers; we incorporate the implementation of the necessary plans and actions in order to realize these commitments within our basic policies. We present our basic principles addressing customer health and safety within the scope of our TEMSA Customer Health and Safety Policy. Our policy covers all (100%) of the works carried out on customer health and safety in the service department. We carry out controls in our services with 5S audits. We prioritize the health and safety of our customers at every stage from the design of our products and services to the production, distribution and use of our services.

We prioritize the health and safety of our customers at every stage, from design to production, distribution and use phase of our products and services.

Throughout the reporting period, we did not encounter any case related to customer health and safety and we did not face any negative consequences.

We regularly conduct risk assessments to identify and analyze customer health and safety risks. We constantly evaluate and improve each segment from the development stage to the post-use process.

We do company-specific research on the potential health effects of our products or services. We execute awareness programs in order to raise awareness about safety and we aim to increase the number and extend the content of the training, driving and information meetings that we hold over the years.

We are commissioning a product recall process within the scope of important safety measures such as performance improvement, product control for safety purposes that we have identified in after-sales services in order to ensure our customers to use our products safely. We follow the Product Recall Process within the scope of our KPIs and aim to “Recall” the minimum number of products.

ENVIRONMENTAL IMPACTS AND SUSTAINABLE OPERATIONS

We act in our entire value chain by taking into account our environmental impacts.

ENVIRONMENTAL IMPACTS AND SUSTAINABLE OPERATIONS

As TEMSA, we act in our entire value chain by taking into account our environmental impacts. We make improvements to reduce our carbon emissions caused by the use of our products and our operations and to ensure energy efficiency. We act in accordance with all these values, our environmental policy and the vision and mission of our Company.

In accordance with our vision of "All Together on the Sustainability Journey", we are committed to improve our Environmental Policy by constantly following our environmental management system, to protect the environment and reduce our impact on the environment, to continuously develop and improve our environmental sustainability efforts through our waste, water and effluents management, conservation of biodiversity, climate action plan and circular economy projects.

By prioritizing environmental sustainability in our operations, we integrate improvement efforts into our production processes to reduce our environmental impact.

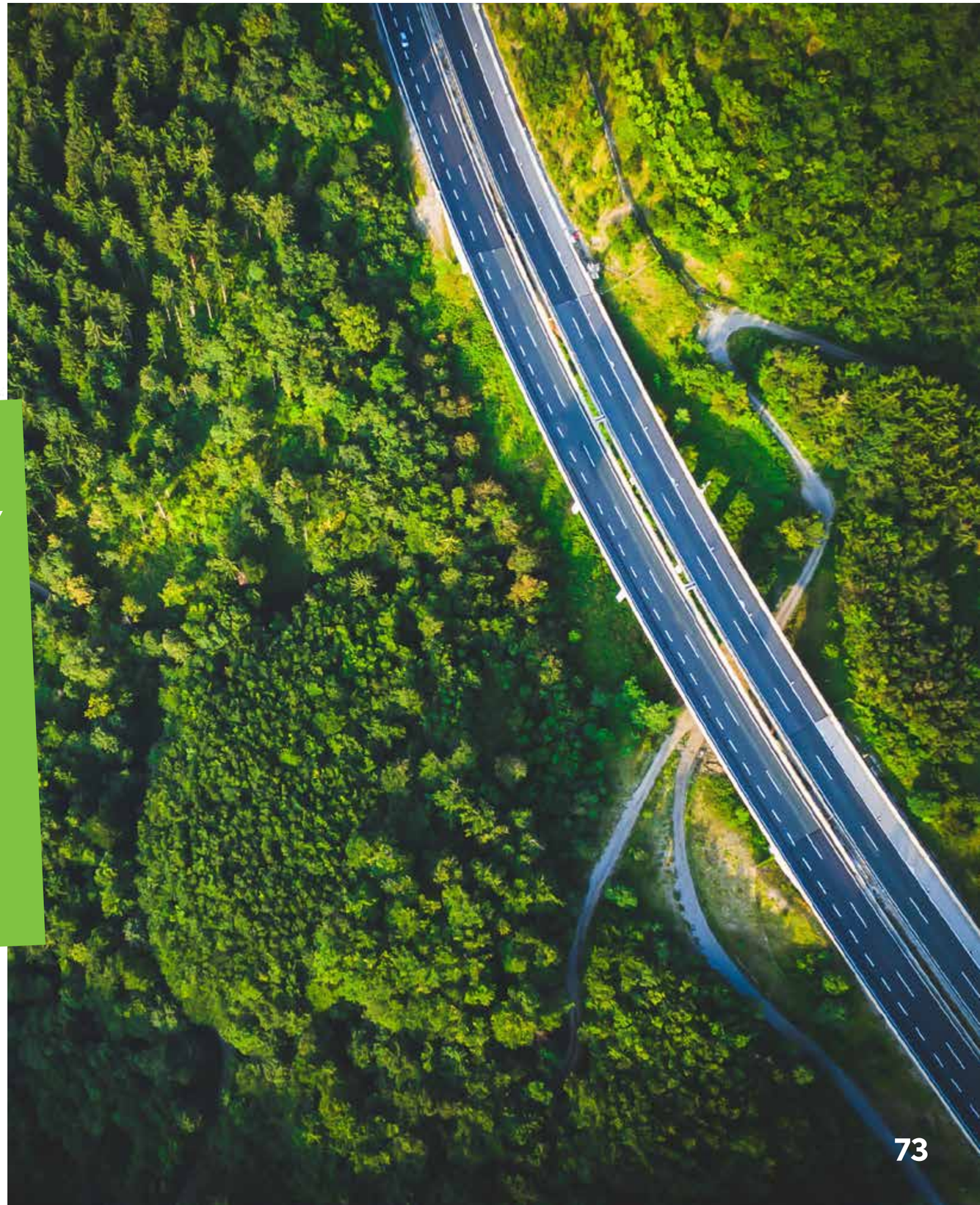
Commitments and Goals for Our Environmental Performance

We aim and commit to;

- Reduce our greenhouse gas emissions by 42% by 2030,
- Increase the production of zero emission electric vehicles (ZEVs) by 100% by 2040,
- Achieve our Carbon Neutral Target by 2050,
- Improve our energy efficiency by carrying out renewable energy studies and collaborations on energy efficiency and to increase our renewable energy use to 100% within the framework of our Climate Action Plan,
- Contribute to the circular economy with our waste, water and effluents management, to continuously develop in this context, to carry out recovery and awareness-raising activities within the scope of water recycling and to achieve a 42% bus equivalent improvement in water efficiency and recycling by 2030,
- Focus on the conservation, improvement and development of all species, in particular endangered species and endemic species together with their habitats and to sustainably manage the impacts on biodiversity.

We assess our suppliers' adherence to Sustainability Principles, level of understanding on environmental protection in the procurement of services and materials with "Supplier Assessment Surveys" that we regularly conduct, and the audits conducted by Independent External Audit Institutions.

We aim to maximize the sourcing efficiency of the materials of our products by 2040 and to switch to a circular economy while working in cooperation with our stakeholders in this process.



Combating Climate Crisis

Ensuring energy efficiency and reducing the amount of our emissions in order to ensure the continuity of our production processes and to effectively pursue our combat against climate change are among our most important priorities. As TEMSA, we strive to constantly add new ones to our good practices in order to carry out our activities in high quality standards and protect our natural resources.

We have placed the focus on electric vehicle production at the heart of TEMSA's strategies in order to meet global expectations, to ensure our business continuity and in accordance with our sustainability approach. As a people-oriented technology company, we make decisive breakthroughs and develop goals.

By 2040, we are committed to building a product portfolio consisting entirely of alternative fuel vehicles.

Electric vehicle production besides our goal towards reducing our corporate footprint are of critical importance for us in terms of complying with the regulations both determined by Europe and expected in our country.

As part of our climate transition plan, we aim to reduce our Scope 1 and Scope 2 greenhouse gas emissions by 42% by 2030 and 100% by 2050.

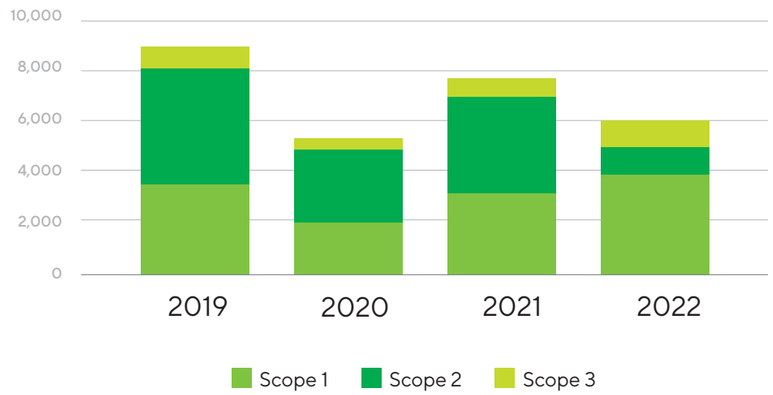
The targets we have set are consistent with limiting global temperature increase to 1.5°C in line with the Science Based Targets initiative (SBTi) commitment.

As TEMSA, we comprehensively plan our efforts to reduce our emissions, starting from the design phase of our production processes. We make investments and carry out various R&D projects in this regard. We allocated more than 50% of our CAPEX budget to sustainability-oriented R&D projects, energy efficiency and renewable energy projects in order to ensure the implementation of these projects.

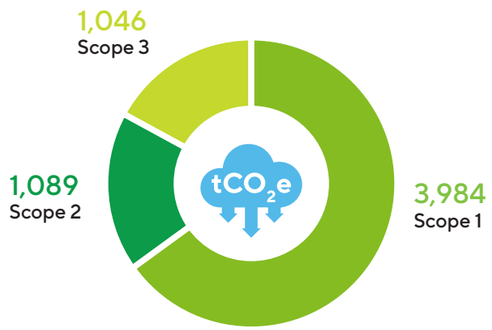
We started by calculating our carbon emissions between 2017 and 2022, we are working towards improving our targets and strategies in this direction every year. As of 2022, we have expanded the scope of calculating our greenhouse gas emissions and included 15 categories of Scope 3 emissions for our operations in Türkiye. For our global operations we conducted calculations that encompassed both Scope 1 and 2 emissions.

Thanks to our R&D studies in 2022, we reduced our carbon emissions by 22.02% compared to 2021, in line with our targets.

Our Emissions by Years (tCO_2e)



Our Emission Results - 2022 (tCO_2e)



As TEMSA, we follow all these efforts with our strategic goals and value chain targets within the framework of the Climate Action Plan.

Ultra-Fast Charging Electric Bus Project

With the Ultra Fast Charging Electric Urban Bus Project with Lithium Battery, an R&D project that we developed in cooperation with Aselsan, we aim to offer a sustainable transportation alternative that is environmentally friendly, economic and safe.

These vehicles will not use fossil fuels, will emit zero exhaust emissions and will be used by municipalities as environmentally friendly buses. It has also been observed that they significantly reduce noise pollution compared to gasoline vehicles. The vehicles will also save on fuel and maintenance costs.

My Energy is the Sun Project

The objective of the project, that we have implemented in cooperation with EnerjiSA, is to create a new market and alternative use for used bus batteries without disposing them as waste. For the purpose of the My Energy is the Sun Project, we developed a DC electric vehicle charging station, which will be integrated with solar energy systems and function off the grid via battery support.

This project, which was completed in 2022, stands out with the use of solar energy as a renewable energy source and provides charging services for up to 4 vehicles with net zero emissions. Presenting this project to both local and global markets, we as TEMSA, expand our innovative product portfolio with our energy-providing vehicle charging unit. This project, which we have realized in cooperation with our group company EnerjiSA, represents a concrete example of Sabancı Holding's future vision.

Agricultural Battery

Our Agricultural Battery R&D project, the prototype of which we developed, enabled the conversion of diesel tractors into electric tractors. Thereby we had the opportunity to expand our combat against climate change to rural areas.

We prevented the consumption of 22 tons of diesel fuel by eliminating the use of fossil fuels with tractors using agricultural batteries. The conversion of tractors prevented the consumption of 2,000 liters of diesel fuel per year for each vehicle. In this regard, we anticipate preventing approximately 15,000 tons of CO_2e emissions for 500 vehicles cumulatively for 10 years.

By preventing the use of fossil fuels in a vehicle used in the production industry, we have further contributed indirectly to reducing the emissions of many other sectors.

MARINE

Thanks to the electric battery systems we developed, we believe that we can contribute to the sustainability of many types of vehicles in the transportation industry. For this purpose, we ensured the integration of the batteries of sea taxis put into service by IMM City Lines with TEMSA battery packs. This project made it possible to build a hybrid marine transport vehicle that can work in harmony with diesel generators. This small-scale project that we carried out on 5 sea taxis enabled us to take the first step in the transformation of sustainable maritime transportation. It further enabled us to implement the first electrification project for boats/ferries in Türkiye.

At the end of this project, we aim to prevent the consumption of 670 liters of fossil fuel per day for 10 years and the release of 15,000 tons of carbon emissions every year.

Electrification of Refrigerated Trailers

The cooling of vehicles (refrigerated trailers) used in cold chain transportation is generally provided by diesel fuel. For the purpose of the R&D project we developed as TEMSA, we developed a compound system that enables the control and operation of the compressor using TEMSA battery pack, hybrid inverter and solar panels.

In this context, we aim to completely eliminate the consumption of fossil fuel used for cooling, thus reduce the carbon emissions and save fuel consumption.

The eQuad

We produced our product called The eQuad, which is a small cargo vehicle that is 100% electric and can also be used with pedals. We plan to offer The eQuad, an innovative vehicle, for sale in the American and European markets by the end of 2024. Our goal is to sell 1,000 eQuad vehicles in these markets.

This project serves our aim of providing sustainable transportation solutions and contributing to environmentally friendly and energy efficient transportation. We aim The eQuad, as an electric-powered cargo vehicle, to serve as an environmentally friendly alternative for both urban transportation and distribution services. We consider this to be a significant step in terms of sustainability and believe that it stands out as an exemplary innovative solution for the transportation industry.

Energy Management

We emphasize energy efficiency when evaluating our environmental sustainability strategies. Considering both the financial outcomes of the global energy crisis and our environmental impact, energy efficiency projects have an important impact in our strategy.

As TEMSA, we have to comply with our carbon emissions targets in order to combat climate change, ensure compliance with international regulations and maintain brand reputation and competitive advantage. Our commitment to reduce our emissions by 42% by 2030 is of critical importance in this regard. A review on our carbon emissions revealed that more than 50% of our Scope 1 and Scope 2 emissions arise due to use of electricity. For this reason, we prioritize renewable energy and energy efficiency investments in order to reduce our emissions. Accordingly, we started to use renewable energy in our operations through the Renewable Energy Resource Guarantee System (YEK-G) which we obtained from our electricity supplier throughout the reporting period. Thus, we reduced 4,052.98 tons of CO_2e emissions.

This have brought with a new perspective to our capital expenditures. Our energy investments have become a determining element of our purchasing processes. In this context, ensuring energy efficiency is extremely important to maintain our business continuity.

Within the scope of our energy management activities, we make investments to maximize the efficiency of our processes and carry out critical and far-reaching R&D projects in order to reduce our impact on the environment. Thanks to our R&D projects, we gradually improve our processes.

Our Activities with regard to the ISO 50001:2018 Energy Management Standards

In order to ensure our energy efficiency, we continue our activities in line with our ISO 50001:2018 Energy Management Standard Certification. In this context, we organize trainings to raise awareness of our customers. As TEMSA, we have created a team that will assume the energy efficiency projects within our facility. We further have a team for supervising the projects that we execute within the scope of energy efficiency. Internal auditors who audit our operations are assigned from this team.

Energy Efficiency Projects

We carry out various projects to improve our energy efficiency. In order to take these projects one step further, we have a LED Lighting transformation system implemented in 14 departments. Owing to this system, we have saved 46,665 kWh of electricity. We further reduced our Scope 2 greenhouse gas emissions by 19.23 tons of CO_2e and our Scope 3 emissions by 1.92 tons of CO_2e.

In addition, we have saved 43,256 kWh of electricity with the Pipe Insulation Systems project. The Pipe Insulation Systems, which we implemented to improve our production processes, reduced our Scope 2 greenhouse gas emissions by 17.82 tons of CO_2e and our Scope 3 emissions by 1.78 tons of CO_2e.

We allocate a specific budget for our projects in order to continuously improve our energy efficiency. With the projects and remedial works we carried out in this context, we reduced our tCO_2e amount in 2022 by 40.74 tCO_2e.

Renewable Energy Projects

Undertaking 100% of our activities with renewable energy is our most important strategic decision for the future when determining our operations. After making this decision, we met 68.69% of our electricity consumption from renewable sources by improving our operations and works in 2022. We have secured the use of renewable energy by means of the YEK-G that we received from our electricity suppliers in April 2022.

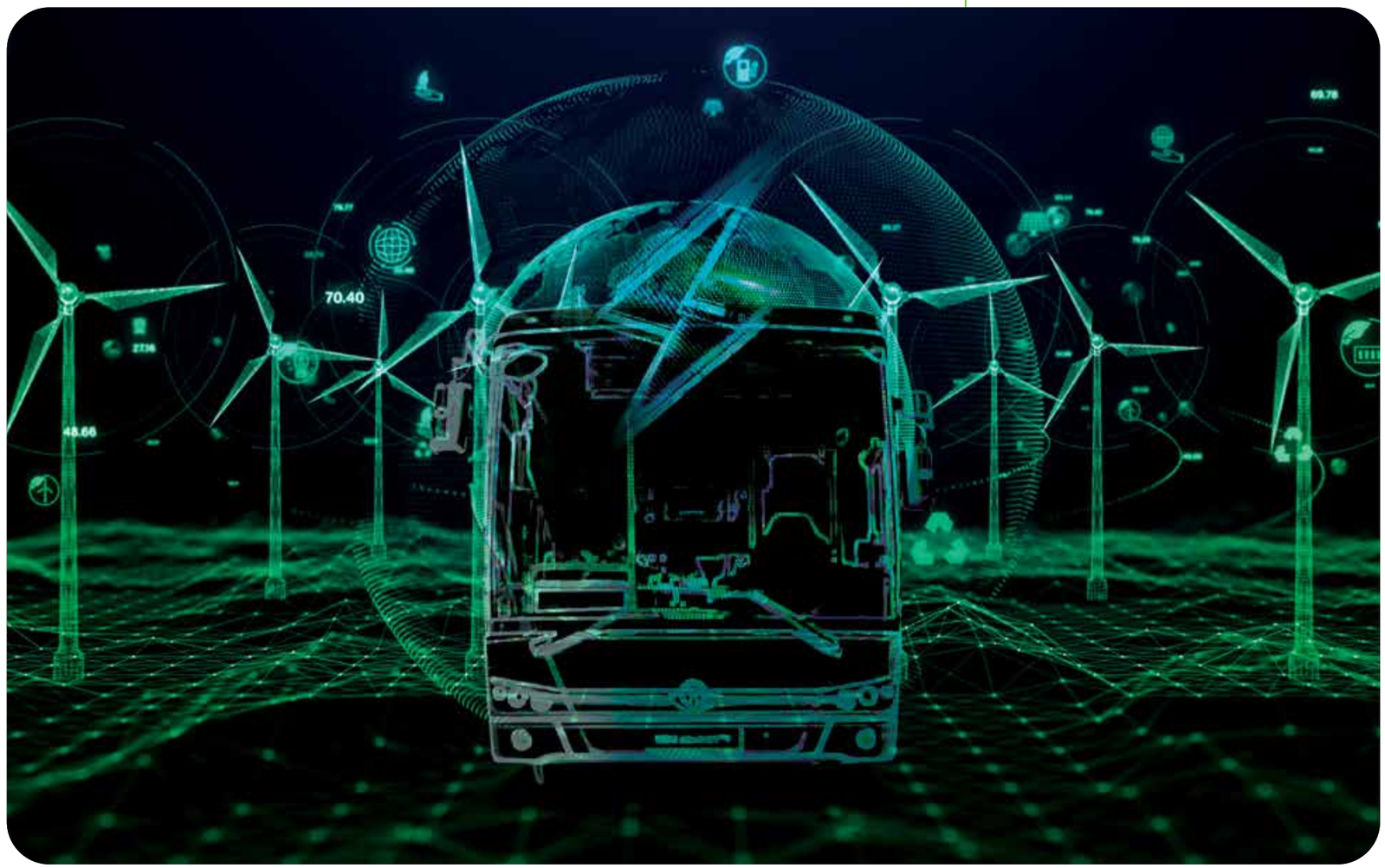
We aimed to meet 100% of our electricity consumption from renewable sources every year until 2030 and we started to take actions in this regard. Furthermore we continue to work on establishing our own renewable energy systems. For the purpose of the Solar PV panel project, which we plan to install by 2023, we initiated the infrastructure and feasibility studies in 2022.

We have also finalized our rooftop solar power project in line with the actions we have taken towards the use of renewable energy resources. We met 11% of our electricity consumption of our factories with the solar energy produced within the context of this project. This project, which we carried out in cooperation with EnerjiSA, contributed to meeting the energy resources used in our production processes from renewable energy.

Our TEMSA MICROGRID project allowed us to create our energy storage system.

TEMSA Avenue Electron Electric Vehicle

We launched the Avenue Electron bus, which we developed as TEMSA, in 2021. This product, which we developed to save energy, has environmentally friendly features. Offering zero emissions and zero noise, our vehicle meets the environmental needs of smart cities. It further saves electricity by increasing the range by 15%. Our batteries and battery management system, offered in 240 kW, 300 kW and 360 kW options, provide a range of up to 350 km.



Air Quality Management and Emission Control

Decreasing VOC (Volatile Organic Compound) Project

At the beginning of 2021, we published the draft of the new "Communiqué on Integrated Pollution Prevention and Control for Surface Treatments with Solvent in the Automotive Industry". We execute our production activities in accordance with the standards set by the Ministry of Environment, Urbanization and Climate Change and carry out our reporting process in this regard.

Pursuant to the Industrial Air Pollution Regulation, which we have already complied with, the limit value for the annual solvent consumption in existing facilities for 'the Painting of New Buses' has been determined as 225 g/m^2 for the production of 2,000 units/year and below and 290 g/m^2 for the production of 2,000 units/year and above until 31.12.2026. This limit is planned to be reduced to 150 g/m^2 as of 2027. Thus we are improving our processes accordingly and taking the necessary actions in this regard.

While making VOC calculations, we refer to detailed and specific analyses including the surface area of the bus, types and amount of the chemicals etc. In this context, we analyze prior VOC reports, determine our weaknesses and strive to organize our operations accordingly.

As a result of our work conducted for this purpose: We recalculated all our midi-bus and minibus surface areas to find the changes due to the modifications in design. We incorporated the parts newly introduced to our cataphoresis facility in the VOC report.

We have updated the chemicals that we currently use in our processes. In this context, we decided to use environmentally friendly chemicals instead of chemicals with high solvent content. We have disclosed these decisions, adopted to fulfill our responsibilities towards the environment, to our manufacturing units by organizing meetings and ensured all necessary actions to be taken.

In accordance with the current legislation, we measure our emission values every 2 years and report them to the ministry regularly. Accordingly, we will present in detail the data with regard to 2023 emission values in our report to be prepared next year.

Pursuant to the measurement results of 2021[10], we managed to reduce the VOC (Volatile Organic Compound) value by 46% compared to 2018 owing to the measures that we have implemented.

	Unit	2019-2020	2021-2022
Volatile Organic Compounds (VOC)	kg/h	21	4

Product Life Cycle Analysis

As TEMSA, we undertake various projects in order to be able to integrate our environmental sustainability approach into our production processes. One of the projects that we have focused in 2022, in this context, is Product Life Cycle Analysis. We expect Product Life Cycle Analysis contribute effectively to determining the environmental impacts of our products with a science-based evaluation method and we aim to advance our combat against climate change with more concrete steps.

We monitor the environmental impacts of our activities and all stages of our value chain with our Life Cycle Assessment (LCA) Policy. Furthermore we systematically prepare a LCA report to monitor and report on our progress towards our emission targets. This report includes the monitoring and reporting of measurable activities on the basis of products or services such as environmental impacts, material and resource use, greenhouse gas emissions and energy consumption.

Product life-cycle analysis allows us to carry out a comprehensive environmental impact assessment starting from our design processes. We identify hot spots where our emissions are high and support our processes with R&D projects aimed at reducing the emissions caused by our products while using. We focus on digitalization and innovation projects; alternative material uses and alternative fuel options in order to minimize environmental impacts and improve energy efficiency. We develop environment friendly solutions by using alternative and lighter materials. Our electric and hydrogen-fueled vehicles, that we have produced, are environmentally friendly products that generate zero emissions during use.

As TEMSA, we aim to maintain our leadership by obtaining an Environmental Product Declaration (EPD) with our product life cycle analysis. With this innovative approach, we aim to provide transparent information to our stakeholders by securing the reduction in the emissions generated by our products throughout the process extending from the production stage to the end of their useful life.

[10] In accordance with the current legislation, relevant measurements are presented every 2 years. to be presented in 2023.

Waste Management and Circular Economy Practices

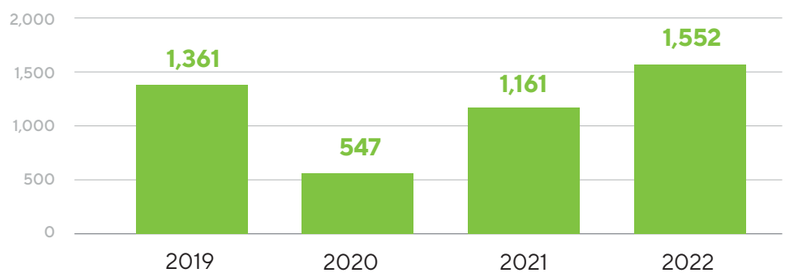
Waste Management, within the scope of our sustainability approach, plays a key role in minimizing our environmental impacts. Waste management, which we execute in order to leave a clean and healthy environment and accessible natural resources to future generations, is a significant component of our sustainability journey.

For the purpose of efficiently using the materials throughout our production activities, minimizing the wastes generated thereof and to effectively dispose of the waste generated, we constantly analyze our processes and take remedial actions in this regard.

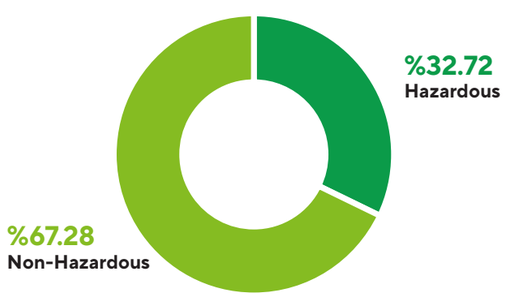
As TEMSA, we act by systematically planning our waste management. We check the wastes generated at regular intervals, inspect their contents and report them regularly. To reduce waste generation at the source, we keep all our processes under control from the raw material choices to the process preferences and we identify the opportunities for improvement. We determine the source of the waste generated within our processes, and if possible, we investigate the possibility of reducing the amount of waste at its source. In case this is not possible, we try to reuse or recycle the waste generated or dispose them with the least impact on the environment.

We managed to send all our non-hazardous waste generated as a result of our processes to recycling facilities in 2022.

Total Amount of Wastes (tons)



Hazardous and Non-Hazardous Wastes for 2022 (%)



Zero Waste Principle

By adopting the Zero Waste principle of the Ministry of Environment, Urbanization and Climate Change as of November 2020, we were awarded the "Basic Level Zero Waste Certificate" approved by the Ministry. We are acting with the 2045 Zero Waste Vision by adopting the Zero Waste principle in all our activities. We implement certain projects in order to reduce waste generation; we separate the generated waste at its source and send them to licensed recycling facilities to ensure recycling.

Thanks to the Zero Waste system that we have implemented in our Adana facility, we determined that a total of 27 different types of waste (13 of which are non-hazardous and 14 of which are hazardous) have been generated throughout our production processes and office activities. We have placed 600 waste segregation bins in order to collect these wastes separately at the source, thereby we have taken an important step in segregating these wastes according to their types and sending them to 10 different recycling and recovery facilities.

In order to improve the efficiency of our Zero Waste system, we have implemented the "Generations" project at our Adana facility. For the purpose of this project, our Environmental Audit Team organizes weekly site inspections to measure the suitability of waste segregation bins. The results of these audits are evaluated in accordance with a score table prepared to measure the success of the teams. The team with the highest average performance in waste segregation project will be awarded the Most Environmentally Friendly Team award at the year end. By doing so, we aim to raise the environmental awareness of our employees in accordance with our zero waste goals. Thus, we aim to create a highly efficient and effective waste segregation system throughout our facility.

With the zero-waste system that we have put into practice, we act with the awareness of the cyclical value of the waste generated and we attach great importance to ensuring environmental health, sustainability and reducing carbon emissions by segregating wastes.

Improvement of our Production Activities

As TEMSA, we act by adhering to the necessity of continuously implementing improvement efforts in our production activities in order to minimize our environmental impact. In line with the results of the analyses performed in 2022, we have implemented various projects for to improve our circular economy practices, to reduce waste and to handle hazardous materials. These projects include a number of important steps that have a positive impact on our waste management.

After trying alternative models and brands of sanders in the sanding phase, which is a permanent and continuous phase of our production process, we decided to use a new sanding model and achieved a cost reduction of 65% together with an accompanying waste reduction.

By transferring the outputs required by our process management to digital platforms and preventing the use of 1,800 pieces of A4 paper per month, we contribute to the conservation of our natural resources by reducing our impact on the water consumption and the emissions generated due to paper manufacturing.

As TEMSA, we constantly look for the opportunities to improve our processes and we keep performing analysis in order to minimize our environmental impact in line with the goal of ensuring environmental sustainability.

Reducing the Consumption of Single-use Plastics

As TEMSA, we are resolutely moving towards the goal of reducing waste generation within the scope of our waste management activities. In order to concretely express this goal, we have become a member of Business Plastics Initiative (IPG). We have further made a commitment to the Business Plastics Initiative of the Business and Sustainable Development Council (BCSD Türkiye) to eliminate the consumption of single-use plastics in certain categories by 2024.

We have taken various improvement steps since 2021 in order to fulfill this commitment. As of 2021, we have put an end to the use of plastic cups by replacing our plastic cups with cardboard cups. In August 2022, we have replaced the pet bottles that we used in the cafeterias with glass bottles, and we have switched to using glass bottles instead of plastic water bottles in the offices. We have reduced the use of 1.5-liter pet bottles by 64% compared to 2021. As of May 2022, we have ceased using products such as plastic spoons, forks and knives. By November 2022, we switched to using glass bottles for the soft drinks we have consumed in pet bottles and thus achieved a 73% reduction over the last 2 months. In addition, we have started using bowls instead of plastic yogurt containers and have reduced the use of plastic bags by 33% compared to 2021. Our search for using biodegradable garbage bags instead of bulky garbage bags is still in progress. As a result of our improvement efforts, our plastic waste generation in 2022 decreased by 7.14% compared to 2021.

Reducing the use of single-use plastics within the scope of the Zero Waste approach is a significant step and we are further taking decisive steps to reduce the plastic consumption in our offices.

Circular Economy Practices

As TEMSA, we are aware that our natural resources are rapidly being depleted thus we need to take on our share of the tasks. Adhering to our sustainability approach, we act in line with the awareness on the importance of using our resources efficiently and minimizing our environmental impacts. We strive to maintain our processes by integrating the circular economy approach into the way we do business in order to make our world a more livable place and to prevent the depletion of our resources.

We set goals and good practices and improve our processes in order to improve our activities within the framework of circular economy principles. As an organization operating in the automotive industry, we adopt circular economy business models in our R&D processes. We have been improving the production processes of our products starting from the design phase until the end of the useful life of the products.

As TEMSA, we use lighter and environmentally friendly materials in production and minimize the environmental impact of our products without compromising the product safety and quality standards that we have provided. We do not use materials harmful to human health in our production activities and we prefer water-based paints in our painting processes.

For the purpose of the production of electric vehicles, which is an indispensable approach to maintaining competitive advantage and ensuring sustainability in the automotive industry, we are developing systems in order to determine an alternative use and to create a new market for the batteries that have completed their useful life.

Environmentally Friendly Raw Materials of our Products

As TEMSA, we constantly improve our production processes in order to maintain our competitive advantage by complying with international regulations and to take more solid steps towards becoming a sustainable company by minimizing the environmental impacts in our processes as much as possible. One of these improvements is to use environmentally friendly raw materials in our products.

For this purpose, we have been developing various R&D projects in cooperation with TÜBİTAK (Scientific and Technological Research Council of Türkiye). Within the framework of the TÜBİTAK 1004 project, we aim to develop lightweight and sustainable composite materials as an alternative to wood-based composites used in the automotive industry. In line with the objectives of the TÜBİTAK 1501 project, we aim to produce environmentally friendly products by using alternative and innovative materials in order to reduce the weight of our vehicles. We managed to reduce the weight of our vehicles by over 400 kg. within the context of the TÜBİTAK 1501 project.

We use lighter and environmentally friendly materials by choosing specific materials in our productions within the scope of these projects, thus we contribute to a more sustainable bus industry by minimizing the environmental impact of our products. We further contribute to the combat against climate change by ensuring the production of our low-fuel and low-emission products.

Circular Economy of Electric Vehicle Batteries

One of the most important actions we have taken, as TEMSA, in the context of combating climate change is the launch of fully electric vehicle models. We have been working on electric vehicle (EV) projects for more than 10 years in order to take this action. Although electric vehicles positively affect environmental sustainability in many respects, it is projected that the number of electric vehicles will reach 200 million by 2030, resulting in a waste battery capacity of approximately 110 GWh.

We have been working on R&D to implement an A1290 TÜBİTAK 1505 Home Ups project. In this project, we aim to design a grid-connected energy storage unit supported by photo-voltaic panels using the secondary materials derived from electric bus batteries which have reached the end of their useful life and to develop the prototype thereof.

With this project, we aim to support the circular economy of electric vehicles by minimizing the negative impact on the environment, by developing a competitive product for the global market and to create value for the national economy both technically and economically.

Water and Wastewater Management

As TEMSA, we are committed to contributing to a sustainable future on a global scale in line with the Sustainable Development Goals. Sustainable management of water resources is one of the goals that our company gives priority to.

Our Water Policy aims to minimize water consumption and ensure the responsible use of this scarce resource.

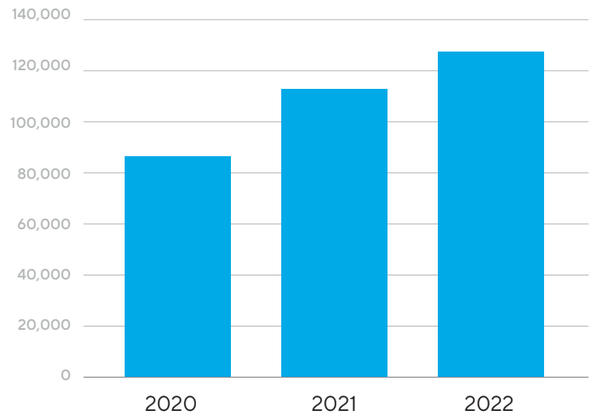
Water is a fundamental element for our operations; it is also extremely important for the communities in which we operate. We encourage all our employees, suppliers and our value chain to adhere to these commitments.

Water, as a key and an indispensable element of our World used to ensure the sustainability of ecosystems. Pursuant to the data published by the World Wildlife Fund (WWF), Türkiye is facing significant challenges in terms of the sustainability of water resources. Türkiye is one of the countries most likely to experience the trend of decreasing water resources and the risk of water scarcity. Factors such as climate change, increasing water consumption, excessive use of water resources and water pollution pose serious pressures on the sustainability of Türkiye's water resources.

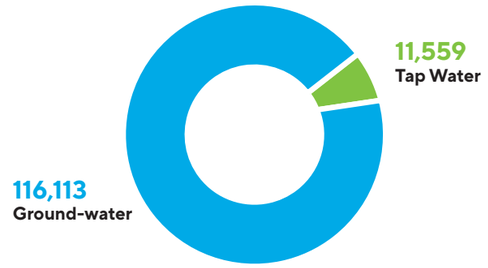
As a company operating in the automotive industry, we are aware of our sustainability and environmental responsibilities. We develop our strategies by putting the value we give to nature at the forefront of all our production activities and we take actions accordingly. We strive not only towards reducing the fuel efficiency and emissions of our vehicles but also towards using our water resources in the most effective and efficient way. *Starting in 2022, we as TEMSA, aim to reduce our water consumption per vehicle by 42% by 2030.* In this context, we aim to consume our water resources in the most efficient way by cooperating with our value chain.

As TEMSA, we supply 91% of the water consumed in our production activities from underground water resources. Accordingly, we take into account the drought that we are likely to experience due to climate change in our environmental risk projects and opportunity analyses. In the event of such a situation, we have determined that we may face the risk of interruption of our operational processes for 7 days or longer. We are implementing good practices that will improve our water efficiency in order to overcome the possible physical and financial risks that we may experience and to ensure the sustainability of our operations and we further aim to make significant investments by carrying out feasibility studies at our water treatment plants in order to improve our water efficiency in the future.

Water Consumption (m^3)



Water Withdrawal by Resource (m^3) (2022)



Electric and Hydrogen-Fueled Buses

Our electric and hydrogen-fueled buses, which constitute the most significant output of the reflection of TEMSA's sustainability approach on our activities, is an important milestone in the transition to a sustainable transportation system. They offer a significant advantage in the combat against climate change.

By ending the use of fossil fuels, they provide significant contributions in the context of conservation of water resources in addition to environmental benefits such as improving air quality and reducing greenhouse gas emissions.

Our electric buses operate more efficiently compared to traditional bus systems and they produce zero emissions while driving. We aim to make significant contributions to the combat against climate change by reducing carbon emissions and the consequential air pollution. As a result of reducing air pollution, we also aim to reduce the risk of contamination of surfaceand underground water resources. We aim to support the reduction of pressure on our water resources by helping to mitigate the effects of global warming. Our hydrogen-fueled buses use hydrogen gas, which is a clean and renewable source, and produce zero emissions generating only water steamwhile driving. As no greenhouse gas is emitted, they assume a key role in the combat against climate change. Not releasing the generated vapor emissions into the atmosphere limit the negative impact of our vehicles on water resources.

TEMSA electric and hydrogen-fueled buses contribute to the sustainability of ecosystems by conserving water resources. We are moving towards minimizing environmental impacts by taking important steps to reach sustainable cities and transportation systems.

Improvement of our Production Activities

In line with the importance we attach to environmental sustainability, we, as TEMSA take various measures to improve our production activities and achieve the goals we have set. In 2022, we performed a detailed analysis to determine the weaknesses of our production processes. As a result of this analysis, we have identified focal points that will save water by positively affecting our water consumption.

One of the important results of the improvement efforts was to determine the points that offer potential water savings by examining in detail the non-directed water use in our FKT facility . As a result of these efforts, we have achieved a total of 890 tons of water savings.

Wastewater Treatment Plant

Our water treatment facility, designed to treat 100 m^3 industrial wastewater/ day and 330 m^3 domestic wastewater /day performs physical, chemical and biological treatments and discharges wastewater in accordance with legal requirements.

In order to determine the wastewater quality, we perform regular analyses through accredited laboratories. We have been developing projects in order to reuse the water discharged from our treatment plants for garden irrigation and other appropriate processes through recycling.

Efficiency of Water Consumed within the scope of Our Quality Processes

Though we use water in our production activities, we further subject all our vehicles to water-based safety tests within the scope of quality assessments. The durability of each vehicle we produce is tested in a rainy environment for 20 minutes, simulating the heavy rain conditions that may occur due to climate change. Vehicles that were found to be leaking water into are subjected to necessary interventions/repairs and undergo the shower test once again.

The photocell system used to reduce the water consumption in our water permeability/shower tests, which are one of the most water-intensive processes, to the extent possible allowed us to save 90 m^3 water per vehicle. By improving our systems in such a way as to ensure the reuse of the water that we consume in our tests, we ensured 4.5 m^3 of water to be used per minute in each test by completing our quality processes with minimal water additions.

Conservation of Biodiversity

As TEMSA, we recognize the significance of the conservation of biodiversity within sustainability issues and we are committed to promoting the conservation of biodiversity, sustainability and responsibilities at every stage of our operations through our Biodiversity Policy. Accordingly, we cover management level responsibility and Board Oversight, public commitments and initiatives, value chain impact assessment, sensitive area activities, measures taken to advance biodiversity commitments and biodiversity indicators referred to monitor our performance within the framework of this commitment.

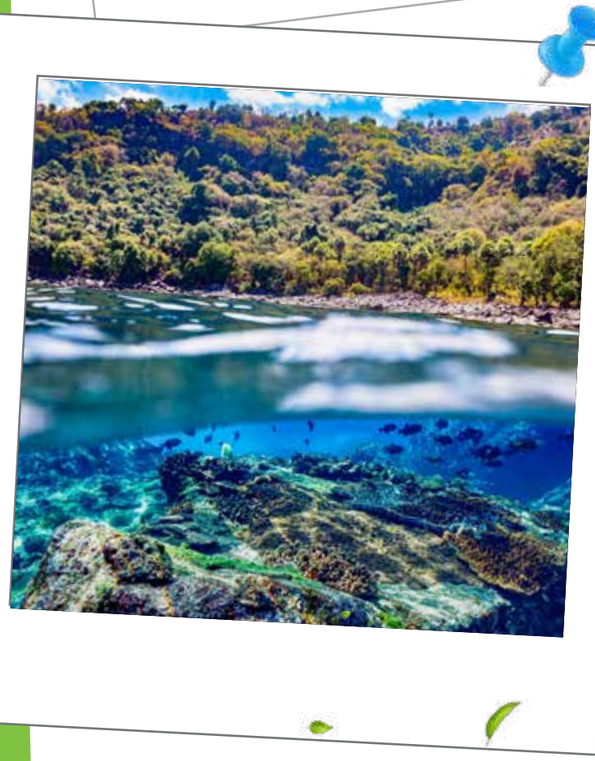
We primarily prepare Environmental Impact Assessment (EIA) reports while expanding the scope of our operations. These reports allow us to evaluate the possible effects of our areas of activity on the flora and fauna. At the end of our evaluations, we have reached the conclusion that we have no obligation to protect biodiversity within the legal framework.

Although we have no compliance obligations, we focus on the processes addressing the conservation of natural resources in a way to support both management systems and our sustainability efforts.

TEMSA Environmental Impact Assessment (EIA) Report

TEMSA Global San. ve Tic. A.Ş. Pursuant to the Supplementary EIAR (Environmental Impact Assessment Report) prepared on the Expansion of the Vehicle Production Facility and in accordance with the EIA Regulation published in the Official Gazette No: 28784 dated 03.10.2013, the area of influence of TEMSA operations is not within the areas required to be conserved in accordance with the legislation of our country. Areas required to be conserved are defined as follows:

- "National Parks," "Natural Parks," "Natural Monuments," and "Nature Reserves"
- "Wildlife Conservation Areas and Wildlife Development Sites"
- Areas defined as "Cultural Heritage", "Natural Heritage", "Archaeological Sites" and "Protected Areas"
- Designated Zones for the Production and Development of Aquaculture
- Areas defined in the Water Pollution Control Regulation
- Areas that have been reported in Air Quality Guidelines as ""Delicate Contamination Zones "
- Areas identified and declared as "Special Environmental Protection Areas (SEPAs)" within the scope of the Environmental Law
- Areas that are under protection in accordance with Bosporus Law
- Areas that have not lost their forest character pursuant to Forest Law
- Areas where construction is prohibited in accordance with the Coastal Law
- Areas specified in the Law on the Breeding of Olive Cultivation and the Vaccination of Wild Animals
- Areas specified in the Law on Pasture and Grazing Land
- Areas specified in the Regulation on the Protection of Wetlands



SOCIAL IMPACTS AND PEOPLE-ORIENTED ORGANIZATION

As part of our social responsibility, we are committed to improving social welfare, protecting human rights and reducing social inequality through.

SOCIAL IMPACTS AND PEOPLE-ORIENTED ORGANIZATION

As part of our social responsibility, we are committed to improving social welfare, protecting human rights and reducing social inequality through our Social Sustainability Policy.

We have constituted our policy based on the principles of respect for human rights, respect for society, respect for family, social equality and diversity, occupational health and safety, safe driving, employee training, creating social benefits, measuring and tracking our social impact and product sustainability. Within the scope of our social sustainability policy, we aim to help our organization and society achieve their sustainability goals together with all our internal and external stakeholders and with the help of the basic principles that we have adopted in all the locations where we conduct our operations.

Employee Health and Safety

At TEMSA, we undertake our production processes within the scope of our OHS Policy and we consider protecting the health of all our stakeholders working in our factories, providing a safe business environment to our employees, suppliers and business partners among our main responsibilities. We facilitate our employees' access to information, services and tools on OHS-related issues and undertake certain projects such as trainings, field visits and controls, Occupational Health (Medical) Unit and the provision of personal protective equipment (PPE). As of 2022, we have invested approximately TRY 4.7 million in the scope of health and safety.

We adopt international standards beyond legal obligations in order to continuously improve our performance in the field of occupational health and safety. We carry out all our operations in accordance with the ISO 45001 Occupational Health and Safety Management System Certification. The senior manager responsible for OHS in our company is the Deputy General Manager of Operations who reports directly to the CEO.

Can you talk about the importance of occupational health and safety for TEMSA?

Our OHS Commitments and Goals

Management of EHS Risks, EHS Board and Employee Participation

EHS department maps and evaluates the OHS-related hazards and risks that we may encounter in the field in the simulation center. To identify risks, we carry out daily field checks, bi-weekly unannounced field visits, daily field checks for employees called "Hazard Hunters" and internal field inspections for each department. We report and monitor the detected risks and take precautions thereto. As of 2022, we completed the risk analysis in all of our facilities (100%) and we mapped various risks associated with the use of chemicals, use of hand tools, welding burrs, getting stuck between two objects and the use of PPE. We also identified and evaluated certain risks with regard to remote working/hybrid working model and shared them with our employees.

Within the scope of the Employee Engagement and Improvement Suggestion System, our employees can quickly report the EHS risks they encounter in the field via the web and mobile system. In addition, certain assessments are carried out in line with the Kinney risk analysis method for each field in our facility. In this way, we can quickly take actions to implement the necessary improvements. We have recently implemented a project where all departments can easily report risks through the QDMS and we ensure its follow-up.

Our EHS Board consists of 14 people and represents all (100%) of our employees. EHS Board consists of employees from relevant departments and business units such as union representatives, employee representatives, team leader representatives, human resources representatives and administrative affairs chiefs. EHS Board plans projects for the risks identified at monthly meetings and monitors their implementation.

Surveillance of Occupational Diseases

We carry out periodic health care examinations within the scope of the Health Commission project and we assess whether our employees have been affected by occupational diseases to protect their health. We guide our employees in the most appropriate way in this regard. No occupational disease cases were detected throughout our company in 2022.

EHS Trainings

We provide on-the-job trainings (OJT), behavior-based safety trainings (BBS), informative trainings after work accidents and near misses and trainings on the safe use of personal protective equipment to raise awareness about EHS and prevent occupational accidents. In 2022, a total of 1,537 people, including 1,312 employees and 225 trainees/interns, attended our EHS trainings. In addition, we provided EHS training to 246 subcontracted employees. We provided a total of 11,425 hours and a total of 246 hours of health and safety trainings to our employees and to our subcontractors respectively.

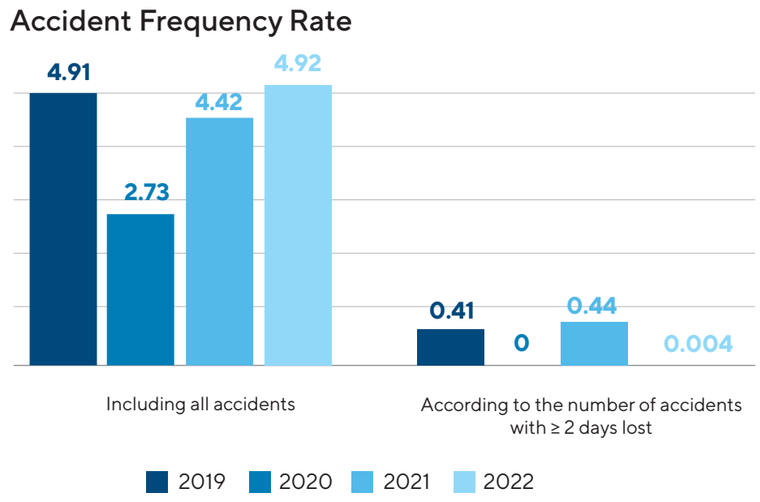
EHS Performance

13 work accidents occurred in our facility during the reporting period. Absenteeism due to work accidents was 10 days and lost workday rate (LWR) was calculated as 0.73[11].

We encourage the reporting of the near-miss incidents so as to improve our EHS Performance and we analyze the near-miss incidents reported by our employees. As of the reporting period, the number of near-miss incidents reported via EBA is 26, and our actions regarding all of them have been completed and concluded in line with our root cause analyses.

In 2022, we identified 54 cases of non-compliance within the scope of OHS and carried out root cause analysis for all of them during the reporting period. We ensured that all of them were timely closed by following the corrective actions through appropriate action plans.

We developed an emergency plan and covered all the details. We have all kinds of Emergency Response Equipments. For emergency cases, we have 2 fire trucks and 7 fire personnel ready to serve 24/7 in three shifts. 669 of our team members have been assigned in our emergency teams such as firefighting, first aid, search and rescue, and damage assessment. We provide training opportunities to and conduct regular drills with our employees assigned in emergency teams. We provide emergency management/ health management services with 1 fully equipped ambulance, 2 workplace physicians and 2 medical personnel.



[11]Accident Severity Rate (ASR): No. of employee-days Lost to Workplace Accidents x 1,000/ No. of employee-Hours Worked; Accident Frequency Rate (AFR): No. of Workplace Accidents Reported x 1,000,000 / No. of employee-hours Worked

2022 EHS Activities

Emergency Drills	At least once a year
Regional Emergency Drills	Twice a month- (Number of Regions)
Machine/Equipment Periodic Checks and Maintenance	Periodic control and maintenance of 893 Machinery/Equipment
EHS Controls and Improvements of Construction Equipments	Twice a year Forklift, Order picker and Moto-truck controls 6 controls
Fire Detection and Extinguishing System Controls	1,339 controls (1,100 fire extinguishers, 235 hydrants, 2 vehicles etc.)
Assessment of Hazards and Risks	At least twice a year - (Number of Regions)
Unannounced Field Inspections	15 regions
5S Cleaning and Order Inspections	21
Danger Hunter Inspections	7 regions inspected
Annual EHS Training Hours per Person	8.73 hours/person

We also follow the OHS Performance of our suppliers. We select our suppliers through an assessment survey which includes OHS-related questions. We further undertake in our Responsible Purchasing Policy "To working with suppliers who continuously improve their processes with preventive and corrective approaches to Occupational Health and Safety, who incorporated occupational health and safety in their company culture, who comply with all legal regulations and standards and strive to do better than as required by the legislation and who ensure all their employees to reach their families in good health by providing a safe working environment."

Regional and General Emergency Drills

At TEMSA, we conduct regular drills so we can be fully prepared for Emergencies and Natural Disasters. In addition to the fire and first aid drills which take place during both the day and night, we also conduct environmental-chemical spill and MAPP (Major Accident Prevention Policy) drills.

Simulation Center

At TEMSA Simulation Center, we provide on-the-job trainings, behavior based safety trainings, informative trainings after work accidents and near misses, trainings and applications for the correct and safe use of personal protective equipment in addition to carrying out preparatory work against the dangers and risks that may be encountered on the field.

Unannounced Field Visits

We organize unannounced inspections (field visits) to different regions at regular intervals, with the coordination of our unannounced field visit team consisting of our executives, managers, team leaders and employees. Thereby, we identify areas that need improvement and ensure to rapidly take the necessary actions.

Hazard and Risk Hunters' Inspections

Hazard and risk hunters consist of our teammates working in production and are assigned from within this department. They carry out inspections/audits in different areas of production, aiming to determine the precautions to be taken, within the framework of their own perspectives and they inform the managers and team leaders accordingly.

Human Rights

As TEMSA, we prioritize goals such as protecting the labor rights of our employees and strengthening their engagement when designing our human resources processes. We strive to create a work environment where our employees freely share their thoughts and love to hang out together outside of work hours, where participation is encouraged and achievements are rewarded.

As part of our TEMSA HR strategy, we undertake various projects and programs to support transformation and we care about employee experiences. We prioritize employee experience in all processes of the work life cycle.Pursuant to the results of current year's employee engagement survey, our employees' satisfaction score is 85%. This result is 9 points above the average of all white-collar employees in Türkiye. TEMSA's high employee satisfaction score is an indication of the importance it attaches to employee rights and satisfaction. In addition, our employee engagement score of 74% is 11 points above the mean score of all Sabancı Holding companies as well as all white-collar employees in Türkiye. We have worked to overcome crises with teamwork and solidarity and undertake new projects. We referred to tools such as digitalization, artificial intelligence and data analysis while designing our employee experience processes from the beginning.

At TEMSA, we consider our employees as our most valuable stakeholders, we offer a working environment where our employees have equal rights and opportunities, in compliance with all working conditions and human rights, including occupational health and safety, and we do not allow discrimination in our working environment. We encourage women, youth and disabled individuals to participate in business life on equal terms. We support gender equality and strive towards improving the working experiences of diverse groups. We aim to increase women's employment in our recruitment processes and provide a working environment in this direction. We keep communication channels open so that our employees can convey their ideas and suggestions to managers and we enable them to participate in volunteering projects. We help our employees maintain their work-life balance by providing them support on their special days. We support social club activities to allow our employees with common interests to come together and socialize.

TEMSA makes use of artificial intelligence based Peoplise and Harmoise systems to improve recruitment and employee experience processes. Peoplise improves the experience by offering automatic responses, video interviews and feedback to applicants from the moment of applying for a job. Harmoise automates the pre-boarding & on-boarding processes before the newly recruited come to the company by providing them specific corporate information, documents and information on TEMSAĞLIK practices.

We pick up our newly hired employees from their homes and offer them a welcome kit and an office kit to relieve their first workday concerns and provide the best experience. We introduce newly recruited employees to their mentors, whom we call "T-Buddy", and help them get to know the company culture. We organize activities such as department and factory tours and introduce them the workplace with the T-Buddy guide.

We organize an orientation program to improve recruitment processes and provide a positive experience for newly recruited employees. This program begins with pre-boarding and T-Buddy assignments. We offer basic orientation training to new employees and also organize function-based presentations. Before On the Job Trainings, we offer an experience called "B2Feel" with TEMSA Buses. We further assign trainings to new employees to help them get to better know their departments/business units and organize conversations with Deputy General Managers within the scope of "Welcome Talks".

As a result of all these projects, our Social Return on Investment Analysis (SROI) - Social Impact Score was calculated as 14.18. We reaped the harvest of our projects by being deemed worthy for the 2022 Fast Company - 50 Most Innovative HR Leaders award.

TEMSA Human Rights Policy

Our Human Rights Policy, which we prepared in 2020, came into effect as of 1 January 2021. Our policy covers our external stakeholders as well as our employees. Besides offering employees a healthy and safe working environment, the policy includes certain principles such as preventing discrimination, promoting diversity, preventing child labor and forced labor, providing a working environment free from exploitation, abuse or violence and supporting freedom of collective bargaining.

Owing to this policy that we have prepared on the basis of the Universal Declaration of Human Rights, International Labor Organization (ILO) Conventions, United Nations Global Compact, United Nations Business and Human Rights Principles and OECD's Guiding Principles for Multinational Enterprises, we undertake to always protect the fundamental rights of our employees. You can forward all notifications regarding this policy to the TEMSA Ethics HotLine.

Human Resources Practices

TEMSA designates certain tiers for employees based on their job description, area of responsibility, knowledge and skills.

We respect basic human rights, protect the rights of our employees and carry out all our activities in this direction.

1- Responsibility Matrix

Responsibility Matrix is a database defining the duties and activities of TEMSA employees in the projects they are assigned in.

For each employee who newly starts working, his/her supervisor or manager assigns responsibilities through EBA. Once the employee selects the responsibilities assigned via EBA and the report is approved, the employee is included in TEMSA's Responsibility Matrix.

2- Working Hours

Our working days and hours are 5 days a week, Monday through Friday.

3- Paid Social Leave

In special cases defined below, TEMSA employees may take a paid social leave.

Paid Social Leaves include the following:

- TEMSA employees can take a 1-day birthday leave whenever they want throughout the month of their birthday.
- TEMSA employees whose children are in kindergarten and first grade of primary school have the right to take 1-day off on the first day of school and report card day.
- All paid social leaves are requested through the HR-Web portal.

4- Pregnancy and Maternity Leaves

Our pregnant employees are entitled to a total of 16 weeks of pregnancy leave, including 8 weeks prenatal leave and 8 weeks after birth. (In case of multiple pregnancy, the prenatal leave right is 10 weeks.)

Our female employees who become pregnant inform Human Resources and the workplace physician. As of the date of notification, our female employees are entitled to work a maximum of 7.5 hours a day.

Our female employees who want to extend their prenatal leave right to postpartum can work up to the last 3 weeks before giving birth, provided that they certify with a doctor's report that there is no harm in their work.

5- Breast-Feeding Leave

Beginning with the end of maternity leave, female TEMSA employees are entitled a total of one and a half (1.5) hours of breast-feeding leave per day to breastfeed their children under one year old. Female TEMSA employees are entitled to determine the hours between which Breast-Feeding Leave will be used and how it will be divided. This time is included in the daily working time.

6- Sick Leave

TEMSA employees who become sick and cannot come to work report their health status to their managers or Human Resources within 24 hours. TEMSA employees who document their health status with a health report are entitled not to work within the report period.

7- Absence

TEMSA employees who cannot come to work for any reason notify their managers during the working hours on the day they are absent. Employees who cannot reach their managers can notify Human Resources.

8- Business Travels

The rules to be followed by TEMSA employees for the purpose of their domestic and international business trips are defined in the Travel Procedure.

Business travels require pre-approval. Pre-approval process is executed by filling out the "Travel Request Form" from the travel database within EBA applications.

We reserve our tickets and hotel stay online through Vista Corporate Travel Management after travel request is approved in the system.

9- Information Security Policy

TEMSA Employees act in compliance with the "Information Security and Business Continuity Policy" included in the Information Security and Business Continuity Policy page.

10- Protecting Document Confidentiality

TEMSA Employees protects and preserve the confidentiality of the documents under their department's and their own responsibility.

11- Confidentiality of Employee Information

The confidentiality of the information belonging to TEMSA Employees is guaranteed by Human Resources.

12- Confidentiality of Information on Wage Grades and Salary Ranges

TEMSA employees do not share their wage and salary range information with anyone.

13- Termination of the Employment Contract - Resignation

TEMSA employees who decide to leave their job first inform their supervisor and their senior manager before they inform Human Resources.

14- Retirement

TEMSA employees who meet the requirements for retirement (number of premium days, insurance period and age) submit the document certifying their "Entitlement for Retirement" issued by SSI to Human Resources.

Remuneration and Benefits

The remuneration system aims to adopt a fair approach and to maintain a wage balance within the Company, taking into account market trends. The remuneration system is based on the Wage Grade assigned to each position and the wage range within this grade is determined by the market position of the job. In order to capture market trends and fairly manage organizational changes, we review all remuneration-related components (wage, grade, market position of the job) during the performance year (in January). At TEMSA, we protect the rights of new recruits, new graduates and interns in line with our "Equal Pay for Equal Work" policy. When determining wage increases, we take into account the market wages of the positions, inflation and performance criteria. We offer various fringe benefits to our employees, such as private health insurance, life insurance and private pension, depending on their grade.

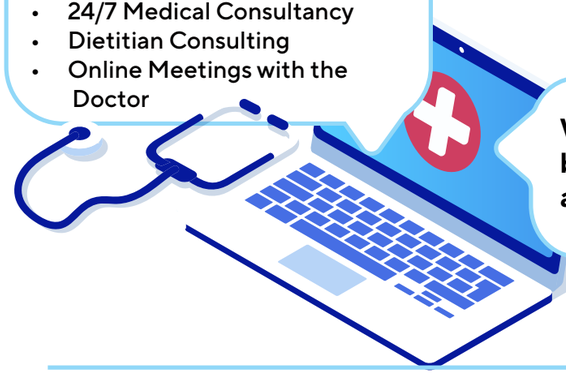
Considering gender equality, the needs of our employees and our strategic values; We implement our pricing system and offer benefits.

TEMSAĞLIK

"A Sustainable, better life!" is the motto of our TEMSAĞLIK program that we offer for our employees.

The program consists of:

- Support provided for an Online Psychologist
- Health Webinars
- Nutrition Consulting
- Health Clubs
- 24/7 Medical Consultancy
- Dietitian Consulting
- Online Meetings with the Doctor



We aim to announce these services by designating one day of each month as TEMSAĞLIK day.

We were granted the 2022 Changemakers - Sabancı of New Generation and 2022 Best Business Awards - Best Health & Safety awards with our TEMSAĞLIK program.

Psyc. Cihan Esirgemez is with us for discussing "Coping with Anxiety"!

Social Clubs
Football Club
Basketball Club
Music Club
Jogging Club
Cycling Club
Water Sports Club
Paw Stop Club
TEMSA Art
Istanbul Social Event and Sports Club

T-Well Webinars (New)

Support provided for a psychologist

Dietitian Support

Meditopia

Employee Development, Engagement and Communication

As TEMSA, we do not consider and define our job as just producing buses. We know that employee development, employee engagement and communication are also among our core duties. Supporting the personal and professional development of our employees, allowing them to maximize their potential, encouraging each employee to be an integral part of our company's success and to communicate openly and effectively with our employees are considered withing our priorities.

In order to improve the social contact between our employees, we organize dynamic generation events that encourage the communication between employees assigned in different departments. At the end of each quarter, we organize Town Hall meetings where we share business results with our employees.

Each month, we send a TEMSA Journey Experience Survey to our employees. This survey allows us to measure and track satisfaction with on-boarding and overall work processes. We also regularly measure the satisfaction with the services offered such as in-house IT services and personnel shuttle.

Training and Development

As is the case with other human resources practices, we direct training and development activities in line with TEMSA's strategic goals and priorities. We support the development of our employees through the TEMSA AKADEMİ platform. We make development plans taking into account both current and future corporate and individual needs. These plans focus specifically on organizational development and leadership, business excellence, competency, technical and personal development requirements, taking into account both current and future organizational needs. In 2022, we provided a total of 23,513 hours of training to our employees.

We offer training programs such as the Leadership Academy and Strategic Management Academy. These programs help people manage themselves and their teams more successfully, improve their leadership skills and to attain skills in various dimensions. We offer participants additional benefits such as rotation experiences, coaching sessions and inspiring webinars. Our programs are completed in approximately two years and offer rotation opportunities after graduation. Each participant may further improve their technical competence with "Function Academies", where they are provided personalized trainings specific to their business units.

Training and Development Processes

Classroom Trainings

Personal and Professional Development

Operational Development

SABANCI

SAHOL Trainings

- IVAA
- X-LAB
- X-TEAMS
- X-CHALLENGERS
- X-POSURE
- IN-LEAD
- X-TEND
- X-CELERATE

Online Trainings

LMS
- MESS
- TİSK

Webinar
- T-Well

Employee Wellbeing

We direct training and development activities in line with our strategic goals and priorities. We support the development of our employees through the TEMSA AKADEMİ platform.

Fun Factory

By implementing the Fun Factory, we aimed to improve the communication skills between our Company's employees working in different departments. This project, through dramatization and peer learning, helped us observe that communication problems between departments were reduced. Young talents are allowed to organize Coffee Talks with our CEO to better understand the company strategy and perspective. Orienteering Event serves to introduce our factory and HR processes in order to make the orientation processes of our new employees more enjoyable. We hosted approximately 100 of our employees at these events in 2022.

Employee Assistance Program

Implemented in cooperation with Avita, it is our employee assistance program that provides support to our employees in all matters, 24 hours a day, 7 days a week, free of charge.

TEMSA Campus

It is a new generation online Recognition and Rewarding Platform designated to allow our employees follow internal corporate news, review discount agreements, use the corporate guidelines and instantly express their gratitude to their colleagues.

TEMSA Employees Internal Communication Platform

Town Hall
An event held every quarter where business results are shared with the participation of our TMC members and all white-collar workers.

Coffee Talks
Meeting with the CEO, event organized to integrate employees from different departments

Sabancı Holding Weekly Newsletter

The platform where Sabancı Holding Industry Group Companies get information about different topics "**Did you know ...?**" Bulletin

Did you know ...?"

Adaptation of new employees to TEMSA with the Orienteering Event

Efforts to strengthen the "Together We Are Stronger" motto with the Outdoor Communication Event

Improving the communication of our employees from different departments with the Fun Factory event

We ran on behalf of LÖSEV (Foundation for Children with Leukemia) in Adana International Liberation Half Marathon

TEMSA Jogging Club participated in the Hatay Peace Run

Istanbul Social Event and Sports Club is at a Rowing Session

TEMSA Cycling Club is at the Tarsus Cleopatra Bicycle Festival

TEMSA Football Tournament was held with 16 Teams

"Hello Summer Concert" with Music Club to Strengthen Employee Commitment

"Hello Summer Concert" with Music Club to Strengthen Employee Commitment

Remote Working Model

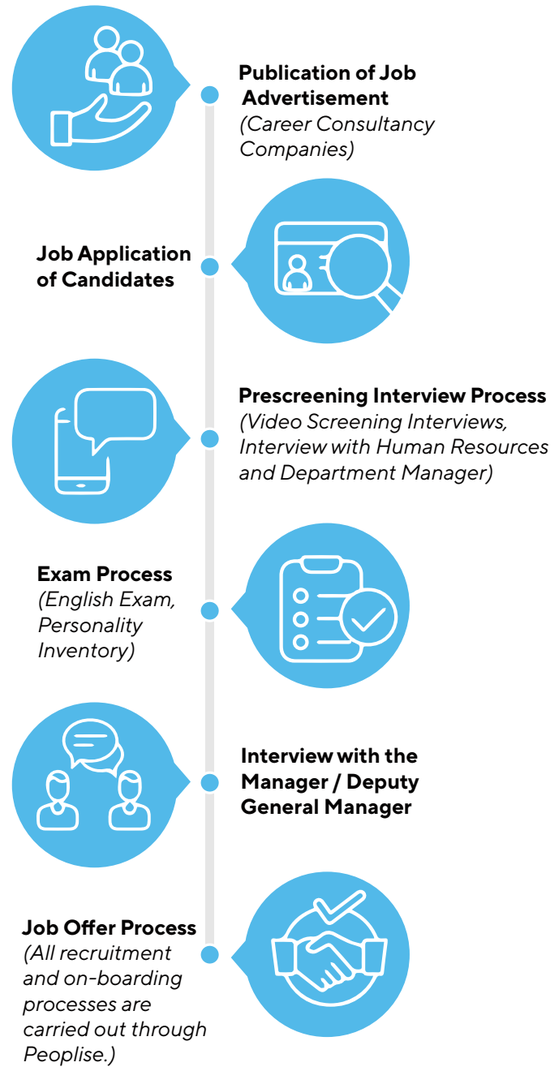
We apply the remote working model, which came into our lives during the pandemic period and is defined as the working model of the future. With the flexibility we provide through the remote working model, we enable our employees to work in the best way possible for them, and we aim to increase the well-being and productivity of our employees. At TEMSA, all white-collar employees have the right to work remotely three days a week.

Talent Management

In order to diversify the career opportunities of our employees, we offer two different options: Human Leadership and Business Leadership. 8 of our employees benefited from the program that we launched this year. We initiated the ROAD project to support and guide the career journeys of our employees. We consider career path as a journey, and we support our employees throughout this journey. We hold career meetings with all our employees once a year and listen to their expectations. With TEMPO Postings, we open all job postings for vacant positions within the Company to the access of everyone and consider the employees who apply for all positions. We digitalized the performance management process with our PERFX system, and we developed a platform for employees to track their goals and realization rates throughout the year. At the end of each year, our employees hold assessment meetings with their managers. Through organizational succession planning, we identify our high-potential and young employees, include them in the succession process and prepare them for the executive manager, deputy general manager and general manager positions of the future. Through our Career Coaching process, we provide professional assistance to our employees who need support. We constituted our Agile teams in order to adapt to the rapidly changing world and create a more agile organization. We assign high-potential and young employees in Agile teams, and we aim to help them specialize in different subjects and increase their interaction with employees in different departments. We have already assigned 156 of our employees to these teams.

Main goal of our recruitment process is to place suitable candidates in the right positions that will contribute to our company's goals. It is part of our recruitment policies to give priority to candidates with the competencies and technical skills required by our company strategies for all our vacant positions.

Recruitment Process



TEMPO

Our employees can take advantage of various career opportunities through the TEMPO (TEMSA Possibilities) program. They can use the eBa internal job postings platform to apply as internal candidates for vacant positions within the Company. Weekly Internal Job Postings Bulletin is published regularly every Tuesday on TEMPO.

Development Programs: We encourage our employees to participate in long-term projects and help them attain 21st century skills such as innovation, teamwork, and creativity by bringing together employees from different companies. We further support our employees to improve their current experience and skills through business excellence trainings. Based on İLS, OCS and KF 360 results, we organize talent development trainings to eliminate the leadership and talent deficiencies of the staff.

Online Trainings: In order to support the development of our employees, particularly during the pandemic, we have provided access to the Online Trainings of MESS (Turkish Employers' Association of Metal Industries) and online education resources of various universities.

Certificate of Mastery Trainings: We cooperate with Çukurova Vocational Training Center in order to support the professional development of our employees. Thanks to this collaboration, we encourage our employees to specialize in more than one profession.

On-the-Job Trainings: We ensure our newly recruited blue-collar employees to participate in Turkish Employment Organization's (İŞKUR) On-the-Job Training Program. We offer basic training to candidates; the duration of this program depends on the performance of the candidates.

T-BUDDY

T-Buddy is designated to improve the orientation processes of our newly recruited employees and to ensure them to easily adapt to our TEMSA culture. It also helps to discover the physical and social opportunities of our Company.

AGILE OFFICE

In order to improve the recognition of our agile teams and strengthen the agility culture within the Company, we have published monthly agile newsletters, agile dictionaries and agile guidelines. We conveyed the outputs and values of our agile teams' works to senior and middle level managers through presentations prepared through QBR (Quarterly Business Review), BBR and workshops. In 2022, we provided 5 trainings to a total of 50 employees within the company to spread the agile working culture. We increased the number of our agile employees to 92. In line with our corporate goals, we constructed 7 new agile teams in 2022 and reached 11 active agile teams in total. These teams pursue their activities successfully and produce new values.

TEMSA TALENT STATION

We further developed a career program titled "TEMSA Talent Station" in order to bring young talents to TEMSA. This program offers an opportunity for the students studying in the third or fourth year of the bachelor's degree programs and post graduate students to apply to our company. Participants accepted to our program gain work experience in our Company for three months. The goal throughout this period is for them to play an active role in the projects and get to know TEMSA more closely. We further provide participants with the opportunity to meet with our senior managers at regular intervals to their experiences and knowledge. A total of 43 people participated in the Talent Station program held in 2022 and 70% of them started working in our various departments after undergoing the recruitment process. Participants carried out 2-month project-based studies and attended various trainings offered by Brisa Academy. They received Agile Training and attended Coffee Talks sessions with TMC and the Industry Group President. They also participated in trips organized within the scope of the program to cities such as Adana and Gaziantep. We were granted the 2022 Top Talent – Talent Management award with our TEMSA Talent Station Program.

TALENTS OF THE FUTURE

We have strengthened our human resources by investing in the talents of the future. Within the framework of the Talents of the Future project, we organize internship programs for young talents to closely get to know our company and the industry. We further offer both short and long-term internship opportunities to university students within our company. In order to meet the internship experience required by universities for students, we offer a two-month internship opportunity to third and fourth year students during the summer term. In addition, fourth-year students of universities with which we have cooperation agreements can benefit from our long-term internship programs. Within the context of the internship program, students have the chance to closely observe the bus production processes while learning the functioning of the department they work in. Vocational high school students, too, have the opportunity to work as interns in our company for three working days determined by their schools. In 2022, a total of 67 students (37 in the Spring semester and 30 in the Fall semester) completed their internships at TEMSA. 27 of the students who participated in the internship program later started working in our company.

Talents of the Future

SAHOL TALENT ACQUISITION PROGRAMS

New Generation Career Experience (YNKD) is a program that offers 3rd and 4th year university students the opportunity to get to know Sabancı Group companies, do an internship, gain project experience, chat with leaders, and receive mentor support. We have 3 employees who joined us within the scope of this program.

SEED Digital Young Talent Recruitment Program of Sabancı Group is a recruitment program that offers new graduates or candidates with a maximum of 2 years of work experience rotation opportunities in Sabancı Group companies. We gained 3 colleagues within the scope of this program.

"First Step to the Business World" Program, run by Sabancı University, is an internship program for first- and second-year students which is held during the winter break and offers young talents the opportunity to get to know the business environment and career opportunities. 9 of our interns joined us through this program.

SAHOL DEVELOPMENT PROGRAMS

A training program aimed at developing the leadership potential of Sabancı Group's middle level managers.

A training program executed in line with the 2021-2025 strategic plan, supporting the "innovation" dimension and the competencies that will courageously change the way of doing business.

A training program aims to improve the professional and leadership development skills of high-potential technical managers and engineers in the Industry, Construction Materials and Energy Group companies and to ensure the correspondence and experience among these employees.

A training program designed to accelerate the development of the senior managers within the framework of the strategy, culture, values defined in line with the Sabancı of New Generation vision and Sabancı Leadership Model.

A training program was designed to support the "Leadership in Digitalization" principle stipulated in the X+5 strategic plan and to create sustainable human resources.

A training program is a collaboration process that works with agile principles on potential strategic business development projects that will enable the transformation of the Sabancı Group in line with the 2021-2025 strategic plan.

A training program was developed to ensure the acquaintance of the skills necessary for the future of business such as resilience, innovative thinking, climate change, diversity, and inclusion.

A training program developed to enable young talents to question their current fields of activity and to support the culture of transformation.

ONLINE TRAINING PLATFORMS

Online Training Programs

Weekly trainings shared by Mess and Tisk Academy TEMSA Academy Training Platform

- Online trainings
- Podcast
- E-books
- Training assignments

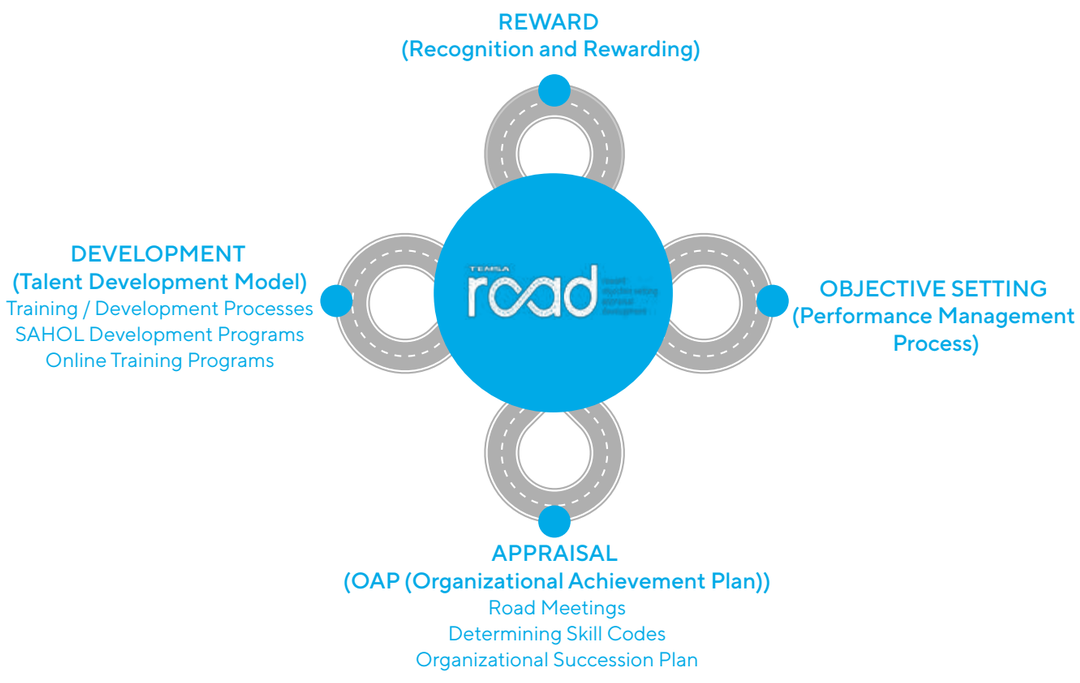
Performance management

As TEMSA, we aim to create a high-performance culture by ensuring our employees to adopt corporate strategies and improve their individual performances. For this purpose, we apply the Perfx Performance Management System. This system consists of three stages: goal setting, continuous performance and year-end assessments. Our white-collar employees enter their goals into the system at the beginning of each year and are further granted the flexibility such as updating the goals and adding new goals throughout the year. At the year-end, the results are evaluated by the immediate supervisor and if deemed appropriate, approved by the manager/director. Employees with high performance can get opportunities to progress in their careers. We further offer career development plans and trainings to help employees realize their potential. Performance management process consists of goal setting, continuous performance and year-end assessment stages. This system also contributes to remuneration processes.

ROAD

TEMSA Road is a platform that focuses on Human Resources processes such as career development of our employees, performance management, training-development and rewarding. TEMSA Road users focus on their own career path by conducting career interviews on topics such as career goals, strengths, weaknesses, and motivation. Interviews are conducted taking into account employees' career expectations and capabilities and the data obtained supports internal succession processes. We send surveys to our new recruited employees in their 2nd and 5th months to evaluate their experiences in our company, and we carry out this process transparently. We organize ROAD career meetings for experts, managers and directors with a seniority of 6 months or above. In 2022, we held 30-minute ROAD interviews with a total of 196 employees with 6 months or above seniority.

TEMSA ROAD
(Reward Objective Setting Appraisal Development)



TEMSA STAR

We attach importance to encouraging our employees to work with the same enthusiasm and cooperation each day and motivate each other accordingly. For this purpose, we combined our Recognition and Rewarding processes on a single platform.

Golden Collar Awards
is an awarding ceremony held to highlight, recognize, and reward the best projects, practices and/or business models in the Sabancı Group so that they can set an example for each other.

Changemaker Awards
aim to highlight, recognize and reward the best projects, practices and/or business models within TEMSA so that they can set an example for each other.

Committed with Passion Awards
Awards extended to employees who have worked within TEMSA for many years to honor their service to the Company.

Developers
An incentive program developed to instill a culture of research, development and innovation in TEMSA employees, to increase the number of patents and utility models, to encourage employees working in this regard, to enable them to specialize in their fields and to provide them new competencies.

Dreamers
is a new initiative for creating value designed to encourage and support the employees to freely express their ideas, implement their ideas with an agile approach and to be rewarded according to project outputs.

Maternity Benefits
are benefits extended to employees who have recently had a baby to felicitate our new TEMSA babies.

Military Service Benefits
is a benefit package prepared for TEMSA employees who will perform their compulsory military service.

Retirement Benefits
These are benefits/awards extended to employees leaving TEMSA by gaining retirement rights.

Developers

Within the scope of this project, we support our employees for their post-graduate and PhD studies, provide them opportunities to publish articles in national and international journals and allow them to specialize in their profession. We further grant our employees 10 working days of paid leave so that they can allocate more time on their training.

Performance Management System (PERFX)

Our performance assessment system was developed to clearly and impartially assess individual performance. The system aims to prioritize our employees exhibiting high-performance on any job opportunities in our Company. We support our employees who cannot perform as expected, with the right development plans to help them achieve the expected performance.

Performance Management System

- Mobile app feature
- System is always active
- Add-on/revision of targets is possible throughout the year with approval flows
- Transparent and attributable accounts
- Opportunity for the employees to discuss their targets with the managers
- Instant and continuous structured feedback throughout the year
- Setting milestones on targets

We contribute to the career journeys of our employees in our performance management processes and evaluate our individual performance clearly and objectively.

Equal Opportunities, Diversity and Inclusion

As TEMSA, we offer equal rights and opportunities to all employees and we do not tolerate any discrimination for any reason (e.g language, race, color, gender, political opinion, belief, religion, sect, age, physical disability). Our Human Rights Policy, as an integral part of the Sabancı Holding Code of Business Ethics, promotes and protects respect for human rights. Owing to this policy that we have prepared on the basis of the Universal Declaration of Human Rights, International Labor Organization (ILO) Conventions, United Nations Global Compact, United Nations Business and Human Rights Principles and OECD's Guiding Principles for Multinational Enterprises, we undertake to always protect the fundamental rights of our employees.

One of the primary goals of our company is to encourage the participation of women, young people and disabled individuals in business life on equal terms.

9.2% of all our employees and 24.7% of white-collar employees are women.

The rate of our female managers is 30.1%. We attach importance to the participation of young people in employment and strengthen our human resources by recruiting new talents to our company. In 2022, 75% of newly recruited employees were under the age of 30 and 23% were individuals between the ages of 30-50. 45 disabled individuals are employed in our Company.

We Have Removed Carrier Obstacles

We have been carrying out a significant social responsibility project titled 'We Have Removed Carrier Obstacles' since 2014. This project aims to draw attention to the importance of the employment of disabled people, to break the prejudices of companies regarding the employment of people with disabilities and to raise awareness on the employment of disabled people. Our project focuses on providing equal opportunities to disadvantaged individuals, supporting them in writing their own success stories and enabling them to inspire other people. The activities that we have carried out for this purpose are as follows:

- Training on communicating with disabled people.
- Training on the interview techniques for people with disabilities.
- Training on the interview techniques for people with disabilities addressing human resources professionals.
- The first Barrier-Free Career Awareness Day event held in the Çukurova Region.
- Training on raising awareness for the health and safety of disabled employees
- Dialogue in the Darkness Workshop
- Barrier-Free Career Summit held every year since 2014.

These efforts have been deemed worthy of various awards such as the 'Best Employer Awareness' award, the 'Company Trusted by Disabled People' award and the 'Barrier-Free Türkiye'.

Participation of Female Employees in the Workforce

As TEMSA, we want our female employees to participate more in business life and we care about providing them with equal opportunities. Therefore, we take into consideration the goal of employing at least 40% female personnel in our recruitment processes. To support this goal, we have included it in the performance criteria of the HR team and department managers. 37% of the personnel we recruited last year were women. We are working in the automotive industry, where the rate of white-collar female employees is 25%. Gender distribution within the departments is closely monitored. While the rate of female personnel working in STEM is 18%, the rate of women working in income-generating positions is 34%.

We care about the safety of our female employees, for this purpose we offer maternity benefits and a private chauffeur service in addition to providing the opportunity to work for 7.5 hours throughout pregnancy. We support our employees in maintaining their work-life balance and provide working conditions suitable for their return to work after birth. All our female employees who went on maternity leave in 2022 returned to work. We provide maternity benefits containing necessary supplies to our employees who are on maternity leave.

We provide maternity benefits containing necessary supplies to our employees who are on maternity leave.

Positive Discrimination Practices towards Female Employees and Other Disadvantaged Groups

By participating in the "Mentoring Millions of Women" program, we became a part of projects aiming to increase women's employment rate. We attach great importance to women's employment through practices that provide equal opportunities aimed at increasing women's participation in the business world. We increased the rate of our female managers to 17.8% and our rate of female employees to 24.6%. We care about the safety of our female employees at the highest level for this purpose we offer specific maternity benefits in addition to providing the opportunity to work for 7.5 hours throughout pregnancy. We care about female employees maintaining their work-life balance and offer them working conditions suitable for their return to work after birth. We provide maternity benefits containing necessary supplies to our employees who are on maternity leave.

Strong Women of the Automotive Industry

Thanks to the "Strong Women of Automotive Industry" project, we draw attention to the need to increase women's employment in the automotive industry. We hope that the stories of blue-collar women will inspire the whole world. Therefore, every female employee who bravely and determinedly takes part in work life is a source of inspiration for us.

As TEMSA, we increased our rate of blue-collar women employment by 1300% and we continue to increase the rate of blue-collar women working in our factory.

We do not just employ women; we also aim to develop their competencies. We ensure our participants to participate in various technical trainings, psychological first aid and psychological resilience trainings, dream workshops and Fun Factory communication events. We further offer gender equality trainings to all our employees in cooperation with the Sabancı Foundation.

Mentoring Millions of Women Project

As TEMSA, we participated in the "Mentoring Millions of Women Project" movement. We aimed to share our experiences in the mentoring program provided to young women between the ages of 15-25 who study and work in STEM (Science, Technology, Engineering and Mathematics).

Diversity and Independence of the Board of Directors

As TEMSA, we have a strong and diverse structure in board of directors. The Company's board members consist of individuals from a broad perspective in terms of gender, ethnicity, age and experience. This diversity enables different perspectives and talents to come together. Thus, with the momentum that we gain from diversity, we strengthen the success of our company. We further attach importance to the principle of independence. Independent board members consider the interests of our company from an impartial perspective and ensure effective audit and management. This supports the Company to adopt a transparent and accountable management approach and ensures the trust of our stakeholders.

We strengthen our sustainability perspective by attaching importance to the diversity approach in the board of directors. We aim to create a more inclusive and diverse structure in line with our sustainability vision.

Social Impact Oriented Approach to Work

At TEMSA, we strive to make the future a more livable world with our social responsibility projects and volunteer work that we have developed in line with our understanding of inclusiveness and social impact-oriented work. We aim to improve the educational opportunities offered to children and young people. We prioritize creating social benefit with 143 Volunteer of TEMSA employees.

We attach importance to our versatile contributions to all segments of society, combining them with the responsibility brought by our position in the sector and in the country.

Social Impact

Our Collaborations with Educational Institutions for an Inclusive Education

Lifelong Learning Projects: We expect new local regulations We give support to lifelong learning projects by collaborating with the Ministry of National Education General Directorate of Lifelong Learning, the EU Delegation Directorate, vocational and technical schools, and business entities. We further support the development of automotive electromechanics and automotive mechanics professions and provide support in learning, measurement, assessment, and development of course materials and curriculum on the subjects of Employee Health and Safety and Environment.

Training Workshop in Çukurova University: In 2010, we established a training workshop within the scope of our collaboration with Çukurova University Automotive Engineering Department. For the last 11 years, we have regularly developed an annual course program and provided lectures with the participation of TEMSA managers.

Laboratory of Çukurova University Vocational School (ÇÜMYO): Within the scope of the Industry-Education Cooperation Protocol signed between TEMSA and ÇÜMYO in March 2006, we contributed in the establishment of two laboratories in the Automotive Department of Adana Vocational School. In addition to the training given by TEMSA instructors, students are provided with internship opportunities in our company within the scope of practical training.

1.5 Adana Electromobile Team: We provide assistance in terms of engineering to 1.5 Adana Electromobile teams established by Çukurova University Mechanical Engineering and Electrical and Electronics Engineering departments.

Automotive Painter Apprentice Project: Since 2014, we have been carrying out the Automotive Painter Apprentice Project within the scope of our cooperation with Adana Çukurova Vocational Training Center. In this context, we support the training of competent automotive painters and employ some of them within our company. 47 students have already attended the training sessions within the scope of this project and five have started working in our company.

Collaboration with Adana Motor Vocational High School: In 2008, we established a TEMSA Training Laboratory within Adana Motor Vocational High School. Here, we provide trainings to 25 students every year. We offer training and internship opportunities to 16 students every year with the Automotive Painting Workshop we established in 2010. With the Automotive Chassis Workshop, we established in 2012, we provide training to 18 students and internship opportunities to four students every year.

Laboratory of Tarsus University: In 2008, we established a training laboratory in the Automotive Engineering Department affiliated to the Faculty of Technology of Tarsus University. Laboratory of Tarsus ISE Industrial Vocational High School: In 2008, we also established a training laboratory in the Motor Department affiliated to Tarsus ISE Industrial Vocational High School.

We reached a total of 1,490 young people with our inclusive projects and events in 2022.

Sponsorships

29. International Adana Golden Boll Film Festival

We have undertaken the transportation sponsorship of the Adana Golden Boll Film Festival, which was held for the 29th time this year. While contributing to the brand value of the festival with our electric vehicles, we have raised awareness about sustainability. With our MD9 ElectriCITY and TS 45E model vehicles allocated to the organization team, we provided transportation for the artists and journalists. With our new generation vehicles, we added value to this valuable organization which was held in Adana and acted asa cultural ambassador in the global arena.

Sponsorship for the Turkish National Basketball Team

Believing wholeheartedly in the unifying power of sports, we have crowned our support for Turkish sports by becoming the Official Sponsor of Turkish National Basketball Team.

Official Road Transportation Sponsorship of Adana Demirspor

We celebrated our long-standing collaboration with Adana Demirspor with a special commercial shot in 2022. The commercial themed "TEMSA, Adana Demirspor'un Yanında " was published on TEMSA's social media accounts simultaneously with the Adana Demirspor - İstanbulspor match. 150 of our employees, determined at the end of the applications filed on a voluntary basis, immortalized their love for their team by participating in the shootings held at TEMSA's facility and the stadium in Adana.

TEMSA Art Project

For the purpose of the TEMSA Art project that we carried out in collaboration with Çukurova University, students created more than 20 art works using the waste and scrap materials (with a total weight of 1.5 tons) generated in our bus production processes.

We aimed to raise awareness about the circular economy with the artworks created using a total of 1.5 tons of waste and scrap consisting of paper and cardboard packaging materials, metals, Styrofoam, plastics, wooden cases and scrap wooden parts, cables, electronic wastes, metals, plastic packaging and copper materials.

More than 20 artworks created by the students of Çukurova University Department of Art Education were exhibited at a special event held at TEMSA İstanbul Altunizade campus. Sabancı Holding CEO Cenk Alper, Sabancı Group and TEMSA executives and representatives from the business world also attended the event hosted by our CEO Tolga Kaan Doğancıoğlu. The income generated from the artworks, some of which were donated within the scope of the organization, will be donated to the Dream Partners established by our employees and will be used for the renovation of village schools in collaboration with Dream Partners. We received the "Change Makers of 2022" award in the sustainability category with the TEMSA Art project. We also received the 2022 Best Business Award in the "Best Sustainable Product / Process" category.

'Safe and Economic Driving Techniques' Training for Drivers

We held the first 'Vehicle Product - Safe and Economic Driving Techniques' trainings for the driver staff of our fleet customers in İstanbul and Antalya. The first leg of the trainings addressed 172 TEMSA drivers working at HAVAİST, which provides urban passenger shuttle service in İstanbul. The second leg of the training was held in Antalya in December with the participation of 28 drivers. We have trained a total of 200 TEMSA drivers in İstanbul and Antalya within the context of the 'Vehicle Product - Safe and Economic Driving Techniques' training.

First stage of the training, which consists of 3 stages in total, includes theoretical training on the technical, equipment and safety features of the vehicles used by the drivers; the second part is allocated to practical driving techniques and a detailed presentation on the requirements for an economic and safe driving experience of the vehicle. For the purpose of the third stage of the training, the significance of maintenance and use of authorized services for longer-lasting use of vehicles was emphasized. We aim to continue the trainings that we started in 2022 and trained a total of 200 TEMSA drivers in the future.

2022 SROI[12] – Social Return on Investment Score: 14.18

Young Women Building Their Future Project

The project launched by Sabancı Foundation in December 2021 aims to make the problems and needs of young women who are neither educated nor employed in our country more visible, to find solutions to these problems and to create mechanisms to meet their needs. Face-to-face trainings of the project carried out by the United Nations Development Program (UNDP) and Sabancı Foundation, in collaboration with the Ministry of Family and Social Services and the Ministry of Labor and Social Security continued in Adana, Diyarbakır and İzmir in December 2022.

Pursuant to the results of the field research of the project, we as TEMSA organized a training on "Job Application Skills" in Adana within the scope of the trainings organized in line with the needs and expectations of young women. For the purpose of the training where we plan to train young women on preparing a CV, filing a job application and interview processes, which are among the most frequently encountered problems, we held interview simulations and a dream workshop where young women had the opportunity to sketch their dreams.

Opportunity Mapping enables young women to find the opportunities such as jobs, education and internships closest to them on the Republic of Türkiye map. The Opportunities Map includes more than 1,800 job, training, internship, and enterprise support opportunities from nearly 1,500 institutions.

You can access more detailed information and news about the project on the website.

[12]SROI aims to measure the contribution of an organization or project to society by converting non-financial impacts (social, environmental, cultural) into financial terms.

Volunteering Projects at TEMSA: Dream Partners

The project, through which we aim to provide equal conditions in education to the disadvantaged children in village schools, has been financed by volunteers from TEMSA employees since 2014. Our project, carried out with the support of our volunteers, was transferred into an association in order to reach wider communities. Our association, founded by employees of the company, assumes a leading role in the field of social responsibility.

We expanded the scope of our activities through our cooperation with the Needs Map Platform which was established to bring together those in need and the volunteers who want to meet their needs. The activities we focus on include improving the physical conditions of village schools, building gyms and libraries, providing science equipment and meeting the needs of children treated in the pediatric departments of hospitals in our area of activity. Within the scope of 40 Different Events that we have carried out with 1,200 TEMSA employees over the past six years, we touched thousands of village school students and hundreds of disadvantaged children and successfully completed the relevant volunteering activities.

Our Awards in 2022

- 2022 Top Talent – Talent Management - Talent Station Program
- 2022 Fast Company – 50 Most Innovative HR Leaders
- 2022 Change Makers – Sabancı of the New Generation - TEMSAğlık
- 2022 Change Makers – Sustainability - TEMSA Art
- 2022 Best Business Awards - Best Sustainable Product/Process - TEMSA Art
- 2022 Best Business Awards - Best Community Engagement Initiative – TEMSA Dream Partners Association
- 2022 Best Business Awards - Best Health & Safety - TEMSAğlık
- 2022 EcoVadis - Silver Status
- 2022 SROI – Social Return on Investment Score: 14.18
- First Prize of TBD 2022 (Informatics Association of Türkiye) Awards - Digital Transformation Technologies - Domestic and National Product Development Category – Dealer Financial Risk Assessment by TEMSATech Logi

Sabancı Republic Day Campaign

As TEMSA, we have participated in the "Sabancı Republic Day Campaign" events which is the social responsibility movement held with the widest participation in Türkiye.

- In 2022, we have realized the "Dream Bus" project in collaboration with the Dream Partners Association in order to develop the imaginative talents of disadvantaged children. Our TEMSA Volunteers organized sustainability, environmental awareness, vocational workshop and dream workshop trainings addressing primary and secondary school students studying in disadvantaged regions. Together with our volunteers, we have already touched the dreams of approximately 300 children. Owing to our workshop trainings, we aim to help children realize their inner capabilities, become aware of their expectations and wishes and to encourage them to achieve their dreams.
- With our Adasokağı Career Consultancy project that we carried out in 2022, we sponsored the Adasokağı Women's Handball team from a neighborhood in Adana where the rate of child brides is high. For the purpose of this sponsorship, we provided career counseling to team members. Adasokağı Women's Handball Team, which we are proud to sponsor, was the second-place finisher of the Turkish Handball Federation 1st League Women's A Group, advanced to the play-offs and was promoted to the Super League after its successful results.

Earthquake Crisis Management in Sabancı Holding Industry Group Companies

As a country, we experienced a huge earthquake disaster in which we lost tens of thousands of lives. Brisa, Kordsa, TEMSA Motor Vehicles and TEMSA, the industry group companies under the umbrella of Sabancı Holding, came together to alleviate the pain suffered by the great disaster we experienced, to support the affected people and to emerge stronger from this disaster. We performed our crisis management efforts together with our coordination team and under the supervision of our crisis desk.

In this context, we carried out the following activities:

- We conducted a health and situation assessment by conducting a survey on the needs of our employees.
- We shared informative e-mails about the mobilization to collect necessary supplies and the blood donation campaign launched in the earthquake region.
- We supplied buses, generators, fuel, basic supplies and hygiene materials to the areas damaged by the earthquake.
- We transformed our showroom in Adana into a safe shelter for our employees and their families who do not have a safe place to stay. We created different living spaces with tents and containers. We met the basic needs of families, especially with regard to clothing and other needs. We held motivational organizations addressing children with clowns, dances and toys.
- By constructing 16 containers, we created accommodation space for 64 people.
- We provided psychological consultancy support to our company employees.
- We held a Psychological Resilience Against Earthquake Webinar on February 22nd and a Disaster Preparedness Webinar on March 10th.
- We visited TMA Dealers/Services/ Suppliers; in line with the needs analysis, we organized the shipment of 6 containers and work clothes for 25 service personnel in Hatay.
- As part of March 8th International Women's Day activities, we organized a self-care activity and distributed hygiene kits in Hatay. We distributed kits to approximately 1,500 women and provided self-care services together with 100 hairdressers.
- We organized physiotherapy sessions on 10-11-12 March in the Tent City established in the Hatay region.
- We initiated the "Employment Mobilization in the Regions Affected by Earthquake" through Youthall and Kariyer. net. We have recruited 2 individuals living in the area affected with the earthquake and provided internship opportunities to 15 students living therein.
- We delivered a forklift and a pallet truck to the region for use throughout March.
- We sent 100 pieces each of winter trousers, sweatshirts, coats and vests with sleeves to the Hatay Expo warehouse.
- In collaboration with our employees who wanted to donate and provide assistance, we organized a Ramadan parcel donation campaign and collected donations for a total of 670 parcels.

TEMSA çalışanlarının gönüllülük faaliyetlerine katılım sağlamaları için şirket içerisinde duyurular ve teşvik edici uygulamalar hayata geçirdik.

In this context, we contributed:

- to the social market assistance project, held on March 1st and March 7th in collaboration with Kahramanmaraş Disaster Platform, with 5 TEMSA employees each;
- to the needs parcel sorting project held on 9-10 March at Tent City in Hatay, with 14 TEMSA employees;
- to the needs parcel sorting project held on 11-12 March at Tent City in Hatay, with 20 TEMSA employees;
- to the Ramadan parcel distribution and sorting project held on 4-5 April at Hatay Expo, with 20 TEMSA employees;
- to the needs parcel sorting project held on 27-28 April at Hatay Expo, with 20 TEMSA employees.

At the end of these assistance that we have provided, we have provided accommodation for a total of 459 people in our ecosystem, we built 16 containers, we extended 11,500 meals and achieved a volunteering work for period of 56 days with the participation of a total of 128 TEMSA volunteers. The feeling of solidarity and love that grew in our hearts after the earthquake was realized with these assistance projects. We fought together, hand in hand, to erase the traces of the earthquake and help people. We will continue to take steps towards a future full of hope while pursuing our meaningful social projects.

OYUNGEZER Project

In cooperation with EnerjiSA Enerji, we designed a bus to help the children who still live in containers and tent cities in the earthquake zone for them to spend a more enjoyable summer holiday. Together with our production and R&D teams, we completely transformed the interior furnishing of the bus to become a playground. We created a playground environment inside the bus where 12 children can play console games and have fun together. After organizing an opening in Hatay, which was our first stop, we aim to reach more than 1,000 children within 3 months.

Shared Mobility

The complex and intense traffic of cities necessitates sustainable and effective transportation solutions. Therefore, shared mobility not only is an environmentally friendly transportation solution, but also makes it more accessible and effective.

Environmentally friendly buses equipped with advanced technologies are very important for shared mobility platforms. Buses offering smart route optimization features and low carbon technologies contribute to sustainable transportation models by minimizing the negative impacts on the environment.

As TEMSA, we contribute to improving the transportation infrastructure of cities with solutions including shared mobility and aim to lead the mobility of the future.

APPENDICES

APPENDICES

Corporate Memberships

Organization's Name	Field of Activity of the Institution	Strategic Focus Supported by the Membership
ADASO - Adana Chamber of Industry	To meet the needs of member businesses/entities, to professionally facilitate their business activities and to ensure communication and solidarity among colleagues.	Corporate Governance
ATO - Adana Chamber of Commerce	To meet the needs of member businesses/entities, to professionally facilitate their business activities and to ensure communication and solidarity among colleagues.	Corporate Governance
ADSİAD - Adana Industrialists and Businessmen's Association	To meet the needs of member businesses/entities, to professionally facilitate their business activities and to ensure communication and solidarity among colleagues.	Corporate Governance
AKİB - Mediterranean Exporters' Associations / Mediterranean Ferrous and Non-Ferrous Metals Exporters' Association	To meet the needs of member businesses/entities, to professionally facilitate their business activities and to ensure communication and solidarity among colleagues.	Corporate Governance
Çukurova Young Businessmen's Association	To meet the needs of member businesses/entities, to professionally facilitate their business activities and to ensure communication and solidarity among colleagues.	Corporate Governance
DEIK - Germany Business Council	In order to foster international collaborations and enhance the competitiveness of the Turkish business community in markets worldwide.	Corporate Governance
Ethics and Reputation Society (TEİD)	Managing concerns related to business reputation, compliance, and ethics.	Corporate Governance
IPRU - International Passenger Road Transport Union	In order to foster the growth and progress of road transport and road transport enterprises.	Corporate Governance

Organization's Name	Field of Activity of the Institution	Strategic Focus Supported by the Membership
İTO - İstanbul Chamber of Commerce	Offering assistance with the import and export procedures.	Corporate Governance
İŞKUR Innovative Human Resources Association	Providing support in HR processes	Corporate Governance Human Resources Management
MESS - Turkish Employers' Association of Metal Industries	Managing the Industrial Relations Processes (Employers' Union)	Corporate Governance
OSD - Automotive Manufacturers' Association	As the locomotive industrial sector of the Turkish economy, to closely monitor developments in the automotive industry, particularly in Technical Legislation and Global Trade, and to positively contribute to foreign trade through product and engineering exports.	Corporate Governance
TAP - Portable Battery Manufacturers' Association	Providing support for battery and battery waste management processes	Corporate Governance Environmental Performance
TOBB - The Union of Chambers and Commodity Exchanges of Türkiye - Automotive Industry Assembly	To meet the needs of member businesses/entities, to professionally facilitate their business activities and to ensure communication and solidarity among colleagues.	Corporate Governance
IIA–Türkiye (TİDE) - Institute of Internal Auditors of Türkiye	The Institute offers various services concerning the competencies of professionals, the corporate governance quality of finance and real sector companies and public institutions and organizations and the academic development of the profession.	Corporate Governance
UITP - International Association of Public Transport	Providing advisory services to global stakeholders and institutions operating in the public transportation sector, to establish benchmarks and aid in the sector's development and sustainability, and to advocate for innovative solutions within the public transportation industry.	Corporate Governance
UIB - Uludağ Exporters' Association - Vehicle and Auxiliary Industry	In order to foster economic growth through the consolidation of exporting communities, to advise on foreign trade matters and ensure their progression aligns with national interests, and to disseminate pertinent information regarding foreign trade developments to its membership.	Corporate Governance

Organization's Name	Field of Activity of the Institution	Strategic Focus Supported by the Membership
UN Global Compact (UNGC)	The world's largest voluntary Corporate Sustainability Initiative, which is referred to on issues such as climate change, water and waste management and strategic developments.	Corporate Governance Human Rights Approach Environmental Performance
UN Global Compact Türkiye	To meet the needs of member businesses/entities on issues such as human rights, environment and governance and to ensure them communicate and cooperate with each other.	Corporate Governance Human Rights Approach Environmental Performance
Science Based Target Initiative (SBTi) (Business Ambition for 1.5 C, Race to Zero Campaign, We Mean Business)	To provide guidance on emissions and reduction scenarios for emissions, basing decarbonization strategies on science-based targets and to provide support in goal setting processes.	Environmental Performance Supply Chain Sustainability
CDP (Carbon Disclosure Project) Initiative	Supporting risk-based thinking and stakeholder engagement via transparently sharing statements on climate change and water security and with strategic approaches.	Environmental Performance Supply Chain Sustainability
EcoVadis	EcoVadis provides the companies with a holistic sustainability assessment service through a global cloud-based SaaS platform.	Corporate Governance Human Rights Approach Environmental Performance
TUSMOD	Procurement and Supply Management Association, ensures the improvement of purchasing processes	Corporate Governance
EPD (Environmental Product Declarations)	Environmental Product Declaration, to ensure that the environmental impacts of products are clearly declared, and the environmental performance of products is disclosed.	Environmental Performance

Economic Performance Indicators

Investments (TRY)	2020	2021		2022
Total amount of Environmental Expenditures	141,006	363,154	✓	508,918
Statutory Expenditures	63,565	181,126	✓	414,352
Non-statutory Expenditures	77,441	182,028	✓	94,566
Total Environmental Investments (mitigation of the effects)	-	-	✓	1,112,977
Budget allocated for OHS	805,825	2,284,541		4,723,650
Donations within the scope of charitable activities (TRY)	77,759	150,000		-
Corporate social responsibility investments (TRY)	21,661	30,186		530,000
Commercial initiatives, sponsorships (TRY)	1,023,430	4,879,450		4,905,000

Environmental/Social Benefit Through Environmental Investments/Financial Savings and Operations	2020	2021		2022
Environmental Benefit (sm3)	-	-	✓	4,065
Environmental Benefit (kWh)	-	-	✓	89,921
Environmental Benefit (ton CO_2e)	-	-	✓	-
Social Savings (TRY)	-	-	✓	14
Financial Savings (TRY)	-	-	✓	127,631

Customers	2020	2021	2022
Total Number of Customers (Person)	194	214	238

Revenue / Expenses (TRY)	2020	2021	2022
Annual Total Revenue	771,542,639	1,718,530,940	4,408,738,635
Total Operating Expenses	685,387,991	1,709,829,850	4,073,645,730
Expenditures for the development of employees	178,572,095	261,759,885	564,915,433

Suppliers	2020	2021	2022
Total number of Suppliers	1,109	1,764	1,820
Total Domestic Suppliers	930	1,438	1,537
Total International Suppliers	179	326	283
Total Supplier Payments (TRY)	477,391,409	1,462,077,030	3,911,744,239
Total Payments to Domestic Suppliers (TRY)	274,239,876	797,560,311	2,098,882,094
Total Payments to International Suppliers (TRY)	203,151,533	664,516,719	1,812,862,145
Total Number of New Suppliers	202	320	350

Branches, Dealers and Business Partners	2020	2021	2022
Total number of Branches	1	1	1
Total number of dealers and business partners	91	89	84

Return on Investment in Human Capital (TRY)	2020	2021	2022
Total revenue	771,542,639	1,718,530,940	4,408,738,635
Total Operating Expenses	685,387,991	1,709,829,850	4,073,645,730
Expenditures for the development of employees	178,572,095	261,759,885	564,915,433
Return on investment in human capital	1.5	1.0	1.6

Sustainable Product and Service Investments	2020	2021	2022
Total revenue from sustainable services (TRY)	16,395,159	31,860,279	✓ 373,499,304
Ratio of revenue from sustainable products and services in total revenue (%)	2.12	1.85	8.47
R&D and innovation investments (TRY)	57,607,677	70,632,152	✓ 140,281,170
Sustainability-oriented R&D and innovation investments (TRY)	8,329,499	31,502,712	✓ 75,234,886
The Ratio of Sustainability-oriented R&D and innovation investments (%)	14	45	✓ 54

Number of Products and Services Contributing to Sustainability	2020	2021	2022
Mitigation of the Impact	5	7	✓ 9

Social Performance Indicators

Number of Employees by Gender and Category (Person)	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
White Collar	62	339	77	330	125	382
Blue Collar	2	871	2	858	2	869
Total	64	1,210	79	1,188	127	1,251

Subcontractors by Gender (Person)	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Subcontractors	3	43	3	41	2	37
Total	46		44		39	

Number of Employees by Gender and Other Category (Person)	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Number of Disabled Employees	3	42	3	41	4	41
Employees covered within the scope of Collective Labor Agreement	2	871	2	858	2	869

Employees by Seniority (Person)	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
0-5 Years	33	120	52	151	94	200
5-10 Years	13	288	14	277	19	247
10 Years and above	18	802	13	760	14	804

Number of Employees by Gender and Age (Person)	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Under the age of 30	19	97	29	87	70	136
Between the ages of 30-50	45	1,090	50	1,066	57	1,066
Over the age of 50	0	23	0	35	0	49

Number of Managers by Gender and Age (Person)	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Under the age of 30	0	3	2	2	1	3
Between the ages of 30-50	12	62	16	80	22	82
Over the age of 50	0	10	0	10	0	13

Number of Managers by Gender and Management Level (Person)	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Number of Senior Managers	0	8	1	8	4	9
Number of Middle Level Managers	6	21	9	29	20	33
Number of Junior Managers	6	46	8	55	40	107

Number of Other Managers and Employees (Person)	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Number of Managers in Revenue Generating Roles	13	47	15	38	17	33
Number of Employees in STEM Roles	13	124	17	121	32	142
Number of Employees assigned in R&D, Innovation and Digitalization Departments	10	136	9	136	19	148

Maternity/Parental Leave Metrics by Gender (Person)	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Number of Employees taking Maternity/Parental Leave	3	53	4	44	2	47
Number of the Employees Returning to Work After Maternity/Paternity Leave	3	53	4	44	2	47
Number of the Employees Returning to Work After Maternity/Paternity Leave and Working for a Minimum of 12 Months	2	53	1	44	2	47
Percentage of the Employees Returning to Work After Maternity/Paternity Leave (%)	100		100			100

Number of Employees Hired by Gender (Person)	2020	2021	2022
Female	16	30	58
Male	42	66	128

Number of Employees Hired by Gender and Age (Person)	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Under age of 30	7	25	19	38	50	90
Total - Under age of 30		32		57		140
Between ages of 30-50	9	17	11	28	8	35
Total - Between ages of 30-50		26		37		43
Over the age of 50	0	0	0	0	0	3
Total - Over the age of 50		0		0		3

Number of Employees Hired by Gender and Management Level (Person)	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Number of Senior Managers	0	2	1	0	0	1
Total - Number of Senior Managers		2	1			1
Number of Middle Level Managers	3	4	2	5	1	8
Total - Number of Middle Level Managers		7		7		9
Number of Junior Managers	0	6	2	11	0	4
Total - Number of Junior Managers		6		13		4

Number of Leaving Employees by Gender (Person)	2020	2021	2022
Female	16	15	13
Male	51	69	76

Number of Leaving Employees by Gender and Age (Person)	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Under the age of 30	10	13	4	19	9	27
Total - Under the age of 30		23		23		36
Between the ages of 30-50	6	34	11	42	4	46
Total - Between the ages of 30-50		40		53		50
Over the age of 50	0	4	0	8	0	3
Total - Over the age of 50		4		8		3

Number of Leaving Employees by Gender and Management Level (Person)	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Number of Senior Managers	0	4	0	0	✓ 1	✓ 1
Total - Number of Senior Managers		4		0		✓ 2
Number of Middle Level Managers	1	6	0	2	✓ 1	✓ 1
Total - Number of Middle Level Managers		7		2		✓ 2
Number of Junior Managers	1	3	3	15	✓ 0	✓ 8
Total - Number of Junior Managers		4		18		✓ 8

Number of Voluntarily Leaving Employees by Gender (Person)	2020	2021	2022
Female	14	12	10
Male	49	52	62

Number of Voluntarily Leaving Employees by Gender and Age (Person)	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Under the age of 30	9	13	4	18	8	24
Between the ages of 30-50	5	33	8	28	2	35
Over the age of 50	0	3	0	6	0	3

Number of Voluntarily Leaving Employees by Gender and Management Level (Person)	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Number of Senior Managers	0	4	0	0	0	1
Number of Middle Level Managers	0	5	0	2	1	1
Number of Junior Managers	1	3	3	12	0	5

Distribution of Female Employees	2020	2021	2022
Number of Female Employees (Person)	64	79	127
Total Number of Employees (Person)	1,274	1,267	✓ 1,378
Ratio of Female Employees (%)	5	6	✓ 9

Distribution of Female Managers	2020	2021	2022
Senior Managers (%)	0	11	31
Middle Level Managers (%)	22	24	38
Junior Managers (%)	12	13	27

Distribution of Female Managers and Employees	2020	2021	2022
Distribution of Female Managers (%)	14	16	✓ 30
Distribution of Female Managers in Revenue Generating Roles (%)	22	28	✓ 34
Distribution of Female Managers in STEM Roles (%)	9	12	✓ 18

Number of Employees Subject to Performance Evaluation (Person)	2020	2021	2022
Female	62	77	100
Male	315	330	322

Employee Turnover Rates by Gender (%)	2020	2021	2022
Female	25	19	10
Male	4	6	6

Employee Turnover Rates by Gender (%)	2020	2021	2022
Under the age of 30	20	20	17
Between the ages of 30-50	4	5	4
Over the age of 50	17	23	6

Employee Turnover Rates by Management Level (%)	2020	2021	2022
Senior Managers	50	-	15
Middle Level Managers	26	5	4
Junior Managers	8	29	5

Employee Trainings (Hour)	2020	2021	2022
Total Training Hours	2,170	22,752	23,513
Average Training Hours per Employee	1.7	18.0	17.1

Total Training Hours by Gender (Hours)	2020	2021	2022
Female	217	1,834	3,103
Male	1,953	20,918	20,410

Total Training Hours by Age (Hours)	2020	2021	2022
Under the age of 30	503	2,439	4,718
Between the ages of 30-50	1,633	19,404	18,082
Over the age of 50	35	908	713

Average Training Hours per Employee by Age (Hours)	2020	2021	2022
Under the age of 30	4.3	21.0	30.0
Between the ages of 30-50	1.4	17.4	16.1
Over the age of 50	1.5	25.9	20.4

Total Training Hours by Management Level (Hours)	2020	2021	2022
Senior Managers	3	158	314
Middle Level Managers	47	1,245	1,602
Junior Managers	364	1,630	3,658

Average Training Hours per Employee by Management Level (Hours)	2020	2021	2022
Senior Managers	0.4	17.6	26.1
Middle Level Managers	1.7	32.8	32.7
Junior Managers	7.0	25.9	38.5

Subcontractors Trainings (Hours)	2020	2021	2022
Total Training Hours	0	87	87
Average Training Hours per Subcontractor	0	2	2.2

Training Costs (TRY)	2020	2021	2022
Total Training Cost	114,341	1,044,116	2,120,321
Average Training Cost per Employee	89.7	824.1	1,538.7

Ethics Training Hours (Hours)	2020	2021	2022
Female	0	44	45
Male	0	169	149
Total	0	213	194

Environment and Sustainability Trainings (Hours)	2020	2021	2022
Female	0	3	71.5
Male	2	2,929	4,100
Total	2	2,932	4,171

Other Trainings (Hours)	2022
Leadership Trainings (Hours)	1,208
Average Leadership Training Hours per Employee	2.4
Coaching Trainings (Hours)	217
Average Coaching Training Hours per Employee	0.4

Number of People Reached Through Inclusion Programs (Person)	2020	2021	2022
Citizens Over 65 Years Old	0	0	0
Youth	156	347	1,490
Children	0	0	192
Women	0	0	40
Immigrants	0	0	0
Other	-	-	400
Total	156	347	2,122

OHS Performance - Employees	2020	2021	2022
Total Working Hours	1,467,326	2,325,403	2,745,664
Number of Accidents	4	10	13
Number of Fatal Cases	0	1	0
Number of Occupational Diseases	0	0	0
Injury-related Absenteeism (day)	0	7	10
Absenteeism (Days)	11,764	16,906	14,247
Lost Workday Rate (%)	0	60.2	72.8

OHS Performance - Subcontractors	2020	2021	2022
Number of Accidents	0	0	0
Number of Fatal Cases	0	0	0
Number of Occupational Diseases	0	0	0
Injury-related Absenteeism (day)	0	0	0
Absenteeism (Days)	0	0	0

OHS Trainings	2020	2021	2022
Training hours provided to company employees (person*hour)	1,594	11,503	11,425
Training hours provided to subcontractors (person*hour)	66	103	246

Environmental Performance Indicators

Energy Consumption by Fuel Type (MWh)	2020	2021	2022
Natural Gas Consumption	4,492	8,465	9,937
Diesel (generator, company vehicles, forklift, heating)	2,199	4,357	5,399
Gasoline	0	133	673
Electricity	6,132	8,379	✓ 10,886
CNG	0	335.13	139,292
Total Energy Consumption	12,824	21,669	✓ 166,187

✓ Natural Gas: 2022: 1,036,393 m^3

Energy Data	2020	2021	2022
Annual Total Energy Savings (kWh)	13,562	1,549,489	9,248,048
Annual Total Energy Savings (TRY)	6,260	475,351	1,478,250
Energy Intensity (MWh/ million TRY)	16.6	12.4	✓ 37.69

Diesel Consumption (liter)	2020	2021	2022
Company Vehicles	40,041	80,175	63,830
Operational Off-Road Vehicles	2,086	14,734	9,544
Generator	7,849	15,522	6,186
Diesel Used in Process	173,552	332,389	✓ 411,880
Total	223,528	442,820	✓ 491,440

Gasoline (liters)	2020	2021	2022
Company Vehicles	0	14,994	✓ 75,804

Other Fuels	2020	2021	2022
CNG (m^3)	0	23,771	✓ 13,203

Non-used Fuels	2020	2021	2022
Coal (tons)	0	0	✓ 0
Fuel-oil (m^3)	0	0	✓ 0
Petroleum Coke (tons)	0	0	✓ 0
LPG (kg)	0	0	✓ 0
LNG (lt)	0	0	✓ 0

Renewable Energy Use	2020	2021	2022
Share of Renewable Energy Consumption in Total Energy Consumption (%)	0	0	5.1
Renewable Energy Generation (MWh)	0	0	-
Renewable Energy Consumption (MWh)	0	0	8,579
Purchased Renewable Energy (MWh)	0	0	8,579

Purchased Heat/Steam/Refrigerant Gas (kg)	2020	2021	2022
R134-A	0	59	85.1
R22	54	41	109
R410-A	11	23	23
Total	66	123	217
Sold Heat/Steam/Refrigerant/Electricity (kg)	0	0	0

Travels	2020	2021	2022
Total Annual Air Travel for Business Purposes (km)	274.113	1,788,774	5,189,910
Total Annual Kilometers of Personnel Shuttles	639.38	979.63	1,163,520

Greenhouse Gas Emissions (ton CO_2e)[13]	2020	2021	2022
Scope 1 Emissions	2,100	3,367	3,984
Scope 2 Market-Based Emissions	2,925	3,828	1,089
Scope 2 Location-Based Emissions[14]			5,143
Scope 3 Emissions	390	752	1,046
Total[15]	5,415	7,847	6,119

Adana Facility Scope 3 Greenhouse Gas Emissions (tCO2e)	2022
Category 1 - Purchased Goods And Services	197,959.31
Category 2 - Capital Goods	72.44
Category 3 - Fuel and Energy related Emissions	868.19
Category 4 - Upstream Transportation and Distribution	3,309.83
Category 5 - Waste Generated in Operations	259.38
Category 6 - Business Travels	467.32
Category 7 - Employee Commuting[16]	685.23
Category 9 - Downstream Transportation and Distribution	1,643.82
Category 10 - Processing of Sold Products	1,339.33
Category 11 - Use of Sold Products	1,058,282.96

[13]Scope 1, Scope 2 and Scope 3 emissions are calculated by the operational control principle within the framework of "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" in accordance with ISO 14064-1.

[14]Scope 2 Location-Based emissions are indirect carbon emissions associated with national grid consumption, Scope 2 Market-Based emissions are indirect carbon emissions arising from the consumption of renewable energy.

[15]The total Greenhouse Gas Emission amount in 2022 include Scope 1, Scope 2 Market-Based and Scope 3 emissions.

[16]For Scope 3 Category 7 data, service vehicle data in France are also included.

Facilities	Scope 1 (tCO_2e)	Scope 2 (tCO_2e)[17]	Scope 3 (tCO_2e)
USA	42.39	72.06	114.46
France	135.44	15.36	150.81
İstanbul	41.26	449.60	490.86
Germany	-	2.65	2.65
Total	219.10	539.68	758.78

Greenhouse Gas Base Year Emissions (ton CO_2e)[18]	2021
Scope 1 Emissions (2021)	3,397.73
Scope 2 Emissions (2021)	4,150.49
Scope 3 Emissions (2022)	1,265,474.9
Total	1,273,023.12

Greenhouse Gas Reduction (tCO_2e)	2020	2021	2022
Annual Total Reduction	6	708	4,353

Greenhouse Gas Intensity (ton CO_2e/ million TRY)	2020	2021	2022
Greenhouse Gas Intensity	7.02	4.60	1.39

Air Emissions (kg)[19]	2020	2021	2022
NOx	0	20	0
SOx	0	0	0
Volatile Organic Compounds (VOC)	0	4	0
Particular Substances	0	5	0

Water Consumption (m^3)	2020	2021	2022
Grid Water	5,748	9,300	11,559
Surface Water	0	0	0
Groundwater (Well water)	79,786	103,479	116,113
Rainwater	0	0	0
Water Used from Third Party Sources	0	0	0
Amount of Water Produced	0	0	0
Recovered and Reused Water	0	0	-
Total Water Consumption	85,534	112,779	127,672

[17]No Market-Based vehicles are used, therefore Market-Based Scope 2 emissions are considered to be equal to Location-Based Scope 2 emissions.

[18]Greenhouse Gas emissions were calculated by expanding the scope within the reporting period in order to comply with the expectations of the CDP Climate Change Survey.

[19]Air emissions are calculated every two years. Results will be presented in 2023.

Water Discharge (m³)	2020	2021		2022
Wastewater Amount	20,038	43,317	✓	54,379

Wastes (ton)	2020	2021		2022
Hazardous Waste	185	379	✓	508
Non-Hazardous Wastes	362	782	✓	1,044
Amount of Recycled Wastes	547	1,161	✓	1,552
Reused / Recycled Waste Rate	100%	100%	✓	100%
Total Plastic Consumption (tons)	12.35	14.48	✓	13.31

External Assurance Statement

Appendix-1: TEMSA 2022 Sustainability Report - Reporting Principles is available here.

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Limited Assurance Report
to the Board of Directors of Temsa Skoda Sabancı Ulaşım Araçları A.Ş.

We have been engaged by the Board of Directors of Temsa Skoda Sabanci Ulaşim Araçlari A.Ş. (the "Company") to perform a limited assurance engagement in respect of the Selected Sustainability Information (the "Selected Information") stated in the Temsa 2022 Sustainability Report (the "2022 Sustainability Report") for the year ended 31 December 2022 and listed below.

Selected Information

The scope of the Selected Information for the year ended 31 December 2022, which is subject to our limited assurance work, set out in the pages 119, 120,122, 123, 124, 125, 126, 127, 128, 129 and 130 of the 2022 Sustainability Report with the sign "✓" is summarized below:

Environmental Indicators

- Natural Gas Consumption (m3)
- Diesel Consumption (L)
- Diesel Consumption in Process (L)
- Coal Consumption (ton)
- Fuel Oil Consumption (m3)
- Gasoline (L)
- LPG Consumption (Kg)
- LNG Consumption (L)
- CNG Consumption (m3)
- Petroleum Coke (ton)
- Total Energy Consumption (MWh)
- Electricity Consumption (MWh)
- Purchased Heat/Steam/Cooling (Kg)
- Sold Heat/Steam/Cooling (Kg)
- Renewable Energy Generation (MWh)
- Renewable Energy Consumption (MWh)
- Purchased Renewable Energy (MWh)
- Greenhouse Gas Emission Intensity (tonCO2e /million TL)
- Energy intensity (MWh/ Million TL)
- Total Yearly Business Air Travel in Kilometers (km)
- Total Yearly Employee Commuting in Kilometers (km)
- Share of Renewable Energy Consumption in Total Energy Consumption (%)

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Sosyal Göstergeler

• Kaza Sayısı (#)
• Ölümlü Vaka Sayısı (#)
• Meslek Hastalığı Sayısı (#)
• Kazadan Kaynaklı Devamsızlık (Gün)
• Toplam Çalışma Saati (saat)
• Kayıp İş Günü Oranı (%)
• İş Sağlığı ve Güvenliği Eğitimleri (saat)
• Toplam Çalışan Sayısı (#)
• Kadın Çalışan Oranı (%)
• Kadın Yönetici Oranı (%)
• Gelir Getirici Rollerdeki Çalışan Kadın Yönetici Oranı (%)
• STEM (IT, Mühendislik vb.) Rollerindeki Kadın Çalışan Oranı (%)
• Doğum İznine Ayrılan Çalışan Sayısı (#)
• Babalık İznine Ayrılan Çalışan Sayısı (#)
• Doğum/Annelik İzninin Sona Ermesinden Sonra İşe Dönen Çalışan Sayısı (#)
• Babalık İzninin Sona Ermesinden Sonra İşe Dönen Çalışan Sayısı (#)
• Doğum İzninden Sonra İşe Dönüş Oranı (%)
• Cinsiyete Göre Toplam Eğitim Saatleri (saat)
• Yaşa Göre Toplam Eğitim Saatleri (saat)
• Yönetici Seviyesine Göre Toplam Eğitim Saatleri (saat)
• Eğitim Türüne Göre Toplam Eğitim Saati (saat)
• Toplam Eğitim Maliyeti (TL)
• Çalışan Başına Düşen Eğitim Maliyeti (TL)
• Cinsiyete Göre İşe Alım Sayısı (#)
• Yaşa Göre İşe Alım Sayısı (#)
• Yönetici Seviyesine Göre İşe Alım Sayısı (#)
• Cinsiyete Göre İşten Ayrılma Sayısı (#)
• Yaşa Göre İşten Ayrılma Sayısı (#)
• Yönetici Seviyesine Göre İşten Ayrılma Sayısı (#)
• Cinsiyete Göre Devir Oranları (%)
• Yaşa Göre Devir Oranı (%)
• Yönetici Seviyesine Göre Devir Oranı (%)
• Kapsayıcılık Programlarıyla Ulaşılan Hassas Kitlelerin Sayısı (#)

- Average Training Costs per Person (TL)
- Number of Employees Hired by Gender (#)
- Number of Employees Hired by Age (#)
- Number of Employees Hired by Managerial Level (#)
- Number of Employees Left by Gender (#)
- Number of Employees Left by Age (#)
- Number of Employees Left by Managerial Level (#)
- Turnover Rates by Gender (%)
- Turnover Rates by Age (%)
- Turnover Rates by Managerial Level (%)
- People Reached Through Inclusion Programs in Reporting Period (#)

Economic Indicators

- Number of SDG-linked Products and Services (#)
- SDG-linked Product and Service Revenue (TL)
- R&D and Innovation Investments (TL)
- SDG-linked R&D and Innovation Investments (TL)
- Ratio of SDG-linked R&D and Innovation Activities (%)
- Total Amount of Environmental Investments by Type (TL)
- Total Amount of Environmental Expenditures by Type (TL)
- Savings and Reduction Based on Environmental Investments (TL)

Our assurance was with respect to the Selected Information marked with "✓" in the 2022 Sustainability Report, and we have not performed any procedures with respect to earlier periods or any information other than Selected Information marked with "✓" in the 2022 Sustainability Report and, any other elements included in the 2022 Sustainability Report and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by the Company to prepare the Selected Information is set out in section Appendix-1: Temsa 2022 Sustainability Report-Reporting Principles (the "Reporting Principles") on page 130 of the 2022 Sustainability Report.

The Company's Responsibility

The Company is responsible for the content of the 2022 Sustainability Report and the preparation of the Selected Information in accordance with the Reporting Principles. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Principles.

In particular, the conversion of different energy measures to megawatt-hour (MWh) and energy used to carbon emissions is based upon, inter alia, information and factors generated internally and/or derived by independent third parties as explained in the Reporting Principles. Our assurance work did not include examination of the derivation of those factors and other third-party information.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to form a limited assurance, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Principles. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*', and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised) and ISAE 3410. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of the persons responsible for the Selected Information;
- understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- evaluated the source data used to prepare the Selected Information and re-performed selected examples of calculation.
- performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Company and
- undertook analytical procedures over the reported data.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Company's Selected Information for the year ended 31 December 2022, is not properly prepared, in all material respects, in accordance with the Reporting Principles.

Restriction of use

This report, including the conclusion, has been prepared for the Board of Directors of the Temsa Skoda Sabanci Ulaşim Araçlari A.Ş. as a body, to assist the Board of Directors in reporting Temsa Skoda Sabanci Ulaşim Araçlari A.Ş.'s performance and activities related to the Selected Information. We permit the disclosure of this report within the 2022 Sustainability Report for the year ended 31 December 2022, to enable the Board of Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Temsa Skoda Sabanci Ulaşim Araçlari A.Ş. as a body and Temsa Skoda Sabanci Ulaşim Araçlari A.Ş. for our work or this report save where terms are expressly agreed and with our prior consent in writing.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Mehmet Cenk Uslu, SMMM
Partner

Istanbul, 15 December 2023

GRI Content Index

GRI CONTENT INDEX ESSENTIALS SERVICE 2023

GRI 1

TEMSA has reported in accordance with the GRI Standards for the period January 1 to December 31, 2022.

The GRI Services Team has verified that the GRI Content Index is clearly included in the report as part of the Content Index Essentials service and that references to GRI 2-1, 2-5 and GRI 3-1, 3-2 disclosures are included in the report content where relevant.

GRI STANDARD	DISCLOSURES	PAGE NUMBER, REFERENCE AND/OR DIRECT EXPLANATIONS
GRI 1: FOUNDATION 2021		
GENERAL DISCLOSURES		
GRI 2: General Disclosures 2021	2-1 Organizational details	About Our Report p.8 Corporate Profile p.10 About TEMSA p.13
	2-2 Entities included in the organization's sustainability reporting	About Our Report p.8
	2-3 Reporting period, frequency and contact point	About Our Report p.8 Contact p.144
	2-4 Restatements of information	There is no revised information compared to the previous reporting period.
	2-5 External assurance	External Assurance Statement p.130
	2-6 Activities, value chain and other business relationships	About TEMSA p.13
	2-7 Employees	Social Performance Indicators p.120
	2-8 Workers who are not employees	Social Performance Indicators p.120
	2-9 Governance structure and composition	Diversity and Independence of the Board of Directors p.108 Social Performance Indicators p.120
	2-10 Nomination and selection of the highest governance body	Diversity and Independence of the Board of Directors p.108 Social Performance Indicators p.120
	2-11 Chair of the highest governance body	Diversity and Independence of the Board of Directors p.108
	2-12 Role of the highest governance body in overseeing the management of impacts	Risk & Crisis Management p.21 Our Sustainability Priorities p.26
	2-13 Delegation of responsibility for managing impacts	Risk & Crisis Management p.21 Our Sustainability Priorities p.26
	2-14 Role of the highest governance body in sustainability reporting	Risk & Crisis Management p.21 Our Sustainability Priorities p.26
	2-15 Conflicts of interest	Risk & Crisis Management p.21 Compliance Performance p.25

GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	Risk & Crisis Management p.21 Our Sustainability Priorities p.26
	2-17 Collective knowledge of the highest governance body	Diversity and Independence of the Board of Directors p.108
	2-18 Evaluation of the performance of the highest governance body	Diversity and Independence of the Board of Directors p.108
	2-19 Remuneration policies	Remuneration and Benefits p.95
	2-20 Process to determine remuneration	Remuneration and Benefits p.95
	2-21 Annual total compensation ratio	**Omission:** Cannot be shared for confidentiality reasons.
	2-22 Statement on sustainable development strategy	Chairman's Message p.4 CEO's Message p.5 Our Strategic Priorities p.20
	2-23 Policy commitments	Compliance with Corporate Governance Principles p.24 Policy on Occupational Health, Safety and the Environment Responsible Purchasing Policy
	2-24 Embedding policy commitments	Compliance with Corporate Governance Principles p.24 Compliance Performance p.25 Global Developments, Automotive Sector Trends and TEMSA Impact Assessment p.32 Responsible Purchasing and Supply Chain Management p.63
	2-25 Processes to remediate negative impacts	Ethics and Transparency p.25 Social Dialogue p.29 Customer Health and Safety Policy p.70
	2-26 Mechanisms for seeking advice and raising concerns	Compliance with Corporate Governance Principles p.24 Ethics and Transparency p.25
	2-27 Compliance with laws and regulations	Risk & Crisis Management p.21 Compliance with Corporate Governance Principles p.24 Ethics and Transparency p.25 Compliance Performance p.25
	2-28 Membership associations	Corporate Memberships p.116
	2-29 Approach to stakeholder engagement	Sustainable Governance and Communication p.29 Social Dialogue p. 29 Stakeholder Engagement and Communication p.30
	2-30 Collective bargaining agreements	Social Dialogue p.29 Social Performance Indicators p.120

MATERIAL TOPICS

GRI 3: Material Topics 2021	3-1 Process to determine material topics	Our Sustainability Priorities p.26
	3-2 List of material topics	Our Sustainability Priorities p.26

Air Quality and Emission Management (Air Quality Management and Emission Control)

GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.26 Combating Climate Crisis p.74 Air Quality Management and Emission Control p.79
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Combating Climate Crisis p.74 Environmental Performance Indicators p.127
	305-2 Energy indirect (Scope 2) GHG emissions	Combating Climate Crisis p. 74 Environmental Performance Indicators p.127
	305-3 Other indirect (Scope 3) GHG emissions	Combating Climate Crisis p. 74 Environmental Performance Indicators p.127
	305-4 GHG emissions intensity	Environmental Performance Indicators p.127
	305-5 Reduction of GHG emissions	Combating Climate Crisis p.74 Environmental Performance Indicators p.127
	305-6 Emissions of ozone-depleting substances (ODS)	Air Quality Management and Emission Control p.79 Environmental Performance Indicators p. 127
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Air Quality Management and Emission Control p.79 Environmental Performance Indicators p.127

Energy Management

GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.26 Electric Vehicles and Battery Technologies p.52 Energy Management p.77
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Management p.77 Environmental Performance Indicators p.127
	302-2 Energy consumption outside of the organization	Energy Management p.77 Environmental Performance Indicators p.127
	302-3 Energy intensity	Energy Management p.77 Environmental Performance Indicators p.127
	302-4 Reduction of energy consumption	Energy Management p.77 Environmental Performance Indicators p.127
	302-5 Reductions in energy requirements of products and services	Electric Vehicles and Battery Technologies p.52 Energy Management p.77 Environmental Performance Indicators p.127

Responsible Supply Chain (Responsible Purchasing and Supply Chain Management)

GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.26 Responsible Purchasing and Supply Chain Management p.63
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Responsible Purchasing and Supply Chain Management p.63 Social Performance Indicators p.120
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Responsible Purchasing and Supply Chain Management p.63 Environmental Impacts and Sustainable Operations p.72 Social Performance Indicators p.120
	308-2 Negative environmental impacts in the supply chain and actions taken	Responsible Purchasing and Supply Chain Management p.63 Environmental Impacts and Sustainable Operations p.72 Social Performance Indicators p.120
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Responsible Purchasing and Supply Chain Management p.63 Social Performance Indicators p.120
	414-2 Negative social impacts in the supply chain and actions taken	Responsible Purchasing and Supply Chain Management p.63 Social Performance Indicators p.120

Customer Satisfaction and Experience

GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.26 Product Safety and Quality Management p.66 Customer Satisfaction and Experience p.68 Customer Health and Safety Policy p.70
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Customer Satisfaction and Experience p.68 Customer Health and Safety Policy p.70
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Satisfaction and Experience p.68 Customer Health and Safety Policy p.70
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Product Safety and Quality Management p.66

Ethics and Transparency

GRI 3: Material Topics 2021	3-3 Management of material topics	Ethics and Transparency p.25 Compliance Performance p.25 Our Sustainability Priorities p.26
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti competitive behavior, anti-trust, and monopoly practices	Ethics and Transparency p.25 Compliance Performance p.25

Anti-Corruption (Ethics and Transparency)

GRI 3: Material Topics 2021	3-3 Management of material topics	Ethics and Transparency p.25 Compliance Performance p.25 Our Sustainability Priorities p.26 Responsible Purchasing and Supply Chain Management p.63 Customer Satisfaction and Experience p.68
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Ethics and Transparency p.25 Compliance Performance p.25 Responsible Purchasing and Supply Chain Management p.63 Customer Satisfaction and Experience p.68
	205-2 Communication and training about anti-corruption policies and procedures	Ethics and Transparency p.25 Compliance Performance p.25 Responsible Purchasing and Supply Chain Management p.63 Customer Satisfaction and Experience p.68
	205-3 Confirmed incidents of corruption and actions taken	Ethics and Transparency p.25 Compliance Performance p.25 Responsible Purchasing and Supply Chain Management p.63 Customer Satisfaction and Experience p.68

Human Rights

GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.26 Social Dialogue p.29 Social Impacts and People-Oriented Organization p.88 Human Rights p.92
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Social Dialogue p.29 Social Impacts and People-Oriented Organization p.88 Social Performance Indicators p.120
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Responsible Purchasing and Supply Chain Management p.63 Customer Satisfaction and Experience p.68 Human Rights p.92
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Responsible Purchasing and Supply Chain Management p.63 Customer Satisfaction and Experience p.68 Human Rights p.92

Occupational Health and Safety

GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.26 Occupational Health and Safety p.88
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety p. 88
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety p. 88 Social Performance Indicators p.120
	403-3 Occupational health services	Occupational Health and Safety p. 88 Social Performance Indicators p.120
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety p. 88 Social Performance Indicators p.120
	403-5 Worker training on occupational health and safety	Occupational Health and Safety p. 88 Social Performance Indicators p.120
	403-6 Promotion of worker health	Occupational Health and Safety p. 88
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety p. 88 Social Performance Indicators p.120
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety p. 88
	403-9 Work-related injuries	Occupational Health and Safety p. 88 Social Performance Indicators p.120
	403-10 Work-related ill health	Occupational Health and Safety p. 88 Social Performance Indicators p.120

Waste Management and Circular Economy

GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.26 Waste Management and Circular Economy Practices p.80
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management and Circular Economy Practices p.80 Environmental Performance Indicators p.127
	306-2 Management of significant waste-related impacts	Waste Management and Circular Economy Practices p.80 Environmental Performance Indicators p.127
	306-3 Waste generated	Waste Management and Circular Economy Practices p.80 Environmental Performance Indicators p.127
	306-4 Waste diverted from disposal	Waste Management and Circular Economy Practices p.80 Environmental Performance Indicators p.127
	306-5 Waste directed to disposal	Waste Management and Circular Economy Practices p.80 Environmental Performance Indicators p.127

Water and Wastewater Management

GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.26 Water and Wastewater Management p.84
GRI 303: Water and Effluents 2018	303-1 Interaction with water as a shared resource	Water and Wastewater Management p.84 Environmental Performance Indicators p.127
	303-2 Management of water discharge-related impacts	Water and Wastewater Management p.84 Environmental Performance Indicators p.127
	303-3 Water withdrawal	Water and Wastewater Management p.84 Environmental Performance Indicators p.127
	303-4 Water discharge	Water and Wastewater Management p.84 Environmental Performance Indicators p.127
	303-5 Water consumption	Water and Wastewater Management p.84 Environmental Performance Indicators p.127

Employee Development, Engagement and Communication		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.26 Employee Development, Engagement and Communication p.97
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee Development, Engagement and Communication p.97 Social Performance Indicators p.120
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Development, Engagement and Communication p.97
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee Development, Engagement and Communication p.97 Social Performance Indicators p.120
Brand Reputation and Loyalty (Economic Impacts and Low Carbon Growth)		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Strategic Priorities p.20 Risk & Crisis Management p.21 Our Sustainability Priorities p.26 Economic Impacts and Low Carbon Growth p.59 Social Impact Oriented Approach to Work p.109
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic Impacts and Low Carbon Growth p.59 Economic Performance Indicators p.119
	201-2 Financial implications and other risks and opportunities due to climate change	Risk & Crisis Management p.21
	201-3 Defined benefit plan obligations and other retirement plans	Remuneration and Benefits p.95
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Social Impact Oriented Approach to Work p.109
Equal Opportunities, Diversity, and Inclusion		
GRI 3: Material Topics 2021	3-3 Management of material topics	Ethics and Transparency p.25 Our Sustainability Priorities p.26 Equal Opportunities, Diversity, and Inclusion p.106
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Equal Opportunities, Diversity, and Inclusion p.106 Social Performance Indicators p.120
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Equal Opportunities, Diversity, and Inclusion p.106 Social Performance Indicators p.120
	401-3 Parental Leave	Equal Opportunities, Diversity, and Inclusion p.106 Social Performance Indicators p.120
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Equal Opportunities, Diversity, and Inclusion p.106 Social Performance Indicators p.120
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Ethics and Transparency p.25 Equal Opportunities, Diversity, and Inclusion p.106

Conservation of Biodiversity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.26 Conservation of Biodiversity p.86
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Conservation of Biodiversity p.86
	304-2 Significant impacts of activities, products and services on biodiversity	Conservation of Biodiversity p.86
	304-3 Habitats protected or restored	Conservation of Biodiversity p.86
Social Impact Oriented Approach to Work		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.26 Social Impact Oriented Approach to Work p.109
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development	Social Impact Oriented Approach to Work p.109
Climate Crisis (Combating Climate Crisis)		
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk & Crisis Management p.21 Our Sustainability Priorities p.26 Combating Climate Crisisp.74
Sustainable Innovation and Digitalization (Digitalization, R&D and Innovation-Oriented Impacts)		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.26 Digitalization, R&D and Innovation-Oriented Impacts p.40
Compliance with National and International Standards		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.26 Compliance with National and International Standards p.32
Risk & Crisis Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk & Crisis Management p.21 Our Sustainability Priorities p.26
Data Privacy and Cyber Security		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.26 Data Privacy and Cyber Security p.50

Product Life Cycle (Product Life Cycle Analysis)		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.26 Product Life Cycle Analysis p.79
Compliance with Corporate Governance Principles		
GRI 3: Material Topics 2021	3-3 Management of material topics	Compliance with Corporate Governance Principles p.24 Our Sustainability Priorities p.26
Stakeholder Engagement (Stakeholder Engagement and Communication)		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.26 Stakeholder Engagement and Communication p.30
Sustainable Governance and Communication		
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.26 Sustainable Governance and Communication p.29

UNGC Progress Table

Issues	Global Principles	Reference
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Social Dialogue p.29 Social Impacts and People-Oriented Organization p.88
	Principle 2: make sure that they are not complicit in human rights abuses.	Social Dialogue p.29 Social Impacts and People-Oriented Organization p.88
	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Social Dialogue p.29 Social Impacts and People-Oriented Organization p.88
Labour Standards	Principle 4: the elimination of all forms of forced and compulsory labour.	Responsible Purchasing and Supply Chain Management p.63 Customer Satisfaction and Experience p.68 Social Impacts and People-Oriented Organization p.88 Human Rights p.92
	Principle 5: the effective abolition of child labour; and	Responsible Purchasing and Supply Chain Management p.63 Human Rights p.92
	Principle 6: the elimination of discrimination in respect of employment and occupation.	Social Impacts and People-Oriented Organization p.88 Equal Opportunities, Diversity, and Inclusion p.106
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	Compliance Performance p.25 Environmental Impacts and Sustainable Operations p.72
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	Environmental Impacts and Sustainable Operations p.72
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Digitalization, R&D and Innovation-Oriented Impacts p.40 Environmental Impacts and Sustainable Operations p.72
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Ethics and Transparency p.25 Compliance Performance p.25 Responsible Purchasing and Supply Chain Management p.63 Customer Satisfaction and Experience p.68

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