

SUSTAINABILITY



OTOKAR'S SUSTAINABILITY STRATEGY ADDRESSES DIGITAL TRANSFORMATION, INNOVATION, FUTURE TALENT, CLIMATE CHANGE, AND DIVERSITY, EQUALITY AND INCLUSION AS KEY PILLARS.

Otokar adopt a sustainability management approach rooted in environmental sensitivity, respecting people, and upholding ethical values. Otokar's sustainability journey extends beyond its own operations and encompasses the entire value chain. Since 2014, Otokar has been included in the BIST Sustainability Index, whose constituents are listed companies with the highest corporate sustainability performance, in recognition of its sustainability focused efforts.

Sustainability lies at the heart of Otokar's activities, and the management body responsible for setting the strategic direction of the company's social, economic and environmental activities is the Board

of Directors. The General Manager, who is also a Board member, oversees the sustainability-related activities to ensure that they are implemented in accordance with company policies and applicable legislation. On the other hand, Otokar Sustainability Working Group, which reports to the General Manager, monitors the social, environmental and economic impact of the company's operations.

Otokar's material sustainability aspects are identified during workshops with the participation of Working Group members and senior management. The identified material aspects are reviewed by external experts every year and updated as needed. The objective

2014

THE YEAR WHEN OTOKAR WAS FIRST

LISTED IN THE BIST SUSTAINABILITY

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of Otokar Sustainability Model, which is defined during these activities, is to draw up a roadmap that respects the environment, people and the future to strengthen the company's business strategy in the automotive and defense industries as an organization that acts with environmental, social, and governance responsibility and values stakeholder engagement. The Otokar Sustainability Model will evolve with a holistic and inclusive approach.

RESPONSIBLE MANAGEMENT APPROACH

Otokar adopts a "responsible management" approach toward all its stakeholders. In designing its sustainability activities, Otokar considers the needs and priorities of all its stakeholders. The company discloses its business strategies, the impact of its operations and performance results transparently and fully through the sustainability reports published annually. The reports, prepared in accordance

Listed in the BIST Sustainability Index

Otokar aims to create long-term value by integrating economic, environmental and social factors with corporate governance principles. Since 2014, Otokar has been included in the BIST Sustainability Index, whose constituents are listed companies with the highest corporate sustainability performance, in recognition of its sustainability focused efforts. Through the Sustainability Index, Otokar discloses information on its environmental, social and corporate governance related activities as well as their performance results and relevant targets to its stakeholders. Otokar is also included in the Refinitiv ESG Score rating.

OTOKAR'S SUSTAINABILITY MODEL

R&D and Innovation for Continuous and Sustainable Development

- Product Quality
- Product Life Cycle
- Minimizing the Impact of Supply and Value Chains



Sustainable and Quality Products

- Applying New Technologies
- Alternative Fuel Vehicles
- Sustainable Product Design
- Digitalization



Innovative Solutions to Combating Climate Change

- Energy Efficiency in Production
- Zero Waste
- Shift to Low Carbon Economy



Brand Value and Customer Satisfaction

- Accessibility
- Customer Satisfaction
- Brand Value and Reputation



Employee Satisfaction

- Employee Loyalty
- Occupational Health and Safety
- Diversity and Human Rights
- Talent Management



with the GRI standard, contain five-year historical and comparable data pertaining to the key sustainability performance indicators.

Information on Otokar's sustainability activities is also disclosed through the Annual Report and on the corporate website. Starting with Otokar employees, all stakeholders are provided with information on the company's environmental, social and governance policies and practices.

TRANSPARENT AND CONTINUOUS COMMUNICATION

As a public company traded on Borsa Istanbul, Otokar upholds transparency and accountability as a core value. Accordingly, the Investor Relations Department maintains transparent and continuous communication with investors and shareholders.

Otokar follows applicable laws and regulations and capital markets

legislation in shareholder relations. Information about the company is disclosed to interested parties at the annual ordinary General Assembly Meetings and through Annual Reports, Sustainability Reports, annual and quarterly Earnings Releases, periodic analyses and information documents, corporate website, press releases, material event disclosures, meetings and interviews.

In all its operations, Otokar aims to create value for all its stakeholders. Therefore, the company seeks to understand stakeholder expectations and develop the right responses as a key part of the value creation process. Accordingly, Otokar actively engages with all relevant stakeholder groups. The method and frequency of communication is shaped according to stakeholder requirements and expectations. Communication with the stakeholders is always constructive, transparent and based on mutual

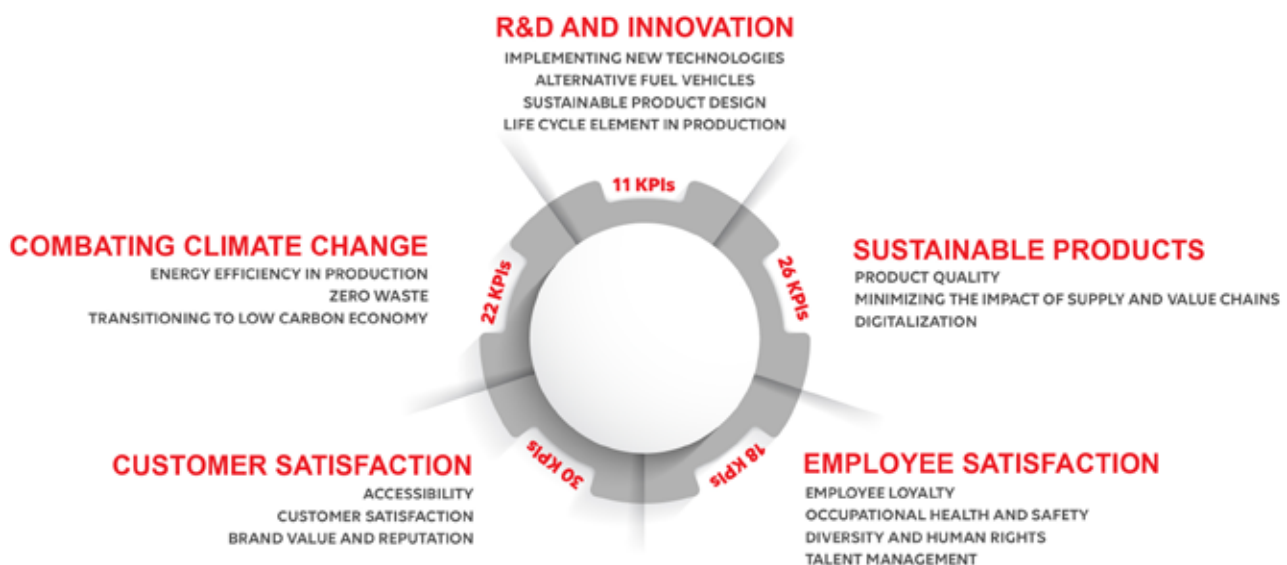
trust and cooperation. As part of stakeholder communications, Otokar supports the activities of NGOs and platforms by becoming a member and taking responsibility in such organizations' management bodies.

CORPORATE GOVERNANCE MODEL

The corporate governance model of Otokar is based on compliance with the Corporate Governance Principles stipulated by the Capital Markets Board. The company already complies with all mandatory principles and currently works on specific principles to achieve full compliance.

Based on the Sustainability Compliance Framework introduced by the Capital Markets Board as part of the Corporate Governance Principles, Otokar has expanded the scope of its compliance efforts to encompass sustainability. In determining its corporate governance strategy,

MATERIAL SUSTAINABILITY ASPECTS



The company's sustainability model and strategies were reviewed in 2021, and 14 different stakeholder groups were included in the studies.

Otokar considers sustainability, the environmental impact of its operations, and relevant principles.

LEGAL COMPLIANCE

Legal compliance is another strategic factor that Otokar follows as part of its risk and audit activities. Otokar Compliance Policy demonstrates the company's commitment to defining a comprehensive and effective compliance framework and complying with laws and regulations, internal policies, best corporate governance practices, and ethical rules. The Compliance Policy is binding on all Otokar employees and executives.

Otokar Competition Law Compliance Policy is an indication of Otokar's commitment to complying with competition law in its commercial activities and relations with its competitors. The policy lays out the principles and procedures regarding the execution of all activities in compliance with the competition law legislation. All Otokar employees and executives are required to adhere to the Competition Law Compliance Policy.

Otokar Supply Chain Compliance Policy provides guidelines for sharing Otokar's core principles and values with its business partners and communicating the standards they are expected to meet. In selecting suppliers and monitoring them, Otokar aims to function as a guide. This policy is an integral part of Otokar's Code of Ethics and is binding on all suppliers of Otokar.

Compliance training has been integrated into the orientation process. In 2022, all the employees completed their compliance training. According to the report extracted from the platform where the compliance training is included, 140 new employees who joined Otokar in 2023 completed the Code of

Ethics training and 99 new employees completed anti-bribery and anti-corruption training.

ENVIRONMENTAL SUSTAINABILITY

Managing environmental aspects: Otokar Environmental Policy provides a reference document for managing environmental issues. This policy defines Otokar's commitment to protecting the environment, using natural resources efficiently, complying with laws and regulations, implementing improvements to reduce environmental impact, and creating systems and processes pertaining to environmental audits.

The Board of Directors, which is responsible for overseeing Otokar's environment related efforts, identifies the strategic trends and monitors the environmental activities. Meanwhile, the General Manager is responsible for the implementation of these strategies and decisions in line with company policies and legislation. Responsibility for ensuring that environmental practices are implemented belongs to the Environmental Management Unit. Environmental goals are among the key factors that affect the personal performance assessment and the remuneration system.

In determining the environmental management strategies and deciding on the practices, Otokar also follows the national and international standards. All Otokar manufacturing sites hold ISO 14001 Environmental Management Systems Standard certification.

Environmental performance is measured with score cards and reported to the General Manager and the Board of Directors. Results of the environmental performance assessments are disclosed to the stakeholders through various reports and internal communications.

Environment-related topics are monitored through 22 key performance indicators (KPIs). In determining these indicators, GRI standards, environmental issues, industry norms and requirements, and Koç Group's material environmental aspects are considered. The Sustainability Reports, published annually, are the primary channel for transparent disclosure of environmental performance. Environmental KPIs are also provided on the corporate website and in Annual Reports. Disclosing five-year historical data regarding environmental KPIs provides an opportunity to make retrospective comparisons.

Alignment with stakeholders:

Otokar expects its suppliers and business partners to adopt the same environmental management approach. Accordingly, Otokar aims to spread the environmental management approach across its entire value chain beyond its own operations. Therefore, Otokar includes compliance with environmental standards and environmental impact management criteria in the supplier selection process. The environmental performance of suppliers is also monitored through regular audits.

Environmental collaborations:

Environment is an area where Otokar aims to create more positive impact through collaborations and joint efforts. Accordingly, Otokar partners with different stakeholder groups and NGOs. Otokar attends the monthly meetings of the Koç Group Environmental Committee as a member, contributing to Group companies by sharing its best practices.

Furthermore, ISO and TÜSİAD provide platforms for Otokar to engage with businesses in proximity. Such engagements facilitate discussions and collaborations regarding changes in

legislation, EU compliance directives, local sanctions, and investments.

Efficient use of natural

resources: As a responsible company, Otokar regards the efficient use of natural resources as a key responsibility and follows it diligently, aiming for minimal water use in its operations. In addition to reducing water consumption, Otokar also ensures that the water consumed is drawn from recovered sources to the extent possible. As a result of these efforts, 150 thousand m³ of water was recovered in 2023. Otokar also strives to minimize waste through efficient use of materials and resources with the help of reuse and recovery practices. In 2023, various methods were employed to recover 6 thousand tons of the total waste from production operations.

Combating climate change:

Otokar's efforts to combat climate change are guided by the Environmental Policy, Energy Policy, R&D Strategy, Koç Group's Climate Change Strategy, and Koç Group Climate Change Management. At Otokar, the Board of Directors determines the climate change strategies.

Otokar manages climate change with an approach focused on considering risks and seizing opportunities. Accordingly, a climate change focused risk analysis study was conducted in alignment with the Task Force on Climate-related Financial Disclosures (TCFD). Sustainable products, services, and strategies that facilitate the shift to a low carbon economy are considered on the basis of risks and opportunities.

The core strategy that Otokar follows to combat climate change involves limiting the impact of its products and production processes on climate. As part of these efforts, Otokar monitors the energy consumption in its production processes and the greenhouse gas emissions released. The company has also implemented a number of efficiency projects to reduce energy consumption and emissions.

The activities carried out in 2023 included carbon footprint calculations for Scope 1 and Scope 2, target modeling, and target feasibility studies along with calculations for Scope 3 emissions. With 2021 taken as base year, Scope 1-2-3 emissions have been assured by BSI according to the ISO14064-1 standard. The Scope 1-2-3 emissions for 2022 have been accredited by BVQI (Bureau Veritas).

Environmental Key Performance Indicators	2019	2020	2021	2022	2023
Total Energy Consumption (GJ)	158,992	156,184	169,235	202,263	273,151
Direct Energy Consumption (GJ)	101,751	103,607	106,863	122,818	171,204
Direct Renewable Energy Consumption (GJ)	240	240	240	294	2,894.4
Indirect Energy (Electricity) Consumption (GJ)	57,241	52,577	62,132	79,152	99,053
Total Water Withdrawal (m ³)	152,058	183,907	226,435	178,401	193,042
<i>Underground Water (m³)</i>	77,484	114,270	135,652	80,632	91,328
<i>Municipal Water (m³)</i>	73,154	68,537	90,783	97,769	101,714
<i>Rain Water (m³)</i>	1,420	1,100	0	0	30
Total Wastewater Discharge (m ³)	119,000	140,000	150,000	92,000	106,042
Recovered Water (m ³)	150,350	150,500	150,500	150,500	150,000
Ratio of Recovered Water in Water Consumption (%)	50	45	40	45	40
Total Waste (from production) (tons)	2,785	3,894	4,543	7,077	9,161
Recycled Waste (tons)	2,742	3,288	3,801	6,990	9,085
Scope 1 Greenhouse Gas Emissions (tons CO ₂ e)	5,157	4,952	7,910	10,298	9,063
Scope 2 Greenhouse Gas Emissions (tons CO ₂ e)	7,633	6,543	8,083	9,703	11,712

Otokar's Sustainability Compliance Statement can be found on page 86 of this report.

[Click to view Otokar's company policies.](#)

[Click to view Otokar's Sustainability Reports.](#)

Calculations were also made with Carbon Trust in accordance with the GHG standard. Otokar started to work on setting targets in line with the Science Based Targets initiative (SBTi) in 2022. Pending SBTi's revision of the automotive industry guidelines, Otokar plans to apply for approval of its target commitments in 2024 without waiting for the publication of the guidelines.



vehicles, electric vehicles and vehicles with high fuel efficiency.

As an active participant in Koç Holding's Carbon Transition Program targeting net zero by 2050, Otokar completed and commissioned a new solar power plant at the factory site in 2023, after starting to generate electricity from photovoltaic panels. Additionally, work is ongoing to build a Solar Power Plant in Malatya.

In addition to investing in vehicle technologies with reduced emissions, the engine systems of the vehicles in the current product lineup are also upgraded to deliver lower emissions. In product development, Otokar considers low carbon economy and stakeholder expectations.

In 2023, Otokar conducted product life cycle assessments on two different electric buses. The company also eliminated single-use plastics completely the same year. Otokar's exemplary environmental practices were recognized with the Environment Prize at the Stars of Sakarya Awards Ceremony organized by the Sakarya Chamber of Commerce and Industry in December 2023.

Transportation is a major contributor to climate change. Otokar focuses on developing green solutions to reduce the impact of transportation on climate change with an electric bus lineup ranging from 6 meters to 19 meters in length. As a leading global player in alternative fuel vehicles, Otokar offers a wide product range of CNG powered and electric buses to meet the cities' need for ecofriendly vehicles.

Otokar reduced its impact on climate change by offsetting the carbon footprint of its booth at the Busworld Fair on press day on October 6, 2023, along with the participants' travel emissions and press conference activity through Net Zero Climate Investments.

Otokar, committed to expanding its zero-emission vehicles, introduced Kent Hydrogen, its first bus powered by hydrogen fuel cell technology, to its product lineup in 2023. Another addition was the electric e-Territo bus, developed specifically to operate in the zero-emission zones in Europe, which was unveiled at the Busworld Fair in Belgium. The electric autonomous e-Centro bus, featuring Level 4 autonomous driving technology, was also added to the product range in 2023. The vehicle was used for shuttling the visitors during the fair in Belgium.

Alternative fuel vehicles: Emissions released from internal combustion engine (ICE) vehicles can have devastating impact on climate change. Therefore, developing technologies to limit the emissions takes up an important place on the agenda of Otokar as a leading industry player. Otokar engages in R&D activities to reduce the greenhouse emissions of its products and works on alternative fuel

and material sustainability aspects include human rights. Otokar Human Rights Policy, which provides a guide that reflects its human rights approach and standards, is binding on all the company employees and executives. All business partners are also expected to comply with this policy. Koç Holding Human Rights Policy, UN Guiding Principles on Business and Human Rights, ILO Conventions, and Universal Declaration of Human Rights have been used as references in drafting the Human Rights Policy.

Otokar promotes a people-centric workplace, offering its employees a respectful and equal environment where human rights and employee rights are protected. Otokar does not discriminate on the basis of race, gender, political tendencies, philosophical views, religion or faith in any human resources process and does not tolerate any behavior that may be considered discriminatory. For remuneration, Otokar employs an "equal pay for equal work" approach.

Gender equality: Otokar fosters women's participation in employment based on equal opportunity and implements a number of practices to make life easier for female employees. Otokar actively promotes elimination of gender inequality and supports various initiatives that serve this purpose. Otokar is a signatory of the Declaration on Equality at Work, published by the Equality at Work platform, and Women's Empowerment Principles (WEPs), a joint initiative of UN Women and UN Global Compact.



SOCIAL SUSTAINABILITY

Human rights: Otokar's core values

Diversity, equality and inclusion:

Guided by its Code of Ethics, Otokar aims to offer equal opportunity on all levels and to ensure diversity and inclusion. Otokar believes that achieving diversity, especially in decision-making mechanisms, would directly contribute to business performance. Therefore, Otokar strives for ensuring diversity among Board members, who bring knowledge and experience in their respective fields. To enhance its diversity and equal opportunity practices further, Otokar has drafted and implemented the Board Diversity Policy.

As part of these efforts, Otokar formed the Diversity, Equality and Inclusion Committee - SPECTRUM - to create a diverse, equal and inclusive work environment where human rights are respected and to build a corporate culture on these principles. The SPECTRUM committee has already conducted a materiality analysis within the organization and identified the focus areas to address as gender equality, physical disability, and generational discrimination. The results of these studies have been published as a manifesto.

In 2023, Otokar continued to raise awareness within the organization as part of its diversity, equality and inclusion activities. The infrastructure required to employ women was completed, and the company began to recruit female field workers. Furthermore, the necessary adjustments have been made in the workplace to improve the comfort and safety of the employees with disabilities.

Unionization rights: Otokar respects the unionization rights of its employees and provides an environment where they can freely exercise their rights. As a result of this inclusive approach, all field employees at Otokar are unionized as of 2022.

Code of Ethics: Otokar Code of Ethics is based on and aligned with Koç Holding Code of Ethics and Implementation Principles, and binding on all Otokar employees, suppliers and partners. Similarly, UN Global Compact, to which Koç Holding is a party on behalf of all Group companies, is binding on Otokar's entire value chain. Therefore, Otokar strives to spread the ethical principles.

The employees are required to report any ethics violations they may witness using the available mechanisms. Reporting of such violations is treated in strict confidence. Otokar has implemented a Whistleblowing Policy to encourage its employees and stakeholders to report any actions that they suspect are in violation of Koç Group and Otokar Code of Ethics or applicable policies or legislation.

Otokar takes all necessary measures to prevent bribery and corruption. Otokar Anti-Bribery and Anti-Corruption Policy has been drafted and implemented to address bribery and corruption, which were previously covered within the scope of the Code of Ethics. This policy lays out the principles and rules to be applied within Otokar regarding corruption and bribery.

Otokar recognizes that its operations impact its stakeholders, the environment and society as a whole, and takes responsibility for sustainable development. The Social Investment Policy demonstrates Otokar's commitment to contributing to the welfare of its communities and the sustainable development of the environment.

As part of its commercial activities, Otokar fulfils its obligations to comply with the economic sanctions and export controls imposed by the Republic of Türkiye, United Nations, the United States of

America, European Union, and other jurisdictions. Accordingly, Otokar has implemented a Sanctions and Export Controls Policy to define a clear framework for this matter.

Otokar Gift and Entertainment Policy lays out the guideline and standards that Otokar employees and executives, acting on behalf of the company, are required to follow when receiving or offering gifts to business partners, hosting guests or accepting an invitation, and similar activities.

Training and development:

Otokar offers its employees various opportunities to build on their competencies and acquire new skills and knowledge. Training and development programs enhance employee motivation and contribute to Otokar's future success. Accordingly, the company fosters the continuous development of its human resource with internal and external, in-person and online training programs as well as education programs made possible by Koç Holding and Koç University. In 2023, Otokar employees took 102,845 person*hours of training across 900 topics.

Suggestion system: Fostering the development of employees is as valuable as encouraging their participation in the company's management and decision-making process. Otokar recognizes that obtaining the opinions and suggestions of the employees and leveraging them in determining strategies and making decisions may create a difference. Accordingly, Otokar uses a Suggestion System to obtain the employees' opinions. Employee suggestions are assessed by the Suggestion Evaluation High Committee, and viable suggestions are duly implemented.

Supporting social life: Otokar believes that employees should pursue work-life balance and promotes a

SOCIAL INDICATORS

3,580 Total Workforce	5% Female Employment Ratio	100% Unionization Ratio of Field Employees	6.81 Injury Rate	37,243 PERSON*HOURS OHS Training	102,845 PERSON*HOURS Total Training
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work environment where this can be possible through a number of practices. Accordingly, the company organizes various events and activities to enhance the social life of the employees and strengthen interpersonal communication. For this purpose, employee clubs also organize various events that the employees may attend with their families.

Occupational health and safety:

Otokar aims to protect the health and safety of its employees through maximum measures and practices. The occupational health and safety (OHS) activities are carried out in accordance with the OHSAS 18001 Standard and Otokar OHS Policy, which is disclosed to the employees and other stakeholders through various communication channels.

The OHS Committees at Otokar work to ensure that the employees participate in occupational health and safety processes, and to mitigate risks and enhance performance. Accident indicators are assessed at regular OHS Committee Meetings, where the causes are analyzed and the measures are discussed. Monthly and annual OHS targets are set and work programs are created for employees and departments to minimize occupational health and safety risks and improve performance. OHS performance is not only communicated to the relevant departments with monthly reports but also evaluated at the annual Management Review Meetings.

Raising awareness among the employees about the importance of

occupational health and safety is as effective as management strategies focused on preventing workplace accidents and adverse health conditions. Therefore, all Otokar employees are required to take the OHS training programs. In 2023, total OHS training time amounted to 37,243 person*hours.

Corporate responsibility: As a company that is conscious of its corporate responsibilities, Otokar takes an active role in supporting the development of the country and society and protecting the environment. Otokar also supports the “For My Country” project, which aims to encourage Koç Group companies, employees, dealers and suppliers to engage in social responsibility efforts and to launch projects to elevate the living standards by contributing to local development.

Otokar’s environment-focused efforts have been recognized with multiple awards by institutions such as the Ministry of Environment, Sakarya Governor’s Office, İstanbul Chamber of Industry, Adapazarı Chamber of Commerce and Industry, and Kocaeli Chamber of Industry. Otokar is also one of the first automotive companies to operate with ISO 14001 certification.

Customer satisfaction: Otokar aims to establish long-term relations based on mutual trust with its customers, while ensuring their unconditional satisfaction. Customer satisfaction is managed within the framework of Otokar Customer Satisfaction Policy and Otokar

Quality Policy. Furthermore, Otokar has obtained ISO 10002 Customer Satisfaction Management System Standard and ISO 10001 Quality Management-Customer Satisfaction certifications for quality assurance of customer satisfaction.

Product and service responsibility is a key component of customer satisfaction. For this purpose, Otokar continuously works to enhance the safety of its products and keeps the customers informed about the latest developments while considering social, environmental and economic impact across its production and service operations.

Protection of personal data:

Protection of personal data is another topic that Otokar manages diligently. Otokar Personal Data Protection Policy provides an overview of the principles that the company adopts for processing personal data. Through this policy, Otokar informs the personal data subjects transparently. Processes regarding the protection of the employees’ personal data are managed according to the Personal Data Protection and Processing Policy for Employees.

Otokar regards its information assets (including consumer information assets) as an important resource for capturing a competitive advantage and attaining its strategic goals. Therefore, Otokar takes all necessary measures to ensure that these information assets are always available, secure, and consistent. Commitments within this scope are regulated through Otokar Information Security Policy.