



TEMSA

TOGETHER ON THE JOURNEY OF SUSTAINABILITY...



temsa.com

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“In the 100th year of our Republic, we are proud of our country’s past and on the verge of taking firmer steps towards the future. In this meaningful period, our sustainability report reflects our contributions to these lands and geography with transparency.”

CHAIRMAN'S MESSAGE

Dear Stakeholders,

The great earthquake disaster that occurred on February 6, 2023 shook our country deeply and tested us all with great pain.

We wish God's mercy upon all our citizens who lost their lives as a result of this disaster and patience to those who lost their loved ones. During this difficult process, as TEMSA, located in the region affected by the earthquake, we acted with a spirit of solidarity and mobilized with all our might to deliver our aid as quickly as possible.

In the shadow of these painful losses, 2023 was a year in which we resolutely moved forward on the path of sustainability. With an annual production capacity of over 10 thousand and exports to 70 countries, we maintain our strong presence in the global market. We have achieved remarkable performance by reaching triple-digit growth rates in turnover in the last three years. We maintained this strong growth momentum in 2023. We left behind the 2020-2023 period, marked by the effects of the pandemic and economic fluctuations, with great financial success. While expanding our vehicle fleet in the country, we also reinforced our global presence abroad. We closed 2023 with a total revenue of 9.2 billion TL, bringing our total vehicle sales to 3,391. During this period, we also recorded a turnover increase of 1,090%. With our R&D-focused approach, we develop innovative solutions for the transportation needs of the future and encourage sustainable mobility. Within this framework, we focus on alternative fuels and especially hydrogen-fueled vehicles. We also introduced our intercity hydrogen bus, which we will develop with CaetanoBus and which can reach a range of 1,000 kilometers, which we introduced at Busworld Europe, for the first time. In addition, we allocate a large portion of our R&D investments to our sustainability projects.

This year, we took important steps in reducing our carbon footprint by investing in technologies that increase energy efficiency. While we are making progress with our investments in renewable energy, the effects of which we also reflect in the Climate Action Plan we presented in 2023, we continue to contribute to sustainable transportation systems with our electric and zero-emission solutions.

As a result of our sustainability-focused studies, we were included in the Climate Change and Supply Chain A List by CDP in our first application year.

As part of our sustainability strategy, we addressed risk and opportunity management with an integrated approach by expanding it within the scope of sustainability while complying with national and international standards. Anticipating and managing risks and evaluating opportunities in the most effective way increased our ability to cope with uncertainties and contributed to our vision of creating value.

In the 100th year of our Republic, we would like to proudly emphasize once again our commitment to the principles of the Republic. As TEMSA, we will continue to contribute to the future of Türkiye with our understanding of sustainability, innovation and social responsibility in line with the modern and contemporary vision of the Republic. In light of this deep-rooted heritage, we are determined to fulfill our responsibility for a more sustainable world.

Cevdet Alemdar
Chairman



As a result of our sustainability-focused studies, we were included in the Climate Change and Supply Chain A List by CDP in our first application year.

CEO'S MESSAGE

Dear Stakeholders,

The two major earthquakes that occurred on February 6, 2023 had devastating consequences affecting 11 provinces. We respectfully commemorate all our citizens who lost their lives in this disaster and offer our condolences to their families. From the first day of the earthquake disaster, including the province of Adana where our production facility is located, we have provided uninterrupted support to heal the wounds and heal the society. As TEMSA, we stand by our people during this difficult period and believe in the power of solidarity.

WE COMPLETED 2023 WITH A HISTORICAL RECORD

As TEMSA, we became the sector leader in export growth in 2023 and increased our turnover 12-fold in the last 3 years. Thus, we achieved a turnover increase of 1,090 percent in the 2020-2023 period and took our place among the fastest growing industrial companies in Türkiye during this period. While we increased our export revenues by 92 percent compared to the previous year, reaching the highest level in history in this field with 182 million dollars of export revenue, we continued to strengthen our presence in priority markets such as North America, France, Germany, the UK and Italy.

WE ARE TAKING STRONG STEPS TOWARDS OUR SUSTAINABILITY STRATEGY

Strengthening our ability to adapt to the climate crisis and reducing our carbon footprint were among our priority issues in 2023. We published our Climate Action Plan, where we shared our impacts and goals transparently by keeping these priorities at the forefront.

We carried out studies focused on biodiversity in the national and international arena by including our nature-based practices among our priority issues. We addressed all these studies in an integrated structure with risk-based thinking. We expanded the risks and opportunities we evaluated for our company strategy within the scope of sustainability. This year, we managed to enter the Global-A List in the CDP Climate Change and Supply Chain assessment, which we participated in for the first time.

We are showing leadership to spread our successes in our value chain and to ensure that our stakeholders contribute to TEMSA's goals from a life cycle perspective. With this vision, we implemented the IMPACT Sustainable Supplier Development Program to make our supply chain more sustainable.

WE ARE DETERMINED TO CONTINUE OUR 2050 NET ZERO EMISSION JOURNEY WITH OUR 10 ELECTRIC AND HYDROGEN VEHICLES

In addition to our short-term goals in combating climate change, we continue to take actions in line with our medium and long-term goals. Our long-term goals include achieving net zero emissions and circular economy goals. As we move forward with determination for a sustainable future in combating climate change, we believe that the steps we take in line with these goals will contribute to society, the environment and the economy.

As TEMSA, we have increased our R&D and innovation investments in this field in 2023 and focused on developing sustainable solutions. While our electric buses contribute to the strengthening of transportation infrastructure in Türkiye and around the world, we have continued our vision of promoting sustainable transportation on a global scale by expanding our zero-emission vehicle portfolio.

In addition to the electric city bus Avenue Electron, we introduced Europe's first electric intercity bus LD SB E to the participants. At the same time, we introduced our intercity hydrogen bus, which we will develop together with CaetanoBus, one of Europe's most important hydrogen vehicle manufacturers, for the first time at Busworld Europe. Our electric bus TS45E, which is special for the North American market, successfully passed all the tests and provides a serious cost advantage compared to its conventional engine competitors, especially in intercity distances. With its high driving comfort, maximum passenger safety, advanced technology and zero-emission features, it is one of the pioneers of the transformation in the motorcoach segment. →



Prioritizing strengthening our adaptability to the climate crisis and reducing our carbon footprint, we have published our Climate Action Plan.

While we have become one of the world’s leading manufacturers of electric buses with 8 different vehicle models that we have prepared for mass production, we will also offer the electric version of the Fuso Canter, one of the iconic models of the light truck segment, for sale in Türkiye.

Within the scope of the cooperation we initiated with Reforest’Action, we planted 2000 saplings in two years in line with our goal of planting a sapling for every vehicle sold. In 2023, we allocated a share of the turnover to our R&D investments and are carrying out joint projects with various universities and design centers in our R&D and innovation activities, and developing competitive solutions by prioritizing digital transformation. With the Developers Program, we aim to increase patent and utility model applications by encouraging our employees to have an innovation culture.

WE ARE SHAPEING OUR DIGITALIZATION AND TECHNOLOGY ABILITY WITH A FOCUS ON CREATING VALUE

As of September 1, we aimed for a major and powerful transformation in the IT field by making a structural change in our Information Technologies (IT) Directorate. In light of this change, we will develop customer-oriented digital solutions, establish end-to-end traceable systems that will increase operational efficiency, and make our vehicles and processes more efficient with smart product lifecycle management. While carrying out all these studies, we will also implement fast decision mechanisms supported by artificial intelligence. In this process, we will take our maturity against information security and cyber-attacks to the next level. In addition, we have taken important steps such as signing a Joint Development Agreement with CaetanoBus for the development of hydrogen-fueled intercity buses and opening the TEMSA IT & R&D Teknokent Fusion Lab, a fist in the sector.

Two of our projects, EBRT2030 and REEFLEX, were accepted within the scope of the European Union’s Horizon Europe program.

These projects play a critical role in TEMSA’s achievement of its digital transformation goals and make significant contributions to its innovation capabilities.

WE SUPPORT OUR HUMAN RESOURCES APPROACH WITH OUR EQUALITY, DIVERSITY AND INCLUSION POLICY

At TEMSA, we attach great importance to creating a workplace culture that supports diversity and inclusiveness. While encouraging women, young people and disadvantaged individuals to participate in business life, we offer opportunities for their career advancement. With our “Strong Women of Automotive” project, we aim for women to take more place in the automotive sector, while with our “We Removed Barriers in Career” project, we support the participation of disabled individuals in business life.

With these projects, we aim to increase social awareness and spread diversity on a wider scale. Thanks to these projects, we have managed to increase our female employee ratio in different areas. While the female employee ratio in STEM (science, technology, engineering and mathematics) positions was 18% in 2022, it reached 24% in 2023. With our studies focused on human rights, inclusiveness, equality and diversity, we aim to increase social awareness and spread diversity on a wider scale.

In addition, with our “Future Talents” project that encourages youth employment, we lay the foundations of a sustainable future by bringing young talents to our company. Thanks to our university collaborations, we prepare our young people for business life by offering them both internship and training opportunities. We attach great importance to areas of intergenerational dialogue and prioritize bringing young talents to the TEMSA family. In this direction, we run a career program called “TEMSA Talent Station”. Students participating in the program gain experience by working within TEMSA for three months, meet with senior managers and get to know TEMSA closely by actively participating in projects.

As TEMSA, with our people-oriented approach, we create a work environment where all our employees feel valued and can freely express their ideas. We are proud to have won a total of 18 awards thanks to our work in the field of human resources. With these steps that support diversity and inclusiveness, we continue to set an example by making a difference not only in our company but also in the sectors we operate in.

WE ARE SHEDDING LIGHT ON OUR COUNTRY’S DEVELOPMENT BY COMBINING OUR SUSTAINABILITY WORKS WITH ART AND LITERATURE

By combining our social sustainability works with art, we brought our sustainability approach together with literature with our second book “Doğaya Bir Bilet”. In addition to the zero-emission vehicles we developed, we shed light on Türkiye’s development with our human and society-oriented social projects, and crowned the unifying power of art and literature with a meaningful project that will strengthen the sustainability awareness of children and young people. At the beginning of 2023, we took a pioneering step towards supporting literature projects with our first book titled Otobüsün Penceresinden.

We added a new one to our exemplary projects in the field of sustainability with our second book “A Ticket to Nature”, which was prepared especially for young people in secondary and high school age. In addition, in 2023, we introduced our TEMSA Art collection with the works produced as a result of Marmara University Faculty of Fine Arts at Busworld Europe. Within the framework of our understanding of corporate responsibility, we have implemented the mentoring program that we started with the Adasokağı Sponsorship.

WE CELEBRATED THE JOY OF THE 100TH ANNIVERSARY OF THE REPUBLIC ON THE FIELD WITH THE SABANCI REPUBLIC MOBILIZATION

We are very excited to continue our sustainability journey and progress together with our stakeholders. While experiencing the pride of reaching the 100th year of the Republic of Türkiye, we feel the responsibility of making the next century of our nation more sustainable, more ethical and focused on creating value. We opened our Sabancı Hatay Incubation Center on the 100th anniversary of our Republic within the scope of the Sabancı Republic Mobilization. At this important milestone, we will continue to produce sustainable solutions as TEMSA by placing environmental and social sustainability at the center of our business model.

I would like to thank you, our valuable stakeholders, for all the successes we have achieved over 55 years and for your support in our sustainability journey, and I believe that the steps we will take together for a sustainable future will bring even greater successes.

Evren Güzel
CEO

ABOUT OUR REPORT

As Temsa Skoda Sabancı Ulaşım Araçları A.Ş. (TEMSEA), we share our environmental, social and governance (ESG) performance through our sustainability report, the fourth of which we published this year.



We prepared our report in accordance with the Global Reporting Initiative (GRI) Standards, based on the reporting period of January 1 - December 31, 2023. We also shared our progress towards the United Nations Global Compact (UNGC) and our sustainability priorities and our contributions to the United Nations (UN) Sustainable Development Goals (SDGs). In addition, we took into account International Financial Reporting Standards (IFRS) S1 and S2 based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Turkish Sustainability Reporting Standards (TSRS 1 and TSRS 2).

We also evaluated the Carbon Disclosure Project (CDP) Climate Change guide and the Nature-Related Financial Disclosure Task Force (TNFD) that promotes nature-based reporting. In addition, we are closely following the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), which will shape our reporting in the coming years.

When determining our sustainability priorities, we took into account the GRI Standards, Sustainability Accounting Standards Board (SASB) 2018 Automobiles Standard indicators, stakeholder views, trends, megatrends, our strategic goals and national/international sustainability developments. We reviewed our prioritization analysis, which reflects stakeholder views on priority issues, during the reporting period and presented it to you, our valued stakeholders. In line with the activities, we carry out with a focus on sustainability and our future goals, we shared our vision, strategic management approach and good practices in detail through our report. In our report, we comprehensively provided the 2023 results of the good practices we have been successfully implementing for years, as well as our sustainability performance.

This report covers all our operations, without any limitation, in a wide range from our production facility in Adana to our sales and marketing activities in Türkiye and abroad. In this way, we aimed to reveal our holistic, integrated and risk-based thinking approach in the field of sustainability; our strong performance in this field and our value creation-oriented effects.

During the reporting process, we received verification in accordance with the International Assurance Auditing Standard (ISAE 3000 Revised) for the selected environmental, social and economic performance indicators serving the long-term target areas for 2023.

You can send us all your opinions, comments and suggestions regarding the report via our e-mail address surduruebilirlik@temsa.com.

Reporting Guide



Throughout the report, you can click on the underlined text to access related links.



The entire table of contents is linked to the relevant topics.



You can navigate to any section of the report using the navigation menu located at the top of each page.

You can directly access any page by clicking on the relevant title on the Table of Contents.



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



Best Practice

¹Our report does not include any revised areas from the previous year.

²In addition to standard passenger cars, these indicators also include public transportation vehicles, light trucks, and motorcycles.

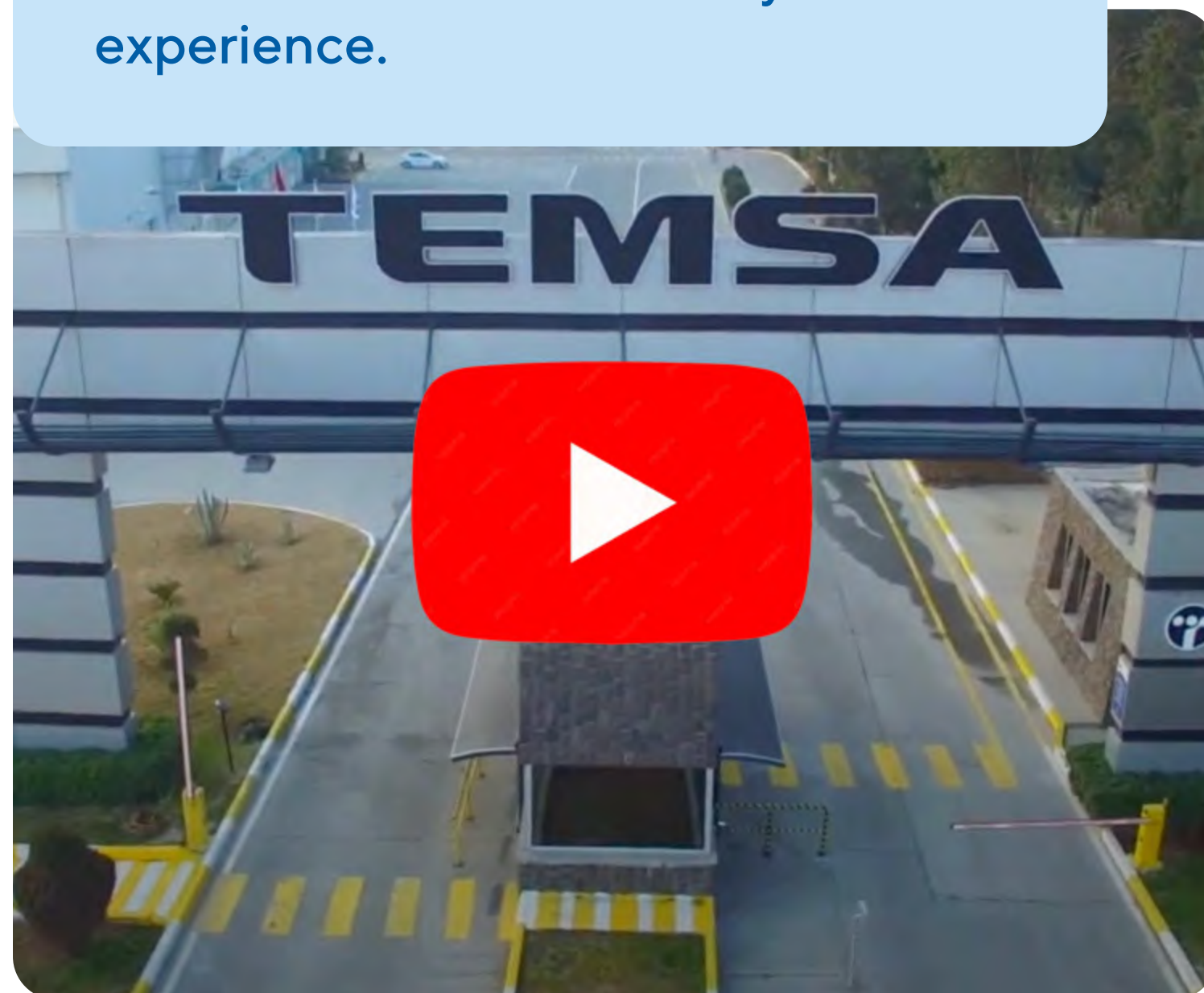
CORPORATE PROFILE



CORPORATE PROFILE

As TEMSA, we aim to reach net zero greenhouse gas emissions by 2050 with the vision of being a human-focused technology company that offers sustainable mobility solutions and our increasing circular business model applications.

As one of the world's leading-bus and midibus manufacturers, we offer our customers cutting-edge mobility solutions with our over 50 years of experience.



OUR SUSTAINABILITY VISION



To be a value-oriented company that sees technology and digital as the key to sustainable life; accepts scientific approaches as the basic criteria in combating the climate emergency, and prioritizes the transition from words to action.

OUR SUSTAINABILITY MISSION



Our mission is to be a value-focused mobility company that embraces sustainability with all the elements of ESG and prioritizes creating permanent benefits for the world and humanity.

STAY CONNECTED TO LIFE

Our mission is to be a human-focused technology company that offers smart and sustainable mobility solutions for the world's more enjoyable journeys.

OUR GOALS



- To be the world's leading mobility company,
- To be one of the world's leading customer-focused businesses,
- To design tomorrow's next-generation mobility solutions, and
- To produce solutions through innovation.
- To provide added value to society in the areas of labor, environment and human rights with 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 passionately. 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.

ABOUT TEMSA

Operating under the partnership of Sabancı Holding and PPF Group, TEMSA continues its activities with the vision of electrification of mobility by being among the world's leading brands in bus, midibus and light truck production with over 55 years of experience.

In the company's factory established on an area of 500,000 square meters in Adana, a total of 10,000 vehicles can be produced in a single shift per year, including 4,000 buses and midibuses and 6,000 light trucks with 1,691 employees.

TEMSA, which has produced more than 130 thousand vehicles to date and exported more than 15 thousand vehicles to nearly 70 countries in the world; operates with its own sales and after-sales service network by exporting to European countries such as France, Germany, England, Italy, Austria, Sweden, Belgium, Spain and Lithuania, as well as the United States, Canada and various Turkish Republics.

TEMSA produces Maraton and Safir for intercity passenger and tourism transportation, Avenue and Prestij for urban and short-distance public transportation, TS35, TS30 and TS45 models for the American market, and MD9, Avenue and LDSB models for the European market.

In addition to 10 different zero-emission vehicles, TEMSA also produces the batteries and battery packs of electric buses in its own facility and aims to reach net zero greenhouse gas emissions by 2050 thanks to its circular business model applications.

SMART MOBILITY SHAPING THE FUTURE

With over 55 years of experience, TEMSA, which is among the world's leading brands in bus, midibus and light truck production, started operating under the roof of Sabancı Holding and PPF Group partnership as of 2020.

We put nearly 15 thousand vehicles on the roads in nearly 70 countries of the world, and we export the vehicles we produce to European countries such as France, Germany, England, Italy, Austria, Sweden, Lithuania and Benelux, as well as the United States and various Turkish Republics.

By Joining the TÜSİAD SD2 Platform, We Are One Step Closer to Leadership in Sustainable Mobility Services.

Thanks to this platform, we have come one step closer to our goal of becoming the world's leading smart and sustainable mobility service provider by coming together with technology providers. This collaboration will add great momentum to TEMSA's innovation and digital transformation journey.

PRODUCTS SPECIALLY FOR YOU WIDE PRODUCT RANGE

Our factory produces Maraton and Safir intercity passenger and tourist buses, Prestij midibuses and Avenue buses produced for urban public transportation, as well as TS35, TS30, TS45 for America and Avenue, LD for Europe, and MD9 buses in the Midi Coach segment. We continue our activities with our vision of being among the game-changing companies in the world in electric vehicles, and with the technological power and knowledge of our sister company Skoda Transportation, we continue to export electric vehicles to the cities at the top of the sustainability league in Europe.

500,000 m²
factory area

1,691
employees

4,000 units
buses and midibuses

6,000 units
light trucks

OUR MILESTONES

1968	1984	1987	1992	1999	2001	2007	2008	2010	2013
Establishment of TEMSA	Establishment of a technical support contract with Mitsubishi and commencement of the licensed product distributorship	Production of the first Maraton-branded bus	Production of Prestige Midi-bus and Canter trucks	Commencement of exporting to France	Commencement of exporting to the rest of Europe	- Opening of TEMSA Germany office (TEMSEA Deutschland) - The first automotive company to be accepted into the Turquality program	Commencement of exporting to US	Entering the North American market for the first time in 2010 with the TS35 model	- Launch of Avenue articulated and CNG vehicles - Separation of TEMSA Global (Transportation Vehicles), TEMSA Motor Vehicles, and TEMSA Heavy Equipment
2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
- Joint Development Agreement with CaetanoBus for intercity hydrogen-powered buses - Opening of TEMSA IT&AR-GE Teknokent Fusion Lab, a first in the sector - Acceptance of two projects at Horizon Europe: EBRT2030 & REEFLEX - Obtainment of Türkiye's first bus EPD document for Avenue Electron - Transition to 100% renewable electricity use in our production processes - Release of TEMSA Climate Action Plan - Being included in Global-A List in CDP Climate Change and Supplier Engagement Ratings	- Signing UN Global Compact - Participation in SBTi - First Electric Vehicle Production for the US Market - TS45E - Europe's first electric intercity bus - LDSBE	- Silver Award at EcoVadis 2021 Sustainability Platform - Electric bus export to the Czech Republic and Romania	- Incorporation of TEMSA into Sabanci Holding and PPF IndustryCo (primary partner of Skoda Transportation) - TEMSEA's first electric vehicle export (First electric bus export to Sweden) - With the cooperation of ASELSAN, Türkiye's vehicle production with the highest local rate	- Incorporation of TEMSA into True Capital Partners - Establishment of TEMSA France (TFR SAS)	Establishment of TEMSA North America	- 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)	- 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	- 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	First TS45 sale to the US

OUR PRODUCTS AND SERVICES

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

We also support our customers in the after-sales process and provide various after-sales services to provide a quality customer experience. We update our product and service portfolio considering changing conditions and evolving global trends. In 2023, we launched our hydrogen-fueled vehicle.

2023 NUMBER OF VEHICLES PRODUCED

23
Buses (Electric)

1158
Canter

916
Buses (Diesel)

1117
Midibus

TEMSA PRODUCT RANGE

Intercity

United States Product Range



United Kingdom Product Range



Midi-Bus



Innercity



Fuso Canter Truck



► TEMSA and CaetanoBus introduced Türkiye's first intercity hydrogen bus.

With the 9 different zero-emission vehicles we have developed to date, we have strengthened our sustainability-focused growth strategy and implemented a joint R&D project with CaetanoBus, one of Europe's most important hydrogen vehicle manufacturers. According to the agreement, the hydrogen bus to be developed will offer a range option of up to 1,000 kilometers. We aim to complete the hydrogen-fueled intercity bus to be produced in our Adana facility and start mass production in the coming years.



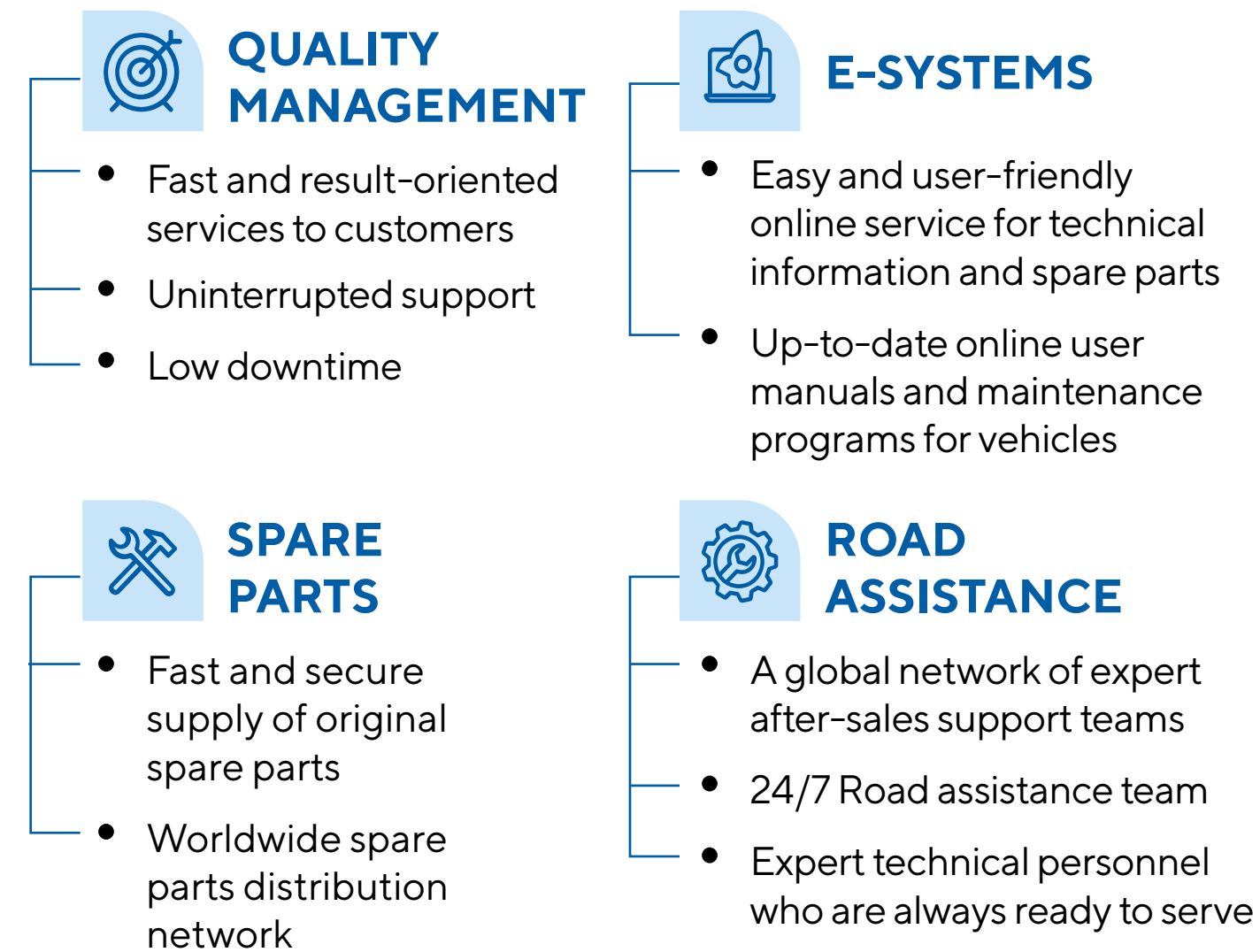
BATTERY TECHNOLOGIES

Based on common movements in the changing economic conditions indicator, 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. While the need for batteries and cells, especially for renewable energy sources, increases all over the world, we implemented a new way of doing business in 2021. We designed the battery pack, which is TEMSA's first product, energy-providing, lightweight, durable and has ECE R100 v2 and ECE R10 v5 certificates in accordance with the European Union (EU) standards, to produce more power with less space and small volume. The battery management system, designed by TEMSA engineers as a smart card, provides high efficiency and extends the life of the batteries.

TEMSEA AFTER-SALES SERVICES (SSH)

We offer our after-sales services in four areas, namely quality management, e-systems, road support service and spare parts, with our innovative mobility solutions, competent services and quality service approach. We meet customer satisfaction at the highest level with user-friendly, efficient, safe, accessible and state-of-the-art services provided by our after-sales teams that are with you all over the world and at all times.

At TEMSEA, we aim to maximize after-sales service quality. In this context, we are carrying out a comprehensive process plan study for 2024. With our studies such as promotions, product-based training videos, field campaigns and technical training, we aim to offer both superior quality and excellent customer experience in after-sales services.



► We continue to strengthen our service network.

As TEMSEA, we continue to expand and strengthen our after-sales service network. We joined forces with Karsal Otomotiv, the 9th authorized service that will provide service in Istanbul. We started our quality and controlled services with our sustainable customer satisfaction and expert staff with a total of 750 m² closed area.



► We continue to expand the service network transformation project that we started in 2021.

We have taken an important step to strengthen customer satisfaction, which we have determined as the main principle of transformation in after-sales services, in Izmir and surrounding provinces. The service, whose construction was completed with the investment made by Authorized Service Mapar Otomotiv, will take the fast and reliable roadside assistance service, one of the most important criteria of the commercial vehicle segment, one step further and reinforce TEMSEA's regional power.

► "Technician Training" Program for TEMSEA Authorized Services

18 schools were visited in Istanbul, Adana and Izmir to train qualified employees for TEMSEA Authorized services and connections were established. Ankara and Bursa will also be included in the coming periods and the scope will be expanded.

► Authorized Service Inspections with a Focus on Customer Satisfaction and Increasing Quality

In order to maximize customer satisfaction and quality standards, we regularly evaluate and monitor the performance of our authorized services with the inspection processes we started in 2023. With the external inspections carried out in 2023, we carried out TEMSEA Standards and 5S inspections at 63 authorized services.

In the audits, we included audit questions regarding critical operational processes such as facility, corporate identity, customer areas and documentation, and 5S focus areas such as workshops, customer reception areas, spare parts and warranty areas, car parks and vehicle parking areas.

We also aimed to increase the quality of audit processes and identify improvement areas more effectively by conducting 5S and audit trainings for regional managers.

► TEMSEA's Special After-Sales Service Event for HAVAİST

We met with the senior managers and captains of HAVAİST, whose vehicle fleet consists of approximately 70 percent TEMSEA branded buses, at the "After-Sales Activity" event held at Istanbul Airport. In the event organized, HAVAİST drivers and captains were given vehicle product - safe and economical driving techniques training as well as check-up and vehicle diagnostic procedures training within the scope of after-sales service. In addition, detailed information about TEMSEA SSH Service and TEMSEA vehicles was shared in the event area.



► TEMSA also takes care of its vehicles in the after-sales process.

HAVAİST Board Member Atalay Sidal: "This event was held with the main goal of creating awareness among captains in vehicle use and ensuring that they get to know the vehicles better. At the same time, we made the necessary initiatives for service agreements. We also had some requests from TEMSA. TEMSA is with us at every step regarding the vehicles in the after-sales process. We are extremely pleased with the fuel consumption advantage and the comfort of the vehicles."



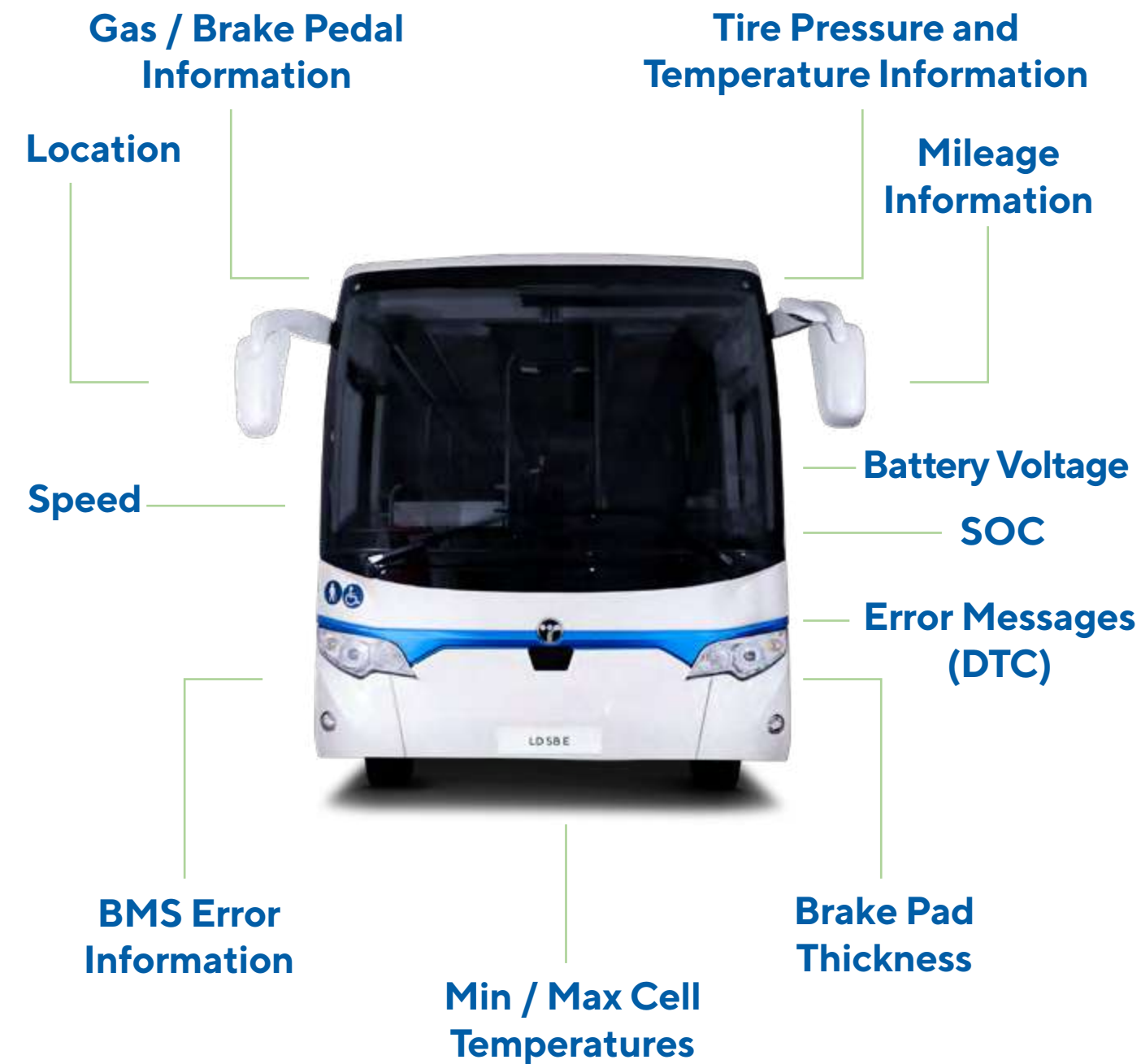
► Service Performance Report Card Developments

We have made significant improvements in the Service Performance Report Card in order to track the performance of our services more effectively. As of 2023, monthly report cards are completed within two days and critical points such as process speed, spare part suitability, complaint evaluations and vehicle sales are reviewed. In addition, we have added monthly vehicle sales integration, allowing us to evaluate service performance in a more harmonious way with sales data.

In 2023, we started to share service performance reports regularly with authorized services every month. We care about the transparency and sustainability of our service performance monitoring process, and we continue to work in this direction.

► TEMSA Fleet

With TEMSA Fleet, we aim to increase the value proposition of our vehicles, support sales and increase customer engagement in after-sales services. TEMSA Fleet offers a service that is much higher than what a standard telemetry system currently offers to the market. Data such as diagnostic messages, tire pressure warning sensors, and driver behaviors, which are not included in standard vehicle tracking packages on the market, are included in the Temsa Fleet product. In addition to all these, a total of 55-60 data sets are offered to customers and visual reporting of these data is done.



► Drivers Training on 'Safe and Economical Driving Techniques'

We have conducted our first trainings in Istanbul and Antalya with the 'Vehicle Product - Safe and Economical Driving Techniques' trainings we organized for the driver staff of our vehicle owner fleet customers. The first step of the trainings started with 172 TEMSA drivers working at HAVAİST, which provides urban passenger transportation services in Istanbul. The second phase of the trainings was held in Antalya in December with the participation of 28 drivers. We provided training to a total of 200 TEMSA drivers in Istanbul and Antalya with the 'Vehicle Product - Safe and Economical Driving Techniques' training we implemented.

In the first part of the 3-stage trainings, theoretical trainings, technical, equipment and safety features of the vehicles used by the drivers; in the second part, practical driving techniques were shown to the drivers, and the things to be done for the economical and safe use of the vehicle were explained in detail. In the last stage of the training, the importance of maintenance and authorized service use for the longer life of the vehicles was emphasized. We aim to continue the trainings, which started in 2022 and attended by 200 TEMSA drivers, in the coming years.

As TEMSA, we are meeting customer expectations at the highest level by strengthening our after-sales services.

► Continuously Moving Forward with TEMSA Call Center

As TEMSA, we have completed the establishment of a new call center in Europe in order to increase the quality of customer service. With over 1,000 employees and an annual call capacity of 1.5 million, the center aims to provide effective and multilingual support to customers by providing services in over 23 languages.

Our call center, which aims to increase customer satisfaction with its annual 222 thousand case management capacity, provides access to a wide customer base by providing 24/7 service.



In 2023, the response rate of incoming calls at the call center reached **81%**, and **80%** of the calls were **answered in less than 20 seconds**.

► TEPS by TEMSA

TEMSA Equivalent Part System (TEPS by TEMSA) is a spare part solution that combines high quality standards with affordable prices. Always keeping customer satisfaction at the forefront, we aim to ensure that TEMSA vehicles, especially those whose warranties have expired, can maintain their long-lasting performance with TEPS spare parts.

In order to carry the success, we have achieved in the country to global markets, we increased our brand awareness with the logo renewal process and comprehensive promotional activities we carried out. TEPS products achieved significant growth by accounting for 25% of TEMSA Türkiye sales. While our product portfolio reached 450 different parts, we achieved a 92% increase in turnover in TL terms this year compared to the previous year. As part of our marketing activities, we introduced the TEPS brand to 10,500 TEMSA users. We made our brand more visible with special visuals for our customers in our wide service network.

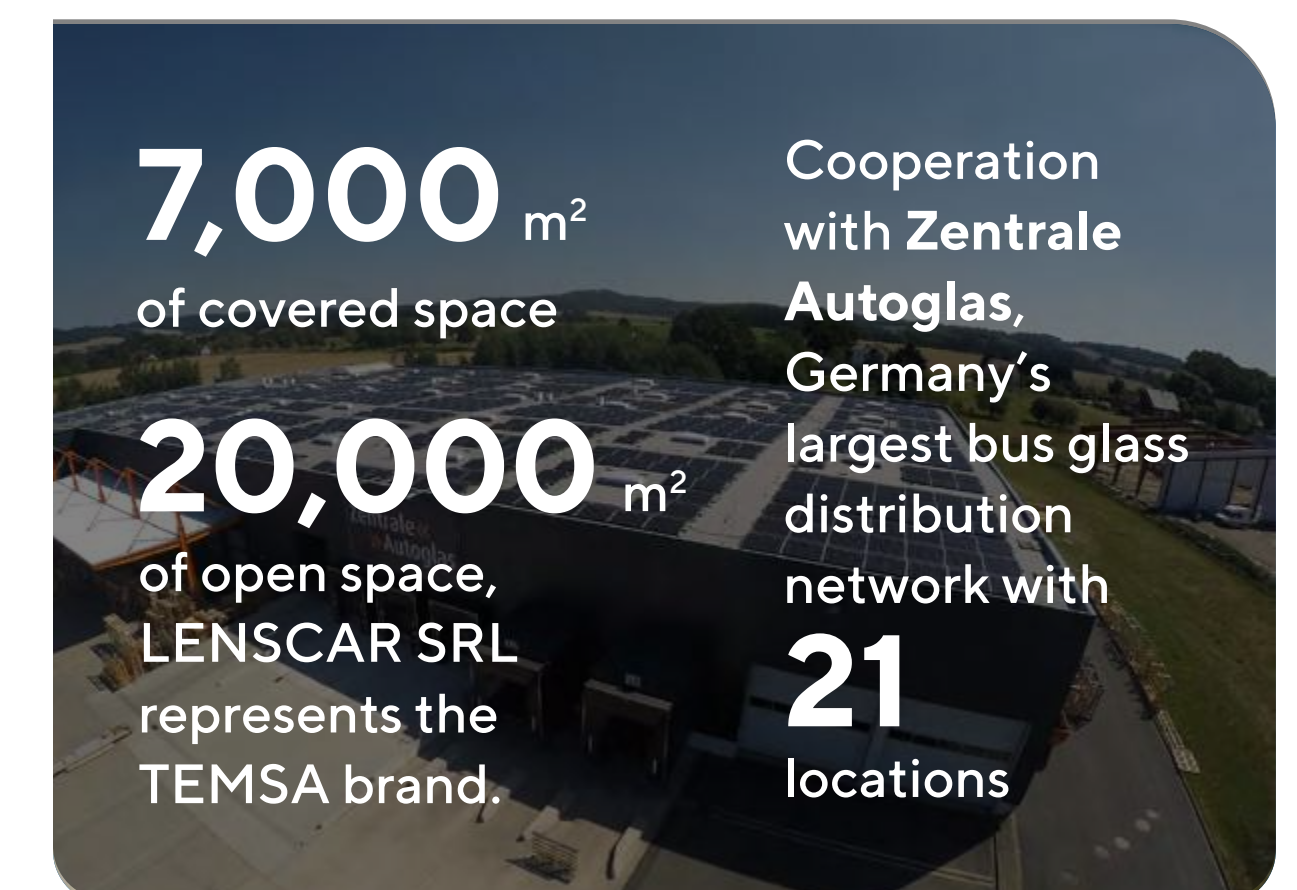


INTERNATIONAL DEVELOPMENTS AND COLLABORATIONS

Thanks to our collaboration with Zentrale Autoglas, which has the largest bus glass distribution network in Germany with 21 locations, we continue to be with our customers by perfecting our bus glass operations in Germany, Austria and Switzerland and providing faster and higher quality service.

While continuing to expand our service network in Europe, we are taking important steps towards our goal of 100% customer satisfaction. In this context, LENS CAR SRL, which has 7,000 m² closed and 20,000 m² open area serving Belgium and Luxembourg, will now represent the TEMSA brand.

Tegeta Motors Commercial Vehicles LLC, which operates in 16 locations across the country and serves in 2,300 m² open and 2,000 m² closed area in Tbilisi, Georgia, will now add value to our brand by providing TEMSA's after-sales services more effectively.



OUR OPERATIONS AND MARKETS

We are increasing our national and international market share with the environmentally friendly and smart mobility solutions we develop. We conduct our operations abroad from three countries with offices in the USA, France and Germany.

We export the vehicles we produce to various European countries such as France, Germany, England, Italy, Austria and Sweden, as well as the United States and various Turkic republics. TEMSA vehicles are currently on the road in 70 countries, mainly in the USA and Europe. We offer our international customers a wide range of services from pre-sales to after-sales services, from service opportunities to spare parts services. We operate in Türkiye with 9 dealers in the bus segment and 15 dealers in the light truck segment, from our head office in Istanbul and our factory in Adana.



STRATEGY AND MANAGEMENT

We position all our value chain partners as strategic business partners and value the active participation and feedback of our stakeholders in the strategy, reflecting them in our processes.



OUR STRATEGIC PRIORITIES

We know that digitalization is one of the most important trends transforming the world and we combine this transformation with sustainability to carry out responsible, strong and agile operations. We position our employees, suppliers and our entire value chain as our strategic business partners in this process and we care about the active participation of our stakeholders in the strategy and reflecting their views in our processes.

► The MEXT COSIRI Assessment started with a visit to the TEMSEA Adana factory.

With the cooperation of MEXT, an important step was taken to determine the improvement potential in the TEMSEA sustainability area. The COSIRI assessment was started with a visit to the Adana factory. During the 2-day workshops, important steps were taken for our company's future sustainability strategy.

► We launched Sustain WeQ trainings to increase the sustainability culture!

As part of the 360° sustainability culture, we launched the Sustainability Awareness (Sustain WeQ) Program for the 1st wave line leaders and all other leadership levels in the 2nd wave. We aim to increase sustainability initiatives with the program consisting of 3 modules.

In our strategic roadmap, where we accept sustainability and digitalization as the focal point, we act with the respect, transparency, solution-oriented, passion and ownership, responsibility, process-oriented, data-speaking and agility approaches that are in TEMSEA's DNA. Our priorities are to meet customer and quality expectations, increase efficiency in operations and all processes, comply with project plans, effectively manage cash and working capital, and maximize electric vehicle sales. In our strategy wheel that focuses on people, we also prioritize creating new opportunities and sustainable and profitable growth. We have discussed the activities and projects we have carried out in line with these priorities and our motto "We are always together on every road - in your work, driving, journey" in different sections of our report.

The priorities we have determined to achieve our strategic goals are summarized in the diagram below.



SUSTAINABILITY MANAGER'S MESSAGE

As TEMSA, we are moving forward with sure steps towards our long-term goals with our agile, innovative and technological approaches in our sustainability journey. We aim to create new opportunities by prioritizing sustainable growth with our human-centered strategy wheel. Our sustainability mission at TEMSA is to be a value-oriented mobility company that prioritizes creating permanent benefits for the world and humanity. With the strength we get from this mission, we structure all our business lines in line with our sustainability goals and implement our sustainability values at every stage in the process of fulfilling our environmental, social and economic responsibilities. We follow sector trends on a national and international scale and integrate them into our operations. We prioritize end-to-end sustainability management in a wide range from strategic planning to supply chain management. We aim to reach net zero emissions by 2050.



Kerem İpek
Sustainability
Manager

“We aim for all vehicles we produce to be zero-emission by 2050.”

As TEMSA, we support the integration of environmentally friendly products and technologies with our innovative business models and continue to encourage sustainable practices at every stage of our operations in accordance with the principles of circular economy. Within the scope of our circular economy target, we aim to reach 50% circular flow by 2050.

We see supply chain management as an important part of our sustainability strategy and aim to improve the ESG performance of our critical suppliers by 2030. As part of our IMPACT project, we continue our goal of creating an end-to-end value chain with our sustainability-focused projects covering our suppliers and dealers.

As TEMSA, we believe in the importance of addressing sustainability in a holistic manner. In this context, we expanded our risk and opportunity structure in 2023 in an integrated manner with a focus on social sustainability. We particularly advanced our inclusiveness and diversity studies with a focus on social sustainability. In addition, we have undertaken innovative projects supporting biodiversity at our TEMSA France location.

As TEMSA, we believe in the importance of approaching sustainability in a holistic manner.

With the new targets we have set and our ongoing projects that continue to develop day by day, we continue to create a working environment where our employees and stakeholders feel safe and that prioritizes inclusive and nature-based practices.

We believe in the importance of being ready for the future from today, and we continue to move forward with determined steps to fulfill TEMSA's responsibility for today and the future. Our most important motivation on this path is to shed light on the future by adhering to the values of the Republic such as rationality, science, productivity, solidarity and self-confidence. With the 100th anniversary of the Republic, we know that what is really important is to shape the new century. We would like to thank all TEMSA employees, internal and external stakeholders who have always made their support felt in this process, where we believe that a sustainable world is possible with cooperation.



SUSTAINABILITY MILESTONES

2015

- Launch of the first electric vehicles:
 - MD9 electriCITY
 - First vehicle in the SHD segment Marathon
 - First smart bus Avenue IBUS



2016

- Production of the first domestic electric bus Avenue EV



2017

- Launch of Avenue Electron, LDSB Plus and the new MD9



2020

- First electric vehicle export (The first electric bus export was made to Sweden)
- Türkiye's highest local vehicle production in cooperation with ASELSAN



2021

- Silver Award at the EcoVadis 2021 Sustainability Platform
- Publishing the first Sustainability Report
- Obtaining a Limited Assurance Statement from a third-party verification organization for our sustainability data
- Evaluation of the SROI (Social Return on Investment) impact of our collaborations with Çukurova University (14.18 TL social impact in return for 1 TL investment)
- Establishment of the Sustainability Committee

2022

- Signature of the UN Global Compact
- Participation in SBTi
- Project to transform waste from the production site into a work of art with TEMSA Art



2023

- Obtaining Türkiye's first bus EPD certificate for Avenue Electron
- Completion of the transition to 100% renewable electricity use in our production processes
- Publishing of the TEMSA Climate Action Plan
- Responding to the CDP Climate Change survey for the first time
- Being included in the Global-A List in the CDP Climate Change and Supplier Engagement Ratings (SER) assessment
- Start of the Sustainable Supplier Development Program IMPACT (Initiative for a Meaningful Partnership Achieving Carbon Targets) project

SUSTAINABILITY MANAGEMENT

As TEMSA, we position sustainability as an indispensable element of our business strategy. In this context, our Sustainability Management Team operates, which ensures that TEMSA moves forward in a responsible and determined manner that inspires the future. Our Sustainability Management Team acts with a strategic vision to determine, implement and effectively monitor our company's goals in this area. In addition, it manages its ESG impacts with a balanced approach and aims to create long-term value. The relevant team consists of two main sections: the Sustainability Committee and the Sustainability Agile Team.

This team, consisting of leaders and experts with interdisciplinary experience, brings together representatives from different levels. Team members play a key role in achieving our strategic goals with their deep expertise in the field of sustainability.

We manage the ESG impacts with a balanced approach alongside our Sustainability Management Team, aiming to create long-term value.

Sustainability Management Team Duties

Strategic Planning: They determine sustainability goals and ensure their integration with company strategies. The determination of long-term goals in the field of sustainability and the planning of the necessary steps to achieve these goals are carried out at this stage.

Performance Monitoring and Reporting: They monitor the company's sustainability performance and regularly report to relevant stakeholders. Monitoring and reporting of measurable targets such as environmental impacts, energy efficiency, and emission reduction are included in this stage.

Innovation and Implementation: They conduct research to develop new and sustainable business practices. They support the integration of environmentally friendly products and technologies and implement innovative projects.

Following Global and Local Sector Trends: The automotive sector is adapting to global and local trends focused on sustainability. Monitoring and integrating these trends into strategic goals are included in this stage.

Corporate Social Responsibility:

They support efforts to increase our company's corporate social responsibility performance. Showing Opinion/Participation: Providing sector opinions for draft policies, draft laws, draft action plans and draft regulations organized through local and national intermediaries, institutions we are members of, and chambers of industry are included in this stage.

Risk, Opportunity, Impact and Dependency Assessment:

They evaluate environmental, social and economic risks, opportunities, impacts and dependencies that may threaten TEMSA's sustainability and work to take appropriate measures.

Stakeholder Communication:

They establish effective communication with the company's stakeholders on sustainability. They share sustainability values by collaborating with different stakeholder groups such as employees, customers, suppliers, investors and society.



SUSTAINABILITY COMMITTEE

TEMSA Sustainability Committee has been operating within the scope of strategic sustainability governance studies since its establishment in 2021. It provides a responsible structure that shapes the sustainability roadmap by playing an active role in the company's environmental, social and governance-oriented impact management. The Sustainability Committee follows up on the necessary work for the implementation of the Sustainability Roadmap approved by the Board of Directors and the CEO. The Committee works for the effective management of sustainability issues with a multi-faceted approach and common sense involving many teams and participants.

The focus teams supporting the committee include employees from units such as Maintenance and Repair, Risk, Purchasing, Supplier Development, Administrative Affairs, Environment, Employee Health and Safety, R&D, Production, Legal Consultancy, Human Resources, Quality, Information Technologies, Corporate Communications and Marketing. The Committee also benefits from the opinions of experts when necessary.

TEMSA meets at least three times a year to adopt best practices in line with its sustainability strategies, reinforce its sector leadership and fulfill its global responsibilities. Each meeting is carried out to review TEMSA's sustainability performance, monitor strategic goals and update action plans. In addition, many topics and agenda items within the scope of trends, megatrends and global developments are also evaluated through the Committee meetings.

2023 Sustainability Committee Meeting Agenda Topics:

Emission Management and Carbon Footprint Reduction:

TEMSA's long-term emission reduction strategies for its carbon neutrality target are emphasized. In this context, the transition to sustainable energy sources and innovations that will increase operational efficiency are at the forefront.

Sustainability KPIs:

The aim is to monitor the company's performance indicators and the results of the targets set for each unit.

Short and Long-Term Goals:

The company's operational improvements in the short term in line with water, waste and emission reduction targets; and its orientation towards pioneering practices that will set an example for the sector in the long term are discussed.

Ongoing and Completed Projects:

The status of successful projects completed in the field of sustainability and ongoing initiatives are reviewed. Investments in innovative technologies and projects built on circular economy models are the main focus of the committee.

Social Sustainability:

TEMSA's social contribution projects (TEMSA ART, C4Edu) and social value creation strategies are updated at every meeting. Social responsibility projects that will directly contribute to the welfare of society are among the priority issues.

Regulations and Compliance:

Evaluations are made regarding the relevant regulations, aiming to comply with global and local sustainability regulations and to minimize the risks in these processes.

Sustainable Value Chain Activities:

With supplier and dealer development programs (IMPACT), TEMSA's sustainability policies are integrated with all business partners.

Sustainability Trainings and Awareness Programs:

Sustainability culture is spread at TEMSA with internal training programs such as "Sustain Weq".

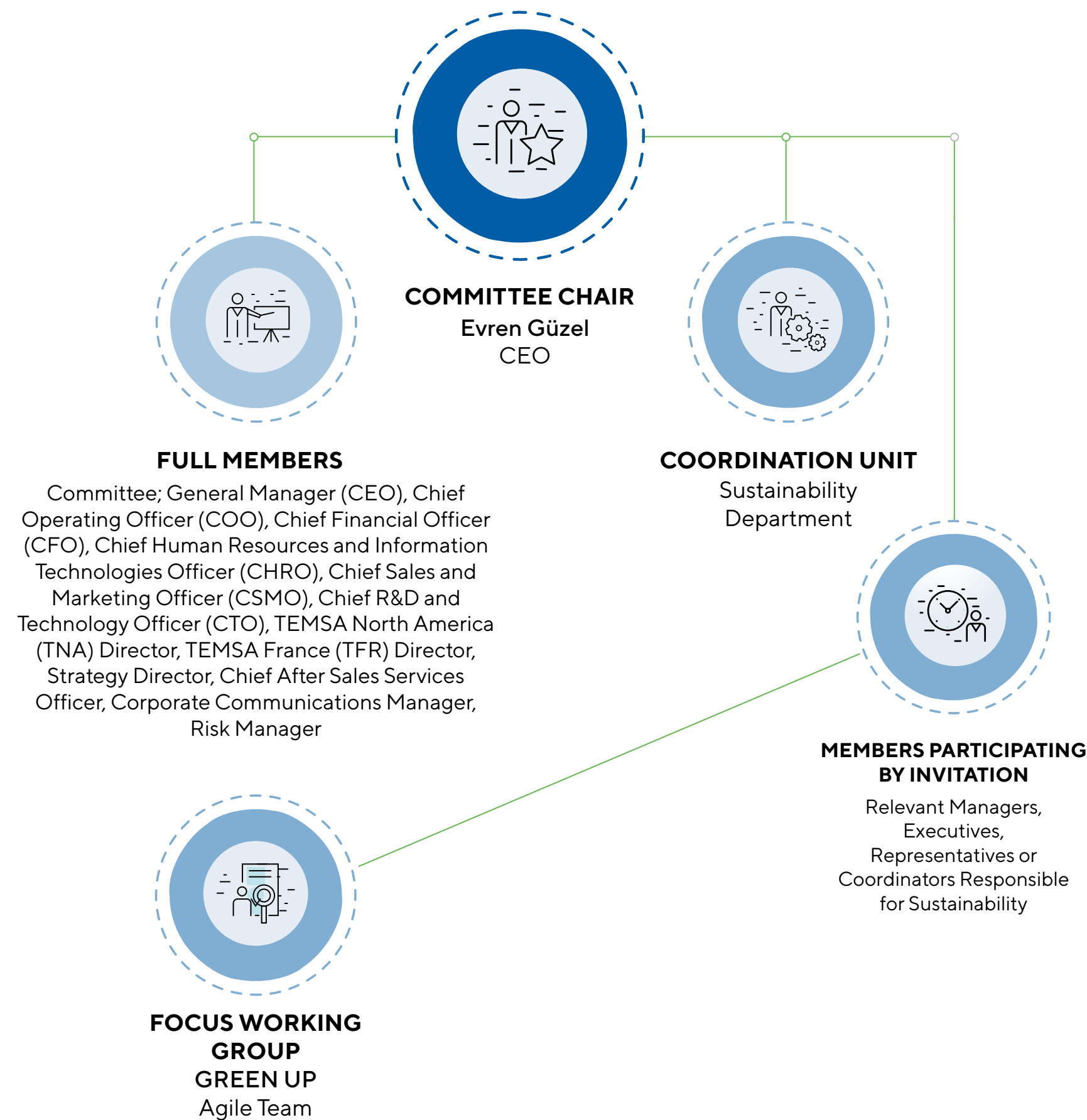
Integrated Works with Sabancı Holding:

TEMSA continues its integrated sustainability projects, carried out in cooperation with Sabancı Holding and PPF Group, with a strategic synergy.

Sustainability Projects and Validation Processes:

TEMSA, which is included in international rating processes such as CDP, ECOVADIS, UN Global Compact, validates its sustainability projects on a global scale and has its performance approved at world standards. Relevant processes are also monitored and evaluated on the Committee agenda.

SUSTAINABILITY COMMITTEE ORGANIZATIONAL CHART



SUSTAINABILITY AGILE TEAM

In order to realize our sustainability vision, we, as TEMSA, have established the Sustainability Agile Team, a team that has adopted the agile working culture that has transformed our way of doing business.

The Sustainability Committee also participates in the work of agile teams under the Sabancı Holding structure. Operating under the Sustainability Committee, the Sustainability Agile Team effectively addresses all aspects of sustainability by encouraging rapid response and innovation. Equipped with innovation, flexibility and collaboration, this dynamic team plays an important role in effectively implementing our sustainability mission.

To bring our sustainability vision to life, as TEMSA, we have established the Sustainability Agile Team, a group that embraces an agile working culture that transforms the way we do business.

The Agile Team also addresses issues of providing sectoral opinions. Through local and national intermediaries, institutions of which we are members, and chambers of industry, we provide sectoral opinions on the following issues:

- Providing sectoral opinions on the Draft version of the Climate Law,
- Providing sectoral opinions on the draft National Climate Change Adaptation Strategy and Action Plan,
- Providing sectoral opinions on the draft Communiqué on the Amendment of the Communiqué on the Verification of Greenhouse Gas Emission Reports and Accreditation of Verifying Organizations

RISK AND OPPORTUNITY MANAGEMENT

Today, the world's leading economies define climate change as the biggest threat they face in many areas, as well as technology. The international community has developed various agreements and commitments over time in the fight against climate change, which is becoming increasingly more of a priority. The year 2023 was a period when we felt the effects of climate change most intensely; natural disasters, record-breaking rainfall and temperatures, agricultural productivity losses and disruption of ecosystem balances have become the most important indicators of the urgency of the process.

We believe that the steps to combat climate change and the urgent measures must be implemented immediately.

In this context, we believe that the steps to be taken and urgent measures to combat climate change should be implemented immediately. We continue our strategic work on production, export and investments without interruption in order to both ensure sustainable growth and increase our resilience against risks.

We continue our work with determination to promote sustainability in the fight against climate change and to fulfill our commitments in this regard. We are aware of the responsibility that falls on us for a sustainable future and we prioritize and care about progress in cooperation with all our stakeholders.

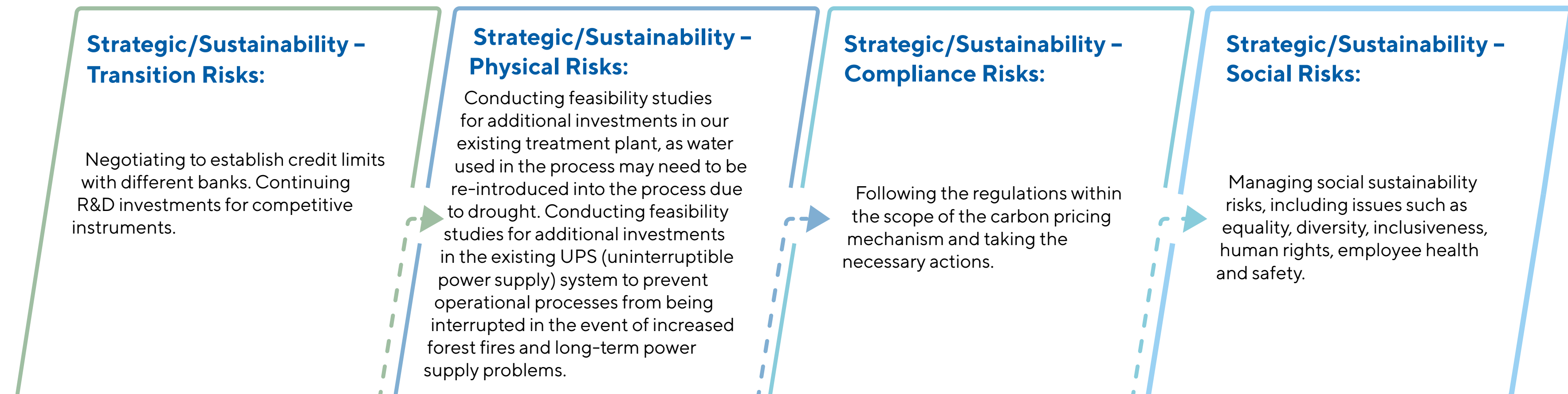
Established in 2021, the Risk Early Detection Committee (RESK) at TEMSA began its operations in 2022 with representatives from both partners of our company (Board Member and Skoda Risk Manager). We address risks in four main categories: strategic, financial, operational and compliance. We also submit an annual risk report to be included in the Sabancı Holding Risk Early Detection Committee. At TEMSA, we address our risks under a total of 17 headings, including sustainability risks. We also prepare the holding report within this scope. We cover the topics of Sustainability, Exchange Rate, Interest Rate, 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 Operation Continuity, Human Resources and Key Personnel, Emergencies and Disasters, Liquidity/Cash Management, and Access to Finance.

We created our risk inventory in 2023. In this inventory, we identified impact, probability, fragility and TEMSA speed of arrival values, risk scores, tolerance limits and key risk indicators (KRI). In addition, we defined our risk and opportunity analysis results within the scope of Compliance Universe studies in the reporting period.



At TEMSA, we evaluate sustainability risks under four main headings:



RISK AND OPPORTUNITY MANAGEMENT

TEMSA Sustainability-Oriented Risk and Opportunity Management Workshop

As TEMSA, we took a strategic step regarding sustainability risks and opportunities and updated the sustainability-related risk and opportunity issues that we included in our risk and opportunity management processes last year. In this context, we expanded our integrated risk governance structure by adding social sustainability-focused risks and opportunities with the Sustainability-Focused Risk and Opportunity Management Workshop we held.

We came together with the Risk Team and evaluated social sustainability trends and the risks and opportunities that may arise in light of these trends, and as a final result, we included the scope of social sustainability in TEMSA's strategic planning processes on this issue with the common ground of the Risk Team and the Human Resources team. While addressing our social risks in a wide range such as working conditions, equality, inclusiveness and diversity, supply chain and employee rights, we defined our opportunities as the dissemination of good practices in these areas and the implementation of new projects that can create social impact. During the workshop, we conducted case studies on social sustainability risks and emphasized the importance of internal collaboration and integration in order to evaluate the probability of occurrence, areas of impact and speed of these risks and to manage them correctly and to effectively address opportunities. We defined the steps to be taken and our development areas in critical areas such as employee well-being, diversity and inclusion, and human rights, and determined our roadmap for future reporting periods and national and international sustainability standards.

SUSTAINABILITY-ORIENTED RISK AND OPPORTUNITY MANAGEMENT

At TEMSA, we see the management of sustainability risks, including environmental, social and governance issues, as a common responsibility of the entire company, and we include all our operations. We adopt a multidisciplinary approach in risk management and sustainability integration, and prioritize collaboration and integration in this process. With this perspective, we integrated TEMSA's sustainability risks and opportunities into the corporate risk management structure. Thus, we also evaluated sustainability and climate change risks and opportunities within TEMSA's existing corporate risk governance structure. We aim to create a common language and improve the performance of our work through various practices such as workshops, workshops and canvas methods, placing importance on TEMSA developing a more holistic and harmonious risk management strategy.

You can find our integrated risk governance structure under the [Risk and Opportunity Management](#) heading. In the determination of risks and opportunities, we used TCFD and TNFD methodologies. In addition, we also benefited from WEF (World Economic Forum) reports and IPCC (Intergovernmental Panel on Climate Change) scenarios in accordance with TEMSA's unique needs. In this way, we determined our sustainability priorities by focusing on high-risk areas and took into account the views and expectations of our stakeholders in this process. While managing climate change risks, we used IEA NZE 2050 as the transition scenario and RCP 8.5 (Representative Concentration Pathway) as the physical climate scenario. You can find the details regarding the management of our risks related to climate change in our [Climate Action Plan](#).



SUSTAINABILITY-ORIENTED RISK AND OPPORTUNITY ASSESSMENT

[Governance](#)
[Environment](#)
[Social](#)

RISK SUBJECT	RISK DEFINITION	RISK IMPACT	OPPORTUNITY IMPACT
CURRENT AND FUTURE REGULATIONS	National and international regulations are increasing the need to comply with global climate standards, while future regulations on carbon emissions, fuel efficiency and battery usage pose significant risks. The EU’s Emissions Trading System (ETS2), which will come into force in 2027, will require fuel suppliers to report on CO2 emissions and will increase costs. Carbon taxes and border carbon adjustment mechanisms will further impact companies using conventional vehicles, while the Battery Passport Directive will promote sustainability by monitoring battery lifecycles for recycling and reuse. The potential ban on petrol and diesel vehicles in Europe by 2035 is driving the sector towards electric and hybrid models, which will require significant investments. These challenges also present opportunities for companies to innovate and increase their competitiveness.	- Increased operational costs (carbon tax and emission reporting/verification requirements) - Decline in traditional vehicle production and necessity to shift to electric/hybrid vehicle production - Penal sanctions and financial losses in case of non-compliance with legal regulations - Changes in international law and bilateral agreements - Changes in national law - Changes in regulation of existing products and services - Increased difficulty in obtaining operating permits - Increased water prices	- Gain cost advantage by adopting sustainable practices early and taking advantage of government incentives - Improve operational stability and financial performance by complying with regulations early - Attract environmentally conscious consumers, build a positive reputation and increase market share - Increase reputation through improved sustainability ratings and participation in ESG indices - Gain growth opportunities by gaining access to new financing and credit - Access to sustainability-related credit - Improved resilience strategy against future regulatory changes - Participation in environmental cooperation frameworks, initiatives and/or commitments
RESPONSIBILITY/ LIABILITY	Companies that fail to manage their emissions within the frameworks drawn by increasing regulations to make emission standards more traceable and transparent may face lawsuits, fines and sanctions. For example, the Corporate Sustainability Due Diligence Directive (CSDDD) emphasizes the importance of compliance with environmental standards and introduces additional legal obligations. This directive requires companies to identify, prevent and mitigate negative environmental impacts throughout their supply chains. In addition, increasing environmental awareness among consumers increases the likelihood of legal action being taken against companies that are considered to harm the environment. Failure to comply with such regulations may result in significant financial penalties, legal actions, and loss of reputation and brand value. As TEMSA, we may face legal action due to non-compliance with climate-related regulations. In order to prevent this situation and increase our awareness, we evaluate our legal risks in cooperation with many of our departments such as Legal, Compliance, Risk and Homologation, take precautions in advance and prepare to put into action our work that will facilitate our compliance processes with regulations.	- Exposure to sanctions and lawsuits - Non-compliance with legislation - Moratoriums and voluntary agreements - Inability to benefit from incentives - Decline in sustainability performance - Energy price fluctuations - Customer dissatisfaction	- Improved community relations - Participation in improved ratings based on sustainability/ESG indices - Strengthening reputation through increased demand for products/services - Improved resilience strategy against future regulatory changes - Increased resilience to climate change impacts - Providing access to incentives, funding and green credit - Increased customer satisfaction rates - Improved sustainability performance

RISK SUBJECT	RISK DEFINITION	RISK IMPACT	OPPORTUNITY IMPACT
TECHNOLOGY	The automotive industry faces major technology risks due to rapid advances in electric vehicles (EVs) and low-emission technologies. If companies do not invest in EVs, battery efficiency, and autonomous driving systems, they risk falling behind the competition. Investing in battery technology is critical to improving EV performance. In addition, the integration of autonomous driving systems is becoming a key differentiator in the market. Water-intensive manufacturing processes are creating challenges as water scarcity due to climate change. The automotive industry's water dependency requires companies to adopt more water-efficient technologies. Continuous innovation is essential to succeed in a competitive and environmentally conscious market. Companies that effectively manage these technology risks will be in a better position.	• Dependence on water-intensive energy sources • Difficulty in accessing sustainable technologies • Transition to lower-emission technologies and products • Failed investment in new technologies • Transition to water-intensive/low-carbon energy sources	• Use of low-carbon energy sources • Use of renewable energy sources • Development of new products or services through R&D and innovation • Evaluation of patent and utility model applications • Increased production safety • Change in consumer preferences • Increased sales of existing products and services • Increased efficiency • Creation of new opportunity areas focused on improving water management • Increased reputation and income through compliance with customer and investor expectations
MARKET	Market risks in the automotive sector are increasing as consumer preferences shift towards electric and hybrid vehicles. Automotive manufacturers that fail to comply may lose market share; increasing material costs and supply chain disruptions make this difficult. Companies that can meet sustainable material demands can reduce these risks. As TEMSA, we include changing market conditions in our assessments. While we see the change in consumer expectations as a risk, we consider our strong after-sales services and the expansion of our product portfolio as an opportunity.	• Changing consumer behavior • Inadequate access to water, sanitation and hygiene services • Increased costs and/or uncertainty about the cost of virgin plastics • Market uncertainty	• Expansion into new markets • Increasing demand for certified and sustainable materials • Use of public sector incentives • Increased value chain transparency • Changes in consumer preferences • Strong after-sales services and expansion of product portfolio
REPUTATION	In today's digital world, communication and brand reputation are a very significant risk area. Social media and other online platforms where information and opinions spread rapidly can increase the impact of reputation risks. The lack of an effective communication strategy or its mismanagement can have serious effects on brand reputation.	• Increased partner and stakeholder concerns or negative partner and stakeholder feedback • Negative press coverage related to supporting projects or activities that have negative impacts on the environment (e.g. greenhouse gas emissions, deforestation and transformation, water stress) • Prejudice against the sector • Loss of reputation, financial losses and loss of customers due to incorrect or incomplete communication • Incorrect communication and social reactions in times of crisis • Loss of employees, failure to attract the right competencies • Low employee engagement • Loss of motivation • Undermining trust in TEMSA • Decreased customer and investor satisfaction	• Strengthening reputation by increasing demand for products/services • Improved community and community relations • Participation in environmental cooperation frameworks, initiatives and/or commitments • Attracting environmentally conscious consumers and investors to the company • Gaining market advantage by increasing value chain resilience • Developing fast and effective response mechanisms in times of crisis • Increasing TEMSA's positive reputation • Increasing qualified employees within TEMSA and strong investor relations • Increase in financial investments • Accurate and active follow-up of TEMSA's activities and ensuring that these activities are known to the public in the most accurate way

RISK SUBJECT	RISK DEFINITION	RISK IMPACT	OPPORTUNITY IMPACT
BUSINESS ETHICS AND COMPLIANCE	Failure to comply with laws, regulations and ethical standards poses risks of financial losses, loss of employee engagement or various sanctions. Violation of ethical rules or inadequate implementation of compliance processes may lead to loss of trust among employees and may result in legal violations. Such risks may negatively affect the financial performance of the company and may also damage customer and stakeholder relations. Developing a strong ethical culture and compliance mechanisms for businesses both increases trust among employees and supports the company's strategy. Therefore, regular training programs, open communication channels and transparency policies stand out as basic strategies that promote business ethics and compliance.	• Penal sanctions, loss of workforce, financial losses, employee engagement and critical position losses • Marketing communication risk and negative news affecting reporting processes • Negative union news about employees who have been laid off or retired and the termination of collaborations • Failure to develop corporate common practices and understandings focused on inclusiveness and diversity, increasing risk of mobbing within the institution • Disruption of partnership structures, creation of investor risks • Negative impact within Sabancı Group • Increased reputation risk due to the possibility of a decrease in stock market value and sustainability index in the event of going public	• Ensuring financial stability by increasing company credibility with banks in credit limits • Increasing TEMSA reliability with processes such as working with suppliers that do not employ child labor, sustainability-oriented supply and value chain management • Preparing for new opportunity areas with studies such as fulfilling legal processes and implementing sustainability criteria in supply chain management • Increasing reliability in supplier selection processes and creating an opportunity area for dealers in this context
ACUTE PHYSICAL	Acute physical risks can arise from extreme weather events such as floods and hurricanes, and can disrupt production facilities, especially in vulnerable regions. As TEMSA, we focus on reducing operational disruptions due to water pollution and drought. We conduct feasibility studies for additional process water investments and reduce our dependence on external resources by reusing wastewater from our treatment plant. We are also strengthening our infrastructure to increase resilience to extreme weather events; thus, we aim to protect our operations.	• Extreme weather events (floods, droughts, hurricanes, forest fires) • Environmental pollution events • Landslides • Disruptions in operational processes, interruptions in production facilities • Failure to meet customer expectations • Financial loss • Disruptions in the value chain	• Increased resilience to the impacts of climate change by improving supply chain resilience and ensuring production stability • Increased efficiency of production and/or distribution processes • Use of new and resource-efficient technologies • Reduced water uses and consumption • Supporting sustainable production by addressing water scarcity
CHRONIC PHYSICAL	Chronic physical risks include long-term environmental changes such as rising temperatures, sea levels and water scarcity, which can affect automotive production. Water stress can limit water supply for production, especially in affected regions, while rising temperatures can increase cooling costs. TEMSA recognizes the risk of water scarcity for both itself and its suppliers in the long term. We prioritize water conservation and support circular economy models. Our initiatives, such as advanced water recycling, optimizing water use and collaborating with suppliers, aim to increase resource conservation and improve the sustainability of our products.	• Changing precipitation patterns and types (rain, hail, snow/ice) • Changing temperature (air, freshwater, seawater) • Coastal erosion • Decreasing ecosystem services • Temperature variability • Water stress • Delays in production processes • Inability to meet customer expectations on time • Financial risks • Increased cooling costs	• Transition to renewable energy sources • Use of low-carbon energy sources • Use of renewable energy sources • Increased resilience to the impacts of climate change • Participation in environmental cooperation frameworks, initiatives and/or commitments • Reduced water use and consumption • Investment in recycling and new technologies

RISK SUBJECT	RISK DEFINITION	RISK IMPACT	OPPORTUNITY IMPACT
EMPLOYEE HEALTH AND SAFETY	The company carries the risk of physical or mental harm during the activities carried out by its employees, directly or indirectly. There is also the risk that employees will be affected by the climate conditions of the region and extreme hot weather conditions. One of the important risk areas is psychosocial risks. In this context, it is an important fact that factors such as uncertainty, work stress, workload and current time balance, communication problems and work-life imbalance can have potential effects on the health of employees. Failure to keep up with the current occupational health and safety practices in line with changing and transforming conditions, practices and needs is also an important risk.	• Loss of reputation and occupational accidents due to mass deaths, work accidents, and production stoppages • Decrease in employee motivation, increase in occupational diseases • Interruption of business continuity due to accidents involving lost days • Line stoppage and/or failure to work, product/service not being delivered to the customer on time or not being delivered at all • Penal sanctions due to legal processes • Loss of reputation due to legal processes by the relevant persons within the company and the processes being heard in the media • Failure to provide an environment of psychological security due to psychosocial risks and increase in error and accident rates and frequencies due to high stress • Increase in unsafe behaviors • Compensation expenses and financial losses	• Employment of qualified and competent employees • Providing a safe working environment • Accelerating work within the scope of ISO 45001 certification • Full compliance with the law • Mapping of hazards • Risk assessment studies • Measures to reduce risk levels through practices such as training and periodic controls • Monitoring of high risks with action plans and implementation of risk reduction activities
EMPLOYEE ENGAGEMENT	Employee social well-being and equal labor practices are important factors in employee loyalty. Neglecting issues such as compensation, safe working conditions, transparent promotion and salary increase procedures in the workplace can lead to a decrease in employee loyalty and high turnover rates. Creating a workplace culture that values employees and appreciates their contributions is an important opportunity area. Employee loyalty can be negatively affected if employees are not included in decision-making mechanisms and do not have sufficient information about the processes within the company. The need for a workplace where employees can express themselves and find areas for self-development is important.	• Loss of institutional memory • Transfer of information to competitors, damage to information security • Failure of business outputs to reach desired results, increase in wrong practices • Loss of competence, affecting product and service quality, limitation of innovation capacity • Financial losses • Decrease in customer satisfaction, delays in operations • Loss of productivity • Errors in decision-making mechanisms and failure to make the right decisions • Silent resignation, low employee motivation, and low employee loyalty • Failure to make promotions on time, failure to conduct competency-based and 360-degree evaluations • Communication and coordination problems in leadership and team management • Failure to provide training and development activities, failure to observe fringe benefits	• Providing easy access to training • Assessing training and development needs and finding a team within the company for these issues • Supporting training and development activities with technological infrastructure and digitalization • Increasing company reputation and increasing competitiveness • Employing interns who are familiar with TEMSA culture, collaborating with universities, and creating positive references in the environment • Strong corporate memory with competent and qualified employees

RISK SUBJECT	RISK DEFINITION	RISK IMPACT	OPPORTUNITY IMPACT
QUALIFIED WORKFORCE, ACQUISITION OF TALENT FOR THE COMPANY	The organization cares about acquiring the talents it needs to achieve its strategic goals, and in this context, it also prioritizes the effective use of its current workforce. For work cultures that are not compatible with new generation leadership and new generation working conditions, and that are far from innovation and flexibility, gaining and retaining talents for the company becomes significant risks. Designing environments that are suitable for the diversity of employees with human-oriented approaches is becoming increasingly important.	• Loss of productivity, failure to reach corporate goals, and financial losses • Timing errors and delays in reaching goals • Affecting product and service quality • Decrease in customer satisfaction • Delays in operations • Inability to find current needs within the organization, difficulty in attracting new talents to the company • Problems such as failure to meet investor expectations and timing errors in reaching goals	• Increase in TEMSA's reputation • Establishment of a corporate culture that encourages innovation and creativity and the emergence of innovative and distinctive ideas and applications • Formation/increase in new financial investment areas • Increase in customer satisfaction, high level of investor expectations • Employment of talents from different universities • Competent employees
DIVERSITY, EQUALITY, INCLUSION	Biases that employees encounter during the hiring process or within the work environment threaten an inclusive and fair workplace. Such unconscious biases can damage diversity and inclusivity in the workplace. Creating work environments where employees can exist with all their diversity and develop their competencies has become important areas of opportunity. This approach gradually enhances creativity and innovation within the organization.	• Failure to integrate diversity into the supply chain and value chain • Falling short of goals • Failure to meet regulations and damage to reputation • Falling behind competitors due to decreased competitiveness • Cultural conflicts and lack of preparedness in workplace culture, insufficient orientation efforts • Union rights and social biases • Risk of losing suppliers, cost increases, and financial losses • Unconscious biases and political divisions • Low approach to innovation and creativity • Inability to retain future competencies within the organization, with employees who leave positioning themselves as competitors in the sector	• Access to sustainable financing • Strengthening of the employer brand • Increased scores in standards and reporting, positive impact on credit processes • Increased employee loyalty • Enhanced productivity and creativity within the organization • Meeting stakeholder expectations, including employees, customers, and investors • Creation of a decent work environment • Contribution to social welfare

RISK SUBJECT	RISK DEFINITION	RISK IMPACT	OPPORTUNITY IMPACT
EMPLOYEE DEVELOPMENT AND TRAINING	Insufficient support and guidance in employees’ development and training processes can negatively impact their career advancement and personal growth. The inability of employees with specific skill sets to participate in regular training programs may prevent them from fully utilizing their potential and advancing in their careers. Such training deficiencies can lead to a lack of knowledge and skills in the workplace. Providing continuous development and training opportunities for employees to enhance their competencies has become a key element in improving job performance. In this way, employee motivation and productivity increase, while innovative solutions and process improvements within the company are encouraged.	• Failure to achieve targeted job outcomes, low motivation, and issues related to training • Penal sanctions, decrease in competitiveness and capability • Lack of proper guidance from senior management • Negative impact on the organization’s future projects • Decline in managerial performance, lack of proper orientation programs • Decrease in employee engagement • Employees not fully utilizing their potential, absence of visionary leaders • Wasted employee time and disruptions in business processes due to improperly structured training needs assessments • Inability to adapt to changing training methods, lack of reverse mentoring • Lack of intergenerational dialogue, absence of young people in decision-making processes or their inclusion solely based on age without valuing their input	• Establishment of a training department, digitization, and tracking of training and development activities • Creation of innovative and need-based development programs tailored for TEMSA employees • Making training more accessible • Allocating resources for unit-specific training focused on employee needs, strengthening the financial structure, and embedding inclusivity as a cultural value • Increased employee engagement and motivation, expansion of collaboration areas with academia within the organization by covering master’s and doctoral expenses, contributing to the integration of academic practices with business processes • Growth of innovative solutions and acceleration of process improvements within the company • Expansion of incentives and provision of English language support, spreading international opportunities within the organization, and accelerating the implementation of international practices at TEMSA • Enhanced employee loyalty and sense of belonging, improved reputation • TEMSA becoming a preferred company
SOCIAL PROJECTS - LOCAL COMMUNITY INVESTMENTS	Insufficient participation or support in social projects and local community investments can weaken the company’s social responsibility and its relationships with local communities. collaboration opportunities. Such inadequacies can lead to a breakdown in ties with the local community and create a negative reputation. Developing projects that are responsive to local community needs and sustainable has become an important strategic area that promotes social cohesion and fosters a supportive environment. This approach embodies the company’s goal to operate ethically and sustainably, playing a key role in social risk management.	• Environmental harm • Reduction in contributions to employment and inability to provide local employment • Reputation risk • Deterioration in communication and collaboration with local communities • Decrease in social impact and loss of customers • Financial losses	• University-community-industry collaboration, creation of local employment opportunities, and positive impact on regional development • Increase in customer satisfaction, high level of meeting investor expectations • Enhanced collaboration with local governments, acceleration in the use of TEMSA products locally • Active and effective communication with the long-established Hayal Ortakları Derneği, creating long-term opportunities within a framework of recognition • Long-standing efforts focused on inclusivity and diversity and career opportunities

RISK SUBJECT	RISK DEFINITION	RISK IMPACT	OPPORTUNITY IMPACT
EVOLVING TRANSFORMING CULTURE	The inability of corporate culture to adapt to changing and evolving dynamics can have significant negative effects on the company. A corporate culture that cannot keep up with digital transformation processes or adapt to flexible working models may reduce employee motivation and engagement. Such cultural resistance can be a barrier to innovative thinking and continuous development. Supporting cultural transformation that aligns with the changing requirements of the business world increases employee satisfaction and helps maintain competitiveness. Therefore, elements such as open communication, intergenerational dialogues, new generation leadership practices, culture transformation-focused efforts, continuous training, and flexible work environments have become key strategies that promote cultural alignment and development.	• Intergenerational conflicts, leaders resistant to change and transformation • Increase in resignation rates, loss of competencies and know-how • Inability to retain new generations within the company, failure to create an intergenerational collaboration environment • Insufficient recognition and career planning for long-term employees • Lack of mid-level employees who can facilitate cultural transformation and ease the process • Lack of managerial support during the cultural transformation process • High hierarchical structure • Prejudice against change within the organization • Inconsistent language in agile work processes, lack of a common language and activities in concepts and processes • Managers and senior executives often unfamiliar with TEMSA culture and facing adaptation challenges • Gaps in evaluation and career planning in promotion processes • Absence of a responsibility matrix and lack of a tracking mechanism for employee development	• Activities to boost internal motivation, development of intergenerational communication methods • Increase in innovation and creativity • Creation of a psychological safety culture, thereby enhancing productivity, active listening, and effective communication in work processes • Expansion of HR efforts focused on intergenerational work culture and adaptation to agile transformation processes • Alignment of policies and procedures with evolving culture standards • High employee engagement
HUMAN RIGHTS	Failure to ensure compliance with human rights can lead to companies failing to fulfill their social responsibilities and damaging their reputation. Workplace policies that do not respect employee rights can result in employee dissatisfaction and high turnover rates. Additionally, practices that violate human rights can lead to legal issues and financial penalties, impacting the overall performance of the company. Developing and implementing human rights-sensitive policies not only protects employee rights but also strengthens social reputation and positively influences the employer brand. In this context, ensuring fair working conditions and providing continuous training on human rights supports the long-term success of both the company and its employees.	• Loss of reputation, low employee engagement, and negative social reactions • Increase in turnover rates and failure to meet investor expectations • Inability to attract the right talents • Legal violations, penalties, and financial losses • Deterioration of relations with stakeholders, union reactions, and damage to the employer brand • Loss of customers • Inability to access sustainability-oriented financing	• High employee engagement and motivation, positive social reputation, and a strong sense of social responsibility • Increase in productivity • Being preferred by employees and maintaining positive relationships with stakeholders • Human rights-sensitive policies aligned with employee expectations

RISK SUBJECT	RISK DEFINITION	RISK IMPACT	OPPORTUNITY IMPACT
COMBATING BRIBERY AND CORRUPTION	Failure to combat bribery and corruption can expose companies to serious legal and financial risks. Allegations of corruption can damage a company’s reputation and result in criminal sanctions and financial penalties. Lack of transparency and inadequate anti-corruption strategies can lead to a loss of trust from business partners and investors and negatively impact business relationships. An effective anti-bribery and anti-corruption policy increases the long-term sustainability and market credibility of companies. Such measures reduce legal risks while also strengthening the company’s competitiveness and financial health.	• Failure to combat bribery and corruption, criminal sanctions and reputational damage • Financial losses and legal processes related to corruption crimes	• Effective bribery and corruption fighting strategies, positive prominence and increasing competitiveness • Ease of access to finance • R&D, innovation and digitalization studies • Opportunity to work with important and critical suppliers, including these elements as criteria in supplier evaluations
CORPORATE MANAGEMENT AND TRANSPARENCY	Corporate management and transparency risks can prevent a company from achieving its strategic goals and undermine stakeholder trust. Lack of knowledge and experience of board members can negatively affect decision-making processes, especially in sustainability and social responsibility. This can lead to a decrease in competitiveness and strategic errors. In addition, when sufficient transparency is not provided, uncertainties about the company’s financial and operational performance increase, which can create distrust among investors and other stakeholders. Transparent management practices and effective corporate management strategies support the company’s long-term success and strengthen relations with stakeholders.	• Lack of sufficient knowledge and expertise in the Board of Directors • Lack of progress in decision-making processes at the Board level and damage to competitiveness • Increased uncertainty and creation of an insecure environment	• Increasing the transparency of the Board of Directors • Effectively conducting risk and opportunity management studies, including sustainability risks and opportunities, at the Board level • Effective corporate management practices, creating a positive image in the eyes of stakeholders • Strong Holding structure
CUSTOMER EXPERIENCE	Risks in customer experience management can cause a company to lose its competitive advantage and market share. Failure to respond quickly and effectively to customer demands can lead to customer dissatisfaction and reputational damage. In addition, poor quality services or products can damage customer commitment and make it difficult to acquire new customers. An effective customer experience strategy can increase satisfaction, strengthen brand reputation and support the long-term success of the company by processing customer feedback quickly. Good customer experience management allows the company to create a strong customer relationship network and solidify its position in the industry.	• Negativities in customer experience and reduced customer satisfaction • Loss of turnover • Loss of reputation • Difficulties in gaining new customers and investors • Risks such as damage to competitive ability and loss of customers may be experienced.	• Increased customer satisfaction and increased competitiveness • Positive customer feedback • Increased brand value • New customer acquisition • Effectiveness in national and international markets • Strong corporate and strategic management structure

RISK SUBJECT	RISK DEFINITION	RISK IMPACT	OPPORTUNITY IMPACT
EMPLOYMENT OF FEMALE EMPLOYEES	When female employees are not sufficiently included in the workforce, companies may face various risks. Failure to ensure gender equality and adequate support for women in business life can negatively affect the organization's diversity and innovation capacity. This can lead to imbalances in corporate culture, resulting in low representation rates of female employees and potential talent loss. In addition, the lack of female employees can damage the employer brand and cause non-compliance with regulations. Creating an environment that supports the employment and career development of female employees can create areas of opportunity such as increasing the company's competitiveness, encouraging creativity and strengthening social responsibility awareness.	• Decrease in the number of female employees • Inability to reach the organization's inclusiveness and diversity targets/not reaching them on time • Legal incompliances • Negative impact on the organization's culture • Decrease in competitiveness • Lack of different perspectives, inability to provide talent diversity • Inability to meet investor expectations, decrease in innovation capacity and creative solutions • Loss of reputation, • Inability to attract talent to the organization, unconscious prejudices	• Increase in innovation capacity • Development of problem-solving skills, increase in creativity within the organization • High reputation, creation of an inclusive work environment • Increase in employee engagement and satisfaction • Increase in productivity, meeting investor expectations, growth in financial opportunity areas - access to sustainability-oriented funding sources • Strengthening of the employer brand
BOARD OF DIRECTORS DIVERSITY	Failure to provide sufficient competence and representation diversity on the board of directors can jeopardize the company's strategic decision-making processes and overall competitiveness. If the board of directors is not comprised of individuals with different perspectives and expertise, the company's ability to produce innovative solutions and adapt to changing market conditions may be limited. This can lead to strategic mistakes and deficiencies in evaluating future opportunities. However, having diverse competence and representation diversity on the board of directors can enrich decision-making processes and provide the opportunity for more effective strategic planning. This diversity can increase the company's adaptability and contribute to achieving long-term success and sustainability goals.	• Decrease in competitiveness and company reputation • Increase in the risk of making strategic mistakes • Moving away from effective decisions • Inability to predict new markets, inability to adapt to changing market conditions • Decrease in innovative solutions	• Increasing transparency by opening up the Board structure to external perspectives • Bringing an integrated and holistic approach to risk and opportunity management • Integration of sustainability risks and opportunities into the existing governance structure • Forward-looking decisions in strategic planning • Improved adaptability and timely or even early achievement of goals
DIGITALIZATION CAPABILITY	Insufficient digitalization capabilities carry the risk of the company not being able to modernize its business processes and not being able to keep up with technological innovations. If the company allocates insufficient resources for digital tools and systems or fails to attract the right talent, this can have negative effects on customer experience and productivity. This can cause business processes to become inefficient and weaken its competitiveness. On the other hand, increasing digitalization capabilities allows the company to run its business processes faster and more effectively, improves its capacity to respond to customer demands more quickly, and offers the opportunity to evaluate technology-supported innovation opportunities. This can help the company maintain its competitive advantage and expand its market share in the long run.	• Failure to attract the right talent, failure to allocate resources to competent individuals • Failure to allocate resources to technological infrastructures • Negative customer experience • Risk of not providing a productive work environment and decrease in employee commitment • Failure to structure business processes in an integrated manner with current developments and applications • Weakening of competitive power	• Agility in implementations and goal achievement • Obtaining accurate results and ease of access to data • Advanced support in after-sales services and utilization of digitalization efforts • Effective and needs-aligned emergency governance • Quick response to customer and investor demands • Meeting technology-supported innovation opportunities and investments.

RISK SUBJECT	RISK DEFINITION	RISK IMPACT	OPPORTUNITY IMPACT
EMPLOYEE – SENIOR MANAGEMENT RELATIONS	Lack of communication or incompatibility between employees and senior management can lead to demotivation and employee turnover in the workplace. If employees feel that they are not included in managers’ decision-making processes or that their views are not sufficiently taken into account, this can lead to job dissatisfaction and reduce organizational commitment. Inadequate communication and management support can also make it difficult for a company to achieve its strategic goals. However, effective communication and strong employee-senior management relationships can positively affect business performance by increasing morale and motivation within the organization. Well-structured suggestion systems and regular feedback mechanisms make employees feel that their voices are heard and valued, which strengthens overall job satisfaction and organizational commitment.	• Loss of employees • Decreased motivation • Lack of opinions that would accelerate the company • Poor management of committees • Lack of consideration of opinions received from employees • Job dissatisfaction • Decrease in quality of products and services • Increase in job stress due to communication problems	• Presence of suggestion systems • Mechanisms, such as sustainability committees managed by senior management in collaboration with environmental and OHS groups, where employees’ opinions and suggestions are gathered and implemented • Inclusion of employee opinions in work processes • Incorporation of employee opinions into decision-making mechanisms • Organization of a series of meetings where senior management and employees can come together • Internal and external events where senior management and employees can meet
DEALER MANAGEMENT	Lack of coordination or inadequate support in dealer management can negatively affect dealer performance, which can make it difficult for the company to achieve its overall sales goals. Failure to provide dealers with adequate training, information, and tool support can prevent them from effectively promoting and selling products and services. In addition, poor relationships with dealers can lead to customer dissatisfaction and missed market opportunities. By establishing effective management and support mechanisms for dealers, it becomes possible to increase their competencies and improve their sales performance. Good dealer management creates strong partnerships that support the success of both dealers and the company, which in turn increases overall market share and provides a competitive advantage.	• Loss of customers, financial losses, • Interruptions in after-sales services • Loss of reputation, loss of corporate memory • Not having a dealer specific to TEMSA, restriction of competition, shared dealers • Negative impact of dealer communication on TEMSA’s reputation • Insufficient number of dealers • Difficulties in accessing dealers and risks arising from the dealer’s representation of TEMSA (child labor, etc.)	• Close collaboration with dealers • Inclusion of dealers in training and orientation programs • Development and progress areas through the integration of dealers into TEMSA’s activities • Monitoring of dealer activities • Ensuring that dealer operations are developed with a focus on sustainability
FREEDOM OF UNION	The lack of freedom of association for employees can lead to a decrease in trust and employee satisfaction in the workplace. Obstacles to employees exercising their right to unionize can damage labor relations. Creating a workplace environment that is compatible with freedom of association protects employees’ rights while strengthening workplace culture. Effective union rights management provides a fair and transparent work environment, thus increasing employee commitment and supporting work efficiency.	• Interruptions or delays in workplace activities • Disputes between the institution and employees • Requests from unions and possible financial needs due to these requests • Negative atmosphere in the work environment • Damage to reputation • Damage to the culture of trust in the workplace • Decrease in employee satisfaction and commitment	• Strengthening of employee rights • Increase in employee satisfaction and motivation • Establishment of fair working conditions • Enhanced reputation • Creation of a collaborative environment between the organization and the union • Protection of freedom to work and union rights • Consideration of union decisions and opinions • Availability of communication channels for union representatives to express their demands and needs

When we evaluate our climate-focused risks and opportunities, we see the most important impact on the ability of our current products and portfolio to respond to national and international standards. Considering our energy-related risks, we used 100% renewable energy in 2023.

With all these impacts, we care about the preferences and expectations of our customers, who are our most important stakeholders, and aim to launch a zero-emission vehicle series by 2040 due to the decrease in demand for traditional products. In addition, we worked on two different scenarios to calculate the financial impact of this risk.

We also adopt a proactive approach against the drought threat brought by climate change. We are preparing our operations for a sustainable future and plan to increase our water efficiency with investments in our treatment facilities, considering the risk of water shortages with innovative solutions in water management.

We stand out in the market with our R&D activities and university-industry collaborations. Focusing on R&D and innovation, we aim to design products based on circular principles by 2030.

We integrate the risks we identify within the scope of products and services, supply chain, R&D investments and operations into our company strategy and also monitor the financial impacts of the risks.

IMPACT AND VULNERABILITY ASSESSMENT FOR SUSTAINABILITY RISKS AND OPPORTUNITIES

As TEMSA, we handle the impact and fragility assessment for sustainability risks and opportunities with a strong and integrated risk management system. In this context, in our Impact Assessment, we define “impact” in terms of the depth and breadth of the results that a risk can create on TEMSA. In order to accurately measure and manage the impact, we classify each risk into five different categories according to its magnitude and possible results.

In our Vulnerability Assessment, we define the concept of “fragility” in connection with TEMSA’s level of preparedness, agility capacity and ability to adapt to a risk. We detail the fragility assessment with scales specific to each risk category and rate TEMSA’s resilience level for each risk from 1 to 5. This scaling clearly shows the level at which our company can react according to the nature of the risk and its potential effects.

In this way, we both take a proactive stance against risks and secure our sustainability structure by quickly evaluating opportunities.

Thanks to this systematic approach, where all risk issues at TEMSA are managed, as TEMSA, we create a future-ready, flexible and resilient organizational structure and expand our risk and opportunity management capacity to the same extent. We protect our risk governance structure by using a common methodology in all our sustainability, climate change and strategic risk and opportunity management studies.



BUSINESS CONTINUITY APPROACH AT TEMSA

In line with our [Information Security and Business Continuity Policy](#), we implement pioneering applications in the field of information security and business continuity as an exemplary company in the automotive sector.

We continue our stable growth by adapting to changing market dynamics, add value to our customers and strengthen cooperation with our supply chain partners. Our business continuity management is structured on the basis of emergency and crisis management, and our Emergency Management processes are coordinated by EHS,, while Crisis Management is carried out by the Risk Department. Preparation of Crisis Management Procedure and scenario-based instructions, and organization of simulation studies for the Crisis Management Team are actively ongoing.

In the coming year, in order to further strengthen our business continuity strategy, we will work on comprehensive risk assessments, technological infrastructure developments, and business processes that will increase supply chain resilience. In this context, emergency and crisis management simulations will be renewed with wider participation, and training programs will be implemented to increase the competencies of our employees in these processes.

We are committed to continuing our operations in an uninterrupted and regular manner in order to provide reliable and high-quality products to our customers.

Crisis Control

With this project, we aimed to reach our employees through various communication channels, send them the most up-to-date notifications, ensure their safety, and minimize the damage to the environment and our company. With the Crisis Control system, processes such as critical incident management, mass notification, emergency notification, employee follow-up, detailed reporting, and evacuation process management can be carried out. During the project process, we carried out more than 8 drills and more than 4 face-to-face and online trainings, ensuring that all our employees actively use the application.



COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

In line with our goal of becoming one of the world's leading mobility companies, we closely monitor the increasing expectations of regulatory bodies, global trends, and the latest developments in compliance. The foundation of our business processes is built on respect for ethical values, transparency, and principles of responsibility. Within this framework, we remain firmly committed to the principle of honesty in our relationships with all our stakeholders, from our employees to our customers, building a reliable and transparent work culture and organization.

While making significant efforts to fully comply with legal regulations and fulfill our corporate responsibilities, we strongly integrate our sustainability policy and goals with our corporate governance principles. This integrated approach serves not only short-term achievements but also long-term growth objectives.

The strong bond we establish with our integrity principle reinforces our leadership in corporate governance and sustainability. Thus, we not only make a difference in our industry but also guide the future with a sustainable and responsible growth model.

Our Sustainability-Focused Policies

- Environmental Policy
- Energy Policy
- Water Policy
- Biodiversity Policy
- LCA (Life Cycle Assessment) Policy
- [Compliance Policy](#)
- Social Sustainability Policy
- Equality, Diversity, and Inclusion Policy
- Human Resources Policy
- Customer Health and Safety Policy
- [General Code of Conduct](#)
- [Climate Action Plan](#)
- Integrated Sustainable Value Chain Policy

ETHICS AND TRANSPARENCY

As a company operating worldwide, we observe our ethical values while carrying out our activities. TEMSA Business Ethics Rules and General Code of Conduct, which are binding for all parties we are in business with, include the responsibilities of our employees and the principles we will apply within the scope of our business relationship with our stakeholders. In addition, we share the duties and responsibilities regarding our ethical rules within the scope of our TEMSA Ethics Procedure.

With the strength we derive from systematic progress in all our processes, we have prepared the Ethics Board Working Instructions, which determine the principles of the Ethics Board operation. In accordance with the European Union Whistleblower Protection Directive (EU Whistleblowing Directive), we have established our Ethics Whistleblowing Line with Sanction Trace, an independent third-party company for TEMSA and its subsidiaries.

Sanction Trace is designed to protect the anonymity of the Ethics Whistleblowing system. Notifications sent from the workplace, home, any computer or any internet portal will remain secure and anonymous. The internet portal never identifies visitors by the names displayed on the screen, and the Sanction Trace Ethics Reporting System ensures anonymity by not including IP addresses.

It is included in our company policies that confidentiality will be the basic principle in all processes regarding notifications to be made, that identity information will not be required to be collected and stored, and that the parties to the issue cannot intervene in the process. TEMSA does not impose any sanctions on persons who have made honest

We received the Ethics and Compliance Manager certificate with the Ethics and Compliance Management training program organized by TEİD.



and good faith notifications under any circumstances, does not allow such sanctions to be implemented or for the notifications to be used against the persons notified. It encourages all employees and stakeholders who interact with it to share their concerns about ethics. The process has an anonymized online form feature, and all parties have the option to provide their contact information or remain anonymous. It is possible for the persons making the notification to ask additional questions, add information or documents, or contact the members of the Ethics Committee with the code defined by the system for them. In order to use and ensure awareness of the Ethics Reporting Line, we prepared a promotional film in 2023 and shared it with all TEMSA employees. Notifications received to the TEMSA Ethics Reporting Line are monitored via the administrator screen, which is accessible only by members of the Ethics Board, and confidentiality is prioritized in the process.

The Ethics Reporting Line can be reached 24/7 from anywhere in the world with three different language options (English, French and Turkish).

With our structure that prioritizes transparency and accountability, we have prepared a Gift and Entertainment Procedure. In addition to the procedure that includes company rules and limit values regarding receiving/giving gifts and entertainment, we have ensured that the process is documented by creating Gift and Giving forms on EBA.

We participate in Ethics and Compliance workshops and the annual International Ethics Summit through the Turkish Ethics and Reputation Association (TEİD). In addition to all these, we received the Ethics and Compliance Manager certificate with the Ethics and Compliance Management training program organized by TEİD.

TEMSA General Code of Conduct sets forth our basic standards regarding the values, principles and ethical rules adopted by our company in its activities. By always adhering to our code of conduct, we continue to make significant contributions to our world and society with our vision of being a people-oriented institution. The General Code of Conduct has been determined in line with ethical values and principles such as integrity, honesty, respect, solution-oriented, transparency, passion, ownership, responsibility, innovation, active participation, strategic approach and sustainability that support our company's success and reputation in the sector. In addition, the General Code of Conduct covers our business partners, authorized TEMSA dealers and service providers, customers, suppliers, shareholders, managers and representatives. These rules expect the third parties in question to act in accordance with the TEMSA General Code of Conduct in their work and transactions. In addition to all these, with the responsibility of being in the international arena, we have made our General Code of Conduct and the Ethics and Compliance page on our [website](#) more accessible with 4 language options (English, German, French and Turkish).

In 2023, we provided 348 hours of ethics training. In addition, we provided annual general compliance and ethics training to all TEMSA employees. At the end of the training, evaluation questions were directed to analyze the participants' gains and the top three participants were given awards. TEMSA Business Ethics Rules include the approach we take in issues such as combating bribery and corruption, human resources, human rights, and environmental protection.

In 2023, we provided 348 hours of ethics training.

The Business Ethics Rules, which position us as a responsible corporate citizen, guide our operations both domestically and internationally. All our internal and external stakeholders can send notifications regarding ethical rule violations within the scope of Sabancı Holding procedures to the TEMSA Ethics Rule Consultant via e-mail at etik@temsa.com and/or to the Sabancı Holding Headquarters via e-mail at etik@sabanci.com and +90 212 385 85 85, and to the Ethics Committee via post. In 2023, we received 5 notifications regarding ethical rule violations from our employees or external stakeholders and resolved all of them. We did not receive any environmental or social violation notifications in 2023.



Business Ethics Performance Summary 2023

Number of reports received on the ethics hotline	5
Number of reports sent to the ethics hotline and resolved during the year	5
Number of discrimination reports received on the ethics hotline	1
Number of disturbance/harassment reports received on the ethics hotline	1
Number of child/forced labor reports received through the ethics hotline	0
Number of information security notifications received on the ethics hotline	0
Total hours of training on ethics	348
The rate of coverage of employees in training on ethics	100

Combating Bribery and Corruption 2023

Number of detected bribery/corruption cases	1
Number of disciplinary punishments given to employees for bribery/corruption	1
Number of public lawsuits filed against the company regarding bribery/corruption	0

Compliance 2023

Total training hours for white-collar employees within the scope of compliance	2,250
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COMPLIANCE PERFORMANCE

Özge Solmaz

Head of Legal and Compliance

“As TEMSA, we always attach importance to conducting our activities within the framework of the highest ethical and compliance standards. We aim to create a sustainable environment of trust with our employees and business partners by adhering to 100% ethical principles in all our operations. As a company operating globally, we know our responsibilities and observe national and international standards.

In this context, we closely follow local and international trade sanctions and restriction decisions and carefully select and follow our third parties.”

We monitor our compliance performance through TEMSEA Compliance Policy. In our departments, there is a Compliance Officer who is responsible for ensuring the implementation of compliance policies and procedures and working in coordination with the General Counsel and Compliance Directorate. A specialist compliance lawyer responsible for the processes in this area is also working under the General Counsel and Compliance Directorate. In 2023, Compliance Universe tables were created for TEMSA Türkiye operations and subsidiaries, which include the legal regulations that they are obliged to comply with within the scope of their activities. Within the scope of the compliance universe study, compliance officers have been assigned to all TEMSA business units and these officers follow the legal regulations assigned to them in the compliance universe table.

TEMSA employees are obliged to report any violations of legislation, policies and procedures or potential violations through the Compliance Officer of the department they are affiliated with or directly via e-mail to uyum@temsa.com.

Compliance Officers prepare compliance reports for their own departments in 3-month periods and submit reports containing risk analyses to the General Counsel and Compliance Directorate. We prepare risk analysis reports within the scope of studies such as special interviews with employees, survey activities, etc. As a result of these reports, new policies and procedures can be prepared or current ones can be updated within the scope of the risks TEMSA is or may be exposed to.

In risk analysis processes, we base our efforts on the following issues: combating bribery and corruption, respecting employee and human rights, conflict of interest and business ethics, import and export regulations and third-party due diligence, preventing money laundering and financing of terrorism, compliance with competition legislation, protection of personal data, privacy and data security, environmental protection and protection of intellectual property. In this context, internal audits/risk assessments regarding business ethics issues cover all of our activities (100%). At the same time, our question set regarding human rights is included in the customer business partner definition form within the scope of the Third-Party Due Diligence Procedure. With this question set, third parties are evaluated within the relevant scopes and an analysis is carried out on a risk scale. In 2023, we significantly expanded our activities within the scope of Compliance studies and brought our innovative perspective to this area.

As TEMSA, we have published our Anti-Bribery and Anti-Corruption Procedure.

There are no public lawsuits or penalties filed against our company or employees regarding bribery and corruption in 2023. We do not have any lawsuits or penalties for non-compliance regarding the protection of personal data and competition issues or environmental, social and corporate governance issues.

As TEMSA, we have successfully received the ISO 37301 Compliance Management System certificate.

With this certificate, we demonstrate our commitment to complying with legal and regulatory requirements and that we follow the best practices in this field. Our relevant management system certificate also covers corruption prevention issues in all our activities (100%).

In 2023, we provided General Compliance Training to the Executive Board, managers, executives and relevant colleagues in the teams. During the year, we organized Compliance Training sessions specific to the operations of the Financial Affairs, Sales, After-Sales, and Purchasing departments. We integrated our compliance process with our orientation program. With our Digital Compliance Orientation study, the Compliance Orientation Presentation voiced by artificial intelligence is assigned to our new employees.

In 2023, we developed a comprehensive Procedure and Instruction regarding Sanctions and Export Controls at TEMSA. We published a list of Prohibited and Risky countries/regions and an information note in terms of sanctions. We prepared the TEMSA Third Party Due Diligence Procedure.

With the due diligence tool, we send the 3rd Party Identification Form (KYC form) to our dealers, customers and suppliers with whom we will start working, via a link, and receive answers to our question sets regarding general information about the company, shareholding structure, Compliance Policies, payment and money transfer tools.

All customers, dealers and suppliers to be worked with must approve the TEMSA Legal Compliance Commitment.

As TEMSA, we added the compliance control stage to the Service and Supplier On-Site Inspection audits. We placed the Compliance question set in the new Supplier Assessment Form. In order to eliminate the risk of encountering penalties and sanctions within the scope of compliance with the law at TEMSA, we have prepared the TEMSA Legal Compliance Commitment with language options. The Commitment is signed by all our customers and suppliers as an annex to the Privacy Agreement. The Commitment covers the following headings: Sanctions and Export Controls, as well as Combating Bribery and Corruption, Preventing Laundering Proceeds of Crime and Terrorist Financing, Ethics, Universal Human Rights, and Environmental Regulation Compliance. In 2023, work was carried out to have the Legal Compliance Commitment signed by 449 approved suppliers and authorized dealers and services. The process was completed by 93% by the supplier and 100% by the dealer/service. We will continue to proactively continue our activities within the scope of ethics and compliance by observing trends, mega trends, global developments, national and international standards.

OUR SUSTAINABILITY PRIORITIES

At TEMSA, we determine our sustainability priorities by focusing on high-risk areas and take into account feedback from our key stakeholders through different communication platforms during this process. In order to give a strategic direction to TEMSA's sustainability activities, we conducted a comprehensive study in 2020 and determined our sustainability priorities for the first time. While conducting this study, we evaluated the future strategies of our company, the 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.

At TEMSA, we determine our sustainability priorities by focusing on high-risk areas.

OUR MATERIALITY PROCESSES

- Evaluation of sustainability trends through external trend analysis
- Gathering employee feedback through stakeholder analysis
- Assessment of company strategy
- Discussion of company priorities through executive management meetings
- Identification of priority topics for 2022 after approval from senior management, and preparation of the report in alignment with these topics

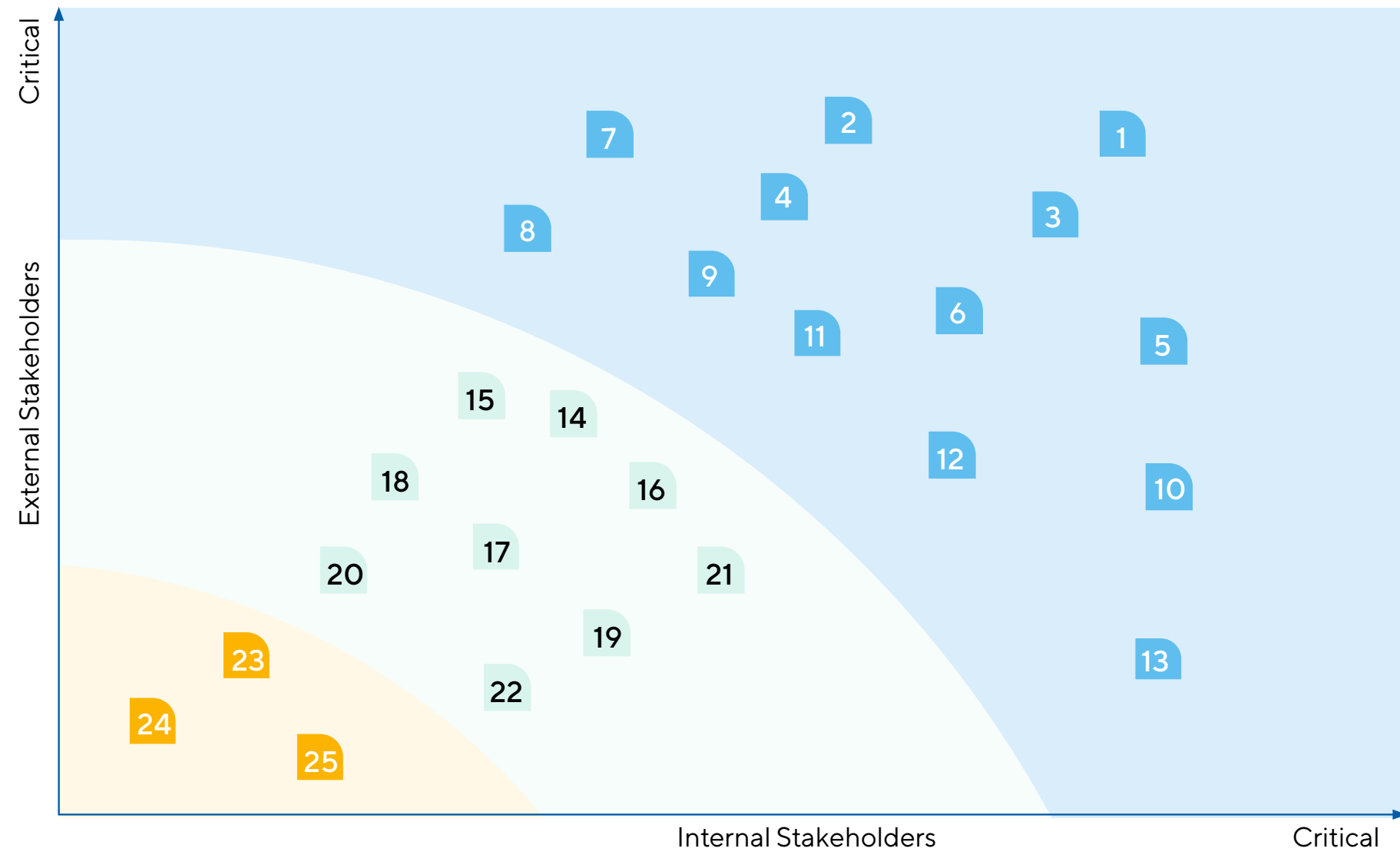
EXTERNAL SOURCES

- Sustainable Development Goals Global Economic Forum Global Risks Report
- SASB (Sustainability Accounting Standards Board) and MSCI sector priority analyses
- McKinsey Reports
- The Eleventh Development Plan
- COP28 Outcomes
- International Energy Agency Reports

2023 MATERIALITY REVIEW

- With the work of the TEMSA Sustainability team and sustainability consultant, we revised our priorities, which were reviewed in 2021, according to today's conditions, GRI Standards and EcoVadis Sustainability Rating Survey expectations, and moved to a structure where we can integrate them into our company strategies and focus on our sustainability goals.
- We presented the impact assessment on 36 issues affecting our sustainability strategy to our stakeholders through the survey.
- 114 responses from our internal stakeholders; We received a total of 207 responses, 93 of which came from our external stakeholders, including our suppliers, customers, non-governmental organizations (NGOs), professional organizations, Sabancı Holding, initiatives, universities and technoparks, and public institutions.
- By analyzing the responses from our internal and external stakeholders, we determined our materiality issue universe, consisting of 24 headings, including very high materiality, high materiality, and materiality issues. Following our materiality issue universe study, we conducted the TEMSA Sustainability SWOT Analysis. We determined our sustainability-focused risk and opportunity issues that will arise from our strengths, areas open to development, and sectoral developments. As a result of our evaluations, we also included the Nature-Based Applications heading in the materiality issue universe. We reviewed our materiality issues within the scope of our strategy and created our "2023 Materiality Matrix".

2023 MATERIALITY MATRIX



Very High Materiality Issues

- 1 Climate Crisis
- 2 Air Quality and Emission Management
- 3 Energy Management
- 4 Responsible Supply Chain
- 5 Customer Satisfaction and Experience
- 6 Sustainable Innovation and Digitalization
- 7 Ethics and Transparency
- 8 Combating Against Corruption
- 9 Human Rights
- 10 Employee Health and Safety
- 11 Compliance with National and International Standards
- 12 Waste Management and Circular Economy
- 13 Water and Wastewater Management

High Materiality Issues

- 14 Employee Development, Engagement and Communication
- 15 Risk and Crisis Management
- 16 Data Privacy and Cybersecurity
- 17 Brand Reputation and Loyalty
- 18 Product Life Cycle
- 19 Nature-Based Practices
- 20 Equal Opportunity, Diversity and Inclusion
- 21 Compliance with Corporate Governance Principles
- 22 Biodiversity Protection

Materiality Issues

- 23 Stakeholder Engagement
- 24 Sustainable Governance and Communication
- 25 Social Impact-Oriented Working Approach

ENVIRONMENTAL IMPACTS AND SUSTAINABLE OPERATIONS

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

Goals

- We aim to achieve net-zero greenhouse gas emissions by 2050.
- We aim to reduce our Scope 1 and Scope 2 emissions by 42% by 2030.
- We focus on the protection, restoration, and enhancement of habitats, particularly for endangered and endemic species, and commit to sustainably managing our impact on biodiversity.
- We aim to maximize resource efficiency in our products' materials by 2040 and transition to a circular economy model, while collaborating with our stakeholders throughout this process.

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.

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 MATERIAL ISSUE UNIVERSE



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
Combating Against Corruption												16.5
Human Rights				5.1-5.2			8.7					
Employee Health and Safety	3.9	4.3					8.8			12.4		
Compliance with National and International Standards												16.6 17.4
Waste Management and Circular Economy										12.2-12.5		
Water and Wastewater Management					6.3							

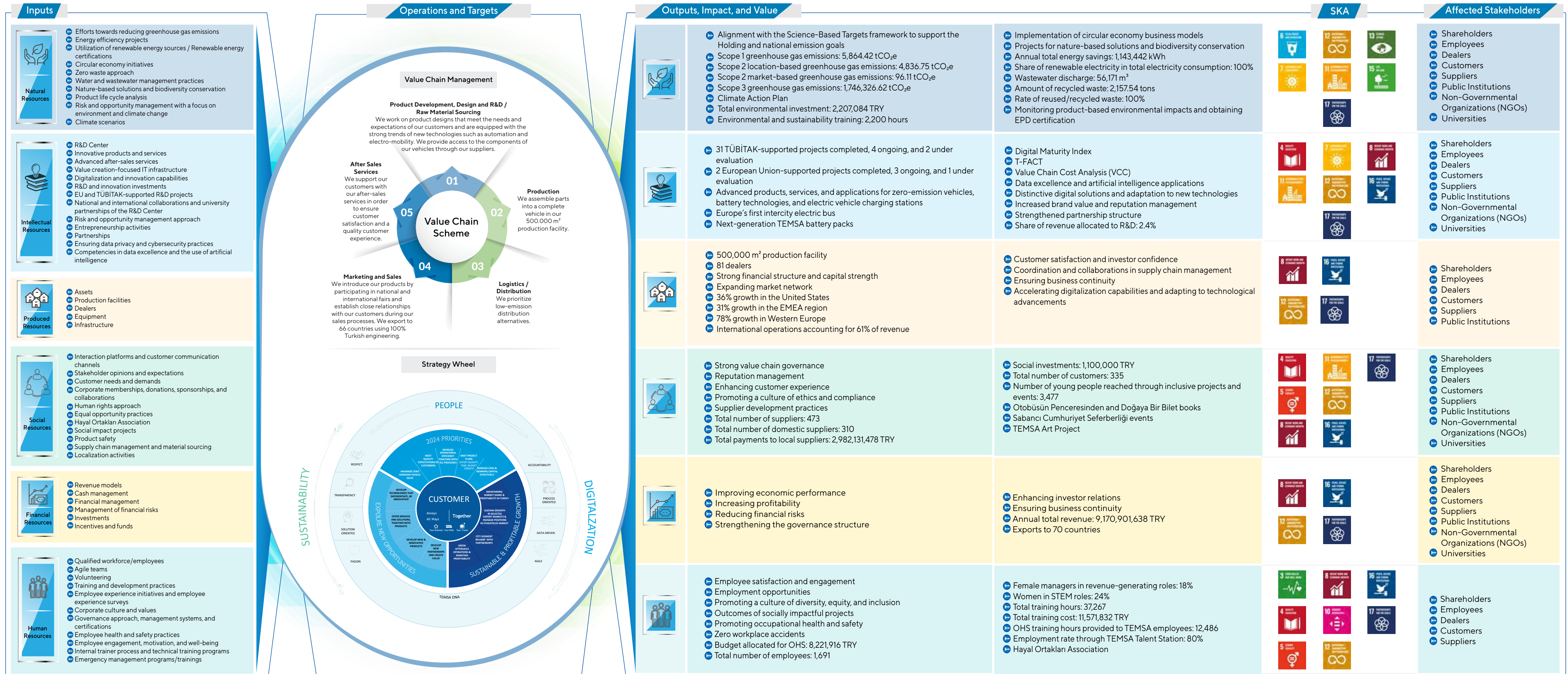
High Materiality Issues

Employee Development, Engagement and Communication		4.3-4.4-4.7				8.5						
Risk and Crisis Management											13.1-13.2	
Data Privacy and Cybersecurity										12.6		16.6
Brand Reputation and Loyalty										12.6-12.8		
Product Life Cycle										12.2-12.5		
Equal Opportunity, Diversity and Inclusion		4.5	5.1-5.5					10.3				
Compliance with Corporate Governance Principles												16.6 17.14
Nature-Based Practices										12.2	15.5	
Biodiversity Protection										12.2	15.5	

Materiality Issues

Stakeholder Engagement												17.16-17.17
Sustainable Governance and Communication												17.14-17.17
Social Impact-Oriented Working Approach		4.4-4.5	5.1-5.2-5.3						11.2-11.3			

SUSTAINABILITY-FOCUSED VALUE CREATION MODEL



OUR SUSTAINABLE GOVERNANCE AND EFFECTIVE COMMUNICATION STRATEGY

Our key stakeholders are those who are directly affected by our activities, play a critical role in achieving our business goals, and collaborate with us. With our first sustainability report presented in 2020, we comprehensively reviewed our stakeholder ecosystem and clearly defined our strategically important key stakeholders.

We focus on developing innovative tools to establish sustainable and effective communication with all stakeholders in this ecosystem. We create a mutually beneficial and transparent dialogue environment by constantly updating our communication strategies. We also pursue our goal of reviewing and renewing our stakeholder list every two years.

In the previous reporting period, we re-evaluated our stakeholder universe and further strengthened our communication processes with our key stakeholders. As TEMSA, we always prioritize establishing a strong and continuous dialogue with our key stakeholders while achieving our sustainability goals.

We create a mutually beneficial and transparent dialogue environment by constantly updating our communication strategies.

SOCIAL DIALOGUE

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

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

As TEMSA, we aim to maximize the talents of our employees and add value to our work by taking diversity and inclusiveness as a basis. We aim to protect the social dialogue approach in our sector with training programs, corporate responsibility and sustainability projects and cooperation initiatives. In this context, we carry out studies in our entire value chain, with our most valuable stakeholders being our employees.

We carry out union activities in all blue collars in order to strengthen the participation of our employees, regulate employee-employee relations, ensure that our employees work in an environment in accordance with ethical principles and maintain our transparency. In addition, we apply the collective labor agreement process to all blue collars, which addresses the scope of compensation, social rights, working hours and the provision and protection of safe working environments for our employees. Our current collective labor agreement remains valid between 2023-2025. We attach importance to managing supply chain relationships in our sector, sharing information on product/service development, supporting the sustainability approach in the business world, and creating an innovation-focused social ecosystem through our work 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 (TEMSEA Star)	Daily
	Intranet	Daily
	SMS	At least once a month
	Internal publications (TemPO)	At least once a week
	Bulletins (TEMSEA Newsletter, TEMSEA Academy, TEMSEA 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

We strengthen our sustainability goals by fully aligning with national and international standards, demonstrating responsible performance on a global scale.



GLOBAL DEVELOPMENTS, AUTOMOTIVE INDUSTRY TRENDS AND TEMSA IMPACT ASSESSMENT

2023 was a significant turning point for the automotive industry. The rise of new energy sources such as electrification, autonomous driving technologies, circular economy and hydrogen has profoundly transformed sustainability efforts in the industry. This change has accelerated with innovative steps supporting both environmental and operational sustainability goals. The automotive industry has become the pioneer of this transformation by investing more in environmentally friendly technologies in line with the goal of reducing global carbon emissions.

In 2023, renewable energy capacity increased by 50% globally, reaching record levels. A total capacity of 7,300 GW is targeted for solar and wind energy by 2028. In order for this development to progress faster than expected and for processes to be managed sustainably, the need for sustainable financing in emerging markets has reached its peak. Global energy crises and uncertainties regarding energy security clearly show that the transition to renewable energy must be accelerated even further. In this process, investments in energy infrastructures and grid systems are of critical importance.

In this period when energy markets are undergoing a transformation on a global scale, we believe that a balanced path should be followed between energy security and climate action plans.

The increasing importance of biofuels and hydrogen, the impact of electric vehicles on renewable energy consumption and developments in energy storage technologies are guiding the electrification and alternative fuel strategies in the sector.

In this context, we are making significant investments in renewable energy sources, low-carbon fuels and electrification, and taking determined steps to achieve the 1.5-degree target set forth at COP28. We know that hydrogen, in particular, will play a key role in achieving climate goals and we are evaluating investment and infrastructure projects in this direction.

ELECTRIFICATION AND ENERGY TRANSFORMATION

In 2023, electric vehicles took an important place in the transformation efforts in the sector. Electrification is of critical importance not only in terms of making vehicles environmentally friendly, but also in reducing fossil fuel dependency. The increase in electric vehicle sales has accelerated with the incentive policies implemented by governments and the development of charging infrastructure. As of 2023, electric vehicle sales worldwide have increased significantly on an annual basis. This increase has greatly accelerated the replacement of fossil fuel vehicles with electric models, especially in urban transportation.

The success of electrification has also progressed significantly due to developments in battery technologies. Studies carried out to increase the energy efficiency of batteries and reduce their costs have produced significant results in terms of increasing the range of electric vehicles and reducing charging times. In addition, the development of battery recycling processes has increased the contribution of this technology to sustainability goals. Reusable materials and advanced recycling

techniques have become one of the main focuses of the sector in order to minimize the environmental impact of batteries.

AUTONOMOUS DRIVING AND SMART MOBILITY

Autonomous driving technologies have emerged as another important innovation contributing to sustainability in the automotive sector in 2023. In addition to increasing road safety, connected vehicles and autonomous systems have also attracted attention with their ability to optimize energy consumption and improve customer experience. These systems, which optimize traffic flow, especially in large cities, have helped reduce unnecessary fuel consumption and carbon emissions. In addition, thanks to connected vehicles, the most suitable routes are determined based on factors such as road and weather conditions, thus ensuring fuel efficiency. In addition, the wider use of autonomous vehicles in large cities has reduced traffic congestion, increasing driver comfort and being an important factor in reducing carbon emissions.

NET ZERO EMISSIONS

2023 was an important turning point in reaching carbon net zero emission targets. Innovations in the sector were developed with the aim of reducing carbon emissions and creating a more sustainable transportation system. In line with the targets set by the European Union within the framework of the Green Deal, manufacturers in the sector have accelerated the development of zero-emission vehicles. In Türkiye, it is aimed to reduce carbon emissions by 30% by 2030, and TEMSA continues its work on electrification, hydrogen and other alternative energy sources in this direction. We monitor our ongoing work, our goals and our progress towards our goals through our Climate Action Plan, and share it transparently with all our relevant parties.

ALTERNATIVE FUELS

Hydrogen attracted great attention as a new energy source in the automotive sector in 2023. Hydrogen-fueled vehicles are considered an important solution that supports zero-emission targets. Especially in long-distance transportation and heavy commercial vehicle segments, the high range and fast refueling times provided by hydrogen offer an advantageous alternative compared to electric vehicles. Global studies on the production and use of hydrogen predict that the costs of this energy source will decrease significantly in the coming years and will contribute \$2.5 trillion to the world economy by 2050.

In countries with high solar energy potential, such as Türkiye, the creation of hydrogen valleys and energy centers is on the agenda. These valleys can accelerate the energy transformation by playing a critical role in hydrogen production and distribution. In this context, TEMSA aims to take part in hydrogen vehicle production and continue strategic collaborations to popularize this energy source.



CIRCULAR ECONOMY AND SUSTAINABLE SUPPLY CHAIN

2023 was a year when circular economy approaches were more strongly integrated into the automotive sector. The use of recyclable materials and the reprocessing of vehicle parts formed important stages of sustainable production processes. The circular economy reduced environmental impacts and optimized waste management by ensuring more efficient use of resources. Manufacturers have made their end-of-life recycling processes more effective, minimizing their negative impacts on the environment.

Sustainable supply chains have become one of the most focused topics in the automotive sector in 2023. Companies have developed more transparent and environmentally friendly systems in all processes from the extraction of raw materials to vehicle production. In this context, important steps have been taken to minimize environmental, social and governance impacts by focusing on sustainable resource use, renewable energy solutions and sustainability assessments in the supply chain.



BATTERY TECHNOLOGIES

2023 stands out as a period in which battery technologies for electric vehicles are rapidly developing and of critical importance. The IEA Global EV Outlook 2023 report shows that battery demand has increased by 65% due to the increase in electric vehicle sales worldwide. Difficulties in the supply of critical minerals such as lithium, cobalt and nickel complicate efforts to ensure sustainability in battery production.

The cost advantage of lithium-iron phosphate (LFP) batteries is increasing interest in this technology, especially in the electric vehicle market. Although LFP batteries are advantageous in terms of cost, they are lower in terms of energy density than other lithium-ion battery types, and alternatives such as new generation batteries, especially sodium-ion (Na-ion) batteries, have the potential to provide sustainability and cost advantages. However, these technologies are still seen as less effective than Li-ion batteries in terms of energy density.

Batteries also play a critical role in the sustainability of energy transitions. However, the success of this transition will be directly linked to the security of supply of critical minerals such as lithium, nickel and cobalt. While increasing demand creates pressure on mineral supply chains, innovative solutions and new recycling technologies are gaining importance for the sustainable and reliable supply of these minerals. Recycling is becoming an indispensable part of battery technologies to accelerate the sustainable energy transition. In addition, more sustainable battery production and the development of new generation technologies with high energy density are also of great importance in terms of ensuring energy security and transition.

These developments in battery technologies indicate that we are going through a critical period for electric vehicles and energy storage systems. In line with the goals of energy security and reducing carbon emissions, innovation and sustainability are at the forefront in the battery production chain.

COMPLIANCE WITH GLOBAL AND LOCAL REGULATIONS

TOPICS		MONITORED GLOBAL DEVELOPMENT	MONITORING MECHANISM AND RELEVANT MONITORED RESOURCE	EVALUATION OF TEMSA
	Climate	Paris Agreement	Conference of Parties (COP) 28 – COP28 IPCC AR6 Synthesis Report State of the Global Climate 2023 Annual 2023 Global Climate Report Emissions Gap Report 2023 Climate Change Summit 2023 – Green Transition Republic of Turkey Climate Change Authority 2024-2030 Climate Change Mitigation and Adaptation Strategy and Action Plans WHO (World Health Organization) Health and Climate Change Report 2023 EU Green Deal Net Zero Law EU Green Deal Industrial Plan and Annual Activity Report of the Green Deal Working Group Announcements of the Republic of Turkey Ministry of Foreign Affairs Directorate for EU Affairs Announcements of the Republic of Turkey Ministry of Trade Publications of the European Commission EU Emissions Trading System (ETS) 2023 Report UNFCCC 2023 NDC Synthesis Report and Annual Climate Change Statement 2023, including UNFCCC Turkey Developments	The Paris Agreement serves as a critical guide for the automotive sector in combating climate change. It focuses on voluntarily determined national targets to limit global warming and reduce emissions for a sustainable future. The agreement encourages the automotive industry to contribute by developing low-carbon vehicles, enhancing energy efficiency, and investing in green technologies. Additionally, with financial support and technology transfer outlined in the agreement, the automotive sector has the potential to integrate into global sustainability efforts and play a leading role in addressing climate change. The European Green Deal aims for Europe to become climate-neutral by 2050. To achieve this legally binding target, the European Climate Law has been proposed. A more ambitious target of at least a 55% reduction in net greenhouse gas emissions by 2030, compared to 1990 levels, has also been established. Cars and vans are responsible for approximately 15% of EU CO ₂ emissions. Under the Fit for 55 package, the proposed regulation raises CO ₂ emission reduction targets for 2030 and sets a 100% reduction target for 2035. This means that from 2035 onwards, all new cars and vans sold in the EU must be zero-emission vehicles. The transition to electrification is expected to accelerate, particularly in Europe, in the coming years. A review meeting for Nationally Determined Contributions (NDCs) will take place on June 24, 2024, marking a significant first. Under the Global Memorandum of Understanding (MoU) on Zero-Emission Medium- and Heavy-Duty Vehicles, leading countries are committed to ensuring that 30% of all new truck and bus sales are zero-emission by 2030 and to achieving full transition to net-zero carbon emissions by 2050. The transition to zero-emission vehicles for passenger and freight transportation is expected to be completed by 2040, aligned with our own targets. Institutions like the EBRD and World Bank are anticipated to increase support for electrification transition projects, while investments in hydrogen are expected to rise, costs to decrease dramatically, and usage to become widespread after 2030. Developments under the Carbon Border Adjustment Mechanism (CBAM) are closely monitored, and full compliance with this process is ensured.
		European Green Deal		
		Fit for 55		
		Carbon Border Adjustment Mechanism (CBAM)		
		Nationally Determined Contributions (NDC)		
		Global Memorandum of Understanding (MoU) on Zero-Emission Medium- and Heavy-Duty Vehicles		
				As TEMSA, we are implementing decarbonization strategies aligned with our Science-Based Targets Initiative (SBTi) commitment to achieve net-zero emissions for Scope 1 and Scope 2 by 2050, using 2021 as the baseline year. In this context, we adopt effective emission management strategies through renewable energy transition initiatives, energy efficiency projects, and circular design practices.
	Reporting Standards and Risk Management	International Sustainability Standards Board (ISSB)	International Financial Reporting Standards (IFRS) and International Sustainability Standards Board (ISSB) Report 2023 IFRS Climate Disclosure Standards Board Publications Official Journal of the European Union EU Taxonomy for Sustainable Activities 2023 Report EU Taxonomy Climate Delegated Act EU Taxonomy Regulation Announcements of the Republic of Turkey Ministry of Trade Official Gazette Announcements of the Public Oversight, Accounting, and Auditing Standards Authority Publications of the European Commission Announcements of the Republic of Turkey Ministry of Trade Global Risks Report United Nations Environment Programme (UNEP) Climate Risks in Industrial Sectors Report	In light of new regulations, we are aligning our sustainability efforts with the European Union's climate goals, taking steps to demonstrate more effective performance across environmental, social, and governance (ESG) domains. We closely monitor announcements from the Republic of Turkey Ministry of Trade, the Official Gazette, the Public Oversight, Accounting, and Auditing Standards Authority, and publications from the European Commission. Adopting a strategic approach, we are progressing towards integrating global and local sustainability standards into our operations. By leveraging guiding resources such as the United Nations Environment Programme (UNEP) Climate Risks in Industrial Sectors Report and the Global Risks Report, we direct our activities within the framework of climate risks and sectoral expectations, ensuring a transparent and accountable reporting process.
		European Sustainability Reporting Standards (ESRS)		
		Corporate Sustainability Reporting Directive (CSRD)		
		EU Taxonomy		
		Türkiye Sustainability Reporting Standards (TSRS)		
		Corporate Sustainability Due Diligence Directive (CSDDD)		
		Risk Management		Furthermore, as TEMSA, we have designed a mechanism that integrates sustainability risks and opportunities into our comprehensive risk and opportunity governance structure. This integrated governance approach allows us to evaluate our environmental, social, and governance (ESG) risks and opportunities from the same strategic perspective as our other corporate risks, ensuring a holistic and aligned management framework.

TOPICS		MONITORED GLOBAL DEVELOPMENT	MONITORING MECHANISM AND RELEVANT MONITORED RESOURCE	EVALUATION OF TEMSA
	Nature-Based Solutions and Environmental Management	Taskforce on Nature-related Financial Disclosures (TNFD)	TNFD 2023 Report Biodiversity Finance Reference Guide, IFC – International Finance Corporation EU Regulation on the Prevention of Deforestation World Resources Institute World Water Congress UN Water Conference 2023 The Circularity Gap Report 2023 EU Action Plan for Circular Economy and Circular Economy Policies	As TEMSA, we place great importance on biodiversity conservation and ecosystem sustainability. In line with TNFD guidelines, we conduct risk analyses aimed at preventing deforestation. Through biodiversity projects initiated at our Adana and France locations, we aim to reduce our environmental impact and contribute to the development of ecosystems. Embracing the principles of the circular economy, we are committed to designing certain products by 2030 in accordance with durability, reparability, and circular composition principles, and achieving a 50% circular flow target by 2050. Our A1290 TÜBITAK 1505 Home UPS Project focuses on designing and prototyping energy storage units using secondary materials derived from end-of-life electric bus batteries, aiming to minimize environmental impacts while creating a competitive product for the international market. At our industrial and domestic wastewater treatment facility, we ensure wastewater discharge meets legal requirements through physical, chemical, and biological treatment processes. In water-intensive quality testing processes, we have reduced water consumption by implementing photocell systems, saving 4.5 m ³ of water per test and achieving 90 m ³ of water savings per vehicle. During the production phase, we rigorously conduct extreme rainfall durability tests as part of the quality assessments of all our vehicles. Based on the test results, we make necessary improvements to ensure product reliability and sustainability.
		Biodiversity Conservation		
		Prevention of Deforestation		
		Water Management		
	Social Sustainability	Human Rights	UN Global Compact (UNGC) ILO (International Labour Organization) Green Jobs and Sustainable Development 2023 Report ILO Conventions UN Women Gender Equality and Women's Empowerment 2023 Report	As TEMSA, by joining the UN Global Compact, we commit to aligning our strategies in the areas of human rights, labor standards, environment, and anti-corruption with the universally accepted 10 Principles, while supporting the Sustainable Development Goals (SDGs). As a signatory of the UN Global Compact, we have become part of a global movement comprising sustainable companies and stakeholders, sharing a collective responsibility to create a better world through an approach grounded in sustainability principles. We act in line with the principles of equal opportunity, diversity, and inclusion, prioritizing gender equality within this framework. Furthermore, we design development processes tailored to the professions of the future and support the employment of young talent.
		Gender Equality		
	Sectoral Developments	Digital Transformation	World Economic Forum Digital Transformation Report WEF Automotive Report 2023 SMIT (Society of Motor Manufacturers and Traders) ""Automotive Sustainability Report 2023"" Resilient and Sustainable Automotive Value Chain (RAVC) Initiative: ""Navigating Sustainability in the Automotive Industry"" International Energy Agency (IEA) Electrification Report 2023 IRENA World Energy Transitions Outlook 2023: 1.5°C Pathway ACEEE 2023 Transportation Electrification Scorecard Automotive Regulatory Guide – 2023 European Hydrogen Bank German Supply Chain Act Battery Directive End-of-Life Vehicles Directive	With our Climate Action Plan, rooted in our responsibilities to combat climate change, we transparently share our strategic steps supporting sustainable growth with the public. While delivering innovative mobility solutions in the automotive sector, we continue investing in electric vehicle technologies. Designed specifically for the North American market, our TS45E model is tailored for intercity use, developed using local resources, and offers a range of approximately 400 km with just a four-hour charge. Additionally, we are advancing projects focusing on alternative energy sources, such as electric charging stations established in Sweden and zero-emission hydrogen fuel cell vehicle projects developed in collaboration with Caetano Bus. In this context, we accelerate efforts to expand our electric vehicle portfolio and enhance energy efficiency to achieve our greenhouse gas emission reduction targets. Through our IMPACT program, aimed at ensuring sustainability across the supply chain, we evaluate the ESG performance of our suppliers, who contribute significantly to our revenue, in accordance with international standards. We develop tailored action plans for critical suppliers, focusing on areas of improvement based on sustainability criteria, with the goal of achieving an A score, the highest level, for all critical suppliers by 2030. In line with our ""Together on the Journey to Sustainability"" approach, we aim to expand the scope of the IMPACT program to include all suppliers by 2024. By incorporating our authorized service providers and dealerships into this process, we aim to transition to an end-to-end value chain management model. At TEMSA, under the framework of the ""End-of-Life Vehicles Regulation"", we ensure the decontamination, dismantling, and processing of our vehicles through authorized firms, facilitating raw material and energy recovery, reuse, or disposal in compliance with environmental legislation. Since 2018, we have submitted our annual declarations in accordance with ELV requirements; two vehicles were processed for recycling in 2018, and no vehicles fell under the ELV category between 2019 and 2024. We maintain our annual declarations to the relevant authorities to ensure ongoing monitoring of our environmental responsibilities. Additionally, we manage processes such as introducing battery passports with QR code tracking, partnering with suppliers for battery recycling, and developing projects for second-life applications of batteries.
		Sustainability and Resilience		
		Electrification, Alternative Fuel Vehicles, and Renewable Energy		
		Regulations and Legal Practices		

OUR CONTRIBUTION TO NATIONAL AND INTERNATIONAL REPORTING

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

In the last reporting period, we conducted CDP reporting for the first time in order to further improve our performance and to transparently reveal our climate-related impact in particular. CDP reporting provides an in-depth analysis covering our company's carbon footprint, climate strategy, risks and opportunities, targets and supply chain practices. CDP's globally accepted methodology has made significant contributions to the strengthening of our sustainability strategy. As a result of this comprehensive evaluation process, we achieved an A grade in climate change and supply chain issues and were included in the CDP Leader List. This year's EcoVadis evaluation shows that our company's social and environmental performance continues to progress sustainably in line with international standards. While the evaluations clearly reveal our areas of development, we aim to further improve our performance by focusing on these areas.



► We Held the Ecovadis Workshop

The workshop started with informative presentations by Sabancı Holding Sustainability Director Derya Özet Yalçı and TEMSA Human Resources Deputy General Manager Erhan Özel. The workshop held on World Environment Day is an indication of TEMSA's responsibility to contribute to the company and country's sustainability goals.

With the goals we have determined within the framework of the Business World Plastic Initiative, we aim to reduce plastic use and demonstrate our determination in the 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. We base our way of doing business on these universal values and create value for society, the environment and our stakeholders under the guidance of the UNGC. Our progress on national and international platforms that we follow and support plays a critical role in our sustainability journey. As TEMSA, we continue to progress resolutely to maintain our effectiveness on these platforms and contribute to the future with our sector leadership.

DIGITALIZATION, R&D AND INNOVATION-ORIENTED EFFECTS

With an R&D-driven approach, we are developing innovative solutions to meet the transportation needs of the future and promote sustainable mobility.

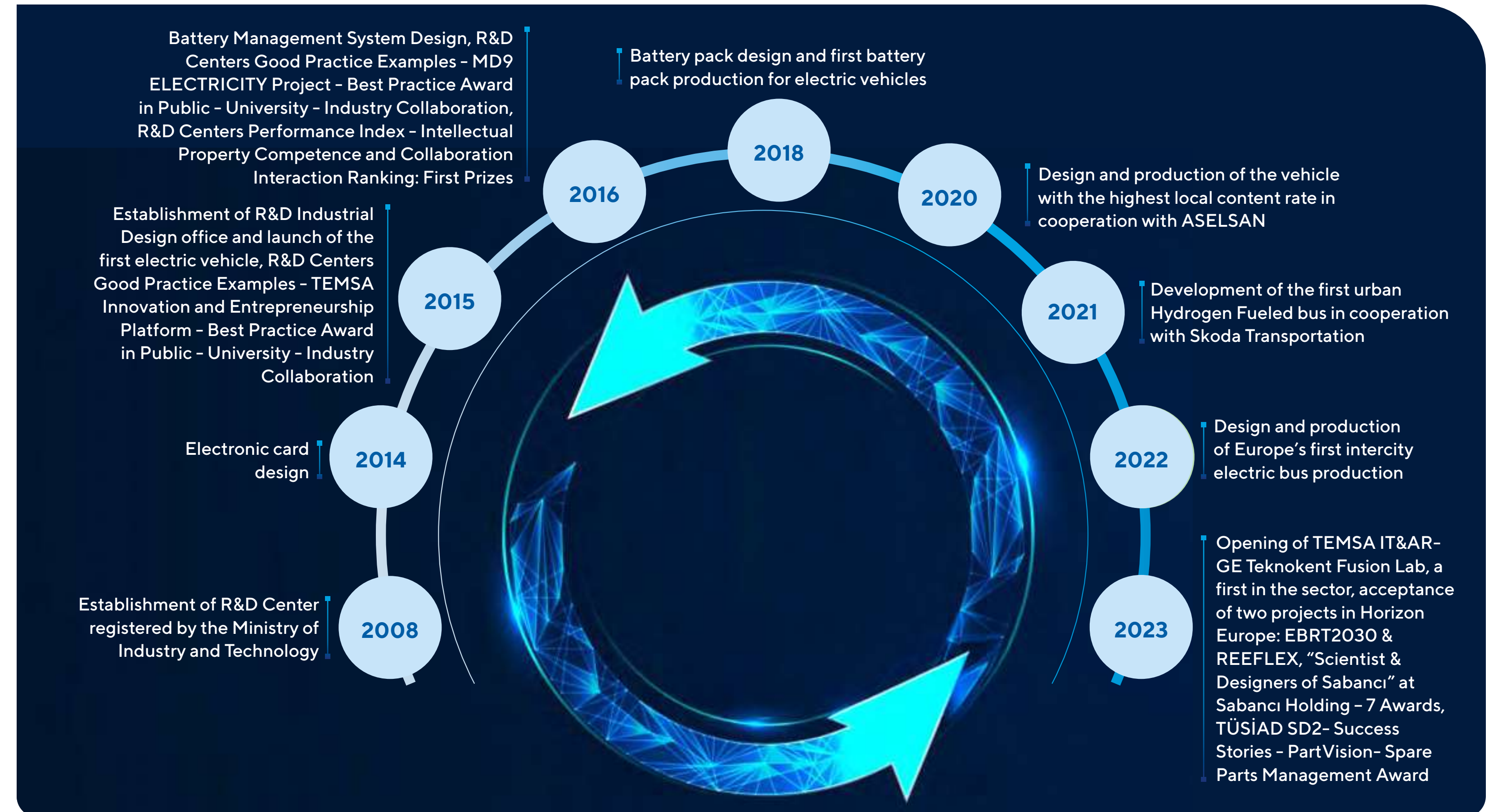


FACILITATORS OF SUSTAINABILITY AT TEMSA

In line with our goal of increasing our sustainability performance, we are constantly taking strategic steps in the fields of R&D, innovation, digitalization and technology. Adopting this innovative approach at all stages of our business processes allows us to develop environmentally sensitive and energy efficient solutions. Our investments in digitalization and technology accelerate our progress in next-generation mobility solutions, electric and zero-emission vehicles, and battery technologies.

With our investments in R&D, innovation, digitalization, and technology, we are developing environmentally friendly and energy-efficient solutions. We are advancing the progress we've made in next-generation mobility, electric vehicles, and battery technologies through strategic steps.

R&D CENTER MILESTONES



R&D AND INNOVATION

As the first company in Türkiye to receive the R&D Center certificate, we are constantly developing innovative solutions with an R&D-focused approach to meet the transportation needs of the future and promote sustainable mobility. We aim to be the pioneer of change by prioritizing sustainability in the fields of R&D and innovation. Electric vehicles are at the center of our sustainability-focused R&D activities.

With our vision of leading in electric vehicles, in addition to the electric buses we sold for the first time in 2020, we are also introducing our own batteries and battery packs and battery management system software that we produce in our own facility.

We are increasing our capacity in global markets by collaborating with international projects and consortiums. We plan to expand our portfolio and accelerate the transition to alternative fuel vehicles, especially focusing on hydrogen-fueled vehicles. In the long term, we aim to reduce our greenhouse gas emissions to net zero by 2050.

We are developing and diversifying our innovation processes by adopting an open innovation approach. We organize activities for the participation of our employees in these processes.

We value customer feedback and demands and take these feedbacks into consideration as part of our product and service development processes. We also benefit from the innovation ecosystem in the outside world by establishing strategic business partnerships. We encourage our employees and external participants to innovate with innovation competitions and award events and increase their motivation by rewarding creative ideas.

TEMSEA R&D CENTER EMPLOYEES

Number of Master's Degree Holders in Research	15
Number of Postdoctoral Researchers	2
Number of Technicians	60
Number of Researchers Graduated from Support Programs	7
Number of Master's Students in Research	15
Number of Bachelor's Degree Holders in Research	83
Number of PhD Students in Research	6

In 2023, we continued to sign pioneering applications in the sector with our 188 employees who made an impact in our R&D Center. We manage the career development and training opportunities of our R&D Center under the titles of onboarding programs, function academies, NextGen MBA Program, ZeroTech Academy and Webinar series, and expand our area of interaction through TEMSA Academy. In addition, we adopt TEMSA's impact-oriented perspective in the field of inspiration. We developed our developers incentive program in order to instill R&D and innovation culture in TEMSA employees; to encourage employees to specialize in their fields and to gain new competencies in terms of increasing the number of patents and utility models.

We invest a significant amount in R&D activities every year. During the reporting period, we allocated a budget of approximately 82.5 million TL to our R&D investments. We used approximately 30 million TL, equivalent to 35% of this amount, in sustainability-focused R&D and innovation projects.

▶ TEMSA Became a Referee in the National Industry-Focused R&D and Innovation Project Competition

TEMSEA attended the award ceremony of the National Industry-Focused R&D and Innovation Project Competition organized by the Adana Hacı Sabancı Organized Industrial Zone (AOSB) Regional Directorate for the 3rd time this year. As a referee in this competition, we evaluated beautiful projects with high added value, where R&D and innovation culture can be re-blended and found a response in the industry.



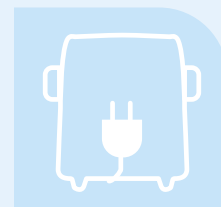
We participated in the third National Industry-Focused R&D and Innovation Project Competition.

OUR R&D AND INNOVATION FOCUSED PROJECTS

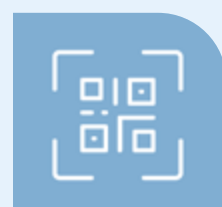
TEMESA R&D

Thinking One Step Ahead

Share of Revenue
Allocated to R&D **2.4%**



**ELECTRIC
VEHICLES**



**CUSTOMIZED
COMMERCIAL APPLICATIONS
AND RETAIL SOLUTIONS**



**ENERGY STORAGE
SOLUTIONS**



**AUTONOMOUS
VEHICLES**

TEMESA R&D SUPPORTED PROJECTS



Completed
31 Projects

Ongoing
4 Projects

In Evaluation
2 Projects



Completed
2 Projects

Ongoing
3 Projects

In Evaluation
1 Project

Our Horizon Europe and TÜBİTAK projects that we developed in 2023:

Project Name	Funding Program	University Partnership	Start Date	End Date
REEFLEX - Replicable, interoperable, cross- sector solutions and Energy services for demand side FLEXibility markets	Horizon Europe	-	1.01.2023	1.01.2027
EBRT 2030 - European Bus Rapid Transit to 2030: electrified, automated, connected	Horizon Europe	-	1.01.2023	1.01.2027
Development of a Home UPS Unit with Photovoltaic Supported EV Type Energy Storage and Grid-Connected Waste Electric Bus Batteries	TÜBİTAK 1505	Çukurova University	1.07.2021	31.06.2024
Use of Mesoporous and Electrically Charged High-Performance Supercapacitors in Automotive Applications	TÜBİTAK 1702	SUNUM	19.01.2022	19.12.2026
Artificial Intelligence and Machine Learning Methods for Estimating Vehicle Data and Predictive Maintenance, and Intelligent Spare Parts Depot Management	TÜBİTAK 1711	TOBB	1.11.2022	1.09.2024
Hybrid and Electric Vehicle Research TEMSA PROJECT 3.2: Development of Composite Materials as an Alternative to Magnesium-Based Composite Materials Used in the Automotive Sector	TÜBİTAK 1004	ITU	1.01.2023	1.01.2027
Hybrid and Electric Vehicle Research TEMSA PROJECT 3.2: Electric Vehicle Battery Modelling and Electrical Vehicle Simulation	TÜBİTAK 1005	ITU	1.01.2023	1.01.2027
Development of High Energy Storage Systems for Meeting the Energy and Power Density Needs in Electric and Diesel Vehicles (CAPLION)	TÜBİTAK 1505	SABANCI-SUNUM	1.06.2023	31.05.2025

Our Horizon Europe and TÜBİTAK projects that we developed in 2023:

TÜBİTAK 1505

Over the past 10 years, as TEMSA, we have made significant strides in the field of electric vehicle development. At the same time, we aim to enable a second life cycle for batteries used in vehicles after their warranty period, thereby reducing vehicle sales costs and creating a new product platform. In this context, as part of the project, we plan to develop 10 kW home energy storage units that are grid-connected and supported by photovoltaic energy when the life of used batteries comes to an end.

Within the framework of this university-industry collaboration project, we aim to recycle old batteries used in electric buses and develop a grid-connected energy storage unit supported by photovoltaic panels using these batteries. Additionally, thanks to photovoltaic panels, it will reduce dependency on the grid and provide financial gain by transferring excess energy to the grid. Through this project, we also aim to increase technical know-how and market share by developing this product, which is not domestically produced.

With our Horizon Europe and TÜBİTAK projects, we are leading innovations focused on technology and sustainability.

Caplion

The ultimate goal of this project is to enhance the competitive power of the customer organization in the electric vehicle market by acquiring know-how on hybrid energy storage systems. The project's first objective is to scale up supercapacitor cells using the electrolyte technology developed by SUNUM, for which a patent application was filed with number 2021/016436 and for which TEMSA has been granted support for licensing under the TÜBİTAK 1702 call. The second objective of the project is to develop a hybrid energy storage system in which the developed supercapacitor cell will be used. Similarly, the project aims to develop an appropriate battery management system for the hybrid energy storage system. Another key objective is to adapt the developed hybrid energy storage system for automotive applications.

EBRT2030

This project, which supports the transition to zero-emission sustainable transportation across Europe and its surroundings, aims to reduce traffic congestion, improve public transportation and sustainable mobility, and decrease greenhouse gas emissions and pollutant emissions.

TÜBİTAK 1711

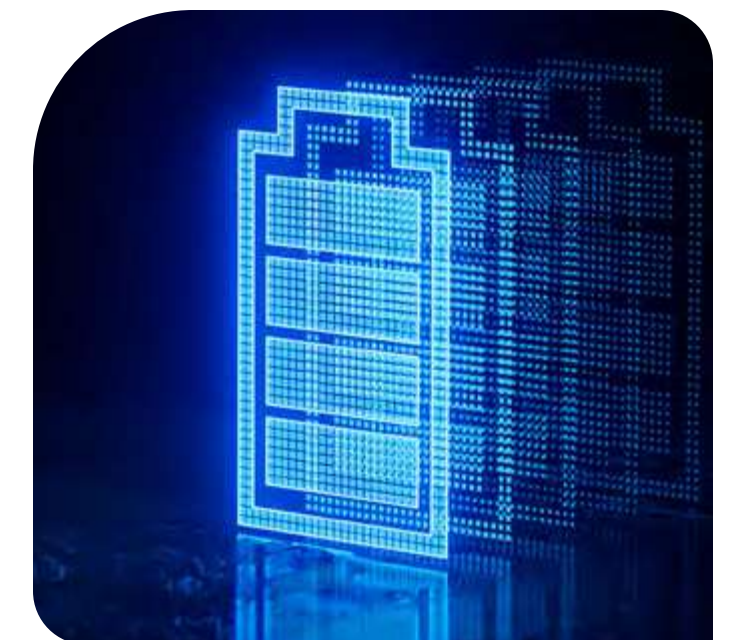
With this project, we aim to reduce the estimated maintenance times and costs of vehicles, increase operational efficiency, and improve spare parts management by using artificial intelligence and machine learning techniques.

TÜBİTAK 1004

This project represents the development of environmentally friendly and sustainable composite floorboards of the future.

REEFLEX

The REEFLEX Horizon project, a collaborative initiative with 27 partners from various countries, including TEMSA, aims to develop practical solutions and services for energy consumption as well as access to customized interactions and services on this topic. As part of this project, TEMSA developed TTCMS software, providing an advanced technological solution for the smart configuration, monitoring, and management of multiple charging stations and electric vehicle charging. With Smart Charging Technology, customers can easily adjust load management using real-time data from charging stations and optimize the charging of electric vehicles. We are also continuing our investments and developments in solar energy.



National and International Collaborations of the R&D Center

Collaboration Type	Collaborating Institution/Person	Country	Collaboration Type/Form
Universities	ÇUKUROVA UNIVERSITY - Prof. Dr. Mehmet Cuma, Assoc. Dr. Mehmet Uğraş Cuma	Türkiye	Providing Scientific Consultancy to TÜBİTAK TEYDEB Supported Projects
Universities	GALATASARAY UNIVERSITY - Prof. Dr. Murat Erkan	Türkiye	Providing Scientific Consultancy to TÜBİTAK TEYDEB Projects
Universities	SABANCI UNIVERSITY	Türkiye	Providing Scientific Consultancy to TÜBİTAK ARDEB Projects
Universities	EGE UNIVERSITY	Türkiye	Providing Scientific Consultancy to TÜBİTAK TEYDEB Projects
Universities	EGE UNIVERSITY ELECTRIC ELECTRONIC ENGINEERING DEPARTMENT	Türkiye	Providing Scientific Consultancy to TÜBİTAK TEYDEB Projects
Universities	ERCİYES UNIVERSITY RESEARCH LABORATORY APPLICATION AND RESEARCH CENTER	Türkiye	Providing Scientific Consultancy to TÜBİTAK TEYDEB Projects
Universities	ORTA DOĞU TEKNİK UNIVERSITY DEPARTMENT OF MECHANICAL ENGINEERING	Türkiye	Providing Scientific Consultancy to TÜBİTAK TEYDEB Projects
Universities	HACETTEPE UNIVERSITY	Türkiye	Providing Scientific Consultancy to TÜBİTAK TEYDEB Projects
Universities	KOCAELI UNIVERSITY	Türkiye	Providing Scientific Consultancy to TÜBİTAK TEYDEB Projects
R&D/Design Centers	ASELSAN	Türkiye	Providing support for TÜBİTAK TEYDEB project application and project review as a joint applicant
R&D/Design Centers	KORDSA TECHNICAL TEXTILES INC.	Türkiye	Providing support for TÜBİTAK TEYDEB project application and project review as a joint applicant
R&D/Design Centers	ALTINAY AEROSPACE INDUSTRY AND TECHNOLOGY INC.	Türkiye	Providing support for TÜBİTAK TEYDEB project application and project review as a joint applicant
R&D/Design Centers	KEYFİD BİLİŞİM TECHNOLOGIES LIMITED COMPANY	Türkiye	Providing support for TÜBİTAK TEYDEB project application and project review as a joint applicant
R&D/Design Centers	YAGCIBA	Austria	Providing support for TÜBİTAK TEYDEB project application and project review as a joint applicant
R&D/Design Centers	EGE ENDÜSTRİ VE TİCARET A.Ş.	Türkiye	Providing support for TÜBİTAK TEYDEB project application and project review as a joint applicant
R&D/Design Centers	INFOTECH BİLİŞİM VE İLETİŞİM TECHNOLOGIES INDUSTRY AND TRADE INC.	Türkiye	Providing support for TÜBİTAK TEYDEB project application and project review as a joint applicant
R&D/Design Centers	VESTEL ELECTRONICS INC.	Türkiye	Providing support for TÜBİTAK TEYDEB project application and project review as a joint applicant

DIGITALIZATION AND TECHNOLOGY

Autonomous Vehicles and New Vehicle Technologies

We are continuously working on autonomous vehicles to increase traffic efficiency and minimize environmental impacts. These technologies aim to reduce emissions and prevent traffic accidents, thereby promoting continuous safety improvement.

TS Group Vehicles EPA24

As part of the TS Group Vehicles EPA 24 initiative, which began in 2022 and is expected to be completed by 2024, we aim to develop the “EPA24 Compliant Bus” project for the U.S. market. We are transforming our TS model buses to meet EPA emission standards and complete the integration of these vehicles.

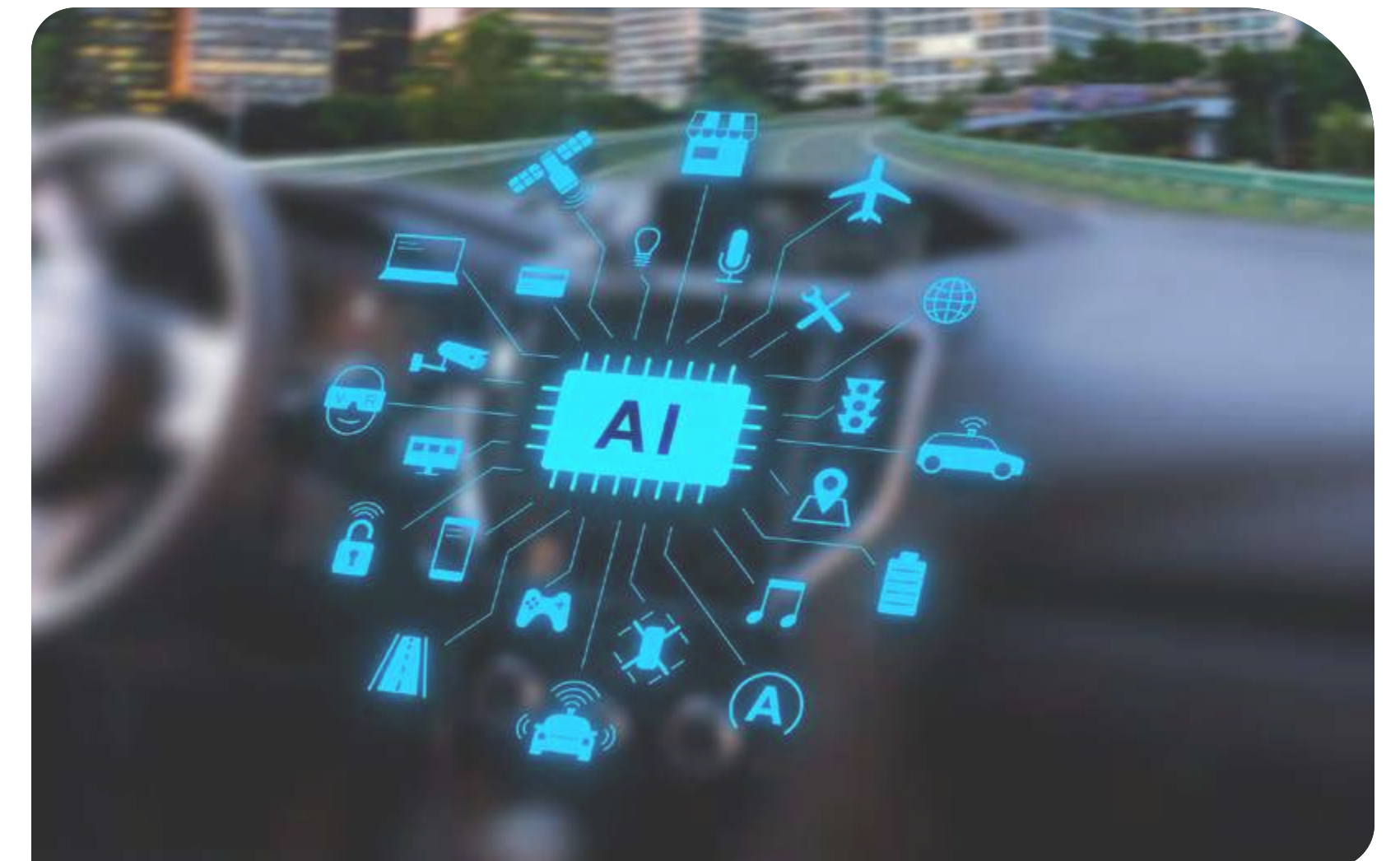
Project on Predictive Maintenance Estimation and Intelligent Spare Parts Depot Management Using Artificial Intelligence and Machine Learning Techniques

Our project represents an innovative approach to ensuring sustainable access to the future transportation systems. Titled “Predictive Maintenance Estimation and Intelligent Spare Parts Depot Management Project Using Artificial Intelligence and Machine Learning Techniques,” this project focuses on tracking vehicle performance by monitoring critical component positions and enabling optimized maintenance schedules.

Under this project, we aim to enhance the safety of passengers and the efficiency of buses by working with a cost-effective and environmentally sustainable approach that also contributes to corporate sustainability. We strive to improve service experience, driving comfort, and customer satisfaction through continuous improvement. Furthermore, by offering reliable travel data and analysis to our customers, we enable buses to become more sustainable.

HD Fuel Cell

The purpose of this project is to design and integrate fuel cell components for TEMSA-branded vehicles with hydrogen fuel cell designs specifically integrated for mass production. This project contributes to our goal of achieving zero emissions in 2050.



DIGITALIZATION AND TECHNOLOGY

Electric Vehicles and Battery Technology

At TEMSA, we are committed to playing a major role in meeting the early-stage needs of our industry by designing pioneering, sustainable, and environmentally friendly vehicles for future urban mobility.

We are also determined to lead electric vehicle and battery technology advancements that will define the future of sustainable transportation. We aim to deliver innovative vehicles that meet global standards, thus contributing to a competitive international market.

18m EV

The goal of this project is to evaluate the environmental and economic impacts of 18-meter electric buses, and TEMSA's 18m electric vehicle is designed with this ambition in mind for a global competitive edge.

LD SB E / First Cities' Electric Bus in Europe

With this project, we aim to achieve the goal of zero carbon emissions with locally produced buses in Europe.

We aim to create Europe's first intercity electric bus. This project seeks to make an impact by producing high-efficiency electric buses within the TEMSA ecosystem, targeting zero carbon emissions and alignment with market demands. Offering a variety of options (12m-13m, 8-10 battery modules, etc.), this project will also address local production in France, with a view toward expanding TEMSA's role in sustainable and electric transportation solutions throughout Europe.



Refrigerated Trailer Electrification (Refrigerated Truck)

Our Refrigerated Trailer Electrification project focuses on promoting sustainable logistics. The project aims to transport refrigerated goods with electric-powered trailers, producing Türkiye's first electric refrigerated truck.

The project offers electric battery solutions for cold-chain trailers. The TEMSA battery pack operates efficiently with both diesel-based and solar-powered units, which significantly contribute to sustainable, environmentally friendly transportation. The project's main goal is to cut the fossil fuel consumption in cold-chain logistics by 100%, offering an eco-friendly, distinct product that supports sustainable logistics solutions.

Second Life

In this project, we aim to design and integrate second-life battery packs with 24-48V capacity, whose usage capacity has decreased by 20-30%. With this approach, we aim to minimize production costs and environmental risks while maximizing battery life. This represents an essential step for sustainable applications.



We are moving forward with determination to transform the future of transportation through electric vehicles and battery technologies, creating a clean and sustainable world.

Electric Vehicles and Battery Technology

As TEMSA, we take on a significant role in shaping the future of transportation.

Mobile Charger

The Mobile Charger project leverages TEMSA Battery packs to create a mobile solution for vehicles. Using a custom inverter and high-voltage charging unit, this project provides an efficient mobile charging option that can be deployed on roads and in emergency situations.



Cost Reduction, Enhanced Energy Density, and Development of New TEMSA Battery Pack Systems

TEMSA's "Cost Reduction, Enhanced Energy Density, and New TEMSA Battery Pack Development" project seeks to create tailored battery systems for electric vehicles. The primary goal is to improve energy storage capacity to meet the sector's rising environmental and economic demands, thus enhancing TEMSA's EV portfolio.

Since 2012, TEMSA has been actively involved in R&D efforts related to electric vehicles. Despite the challenges faced in battery supply chains, this project focuses on battery technology improvements for enhanced performance.

The primary aim of these next-generation battery packs is to address the automotive industry's fluctuating market and to reduce production costs, thus minimizing supply dependencies. The project will strengthen TEMSA's long-term energy storage needs through innovation.

As the demand for electric vehicles grows, battery technologies are advancing with goals such as reducing costs, enhancing safety, and minimizing supplier dependency. At TEMSA, we have decided to develop a second-generation battery pack to reduce import dependency, lower costs, increase energy density, provide energy management tailored to customer needs, and minimize reliance on suppliers.

TEMSA Battery Pack

It is a water- and air-cooled battery pack capable of operating between -20C and 60C, available in capacities of 35, 48, 70, or 102 kWh, with a 70 kWh capacity using NMC cell type and operating on the CANBus 2.0b 29Bit communication protocol. For the second-generation battery, new products are being developed using LFP, LMP and Na-Ion cells.

The battery management system (BMS) software and boards used in these batteries are researched, developed, and manufactured by TEMSA Tech. This software provides comprehensive diagnostic information about the batteries, which is analyzed on big data servers to gather critical parameters for the development of the next-generation batteries. Additionally, the battery packs are also offered for sale to other OEMs (Original Equipment Manufacturers)

Agricultural Battery

The Agricultural Battery project aims to adopt future energy technologies into agricultural settings. This project provides an energy-efficient solution for electric tractors, aiming to reduce fuel costs and support sustainable farming by utilizing innovative battery packs designed to meet environmental demands.



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

The Ultra-Fast Charging Electric Bus project is a collaboration focused on utilizing Türkiye's local resources and technologies to support a greener and more sustainable future. The main objective is to produce an environmentally friendly electric bus with high efficiency and local resources. Our partner, Aselsan, provides the technology needed, allowing Türkiye to integrate lithium battery-powered electric buses.

Our goal is to expand Türkiye's role in sustainable transport through the use of lithium-ion batteries. We are working to develop electric buses that have minimal environmental impact, contributing to Türkiye's economic and social growth.

This project is intended not only for the Turkish market but also for international areas. By utilizing local technology, Türkiye's automotive sector gains competitive power in the global market, providing sustainable alternatives for transportation.

Developed using Türkiye's local resources, the ultra-fast charging electric bus makes a significant impact on sustainable transportation with its eco-friendly technologies.

Electric Vehicles and Battery Technology

MARİN

Our MARİN project enabled the electrification of diesel sea taxis using electric vehicle technology and local battery knowledge. As Türkiye's first electric sea taxi transformation, this project saved around 8000 tons of fuel annually with five sea taxis. Through this initiative, we supported the International Maritime Organization's (IMO) 2030 and 2040 targets, reducing greenhouse gas emissions in the maritime sector by 30% by 2030 and by 70-80% by 2040.



EQUAD

To reduce urban traffic congestion, EQUAD is an all-electric and pedal-assisted sustainable cargo vehicle designed for city use. This vehicle, with a capacity of 200 kg to 2000 liters, uses LFP-replaceable batteries to help reduce carbon emissions.



SMACH

Through this project, SMACH enables smart charging stations to manage load using the OCPP1.6 protocol. With real-time data from Internet-connected devices, this project aims to enhance user experience in electric vehicle charging.

GUN-EJ

In our GUN-EJ project, we aim to meet the energy needs of charging and discharging devices for electric vehicle batteries more sustainably. After evaluating various methods, we opted for a 15 kW power solar system with 28 panels for maximum efficiency. Our battery laboratory supports cooling devices to handle energy requirements during peak loads, minimizing dependence on grid power. This project adds a significant knowledge base to our energy efficiency efforts.

We designed this project to meet energy needs sustainably and cost-effectively, thus creating an innovative energy management model.

Off Grid/On Grid Mobile Fast Charge Stations

Our collaboration with Yakton Güneş and EnerjiSA created a mobile solar-powered charging station, providing emissions-free charging solutions. With a 132 kWh solar energy system, it offers 140 kWh of energy storage and supports 100 kW DC fast charging for up to four vehicles per month, meeting sustainable charging needs.

e-bus on e-road

This project, developed in partnership between TEMSA and EnerjiSA Üretim, involves the integration of a renewable energy-powered wireless charging road and a bus to be tested on this road. The aim is to wirelessly charge shuttle vehicles to operate in an endless cycle. This energy transfer method, implemented for the first time in the world using renewable energy, aims to achieve longer range and increased efficiency in future urban and intercity transportation and logistics.



DATA PRIVACY AND CYBERSECURITY

TEMSA signs confidentiality agreements with suppliers and business partners, ensuring legal obligations regarding data protection. We prioritize data security in sharing and using our data via TEMSA Transfer, allowing users to share their data securely.

The ISO27001 Information Security Management System is regularly audited and inspected to meet our cybersecurity needs. The system includes findings on cybersecurity, and regular activities are conducted based on these findings.

► TEMSA BlackGate

In compliance with American and European market regulations, TEMSA developed the TEMSA BlackGate product to meet the R155 cybersecurity regulations. The BlackGate system achieved certification after testing with vehicle algorithms that change daily, and a pilot test with Marton and Avenue Electron vehicles verified the system's functionality. After additional tests, TEMSA received the R155 type approval for ECE.

By enhancing our design and testing capabilities, TEMSA became one of the first companies in the automotive sector to gain regulatory approval in Europe and Türkiye for this solution. We achieved CMS certification through the efforts of our team, positioning TEMSA as a leading company in automotive cybersecurity.

VALUE-ORIENTED INFORMATION TECHNOLOGIES AND OUR DIGITAL TRANSFORMATION

In our Information Technologies (IT) Directorate, within the Value Management Office, we manage the Department of Workplace Excellence, Artificial Intelligence Solutions, IT Solutions, Application Development, Infrastructure and Operations, and Information Security Offices in an integrated and collaborative manner. In 2023, our organization transitioned to a visionary approach within the Value Management Office, intending to increase operational impact and strategic alignment. This transformation involves flexible task assignments and collective assessment, strengthening organizational culture.

Our goal with this change is to foster a culture of collaboration and spread this approach to support continuous improvement. In line with this shift, the VCC (Value/Cost & Complexity) assessment process was introduced to enhance alignment with strategic objectives and ensure operational value creation through the T-Fact system.

We continue to monitor developments in artificial intelligence, which we manage within the All Ways AI program. By aligning with international standards, we adopt a digital-first perspective in both strategic and operational applications, aiming to increase accessibility and operational integration.

We are developing innovative solutions with our information technology infrastructure and digitalization strategy, which are shaped around value creation.

This transformation enables TEMSA to reach international quality benchmarks, elevating the overall performance of our IT teams and enhancing coordination with stakeholders.

Through these efforts, we are committed to positioning TEMSA as a digitally forward, high-value organization. This approach enhances both our operational efficiency and our reputation in the industry.

We carry out all these effective and visionary works based on our digitalization strategy and implement many projects and programs related to this strategy.



VALUE-ORIENTED INFORMATION TECHNOLOGIES AND OUR DIGITAL TRANSFORMATION

Digital Tower

We manage our digitalization strategy with a visionary approach through the DMI (Digital Excellence Initiative) framework, shaping our company's digital transformation with a strategic approach at the executive level. Structuring this transformation under the "Digital Tower" umbrella, we focus on five core areas: strategy, demand management, governance, value creation, and enablers.

Demand management is streamlined using the T-FACT system, ensuring more effective and efficient processes. In governance, we employ Agile methodology, enabling us to manage project phases more dynamically and productively.

Placing the principle of value creation at the core of our efforts, we prioritize and focus on the right projects based on criteria such as the value, complexity, and cost of each initiative. Scoring and defining success metrics have become integral to our corporate culture. Throughout these processes, we meticulously monitor digital KPIs and evaluate progress holistically via a comprehensive dashboard.

Thanks to the DMI approach, we align the results achieved with our strategic objectives and integrate them with value analysis to deliver long-term sustainable benefits.

In the upcoming reporting period, we aim to measure the outcomes and effectiveness of our projects in the five focus areas identified from an IT perspective. Through teams formed voluntarily within these areas, we further deepen the impact of our projects. These teams actively contribute to various activities, from planning training sessions to hosting initiatives like "Coffee Break Chats," promoting a culture of peer learning and personalized development journeys.

By embedding these initiatives within an integrated structure, we establish a strong foundation for building a systematic methodology driven by collective intelligence.

This innovative and inclusive approach accelerates our digital transformation journey while enabling us to create a widespread digitalization impact across the organization.

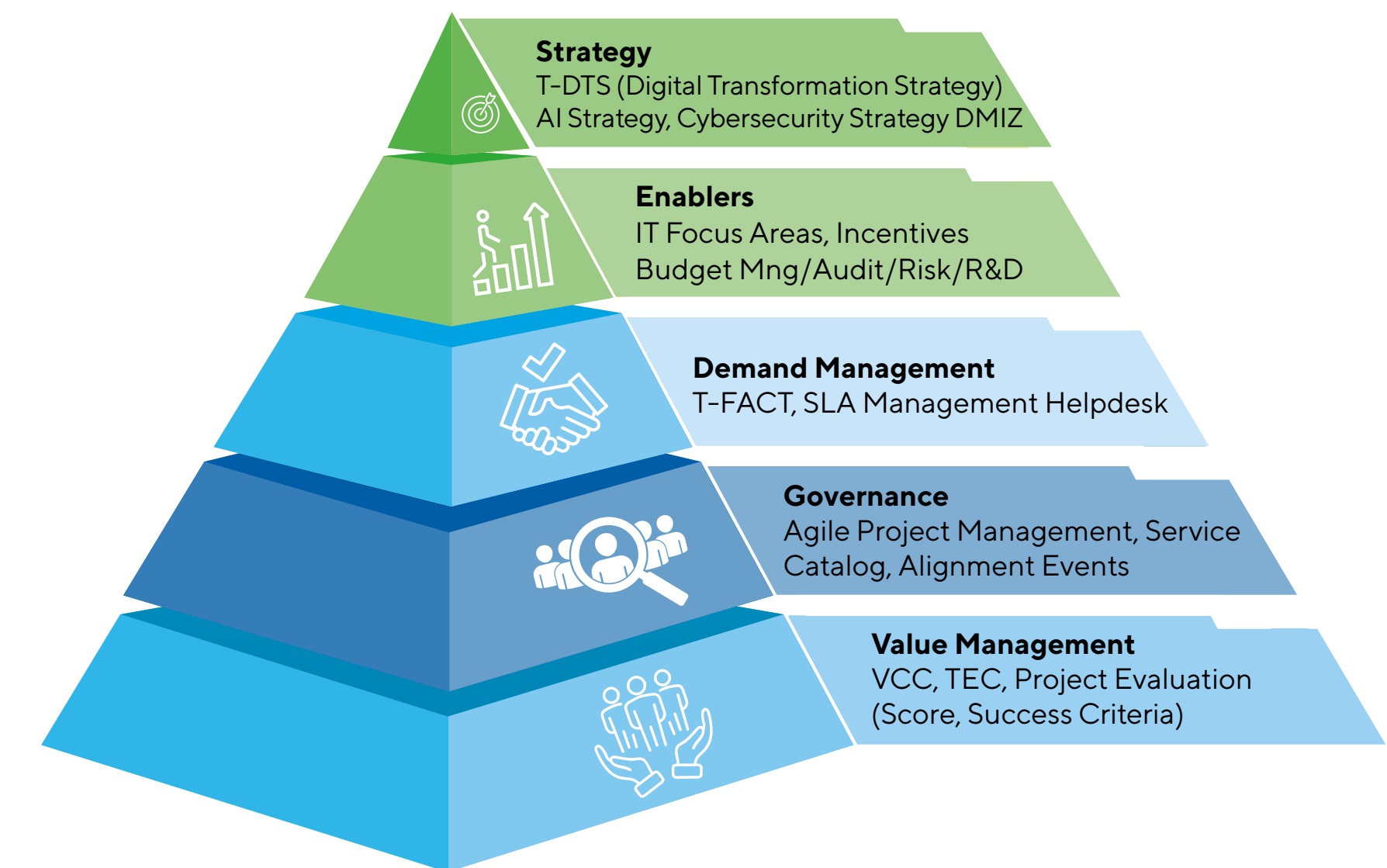
Digital Maturity Index

The Digital Maturity Index (DMI) is a comprehensive strategic framework forming the foundation of our digitalization processes and aiming for organizational excellence. This initiative not only focuses on the digitalization of operational processes but also seeks to expand innovation, collaboration, and value creation capacity across the company.

Aligned with our strategic goals, DMI emphasizes strengthening digital infrastructure while transforming our organizational culture. Key areas of focus include data-driven decision-making, integration of digital management processes, and enhancing employees' digital competencies. This initiative elevates TEMSEA's digital maturity to align with international standards, driving operational efficiency while prioritizing customer satisfaction, speed, and agility, thus providing a competitive edge.

Through the project roadmap we have developed based on these evaluations, we monitor our processes under the themes of "productivity," "digital resilience," "customer experience," "artificial intelligence," and "learning from one another."

This approach enables us to disseminate our comprehensive strategy company-wide, embedding digitalization and innovation at the heart of our operational processes.



VALUE-ORIENTED INFORMATION TECHNOLOGIES AND OUR DIGITAL TRANSFORMATION

SLA Management

By using the ITIL (Information Technology Infrastructure Library) methodology in request management, we have taken the effectiveness and efficiency of our processes to the next level. Thanks to this methodology, while the management of requests has become more transparent, we have managed to provide a user-friendly experience. While users can express their needs in a clear and easy-to-understand way, IT teams can meet the requests more quickly and accurately.

TEMESA Akademi (LMS)

With the platform that will provide training experience to the entire value chain, we aim to plan new generation training and development activities, and increase employee and company performance with a continuous development cycle.



T-FACT

With T-FACT, we aimed to ensure compliance with KPIs with a portal where the user can follow the end-to-end process, to allow projects to be managed with the desired methodology, primarily agility, and to make IT help desk management more up-to-date, dynamic and faster.

With this system, we successfully launched the new User Help Desk application and enabled our employees to manage all the processes they requested from IT in a transparent and traceable manner. This innovation not only ensures that requests are tracked, but also improves the quality and speed of IT services, improving the user experience. In addition, we created advanced dashboards within this system where we can manage programs and projects with agility and follow them instantly. In this way, we have the ability to measure all requests from the company based on data and include them in an effective governance process. This integrated structure aims to make our digital business processes more efficient while also maximizing the participation and satisfaction of our employees.



Agile Project Management

We manage our IT projects using agile methodologies such as Scrum and Kanban, selecting the most suitable one for the project requirements, via T-FACT (Jira). This flexible and dynamic approach allows us to respond quickly to the needs of the projects, adapt to changing priorities, and ensure that teams work efficiently. The T-FACT platform aims for excellence in project management by enabling transparent monitoring of all processes and the highest level of collaboration within the team. In this way, we make our business processes more agile, efficient, and effective, and ensure the success of each project.



Trails of Tech

We focus on strengthening corporate culture and accelerating digital transformation by organizing various events that attract everyone's attention and encourage knowledge sharing within the company.

In addition, as the IT department, we organized the "Did You Know These?" With our work, we aim to spread the knowledge within the company to a wider audience and accelerate the flow of information. Thanks to this initiative, supported by short, concise and strategic information, employees are able to make more conscious decisions in their business processes and increase their digital competencies. In this way, we increase the knowledge accumulation at both individual and corporate levels and further advance our organizational knowledge sharing culture.

In this direction, we organized three separate events on the effective use of the Productive Artificial Intelligence, Microsoft Teams and AWA AI Training applications. These events provided participants with the opportunity to master new technologies and raise awareness on making business processes more efficient.

VALUE-ORIENTED INFORMATION TECHNOLOGIES AND OUR DIGITAL TRANSFORMATION

Technical Assessment Committee

By placing the principle of value creation at our center, we have made focusing on the right projects, scoring projects and success criteria a part of our corporate culture by prioritizing them according to the value, complexity and price criteria created by the project. At the center of all these processes, we meticulously monitor digital KPIs and evaluate developments holistically through a dashboard. Thanks to the DMI approach, we align the results obtained with our strategic goals and integrate them with value analysis to provide long-term sustainable benefits.

In the next reporting period, we aim to measure the value results and effectiveness of our projects in these areas within the scope of the five focus areas we determined from an IT perspective.

We are deepening the impact of our projects even more through the teams we have formed on a voluntary basis in these focus areas.

These teams will continue to play an active role in many important activities, from planning trainings to spreading the culture of learning from each other and personalized development journeys with events such as "Let's Take a Coffee Break". In all these studies, we prepare a strong ground for creating a system methodology with a common sense approach by bringing the events to life in an integrated structure.

This innovative and participatory approach accelerates our digital transformation journey and also allows us to create an active digitalization effect throughout the organization.



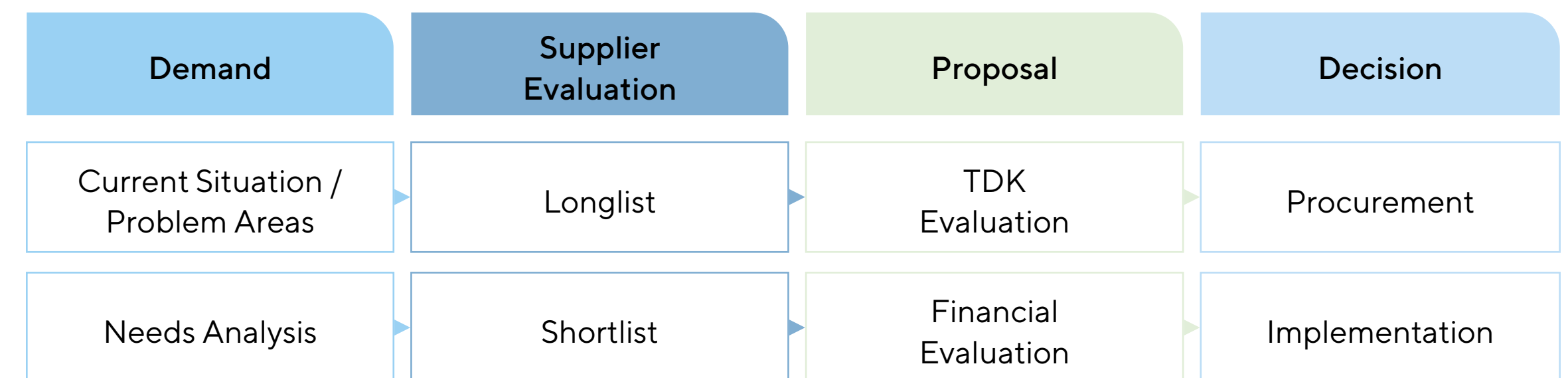
Value Analysis (VCC)

Every request for IT goes through a detailed analysis process that includes complexity and financial evaluations. This analysis includes the evaluation of projects based on five different variables in the value dimension and four different variables in the financial dimension. During the evaluation process; strategic factors such as the project's contribution to revenue growth, cost reduction potential, contributions to customer and employee experience, effects on audit or regulation, sustainability goals and capacity to create new opportunities are taken into consideration. Thus, not only short-term returns but also the value it will add to the organization in the long term are analyzed comprehensively.

In addition to these evaluations, we also conduct a meticulous analysis process in financial terms. On a project basis, we evaluate the amount of man/day work that will be required within IT, external resource requirements and the number of systems that need to be integrated depending on the level of complexity.

This approach ensures that projects are comprehensively addressed on an operational and cost basis. As a result, we prioritize the most accurate and valuable projects in light of these analyzes. With this approach, we measure the added value provided to the company and stakeholders by the opportunities and areas of need we will obtain.

With this methodology, we determine which studies we will strategically prioritize in our IT operations and thus ensure that projects are implemented quickly. This process, managed with transparency and basic prioritization principles throughout the value chain, advances not only IT performance but also the entire organization's way of doing business. With this integrated and systematic approach, we maximize the compliance of each demand with strategic goals and the capacity to create value. As a result, we significantly increase both internal company efficiency and stakeholder satisfaction.



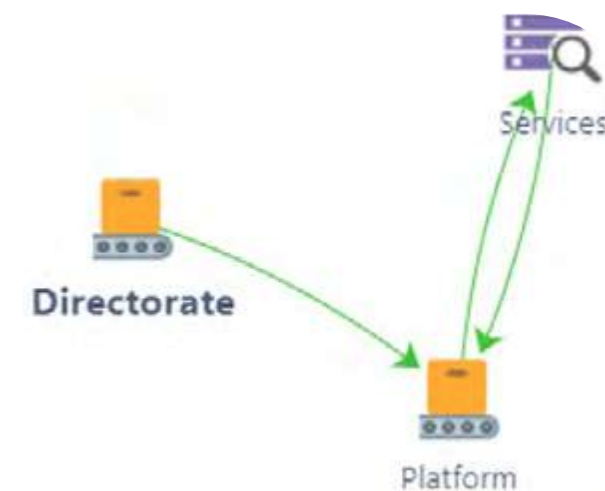
VALUE-ORIENTED INFORMATION TECHNOLOGIES AND OUR DIGITAL TRANSFORMATION

RPA

By comprehensively addressing our RPA (Robotic Process Automation) work within IT, we continue to gain efficiency and speed in operational processes. Thanks to our RPA applications, we automate manual and repetitive business processes, minimize errors and enable our employees to focus on more strategic tasks. With this technology, we increase the efficiency of processes while significantly reducing workload, saving time and cost. In addition, by maximizing transparency and traceability in our business processes, we achieve results that are fully compatible with our productivity increase and digital transformation goals.

Service Catalog

We have created a Business Relationship Management (BRM) structure that encompasses our project management and IT Value Management model. This structure manages all of our IT services by competent members of our BRM team in line with the relevant demands. This approach increases the strategic value of IT throughout the organization, while allowing us to provide proactive and effective solutions to the needs of business units. In this way, we increase the quality of our IT services and ensure that each project and demand is handled in a way that creates maximum value.



Disaster Recovery Center (DRC), System Business Continuity

In order to ensure business continuity after extraordinary situations, we aim to continue our critical activities through backup infrastructures located in different locations and increase regulatory compliance. In this context, we have determined Bulutistan Ankara Data Center as the secondary data center. As a result of the workshops we held with the TLT group, we have determined our critical applications and plan to put the secondary data center into operation in the next reporting period.

In addition, our goals include ensuring uninterrupted communication by activating backup internet lines in our Adana factory and Istanbul office and strengthening our digital resilience and digital immunity by implementing the offline backup application.



BusJourney Dashboard

As TEMSA, we have completely renewed the Toms Dashboard, where we track processes such as orders, production and stock, and changed its name to BusJourney. In this way, we aimed to make all processes of our vehicles from order to delivery more visible. We update the system by pulling data from the relevant source systems 6 times a day and follow the most detailed data of all processes instantly.

With BusJourney, we can report all stages of our vehicles from order to production, from stock to shipment, from delivery to service. In this way, we have accessed Order, Production Planning, Sales and IFRS Sales information and made improvements, error corrections and documentation arrangements in the processes.

The outputs of this study for TEMSA include optimizing processes, organizing and interpreting data, creating data sources for other reports and applications, and accessing fast and accurate data in the most critical reports. All these studies are an important step taken by TEMSA on the path to digitalization and have also increased efficiency.

With BusJourney, we have made a significant step in operational efficiency by tracking the entire process from order to service on a single platform.

VALUE-ORIENTED INFORMATION TECHNOLOGIES AND OUR DIGITAL TRANSFORMATION

TEMESA Connect Digital Assistant

We aim to provide a single experience from multiple channels with the Digital Assistant system for SSH customer and service processes.

SAP Studies

3D Experience (PLM)

In this project, we are focusing on ensuring continuity within the scope of digital transformation between engineering, production and SAP.

Inflation Accounting

Since there is a legal obligation in our VUK Book, we ensure that inflation accounting calculations can be made via SAP and the effect of inflation is reflected in the financial statements and reports. In this way, we aim to report financial results in a more accurate and realistic manner and to fully comply with legal and tax regulations.



Maestro (TEMESA Azure Cloud Veri Ambarı)

With this project, TEMESA has implemented cutting-edge technologies that support our corporate goals by setting up an MS Azure-based data warehouse. Additionally, as part of the Maestro project, we became the first company to integrate all system data, including SAP, into the Microsoft Fabric environment. During this process, we purified our data from dormant and dirty data, creating a classified and structured data structure.

As a result, we have maximized our capacity to adapt to new technologies and trends such as Generative AI, Data Analytics, and Data Mining while establishing an infrastructure that meets global standards. At the same time, this comprehensive effort to improve data quality enabled us to create a data warehouse that strengthens operational efficiency and decision-making processes.

Information Security Management System

We manage our information security processes with information security and cyber security procedures that we have developed in accordance with ISO 27001 Information Security Management System standards. At the same time, we continue to fulfill the requirements of ISO 22301 Business Continuity Management System. In this context, we undertake to establish, maintain and improve 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. The information security system (ISMS) certified according to ISO 27001 covers all our activities (100%).

Our Digital Transformation Goals That Will Make a Difference

We aim to further strengthen our IT project management approach with the work we will carry out in the short term. In this context, we aim to increase our sales potential with digital systems by facilitating the customer experience in 2024. We will make our vehicles smarter and our processes more efficient by focusing on customer and product life cycles. We will digitize the supply chain and make our operations efficient with user-friendly supplier management and effective inventory management. We will provide artificial intelligence-supported training and corporate processes for our employees. We will develop our data with a focus on creating value and make IT services safe and sustainable with our digital durability and immunity initiatives.

In line with our digital transformation goals, we are making our business processes stronger and more sustainable through smart systems and AI-powered processes that enhance customer experience and increase operational efficiency.

ECONOMIC IMPACTS AND LOW CARBON GROWTH

At TEMSA, we dedicate a significant focus of our investments to advanced electric vehicle technologies, emphasizing the development of zero-emission vehicles.



ECONOMIC PERFORMANCE AND SUSTAINABLE PRODUCTS

In 2023, we achieved a historic milestone in TEMSA's journey with \$182 million in export revenue.

At TEMSA, we focus on producing zero-emission vehicles that will shape the sustainable future of the automotive industry. Our investments are centered on electric vehicles, which we export across borders to numerous countries. We believe that strengthening our global footprint is crucial to our growth story.

TEMSA closed 2023 as a successful financial year, setting new records in exports and increasing export revenues by 92% compared to the previous year, reaching \$182 million. Additionally, during this period, we ranked among Turkey's fastest-growing industrial companies. Achieving the highest export revenues in our history, we continued to strengthen our presence in key markets such as North America, France, Germany, the United Kingdom, and Italy.

North America led our priority markets with a 36% growth performance, while we achieved 31% growth in the EMEA region and an impressive 78% growth in Western Europe.

Over the past three years, we have consistently achieved triple-digit growth, increasing our consolidated revenues by 1,090% in TL terms, reaching 9.2 billion TL.

Despite challenging economic conditions, our revenue growth in dollar terms reached an impressive 252%. Today, approximately 61% of our revenue comes from international operations, while 39% is generated from the Turkish market. This balanced revenue distribution not only provides robust protection against global risks but also contributes significantly to the Turkish economy.

Aligned with our sustainability strategy, our definition of sustainable products falls under the category of impact-reducing products. In this context, we offer 10 different products and services designed to directly reduce environmental resource consumption and carbon emissions. In 2023, the share of revenue from sustainable products and services in our total revenue was 2.19%. Additionally, sustainability-focused R&D and innovation investments accounted for 35% of our overall investments.

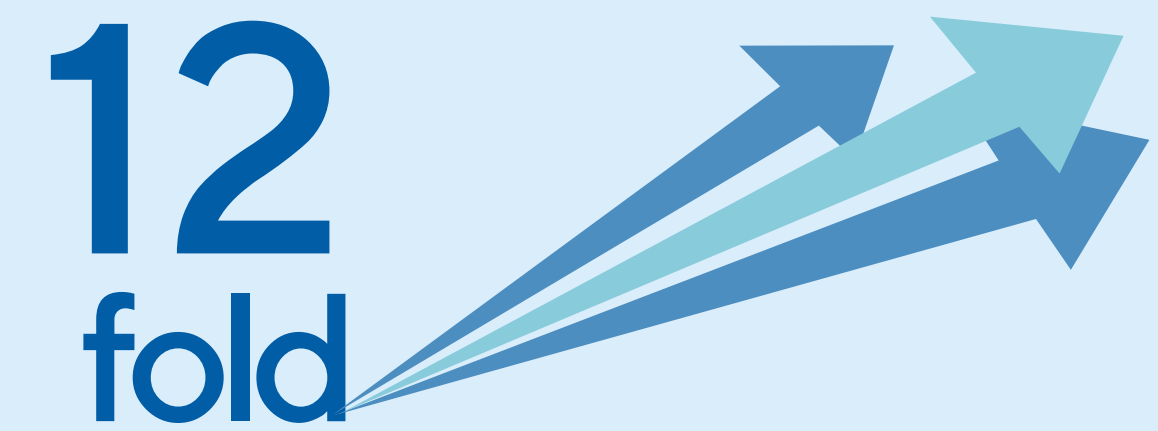
At TEMSA, a substantial part of our investments is dedicated to electric vehicles, with a strong focus on producing zero-emission vehicles. For over a decade, we have been actively working on the development of electric vehicles, alongside various initiatives such as new battery technologies, fuel efficiency, power distribution and vehicle charging units, alternative fuel usage like hydrogen, renewable energy sources, and electric vehicle charging stations.

Through our electric vehicles and battery technologies, we are reducing the carbon footprint of our products during production, logistics, and usage stages, thereby supporting our science-based targets.

We are also working to minimize greenhouse gas emissions in this category through end-of-life applications. Supporting both our strategy and our environmental impact positively, we offer various types of electric vehicles designed for urban and intercity segments.

While achieving a growth performance of 36% in North America, we recorded a growth rate of 31% in the EMEA region and 78% in Western Europe

We have increased our turnover 12-fold in the last 3 years.³



³ Inflation accounting approach has been applied to the financial account.

ECONOMIC PERFORMANCE AND SUSTAINABLE PRODUCTS

TEMESA's Electric and Alternative-Fuel Vehicles

Designed specifically for the North American market, the TS45E has a range of 400 km and is suitable for intercity use. Manufactured entirely with domestic resources in Adana, including its design, engineering, and battery packaging, our vehicle can travel approximately 400 kilometers on a single 4-hour charge.



TS45E

Available in two different lengths, 12 or 13 meters, and with a seating capacity of 63, the LDSB E meets expected performance standards on all road conditions with its electric motor power ranging from 280 to 350 kWh. It has a range of 350 km, making it suitable for short intercity distances and/or as a school bus.



LDSB E

Hydrogen energy and fuel cells hold a significant position among clean and sustainable energy sources. With our ongoing R&D activities in collaboration with Caetano Bus to develop eco-friendly solutions, we are one step closer to our zero-emission goal with our Caetano Fuel Cell alternative-fuel vehicle.



HD FUEL CELL

Our Avenue EV, with the highest localization rate in the Turkish automotive sector, is offered to customers across a wide geography, primarily in the European market. Thanks to its short charging feature, it can be fully charged in just 15 minutes and travel approximately 80 km.



AVENUE EV

AVENUE ELECTRON



This urban electric bus features a single-pedal driving system, a customizable digital dashboard, an energy-saving climate system, and shift selector programs that enhance its range capacity. Our Avenue Electron bus is the first in Türkiye to receive the EPD (Environmental Product Declaration) certification.

AVENUE CNG



This urban bus model is designed with a focus on sustainability and eco-friendly technology, providing both comfort and economy. As a pioneer in low carbon emissions, it offers high performance with its Euro 6 CNG engine while reducing the carbon footprint and harmful substances. Additionally, it features three step-free wide doors, eliminating issues faced by pregnant women, parents with children, the elderly, and disabled passengers in public transportation. The Avenue CNG provides a comfortable journey with high-ceiling ergonomic seats and a powerful heating and cooling system.

MD9 ELECTRICITY



With a range of approximately 390 km, this zero-emission electric vehicle is designed for both urban and short intercity use, available in "Class I" and "Class II" options. It offers a quiet, environmentally friendly, and sustainable transportation experience with various equipment features and seating options.

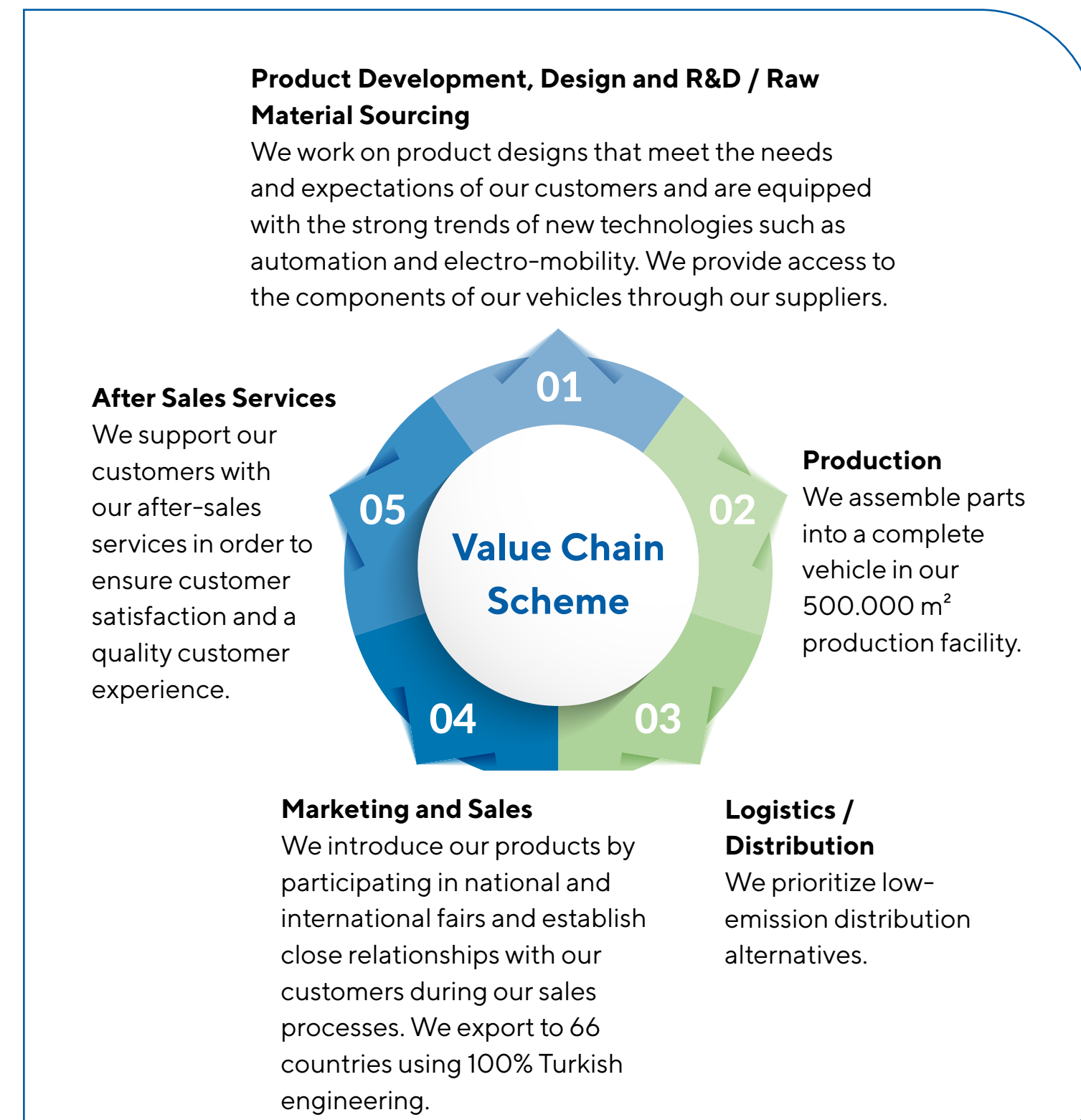
FUSO eCANTER



The Fuso eCanter, with its eAxle system integrated into the motor, provides a compact structure and high performance. It offers two different battery capacities, three maximum loaded weight options, and five different axle spacing options. The water-cooled, long-lasting LFP batteries positioned under the chassis make it easier to install different superstructures. Its timed heating package optimizes battery temperature in cold weather, enhancing battery performance. With a heated and air-suspension driver's seat, leather, and heated steering wheel, it provides a unique driving experience. The robust and durable eCanter enhances safety for pedestrians and drivers with features such as the Emergency Braking System (ABA5), Pedestrian Warning System (AVAS), driver airbag, rear-view camera, and other advanced safety features.

VALUE CHAIN MANAGEMENT

We place great importance on the responsible and sustainable management of our value chain, which spans from the raw material production of our suppliers to the delivery of our products to customers and post-sale services. We grow together with our stakeholders at every step of the value chain. Together with all the stakeholders in our value chain, we create value and drive impactful initiatives.



RESPONSIBLE PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Our suppliers and responsible procurement practices play a critical role in implementing our sustainability strategy across our value chain. In this regard, we are committed to collaborating with suppliers who operate in compliance with the United Nations Global Compact (UNGC) requirements and international human rights standards. By aligning with our shared ethical principles, we prefer to work with suppliers who adopt high ethical standards in their business processes, respect human rights, and prioritize the health and well-being of their employees by ensuring a safe working environment.

This approach promotes the development of our suppliers in the field of sustainability, supporting a value chain that aligns with Environmental, Social, and Governance (ESG) standards. The commitment of our suppliers to respect human rights, prioritize occupational health and safety, fulfill environmental responsibilities, and act in accordance with equality principles strengthens our sustainability strategy. We follow processes to audit, evaluate, and monitor all these criteria, whether for new or existing suppliers.

We advance our efforts and value chain sustainability in line with the [Sabancı Group Responsible Investment Policy](#) and [TEMSEA Responsible Procurement Policy](#). The TEMSEA Responsible Procurement Policy outlines the principles we base our supplier relationships on, as well as our goals for supplier selection and the framework for social and environmental audits.

Through the Responsible Investment Policy, we aim to establish guidelines from environmental, social, ethical, governance, and human rights perspectives, contribute positively to Sustainable Development Goals, enhance ESG performance across the value chain, and continue operations with environmental and social contributions in mind.

The Responsible Procurement Policy, on the other hand, is shaped in alignment with TEMSEA's ethical principles, quality policy, and sustainable growth strategy. As TEMSEA, we expect our suppliers to adopt and implement these principles as well.

By working together with all our stakeholders in the value chain, we create sustainable and lasting value. Through high-impact projects, we increase our environmental and social contributions while fostering a strong culture of collaboration and responsibility.

RESPONSIBLE PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

With the TEMSA Compliance Commitment, we require all dealers, suppliers, and customers with whom we conduct business to sign our commitment, which includes compliance with areas such as:



Human rights and children's rights



Environmental protection regulations



Arms embargoes



Export control regulations for dual-use and sensitive materials



Regulations on preventing financial crimes



Labor measures and prevention of forced labor



Prevention of money laundering and terrorist financing



Data security measures

In 2023, we conducted audits on a total of 66 suppliers according to environmental, social, and governance criteria.⁴

In accordance with our policies and all national and international procedures we follow, we conduct periodic self-assessment surveys and audits for our suppliers. We evaluate and classify our suppliers based on their sustainability performance and criteria. We request ESG performance information from suppliers we consider critical and re-evaluate them.

We monitor our audited suppliers according to action plans.

To increase our suppliers' awareness of sustainability issues, we provide regular supplier training. During the reporting period, we provided a total of 140 hours of training to our suppliers.

We are carrying out projects for the end-to-end digitalization of our supply and spare parts processes.

With the Quality Performance Reports, we continue to create a traceable supply chain, we determine the areas of our suppliers that are open to development and prevent problems and material losses such as scrap costs and extra time spent on corrections by improving production and supply processes.

⁴ Our audit scope also includes CSR issues.

German Supply Chain Act

Compliance with Universal Human Rights rules under the German Supply Chain Act, including the prohibition of child labor and environmental protection regulations, is included in TEMSA's [Compliance Policy](#) and [Ethical Procedures](#).

In this context, we take all necessary steps to ensure that our suppliers' operations comply with legal regulations.

Sanctioned Lists

To assess third-party risks, we use the Sanction Trace and KX tool applications, which integrate sanction lists published by relevant authorities in the U.S., UN, EU, and the UK. Accordingly, we identify individuals and entities subject to sanctions due to Human Rights Violations, Child Rights Violations, and Environmental Regulations Violations, as well as companies located in prohibited countries and regions, and we refrain from working with these entities.

We monitor the sustainability performance of our suppliers, evaluate them based on ESG criteria, and raise their awareness through regular training.

RESPONSIBLE PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Tracking the Performance of Sustainable Supply Chain and Sustainable Purchasing

Sustainable Purchasing Performance	2023 Results
Percentage of suppliers signing the code of ethics	93%
Number / percentage of suppliers signing TEMSA Legal Compliance Commitment	449 / 93%
Percentage of supplier contracts with clauses regarding environment, labor rights, and human rights	100%
Number of suppliers that passed the sustainability assessment within suppliers	In 2023, we conducted audits on a total of 66 ⁵ suppliers in line with environmental, social, and governance criteria.
Percentage of suppliers targeted to pass CSR evaluation	100% ⁶
Percentage of suppliers targeted to pass on-site CSR evaluation	100% ⁷
Percentage of suppliers passing on-site CSR evaluation	100% ⁸
Percentage of suppliers with an action plan/ capacity development activities identified and monitored	100% ⁹
Percentage of purchasing teams (and other employees with purchasing authority) participating in sustainable purchasing training	100% ¹⁰

⁵ Audits performed at 51 locations, including 15 on-site audits.

⁶ Targeted suppliers for critical CSR evaluation.

⁷ Targeted suppliers for critical on-site evaluation.

⁸ Critical suppliers passing the on-site evaluation.

⁹ Critical suppliers with action plans.

¹⁰ All employees with purchasing authority.

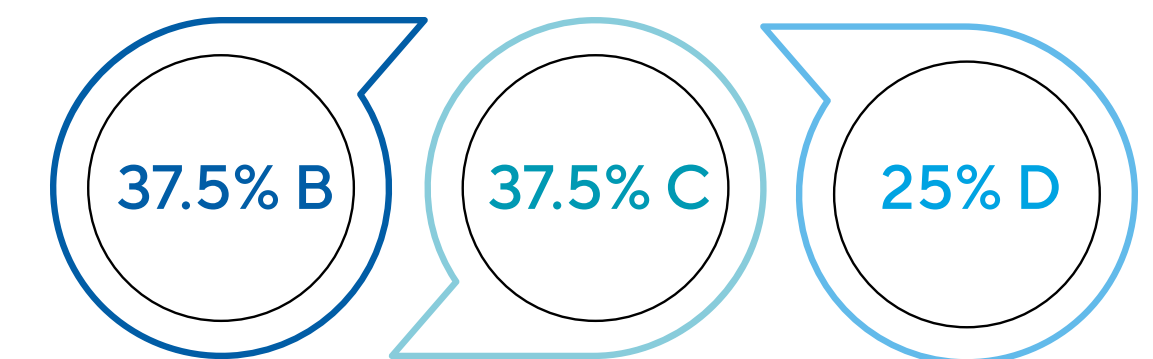
IMPACT

As TEMSA, we have implemented the Sustainable Supplier Development Program (IMPACT – Initiative for a Meaningful Partnership Achieving Carbon Targets) that will advance our sustainability strategy and minimize our environmental impacts. With IMPACT, we fulfill our social responsibility and strengthen our sustainable supply chain approach.

Our project consists of 6 stages. We have completed the first stage of our project by determining sustainable supply chain targets for our critical suppliers. We have identified 100 suppliers that constitute 87% of our turnover and have included them in the sustainability assessment process according to international standards in order to understand their sustainability performance. During the assessment process, we aimed to conduct analysis by taking GRI standards as reference. During the assessment process; we reached the ESG data of 46 suppliers and scored them between A-F. In addition, we delivered the certificates containing the assessment results to our suppliers.

Among our 46 suppliers whose assessments have been completed, we have determined 8 suppliers that we can influence in accordance with [Sabancı Holding Responsible Investment Policy](#) and each of which has 0.7% and above in terms of turnover as critical suppliers. In addition, we provided development opportunities to our other suppliers who participated in the assessment by sharing their action plans.

Score distributions of our critical suppliers:



As part of the IMPACT program, we set clear targets for all critical suppliers to achieve an A level by 2030, in accordance with action plans covering corporate activities, water, energy and waste, sustainability governance, and stakeholder relations.

RESPONSIBLE PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

IMPACT

(Initiative for a Meaningful Partnership
Achieving Carbon Targets)

Supplier Evaluation and Selection

- Evaluating and classifying suppliers based on their sustainability performance and criteria.
- Identifying suppliers that comply with sustainability goals and ethical standards.
- Requesting and evaluating sustainability-related information from potential suppliers.

Performance Monitoring and Reporting:

- Regularly monitoring the sustainability performance of suppliers.
- Defining performance metrics and reporting on supplier progress.
- Transparently sharing progress and highlighting successes.
- Conducting audits to ensure compliance with ethical standards and human rights.

Communication and Collaboration:

- Encouraging continuous communication and collaboration with suppliers.
- Meetings and workshops on sustainability.
- Joint projects and events.

Training and Guidance Programs:

- Organizing sustainability training sessions for suppliers and the procurement team.
- Creating and sharing guidance documents aligned with sustainability strategy and goals.
- Sharing best practices and innovative solutions with suppliers.

Incentive and Reward Systems:

- Reward systems for suppliers achieving sustainability goals.
- Mechanisms that encourage performance improvement and innovation.
- Sharing success stories of leading suppliers as examples.

► Supplier Performance Management System – Supplier Scorecard

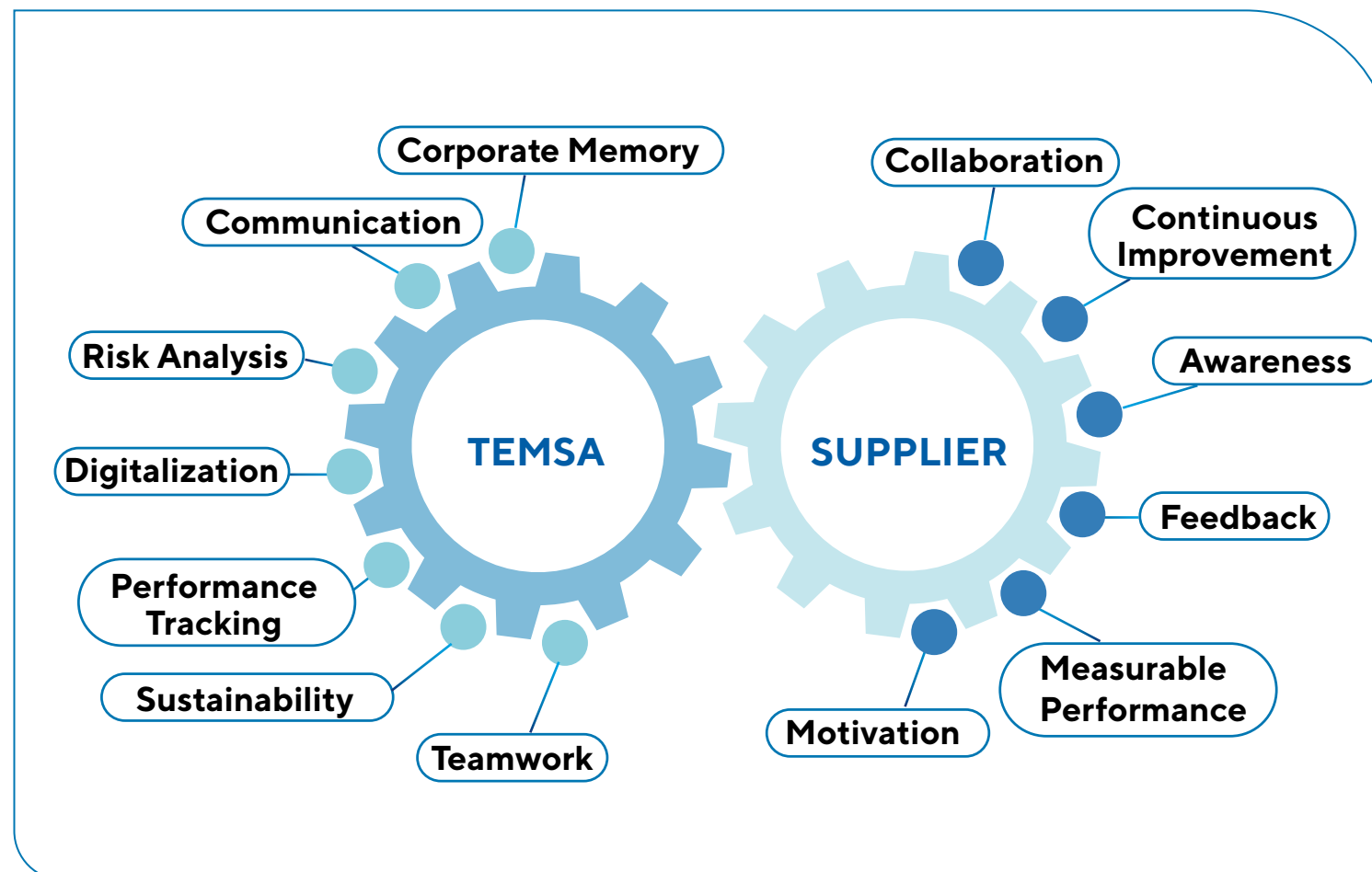
With our project, we aimed to ensure the objective and standardized measurement, monitoring, and continuous improvement of supplier performance. To this end, we developed a database for the supplier performance management system and digitalized this process. Additionally, we created a user-friendly, dynamic, and visually enriched system to track supplier performance. This project has been a strategic step toward making our collaboration with suppliers more efficient and transparent.

We implemented the project in four stages:

- Defining the criteria and weight ratios for the Supplier Scoring System,
- Calculating performance scores,
- Implementing the Supplier Scoring System,
- Creating Supplier Performance Reports (Supplier Scorecards).



RESPONSIBLE PROCUREMENT AND SUPPLY CHAIN MANAGEMENT



In 2023, we conducted a comprehensive evaluation of a total of 455 suppliers across 4 units and 14 different criteria. As a result of these evaluations, we determined that the overall performance level of our suppliers is at the “B” level. This project has been a significant step in identifying our suppliers’ strengths and areas for improvement, aiming to create mutual benefits and a more sustainable supply chain.

► TEMSA “Supplier Meetings” were held in Adana and Istanbul.

The meetings, where TEMSIDEA Supplier Performance Management was introduced for the first time, will make significant contributions to more efficient management of business processes and focusing on transformation. TEMSA’s priority is to strengthen collaboration and ensure sustainability.

► TSEP – TEMSA Supplier Evaluation Program

The TSEP (TEMSA Supplier Evaluation Program) has been implemented as a comprehensive development initiative targeting critical suppliers. The program focuses on key areas including 5S, Occupational Health and Safety (OHS), focused improvement, quality management, autonomous maintenance, human resources, logistics, problem-solving, quality, and continuous improvement.

Within this scope, suppliers will undergo training sessions and audits. The effectiveness of the process will be meticulously monitored following the assignment of identified actions.

This program aims to support the development of our suppliers in collaboration with TEMSA, adopting a consultancy-like approach. Guided by the vision of “Strong suppliers, strong TEMSA” we are strengthening every link in our supply chain and solidifying our long-term partnerships.

LOCALIZATION

The global recession and geopolitical crises experienced in 2023 brought the energy crisis with them and greatly affected the supply chain. As a reflection of this situation in our country, we faced supply disruptions. As TEMSA, we adopt a proactive approach against these challenges; we focus on making our stock management sustainable with more comprehensive forecasting studies and early order strategies. This approach allows us to minimize the negative effects of disrupted supply processes.

The fact that these effects are experienced globally triggers a return to the domestic market in supply. We foresee that every factor affecting the economy can cause fluctuations in our supply chain and we take measures to manage risks accordingly. We attach importance to localization activities at TEMSA in order to prevent supply disruptions and reduce the impact of this important risk element.

We are restructuring the domestic and international balance in TEMSA’s supply chain. You can access detailed performance indicators regarding our localization activities in the “[Appendices](#)” section. As part of our business continuity efforts, we are strengthening our processes in line with scenario-based analyses and standards, and creating a flexible and prepared structure against potential supply chain disruptions. In this way, we provide a supply chain management that is resilient and can take rapid action against crisis situations. In addition, with the priority we give to the use of domestic resources, we not only increase our supply security, but also directly contribute to the Turkish economy. As TEMSA, we are actively working to increase the potential of domestic suppliers, strengthen collaborations and contribute to the development of the local industry. In this context, we contribute to our economic and environmental sustainability goals by prioritizing the use of domestic resources in the projects and collaborations we carry out.

► Tech Day

This event planned for local suppliers aims to be implemented in the next reporting period and to support suppliers in improving their own processes and to increase awareness levels with existing good practices. Within the scope of the event, the studies to be carried out and the activities to be developed with the participation of start-ups will create an important interaction area in terms of providing innovative solutions. In addition, special solution areas will be created in order to listen to the problems faced by suppliers and develop solution-oriented approaches. In this way, we aim to increase the competitiveness and efficiency of our suppliers by focusing on process improvements. With such collaborations, we not only optimize existing processes, but also create a sustainable development ecosystem.

SUSTAINABLE LOGISTICS MANAGEMENT

As TEMSA, we closely follow national and international standard requirements and compliance processes and integrate them into all of our activities. While shaping our logistics operations, we fully comply with international standards such as ISO 14001 Environmental Management System and ISO 50001 Energy Management System. In addition, we closely follow environmental and sustainability regulations such as the European Union Green Deal (EU Green Deal) and the Zero Waste Regulation. In this context, we aim to make our import and export processes more sustainable and environmentally friendly, especially in order to contribute to the European Green Deal and related goals. For this purpose, we focus on developing our logistics services and are implementing the “Green Logistics Movement” project to create an end-to-end sustainable supply chain.

In our land transportation activities, we plan to cooperate with companies that perform electric land transportation and, after the conformity assessments of these companies, to switch to electrification in our export processes. At the same time, we aim to minimize our environmental impacts by working with similar companies in our import activities.

In our export processes, we are taking important steps to reduce our carbon footprint by switching to maritime transportation as much as possible. In addition, we evaluate alternative transportation solutions with IRL and UND tracking and develop projects that will put suitable lines into use. We contribute to these processes by constantly communicating with service provider companies regarding the establishment, commissioning and development of new service networks.

In our import activities, we focus on developing sustainable packaging solutions. We aim to increase the use of recyclable packaging with the efficient packaging modeling project we will develop.

In this context, we aim to create environmentally friendly options by evaluating packaging alternatives.

We are implementing the “Green Logistics Movement” project to create a sustainable end-to-end supply chain.



Supplier Quality Control
Final Quality Control
Process Quality Control

Quality Control

Quality Process

Quality Assurance

Quality Planning

Corrective Actions
Product Quality Requirements (PQR)

Dynamic Control Plan
Quality Management System

PRODUCT SAFETY AND QUALITY MANAGEMENT

As TEMSA, we prioritize quality at every stage of our activities. As an export-oriented company, we prioritize offering reliable and high-quality products to our customers. In order to increase the durability and performance of our products, we adopt a quality approach that complies with the ISO 9001:2015 Quality Management System Standard and legal requirements, and we continuously improve our processes within this framework.

By carefully evaluating the feedback from our customers and other stakeholders, we identify our development areas and take actions to improve the areas open to development. We follow up on quality management activities, including improvement processes, by placing quality and safety standards at the center of the agenda in our weekly meetings. This approach increases customer satisfaction while also allowing the preservation of a long-term environment of trust.

The effects of R&D studies on product quality are included under the heading of [R&D and Innovation](#); the effects of digitalization studies on product quality are included under the heading of [Digitalization and Technology](#).

As TEMSA, we prioritize quality at every stage of our activities. As an export-oriented company, we prioritize offering reliable and high-quality products to our customers.

PRODUCT SAFETY AND QUALITY MANAGEMENT

LEAN PRODUCTION

We utilize lean production techniques to shorten customer delivery times and prevent waste by using resources optimally in business processes. In this context, we conduct studies to eliminate non-value-added processes, unnecessary material and labor movements, unnecessary stocks and long preparation times in business processes, and to prevent errors.

A3 Analyses

Through the A3 analyses we developed to meet our customers' needs and expectations, we identify the root causes of issues and determine their short- and long-term impacts, ensuring standardization. Our goal with the developed analysis method is to complete our problem analyses in a manner suitable for solution methods, ensuring accurate and sustainable analysis processes. This application allows us to conduct detailed analyses of problems, aiming to prepare accurate and permanent solutions to ensure customer satisfaction. Furthermore, by completing the analysis of identified issues, we develop sustainable measures, reducing the likelihood of recurrence to zero. Another benefit of this approach is directly reaching the root cause of issues, preventing the repetition of customer complaints and saving time.

CST Agile Team

With this project, implemented in 2022, we strive to prevent customer complaint resolutions from being prolonged by unproductive meetings and lengthy solution processes. By forming an agile team, we enable quick and permanent solutions. Through this application, developed to resolve customer complaints and issues more rapidly, we facilitate collaboration with stakeholders from different departments and take actions that help increase customer satisfaction by resolving issues. With this system, we have increased the monthly resolved PQRs from 6 to 20 notifications by enhancing the speed of problem resolution. The most prominent feature of our work is the ability to respond swiftly and effectively to needs and issues, thereby continually increasing customer satisfaction. Adopting an agile approach, a working method of leading companies, demonstrates our company's alignment with international working systems. Through our CST Agile Team application, we enhance quality and receive positive feedback from our stakeholders.

► TEMSA Successfully Passed the Certification Audit

We successfully completed the audit of previously obtained certifications, including the ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 50001 Energy Management System, ISO 45001 Occupational Health and Safety Management System, and ISO 27001 Information Security Management System, conducted by the certification firm.

Quality Performance Report

Through this project, which we implemented in 2022, we monitor the aging rate of defined return and DF criteria, ensuring the creation and tracking of performance scores for each supplier with real-time data flows. With this system, we monitor supplier performance, allowing us to observe low-performing suppliers and determine the actions necessary for improvement processes. Furthermore, our project enables real-time data tracking, helping us identify low-performing suppliers. The financial benefit we gain in this context is identifying areas open for supplier development, thus avoiding time loss associated with issues in production and supply processes, and material losses such as scrap costs.

Digitalization of Quality Information Report

The regular monitoring of quality reports includes elements and processes that optimize our operations and enable faster progress. At TEMSA, we transfer PQR and DF data from SAP and Excel to the Power BI application, allowing daily tracking of graphics and reports in a digital environment. This project not only facilitates data tracking but also enables monitoring and visibility of historical data according to various criteria such as error type, vehicle model, group code, assembly class, assembly group, part class, country, and supplier.

CUSTOMER SATISFACTION AND EXPERIENCE

At TEMSA, we aim to meet our customers' needs and expectations, focusing on talent management to achieve this goal. We continue to provide innovative solutions to our customers in nearly 70 countries and make a difference in the global market. Starting from the product development process, we carefully analyze the needs of our customers throughout their usage experience and commit to providing them with the most suitable solutions. We clearly demonstrate our difference through fast, transparent, and personalized post-sales services. At the same time, during this period in which job descriptions and requirements are undergoing transformation along with digitalization and automation processes, we support our existing employees in adapting to these changes and bring new talents to our team. Thanks to our performance management system, we closely monitor the development of our employees, support them on their continuous improvement journey, and enhance their competencies through various training programs.

We prioritize the privacy of our customers. In 2023, we conducted studies in this context and did not detect any privacy violations. At TEMSA, we utilize the Sanction Trace program for Third-Party Due Diligence. For the processes in which we did not identify any environmental or social violations in 2023, we employed 9 different metrics:

- **Human Rights and Children's Rights**
- **Compliance with Environmental Protection regulations**
- **Weapons embargoes**
- **Export Control regulations for Dual-Use and Sensitive Materials**
- **Regulations related to the Prevention of Financial Crimes**
- **Measures related to Workforce, Prevention of Forced Labor**
- **Fight Against Bribery and Corruption**
- **Prevention of Money Laundering and Terrorist Financing**
- **Measures related to Data Security**

At TEMSA, we approach the reduction of risks related to environmental and social violations as a strategic priority within the Third-Party Due Diligence Process. In this regard, we sign a comprehensive TEMSA Legal Compliance Commitment with all our dealers, customers, and suppliers, within the framework of Responsible Supply Chain rules, committing to compliance with environmental regulations. This commitment includes strong pledges to fundamental human rights, such as Universal Human Rights, the Prohibition of Child Labor, and the Prohibition of Forced Labor. These precautions and improvement activities we conduct are valid in all countries where TEMSA operates and is related to its supply chain, forming a significant part of our vision to create a sustainable business model.

Furthermore, we aim for all our suppliers (100%) to sign our General Code of Conduct. The scope we target also includes information on environmental, human rights, and labor requirements. Thus, by strengthening sustainability at every link of our supply chain in line with responsible and ethical business principles, we demonstrate our commitment to fulfilling our global responsibilities.

Our Improvement Efforts to Enhance Customer Satisfaction and Experience

With Intelligent Suspension, we enabled the brake, motor, and suspension systems of our electric urban buses to work together. Through the algorithm we designed, we directly positively impacted customer satisfaction by improving ride comfort. With DTC Screen, our customers who operate our vehicles can diagnose any potential malfunctions in their vehicles through error codes displayed on the vehicle screen, without the need for license programs or adapters. Customers can find the meaning of these codes in the vehicle documentation and easily access the error resolution steps.

If technical service support is required, the necessary support can be initiated remotely without the need for the technical service to connect to the vehicle. Thus, this project provides the fastest possible solution.

CUSTOMER SATISFACTION AND EXPERIENCE

TEMSA Connect – Customer Management System

Our Goals:

- To consolidate our customer touchpoints under a single system for effective management.
- To enhance the perception of customer satisfaction in alignment with our brand strategy as TEMSA.
- To ensure brand standardization in both domestic and international markets.
- Create loyal and satisfied TEMSA customers.

Our Outputs

- We can manage complaints received 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 complaints and technical requests received by our services through the system.
- By integrating our units into the system as TEMSA, we actively monitor topics and quickly conclude them.
- We manage technical requests through the system, creating a technical database.
- With real-time system tracking, we analyze the status, number, and waiting times of all requests and complaints.
- Through reporting, action plans are prepared for our units, and management is informed.

TEMSA Connect Training

Our Scope	18 Servis – 21 Katılımcı
Our Purpose	• Introducing our Customer Satisfaction department • Explaining our goals • Explaining the importance, we give to our customers • Emphasizing the importance of our TEMSA Connect System and its benefits for us Receiving system suggestions through system training, practical explanation and Q&A section
Our Goals	• Fast and effective tracking of our customers' files • Accurate and complete information entry into the files • Faster and more complete response to our customers.

► TEMSA and ALJ Finance launched the TEMSA Finance application to facilitate financing access for consumers in the Turkish commercial vehicle market.

Covering all authorized bus and midibus dealers across Türkiye, this agreement offers TEMSA customers an alternative other than bank loans. TEMSA customers can access competitive financing solutions with ALJ Finance for the purchase of TEMSA-branded buses and midibuses, with varying amounts, rates, and terms that suit market and industry conditions.

► We met with our Authorized Service Centers in Istanbul.

As TEMSA, on February 1st, we held a “Customer Satisfaction” meeting in Istanbul’s Altunizade with the participation of 11 authorized service centers. During the meeting, where TEMSA’s previous year evaluation and 2022 goals were shared, TEMSA’s Deputy General Manager of After-Sales Services Önder Göker evaluated 2022 customer satisfaction, developed systems, and system adaptation processes. He also shared the vision, goals, plans, and strategies for 2023.

► We held the Authorized Dealers Meeting.

During the Authorized Dealers Meeting, attended by 21 dealers, the 2023 work was shared, along with topics like upcoming actions, product development, dealer success journey, TEM-focused sales, compliance with competition law, and protection of personal data.

► The secret of our success lies in “Customer Satisfaction.”

Together with our teams, we are increasingly heading to the field to actively support both our authorized service network and our customers. By making our customers the focal point, we continuously assure them of our presence with uninterrupted 24/7 after-sales service operations.

► Our top priority is “Customer Satisfaction.”

One of the key topics in our sales strategies is customer satisfaction. The results of our customer satisfaction surveys validate the accuracy of our work, while also highlighting TEMSA’s leadership in new product development and in producing swift solutions to customer needs.

► Fleet Team Formation

Our Fleet Management team, established with the aim of acquiring new customers, maintaining existing customer relationships, ensuring customer satisfaction, and providing 24/7 support to fleet customers in after-sales processes, continued its activities in 2023.

► Holiday Activities

Throughout the holiday, our authorized service personnel greeted TEMSA-branded bus drivers at designated terminals and rest areas, offering support when needed, thus ensuring that we at TEMSA were there to support our customers during the holiday.

► TEMSA was in the field during Ramadan Bayram as well.

As TEMSA, just like in previous holidays, we did not leave our customers alone during this Ramadan Bayram. TEMSA teams, who were in the field for four days, connected with 320 customer vehicles.

► TEMSA held its first event in Bulgaria.

Sponsored by TEMSA and organized by IPRU-TOFED, the first event was held in Plovdiv, Bulgaria, bringing together Plovdiv and Asenovgrad municipal transportation officials, as well as 25 public transport companies from Turkish and Bulgarian Bus Federation members. At the event, TEMSA’s general company structure, product range, future vision, and market goals in Bulgaria were shared with participants. In addition, TEMSA’s new Bulgaria dealership, Interbalkanbus LTD, was introduced to the participants.

CUSTOMER HEALTH AND SAFETY

As TEMSA, we address our core principles on customer health and safety within the framework of the “TEMSEA Customer Health and Safety Policy.” This policy covers all work done regarding customer health and safety in our services (100%), ensuring the application of the highest standards. Through “5S Efficient and Organized Work” training and regular audits, we create a quality and safety-focused working environment in our service centers.

We prioritize the health and safety of our customers at every stage, from the design and production of our products and services to their distribution and use. During the reporting period, we encountered no incidents related to customer health and safety and faced no negative outcomes.

As a company, we regularly conduct risk assessments to identify and analyze customer health and safety risks. From the development stage in each segment to the post-use phase, we continuously evaluate and improve. We conduct company-specific research on the potential health impacts of our products or services. We manage awareness programs for safety awareness and aim to increase the number and scope of our training, driving, and information meetings over the years.

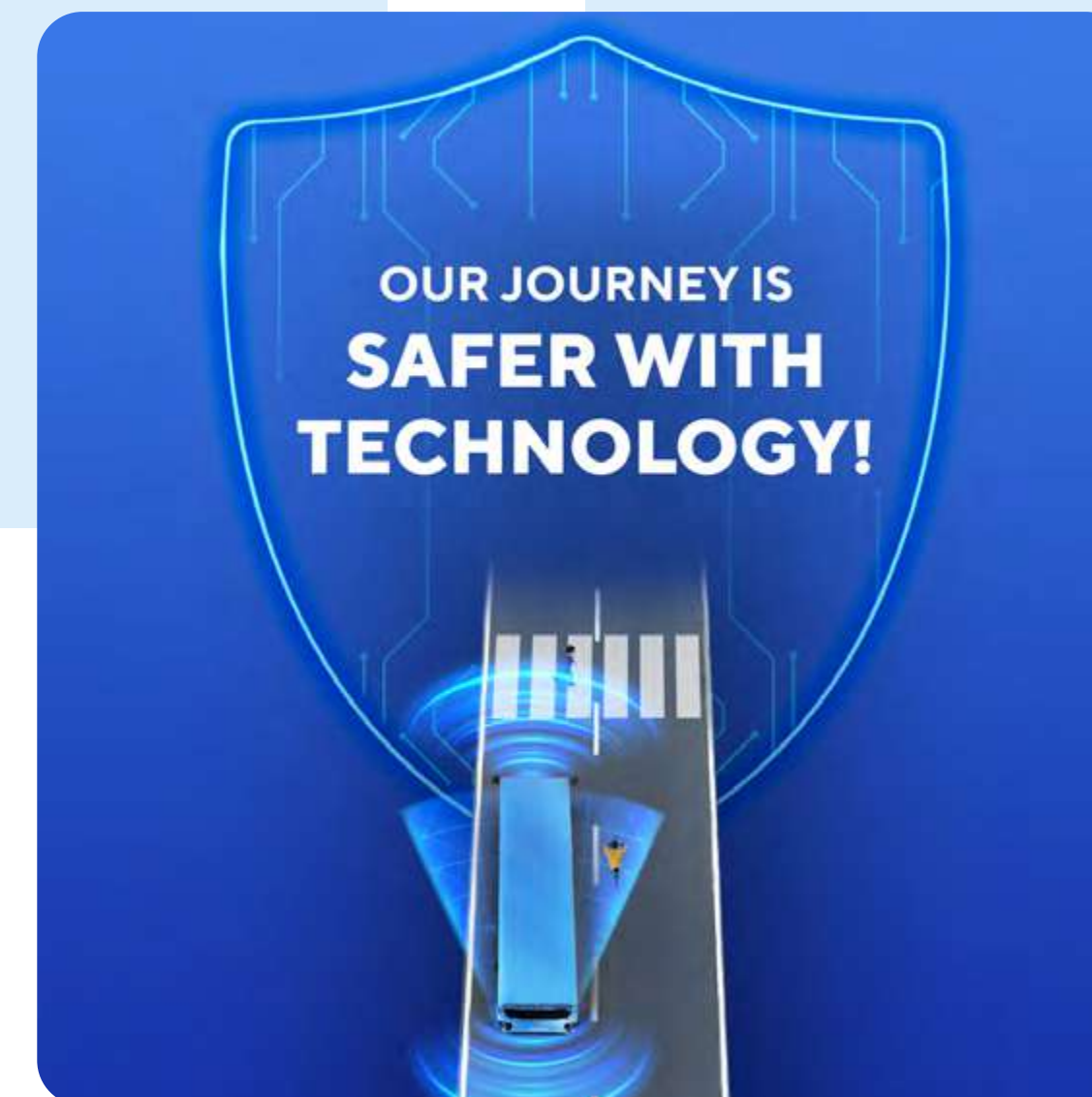
To ensure the safe use of our products by our customers, we initiate product recall processes in line with critical topics such as performance improvements and safety-focused product inspections in our after-sales processes. We monitor the Product Recall Process according to the KPIs we set, aiming to keep this need to a minimum.

► FMVSS 227

The FMVSS 227 studies, which started in 2023, continue within TEMSA to be completed before the regulation comes into effect in 2025. As TEMSA, with our product range, we ensure the sustainability of mobility safety by simulating the real world in computer-aided programs using the latest advanced finite element analysis technologies, while also performing rollover tests to observe what happens in a real scenario. We create supporting correlations between virtual simulations and real tests. The outputs obtained from these studies also strengthen the design of TEMSA models.

► GSR Component Integration

This project managed some design studies that provide warnings to the driver during risky driving behavior for compliance with the GSR Regulation. Innovative features such as driver fatigue detection, blind spot detection with newly integrated cameras, warnings to alert the driver, special alerts for pedestrians and cyclists, parking sensors, and rear-view cameras for reverse driving are offered as standard to customers.



During the reporting period, we did not encounter any cases related to customer health and safety, nor were we faced with any negative outcomes.

► Emergency Lightning Module

In compliance with a North American regulation, vehicles longer than 33 feet are required to activate emergency lighting automatically in the event of an accident. In this context, we enabled the activation of emergency lighting through a device that senses the impact force as G-force, transmitting information via the CAN line to our software.

ENVIRONMENTAL IMPACTS AND SUSTAINABLE OPERATIONS

We are manufacturing in both urban and intercity segments for the future of low-carbon public transportation with zero-emission vehicles, contributing to the national economy.



ENVIRONMENTAL MANAGEMENT APPROACH

As TEMSA, we aim to minimize our environmental impact and provide environmental benefits with our strategic goals and commitments within the framework of our sustainability-focused value creation model. In this context, we implement our strategic environmental goals shaped around priority issues such as emission generation, energy management, circular economy, water consumption, wastewater generation and protection of biodiversity. Our strategy wheel ensures that our sustainability strategy is carried out in a strong and integrated manner by focusing on these priorities. In addition, we manage and try to reduce our impact from a life cycle perspective by expanding this phenomenon in our value chain.

We adhere to the principles of transparency and accountability by presenting our environmental commitments openly to the public through our Environmental Policy. Our continuous improvement efforts, which we carry out in line with our short, medium and long-term plans, enable us to take our environmental performance even further every year.

We offer a strong environmental governance model to achieve our 2050 net zero emission target.

In this context, we bring our environmental management systems and practices into compliance with national and international standards. We support our strategy with energy efficiency projects and renewable energy studies, reducing our carbon footprint. We support the circular economy approach by minimizing waste generation with the zero-waste principle and exploring industrial symbiosis opportunities. At the same time, with our water management strategy, we aim to both reduce water consumption in production processes and contribute to the protection of water resources. We develop projects aimed at protecting biodiversity on a global scale with a nature-based and nature-inspired approach. We aim to spread our environmental responsibility to society and our entire value chain through education and cooperation activities that increase environmental awareness.

We monitor and regularly review these processes through our Sustainability Committee. We make decisions regarding our strategic environmental goals and environmental performance at the Board of Directors level. We also regularly report our commitments and progress in environmental management processes to the Board of Directors through our Sustainability Committee. Thus, we display a determined and holistic approach throughout TEMSA and carry our performance even further every year.

We offer a strong environmental governance model to achieve our 2050 net zero emission target. This governance model contributes to increasing the effectiveness of our sustainability efforts, creating an important management mechanism to achieve our goals and managing the impacts of climate change.



ENVIRONMENTAL MANAGEMENT APPROACH

OUR COMMITMENTS TO ENVIRONMENTAL MANAGEMENT



COMBATING THE CLIMATE CRISIS

As TEMSA, under the CDP Climate Change Assessment, we have achieved the success of being included in the Global A List, and we aim to be among the climate leaders every year.

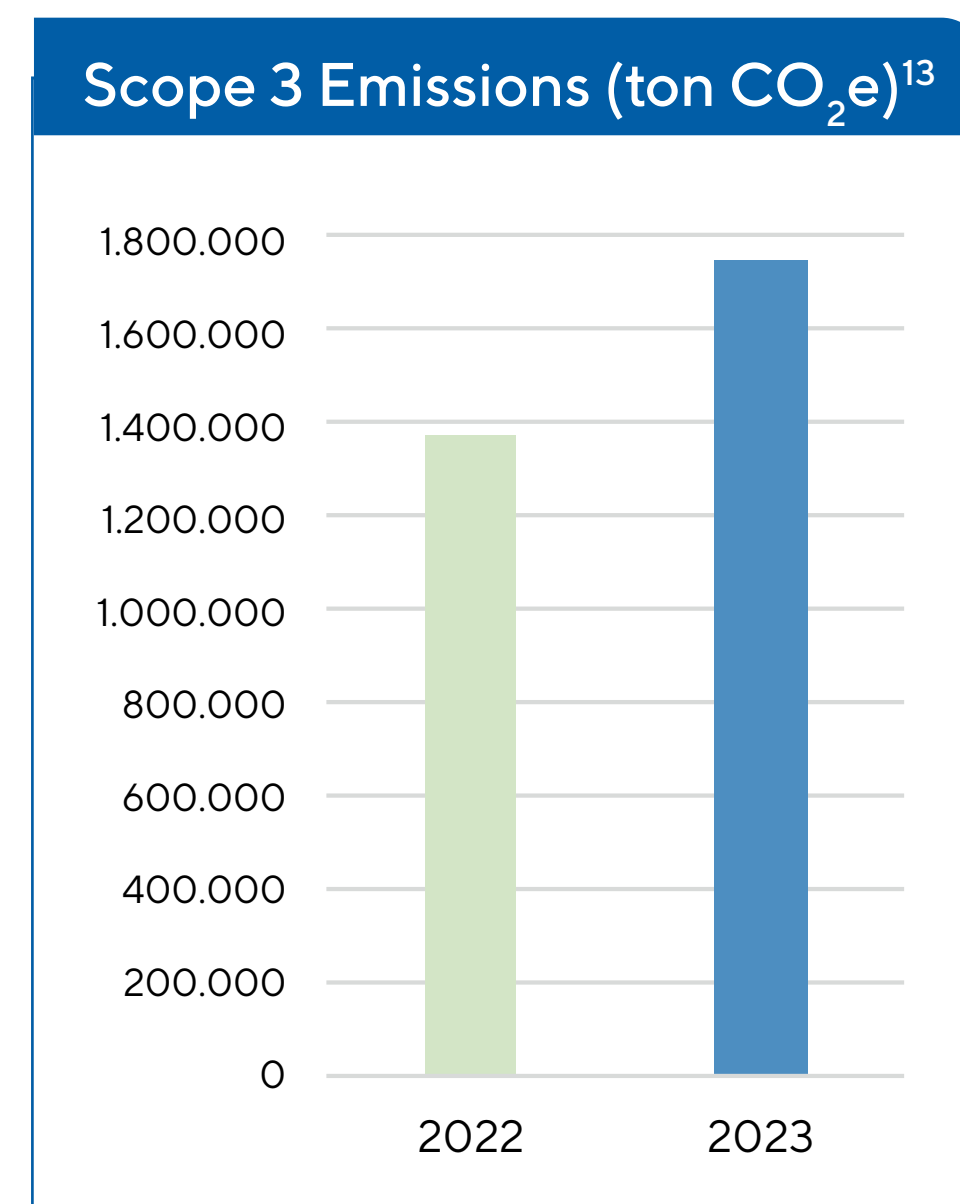
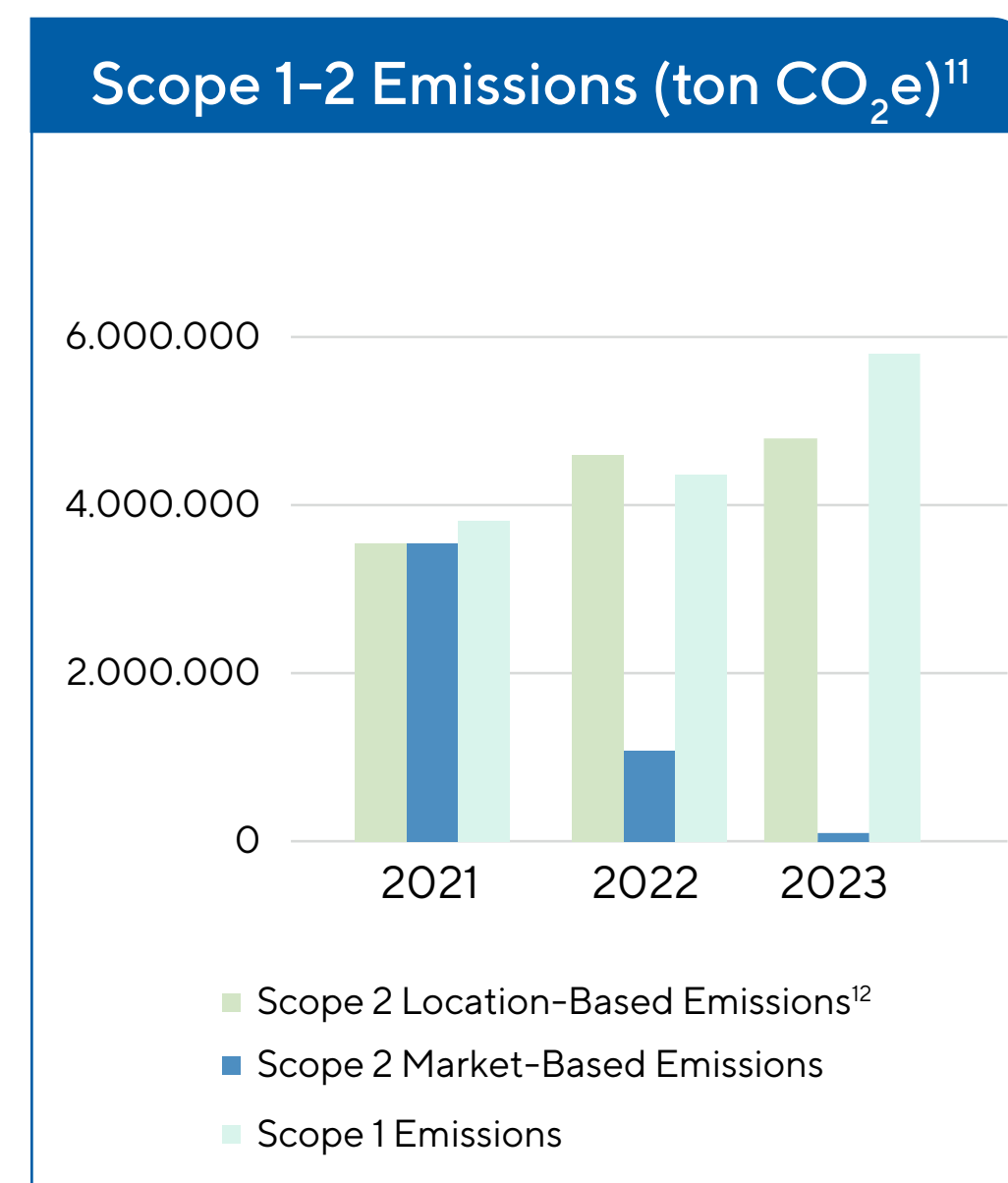
In our fight against climate change, our primary goal is to reduce the impacts of natural disasters and temperature changes caused by climate crisis. The IPCC's Sixth Assessment Report emphasizes the importance of limiting the increase in the intensity and frequency of such incidents and encourages companies to adopt practical measures to achieve this goal. Ensuring the continuity of our production processes while effectively fighting the climate crisis has also been determined as a primary target to reduce our emissions. In line with the insights from WEF's Global Risks Report, we continue to place emphasis on actions in this field, further increasing our efforts to adapt to the Paris Climate Agreement and other international standards and strive to reduce emissions.

As part of our sustainability strategy, we focus on ensuring continuity while aiming for zero-emission production and R&D investments. Accordingly, our efforts focus on enhancing resource efficiency, carbon emissions reduction, and sustainable transportation solutions, expanding to various areas including sales, after-sales, and logistics services. In line with our goal of minimizing carbon footprint and supporting the cycle of life, we continue to work towards developing low-carbon applications in each phase, from the design process in our supply chain to our products. We also implement sustainable procurement programs to encourage and guide our suppliers, increasing their awareness and improving their overall performance.

We support them to develop. We act with a low carbon target at all stages from the production of our products to the end of their life cycle, systematically monitor these targets and take actions to minimize environmental impacts.

In addition to electric vehicle production, reducing our corporate carbon footprint and complying with regulations is also an important part of our fight against the climate crisis. We started to calculate our carbon emissions comprehensively in the 2017-2023 period and reviewed our calculations in line with our science-based targets during the reporting period. We aim to reduce Scope 1 and Scope 2 greenhouse gas emissions by 42% by 2030 and 100% by 2050. These targets were determined in line with the Science-Based Targets (SBTi) in line with the aim of limiting the global temperature increase to 1.5°C. In addition, we follow the best practices for the sector's climate targets by complying with the "SBTi Net-Zero Standard for the Automobile Sector" guide published in 2023.

As TEMSA, we closely follow global developments in the fight against climate change and aim to be net zero by 2050.



¹¹ Scope 1, Scope 2, and Scope 3 Emissions are calculated in accordance with the "Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard" as specified by the international standard ISO 14064-1.

¹² Scope 2 Market-Based Emissions: Refers to carbon emissions from national energy purchases based on supplier contracts and other agreements.

¹³ Scope 2 Location-Based Emissions: Refers to carbon emissions from average national grid consumption based on the country's general carbon footprint. The total greenhouse gas emissions for 2023 include Scope 1, Scope 2 Market-Based, and Scope 3 Emissions.

ENERGY MANAGEMENT

While Türkiye is taking decisive steps towards its goal of full independence in energy, the renewable energy strategy holds an important place in this transformation. The National Energy Plan of Türkiye, put forward by the Ministry of Energy and Natural Resources, emphasizes the future role of Solar Power Plants (SPP) and shows that they will be a critical element in our country's energy security. At the same time, International Energy Agency (IEA) reports predict that renewable energy is rapidly becoming dominant on a global scale and will constitute 90% of world energy production by 2050. The European Union also aims to increase the share of renewable energy by 2030 in line with this goal.

As TEMSA, we are committed to our goals of combating climate change, complying with international standards, protecting our brand value and maintaining our competitive advantage in an integrated manner with the global and local energy transformation. We are committed to reducing our carbon emissions by 42% by 2030 and are accelerating our renewable energy investments in line with this goal. When we examine our carbon emissions, we analyze that the majority of our Scope 1 and Scope 2 emissions come from electricity consumption. For this reason, we are implementing a strategy to increase energy efficiency and supply energy from renewable sources.

We aim to reduce our carbon footprint with sustainable and innovative solutions to achieve our 2050 net-zero emissions target.

During the reporting period, we signed a non-physical Renewable Energy Supply Agreement (PPA) with our electricity supplier and started using renewable energy in our operations. In 2023, we achieved a 100% emission reduction by supplying all of our Scope 2 emissions from renewable energy sources, which led to energy investments playing an important role in our capital expenditures. We also consider energy investments as a decisive element to ensure our business continuity and operational efficiency.

As part of our energy management, we make comprehensive investments to increase efficiency in our processes, while conducting extensive R&D studies aimed at minimizing our environmental impacts. These studies allow us to continuously improve our operational processes, increase our performance, and develop solutions that make a difference in the sector in terms of energy efficiency.

In 2023, we achieved a 100% emission reduction by supplying all of our Scope 2 emissions from renewable energy sources.



ENERGY MANAGEMENT

► ISO 5001:2018 Energy Management Standard Activities

We continue our activities under the ISO 50001:2018 Energy Management Standard Certification to increase our energy efficiency. Accordingly, we organize various training sessions to raise awareness among our customers about energy efficiency. At TEMSA, we have formed a dedicated team to sustain energy efficiency efforts in our factory. Additionally, an audit team is in place to monitor the effectiveness of these activities. Our internal auditors, as part of this team, ensure the continuous improvement of our energy efficiency processes.

► Our Electric Vehicle, Avenue Electron

TEMSA launched the Avenue Electron bus in 2021. Designed with energy conservation and environmental awareness principles, this vehicle stands out with zero emissions and zero noise, meeting the environmental needs of smart cities. With enhanced range technology, it offers 15% more range, ensuring energy efficiency. The Avenue Electron provides a sustainable transportation solution with high performance, offering battery capacities of 240 kW, 300 kW, and 360 kW, and an advanced battery management system, reaching a range of up to 350 km. Additionally, our Avenue Electron vehicle holds Türkiye's first EPD (Environmental Product Declaration) certification for a bus.

► Energy Efficiency Activities

During the previous reporting period, our energy efficiency improvement efforts included implementing LED lighting transformation in 14 departments, resulting in electricity savings of 46,665 kWh, which reduced our Scope 2 greenhouse gas emissions by 19.23 tons and Scope 3 emissions by 1.92 tons CO₂e. By conducting pipe insulation activities, we achieved additional savings of 43,256 kWh in electricity, reducing Scope 2 emissions by 17.82 tons and Scope 3 emissions by 1.78 tons CO₂e. Through these improvement projects, we achieved a total reduction of 40.74 tons CO₂e in 2022. Following our renewable energy investments, we have eliminated emissions related to electricity consumption and focused on natural gas use as part of our energy efficiency efforts. With production improvement activities and powder coating improvements carried out this year, we reduced our daily natural gas consumption by 230 cubic meters.

► Renewable Energy Initiatives

One of TEMSA's most important strategic decisions for the future is to conduct 100% of our activities using renewable energy. We aim to meet 100% of our electricity consumption from renewable sources by 2030, a goal that we achieved as of 2023. Furthermore, we are continuing our efforts to establish our own renewable energy systems. In line with our goal to increase renewable energy usage, we completed our rooftop Solar Power Plant (SPP) project, allowing us to supply 11% of the electricity used in our factories from solar energy. This project, undertaken with EnerjiSA, significantly supports renewable energy usage in our production processes. Additionally, through our MICROGRID project, we implemented our energy storage system, enabling continuous use of solar energy in our two factories.

AIR QUALITY MANAGEMENT AND EMISSION CONTROL

In our production activities, we fully comply with the standards set by the Ministry of Environment, Urbanization and Climate Change and meticulously carry out our reporting processes accordingly. Within the scope of the “Integrated Pollution Prevention and Control Communiqué for Surface Treatments with Solvent in the Automotive Sector” draft published in 2021, we have made the necessary plans to make our activities compatible.

In our current production facilities, we comply with the annual solvent consumption limit values determined in the Regulation on Control of Industrial Air Pollution. In new bus painting processes, the limit value for production of 2,000 units/year and below is 225 g/m², and for production of 2,000 units/year and above, the limit value is 290 g/m² until December 31, 2026.

This value is planned to be reduced to 150 g/m² as of 2027. As TEMSA, we are improving our processes and taking the necessary actions in this direction.

In our VOC (Volatile Organic Compound) calculations, we continue to perform detailed analyses of critical factors such as vehicle surface areas, all chemicals used and their quantities. We identify areas of improvement by reviewing our previous VOC reports and reorganize our processes accordingly.

During the previous reporting period, we recalculated the surface areas of our minibus and bus products due to design innovations in our product portfolio and added parts that were not previously included in our cataphoresis facility to the VOC (VOC) report.

In line with the importance of solvent monitoring in the automotive sector, we reviewed the chemicals used in our processes and switched to using environmentally friendly alternatives instead of substances with high solvent content. We supported this transition process with meetings with our production units and ensured that the necessary actions were taken.

As part of our legal obligations, we regularly perform our emission measurements every two years and report the results to the Ministry. In our measurements carried out in 2023, no deviations exceeding the legal limit values were found. We will perform our next measurements in 2025 and share this data transparently in the relevant reporting period.

PRODUCT LIFE CYCLE ANALYSIS

As TEMSA, we are conducting various studies to integrate our environmental sustainability approach into our production processes. We monitor the environmental impacts of our activities and all stages of our value chain with our Life Cycle Analysis (LCA) Policy. We prepare LCA reports to systematically monitor and report the progress towards our emission targets; with these reports, we measure the environmental impacts of our products and services, material and resource use, greenhouse gas emissions and energy consumption.

With our product life cycle analysis, we conduct a comprehensive environmental impact assessment starting from the design processes. In this way, we identify the critical points where emissions are concentrated and improve our processes with our R&D studies to reduce the emissions caused by our products during the usage phase.

In order to minimize environmental impacts and increase energy efficiency, we focus on areas such as digitalization and innovation, alternative material use and alternative fuel options. We develop lighter and more environmentally friendly solutions with alternative materials; we offer environmentally friendly products that produce zero emissions during usage with our electric and hydrogen fueled vehicles. We contribute to energy, water and other resource savings through more resource-efficient production designs of our products, and we monitor our contributions from a life cycle perspective and with our emission measurements.

You can access the relevant measurements from the [Environmental Performance Indicators](#) covering 3 reporting periods. In addition, our indirect greenhouse gas emissions are calculated with our sales rates by analyzing the usage amount of our customers until the end of their product life cycle under Scope 3 Category 11 and fuel saving amounts, and our R&D studies are managed according to electric and alternative fuels. The life cycle of all our products will be added to the customer side, and the effects will be managed concretely by investing in PLM software.

As TEMSA, we received the Environmental Product Declaration (EPD) document within the scope of product life cycle studies. With this document, we have ensured that we reduce the environmental impacts of our products from production to the end of their life cycle and present this process transparently to all our stakeholders. With the EPD document, we continue to sign pioneering applications in the sector and monitor our environmental performance in accordance with international standards.

► TEMSA is the first Turkish bus manufacturer to receive the EPD document

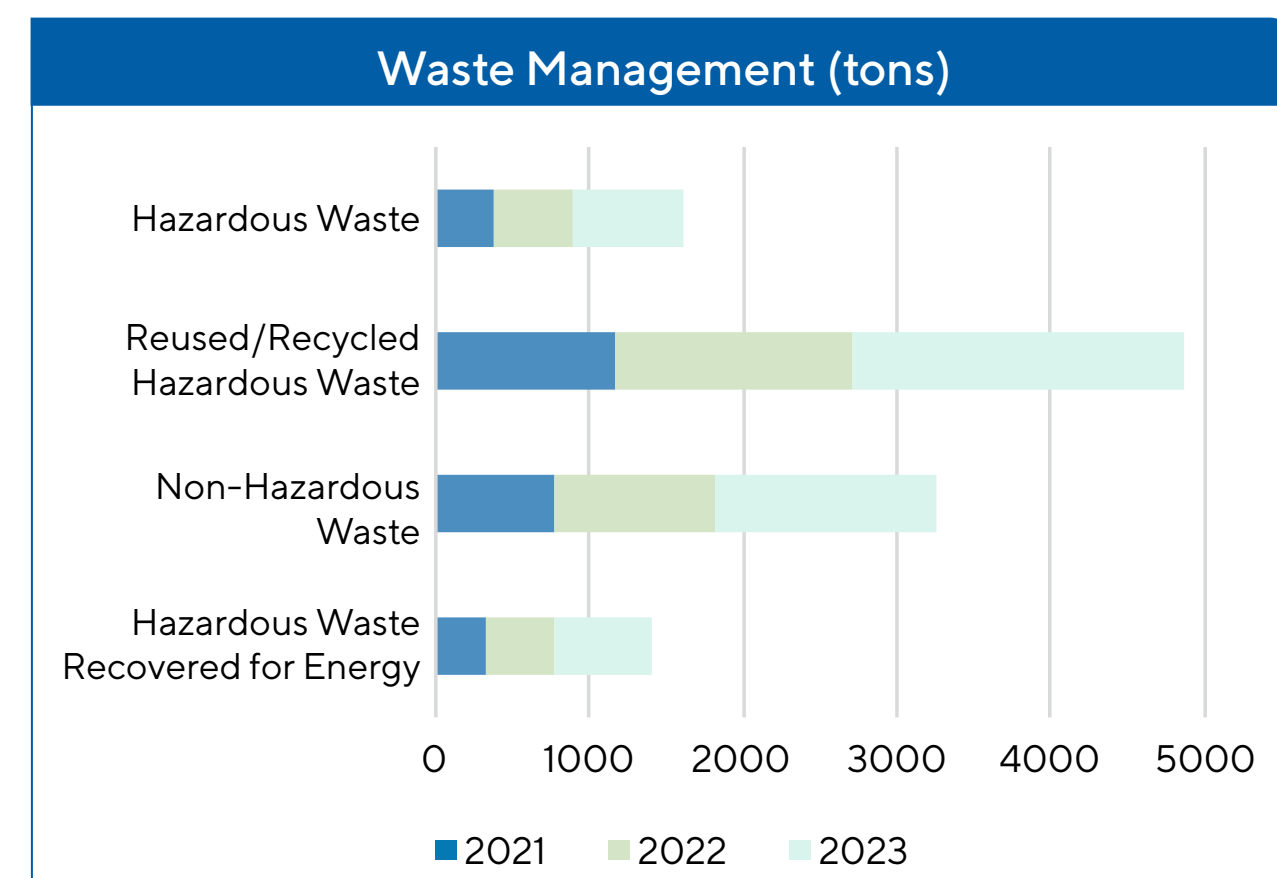
As TEMSA, we have become the first bus manufacturer in Türkiye and the sixth in the world to receive the EPD (Environmental Product Declaration) Document by completing the full life cycle analysis of Avenue Electron, which is shaped by sustainability and technology leadership.



Avenue Electron is making a difference in sustainable transportation as Turkey’s first bus with an EPD certificate.

WASTE MANAGEMENT AND CIRCULAR ECONOMY APPLICATIONS

As TEMSEA, we carry out waste management effectively and professionally and aim to reduce the amount of waste at every stage of our processes. We regularly check the waste generated, take care to separate it correctly at the source and report it comprehensively. By keeping every step from raw material supply to production processes under control, we identify opportunities to reduce waste generation at the source. We analyze the waste generated in our processes, research methods for reducing it at the source as much as possible and industrial symbiosis. When this is not possible, we take the necessary steps to reuse, recycle or dispose of waste with the least harm to the environment. With this approach, we recycled all our non-hazardous waste in 2023.



We are developing our processes by determining targets and good practices in order to improve our work within the framework of circular economy principles. As an institution operating in the automotive sector, we adopt circular economy business models in our R&D processes. With our circular economy studies, we aim to design certain products according to circular principles (durability, reparability, circular composition) by 2030 and to reach 50% circular flow by 2050. We make improvements in the production of our products starting from the design process until the end of their service life. As TEMSEA, we minimize the environmental impacts of our products by using lighter and more environmentally friendly materials in our production without compromising the product safety and quality standards we provide. We do not use materials harmful to human health in our production activities and prefer water-based paints in our painting processes. In addition, in the production of electric vehicles, which is an indispensable approach to maintain competitive advantage and ensure sustainability in the automotive sector, we develop systems to determine alternative purposes for batteries that have reached the end of their service life and create new markets.

We aim to design certain products according to circular principles by 2030 and achieve a 50% circular flow target by 2050.

► Our Zero Waste Approach

At TEMSEA, we have adapted to the Zero Waste system introduced by the Ministry of Environment, Urbanization, and Climate Change, achieving the “Basic Level Zero Waste Certificate.” Within this framework, we adopt the Zero Waste principle in all our activities, moving forward with the 2045 Zero Waste Vision. We are carrying out various initiatives to reduce waste generation, ensuring that waste is separated at its source and sent to licensed recycling facilities for processing.

Through the Zero Waste system we have established at our Adana factory, we identified a total of 27 different types of waste, including 13 non-hazardous and 14 hazardous types, resulting from production and office activities. To enable separate collection of these wastes from their sources, we placed 600 waste segregation bins, taking a significant step in collecting these wastes by type and sending them to 10 different recycling and recovery facilities.

We ensure the continuity of our managed efforts within this scope. To enhance the efficiency of our Zero Waste system, we implemented the “Emerging Opportunities” project at our Adana factory. Under this project, our Environmental Audit Team at the factory conducts weekly field inspections aimed at waste segregation. These inspections are monitored using a scoring table prepared to measure the success of the teams. At the end of the year, the team with the highest success average in waste segregation practices is awarded the Most Environmentally Friendly Team award. Additionally, we implemented a scale system to record the quantity, date, and waste code of waste received from departments. This system aims to improve inspection performance by the Ministry, effectively manage waste at its source, and access waste data by department. This way, we identify key points where we can achieve waste reduction and guide our zero waste initiatives.

WASTE MANAGEMENT AND CIRCULAR ECONOMY APPLICATIONS

Applications and Collaborations Supporting Our Circular Economy Perspective

Use of Environmentally Friendly Materials in Our Products

As TEMSA, we are committed to continuously improving our manufacturing activities to maintain a competitive advantage and minimize our environmental impact, aligning with international regulations to become a sustainable company. One of these improvements involves choosing environmentally friendly materials in our products. In this context, we are developing various R&D projects in collaboration with TÜBİTAK. Under the TÜBİTAK 1004 project, we aim to develop lightweight and sustainable composite materials as an alternative to wood-based composites in the automotive industry. Additionally, with the TÜBİTAK 1501 project, we aim to produce eco-friendly products by using alternative and innovative materials to reduce the weight of our vehicles.

Circularity of Electric Vehicle Batteries

With the TÜBİTAK 1505 Home UPS project, we aim to design and develop a prototype of an energy storage unit supported by photovoltaic panels and made from secondary materials obtained from electric bus batteries that have reached the end of their life. This project aims to support product circularity in electric vehicles, create a competitive product in the international market, and contribute to the national economy both technically and economically.

Collaboration Between TEMSA, ITU, and Kastamonu Entegre: Development of Sustainable Composite Floorboards for the Future of Eco-Friendly Transportation

TEMSA, one of Türkiye's leading bus manufacturers, has joined forces with Istanbul Technical University (ITU) and Kastamonu Entegre for a prestigious collaboration under the TÜBİTAK 1004 project. This partnership represents a project to develop environmentally friendly and sustainable composite floorboards for the future. Led by TEMSA, this project is a significant step towards promoting eco-friendly transportation. The progress of the project and details of the collaboration were discussed during a meeting held at ITU.

Improvement Efforts in Our Manufacturing Activities

At TEMSA, we embrace the necessity of implementing continuous improvement efforts in our manufacturing activities to minimize environmental impacts. As a result of our analyses, we have launched several projects that improve our processes in areas such as circular economy, waste reduction, and the use of hazardous materials. By adopting a zero-waste approach, we reduced the use of parts and decreased plastic consumption by 95.2% through modifications to the overhead system. Additionally, we reduced the amount of insulation material used by 45% to support sustainability and ecological balance.

Our Spare Parts Warehouse Savings Project

In line with our sustainability approach, boxes and crates used in the production area and intended to be disposed of as waste are now being repurposed for spare parts shipments.

Reducing Our Single-Use Plastic Consumption

As TEMSA, we have voluntarily joined the Business Plastics Initiative led by the Business Council for Sustainable Development (BCSD). Within this framework, we are committed to reducing single-use plastic consumption in certain categories in our offices by 100% by 2024. To reach our target, we aim to prevent unnecessary plastic use and transition to a reuse model where possible.



WATER AND WASTEWATER MANAGEMENT

We use innovative technologies to increase water efficiency in our production processes and prioritize the value we give to nature at every stage.

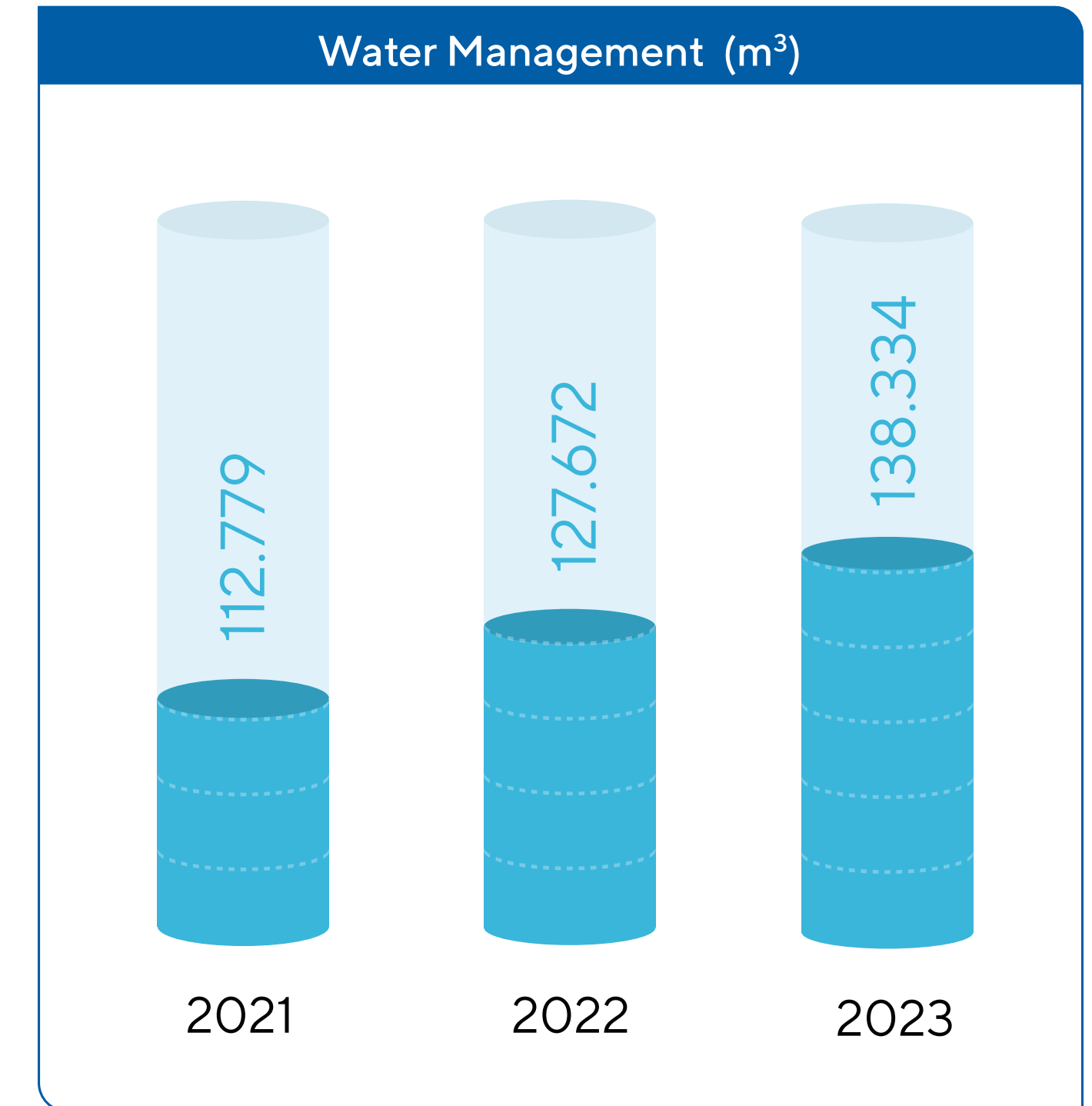
As TEMSEA, we continue our commitments to water sustainability through our Water Policy. We are aware that water resources are of critical importance for both the continuity of the world and the balance of the ecosystem. With this awareness, we carry out comprehensive studies to protect and use water resources efficiently. We realize the reduction of our water consumption and the responsible management of this resource through our commitments in our Water Policy.

In addition, we follow global strategies for sustainable management of water within the framework of internationally published IPCC reports and the UN's Sustainable Development Goals (SDGs). We develop and implement policies to reduce water use by acting in line with Türkiye's National Water Plan. We use innovative technologies to increase water efficiency in our production processes and prioritize the value we give to nature at every stage.

We encourage all our employees, suppliers and business partners to adhere to our commitments on water management and we also observe this parameter in our follow-ups in our value chain.

We recovered 2,877 m³ of water during the reporting period.

Factors such as climate change, population growth, excessive use of water resources and water pollution are increasing the pressure on our country's water resources every day. According to the data published in national and international sources and the Water Risk Atlas announced by the World Resources Institute (WRI), Türkiye will face serious challenges in terms of the sustainability of its water resources. The province of Adana, where we operate and where our factory is located, is also located in an area that may be affected by the increase in global temperatures and water stress. For this reason, we take into account the drought that may occur due to climate change in our environmental risk and opportunity analysis studies. In the event of such a situation, we have determined that we may face the risk of interruption in our operational processes for 7 days or longer. In order to overcome the physical and financial risks we may encounter and to ensure the continuity of our production, we are implementing good practices that will increase our water efficiency. In order to increase our water efficiency in the future, we aim to make significant investments by conducting feasibility studies in our water treatment facilities.



WATER AND WASTEWATER MANAGEMENT

Our Zero-Emission Vehicles

At TEMSA, our electric and hydrogen buses, which are the biggest outputs reflecting our commitment to sustainability in our operations, serve as a critical milestone in transitioning to a sustainable transportation system.

They offer significant advantages in combating climate change. Beyond the environmental benefits such as improving air quality and reducing greenhouse gas emissions by eliminating fossil fuel use, these vehicles also contribute substantially to the preservation of water resources. Our electric vehicles operate with greater efficiency than traditional vehicle systems and produce zero emissions during use. Thus, we aim to make a significant contribution to climate change mitigation by reducing carbon emissions and air pollution. By lowering air pollution, we also reduce the risk of contamination of surface and groundwater resources. Furthermore, by helping to mitigate the effects of global warming, we alleviate the pressure on our water resources.

With HD Fuel Cell, we utilize hydrogen gas, a clean and renewable fuel, which produces only water vapor and zero emissions during use. As it does not emit greenhouse gases, it is a vital tool in the fight against climate change. Additionally, by preventing the release of water vapor emissions into the atmosphere, we limit the negative impact of our vehicles on water resources.

Improvement Efforts in Our Production Activities

In line with our commitment to environmental sustainability, we take various measures to develop our production activities and achieve our set goals. In 2022, we conducted a detailed analysis to identify areas where we could improve our production processes. This analysis helped us identify focus areas to positively impact our water consumption and achieve water savings. One of the key outcomes of our improvement efforts was identifying potential water-saving points by thoroughly examining non-instructional water uses in our FKT facility. As a result of these efforts, we achieved a total water savings of 890 tons.



Although our total consumption increased in 2023, our per-vehicle water consumption decreased by 20% due to the increase in production activities.

Efficiency of Water Consumption in Quality Processes

Alongside our production activities, we conduct water-based safety tests as part of the quality assessments of all our vehicles. Every vehicle we produce undergoes a durability test in a simulated heavy rain environment for 20 minutes to ensure resilience against extreme rainfall due to climate change. If any water leakage is detected inside the vehicle, necessary interventions are made, and the vehicle undergoes the rain test again. In our water permeability/rain tests, which are among our most water-intensive processes, we saved 90 m³ of water per vehicle by using a photocell system to minimize water usage. Additionally, we have improved our systems to enable water reuse in these tests, thus completing our quality processes with minimal water additions, utilizing 4.5 m³ of water per minute in each test.

Our Treatment Facilities

Our treatment plant, designed with a capacity of 100 m³/day for industrial wastewater and 330 m³/day for domestic wastewater, applies physical, chemical, and biological treatment processes. This ensures that the discharged wastewater complies with legal requirements. We conduct regular analyses at accredited laboratories to determine the quality of wastewater. We are developing projects to reuse the treated water discharged from our facilities for garden irrigation and other suitable applications. In 2023, we renewed the sand filter system in our treatment facility to enhance system efficiency.

NATURE-BASED APPROACHES

As TEMSA, we base our sustainability approach on harmony with nature. We continuously improve our business processes with the aim of protecting natural resources and supporting ecosystems. From this perspective, we produce solutions that protect the cycle of nature, from energy efficiency to water management, from R&D and innovation to digitalization.

We are inspired by the regenerative power of nature while implementing our business models.

This vision, blended with the innovative ideas offered by nature, allows us to direct our sustainability strategy with a life cycle and holistic perspective. In this way, we manage our environmental, economic and social impacts in a balanced way.



OUR NATURE-BASED PRACTICES

As TEMSA, we place the transformative power of nature at the center of our sustainability approach. This approach is inspired by nature's capacity to renew itself while shaping the future and allows us to structure our applications accordingly. While responding to global problems such as climate change, resource scarcity and the decrease in biodiversity, we integrate the dynamics of nature into our business processes. In this way, we not only manage our environmental impacts, but also transform the way we do business.

With our nature-based practices, we work to minimize environmental impacts and develop solutions that are compatible with natural ecosystems.

In our fields of activity, we follow a path parallel to nature in critical issues such as energy efficiency, water management and biodiversity protection.

For example, while accelerating the transition to renewable resources in our energy management strategies, we aim to develop sustainable models in water use without harming nature's water cycle. At the same time, with our biodiversity protection efforts, we monitor the balance of natural ecosystems and focus on various projects to ensure the continuity of living spaces and improve the current situation.

In all of these efforts, we act by taking into account national and international standards. In particular, we aim to manage risks and opportunities on nature more effectively by taking globally accepted frameworks such as TNFD as a guide.

In line with these standards, we ensure that our practices are compatible with nature, sustainable and responsible.

BIODIVERSITY PROTECTION

Within the framework of our Biodiversity Policy, we are taking important steps to advance our policy commitments. By adopting best practices in sustainable resource management, we are increasing our biodiversity protection initiatives in collaboration with local communities, universities and our stakeholders. We also continue to support research and innovation to protect biodiversity. We work closely with our suppliers and business partners to promote sustainable practices throughout our supply chain. We regularly review and update our environmental policies to rapidly adapt to the latest developments in biodiversity protection. As we expand the scope of our operations, we assess our potential impacts on flora and fauna in our areas of activity through the Environmental Impact Assessment (EIA) reports we prepare. As a result of our assessments, we do not have any legal obligations regarding the protection of biodiversity. However, as TEMSA, we believe that sustainability is an area that requires holistic and common sense, and we focus on strengthening the balance between nature and us with projects that prioritize the protection of biodiversity. We contribute to the resilience of the ecosystem with the biodiversity projects we carry out at our TEMSA facilities in Adana and France.



BIODIVERSITY PROTECTION

TEMSEA Environmental Impact Assessment (EIA) Report

According to the Additional Final EIA Report for TEMSEA Global Industry and Trade Inc.'s Vehicle Production Facility and the EIA Regulation published in the Official Gazette dated 03.10.2013 and numbered 28784, the impact area of TEMSEA's operations does not fall within areas that are protected under our country's legislation. These areas are defined as follows:

- "National Parks," "Nature Parks," "Nature Monuments," and "Nature Conservation Areas"
- "Wildlife Protection Zones and Wildlife Introduction Areas"
- Areas designated as "Cultural Assets," "Natural Assets," "Conservation Sites," and "Protected Areas"
- Fishery Production and Breeding Areas
- Areas defined in the Water Pollution Control Regulation
- "Sensitive Pollution Zones" as defined in the Air Quality Protection Regulation
- Areas designated and declared as "Special Environmental Protection Zones" under the Environmental Law
- Areas protected under the Bosphorus Law
- Areas classified as forest lands under the Forestry Law
- Areas where construction is prohibited under the Coastal Law
- Areas specified in the Law on the Improvement of Olive Cultivation and Grafting of Wild Olive Trees
- Areas defined in the Pasture Law
- Areas specified in the Wetlands Protection Regulation

▶ TEMSA Adana Campus Carbon Footprint Reduction and Carbon Sink Creation Biodiversity Project

We analyze and spatially map the annual emission intensities in our production units. This allows us to manage our environmental impacts more effectively and make significant progress in developing balancing strategies. The maps we generate provide a crucial foundation for planning and designing carbon sink areas. As part of the project, we develop and visualize specific plant compositions to enhance greenhouse gas absorption. These efforts contribute to our environmental goals by increasing the carbon absorption capacity of our ecosystems.



▶ TEMSA France Biodiversity Project

At our TEMSA France location, we undertake innovative projects that support biodiversity. In collaboration with All Colibri, we offer our customers two unique opportunities to contribute to the environment: tree planting to revitalize green spaces in France or sponsoring bee hives to support local ecosystems. By protecting bee habitats, we promote plant pollination and, during the summer, present our customers with personalized jars of honey. After vehicle delivery, our customers can choose one of these options, allowing them to take a meaningful step toward nature conservation.



PREVENTION OF DEFORESTATION

Forests are fundamental ecosystems that balance the global carbon cycle, support biodiversity and regulate the water cycle. As TEMSA, while determining targets for the protection of these ecosystems, we focus on developing and implementing methods that prevent deforestation in our business processes. In this context, we review our activities that may cause deforestation and develop strategies to prevent deforestation in our operations and supply chain. We prioritize sustainable resource use to prevent deforestation in our supply chain.

We also attach great importance to technology and innovation to prevent deforestation. By using digital monitoring systems and artificial intelligence-supported analysis tools, we detect potential risks in our operations and especially in our supply chain at an early stage and take the necessary actions. In this way, we create a positive impact not only in the areas we directly affect, but also indirectly on the activities of our business partners and suppliers.

We also attach great importance to technology and innovation to prevent deforestation.

SOCIAL IMPACTS AND HUMAN-ORIENTED ORGANIZATION

As part of our socially impactful approach, we aim to enhance societal well-being, protect human rights, and foster a work environment rooted in a culture of trust.



SOCIAL IMPACTS AND HUMAN-ORIENTED ORGANIZATION

As part of our social impact-focused approach, we are committed to increasing social welfare, protecting human rights, creating a working environment with a culture of trust, and reducing social inequality through our Social Sustainability Policy.

Within the scope of all these, we present our policy based on respect for human rights, respect for society, respect for family, social equality and diversity, employee health and safety, safe driving, employee training, creating social benefit, measuring and monitoring our social impact, and product sustainability. We take various steps to promote the protection of human rights throughout our value chain, rejecting violations such as discrimination, forced labor, and child labor. We also support the equal participation of women, youth, and disadvantaged individuals in business life.

We regularly evaluate our social sustainability performance and report it openly. We use various measurement methods to calculate and improve the social impact of the projects we carry out by transparently determining the selection criteria.

While developing projects aimed at adding value to society, we create strategies to amplify our social impact. With a strong commitment to our social responsibilities and sustainability goals, we advance our activities within the framework of human rights, equality, and societal benefit. In line with this approach, we monitor the short-, medium-, and long-term impacts of our projects and ensure sustainable social impact through improvement actions. Simultaneously, we establish strong relationships with stakeholders we collaborate with, aiming to maximize societal benefit.

HUMAN RIGHTS

As TEMSA, we are aware that we are faced with countless human rights-related challenges that are increasingly shaking us all around the world, and we are aware of our responsibility in this regard. Therefore, we work to manage risks and create areas of opportunity by integrating human rights into our corporate strategy.

We take into consideration and support the principles and guidelines in the United Nations (UN) Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work.

As TEMSA, we aim to provide a decent work environment when designing our human resources processes. In this context, we prioritize protecting the rights of our employees and strengthening their sense of belonging. We see psychological safety as the most important part of our work culture, and in this context, we design processes where our employees can reveal their talents and discover new abilities, listen to their needs, and take action for these needs. We attach particular importance to the participation of our employees and work to provide a work environment where our employees can easily share their feelings and thoughts. At TEMSA, we do not hesitate to ask for help from each other, we appreciate each other, and we continue to take responsibility and initiative.

We prioritize employee experience in all processes from start to exit.

As part of our TEMSA HR strategy, we carry out various projects and programs to support transformation and improve employee experience.

According to our employee engagement survey results, the satisfaction score of our employees is

85%.

This result is 9 points above the average of white-collar employees in Türkiye. In addition, our employee engagement score is 74% and 11 points above the white-collar data of Sabancı Holding companies and Türkiye. As a company, we worked to overcome crises with teamwork and solidarity and to sign new projects. We designed employee experience processes from beginning to end and utilized tools such as digitalization, artificial intelligence and data analysis. In the next reporting period, our employee engagement and employee satisfaction surveys will be updated by applying them specifically to our blue-collar employees.

As TEMSA, we have zero tolerance for discrimination in the workplace, and we provide an environment where everyone has equal opportunities and where we offer healthy and safe working conditions. We aim to strengthen our equality approach by supporting the participation of women, young people and disadvantaged individuals in business life. With our policies that encourage diversity and inclusiveness, we strive to ensure that all our employees realize their potential at the highest level.

We take proactive steps to increase the employment of women employees in our recruitment processes and develop comprehensive strategies in this direction.

We offer open and accessible communication channels for our employees to provide feedback and suggestions to managers. We also encourage their participation in volunteer projects and support them to contribute to our understanding of social responsibility.

HUMAN RIGHTS

We support our employees in achieving work-life balance by offering tailored benefits for special occasions. We view work-life balance not just as a matter of employee satisfaction but as a fundamental human rights issue. Additionally, we encourage club activities where employees with shared interests can come together and socialize, fostering a strong sense of community.

To ease the first-day anxieties of new employees and provide them with the best experience, we offer various support initiatives. We welcome them warmly by arranging transportation from their homes, providing a welcome kit and office equipment. New hires are also introduced to our “T-Buddy” mentors, who guide them through the company culture and help them adapt. Through activities like departmental tours and factory visits, we give employees a closer look at their workplace, while T-Buddy mentors introduce them to the daily workflow.

Our program begins with the preboarding process and T-Buddy assignments. For new employees, we provide comprehensive orientation training, including function-specific introductions. Before “On The Job Training,” practical experiences are offered through TEMSA buses in an initiative called “B2Feel.” The training process continues with specialized sessions that help employees better understand their departments and includes “Welcome Talks,” where General Managers engage with new team members.

As part of the orientation program, we also offer TEMSA site tours to all new hires, ensuring a thorough introduction to our operations.

Our orientation program aims to continuously enhance recruitment processes and provide a positive experience for our new employees.

With our OnWays Digital Orientation process, designed for all new TEMSA employees, we aim to enhance employee experience, increase satisfaction, and standardize and digitalize the onboarding process. This initiative is supported by OnWays Meta, enabling new TEMSA team members to complete certain stages of the orientation process within a Metaverse environment.

The orientation program integrates advanced technologies, including AI-generated voiceovers, enriched content, field experiences, and Metaverse-integrated training sessions. All new TEMSA employees will spend their first week in the OnWays Room, where they will be welcomed with an interactive experience enhanced by modern technologies.

Beyond our internal ecosystem, we work closely with our stakeholders to promote respect for human rights across our entire value chain. To achieve this, we have implemented various processes and training programs to ensure respect for human rights among our suppliers and customers, emphasizing responsible product and service development.

As a result of these efforts, **our Social Return on Investment (SROI) - Social Impact Score**

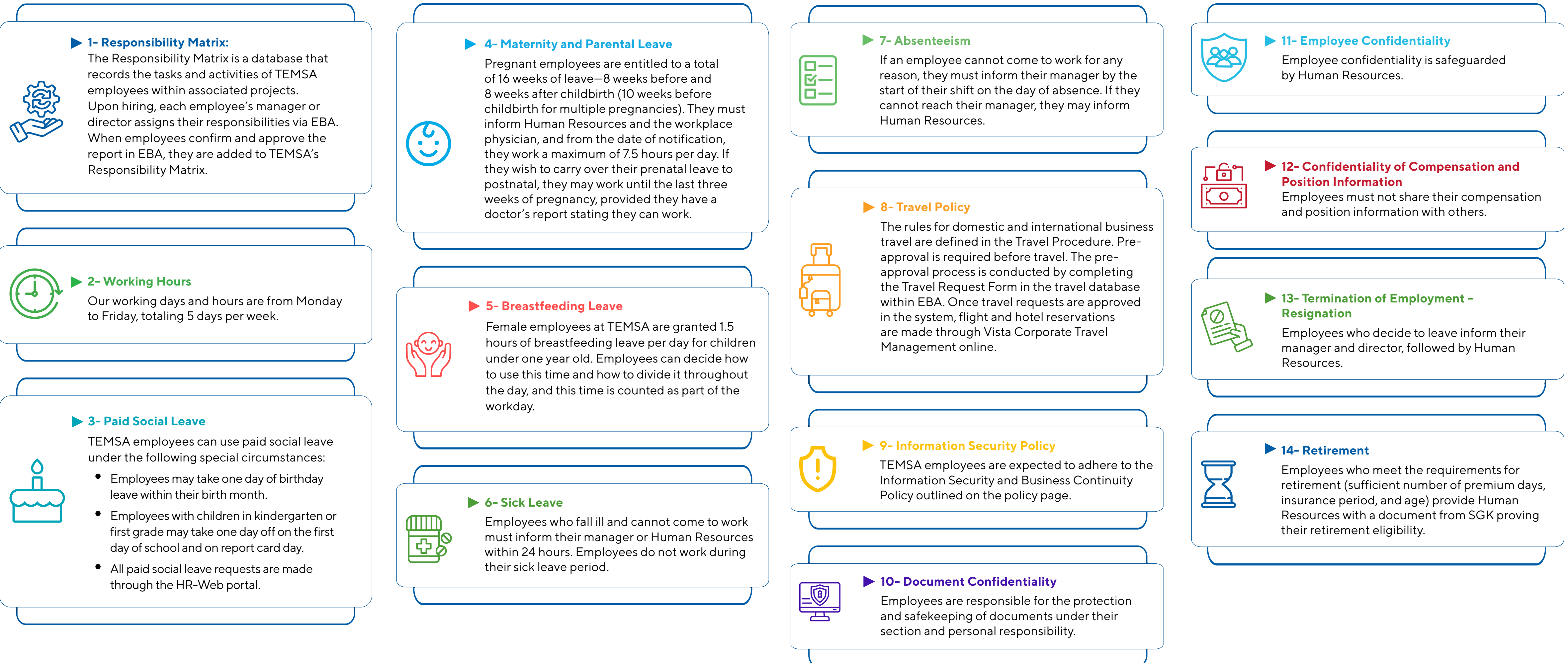
has been calculated as **14.18**

In future reporting periods, we will continue conducting Social Impact Analysis on our high-impact social projects.



As a further outcome of our initiatives, we were awarded the **Fast Company - Top 50 Most Innovative HR Leaders award in 2022 and 2023.**

HUMAN RESOURCES POLICIES



COMPENSATION AND BENEFITS

Ensuring that our employees feel valued and respected in the workplace is one of our most important focuses for TEMSEA. In this context, with our compensation system, we aim to exhibit a fair approach within the company and maintain the internal wage balance by taking market movements into account.

We know that work-life balance is important for the health, safety and efficiency of our employees. In these days when flexibility and customization in fringe benefits come to the fore, as TEMSEA, we accept that standard perspectives do not suit everyone and try to create approaches that address different workforce needs.

At TEMSEA, we offer compensation and fringe benefits with a holistic, health and human-oriented approach that is compatible with the new generation and global developments and responds to the changing needs of the workforce. In this direction, we base the compensation system on the basis of grade for each position and determine the wage range within this grade according to the market position of the position. In order to catch up with market movements and manage organizational changes ethically, we review all components related to compensation (wage, grade, market position of the position) within the performance year (in January). When determining wage increases, we take into account the market wages of the positions, inflation and performance criteria. We provide our employees with various side benefits such as private health insurance, life insurance and private pension according to their level.

Compensation and Benefits



Bonus
Short-Term Success Bonus
Sales Bonus



Private Health Insurance
(AKSIGORTA)



Life Insurance and Individual
Pension System (Agesa)



Training Support Package
Every September

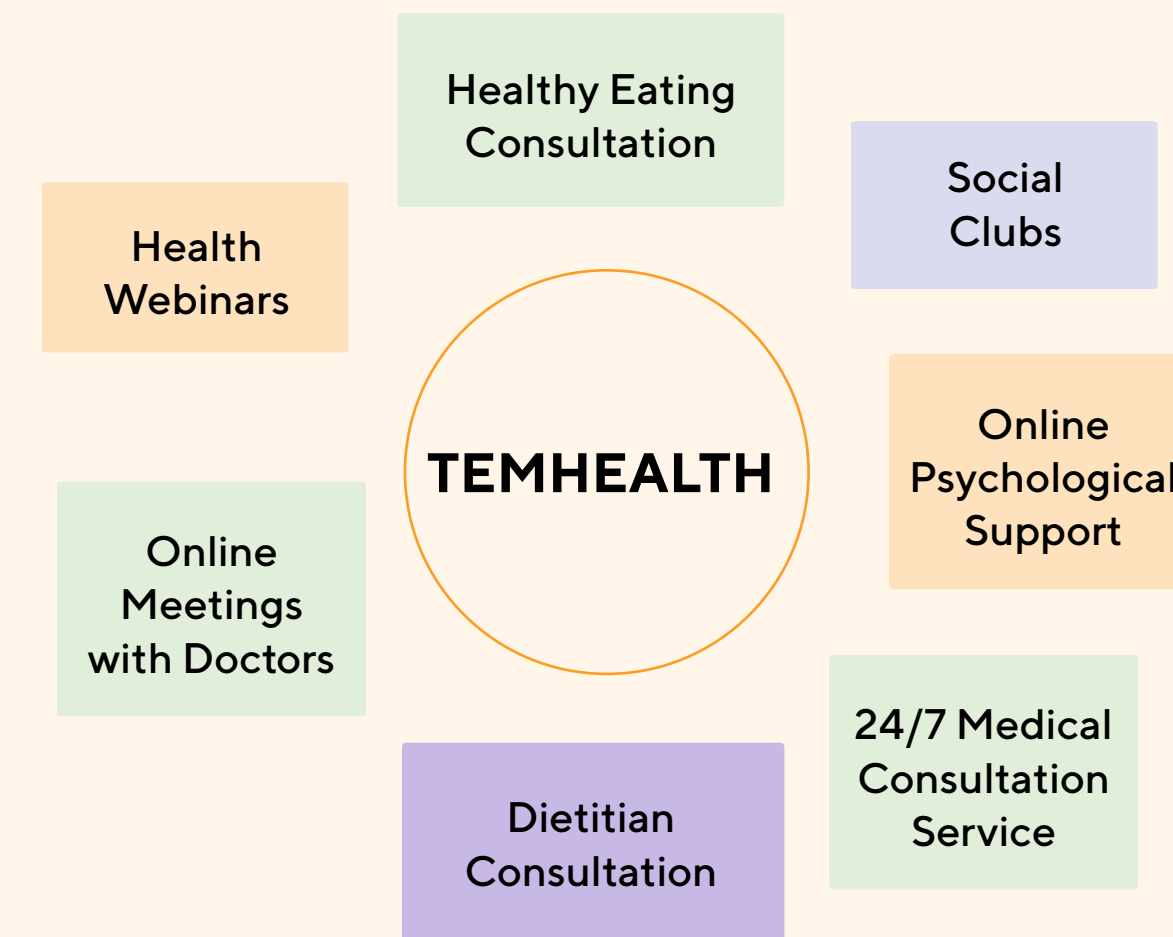


Meals and Service

► TEMHEALTH

We are implementing our TemHEALTH program, designed with the motto “**Sustainable, Good Living!**”

The program includes the following:



Each month, we will designate one day as TemHEALTH Day to share these services with you.

Under TemHEALTH, we conducted seven webinars, including the Equality, Diversity, and Inclusion at the Workplace Workshop & Webinar and sessions on earthquakes, covering topics such as:

- X-TEND – Adult and Child Psychology After Earthquakes
- X-TEND – The First 72 Hours in Disasters
- Disaster Preparedness
- Structural Safety Against Earthquakes
- Disaster Awareness Webinar
- Psychological Resilience Against Earthquakes
- Psychosocial Support Webinar



Webinar: What can we learn from Japan About Earthquake Preparedness?



EMPLOYEE WELLBEING

TEMSEA Organizational Efficiency and Innovation Strength

The organizational efficiency and innovation power of TEMSEA continue to grow each day, driven by our commitment to employee well-being. Happy and motivated employees not only enhance efficiency in our business processes but also foster our innovative mindset. With this balanced approach, we organize events that encourage communication to increase interaction among our employees. Additionally, at the end of each quarter, we hold Town Hall meetings where we share business results with our employees. We also conduct monthly informational meetings (TMC, TLT) for senior management, managers, and supervisors. In 2023, we organized three Town Hall meetings, which were attended by a total of 950 participants.

At TEMSEA, we prioritize both the physical and mental health of our employees. In 2023, to promote a healthy lifestyle, we partnered with Meditopia and Fit Broccoli applications to support our employees in maintaining a balanced diet, active lifestyle, and mental well-being. Through this initiative, we aimed for our employees to be healthier and happier not only in their professional lives but also in their personal lives. Moving forward, we will continue to pursue innovative projects and supportive applications to maximize the well-being of TEMSEA employees.

¹⁴Hall: A quarterly event where business results are shared with the participation of TMC members and all white-collar employees.

¹⁵Coffee Talks: An event organized to bring together employees from different departments and the CEO.

► FUN FACTORY

Launched in 2022, this initiative aims to enhance communication skills among our employees across departments. Through gamification and peer learning, this project helped us observe a reduction in interdepartmental communication issues. Our young talents also organize Coffee Talks with our CEO to better understand the company's strategy and perspective. During the reporting period, two internal communication events were held, with 30 participants attending.

► Employee Well-Being

In an effort to strengthen work-life balance, TEMSEA implements a hybrid work model. Through initiatives that prioritize a culture of psychological safety, we aim to enhance the well-being of our employees. Blue-collar workers have the freedom to participate in union processes from the start of their employment, and we value their involvement and perspectives on work-related matters.

► Birthday Leave

To show our appreciation for our employees and support work-life balance, TEMSEA offers a day off on employees' birthdays. This initiative is a significant step for employee well-being.

► Military Package

We provide a package containing products that employees can use during their military service to employees fulfilling their military duties. The return-to-work process for employees completing their military service is of great importance to us, and we support them at every step. In 2023, 36 employees benefited from our Military Package initiative.

► School Start and Report Card Leave

As a gesture that highlights the importance we place on family life, we offer School Start and Report Card Leave. Within this framework, our employees are entitled to a day off on their child's first day of school and report card day. Expanding family-centered benefits is an important focus for TEMSEA. In 2023, 303 employees utilized this leave.

At TEMSEA, we prioritize both the physical and mental health of our employees.

► Parental and Elder Care

At TEMSEA, we view our employees' families as an essential part of our ecosystem. To support parental and elder care needs, we extend administrative leave to cover the care of first-degree relatives of employees and their spouses.

► Maternity and Parental Leave

At TEMSEA, we consider it a major responsibility to safeguard our employees' career development. We offer paid and unpaid maternity and parental leave without gender discrimination. Regardless of legal requirements, the minimum paid maternity leave is set at five weeks, and the minimum paid paternity or parental leave is set at five days. At TEMSEA, any restrictions, pressure, or deterrent behaviors regarding the use of these leaves are strictly prohibited. Additionally, to support employees before and after maternity leave, we provide mentoring, return-to-work orientation, and health support. We continuously evaluate the maternity leave process to meet employees' needs, offer a phased return option, and provide additional leave for parents with children who have special needs. We also offer administrative leave for employees on significant days, such as the first day of school or report card day for preschool and primary school-aged children.

EMPLOYEE WELLBEING

Our Efforts Towards Employee Experience

Hybrid Working Program

At TEMSA, we have adopted a hybrid working model to adapt to changing work dynamics and offer flexibility to our employees. This model allows our teams to maintain a balance between office and remote work, enabling a more efficient and hybrid working environment. While providing employees with the opportunity to maintain work-life balance, we aim to maximize productivity through digital solutions that strengthen collaboration and team spirit. The hybrid model supports TEMSA's innovative and dynamic work culture, offering our employees a more autonomous work experience.



TEMSA CAMPUS

Through the TEMSA Campus project, we have improved our existing intranet platform to make it more accessible, enabling our employees to access accurate information instantly. It is accessible via mobile devices, providing connectivity for our international offices as well. This project enhances the employee experience with a user-friendly design and includes tools such as an appreciation/thank you system to boost team communication.

We have also adopted an approach that highlights new hires and employees celebrating birthdays, aiming to increase interaction among employees. TEMSA Campus promises a sustainable and inclusive platform by standardizing and further improving internal communication.



Employee Experience Surveys

We automatically assign Employee Experience Surveys to our employees in their second and fifth months. These surveys gather 360-degree feedback, collecting input from both employees and managers. We carefully analyze the responses, arranging one-on-one meetings for responses at mid or lower levels to conduct root cause analysis. Our findings are reported and tracked at the Board level to ensure comprehensive follow-up.



EMPLOYEE DEVELOPMENT, ENGAGEMENT AND COMMUNICATION

We value inclusivity and aim to support the talents of the future in a workplace that fosters safe and open communication.

As TEMSA, we provide a supportive work environment where all our employees feel valued and safe to bring out their best performance. In this way, we aim to be ready for the future from today by establishing strong relationships with people and society. We are also aware that competent human resources play a critical role in the vision of being ready for the future from today. With this awareness, we always prioritize open and effective communication within TEMSA.

At TEMSA, we draw our strength from our people-oriented approach in focusing on employee loyalty, satisfaction and well-being. Our primary goals include preparing for the business world of the future and ensuring that the necessary competencies are acquired in this direction. We create programs that aim to bring not only our employees but also young people, women and disadvantaged individuals into employment and increase their access to education and development programs. In line with this approach, we ensure that all Human Resources, Information Technologies, Sustainability and Process Management processes are managed with the same standards in Türkiye, France, America and Germany

locations, and we see the holistic and integrated approach as an important part of employee loyalty as an institution working with different cultures.

We attach great importance to continuous development, and for this reason, we care about hearing employee opinions systematically. We send our employees the TEMSA Journey Experience Survey every month to evaluate their satisfaction regarding their starting process and general working experience. In this way, we have the opportunity to continuously monitor and improve employee satisfaction. We also regularly measure the satisfaction level of the services we offer, such as in-company IT services and transportation services, and focus on making improvements.

We know that one of the most important focal points of employee loyalty and company success is corporate culture.

At TEMSA, we adopt a caring corporate culture, and we care about how our employees work, their well-being, their emotional states, opening up space for helping behaviors, and feeling psychological security as much as the work done.



TRAINING AND DEVELOPMENT

As TEMSA, attracting talent, supporting the development of each talent in an environment of equal opportunity, and accessing qualified employees form the foundation of our success. To achieve this goal, we aim to provide a dynamic, inclusive, and innovative work environment where our employees feel valued, are supported in their professional development and personal well-being. We know that growth is possible together. Empowered by this belief, we aim to foster and lead the development of a motivated and high-performing TEMSA team that will shape our future by offering lifelong learning and skill development opportunities. In this scope, we train internal TEMSA instructors to accelerate development and adapt to TEMSA culture.

► Implementation of TEMSA Internal Instructors

TEMSA Academy began its first training in 2023, focusing on Agile Culture. On March 15-16, we delivered the first training of the year, “Agile 101 Training,” with the TEMSA Academy Internal Instructor team and led by the Agile Team.



As technological transformation accelerates and the demand for critical competencies increases, gaining and developing the necessary skills to implement TEMSA’s new plans has become one of our main focus areas. The rise in competition driven by digitalization and technological advancements has also increased the need for hybrid work conditions. With this awareness, we implement a hybrid work system to help our employees maintain work-life balance.

As with all our human resources practices, we align our training and development activities with TEMSA’s strategic goals and priorities. Through the TEMSA ACADEMY platform, we support the development of our employees, taking into account the corporate and individual needs of today and tomorrow to create development plans. We focus specifically on new-generation leadership, agile governance, digital skills, diversity and inclusion, corporate development, business excellence, competencies, and technical and personal development needs.

To support the emergence of new-generation leaders and strategic decision-makers prepared for the future, we offer innovative training programs such as the Leadership Academy and Strategic Management Academy.

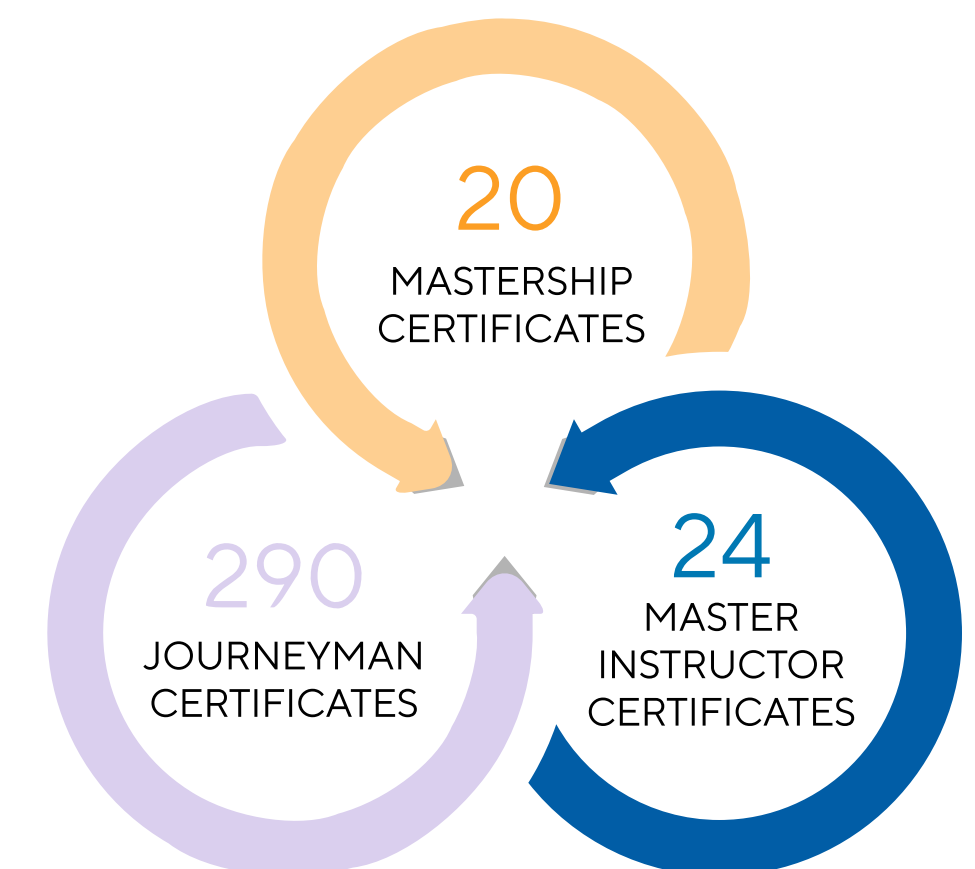
In 2023, we dedicated **2,200 hours** to sustainability and environmental training.

These programs equip participants not only with the ability to manage themselves and their teams more effectively but also support them in developing globally minded, digital transformation, and sustainability-oriented strategies. Participants benefit from multidimensional development through dynamic learning opportunities such as rotation experiences, one-on-one coaching sessions, and inspiring webinars led by leading experts in their fields.

Approximately two-year-long programs allow participants to make a difference in the business world through rotation opportunities in different business functions after graduation. In addition, participants deepen their technical competencies through “Function Academies,” which offer a personalized experience. Thus, we enable future leaders to develop the capacity to create function-specific solutions. We are not only preparing the leaders of today but also the leaders of tomorrow; with visionary, agile, and effective leaders, we continue our strategic journey.

Moreover, we support our employees’ career journeys with professional and technical training. We check the professional qualifications of employees within the scope of Professional Competence and, under our “1 employee, 2 Professions” project, we help them earn second certificates.

In 2023, we provided a total of **37,267 hours** of training to our employees.



TRAINING AND DEVELOPMENT

Future Talents Are Hidden in Our Genes: NEXT-GEN MBA Academy

With the motto “Future Talents Are Hidden in Our Genes,” the TEMSA NextGen MBA Program is designed specifically for professionals who are currently in managerial roles or candidates for these roles at TEMSA. Through this program, TEMSA employees bring out the competencies embedded in their genes to be ready for the transformation age. The program allows participants to develop team management, strong communication, and motivation skills, preparing them for strategic leadership roles. Supporting a qualified workforce and employee experience is one of the main focuses of the program. Additionally, a 360-degree evaluation method is applied within the program, development surveys are conducted with participants’ managers and team members, and participants’ progress is systematically tracked.

The key objectives of the program include increasing employee satisfaction by involving employees in education and development processes, reducing turnover rates, and increasing internal vertical promotion rates.

Key features of the NextGen MBA include:

- **Leadership Module:** Equips participants with the skills to effectively lead themselves, their teams, and their work with new-generation leadership capabilities.
- **Function Academies:** Each participant’s technical competencies are enhanced through specialized academies created for their respective job functions, aiming for business excellence.
- **Rotation Experience:** International rotation opportunities allow participants to gain a global perspective.
- **Inspiration Webinars and Coaching Sessions:** Awareness is raised and a space for inspiration and visionary approaches is provided.

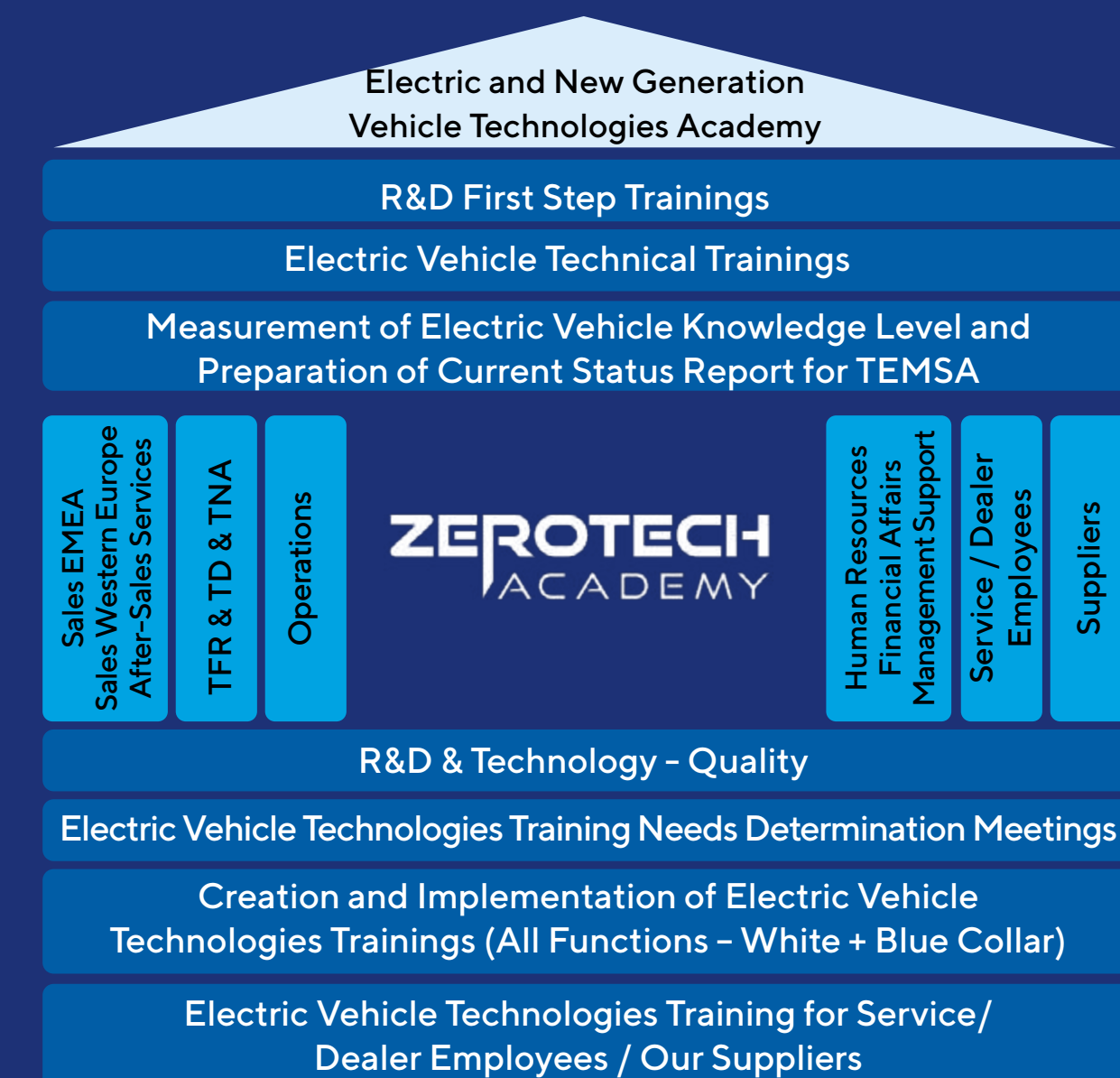


Research and Development First Step Awareness training has begun.

ZEROTECH ACADEMY

As TEMSA, with the Zerotech Academy project, we aim to elevate the knowledge levels of our employees and improve business processes to maintain and advance our leadership in the electric and next-generation vehicle technologies. This project, which is a first in Türkiye and Europe, contributes to the business excellence model with specially developed content.

The transition of the project to digital platforms and the data-driven management approach distinguishes Zerotech Academy from other applications in the sector. This academy, directly aligned with TEMSA’s sustainability strategies, has been designed with a holistic approach to create value for both internal and external stakeholders. By opening the content to international subsidiaries, the global expansion of the project will be ensured, and through the use of services, dealerships, and suppliers, all TEMSA stakeholders will be at the same level of knowledge.



TALENT MANAGEMENT

In talent management and development, we adopt an integrated approach to maximize the individual potential of our employees and align it with the company's long-term strategic goals. We also manage our training and development processes with the same meticulous approach.

We support our employees' journey to realize their potential through various training platforms and development tools, such as the NextGen MBA Leadership Academy, ZeroTech Academy, and Function Academies. We diversify our training processes with Quarterly-based Trainings, Inspirational Webinar Series, and our digital education platform, TEMSA Academy. With the new training management platform, TEMSA Academy, which can be used via web or mobile, allows TEMSA employees to access content anytime and anywhere.

By offering training opportunities in the Metaverse environment with OnWays Meta, we accelerate the adaptation process to digitalization and technology. While providing employees with opportunities to make the most efficient use of their talents, we also embrace a strategy for accessing qualified employees to do our work in the best way. We develop programs to gain new-generation talents and align current job definitions with the processes of digitalization and automation. Additionally, by offering career options such as Human Leadership and Business Leadership, we support our employees' career journeys. With the ROAD project, we ensure career guidance and provide a transparent internal job application process through TEMPO job postings.

With the PERFX system, we digitize our performance management process and enable our employees to follow their goals and progress instantly. We hold career meetings with all our employees once a year and listen to their expectations.

We take care to develop the competencies of our high-potential employees and increase their interactions within the organization through annual evaluation meetings and our Agile teams. We identify our high-potential and young employees with organizational success planning, prepare them for manager, manager, assistant general manager and general manager positions by taking them to the backup process. We provide professional support to our employees in need with our Career Coaching processes. While supporting the career development of our employees, we ensure that our company reaches an agile and harmonious organizational structure.

In our recruitment processes, we avoid discriminatory expressions in order to prevent discrimination and promote equal opportunities, and we create all our job postings in line with these principles. We aim to increase inclusiveness with the trainings and seminars we organize to raise awareness.

We prioritize diversity, inclusiveness and objectivity in the recruitment process, and evaluate candidates only based on their competencies and expertise. We do not consider personal characteristics such as gender, belief, religion, ethnicity, nationality, political view, age, disability and marital status as evaluation criteria. In addition, we do not include gender-based situations such as pregnancy and military service in our selection, measurement and evaluation processes. In this way, we aim to provide a new generation, ethical and inclusive working environment by offering equal opportunities to all our candidates.

In the rapidly changing and transforming business world, we prioritize increasing performance and keeping up with the needs of the age by investing in the expertise and competencies of the future today.



The Talents of the Future are Hidden in Our Genes

TEMPO

The TemPO (TEMSEA Possibilities) program stands out as an innovative platform that takes our employees' career journeys to a new level. We support the motivation of TEMSEA employees who can easily access open positions within TEMSEA via the eBa internal advertisement platform by offering them the opportunity to manage their own careers. With TemPo, employees have the opportunity to develop their different talents and advance in their careers by applying to new positions suitable for them within TEMSEA. We constantly provide our employees with up-to-date opportunities through the Internal Job Advertisement Bulletin published every Tuesday.

Development Programs:

By encouraging our employees to participate in long-term projects, we enable them to develop critical competencies for the 21st century, such as innovation, teamwork, and creativity. We bring together employees from different companies, helping them strengthen their skills and facilitating their quick adaptation to TEMSEA's continuous development culture. Through business excellence training, we enhance the performance and knowledge of our employees in their current roles. Based on ILS, OCS, and KF 360 results, we organize training sessions to support the development of leadership styles and skills-focused areas.

Online Training:

With the pandemic, we offered MESS Online Training and access to many university online educational resources to continuously support the development of our employees. This has allowed our employees to continue their professional and personal development while gaining new skills and adding value to their careers.

TEMSEA Academy Online Training Platform:

By digitizing our training processes, we align with modern learning trends. In this context, we launched the TEMSEA Academy Online Training Platform and continue to develop this platform. Considering the organizational and individual needs of today and the future, we provide equal and accessible training opportunities for all our employees. With TEMSEA Academy, our employees can continue their development uninterrupted, regardless of location or position. Additionally, we are able to track the progress of their development through the platform.

In the future, we aim to improve accessibility by incorporating subtitles and voice-over features into the academy content. By doing so, we will enhance flexibility, inclusivity, diversity, and accessibility in training, encouraging all TEMSEA employees to acquire global competencies and continuously improve themselves.

Master Training:

For employees' professional development, we have partnered with Çukurova Vocational Training Center to offer training. Under this collaboration, we aim to help employees specialize in multiple professions with the motto "One Employee, Two Professions."

On-the-Job Training:

For new blue-collar employees, we provide participation in İŞKUR's On-the-Job Training Program. As TEMSEA, we provide candidates with 10 days of theoretical and practical basic training.



T-BUDDY



T-Buddy has been designed to enhance the orientation process of new employees and help them adapt more easily to the TEMSEA culture. With this approach, we ensure that experienced and successful team members mentor new employees, accelerating their integration into business processes and strengthening the culture of collaboration. Additionally, it provides a quick introduction to the company's physical and social facilities. Our employee satisfaction rate for the recruitment and orientation process is over 90%. We continue our work with a human-centered approach to maintain and improve this success.

AGILE OFFICE



As TEMSEA, we firmly believe that institutions, structures, and systems that do not transform will not be able to survive in the future. Therefore, we continue our efforts to promote an agile working culture. As of 2023, 185 of our employees are actively working with agile methodologies. In this process, a total of 291 people have undergone agile training and embraced the new generation working approach.

Currently, there are 26 agile teams operating within TEMSEA, and 48% of our white-collar employees have completed Agile 101 training. These trainings are designed to accelerate the adaptation of our employees to agile processes. Additionally, Agile Assessment Surveys are conducted, processes are regularly reviewed, Agile Bulletins are shared, and the Agile Office Kahoot Competition has helped the adoption of this culture in a fun and participatory way.

CULTURE AMBASSADORS



We recognize that traditional organizational culture concepts, leadership models, and HR practices are no longer sufficient for healthy and human-centric work environments. In the transformation age, we need to understand transformation and build agile business models integrated with transformation to ensure sustainability. Therefore, we place cultural transformation at the core of our social sustainability efforts. We are taking action for agile working cultures and new-generation work models, tracking measurable and verifiable data-driven goals. The Culture Ambassadors Team leads agile projects that foster innovative thinking and create a TEMSA capable of quickly adapting to collaboration and flexibility.

We started this journey with the slogan “Grow with change, shape with transformation. Strengthen continuously with agile culture!” and initiated measurement and evaluation studies. We extended the agile microphone to all TEMSA employees to understand what agile transformation means for them. With an agile survey, we conducted agility assessments within TEMSA, analyzed the survey results, and planned our data-driven roadmap and action steps with the voices of all TEMSA employees. We aim to spread the project in future periods.

CROSS-CULTURAL COMMUNICATION

► We conducted a Kahoot activity with TEMSA France employees.

As part of our efforts to strengthen TEMSA’s cross-cultural communication, we held a Kahoot activity with the TEMSA France team under the motto “Let’s Get to Know Each Other.” In this event, we introduced TEMSA Türkiye and Turkish culture to the TEMSA France employees. This event, with great interest and participation, became an important step in reinforcing cultural awareness and communication between teams.

We believe that cross-cultural efforts enhance understanding of different cultural perspectives in work life, strengthening communication and collaboration among employees.

TEMSA TALENT STATION



We value creating intergenerational dialogue spaces and prioritize bringing young talents into TEMSA. To this end, we offer a career program called “TEMSA Talent Station.” This program provides an opportunity for third- or fourth-year university students and graduate students to apply.

Participants accepted into our program gain work experience at TEMSA for three months. During this time, the participants are expected to actively participate in projects and become more familiar with TEMSA. We also organize periodic meetings between participants and senior executives to share their experiences and knowledge. In 2023, a total of 76 people participated in the Talent Station program, and 80% of them started working in various departments during the recruitment process.

Accepted participants in our program gain work experience at TEMSA for three months. During this period, we aim for participants to actively take part in projects and get to know TEMSA more closely. Additionally, we create an environment where participants can share their experiences and knowledge with senior managers by organizing periodic meetings. In 2023, a total of 76 people participated in the Talent Station program, and 80% of them started working in various departments during the recruitment process.

FUTURE TALENTS



At TEMSA, we are strategically investing in our human resources today to train tomorrow’s leaders and specialists. As part of the Future Talents project, we offer comprehensive internship programs to allow young talents to deeply understand our company and the industry. We support the learning process of university students by providing both short- and long-term internship opportunities.

We provide a two-month internship opportunity for third and fourth-year university students during the summer, helping them meet compulsory internship requirements. We also create long-term internship programs for fourth-year students of universities with which we cooperate. These programs allow students to observe production processes closely and learn the workflow of the departments they work in.

Vocational school students are also given the opportunity to intern at our company for three working days a week, as determined by their schools. These diversified internship programs not only help young talents develop their knowledge and competencies related to our industry but also support our strategy of building a talent pool for the future.

In 2023, 46 students interned with TEMSA during the spring term and 33 students during the autumn term, totaling 79 students. After the internship, 19 students started working at our company.

SAHOL TALENT ACQUISITION PROGRAMS



The New Generation Career Experience (YNKD) program provides third and fourth-year university students with an opportunity to get to know Sabancı Group companies, gain internship and project experience, meet with leaders, and receive mentorship. Through this program, we have hired 3 employees.

SEED Digital offers a comprehensive recruitment program where young talents at Sabancı Group not only find job opportunities but also the chance to develop themselves. In 2023, 3 employees were recruited through SEED.

Sabancı University First Step into the Business World Program allows first and second-year students of Sabancı University to get familiar with work environments and career fields during their winter break (in January) for two weeks, gaining their first internship experience by observing the internal structure of organizations. In the reporting period, 9 interns were included in this process.

SAHOL DEVELOPMENT PROGRAMS



It is a training program designed to accelerate the development of top management within the framework of the strategy, culture, values, and Sabancı Leadership Model defined in line with the vision of becoming the Sabancı of the New Generation.



It is a training program aimed at developing the leadership potential of middle management in the Sabancı Group.



It is a training program designed to enhance the professional and leadership development of high-potential technical managers and engineers in the Industrial, Building Materials, and Energy Group companies, while facilitating knowledge and experience sharing among these employees.



It is a collaboration process working with agile principles on potential strategic business development projects that will drive the transformation of the Sabancı Group, in line with the 2021-2025 strategic plan.



It is a training program designed to create a sustainable workforce in this area, supporting the "Leadership in Digitalization" strategic direction outlined in the X+5 strategic plan.



It is a training program that supports the competencies that will boldly change the "innovation" dimension and ways of working, in line with the 2021-2025 strategic plan.

TRAINING PLATFORMS



PERFORMANCE MANAGEMENT

At TEMSA, we implement a performance management system that supports a high-performance culture aligned with our strategic objectives. The Perfx Performance Management System includes goal-setting, continuous performance monitoring, and year-end evaluations. At the beginning of the year, our white-collar employees register their goals in the system and track their progress by making necessary updates throughout the year. At the end of the year, performance results are first evaluated by the direct manager and then submitted for approval to the second manager. This ensures reliability while aiming for the best outcome for the employee's performance journey.

We value developing a shared understanding of the performance evaluation process.

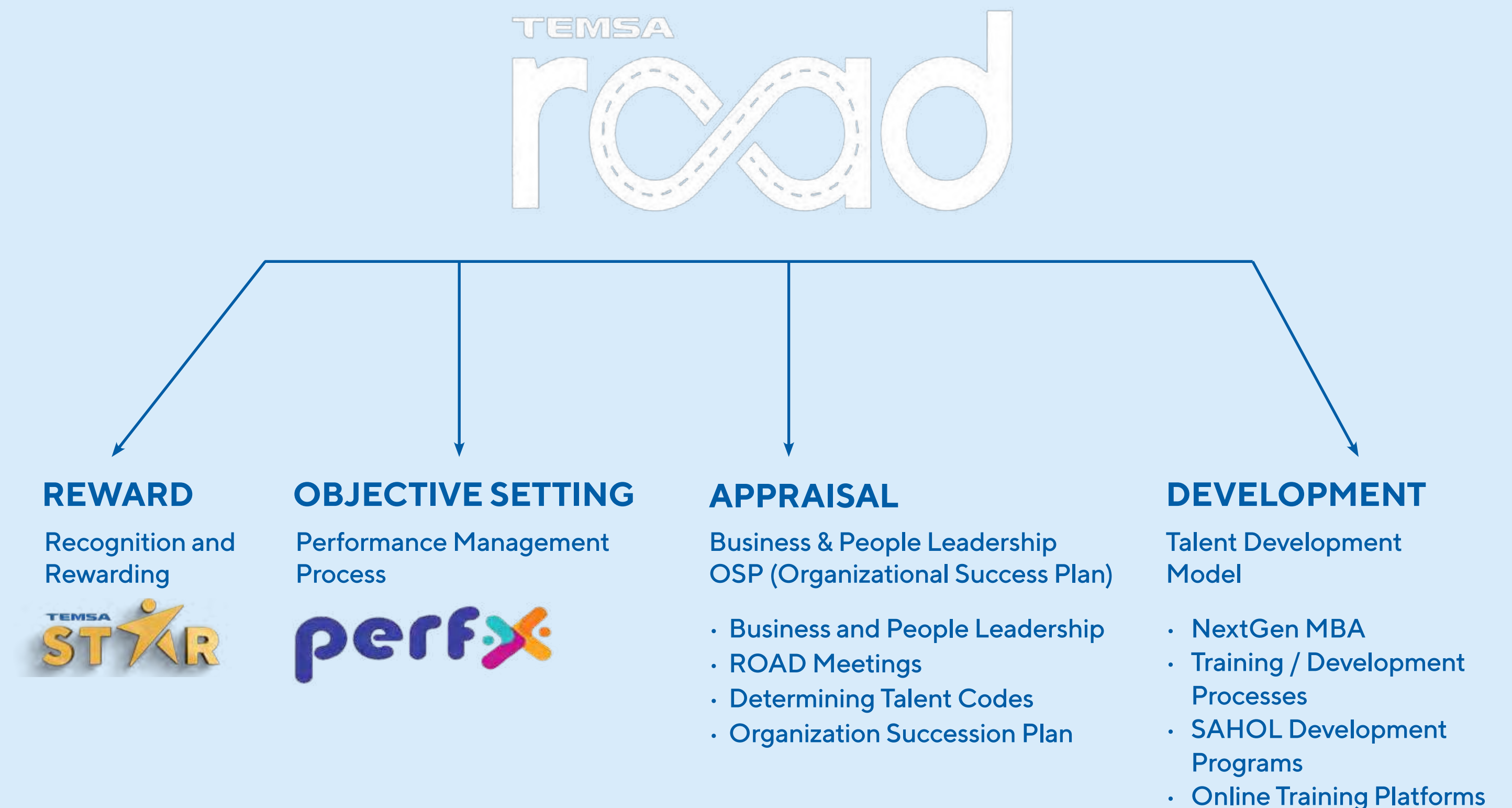
We offer career development opportunities and promotion options to high-performing employees at TEMSA, helping them maximize their potential. Additionally, by providing personal development plans and training, we support our employees' access to quality education and development opportunities.

To internalize the culture of continuous improvement, we use the TEMSA Performance Culture section on the TEMSA Internal Communication platform, Campus, to share various updates with our employees.

ROAD

TEMSEA Road is an innovative platform focusing on career development, performance management, education, and reward processes. Through this platform, our employees conduct career discussions, determining their career goals,

strengths, and development areas. These discussions also support internal backup processes while evaluating employees' skills and career expectations.



OnWays

The OnWays Digital Orientation process is an innovative project for new employees at TEMSA. With this project, we aim to not only improve the employee experience but also increase retention and commitment rates. OnWays has used the power of digitalization to restructure the orientation process, standardizing it and providing an enriched experience. Through the OnWays Meta platform, new TEMSA employees undergo interactive training and AI-assisted voiceovers in a metaverse environment, undergoing a realistic and effective learning process. The first week spent in OnWays Room helps employees quickly and effectively adapt to the company culture, contributing to the achievement of the company's sustainability goals. This cutting-edge approach enhances employee satisfaction while strengthening TEMSA's vision of digitalization and sustainability.

ON WAYS
DİJİTAL ORYANTASYON SÜRECİ

TEMSEA STAR

It is important for us to encourage our employees to work with the same enthusiasm and teamwork every day and to motivate each other. Therefore, we have unified our Recognition and Reward processes on a single platform.

RECOGNITION AND REWARDING



It 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.

GOLDEN COLLAR AWARDS

This award aims to highlight, recognize, and reward the best projects, practices, and/or business models within TEMSA, so they can serve as examples for one another.

FARK YARATAN AWARDS

It is an award ceremony where the most successful teams in 6 different categories are recognized and rewarded at Temsa.

TEAM AWARDS

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

COMMITTED WITH PASSION AWARDS

These awards are given to employees who retire and leave the company after earning their retirement rights at TEMSA.

RETIREMENT AWARD

With TEMSA Star, 644 of our employees have been rewarded. These awards include the "Employees Who Make a Difference" award for their projects, Team awards, and Passionate Commitment awards. TEMSA's "Making a Difference" Awards are implemented to reward the achievements of TEMSA employees, share best practices, and foster the development of TEMSA.

DEVELOPERS

This is an incentive program developed to instill a culture of research, development, and innovation among TEMSA employees; to encourage the increase of patents and utility models; and to help employees specialize in their fields and acquire new competencies.

DREAMERS

It is a new value creation platform where employees can freely express their ideas, bring them to life with an agile approach, and be rewarded based on the outcomes of their projects.

BIRTH PACKAGE

It is a birth package given to our employees with children, for the little new members joining our TEMSA family.

MILITARY PACKAGE

This package is prepared for Temsa employees who will fulfill their military service duty.

T-ERO

It is a recognition and appreciation platform located within Temsa Campus.

Dreamers

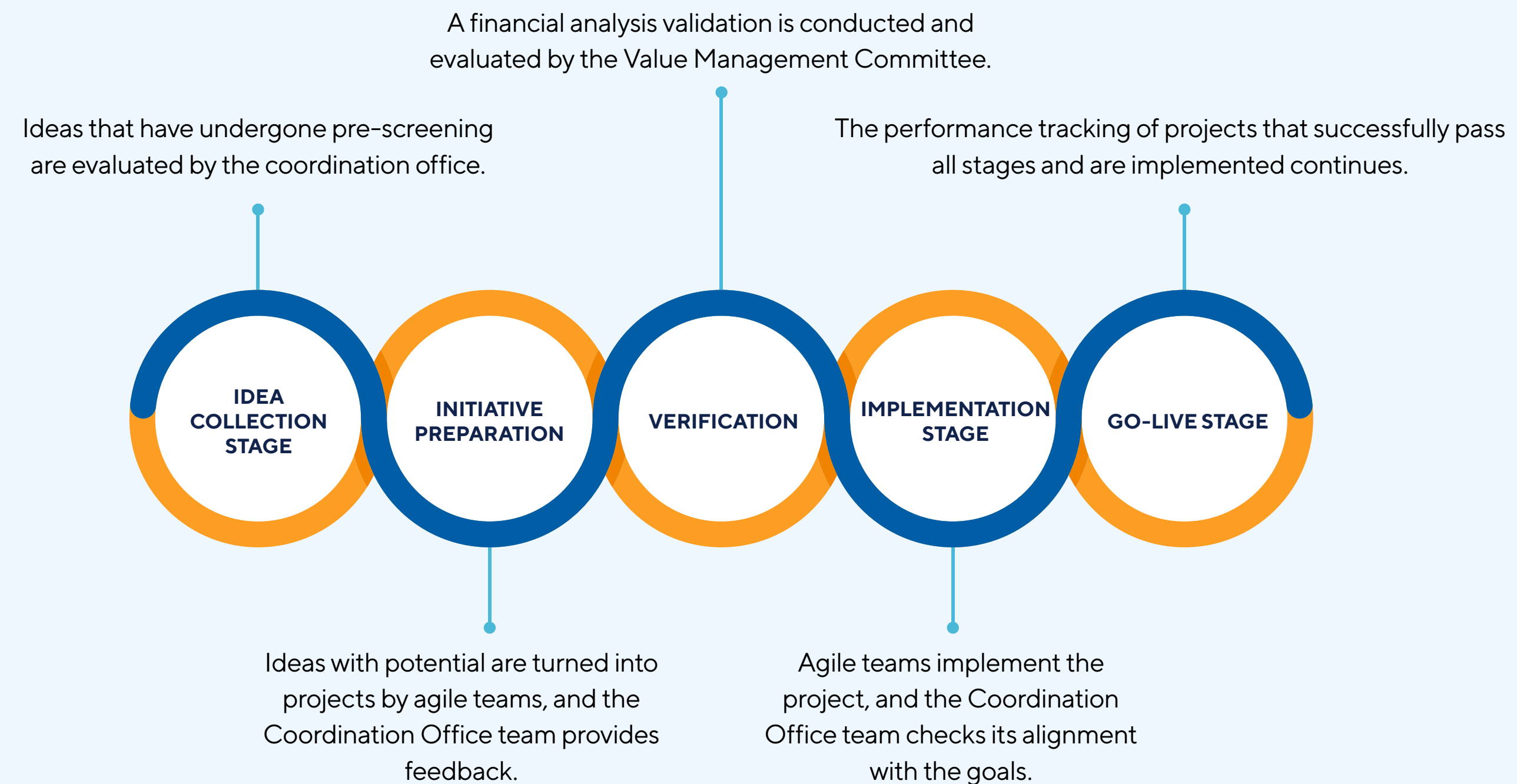
Dreamers is a value creation platform where employees freely express their ideas and bring these ideas to life through agile methods and teamwork, being rewarded according to the project outcomes. As part of our Agile Transformation process, TEMSA Dreamers has led to 10 projects being launched and a total of 44 valuable ideas being collected.

TEMSEA Dreamers has led to 10 projects being launched and a total of 44 valuable ideas being collected.



It is a value creation platform where employees can freely express their ideas, bring them to life with an agile approach, and be rewarded based on the project outcomes.

At the end of the project, 5% of the annual profit generated is equally distributed among the employees who worked on the project.



DEVELOPERS

We emphasize encouraging research, development, and innovation culture to help employees focus on their personal and professional development. We provide our employees with financial support and paid leave to focus on their education in areas such as master's and Ph.D. programs, foreign language support, publishing national and international articles, participating in national and international projects, specialization in the profession, patents, and useful model works.

In 2023, 21 employees benefited from our foreign language support program, and a total of 565 employees were offered an education support package. Additionally, 3 employees received support for starting their master's programs, 2 patent applications were documented, 2 patent applications were accepted, and 1 received a Certified Public Accountant (SMMM) certificate.



National and International Projects

Successful Completion of National and International Support Program Projects

Article to be Published in National and International

Publication of National and International Articles

Post-graduate and PhD studies

Thesis-Based Master's/PhD Initial Support
Thesis-Based Master's Completion Award
PhD Completion Award

Patent and Utility Model

1. Evaluated/Accepted Invention Notification
2. Documented Invention Notification

Professional Specialization Support

Certified Public Accountant (CPA) Initial Support
Other Support:

- Chamber Registration Fee
- Examination Entry Fee
- License Acquisition Fee
- Annual Membership Fee

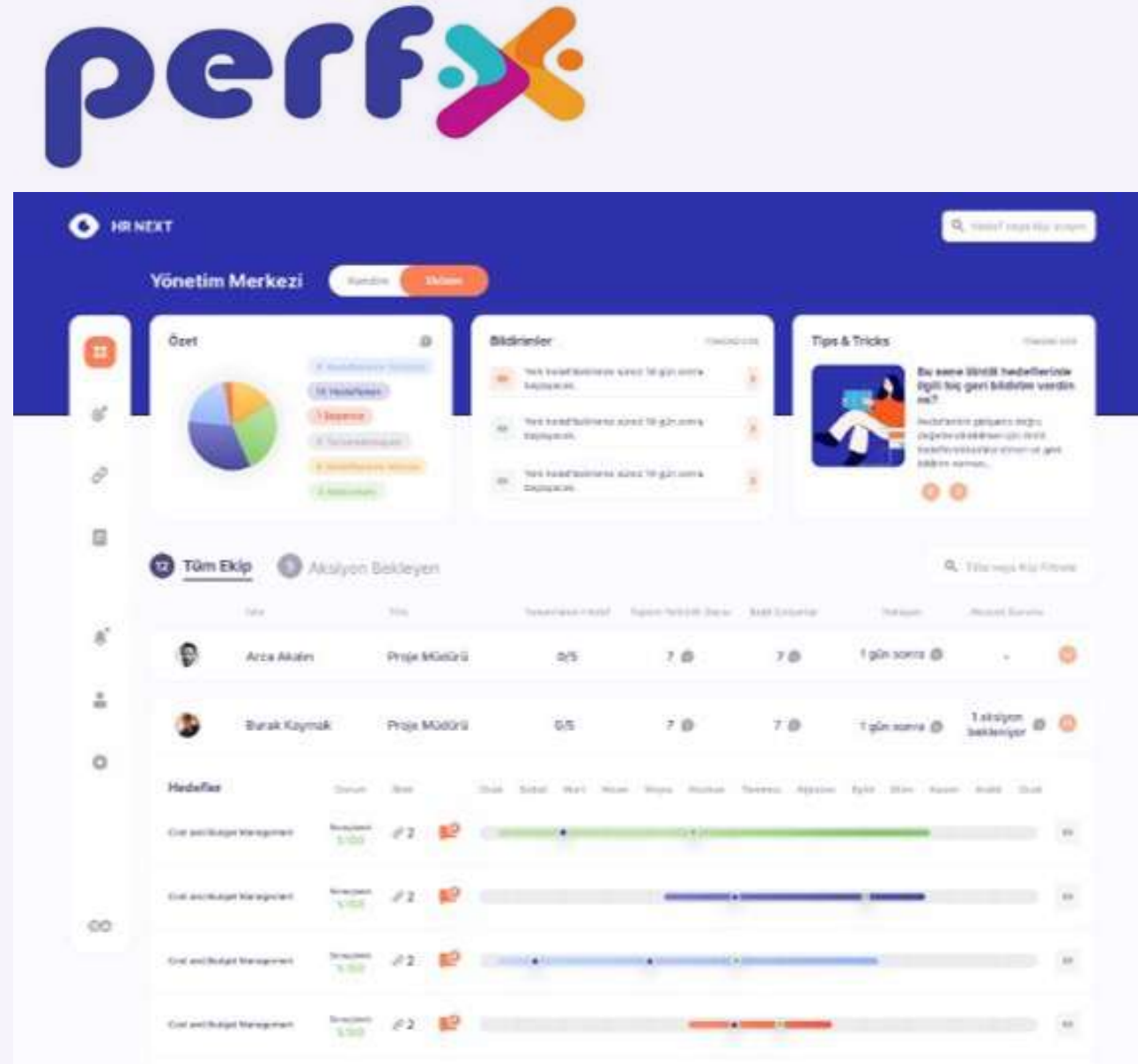
Certified Public Accountant Certificate Award

Foreign Language Support

Cambly Initial Support: 50% Payment Support
Cambly Achievement Incentive: 30% Success Bonus Upon Course Completion
He Language Initial Support: 50% Payment Support
He Language Achievement Incentive: Payment for an Additional 10 Hours of Lessons Upon Course Completion

Performance Management System (PERFX)

Our performance evaluation system is developed to assess individual performance in an open and unbiased manner. This system aims to give priority to employees who perform well and present opportunities within the company. For employees who do not meet the expected performance levels, we support them by creating appropriate development plans to help them reach the desired level.



- Mobile Application Feature
- Continuous Open System
- Adding/Revision of Goals Possible Year-Round with Approval Flows
- Transparent and Interconnected Accounts
- Dialogue Areas between Manager and Employee Focused on Goals
- Instant and Continuous Structured Feedback Throughout the Year
- Milestone Setting Linked to Goals

Human Resources Equality, Diversity, and Inclusion Policy

At TEMSA, we center the principles of equal opportunity, diversity, and inclusion in our culture. We view providing an equal and inclusive work environment as one of the most effective ways to increase creativity, solve problems more easily, and contribute to sustainability. We aim to provide a trust-based work environment where our employees can freely showcase their talents and differences, benefiting from diverse perspectives and cultural richness.

With the TEMSA Equality, Diversity, and Inclusion Policy we have prepared, we aim to take concrete steps to achieve Sustainable Development Goals 5 (Gender Equality), 8 (Decent Work and Economic Growth), and 10 (Reduced Inequalities), and we are committed to these goals.

Equality in the Workplace and Gender Equality

At TEMSA, we aim to ensure gender equality by offering equal opportunities to both female and male employees. We take necessary precautions to prevent all forms of discrimination and adopt a fair compensation policy based on the principle of “equal pay for equal work” in our work processes.

Diversity and Inclusion

At TEMSA, we create an inclusive workforce regardless of social identities such as language, race, gender, age, culture, disability status, political or religious beliefs, and sexual orientation. We believe that every individual brings different perspectives and experiences to work processes and are committed to providing a work environment where all employees can create value with their unique identities. We view all of these as fundamental human rights.

Equality and Inclusion Across the Supply Chain and Value Chain

At TEMSA, we are committed to the principles of equality and inclusion not only among our employees but also throughout our entire value chain. In our supply chain and all organizations we collaborate with, we encourage prioritizing underrepresented groups and inform our suppliers and customers about human rights and combating discrimination. We are committed to encouraging them to integrate these values into their business processes.

Safe Working Environment and Fighting Harassment

At TEMSA, we are committed to providing a safe working environment for all employees and have adopted a zero-tolerance policy against violence, harassment, and all forms of discrimination. We take serious measures against sexual harassment and any form of harassment and offer a reliable and confidential complaint mechanism for reporting such cases.

Social Participation and Awareness

We organize training programs to raise awareness about gender equality, diversity, and inclusion, and actively participate in social equality projects across the industry. We commit to providing gender equality training to our employees at least once a year.

At TEMSA, we consider diversity and equality not just as values but as the core pillars of how we do business. Through this policy, we aim to build a sustainable business model and contribute to a fairer and more inclusive future. Based on the Universal Declaration of Human Rights, International Labour Organization (ILO) Conventions, the United Nations Global Compact, the United Nations Business and Human Rights Principles, and the OECD Guidelines for Multinational Enterprises, this policy is designed to ensure that we always protect our employees’ fundamental rights. All reports related to this policy can be submitted through the TEMSA Ethics Line.

EQUAL OPPOTUNITY, DIVERSITY AND INCLUSION

We value collaboration in Equity, diversity, and inclusion (DEI) efforts. As part of this, in 2023, TEMSA participated in the UNGC Equity of Opportunity and Diversity Workshop.

We are aware of the value that different abilities and perspectives bring to our business processes in fostering innovation, creativity, and a culture of continuous development. This culture is based on fundamental elements such as equality, justice, inclusivity, providing a safe working environment, and rejecting violence and harassment. The Equity, Diversity, and Inclusion Policy aims to ensure decent work environments, gender equality, reducing inequalities, and respecting human rights. The policy was developed in line with the 10 Principles of the UN Global Compact, the Sustainable Development Goals, and the Universal Declaration of Human Rights and serves as a guiding framework for all TEMSA operations as part of Sabancı's Business Ethics Rules (SA-Ethics).

At TEMSA, by adopting the principle of "Equity in the Workplace" in all our business processes, we aim to provide equal opportunities to both female and male employees, ensure gender equality, and fight against gender biases. We continue our efforts to prevent all forms of discrimination and ensure the well-being of our employees.

We believe in the importance of progressing within a holistic and integrated structure, and we share our strategy not only within the company but also with all our stakeholders in our value chain.

We are preparing for the future by conducting risk and opportunity analyses with a focus on equity, diversity, and inclusion, and by informing our suppliers to encourage them on sustainability issues.

We prioritize treating people and human dignity with respect and take care to fight discrimination, eliminate conscious biases, and show respect for the rights of vulnerable groups.

At the same time, we observe gender equality in our advertising and marketing activities, and we take into consideration the "Gender-Sensitive Communication Guide" published by the United Nations Development Program (UNDP) in this regard.

TEMSA considers the fight against domestic violence as one of the areas of responsibility. In this context, we support the Business Against Domestic Violence (BADV) Project, carried out by Sabancı University's Corporate Governance Forum in partnership with the Sabancı Foundation and funded by the United Nations Population Fund (UNFPA). As part of the project, TEMSA employees who wish to receive training on gender-sensitive communication are provided with this training annually.

Through this, TEMSA also provides an environment that supports employees who may face domestic violence, directly referring them to psychological and legal support when deemed necessary.

We aim to create a safer environment for our employees, ensuring that human dignity and the right to a safe work environment are prioritized.

It is one of our company's primary goals to encourage women, young people and disabled individuals to participate in business life under equal conditions. In our company, 9% of all employees are women and 25.4% of white-collar employees are women. We value the participation of young people in employment and strengthen our human resources by adding new talents to our company. In 2023, 83% of newly hired employees will be under the age of 30, and 17.5% will be between the ages of 30-50.

The percentage of our employees who receive training on diversity, discrimination and/or harassment is 100%.



In a transforming world, our most important goal is to create decent work environments. We continue to work towards building a workplace where individuals can create value with their own identity in a secure and supportive environment.

► SOCIAL SUSTAINABILITY-ORIENTED HUMAN RESOURCES WORKSHOP

As TEMSA, we draw our strength from our human-focused approach.

Understanding people, creating environments where everyone feels they exist with all their diversity and differences, and designing work areas worthy of people in a psychological safety culture are among the focus areas that are increasingly important in the business world. As TEMSA, we are aware of this transformation and aware of our responsibilities. In this context, we held the “Social Sustainability-Focused Human Resources Workshop” with the participation of our Human Resources and Sustainability Teams.

In the workshop, we touched on topics such as social sustainability trends, cultural transformation, transition from a power culture to an empowerment culture, and new generation leadership, while evaluating our work focused on inclusivity and diversity, and identified our opportunities in various areas such as women’s employment, accessibility, inclusiveness, and neurodiversity. We also reviewed our risks and determined our targets for our development areas inspired by our strengths.

We believe that risks and opportunities should be well understood in order for social sustainability studies to be internalized. In this context, we worked to integrate the social sustainability-focused risk and opportunity approach into TEMSA. We addressed the social sustainability-focused risks and opportunities for TEMSA in a comprehensive and integrated manner with the TEMSA Social Sustainability Risk and Opportunity Determination Workshop, which we held with the participation of the risk team.

We will continue to review and develop the risks and opportunities determined as a result of the workshop in future reporting periods.

As TEMSA, we are aware that social risks affect the internal and external stakeholders of the organization. For this reason, we care about the expectations and needs of our internal and external stakeholders. Understanding the risks, opportunities and outcomes that this group, which includes stakeholders such as employees, customers, suppliers, investors and the society, affects and is affected by, is of critical importance for TEMSA to create a more livable world in our entire value chain.

With the workshop outputs, we accelerated our Human Resources strategies on the axis of social sustainability and reviewed our Human Resources Equality, Diversity and Inclusion Policy in a comprehensive and integrated manner.

As TEMSA, we aim to increase employee satisfaction and loyalty by adopting a social sustainability perspective in our human resources processes.

We see the inclusion of young talents, employee well-being and female employment among our critical goals. We aim to develop practices that support the physical and psychological well-being of our employees and encourage diversity and inclusiveness. We are also expanding our sustainability strategy, which is compatible with our company strategies, in this context. Our strong muscles; We continue to take our new generation leadership, equality, diversity and inclusion, human-oriented approach, equality in recruitment and agile governance efforts one step further each day.

What is TEMSA’s cultural definition in social sustainability focus areas, and what does it encompass?

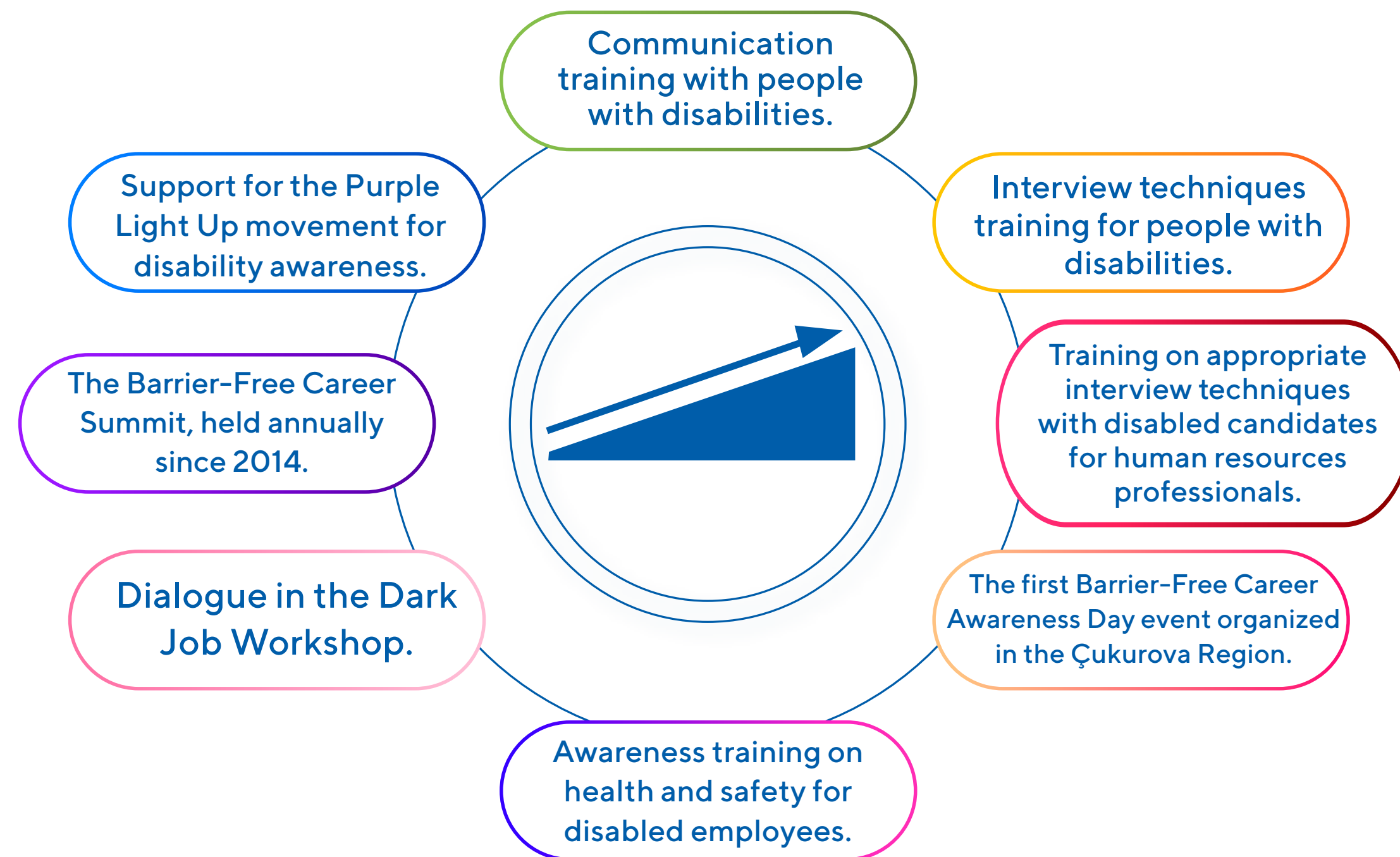
- Social sustainability efforts at TEMSA are shaped with a focus on valuing people.
- Fair and transparent process management is prioritized in all business processes. Through an ethical and transparent recruitment process, candidates are introduced to TEMSA’s people-centered culture from the start of the hiring process.
- In a work environment where ideas can be freely expressed, development is encouraged alongside effective feedback processes. Transparency and clarity are valued in processes conducted with open communication.
- The development of leadership competencies at TEMSA is valuable for a healthy and productive work culture, and the growth of new-generation leaders with a coaching leadership approach is supported. Leadership principles promote a culture of participation, emphasizing the inclusion of all voices in processes.
- All changes and innovations within TEMSA are transparent for everyone. Continuous development activities are important to ensure that all employees have access to the same foundational information and are prepared for the future in line with TEMSA’s goals.
- Inclusiveness and diversity are implemented in all business processes. With a perspective that values people, attention is given to different cultures and personal preferences, and efforts are made to facilitate the adaptation of disadvantaged groups to work, education, and social life.
- TEMSA values social impact and, with the strength gained from strong communication with the local community and the “Hayal Ortakları” (Dream Partners) Association, makes its perspective on social projects a prominent part of the corporate culture.
- At TEMSA, employees do not hesitate to seek support from each other, clearly stating what support they need and what they can offer. Inspired by the importance of giving and receiving support, gratitude and appreciation are key parts of the work flow at TEMSA.
- In all its activities, strategies, and values, TEMSA places people at the center, paying attention to work-life balance, the development of a psychological safety culture, and the well-being of employees.
- When decisions are made at TEMSA, as much attention is given to the teams and employees as to the work itself, valuing the differences, talents, and values of team members.
- TEMSA operates in a culture that respects nature, the environment, and people.

We Removed Barriers in Career

With the ‘We Removed Barriers in Career’ Project that we have been carrying out since 2014, we aim to create action-oriented awareness regarding the employment of people with disabilities in business life. This project focuses on showing that disabilities do not prevent career development, ensuring that vulnerable groups write their own success stories by equalizing opportunities, and changing prejudices about disability in the business world. At the same time, we support people with disabilities to become inspiring role models in society and encourage diversity in business life.

In 2023, by participating for 4 days in the 16th Inclusive Barrier-Free Career Days at the Barrier-Free Life Fair, the largest disability employment gathering in Türkiye, we reached nearly 400 disabled individuals and conducted interviews with 80 people at the fair.

Thanks to these efforts, we received the “Best Employer Awareness” award, the “Company Trusted by People with Disabilities” award, and the “Barrier-Free Türkiye” award.



PARTICIPATION OF FEMALE EMPLOYEES IN THE WORKFORCE

As TEMSEA, we value the increased participation of our female employees in professional life and offering equal opportunities. In our recruitment processes, we have achieved a 37% female employment rate, and we aim to progress in our efforts by further increasing female employment. In this context, we have included this issue in the performance goals of the HR team and department managers. Gender distribution is closely monitored within departments. The proportion of women among employees in STEM fields is 24%, while the ratio of female managers in revenue-generating roles is 18%.

At TEMSEA, we know that an important step in recruitment processes is recognizing unconscious biases. We provide Gender Equality and unconscious bias training to all our employees without exception, primarily targeting HR professionals and senior management representatives. This training is provided to all new employees as part of their orientation, and reminder training sessions are offered to all employees at least once a year. To measure the effectiveness of these trainings, we conduct a test to assess unconscious biases at intervals of no less than every three years, and we shape our actions based on the results of this test.

We prioritize the safety of our female employees, and to this end, we offer maternity packages and a special driver service with a 7.5-hour working principle before childbirth. Additionally, we support them in maintaining a work-life balance and provide suitable working conditions for their return to work after maternity leave. In 2023, one of our three female employees who went on maternity leave returned to work, based on the start and return dates of her leave.

With the awareness that we operate in an industry with few women employees and constraints on female employment, we act with the goal of leading transformation and setting an example for the industry through our supportive practices.¹⁶

¹⁶ Two of our employees who went on maternity leave will return to work in 2024.

PARTICIPATION OF FEMALE EMPLOYEES IN THE WORKFORCE

Positive Practices for Female Employees and Other Disadvantaged Groups

We have become a part of projects that aim to increase women's employment by participating in the Mentoring for a Million Women program. We attach great importance to women's employment with our practices that provide equal opportunities in order to ensure that women participate more in the business world. In the 2023 reporting period, our female manager ratio was approximately 17%.¹⁷ We keep the safety of our female employees at the highest level with special practices such as maternity packages and the principle of working 7.5 hours per day during the pre-natal period.

We care about women employees' work-life balance and offer appropriate working conditions when they want to return to work after giving birth.

We offer a maternity package that includes the products they may need to our employees who are on maternity leave.

In 2023, maternity packages were offered to 11 of our employees. We include adoptive mothers in our maternity leave application and undertake that this leave cannot be less than 5 weeks, regardless of the legal regulations.

¹⁷ Due to the methodological change regarding managerial positions, the percentage figures have changed compared to the previous reporting period.

Strong Women of Automotive



With the "Strong Women of Automotive" project, we draw attention to the need to increase women's employment in the automotive sector. We continue to work to support women to break away from gender roles and advance in areas where they are less represented with an egalitarian approach. Our biggest goal is for the stories of blue-collar women to be heard all over the world. For this reason, every female employee who takes part in business life with courage and determination is a source of inspiration for us.

As TEMSA, we increased blue-collar female employment by 850% during the reporting period. 19 female employees continue our project.

As part of our project, we open laboratories, paint, welding, and engine classes in vocational high schools and colleges in our region; we provide vocational training with the necessary material support. We also aim to develop women's competencies. Our participants can participate in various technical trainings, psychological first aid and psychological resilience trainings, dream workshops and Fun Factory communication events. In addition, we provide trainings to all our employees in cooperation with Sabancı Foundation for gender trainings.

Young Women Building Their Future



Supported by Sabancı Foundation, the Young Women Building Their Future project is carried out in cooperation with the Ministry of Family and Social Services and the Ministry of Labor and Social Security, and is supported by the United Nations Development Program (UNDP) and Sabancı Foundation.

We aim to increase the participation of young women who are out of education and employment in Türkiye in social and economic life and make their needs visible. The project plans to establish comprehensive mechanisms by cooperating with relevant institutions to support women's empowerment and develop their competency sets and employment opportunities.

As TEMSA, we hosted 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 according to the results of the project's field research. In the training, where we planned to provide information on the most frequently encountered problems such as preparing a resume, application and interview processes, a dream workshop and interview simulations were also held where young women drew their dreams. You can access more detailed information and news about the project on the website.

BOARD OF DIRECTORS STRUCTURE

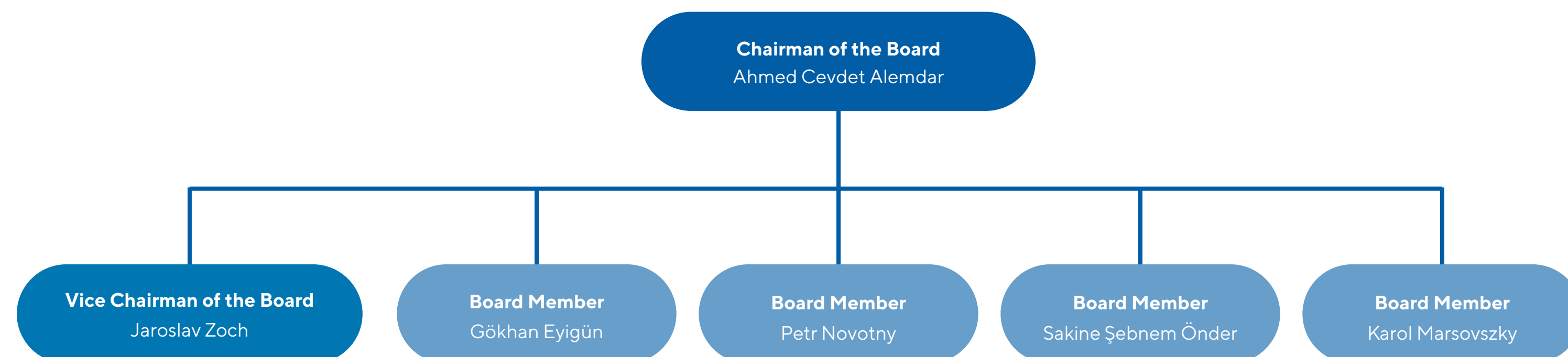
At TEMSA, we have a strong and diverse Board of Directors structure. In the next reporting period, we will continue our strong Board structure with female representation at the N-1 level.

All strategic matters related to sustainability are evaluated at the Board level, and the management of these processes is directly conducted at this level. Similarly, sustainability-focused structures, as well as risk and opportunity management, are carefully considered and guided by the Board of Directors.

BOARD DIVERSITY AND INDEPENDENCE

Our company's Board of Directors is richly diverse in terms of gender, ethnicity, age and experience. In addition, sustainability and climate change-related competencies are also taken into account at the Board level. This diversity brings together different perspectives and talents, and enriches our strategic decision-making processes. Our Board of Directors represents all TEMSA employees with its diversity and independence, and supports employee belonging.

In this way, we increase the success of our company with the power we derive from diversity. We also attach importance to the principle of independence. Independent Board members approach our company's interests from an impartial perspective, ensuring effective supervision and management.



SOCIAL IMPACT-ORIENTED WORKING APPROACH

At TEMSA, we work to make the future a more livable world with our social responsibility projects and volunteer work that we develop in line with our inclusive and social impact-focused working approach. We care about the integration of sustainability and social responsibility, and prioritize designing circular systems in our journey to create positive impact and social value.

We pursue high-impact and sustainable work. We support inclusive and fair quality education, and we develop our work especially focusing on children and youth.



We prioritize creating social benefits with our

191

TEMSEA Volunteer employees.

SOCIAL IMPACT

Collaborations with Educational Institutions for Inclusive and Quality Education:

Lifelong Learning Projects:

We support lifelong learning projects by collaborating with the Directorate General for Lifelong Learning of the Ministry of National Education of the Republic of Türkiye, the Delegation of the European Union, vocational and technical schools, and businesses. We provide support for the development of the automotive electromechanics and automotive mechanics professions, as well as the learning, measurement, evaluation, and curriculum development of Occupational Health and Safety and Environment topics.

Çukurova University Training Workshop:

Within the scope of our collaboration with the Çukurova University Automotive Engineering Department, we established a training workshop in 2010. Over the past 12 years, we have created an annual course schedule and provided lectures with the participation of TEMSA managers.

Çukurova University Vocational School (ÇÜMYO) Laboratory:

Within the scope of the Sector-Based Education Cooperation Protocol signed between TEMSA and ÇÜMYO in March 2006, we established two laboratories for the Automotive Department of Adana Vocational School. In addition to the training provided by TEMSA trainers, students can intern at our company as part of applied education.

1.5 Adana Electromobile Team:

We provide engineering support to the 1.5 Adana Electromobile team, established by the Çukurova University Departments of Mechanical Engineering and Electrical and Electronics Engineering.

Auto Paint Apprentice Project:

Since 2014, we have been running the Auto Paint Apprentice Project in cooperation with Adana Çukurova Vocational Training Center. Within the scope of the project, we support the training of qualified auto painters and provide employment within our company to some of the participants. To date, 51 people have participated in the training within this project, and five have started working within our company. 39 Auto Paint Apprentice students are continuing their education at the TEMSA factory. To meet the need for qualified employees in the paint shop, the 4th Auto Paint Apprentice Project continues with 50 students.

Adana Motor Vocational High School Collaboration:

In 2008, we established the TEMSA Training Laboratory at Adana Motor Vocational High School. We provide training to 25 students annually. Additionally, we established an Auto Paint Workshop in 2010, offering training and internship opportunities to 16 students each year. With the Auto Body Workshop we established in 2012, we provide training to 14 students and internship opportunities to four students each year.

Tarsus University Laboratory:

In 2008, we established a training laboratory for the Department of Automotive Engineering at Tarsus University Faculty of Technology. Tarsus IMKB Vocational High School Laboratory: In 2008, we also set up an educational laboratory for the Motor Department at Tarsus IMKB Vocational High School.

Çukurova University Faculty of Education

The TEMSA Sustainability Department, in collaboration with Çukurova University, and the Hayal Ortakları Association, transformed TEMSA's non-hazardous waste into educational materials and STEM Lab equipment. By advancing our waste into upcycled resources, we supported the competency development of the university students while contributing to educational equity by providing resources to schools in disadvantaged regions. Guided by our belief in continuity, this initiative will be ongoing and integrated as an essential part of the Material Development Course curriculum, to be repeated annually.

Adana Çukurova Vocational Training Center:

As TEMSA, we came together with Istanbul Technical University (İTÜ) and Kastamonu Integrated within the scope of the TÜBİTAK 1004 project for a prestigious collaboration. This collaboration represents the project for developing eco-friendly and sustainable composite baseboards of the future. This project, led by TEMSA, stands out as an important step contributing to the development of environmentally friendly transportation.

Istanbul Technical University:

As TEMSA, we have come together with Istanbul Technical University (ITU) and Kastamonu Entegre for a prestigious collaboration within the scope of the TÜBİTAK 1004 project. This collaboration represents the development of environmentally friendly and sustainable composite floor boards of the future. This project, led by TEMSA, stands out as an important step that will contribute to the development of environmentally friendly transportation.

Yıldız Technical University:

As TEMSA, we provided material support and technical assistance for the Alternative Energy Systems Club (AESK) operating at Yıldız Technical University. In this way, we contributed to the club's R&D activities and its national and international achievements.

SOCIAL IMPACT

► In 2023, we provided support to 3 schools with R&D, warranty warehouse and stock control department waste materials.

► 350 stoves were made with the sheets given to Adana Merkez and Kurttepe Vocational and Technical Anatolian High School Metal Works departments and sent to the earthquake zone.

► Our internship project, which started with 41 students from Çukurova University and İskenderun Technical University Vocational Schools in the summer of 2023, has finally joined the TEMSA staff.

► In 2023, we reached a total of 3,477 young people with our comprehensive projects and activities.

As TEMSA, we add value to every corner of Turkey with our understanding of volunteerism and sponsorship. Through our support spanning from education and culture to sports and social projects, we strengthen our responsibility towards society.

Sponsorships

30th Adana Golden Boll Film Festival Sponsorship

This year, we were the transportation sponsor of the 30th Adana Golden Boll Film Festival. While contributing to the brand value of the festival with our electric vehicles, we continued to raise awareness about sustainability. Our 2 MD9 ElectriCITY model vehicles, allocated to the organization team, were used for the transportation of artists and journalists. We added value to this valuable organization, which has undertaken the role of cultural ambassador on the global stage in Adana, with our new generation vehicles.

Beşiktaş Road Transportation Sponsorship

As TEMSA, we continue to provide uninterrupted support to Turkish sports. In 2022, we prepared an impressive commercial film for Beşiktaş Football A Team, for which we are the road transportation sponsor. In addition to the Football A Team, we also assumed the road transportation sponsorship of the men's handball, men's and women's basketball, and women's volleyball teams.

Galatasaray Road Transportation Sponsorship

We are proud to be the road transportation sponsor of Galatasaray, whom we have sponsored since 2017.

Official Road Transportation Sponsorship of Adana Demirspor

We celebrated our long-standing collaboration with Adana Demirspor in 2022 with a special commercial film. The commercial film titled "TEMSA Stands by Adana Demirspor" was broadcast on TEMSA's social media accounts simultaneously with the Adana Demirspor - Istanbulspor match. Through applications made on a voluntary basis, 150 of our employees participated in the shoots held at TEMSA's facility in Adana and at the stadium, immortalizing their love for their team.

Turkish Basketball Federation Transportation Sponsorship

As TEMSA, we are proud to be the Transportation Sponsor of our A National Women's and A National Men's players since 2022. Believing wholeheartedly in the unifying power of sports, we crown our support for Turkish sports as the Official Sponsor of the Turkish National Basketball Teams.

Adasokağı Sports Club Sponsorship

We supported the success of Adasokağı Sports Club with transportation sponsorship. This time, we launched a career counseling and mentorship program to help their students make the right choices in life. We created a one-on-one mentorship program by pairing Adasokağı players with TEMSA Managers.

Vakıfbank Volleyball Transportation Sponsorship

As TEMSA, we are proud to be the road transportation sponsor of the World Champion Vakıfbank Volleyball team since 2018.

TEMSA ART PROJECT

As part of the TEMSA Art project we carried out with Çukurova University, students brought to life over 20 works of art using waste and scrap materials from our bus production processes, weighing a total of 1.5 tons. We aimed to raise awareness about the circular economy with the works of art using a total of 1.5 tons of waste and scrap consisting of paper and cardboard packaging, metals, styrofoam, plastics, wooden cases and scrap wooden parts, cables, electronic waste, metals, plastic packaging, and copper materials.

In 2023, we introduced our TEMSA Art collection at Busworld Europe in collaboration with Marmara University Faculty of Fine Arts. As part of all these efforts, we received the Global Business Excellence Awards – Climate Action Award in 2023.

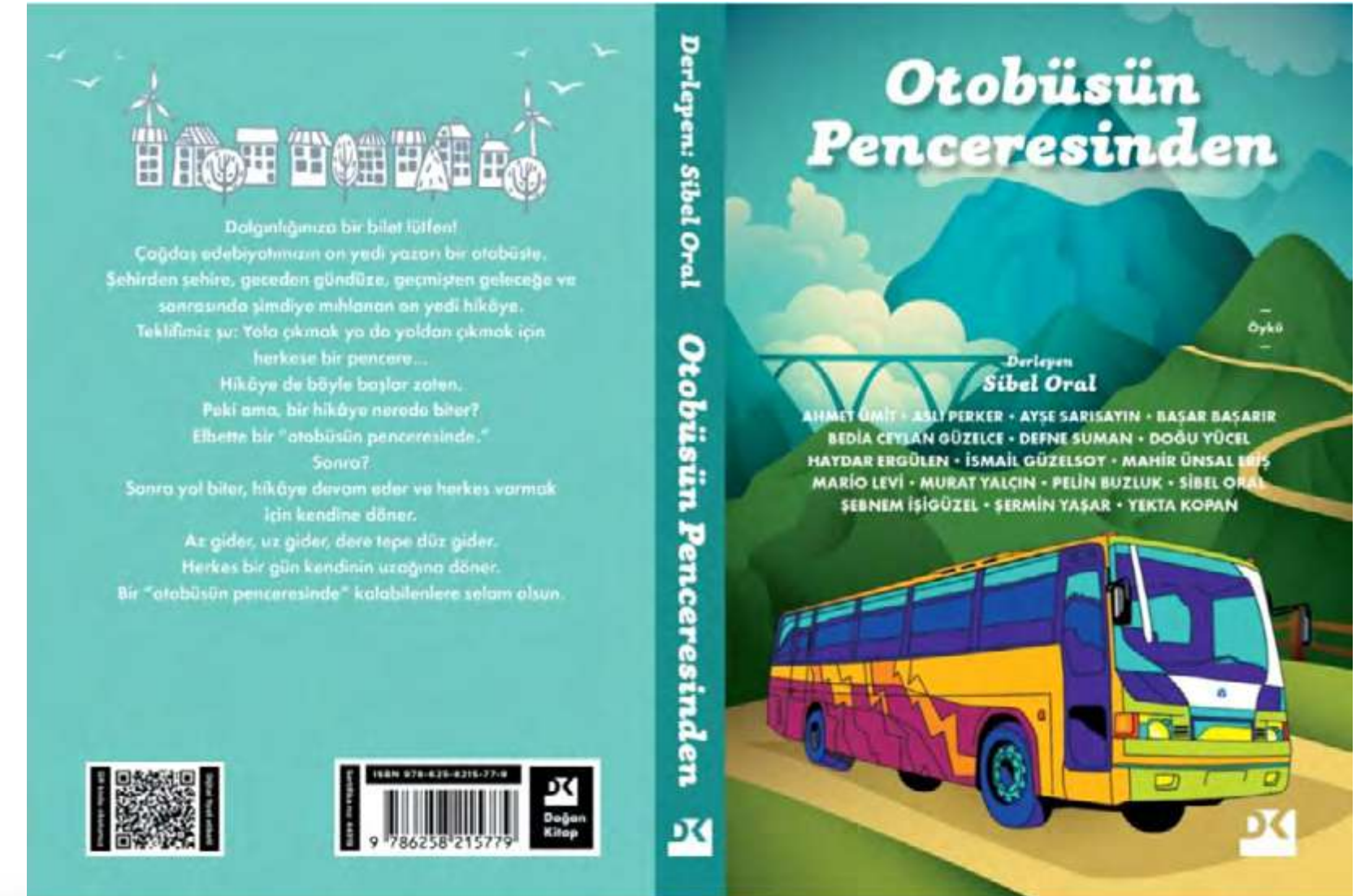
► Otobüsün Penceresinden ve Doğaya Bir Bilet (From the Window of the Bus and a Ticket to Nature)

In addition to the zero-emission vehicles we develop, we support Türkiye's development with human and society-oriented social projects. As TEMSA, we have crowned the unifying power of art and literature with a meaningful project that will strengthen the sustainability awareness of children and young people. With our first book titled "Otobüsün Penceresinden", we took a pioneering step towards supporting literary projects and with our second book "Doğaya Bir Bilet", which is specially prepared for young people in secondary and high school age, we have added a new one to our exemplary projects in the field of sustainability.

With our books "Doğaya Bir Bilet" and "Otobüsün Penceresinden", which are a reflection of our understanding of sustainability, we bring short-road stories and sustainability stories to the reader through the pens of many contemporary Turkish writers.

Our publications, which took place on the 100th anniversary of our Republic, are a symbol of the responsibility we have undertaken as a company that sees sustainability as an opportunity for humanity. We aim to shed light on the future by adhering to the values of the Republic such as rationality, science, productivity, solidarity and self-confidence in every step we take.

The window, which is the metaphor of the book "Otobüsün Penceresinden" in which 17 master writers look at the world with stories from the window of a bus, not only offers us a perspective but also invites people to awareness. With our book "Doğaya Bir Bilet", which consists of 13 stories by 13 writers and has also been translated into English, we are looking for the keys to a sustainable life.



VOLUNTEERING AT TEMSA

We consider social welfare as one of our key responsibilities and prioritize the integration of sustainability and corporate social responsibility within TEMSA, focusing on developing it through socially impactful approaches.

Hayal Ortakları (Dream Partners) Association

We see social welfare as one of our important areas of responsibility and prioritize the development of sustainability and social responsibility integration within TEMSA with a social impact-focused approach. We aim to create value and facilitate transformation. In this context, we know that volunteering activities not only contribute to society but also increase efficiency, boost employee engagement, and improve employee experience in the workplace.

We strengthen our relationships with the local community and prioritize providing equal educational opportunities for disadvantaged children in village schools. Since 2014, we have been financing the Dream Partners project with a fund created by volunteers among TEMSA employees. We value continuity and cyclically designed systems in our projects. Within this scope, we transformed our project, which continues with the support of our volunteers, into an association to reach broader audiences with a systematic structure. As a feature of being an association created with strong ownership by TEMSA employees, we play a pioneering role in social projects and volunteering through the Dream Partners Association. TEMSA employees contribute to the association with regular monthly donations and actively support areas such as painting schools, repairing electrical installations, and fixing roofs.

We expanded our area of work through our collaboration with the Needs Map Platform, established to bring together those in need with those who wish to fulfill needs. Improving the physical conditions of village schools, establishing sports halls and libraries, providing science kits, and meeting the needs of children undergoing treatment in the pediatrics departments of hospitals in our activity region are among our focus areas.

The awards we received in this project are listed below:

- **2022** Best Business Awards – Best Community Engagement Initiative
- **2023** Global Business Excellence Awards – Outstanding Community Initiative
- **2023** The Stevies- MENA – Award for Excellence in Innovation in Non-Profit Organizations or NGOs
- **2023** Globe Golden Bridge Awards – Corporate Social Responsibility Program of the Year | Europe, Middle East, and Africa



DREAM BUS WITH HAYAL ORTAKLARI (DREAM PARTNERS) ASSOCIATION

In 2022, we launched the “Dream Bus” project with the Dream Partners Association to foster the imagination of disadvantaged children. Our TEMSA Volunteers organized training sessions on sustainability, environmental awareness, vocational workshops, and dream workshops for elementary and middle school students in disadvantaged areas. Together with our volunteers, we have touched the dreams of approximately 300 children so far. Through our workshop training sessions, we aim to help children recognize their internal resources, become aware of their expectations and desires, and encourage them to pursue their dreams.



SABANCI CUMHURİYET SEFERBERLİĞİ

We continue to participate in the “Sabancı Cumhuriyet Seferberliği,” Türkiye’s largest social responsibility movement, as TEMSA.

As part of the Sabancı Republic Mobilization, the Sabancı Hatay Incubation Center was opened in the 100th year of our Republic.

With the strength we get from the spirit of the Republic Mobilization, and with our perspective that sees education and development as a matter of the Republic, we, as Brisa, Kordsa, Teknosa and TEMSA volunteers, made significant contributions to the opening of the Sabancı Hatay Incubation Center. Within the scope of the center established to strengthen employment in Hatay, which is an earthquake zone, and to train and encourage entrepreneurs in the region, we went to the Sabancı Hatay Incubation Center and took part in various preparatory activities. We contributed to the transformation of the Sabancı Hatay Incubation Center into a quality education and innovation environment by working on a series of important tasks from the establishment of a technology classroom to library arrangements and the improvement of the general order. As a platform that aims to support young entrepreneurs, it will offer various opportunities such as accelerated mentoring and idea development sessions, technology classes, training programs, business plan presentations and grant support.

In 2022, with our Adasokağı Career Consultancy project, we sponsored the Adasokağı Women’s Handball team, which is interested in handball in a neighborhood with a high rate of child brides in Adana. During this process, we provided career counseling to team members. Our team, which we are proud to sponsor, finished second in the Turkish Handball Federation 1st League Women’s A Group and advanced to the play-offs. Following the successful results, Adasokağı Women’s Handball Team was promoted to the Super League. We also implemented career counseling and mentoring practices for team players. We touched the lives of children with Down Syndrome by organizing the +1 Sizleyiz D-400 Football Tournament event with 20 employees. We held the Atatürk, Republic and Adana Conference in our Adana factory.



► ADASOKAĞI MENTOR MEETING AND CHAMPIONSHIP CELEBRATION HELD

As TEMSA, we held the first meeting of the Mentorship Program we initiated within the scope of the Adasokağı Sponsorship. Along with the Mentor Meeting, we also celebrated the championship of Adasokağı Sports Club, which completed the season as Türkiye Champion in the Turkish Handball Federation Star Girls Türkiye Championship.

► WE RECEIVED THE 2023 AWARENESS AWARD FROM WOMEN-FRIENDLY BRANDS

As TEMSA, we believe in the power of sports, arts, and education as prerequisites for keeping the values of the Republic alive. In line with this understanding, we were deemed worthy of an award in the “Supporting Women and Girls in Sports, Arts, Science, and Education” category at the 2023 Women-Friendly Brands Awareness Awards for the Career Counseling Program we launched with Adasokağı Sports Club. TEMSA is always by the side of the “Daughters of the South,” who inspire Türkiye with their success stories!

100TH ANNIVERSARY OF THE REPUBLIC AT TEMSA

On the 100th Anniversary of our Republic, we are on the verge of proudly advancing into the future with firm steps while honoring our country’s past. In this meaningful period, our sustainability report transparently reflects the contributions we have made to these lands and this region.

Inspired by the fundamental values of our 100-year-old Republic, we continue our preparations for the new century in line with the principles of rationality, science, productivity, solidarity, and self-confidence. Seeing sustainability as an opportunity, we fulfill our environmental and social responsibilities at every step. In the light of our Republic, we look to the future with hope and confidence, working to contribute to the sustainability of our country.

With the 100th Anniversary of the Republic, we believe that what is truly important is to shape the new century. Aware of our responsibility here, we are preparing for the future with our pioneering efforts from today onward. By investing in the future of our Republic, we will continue to work with all our strength to protect our legacy.



SABANCI HOLDING INDUSTRY GROUP COMPANIES EARTHQUAKE CRISIS MANAGEMENT

As a country, we experienced a very significant earthquake disaster in which we lost tens of thousands of lives. Under the roof of Sabancı Holding, our industrial companies Brisa, Kordsa, TEMSA Motorlu Araçlar, and TEMSA came together to help alleviate the pain caused by this great disaster, support the affected people, and emerge strong from this disaster. We continued our crisis management efforts under the supervision of our crisis desk by bringing together our coordination team.

Within this scope, we carried out the following activities:

- Conducted health and status assessments by sharing a survey on employees' needs.
- Shared informative emails about the collection of essential items and blood donations for the earthquake region.
- Supplied buses, generators, fuel, basic necessities, and hygiene materials to the earthquake zones.
- Transformed the Adana Showroom into a safe shelter for employees and their families who had no place to stay. We created tents, containers, and various living spaces. We met the basic needs of families, especially clothing and other essentials. We organized a motivational event for children with clowns, dances, and toys.
- Established 16 containers, creating accommodation for 64 people.
- Provided psychological support for our company employees.
- Met with earthquake-affected children at Atatürk Education Village in Samandağ, Hatay. With the participation of TEMSA, Brisa, Kordsa, TEMSA Motorlu Araçlar, and 38 Sabancı Volunteers, we held Dream Workshops and Career Introduction Workshops for 7th and 8th graders.
- Held a webinar on "Psychological Resilience Against Earthquakes" on February 22 and a "Disaster Preparedness" webinar on March 10.

- Sent a team of 10 volunteers to Kahramanmaraş and 18 to Hatay. With the cooperation of İstiklal Medical Center, we provided two physiotherapists to tent cities in Hatay. TEMSA employees who went to Kahramanmaraş and Hatay participated in food sorting and placement organization in the Needs Map Warehouses.
- Conducted TMA Dealer/Service/Supplier visits and organized the delivery of 6 containers to Hatay and 25 work uniforms based on needs analysis for service employees.
- Organized a self-care event and distributed hygiene kits in Hatay on March 8, International Women's Day. We distributed kits to approximately 1,500 women and provided self-care services with 100 hairdressers.
- Organized a Motivation Event in collaboration with the Ministry of Youth and Sports of Türkiye for children staying at the showroom.
- Provided logistical support as TEMSA at the Basketköy project organized by the Turkish Basketball Federation (TBF) in the Belen district of Hatay, where 90 earthquake-affected families stayed.
- TEMSA officials participated in a seminar titled "Earthquake Preparedness in Industry" organized by the OSD Occupational Health and Safety Committee in Istanbul, sharing their field experiences during and after the earthquake.
- Held physiotherapy sessions in the tent city in Hatay on March 10, 11, and 12.
- Launched "Earthquake Employment Mobilization" projects through Youthall and Kariyer.net. We hired 2 people from the earthquake region and provided internship opportunities to 15 earthquake-affected students.
- Delivered one forklift and one pallet truck for use throughout March.
- We sent 100 each of winter pants, sweatshirts, jackets, and sleeveless vests to the Hatay Expo needs depot.

- We organized a donation campaign together with our employees who wished to donate Ramadan packages, collecting a total of 670 packages.
- We implemented announcements and encouraging practices within the company to enable TEMSA employees to participate in volunteer activities.

Within this scope, to date, we have provided support with:

- 5 TEMSA employees for the social market aid activity with the Kahramanmaraş Disaster Platform on March 1 and March 7,
- 14 TEMSA employees for the sorting of needs packages in the Hatay Tent City on March 9-10,
- 20 TEMSA employees for the sorting of needs packages in the Hatay Tent City on March 11-12,
- 20 TEMSA employees for the distribution and sorting of Ramadan packages at Hatay Expo on April 4-5,
- 20 TEMSA employees for sorting work at Hatay Expo on April 27-28.

As a result of our work, **we have reached a volunteer period of 56 days with accommodation for a total of 459 people in our ecosystem, 16 containers, 11,500 meals and a total of 128 TEMSA volunteers.** The sense of solidarity and love that grew in our hearts with the earthquake came to life with this support. We fought hand in hand to erase the traces of the earthquake and help people. While continuing our meaningful projects for the society, we will continue to take steps towards a hopeful future.

► TEMSA EMPLOYEES CONTINUE TO SUPPORT HATAY AND KAHRAMANMARAŞ

TEMSEA employees continue to send aid and support to earthquake-affected areas without slowing down. Just as on the first day after the devastating earthquake, TEMSEA employees continue to support these regions today.

TEMSEA sent a volunteer team of 10 people to Kahramanmaraş and 18 people to Hatay, as well as 2 physiotherapists to the tent cities in Hatay in collaboration with İstiklal Medical Center. TEMSEA employees who went to Kahramanmaraş and Hatay participated in the food sorting and placement organization at the Needs Map Warehouses.

Together, with the solidarity and love that grew in our hearts after the earthquake, we continue to work with all our strength to erase its traces.

► OYUNGEZER PROJECT

After the earthquake on February 6, 2023, we launched the “Oyungezer Bus” project in collaboration with Enerjisa Enerji to support the psychosocial recovery processes of children in the region. We helped children distance themselves from traumatic memories by playing in a safe environment and contributed to their return to normal by having fun. In this process, we aimed to support children’s social and emotional development, instill hope in them, and enable them to look to the future with confidence.

Our bus was redesigned to allow 12 children to play simultaneously. Equipped with 6 game consoles, LED TVs, and air conditioning, the bus provided a safe environment where children could have fun, distancing themselves from traumatic memories.

The project’s first stop was Hatay, where we set off with an opening event. Our goal was to reach 1,000 children within 3 months, and we experienced the joy of reaching more than 1,000 children in 3 container cities. We know that supporting children’s play and creativity-based recovery processes is critical to reconnecting them with life, and we are proud to be by their side during this process.



Project Highlights:

Providing Psychosocial Support: This project, aimed at reducing post-traumatic stress disorder in children after the earthquake, focuses on children’s psychological recovery processes.

Innovation and Uniqueness: The project is carried out through a mobile bus, implemented with an innovative and unique approach.

Mobility and Accessibility: Thanks to the mobile structure of the bus, it reaches different regions, serving children over a wide geographical area.

Safe and Supportive Environment: The goal is to provide a safe play environment for children to help them overcome feelings of insecurity and fear following the earthquake.

Social Solidarity and Participation: Events organized with the participation of local people and volunteers contribute to bringing the community together and reinforcing the spirit of solidarity.

Collaboration: This project, implemented by two institutions affiliated with Sabancı Holding, represents a multifaceted example of collaboration.

With our OYUNGEZER project, we received the Social Responsibility Project of the Year award at the Hacettepe University Crystal Deer Awards.

► ÖNCE SEN

Together with our volunteers, we have continued field aid efforts from the first day to heal the wounds caused by the earthquakes on February 6, which led to severe destruction in 11 of our provinces. In this context, we launched the “Önce Sen” project on March 8, International Women’s Day.

Through the project we carried out in collaboration with Sabancı Foundation, CarrefourSA, and Adana Chamber of Hairdressers, Beauty Salon Operators, and Manicurists, we provided personal care services to earthquake-affected women in Hatay. One hundred hairdressers and care specialists from Adana and Mersin reached approximately 1,500 women in the self-care tent set up in the Mavi Tent City. Personal care and hygiene kits provided by CarrefourSA were also distributed by TEMSA employees.



► COMMEMORATING OUR LOSSES IN THE EARTHQUAKE ON EARTH HOUR DAY

During Earth Hour, which began in 2007, we turned off the lights this year to commemorate our losses in the earthquake disaster and to rise again with the call for #GreenRecovery. We called for a resilient future that is #PossibleTogether with #GreenRecovery.

SHARED MOBILITY

The dense and complex traffic flow in cities makes sustainable and innovative transportation solutions inevitable. At this point, shared mobility not only offers an environmentally friendly alternative, but also makes urban transportation more accessible and effective.

Buses developed with environmentally friendly technologies stand out as an indispensable element of shared mobility platforms. Thanks to smart route planning and low-carbon technologies, these buses make significant contributions to the sustainable transportation ecosystem by reducing the carbon footprint of cities.

As TEMSA, we are leading the world of mobility of the future with innovative solutions that transform the transportation infrastructure of cities and center on shared mobility.



► SUPPORTING ADANA’S GREEN TRANSFORMATION

Adana Metropolitan Municipality Mayor Zeydan Karalar:

“With 81 vehicles we purchased without borrowing, we have equipped Adana with modern buses. May our modern buses, which will provide great convenience in transportation, bring blessings to our city and citizens.”

As one of the biggest supporters of municipalities in Türkiye, we delivered a total of 81 new vehicles, 6 of which are electric, to Adana Metropolitan Municipality. As TEMSA, we delivered 81 locally designed and produced vehicles to Adana Metropolitan Municipality. While supporting Adana’s green transformation with these vehicles, the average age of public transportation vehicles within Adana Metropolitan Municipality decreased from 12 to 5 with these vehicles. As we continually push ourselves toward higher quality, technological equipment, and low fuel consumption, we strive to make TEMSA a symbol of comfortable and safe public transportation.

► ELECTRIC BUSES WITH ULTRA-FAST CHARGING LITHIUM BATTERIES, PRODUCED IN COOPERATION WITH ASELSAN AND TEMSA, ARE NOW IN SERVICE IN SAMSUN.

With the initiative of the Ministry of Science, Industry, and Technology and in cooperation with ASELSAN and TEMSA, the lithium-battery electric buses, used for the first time in Türkiye, began service in Samsun. Samsun Metropolitan Municipality made a significant step in green transportation with this project, marking a first in Türkiye with these lithium-battery electric buses. Initially launched for passenger transportation at TEKNOFEST Karadeniz, the electric buses transported 4,625,000 passengers in 22 months as part of public transportation and shared mobility, saving 22 million TL in fuel and preventing 2,522 tons of carbon dioxide emissions.

EMPLOYEE HEALTH AND SAFETY

As TEMSEA, we aim to provide a safe and healthy working environment for all our employees and within our value chain. Our main objective here is to establish a culture of occupational health and safety for everyone at TEMSEA.

Within this scope, we conduct our production processes at TEMSEA within the framework of our [OHS Policy](#). We adopt international standards beyond legal requirements to continuously improve our performance in employee health and safety. All our operations are conducted in compliance with the ISO 45001 Occupational Health and Safety Management System Certification we hold. The highest-level executive responsible for OHS at our company is the Deputy General Manager of Operations, who reports directly to the CEO.

Our OHS Commitments and Goals

- ✓ Zero workplace accidents
- ✓ Annual OHS training of 7.5 employee hours
- ✓ Conducting 2 regional emergency drills monthly and at least 1 annually
- ✓ Reviewing risk assessments of all sites at least once a year

In 2023, we spent approximately 8,221,916 TL on health and safety.

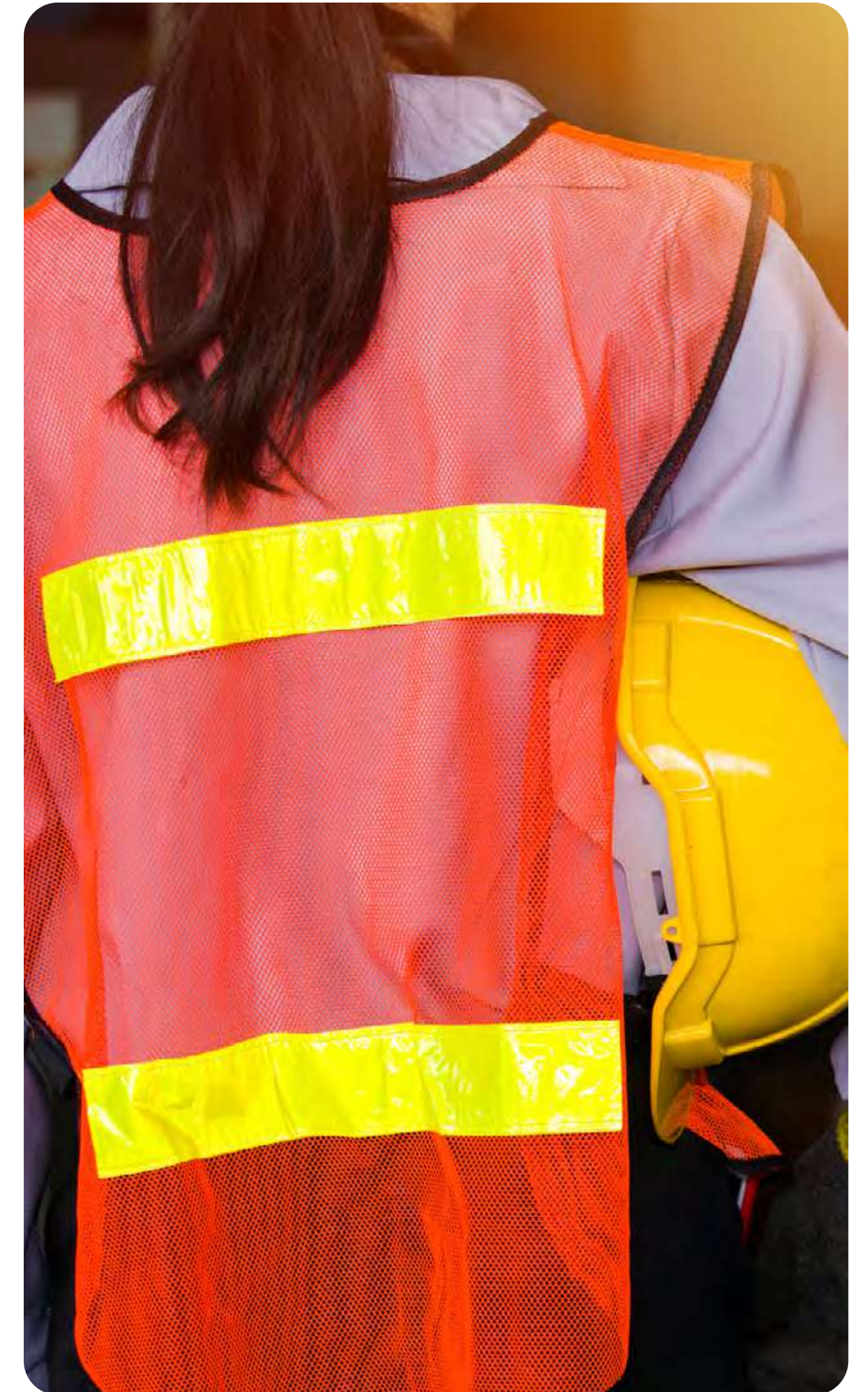
OHS Risk Management, OHS Committee, and Employee Participation

We facilitate employee access to information, services, and tools related to OHS, managing activities such as training, field observations and inspections, occupational health services, and provision of personal protective equipment (PPE). Our OHS team maps and assesses potential OHS-related hazards and risks in the field through a simulation center. For risk identification, we perform daily field checks, bi-weekly unannounced field visits, and field inspections conducted within each unit. We report, track, and take precautions for identified risks. In 2023, we completed risk analysis studies across all of our facilities (100%) and conducted efforts to reduce risks associated with chemicals, hand tool use, eye injuries, being caught between objects, and PPE use. Additionally, Fine-Kinney risk assessment evaluations are conducted for each field within our facility, allowing us to take quick action for necessary improvements. Our OHS Committee consists of 15 members and represents all of our employees (100%). The OHS Committee includes employees from relevant departments such as union representatives, employee representatives, team leader representatives, HR representatives, and administrative officers. The OHS Committee plans and monitors actions against identified risks in monthly meetings.

Occupational Disease Monitoring

Within the scope of the Health Commission's work, we assess findings from periodic examinations to protect employees' health and provide them with the most accurate guidance in case of occupational exposure findings. In 2023, we had no identified cases of occupational disease.

In 2023, we had no identified cases of occupational disease.



► 'NOTHING WILL HAPPEN TO US, BRO' AWARENESS THEATER PERFORMANCE

We value awareness activities to create a healthy and safe working environment and establish an Occupational Health and Safety (OHS) culture. In this context, we held the 'Nothing Will Happen to Us, Bro' theater performance in 2023 with a total of 4 sessions. Conducted in collaboration with Akademika, TEMSA OHS Unit, and MESS, our theater performance aimed to raise awareness and drive cultural change around OHS. The theater event heightened OHS awareness among our employees and accelerated activities aimed at preventing workplace accidents.



OHS Training

To increase awareness on OHS and prevent workplace accidents, we offer on-the-job training, unsafe behavior awareness training, incident and near-miss reporting training, behavior-based safety management, safety leadership basics, and safe use of personal protective equipment. In 2023, a total of 1,944 people, including 1,647 employees and 297 trainees/interns, participated in our OHS training. Additionally, we provided OHS training to 217 subcontractor employees. We provided a total of 16,203.93 employee hours and 217 hours of health and safety training to our subcontractors.

OHS Performance

During the reporting period, 16 workplace accidents occurred at our facility. Due to the incidents, there were 5 days of absenteeism, and the Lost Workday Rate (LWR) was 0.27. To improve our OHS performance, we encourage reporting of near-miss incidents and analyze near-miss reports from our employees. For quick improvement actions, we ensure proper reporting and monitoring. During the reporting period, we received 81 near-miss incident reports via EBA. In 2023, 149 non-conformities were identified during on-site inspections in OHS, and we reported them. Through appropriate action plans, we ensured corrective actions were followed up and all were closed on time.



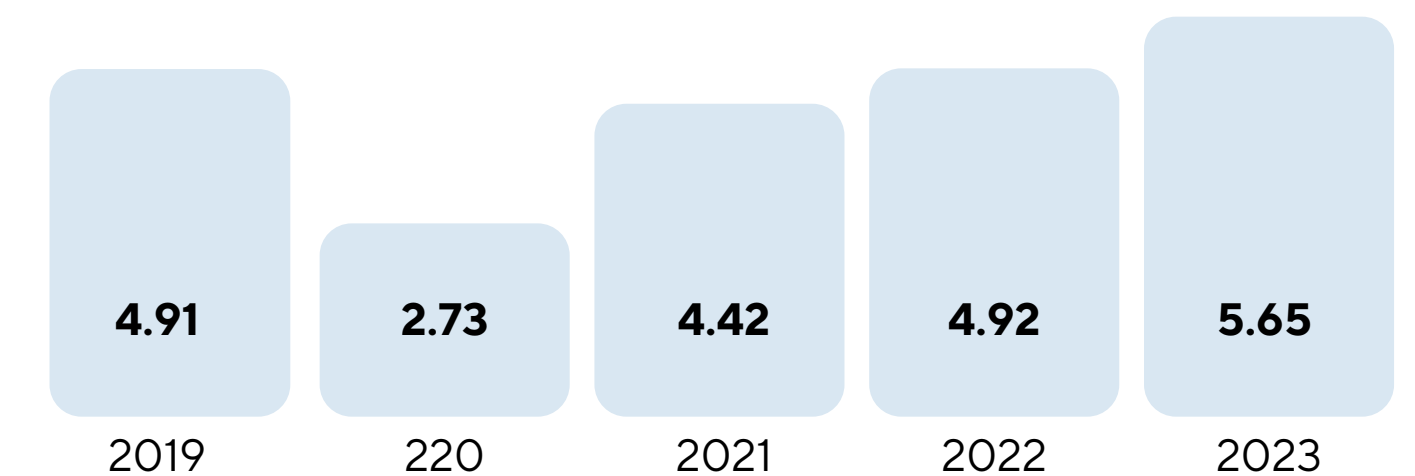
Number of Days
without a Lost-Time
Incident:

650 days

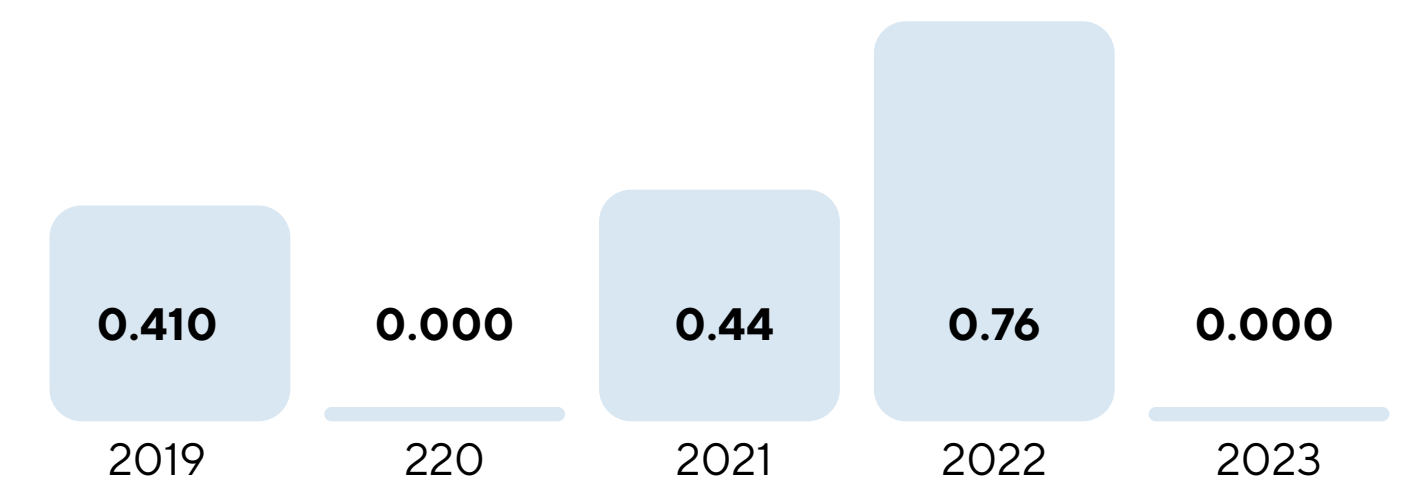
Emergency Plan

We have developed a comprehensive emergency plan. We have all necessary intervention equipment for emergencies, including 2 fire trucks with 7 fire personnel available 24/7 and on three shifts. We have 669 team members in our emergency teams responsible for firefighting, first aid, search and rescue, and damage assessment. We provide training opportunities for employees on emergency teams and regularly conduct drills. Additionally, we ensure emergency/health management with 1 fully equipped ambulance, 2 company doctors, and 2 health personnel. In 2023, 1,150 employees received periodic health checks within the scope of our health unit activities.

Incident Frequency Rate (Including All Incident)



Incident Frequency Rate (Based on ≥ 2 Days Lost Incident)



¹⁸ Lost Time Injury Severity Rate (LTISR): Number of lost workday incident * 1000 / total working hours, Incident Frequency Rate (IFR): Number of lost workday incident * 1,000,000 / total working hours.

2023 OHS Activities

General Participation and Regional Emergency Drills	15 Regions
Machine/Equipment Periodic Inspections and Maintenance	2,185 units
Work Machines OHS Inspections and Improvements	108 units (every 6 months)
Fire Detection and Suppression System Inspections	1,631 units (monthly and every 3 months)
Lifting Equipment Inspections	73 units
Hazard and Risk Assessment Review	At least once per year (All Regions)
Unannounced Field Inspections	5
Annual OHS Training Hours per Employee	10.08 hours/employee
Work Permits and Inspections (Height, fire, and subcontractor firms)	1,830 permits



Regional and General Drills

At TEMSA, we regularly conduct drills to always be prepared for emergencies. We carry out fire, first aid, earthquake, and environmental – chemical spill drills. In 2023, we conducted drills in a total of 15 regions with both regional and general participation.

Unannounced Field Visits

To maintain the occupational health and safety culture and continue to provide a safe working environment, we conduct unannounced inspections of our field. Our unannounced field team includes our managers, supervisors, team leaders, and employees. Through the coordination of the team, we carry out unannounced inspections at different locations at regular intervals. In this way, we identify potential hazards that could pose risks and implement corrective actions quickly. In 2023, we conducted 5 inspections in production areas. We identified a total of 149 risk factors during these inspections, reported them to the relevant teams, and ensured the necessary improvements and informational training were conducted.

Orange Helmet Application

With the Orange Helmet Application implemented at our factory, the helmets used as personal protective equipment by trainees participating in the İŞKUR Vocational Training Course are designated in orange. In this way, awareness will be created regarding the trainees in the work area, and TEMSA's safety behavior culture and working rules will be effectively internalized throughout their vocational training processes.

Search and Rescue and First Aid Training

The Adana Provincial Directorate of AFAD provided search and rescue training to 30 of our employees and certified first aid training to 40 employees at our factory. These trainings aim to increase our capacity for quick and effective response in potential emergencies, thereby ensuring the safety of both our employees and our facility.

Enhancing Safe Behavior Culture and Awareness

Through efforts to strengthen the culture of safe behavior, we are taking steps to reduce workplace accidents and occupational diseases. By spreading this awareness, we aim to provide a safer working environment.

Behavior-Based Safety Management Training

To promote the occupational safety culture and increase awareness among the management team, we organized the "Behavior-Based Safety Management and Fundamentals of Safety Leadership" training with the participation of 75 employees from operational teams. These trainings help managers become more conscious of occupational safety, supporting safe working environments.

► OHS WEEK ACTIVITY

Events were held for Occupational Health and Safety Week from May 4-10.

OHS Conversations and Morning Meetings

Throughout 2023, we held a total of 9 Employee Health and Safety (OHS) Conversation Meetings with the participation of 183 employees, accompanied by our production managers. In all production areas, we conducted training during morning meetings to provide up-to-date information and reminders regarding Employee Health and Safety.

Simulation Center

At the TEMSA Simulation Center, we conduct preparations against potential hazards and risks that may be encountered in the field, along with on-the-job training, unsafe behavior training, incident and near-miss briefings, and training on the correct and safe use of personal protective equipment.

LOTO System

A lockout/tagout (LOTO) system has been implemented for Occupational Health and Safety. This system aims to minimize risks that employees may be exposed to by controlling energy sources during maintenance and repair processes.

Monitoring for Our Suppliers

We conduct OHS performance monitoring using an evaluation survey method when selecting suppliers. Through our responsible purchasing policy, we are committed to working with suppliers who continuously improve their processes with corrective approaches in OHS, integrate occupational health and safety as an essential part of their corporate culture, comply with all legal regulations and standards, and strive to go beyond regulatory requirements to provide a safe working environment, ensuring all employees return home to their families safely. We will continue to monitor our suppliers, prioritizing employee health and safety at every stage of our value chain.

APPENDICES



CORPORATE MEMBERSHIPS

Institutional Memberships and Supported Strategic Focus Areas

Corporate memberships improve business processes while also providing access to sectoral and non-sectoral best practices, knowledge and global collaborations. Such collaborations also increase our company’s competitiveness. Our partnerships, especially in critical areas such as global trade, human rights, environmental management and supply chain sustainability, enable our company to effectively exist in both local and international arenas.

These memberships serve as a leverage for our company to achieve its strategic goals while also strengthening our corporate governance structure. In addition, we convey our views on sustainability and especially climate-related issues to our stakeholders and regulatory bodies through the institutions we are members of. Last year, under the leadership of our Sustainability Department, we played an active role in shaping public policies through important organizations such as the Union of Chambers and Commodity Exchanges of Türkiye (TOBB), the Automotive Manufacturers Association (OSD) and the Turkish Exporters Assembly (TİM).

In this context, we provided our valuable opinions on behalf of our sector to Türkiye’s Draft Climate Law and the draft National Climate Change Adaptation Strategy and Action Plan. With these initiatives, we have contributed to the creation of stronger and more effective legal frameworks in the field of sustainability. We will improve our sustainability performance by expanding our interaction area and strategy with our corporate memberships every year.

ORGANIZATION’S NAME	INSTITUTION ACTIVITY AREA	STRATEGIC FOCUS SUPPORTED BY MEMBERSHIP
Adana Chamber of Industry	To meet the needs of member businesses, facilitate professional work, and promote communication and solidarity among colleagues.	Corporate Governance
Adana Chamber of Commerce	To meet the needs of member businesses, facilitate professional work, and promote communication and solidarity among colleagues.	Corporate Governance
ADSiAD (Adana Industrialists and Businessmen's Association)	To meet the needs of member businesses, facilitate professional work, and promote communication and solidarity among colleagues.	Corporate Governance
Mediterranean Exporters' Associations (AKİB) - Mediterranean Iron and Non-Ferrous Metals Exporters' Association	To meet the needs of member businesses, facilitate professional work, and promote communication and solidarity among colleagues.	Corporate Governance
Çukurova Young Businessmen's Association	To meet the needs of member businesses, facilitate professional work, and promote communication and solidarity among colleagues.	Corporate Governance
DEİK - Germany Business Council	To increase the competitiveness of Turkish business in international trade and promote global partnerships.	Corporate Governance
Ethics and Reputation Society (TEİD)	To manage issues of business ethics, compliance, and reputation.	Corporate Governance
IPRU (International Road Transport Union)	To promote the development of road transport and road transport companies.	Corporate Governance

ORGANIZATION'S NAME	INSTITUTION ACTIVITY AREA	STRATEGIC FOCUS SUPPORTED BY MEMBERSHIP
Istanbul Chamber of Commerce (İTO)	To provide support in import and export processes.	Corporate Governance
İş-Kur Innovative Human Resources Association	To provide support in HR processes.	Corporate Governance, Human Resources Management
MESS (Turkish Metal Industrialists' Union)	To manage Industrial Relations Processes (Employer Union).	Corporate Governance
OSD (Automotive Manufacturers Association)	To closely monitor developments in technical regulations and global trade in the automotive sector and to contribute positively to foreign trade through product and engineering exports as Türkiye's leading industrial sector.	Corporate Governance
Battery Manufacturers Association (TAP)	To provide support in battery and battery waste management processes.	Corporate Governance, Environmental Performance
TOBB - Union of Chambers and Commodity Exchanges of Türkiye - Automotive Industry Council	To meet the needs of member businesses, facilitate professional work, and promote communication and solidarity among colleagues.	Corporate Governance
Türkiye Internal Audit Institute Association	To provide various services for the competencies of professionals, corporate governance quality of finance and real sector companies, and academic development of the profession.	Corporate Governance
UITP (International Association of Public Transport)	To provide consulting, set standards, and support sustainability and development in the global public transport sector, encouraging forward-looking solutions.	Corporate Governance
Uludağ Exporters' Associations (UİB) - Vehicle and Sub-Industry Exporters	To contribute to the economy by uniting exporters, work on foreign trade issues, and ensure the development in line with national interests, keeping members informed about foreign trade developments.	Corporate Governance
UN Global Compact (UNGCG)	International Sustainability Initiative to be referenced on topics like climate change, water and waste management, and strategic developments.	Corporate Governance, Human Rights Approach, Environmental Performance
Global Compact Network Türkiye	To meet the needs of member businesses on issues like human rights, environment, governance, etc., and promote communication and solidarity among members.	Corporate Governance, Human Rights Approach, Environmental Performance

ORGANIZATION'S NAME	INSTITUTION ACTIVITY AREA	STRATEGIC FOCUS SUPPORTED BY MEMBERSHIP
Science Based Targets Initiative (SBTi) (Business Ambition for 1.5 C, Race to Zero Campaign, We Mean Business)	To provide guidance on emissions and emission reduction scenarios based on science-based targets and support target-setting processes for decarbonization strategies.	Environmental Performance, Supply Chain Sustainability
CDP (Carbon Disclosure Project) Initiative	To support transparency in climate change and water security disclosures and promote a risk-based approach and stakeholder engagement with strategic approaches.	Environmental Performance, Supply Chain Sustainability
EcoVadis	Provides companies with a comprehensive sustainability assessment service through a global cloud-based SaaS platform.	Corporate Governance, Human Rights Approach, Environmental Performance
TUSMOD	To improve purchasing processes.	Corporate Governance
EPD (Environmental Product Declarations)	To transparently declare the environmental impact of products and share their environmental performance.	Environmental Performance
TÜSİAD	To accelerate strong corporate governance structure, strengthen environmental management, and enhance managerial performance.	Corporate Governance, Environmental Performance
TÜSİAD SD 2	To provide sharing for managing digital transformation processes in industry.	Corporate Governance
OSD SSH Committee	To manage the SSH Processes of the Automotive Manufacturers Association.	Corporate Governance
OSD Supply Chain	To manage the Supply Chain Processes of the Automotive Industry.	Corporate Governance, Supply Chain Sustainability
OSD R&D Committee	To manage the R&D Center & Incentive Processes of the Automotive Industry.	Corporate Governance
R&D MIP	To enhance R&D and Design activities in Türkiye, comparing management practices, showcasing good practices, identifying common issues, and increasing collaboration among R&D and Design centers.	Corporate Governance
AOSB Advisory Board	A Common Sharing Platform for Adana Organized Industrial Zone Industrialists.	Corporate Governance

AWARDS

2023

- 2023** Toptalent – Top CHRO in 2023
 - 2023** Stevie International Business Awards – Human Resources Team of the Year
 - 2023** Data Expert & BMI – 50 Most Effective CHRO Award
 - 2023** TİSK Ortak Tomorrows Awards – “Those Who Pave the Way for Young People” – Temsa Talent Station
 - 2023** Global Business Excellence Awards – Outstanding Community Initiative – Hayal Ortakları
 - 2023** Global Business Excellence Awards – Employer of the Year – Temsağlık
 - 2023** Global Business Excellence Awards – Climate Action Award – Temsa Art
 - 2023** The Stevies- MENA – Innovative Achievement in Human Resources – Temsağlık
 - 2023** The Stevies- MENA – Award for Excellence in Innovation in Non-Profit Organizations or NGOs – Hayal Ortakları
 - 2023** The Stevies- MENA – Award for Innovation in Energy & Sustainability – Temsa Art
 - 2023** The Stevies- MENA – Grand Winner – 3 Awards
 - 2023** Fast Company – 50 Most Innovative HR Leaders Award
 - 2023** Globee Golden Bridge Awards – Corporate Social Responsibility Program of the Year | Europe, Middle East and Africa
 - 2023** Globee Golden Bridge Awards – Communications or PR Campaign of the Year | Environmental
 - 2023** Globee Golden Bridge Awards – Achievement of the Year in Health and Work Balance
 - 2023** Hacettepe University «Kristal Geyik» Awards – Social Responsibility (Oyungezer)
 - 2023** Yıldız Business World Awards – Best Automotive Company of the Year
- From TÜSİAD, Temsa Achievement Award in Sectoral Transformation Category** Identifying important issues for strengthening the digital transformation process in the industry; Temsa, which participated in the Digital Transformation in Industry Call event initiated by TÜSİAD, which brings together technology users and solution providers in production processes, solved its End-to-End Supply Chain Management project with HamurLabs and Obase technology companies. The solution presented by Temsa, HamurLabs and Obase was evaluated by the jury and was selected in the Sectoral Transformation category. He was awarded the Success Story Award.

R&D CENTER AWARDS

- 2015** – Best Practice Examples of R&D Centers – TEMSA Innovation and Entrepreneurship Platform – Best Practice Award in Public – University – Industry Collaboration
- 2016** – Best Practice Examples of R&D Centers – MD9 ELECTRICITY Project – Best Practice Award in Public – University – Industry Collaboration
- 2016** – R&D Centers Performance Index – Intellectual Property Competency Ranking: First Place – Collaboration and Interaction Ranking: First Place
- 2023** – "Scientist & Designers of Sabancı" at Sabancı Holding – 7 Awards
- 2023** – TÜSİAD SD2 – Success Stories – PartVision – Spare Parts Management



ECONOMIC PERFORMANCE INDICATORS

INVESTMENTS (TL)	2021	2022	2023
Total Amount of Environmental Expenditure	363,154	508,918	1,180,346
Statutory Expenditures	181,126	414,352	884,916
Non- Statutory Expenditures	182,028	94,566	295,430
Total Environmental Investment (Mitigation of the effects)	-	1,112,977	2,207,084
Budget Allocated for OHS	2,284,541	4,723,650	8,221,916
Investments in Corporate Social Responsibility (CSR)	30,186	530,000	1,100,00

REVENUE / EXPENSES (TL)	2021	2022	2023
Annual Total Revenue	1,718,530,940	4,408,738,635	9,170,901,638
Total Operating Expenses	1,709,829,850	4,073,645,730	7,965,790,832
Expenditures for the Development of Employees	261,759,885	564,915,433	969,495,473
Return on Human Capital Investment	1.0	1.6	2.2

SUPPLIERS	2021	2022	2023 ¹⁹
Total Number of Suppliers	1,764	1,820	473
Total Domestic Suppliers	1,438	1,537	310
Total International Suppliers	326	283	163
Total Supplier Payments (TL)	1,462,077,030	3,911,744,239	6,561,575,437
Total Payments to Domestic Suppliers (TL)	797,560,311	2,098,882,094	3,579,443,959
Total Payments to International Suppliers (TL)	664,516,719	1,812,862,145	2,982,131,478
Total Number of New Suppliers	320	350	76
Total Number of New Foreign Suppliers	-	6	48
Total Number of New Local Suppliers			26

CUSTOMERS	2021	2022	2023
Total Number of Customers (Person)	214	238	335

DEALERS AND BUSINESS PARTNERS	2021	2022	2023
Total Number of Dealers	89	84	81

SUSTAINABLE PRODUCT AND SERVICES INVESTMENTS	2021	2022	2023
Total Revenue from Sustainable Products and Services	31,860,279	373,499,304	201,101,828
Ratio of Revenue from Sustainable Products and Services in Total Revenue (%)	1.85	8.47	2.19
Total R&D and Innovation Investments (TL)	70,632,152	140,281,170	82,378,540
Sustainability-Oriented R&D and Innovation Investments (TL)	31,502,712	75,234,886	29,101,694
Ratio of Sustainability-Oriented R&D and Innovation Investments (%)	%45	%54	%35

NUMBER OF PRODUCTS AND SERVICES CONTRIBUTING TO SUSTAINABILITY	2021	2022	2023
Mitigation of the Impact	7	9	10

¹⁹ As part of our supply chain management efforts, a methodology change has been implemented, shaping our supply chain focus in this direction starting from 2023.

SOCIAL PERFORMANCE INDICATORS

NUMBER OF EMPLOYEES BY GENDER AND CATEGORY (PERSON)	2021		2022		2023	
	Kadin	Erkek	Kadin	Erkek	Kadin	Erkek
White Collar	77	330	125	382	140	411
Blue Collar	2	858	2	869	19	1,121
Total	79	1,188	127	1,251	✓ 159	✓ 1,532

NUMBER OF EMPLOYEES BY GENDER AND OTHER CATEGORIES (PERSON)	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Number of Disabled Employees	3	41	4	41	4	36
Number of Foreign Employees	0	0	0	1	0	0
Employees Covered Within the Scope of Collective Labor Agreement	2	858	2	869	19	1121

EMPLOYEES BY SENIORITY (PERSON)	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
0-5 Years	52	151	94	200	128	557
5-10 Years	14	277	19	247	17	128
10 Years and Above	13	760	14	804	14	847

NUMBER OF EMPLOYEES BY GENDER AND AGE (PERSON)	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Under the Age of 30	29	87	70	136	101	430
Between the Ages of 30-50	50	1,066	57	1,066	57	997
Over the Age of 50	0	35	0	49	1	105

NUMBER OF MANAGERS BY GENDER AND AGE (PERSON)	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Under the Age of 30	2	2	1	3	0	4
Between the Ages of 30-50	16	80	22	82	22	89
Over the Age of 50	0	10	0	13	0	19

NUMBER OF OTHER MANAGERS AND EMPLOYEES (PERSON)	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Number of Managers in Revenue Generating Roles	15	38	17	33	✓ 8	✓ 36
Number of Employees in STEM Roles	17	121	32	142	✓ 34	✓ 106

MATERNITY/PARENTAL LEAVE METRICS BY GENDER (PERSON)	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Number of Employees Taking Maternity/Parental Leave	4	44	2	47	✓ 3	✓ 47
Number of Employees Returning to Work After the End of Maternity/Parental Leave	4	44	2	47	✓ 1	✓ 47
Number of Employees Returning to Work After Maternity/Parental Leave and Continuing for a Minimum of 12 Months	1	44	2	47	0	47
Percentage of Employees Returning to Work After Maternity Leave (%)	100		100		✓ 33	

NUMBER OF MANAGERS BY GENDER AND MANAGEMENT LEVEL (PERSON)	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Number of Senior Managers	1	8	4	9	✓ 4	✓ 7
Number of Middle Level Level Managers	9	29	20	33	✓ 6	✓ 40
Number of First Level Managers	8	55	40	107	✓ 12	✓ 57

SOCIAL PERFORMANCE INDICATORS

NUMBER OF EMPLOYEES HIRED BY GENDER (PERSON)	2021	2022	2023
Female	30	58	✓ 68
Male	66	128	✓ 430
Female Managers	-	-	✓ 3
Male Managers	-	-	✓ 21

NUMBER OF EMPLOYEES HIRED BY GENDER AND AGE (PERSON)	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Under the Age of 30	19	38	50	90	✓ 59	✓ 350
Total- Under the Age of 30	57		140		✓ 409	
Between the Ages of 30-50	11	28	8	35	✓ 9	✓ 78
Total- Between the Ages of 30-50	37		43		✓ 87	
Over the Age of 50	0	0	0	3	0	✓ 2
Total – Over the Age of 50	0		3		✓ 2	

NUMBER OF EMPLOYEES HIRED BY GENDER AND MANAGEMENT LEVEL (PERSON)	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Number of Senior Managers	1	0	0	1	✓ 1	0
Total Number of Senior Managers	1		1		✓ 1	
Number of Middle Level Managers	2	5	1	8	✓ 1	✓ 11
Total Number of Middle Level Managers	7		9		✓ 12	
Number of First-Level Managers	2	11	0	4	✓ 1	✓ 10
Total Number of First-Level Managers	13		4		✓ 11	
Total Number of Newly Hired Managers	5	16	1	13	✓ 3	✓ 21

NUMBER OF LEAVING EMPLOYEES BY GENDER (PERSON)	2021	2022	2023
Female	15	13	✓ 36
Male	69	76	✓ 148

NUMBER OF LEAVING EMPLOYEES BY AGE AND GENDER (PERSON)	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Under the Age of 30	4	19	9	27	✓ 22	✓ 39
Total- Under the Age of 30	23		36		✓ 61	
Between the Ages of 30-50	11	42	4	46	✓ 14	✓ 98
Total- Between the Ages of 30-50	43		50		✓ 112	
Over the Age of 50	0	8	0	3	0	✓ 11
Total – Over the Age of 50	8		3		✓ 11	

NUMBER OF LEAVING EMPLOYEES BY GENDER AND MANAGEMENT LEVEL (PERSON)	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Number of Senior Managers	0	0	1	1	0	0
Total Number of Senior Managers	0		2		0	
Number of Middle Level Managers	0	2	1	1	✓ 4	✓ 6
Total Number of Middle Level Managers	2		2		✓ 10	
Number of First-Level Managers	3	15	0	8	0	✓ 9
Total Number of First-Level Managers	18		8		✓ 9	
Total	3	17	2	10	✓ 4	✓ 15

SOCIAL PERFORMANCE INDICATORS

NUMBER OF VOLUNTARILY LEAVING EMPLOYEES BY GENDER (PERSON)	2021	2022	2023
Female	12	10	21
Male	52	62	106

NUMBER OF VOLUNTARILY LEAVING EMPLOYEES BY AGE AND GENDER (PERSON)	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Under the Age of 30	4	18	8	24	16	30
Between the Ages of 30-50	8	28	2	35	5	64
Over the Age of 50	0	6	0	3	0	12

NUMBER OF VOLUNTARILY LEAVING EMPLOYEES BY GENDER AND MANAGEMENT LEVEL (PERSON)	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
Number of Senior Managers	0	0	0	1	0	0
Number of Middle Level Managers	0	2	1	1	1	3
Number of First-Level Managers	3	12	0	5	1	6

DISTRIBUTION OF FEMALE EMPLOYEES	2021	2022	2023
Number of Female Employees (Person)	79	127	✓ 159
Total Number of Employees (Person)	1,267	1,378	✓ 1,691
Percentage of Female Employees (%)	6	9	✓ 9

DISTRIBUTION OF FEMALE MANAGERS AND EMPLOYEES (%)	2021	2022	2023
Distribution of Female Managers	-	30	✓ 17
Distribution of Female Managers in Revenue Generating Roles	28	34	✓ 18
Distribution of Female Employees in STEM Roles	12	18	✓ 24

EMPLOYEE DISTRIBUTION BY MANAGERIAL LEVEL	2023
Number of Senior Managers at First Level	✓ 69
Percentage of Senior Female Managers at First Level (%)	✓ 17,39
Number of Senior Managers at Middle Level Level	✓ 46
Percentage of Senior Female Managers at Middle Level Level (%)	✓ 13,04
Number of Senior Managers	✓ 11
Percentage of Female Senior Managers (%)	✓ 36,36
Percentage of Female Managers at First, Middle Level, and Senior Levels (%)	✓ 17,46

NUMBER OF EMPLOYEES SUBJECT TO PERFORMANCE EVALUATION (PERSON) ²⁰	2021	2022	2023
Female	77	100	126
Male	330	322	424
Total	400	422	550

EMPLOYEE TURNOVER RATES BY GENDER	2021	2022	2023
Female	19	10	✓ 23
Male	6	6	✓ 10

²⁰ The percentage of our employees who have undergone performance evaluations is 100%.

SOCIAL PERFORMANCE INDICATORS

EMPLOYEE TURNOVER RATES BY AGE (%)	2021	2022	2023
Under the Age of 30	20	17	✓ 11
Between the Ages of 30-50	5	4	✓ 10
Over the Age of 50	23	6	✓ 17

EMPLOYEE TURNOVER RATES BY MANAGEMENT LEVEL (%)	2021	2022	2023
Senior Managers	-	15	0
Middle Level Managers	5	4	✓ 22
First-Level Managers	29	5	✓ 13

EMPLOYEE TRAININGS (HOUR)	2021	2022	2023
Total Training Hours	22,752	23,513	✓ 37,267
Average Training Hours per Employee	18.0	17.1	✓ 22.04

TOTAL TRAINING HOURS BY GENDER (HOUR)	2021	2022	2023
Female	1,834	3,103	✓ 9,346
Male	20,918	20,410	✓ 27,921

TOTAL TRAINING HOURS BY AGE (HOUR)	2021	2022	2023
Under the Age of 30	2,439	4,718	✓ 16,789
Between the Ages of 30-50	19,404	18,082	✓ 19,489
Over the Age of 50	908	713	✓ 989

AVERAGE TRAINING HOURS BY AGE (HOUR)	2021	2022	2023
Under the Age of 30	21.0	30.0	45.05
Between the Ages of 30-50	17.4	16.1	52.30
Over the Age of 50	25.9	20.4	2.65

TOTAL TRAINING HOURS BY MANAGEMENT LEVEL (HOUR)	2021	2022	2023
Senior Managers	158	314	✓ 179
Middle Level Managers	1,245	1,602	✓ 1,648
First-Level Managers	1,630	3,658	✓ 6,331

TOTAL TRAINING HOURS PER EMPLOYEE BY MANAGEMENT LEVEL (HOUR)	2021	2022	2023
Senior Managers	17.6	26.1	0.48
Middle Level Managers	32.8	32.7	4.42
First-Level Managers	25.9	38.5	16.99

SUBCONTRACTORS TRAININGS (HOUR)	2021	2022	2023
Total Training Hours	87	87	92
Average Training Hours per Subcontractor	2	2.2	2.3

SOCIAL PERFORMANCE INDICATORS

TRAINING COST (TL)	2021	2022	2023
Total Training Cost	1,044,116	2,120,321	✓ 11,571,832
Average Training Cost per Employee	824.1	1,538.7	✓ 6,843.2

ETHICS TRAINING HOURS (HOUR)	2021	2022	2023
Number of Female Employees Receiving Ethics Training	44	45	78,33
Number of Male Employees Receiving Ethics Training	169	149	270
Total Hours of Anti-Corruption and Anti-Bribery Training	-	-	348

ENVIRONMENT AND SUSTAINABILITY TRAININGS (HOUR)	2021	2022	2023
Total Environment and Sustainability Trainings	2,932	4,171	✓ 2,200

NUMBER OF PEOPLE REACHED THROUGH THE INCLUSION PROGRAMS (PERSON)	2021	2022	2023
Citizens Aged 65 and Over	0	0	-
Youth	347	1,490	✓ 2,157
Children	0	192	✓ 300
Women	0	40	✓ 1,020
Immigrants	0	0	-
Others	-	400	-
Total	347	2,122	✓ 3,477

OHS PERFORMANCE - EMPLOYEES	2021	2022	2023
Total Working Hours	2,325,403	2,745,664	✓ 3,718,971
Number of Accidents	10	13	✓ 16
Number of Fatal Incidents	1	0	✓ 0
Number of Occupational Diseases	0	0	✓ 0
Injury-Related Absenteeism (Days)	7	10	✓ 5
Lost Workday Rate (%)	60.2	72.8	✓ 0.27

OHS PERFORMANCE - SUBCONTRACTORS	2021	2022	2023
Number of Accidents	0	0	0
Number of Fatal Incidents	0	0	0
Number of Occupational Diseases	0	0	0
Injury-Related Absenteeism (Days)	0	0	0

OHS TRAININGS	2021	2022	2023
Training Hours Provided to Company Employees (person*hour)	11,503	11,425	✓ 12,486
Training Hours Provided to Subcontractors (person*hour)	103	246	92

ENVIRONMENTAL PERFORMANCE INDICATORS

ENERGY CONSUMPTION BY FUEL TYPE (MWh)	2021	2022	2023
Natural Gas Consumption	8,465	9,937	✓ 14,814.58 ²¹
Diesel Consumption (generators, company vehicles, forklifts, heating)	4,357	5,399	✓ 6,762.56
Gasoline Consumption	133	673	✓ 1,165.52
Electricity Consumption	8,379	10,886	✓ 12,723.21
CNG (Compressed Natural Gas) Consumption	335.13	139,292	✓ 13.19
Total Energy Consumption	21,669	166,187	✓ 35,479.06

ENERGY DATA	2021	2022	2023
Annual Total Energy Savings (kWh)	1,549,489	9,248,048	✓ 1,143,442
Annual Total Energy Savings (TL)	475,351	1,478,250	✓ 1,772,749
Energy Intensity (MWh/million TL)	12.4	37.69	38.7

DIESEL CONSUMPTION (LITER)	2021	2022	2023
Company Vehicles	80,175	63,830	✓ 40,245
Operational Off-Road Vehicles	14,734	9,544	✓ 27,913
Generator (Emergency Situation)	15,522	6,186	✓ 9,377.70
Diesel Used in Process	332,389	411,880	✓ 597,504
Total	442,820	491,440	✓ 675,040.54

GASOLINE (LITER)	2021	2022	2023
Company Vehicles	14,994	75,804	✓ 126,672.66

OTHER FUELS	2021	2022	2023
CNG (m³)	23,771	13,203	✓ 1,501

RENEWABLE ENERGY USE	2021	2022	2023
Share of Renewable Energy Consumption in Total Energy Consumption (%)	0	5,1	✓ 35,86
Renewable Energy Production (MWh)	0	-	✓ 1,266.85
Renewable Energy Consumption (MWh)	0	8,579	✓ 1,267
Purchased Renewable Energy (MWh)	0	8,579	✓ 11,456.37
Share of Renewable Electricity Consumption in Total Electricity Consumption (%)	-	-	✓ 100

PURCHASED HEAT/STEAM/REFRIGERANT GAS (KG) ²²	2021	2022	2023 ²³
R134-A	59	85.1	✓ 25.51
R22	41	109	✓ 109
R410-A	23	23	✓ 11.35
R407	-	-	✓ 11.35
R404A	-	-	✓ 9.80
Others	-	-	✓ 9
Total	123	217	✓ 176.01

²¹ Natural Gas 2023: 1,392,346.10 m³

²² There is no “Sold Heat/Steam/Refrigeration Gas/Electricity (kg)” reported for the 2023 reporting period.

²³ As part of our process to replace the gases used in our factory with environmentally friendly alternatives, we have added R407 and R407A gases to our inventory.

ENVIRONMENTAL PERFORMANCE INDICATORS*

GREENHOUSE GAS EMISSIONS (ton CO ₂ e) ²⁴	2021	2022	2023
Scope 1 Emissions	3,847.2	4,410.0	✓ 5,864.42
Scope 2 Market Based Emissions	3,562.5	1,088.5	✓ 96.11
Scope 2 Location Based Emissions ²⁵	3,562.5	4,638.5	✓ 4,836.75
Scope 3 Emissions	752	1,371,350.2	✓ 1,746,326.62

ADANA FACILITY SCOPE 3 GREENHOUSE GAS EMISSIONS (ton CO ₂ e)	2022	2023
C1- Purchased Goods and Services	197,959.31	✓ 176,914.46
C2- Capital Goods	72.44	✓ 541.75
C3 - Fuel and Energy Related Activities	868.19	✓ 1,515.10
C4- Upstream Transportation and Distribution	3,309.83	✓ 3,192.81
C5- Upstream Waste Management	259.38	✓ 512.76
C6 - Business Travel	467.32	✓ 1,199.51
C7- Employee Commuting ²⁶	685.23	✓ 1,010.72
C9- Downstream Transportation and Distribution	1,643.82	✓ 1,074.44
C10- Product Use Phase	12.60	✓ 0.30
C11- Emissions from the Use of Sold Products	1,165,485.02	✓ 1,539,438.47
C12- End-of-Life Waste from Sold Products	-	✓ 16,391.87
C14- Dealers	587.09	✓ 4,534.45
Total	1,371,350.2	✓ 1,746,326.62

	SCOPE 1 (ton CO ₂ e)			SCOPE 2 (ton CO ₂ e) (MARKET BASED)			SCOPE 2 (ton CO ₂ e) (LOCATION BASED)			SCOPE 3 (ton CO ₂ e)		TOTAL (ton CO ₂ e)		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2022	2023	2021	2022	2023
Adana	3,361.70	4,120.10	✓ 5,400.30	3,467.30	954.5	✓ 0.0	3,467.30	4,504.60	✓ 4,740.60	1,371,350.20	✓ 1,746,326.60	6,829.00	1,376,424.90	✓ 1,751,726.90
Istanbul	0	0	✓ 0	43.2	43.8	✓ 43.9	43.2	43.8	✓ 43.9	0	✓ 0	43.2	43.8	✓ 43.9
USA	433.1	245.6	✓ 403.6	15.2	15.5	✓ 14.1	15.2	15.5	✓ 14.1	0	✓ 0	448.4	261	✓ 417.7
Germany	1.9	1.9	✓ 1.9	2.7	2.7	✓ 2.6	2.7	2.7	✓ 2.6	0	✓ 0	4.6	4.6	✓ 4.5
France	50.5	42.4	✓ 58.6	34.1	72.1	✓ 35.5	34.1	72.1	✓ 35.5	0	✓ 0	84.6	114.5	✓ 94.1

²⁴ Scope 1, Scope 2, and Scope 3 emissions have been calculated in accordance with ISO 14064-1 and the “Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard,” based on the operational control principle.

²⁵ Scope 2 location-based emissions represent emissions from national grid consumption, while Scope 2 market-based emissions reflect carbon emissions resulting from renewable energy consumption.

²⁶ Scope 3 Category 7 data includes service vehicle data from France.

* For the blue approved data on this page, verification has been taken only within the scope of emission calculations, regardless of the existing assurance service. You can access the verification report on our [website](#).

ENVIRONMENTAL PERFORMANCE INDICATORS

GREENHOUSE GAS BASE YEAR EMISSIONS (ton CO ₂ e) ²⁷	2023
Scope 1 Emissions (2021)	3,397.73
Scope 2 Emissions (Piyasa Bazlı) (2021)	3,562.49
Scope 2 Emissions (Konum Bazlı) (2021)	3,562.49
Scope 3 Emissions (2023)	1,746,326.62

GREENHOUSE GAS REDUCTION (tCO ₂)	2021	2022	2023
Annual Total Reduction	708	4.353	262.56

GREENHOUSE GAS INTENSITY (ton CO ₂ e/TL REVENUE) ²⁸	2021	2022	2023
Greenhouse Gas Intensity	0.0000043	0.0000012	0.00000065

AIR EMISSIONS (KG) ²⁹	2021	2022	2023
NO _x	20	0	11.20
SO _x	0	0	0
Volatile Organic Compounds (VOC)	4	0	112.5
Particular Substances	5	0	4.7

²⁷ Greenhouse gas emissions have been calculated with an expanded scope to align with the expectations of the CDP Climate Change Questionnaire and SBTi.
²⁸ To align with CDP reporting, the tracking methodology has been revised. Emissions are now monitored based on the ratio of total Scope 1 and 2 emissions to revenue in TL.
²⁹ Air emissions are calculated biennially in accordance with legal requirements.
³⁰ During the reporting period, the tracking methodology for plastic consumption was revised.

WATER MANAGEMENT (M ³)	2021	2022	2023
Municipal Water (Used from Third-Party Sources)	9,300	11,559	✓ 14,626
Surface Water	0	0	0
Non-Renewable Groundwater (Well)	103,479	116,113	✓ 123,708
Rainwater	0	0	0
Recycled and Reused Water	0	-	✓ 2,877
Total Water Withdrawal	112,779	127,672	✓ 138,334
Water Discharge	43,317	54,379	✓ 56,171
Water Usage	69,462	73,293	✓ 82,163

WASTE MANAGEMENT (ton)	2021	2022	2023
Hazardous Waste	379	508	✓ 725.90
Reused/Recycled Hazardous Waste	-	-	✓ 87.74
Hazardous Waste Recovered for Energy Purposes	326	450	✓ 638.10
Disposed Hazardous Waste			✓ 0.06
Non-Hazardous Waste	782	1,044	✓ 1,431.7
Amount of Recycled Waste	1,161	1,552	✓ 2,157.54
Reused/Recycled Waste Rate (%)	100%	100%	✓ 100%
Total Plastic Consumption (tons)	14.48	13.31	✓ 169.52 ³⁰

EXTERNAL ASSURANCE STATEMENT

Appendix 1: TEMSA 2023 Sustainability Report – Reporting Principles is available [here](#).



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 Sabancı Ulaşım Araçları A.Ş. (the “Company” or “Temsa”) to perform a limited assurance engagement in respect of the Selected Sustainability Information (the “Selected Information”) stated in the Temsa 2023 Sustainability Report (the “Sustainability Report”) for the year ended 31 December 2023 and listed below.

Selected Information

The scope of the Selected Information for the year ended 31 December 2023, which is subject to our limited assurance work, set out in the pages 133, 134, 135, 136, 137, 138, 139, 140 and 141 of the Sustainability Report with the sign “” is summarized below:

Social Indicators

Occupational Health & Safety

- Number of Accidents (#)
- Number of Fatal Accidents (#)
- Number of Occupational Diseases (#)
- Injury-related Absenteeism (day)
- Lost Workday Rate (%)
- Training Hours Provided to Company Employees (person.hour)
- Total Working Hours (hours)

Employee Demographics

- Number of Employees by Gender (#)
- Percentage of Female Employees (%)
- Number of Managers by Management Level (#)
- Distribution of Female Managers (%)
- Number of Managers in Revenue Generating Roles (#)
- Distribution of Female Managers in Revenue Generating Roles (%)
- Number of Employees in STEM Roles (#)
- Distribution of Female Employees in STEM Roles (%)
- Number of Employees Taking Maternity Leave (#)
- Number of Employees Taking Paternal Leave (#)
- Number of Employees Returning to Work After Maternity Leave (#)
- Percentage of Employees Returning to Work After Maternity Leave (

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Recruitments & Leaves

- Number of Employees Hired (by Age, Gender and Managerial Level) (#)
- Number of Leaving Employees by Gender, Age and Managerial Level (#)
- Employee Turnover Rate by Gender, Age and Managerial Level (%)

Social Impact

- Number of People Reached by Inclusion Programs (#)

Total Training Hours

- Total Training Hours by Gender, Age and Managerial Level (hour)
- Training Hours by Category (hour)
- Total Training Cost (TL)
- Average Training Cost per Employee (TL)

Environmental Indicators

Energy Management

- Total Energy Consumption (MWh)
- Natural Gas Consumption (m³, MWh)
- Diesel Consumption (lt, MWh)
- Gasoline Consumption (lt, MWh)
- CNG (m³, MWh)
- Electricity Consumption (MWh)
- Renewable Energy Consumption (MWh)
- Renewable Energy Production (MWh)
- Purchased Renewable Energy (MWh)
- Annual Total Energy Savings (KWh, TL)
- Renewable Energy Ratio (%) (Share of Renewable Energy Consumption in Total Energy Consumption)
- Purchased Heat/Steam/Refrigerant Gas (kg)

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Greenhouse Gas Emissions

- Scope 1 Greenhouse Gas Emissions (tCO₂e.)
- Scope 2 Greenhouse Gas Emissions (Location Based) (tCO₂e.)
- Scope 2 Greenhouse Gas Emissions (Market Based) (tCO₂e.)

Water Management

- Non-Renewable Groundwater (Well) WithDrawal (m³)
- Municipal Water Withdrawal
- Total Water Withdrawal (m³)
- Water Discharge (m³)
- Water Usage (m³)
- Recycled and Reused Water (m³)

Waste Management

- Total Non-Hazardous Waste (ton)
- Reused/Recycled Non-Hazardous Waste (ton)
- Hazardous Waste (ton)
- Hazardous Waste Recovered for Energy Purposes (ton)
- Disposed Hazardous Waste (ton)
- Reused/Recycled Hazardous Waste (ton)
- Amount of Recycled Waste (ton)
- Reused/Recycled Waste Rate (%)
- Total Plastic Consumption (ton)

Economic Indicators

Sustainable Business Model

- Number of Products and Services Contributing to Sustainability (#)
- Total Revenue from Sustainable Products and Services (TL)
- Ratio of Revenue from Sustainable Products and Services in Total Revenue (%)
- Total R&D and Innovation Investments (TL)
- Sustainability Oriented R&D and Innovation Investments (TL)
- Ratio of Sustainability Oriented R&D and Innovation Investments (%)



Environmental Expenditures and Investments

- Environmental Investmens (TL)
- Environmental Expenditures (TL)
- Investments in Corporate Social Responsibility (TL)

Our assurance was with respect to the Selected Information marked with “” in the in the 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 Sustainability Report and, any other elements included in the 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 Skoda Sabancı Ulaşım Araçları A.Ş. 2023 Sustainability Report – Reporting Principles” (the “Reporting Principles”) on page 142 of the Sustainability Report.

The Company’s Responsibility

The Company is responsible for the content of the 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 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.

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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, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion, based on the procedures we have performed 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” (“ISAE 3000”), and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410 “Assurance Engagements on Greenhouse Gas Statements” (“ISAE 3410”) 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 2023, 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 Company as a body, to assist the Board of Directors in reporting Temsa Skoda Sabancı Ulaşım Araçları A.Ş.’s performance and activities related to the Selected Information. We permit the disclosure of this report within the Sustainability Report for the year ended 31 December 2023, 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 Sabancı Ulaşım Araçları A.Ş. as a body and Temsa Skoda Sabancı Ulaşım Araçları 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.



Ali Yörük, SMMM
Independent Auditor

Istanbul, 12 December 2024

GRI CONTENT INDEX



CONTENT INDEX
ESSENTIALS SERVICE

2024

Statement of Use	TEMESA has reported in accordance with GRI Standards for the period 01.01.2023 – 31.12.2023.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Since GRI has not yet published a standard specific to our sector, no sector standard has been used.

GRI STANDARD	DISCLOSURES	PAGE NUMBERS, EXPLANATIONS AND/OR DIRECT ANSWER	ADDITIONAL INFORMATION AND REASONS FOR EXCLUSIONS
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	About Our Report p.7	
	2-2 Entities included in the organization’s sustainability reporting	About Our Report p.7	
	2-3 Reporting period, frequency and contact point	About Our Report p.7	
	2-4 Restatements of Information	Contact p.158	There is no revised information compared to the previous reporting period.
	2-5 External Assurance	About Our Report p.7	
	2-6 Activities, value chain, and other business relationships		
	2-7 Employees	External Assurance Statement s.142	
	2-8 Workers who are not employees	About Our Report p.7	
	2-9 Governance structure and composition	Social Performance Indicators p.134	
	2-10 Nomination and selection of the highest governance body	Social Performance Indicators p.134	

GRI STANDARD	DISCLOSURES	PAGE NUMBERS, EXPLANATIONS AND/OR DIRECT ANSWER	ADDITIONAL INFORMATION AND REASONS FOR EXCLUSIONS
GRI 2: General Disclosures 2021	2-11 Chair of the highest governance body	Chairman’s Message p.4	
	2-12 Role of the highest governance body in overseeing the management of impacts	Risk and Opportunity Management p.24	
	2-13 Delegation of responsibility for managing impacts	Risk and Opportunity Management p.24	
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Committee p.22	
	2-15 Conflicts of interest	Ethics and Transparency s.38	
	2-16 Communication of critical concerns	Risk and Opportunity Management p.24	
	2-17 Collective knowledge of the highest governance body	Board of Directors Structure p.116	
	2-18 Evaluation of the performance of the highest governance body	Board Diversity and Independence p.116	
	2-19 Remuneration policies	Board of Directors Structure p.116	
	2-20 Process for determine remuneration	Board Diversity and Independence p.116	
	2-21 Annual total compensation ratio		Omission: Cannot be shared for confidentially reasons.
	2-22 Statement on sustainable development strategy	Chairman’s Message p.4 CEO’s Message p.5 Our Strategic Priorities p.18 Sustainability Manager’s Message p.19	
	2-23 Policy Commitments	Compliance with Corporate Governance Principles p.37	
	2-24 Embedding policy commitments	Compliance with Corporate Governance Principles p.37	
	2-25 Processes to remediate negative impacts	Risk and Opportunity Management p.24 Business Continuity Approach at TEMSA p.37 Compliance with Corporate Governance Principles p.37 Ethics and Transparency p.38	

GRI STANDARD	DISCLOSURES	PAGE NUMBERS, EXPLANATIONS AND/OR DIRECT ANSWER	ADDITIONAL INFORMATION AND REASONS FOR EXCLUSIONS
GRI 2: General Disclosures 2021	2-26 Mechanisms for seeking advice and raising concerns	Compliance with Corporate Governance Principles p.37 Ethics and Transparency p.38	
	2-27 Compliance with laws and legislation	Compliance with Corporate Governance Principles p.37 Ethics and Transparency p.38	
	2-28 Membership associations	Corporate Memberships p.129	
	2-29 Approach to stakeholder engagement	Our Sustainable Governance and Effective Communication Strategy p.45 Social Dialogue p.45 Stakeholder Engagement and Communication p.45	
	2-30 Collective bargaining agreements	Social Dialogue p.45 Social Performance Indicators p.134	
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Our Sustainability Priorities p.41	
	3-2 List of material topics	Our Sustainability Priorities p.41	
Climate Crisis			
GRI 3: Material Topics 2021	3-3 Management of the material topics	Our Sustainability Priorities p.41 Combating the Climate Crisis p.83	
Air Quality and Emission Management			
GRI 3: Material Topics 2021	3-3 Management of the material topics	Our Sustainability Priorities p.41 Combating the Climate Crisis p.83 Air Quality Management and Emission Control p.86	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Combating the Climate Crisis p.83 Environmental Performance Indicators p.139	
	305-2 Energy indirect (Scope 2) GHG emissions	Combating the Climate Crisis p.83 Environmental Performance Indicators p.139	

GRI STANDARD	DISCLOSURES	PAGE NUMBERS, EXPLANATIONS AND/OR DIRECT ANSWER	ADDITIONAL INFORMATION AND REASONS FOR EXCLUSIONS
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	Combating the Climate Crisis p.83 Environmental Performance Indicators p.139	
	305-4 GHG emissions intensity	Environmental Performance Indicators p.139	
	305-5 Reduction of (GHG) emissions	Environmental Performance Indicators p.139	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environmental Performance Indicators p.139	
Energy Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.41 Energy Management s.84	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environmental Performance Indicators p.139	
	302-2 Energy consumption outside of the organization	Environmental Performance Indicators p.139	
	302-3 Energy intensity	Environmental Performance Indicators p.139	
	302-4 Reduction of energy consumption	Environmental Performance Indicators p.139	
Responsible Supply Chain			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.41 Responsible Procurement and Supply Chain Management p.70 Localization p.74	
GRI 204: Purchasing Practices 2016	204-1 Proportion of spending on local suppliers	Localization p.74 Economic Performance Indicators p.133	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Responsible Procurement and Supply Chain Management p.70	
	308-2 Negative environmental impacts in the supply chain and actions	Responsible Procurement and Supply Chain Management p.70	No adverse environmental impacts were identified in the supply chain during the reporting period.

GRI STANDARD	DISCLOSURES	PAGE NUMBERS, EXPLANATIONS AND/OR DIRECT ANSWER	ADDITIONAL INFORMATION AND REASONS FOR EXCLUSIONS
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Responsible Procurement and Supply Chain Management p.70	
	414-2 Negative social impacts in the supply chain and actions taken	Responsible Procurement and Supply Chain Management p.70	No adverse social impacts were identified in the supply chain during the reporting period.
Customer Satisfaction and Experience			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.41 Customer Satisfaction and Experience p.77 Customer Health and Safety p.79	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Customer Health and Safety p.79	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Health and Safety p.79	No non-compliance cases related to health and safety impacts have been identified.
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Health and Safety p.79	No complaints regarding breaches of customer privacy or loss of customer data have been reported.
Sustainable Innovation and Digitalization			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.41 Digitalization, R&D and Innovation-Oriented Effects p.51	
Ethics and Transparency			
GRI 3: Material Topics 2021	3-3 Management of material topics	Ethics and Transparency p.38 Our Sustainability Priorities p.41	
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Ethics and Transparency p.38	

GRI STANDARD	DISCLOSURES	PAGE NUMBERS, EXPLANATIONS AND/OR DIRECT ANSWER	ADDITIONAL INFORMATION AND REASONS FOR EXCLUSIONS
Combating Against Corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk and Opportunity Management p.24 Ethics and Transparency p.38 Our Sustainability Priorities p.41	
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Risk and Opportunity Management p.24 Ethics and Transparency p.38 Responsible Procurement and Supply Chain Management p.70	
	205-2 Communication and training about anti-corruption policies and procedures	Ethics and Transparency p.38 Responsible Procurement and Supply Chain Management p.70	
	205-3 Confirmed incidents of corruption and actions taken	Ethics and Transparency p.38 Responsible Procurement and Supply Chain Management p.70	
Human Rights			
GRI 3: Material Topics 2021	3-3 Management of material topics	Ethics and Transparency p.38 Our Sustainability Priorities p.41 Human Rights p.94	
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	Risk and Opportunity Management p.24 Ethics and Transparency p.38 Human Rights p.94	There are no operations or suppliers identified where the freedom of association and collective bargaining may be at risk.
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Risk and Opportunity Management p.24 Ethics and Transparency p.38 Responsible Procurement and Supply Chain Management p.70 Human Rights p.94	There are no operations or suppliers identified as having significant risk for child labor cases.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Risk and Opportunity Management p.24 Ethics and Transparency p.38 Responsible Procurement and Supply Chain Management p.70 Human Rights p.94	There are no operations or suppliers identified as having significant risk of forced or compulsory labor cases.

GRI STANDARD	DISCLOSURES	PAGE NUMBERS, EXPLANATIONS AND/OR DIRECT ANSWER	ADDITIONAL INFORMATION AND REASONS FOR EXCLUSIONS
Employee Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.41 Employee Health and Safety p.125	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Employee Health and Safety p.125	
	403-2 Hazard identification, risk assessment, and incident investigation	Employee Health and Safety p.125 Social Performance Indicators p.134	
	403-3 Occupational health services	Employee Health and Safety p.125	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Employee Health and Safety p.125	
	403-5 Worker training on occupational health and safety	Employee Health and Safety p.125 Social Performance Indicators p.134	
	403-6 Promotion of worker health	Employee Health and Safety p.125	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Health and Safety p.125 Social Performance Indicators p.134	
	403-8 Workers covered by an occupational health and safety management system	Employee Health and Safety p.125 Social Performance Indicators p.134	
	403-9 Work-related injuries	Employee Health and Safety p.125 Social Performance Indicators p.134	
	403-10 Work-related ill health	Employee Health and Safety p.125 Social Performance Indicators p.134	
Compliance with National and International Standards			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.41 Compliance with National and International Standards p.46	

GRI STANDARD	DISCLOSURES	PAGE NUMBERS, EXPLANATIONS AND/OR DIRECT ANSWER	ADDITIONAL INFORMATION AND REASONS FOR EXCLUSIONS
Waste Management and Circular Economy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.41 Waste Management and Circular Economy Applications s.87	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management and Circular Economy Applications s.87	
	306-2 Management of significant waste-related impacts	Waste Management and Circular Economy Applications s.87	
	306-3 Waste generated	Waste Management and Circular Economy Applications s.87 Environmental Performance Indicators p.139	
	306-4 Waste diverted from disposal	Waste Management and Circular Economy Applications s.87 Environmental Performance Indicators p.139	
	306-5 Waste directed to disposal	Waste Management and Circular Economy Applications s.87 Environmental Performance Indicators p.139	
Water and Wastewater Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.41 Water and Wastewater Management p.89	
GRI 303: Water and Wastewater 2018	303-1 Interaction with water as a shared resource	Water and Wastewater Management p.89	
	303-2 Management of water discharge-related impacts	Water and Wastewater Management p.89	
	303-3 Water withdrawal	Water and Wastewater Management p.89 Environmental Performance Indicators p.139	
	303-4 Water discharge	Water and Wastewater Management p.89 Environmental Performance Indicators p.139	
	303-5 Water consumption	Water and Wastewater Management p.89 Environmental Performance Indicators p.139	

GRI STANDARD	DISCLOSURES	PAGE NUMBERS, EXPLANATIONS AND/OR DIRECT ANSWER	ADDITIONAL INFORMATION AND REASONS FOR EXCLUSIONS
Employee Development, Engagement and Communication			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.41 Employee Development, Engagement and Communication p.100	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee Development, Engagement and Communication p.100 Social Performance Indicators p.134	
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Development, Engagement and Communication p.100	
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee Development, Engagement and Communication p.100 Social Performance Indicators p.134	
Risk and Crisis Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.41 Risk and Opportunity Management p.24	
Data Privacy and Cybersecurity			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.41 Data Privacy and Cybersecurity p.61	
Brand Reputation and Loyalty			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability-Oriented Risk and Opportunity Management p.25 Our Sustainability Priorities p.41 Economic Performanse ve Sustainable Products p.68 Human Rights p.94 Social-Impact Oriented Working Approach p.116	

GRI STANDARD	DISCLOSURES	PAGE NUMBERS, EXPLANATIONS AND/OR DIRECT ANSWER	ADDITIONAL INFORMATION AND REASONS FOR EXCLUSIONS
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic Performanse ve Sustainable Products p.68 Economic Performance Indicators p.133	
	201-2 Financial implications and other risks and opportunities due to climate change	Sustainability-Oriented Risk and Opportunity Management p.25 Sustainability-Oriented Risk and Opportunity Assessment p.26 Impact and Vulnerability Assessment for Sustainability Risks and Opportunities p.36	
	201-3 Defined benefit plan obligations and other retirement plans	Compensation and Benefits p.97	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage		Omission: Cannot be shared for confidentially reasons.
	202-2 Proportion of senior management	Social Performance Indicators p.134	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Social Impact-Oriented Working Approach p.116	
	203-2 Significant indirect economic impacts	Social Impact-Oriented Working Approach p.116	
Product Life Cycle			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.41 Product Life Cycle Analysis p.86	
Equal Opportunity, Diversity and Inclusion			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.41 Human Rights p.94 Employee Development, Engagement and Communication p.100 Equal Opportunity, Diversity and Inclusion p.112 Board Diversity and Independence p.116	

GRI STANDARD	DISCLOSURES	PAGE NUMBERS, EXPLANATIONS AND/OR DIRECT ANSWER	ADDITIONAL INFORMATION AND REASONS FOR EXCLUSIONS
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Talent Management p.103 Social Performance Indicators p.134	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Compensation and Benefits p.97	
	401-3 Parental Leave	Employee Wellbeing p.98 Participation of Female Employees in the Workforce p.114 Social Performance Indicators p.134	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Board Diversity and Independence p.116	
	405-2 Ratio of basic salary and remuneration of women to men		Omission: Cannot be shared for confidentially reasons.
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Ethics and Transparency p.38	
Compliance with Corporate Governance Principles			
GRI 3: Material Topics 2021	3-3 Management of material topics	Compliance with Corporate Governance Principles p.37 Our Sustainability Priorities p.41	
Nature-Based Practises			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.41 Nature-Based Approaches p.91	
Biodiversity Protection			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.41 Biodiversity Protection p.91	

GRI STANDARD	DISCLOSURES	PAGE NUMBERS, EXPLANATIONS AND/OR DIRECT ANSWER	ADDITIONAL INFORMATION AND REASONS FOR EXCLUSIONS
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	Biodiversity Protection p.91	
	304-2 Significant impacts of activities, products and services on biodiversity	Biodiversity Protection p.91	
	304-3 Habitats protected or restored	Biodiversity Protection p.91	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity Protection p.91	
Stakeholder Engagement			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.41 Stakeholder Engagement and Communication p.45	
Sustainable Governance and Communication			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.41 Our Sustainable Governance and Effective Communication Strategy p.45	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Our Sustainable Governance and Effective Communication Strategy p.45 Social Dialogue p.45 Stakeholder Engagement and Communication p.45	
Social Impact-Oriented Working Approach			
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Sustainability Priorities p.41 Social Impact-Oriented Working Approach p.116	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Human Rights p.94 Social Impact s.117	No cases of violations involving the rights of indigenous peoples have been identified.
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social Impact s.117 Social Performance Indicators s.134	
	413-2 Operations with significant actual and potential negative impacts on local communities	Human Rights p.94 Social Impact s.117	There are no activities identified with significant actual or potential negative impacts on local communities.

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.45 Social Impacts and Human-Oriented Organization p.94
	Principle 2: make sure that they are not complicit in human rights abuses.	Social Dialogue p.45 Social Impacts and Human-Oriented Organization p.94
	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Social Dialogue p.45 Social Impacts and Human-Oriented Organization p.94
Labour Standards	Principle 4: the elimination of all forms of forced and compulsory labour.	Social Impacts and Human-Oriented Organization p.94 Responsible Procurement and Supply Chain Management p.70 Customer Satisfaction and Experience p.77 Human Rights p.94
	Principle 5: the effective abolition of child labour; and	Responsible Procurement and Supply Chain Management p.70 Human Rights p.94
	Principle 6: the elimination of discrimination in respect of employment and occupation.	Social Impacts and Human-Oriented Organization p.94 Equal Opportunity, Diversity and Inclusion p.112
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	Environmental Impacts and Sustainable Operations p.80 Compliance Performance p.40
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	Environmental Impacts and Sustainable Operations p.80
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Digitalization, R&D and Innovation-Oriented Impacts p.51 Environmental Impacts and Sustainable Operations p.80
Anti-Corruption	İlke 10 - İş dünyası, rüşvet ve haraç dahil her türlü yolsuzlukla mücadele etmelidir.	Ethics and Transparency p.38 Compliance Performance p.40 Responsible Procurement and Supply Chain Management p.70 Customer Satisfaction and Experience p.77

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