

Otokar

SUSTAINABILITY
REPORT 2016

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ABOUT THE REPORT



**ABOUT
THE REPORT**
MESSAGE FROM
THE GENERAL
MANAGER

ABOUT OTOKAR

RESPONSIBLE
MANAGEMENT FOCUSED
ON SUSTAINABLE
DEVELOPMENTSTEADY GROWTH,
CONTINUOUS
DEVELOPMENTINNOVATION FOCUSED
ON VALUE-ADDEDDEVELOPING
TOGETHER
WITH VALUE CHAINPEOPLE-ORIENTED
WORKPLACEENVIRONMENTALLY
FRIENDLY
PRODUCTIONCLIMATE CHANGE,
ENERGY
AND EMISSIONSCARING
FOR SOCIETY

ABOUT THE REPORT

With our deep-rooted history, strong partnership and capital structure, the power we get from our innovation capabilities that constantly grows, and a responsible and principled management understanding, we continue to produce sustainable value for our stakeholders. We submit what we achieve in this journey to all our stakeholder's information with the sustainability reports we release.

The Otokar Sustainability Report, we are publishing for the fourth time, includes the social, environmental and economic influence of our operations, as well as our performance results and future targets. In previous terms, Otokar 2016 Sustainability Report has been prepared in accordance with GRI G4 Reporting Framework in terms of defining the scope and binding elements of the report, determining its content, calculating performance data, and structuring its disclosures. This report, was prepared in accordance with GRI Standards core option which was released in 2016.

Otokar sustainability priorities were reviewed in accordance with GRI Standards requirements during the reporting period. In disclosures about prioritised issues, industry-specific data were used in addition to GRI Standards performance indicators.

Information regarding corporate operations constitutes the main data source for the report, the scope of which reflects the operations and performance results of Otokar Otomotiv ve Savunma Sanayi A.Ş. Regarding certain prioritised issues, information about works conducted by external stakeholders, such as dealers and suppliers, were also included in the report. In addition to data concerning previous reporting periods, Otokar 2016 Sustainability Report involves data on the performance realised between January 1, 2016 and December 31, 2016. We aim to implement future reporting studies on an annual basis using the same method.

You can reach Otokar 2015 Sustainability Report and reports of previous periods at www.otokar.com.tr. You can convey your opinion and suggestions regarding the report by e-mailing kyl@otokar.com.tr or through our website.

GENERAL MANAGER'S STATEMENT



Dear stakeholders,

At Otokar, we preserved our steady structure and our goal to leave a more liveable and safe world to future generations in 2016 when many developments occurred that affected regional and global economy and politics. We successfully sustained our operations without compromising human and environmental factors based on our transparent, accountable and responsible management approach.

In 2015-2016 term, we were entitled to be listed in Istanbul Stock Exchange Sustainability Index in. Our goal is to continue to work without compromising our targets that anticipate environmental, human and social development, and to sustain this achievement in future as well.

Our fundamental objective is to improve our company's status in addition to developing life standards for new generations, contributing to peace and safety in the world, and supporting local economy and social development through business model that focuses on achieving operational excellence and developing innovative environmentally-friendlier products whose intellectual rights we own by 100% and that completely meet customer expectations.

We continued our works on eliminating environmental impacts, and above all on climate

change in reporting period as well. In 2016, we reduced annual energy consumption by 932 GJ and greenhouse gas emissions by 124 ton CO₂e, and improved GHG emission per unit by 15% through efficiency projects. We recovered a total of 151,175 m³ wastewater and achieved to recover 42% of water required in production processes.

We carried out projects to reduce environmental impacts that occur due to fuel consumption of vehicles we produced during the year and to produce vehicles that will play role in the public transportation of future's smart cities. Good examples for these works may include CoMoSeF Project organized as part of European Union's Eureka Celtic-Plus, and Electric and CNG-powered Bus Project. In the reporting period, the ratio of R&D expenditure to turnover has increased from 3.25% to 5.17%.

We realized 70,525 person x hours training to improve employees' occupational knowledge and talents in the reporting period. We organized 24,630 person x hours training to our employees in order to develop OHS culture internally. Moreover, we continued to support social development through social responsibility studies we performed throughout the year.

We will persistently continue to do our work in future with an aim to produce a sustainable value for our stakeholders. I present my compliments and



extend my thanks to our employees, investors and shareholders, suppliers and business partners, and all our stakeholders, who carried us forward with their supports.

Serdar Görgüç
General Manager

1963-2016
MILESTONES...



1960's

1963

The company was founded in Bahçelievler under the name "Otobüs Karoseri A.Ş."

1964

First intercity buses of Turkey were manufactured under Magirus licence.

1967

The first small buses were manufactured and exported.

1968

The legendary Havali Apollo buses of the period were manufactured.

1970's

1970

Minibuses suitable for public transportation were designed and manufactured.

1976

The company joined Koç Group.

1980's

1980

Turkey's first armoured cash-in-transit vehicle was designed and manufactured.

1984

The title of the company was amended as "Otokar Otobüs Karoseri Sanayii A.Ş."

1987

The production of tactical wheeled vehicles started under Land Rover Defender licence and the first major order was received.

1990's

1990

The production of Turkey's first tactical wheeled armoured vehicle and the export of Turkey's first tactical armoured vehicle were realised.

1995

Otokar shares were offered to public.

1997

The factory was relocated to an 86,000 m² plant in Sakarya.

2000's

2002

The Company merged with İstanbul Fruehauf A.Ş.; the design and production of small bus started under the name of Navigo, which achieved second place in market share within the first year.

2003

Turkey's first ADR-certified tanker was produced.

2004

The R&D studies of Otokar were consolidated under the R&D Centre.

2005

Semi-treyler under the brand Otokar was designed and manufactured.

Armoured internal security vehicle joined the product range.

2007

Medium size bus, "Vectio", was designed and included in the production plan; Turkey's first hybrid bus was manufactured.

2000's

2008

The company was named prime contractor for the modern tank production project to meet the updated requirements of Turkish Armed Forces with national resources.

2009

Mine-resistant armoured vehicle "Kaya" and 12-meter city bus "Kent" were added to the product range. Doruk was deemed worthy of "Design Turkey Design Award" in Turkey and "Busworld Kortrijk Grand Award" in Europe.

2010's

2010

The company title was amended as Otokar Otomotiv ve Savunma Sanayi A.Ş. "Arma 6x6", the first multi-wheeled armoured vehicle platform was added to product range. Otokar became the best-selling bus brand in Turkey.

2011

City bus "Kent" won Jury's Special Award at the European Coach Week. Armoured combat vehicle "Arma 8x8" was added to the product range. Otokar Europe, a subsidiary, was founded in France.

2012

Otokar Tank Test Centre was opened. The preliminary prototypes of the national main battle tank Altay were presented to the public. Turkey's first electric bus was introduced.

2010's

2012

Istanbul Metropolitan Municipality ordered 900 of KENT city buses.

2013

Light truck production started. Turkey's first tracked armoured vehicle "Tulpar" and armoured personnel carrier Ural were added to the product range.

2014

ISO 10002 certification for customer satisfaction was received. Otokar R&D Centre was named the "The Most Successful R&D Centre" in the automotive industry. Otokar Electronic Compatibility Test Centre was accredited.

2010's

2015

Tulpar S tracked armoured combat vehicle and Kent articulated bus were added to the product range. The 2015 Defence Industry First Prize was awarded by the Undersecretariat for Defence Industries. Otokar became Turkey's most preferred bus brand for the sixth consecutive year and the leader of Turkey's small bus export. Istanbul Stock Exchange Sustainability Index was joined. OHSAS 18001 certificate was received.

2016

2016

Proposal for mass production of Altay Main Combat Tanks was presented to the Undersecretariat for Defence Industries. Otokar Land Systems Limited was founded in United Arab Emirates. Cobra II armored vehicles entered into inventory of Turkish Armed Forces; An export agreement concluded for Cobra II. Smart Bus application developed under the CoMoSef Project in collaboration with İSBAK and and KoçSistem. The tender for purchase of 100 articulate buses by ESHOT of İzmir Metropolitan Municipality was won and delivery was made. Dynamometric Acclimatised Test Chamber of Otokar R&D Test Centre was selected "Turkey's first and only approved test station" for vehicle superstructure ATP type tests. The company became the leader in Turkey's bus market in the overall segments it operates in; and Turkey's most preferred frigorific brand. The export of technology and licence for Navigo buses was started.

ABOUT OTOKAR



A global brand with 100% local capital, offering products, whose intellectual property rights it owns, to more than 60 countries on five continents, through approximately 300 sales and service points.

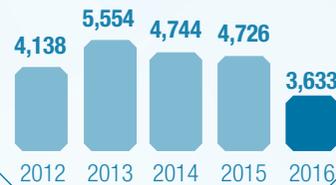
OUR VISION

Otokar protects its local and national identity in its products by developing its own technology; aims at ensuring continuity in the satisfaction of its customers, employees and partners through the philosophy of total excellence.

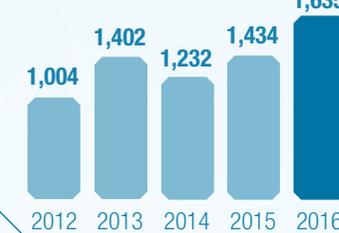
OUR MISSION

Otokar's primary mission is to design, manufacture and market commercial vehicles and various defence industry products as globally competitive products in line with customer expectations.

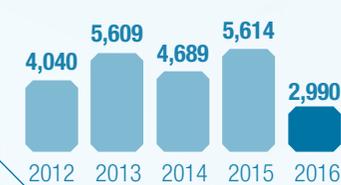
SALES (UNIT)



SALES REVENUES (MILLION TL)



PRODUCTION (UNIT)



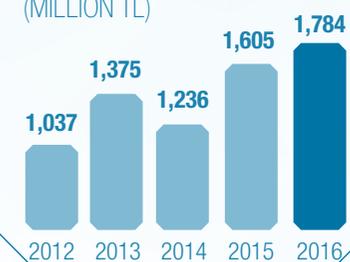
EXPORT REVENUES (MILLION US DOLLARS)



NET PROFIT FOR THE YEAR (MILLION TL)



TOTAL ASSETS (MILLION TL)



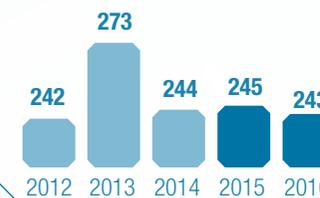
Sakarya Arifiye Plant-552.000 m²

96% Turnover Share of Otokar-designed vehicle sales

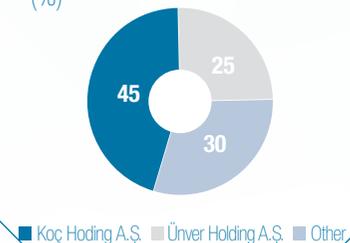
22.9% Rate of Capacity Utilisation

9.32 Corporate Governance Rating

SHAREHOLDERS' EQUITY (MILLION TL)



SHAREHOLDER STRUCTURE (%)



ABOUT OTOKAR





*Contractor workers included.

RESPONSIBLE
MANAGEMENT FOCUSED
ON SUSTAINABLE
DEVELOPMENT





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MESSAGE FROM THE GENERAL MANAGER

ABOUT OTOKAR

RESPONSIBLE MANAGEMENT FOCUSED ON SUSTAINABLE DEVELOPMENT

STEADY GROWTH, CONTINUOUS DEVELOPMENT

INNOVATION FOCUSED ON VALUE-ADDED

DEVELOPING TOGETHER WITH VALUE CHAIN

PEOPLE-ORIENTED WORKPLACE

ENVIRONMENTALLY FRIENDLY PRODUCTION

CLIMATE CHANGE, ENERGY AND EMISSIONS

CARING FOR SOCIETY

CORPORATE GOVERNANCE AND BOARD STRUCTURE

RISK MANAGEMENT

BUSINESS ETHICS AND ANTI-CORRUPTION

INTERNAL AUDIT

SUSTAINABILITY MANAGEMENT

STAKEHOLDER ENGAGEMENT

Otokar; performs its activities focusing on continuous development and creating sustainable values for stakeholders in accordance with its responsible management understanding shaped by its corporate governance structure built on transparency, accountability, total harmony with laws, fairness and integrity.

CORPORATE GOVERNANCE AND BOARD STRUCTURE

Otokar regards full compliance with Corporate Governance Principles determined by the Capital Markets Board and continuous development in this direction as its primary target in its activities in the field of corporate governance. Otokar's Corporate Governance Principles Compliance Rating, which was at the level of 8,64 in 2013, when the company became eligible to list on the Corporate Governance Index of the Istanbul Stock Exchange, was improved every year and determined as 9,32 in the result of the audit conducted by an institution authorised by the Capital Markets Board during reporting period.

Otokar Board of Directors consists of 9 members, three of whom meet the independence criteria defined by the Capital Markets Board and none of whom, except the General Manager, have executive duties according to the definition provided in Capital Markets Board Corporate Governance Principles. As the company's highest-level governing body, Board of Directors is responsible for identifying the main strategic orientations of the company and monitoring the actualisation of the activities determined in accordance with these orientations. The offices of the Chairman of the Board of Directors and General Manager are occupied by different individuals.

The monitoring of social, environmental and economic issues influencing the sustainability performance of the company is also among the activities of the Board of Directors. The Board of Directors is presented with sustainability risk and opportunities identified by the company bodies for their consideration. Their opinions are used to build action plans and are actualised by the company senior management. The results are conveyed to the Board of Directors to be evaluated in the strategic planning studies for future terms.

Corporate Governance Committee, Risk Committee and Audit Committee have been formed to enable the Board of Directors to carry out its activities efficiently. In addition to all committees being chaired by independent members, the Audit Committee consists of solely independent members.

The Corporate Governance Committee also fulfils the duties of the Nomination Committee and Remuneration Committee as per Capital Markets Board directives. The corporate Remuneration Policy is taken into consideration in the remuneration of Board of Directors members and senior-level executives. A report prepared by the Corporate Governance Committee regarding the issue is presented to the Board of Directors. While Board of Directors members are paid a fixed remuneration, performance-based remuneration system evaluating corporate and individual performance are also influential in the remuneration of General Manager and senior-level executives. Financial rights granted to the Board of Directors and senior-level executives are announced through annual reports and financial statements on our website.

You can reach detailed information regarding the structure and duties of Otokar Board of Directors and its committees in the Corporate Governance Principles Compliance Report section included in Otokar 2015 Annual Report and on the corporate website of the company.

ABOUT THE REPORT	MESSAGE FROM THE GENERAL MANAGER	ABOUT OTOKAR	RESPONSIBLE MANAGEMENT FOCUSED ON SUSTAINABLE DEVELOPMENT	STEADY GROWTH, CONTINUOUS DEVELOPMENT	INNOVATION FOCUSED ON VALUE-ADDED	DEVELOPING TOGETHER WITH VALUE CHAIN	PEOPLE-ORIENTED WORKPLACE	ENVIRONMENTALLY FRIENDLY PRODUCTION	CLIMATE CHANGE, ENERGY AND EMISSIONS	CARING FOR SOCIETY
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CORPORATE GOVERNANCE AND BOARD STRUCTURE	RISK MANAGEMENT	BUSINESS ETHICS AND ANTI-CORRUPTION	INTERNAL AUDIT	SUSTAINABILITY MANAGEMENT	STAKEHOLDER ENGAGEMENT
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RISK MANAGEMENT

Otokar risk management system mainly aims to achieve company's strategic targets, to ensure the sustainable development, operational and financial integrity of the company, to prevent the company from being impacted by potential situations hindering its reputation and social legitimacy and to reduce the potential negative impact on the company in circumstances that cannot be prevented. The risk policy formed for this purpose prescribes company-wide risk management to be conducted under the control of the Board of Directors and the leadership of the General Manager and in coordination with all the managers, and be generalised at every level of the company. The risks that might prevent the company from achieving its strategic targets are identified with the means prepared in accordance with this policy and necessary action plans are prepared. Otokar risk management system is ensured to work in accordance with the risk policy of Koç Group besides the company's own risk policy. Otokar Risk Committee is responsible for the implementation of risk management processes in accordance with the regarding policy.

BUSINESS ETHICS AND ANTI-CORRUPTION

As one of the main components of the responsible management understanding of Otokar, commitment to superior ethical principles and compliance with legal regulations are approached in the general frame of company's value chain. With the particular sense of responsibility regarding the main customer groups being central and local public authorities, Otokar attaches much importance to fight against bribery and corruption.

Binding for all Group companies, Koç Group Code of Ethical Conduct and Codes of Practice provide a basis for Otokar's ethical working principles. Ethical Rules organise principles and policies regarding anti-corruption as well. Bounded by Ethical Principles along with all Otokar employees; suppliers, dealers and business partners are expected to act in compliance with these principles. As stated in Ethical Rules document, Otokar actualises its





activities in accordance with UN Global Compact criteria, also signed by Koç Holding. Otokar ensures that risks that might arise in supplier, dealer and business partner processes regarding issues such as human rights, employee rights, environmental sensitivity, business ethics and anti-corruption are minimised by referring to the 10 principles of the Global Compact in purchasing agreements prepared within this framework.

Involving principles regarding bribery and anti-corruption, business ethics principles are presented on company's website to ensure company executives and employees, dealers, suppliers and stakeholders can easily access.

The Ethics Committee is responsible for ensuring compliance with ethical principles in Otokar and value chain and conducting auditing works to determine infringements and taking required actions in case of determined infringements. Besides corruption audits performed by Otokar Audit Directorate, there are similar audits performed by Koç Holding Audit Group Presidency.

It is a responsibility for all Otokar employees to make a notice within the frame of determined procedures in cases of noncompliance with codes of conduct. Suspicious acts related to bribery and corruption, proposals and request of this kind are submitted directly and only to Otokar Ethics Committee Presidency and Internal Audit Director or to Koç Holding Audit Group executives via hotlines, or through Whistleblowing/Malpractice declaration form on the communication page of the corporate website.

As per principles regarding bribery and anti-corruption within the frame of ethics principles, Otokar employees are forbidden from giving or receiving in-kind gifts, cash

money, or gifts which may be used for cash, except for symbolic gifts of minimum value as permitted by local culture.

In accordance with the Code of Conduct, Otokar doesn't endorse any political view, ideology, political organisation and party or candidate, directly or indirectly. The company's resources are not made available for use in political activities or propaganda. Otokar does not get involved in lobbying activities intended for the private interests of the company, nor supports persons or establishments for this purpose.

Opinions and information requested by public institutions are provided via communication through professional or nongovernmental organisations that represent the sector in general. The customer portfolio of Otokar consists mainly of local and central public institutions. In such cases, commercial relationships may be established provided they abide by the conditions of free competition to the extent defined by the relevant laws.

Otokar employees cannot be held liable for any damages, which may be directly or indirectly incurred by the company, nor can they be imposed sanctions because of their compliance with the Ethical Rules of the company such as when they turn down a bribe offer or refuse to participate in an act of corruption or make the required notice on such occasions. In 2016, 3 notifications received from whistleblowing mechanisms related to abuse of Ethical Rules, human rights or corruption were examined, no nonconformity case found.

You can reach Otokar Code of Conduct by clicking this [link](#).

INTERNAL AUDIT

Otokar Internal Audit Directorate conducts risk and process-based internal audit works to establish the control of the compliance of corporate operations with regulations, corporate policies and principles, defined strategies and targets. Reporting administratively to the General Manager and functionally to the Audit Committee in order to ensure that it conducts its activities independently, the Internal Audit Directorate plans to conduct four to six planned assurance or consultation activities annually. audits all business units in terms of financial and operational processes. Inspections upon notifications are not planned audits, thus these are not included by this goal.

Within the scope of the audits conducted, legal compliance and corruption risks are also reviewed. All the findings obtained in result of these works are transmitted to relevant managers and solution suggestions are offered.

Violations or suspicious situations identified in relation to business ethics and anti-corruption are reported to Koç Holding Audit Group by Internal Audit Department and to Koç Holding Senior Management by to Koç Holding Audit Group. In the year 2016, all business units were subjected to internal auditing and no cases of violation regarding ethical rules or human rights, or corruption were encountered.

In addition to Otokar Internal Audit Department, Koç Holding Audit Group also performs audits involving financial, operational, legal compliance, human rights, environment, business ethics and corruption issues across the company. Otokar is also subjected to annual financial audits performed by independent auditing firms, as well as audit works conducted at various intervals by public institutions. No non-conformity case has been identified during the auditing activities conducted within the reporting period.



Otokar Sustainability Priorities					
	Supply Processes	Design and Manufacturing Processes	Distribution Processes	Sales and Marketing Processes	After Sales Processes
Environmental Issues					
Climate Change, Energy, Greenhouse Gasses • Energy Efficiency, • Alternative Energy, • Optimisation of Logistics and Packaging	*	*	*	*	
Environmental Impacts of Manufacturing • Water and Waste Water Management • Waste Management • Biodiversity		*			
Vehicles with Minimised Environmental Impact • Low Fuel Consumption and Emission in Vehicles • Alternative-fuelled and Electric Vehicles		*		*	*
Social Issues					
Product and Service Responsibility		*			*
Human Rights	*	*	*	*	*
Business Ethics and Anti-corruption	*	*	*	*	*
Occupational Health and Safety	*	*			
Social Development and Employee Volunteering					*
Employee Rights	*	*	*	*	*
Risk Management	*	*	*	*	*
Talent Management		*			
Stakeholder Engagement		*			
Economic Issues					
Innovation		*			
Supporting Local Economy					*
Customer Satisfaction		*		*	*
Competitive Strategic Planning		*		*	

SUSTAINABILITY MANAGEMENT

Otokar defines its sustainability strategy as preserving its local capital structure and increasing its profitability with its people and society-oriented, environmentally friendly business model that conforms to universal human rights and business ethics principles and focuses on developing value-added products based on advanced technology, aiming for operational excellence and amply meeting customer expectations. The strategic orientations that Otokar is to follow in this direction are defined by the Board of Directors. The Board of Directors is also responsible for monitoring whether the works conducted in this direction meet the targeted performance. Within this framework, Otokar Board of Directors also performs the identification and performance tracking of strategic orientations in social, environmental and economic issues.

The Sustainability Work Group that was formed with the participation of executives representing the whole company determines the framework of sustainability management. It is responsible for actualising performance enhancing practices, and for the coordination of reporting processes within the determined framework. The company's sustainability priorities are determined in workshops held with the participation of the Sustainability Work Group members, General Manager and Assistant General by taking into consideration risks and opportunities the company may encounter on issue basis. The priorities are re-evaluated by the senior management and finalised for use in implementation.



Corporate Memberships

Heavy Commercial Vehicle Association
Foreign Economic Relations Board
İstanbul Mineral and Metal Exporters Association
İstanbul Chamber of Industry
İstanbul Chamber of Commerce
Quality Association
Metal Manufacturers Union
Automotive Distributors Association
Automotive Manufacturers Association
Automotive Technology Platform
Automotive Technologies R&D Company
Sakarya Provincial Employment Board
Defence Industry Manufacturers Association
Sakarya Chamber of Industry and Commerce
Union of Chambers and Commodity Exchanges of Turkey
Treyler Manufacturers Association
Turkish Industry and Business Association
Technology Development Foundation of Turkey
Uludag Exporters' Union
New Investor Relations Association

STAKEHOLDER PARTICIPATION

Otokar carries out its activities to produce value by meeting the expectations and needs of its stakeholders. Therefore, a constructive and transparent communication with the stakeholders is of vital importance.

Customers, employees, suppliers and shareholders are the main stakeholder groups Otokar is in communication with. Besides, public and regulatory institutions and NGOs are stakeholders that Otokar is in constant communication with. Stakeholders' expectations regarding communication and needs for information are decisive in determining the mechanisms and frequency in communication.

Otokar realises joint projects and collaborations with various stakeholders to fulfil various corporate targets or to perform activities in such fields as social responsibility. In the selection of stakeholders to collaborate with in such circumstances, it is of importance that stakeholders have adopted identical codes of conduct with Otokar as well as a mutual benefit oriented and constructive working culture.

Due to the public listing of Otokar shares at Istanbul Stock Exchange, the company manages shareholder relations in compliance with the principles stated in the relevant regulations. In this scope, the Investor Relations Department, in charge of shareholder relations, shares with the investors and shareholders transparent, regular and updated corporate information through annual ordinary general assembly meetings, annual reports, sustainability reports, annual and quarter based

financial performance reports, periodical analyses and information documents, website, press releases, material disclosures, meetings and interviews. Information and meeting demands by shareholders are responded to in a short time without infringing confidentiality. The Corporate Communication Department is responsible for communication with stakeholder groups that have an influence on the operations of the company, as well as for implementing the external communication strategies and practices, along with the actualisation of social projects.

Important announcements concerning the employees, information about management changes and press releases are made through the in-company intranet while the in-company information publication "This Month at Otokar" also aims at communication with both office and field employees. Besides the employees; customers, authorised dealers and services are also informed about company news through Otokar Hattı and Otokar Haber e-bulletins. Beside periodical publications, Otokar also engages with dealers and authorised services through trainings.

At Otokar, Stakeholder participation in management is ensured through means of feedback such as customer satisfaction, working life assessment surveys, managing bodies where employees are represented such as OHS Committees organised in production facilities, practices whereby employees can share their expectations and suggestions with their managers such as self-evaluation meetings and open door meetings. Otokar also supports the works of non-governmental organisations and platforms of which it is a member, by participating in their management.

STEADY GROWTH,
CONTINUOUS
DEVELOPMENT



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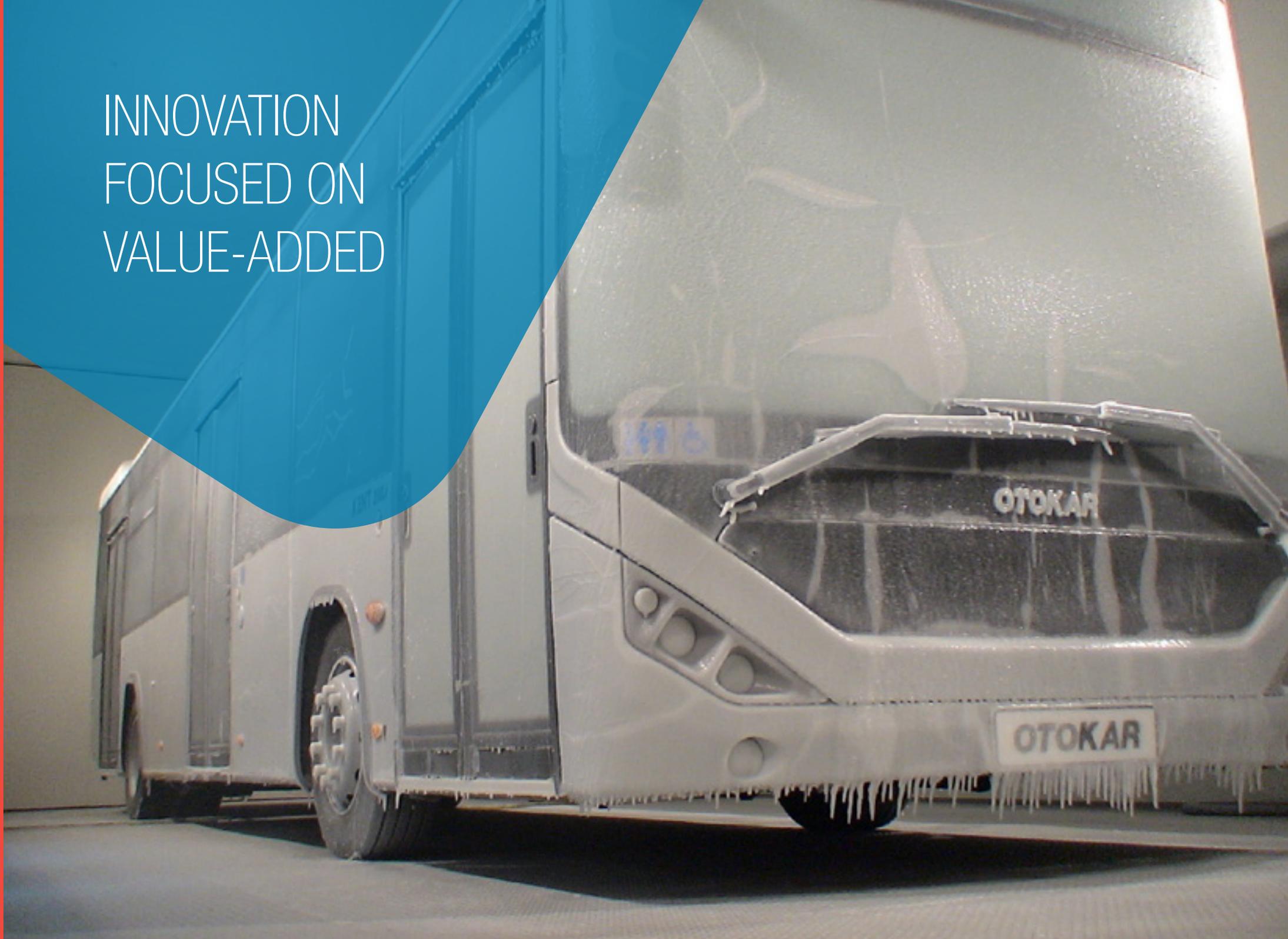
Established in 1963 with an aim to provide public transportation and freight shipment, and defence industry products through 100% local capital using its technology, design and practices, Otokar has now become the most preferred bus brand in all the segments it operates, leading military land vehicles manufacturer and the largest private capital defence industry corporation in Turkey. Otokar operates with its 2,273 employees at its Sakarya Factory covering an area of 552,000 m², and provides service to its customers via nearly 300 authorised sales and service points in over 60 countries.

Otokar preserved its position as a market leader in Turkey in the totality of bus segments it operates in 2016 as two of every five buses carry Otokar brand. Lithuania, Holland and Jordan were added to its bus exportation

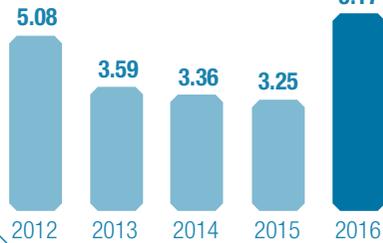
destinations. This year, technology and engineering exportation has been realized to produce Sultan brand buses in Iran. Preserving its leader position ground systems in local markets, Otokar exported its defence industry products to more than 30 countries. Despite shrinking market, Otokar has succeeded in increasing its sales income by 14% compared to the previous period.

Otokar has competitive advantages as it operates in niche markets with 100% local capital, and Otokar's success is based on its R&D competence. Converting technology, designs and practices whose intellectual rights it owns 100% into products that comply fully with customer expectations, Otokar has allocated 4.1% of its turnover to R&D activities in the last decade.

INNOVATION
FOCUSED ON
VALUE-ADDED



R&D EXPENDITURES TO TURNOVER RATIO (%)



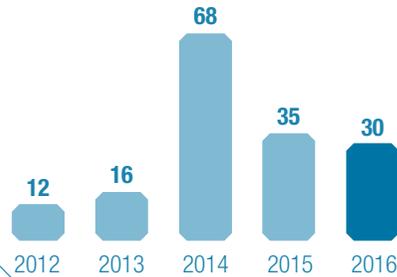
R&D EXPENDITURE (MILLION TL)



NUMBER OF R&D EMPLOYEES



NUMBER OF OBTAINED PATENTS



Adopting the goal of producing its own technology and products in its activities for over 50 years, Otokar performs the design and manufacture of the most complex vehicle groups such as defence industry products, public transportation and flight shipment products with information packages that are its own intellectual property.

Increasing its R&D competence every year through constant investment, Otokar realized a total of 84.5 million TL R&D expenditure which corresponds to 5.17% of its turnover in 2016. Thus, Otokar has allocated an average of 4.1% of its turnover to R&D activities in the last decade. With this high level of competence, Otokar has become one of the rare manufacturers that exports technology and engineering in 2016.

Otokar gathered R&D activities under a single roof through its R&D Centre established in 2004 and has become one of the numbered facilities of the world by developing its R&D and test competence through constant investment. In the consequence that Dynamometric Acclimatised Test Chamber of Otokar R&D Centre was specified as the first and only approved test station in Turkey to be applied to vehicle superstructures for ATP type approval tests last period, the obligatory tests the sector conducts only with an assistance from international institutions will then be carried out nationally in Turkey. Having ISO 17025 accreditation, this system also guarantees laboratories to operate according to international standards. Thus,



Otokar R&D Test Centre has developed its capacity to provide service to national and international automotive and defence industry companies as an independent accreditation centre. To date, the number of Otokar's designs and useful models patent applications has reached 269 with an additional 30 applications executed in the reporting period.

In the reporting period, Otokar, KoçSistem and İSBAK have completed CoMoSeF, the smart mobility technologies project which will pioneer the period of internet of things. The goal of this project conducted according to European Union's Eureka Celtic-Plus is to provide safe driving by transferring road, weather and

traffic information to vehicles. Thanks to this system developed according to the project that aims to create future's smart traffic systems, vehicles will be able to communicate with each other, get in contact with roadside units, and obtain instant real time information from traffic signalization systems. Data that will be obtained via CoMoSeF that will significantly enable traffic management in metropolises will be used to enhance driving safety and support traffic management. It is planned to provide this information to driver, passenger and traffic authorities via mobile applications and services. In this CoMoSeF project conducted with the participation of more than 21 business partners from 7 different countries, Turkish consortium is the only consortium that realizes "on vehicle demo."

DEVELOPING THE SUPPLY CHAIN





Otokar's supply chain involves particularly material supply, as well as certain special service procurements related to logistics and products. Purchasing operations are conducted through tendering procedure from a fairly extensive supply pool consisting of suppliers that fulfil the defined conditions. In 2016, Otokar made direct and indirect purchasing processes from a total of 1,261 suppliers. The total number of suppliers that directly purchase materials was 774, of which 505 were local and 269 were foreign; while the number of suppliers that indirectly purchase materials were 487. During the year, the production they make for Otokar constitutes the main source of income for almost 2% of Otokar suppliers.

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In 2016, Otokar spent around 584 million TL in local supply expenditures, which amounts to 53% of the total supply expenditure of 1.03 billion TL. 992 of the suppliers that actively purchase have local qualifications and the company localization ratio was 79%.

In the process of selecting suppliers, Otokar evaluates suppliers in terms of their financial, commercial and operational qualities with a risk and opportunity-based approach.

Otokar Supplier Policy

Otokar Supplier Policy is based on UN Global Compact principles and Koç Holding Purchase Management System in compliance with the general strategies and policies of Otokar and Koç Holding. Its general supplier



Otokar Supplier Selection Criteria	
Otokar prefers suppliers that;	
<ul style="list-style-type: none"> • Comply with the general policies and strategies of Koç Holding and Otokar, 	<ul style="list-style-type: none"> • Observe employee standards defined by laws and the sector,
<ul style="list-style-type: none"> • Comply with the UN Global Compact, 	<ul style="list-style-type: none"> • Follow legal working hours,
<ul style="list-style-type: none"> • Do not condone child labour, 	<ul style="list-style-type: none"> • Abide by codes of conduct together with company employees,
<ul style="list-style-type: none"> • Do not engage in discrimination, 	<ul style="list-style-type: none"> • Do not resort to psychological or physical pressure or abuse in corporate discipline,
<ul style="list-style-type: none"> • Do not use forced labour, 	<ul style="list-style-type: none"> • Offer a competitive advantage,
<ul style="list-style-type: none"> • Comply with confidentiality of information, 	<ul style="list-style-type: none"> • Invest in technology development and human resources,
<ul style="list-style-type: none"> • Do not prevent collective labour agreements and unionisation, 	<ul style="list-style-type: none"> • Supply quality products on time and under competitive conditions,
<ul style="list-style-type: none"> • Observe occupational health and safety rules, 	<ul style="list-style-type: none"> • Place emphasis on research and development to specialise in their own field ,
<ul style="list-style-type: none"> • Pursue production operations conforming to national and international standards with regard to environmental and occupational safety issues. 	
<p><i>As part of the agreements they enter into, Otokar suppliers commit to comply with the UN Global Compact, legal regulations about the environment and requirements of Otokar's ISO 14001 Environmental Management System.</i></p>	



approach is to establish long-term business relations based on code of conduct, mutual trust and cooperation with suppliers that are regarded as business partners.

Otokar, which primarily prefers companies that operate in its vicinity in supplier election, evaluates all national and global supply alternatives in order to preserve its competitive quality. The responsibility for the monitoring of the compliance of decisions taken and works conducted within the framework of supplier relations with relevant legal regulations and other corporate policies belongs to the General Manager.

Effective Communication and Cooperation with Suppliers

Otokar has developed various channels in order to maintain its effective and uninterrupted communication with suppliers. The monitoring of supply processes is ensured through the vSRM channel, a web based portal. Through this channel, suppliers are informed regarding purchasing policies and current developments. VMI (Vendor Managed Inventory), BTO (Build to Order), KANBAN and JIT (Just in Time) applications are pursued to increase the efficiency of supply operations.

A significant amount of cooperation with suppliers consists of new product and mutual product development studies. With an aim to conduct these studies mutually by Otokar and supplier engineers in coordination, thousands of cooperation meetings are organized with these suppliers each year.

Otokar Supplier Evaluation Methodology			
Score	Category	Action	Improvement activities
<40	D	Cooperation with supplier is terminated.	
40-65	C	Suppliers whose improvements are followed.	Joint activities are carried out in order to ensure that the suppliers in categories B and C could advance to the upper category (shipment and order arrangement, packaging improvements, quality improvements, etc.)
65-85	B	Suppliers whose improvements are followed.	
>85	A	Preferential Suppliers	



Supplier Performance Assessment Practices

When auditing its suppliers, Otokar follows a systematic method that involves environment, occupational safety, working norms, human rights and similar principal parameters in addition to quality, logistics and cost criteria. The 10 principles of the UN Global Compact are among the issues checked as part of these audits. Otokar commits to disseminate compliance with the articles of the Global Compact throughout its value chain in addition to its own operations and to enhance awareness in this issue.

In the annual audit plans established with a risk-based approach, companies that have system standards such as ISO 14001, OHSAS 18001, ISO 9001, or adopt international initiatives such as the Global Compact are evaluated as belonging to a low-risk group. The auditing of companies without such qualifications is prioritised.

In consequence of the performed audits, improvement plans are designed, training activities are organised for companies that do not completely meet the expected performance and risk criteria. Business relations with suppliers that fail to meet the minimum performance criteria are terminated.

In 2016, extensive supplier auditing works that include the principles of human rights, child labour, forced or unfree labour, right of association, working conditions and working hours have been realized.

While auditing works have been carried out in 27 suppliers, the self-audit methodology developed during the year was applied in 66 suppliers. According to the results of auditing works, there were no supplier companies whose services were terminated on the grounds of failure to meet minimum requirements. During the year, no noncompliance is detected in 97 suppliers that were audited in regards to environmental criteria.



WIDE DEALER AND SERVICE NETWORK

The prevalence of Otokar's dealer and service operations that encompass a significant part of its value chain is a crucial factor that eases access to products and services for customers and increases product quality. Otokar brings its products together with its customers at nearly 300 points worldwide; offering aftersales services ensures the resolution of customer complaint.

Working norms and service quality of dealer and service points are crucial for a sustainable value chain. Otokar expects its business partners to adopt identical, social, environmental and ethical working norms and offers them improvement plans aimed at enhancing their business processes and service qualities.

IMPROVING CUSTOMER SATISFACTION

Customer-oriented approach and improving customer satisfaction are among Otokar's continuous improvement areas. Customer demands and expectations are evaluated as an opportunity in developing product and business processes. Otokar Customer Satisfaction Policy aims to ensure unconditional customer satisfaction and to establish long-term relations based on trust with customers.

Customer satisfaction level is monitored through custom and periodic researches carried out in different fields. For this purpose, Otokar conducts

Welcome to Otokar Survey, Customer Satisfaction Survey, Dealer Satisfaction Survey, Service and Product Satisfaction Surveys. ; and Brand Perception Investigations. According to the results of these surveys, during the reporting period, customer satisfaction level of Otokar has been identified as above the sector average.

Considering that unconditional customer satisfaction is oriented in an approach that should be reflected to value chain in general from supply to sales and services, the management of customer satisfaction processes is under the responsibility of different department organized under Aftersales Services Directorate. For instance, through Customer Relations Management Department (CRM), Otokar customers receive service for 7 days, 24 hours. The expert personnel generate constructive solutions for customer notices, demands, requests and expectations in the shortest time. This process is certified through ISO 10002 Customer Satisfaction Management System Standard for quality assurance. All departments that communicate with its customers such as dealers and services in Otokar's aftersales service processes undergo trainings in accordance with working principles suggested in ISO 10001 Standard. Other systems effective in establishing aftersales customer satisfaction include TS 12681 and TS 12047 Service Competency Certificates.



PRODUCT AND SERVICE RESPONSIBILITY

Otokar defines its product responsibility understanding as offering reliable products and services with superior quality norms, constantly improving products and services, and offering aftersales services through customer oriented approaches. Within the framework of its product responsibility understanding, Otokar manages the constant improvement of the safety conditions of products, the information of customers regarding products and product utilization, and the management of social, economic and environmental impacts generated by products and services.

While meeting new products and technologies with its customers, Otokar aims to provide excellent quality norms available. All quality standards and norms adopted in this context are managed through QDMS system. Otokar Quality Policy that encompasses these systems is shaped around the following 5 principles:

- Identifying customer needs and expectations through customer cooperation, offering and implementing solutions;
- Supporting the continuity of customer satisfaction with aftersales activities;
- Pursuing and implementing new technologies and quality techniques devoted to constantly improving product quality;
- Popularising the total quality philosophy across the company and creating its infrastructure, engaging in training activities;
- Organising works to minimise the number and cost of errors and ensuring their continuity.



Otokar makes use of methodologies such as ISO 9001 Quality Management Standard, AQAP 2110 Military Quality Assurance System, ISO 3834-2 Resource Competency Certificate, and 6 Sigma DMAIC to assure quality in production processes.

All Otokar products are manufactured at quality standards conforming with all the legal regulations in the markets of operation. The legislation regulating the quality norms of products is constantly tracked, the continuity of compatibility is ensured. In the reporting period, no cases of noncompliance were identified in legal legislations of the markets in which the products are used in regard to product and safety norms.

Otokar website, product information forms, user guides, vehicle modification manuals are tools for customers to access product components, usage characteristics, environmental impact qualifications and safe usage manners. Otokar Customer Services Hotline and authorized dealers and services are also other channels for customers to access this information and convey their complaints and requests.

Operating in defence industry as well, Otokar attaches critical importance to safety of information regarding product and service responsibility. For this reason, all processes are executed in compliance with ISO 27001

Information Security Management Standard and AQAP 2110 NATO Quality Assurance Requirements for Design, Development and Production Standard.

Due to their characteristics, defence industry products can only be sold to the Turkish Armed Forces and Security Forces in accordance with the conditions determined by laws. The exportation of defence industry products is realised with the information and permission of the Turkish Republic Ministry of National Defence. Otokar acts in accordance with the law regulating export licences and makes sales solely to governments and public institutions.



PEOPLE-ORIENTED WORKPLACE





Otokar aims to be a company where there is mutual trust and respect, and diversity and participation are valued. Otokar, which regards its employees, who play the most significant role in achieving sustainable business success, as its most precious asset, provide them with an egalitarian, development-oriented working environment where human rights are esteemed.

Recruitment, career planning, performance evaluation and remuneration processes as well as employee development and training programs are determined

within the framework of Human Resources policy and are conducted within the context of Personnel Regulation. The General Manager is responsible for decisions made and works conducted in human resources processes.

Otokar adopts the principles of UN Global Compact, of which Koç Holding is a signatory, both in corporate operations and the value chain. Otokar acts in compliance with human rights, and in accordance it does not discriminate on the basis of race, gender, political tendencies, philosophical views, religion or sect in human resources processes, nor does it engage in acts that might be considered discriminating. Adopting “equal pay for equal work” principle, Otokar does not discriminate between the wages of women and men employees. The wage differences between employees fulfilling the same task result from objective criteria, such as seniority and performance based remuneration.

In an effort to maintain social gender equality, Otokar conducts activities to enhance the working lives of women and supports the commitments and projects devoted to women, actualised under the leadership of Koç Group, with in-company activities. Besides Koç Holding is signatory of Equality at Work Declaration published by Equality at Work Platform, and Women Empowerment Principles. Through the Otokar Women’s Club acting within this context, Volunteering Otokar employees support the enhancement of the quality of life of disadvantaged women and children.



PERFORMANCE AND TALENT MANAGEMENT

Otokar supports the personal and professional development of its employees with various training and development practices. Besides, all employees are provided with feedbacks regarding their performance through active performance assessment system.

Office employees' performance measurement and assessment processes are carried out with systematic methods and the participation of employees. Otokar managers come together with employees once a year through performance assessment meeting. In result of the assessments carried out, employees whose performance levels remain below expectations are interviewed again at midyear and future plans regarding the employee's development are drawn.

In field workers' performance assessment processes, employees' technical and behavioural skills are evaluated by way of scorecards. As for the performance assessment of team leaders, target-score application is used. In the performance assessment process, employees' development areas are identified and their participation to appropriate training programs is encouraged.

Otokar follows objective and systematic approaches in the remuneration of employees. The work performed and responsibility assumed are the basic criteria for determining wage levels, and gender differences do not influence remuneration. Otokar's remuneration policy involves the remuneration systems and practices concerning Board of Directors members with executive responsibility and senior managers, within the scope of





On-the-job Training Program

Otokar carries out On-the-job Training Program in collaboration with Turkish Employment Agency to meet the company's need for fieldworkers with qualified candidates and train equipped work force for the market. In the reporting period, Automotive Painting Course was opened within the scope of the program in Arifiye plant. Candidates started working at Otokar after successfully completing the course.



Otokar Service Awards System

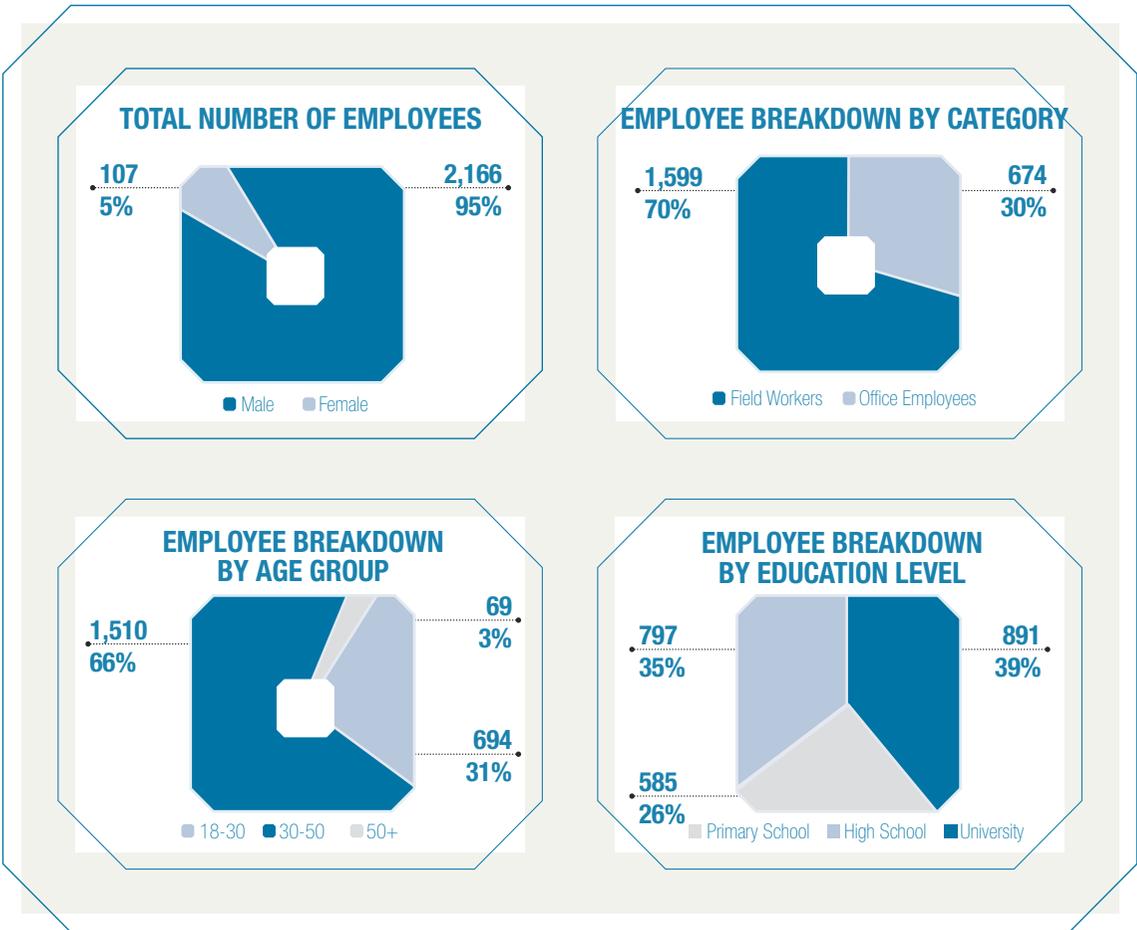
The devotion of its employees is the most significant factor that enabled Otokar to have a deep-rooted history and come to these days successfully. Based on this knowledge, employees with certain seniority were given awards proportionate to their seniority, through Otokar Service Awards System introduced in 2016.

Capital Markets Board regulations. Detailed information regarding this topic is available at www.otokar.com.

Providing opportunities for personal and professional development to ensure effective execution of operations and satisfaction of employees is among the primary priorities of Otokar. Supporting employees with training activities that they need form the basis of Otokar's training and development policy. The training needs of employees are determined within the framework of data obtained through performance results of the previous year, performance feedback interviews and development planning meetings. In the reporting period, 2,739 employees were given 70,525 person x hours of training, and total training hours have risen 15% compared to the previous year.

Supporting Vocational Training

Operating in an industry with a high demand for qualified workforce, Otokar developed various vocational training processes with the purpose of helping youth gain competence appropriate for the expectations of the industry, and employing more youth and providing resources for other industrial institutions in the same line of work. Through the ongoing projects within this framework, the company continues to contribute to the training of qualified fieldworkers in areas of expertise where human resources lack, by developing collaborations with national institutions and ministries such as Turkish Employment Agency, Ministry of Labour and Ministry of National Education. Besides, it offers vocational training opportunities devoted to the disabled, aiming to increase the employment of disabled personnel in these specialised lines of work.



Otokar employees can also benefit from training and development opportunities offered by Koç Group. Koç Holding's 'You Are the Leader' Program, Koç University Master's Programme (e-MBA), Koç Group Internal Coaching System are among development programs participated by Otokar employees.

To encourage employee participation, employees' suggestions regarding the improvement of company procedures are evaluated. In the reporting period, Otokar employees provided 2,753 suggestions, 1,432 of which were implemented.

At Otokar, besides social activities carried out with the purpose of enriching social lives of employees in the company, Employee Support Program was launched to support their private lives. Within this program, all employees can get psychological, medical, financial and legal counselling on the phone from experts on said fields. In addition, employees can get psychological counselling face-to-face free of charge when they need. Moreover, thanks to Dietician Polyclinic which was launched in 2016, participants took important steps towards a healthy life.



Otokar OHS Policy

Otokar regards its employees as its most valuable asset in the operations conducted to provide competitive edge and attain strategic goals in line with its main mission. Otokar takes it as a principle to take the measures required to create a healthy and safe working environment for its employees and for everyone present on the production site for business, internship or visit. In order to create a healthy and safe working environment, Otokar;

- Follows developments in Occupational Health and Safety, complies with current legal regulations and fulfils its liabilities arising from agreements.
- Defines and analyses the occupational health and safety risks of its operations and takes measures to minimise such risks in order to prevent injuries and illnesses in relation to its operations.
- Conducts the necessary training and information activities for its employees and everyone present on the production site for business, internship or visit in order to raise their awareness of individual or corporate responsibilities.
- Conducts its operations in compliance with the requirements of the Occupational Health and Safety Management System. Sets goals and creates management programmes, monitors the results and puts preventive actions into effect in case of deviations from goals in order to continuously improve the Occupational Health and Safety System and Occupational Health and Safety performance.

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety is among Otokar's basic priorities. Carrying on production works with top-end safety measures, Otokar aims at creating safe working fields for its employees and other stakeholders in the production fields. OHS issues are managed by the Occupational Health and Safety Department consisting of occupational safety experts, workplace doctors and allied health personnel. The Occupational Health and Safety Department operates under the Human Resources Directorate that reports directly to the General Manager.

Occupational health and safety issues are conducted within the framework of Otokar OHS Policy signed by the General Manager. OHS Policy is shared with employees through internal communication tools such as notice boards, intranet system and trainings. Besides, it is submitted to the stakeholders' information on website.

Occupational and safety practices are conducted in compliance with OHSAS 18001. The process of the acquisition of OHSAS certification and OHSAS interim certification audit which is to be conducted in 2017 will provide an important opportunity for the dissemination of occupational safety works throughout all departments and for a fast progress in the development of occupational safety culture.

There is an Occupational Health and Safety Committee established with the purpose of reducing occupational health and safety risks at Otokar operation sites and improving the performance in this area. 60 members, 16 of which are employee representatives, are assigned in

the 7 OHS Committee within Otokar. The committees carry out their activities in compliance with the requirements determined by relevant laws.

In the reporting period, 18 occupational health and safety boards have been realised, 12 of which were occupational safety boards and 6 were contractor occupational safety boards. Accident indicators are put forth in units, and root cause analysis of accidents and measures taken are shared in OHS board meetings.

OHS trainings are conducted with the purpose of enhancing the awareness of employees regarding occupational health and safety. Within this scope, 24,630 personxhours of training were provided for 1,647 people in the reporting period.

Risk analysis studies are conducted to assess the health hazards that may result from the environment that employees work at. In the reporting period, 230 people were given ergonomic risk assessment at 170 different spots and risk analysis has been conducted at 31 different spots with OHS experts and workplace doctors.

Otokar aims at ensuring that its employees are protected against occupational and general diseases. Accordingly, 2030 employees were medically examined in the reporting period.

Performance targets regarding occupational health and safety are assigned at department and employee level and annual work programs are prepared. Compliance with the targets and work program form input for performance assessments. Occupational Health and Safety performance is assessed through annual Management Review meetings and reported monthly to relevant departments.



ENVIRONMENTALLY
FRIENDLY
PRODUCTION





Otokar's environmental management developed based on "environmentally friendly production" principle steers Otokar Environmental Policy and ISO 14001 Environmental Management System Standard. Full compliance to current legal legislation is primary in environmental management; systems and procedures followed are structured according to internationally acknowledged principles that serve as a model. Environmental management practices followed earnestly are constantly developed according to feedbacks gathered from stakeholders.

Otokar Environmental Policy available for all stakeholders in the corporate website commits to protect environment,

to use natural resources effectively, to comply with the legal legislation, to generate constant improvement studies to reduce environmental impacts, and to establish systems and processes for effective application and audit of these studies.

Otokar Board of Directors is responsible for determining strategic orientations in environmental topics. The compliance of the decisions taken and works conducted in accordance with the identified strategic orientations, their implementation and conformance to environmental laws and regulations are the responsibility of Otokar General Manager, who is also a member of the Board of Directors. Otokar senior management reviews environmental management systems and the conformity, competence and efficiency of these systems through periodic meetings. Activities regarding environmental issues are carried out by the Environmental Management Department organised under the leadership of the Production and Facility Engineering Director and the Investment Department Manager.

Otokar Environmental Management is conducted to ensure effective use of natural resources such as water and energy and other materials, combatting climate change, management of waste water, solid waste and GHG emissions, minimization of operations' impacts on environment and biodiversity, compliance with environmental laws and regulations, environmental training and awareness-raising studies for employees and related stakeholders, and communication and cooperation with non-governmental organizations and other related stakeholders. Environmental impact minimization, periodic controls, and waste management and hazardous waste elimination processes are carried out based on defined procedures. These procedures are submitted to related



studies, Otokar News from the Factory Bulletin, Otokar OHS Bulletin, sub-industry trainings and environmental information notes.

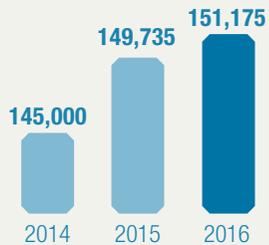
Otokar carries out its environmental management with an approach that is oriented in the whole value chain. Otokar also expects its suppliers and business partners to adopt an identical environmental management approach. The level of environmental management, primarily ISO 14001 certification, is regarded as a significant criterion for supplier selection. Environmental management systems and practices of suppliers are monitored via field audits and self-assessment systems. Development plans befitting suppliers are prepared in accordance with the obtained results and the implementation processes of these plans are monitored.

The level of awareness and know-how is an important component of environmental management. Thus, Otokar carries out training activities for its employees and subcontractor employees. In this context, in 2016, Otokar employees are provided with 320 person x hours training, while subcontractor employees with 35 person x hours training on environment. It is aimed to extend environmental trainings to different populations of the society, starting from local stakeholders, and to develop environmental awareness in the society. In this context, 434 person x hours environmental trainings based on social responsibility are provided in the reporting period.

In 2016, Otokar has allocated over 530,000 TL resource to studies conducted to improve environmental performance.

WATER MANAGEMENT | MATERIAL AND WASTE MANAGEMENT

TOTAL WATER REUSED THROUGH RECYCLING (M³)

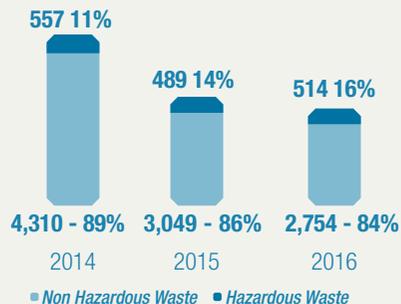


WATER MANAGEMENT

Otokar attaches strategic significance to the continuity of operations and water resources in a social manner and approaches the efficient management of water resources as a prioritised issue. At Otokar, water management activities carried out in compliance with Otokar Environmental Management Principles and ISO 14001 System Standard requirements encompass the issues of efficient water use, water recovery and wastewater management.

In 2016, 213.367 m³ of fresh water has been consumed in Otokar operations. A total of 151.175 m³ water has been recycled through recycling or recovery methods. Thus, 42% of the total water need during the year was met with recovered water which resulted in 7% increase compared to last year.

WASTE AMOUNT BY TYPE (TON-%)



At Otokar Arifiye Plant, there are 2 household wastewater treatment facilities and 2 industrial wastewater treatment facilities. Wastewater treatment works that are performed in line with Otokar Environmental Policy, environmental management system and relevant legal regulations aim for firstly minimising the amount of discharged wastewater, reducing the pollution load to values indicated in discharge licenses, and subsequently discharging wastewater at points identified by legal regulations. A total of 153,984 m³ of wastewater generated in 2016 was treated in these facilities, 88,520 m³ was discharged to the natural receiving environment and 65,364 m³ to wastewater channels after reaching to values below norms indicated by licenses.

The water used in Otokar operations or the discharged wastewater do not have any negative impacts on the biodiversity quality of natural water resources. There are no natural protected areas, protected catchment basins, wetlands, or RAMSAR areas within the area impacted by production facilities. Also, no impact of operations was observed on areas with special status with respect to biodiversity, during the reporting period.

MATERIAL AND WASTE MANAGEMENT

Thanks to studies on efficient usage of materials and resources according to environmental policy, Otokar not only increases its production efficiency but also reduces its environmental impacts. In this context, Otokar carries out reuse and recovery studies in addition to efficient use of materials.

Otokar Environmental Policy and Environmental Management System prescribe the minimisation of wastes generated by production processes before elimination, their sorting at the source and recovery as far as possible. In accordance, wastes generated by operations are recycled by licensed companies. In 2016, the whole 3,268 tons of waste was recycled.

Otokar aims primarily to reduce material consumption through optimization studies and secondly to increase reuse in order to minimize environmental impacts caused by the use of packaging materials. Packaging wastes are recycled when reusing is not possible. In 2016, 188,846 tons of packaging materials have been used. Packaging wastes were recycled by 100%.

CLIMATE CHANGE, ENERGY AND EMISSIONS



You may find Koç Group Climate Change Strategy at [its official website](#).

As an automotive company, Otokar considers climate change as a basic component of its sustainability activities as it is directly related to production processes and product qualities. In this regard, Otokar shapes studies to combat climate change according to a risk and opportunity-based approach. While Otokar conduct projects to eliminate the impacts of production processes and products, it regards the low carbon economy and the expectations of customers in this context as an opportunity and carry out product development studies based on this approach.

Otokar Environmental Policy and R&D Strategy are fundamental internal sources that steer studies to combatting climate change; while Koç Group Climate Change Strategy and 2020 GHG Strategic Plan are the other sources to comply with when conducting these studies. Based on these policies, Otokar calculates and constantly monitors energy consumption and emission amounts occurred during production processes; and aims to eliminate energy consumption and emission amounts through energy efficiency projects. On the other hand, Otokar eliminates product-based emissions through fuel efficiency and alternative-fuelled vehicle development projects conducted in R&D studies. Another important principle of Otokar's climate change studies is to carry out joint studies and to support civil initiatives.

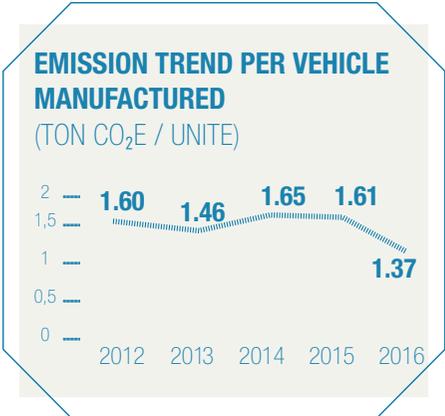
Studies on climate change are executed according to main strategic orientations defined by Otokar Board

of Directors. Serving also as a Board Member, Otokar General Manager is responsible for the compliance of studies on strategic orientations with corporate policies and legal regulations. Otokar senior management monitors the compliance of systems regarding the calculation and reporting of GHG occurred in production processes and the results obtained through periodical meetings. As part of performance management system, energy and GHG emission performance is among the personal goals of unit managers, and has impacts on remuneration system as well.

ENERGY AND EMISSIONS

GHG emissions formed during Otokar operations are basically due to energy consumption occurred in production operations. Thus, energy efficiency projects are the main studies aiming at eliminating greenhouse gas emissions. As a result of illumination and heating efficiency studies, we saved 932 GJ energy annually and reduced 124 tons of CO₂e greenhouse gas emissions.

Otokar GHG emission performance is calculated using ISO 14064-1:2006 Standard, GHG Protocol and IPCC 2006 Tier 1 methods based on direct and indirect energy consumption values; and reported in the annual plan. The emission amount per vehicle produced in 2016 was reduced by 15% to 1.37 ton CO₂e compared to previous year.





GREEN TRANSPORTATION SOLUTIONS

Public transportation plays a crucial role in increasing life quality in cities with rising population. However, GHG emissions occurred due to dense transportation activities are also one of the crucial resources of climate change. Thus, fulfilling public transportation requirement through low cost, comfortable vehicles that have low environmental impacts has become a crucial expectation. Responding to this expectation with vehicle and engine designs whose intellectual

rights it owns 100% is a crucial part of Otokar’s R&D strategy. In this regard, Otokar conducts studies to eliminate fuel consumption and emission levels of vehicles it produces and to develop electric, natural gas and hybrid systems. Thus, conversion of commercial vehicles to Euro 6 emission level continued in 2016 as well. On the other hand, Otokar initiated the designing studies of an electric bus that is 12 meters long this year. Based on this project, the sub-systems of the vehicle have been determined while the analysis and integration studies will continue, a

prototype will be produced, and design assurance activities will be conducted in 2017. Another project that has been completed in reporting period is the CNG Fuel Bus Design Project in which the vehicle will release exhaust gas at Euro 6 OBD-C Emission Levels. With this project, a CNG vehicle with alternative engine, low emission level, low fuel consumption and high transportation capacity has been designed. CNG-fuelled vehicles have been widely used in the world due to their low environmental impacts and fuel consumption efficiency.

CARING FOR SOCIETY



ABOUT THE REPORT

MESSAGE FROM THE GENERAL MANAGER

ABOUT OTOKAR

RESPONSIBLE MANAGEMENT FOCUSED ON SUSTAINABLE DEVELOPMENT

STEADY GROWTH, CONTINUOUS DEVELOPMENT

INNOVATION FOCUSED ON VALUE-ADDED

DEVELOPING TOGETHER WITH VALUE CHAIN

PEOPLE-ORIENTED WORKPLACE

ENVIRONMENTALLY FRIENDLY PRODUCTION

CLIMATE CHANGE, ENERGY AND EMISSIONS

CARING FOR SOCIETY

For My Country

We Support for Social Gender Equality

Environmental Education from Otokar



Otokar regards contributing to the sustainable development of the society in which it operates as an essential responsibility. Operating with the sense of corporate responsibility, Otokar invests in the future by assuming an active role in such issues as social development, and protection and support of environment.

Otokar benefits from the knowledge and labour of its employees trained in various areas of expertise in the solution of social problems, thus contributes to employees' personal development. For this reason, employees are encouraged to voluntarily take part in social projects.

For My Country

By generalising the notion of social responsibility among the companies of Koç Group, its employees, dealers and suppliers, Otokar supports "For My Country" Project that aims at actualising projects that will improve the living standards by developing a more participatory attitude towards social problems and supporting local growth. "For My Country" Project that was launched in the 80th year of Koç Holding, has achieved considerably in the area of social responsibility since 2006. To this day, Otokar has assumed active roles in projects regarding local development, forestation, blood donation and participation of people with disabilities in social life.



We Support for Social Gender Equality

Within the scope of “I Support Social Gender Equality for My Country” project that was launched within Koç Group, 1,826 Otokar employees were trained in the Knowledge Mill seminars, developed by AÇEV with the purpose of developing awareness regarding the issue. In this way, 81% of Otokar employees were trained regarding social gender equality. Otokar, the leader of bus industry in Turkey, promotes best practices within the sector in order to spread “I Support Social Gender Equality for My Country” project in public transportation sector. First project on social gender equality within the bus segment has been launched in March 2016. Awareness raising activities have been conducted in cooperation with IPRU, İSTAB, Captain’s Club, TOF, TOFED, TÖHOB, Tourism Transporters Association and UYOF which are amongst major unions, federations and association of the sector. During 2016, Otokar rewarded organizations which increased female employment and conducted social gender equality studies, thus cherished their support. In 2016, Gürsel Turizm which employed the very first female driver in personnel transportation sector; Muğla Metropolitan Municipality which provided necessary arrangements for recruiting females as municipal public bus drivers and recruited



female drivers; Tursan Tourism which employed female stewardesses for student transportation services and generated a new job segment for females. Otokar aims to promote and spread best practices in public transportation sector dominated by males through rewarding these practices.

Environmental Education from Otokar

Otokar gives education regarding environment in various schools to improve environmental awareness among the adults of tomorrow. Environmental awareness lessons have been given at three primary schools in Sakarya in 2016. Within the scope of the lessons, students were instructed about energy saving, recycling, pollution and their responsibilities regarding the issues as well as climate change and the decrease in energy and water resources which is a problem of both today and tomorrow. Further information were given through games and videos to encourage the students to practice what they learned, at their schools, homes, parks and playgrounds.

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PERFORMANCE DATA

Environmental Performance Data	2012	2013	2014	2015	2016
Total Energy Consumption (GJ)	167,350	184,489	149,684	189,565	180,249
Total Direct Energy Consumption by Source (GJ)	99,193	112,733	88,893	119,415	114,852
Renewable Energy	-	-	225	225	225
Non-Renewable Energy	99,193	112,733	88,668	119,190	114,627
Total Indirect Energy Consumption by Source (GJ)	68,212	71,761	61,291	70,150	65,397
Renewable Energy	-	-	-	-	-
Non-Renewable Energy	68,212	71,761	61,291	70,150	65,397
Energy Consumption per Unit (GJ/unit)	16.66	15.27	17.54	42.964,00	17.32
Energy Reduced (GJ)	2,148	1,135	2,110	5,550	932
Total Greenhouse Gas Emissions (Ton CO ₂ e)	16,117	17,373	14,068	17,883	14,291
Direct(Scope 1)	7,021	7,804	5,895	8,528	5,570
Indirect(Scope 2)	9,096	9,569	8,173	9,355	8,721
GHG Emissions Reduced (Ton CO ₂ e)	287	151	188	492	124
GHG Emissions per Unit (Ton CO ₂ e/Unit)	1.60	1.46	1.65	1.61	1.37
Total Water Withdrawal (m ³)	222,481	195,161	215,050	275,123	213,367
Underground Water	166,020	126,003	147,300	181,960	113,647
Municipal Water	55,561	68,118	65,790	89,303	97,820
Rainwater	900	1,040	1,960	3,860	1,900
Water Withdrawal per Unit (m ³ /Unit)	22.09	16.15	25.23	24.45	23
Water Recovered or Reused (m ³)	-	-	145,000	149,735	151,175
Waste Water Discharge (m ³)	45,738	44,530	43,367	166,200	153,984
Waste Water Sewer	21,420	20,825	21,208	90,180	88,620
Natural Receiving Water	24,318	23,705	23,608	76,020	65,364
Total Hazardous Wastes by Disposal Method (Ton)	562	631	557	489	514
Recycling	545	631	556	489	514
Landfill	17	1	1	0.03	0.03
Total Non-Hazardous Wastes by Disposal Method (Ton)	3,920	5,288	4,310	3,049	2,754
Recycling	3,419	4,572	4,310	3,049	2,754
Landfill	501	716	0	0	0
Environmental Trainings - Attendace (number)	879	978	583	495	1040
Direct Employees	639	740	278	214	355
Contractor Employees	20	83	15	136	35
Social Responsibility	220	155	290	145	650
Environmental Trainings - Total Hours (person x hour)	879	1,729	638.5	332	789
Direct Employees	492	1,370	299	229	320
Contractor Employees	60	204	49.5	104	35
Social Responsibility	220	155	290	145	434

Social Performance Data	2012	2013	2014	2015	2016
Employee Trainings - Attendance (number)	2,652	2,753	2,401	2,498	2,739
Field Workers	2,156	2,205	1,787	1,984	2,031
Office Employees	496	548	614	514	708
Female	64	41	90	93	114
Male	2,588	2,712	2,311	2,405	2,625
Employee Trainings - Total Hours (person x hour)	30,319	38,352	51,208	63,088	70,525
Field Workers	16,662	27,905	33,43	51,303	48,166
Office Employees	13,657	10,447	17,778	11,785	22,359
Female	1,344	856	2,382	2,042	3,307
Male	28,975	37,496	48,826	61,046	67,219
Contractor Trainings - Attendance (number)	25	79	152	301	219
Field Workers	25	79	152	301	213
Office Employees	0	0	0	0	6
Female	0	0	0	12	50
Male	25	79	152	289	169
Contractor Trainings - Total Hours (person x hour)	20	532	190	301,5	1,448
Field Workers	20	532	190	301,5	1,402
Office Employees	0	0	0	0	46
Female	0	0	0	16	320
Male	20	532	190	285,5	1,128
OHS Trainings - Attendance (number)	449	1,988	1,210	1,774	2,294
Direct Employees			-	1,647	2,075
Contractor Employees			-	127	219
OHS Trainings - Total Hours (person x hour)	2,236	11,027	11,534	19,867	25,156
Direct Employees			-	19,674	24,630
Contractor Employees			-	193	526
Injury Rate	1.47	1.4	1.37	1.89	2.24
Female	0	0	0	0	0
Male	1.54	1.46	1.45	1.97	2.34
Occupational Disease Rate	0	0.04	0.04	0.11	0.078
Female	0	0	0	0	0
Male	0	0.05	0.05	0.11	0.082
Lost Day Rate	22.48	32.07	54.24	35.51	28.94
Female	0	0	0	0	0
Male	23.56	33.54	57.33	36.98	30.37
Fatalities	0	0	0	0	0
OHS Committees	1	1	1	1	7
Total Members of OHS Committees	16	13	17	14	60
Employee Representatives in OHS Committees	6	6	6	3	16

Employee Demographics		2012	2013	2014	2015	2016
Otokar Employees		2,281	2,264	2,054	2,105	2,273
	Female	84	99	101	102	107
	Male	2,197	2,165	1,953	2,003	2,166
Contractor Employees		202	218	204	214	221
	Female	19	22	27	49	50
	Male	183	196	177	165	171
Employees by Contract						
	Indefinite Contract	2,088	2,263	2,042	2,081	2,263
	Female	84	99	101	101	107
	Male	2,004	2,164	1,941	1,980	2,156
	Temporary Contract	193	1	12	24	10
	Female	0	0	0	1	0
	Male	193	1	12	23	10
Employees by Category						
	Field Workers	1,686	1,624	1,436	1,484	1,599
	Female	7	9	13	16	18
	Male	1,679	1,615	1,423	1,468	1,581
	Office Employees	595	640	618	621	674
	Female	77	90	88	86	89
	Male	518	550	530	535	585
Employees by Employment Type						
	Full-time	2,281	2,264	2,054	2,105	2,273
	Female	84	99	101	102	107
	Male	2,197	2,165	953	2,003	2,166
	Part-time	0	0	0	0	0
Employees by Education						
	Primary Education	588	566	528	546	585
	Secondary Education	896	855	718	737	797
	University and Above	797	843	808	822	891
Employees by Age Group						
	18-30	935	756	662	538	694
	31-50	1,311	1,465	1,345	1,502	1,510
	50+	35	43	47	65	69
Number of Disabled Employees						
	Field Workers	56	63	56	59	61
	Office Employees	3	3	4	6	6
	Female	1	2	3	5	5
	Male	58	64	57	60	62
Senior Management						

Employee Demographics	2012	2013	2014	2015	2016
by Gender					
Female	0	0	0	0	0
Male	7	6	6	6	6
by Age Group					
18-30	0	0	0	0	0
31-50	4	3	2	1	1
50+	3	3	4	5	5
by Nationality					
TC Citizen	7	6	6	6	6
Expat	0	0	0	0	0
Mid-Level Management					
by Gender					
Female	4	3	3	3	3
Male	65	66	62	62	71
by Age Group					
18-30	0	0	0	0	0
31-50	62	63	57	55	63
50+	7	6	8	10	11
Employees Working Under Collective Bargaining Agreement	1,686	1,601	1,436	1,484	1,599
New Hires	1,377	1,009	344	1,003	1,042
by Gender					
Female	23	24	13	10	17
Male	1,354	985	331	993	1,025
by Age Group					
18-30	947	721	231	646	657
31-50	429	286	113	351	379
50+	1	2	0	6	6
Lay-offs	615	1,026	554	952	874
by Gender					
Female	7	10	11	9	12
Male	608	1,016	543	943	862
by Age Group					
18-30	382	706	325	569	482
31-50	231	312	222	369	374
50+	2	8	7	14	18
Female Employees Took Maternal Leave	4	3	6	7	7
Female Employees Came Back to Work After Maternal Leave	4	3	6	10	8

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GRI CONTENT INDEX



Indicators	Descriptions and Page Numbers	Omissions
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
Corporate Profile		
102-1	Contacts (p.58)	-
102-2	www.otokar.com.tr/en-us/products/Pages/default.aspx	-
102-3	Contacts (p.58)	-
102-4	About the Report (p.4)	-
102-5	About Otokar (p.11)	-
102-6	Steady Growth and Continuous Development (p.22)	-
102-7	About Otokar (p.11); People Oriented Workplace (p.37)	-
102-8	Performance Data (p.50-53)	-
102-9	Developing Together With the Value Chain (p.27)	-
102-10	No significant change has been occurred neither in company's operational or financial structure nor supply chain	-
102-11	Responsible Management Focused on Sustainable Development (p.16, 19); Developing Together With the Value Chain (p.31-32); Environmentally Friendly Production (p.41)	-
102-12	Responsible Management Focused on Sustainable Development (p.16, 19); Developing Together With the Value Chain (p.31-32); Environmentally Friendly Production (p.41)	-
102-13	Memberships (p.20)	-
Strategy		
102-14	Message From the General Manager (p.6)	-
Ethics and Integrity		
102-16	Responsible Management Focused on Sustainable Development (p.16-17)	-
Governance		
102-18	Responsible Management Focused on Sustainable Development (p.15)	-
Stakeholder Engagement		
102-40	Responsible Management Focused on Sustainable Development (p.20)	-
102-41	About Otokar (p.13)	-
102-42	Responsible Management Focused on Sustainable Development (p.20)	-
102-43	Responsible Management Focused on Sustainable Development (p.20)	-
102-44	Developing Together With the Value Chain (p.30)	-
Reporting Practices		
102-45	About The Report (p.4)	-
102-46	About The Report (p.4); Responsible Management Focused on Sustainable Development (p.19)	-
102-47	Responsible Management Focused on Sustainable Development (p.19)	-

102-48	No significant restatements made in information given in previous reports.	-
102-49	Responsible Management Focused on Sustainable Development (p.19)	-
102-50	About The Report (p.4)	-
102-51	About The Report (p.4)	-
102-52	About The Report (p.4)	-
102-53	Contacts (p.58)	-
102-54	About The Report (p.4)	-
102-55	GRI Content Index (p.54-57)	-
102-56	Legal Disclaimer (p.58)	-

Material Issues

Standards	Indicators	Descriptions and Page Numbers	Omissions
Climate Change, Energy and Emissions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.19); Environmentally Friendly Production (p.40-42); Climate Change, Energy and Emissions (p.45)	-
	103-2 The management approach and its components	Environmentally Friendly Production (p.40-42); Climate Change, Energy and Emissions (p.45)	-
	103-3 Evaluation of the management approach	Environmentally Friendly Production (p.40-42); Climate Change, Energy and Emissions (p.45)	-
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Performance Data (p.50-53)	-
	302-3 Energy intensity	Performance Data (p.50-53)	-
	302-4 Reduction of energy consumption	Performance Data (p.50-53)	-
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Performance Data (p.50-53)	-
	305-2 Energy indirect (Scope 2) GHG emissions	Performance Data (p.50-53)	-
	305-4 GHG emissions intensity	Performance Data (p.50-53)	-
	305-5 Reduction of GHG emissions	Performance Data (p.50-53)	-
Vehicles with Minimised Environmental Impact			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.19); Green Transportation Solutions (p.46)	-
	103-2 The management approach and its components	Green Transportation Solutions (p.46)	-
	103-3 Evaluation of the management approach	Green Transportation Solutions (p.46)	-
GRI 302: Energy 2016	302-5 Reductions in energy requirements of products and services	Green Transportation Solutions (p.46)	-
Environmental Impacts of Manufacturing			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.19); Environmentally Friendly Production (p.40-42)	-
	103-2 The management approach and its components	Environmentally Friendly Production (p.40-42)	-
	103-3 Evaluation of the management approach	Environmentally Friendly Production (p.40-42)	-
GRI 303: Water 2016	303-1 Water withdrawal by source	Performance Data (p.50-53)	-
	303-2 Water sources significantly affected by withdrawal of water	Environmentally Friendly Production (p.43)	-
	303-3 Water recycled and reused	Performance Data (p.50-53)	-
GRI 306: Effluents and Wastes 2016	306-1 Water discharge by quality and destination	Performance Data (p.50-53)	-
	306-2 Waste by type and disposal method	Performance Data (p.50-53)	-



Standards	Indicators	Descriptions and Page Numbers	Omissions
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	Environmentally Friendly Production (p.41)	-
Product and Service Responsibility			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.19); Product and Service Responsibility (p.31-32)	-
	103-2 The management approach and its components	Product and Service Responsibility (p.31-32)	-
	103-3 Evaluation of the management approach	Product and Service Responsibility (p.31-32)	-
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product and Service Responsibility (p.32)	-
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product and Service Responsibility (p.32)	-
Human Rights			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.19); People Oriented Workplace (p.34-35)	-
	103-2 The management approach and its components	People Oriented Workplace (p.34-35)	-
	103-3 Evaluation of the management approach	People Oriented Workplace (p.34-35)	-
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	People Oriented Workplace (p.34-35); Performance Data (p.50-53)	-
Business Ethics and Anti-corruption			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.19); Business Ethics and Anti-corruption (p.16-17)	-
	103-2 The management approach and its components	Business Ethics and Anti-corruption (p.16-17)	-
	103-3 Evaluation of the management approach	Business Ethics and Anti-corruption (p.16-17)	-
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Business Ethics and Anti-corruption (p.16-17)	-
Social Development and Employee Volunteering			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.19); Caring for Society (p.48-49)	-
	103-2 The management approach and its components	Caring for Society (p.48-49)	-
	103-3 Evaluation of the management approach	Caring for Society (p.48-49)	-
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Caring for Society (p.48-49)	-
	203-2 Significant indirect economic impacts	Performance Data (p.50-53)	-
Employee Rights			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.19); People-Oriented Workplace (p.34-35)	-
	103-2 The management approach and its components	Sustainability Management (p.19); People-Oriented Workplace (p.34-35)	-
	103-3 Evaluation of the management approach	Sustainability Management (p.19); People-Oriented Workplace (p.34-35)	-
GRI 408: Child Labour 2016	408-1 1 Operations and suppliers at significant risk for incidents of child labour	During the reporting period, no evidence for risk of child labour in Otokar operations has been witnessed. Same principle is also considered during supplier audit process and no risk element witnessed.	-
GRI 409: Forced or Compulsory Labour 2016	409-1 1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	During the reporting period, no evidence for risk of forced or compulsory labour in Otokar operations has been witnessed. Same principle is also considered during supplier audit process and no risk element witnessed.	-
Risk Management			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.19); Risk Management (p.16)	-
	103-2 The management approach and its components	Risk Management (p.16)	-
	103-3 Evaluation of the management approach	Risk Management (p.16)	-



Standards	Indicators	Descriptions and Page Numbers	Omissions
Talent Management			
	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.19); People-Oriented Workplace (p.34-35)	-
	103-2 The management approach and its components	Sustainability Management (p.19); People-Oriented Workplace (p.34-35)	-
	103-3 Evaluation of the management approach	Sustainability Management (p.19); People-Oriented Workplace (p.34-35)	-
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Performance Data (p.50-53)	-
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Performance Data (p.50-53)	-
Stakeholder Engagement			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.19); Stakeholder Engagement (p.20)	-
	103-2 The management approach and its components	Sustainability Management (p.19); Stakeholder Engagement (p.20)	-
	103-3 Evaluation of the management approach	Sustainability Management (p.19); Stakeholder Engagement (p.20)	-
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.19); People-Oriented Workplace (p.34-35, 38)	-
	103-2 The management approach and its components	People-Oriented Workplace (p.34-35, 38)	-
	103-3 Evaluation of the management approach	People-Oriented Workplace (p.34-35, 38)	-
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees	Performance Data (p.50-53)	-
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Performance Data (p.50-53)	-
Innovation			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.19); Innovation Focused on Value-Added (p.24-25)	-
	103-2 The management approach and its components	Innovation Focused on Value-Added (p.24-25)	-
	103-3 Evaluation of the management approach	Innovation Focused on Value-Added (p.24-25)	-
Supporting Local Economy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.19); Steady Growth, Continuous Development (p.22)	-
	103-2 The management approach and its components	Steady Growth, Continuous Development (p.22)	-
	103-3 Evaluation of the management approach	Steady Growth, Continuous Development (p.22)	-
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Performance Data (p.50-53)	-
Customer Satisfaction			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.19); Developing Together With the Value Chain (p.30)	-
	103-2 The management approach and its components	Developing Together With the Value Chain (p.30)	-
	103-3 Evaluation of the management approach	Developing Together With the Value Chain (p.30)	-
Competitive Strategic Planning			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.19); Steady Growth, Continuous Development (p.22)	-
	103-2 The management approach and its components	Steady Growth, Continuous Development (p.22)	-
	103-3 Evaluation of the management approach	Steady Growth, Continuous Development (p.22)	-

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