

TOYOTETSU TURKIYE

SUSTAINABILITY REPORT 2023



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ABOUT THE REPORT



At Toyotetsu Automotive Parts, we have consistently strived for excellence in our field, aligning our approach with Toyota Otomotiv's nearly century-long commitment to "Quality First." Driven by a deep sense of responsibility, we prioritize the environment and society in all our operations, carefully evaluating our environmental, social, and governance impacts.

Our goal is to advance all strategic initiatives and organizational processes within the framework of sustainability. We are proud to support the United Nations (UN) Sustainable Development Goals, firmly believing that a better world can be passed on to future generations.

With great pride, we present our first sustainability report to our esteemed stakeholders. In this report, we comprehensively address each sustainability dimension that we hold dear and transparently share our ongoing efforts toward sustainability.

This report covers the activities of TOYOTETSU Otomotiv Parçaları ve Ticaret A.Ş. in Türkiye for the period from January 1, 2023, to December 31, 2023, and outlines the Sustainable Development Goals (SDGs) we support. It has been prepared in accordance with the GRI (Global Reporting Initiative) Universal Standards 2021.

The report is available in both Turkish and English, and has not undergone external auditing. Consultancy services for the preparation of this report were provided by Sagenit Management Services, Sustainability Agency, and Coeco Consulting firms.

As part of our commitment to integrating sustainability into our corporate culture, we intend to make our sustainability reports a regular part of our operations and publish them annually in the years to come. We highly value the feedback, suggestions, and opinions of our stakeholders, who are our most important guides on this journey, to help us continuously improve. For any suggestions, questions, or feedback, please contact us at

surdurulebilirlik@toyotetsu.com.tr



Dear Stakeholders,

At the start of 2023, the 100th anniversary of the Republic of Türkiye, we were struck by the most devastating earthquake in the country’s history, which left a profound impact. In the face of the immense loss and destruction across eleven provinces, we witnessed the strength of unity and solidarity in efforts to heal the wounds caused by this disaster. We remain hopeful that, through continued unity, the scars of the earthquake will be fully healed, and life in the affected region will return to normal.

We understand that the choices we make today shape the world of tomorrow.

We continue to nurture Toyotetsu Türkiye Awareness like a tree that has been deeply rooted for over 20 year. Our goal is to make this tree sustainable, ensuring a better world for future generations. This commitment to sustainability forms the foundation of our approach, guiding us with a clear roadmap to

enhance our performance, efficiency, and quality. As we look to the future, we will, as we have in the past, adapt our strategy to focus on the growth of both our company and employees, while working to minimize the environmental impact of our operations and products.

Despite challenges such as recent economic uncertainties, rising raw material and energy prices, changing regulations, and the growing threat of climate change, we have remained committed to ensuring the stable supply of materials and maintaining high quality. By strengthening our governance structure and continually improving it, we enhance our resilience to risks and continue to provide innovative solutions to meet the automotive industry’s evolving challenges.

At TOYOTETSU Türkiye, we view our “sustainability approach” as a core element of our corporate development. It is central to our ongoing sustainability journey, one that we are committed to in order to continuously achieve greater progress.

Since our establishment, we have continually enhanced our technological and production capabilities across our business areas. These advancements have allowed us to produce high-quality products through mass production. We remain committed to digitalization and innovation, striving to be a leader in Industry 4.0 initiatives. Looking ahead, we are directing our investments towards areas such as renewable energy, water recycling, digitalization, and sustainable business models. These efforts are part of our transition to a more environmentally responsible value chain and low-carbon business solutions, ensuring a sustainable future.

With a global perspective, we prioritize transparency as a fundamental principle and focus on advancing ESG (Environmental, Social, Governance) areas. We are also committed to supporting the achievement of the UN Sustainable Development Goals (SDGs). By leveraging all available tools, we aim to contribute to the development of

these goals through sustainability strategies and practices that are increasingly vital. Aligned with the SDGs, we work to optimize resource efficiency, adopt eco-friendly production technologies, and create positive value for society. We firmly believe that every step we take today illuminates not only the present but also the future.

Through the policies established within our social sustainability framework, we address and reinforce ethical standards, human rights, and working conditions with full transparency. We view our strengths as the foundation for creating both current and future social value. With the support of this foundation, we are dedicated to solving social challenges by maximizing the value of green initiatives and promoting a sustainable, thriving future.

We are making steady progress towards our sustainability goals through the short, medium, and long-term targets we have set. With this first sustainability report, we proudly present our performance in detail, demonstrating our commitment to transparency and accountability in our sustainability journey.

As we accelerate our journey towards “Carbon Neutral” and “Net Zero” goals, we continue to strengthen our success on both national and international platforms. We support our reduction targets with strategic projects, underpinned by a clear carbon reduction projection. The initiatives we have implemented have earned numerous national awards.

I would like to express my sincere gratitude to all our stakeholders, especially our employees, for their invaluable contributions and support throughout our sustainability journey.

Masanori NAKAMURA
President



Dear Stakeholders,

At Toyotetsu Otomotiv, we closely monitor global sustainability developments and embrace our responsibility as a 100% Japanese capital company, headquartered in Japan and operating in Türkiye. As one of the leading companies in the global metal processing industry, we are dedicated to minimizing our environmental impact and contributing to a more sustainable future.

In 2021, we launched our carbon footprint activities, marking the first step toward setting carbon footprint monitoring and reduction targets. Based on our 2022 data, we received our first CDP (Carbon Disclosure Project) score in 2023, marking

a significant milestone in our commitment to transparency in carbon management. This achievement reflects our ongoing efforts to improve sustainability practices.

Leveraging our strong R&D capabilities, we are focused on developing low-carbon products to further reduce our environmental impact. These efforts will significantly contribute to achieving our sustainability goals and elevate our company's position within the sector. Our goal is to lead the sector with innovative approaches that reduce our environmental footprint.

We are committed to embedding sustainability principles more deeply across our organization, ensuring they are central to our operations and growth. Our commitment to improving environmental performance is at the heart of our restructuring efforts.

We are making significant progress in our sustainability journey, particularly through our energy management initiatives. With two rooftop solar power plants (SPPs) at our factory and land-based SPP systems in Yozgat, we now source all of our electricity from renewable energy. These investments play a crucial role in our carbon footprint reduction goals, and we plan to continue making similar investments in the future.

A sustainable supply chain and responsible raw material consumption are foundational to our environmental strategy. We embrace the principle that “We are as strong as our

weakest link” and believe that achieving our carbon-neutral targets requires all stakeholders in our supply chain to be equally committed to this journey. Therefore, we emphasize that all stakeholders in our supply chain must be on the same level to achieve carbon-zero targets. Responsible consumption of raw materials and a supply chain that complies with sustainability criteria are essential to achieving our net-zero target.

The sustainability of our supply chain plays a critical role not only in achieving our environmental goals but also in ensuring business continuity and long-term success. For this reason, we aim to prioritize sustainability principles in every step, from raw material selection to production processes. By collaborating with our suppliers, using environmentally friendly materials, and continuously working on improvements to increase energy efficiency, we will advance our sustainability efforts. This approach will allow us to create value both environmentally and economically while working towards our net-zero target.

As Toyotetsu Otomotiv, guided by TOYOTA principles, we align all our efforts with strategic plans to achieve net-zero emissions by 2040. We will continue to move forward with determination to achieve this goal and fulfill our environmental responsibilities.

İlkey YILMAZ

Vice President

Toyotetsu Sustainability Committee Chair



automotive sector, specializing in the production of durable, lightweight, and cost-effective body, chassis, and battery parts. This success is driven by the coordinated efforts of our engineering, R&D, production, and management teams.

ECONOMIC CHALLENGES and STRATEGIC STEPS

Following the global pandemic, recession signals began to emerge in the global economy, becoming more pronounced within the automotive industry. In the post-pandemic recovery process, Toyotetsu Türkiye has re-evaluated its strategic goals to adapt to the changing landscape. When analyzing global economic dynamics, major economies like the US, Europe, and China are expected to accelerate their economic recovery by the end of 2025, driven by stimulus programs. While this recovery is anticipated to positively impact the European automotive sector, the Turkish economy is expected to experience these developments with some delay.

under challenging industry conditions, we are strategically investing in advanced technologies such as a hot press machine and a laser line. Through these investments, we aim to become one of the largest hot press manufacturers in Türkiye and Europe, solidifying our position as a leader in the sector by increasing production capacity in the region.

A STRONG, INNOVATIVE, and COMPETITIVE PATH TO SUSTAINABLE MOBILITY: TOYOTETSU TURKIYE

Dear Stakeholders,

“As always, we are confident in our ability to continue our journey in sustainable mobility as a strong, innovative, and competitive company.”

Toyotetsu Türkiye, as one of 24 group companies worldwide and the sole representative of Toyotetsu Group in Europe, operates with an innovative, proactive, and agile approach in the automotive industry. With over 1,200 employees, our company maintains a strong presence in the European

At Toyotetsu Türkiye, we view the electric vehicle (EV) sector as a transformative period, where understanding customer expectations and enhancing competition will be key. This shift in EV technologies is expected to prompt all industry players to rethink their strategic decisions.

As Toyotetsu Türkiye, we have strengthened our leadership in production, engineering, and innovation within the group, and we are executing various projects to reinforce this position. Recognizing the importance of investments made



SUSTAINABILITY and INNOVATIVE STEPS

Sustainability is at the core of Toyotetsu Türkiye's corporate culture, and our efforts in this area gained significant momentum in 2023. We are implementing comprehensive projects across environmental, economic, engineering, and production domains to support our long-term strategic goals for a more livable world.

In 2021, we began transitioning to green energy, with plans to complete these investments by 2025. Through the rooftop SPP systems installed at our production facility, we now source 30% of our electricity from renewable sources. With these ongoing investments, Toyotetsu Türkiye is on track to meet all our electricity needs from renewable sources. These initiatives also mark a first for our parent company and group companies, showcasing not only our commitment to sustainability but also our leadership in the sector. This not only demonstrates our company's commitment to sustainability but also highlights our leadership in the sector.

Our R&D facility, established in 2012, significantly strengthens our sustainability efforts. Each year, we increase the number of patents, utility models, collaborations, and projects at our facility, which is ranked among the top 250 R&D companies. Key initiatives such as vehicle lightening projects, the development of welding technologies, shaping high-strength sheets, improving production technology efficiency, and localization works are integral to our short,

medium, and long-term strategies, providing us with significant advantages in sustainability.

Our R&D efforts focused on reducing waste and producing low-carbon products align with our principles of circular economy and the responsible use of raw materials. With the growth of the electric vehicle sector, we have intensified our efforts and are continuing the installation of robotic lines and component development, including the production of the battery chamber part for the first time at Toyotetsu Türkiye.

Our company has also made significant strides toward digitalization, accelerating organizational improvements by processing data more quickly and efficiently through the artificial intelligence-supported Smart Factory system. This system allows for more accurate tracking of scrap steel, one of the biggest contributors to our carbon footprint. As a result, we are not only enhancing productivity but also fulfilling our environmental responsibilities more effectively.

A FUTURE EMPOWERED BY SBTI and CDP TARGETS

At Toyotetsu Türkiye, we are fully committed to achieving our 2025 sustainability goals and fulfilling our Science Based Targets Initiative (SBTI) commitments. Based on 2023 data, we received a B grade in the CDP Climate Assessment, in which we participated for the first time. Our entire organization will work in alignment with our goals to raise this performance to an A level. We will continue to move forward

in the field of sustainable mobility, remaining as strong, innovative, and competitive as ever.

CONCLUSION and FUTURE VISION

Despite the economic challenges of the post-pandemic period, Toyotetsu Türkiye has made strategic investments, taken significant sustainability steps, and embraced innovative approaches. The decisions we have made during this time will undoubtedly shape the future success of our company and further solidify our leadership position in the industry. As Toyotetsu Türkiye, we are committed to advancing all our processes—from increasing production capacity to enhancing digitalization—while staying true to our sustainability journey. We are building a future where innovation and environmental responsibility are central to every aspect of our operations.

Orçun YÖNTEM
Vice President

ABOUT TOYOTETSU



Since our founding, Toyotetsu has operated with the core values of;



Customer First



Safety First



Quality First

愚直

Guchoku-ni=Trust

地道

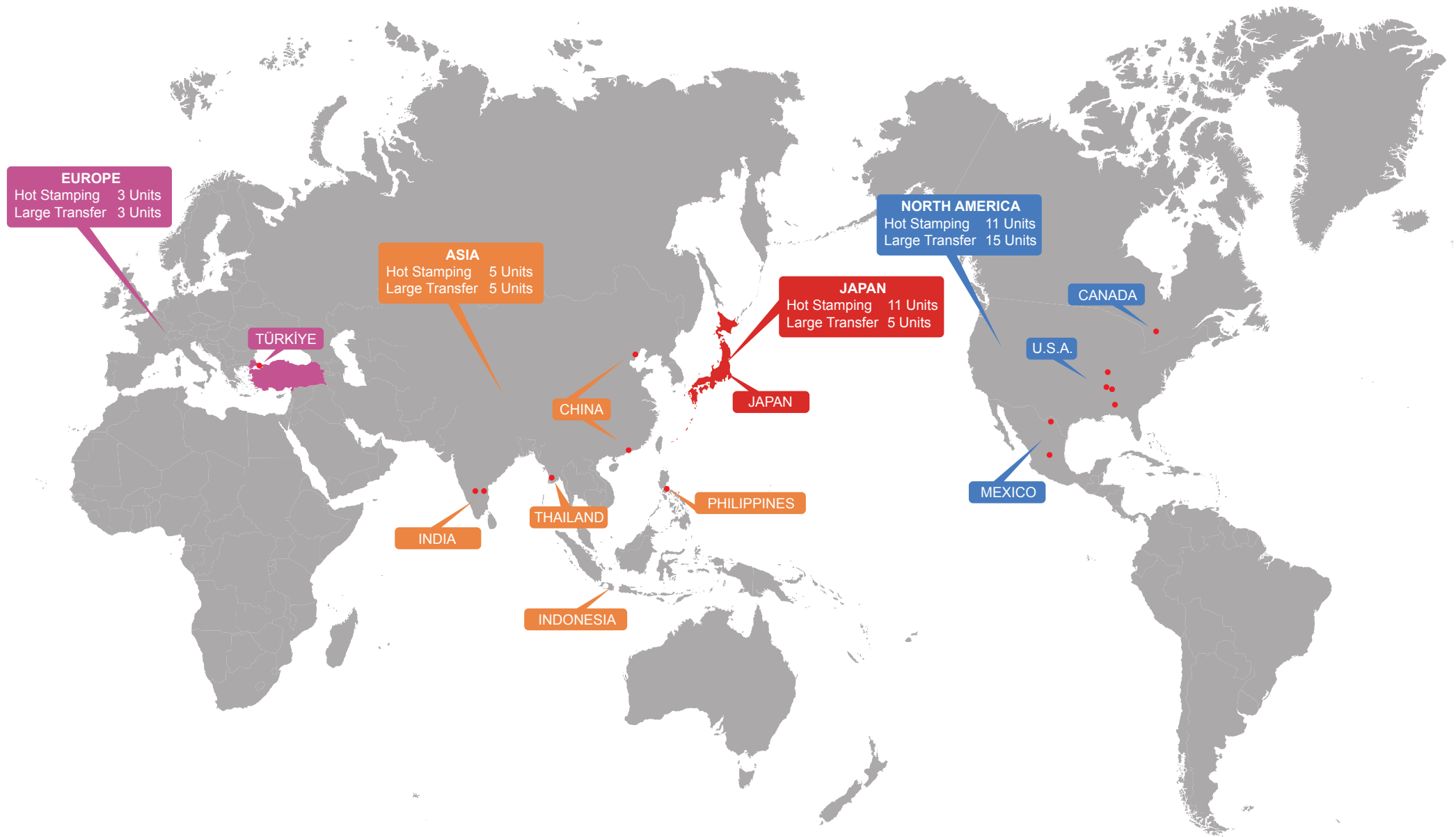
Jimichi-ni=Balance

徹底的

Tetteiteki-ni=Integrity

while upholding the guiding principles of.

These priorities and principles, at the core of our success today, have laid the foundation for our sustainability culture.



Toyoda Iron Work (TIW)

Founded in 1946 in Japan, Toyoda Iron Work (TIW) - Toyotetsu has become a global leader in the automotive industry, supplying steel and plastic pressed parts to major brands including Toyota, Honda, Mazda, Subaru, Nissan, Suzuki, Hyundai, and Daihatsu. Toyotetsu offers a wide range of safety performance-enhancing parts, such as center body pillars, body skeleton parts, chassis parts, and brake pedals, in specialized production facilities, and stands out for its strong corporate culture and organizational structure that enables seamless integration of all processes, from product development and prototyping to production preparation and mass production, under one roof.



Today, Toyotetsu employs over 16,000 people, with 2,500 based at its headquarters, and operates 25 factories across 10 countries on three continents, including Japan, the U.S., China, Indonesia, the Philippines, India, Canada, Mexico, Thailand, and Türkiye.

Toyotetsu Türkiye (TTTI)

Founded in 2001 in Çayırova, Kocaeli, Toyotetsu Otomotiv Parçaları Sanayi ve Ticaret A.Ş. has been operational since 2002, playing a significant role in the automotive industry. Toyotetsu Türkiye holds a significant position in the automotive industry by supplying body and assembly parts to major automotive manufacturers and first-tier suppliers in the country.

Operating across 100,406 m², with 59,230 m² of closed facilities, Toyotetsu Türkiye follows the Toyoda production system, focusing on efficient production speed that aligns with sales demand. In our system, which allows Toyotetsu Türkiye to deliver high-quality products manufactured with the latest technology, the following departments operate with a focus on safety, quality, and cost:

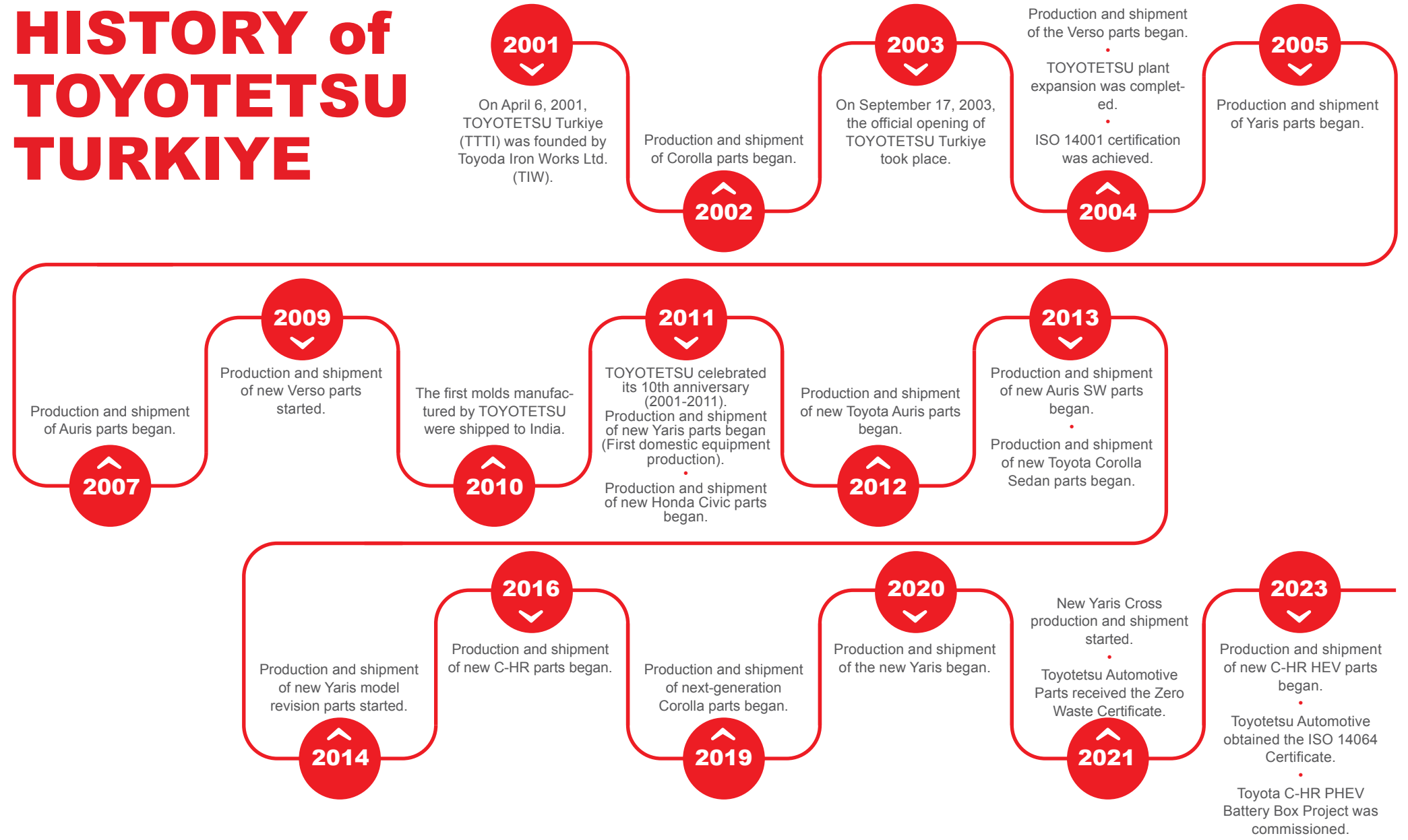
- Press Department, which produces an average of 26 pieces per minute using cold and hot forming of metal sheet materials.
- Welding Department, where industrial robots and manual systems collaborate to perform assembly using various welding methods and ensure quality assurance.
- Quality Department, equipped with the latest technologies to prevent defective parts and ensure that potentially defective items do not move to the next stage, all with a focus on unconditional customer satisfaction and on-site quality.

- Production Control Department, committed to maintaining customer satisfaction through a dynamic, safe organizational structure with experienced staff in logistics, ordering, and planning functions.
- Mold Production Department, which manufactures transfer and progressive molds at high production speeds and enables Toyotetsu to export molds to group companies globally, in addition to Türkiye.
- Mold Maintenance Department, responsible for regular mold maintenance, necessary improvements, and troubleshooting malfunctions.
- Machine Maintenance Department, which ensures the continuity of production by providing 24/7 maintenance interventions, periodic upkeep, and auxiliary operations to minimize downtime and maintain close to zero stock.
- Production, R&D, and Administrative Departments, which foster open office structures, fast communication, and collaboration among expert and experienced staff.

As Toyotetsu Türkiye, we manufacture various body, chassis, and pedal parts known for their high strength and lightweight structure, utilizing production processes that prioritize Occupational Health and Safety (OHS) and quality measures across relevant departments.

With our innovation-driven and development-focused approach, Toyotetsu Türkiye has set a new benchmark among TIW group companies by producing battery reservoirs for electric vehicles.

HISTORY of TOYOTETSU TURKIYE



TOYOTETSU VALUES



Toyotetsu Philosophy

Our philosophy is centered around: Ensuring that all company employees work in a safe environment with shared belief, respect, and cooperation.

Committing to providing the best products and services to our customers.

Promoting the continuous development of both the company and its employees by utilizing company resources effectively. Being a company that consistently cares for the environment and works for the benefit of society.

Toyotetsu Vision

In cooperation and solidarity with the TOYOTETSU group, we aim to develop our resources and become the number one automotive press parts manufacturer in Europe. Our vision includes:

Establishing the TOYOTETSU brand in Europe.

- 1 Stabilizing our overwhelming competitiveness in total performance (Quality, Capacity, Cost, Timing).
- 2 Developing a company that can achieve results through professional training in every business area.
- 3 Continuously creating a safe, comfortable, and effective workplace.
- 4 Enhancing our environmental policy and contributing to the community through our company activities.

Toyotetsu Awareness

Since our founding, we have established a significant presence in the global automotive industry as a leading manufacturer of press parts, adapting quickly to the changes in the sector. While carrying out these processes, we strive to remain at the forefront of progress by preserving, adopting, and strengthening our cultural values, without compromising the nearly century-old Toyotetsu culture. Our unchanging “Toyotetsu DNA” serves as our primary motivation.

To instill this corporate culture and Toyotetsu DNA in our diverse global workforce of over 16,000 employees, we launched Toyotetsu Awareness as a compass for daily activities. This awareness allows us to integrate the heritage of Japanese culture into new structures, strengthening our foundation.

We view challenging periods as opportunities for new initiatives, fostering customer satisfaction and competitiveness through KAIZEN, and generating innovative ideas through GENCHI GENBUTSU (Quality in Place), a key principle of the Toyota production system.

In all our business processes and employee principles, we are committed to enhancing quality and efficiency through the principles of GUCHOKU-NI (Trust), JIMICHI-NI (Balance) and TETTEITEKI-NI (Integrity).

Our scope in Toyotetsu Awareness;

At Toyotetsu, we focus on three core priorities that drive our vision: Development, Value for the People, and Excellence.

3 Priorities

These priorities are fundamental in perfecting our corporate culture, improving our business processes, and ensuring safety.

Our 3 Priorities;



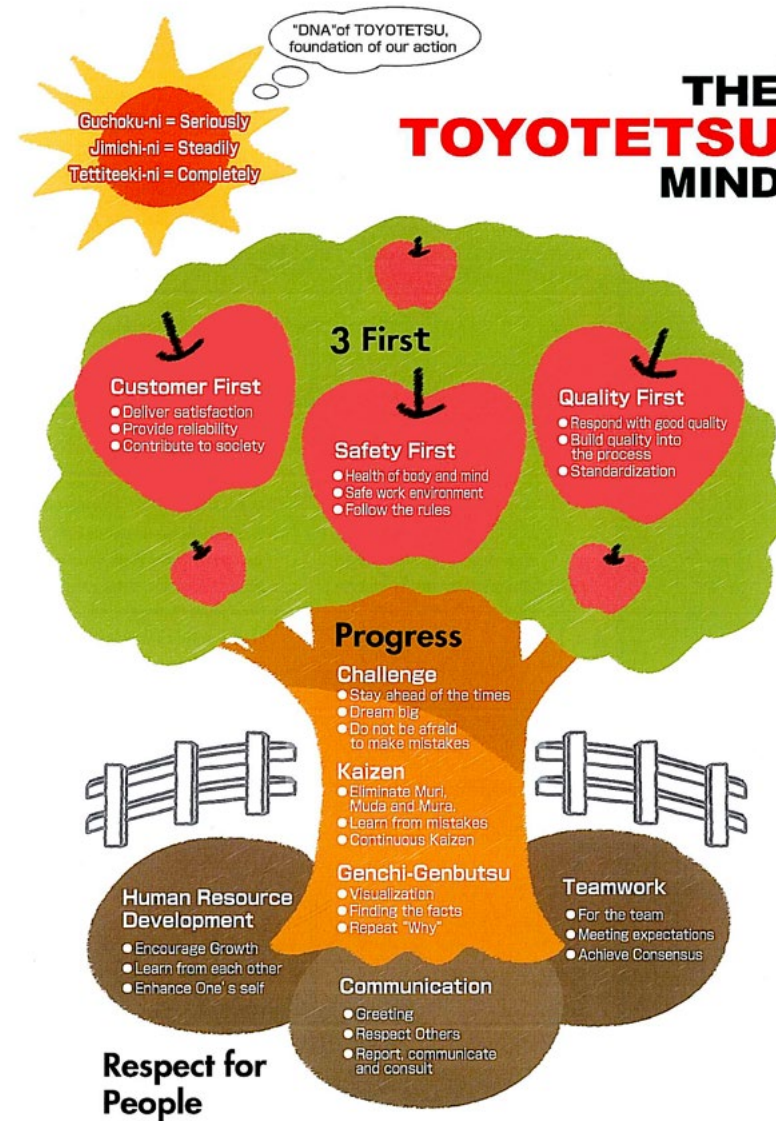
Customer First



Safety First



Quality First



Customer First

Ensuring Satisfaction: Our mission is to provide the best service to our customers, understanding their needs and delivering products that add value to them. We aim to enhance satisfaction not only for customers but for all stakeholders, maintaining this awareness in our daily work.

Ensuring Trust: We strive to build and sustain the perception of “no problem if Toyotetsu does it,” creating trust with our customers and making it a permanent part of our brand identity.

Contribution to Society: We are committed to contributing to the society we operate in, embracing the responsibility of being an active and positive member of our community.

Safety First

Mental and Physical Health: We are dedicated to protecting the mental and physical health of every Toyotetsu employee, recognizing their value as the cornerstone of our success.

Safe Working Environment: Our goal is to establish and maintain a safe working environment, ensuring both the health of our employees and the quality and efficiency of our production processes.

Compliance with the Rules: We are committed to adhering to established safety protocols and fostering common-sense behaviors across all areas of our operations.

Quality First

Responding with Quality: Our goal is to achieve customer satisfaction by delivering products of the highest quality, ensuring a high level of satisfaction.

On-Site Quality: We strive for continuous quality by ensuring each process fulfills its responsibility perfectly, preventing errors from being passed on to the next stage.

Standardization: We are committed to ensuring systematized quality through standardized business processes, minimizing the influence of personal variables.

Development

In our commitment to development, we embrace the following principles:

- Entrepreneurial Spirit: We foster a mindset that encourages dreaming big, taking risks without fear of failure, and striving to stay ahead of the times.
- Kaizen: We focus on continuous improvement by learning from mistakes and eliminating MURI (Burden), MUDA (Waste), and MURA (Disorganization) to drive better results.
- Genchi-Genbutsu (Quality in Place): We prioritize visualizing problems for clear understanding, identifying root causes, and seeking the truth to ensure effective solutions.

Respect for People

In our commitment to respecting people, we embrace the following principles:

- Employee Training: We prioritize the transfer of our corporate culture by encouraging personal development, mutual learning, and continuous self-improvement.
- Communication: We foster a culture of respect through greetings, clear communication, and the sharing of important information.
- Teamwork: We believe in the power of working together toward a common goal, meeting expectations, and recognizing that every individual is a vital part of the whole.

TOYOTETSU TURKIYE in FIGURES

23

23 Years of Excellence

100

THOUSAND

100.000 m² Facility Area

35

MILLION

Production of 35 Million Parts Per Year

1200⁺

Employees

43⁺

THOUSAND

Hours of Training

99⁺

MILLION

99 Million+ TRY invested in R&D in 2023

244

R&D Projects

1177

Environmental Kaizen Initiatives

B

CDP Climate Change First Report Grade B

6

MW

Electric Energy Recovery: 2.6 MW (Rooftop SPP)

12

MW

Electric Energy Recovery Investment: 10 MW (Land SPP)

Toyotetsu Türkiye Recognitions



Organization	Award	Date	Category	Grade
Kocaeli Chamber of Industry	Şahabettin Bilgisu Environment Awards	2019	Environmental Awards	
TIW	Toyotetsu Brand Improvement Award	2019	TIW Group Company Awards	
Kariyer Net	Respect for People Award	2020	Organizational Development	
Toyota	Achievement Award	2020	Cost	Silver
Toyota	Superior Performance Award	2020	Supply Chain	Gold
Toyota	Achievement Award	2021	Value Analysis	Silver
Toyota	Achievement Award	2021	Supply	Silver
Republic of Türkiye Ministry of Labor and Social Security	Strong Communication Safe Workplace Good Practice Competition	2021	Innovative Work Award	
TIW	The Best Toyotetsu Brand Improvement Award	2021	TIW Group Company Awards	
Energy Generating Factories Summit	1st Productivity Awards	2022	Digitalization in Energy Management Project	
TIW	Toyotetsu Brand Improvement Award	2022	TIW Group Company Awards	
Kariyer Net	Respect for People Award	2022 2023	Organizational Development	
Toyota	Achievement Award	2023	Supply Chain	Silver
Toyota TIW	Superior Performance Award	2023	Excellent Price	Gold
TIW	Best Environmental Kaizen	2023	Kaizen Awards	

TOYOTETSU Türkiye Certificates



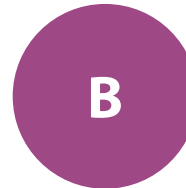
ISO 14001
Environmental Management System



ISO 50001
Energy Management System



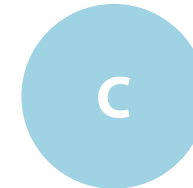
CLIMATE



CDP Climate Change
B Score



WATER



CDP Water Security
C Score

CORPORATE GOVERNANCE at TOYOTETSU TURKIYE



CORPORATE GOVERNANCE APPROACH

As Toyotetsu Türkiye, we adopt a corporate governance approach that is transparent, accountable, and rooted in fairness and ethical principles.

With this approach, we focus on fostering synergy with all stakeholders, particularly our employees and suppliers, while striving to create sustainable value for everyone involved. We are committed to meeting stakeholder expectations regarding corporate governance and continually enhancing our performance in this area.



By closely monitoring global developments, we proactively research, adopt, and implement innovations that drive our progress. We assess risks and opportunities not only within our company but also across our group companies, aligning our strategic direction with evolving developments.

We integrate an ethical and fair business environment into all aspects of our operations, fostering inclusiveness, equality, and diversity throughout the organization. We view the diverse perspectives brought by inclusivity as a valuable asset, using them to enrich and integrate our strategic plans effectively.

BOARD of DIRECTORS and COMMITTEE ACTIVITIES

The Toyotetsu Board of Directors, as the company’s highest strategic decision-making authority, ensures alignment with group companies, sets strategic directions, fosters an equitable business environment for employee welfare and sustainable production, evaluates corporate risks and opportunities, and establishes and oversees corporate goals accordingly. Comprising four members—the Chairman, Senior Vice Chairman, and two Vice Chairmen—the Board is led by the Chairman, who also serves as the Chairman of the Board of Directors. In addition to convening as needed, the Board holds an annual General Assembly meeting each June to evaluate the company’s performance, review goals, and refine strategies.

In addition to the Toyotetsu Board of Directors’ activities, we participate in the annual general meetings of our parent company, TIW, where we present a comprehensive report on Toyotetsu Türkiye’s progress and initiatives. This platform provides us with the dual benefits of assessing our achievements and gaining insights into the operations of Toyotetsu facilities worldwide.

We enhance our corporate structure through Committees,

which streamline the execution of essential activities, act as a communication bridge between the Board of Directors and company directorates, and allow for a more thorough evaluation of risks and opportunities across each business area, enabling a deeper and more precise perspective on our operational landscape.

Committees Reporting to the Toyotetsu Board of Directors:

- Executive Committee: Supports the Board in managerial matters, assesses risks and opportunities, oversees activities, and implements improvements and developments when necessary.
- Communication Committee: Facilitates effective communication with stakeholders, plans social responsibility initiatives, and ensures efficient internal communication processes.
- Sustainability Committee: Manages processes aligned with the Company’s short, medium, and long-term sustainability goals, while planning and executing related activities.
- Environmental Committee: Develops strategies and targets to minimize the Company’s environmental impact and protect the environment, particularly in its operational areas.
- Business Ethics Committee: Ensures ethical principles are upheld in all administrative, operational, and commercial relations through audits and process management.
- Energy Committee: Focuses on enhancing the Company’s energy efficiency, planning future energy investments, and establishing strategies and targets.

BOARD OF DIRECTORS

EXECUTIVE BOARD

COMMUNICATION COMMITTEE

SUSTAINABILITY COMMITTEE

ENVIRONMENT COMMITTEE

BUSINESS ETHICS COMMITTEE

ENERGY COMMITTEE

Policy and Commitments

We recognize the significance of a strong corporate culture fostered by a solid corporate structure and strive to achieve this by implementing effective regulations and practices that reinforce our framework from a global perspective. Through this approach, our established policies and procedures enhance our corporate structure, promote awareness of areas for improvement, and guide the development of our strategic roadmaps. The policies, procedures, and regulations we have implemented to achieve the robust corporate structure we aspire to include:

- Environmental Policy
- Energy Policy
- Human Rights and Working Conditions Policy
- Ethical Conduct and Disciplinary Regulation
- Business Ethics Policy
- Grievance and Communication Procedure
- Procurement Policy
- Quality Policy
- Responsible Raw Material Sourcing Policy
- Policy to Combat Climate Change
- Sustainability Policy
- Supplier Sustainability Policy
- Economic Sanctions and Export Controls Policy

You can access our policies, including our commitments, at <https://www.Toyotetsu.com.tr/Hakkimizda/hakkimizda>



RISK MANAGEMENT and INTERNAL AUDIT

At Toyotetsu Türkiye, we recognize the pivotal role of risk management in driving success and progress, conducting activities to effectively manage risks and integrate global and local opportunities into our operations and strategies. We prioritize understanding the impact of current developments on our company and address change and risk management at senior management meetings.

While the Board of Directors oversees overall risk management at Toyotetsu Türkiye, individual departments are responsible for their respective risk management processes, with regular assessments carried out through control activities. We employ a comprehensive methodology, utilizing the Risk and Opportunity Assessment Table aligned with departmental activities. This approach allows us to systematically evaluate potential risks and opportunities based on their scale and High/Medium/Low ratings.

Internal Audit activities, led by the Assistant General Manager, are dedicated to objectively and transparently evaluating operational processes, implementing necessary measures and actions, and ensuring operations remain under consistent control.



BUSINESS ETHICS and ANTI-CORRUPTION

At Toyotetsu Türkiye, we are committed to ensuring that all processes and values are fair, equitable, and align with ethical principles, making every effort across administrative and operational dimensions to ensure that all activities operate within this framework. We uphold the principles of transparency and accountability to all our stakeholders, particularly our employees, group companies, customers, and suppliers, and foster a work environment that supports fairness, equality, diversity, and individual freedoms.

We emphasize the importance of embedding ethical principles as a core element of our corporate culture across all levels, and we strive to integrate these principles into our corporate structure through policies, procedures, and regulations that address administrative, operational, and human rights perspectives.

Through the Ethical Conduct and Disciplinary Regulation, we integrate ethical business practices into our operations, covering managerial, employee, financial, and operational responsibilities, and emphasizing ethical principles like honesty, transparency, and compliance with legal regulations in our relationships with employees, customers, suppliers, and ethical codes of conduct.

With the Business Ethics Policy, we define ethical working conditions for our employees and suppliers within our value chain, addressing key issues such as information security, fair competition, equality, non-discrimination, bribery, and corruption, reinforcing our commitment to these values.

We prioritize establishing transparent and two-way communication with all stakeholders regarding unethical incidents and our activities related to ethics. To facilitate this, we have implemented the 'Ethics Control' system. Through this system, all Toyotetsu Türkiye employees can report unethical situations or suspicions confidentially, with access limited to the Ethics Officer. We encourage both internal and external stakeholders to report any incidents or suspicions regarding business ethics via the independent, confidential, and reliable communication channel at etik@toyotetsu.com.tr.

At Toyotetsu Türkiye, we have a zero-tolerance policy towards any form of bribery and corruption, and we do not engage in any business relationships that may lead to such practices. We incorporate our commitment to anti-bribery and anti-corruption in the Ethical Conduct and Disciplinary Regulation and the Business Ethics Policy, ensuring adherence to our declaration on this matter.



CORPORATE INITIATIVES

We believe in the power of sharing knowledge and collaboration, placing great importance on the strong partnerships we build through the corporate initiatives we support and our memberships. We focus on sustaining collaborations for long-term value creation and actively participate in the activities of the Automotive Supply Industry Specialized Organized Industrial Zone (TOSB), where we operate. Through Toyotetsu Türkiye Assistant General Manager Ümit Sönmez, Chairman of the TOSB Human Resources Committee, we support the human resources activities of the organized industrial zone and play an active role in the Occupational Health and Safety Environment Committee.



Automotive Suppliers
Association of Türkiye



Gebze Chamber of Commerce



Kocaeli Chamber of Industry



Uludağ Exporters Association



Yozgat Chamber of
Commerce and Industry



Yerköy Chamber of
Commerce and Industry



TOSB
Automotive Supply Industry
Specialized Organized Industrial Zone

SUSTAINABILITY APPROACH at TOYOTETSU TURKIYE



Since our establishment, Toyotetsu Türkiye's culture and business approach across all areas of operation have always supported the three dimensions of sustainability. We take great pride in seeing that the Toyotetsu DNA and Awareness, which we have long embraced and are committed to passing on, have influenced many sustainability-related areas within the environmental, social, and governance (ESG) fields, forming the foundation of a solid sustainability perspective at Toyotetsu Türkiye.

With this awareness, we assess our risks in environmental, social, and governance matters and incorporate this perspective into our strategic plans and operational activities. We work to ensure that the sustainability culture we have built at Toyotetsu Türkiye, with strong support from senior management, is adopted by all our stakeholders with the same level of commitment.

In addition to organizing events and training to raise awareness and foster a sense of belonging among our employees, we also extend this care to our stakeholders in our supply chain and group companies, conducting analyses and training to assess sustainability awareness with the relevant companies and individuals.

Through our Sustainability Policy, we affirm the importance we place on sustainability and are proud to communicate all the initiatives we undertake in every dimension of sustainability through this policy.



TOYOTETSU TURKIYE SUSTAINABILITY POLICY

At Toyotetsu Türkiye, we view “our sustainability approach” as an essential component of our corporate development, continuously striving to achieve better outcomes in our sustainability journey.

Through our Sustainability Policy, we are committed to conducting our activities in alignment with the following principles. We commit to the following actions:



- To consistently support the goals outlined in the “United Nations Sustainable Development Goals,” with particular focus on gender equality, decent work and economic growth, industry, innovation, infrastructure, and climate action.
- To adhere to ethical standards, comply with legal regulations and relevant international standards, and align with corporate governance principles in all our operations.
- To engage in activities aimed at increasing the share of renewable energy sources in our total energy supply, contributing to the fight against climate change, reducing energy consumption through efficiency practices, measuring our greenhouse gas emissions across all operations, setting reduction targets, and implementing relevant projects.
- To continuously monitor our processes to protect the environment and biodiversity by reducing our ecological footprint and involving our value chain in these efforts.
- To implement measures aligned with the highest health and safety standards, ensuring a working environment with decent conditions.
- To prevent discrimination in all our processes and create opportunities for the employment of women, youth, and individuals with health limitations.
- To provide equal opportunities to our employees in all areas, conducting recruitment, career development, and promotion processes transparently and fairly.
- To regularly assess the opinions and suggestions of our employees to maintain high satisfaction levels and carry out necessary improvement activities.
- To enhance the quality of our products and services with a continuous improvement approach and to implement corrective actions to ensure customer satisfaction, which is one of our top priorities.
- To support the development of our suppliers within the context of sustainability by adopting sustainable supply chain practices in our procurement processes.
- To regularly review our sustainability activities and processes, set goals and targets based on identified risks and opportunities, and consistently communicate our sustainability performance to all stakeholders in accordance with the principles of transparency and accountability as outlined in international standards.

SUSTAINABILITY COMMITTEE ACTIVITIES

We implement all of these continuous improvement efforts in the field of sustainability through our 'Sustainability Committee,' which we established in the first months of 2023. The Sustainability Committee, with the aim of embedding sustainability as a core element of our corporate culture, supporting human rights and employee welfare, reducing environmental impact, combating climate change, and building a strong corporate structure based on sustainable values and flexibility in adapting to innovations, is responsible for planning, executing, and overseeing all sustainability activities within the business, particularly those related to supporting the UN Sustainable Development Goals.

Reporting directly to the Board of Directors, the Toyotetsu Türkiye Sustainability Committee serves as a bridge between senior management and our employees on sustainability matters, ensuring the necessary support for related activities.

We believe in the integrative nature of sustainability across various fields and specializations. From this perspective, we support a holistic approach and encourage the inclusion of diverse voices in the Sustainability Committee. To reflect this, our Sustainability Committee was formed with the participation of key directorates within our company, such as Human Resources, Occupational Health and Safety (OHS), Purchasing, Finance and Accounting, Quality, Sales, Production, and Research and Development (R&D). The Toyotetsu Türkiye Sustainability Committee, which meets periodically to exchange ideas, is chaired by the Senior Vice President, a member of the Board of Directors.

Sustainability Committee Structure and Members

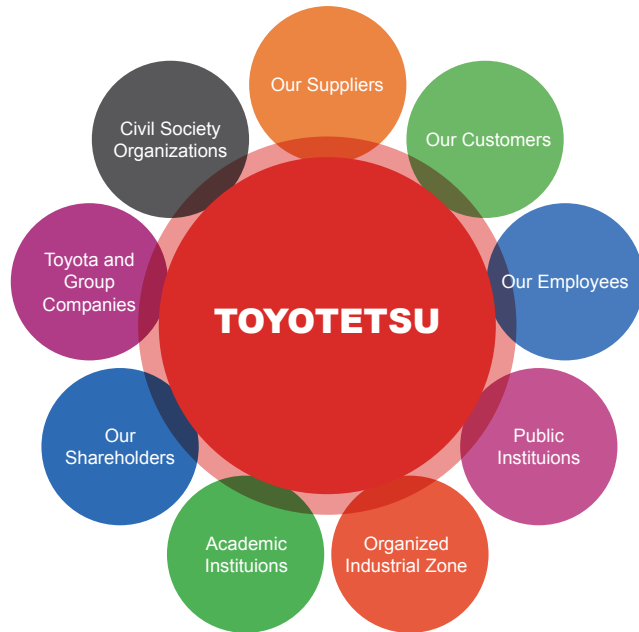
COMMITTEE MEMBER	COMMITTEE TITLE
İlkay Yılmaz	Committee Chair
Ümit Sönmez	Committee Vice Chairman
Ayça Tuğlu	Committee Member
Dilek Altınışik	Committee Member
Bahadır Gültekin	Committee Member
Aylin Gençoğlu	Committee Member
Kadir Özbakır	Committee Member
Orhan Gönüllü	Committee Member
Atakan Keçecioğlu	Committee Member



STAKEHOLDER ENGAGEMENT and COMMUNICATION

At Toyotetsu Türkiye, we believe in the culture of unity and its philosophy of creating value together. We place great importance on unity, the belief that every opinion is valuable, and the success that comes from acting as part of a whole. With this perspective, we value the opinions of all our internal and external stakeholders and act with the awareness that each of them contributes to our success and development.

In 2023, we developed the ‘Toyotetsu Türkiye Stakeholder Map’ through a ‘Stakeholder Analysis’ study, involving the representation of all units of our company. We aimed to gain a 360-degree perspective by including both our internal and external stakeholders in all our Materiality and Prioritization efforts. We are committed to consulting our stakeholders not only in this process but also in all strategic and operational activities, and we strive for transparent and two-way dialogue with all parties in our stakeholder map.



TOYOTETSU Türkiye Stakeholder Map

STAKEHOLDERS	MEANS OF COMMUNICATION	FREQUENCY of COMMUNICATION
Our Customers	Online Meetings	Continuous
	Face-to-face Interviews	Periodically
	E-Mail	Continuous
	Supplier Portal	Periodically
	Part/Project Activities	Periodically
	Corporate Website	Continuous
Our Employees	Employee Satisfaction Survey	Annually
	Academy	Continuous
	Magazine	Quarterly
	Intranet	Continuous
	Announcements	As needed
	Employee Relations Meeting	Monthly
	E-Mail	As needed
Our Shareholders	Management Meetings	Monthly
	Management Reporting	Once every six months
	Board of Directors Meeting	Annually
Public Institutions	Official Correspondence / Reports	As needed
	Face-to-face Meetings	As needed
	Audits	Periodically
Our Suppliers	Supplier Audits	Periodically
	Meetings	Periodically
	Supplier Evaluation and Rewarding Organization	Annually
Civil Society Organizations	Participation in Meetings and Working Groups	As needed
	Career Days	Periodically
Academic Institutions	Technical Visits	Periodically
	Sponsorship and Event Invitations	Periodically
	Academic, Industry Cooperation Activities	Periodically
	Occupational Safety Environment	Monthly
Organized Industrial Zone	Correspondence	As needed
	Human Resources Committee	Monthly
	Toyota Group Companies	Participation in Meetings and Working Groups

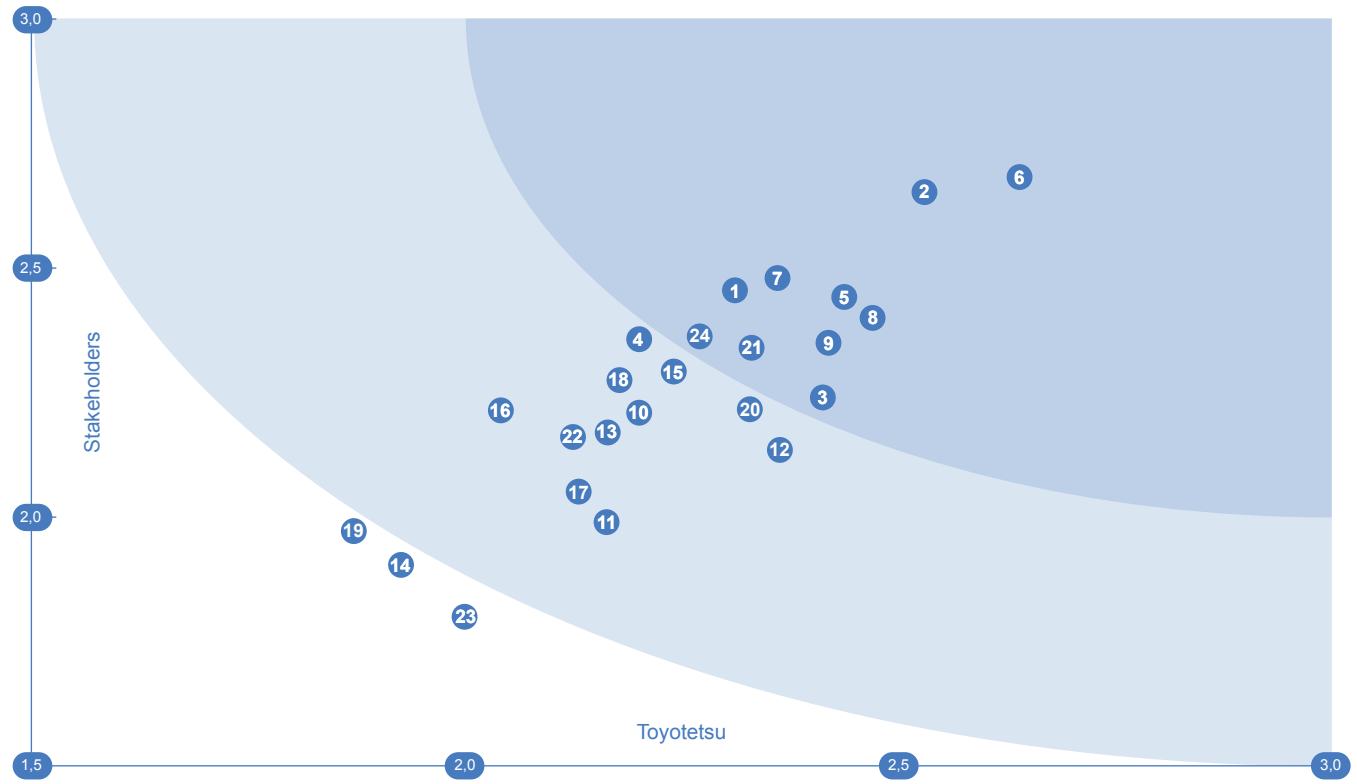
STAKEHOLDER COMMUNICATION SUSTAINABILITY PRIORITIES

At Toyotetsu Türkiye, we believe in the power of a scientific approach and the value that stakeholder opinions can add. With this perspective, we conducted a 'Materiality' study to determine our strategies and targets within the context of sustainability. In the process of determining our priorities, we created a 'Materiality Universe' by considering topics that are important in our sector, industry practices, WEF Global Risk reports, GRI standards, and SASB industry-specific guidance. We presented our materiality headings, consisting of 24 items in this universe, to the stakeholders identified in our Stakeholder Analysis for their evaluation.

We conducted a survey for all stakeholders in our stakeholder map, covering key sustainability indicators of our sector, our company profile, and our Materiality Topics. The multi-layered Materiality Matrix, resulting from the survey, not only formed our roadmap but also helped us identify our strengths and areas for improvement.

The 24 topics in the matrix were evaluated by our stakeholders through a Materiality Analysis. Of these, **10 topics were rated as Very High Priority, 11 as High Priority, and 3 as Priority**, providing essential guidance for our sustainability strategy.

As a result of stakeholder engagement, the materiality issue of 'Establishing a Sustainable Supply Chain,' initially included in the High Priority category, was upgraded to the Very High Priority category by our Board of Directors due to the significance and sensitivity of the issue.



Very High Priority

- 6. Occupational Health and Safety
- 2. Employee Health and Welfare
- 5. Energy Efficiency
- 8. Water Management
- 7. Product Quality and Safety
- 9. Contribution to Circular Economy
- 1. Employee Rights
- 21. Responsible Waste Management
- 24. Information Security
- 3. Establishing a Sustainable Supply Chain

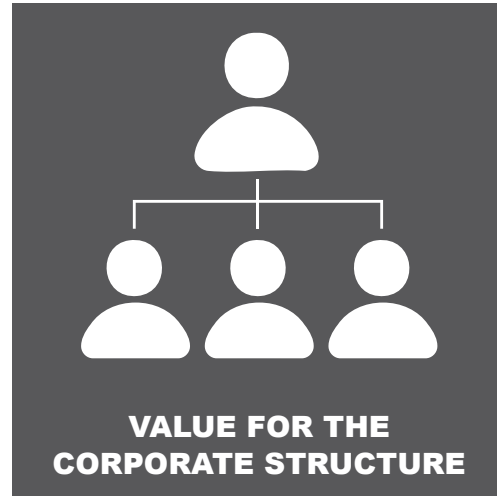
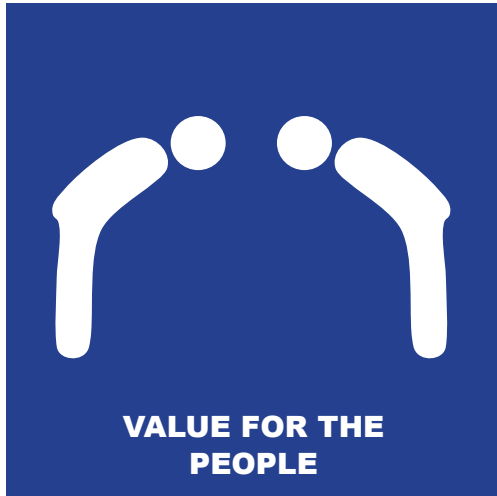
High Priority

- 15. Corporate Governance and Reputation
- 20. Access to Clean Energy
- 4. Combating Climate Change
- 18. Increasing Efficiency through Continuous Development and Improvement
- 12. Ethics and Integrity
- 10. Responsible Sourcing
- 13. Equal Opportunity
- 22. Compliance with Local and Global Legal Regulations
- 16. Human Resources Development / Empowerment
- 17. Risk and Opportunity Management
- 11. Innovation and Digital Transformation (Digitalization)

Priority

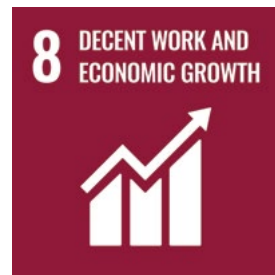
- 14. Employee Engagement and Diversity
- 19. Development of Environmentally Friendly Products
- 23. Contribution to Social Development


Sustainability Priorities









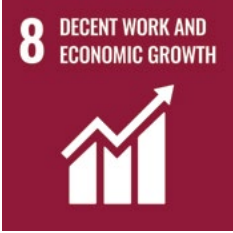


SDGs We Support





We consider the Very High Priority, High Priority, and Priority headings in our Materiality Matrix, developed with the valuable input of our stakeholders, as our Sustainability Priorities, and we aim to plan our activities within the framework of these priorities while preparing our policies to support the SDGs by aligning our goals with the UN Sustainable Development Goals in accordance with these priorities.






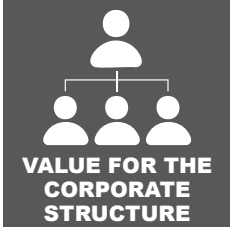
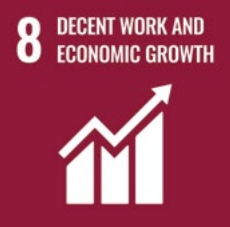
Priority Rating	Priority Issue	How Do We Manage?	Our Targets	Our Sustainability Priority	UN SDG
	Occupational Health and Safety	We prioritize the health and safety of our employees by continuously increasing our OHS trainings and activities each year.	Additionally, we aim to stay updated on developments in Occupational Health and Safety and integrate these advancements into our business processes.		
Very High Priority	Employee Health and Welfare	We are committed to ensuring our employees work in an environment that promotes both physical and mental safety, while focusing on the sustainability of current projects and the implementation of new initiatives in this area.	In 2025, we aim to establish a social compliance system and obtain social compliance accreditation from an internationally recognized organization to foster a workplace where employees feel valued and connected, while enhancing our efforts in social development.		
	Employee Rights	We are committed to upholding human and employee rights both within our organization and throughout our supply chain. We safeguard the rights of our employees, adhering to the principles of equal opportunity, diversity, and inclusion.	Our goal is to conduct training on human and employee rights to raise awareness among our employees and to implement a risk management system to assess our long-term impact on human rights.		


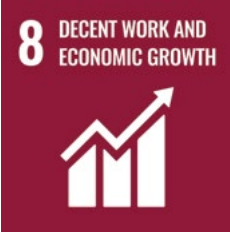
Priority Rating	Priority Issue	How Do We Manage?	Our Targets	Our Sustainability Priority	UN SDG
Very High Priority	Contribution to Circular Economy	We focus on the life cycles of our products, designing and manufacturing them to minimize waste generation from the initial design stage. In our waste disposal methods, we prioritize recovery and recycling to reduce environmental impact. To use our raw material, water, and energy resources efficiently, we conduct regular monitoring and reduction activities.	We aim to strengthen our environmental performance by expanding our product life cycle analysis. Furthermore, we continue to emphasize savings within our circular economy model by promoting recyclable resources and engaging in industrial symbiosis activities.	 <p>VALUE FOR THE ENVIRONMENT</p>	 <p>6 CLEAN WATER AND SANITATION</p>  <p>7 AFFORDABLE AND CLEAN ENERGY</p>  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>
	Energy Efficiency	We achieve our energy targets through the effective implementation of our ISO 50001 Energy Management System, focusing on energy-efficient machines and energy Kaizens.	Our goal is to minimize environmental impact by utilizing our Smart Factory Management System, offering training to suppliers to raise energy awareness, and reducing energy consumption per unit of product. Additionally, we aim to meet our targets with approval from the Science Based Targets Initiative (SBTI).		
	Water Management	As part of our water management efforts, we implement actions focused on analyzing consumption points, implementing saving strategies, tracking progress with targets, identifying risks and opportunities, promoting awareness throughout the value chain, and enhancing data diversity. We voluntarily participate in the CDP Water Security Assessment. We convert some of our water-cooled systems to Boron oil cooling systems, turning potential savings into opportunities.	Our goal is to prioritize our efforts by calculating our water footprint. Additionally, we aim to achieve further gains by enabling the reuse of wastewater generated from our reverse osmosis system as part of our ongoing water reuse and recovery initiatives.		
	Responsible Waste Management	We conduct our responsible waste management activities with a strong focus on circularity. Our priorities include zero waste initiatives, monitoring and reduction efforts, and promoting reuse, transformation, and recovery in waste disposal.	Our goal is to implement a responsible waste management model centered around recovery, starting with waste reduction in production design, evaluating recycling opportunities, and engaging in industrial symbiosis activities.		


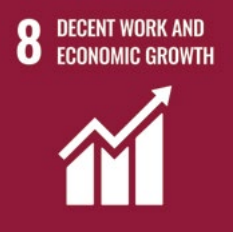


Priority Rating	Priority Issue	How Do We Manage?	Our Targets	Our Sustainability Priority	UN SDG
	Product Quality and Safety	We regard quality, a key element of Toyotetsu Awareness, as an integral part of our corporate culture, guiding us to plan and execute all our work with a focus on zero defects and continuous improvement.	As we enhance our product quality, we strive to stay abreast of industry developments and adopt new production strategies that align with decarbonization and functional design principles. In 2024, we aim to achieve ISO 17025 accreditation for our quality laboratory, ensuring the sustainability of our quality standards.		 <p>3 GOOD HEALTH AND WELL-BEING</p>
Very High Priority	Information Security	We recognize the importance of information security in an increasingly digital world and are committed to safeguarding data and managing risks through various backup methods.	In the short term, we plan to achieve ISO 27001 Information Security Management System compliance and certification to enhance our information security measures and standardize our practices.	 <p>VALUE FOR THE WORK</p>	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>
	Establishing a Sustainable Supply Chain	We ensure that the businesses in our supply chain align with Toyotetsu Türkiye's quality standards and operational excellence, supporting our suppliers in identifying areas for improvement through the audits we conduct. We approach responsible raw material procurement with sensitivity and review our efforts annually based on the latest scientific developments.	We aim to shape our supply chain expectations around sustainability and plan to update our Supplier Evaluation Forms to reflect this focus. In the short term, we are organizing training sessions and sustainability-focused audits to raise awareness of sustainability among our suppliers.		 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>

Priority Rating	Priority Issue	How Do We Manage?	Our Targets	Our Sustainability Priority	UN SDG
	Combating Climate Change	We are facing the significant impacts of climate change driven by greenhouse gas emissions, and we calculate and verify our emission monitoring in accordance with the ISO 14064 standard. Using this verified data, we are implementing our emission reduction plan with the goal of “becoming carbon neutral by 2030 and zero carbon by 2040” at Toyotetsu Global. We voluntarily participate in the CDP Climate Change Rating to enhance the effectiveness of our carbon emission reduction model.	We aim to adapt to the negative impacts of climate change by taking actions to reduce carbon emissions, including maintaining verified carbon calculations, product lightweighting, waste reduction, and product life cycle analysis. We plan to achieve our carbon emission reduction targets with the approval of the Science Based Targets Initiative (SBTI).		
High Priority	Responsible Sourcing	Within the framework of our ISO 14001 Environmental and ISO 50001 Energy Management Systems, we systematically measure and manage all our resources. We prioritize sourcing raw materials from locations that adhere to sustainability principles, ensuring responsible procurement practices. In addition, we ensure that our raw materials, sourced from nature, align with biodiversity principles.	We are committed to maintaining the continuity of our Environmental and Energy Management Systems, with the goal of regularly monitoring and reducing resource consumption per unit for optimal efficiency. As part of our ongoing efforts, we are developing a Biodiversity Strategy and implementation plan to assess the impact of our activities on local ecosystems.		
	Access to Clean Energy	In the field of renewable energy, we harness clean energy by utilizing solar energy through systems installed on our factory roofs.	We are currently preparing resource planning to increase the share of renewable energy in our investment plans, including the installation of solar energy systems on land. We aim to continuously expand the share of renewable energy in our energy consumption by targeting the transition from fossil fuels to electricity for heating and cooling activities, alongside obtaining IREC certification. Additionally, we aim to meet our targets with approval from the Science Based Targets Initiative (SBTI).		

Priority Rating	Priority Issue	How Do We Manage?	Our Targets	Our Sustainability Priority	UN SDG
	Increasing Efficiency through Continuous Development and Improvement	We support continuous development and improvement through KAIZEN practices, which are an integral part of Toyotetsu culture, and engage employees in various activities to encourage participation.	We aim to elevate our continuous development and improvement efforts by implementing a more systematic follow-up and execution mechanism in line with new technologies.		
High Priority	Innovation and Digital Transformation (Digitalization)	Aware of the impact of ever-increasing digitalization and innovative conditions on our business, we continue our journey of continuous development by embracing digitalization and innovation, shaping our R&D efforts with this perspective to support our company strategies. With the Smart Factory we established, we harness the power of digitalization and innovation to enhance our operations, reduce occupational accidents, and improve efficiency.	We view our Industry 4.0-driven facility as a constantly evolving entity, with digitalization and innovation at its core, considering this ongoing journey essential to our success. In 2024, we aim to expand our R&D projects and investments, with the long-term goal of becoming a leader in R&D within our industry.	 <p>VALUE FOR THE WORK</p>	 <p>3 GOOD HEALTH AND WELL-BEING</p>
	Ethics and Integrity	We consider ethical principles a core aspect of our corporate culture and emphasize strict compliance with them. We develop all our strategies with a focus on honesty, fair trade, and competition, while encouraging all our employees to embrace ethics and integrity in their work.	We aim to integrate the principles of ethics and integrity, which we have embedded in our business processes, into a management strategy for our supply chain, and in the coming years, we plan to provide awareness training to supply chain businesses and revise our Supplier Evaluation Forms accordingly.		 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>

Priority Rating	Priority Issue	How Do We Manage?	Our Targets	Our Sustainability Priority	UN SDG
	Compliance with Local and Global Legal Regulations	We closely monitor legal changes on both national and global platforms driven by evolving conditions, ensuring that our corporate structure, company strategies, and operational processes align with current legislation.	We aim to meet the requirements of legal regulations by staying informed on national and global developments and swiftly adapting to new processes in the event of regulatory changes.		
High Priority	Corporate Governance and Reputation	We value having a corporate structure that is transparent, accountable, fair, ethical, and open to innovation, which is rooted in our strong corporate culture. We work to build our management strategies on these principles and continuously strengthen our corporate structure by adapting to developing conditions each year.	To enhance the strength of our corporate structure and stay aligned with evolving conditions, we engage in consultancy processes and plan projects aimed at making our corporate structure more ethical, sustainable, and focused on human rights. Alongside our existing policies and procedures, we aim to uphold our corporate perspective in new business processes and ensure that company practices are aligned with these policies and procedures.	 <p>VALUE FOR THE CORPORATE STRUCTURE</p>	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>
	Risk and Opportunity Management	We recognize the importance of risk and opportunity management in sustaining Toyotetsu Türkiye's success. In alignment with company strategies, we conduct risk and opportunity assessments at senior management meetings, manage risks through the Risk Tracking Table, and share our findings with all departments.	We aim to expand our risk and opportunity management processes in sustainability and, in this context, plan to establish a structure that measures and evaluates our sustainability-related risks and opportunities through the ESG Risk Assessment process in the medium term.		

Priority Rating	Priority Issue	How Do We Manage?	Our Targets	Our Sustainability Priority	UN SDG
High Priority	Equal Opportunity	We implement merit-based, egalitarian, fair, and equal opportunity policies in all our human resources processes, ensuring that no discrimination occurs against our employees under any circumstances or situation.	Our goal is to make this strategy sustainable by establishing new structures that promote a fair work environment, ensuring all Toyotetsu Türkiye employees work in a safe and equal opportunity environment.		
	Human Resources Development / Empowerment	Recognizing that Toyotetsu Türkiye's success stems from the development of its employees, we prioritize their growth and support their professional and technical development through academy activities.	To foster continuous development, we plan to diversify and increase the frequency of our training programs, transforming them into a systematic structure that considers the preferences of our employees.		

Priority Rating	Priority Issue	How Do We Manage?	Our Targets	Our Sustainability Priority	UN SDG
	Employee Engagement and Diversity	We value the opinions and experiences of our employees, and through our successfully implemented suggestion and complaint system, we foster an accessible structure where all employees feel safe, respected, and empowered to share their technical insights. Embracing the perspective that different cultures offer, we support diversity and the richness it brings.	Committed to sustaining an inclusive work environment where employees feel a sense of belonging, safety, and value, we aim to increase the ratio of women employees and women managers over the long term.		
Priority	Contribution to Social Development	We respect the values of the society we are part of and work towards supporting its development. Through a structure that promotes the growth of local communities and our country in environmental and academic areas, we focus on knowledge and resource transfer while fostering two-way dialogue.	To ensure sustainable social development, we aim to expand and diversify our corporate social responsibility initiatives, increasing the number of people we positively impact at both the local and national levels.		
	Development of Environmentally Friendly Products	In our R&D projects, we focus on developing lighter materials, energy-efficient processes, waste-reducing methods, low-carbon emission techniques, and longer-lasting products, all while utilizing resources to create environmentally friendly solutions.	We aim to intensify our efforts to develop eco-friendly products by increasing recycled content, prioritizing processes that require less heating and cooling, reducing carbon emissions, and enhancing product lightweighting.		

ENVIRONMENTAL APPROACH at TOYOTETSU TURKIYE



At Toyotetsu Türkiye, we aim to adapt to changing climate conditions across all our operational processes, while supporting efforts to slow the effects of the climate crisis, protecting biodiversity and natural resources, promoting responsible consumption and production, and aligning water and waste management with sustainable practices.

At Toyotetsu Türkiye, effective energy and environmental management is one of our main priorities. To achieve this, we manage our processes using management systems that align with our sustainability goals, risk assessments, and legal and stakeholder requirements. Our environmental management processes are governed by our ISO 14001 Environmental Management System and ISO 50001 Energy Management System, and we demonstrate our commitment to environmental and energy management through our 'Environmental Policy' and 'Energy Policy.'

Environmental Policy

In line with TOYOTETSU Türkiye's basic philosophy, we are committed to protecting the environment by minimizing our environmental impacts arising from our activities, products, and services:

1. We will act together with our stakeholders, especially our environment and the community we do business with, in compliance with legal obligations regarding the environment.
2. By recognizing the importance of limited natural resources, we will prioritize reducing waste generation and lowering our carbon footprint, with the goal of achieving zero waste.
3. We will take continuous improvement measures to prevent environmental pollution, following "kaizen" principles to eliminate inefficiencies in accordance with "TOYOTETSU AWARENESS" and implement them across all processes.
4. Acting with the awareness that we are part of the society we live in, we will continue our efforts to "Contribute to Society" by engaging all our stakeholders, especially our subcontractors, suppliers, and employees.
5. We will publicly announce our environmental policy to all persons working on behalf of TOYOTETSU Türkiye and keep it open to society and all relevant organizations.
6. We will continuously improve our environmental performance by setting new goals and targets

President Masanori NAKAMURA

Energy Policy

In line with TOYOTETSU Türkiye's basic philosophy, we commit to the following principles while carrying out our production activities:

1. We will comply with all legal requirements related to energy use, consumption, and efficiency, understanding the responsibility of operating within TOYOTETSU.
2. In line with "TOYOTETSU AWARENESS," we will make continuous improvements (kaizen) in the field of energy to achieve our clean energy target, 2030 carbon neutral, and 2040 carbon zero goals aligned with sustainable development objectives.
3. We will continuously improve our energy performance by providing the necessary information and resources to meet the goals and objectives we have set.
4. We will incorporate energy efficiency criteria in product design and during the procurement of goods and services.
5. With the awareness of being part of the society we live in, we will continue efforts to promote "Energy Efficiency Awareness in Society," by sharing our policy and energy efficiency activities with all stakeholders, including employees, subcontractors, and suppliers.
6. We will maintain energy efficiency awareness through regular training and audits, ensuring its provision and continuity.

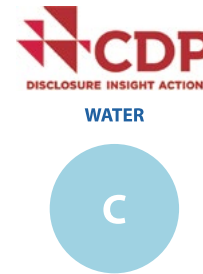
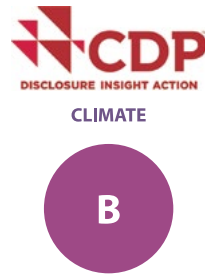
President Masanori NAKAMURA

We integrate the KAIZEN culture, a core aspect of Toyotetsu Awareness, into our environmental activities, considering it essential for managing environmental risks and shaping our strategies. We pursue projects under the title of 'Environmental Kaizens' that aim to save resources, increase energy efficiency, manage corporate greenhouse gas emissions, reduce waste, and implement other initiatives in areas impacting our operations.

In 2023, the number of Environmental Kaizens we have implemented, each designed with environmental benefits in mind:

1177

We are proud to be recognized for our efforts by CDP (formerly Carbon Disclosure Project), one of the world's leading sustainability assessment platforms, which we engaged with in 2023 to evaluate our environmental impact. In our first year of voluntary participation, we are pleased to have achieved a B rating in the Climate category and a C rating in the Water Efficiency category.



In 2023, aligned with our carbon zero strategy, we plan to continue our efforts toward joining the Science-Based Targets Initiative (SBTI) platform in 2024, with the aim of committing to setting and achieving science-based emission reduction targets to limit global warming to 1.5°C.



We attach importance to biodiversity, including the use of natural resources, the effects of our activities on nature, and how environmental conditions impact our operations, which we discuss in our Sustainability Committee and senior management meetings.

In 2024, we plan to assess the potential impact of our operations and supply chain on biodiversity and take actions to avoid, mitigate, or compensate for negative effects as part of the 'Biodiversity Strategy' initiatives we began in 2023.

ADAPTATION to CLIMATE CHANGE

We are aware of climate change and the impact of extreme heat, including heatwaves driven by global warming, on our health, ecosystems, and commercial stability. As Toyotetsu Türkiye, we act with this awareness in our administrative and operational processes, recognizing that the United Nations has identified climate change as a critical turning point, with the resulting climate changes posing significant risks to our planet and all living things.

We are committed to minimizing the impacts of our activities on climate change, demonstrating our determination to fulfill our responsibility in the global fight against it. Our goal is to ensure that the targets we set and the strategies we develop actively support the fight against climate change, and we aim to extend this awareness and action to our entire supply chain.

We are committed to minimizing our impact on the environment and climate across all operations, product, and service processes at our facility, taking a holistic approach by incorporating environmental impacts into our risk and opportunity management processes.

Managing Climate-related Risks and Opportunities

According to the 2023 Global Risks Report published by the World Economic Forum (WEF), six of the top ten global risks in the next decade are environmental in nature. In this context, Toyotetsu Türkiye closely monitors both national and international risks within our Enterprise Risk Management processes to assess emerging climate-related threats and their potential impacts. We proactively identify risks early and plan preventive actions to minimize their effects.

To mitigate the impacts of climate change and adapt to new climatic conditions, we invest in renewable energy production, projects aligned with the future trends of the mobility sector, and low-carbon products and production methods as part of our sustainability vision.

We manage our current corporate risk management system to address climate change and sustainability-related risks, with the goal of expanding and refining our approach to sustainability risks in the near future.

Climate Change Adaptation and Greenhouse Gas Efforts

At Toyotetsu Türkiye, we are committed to protecting the environment and securing our future by adopting a sustainability goal focused on combating the climate crisis. As part of this commitment, we prioritize reducing our environmental impact across all new and existing business processes.

By closely monitoring developments related to climate change and anticipating future climate risks, we are actively planning and pursuing our goals of becoming 'Carbon Neutral' by 2030 and 'Carbon Zero' by 2040, as part of our strategy for managing climate-related risks.

To achieve this, we have established a comprehensive system for monitoring and calculating our greenhouse gas emissions, which forms the foundation of our ongoing efforts to reduce our carbon footprint. Based on the ISO 14064: 2018 Greenhouse Gas Emissions Calculation Standard, we have been tracking both our direct and indirect energy emissions since 2022. These calculations are made accessible to our stakeholders as verified data, ensuring full transparency. We place great importance on comparative data to monitor our progress throughout the process. This allows us to identify areas for improvement and provides the advantage of calculating our greenhouse gas emissions each year while also evaluating the previous year's performance.

We prioritize the projects and new investments aimed at reducing our greenhouse gas emissions. In 2023, we took several key steps to reduce our environmental impact:

- In our 2022 greenhouse gas calculations, we chose raw materials produced using recycling methods, such as EAF (Electric Arc Furnace) steel, to reduce the impact of embedded emissions, which are considered high under category 4.
- In our production process, we switched from using tube CO₂ in welding machines to a system supplied via pipelines from the general warehouse, preventing emissions and losses associated with tube CO₂.
- We supported the natural reduction of carbon emissions by creating the Toyotetsu Memorial Forest, which contains over 10,000 trees, as part of our Carbon Neutral target.
- Toyotetsu Türkiye carried out offsetting efforts by investing in renewable energy projects with neutralization certifications, such as Roof SPP (Solar Energy System), Land SPP, and IREC (International REC Standard).
- In 2023, we aimed to assess the environmental impacts of our products by considering their inputs and outputs throughout their life cycle. We conducted activities using the Life Cycle Assessment (LCA) method and are currently in the data collection stage to evaluate their impact on global warming through carbon dioxide equivalents. We aim to prioritize improvements in the product life stages, particularly focusing on carbon emissions, and include them in our action plans for 2024, starting with one of our products using Life Cycle Analysis (LCA).



In determining our roadmap to achieve our carbon neutral and zero targets, we do not act alone; we expect our suppliers, whose operations impact our greenhouse gas emissions, to also make efforts to adapt to climate change.

To this end, in collaboration with our suppliers, we have implemented Kaizen activities related to material transportation, such as optimizing transportation and loading processes, preferring local suppliers, reducing forklift usage, adopting electric pallet trucks and tow trucks, combining vehicle trips to reduce the number of journeys, and decarbonization efforts to lower fuel consumption. Additionally, as of 2023, we have begun strengthening value chain communication to align with reporting requirements within the framework of the Border Carbon Regulation, approved by the EU Parliament and published by the Commission in 2023.

ENERGY MANAGEMENT

At Toyotetsu Türkiye, we operate with the understanding that our renewable energy efforts are crucial to achieving our ‘Carbon Zero’ goal by 2040, and we actively implement various projects aimed at reducing energy consumption in our operations while increasing our use of renewable energy sources.

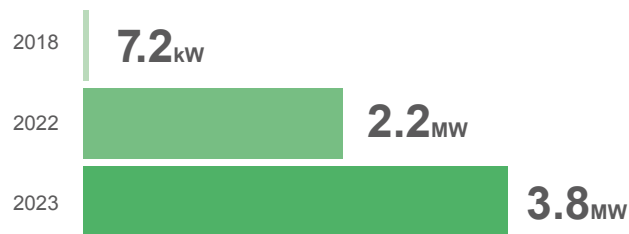
By installing rooftop Solar Power Plants (SPP) on our factory buildings, we not only make use of natural daylight but also generate electricity through our Solar Energy System (SPP) implementation. Considering the environmental and social benefits of renewable energy, we have revised our 2023 investment plans to include the commissioning of a solar energy system on land that is unsuitable for agricultural use. With this investment, which will have an installed capacity of 10 MW on a site to be determined in Yozgat province, we are confident that we will further enhance our positive impact on the planet while advancing toward our 2030 carbon neutrality goals.

Through our trials, we have determined that practices such as ‘Solar Wall’ and ‘Solar Collector,’ which represent technological innovations in renewable energy, can be effectively integrated into our operations. These innovative practices, which we plan to include in our short and medium-term investment strategies, will contribute to expanding our renewable energy utilization tools.

With the IREC certification we received in 2023, we successfully offset 20,000 MWh of electricity consumption through our renewable energy investments.

We place as much importance on how we use energy as we do on how we access it, and to enhance our control over energy usage, we have implemented the ‘Energy Management Program,’ which we have been preparing for several years.

To improve our energy efficiency, we set a target to reduce our average energy consumption per unit by 10% in 2023 compared to the base year average, along with the necessary actions under the ‘Energy Management Program.’ As a result, while the share of renewable energy



In 2023, we successfully expanded our solar energy capacity to 3.6 MW, building on the foundation of a 7.2 kW system that we first installed in 2018. In 2022, we launched the first rooftop solar power plant (SPP) with a capacity of 2.2 MW in the region, located in the Automotive Supply Industry Specialized Organized Industrial Zone, and by completing our second rooftop SPP project with a capacity of 3.6 MW in 2023, we reached the milestone of meeting 30% of our factory’s electricity consumption with green energy.

in our energy consumption was 4.8% in 2022, we are proud to have increased this share to 14.3% in 2023.

As a result of the activities within the Energy Management Program, we have successfully reduced our energy consumption per product.

Unit Product Energy Consumption



We aim to implement energy-efficient purchasing decisions across all units when acquiring the devices necessary for our operations. As an initial step, we completed the transformation of our ceiling lighting to an LED lighting system by receiving project support from the Ministry of Energy and Natural Resources through the VAP (Efficiency Increase Project). This initiative replaced the lighting fixtures in all our activity areas with energy-efficient, long-lasting LED systems.

To further enhance energy efficiency, we adopted the ‘Lighting Smart Automation’ system. With this technological upgrade, we achieved gains such as measuring and adjusting lux levels to the appropriate value, ensuring lights are turned off when not in use, and eliminating the use of waste-producing incandescent lamps. In line with the Ministry of Energy’s incentives, we were included in the voluntary agreements protocol after reducing our energy intensity by 10% within the specified period. Recognizing the negative impacts of energy loss through leakages for Toyotetsu Türkiye, our country, and our planet, we have planned activities to prevent energy losses. As a result of energy studies conducted in

areas where we use electrical energy, along with detailed investigations and reports from our Toyotetsu Energy team, we now have the capability to monitor our electricity consumption in real time at 118 points using analyzers. This enables us to instantly monitor both energy consumption and potential loss points, allowing us to implement effective energy-saving measures. With our short and medium-term plans, we aim to expand the installation of analyzers to an additional 60 locations using our own resources.

To prevent energy losses and inefficiencies, and in line with our energy efficiency principles, we have replaced pumps and motors under the IE 3 and IE 4 categories with energy-efficient versions. We have achieved significant improvements in utilization, energy consumption, maintenance requirements, and operational efficiency. As new needs arise, we continue our efforts by selecting models that maintain or enhance the current level of energy efficiency.

We view our progress in energy efficiency and the projects we have implemented as just the beginning, and we support KAIZEN initiatives across all business levels to foster continuous development and ensure the sustainability of our work in this field. In 2023, we achieved a total savings of 6,317,152 kWh of energy and a reduction of 3,108 tons of CO₂e.

Through the heat recovery KAIZEN, we utilized the waste heat from the hot oil in the compressor to heat the environment, thus saving natural gas resources.

Our KAIZEN initiatives in the compressed air system—one of the significant energy consumption points identified in our Energy Management system—allowed us to establish a monitoring system that minimizes energy losses.

CIRCULAR ECONOMY

We place great importance on circular economy activities, recognizing that the National Green Deal Action Plan emphasizes the transition to a green and circular economy as a vital element for enhancing Türkiye's alignment with the Green Deal, defining a roadmap for combating climate change, preserving the benefits of a common market and free movement, and prioritizing decarbonization.

Guided by this awareness and within the framework of Toyotetsu Türkiye's sustainability goals, we integrate sustainability into our strategies by designing solutions that reduce raw material consumption through the use of lighter, environmentally improved materials at the design stage, further reinforced by KAIZEN initiatives for resource and energy savings during production.

At Toyotetsu Türkiye, while we recognize the infinite recyclability of steel, our primary raw material, as a positive environmental attribute, we remain mindful of the carbon emissions associated with its extraction, production, transportation, and use, making this a consistent focus for improvement; accordingly, we undertake studies, projects, and investments aimed at reducing consumption, utilizing lighter materials, prioritizing those with greater strength and longevity, and sourcing or promoting options produced under more environmentally friendly conditions.

Within the framework of circular economy principles and in line with our R&D short- and medium-term work plans, we aim to contribute to both our company and the national economy through initiatives such as:

- Vehicle lightweighting projects using new-generation high-strength steel materials.
- Integration of welding and bonding techniques in welding processes.
- Advancements in laser welding technologies.
- Research into welding methods for new-generation high-strength materials.
- Development of mold structures for forming high-strength sheet metal.
- Ensuring quality production and efficiency through virtual reality and augmented reality technologies in production systems.
- Exploration of new additive manufacturing technologies, including 3D laser printing and metal additive manufacturing.
- Localization projects aimed at enhancing the role of R&D in part development and localization, such as conducting crash test simulations on vehicle safety parts in accordance with international regulations.



Hinge-less Vehicle Lightweighting R&D Project

In 2020, Toyotetsu Türkiye's R&D department embarked on a new journey with our customers to enhance vehicle safety, achieve lightweight designs, and reduce costs. Aligned with the evolving demands of the automotive industry, we are proud to present the "Hinge-less Center Pillar" to our stakeholders.

This innovative part eliminates the need for an additional reinforcing component, utilizing ArcelorMittal's galvanized Usibor®2000 material. Combining advanced design evaluation with strong sheet metal forming expertise, Toyotetsu Türkiye engineering has achieved remarkable results with the new "Hinge-less" design:

Safety:

The "Hinge-less" design fully meets safety standards without compromise.

Weight:

This innovation contributes to a 10% weight reduction, enhancing fuel efficiency and vehicle performance.

Cost

Simplifying manufacturing processes and eliminating the need for additional parts, the "Hinge-less" design significantly reduces overall costs.

Environmental Sustainability:

By reducing CO₂ emissions by approximately 1,700 tons per year, this design emerges as an environmentally friendly solution.

RESPONSIBLE WASTE and WATER MANAGEMENT

At Toyotetsu Türkiye, we prioritize our planet’s well-being and strongly oppose wasteful processes and water management practices that could harm nature. Demonstrating this commitment, we carefully plan and execute innovative projects in waste and water management, bringing fresh perspectives to these critical areas.

Responsible Waste Management

As Toyotetsu Türkiye, we actively contribute to the circular economy through our waste management processes, focusing on minimizing environmental impact by integrating practices that promote waste reduction and reuse across all our operational and administrative activities.

As part of our waste management efforts, we are committed to prioritizing circular disposal methods, such as recovery and recycling, by systematically eliminating the practice of sending waste to landfills.

Our comprehensive approach to waste management involves preventing waste generation, optimizing resource usage for greater efficiency and cost-effectiveness, minimizing waste at the source by addressing its underlying causes, and ensuring that any unavoidable waste is collected and recovered separately at the point of origin. This strategy has earned our enterprises certification under the Zero Waste Certificate program since 2021.

Additionally, leveraging our robust R&D capabilities, we continuously monitor waste rates and conduct in-depth studies aimed at reducing waste generation, reinforcing our commitment to sustainable practices.

Responsible Water Management

We recognize that the negative impacts of climate change will manifest most acutely through its effects on water resources and availability. Current challenges, such as diminishing water resources, unexpected floods, and damage to water and sanitation infrastructure, contribute to water scarcity in affected regions, resulting in negative consequences such as inequitable access to water and clean sanitation conditions. With this understanding, Toyotetsu Türkiye undertakes planned efforts to use water efficiently, minimize resource consumption, and enhance wastewater management processes.

As part of our water management initiatives, we strive to improve our performance in the 2023 evaluations by implementing targeted actions, including consumption point analysis, conservation measures, goal tracking, risk and opportunity assessments, value chain dissemination, and increasing data diversity.

Among our most impactful water management projects is the ‘Boron Oil Recovery Facility Project,’ which was successfully implemented in 2022. This initiative involved investing in cooling solutions for water-cooled machines using boron oil, funded through our own resources, thereby enhancing cooling efficiency and significantly reducing water consumption. Through the Boron Oil Recovery Facility, we achieved an annual water savings of 182 tons and set a benchmark for other companies in the region, inspiring similar projects with this pioneering effort. Thanks to the gains achieved in reducing water consumption and hazardous waste generation, we were selected as the top company in the

Environmental KAIZEN Competition among Toyotetsu Group companies worldwide, for our “Boron Oil Recovery Project.”

As part of our ongoing water reuse and recovery initiatives, Toyotetsu Türkiye is analyzing the wastewater generated by our reverse osmosis system, exploring opportunities for reuse and recovery. Through this study, we aim to make significant progress in circular economy practices and resource conservation by enabling water reuse prior to discharge.

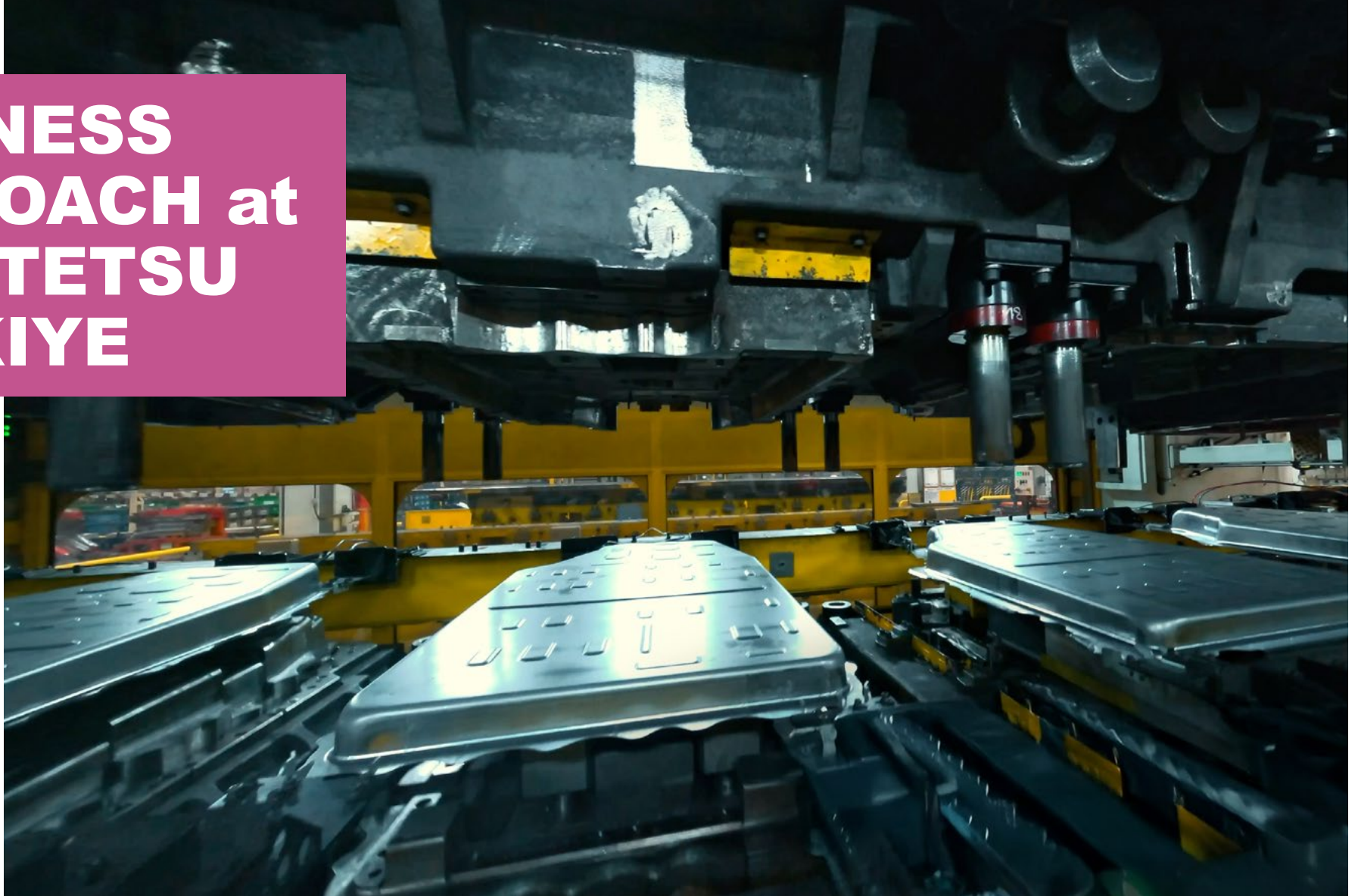
In alignment with our sustainability principles, we voluntarily applied to the CDP (Carbon Disclosure Project) Water Security assessment, one of the most respected global sustainability evaluation platforms, to have our planned and ongoing water management efforts assessed by objective and independent authorities. In our first year of participation in the program, we are proud to have received a C classification in the Water Security category. This achievement highlights our substantial awareness and progress in setting targets, implementing projects, conducting risk analyses, and making investments.

Motivated by this success, Toyotetsu Türkiye is committed to continuing our journey toward our sustainability goals with increasing determination and a focus on long-term results, aiming to expand our accomplishments year after year for the benefit of future generations.



We successfully achieved a 50% reduction in hazardous waste.

BUSINESS APPROACH at TOYOTETSU TURKIYE





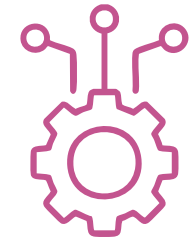
Business Approach at TOYOTETSU Türkiye
 In Toyotetsu’s corporate culture, which is grounded in Toyotetsu Awareness, three areas take priority in all business processes:



Safety



Quality



Innovation

With this perspective, to ensure the sustainability of all our business processes, we place great importance on Occupational Health and Safety measures that maintain the well-being of our employees and work environment, the Quality principle that guarantees ongoing customer satisfaction, and Business Development activities that allow us to adapt to the ever-evolving world and drive our operational growth.

OCCUPATIONAL HEALTH and SAFETY

“Safety,” one of the three priorities in Toyotetsu Awareness, is deeply ingrained in Toyotetsu’s corporate culture. At Toyotetsu, we prioritize the mental and physical health of our employees, a safe working environment, and adherence to rules in all business processes, aiming to instill these values at all levels through Toyotetsu Awareness.

At Toyotetsu Türkiye, where Occupational Health and Safety (OHS) processes are executed with utmost care, our primary focus is identifying and eliminating all risks related to OHS. We place great importance on complying with all legal OHS regulations and, beyond compliance, fostering an OHS culture based on voluntarism rather than obligation.

The Toyotetsu Türkiye OHSU (Occupational Health and Safety Unit) is composed of a team of four people, including one assistant manager, two specialists, and one assistant, with A, B, and C class Occupational Health and Safety specialists. Additionally, we have a Workplace Health Unit, staffed with one workplace physician and four other health professionals. In 2024, we plan to restructure the unit into separate OHS and Environment & Sustainability Units and hire additional personnel specializing in these areas.

During the reporting period, Toyotetsu Türkiye experienced no fatal accidents or occupational diseases, and we expect a reduction in occupational accident rates due to ongoing training and new practices.



We ensure our success in OHS through full participation and the implementation of correct practices, and we are committed to the sustainability and continuous development of our OHS efforts. For this purpose;

OHS Inspections: Recognizing that inspections are one of the most critical aspects of Occupational Health and Safety, we conduct our OHS inspections through a system designed to have relevant personnel inspect different units at varying times. These inspections take place weekly, involving senior management, with a different region or theme addressed each week. The results of these inspections are shared with all employees via the Quality Document Management System (QDMS) to ensure effective data flow and to prevent hazardous behaviors and situations.

Safety Patrol Practice: Through our monthly ‘Safety Patrol’ practice, involving the participation of the OHS Board and senior management, we evaluate the OHS theme for the month, address key issues, incidents, near misses, actions, and precautions. We also personally engage with the issues discussed during the safety audit in the field, ensuring hands-on involvement and direct assessment of safety matters.

Bottom-Up Practice: To address potential errors and deficiencies that may be overlooked during inspections, we actively seek support from our employees, who we believe play a crucial role in ensuring Occupational Health and Safety (OHS). We distribute responsibilities from the lowest to the highest levels within the organization. By working with the ‘Bottom-Up’ principle, we aim to create optimal safety conditions through the active participation of all employees, facilitating the flow of data related to unsafe behaviors and situations in the field. Our goal is to take swift action by sharing identified deficiencies and errors via communication channels and boards, ensuring quick resolution and preventing the recurrence of mistakes through clear examples.

We Promise Practice: In addition to our Occupational Health and Safety policy, which reflects the importance we place on OHS-related matters, we ensure our commitment to the key issues we value in the field of OHS through the ‘We Promise’ practice. This initiative is supported by the signature of senior management, reinforcing our dedication to maintaining the highest standards in Occupational Health and Safety.

OHS Employee Representative: We value our employees’ sense of ownership in Occupational Health and Safety matters, ensuring they are involved voluntarily rather than through sanctions. To foster this engagement, we support the principle of transparent and complete data flow between employees and management by selecting OHS Employee Representatives. These representatives act as a vital link, ensuring effective communication and collaboration on OHS issues within the company.

OHS Slogan Competition: To enhance employee engagement and foster a sense of belonging in the field of Occupational Health and Safety, we organize an “OHS Slogan Competition” every two years. The top three selected slogans are rewarded, and the first-place slogan is prominently used in all our business areas for the following two years. This initiative not only strengthens employee engagement but also boosts motivation around OHS practices.

The 2022 OHS Slogan of the Year was: “First My Safety at Work Because I Am Important for My Family.”

Wellcome Program: The Wellcome Program enhances efficiency by digitalizing key OHS processes, such as transferring training films for visitors and subcontractors to mobile platforms, tracking missing documents from contractor companies, conducting mobile-based OHS measurements and evaluations, and monitoring success statistics and reports electronically, ensuring quick and effective employee training while streamlining both operational and training workflows.

June Safety Month: Every year, June is designated as ‘OHS Month’ at Toyotetsu Türkiye. During ‘June Safety Month,’ we select a theme, such as earthquake, fire, or first aid, and organize trainings, games, and competitions to raise awareness. The theme for June Safety Month 2023: Hearing Health.

Kaizen of the Month: We attach great importance to improvements in the field of OHS and prioritize being open to continuous improvement. To support this priority and increase employee participation, we select and reward the ‘Kaizen of the Month’ from employees who submit suggestions for enhancing OHS practices.

Safety Theme of the Month: Each month, one of our departments focuses on the Safety Theme of the Month, following a structured plan to address thematic issues and improvements. The work conducted by the departments on the designated occupational safety theme is shared throughout the facility, raising awareness among the relevant unit and all Toyotetsu employees. These dissemination activities, defined as YOKOTEN based on the Japanese philosophy, offer significant benefits for maintaining a safe working environment.

Safe Employee Evaluation Activity: The Safe Employee Evaluation Activity aims to enhance employee awareness through monthly self-assessments and senior supervisor evaluations. This activity serves as a reminder training, utilizing a department-specific question list to analyze employee awareness and consciousness. By identifying focus areas through this practice, specific improvement efforts can be targeted.

“We take a comprehensive approach to Occupational Health and Safety (OHS) through OHS audits, the 5S principle, and other integrations, with the goal of ensuring that all employees understand their responsibility to perform both written and unwritten audits.”

We recognize the critical role of OHS training in promoting Occupational Health and Safety, reducing workplace accidents, and fostering a safe working environment, and as such, we offer OHS training across various departments in addition to the legally required sessions. Our objective is to raise OHS awareness among all employees by providing training on occupational accidents, occupational diseases, the importance of personal protective equipment, and conducting on-site drills, with the goal of increasing our OHS training hours each year.

OHS Training Hours	2022	2023
Total OHS Training Hours	3276	13524
Person/Hour OHS Training	2.57	10.05

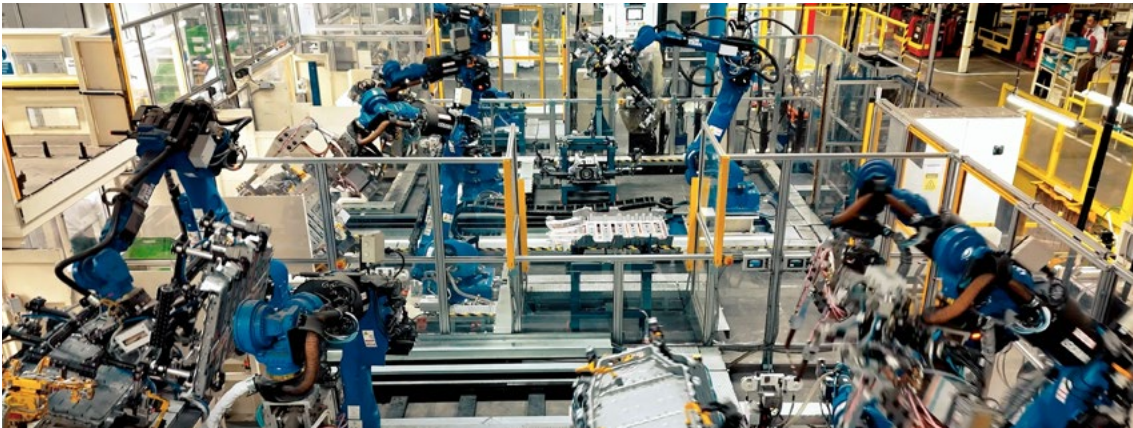


TOYOTETSU TURKIYE QUALITY

At Toyotetsu Türkiye, we operate with the belief that “Quality attracts the customer, and the customer chooses quality,” striving for excellence in quality and customer satisfaction across all processes.

Rooted in the Toyota culture, which has embraced the ‘Quality First’ approach for nearly a century, we view quality as a top priority, aiming for exceptional standards in every facet of our operations. With a quality culture focused on exceeding international standards and maintaining the highest levels of customer satisfaction and product responsibility, we not only subject our work to rigorous audits but also work to ensure that our value chain partners uphold the same high-quality standards.

Through the Toyotetsu Türkiye Quality Policy, we underscore our commitment to quality and our dedication to maintaining exceptional quality across all levels.



We aim to identify areas for improvement within the businesses in our value chain and foster a competitive environment and motivation through award-winning quality audits for our suppliers, based on frequency determination and criteria selection. Additionally, we strive for perfect customer satisfaction by preventing potential problems, ensuring stock control, and facilitating seamless communication of issues to Toyotetsu Türkiye, with the support of our three permanent personnel stationed at Toyota’s production facility, our main customer.

Toyotetsu Quality Policy

In line with the fundamental philosophy of Toyotetsu Türkiye, we are committed to the following principles while carrying out our production activities:

1. With the awareness of operating within TOYOTETSU, we ensure the continuity of the “Quality First” principle, fulfill our quality responsibility, prevent the production of defective parts, avoid leakage, and comply with all legal and other requirements related to our area of responsibility.
2. We create and maintain processes and work environments that prevent the formation and flow of errors, ensuring full compliance with standard operating procedures.
3. We meet the requirements of the Automotive Quality Management System (IATF 16949) Standard, establish and implement processes to meet customer needs at the highest level, and enhance customer satisfaction through continuous improvement and currency.
4. We ensure quality continuity by taking timely measures against issues and fostering increased on-site quality awareness.
5. We promote the principle of continuous improvement through cooperation with supplier visits, training, and audit management.
6. We continuously improve and develop our quality performance by setting new goals and objectives.
7. We communicate our quality policy to all individuals working on behalf of TOYOTETSU Türkiye, ensuring it remains accessible to society and all relevant organizations.

President Masanori NAKAMURA

All quality activities for achieving high quality and operational excellence are managed by two distinct units, 'Quality' and 'Quality Assurance,' each with different responsibilities, focusing on 'Preventing Problem Flow' and 'Preventing Problem Occurrence.' Quality targets set by senior management are broken down into departments and production divisions, with progress monitored on a monthly, weekly, and daily basis, and reports shared with senior management at designated intervals. Through this process, we aim to integrate quality practices across the entire organization, with ongoing support and reporting from senior management at every stage.

We utilize the equipment tracking system to ensure superior quality by monitoring key issues such as sound control, humidity control, and health equipment at specified frequencies through the QDMS (Quality Document Management System).

Some of the quality practices we have integrated into our business processes for superior Toyotetsu Quality include;

Quality Sennen - Daily Line Inspections: This practice focuses on observing operators' compliance with standard working rules and identifying nonconformities in challenging or inappropriate working environments, with the goal of addressing all identified nonconformities and enhancing quality awareness to ensure the production of high-quality products.

Kiken Yochi: Kiken Yochi is a proactive audit structure designed to enhance employees' occupational safety awareness, allowing expert evaluation of potential risks, with the goal of distributing quality control teams across different shifts to assess and improve risk situations that could impact employee health or lead to accidents.

QIA (Quality Improvement Activity): QIA is a group initiative focused on achieving specific targets within a defined time frame, aiming to strengthen teamwork and promote on-site quality practices by forming teams to address and improve the lowest-performing lines.

Genchi Genbutsu - On-Site Inspection: It is an approach derived from the Toyota production system, emphasizing the importance of examining problems on-site. With this practice, we aim to observe production lines, particularly those with a history of issues, twice a month from different perspectives and take corrective actions for all identified nonconformities.

Henkaten - Point of Change: Henkaten is fundamentally based on change and change management, aiming to prevent factors that disrupt routine operations, faulty parts, and potential errors, ensuring that faulty flow is not passed on to the next process.

Abnormal Situation Management: Abnormal Situation Management is crucial for preventing the transition of error flow to the next process, and with this awareness, we focus on managing abnormal situations in the workflow to ensure standards are maintained through additional measures and pre- and post-measure controls of the relevant parts.

DOJO: In the DOJO practice, designed to inform and raise awareness among newly recruited and intermediate-trained employees while preventing significant problems from flowing into the next process, a small-scale Toyotetsu Türkiye production center is established to represent all processes from material entry to exit, aiming to enhance quality awareness among all personnel and eliminate operator-induced quality errors.

Asakai – Morning Meeting: Asakai meetings are held every morning in a structured format with representatives from all departments at the relevant production site, focusing on discussions and evaluations of OHS, quality, production, maintenance, and similar issues. As Toyotetsu Türkiye, we consider these meetings essential for addressing process problems, reviewing key issues and error reports, gathering diverse perspectives, and analyzing and preventing potential problems effectively.

JKKC (Ji Kotei Kanketsu Control) – Quality on Site: We prioritize JKKC " Ji Kotei Kanketsu Control", a Japanese inspection method that assesses the current status of a line by examining the quality of each process and ensuring on-site quality during the production process. Through annual JKKC audits conducted by teams from welding, quality assurance, and engineering, we aim to test defective part production using various methods, eliminate the possibility of defects, and prevent faulty parts from progressing to the next process.

Best Team Awards: The "Best Team Awards" recognize production lines that achieve the highest scores based on criteria such as issues passed to the next process, the number of Hawk Eyes, and quality Kaizen activities. By presenting the winning teams with "Best Team Members" plaques and badges, we aim to embed continuous improvement as a cornerstone of our corporate culture.

November Quality Month: Each November, we dedicate the month to achieving "Zero Defect" for our customers by emphasizing quality through awareness activities. Supported by digital screens and our Wellcome practice for internal communication, this initiative includes awareness trainings, evaluations of past incidents, and the dissemination of messages on abnormal situations, standard working rules, and quality at easily accessible points for all employees.

Rooted in Japanese culture, the KAIZEN philosophy is embraced by Toyotetsu Türkiye as an integral part of its corporate culture rather than merely a business approach. Guided by KAIZEN's principles, we adopt a proactive stance in all quality processes and focus on continuous improvement. We strive to enhance employee participation and motivation through our KAIZEN practices, setting a goal of 12 improvement projects annually from all units, including one focused on the environment, three on safety, and eight across other areas. Additionally, we boost employee motivation through monthly Quality KAIZEN awards and further promote quality awareness and engagement by recognizing and rewarding the employees with the highest number of Quality KAIZEN awards at the end of each year.

Through our quality-focused award system, we recognize and reward our employees both materially and morally, not only for KAIZEN improvements but also for their contributions to error detection and prevention at various levels. The 'Hawk's Eye' practice encompasses the 'Hawk's Eye Suggestion,' 'Hawk's Eye Suggestion Special Award,' and 'Personnel Award,' honoring employees who win the Hawk's Eye award three times based on established scoring criteria for identifying faulty parts. These initiatives aim to instill the concept of quality as a core aspect of Toyotetsu Awareness, enhance employee engagement and participation, boost motivation, and achieve superior quality goals.



Toyotetsu Türkiye Quality Laboratory

Established in August 2022 with a team of 13, the Toyotetsu Türkiye Quality Laboratory operates as a Microstructure and Welding Analysis Laboratory, Mechanical Test Laboratory, and Chemical Analysis Laboratory. The laboratory conducts controls to meet periodic customer requests and quality requirements in mass production, achieving Z scores in four areas in 2023 and earning the IFEP (International Proficiency Tests) Certificate in October. In February 2023, preparations began for the ISO 17025 Laboratory Accreditation certificate, with applications submitted in July. We aim to obtain this accreditation by the second quarter of 2024, demonstrating compliance with quality management and technical competence requirements.



Integrated Management System

At Toyotetsu Türkiye, we prioritize the standardization and monitoring of management systems, ensuring their effectiveness and continuity through regular Internal System Controls and third-party audits with international accreditation.

We gauge the social and environmental benefits we create by the absence of negative impacts, complaints, or nonconformities, such as fines from external stakeholders like official institutions, customers, and neighbors, while securing our sustainability targets through integrated management systems.

In 2023, we transitioned the document and workflow structure of our integrated management system to the QDMS platform, moving from printed versions to an electronic format.

This switch aimed to streamline workflow tracking, including document management, internal audits, nonconformity management, and action management, while reducing paper waste and creating time savings.

With the IATF 16949 Automotive Quality Management System, which we began implementing in 2023 and aim to complete the certification process in 2024, we are guided by a quality management framework that ensures product quality stability, strengthens our continuous improvement philosophy, utilizes error-preventive approaches, and manages changes and losses within the supply chain. Recognizing the significant contribution that durable products, made right the first time, can make not only to our company but also to the world, we aim to establish such productions through our systematic, continuously developing, and learning structures.

Our Quality Certificates

ISO 14001:2015
Environmental Management System

ISO 14064-1:2018
Greenhouse Gas Emissions Management System

ISO 50001:2018
Energy Management System



14001:2015



14064-1:2018



50001:2018

BUSINESS DEVELOPMENT

At Toyotetsu Türkiye, which is rooted in a culture of quality and integrates an innovative perspective into all its processes, we are committed to producing qualified, high-quality products that ensure high customer satisfaction by leveraging the advantages brought by technology. We draw strength from business development processes and digitalization, approaching every activity with an innovative outlook.

We are fully aware of our significant role and responsibility in ensuring the safe driving of every vehicle user through the parts we produce. To maintain the trust required by this responsibility and continue our operations with superior quality, we are determined to capitalize on every advantage offered by innovation, technology, and digitalization, continuously adapting our business processes to innovations in order to enhance safety, quality, and customer satisfaction.

We place great emphasis on Research and Development (R&D) activities to drive this development and shape our strategies with the understanding of the benefits that Toyotetsu Türkiye's innovative approach will bring. In 2024, we aim to prepare a Management Decision Matrix to ensure the correct implementation and flow of all strategic decisions within this context.

R&D

We recognize the power of science behind every technological innovation that we implement, which not only expands the comfort zone of our customers but also maximizes their safety. Our goal is to harness the power of science to achieve high performance, efficiency, superior quality, and flawless workflow, and we place great importance on Research and Development (R&D) activities to support this mission.

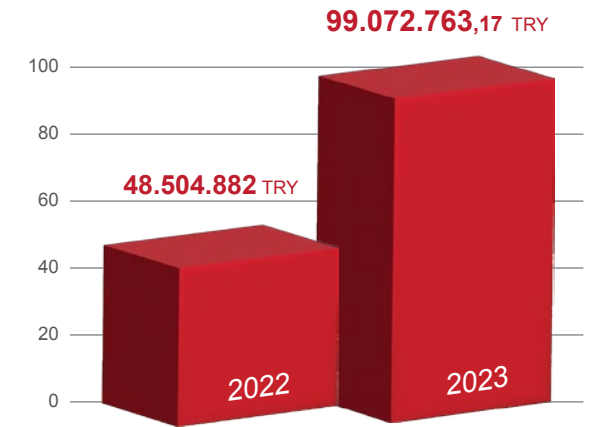
We began our R&D investments in 2012, viewing them as a key strategy to enhance our competitiveness and ensure 'Continuous Improvement' in alignment with the KAIZEN philosophy. Our R&D efforts, which have grown significantly over the years, are carried out by a dedicated team of 82 professionals, 16 of whom hold postgraduate academic qualifications.

We execute our R&D plans with careful consideration of environmental, social, and governance-related risks, and are proud to invest twice as much in R&D each year compared to the previous one.

At Toyotetsu Türkiye R&D Center, guided by the philosophy of Kaizen, we implement projects focused on new technological developments, such as products made from lightweight and environmentally friendly steels, resource savings through computer simulations instead of prototype manufacturing, hot press technology, vehicle weight reduction for improved fuel efficiency, research into decarbonization techniques for press and welding processes, mold and robot fixture design, smart factory initiatives, and Battery Box Product Development for plug-in hybrid and electric vehicles, all while safeguarding industrial property rights.

Since 2014, Toyotetsu Türkiye R&D has secured 12 patents and 5 utility models, with 8 currently under review, covering a range of applications from ensuring process safety improvements to extending equipment life, fault detection, and automatic measurement, and currently holds 10 patents and 1 utility model application.

104% increase in R&D Investments



We are ranked 95th in R&D 250!

As Toyotetsu Türkiye R&D, which is committed to continuous development, we take great pride in being ranked 9th in the Automotive Supply Industry category and 2nd among Body Parts Manufacturers in the 2022 R&D studies, based on the 'R&D 250' survey conducted by the Turkish Time Economy and Business World portal, which has been evaluating sector peers with a focus on R&D since 2013. In this ranking, which considers various factors such as the number of R&D projects, employees, women employees, employees with master's and doctorate degrees, national patents, design registrations, trademarks, and utility models, we are ranked 40th for the number of R&D projects, 45th for utility models, and 95th for R&D expenditure. In 2023, we doubled our R&D investments, and while the relevant applications have been submitted, the results have yet to be announced.

Academic Collaborations

We leverage the power of science in our self-funded or TUBITAK (The Scientific and Technological Research Council of Türkiye) supported R&D projects, and we aim to harness the benefits that arise from collaborating with academic institutions and experts in their respective fields.

- Atılım University -Metal Forming Center of Excellence
- Kocaeli University
- Istanbul Technical University
- Yıldız Technical University
- Bursa Technical University
- Pamukkale University
- Gebze Technical University
- Sakarya University of Applied Sciences



TUBITAK SAYEM Collaboration

The Industry Innovation Network Mechanism (SAYEM) platforms, designed by TUBITAK as a technology ecosystem to develop high value-added products or product groups, which are targets of the top policy documents for the industrial sector, aim to create innovation platforms in cooperation with the private sector, universities, and the public sector, with the goal of reducing the current account deficit through the effective use of Türkiye's R&D resources.



Toyotetsu Türkiye R&D is a stakeholder in project number 3219504, titled "DEVELOPMENT OF DOMESTIC AND INDIVIDUAL DESIGN, MATERIALS, MANUFACTURING AND BENCH TECHNOLOGIES FOR ADDITIVE MANUFACTURING," which is supported within the scope of the 2020 Second Phase Call. The project aims to achieve time and cost savings by enabling the manufacturability of a mold steel selected by Toyotetsu Türkiye through the additive manufacturing method.

Our R&D department, which continuously evolves and works to enhance our business processes with new technologies, has short-term goals such as vehicle lightening through the use of resistant steel materials, establishing an unmanned robot line, adopting laser welding technologies, and increasing production and efficiency by utilizing virtual reality and augmented reality technologies in production. In the long term, the department aims to focus on vehicle lightening projects with alternative materials, development studies for safety parts on vehicles, the widespread use of collaborative robots working alongside humans, and the production of Battery Boxes for electric and hybrid cars to be mounted directly on vehicles.

Digitalization

At Toyotetsu Türkiye, we recognize that the world is rapidly advancing in its digitalization journey, with all business processes globally undergoing radical transformations as a result. Understanding the importance of adapting to these changes for continuous development and a sustainable business model, we closely monitor advancements in digitalization and Industry 4.0, striving to integrate new technologies into our business operations.

To advance our digitalization journey, we launched the 'Production Monitoring System' with the 'Smart Factory' practice. With this system, which we initiated in 2018 and developed to its final form across all lines, including 100 welding lines and 18 press lines by 2023, we have ensured that all production data is transferred to the digital system, allowing for real-time monitoring of production locations through computers. Through this system, we can instantly monitor production locations, track parts produced, and address malfunction issues and maintenance processes, resulting in improved quality and significant time savings.

Unlike traditional methods, which are performed annually and often result in data that deviates from real values, the Smart Factory system offers continuous measurement, significantly contributing to the optimization of both the process and the final product. Additionally, this system monitors line and shift performance, enabling the identification and resolution of frequent issues, ultimately leading to increased productivity through its solution-oriented approach.

The system, which enables the identification of maintenance needs through proactive data monitoring before a failure occurs on the relevant line, greatly enhances productivity and quality by minimizing machine downtime and reducing the risk of producing

defective products. Similarly, the camera systems, supported by artificial intelligence and integrated into the system, provide tear control, preventing faulty parts from moving to the next process and ensuring the flawless production of the final product.

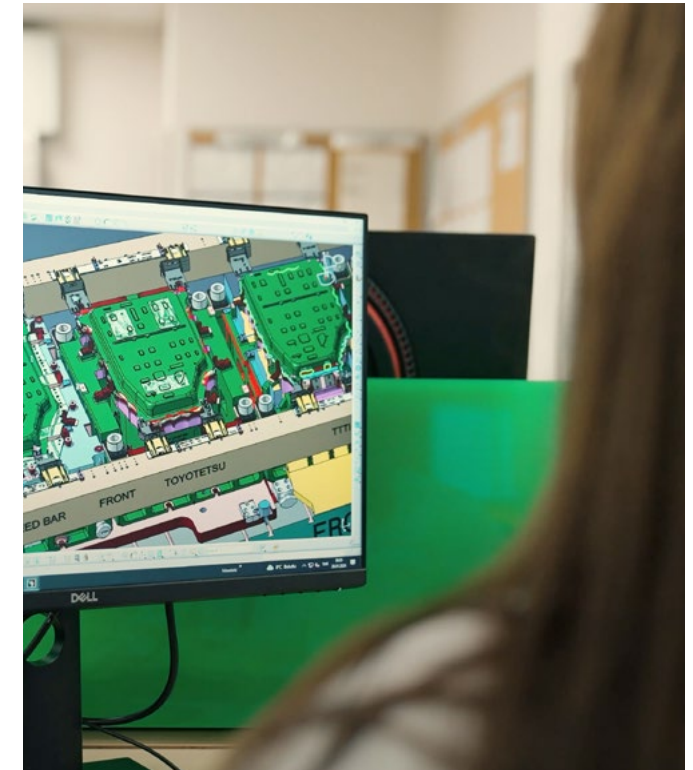
With the 'Smart Search' implementation, part of the system, accessing production data from traditional methods has become easier and faster. In the digital system, data such as machine downtime, maintenance, and malfunctions are automatically recorded and can be easily accessed when needed.

In 2024, the goal is to track scrap materials within the relevant system, providing support for recycling processes by obtaining real-time data on scrap material purchases, removals, and sales. As part of Industry 4.0, augmented reality practices, which are already being utilized in the factory, are applied not only to enhance user experiences in welding and pressing production lines but also to address occupational health and safety (OHS) concerns, such as vehicle passage, crane use, and frequent workplace accidents.

At Toyotetsu Türkiye, we understand that digitalization unlocks the future and enhances competitiveness, with digitalization needs being identified through interdepartmental integration and the implementation of new projects.

Information Security

We recognize the risks posed by rapidly changing technology and the evolving global landscape, emphasizing the critical importance of data security and confidentiality. To minimize and eliminate information security risks, we are committed to raising awareness and implementing various backup methods through our practices. In line with our efforts to standardize these activities, we aim to achieve compliance with the ISO 27001 Information Security Management System by 2025.



PEOPLE APPROACH at TOYOTETSU TURKIYE





At Toyotetsu, our corporate culture, rooted in Toyotetsu Awareness, places ‘Value for People’ as our top priority. We view the activities we undertake for Our Employees, Supply Chain, and Society—who represent our most valuable stakeholders—as a reflection of the value we place on people. Furthermore, we consider the Toyotetsu Türkiye Human Approach to be the cornerstone of Toyotetsu’s strong future.

OUR EMPLOYEES

At Toyotetsu Türkiye, we understand that the strength of our company is built upon the contributions of each individual, and we foster a culture of unity in a workplace that values diversity, equal opportunity, human rights, and the continuous development of our employees. Through all our Human Resources processes, we are committed to promoting qualified employment with a focus on upholding human dignity.

Human Rights

We incorporate all critical aspects of human rights into our evaluation processes, guided by the framework set by the International Labour Organization (ILO) Conventions, the United Nations Global Compact, and the Universal Declaration of Human Rights, ensuring that this sensitivity is reflected in the development of our human resources strategies.

At Toyotetsu Türkiye, we have a strict policy of zero tolerance for child labor, forced and compulsory labor, mobbing, and modern slavery within our organization and throughout our supply chain. We guarantee the protection of human rights for all our employees through the ‘Human Rights and Working Conditions Policy’ and for those in our value chain through the ‘Supplier Sustainability Policy,’ both of which emphasize human rights, and we reaffirm our commitment to these principles through these policies.

The ‘Human Rights and Working Conditions Policy’ outlines our dedication to human rights, covering ethical recruitment, diversity, equality, non-discrimination, participation, women’s rights, minority and local rights, freedom from harassment and mistreatment, as well as the right to association and collective bargaining, demonstrating our commitment to fostering employee relations with the utmost respect for human rights.

At Toyotetsu Türkiye, we prioritize the human rights of not only our employees but also our employee candidates, whom we view as potential future members of the Toyotetsu Türkiye family, considering each candidate a valuable individual who will contribute to the future growth of both our company and our country. With this perspective, Toyotetsu Türkiye is proud to have been recognized with an award in the 2022-2023 Respect for People Awards, organized by our esteemed partner Kariyer.net, among more than 30,000 companies.



Inclusive Workplace and Diversity

At Toyotetsu Türkiye, we take pride in being part of a transnational and multicultural organization serving in 10 countries across three continents, and we nurture an inclusive corporate culture that promotes a fair work environment based on equality and diversity. In all our human resources processes, we are committed to strictly preventing discrimination based on gender, religion, language, race, ethnic origin, and any other differences, ensuring that all our employees can freely share their ideas and feel valued in a fair and inclusive environment grounded in the principle of equality. In our people-centered, inclusive work environment, we respect all religions by providing dedicated spaces for employees of different faiths to worship freely, and we are proud to foster a culture where individuals from diverse backgrounds come together to form a productive, unified community at Toyotetsu Türkiye.

Promoting gender equality and safeguarding women’s rights are among our top priorities. With this commitment, we emphasize the importance of women in management roles at Toyotetsu Türkiye and strive to increase the proportion of women employees in both white-collar and blue-collar positions each year, despite the challenges within the sector.

Women Employee Ratio	2022	2023
White Collar	12%	13.5%
Blue Collar	2.1%	2.3%

Toyotetsu Türkiye values future generations and women’s maternity rights, reflecting its commitment to people. Where applicable, pregnant employees are offered flexible or hybrid working options during pregnancy and after delivery. Additionally, with the breastfeeding room established in our factory, we support our women employees as they transition back to work after childbirth, maintaining a 100% return rate from maternity leave through the facilities we provide.

Ratio of Employees Returning from Maternity Leave	2022	2023
	100%	100%

With the goal of fostering an inclusive work environment, we prioritize white-collar and engineering candidates who are recent graduates or have no prior experience, and actively support the employment of candidates under the age of 30, regardless of experience. By removing the military service completion requirement, which can be a barrier for young people entering the workforce, we encourage the participation of qualified young individuals in the country’s employment sector and take pride in our high proportion of youth employees.

Under 30	75%
30-50 Years	18%
51 Years and Over	7%

Employee Development

At Toyotetsu Türkiye, we combine our belief in the value of people with our commitment to continuous development, prioritizing the growth of all employees who contribute to the company’s success. Discovering, developing, and integrating the talents of our employees into business processes is a key element of our human resources strategy, and we also create both short- and long-term plans for acquiring and strengthening new talents, with the goal of generating high added value for all stakeholders.

‘Toyotetsu Academy,’ established in 2019, serves as a platform for continuous development, offering equal training opportunities tailored to the needs of our employees. The Academy provides a sustainable training structure that plans, implements, and evaluates training initiatives in alignment with our company’s goals and strategies.

Training Hours	2022	2023
Total Training Hours	35169	43761
Hours/Person Training	9.1	11.3

At Toyotetsu Türkiye, we foster employee development through diverse training programs, rotational experiences, and the promotion of a “learning organization” culture. By offering level-based and organizational training programs tailored to the unique needs of our employees, we ensure their growth begins at the core of the business and expands into specialized, Toyotetsu Türkiye-specific learning opportunities.

Employee Development

We have established an “internal trainer” system, training our employees through the “Train the Trainer” program to spread knowledge and expertise across the organization. Through our “In-House Coaching” project, we go beyond traditional training by equipping internal coaches to address a broad range of developmental needs, aiming to create a multiplier effect that reaches all employees open to growth.

Additionally, leveraging our intercultural foundation, we emphasize language development by providing English training support and offering in-house Japanese courses during working hours to further enhance our employees’ linguistic skills.

‘The Stage is Yours’ initiative holds a prominent place in Toyotetsu Türkiye’s training processes, providing intermediate managers the opportunity to present their ideas on personal and technical topics to senior management. This program fosters employee development in areas such as motivation, communication, teamwork, and technical aspects like quality, processes, and cost, while simultaneously boosting their self-confidence through hands-on presentation techniques.

Through the ICT (Intra-Company Transferee/Trainee) program, offered as part of our global company advantage, we provide employees with the opportunity to gain experiential learning through temporary assignments at our headquarters in Japan or other Toyotetsu branches worldwide. By evaluating criteria such as performance and foreign language proficiency while ensuring equal opportunity across departments, we aim to enhance our employees’ experience, foster motivation and a sense of belonging, and support their personal and professional development within diverse cultural and work environments.

We support our employees in both short-term development and long-term career planning, emphasizing the importance of academic advancement alongside professional growth. Employees pursuing master’s or doctoral studies are provided with flexible working arrangements, and upon completing their training, they are recognized and rewarded both materially and morally to inspire motivation and serve as role models for their colleagues. At Toyotetsu Türkiye, we have implemented a “Promotion and Rotation System” to ensure fair and transparent career planning, fostering an egalitarian work environment where all employees feel secure. By standardizing and clarifying internal promotion and rotation criteria through regulations, we have enhanced employee motivation, trust, and sense of belonging.

Recognizing that Toyotetsu’s success relies on the motivation and achievements of its employees, we have integrated “SMART” personal goals into our performance system, ensuring alignment with company objectives and fostering a more objective evaluation process. Our performance evaluation processes focus on two key areas: goals and competencies. This approach strengthens trust within the organization, supports business development, and encourages employees to maintain high performance through standardized goals and KAIZEN initiatives.

Employee Engagement

At Toyotetsu Türkiye, we recognize that the strength of our organization stems from the collective participation and ideas of all our employees, and we deeply value their contributions.

Understanding the importance of employee input in driving our development, we actively promote creative and independent thinking across the company. Through the ‘LimitSizsiniz’ (You

Are Unlimited) practice, we provide a platform for employees to share innovative ideas directly with their managers, fostering engagement and collaboration.

Additionally, we integrate our employees into KAIZEN practices, a cornerstone of our continuous improvement strategy, encouraging process-enhancing suggestions while boosting motivation through rewards and recognition.

At Toyotetsu Türkiye, we prioritize creating a safe environment where employees feel secure and supported in sharing any challenges they encounter at work. To foster open communication, we hold monthly ‘Toyotetsu Employee Relations Meetings’, ensuring equal opportunity by selecting a representative from the current shift to voice concerns and explore areas for improvement from diverse perspectives. Additionally, through our ‘Open Door Policy’, employees are encouraged to approach the Human Resources Directorate with the help of a volunteer representative of their choice, reinforcing trust by demonstrating our commitment to addressing their concerns with effective solutions.

To enhance the functionality of our grievance and suggestion system, we have implemented platforms that allow Toyotetsu Türkiye employees to voice their requests, suggestions, and complaints in both digital and physical formats. Through the physical platform, employees can anonymously share their feedback via ‘BizBize Corner’ (Internal Only Corner) boxes, strategically placed in non-monitored areas, while the digital platform enables them to submit complaints and suggestions anonymously using the ‘BizBize Contact Form’ (Internal Only Contact Form) on the Toyotetsu Portal. This approach empowers employees to express concerns on various topics, including administrative affairs, interpersonal matters, food, transportation, and technology needs, fostering a culture of open communication.

Employee Satisfaction and Loyalty

At Toyotetsu Türkiye, we prioritize the satisfaction and loyalty of our employees, recognizing their vital role in our success. To enhance job satisfaction, we actively support a healthy balance between work and personal life. To foster loyalty, belonging, and a shared corporate culture, we implemented the 'Toyotetsu Mind' project, delivering corporate booklets encapsulating the Toyotetsu Awareness in both digital and physical formats and providing tailored training for all employees. Through these efforts, we have successfully promoted the dissemination of the Toyotetsu culture, ensuring it is embraced at all levels and positions within the company.

In 2019, we launched the Cultural Transformation Project to strengthen employee loyalty, boost motivation, and contribute to both society and the environment. Under the guiding principles of 'Respect for People', 'Development', and 'Quality First', which form the core of Toyotetsu Awareness, we planned and executed numerous initiatives within categories like 'Initiative, Communication, Teamwork, Quality First, Kaizen, and Employee Training.' These initiatives included a wide range of projects, from establishing hobby clubs and football teams to organizing knowledge competitions and building libraries. We also focused on promoting positive habits, blending Turkish and Japanese cultures, and advancing social responsibility efforts. Some of these projects, like the Buddy program, have been pivotal in improving company workflows, while others have furthered our commitment to social responsibility and community engagement.

The 'Buddy' program pairs new employees joining the Toyotetsu Türkiye family with experienced colleagues who mentor them throughout the orientation process. Known as the First Buddy system, this initiative is designed to help new employees navigate the challenges of their first month more smoothly, fostering a sense of belonging and easing their transition into the company.

At Toyotetsu Türkiye, we prioritize merit and equality in all human resources activities, recognizing that an employee's sense of security is rooted in these principles. Our wage policies are developed with this perspective in mind. In our standardized wage policy, the job description and corresponding wage for each role are applied consistently to all employees, regardless of any individual conditions. Prior to the coronavirus pandemic, we held face-to-face meetings with all employees to provide transparent explanations about salaries and benefits. Following the pandemic, we transitioned to video presentations through the mobile application, aiming to maintain a sense of trust and uphold an egalitarian work environment.

In addition to our wage policy, which includes a double salary every three months and a total of 16 salaries per year, we provide social aid payments to all employees below managerial positions as part of our fringe benefits, aiming to meet their needs without any specific criteria. Furthermore, in addition to the cash assistance provided during religious holidays, we support our employees' family budgets by distributing provisions during Ramadan.

We enhance our standard wage policy by offering company bonuses or performance-based appreciation bonuses during key periods, such as project transitions, new initiatives, or project completions, in alignment with company policies and targets. To maintain high levels of employee satisfaction, we also implement practices like applying premium and notice pay with a salary coefficient, in addition to severance pay for employees reaching retirement age, and severance pay for voluntary departures, provided the relevant criteria are met.

As a reflection of the value we place on Toyotetsu Türkiye employees, we provide life insurance and private health insurance to all staff. Additionally, we offer options such as private

health insurance discounts or support for Complementary Health Insurance payments to employees' families, helping them feel valued and connected.

At Toyotetsu Türkiye, we organize events to enhance employee loyalty and satisfaction, with a particular focus on creating opportunities for colleagues within the same department to socialize outside of work. To strengthen communication, we host annual department dinners, fostering better relationships between subordinates and superiors while encouraging socializing and bonding.

Through the 'Atölyekip' initiative, we divide employees into teams, aiming to boost performance and motivation through healthy competition, while fostering team spirit and enhancing communication within a unified atmosphere.

At Toyotetsu Türkiye, we prioritize the well-being of our employees, not only in the workplace but also in every aspect of their lives, ensuring a healthy work-life balance to foster employee satisfaction and loyalty. To support this, we offer annual leave that exceeds the legal limits set by the Labor Law. In addition to providing hybrid working opportunities based on work plans and performance, we enhance employee motivation by offering leave options such as social leave, compassionate leave, and personal leave for events like marriage or bereavement, all of which go beyond the legal minimum.

Employee Satisfaction and Loyalty

At Toyotetsu Türkiye, we consider our employees as essential members of a large family, and we genuinely celebrate their special moments. To make our employees feel valued, we send congratulatory messages on their birthdays and work anniversaries, and we present them with a standardized birthday gift each year. In support of gender equality and to recognize the significant role of our women employees, we organize special dinners for them on March 8th, International Women’s Day, and plan events to demonstrate the value we place on them.

Understanding the significance of celebrating milestones like our foundation anniversary, New Year’s Eve, and holidays in fostering a sense of belonging, we organize celebrations that bring all employees together, allowing them to socialize and strengthen connections during the New Year’s dinner. We celebrate our employees’ marriages and the birth of their children with a ceremony attended by senior management and present them with thoughtful gifts. To further nurture a culture of unity, we share important updates through BizBize, our in-house magazine.

As a key tool for internal communication, BizBize magazine allows us to keep employees informed about administrative and technical developments, share innovations, foster a deeper understanding among colleagues, and recognize employees who have excelled through our reward systems. Through these communication channels, we aim to strengthen the sense of belonging and unity, ensuring that our employees feel a part of the Toyotetsu Türkiye family for many years to come.

The years our employees spend at Toyotetsu Türkiye are highly valued, and we celebrate milestones such as 10-year seniority anniversaries with special ceremonies. During these events, we present meaningful gifts with senior management’s participation and commemorate the occasion by planting trees.

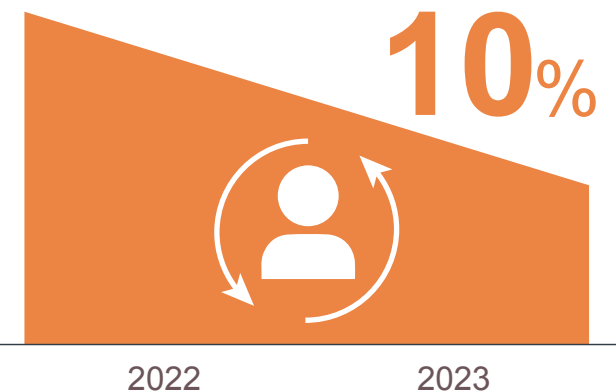
At Toyotetsu Türkiye, we embrace employees’ families as part of our larger family. Through the family picnic events we organize, we aim to provide our employees with the opportunity to socialize and enjoy time with their colleagues and families, while also reinforcing a sense of unity by helping everyone get to know each other better. We also recognize the importance of children as the future’s most valuable investment, celebrating April 23rd National Sovereignty and Children’s Day by gifting age-appropriate presents to our employees’ children. Additionally, we enhance family belonging by organizing periodic factory tours for our employees’ families.

With the ‘ToyoFamily’ project, designed for Toyotetsu Türkiye employees and their families, we implemented initiatives that enhance the purchasing power of employees and their families through partnerships with Toyota Group companies. By collaborating with various brands, including those in automotive, home shopping, health, and education sectors, we aimed to support the family budget and strengthen the sense of belonging by offering Toyotetsu Türkiye members exclusive discounts.

At Toyotetsu Türkiye, we consider employee satisfaction and loyalty to be essential to our success. Therefore, we prioritize all activities and initiatives aimed at fostering these values, ensuring that each of our human resources strategies reflects to our employees that they are a valued part of the Toyotetsu Türkiye family. As a positive outcome of this strategy, we are pleased to see a steady decrease in our employee turnover rate each year.



Employee Turnover Ratio



OUR VALUE CHAIN

We recognize that our suppliers play a crucial role in the sustainability of Toyotetsu Türkiye's quality. Therefore, we focus on ensuring control over supplier production, which directly impacts our quality, and emphasize the principle of continuous improvement in their production processes, just as we do in our own.

We view our suppliers as an integral part of our extended family and value their development and sustainability approaches as much as our own strategies, offering our full support throughout these processes. At Toyotetsu Türkiye, we prioritize alignment with our suppliers on operational aspects such as quality and timely production, as well as on environmental efforts like combating climate change and protecting biodiversity, and social initiatives that uphold ethical principles and respect for human rights.

We communicate our sustainability-related expectations to our suppliers through the Supplier Sustainability Policy, while reinforcing our commitment to responsible production and consumption with the Responsible Raw Material Procurement Policy and the Purchasing Policy.

We receive the support of our supply chain in all processes focused on customer satisfaction and responsible production and consumption, expecting each supplier to continue their activities with the same perspective. The Supplier Handbook we've prepared guides our suppliers on Toyotetsu's culture and quality standards while ensuring the transfer of our expectations and requirements.

When selecting new suppliers, we ensure alignment with Toyotetsu's culture, perspective, and sustainability approach, working closely with our SPQM unit throughout the process.

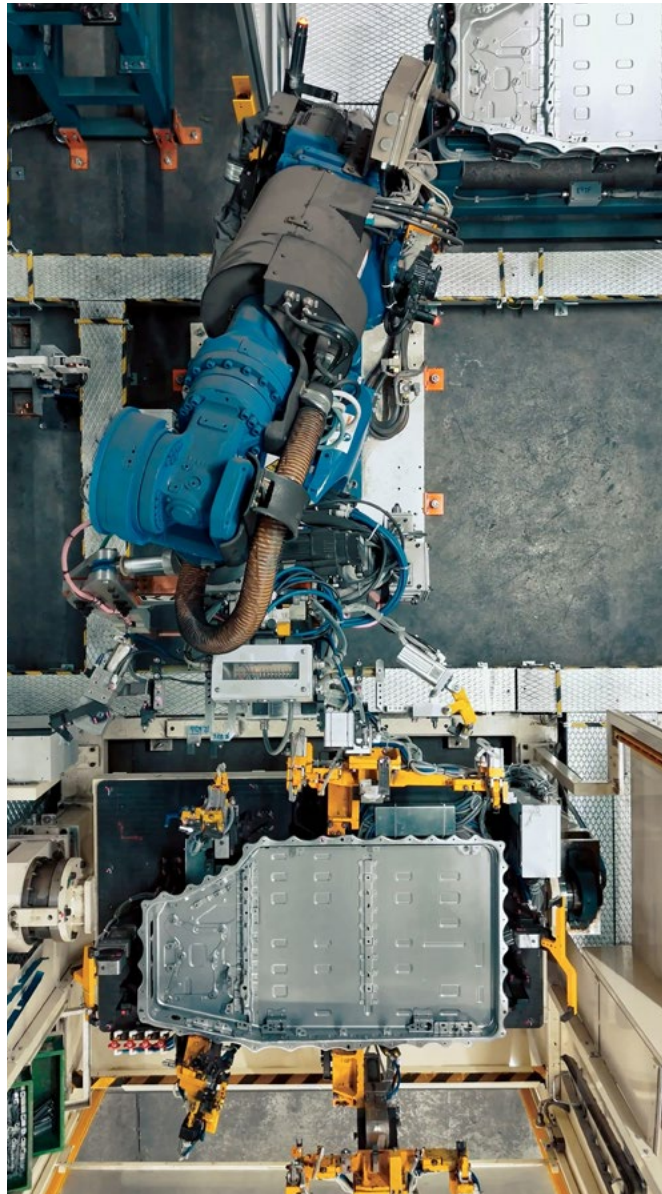


SPQM & PRCH (Supplier Production Quality Management & Purchasing)

As a major supplier to Toyota, Toyotetsu has established a rigorous Supplier Production and Quality Management (SPQM) Department to maintain high standards in the production of vehicle body parts. This department effectively monitors suppliers' production processes to ensure the delivery and continuity of quality products.

SPQM's core functions include supervising and guiding suppliers' processes from the project phase to the mass production phase. At the beginning of the project, the production capacity, technical competencies, and quality control processes of the suppliers are evaluated in detail, expectations are clearly set, and suppliers are provided with the necessary training to improve product quality. During the mass production phase, the quality control processes and production lines of the suppliers are inspected for compliance with quality standards, and corrective measures are taken when necessary. In addition, potential problems that may arise during the production process are immediately identified, and solutions are developed.

SPQM maintains constant communication with suppliers, ensuring the flow of information and strengthening cooperation, so their performance is regularly evaluated, and opportunities for improvement are identified.



We conduct supplier audits for our 24 current suppliers at regular intervals, using a methodology based on frequency determination and evaluation according to specific criteria. We reward suppliers who score above a certain threshold within the framework of an award system, based on the evaluation of the Supplier Evaluation Forms during the audits. The primary goal of this system is to enhance supplier motivation in a competitive environment, drive improvements in areas such as product quality and on-time delivery, and identify areas for further improvement.

Starting in 2024, we plan to revise our Supplier Evaluation Forms by adding more governance and socially-oriented topics, evaluating the awareness levels and expectations of our suppliers through a sustainability analysis, organizing training to raise sustainability awareness among our suppliers, and conducting Occupational Health and Safety (OHS) audits. To ensure the continuity of our supply chain and maintain sustainable quality, we conduct financial risk analysis of our suppliers every two years on a voluntary basis and provide financial support if necessary.

Through the 'Localization Project,' we procure cold forged parts from local producers as part of our efforts to support their development within our procurement processes, thereby fostering the growth of local suppliers, while also contributing to climate action by reducing the logistics flow.

OUR SOCIAL RESPONSIBILITY

As Toyotetsu Türkiye, we love and care about the local geography and culture we are a part of. We prioritize creating value for our stakeholders and society by supporting professional organizations, young people, academic units, non-governmental organizations, and local communities in the areas where we operate.

In 2019, we established the ‘Communication Committee’ with the primary goal of integrating, planning, and implementing internal strategies that contribute to society. Through the Toyotetsu Social Responsibility Policy, we express our commitment to creating value for society, and we ensure that all our social benefit activities align with this framework.

We carry out social responsibility projects in the fields of environment and education with great passion, viewing them as a responsibility rather than a duty, and we are eager to share our knowledge and experience with new generations.

We view students studying in our field as an investment in the future, and we support projects within the scope of university-industry cooperation to contribute to social development and share our leadership experience in the sector. In this context, we sponsor high school and university-level race teams participating in national and international competitions on energy/efficiency issues, where they produce vehicles powered by alternative energy. Additionally, we provide support in engineering, design, and parts processing when needed, alongside financial assistance.

- Yıldız Technical University YTU Racing Team: The team represents the university and our country in international Formula Student races.
- Yıldız Technical University YTU AESK Race Team: The team competes in the ‘TUBITAK Efficiency Challenge’ in Türkiye and the ‘Shell Eco-Marathon’ at the international level, focusing on alternative energy vehicle races.

Training

We consider transferring our expertise a valuable investment in future generations and the development of the country, and we aim to support young people, particularly in areas such as lean production, where we are globally recognized as experts. To achieve this, we organize free training sessions and in-plant visits for public institutions or educational organizations to share our knowledge on TPS (Toyota Production System) and our lean production expertise. Additionally, we are open to sharing our knowledge with visitors from outside public organizations or educational institutions, recognizing their support for specific charitable causes.

Through the internship program we organize annually for university students, we support their practical training and contribute to the future employment of qualified personnel. To amplify this impact, we plan to launch a long-term university internship program in 2024, as part of vocational training initiatives in collaboration with universities.

- Golden Horn Robotics Team: Comprising 20 different high schools and 33 students, the team represents our country internationally by participating in the First Robotics Competition Haliç Regional races organized in the USA.

To support education, we donate the robots from Toyotetsu Türkiye’s production lines, which are still in use despite being updated as part of our continuous development principle, to university and high school laboratories, enabling students to benefit from them.

Educational Institutions Donated Robots and Equipment

- Kocaeli University İhsaniye Vocational High School
- Kocaeli University Uzunçiftlik Nuh Çimento Vocational High School
- Gebze Technical University
- Turgut Özal University Arapgir Vocational High School
- Manisa Saruhanlı Almış Şentürk Vocational and Technical Anatolian High School

Gebze Technical University Boron Oil - Tubitak Project Sponsorship

As Toyotetsu Türkiye, we participated in the project titled “Development of New Generation Bio-Based Photocatalytic Hybrid Membranes and Investigation of Their Usability in Oil-Water Separation,” prepared in cooperation with the Chemical Engineering and Environmental Engineering departments within the scope of Gebze Technical University’s Support Program Project Call, in order to contribute to the research and development activities for the production of membranes with photocatalytic properties and an oil recovery system from oily wastewater. As TOYOTETSU, we shared our infrastructure and know-how with the project team within the framework of university-industry cooperation. We organized a seminar at Gebze Technical University, which included a presentation on the “Boron Oil Separation Unit and Environmental Activities.” In addition, we made an agreement for TUBITAK-supported R&D Projects in cooperation with Toyotetsu Türkiye and Gebze Technical University.

With the “Sister School Library” project, we established a “Toyotetsu Library” at Göçbeyli Primary School by collecting books to instill a love of reading in young hearts.

We continue to collaborate with TOSB management and view this shared platform as an opportunity for the development of young people. In this context, we organize free professional and personal development seminars for TOSB employees, offer professional training for students, and support young people in preparing for their careers through Interview Simulation.

Environment and Local Territory

We view our Boron Oil Recovery Facility, which provides significant environmental benefits, as a valuable asset contributing to the local environment, and we support businesses interested in benchmarking the facility to examine the system.

We support various organizations on special days for our employees through different planned activities, with the TEMA Foundation receiving the most support throughout the year, driven by our awareness of the importance of afforestation for our country.

Believing in the critical role of afforestation in climate action, we established the “Toyotetsu Grove” in Silivri, Istanbul, in 2019, and the Toyotetsu Memorial Forest, planting 10,000 trees, in 2022.

Through the “What We Eat is in Front of Us, What We Don’t Eat is for Our Friends” project, we share leftover food from our facility with our animal friends in the local area.

APPENDICES



ENVIRONMENTAL PERFORMANCE INDICATORS

RAW MATERIAL	2022	2023
Steel Raw Material Quantity (tons)	74.633	69.471

ENERGY & FUELS	2022	2023
Total Energy Consumption GWh	21.158	22.800
Purchased Electricity (GWh)	20.134	19.526
Total Renewable Energy Production GWh -GES	1.024	3.274
Renewable Electricity Consumption %	4,84%	14,36%
Natural Gas Consumption (KWH)	6.417.896	7.713.500
Diesel Consumption (lt)	17.933	21.985
Gasoline Consumption (lt)	342.825	381.801
Other Fuels CO ₂ , Acetylene, HB205 (tons)	121	0
kWh total energy consumption rate per unit of FAME product	1,2948	1,2823
Energy Procured in Compliance with the Renewable Energy Certificate Standard (I-REC) Certificate MWh	20.134	19.526
Energy Intensity (TOE energy consumption / annual turnover \$)	9,34754E-06	8,71493E-06
Electricity Generation from Waste Heat MWh	662	662

SOLID WASTE AND CIRCULAR ECONOMY	2022	2023
Total Amount of Hazardous Waste by Disposal Method kg	309.982	204.244
- Recycling kg	1.514	204
- Energy Recovery kg	308.366	203.988
- Disposal/Regular Storage/ Solid Waste Landfill kg	102	52
Total Amount of Non-Hazardous Waste by Disposal Method kg	30.351.481	31.194.353
- Recycling kg	30.350.186	31.193.051
- Energy Recovery kg	1.295	1.302
- Disposal/Regular Storage /Solid Waste Landfill kg	0	0
Total Plastic Consumption tons WASTE	2.551	7.374
Total Paper Consumption tons WASTE	111.607	110.413

ENVIRONMENTAL PERFORMANCE INDICATORS

WATER MANAGEMENT	2022	2023
Total Annual Water Consumption by Source m³	50.258	71.314
Mains Water m³	50.258	71.314
Amount of Water Discharged by Source m³	50.258	71.314
Wastewater Channel m³	50.258	71.314
Number of Lawsuits Filed Due to Environmental Performance (number)	0	0
Number of Environmental Compliance Fines (Amount Under TRY 100,000)	0	0
Number of Environmental Compliance Fines (Amount Over TRY 100,000)	0	0
Number of new suppliers evaluated in terms of environmental criteria	0	1
Share of R&D cost for product(s) with improved environmental characteristics in total turnover	0.28%	0.59%
Number of products with improved environmental characteristics	7	12

GREENHOUSE GAS EMISSIONS	2022	2023
Direct (Scope 1) Greenhouse Gas Emissions	2.052,19	1.967,74
Energy Indirect (Scope 2) Greenhouse Gas Emissions	0	0.21
Other Indirect (Scope 3) Greenhouse Gas Emissions	295.214,14	238.262,29
Ratio Of Tons Of CO ₂ e Per Unit of Product (Tons Of CO ₂ /Unit Of Product)	0.00865	0.00688

SOCIAL PERFORMANCE INDICATORS

EMPLOYEE DEMOGRAPHICS	DESCRIPTION	2022	2023
Total Number of Employees		1273	1345
	Women	47	48
	Men	1226	1297
Employees by Nationality			
	Yerli	1265	1338
	Yabancı	8	7
Total Number of Employees by Category			
	White Collar		
	Women	24	30
	Men	197	222
	Total	221	252
	White Collar		
	Women	22	25
	Men	1030	1068
	Total	1052	1093
Total Number of Employees by Contract Type			
	Permanent		
	Women	44	48
	Men	1023	1089
	Temporary		
	Women	2	0
	Men	204	208

SOCIAL PERFORMANCE INDICATORS

EMPLOYEE DEMOGRAPHICS	DESCRIPTION	2022	2023
Total Number of Employees by Employment Type			
	Women	47	48
	Men	1226	1297
Total Number of Employees by Education Level			
	Primary education	80	78
	High School	736	756
	Associate Degree	130	138
	University	299	334
	Master's Degree and Above	28	39
Total Number of Employees by Age Groups			
	Under 30 years old	980	1016
	30-50 years old	204	238
	50 years and above	89	91
Senior Management Structure (Number)		Senior manager: General Manager, Assistant General Manager, Director	
	Women	0	0
	Men	22	26
	Local	14	19
	Foreign	8	7
	30 years and below	0	0
	30-50 years old	7	10
	50 years and above	15	16
Number of employees with disabilities		35	36
Ratio of Employees Returning from Maternity Leave			
	Women	100%	100%
	(Paternity Leave) Men	100%	100%

SOCIAL PERFORMANCE INDICATORS

EMPLOYEE DEMOGRAPHICS	DESCRIPTION	2022	2023
Employee Turnover			
Turnover Ratio		20,00%	18,45%
Employee Development			
Employee Trainings - Number of Participants (person)			
	White Collar	221	252
	Blue Collar	1052	1093
	Women	47	48
	Men	1226	1297
Employee Trainings - Total Hours (person*hour)			
	White Collar	3451	2486
	Blue Collar	7948	12019
	Women	577	501
	Men	10823	14003
Number of Employees Provided with Regular Performance Evaluation Feedback			
	White Collar	221	252
	Women	24	30
	Men	197	222
	Blue Collar	1052	1093
	Women	22	25
	Men	1030	1068

Social Performance Indicators

EMPLOYEE DEMOGRAPHICS	DESCRIPTION	2022	2023
OHS			
OHS Board	Occupational Health and Safety Board and Safety Patrol board at senior management and manager level.		
Number of OHS committees established		1	1
Total number of members in established OHS committees		67	67
Number of employee representatives in established OHS committees		3	3
OHS Trainings - Number of Participants (person)			
	Occupational safety training is conducted every two years, in line with the legal requirements. Based on our hazard class, the most recent 12-hour mandatory training was held at the end of 2023. The previous training session was held at the end of 2021, adhering to the required period.	273	1127
OHS Trainings - Total Hours (person*hour)		3276	13524
Accident Frequency Rate		5,32	10,5
Accident Severity Rate		0.020	0.043
Lost Time Accident Frequency Rate		2,46	5,06
Absenteeism Rate		1,35	1,94
Number of Work-Related Deaths		0	0
Number of people working in environments or tasks with a high risk of accidents or occupational diseases	We have no employees in this category.	-	-

GRI Index

STATEMENT OF USE
GRI 1 USED
Toyotetsu Otomotiv Parçaları Sanayi ve Ticaret A.Ş. has reported in accordance with the GRI Standards for the period 01.01.2022-31.12.2022.
GRI 1: Foundation 2021

General Description	General Notifications	Place of Notification and Description	Page(s)
GRI 2: General Disclosures 2021	2-1 Organizational details	About the Report, About Toyotetsu, Back Cover	3,8
	2-2 Entities included in the organization's sustainability reporting	About the Report	3
	2-3 Reporting period, frequency and contact point	About the Report	3
	2-4 Restatements of information	GRI Index: No revised information is available.	77
	2-5 External assurance	About the Report	3
	2-6 Activities, value chain and other business relationships	About the Report, About Toyotetsu	3,8
	2-7 Employees	Employees, Social Performance Indicators	61,73
	2-8 Workers who are not employees	Employees, Social Performance Indicators	61,73
	2-9 Governance structure and composition	Board of Directors and Committee Activities	20
	2-10 Nomination and selection of the highest governance body	GRI Index: The Board of Directors operates within the framework of qualifications and competencies outlined for the election of Board members.	77
	2-11 Chair of the highest governance body	Board of Directors and Committee Activities	20
	2-12 Role of the highest governance body in overseeing the management of impacts	Board of Directors and Committee Activities	20
	2-13 Delegation of responsibility for managing impacts	Sustainability Committee Activities	28
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Committee Activities	28
	2-15 Conflicts of interest	Board of Directors and Committee Activities, Business Ethics and Anti-Corruption	20,23
	2-16 Communication of critical concerns	Board of Directors and Committee Activities, Risk Management and Internal Audit, GRI Index: No similar incidents were reported during the reporting period.	20,22,77
	2-17 Collective knowledge of the highest governance body	Board of Directors and Committee Activities	20

GRI Index

General Description	General Notifications	Place of Notification and Description	Page(s)
GRI 2: General Disclosures 2021	2-18 Evaluation of the performance of the highest governance body	GRI Index: The Board of Directors' performance evaluation processes are conducted during evaluations at Board meetings.	77
	2-19 Remuneration policies	Employee Satisfaction and Loyalty	64
	2-20 Process to determine remuneration	Employee Satisfaction and Loyalty	64
	2-21 Annual total compensation ratio	GRI Index: This information is not disclosed as confidential	77
	2-22 Statement on sustainable development strategy	Sustainability Approach At Toyotetsu Turkiye, Sustainability Priorities	26-28,31-39
	2-23 Policy commitments	Policy and Commitments	21
	2-24 Embedding policy commitments	Policy and Commitments	21
	2-25 Processes to remediate negative impacts	Business Ethics and Anti-Corruption	23
	2-26 Mechanisms for seeking advice and raising concerns	Business Ethics and Anti-Corruption	23
	2-27 Compliance with laws and regulations	GRI Index: No incidents of non-compliance with laws or regulations occurred during the reporting period, and no penalties were imposed.	77
GRI 3: Material Topics 2021	2-28 Membership associations	Corporate Initiatives	24
	2-29 Approach to stakeholder engagement	Stakeholder Engagement and Communication	29,30
	2-30 Collective bargaining agreements	GRI Index: The organization does not have a collective labor agreement in place.	77
	3-1 Process to determine material topics	Stakeholder Communication Sustainability Priorities	30
	3-2 List of material topics	Stakeholder Communication Sustainability Priorities	30

GRI Index

VERY HIGH PRIORITY					
General Description	General Notifications	Place of Notification and Description		Page(s)	
OCCUPATIONAL HEALTH AND SAFETY					
GRI 3: Material Topics 2021	3-3	Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Occupational Health and Safety	30,32,50-52	
	403-1	Occupational health and safety management system	Occupational Health and Safety	50-52	
	403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety, Social Performance Indicators	50-52,76	
	403-3	Occupational health services	Occupational Health and Safety	50-52	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety	50-52	
	GRI 403: Occupational Health and Safety 2018	403-5	Worker training on occupational health and safety	Occupational Health and Safety, Social Performance Indicators	50-52,76
		403-6	Promotion of worker health	Occupational Health and Safety	50-52
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety	50-52
		403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety	50-52
		403-9	Work-related injuries	Occupational Health and Safety, Social Performance Indicators	50-52,76
403-10		Work-related ill health	Occupational Health and Safety, Social Performance Indicators	50-52,76	
EMPLOYEE HEALTH AND WELFARE					
GRI 3: Material Topics 2021	3-3	Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Employee Satisfaction and Loyalty	30,32,64,65	

GRI Index

VERY HIGH PRIORITY

General Description	General Notifications	Place of Notification and Description	Page(s)
ENERGY EFFICIENCY			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Energy Management	30,33,45
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Management, Environmental Performance Indicators	45,71
	302-2 Energy consumption outside of the organization	Energy Management, Environmental Performance Indicators	45,71
	302-4 Reduction of energy consumption	Energy Management, Environmental Performance Indicators	45,71
	302-5 Reductions in energy requirements of products and services	Energy Management, Environmental Performance Indicators	45,71
PRODUCT QUALITY AND SAFETY			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Toyotetsu Türkiye Quality	30,34,53-56
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Toyotetsu Türkiye Quality	53-56
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	GRI Index: There was no such non-compliance during the reporting period.	77
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Toyotetsu Türkiye Quality	53-56
	417-2 Incidents of non-compliance concerning product and service information and labeling	GRI Index: There was no such non-compliance during the reporting period.	77
	417-3 Incidents of non-compliance concerning marketing communications	GRI Index: There was no such non-compliance during the reporting period.	77

GRI Index

VERY HIGH PRIORITY

General Description	General Notifications	Place of Notification and Description	Page(s)
WATER MANAGEMENT			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Responsible Water Management	30,33,47
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Responsible Water Management	47
	303-2 Management of water discharge-related impacts	Responsible Water Management, Environmental Performance Indicators	47,72
	303-3 Water withdrawal	Responsible Water Management, Environmental Performance Indicators	47,72
	303-4 Water discharge	Responsible Water Management, Environmental Performance Indicators	47,72
	303-5 Water consumption	Responsible Water Management, Environmental Performance Indicators	47,72
EMPLOYEE RIGHTS			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Employees	30,32,61,62
CONTRIBUTION TO THE CIRCULAR ECONOMY			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Circular Economy	30,33,46
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Circular Economy, Environmental Performance Indicators	46,71
	301-2 Recycled input materials used	Circular Economy, Environmental Performance Indicators	46,71
	301-3 Reclaimed products and their packaging materials	Circular Economy, Environmental Performance Indicators	46,71

GRI Index

VERY HIGH PRIORITY			
General Description	General Notifications	Place of Notification and Description	Page(s)
RESPONSIBLE WASTE MANAGEMENT			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Responsible Waste Management	30,34,47
	306-1 Waste generation and significant waste-related impacts	Responsible Waste Management	47
	306-2 Management of significant waste-related impacts	Responsible Waste Management	47
GRI 306: Waste 2020	306-3 Waste generated	Responsible Waste Management, Environmental Performance Indicators	47,71
	306-4 Waste diverted from disposal	Responsible Waste Management, Environmental Performance Indicators	47,71
	306-5 Waste directed to disposal	Responsible Waste Management, Environmental Performance Indicators	47,71
INFORMATION SECURITY			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Information Security	30,34,59
ESTABLISHING A SUSTAINABLE SUPPLY CHAIN			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Our Value Chain	30,34,66,67

GRI Index

HIGH PRIORITY				
General Description	General Notifications	Place of Notification and Description		Page(s)
ACCESS TO CLEAN ENERGY				
GRI 3: Material Topics 2021	3-3	Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Energy Management, Adaptation to Climate Change	30,35,44,45
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Energy Management, Environmental Performance Indicators	45,71
	302-2	Energy consumption outside of the organization	Energy Management, Environmental Performance Indicators	45,71
	302-3	Energy intensity	Energy Management, Environmental Performance Indicators	45,71
	302-4	Reduction of energy consumption	Energy Management, Environmental Performance Indicators	45,71
	302-5	Reductions in energy requirements of products and services	Energy Management, Environmental Performance Indicators	45,71
ETHICS AND INTEGRITY				
GRI 3: Material Topics 2021	3-3	Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Business Ethics and Anti-Corruption	30,36,23
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	GRI Index: There was no such non-compliance during the reporting period.	77
COMBAT AGAINST CLIMATE CHANGE				
GRI 3: Material Topics 2021	3-3	Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, İklim Değişikliğine Uyum	30,35,43,44
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Environmental Performance Indicators	72
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental Performance Indicators	72
	305-3	Other indirect (Scope 3) GHG emissions	Environmental Performance Indicators	72
	305-4	GHG emissions intensity	Environmental Performance Indicators	72
	305-5	Reduction of GHG emissions	Adaptation to Climate Change	43,44

GRI Index

HIGH PRIORITY				
General Description	General Notifications	Place of Notification and Description		Page(s)
CORPORATE GOVERNANCE AND REPUTATION				
GRI 3: Material Topics 2021	3-3	Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Corporate Governance Approach	30,37,19-24
INCREASING EFFICIENCY THROUGH CONTINUOUS DEVELOPMENT AND IMPROVEMENT				
GRI 3: Material Topics 2021	3-3	Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Toyotetsu Türkiye Quality	30,36,53-58
RESPONSIBLE SOURCING				
GRI 3: Material Topics 2021	3-3	Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Circular Economy	30,35,46
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Circular Economy, Environmental Performance Indicators	46,71
	301-2	Recycled input materials used	Circular Economy, Environmental Performance Indicators	46,71
	301-3	Reclaimed products and their packaging materials	Circular Economy, Environmental Performance Indicators	46,71
EQUAL OPPORTUNITY				
GRI 3: Material Topics 2021	3-3	Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Employees	30,38,61,62
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Human Rights, Inclusive Workplace and Diversity, Social Performance Indicators	61,62,73,74
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	GRI Index: No incidents of discrimination were reported during the reporting period.	77
COMPLIANCE WITH LOCAL AND GLOBAL LEGAL REGULATIONS				
GRI 3: Material Topics 2021	3-3	Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities	30,37

GRI Index

HIGH PRIORITY				
General Description	General Notifications	Place of Notification and Description		Page(s)
DEVELOPING/STRENGTHENING HUMAN RESOURCES				
GRI 3: Material Topics 2021	3-3	Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Employee Development	30,38,63
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Employee Development, Social Performance Indicators	63,75,76
	404-2	Programs for upgrading employee skills and transition assistance programs	Employee Development	63
	404-3	Percentage of employees receiving regular performance and career development reviews	Employee Development, Social Performance Indicators	63,75,76
RISK AND OPPORTUNITY MANAGEMENT				
GRI 3: Material Topics 2021	3-3	Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Risk Management and Internal Audit	30,37,22
INNOVATION AND DIGITAL TRANSFORMATION (DIGITALIZATION)				
GRI 3: Material Topics 2021	3-3	Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Digitalization	30,36,59

GRI Index

PRIORITY			
General Description	General Notifications	Place of Notification and Description	Page(s)
DEVELOPMENT OF ENVIRONMENTALLY FRIENDLY PRODUCTS			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, R&D, Environmental Performance Indicators	30,39,57,72
EMPLOYEE INVOLVEMENT AND DIVERSITY			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Employees	30,39
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Inclusive Workplace and Diversity, Social Performance Indicators	62,74,75
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	GRI Index: No incidents of discrimination were reported during the reporting period.	77
CONTRIBUTION TO SOCIAL DEVELOPMENT			
GRI 3: Material Topics 2021	3-3 Management of material topics	Stakeholder Communication Sustainability Priorities, Sustainability Priorities, Our Social Responsibility	30,39,68,69
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Our Social Responsibility	68,69

TOYOTETSU TURKIYE

2023 | SUSTAINABILITY REPORT

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