

Otokar

TSRS-COMPLIANT SUSTAINABILITY REPORT 2025



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ABOUT THE REPORT

The Turkish Sustainability Reporting Standards (TSRS), published in the Official Gazette No. 32414 (duplicate) dated December 29, 2023, entered into force for accounting periods beginning on or after January 1, 2024. As a company subject to the regulations and supervision of the Capital Markets Board and meeting the applicable threshold criteria, Otokar Otomotiv ve Savunma Sanayi A.Ş. ("Otokar" or the "Company") is required to prepare a sustainability report in accordance with the TSRS. Otokar's second TSRS-compliant sustainability report has been prepared by taking into account the transition provisions and applicable exemptions provided under TSRS 1.

The information presented in this report covers the activities of Otokar and its subsidiaries (the "Group") for the period from January 1, 2025 to December 31, 2025. The report has been prepared in accordance with the Turkish Sustainability Reporting Standards (TSRS), specifically TSRS 1 – General Provisions on Disclosure of Sustainability-related Financial Information and TSRS 2 – Climate-related Disclosures, and the applicable legislation published by the Public Oversight, Accounting and Auditing Standards Authority (POA).

The report includes disclosures on the Group's governance structure, strategy, risk management approach, metrics and targets, as well as assessments of the financial impacts of climate-related risks and opportunities. It presents sustainability-related information from an integrated perspective to establish a clear connection between sustainability disclosures and the consolidated financial statements. Certain metrics and disclosures included in this report are based on assumptions and estimates and may be subject to measurement uncertainty. The report was approved by the Board of Directors on 31.07.2026.

Transition Exemptions

In preparing this report for the 2025 reporting period, Otokar has applied the provisions extending the transition exemptions available for initial reporting under the regulation issued by the Public Oversight, Accounting and Auditing Standards Authority and published in the Official Gazette No. 33123 dated December 30, 2025.

Pursuant to the decision extending, by one year, the transition exemptions granted for the initial annual reporting period under paragraphs E4, E5, and E6(b) of TSRS 1 – General Provisions on Disclosure of Sustainability-Related Financial Information for companies that first reported in accordance with the TSRS in 2024, these exemptions have also been applied for the 2025 reporting period. Accordingly, Otokar Otomotiv ve Savunma Sanayi A.Ş. has applied the following transition exemptions:

- **TSRS 1 E4:** Enterprises applying the TSRS are permitted to publish their sustainability-related financial disclosures after the publication of their related financial statements. Accordingly, the Company published its sustainability report on 31.07.2026.
- **TSRS 1 E5:** During the transition period, enterprises are permitted to disclose only climate-related risks and opportunities. Accordingly, the Company has limited its disclosures in this report to climate-related risks and opportunities.
- **TSRS 1 E6(b):** In accordance with the TSRS transition exemption related to the presentation of comparative information, the Company presents comparative information on a limited basis. Climate-related metrics and indicators are presented together with 2024 comparative data, while comparative information on other sustainability-related topics has not been provided under the applicable exemption.

Throughout the report, sustainability- and climate-related topics are presented in the context of the Company's business model, value chain, and strategic decision-making processes. These are discussed under the Governance, Strategy, Risk Management, and Metrics and Targets sections in accordance with the TSRS requirements.



CONNECTION TO FINANCIAL STATEMENTS

The climate-related disclosures in this report cover Otokar Otomotiv ve Savunma Sanayi A.Ş. ("Otokar") and all of its subsidiaries and should be read in conjunction with the consolidated financial statements. Unless otherwise stated, all disclosures relate to the 12-month period from January 1, 2025 to December 31, 2025. The climate-related disclosures have been prepared in accordance with the principle of connected information defined in TSRS 1 and are aligned with the financial reporting cycle. Where appropriate, the financial impacts of climate-related risks and opportunities are reflected in the financial statements. Forward-looking impacts that have not yet been recognized in the financial statements are addressed through qualitative and quantitative disclosures.

The disclosures have been evaluated from an integrated perspective and are linked to the Company's financial position, financial performance, and future expectations. Unless otherwise stated, all financial information in this report is presented in Turkish lira (TL), consistent with the presentation currency used in Otokar's consolidated financial statements.

Otokar 2025 Annual Report, which contains the company's financial statements, is available on the corporate website.

Reporting Guidelines

This report has been prepared in accordance with the guidance provided in TSRS 1 – General Provisions on Disclosure of Sustainability-Related Financial Information and TSRS 2 – Climate-related Disclosures. In addition, for guidance purposes, the report draws on the principles, approaches, and industry-based disclosure requirements set out in the Sustainability Accounting Standards Board (SASB) Standards issued by the International Sustainability Standards Board (ISSB). The activity metrics defined under “Volume 46 – Aerospace & Defense” and “Volume 63 – Automobiles,” included in the guidance documentation for the sector-specific implementation of TSRS 2, have been evaluated, and the indicators relevant to the Company’s activities have been included within the scope of reporting.

Reporting Boundaries and Measurement Approach

Otokar has determined the reporting boundaries for its sustainability disclosures in line with those used in its consolidated financial statements. For this purpose, the Company has adopted the operational control approach. The Company’s subsidiaries, joint ventures, and value chain elements have been included within the reporting scope to the extent that they are relevant. Disclosures related to the value chain have been limited to climate-related matters considered material and likely to have a significant impact on the Company’s operations or on its financial position and performance.

In calculating climate-related metrics, data were obtained through direct measurements whenever possible. Where direct measurement was not possible, nationally and internationally recognized methodologies and assumptions were applied. The Company’s internal systems and relevant operational records served as the basis for data collection and measurement.

Professional Judgments, Assumptions, and Measurement Uncertainties

In preparing this report, Otokar’s management exercised professional judgment in a number of areas. These include defining the reporting scope, identifying climate-related risks and opportunities, determining the scope of value chain disclosures, and selecting the metrics and indicators included in the report.

As part of the materiality assessment, climate-related risks and opportunities that could affect the Company’s financial position, financial performance, and future expectations were evaluated. Disclosures related to material matters have been included accordingly.

Climate-related risks, opportunities, and their financial impacts were assessed based on the information available and reasonable assumptions as of the reporting date. The analyses performed for this purpose took into account anticipated regulatory developments, macroeconomic conditions, and industry-specific dynamics. Actual outcomes may differ from these projections.

Some of the data presented in this report are subject to measurement uncertainty resulting from factors such as limited data availability, the use of estimates, methodological limitations, and calculation approaches. In particular, Scope 3 emissions and value chain data may involve a higher degree of uncertainty due to limitations related to data availability and measurement methodologies. The Company continues to improve data quality and reduce measurement uncertainties.

Audit Process and Assurance Approach

This report has been subject to a limited assurance engagement in accordance with the regulations issued by the Public Oversight, Accounting and Auditing Standards Authority (POA). The limited assurance engagement conducted by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. was performed in accordance with Assurance Standard (AS) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, and Assurance Standard for Sustainability (ASS) 3410, Assurance Engagements on Greenhouse Gas Statements. The related limited assurance report is included in this report.

Material Events After the Reporting Period

Following the reporting period ended December 31, 2025, Otokar evaluated material developments that may affect its financial position, financial performance, and cash flows. On June 3, 2026, Otokar acquired a 96.77% stake in the capital and controlling rights of Automecanica SA, a company that already held the required infrastructure, production facilities, and licenses in Romania, with the objective of directly carrying out the activities

under Romania’s 4x4 Tactical Wheeled Light Armored Vehicle contract. As a result, the company became a direct subsidiary of Otokar. Since then, production at the Mediaş facility has continued under the Otokar umbrella, and vehicle deliveries to the end customer began in July.

Regarding the acquisition of Automecanica S.A.’s shares, Euro 25 million of the total purchase price was paid to the sellers on July 2, 2026, pursuant to the submitted letter of guarantee.

Regarding the contract for 4x4 Tactical Wheeled Light Armored Vehicles, Otokar’s material event disclosure dated March 16, 2026, stated the Romanian courts had ruled that the annulment lawsuits filed by the Company against C.N. Romtehnica S.A. be heard jointly, and further decided, subject to the right of appeal by the opposite parties, to suspend the enforcement of the second payment claim amounting to 230,217,479 Romanian Lei until the court decision became final. In the notes to the financial statements publicly disclosed on March 31, 2026, it was stated that the counterparty had exercised its right of appeal. In the material event disclosure dated July 1, 2026, it was announced that as a result of the appeal review, the relevant court had ruled in favor of the Company and officially dismissed the appeal filed by C.N. Romtehnica S.A.

As stated in the material event disclosure dated July 30, 2026, “pursuant to the authority granted by Article 7 of the Company’s Articles of Association, it has been resolved: to increase the issued capital from TL 120,000,000 to TL 124,800,000 within the registered capital ceiling of TL 3,000,000,000, with the pre-emptive rights of the existing shareholders being completely restricted, through the “private placement” method specified in Article 13 of the Communiqué on Shares No. VII-128.1, to sell all of the shares to be issued within this context with a total nominal value of 4,800,000 TL comprising 480,000,000 shares to Koç Holding A.Ş., to set the price of the shares to be issued determined in accordance with the relevant resolution of the Capital Markets Board and Borsa İstanbul A.Ş.’s Procedure on Wholesale Transactions at no less than their nominal value in any case, and to sign an agreement with Yapı Kredi Yatırım Menkul Değerler A.Ş. to act as the intermediary for the sale of the shares to be issued. The necessary application was submitted to the Capital Markets Board on 30.07.2026 for the approval of the issuance document prepared within this context.”

ABOUT OTOKAR



OTOKAR'S FIELDS OF OPERATION

Otokar Otomotiv ve Savunma Sanayi A.Ş. is an industrial company operating in the commercial vehicle and defense industries, designing, manufacturing, and marketing a wide range of vehicles in these segments. Developing innovative solutions that meet customer needs and strengthening its competitiveness in international markets are among the Company's key strategic priorities.

Founded in 1963 to manufacture Türkiye's first intercity buses, Otokar began its operations with the production of buses and minibuses and joined the Koç Group in 1976. In 1987, the Company expanded into the defense industry and subsequently developed Türkiye's first tactical wheeled armored vehicle, first electric bus, and first indigenous tracked armored vehicle. Having maintained its position as Türkiye's best-selling bus brand across all segments for 17 consecutive years, Otokar serves customers in more than 80 countries across five continents.

In the commercial vehicles segment, Otokar manufactures buses and light trucks and also distributes pickup trucks. In the defense industry, the Company designs and manufactures a wide range of tactical wheeled and tracked armored vehicles, as well as turret systems.

In 2025, Otokar was Türkiye's leading exporter of land systems in the defense

industry. Its tactical wheeled and tracked armored vehicles and turret systems, developed with owned intellectual property rights, are exported to nearly 50 countries worldwide.

Otokar's domestic and international operations encompass sales, marketing, and business development activities. Through its

subsidiaries and joint ventures, the Company maintains a presence across multiple geographic regions, while operating within a multi-stakeholder value chain.

The business activities of Otokar's subsidiaries and joint ventures, included in the 2025 consolidated financial statements, are listed below.

Otokar's Subsidiaries Ventures	Country	Main Field of Operation	Industry	2024 Effective Shareholding Rate [%]	2025 Effective Shareholding Rate [%]
Otokar Europe SAS	France	Sales and Marketing	Automotive	100.00	100.00
Otokar Land Systems LLC	United Arab Emirates	Sales and Marketing	Automotive and Defense	100.00	100.00
Otokar Europe Filiala Bucuresti S.R.L.	Romania	Sales and Marketing	Automotive	100.00	100.00
Otokar Central Asia Limited	Kazakhstan	Sales and Marketing	Automotive and Defense	100.00	100.00
Otokar Italia S.R.L.	Italy	Sales and Marketing	Automotive	100.00	100.00
Otokar Land Systems S.R.L.*	Romania	Manufacturing, Sales and Marketing	Automotive and Defense	-	-

*Otokar Land Systems S.R.L. was established on March 24, 2025 in Romania to engage in the production, sales, and marketing of automotive and defense industry products.

Otokar's Business Partners	Country	Main Field of Operation	Industry	2024 Effective Shareholding Rate [%]	2025 Effective Shareholding Rate [%]
Al Jasoor Heavy Vehicle Industry LLC	United Arab Emirates	Sales and Marketing	Automotive and Defense	49.00	49.00
Sisteme de Aparare Romania (SAROM) S.R.L.**	Romania	Manufacturing, Sales and Marketing	Automotive and Defense	-	50.00

**Sisteme de Apare Romania (Sarom) S.R.L., in which Otokar Land Sytems Limited, a subsidiary of Otokar, holds a 50% stake, was established on May 28, 2025 in Romania to engage in the production, sales, and marketing of automotive and defense industry products.

OTOKAR'S BUSINESS MODEL AND VALUE CHAIN

Otokar's business model is based on an integrated structure encompassing product development, manufacturing, sales, and after-sales services. The Company upholds the principles of quality, efficiency, and sustainability throughout its value chain.

Otokar closely monitors technological developments in line with the dynamics of the industries in which it operates, complies with applicable regulatory frameworks, and integrates sustainability considerations into its business model. Accordingly, low-carbon technologies, energy efficiency, and the reduction of environmental impacts are key components of the Company's value creation approach. In line with its global growth strategy, the Company aims to expand its international operations and increase access to new markets.

Digitalization and effective data management are strategic priorities across all stages of the value chain. Operational processes are continuously enhanced through technology-driven approaches. Otokar maintains high standards of data governance, regulatory compliance, privacy, and information security. The Company therefore positions data protection, regulatory compliance, and cybersecurity as integral to its business practices, supporting a reliable, transparent, and sustainable operating model.

In preparing its climate-related disclosures, Otokar evaluated the activities of the Company, its subsidiaries, and its joint ventures. The chart below provides an overview of Otokar's operations and its upstream and downstream value chain relationships.



R&D and Innovation

R&D activities involving the development of new products and technologies to meet customer needs and expectations, market requirements, and applicable regulations. Research and development is primarily focused on alternative fuel and electric vehicle technologies, reducing environmental impact, improving energy efficiency and safety, designing sustainable products, and creating innovative solutions. This process applies to operations in Türkiye.

GOVERNANCE



GOVERNANCE

Otokar has established a governance framework that integrates corporate governance, risk management, and internal control systems to ensure the effective oversight, management, and control of sustainability- and climate-related risks and opportunities.

Body	Duties and Responsibilities
Board of Directors	As the highest decision-making body, the Board of Directors approves strategies and policies.
Sustainability Committee	Chaired by the General Manager, the Sustainability Committee oversees the development and implementation of sustainability strategies and policies. It regularly reports to the Board of Directors.
Corporate Communications and Sustainability Directorate	The Directorate communicates strategies and policies to the Sustainability Committee, and is responsible for their implementation, monitoring, and reporting. It also coordinates the Sustainability Working Groups.
Sustainability Working Groups	The Working Groups do not have decision-making authority. They conduct technical evaluations, develop recommendations, and support implementation efforts.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES

At Otokar, the Board of Directors is the highest governing body responsible for overseeing sustainability-related decisions and monitoring relevant risks and opportunities. The Board establishes and approves the Company's strategic direction on environmental, social, and economic matters and oversees senior management's performance in implementing these strategies. The Board of Directors is regularly briefed by senior management at least twice a year on sustainability- and climate-related risks, opportunities, strategic developments, and performance indicators. The Board considers these assessments in establishing strategies, risk management processes, significant investment and business decisions, and monitoring performance.

The Board of Directors carries out these responsibilities through its committees, senior management, and various operational functions. These responsibilities are embedded in job descriptions and corporate policies. Otokar's sustainability governance framework covers both the Company and its subsidiaries. The decisions, strategies, and objectives established through this governance structure are binding for Otokar and all of its subsidiaries.

Corporate Governance Committee

The Corporate Governance Committee supports the integration of sustainability- and climate-related matters into the Company's corporate governance framework and facilitates their consideration by the Board of Directors. It reviews the Capital Markets Board's

Sustainability Principles Compliance Report before submitting it to the Board for approval and public disclosure. The Committee also monitors sustainability performance and evaluates opportunities to further strengthen related policies and practices.

Risk Management Committee

Risk management activities are led by the General Manager and overseen by the Board of Directors in accordance with the principle of shared responsibility across all levels of the organization. The Risk Management Committee is responsible for identifying, assessing, and monitoring sustainability- and climate-related risks and opportunities. Meeting six times a year, the Committee evaluates the Company's exposure to sustainability- and climate-related risks and submits recommendations to the Board of Directors on the management of those risks. Sustainability- and climate-related risks are managed as an integral part of the Company's enterprise risk management system.

Audit Committee

The Audit Committee oversees the accuracy and reliability of disclosures regarding sustainability- and climate-related risks and opportunities, as well as the effectiveness of internal control systems. Sustainability- and climate-related data are evaluated and reported in conjunction with the Company's financial reporting and internal control mechanisms.

SUSTAINABILITY ORGANIZATIONAL STRUCTURE

At Otokar, sustainability- and climate-related risks and opportunities are managed through an organizational structure operating under the oversight of the Board of Directors, ensuring effective coordination between strategic direction and operational implementation.

Sustainability Committee

At the executive level, the Sustainability Committee, chaired by the General Manager, coordinates sustainability- and climate-related activities. The Committee is responsible for developing, implementing, and monitoring sustainability strategies. It also identifies material topics, reviews and approves annual targets, and monitors performance against those targets. In addition, the Committee coordinates the processes for setting sustainability targets, tracking progress, and reporting results to senior management. It also plays an active role in evaluating greenhouse gas reduction initiatives, sustainability- and climate-related risks and opportunities, and regulatory developments.

The Sustainability Committee meets regularly at least twice a year and convenes more frequently when necessary or in response to significant developments. Meeting agendas are informed by analyses prepared by the working groups, stakeholder feedback, and regulatory developments. Resolutions are passed by majority

vote, and external expert opinions are obtained when appropriate. Material developments and Committee resolutions are reported to the Board of Directors through the General Manager.

The Sustainability Committee consists of the following 11 members:

Committee Chair	General Manager
Members	• Assistant General Manager - Commercial Vehicles • Assistant General Manager - Operations • Assistant General Manager - Military Vehicles • Assistant General Manager - Finance • Group Director - Commercial Vehicles Engineering • Group Director - Bus Marketing and Sales • People, Culture and Transformation Leader • Purchasing Director • Systems and Production Engineering Director • Corporate Communications and Sustainability Director

Sustainability Working Groups

Thematic sustainability working groups have been established under the coordination of the Corporate Communications and Sustainability Directorate to monitor progress toward sustainability targets. The activities, evaluations, and analyses conducted by these groups are reported regularly to the Sustainability Committee.

OPERATIONAL LEVEL RESPONSIBILITIES

Sustainability is embedded in the responsibilities of business functions across the Company, including R&D, Human Resources, Production, and Investment. Industry-specific and regional regulations, such as European Union legislation, guide R&D activities, while the Koç Group's gender equality goals shape Human Resources practices. As a result, sustainability has become an integral part of the day-to-day activities of the relevant departments.

Corporate Communications and Sustainability Directorate

Reporting directly to the General Manager, the Corporate Communications and Sustainability Directorate is responsible for coordinating environmental, social, and governance (ESG) activities, supporting strategic decision-making, and facilitating the implementation of sustainability targets. The Directorate also oversees internal communication on sustainability matters, promotes the integration of the sustainability strategy across all Company functions, manages sustainability-related engagement with external stakeholders, and measures and reports sustainability performance.

Internal Control

The Company has established internal control systems and procedures to support the management of sustainability- and

climate-related risks and opportunities. These systems are integrated with financial reporting processes to help ensure the accuracy and reliability of sustainability-related data.

Policies and Procedures

In addition to the sustainability governance framework, corporate policies and procedures support the implementation of sustainability-related processes. The Company's commitments to the efficient use of natural resources and the reduction of environmental impacts are reflected in its Environmental Policy and Energy Policy. These policies are approved by the Board of Directors and communicated to all employees.

The Company's policy objectives are supported by implementation documents, including the "Greenhouse Gas Management Procedure," "Environmental Impacts Procedure," "Environmental and Energy Management System Legal and Other Obligations Procedure," and "Energy Management Procedure." In addition, the "Corporate Risk Management Policy" and the "Corporate Risk and Opportunity Management Procedure," laying out a company-wide enterprise risk management approach, and the "Compliance Policy," defining ethical compliance standards, provide guidance for sustainability practices. Otokar also holds ISO 14001, ISO 50001, and ISO 14064 certifications.

GOVERNING BODY'S COMPETENCIES

Members of the Board of Directors possess the expertise and knowledge necessary to evaluate and oversee strategies related to sustainability and climate-related risks and opportunities. To maintain and further strengthen these competencies, training and capacity-building activities are planned and implemented as needed.

Board members and members of the relevant committees participate in training programs and panel discussions to further enhance their sustainability- and climate-related expertise. Some Board members participate in the annual World Economic Forum (WEF) in Davos as speakers and panelists, contributing to discussions on climate change. Others play a leading role in preparing climate change reports through industry organizations such as the Automotive Manufacturers Association (OSD) and the Automotive Distributors and Mobility Association (ODMD), contributing to the transformation of the automotive industry.

In addition, Board members participate in climate- and sustainability-focused panels, conferences, and meetings organized by Otokar's parent company, Koç Holding, and non-governmental organizations, including the OSD. These engagements enable the Board to stay informed about emerging developments and regulatory expectations and to incorporate these insights into the Company's strategic decision-making. Members of the Sustainability Committee also participate in training programs to further strengthen their sustainability- and climate-related competencies.

The Impact of Sustainability on Remuneration Processes

Otokar's executive remuneration system consists of fixed and performance-based components in accordance with the "Remuneration Policy for Senior Executives and Board Members." The performance-based component is designed to support the Company's long-term strategic objectives and reward sustained performance. Executive bonuses are determined based on the achievement of the Company's annual business objectives and individual performance results. Individual performance evaluations take into account not only financial indicators but also long-term sustainable improvements and alignment with ESG principles.

Otokar integrates its sustainability targets into the Objectives & Key Results (OKRs) system and cascades them throughout the organization. Targets established by Senior Management are diversified and communicated to the relevant executives, managers, and teams. Sustainability- and climate-related targets are included in the OKRs of the General Manager, Assistant General Manager – Commercial Vehicles, Assistant General Manager – Operations, Group Sales and Marketing Director – Buses, and the Corporate Communications and Sustainability Director. Climate and environmental sustainability targets account for 25% of the General Manager's OKRs and are subsequently cascaded to lower levels of the organization. Year-end results confirm the employee's final performance, which serves as basis for pay raises and bonus calculations. Otokar adopts a holistic approach and considers all targets in evaluating employee performance. The proportion of monetary incentives related to environmental management is not disclosed separately.

The proportion of sustainability- and climate-related targets within the overall OKRs varies across senior executives and mid-level managers. Once approved at the beginning of the year, these targets are incorporated into planning and budgeting processes. Progress is monitored through monthly KPI presentations prepared by the relevant teams at the Assistant General Manager level, and corrective actions are taken where necessary. Individual targets are reviewed quarterly through one-on-one meetings with supervisors. Achievement of these targets influences individual performance evaluations and, consequently, remuneration. As a result, sustainability and climate-related targets have become an integral part of senior management's performance assessment. These include strategic priorities such as achieving greenhouse gas emission reduction targets, advancing electric vehicle projects that support sustainable mobility, and developing new sustainability-focused products and services. They also encompass digital transformation projects and the implementation of product-level improvements aimed at increasing cost efficiency and operational effectiveness.

STRATEGY



STRATEGY FOR COMBATING CLIMATE CHANGE

Otokar positions combating climate change and transitioning to a low-carbon economy as a strategic priority. By systematically evaluating the potential impacts of climate change on its business model and operations, Otokar integrates its climate strategy with its Environmental Policy, Energy Policy, and R&D Strategy under the oversight of its Board of Directors. As part of its efforts to combat climate change, the Company aligns with the Koç Holding Carbon Transition Program and aims to achieve carbon neutrality by 2050.

Otokar is expanding its portfolio of alternative fuel vehicles, including electric, hybrid, and hydrogen vehicles; strengthening low-carbon practices across its value chain; and reducing emissions through energy efficiency improvements. The Company views climate change-related risks and opportunities not merely as responsibilities, but as strategic priorities requiring the continuous enhancement of its business model, operations, and financial planning. This approach enables Otokar to align its long-term growth objectives with its sustainability commitments. In line with Koç Holding's Carbon Transition Program and its 2050 carbon neutrality target, Otokar integrates its climate strategy into its long-term plans through

a holistic management approach. The climate change plan, originally developed in 2021, was updated in 2025 by a working group under the Sustainability Committee, comprising representatives from the sales, strategy, purchasing, budgeting and reporting, energy, and environmental functions, with support from external consultants.

The Company's climate change plan was revised in line with its short-, medium-, and long-term targets and strategies. The update considered relevant national and international climate targets and was supported by methodological studies on key assumptions, scenarios, and inputs. Target modeling and feasibility studies were conducted, while priority mitigation and adaptation areas across the value chain were assessed. Interim climate targets and supporting performance indicators were also identified.

Climate-related activities are regularly monitored and evaluated in line with annual business plans and material sustainability topics. The results of climate-related activities carried out in 2025 were presented to Senior Management at the Sustainability Committee Meeting. Otokar regularly monitors its Scope 1, Scope 2, and Scope 3 greenhouse gas emissions and tracks its emissions performance. To reduce

Scope 1 emissions, the Company focuses on energy efficiency and electrification. To reduce Scope 2 emissions, it continues its renewable energy investments and energy efficiency initiatives. A comparison of Scope 3 data for 2024 showed an increase in 2025 emissions as a result of expanded production capacity. Efforts to reduce emissions from product use, which account for a significant share of Scope 3 emissions, include developing low-emission, alternative fuel vehicles and reducing vehicle weight.

The Company continues investing in R&D, energy efficiency, renewable energy, and product transformation to support climate change mitigation and adaptation efforts. It regularly evaluates investment and financing opportunities and monitors possibilities to benefit from national and international incentive and financing mechanisms that support the climate transition.

In 2024, R&D expenditures represented 5% of revenues, while sustainability-focused R&D and innovation expenditures totaled TL 175.6 million. In 2025, R&D expenditures represented 4% of revenues. During 2025, the Company's total investment spending, including capitalized R&D expenditures, amounted to nearly USD 77 million (TL 3.305 billion*).

Pillars of Otokar's climate strategy

- Reducing the operational carbon footprint (monitoring greenhouse gas emissions, implementing energy efficiency initiatives, reducing natural gas consumption, increasing renewable energy investments, and reducing Scope 1 and Scope 2 emissions through electrification)
- Electrifying the product portfolio and transitioning to alternative fuel vehicles (product transformation and R&D activities)
- Supporting the supply chain's low-carbon transition and improving traceability (compliance with the European Green Deal, the Carbon Border Adjustment Mechanism -CBAM, the EU Battery Regulation, and evolving traceability requirements)
- Strengthening resilience to climate-related physical risks (water stewardship and increased resilience to extreme weather events, particularly at the Arifiye Plant, the Company's only production facility in Türkiye)

CURRENT AND ANTICIPATED DIRECT MITIGATION AND ADAPTATION EFFORTS

Otokar focuses on transforming its operations and production processes to mitigate the effects of climate change. The Company aims to implement and continuously improve a proactive energy management system that places sustainable development at the core of its activities. Climate change mitigation and adaptation actions are incorporated into annual budgeting and investment planning. Investments in energy efficiency projects, renewable energy, production process modernization, low-carbon product development, and environmental management practices are included in the investment programs of the relevant business units in line with strategic priorities and are financed through the Company's equity and operational budgets.

In the resource allocation process, projects are evaluated based on their energy saving potential, greenhouse gas emission reduction impact, legal compliance requirements, operational efficiency, technological feasibility, and alignment with the Company's long-term strategy. Accordingly, Otokar seeks to allocate the necessary financial and technical resources to energy efficiency projects, renewable energy investments, R&D activities, environmental management practices, and the sustainability transformation of its supply chain.

Planned future actions include prioritizing climate-related investments within the Company's capital expenditure and operational budget plans, allocating resources to increase renewable energy capacity, expanding energy efficiency projects, supporting R&D activities for low-carbon product technologies and alternative fuel systems, and advancing transformation efforts to comply with evolving climate-related regulatory requirements.

The Company's direct mitigation efforts are carried out under the following headings:

Monitoring Greenhouse Gas Emissions

Otokar monitors its emission sources through greenhouse gas emissions calculations and verification activities conducted in accordance with ISO 14064-1 and the Greenhouse Gas Protocol. The Company regularly discloses its operational carbon footprint.

Energy Management and Efficiency Improvements

In line with its Energy Policy, Otokar is committed to using energy and natural resources efficiently across its operations, implementing environmentally friendly and energy-efficient technologies in new projects and equipment purchases, and improving the efficiency of existing processes

and systems to achieve energy savings. In addition, the Company seeks to improve its energy performance through the design and procurement of energy-efficient products, processes, and services.

Otokar prioritizes providing and continuously reviewing the knowledge, expertise, and financial resources required to achieve its energy consumption targets. The Company is also committed to complying with all applicable legal and other requirements related to energy efficiency, energy use, and energy consumption.

Otokar recognizes the importance of raising awareness among all its stakeholders regarding renewable energy and climate change. The Company continuously improves its Energy Management System by implementing energy efficiency projects that support its sustainable development objectives. In 2025, TL 13.1 million was invested in environmental management projects to strengthen environmental management practices and improve environmental performance.

Continuous improvement efforts under the **ISO 50001 Energy Management System** focus on departments with the highest energy consumption, while projects that

enhance energy efficiency are prioritized. Accordingly, energy audits and loss analyses are conducted, and a seven-step methodology (including area identification, measurement, training, and auditing) is applied to improve process efficiency. In 2025, Otokar implemented 35 energy efficiency projects, resulting in energy savings of 3,032,020 kWh.

Renewable Energy Use

Solar energy generation, which began with a pilot project with an installed capacity of 12.6 kW in 2022, was scaled up through the construction of a solar power plant (SPP) with an installed capacity of 800 kW. The facility was commissioned in January 2023 and generated 3,721 GJ of energy in 2024. In 2025, a total of 350 MWh of renewable energy was used. An Environmental Impact Assessment (EIA) report has been obtained for an 11.36 MWp SPP in Malatya, and zoning approvals and grid connection agreements have been completed.

The rooftop solar power system installed at the Sakarya plant meets approximately 1% of the Company's internal electricity consumption. The installed solar power plants (SPPs), together with I-REC certificates, are expected to contribute significantly to reducing Scope 2 emissions. Expanding the use of renewable energy remains one of

Otokar's key strategies for reducing and ultimately eliminating Scope 2 emissions.

Reducing Natural Gas Use and Electrification

Natural gas is currently used in hot water boilers, paint ovens, cataphoresis systems, and facility heating. To reduce its long-term dependence on natural gas, Otokar is exploring electricity-based alternatives such as electric heating systems and heat pumps. In 2025, the Company invested in heat pumps for part of its heating system to meet the heating needs of the locker rooms in the body frame building. Because natural gas is the primary source of Scope 1 emissions, reducing its use is central to the Company's climate strategy. While natural gas continues to be recognized as a transition fuel in the global energy transition, Otokar continues to evaluate alternative solutions in line with evolving financial and operational feasibility.

Reducing Carbon Intensity in Production Facilities

Otokar invests in modernizing production equipment and lines, expanding energy efficiency projects, and adopting renewable energy solutions. The Company also strengthens its preventive maintenance practices to improve energy efficiency. In 2025, environmental improvement initiatives included rainwater harvesting and water recovery projects implemented as part of its sustainable water stewardship approach.

Electric and Alternative Fuel Product Evolution

Otokar has identified the electrification of its product portfolio as a strategic priority and a key driver of carbon emissions reduction in the fight against climate change. This strategy reflects the significant contribution of Scope 3 emissions to the Company's overall greenhouse gas emissions, with emissions from product use representing the largest category.

Otokar focuses on green transportation solutions through its family of electric buses, ranging from 6 to 19 meters in length, with the aim of reducing the climate impact of transportation. In addition to developing electric and zero-emission vehicles - including the e-Kent, e-Centro, e-Territo, and e-Atlas models, as well as a 12-meter hydrogen bus - the Company also engages

in R&D activities to support the transformation of its product portfolio. In 2025, work continued on electric vehicle platforms, alternative fuel technologies, battery technologies, and the use of lightweighting-focused materials.

Otokar closely monitors the transition to low-carbon transportation and related regulatory developments in its key markets, particularly in Europe. To support this transition, the Company conducts studies aimed at reducing the environmental impact of batteries, supporting recyclability requirements, and improving supply chain transparency to comply with battery legislation and evolving sustainability and traceability requirements.

Hydrogen technologies remain an important component of Otokar's product development strategy. Collaborations with the Koç University Hydrogen Technologies Center (KUHyTech) also continued during the reporting period.

Life Cycle Assessments (LCAs) are conducted to evaluate the carbon footprint of products from a life cycle perspective. In addition to LCAs performed on two vehicle batteries, three Environmental Product Declaration (EPD) certification activities were completed in 2025.

Fuel Economy in Military Vehicles

Otokar continues its efforts to develop alternative fuel solutions for various military vehicle systems. Since personnel safety, survivability, mobility, and operational effectiveness are primary priorities in the defense industry, the Company follows a technological roadmap that differs from that of the commercial vehicle segment. Accordingly, alternative fuel solutions are prioritized, particularly for military vehicles used in reconnaissance, patrol, and surveillance missions that require low thermal and acoustic signatures, as well as autonomous missions designed to minimize personnel risk while delivering high operational performance.

Otokar offers military vehicle solutions developed in these areas. The Alpar unmanned ground vehicle, equipped with a

serial hybrid electric propulsion system capable of completely silent operation, is one of the tangible outcomes of these efforts. Alpar is Türkiye's first heavy-class unmanned ground vehicle, designed to combine multiple mission capabilities, including reconnaissance, surveillance, and combat, with autonomous and remote-control capabilities, low thermal and acoustic signatures, vehicle tracking capabilities, and maneuverability comparable to that of light tanks and similar combat vehicles, enabled by its modular electronic platform that can be configured for different mission requirements. In its R&D activities, Otokar leverages both its internal capabilities and collaborations across the industry.

Supply Chain Management

Within Otokar's climate strategy, supply chain management is considered a critical area for both reducing Scope 3 emissions and complying with regulatory developments such as the Carbon Border Adjustment Mechanism (CBAM) and the EU Battery Regulation. The Company aims to extend its environmental management approach beyond its own operations across the entire value chain. Accordingly, compliance with environmental regulations and standards is considered during supplier selection, while suppliers' environmental performance is monitored through self-assessment surveys. As part of the risk-based supplier audit program, 30 supplier audits were conducted in 2024 and 40 in 2025. None of the evaluated suppliers with identified environmental or social non-conformities had their agreements terminated. Under the risk-based audit program, suppliers certified to ISO 14001, ISO 45001, and ISO 9001 are classified as low risk.

The TÜBİTAK-3005 project titled "Developing Innovative Policies with the Progress Model for the Automotive Supply Industry in the Process of Compliance with the European Green Deal," conducted in collaboration with Sakarya University, has been awarded a grant. As part of this project, which included a Supplier Sustainability Survey, faculty members from Sakarya University joined the training sessions and provided information about the project.

CLIMATE-RELATED MATERIAL RISKS AND OPPORTUNITIES

Otokar assesses the impacts of climate change through a holistic approach and carries out systematic activities to manage the potential effects of these impacts on its operations. The results of these assessments provide input to strategic planning, budgeting, and decision-making.

Otokar's climate-related risk and opportunity assessment is integrated with its financial reporting and strategic decision-making processes across the short-, medium-, and

long-term time horizons. The Company regularly identifies and assesses the potential impacts of climate-related physical and transition risks on its business model, value chain, and financial performance. It also monitors and evaluates opportunities arising from areas such as zero-emission vehicles, energy efficiency, and renewable energy in line with its strategic priorities.

Otokar assessed its climate-related risks and opportunities for 2025 by evaluating their

probability and potential impact. Although no high-level risks were identified, those with relatively higher scores were included in the assessment. During the reporting period, no climate-related risks or opportunities were identified that required a significant adjustment to the carrying amounts of assets or liabilities reported in the financial statements. These analyses have nevertheless been included in the report to reflect the growing impact of climate-related issues on regulations and industries and to support

preparedness for their potential future effects on the industries in which the Company operates.

Time Horizon Definitions

The Company conducts climate-related risk and opportunity assessments over short-, medium-, and long-term time horizons, taking into account the reasonable timeframes for the realization of climate-related risks and opportunities.

Term	Years	Connection with Financial Statements and Strategic Decision-Making Processes
Short	0-3 years	Financial planning is aligned with budgeting, annual target setting, and performance monitoring. Short-term risks and opportunities are assessed in relation to current assets and liabilities and reflected in annual reports and financial statements.
Medium	4-9 years	Strategic planning is carried out in parallel with Otokar's Long-Term Planning (LTP). Risks and opportunities during this period influence capital investments, product development, and market expansion decisions and are reflected in cash flow projections and forward-looking assumptions used in the financial statements.
Long	10+ years	This time horizon is used to assess the impacts of climate-related risks and opportunities, particularly in relation to the Company's 2050 carbon neutrality target. It also considers the long-term strategic and financial effects of product portfolio transformation, supply chain changes, and infrastructure investments.

Climate-related Transition Risks

Risk Details	Uncertainties in Carbon Pricing Mechanisms
Risk Category	Transition Risk – Policy and Market Risk
Risk Description	The European Union's Carbon Border Adjustment Mechanism (CBAM) entered its transitional phase in 2023 and is expected to become fully operational in 2026, with importers becoming financially liable for the embedded emissions of CBAM-covered products beginning in 2027. As a result, Otokar's suppliers and business partners may incur indirect carbon costs depending on the carbon intensity of their products. This could affect export activities, create additional reporting and compliance obligations, increase investment needs for low-carbon production processes and technologies, and place pressure on operating costs, competitiveness, and long-term financial performance.
Impacts on Business Model and Value Chain	This risk has the potential to affect Otokar's business model throughout its supply chain. Under the CBAM framework, higher costs for raw materials, components, and spare parts used in vehicles destined for the European market are expected. In addition, higher expectations and reporting requirements for suppliers to provide product-specific carbon footprint data may create additional operational demands in supply chain management. The pass-through of carbon-related costs by suppliers may also increase purchasing costs. If the scope of CBAM is expanded to include finished automotive products, trucks and pickup trucks exported to the European Union, particularly after 2028, may become directly subject to CBAM certification requirements. This could change the cost structure and competitiveness of products in the European market depending on their carbon intensity and may affect Otokar's future commercial performance.
Risk Concentration Area	Upstream Value Chain – Supply Chain Management
Time Horizon	Short- and Medium-term
Impact	3 [Medium]
Probability	4 [High]
Risk Score	12 [Medium]
Risk Effects	During the initial phase of the mechanism, CBAM applies to the iron and steel, aluminum, cement, fertilizer, electricity, and hydrogen sectors. The scope is expected to expand to downstream product groups, including automotive components and finished vehicles, over the medium term. As a manufacturer exporting trucks to the European Union, Otokar's exposure to CBAM is expected to develop in two stages. In the short term, the Company is expected to experience indirect cost increases resulting from CBAM obligations affecting raw materials, components, and spare parts supplied to its operations. Although Otokar will not be directly subject to CBAM payments during this period, suppliers may pass on additional carbon-related costs through higher purchasing prices. Over the medium and long term, if CBAM is expanded to cover finished automotive products, Otokar's truck exports to the European Union are expected to become directly subject to the mechanism. This would require the Company to manage embedded carbon costs directly and increase the strategic importance of monitoring, reporting, and reducing product-related emissions.
Current Financial Impact	There were no direct payment obligations arising from CBAM during the 2025 reporting period. At this stage, Otokar expects to be affected only indirectly through its supply chain and therefore assesses the associated financial impact qualitatively. A quantitative financial assessment will be developed following completion of the European market projection study, which is planned for a future reporting period. As part of the CBAM transitional requirements, the Company also plans to conduct embedded emissions calculations and collect data for CBAM-covered inputs used in spare parts supplied to the European market.
Anticipated Financial Impact	Quantitative assessment of the financial impact will be developed in future reporting periods following completion of the European market projection study. Medium- and long-term scenario analyses will be based on the European Commission's carbon price projections, aligned with the International Energy Agency's [IEA] Net Zero Emissions by 2050 [NZE] Scenario [1.5–1.6°C].

Climate-related Transition Risks

Risk Details	Uncertainties in Carbon Pricing Mechanisms
Mitigation Actions	Otokar implements various strategic measures to manage risks associated with CBAM and maintain its competitiveness in the European Union market. A European market projection study has been initiated to support a more comprehensive assessment of the potential financial and operational impacts of CBAM. To improve the management of product-specific emissions, the Company continues expanding the scope of its Life Cycle Assessments (LCAs). In 2025, LCAs were planned for two electric vehicle battery models. To strengthen carbon risk management across the supply chain, Otokar also implements its risk-based supplier audit program and monitors suppliers' environmental performance. The "Compliance with the European Green Deal" project, conducted in cooperation with Sakarya University under the TÜBİTAK 3005 Program, is ongoing to strengthen the Company's compliance capacity. In parallel, energy efficiency projects, rooftop solar power investments at the Sakarya facility, and the planned solar power plant investment in Malatya support the reduction of operational emissions and increased renewable energy use. Over the long term, Otokar aims to strengthen its competitive position in the European market through the electrification of its product portfolio and the development of vehicles powered by alternative fuel technologies.
Scenario Analyses	Otokar assesses transition risks associated with carbon pricing using carbon price projections published by the European Commission. These projections are aligned with the International Energy Agency's (IEA) Net Zero Emissions by 2050 (NZE) Scenario (1.5–1.6°C) and support assessments conducted in line with science-based climate targets. In the short term, CBAM is expected to result primarily in indirect cost increases through the supply chain. The magnitude of this effect will depend on the extent to which suppliers pass through carbon costs to Otokar. Based on the European Commission's projections, the average carbon price is expected to reach USD 106/tCO₂e in 2026, USD 122/tCO₂e in 2027, and USD 127/tCO₂e in 2028. Rising carbon prices are expected to put more financial pressure across the supply chain by increasing the cost of carbon-intensive inputs. Over the medium term, if CBAM is expanded to include finished automotive products, Otokar's truck exports to the European Union are expected to become directly subject to the mechanism. This could affect the Company's export revenues and competitiveness, particularly in the European truck market. For this time horizon, the projected carbon price of USD 90/tCO₂e in 2030 for selected emerging markets and developing economies, as presented in the IEA NZE Scenario, is also used as a reference. Over the long term, rising carbon prices, consistent with European Commission projections and the IEA NZE Scenario, are expected to improve the economic viability of investments in low-carbon production technologies, energy efficiency measures, and product portfolio electrification.
Significant Uncertainty Areas	Several measurement uncertainties affect the assessment of risks associated with CBAM. One significant source of uncertainty is the extent to which suppliers will pass through carbon costs to Otokar and the methods by which those costs will be allocated. In addition, uncertainty regarding when and under what conditions CBAM may be expanded to include finished automotive products, as well as the future treatment of spare parts, affects medium- and long-term impact assessments. Differences between projected carbon prices published by the European Commission and actual EU ETS and CBAM prices may also affect the accuracy of financial impact estimates. Future updates to the IEA NZE Scenario in response to evolving global climate policies could influence carbon price expectations. Additional uncertainties include suppliers' ability to establish the data infrastructure required for CBAM compliance, the pace of compliance across the supply chain, and differences in carbon reduction strategies and carbon pricing approaches among competing manufacturers in the European market.

Climate-related Physical Risks

Risk Details	Water Stress Risk
Risk Category	Physical Risk – Chronic
Risk Description	Projected increases in water stress in the Sakarya Basin due to climate change, seasonal water constraints, and potential increases in unit water costs pose a risk to production continuity, process water supply, cooling and washing processes, and overall water stewardship at Otokar’s Arifiye Plant. Heightened water stress in the region could disrupt manufacturing processes, increase operating costs, and affect operational continuity.
Impacts on Business Model and Value Chain	Increasing water stress could jeopardize production continuity by constraining water supply and increasing water costs. Interruptions in water supply, particularly for process water, cooling, and cleaning, could reduce operational efficiency, disrupt production schedules, and weaken the Company’s ability to sustain its business model, ultimately placing pressure on long-term profitability and competitiveness. Water stress may also affect suppliers that rely on water-intensive inputs. Water-related constraints could disrupt suppliers' production and deliveries, resulting in disruptions across Otokar’s supply chain and delays in product deliveries. In addition, disruptions to logistics infrastructure caused by water scarcity could increase costs and reduce efficiency across the value chain.
Risk Concentration Area	The Company’s Own Operations – Production
Time Horizon	Medium-term
Impact	3 [Medium]
Probability	4 [High]
Risk Score	12 [Medium]
Risk Effects	While the Sakarya Basin Drought Management Plan and international sources indicate that water-related risks in the basin may increase, Otokar considers the potential impact of these physical risks on business continuity to be limited due to the relatively low dependence of its operations on water. Nevertheless, potential increases in water supply costs and investment needs related to wastewater treatment and recycling are closely monitored. Accordingly, the Company continues implementing measures to improve water efficiency, reduce water dependency, and strengthen water stewardship by evaluating alternative water sources.
Current Financial Impact	There were no material financial impacts from water stress during the reporting period. Due to current measurement uncertainty, the financial impacts could not be quantified.
Anticipated Financial Impact	Over the medium term, the Company anticipates increased water supply costs and periodic uncertainties in water availability for production. Measures to address potential fluctuations in water supply, such as backup water supply systems, water treatment investments, the implementation of emergency plans, and additional water stewardship practices, are expected to increase operating expenses. These effects are likely to be reflected primarily in cost of sales and general administrative expenses and, consequently, affect the Company's cash flows. Given Otokar's water stewardship practices, ongoing water efficiency efforts, and the relatively low dependence of its production processes on water, interruptions in water supply are not expected to have a significant impact on operations or revenues. Accordingly, the primary financial impact of water stress is expected to arise from higher water supply costs and additional investment and operating expenditures related to water management. Due to current data and measurement uncertainties, the potential magnitude of these impacts cannot be quantified. In particular, uncertainties regarding future water prices, the effects of climate change on regional water availability, and variability in forward-looking assumptions regarding the relationship between water consumption and production performance limit the quantitative assessment of the financial impact. The Company continues its methodological studies to more comprehensively assess the impacts of water stress on its operations, value chain, and financial performance.

Climate-related Physical Risks

Risk Details	Water Stress Risk
Scenario Analyses	Scenario analyses for water stress risk were conducted using projections from nationally published basin-based drought management plans and internationally recognized water risk assessment tools. National and international data sources were analyzed comparatively to assess the short-, medium-, and long-term outlook for water stress in the basin where the facility is located and the associated physical risks under different climate scenarios. The analysis was based on climate scenario modeling using the Intergovernmental Panel on Climate Change [IPCC] Sixth Assessment Report [AR6]. To assess the potential impacts of climate change under different levels of global warming, two Shared Socioeconomic Pathway [SSP] scenarios consistent with the IPCC were considered. · SSP2-4.5: Moderate emission and warming scenario [~3 °C] · SSP5-8.5: High emission scenario [>4 °C] The analysis also considered the Sakarya Basin Drought Management Plans published by the Ministry of Agriculture and Forestry, assessing potential changes in water allocations to the industrial sector under severe drought scenarios. Basin-specific scenario analyses for the 2030 and 2050 projections were conducted using the WRI Aqueduct Water Risk Atlas and WWF Water Risk Filter tools. Results from the WRI Aqueduct Water Risk Atlas and WWF Water Risk Filter indicate that water stress in the Arifiye region is expected to remain at a "Low-Medium" level under both optimistic and pessimistic climate scenarios for 2030 and 2050. Under high-emissions scenarios such as SSP5-8.5, drought frequency and blue water scarcity indicators are projected to increase gradually, potentially affecting operational continuity and cost structures.
Mitigation Actions	Efforts to improve water efficiency continued in 2025 through the installation of wastewater treatment systems, the expansion of rainwater harvesting applications, and studies on backup water supply systems to address potential water outages. The performance of the ionized process water recovery system installed in 2024 continued to be monitored to ensure its effective operation. Employee awareness initiatives and environmental training programs also continued throughout 2025 to promote water conservation.
Significant Uncertainty Areas	Various measurement uncertainties exist in the assessment of water stress risk. These stem from the modeling uncertainties inherent in the climate scenarios [SSP2-4.5 and SSP5-8.5] used in the IPCC AR6, as well as differences in data resolution and methodologies among globally recognized tools such as the WRI Aqueduct Water Risk Atlas and WWF Water Risk Filter. In addition, limitations in the availability of actual water withdrawal and discharge data under the Sakarya Basin Drought Management Plan, together with uncertainties regarding long-term changes in the basin's groundwater regime, may affect the assessment results. The limited availability of sector-specific data, uncertainties regarding the future prioritization of water use rights in the water supplying basins, and the inability to fully predict the cumulative effects of regional industrial concentration also contribute to measurement uncertainty. The ongoing drafting of the national water law and the ambiguities surrounding its final legislative framework create additional uncertainty regarding future water stewardship practices and obligations.

Climate-related Material Opportunities

Opportunity Details	Market Growth in Low-Carbon and Zero Emission Passenger Transport Vehicles - New Products and Services
Opportunity Category	Products and Services
Opportunity Description	Zero-emission targets under the European Green Deal, stricter zero-emission requirements introduced by the Clean Vehicles Directive [CVD] for urban transport in EU Member States, public fleet transition programs, and government incentives are driving rapid growth in demand for low- and zero-emission passenger transport vehicles, including electric, hybrid, and hydrogen fuel cell vehicles.
Impact on Operations and Value Chain	This opportunity has both direct and indirect implications for Otokar's value chain. The Company's portfolio of electric buses, including the e-Kent, e-Centro, and e-Territo models in lengths ranging from 6 to 19 meters, together with its hybrid, hydrogen fuel cell, and CNG bus families, represents a tangible outcome of this opportunity. Otokar's goal of offering electric alternatives across all product segments by 2028 provides a strong foundation for capturing future market growth.
Opportunity Concentration Area	The Company's Own Operations – Production
Time Horizon	Medium-term
Impact	4 [High]
Probability	5 [Very High]
Opportunity Score	20 [Very High]
Opportunity Effects	The Company has the potential to increase its market share and export volume as demand for low- and zero-emission buses continues to grow, particularly in the European market. Strengthening its electric vehicle portfolio is also expected to enhance access to public tenders that prioritize low-emission vehicles, creating additional business opportunities. Increasing the share of high-value-added, zero-emission vehicles in the product mix is expected to strengthen the Company's revenue structure while contributing to greater diversification of export revenues. The Company's electrification strategy is also expected to strengthen the Otokar brand in sustainable transportation and enhance its competitiveness in international markets, particularly in Europe. In addition, investments in low-carbon technologies are expected to improve access to national and international R&D incentives and green financing opportunities, creating further financial and strategic value.
Current Financial Impact	During the reporting period, growing demand for low-carbon and zero-emission public transport vehicles supported Otokar's commercial activities related to its electric bus and alternative fuel vehicle portfolio. Demand for low-emission transportation solutions, particularly in Europe, strengthened the Company's sales activities in the electric vehicle segment. Revenue generated from sales of electric and alternative fuel vehicles is reflected in the Company's financial statements. Current effects are also evident operationally through increased order potential, expansion of the customer portfolio, and accelerated product development activities.
Anticipated Financial Impact	Growing demand for electric and hydrogen-powered vehicles is expected to increase sales volumes, market share, and revenue over the medium to long term. This opportunity is also expected to increase the share of higher value-added vehicles in the product mix and facilitate access to new markets. In addition, expansion of the low-carbon product portfolio is expected to strengthen the Company's competitiveness in sustainable transportation, improve access to public tenders, and enhance its ability to benefit from R&D incentives. The magnitude of the financial impact will depend on market demand in Europe, the success of electrification investments, and competitive market conditions.

Climate-related Material Opportunities

Opportunity Details	Market Growth in Low-Carbon and Zero Emission Passenger Transport Vehicles - New Products and Services
Scenario Analyses	Otokar assesses the market opportunity for low- and zero-emission vehicles by considering regulatory developments in Europe and the evolution of the electric bus market. According to the IEA Global EV Outlook 2025, electric bus sales in Europe increased compared with 2024, and electric vehicles accounted for more than 13% of total bus sales. Projections indicate that electric buses will represent approximately two-thirds of total bus sales in the European Union by 2030. In addition, mandatory infrastructure targets established under the EU Alternative Fuels Infrastructure Regulation (AFIR) support the development of a comprehensive charging and refueling network to facilitate the widespread adoption of electric and hydrogen-powered transport vehicles by 2030. Continued expansion of charging infrastructure, improvements in user-friendly refueling systems, and mandatory infrastructure investments in transportation networks, particularly for electric buses, are expected to accelerate demand for low- and zero-emission public transport vehicles. These developments present significant opportunities for market growth and for companies offering electric and alternative fuel vehicles, related technologies, and associated service solutions. Industry assessments indicate that the accelerating transition to electric mobility in Europe supports Otokar's strategy of rapidly expanding its electric vehicle portfolio in line with its 2030 targets. The Company aims to introduce electric variants across all commercial vehicle segments by 2028. Beyond 2030, hydrogen infrastructure and fuel cell technologies are expected to become more widespread in key markets. The transition required under the IEA Net Zero Emissions by 2050 (NZE) Scenario further highlights Otokar's potential to strengthen innovation and collaboration in hydrogen technologies. Developments such as the Company's 12-meter hydrogen bus support this strategic direction.
Relevant Actions	Otokar continues investing in product development and R&D to capitalize on growing demand for low-carbon and zero-emission transportation solutions. The Company aims to offer electric variants across all vehicle segments by 2028. In line with its electrification strategy, models such as the e-Kent, e-Centro, and e-Territo have already been introduced, while development of a 12-meter hydrogen fuel cell bus continues as part of efforts to expand the product portfolio. R&D investments continue in battery technologies and lightweight materials to improve product environmental performance, with a particular focus on increasing energy efficiency and driving range. In addition, Life Cycle Assessments (LCAs) are conducted across the product portfolio to evaluate environmental impacts throughout the product life cycle and support a low-carbon design approach. These activities help guide product development in line with the Company's climate objectives.
Significant Uncertainty Areas	Uncertainty regarding incentive mechanisms for electric and hydrogen fuel cell vehicles in the European market arises from country-specific differences, potential policy changes, and uncertainty surrounding the pace of expansion of charging and hydrogen infrastructure. Additional uncertainty relates to the continued development of the hydrogen ecosystem, including refueling infrastructure and associated costs. Fluctuations in battery technology development and critical raw material prices may also affect the cost structure and commercial competitiveness of low-emission vehicles. Furthermore, uncertainty regarding the scope and implementation timeline of the European Union Battery Regulation, together with future regulatory developments affecting zero-emission vehicles, may influence both the timing and magnitude of the financial impact associated with this opportunity.

Energy-related Material Opportunities

Opportunity Details	Energy Efficiency and Renewable Energy Opportunities
Opportunity Category	Resource Efficiency
Opportunity Description	Rising energy costs, carbon reduction policies, incentives supporting renewable energy, and increasing expectations for low-carbon production are transforming energy efficiency and renewable energy investments into a strategic opportunity for Otokar. Through solar power plant investments and energy efficiency projects, the Company aims to improve the predictability of energy costs, reduce its operational carbon footprint, strengthen operating margins, and enhance its competitiveness, particularly in public tenders.
Impact on Operations and Value Chaim	This opportunity is concentrated primarily within the Company's operations. Reducing energy intensity at the Arifiye production facility contributes to a lower operational carbon footprint, while renewable energy investments strengthen energy supply security. The rooftop solar power plant at the Sakarya facility, the planned land-based solar power plant in Malatya, and energy efficiency projects are expected to improve the predictability of operating costs, reduce Scope 2 emissions, and strengthen the Company's competitive position in public tenders. These initiatives also support the Company's brand reputation and tender eligibility among public sector customers.
Opportunity Concentration Area	The Company's Own Operations – Production
Time Horizon	Short- and Medium-term
Impact	4 (High)
Probability	4 (High)
Opportunity Score	16 (Medium)
Opportunity Effects	Energy efficiency projects and renewable energy investments provide Otokar with multiple benefits in terms of operational performance and climate objectives. These investments improve the predictability of electricity costs and strengthen resilience to fluctuations in external energy prices. At the same time, increased use of renewable energy is expected to reduce Scope 2 greenhouse gas emissions. Scope 1 emissions are also expected to decline over time as electrification initiatives across operations continue to expand. Greater use of low-carbon energy is expected to strengthen the Company's competitiveness, particularly in public tenders where renewable energy use is considered an evaluation criterion.
Current Financial Impact	The financial impact of these investments could not be quantified during the reporting period. Because the relevant energy efficiency and renewable energy projects are at different stages of planning and implementation, uncertainties regarding project timelines do not yet allow for a reliable and supportable estimate of their financial impact.
Anticipated Financial Impact	Following the commissioning of the Malatya Solar Power Plant, approximately 60% of the Company's total electricity demand is expected to be met from renewable energy sources. This is expected to generate structural savings in purchased electricity costs, significantly reduce Scope 2 emissions, and provide protection against potential carbon-related costs. Ongoing energy efficiency projects are also expected to increase renewable energy use and reduce energy intensity, supporting a more resilient financial structure against emission-related costs. This transformation is expected to make energy-related operating expenses more predictable while improving gross profit margins and profitability through lower production costs per unit.
Scenario Analyses	The analysis considers Türkiye's Energy Efficiency Strategy 2030, the Second National Energy Efficiency Action Plan, and the Renewable Energy 2035 Roadmap. Türkiye aims to achieve cumulative primary energy savings of 37.1 Mtoe between 2024 and 2030, reduce primary energy consumption by 16%, invest USD 20.2 billion in energy efficiency, and increase total installed wind and solar power capacity to 120 GW by 2035. These indicators illustrate the national policy direction and are not intended as performance targets for Otokar. According to the IEA report, global renewable electricity generation capacity is projected to increase by approximately 4,600 GW between 2025 and 2030, roughly double the capacity added between 2019 and 2024. In line with these policy developments, market trends, and the energy transition envisioned under the IEA Net Zero Emissions by 2050 (NZE) Scenario, Otokar's solar power investments and energy efficiency projects are expected to improve the predictability of energy costs, reduce its operational carbon footprint, and strengthen its long-term competitiveness.
Relevant Actions	Planning for the Malatya Solar Power Plant continues, while a rooftop solar power plant with approximately 800 kW of installed capacity is already operating at the Sakarya facility. Energy management activities are systematically implemented in accordance with the seven-step methodology established under the ISO 50001 Energy Management System. Energy efficiency projects, including replacement of air compressors, waste heat recovery applications at the cataphoresis plant, and replacement of compressed air dryers, are implemented to reduce operational energy consumption. In addition, electrification initiatives are underway to reduce natural gas consumption, while modernization of HVAC systems aims to improve overall energy performance. The Company also supports its energy transition investments through Efficiency Improvement Project (VAP) grants and R&D incentives.
Significant Uncertainty Areas	The assessment is subject to uncertainties associated with long-term trends in electricity and natural gas prices, potential changes to renewable energy incentive mechanisms, and the timing of licensing and grid connection processes for solar power plant investments.

CLIMATE RESILIENCE AND SCENARIO ANALYSES

Otokar conducts climate scenario analyses for physical and transition risks to manage the uncertainties arising from climate change and strengthen its strategic decision-making processes. These scenario analyses, initiated in 2024, were updated in 2025.

The assessments considered internationally recognized reference scenarios aligned with the Paris Agreement's goal of limiting global warming to 1.5°C. Otokar used the International Energy Agency's (IEA) Net Zero Emissions by 2050 (NZE) Scenario and the Shared Socioeconomic Pathways (SSPs) published by the Intergovernmental Panel on Climate Change (IPCC).

These scenarios were selected because they enable the evaluation of both transition and physical risks in

the automotive and defense industries, are based on internationally recognized assumptions, and support the Company in testing its operational resilience under different climate policies.

Physical Scenario Analyses

This section presents the findings of a desktop assessment of the potential future impacts of climate-related physical risks specific to the Arifiye Plant, Otokar's sole manufacturing facility. The assessment considered climate projections, water stress, natural resource conditions, and local climate characteristics for the region where the facility is located. Conducted using a long-term, scenario-based approach and supported by scientific data, the assessment aligns with the disclosure expectations of TSRS 2.

Analysis Method

- The analysis was based on internationally recognized climate data platforms and modeling tools, including:
- WRI Aqueduct: Assessed indicators such as water stress, renewable groundwater risk, total water risk, and sector-specific water withdrawal trends.
 - WWF Water Risk Filter (WRF): Metric-based indicators covering water access, infrastructure, and service-related risks.
 - Ministry of Agriculture and Forestry Sakarya Basin Drought Management Plan*: High-resolution basin and sub-basin assessments.
- To reflect different global warming pathways, two IPCC Shared Socioeconomic Pathway (SSP) scenarios were used:
- SSP2-4.5: A moderate-emissions scenario (~3°C), reflecting intermediate emission and warming scenario.
 - SSP5-8.5: A high-emissions scenario (>4°C).

* Ministry of Agriculture and Forestry / Sakarya Basin Drought Management Plan Executive Summary

Criterion	Middle-of-the-Road Scenario [SSP2-RCP4.5]	Pessimistic Scenario [SSP5-RCP8.5]
Reference Scenario	SSP2-RCP4.5	SSP5-RCP8.5
Scenario Description and Qualitative Characteristics	Under the Middle-of-the-Road scenario, socioeconomic development generally follows historical trends. Population growth and economic expansion continue at a moderate pace, while technological progress and international cooperation advance gradually. Although climate policies are implemented, limited global coordination results in moderate challenges in reducing emissions and adapting to climate change.	This carbon-intensive, high-growth scenario is characterized by high income levels, widespread free trade, and rapid technological advancement. Although adaptability is relatively high, resource- and energy-intensive production and consumption patterns dominate. As a result, greenhouse gas emissions remain high, creating significant challenges for emissions reduction.
Temperature Increase [2100]	~2.5 – 3.0 °C	4.0+ °C

WRI Aqueduct Water Stress Projections	2030	2050
Business as Usual (BAU) Scenario [SSP2-RCP4.5]	Low-Moderate	Low-Moderate
Pessimistic Scenario [SSP5-RCP8.5]	Low-Moderate	Low-Moderate

The scenarios considered projections for 2030 and 2050. According to the WRI Risk Atlas, the Business as Usual (BAU) forecast for 2030 and 2050 scored low to moderate.

Transition Risk Scenario Analysis

Transition risk scenario analysis was conducted using the internationally recognized IEA Stated Policies Scenario (STEPS) and the IEA Net Zero Emissions by 2050 (NZE) Scenario to assess medium- and long-term impacts over the 2030 and 2050 time horizons. The analysis evaluated potential transition risks associated with inputs in Otokar's supply chain that may fall within the scope of the Carbon Border Adjustment Mechanism (CBAM). In addition, potential financial impacts were assessed based on projected carbon costs and relevant regulatory assumptions. Carbon price assumptions were based on projections published by the European Commission. Advances in low-carbon production technologies were also incorporated as key assumptions in the transition scenarios.

Internal Carbon Price

Otokar does not currently use an internal carbon price in its decision-making processes or apply an internal carbon price per metric ton of greenhouse gas emissions. However, to strengthen its climate strategy and support future decision-making, the Company evaluates carbon price projections published by the European Commission and the International Energy Agency (IEA). The introduction of an internal carbon pricing mechanism is planned for the future.

Resilience Assessment

Otokar's balance sheet management, cash flow planning, and investment

prioritization processes provide a flexible and resilient framework for managing climate-related uncertainties while capitalizing on emerging opportunities. The Company has the financial resilience to support its transformation investments under short-, medium-, and long-term climate scenarios through both existing and external resources.

Financing requirements for energy efficiency investments, renewable energy projects, manufacturing process transformation, and low-carbon product development are incorporated into the Company's capital planning, investment budgeting, and cash flow management processes. Otokar considers its current financial resources and financial planning approach to be sufficiently robust and flexible to support these investment requirements. Investment priorities are established in line with climate risk mitigation, regulatory compliance, and operational efficiency objectives.

The scenario analysis indicates that Otokar is pursuing a flexible, low-carbon, and innovation-driven transformation to strengthen the resilience of its strategy and operations to climate change. In the short term, the Company prioritizes energy efficiency and cost management. Over the medium and long term, it aims to expand its electric and hydrogen vehicle portfolio, strengthen supply chain resilience, and enhance collaborations in support of its climate objectives.

RISK MANAGEMENT



RISK MANAGEMENT

The evolving landscape of climate change and sustainability presents both systemic risks and emerging opportunities that may affect Otokar's operations. In response, Otokar has adopted an integrated and structured approach to the early identification and effective management of climate-related risks and opportunities.

MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

Otokar integrates the identification, assessment, prioritization, and monitoring of climate-related risks and opportunities into its corporate risk management system.

The identification, assessment, and monitoring of risks and opportunities are carried out in accordance with the Otokar Corporate Risk and Opportunity Management Procedure, which is aligned with the ISO 31000 standard. Compared

with the previous reporting period, the Company's standard-based procedures and risk management methodology have remained unchanged. Risk-based thinking is embedded throughout the organization through preventive actions to eliminate potential nonconformities, root cause analyses of identified issues, and the implementation of corrective measures to prevent recurrence based on the significance of their impacts.

IDENTIFYING CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Company's corporate risk management framework incorporates process-based risk assessments, internal and external context analyses, strategic objectives, and operational activities. In identifying climate-related risks and opportunities, Otokar considers regulatory developments, technological transformation, market conditions, customer and client needs, economic indicators, and operational data. Climate-related assessments draw on internal and external context analyses, SWOT analyses, process risk assessments, and stakeholder evaluations. The external context encompasses legal, technological, competitive, market, cultural, social, and economic environmental factors at the national, international, regional, and local levels. The internal context considers factors such as Otokar's values, corporate culture, organizational knowledge, and operational performance. Insights from both internal and external assessments are incorporated into the Company's Corporate Risk and Opportunity Assessments. Risk and process owners, other process stakeholders, the Quality Assurance Team, the Environment and Investment Teams, the Quality Department, and the relevant Assistant General Manager participate in the identification of climate-related risks and opportunities.

Climate-related risks are assessed under the categories of physical risks and transition risks. Physical risks include the impacts of acute and chronic climate events on operations, supply chains, manufacturing continuity, and logistics. Transition risks encompass regulatory developments, transition pressures affecting carbon-intensive industries, technological advances, evolving customer and client expectations, energy costs, and the potential impacts of the transition to a low-emission economy. Climate-related opportunities include improvements in energy efficiency, the adoption of low-emission technologies, enhanced operational efficiency, and growth opportunities in international markets.

As part of the Company's corporate risk management approach, risks and opportunities are evaluated under the categories of strategic, operational, financial, legal/compliance, reputational, technology/innovation, and external environment risks. Climate-related risks and opportunities are assessed as an integral part of this holistic approach.

EVALUATING CLIMATE-RELATED RISKS AND OPPORTUNITIES

At Otokar, climate-related risks and opportunities are evaluated through the stages of identification, analysis, evaluation, and prioritization. Assessments are conducted with the participation of the relevant process owners and risk assessment teams. Process objectives, performance indicators, strategic targets, stakeholder expectations, and operational impacts are all considered during the assessment.

When analyzing risks and opportunities, both the probability of occurrence and the potential impact of each risk are evaluated. Risk levels are scored using the Company's corporate risk assessment matrix based on probability and impact criteria.

The assessment considers factors such as financial losses, operational disruptions, regulatory compliance, reputational impacts, employee health and safety, and environmental impacts. Risks that are directly linked to the Company's

strategic direction and objectives are assigned a higher impact level.

Based on the assessment results, corrective actions, improvement projects, and control mechanisms are established to mitigate identified risks. The required resources, owners, time horizons, and implementation plans are determined accordingly. Depending on the nature of the risk, management strategies may include risk avoidance, risk mitigation, risk acceptance, or risk transfer.

Time Horizons of Risks and Opportunities

Risk assessments consider short-, medium-, and long-term impacts. These time horizons were updated in 2025 based on strategic and industry-specific assessments. They were redefined to better align with the Company's strategic approach, planning activities, and risk management framework.

The following time horizons have been used:

Time Horizon	Years
Short-term	0-3 years
Medium-term	4-9 years
Long-term	10+ years

Inputs and Parameters Used in Risk Management

Nationally and internationally recognized data sources and methodologies are considered when selecting the inputs and parameters used in risk management. A variety of internal and external references support the assessment of climate-related risks and opportunities.

Otokar uses the following inputs in its risk management activities:

Category	Type	Description
Internal Data Sources	Operational Data	Data generated through the Company's operations, including manufacturing activities, operational performance indicators, resource utilization, process efficiency metrics, and operational monitoring systems maintained by the relevant business units.
	Environmental Data	Data collected to monitor the environmental impacts of the Company's operations, including greenhouse gas emissions, energy consumption, water use, waste generation, and other environmental performance indicators.
	Financial Data	Data reflecting the Company's financial performance, including revenue, costs, and investments, derived from accounting and financial reporting systems.
External Data Sources	Scientific Scenario Frameworks	Scientific projection and modeling frameworks developed by international organizations, including the IPCC and IEA, based on various emissions and temperature scenarios.
	Global and Local Reports	Reports published by international organizations and public authorities that provide external reference points on market trends, regulatory developments, and industry-based comparisons.
Parameters	Emission and Energy Factors	Emission factors and energy conversion coefficients based on international standards.
	Financial Conversion Coefficients	Coefficients used to quantify the financial impacts of operational and environmental data.

MATERIALITY ASSESSMENT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

Otokar conducts a materiality assessment to prioritize climate-related risks and opportunities. The assessment is based on the Company's Corporate Risk Assessment Matrix, which is used to evaluate climate-related risks, while potential climate-related opportunities are assessed through the same framework.

The materiality assessment considers factors such as financial losses, operational and environmental impacts, occupational health and safety, regulatory compliance, and reputational impacts. Risks that are closely linked to the Company's strategic direction and objectives are assigned a higher impact level. Climate-related risks and opportunities are evaluated based on their potential effect on the Company's long-term value creation.

Risks are identified through assessments based on probability and impact criteria and are prioritized according to their overall risk level. Using a 5×5 probability and impact matrix, risks are evaluated on a five-point scale according to both their probability of occurrence and their potential impact on strategic objectives. The impact assessments incorporate both quantitative and qualitative criteria, including financial losses, reputational damage, and adverse impacts on employees. Each risk is assigned a score based on its probability and impact and is classified as "insignificant", "low", "medium", "high", or "very high". Otokar's current risk assessment matrix is primarily based on qualitative assessment categories and criteria.

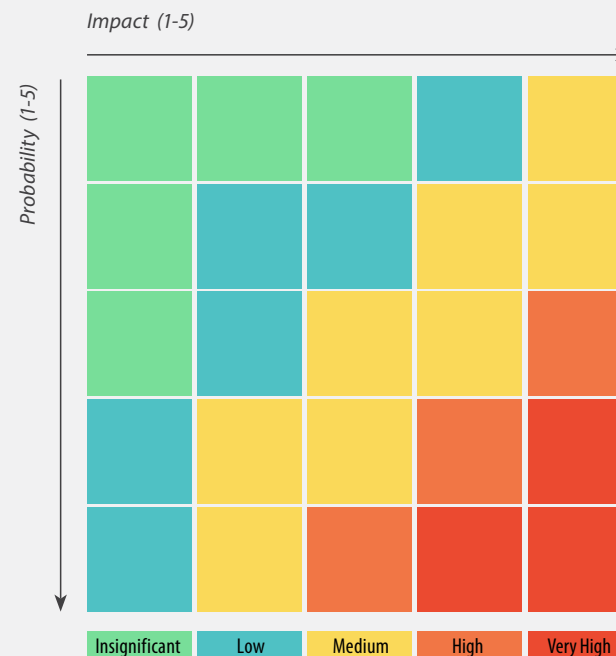
For risks classified as high or very high, the Quality Assurance Team monitors the implementation, effectiveness, and outcomes of risk mitigation and preventive actions through improvement initiatives and project tracking records. Risks classified as medium are reviewed during internal audits, and related actions are planned over a one- to two-year period. Risks assessed as very high require immediate corrective action. Accordingly, risks and opportunities rated medium or above within Otokar's risk management framework are considered material and are reported accordingly.

Following the implementation of actions identified through risk assessments, the probability and impact of each process risk are reassessed to determine the residual risk score and evaluate the effectiveness of the improvements. As part of this evaluation, consideration is also given to whether the implemented actions have introduced any new risks. Periodic project review updates and meetings are conducted to ensure the timely and effective implementation of risk management activities. High-level risks and the strategies developed to address them are reviewed on an ongoing basis.

Financial Materiality

As of 2025, consolidated earnings before interest, taxes, depreciation, and amortization (EBITDA) serve as the primary reference metric for assessing the potential financial impacts of climate-related risks and opportunities. EBITDA has been selected because it is a key

Risk Matrix



financial indicator used in the Company's strategic planning and performance evaluation and provides a meaningful basis for comparing financial performance across companies operating in the same industry.

In assessing climate-related risks and opportunities, financial impacts exceeding 5% of the EBITDA included in the relevant year's budget are considered particularly significant. Accordingly, factors exceeding this quantitative threshold are treated as material risks and opportunities that could meaningfully affect the Company's financial performance. Based on the analyses conducted during the reporting period, climate-related risks and opportunities are not expected to exceed the Company's financial materiality threshold. However, due to measurement uncertainty, the Company was unable to quantify the financial impacts of the reported climate-related risks and opportunities for 2025.

High-priority climate-related risks are monitored as part of the Company's strategic assessment activities and are discussed in the Strategy section of this report.

Probability Ratings		
1	Very Low	The risk is highly unlikely to occur.
2	Low	The risk may occur infrequently, approximately once a year. Existing control measures are considered sufficient.
3	Moderate	The risk may occur a few times a year or approximately every six months.
4	High	The risk is likely to occur monthly or weekly and requires prompt risk management measures.
5	Very High	The risk may occur at any time.

Impact Ratings		
1	Very Mild	The impact is negligible. No loss is expected, although first aid may be required.
2	Mild	The impact is limited and is not expected to result in significant damage or loss, although outpatient treatment may be required.
3	Medium	The impact results in remediable damage and may lead to short-term disability or injury requiring inpatient treatment.
4	Severe	The impact results in significant damage or loss and may cause serious injury requiring long-term treatment.
5	Very Severe	The impact may result in irreparable damage, death, or permanent disability. If the consequences cannot be contained, operations must be suspended immediately.

Risk Scores		
1-3	Insignificant	Awareness training or a warning is sufficient.
4-7	Low	Routine activities continue without additional preventive measures.
8-12	Medium	Long-term action planning is required.
15-16	High	Corrective actions and preventive measures are required within the medium term.
20-25	Very High	Immediate corrective actions are required, including detailed analysis, planning, and implementation.

MONITORING AND REPORTING CLIMATE-RELATED RISKS AND OPPORTUNITIES

Climate-related risks and opportunities are monitored and reported regularly within the Company's corporate risk management system. Developments, performance indicators, and actions related to these risks and opportunities are periodically reported to senior management and the relevant committees to support informed decision-making.

The implementation status, effectiveness, and risk levels of mitigation measures are reviewed periodically. Corrective actions and improvement projects are monitored, particularly for risks classified as high or very high.

Risk analyses and related activities are evaluated by the risk assessment teams and the relevant process owners through management review mechanisms. Risk levels, the status of mitigation actions, resource requirements, risk response strategies, and residual risks are reported regularly as part of the Company's risk management activities.

Each process owner identifies and reviews the risks associated with the core business processes and determines the actions

Otokar addresses climate-related risks and opportunities in conjunction with its strategic planning, operational activities, and business objectives. The Company's corporate risk management framework is aligned with its strategic direction, business objectives, operational performance, and stakeholder expectations.

Risk review records are maintained and updated regularly through the Company's digital management infrastructure. The outputs of risk assessments are incorporated into key decision-making areas, including capital allocation, R&D priorities, business continuity planning, investment decisions, new product development, and supply chain management.

required at the unit level. In addition to risk analyses and related activities, periodic internal audits are conducted with the participation of the relevant process owners and the Assistant General Manager. These are also reviewed during the Koç Diyalog OKR cycles and Management Review Meetings. Risks are monitored regularly, the effectiveness of mitigation measures is evaluated, and any additional planning required is identified.

Following the implementation of risk mitigation measures, the probability and impact of the identified risks are reassessed. Improvement initiatives implemented to reduce risk levels are monitored regularly, and updates are made as necessary. All changes and updates related to risk management activities are documented in the relevant systems.

Otokar regularly assesses the effectiveness of its risk management practices through management reviews, committee evaluations, and management systems. Monitoring the status of identified risks, assessing the effectiveness of mitigation measures, and making necessary updates are fundamental elements of the Company's corporate risk management approach.

Risk management is also aligned with Otokar's long-term growth strategy and international expansion objectives. Accordingly, new manufacturing capabilities, the expansion of international operations, supply chain resilience, and technological transformation are all incorporated into strategic assessments.

Risk management is a fundamental element of the Company's long-term value creation approach. Otokar's approach to managing climate-related risks and opportunities is supported by strategic planning, OKR mechanisms, process management practices, and a culture of continuous improvement. Through this integrated approach, Otokar not only strengthens its resilience to existing risks but also seeks to maximize the opportunities arising from the transition to a low-carbon economy.

CONNECTING RISKS AND OPPORTUNITIES WITH STRATEGY AND INTEGRATING THEM INTO OPERATIONS

METRICS AND TARGETS



CLIMATE-RELATED METRICS

As part of its commitment to achieving carbon neutrality by 2050 in alignment with Koç Holding's Carbon Transition Program, Otokar monitors and reports its greenhouse gas (GHG) emissions comprehensively and transparently. Greenhouse gas emissions are calculated in accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004). Emission calculations are supported by factors from internationally recognized sources, including the International Energy Agency (IEA), IPCC 2006 Guidelines, the GHG Protocol Transportation Tool, the DEFRA Greenhouse Gas Reporting Conversion Factors 2024, and the Ecoinvent 3.8 database. Emissions are reported in metric tons of CO₂ equivalent (tCO₂e).

Carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O) emissions are calculated using the global warming potential (GWP) values from the IPCC Sixth Assessment Report (AR6) over a 100-year time horizon. The emission factors applied in the calculations are based on scientific sources, including the IPCC and the GHG Protocol, and

are adjusted for local conditions.

The inputs used to measure Scope 1 (direct emissions), Scope 2 (indirect energy emissions), and Scope 3 (other indirect emissions) greenhouse gas emissions include verifiable operational data such as natural gas and diesel consumption, electricity consumption, and logistics data. The emission factors applied in Scope 1 and Scope 3 calculations are based on scientific sources, including the IPCC and the GHG Protocol, and are adjusted for local conditions. For Scope 2 emissions, factors published by the International Energy Agency (IEA) are used. The methodology involves collecting or directly measuring operational data (such as energy consumption, fuel use, and logistics data) from reliable sources and applying the appropriate emission factors to calculate total emissions.

Otokar monitors and discloses both direct and indirect emissions using the operational control approach. Accordingly, emissions from the activities of subsidiaries and joint ventures over which the Company exercises operational control are included in the inventory, where relevant. The

disclosures are presented on a consolidated basis and include subsidiaries and joint ventures. In 2025, Otokar reported Scope 1 emissions of 13,897.23 tCO₂e, Scope 2 emissions of 11,305.48 tCO₂e under both the market-based and location-based approaches, and Scope 3 emissions of 5,756,738.21 tCO₂e. Total greenhouse gas emissions amounted to 5,781,940.92 tCO₂e. Otokar did not utilize contractual instruments, such as renewable energy certificates (RECs), during 2025.

All relevant categories are included in Otokar's Scope 3 calculations. Emissions were not calculated for Category 10 (processing of sold products), as Otokar's products are designed for end use and are therefore not subject to significant physical or chemical processing. Likewise, emissions were not calculated for Category 14 because no franchise activities exist, or for Category 15 because no material investment activities were identified. The largest share of Scope 3 emissions arises from the use of sold products (5,333,001.55 tCO₂e) and purchased goods and services (342,049.19 tCO₂e).

Consolidated Greenhouse Gas Emissions (tons CO₂e)

	2024*	2025***
Scope 1 Emissions	14,781	13,897.23
Scope 2 Emissions [Location-based]	12,939	11,305.48
Scope 2 Emissions [Market-based]	12,740	11,305.48
Scope 3 Emissions	4,929,872	5,756,738.21
Total**	4,957,394	5,781,940.92

* Under TSRS 2, Annex C, C4, the Company's 2024 GHG inventory has been prepared in line with the Greenhouse Gas Protocol and ISO 14064-1:2018 standard and has undergone independent assurance.

**Scope 1, Scope 2 (market-based) and Scope 3 refer to the Group's greenhouse gas emissions. In accordance with paragraph 29(a)(iv)(2) of TSRS 2, the greenhouse gas emissions of certain subsidiaries and joint ventures within the reporting boundary have been excluded from the Group's total greenhouse gas emissions calculations based on the materiality assessment. In this context, the emissions of Otokar Europe SAS, Otokar Land Systems LLC and Otokar Central Asia Limited, which primarily conduct sales and marketing activities, as well as the joint ventures Al Jasoor Heavy Vehicle Industry LLC and Sisteme de Aparare Romania (SAROM) S.R.L., were assessed as not material considering the nature and scale of their operations and their limited contribution to the Group's total greenhouse gas emissions.

*** Under TSRS 2, Annex C, C4, the Company's 2025 GHG inventory has been prepared in line with the Greenhouse Gas Protocol and has undergone independent assurance.

Consolidated Scope 3 Emissions by Category (tons CO₂e)

	2024	2025
Category 1 - Purchased Goods and Services	322,106	342,049.19
Category 2 - Capital Goods	15,607	50,425.67
Category 3 - Fuel- and Energy-related Activities (not included in Scope 1 or Scope 2)	3.777	3.329.,47
Category 4 - Upstream Transportation and Distribution	10,418	14,981.36
Category 5 - Waste Generated in Operations	81	64.04
Category 6 - Business Travel	1,733	1,684.35
Category 7 - Employee Commuting	2,433	2,121.53
Category 8 - Upstream Leased Assets	600	1,095.96
Category 9 - Downstream Transportation and Distribution	7,622	6,809.54
Category 11 - Use of Sold Products	4,564,383	5,333,001.55
Category 12 - End-of-life Treatment of Sold Products	346	349.43
Category 13 - Downstream Leased Assets	768	826.12
Total	4,929,872	5,756,738.21

Cross-industry Climate Metrics

Metric	Explanation
The amount and percentage of assets or business activities vulnerable to climate-related transition risks	Assets or business activities vulnerable to climate-related transition risks have not been identified. See Strategy for more information.
The amount and percentage of assets or business activities vulnerable to climate-related physical risks	Assets or business activities vulnerable to climate-related physical risks have not been identified. See Strategy for more information.
The amount and percentage of assets or business activities aligned with climate-related opportunities	See Strategy for more information.
The amount of capital expenditure, financing or investment deployed toward climate-related risks and opportunities	No capital expenditure, financing or investment has been deployed toward climate-related risks and opportunities
Internal carbon prices - the entity shall disclose: ·an explanation of whether and how the entity is applying a carbon price in decision-making (for example, investment decisions, transfer pricing and scenario analysis); and ·the price for each metric ton of greenhouse gas emissions used to assess costs of GHG emissions	Otokar currently does not apply any internal carbon pricing in its decision-making processes and does not use a carbon price per metric ton to assess the cost of greenhouse gas emissions. However, the implementation of internal carbon pricing will be considered in the future to strengthen the company's climate strategy and enhance decision-making processes.
Remuneration - the entity shall disclose: ·a description of whether and how climate-related considerations are factored into executive remuneration; and ·the percentage of executive management remuneration recognized in the current period that is linked to climate-related considerations	See Governance for more information.

CLIMATE-RELATED TARGETS

Otokar continues its climate initiatives in alignment with Koç Holding's 2050 net-zero target and has adopted this goal as its own. The target includes achieving absolute reductions in gross Scope 1 and Scope 2 emissions by 2050. Work is ongoing to establish targets for Scope 3 emissions. Performance data for Scope 1, Scope 2, and Scope 3 emissions has been disclosed for 2025. As a key element of its climate strategy, Otokar aims to develop zero-emission variants of all bus models by 2028.

Otokar continues to evaluate its greenhouse gas reduction strategy and roadmap. The Company intends to establish emission reduction

targets in the future pursuant to business decisions based on the findings of technical analyses, investment plans, and management evaluations. Otokar's current climate targets and target-setting methodology have not yet been verified by an independent third party.

Otokar did not use carbon credits during the reporting period. In addition, the Company has not yet developed a strategy for the potential use of carbon credits in achieving its current or future climate targets. Otokar's primary objective, however, is to achieve its climate targets through direct emissions reductions.

INDUSTRY METRICS

In accordance with the Sector-Based Implementation Guide of TSRS 2, Otokar monitors sector-specific and activity-based metrics relevant to its operations in the automotive and defense industries. The 2025 disclosures include product-specific performance indicators, such as the number of zero-emission vehicles sold and total production units. Additionally, reportable production volumes by segments are included within the scope of this reporting.

Volume 63 - Automobiles

Topic	Metric	Code	2024				2025			
Fuel Economy & Emissions in Use-phase	Sales-weighted Average Passenger Fleet Fuel Economy, by Region	TR-AU-410a.1	European Union (EU)				European Union (EU)			
			Bus, Midi, Mini	0.39006 l/km	Diesel	1,154.57 gCO ₂ /km	Bus, Midi, Mini, Truck**, Armored**	0,516202 l/km	Diesel	1668,67 gCO ₂ /km
			Mini Electric	0.11 kWh/km	Electric	32,406 gCO ₂ /km	Mini Electric	0,11 kWh/km	Electric	32,406 gCO ₂ /km
			Bus CNG	0.4081 l/km	CNG	1,195.73 gCO ₂ /km	Bus CNG	0,4081 l/km	CNG	1195,73 gCO ₂ /km
			Bus Electric	1.41 kWh/km	Electric	415,386 gCO ₂ /km	Bus Electric	1,41 kWh/km	Electric	415,386 gCO ₂ /km
			Non-EU				Non-EU			
			Bus, Midi, Mini, Armored	0.47035 l/km	Diesel	1392.23 gCO ₂ /km	Bus, Midi, Mini, Truck***, Armored	0.321375 l/km	Diesel	1108,752 gCO ₂ /km
			Türkiye				Türkiye			
			Bus, Midi, Mini, Truck	0.34005 l/km	Diesel	1006.56 gCO ₂ /km	Bus, Midi, Mini, Truck, Pickup Truck****	0.22739 l/km	Diesel	755,302 gCO ₂ /km
	Number of Zero Emission Vehicles [ZEV] Sold	TR-AU-410a.2	*				*			
	Number of Hybrid Vehicles Sold	TR-AU-410a.2	*				*			
	Number of Plug-in Hybrid Vehicles Sold	TR-AU-410a.2	0				0			

*Not disclosed due to commercially sensitive information.

**Armored vehicle and truck figures included.

***Truck figures included.

****Pickup truck figures included.

Volume 63 – Automobiles (cont.)

Metric	Code	2024	2025
Vehicles Produced	TR-AU-000.A	5,375	5,660
Vehicles Sold	TR-AU-000.B	5,399	7,474

Volume 46 – Aerospace & Defense

Topic	Metric	Code	2024	2025
Energy Management	Total Energy Consumed [GJ]	RT-AE-130a.1	271,833	310,530
	Percentage Grid Electricity	RT-AE-130a.1	38%	33.06%
	Percentage Renewable	RT-AE-130a.1	1%	0.42%
Fuel Economy & Emissions in Use-phase	Revenue from Alternative Energy-related Products [TL]	RT-AE-410a.1	0	0

Metric	Code	2024	2025
Land Vehicles Produced [Units] *	RT-AE-000.A	557	444
Number of Employees	RT-AE-000.B	3,772	3,659

**Refers to all military land vehicles produced.*



Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27
Daire: 57 34485 Sarıyer
İstanbul - Türkiye

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

[Convenience Translation of Auditor's Limited Assurance Report Originally Issued in Turkish]

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON THE INFORMATION PRESENTED UNDER THE TURKISH SUSTAINABILITY REPORTING STANDARDS OF OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

To the General Assembly of Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi,

We have been assigned to perform limited assurance engagement on the information ("Sustainability Information") presented in accordance with the Türkiye Sustainability Reporting Standards 1 "General Requirements for Disclosure of Sustainability-related Financial Information" and Türkiye Sustainability Reporting Standards 2 "Climate-Related Disclosures" of Otokar Otomotiv ve Savunma Sanayi A.Ş. and its subsidiaries (collectively referred to as the "Group") for the year ended December 31, 2025.

Our assurance engagement does not include the information related to other information associated with Sustainability Information (including any images, audio files, website links or embedded videos).

Limited Assurance Conclusion

Based on the procedures performed and the evidence obtained, as summarized under the section "Summary of the Work we Performed as the Basis for our Assurance Conclusion", nothing has come to our attention that causes us to believe that Group's Sustainability Information for the year ending December 31, 2025, has not been prepared in accordance with the Türkiye Sustainability Reporting Standards ("TSRS"), as published by the Public Oversight Accounting and Auditing Standards Authority of Türkiye ("POA") in the Official Gazette dated December 29, 2023 and numbered 32414(M). We do not provide any assurance conclusion regarding the information related to any other information associated with the Sustainability Information (including any images, audio files, website links or embedded videos).

Inherent Limitations in the Preparation of Sustainability Information

The Sustainability Information is subject to inherent uncertainties due to lack of scientific and economic information. The inadequacy of scientific data leads to uncertainties in the calculation of greenhouse gas emissions. Additionally, due to the lack of data regarding the likelihood,

frequency, and impacts of potential physical and transition climate risks, the Sustainability Information is subject to uncertainties related to climate-related scenarios. (2) A member firm of Ernst & Young Global Limited

Responsibilities of Management and Those Charged with Governance Regarding Sustainability Information

The Group's Management is responsible for:

- Preparing the Sustainability Information in accordance with the principles of Türkiye Sustainability Reporting Standards;
- Designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error;
- Additionally, the Group Management is responsible for selecting and implementing appropriate sustainability reporting methodologies as well as making reasonable assumptions and suitable estimates.

Those Charged with Governance is responsible for overseeing the Group's sustainability reporting process.

Responsibilities of the Independent Auditor Regarding the Limited Assurance of Sustainability Information

We are responsible for the following:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Group Management.

[Convenience Translation of Auditor's Limited Assurance Report Originally Issued in Turkish]

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON THE INFORMATION PRESENTED UNDER THE TURKISH SUSTAINABILITY REPORTING STANDARDS OF OTOKAR OTOMOTİV VE SAVUNMA SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Since we are responsible for providing an independent conclusion on the Sustainability Information prepared by management, we are not permitted to be involved in the preparation process of the Sustainability Information in order to ensure that our independence is not compromised.

Professional Standards Applied

We performed a limited assurance engagement in accordance with the Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and in respect of greenhouse gas emissions included in the Sustainability Information, in accordance with Standard on Assurance Engagements "3410 Assurance Engagements on Greenhouse Gas Statements", issued by POA.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Independent Auditors, issued by the POA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our firm applies Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our work was carried out by an independent and multidisciplinary team including assurance practitioners, sustainability and risk management specialists. We have used the work of our expert team to assess the reliability of the information and assumptions related to the Group's climate and sustainability-related risks and opportunities. We remain solely responsible for our assurance conclusion.

Summary of the Work we Performed as the Basis for our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Sustainability Information,

- Face-to-face and online interviews were conducted with the Group's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period.

- The Group's internal documentation was used to review and assess the sustainability related information.
- The disclosure and presentation of sustainability-related information have been evaluated.
- Through inquiries, we obtained an understanding of Group's control environment and information systems relevant to the preparation of the Sustainability Information. However, we did not evaluate the design of particular control activities, we did not obtain evidence about their implementation or we did not test their operating effectiveness.
- The appropriateness and consistency of the Group's estimation development methods were evaluated. However our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Group's estimates.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Cem Uçarlar, SMMM
Partner

31 July 2026
İstanbul, Türkiye

Otokar

Otokar Otomotiv ve Savunma Sanayi A.Ş.

HEADQUARTERS

Taşdelen Mahallesi, Sırrı Çelik Bulvarı No:5
Çekmeköy 34788 İstanbul, Türkiye
T: +90 216 489 29 50
www.otokar.com.tr

FACTORY

Atatürk Cad. No: 6, 54580
Arifiye, Sakarya - Türkiye
T: +90 264 229 22 44
www.otokar.com.tr

For your feedback, opinions and suggestions, please contact:

Corporate Communications and Sustainability Directorate
Beril Gönüllü, *Corporate Communications and Sustainability Director*
Selin Özdemir, *Corporate Communications and Sustainability Supervisor*
T: +90 216 489 29 50



REPORT DESIGN
Demirbağ Creative
T: +90 212 347 47 80

Otokar