SUSTAINABILITY AT OTOKAR

Otokar's Sustainability Approach

Operating in two diverse industries, Otokar recognizes that each comes with distinct stakeholder expectations and material issues. While this diversity brings richness, it also requires meticulous planning and management of sustainability strategies and practices.

As we focus on the shared material topics of these industries, we adopt a flexible approach that enables processes to be structured in accordance with the respective business models. In doing so, we are inspired by global best practices and guided by Koç Holding. As we create value for our stakeholders, we strive to uphold our ethical values in all processes, listen to the opinions and suggestions of all our stakeholders, starting with our employees, suppliers, business partners and customers, and respect people and the environment.

Our sustainability approach extends beyond our own operations to encompass the entire value chain and deliver exemplary performance. In line with this vision, we have disclosed our economic, social and environmental performance transparently through our reports complying with GRI standards since 2013. As a result of our sustainability efforts, we have also been listed in the BIST Sustainability Index since 2014.

Koç Holding's Sustainability Approach

Creating long-term, sustainable value for the world and countries in which it operates lies at the heart of Koç Group's business model. Its legacy, influence and leadership role offer a variety of opportunities in sustainability. Sustainability activities at Koç Holding are guided by the "Lead. Together" partnership strategy, approved by the Board of Directors and disclosed publicly. Enabled by talents, expansive networks, technology and innovation, the main pillars of this strategy are business, people, the planet and communities.

Grow the business.
Together
Sustainable and profitable growth for competition at a global level

Empower people.
Together
Inclusive approach embracing diversity and engaging employees with skills and knowledge for the future

LEAD.
TOGETHER
"Lead. Together" is the sustainable and profitable growth strategy of Koç Holding.

Act for the planet.
Together
Innovative solutions to address global challenges

Strengthen communities.
Together
Collaborations and partnerships for joint targets

Sustainability Management

The Board of Directors is the governing body responsible for setting the strategic direction for Otokar's social, economic and environmental issues. As with all other areas of operation, sustainability strategy and direction is also determined by the Board of Directors, which oversees the senior management's sustainability performance.

The Corporate Governance Committee reviews the Sustainability Principles Compliance Report, prepared annually according to the formats specified by the CMB, and then submits it to the Board of Directors for approval. Moreover, the Risk Management Committee, which convenes six times a year, monitors the risks and opportunities related to sustainability and climate. This committee addresses the sustainability and climate risks with a systematic approach.

The Board of Directors' and relevant committee members' competencies about climate and sustainability issues are assessed annually. This assessment is based on training, past experiences and national/international participation. External consultancy and guidance sources are used when necessary. Additionally, Otokar's publicly available Board of Directors Diversity Policy promotes the principle of inclusion and balanced representation in management structures.

Sustainability Committee

At the executive level, the Sustainability Committee, headed by the General Manager, coordinates sustainability efforts. The committee is responsible for developing, implementing and monitoring sustainability strategies. It also identifies material sustainability topics, reviews and approves annual targets and monitors performance indicators. The committee plays an active role in monitoring greenhouse gas emission reduction efforts, evaluating sustainable finance opportunities and following relevant regulation.

The Sustainability Committee convenes regularly at least twice a year or more frequently if significant developments require a meeting to make the necessary assessments. Meeting agendas are shaped around working group analyses, stakeholder feedback and legislative developments. The committee reaches decisions by majority vote and consults experts when needed. Developments and decisions are reported to the Board of Directors through the General Manager.

The Sustainability Committee consists of 13 members: General Manager as the chair, and Assistant General Manager - Commercial Vehicles, Assistant General Manager - Operations, Assistant General Manager - Military Vehicles, Assistant General Manager – Finance, Strategy and Process Development Group Director, Commercial Vehicles Engineering Group Director, Bus Marketing and Sales Group Director, Finance, Risk Management and Investor Relations Director, People, Culture and Transformation Leader, Purchasing Director, Systems and Production Engineering Director, and Corporate Communications and Sustainability Director.

Thematic sustainability working groups coordinated by the Corporate Communications and Sustainability Directorate monitor progress toward sustainability targets and regularly submit reports to the Sustainability Committee about their activities, evaluations and analyses. The Directorate's responsibilities include internal communication as well as ensuring that the sustainability strategy is embedded into all company functions, managing sustainability-based interactions with external stakeholders and coordinating processes related to measuring and reporting sustainability performance.

Otokar Sustainability Committee's Duties and Responsibilities

- Developing, implementing and monitoring sustainability strategies.
- Setting annual sustainability targets and evaluating performance indicators.
- Working on reducing greenhouse gas emissions, leveraging sustainable finance opportunities and following legislation.
- Forming thematic sustainability working groups, evaluating working groups' recommendations.
- Reporting the Committee's solution and action proposals to the Board of Directors through the General Manager.

Sustainability Strategy
We have designed our sustainability strategy with the aim of maintaining our domestic capital structure and profitability. Sensitivity to the environment, people and communities, commitment to universal human rights and code of ethics, operational excellence and focus on customer satisfaction, developing high-tech, value-added products form the pillars of this strategy. As a responsible company that promotes stakeholder participation, we aim to strengthen Otokar's business strategy in the automotive and defense industries. On this path, we strive to fully adhere to the laws and regulations in the regions where we operate, apply global sustainability standards, and respect the environment, people and the future.

Material Sustainability Topics
Our material sustainability topics are reviewed annually by our sustainability managers and external experts and updated as needed. In consideration of industry dynamics and the rapid regulatory changes in the European Union and our country, a comprehensive materiality assessment was conducted in 2024 with the help of professional consultants to create new momentum within Otokar.

The Koç Group's "Lead. Together" manifesto, which provided a general framework, and our company's vision, mission and core values laid the foundation for this materiality assessment. A review of current Otokar policies, SASB's sector-specific priorities for the automobile and defense Industries, Koç Group's high priority material topics, and the results of past surveys with the participation of 14 different stakeholder groups guided our efforts. We also analyzed stakeholder expectations in international markets, including Northern European countries, studied best practices, GRI Standards and EFRAG disclosure requirements, and conducted AI-driven studies. After interviews with senior executives who know our stakeholders and their expectations closely, the material sustainability topics were finalized.

OTOKAR'S MATERIAL TOPICS

For Business
Sustainable Growth -Contribution to Local Economy
Corporate Reputation -Product and Service Responsibility
R&D and Innovation -Business Ethics

For the Planet
Low-Carbon Economy -Circular Economy
Waste Management -Water Stewardship

For People
Employee Experience -Potential Employee Management
Human Rights and Fair Work

For Communities
Civic Engagement

