



**Otokar**

**SUSTAINABILITY  
REPORT 2015**



About the Report



Message from the General Manager



About Otokar



Responsible Management Focused on Sustainable Development



Steady Growth, Continuous Development



Innovation Focused on Value-Added



Developing Together with Value Chain



People-Oriented Workplace



Environmentally Friendly Production



Climate Change, Energy and Emissions



Caring for Society



Performance Data



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# ABOUT THE REPORT





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## ABOUT THE REPORT

We continue to meet the modern public transportation, logistics, transport and defence industry needs of Turkey using local capital, engineering and technology on the journey we started off with the motto “I exist, if my country exists”. We act with a responsible and principled management understanding for all our stakeholders, primarily the society in which we live.

We publish sustainability reports in order to present the distance we have covered in our journey for creating sustainable value for our country with a transparent and easily accessible method. Through the Otokar Sustainability Report we are publishing for the third time, we offer the social, environmental and economic impacts of our operations, our managerial approaches, performance results and future targets to the views of our stakeholders once again. As in the previous reporting period, Otokar 2015 Sustainability Report was prepared in accordance” with the GRI G4 Guidelines, option ‘core’, in terms of defining the scope and binding elements of the report, determining its content, calculating performance data, and structuring its disclosures.

The prioritisation study that was conducted in the previous reporting period in consideration of principles recommended in line with GRI G4 Reporting Guidelines was reviewed in the reporting period. In addition to GRI G4 performance indicators, industry-specific data were also used when deemed necessary in disclosures about prioritised issues.

The scope of the report reflects the operations and performance results of Otokar Otomotiv ve Savunma Sanayi A.Ş. While information regarding corporate operations constitutes the main data source for the report, information about works conducted by external stakeholders, such as dealers and suppliers, were also included in the report content. While data concerning previous reporting periods were also shared in order to clearly expose performance developments and provide readers with a chance of comparison, the data included in Otokar 2015 Sustainability Report involves the performance realised between January 1, 2015 and December 31, 2015. We aim to implement future reporting studies on an annual basis following the same guiding methodology.

You can reach Otokar 2015 Sustainability Report, sustainability reports of previous periods and detailed information regarding the company at [www.otokar.com](http://www.otokar.com) You can convey your views and opinions about our Sustainability Report at [kyl@otokar.com.tr](mailto:kyl@otokar.com.tr) or through our website.



# GENERAL MANAGER'S STATEMENT



Dear Stakeholders,

We are glad to be sharing with you the distance we covered in our sustainability journey, the policies and strategies we adopt, the social, environmental and economic impacts of our operations, the performance results we achieved and our future targets through our third sustainability report.

As a member of Koç Group, we act with the awareness of the responsibility we bear in the realisation of Group sustainability targets, we strive to achieve development in issues that figure in the sustainability agenda of the Group. We embrace the principles of the UN Global Compact signed by Koç Holding on behalf of Group companies.

As Otokar, we work both to maintain steady growth and to leave a more liveable world for future generations. We manage all our processes with the concepts of accountability, transparency and responsibility. We closely adhere to people and society-oriented, environmentally friendly, universal business ethics principles in conducting our operations. We adopt a sustainability strategy based on contributing to national economy and preserving corporate profitability with our business model focused on operational excellence and developing value-added products that perfectly meet customer expectations.

One of the most significant developments of the past year was our involvement in Istanbul Stock Exchange Sustainability Index. We conducted works to make more efficient use of our resources without conceding on our codes of conduct, the importance we attach to people and society, and our corporate governance principles and values. In 2015, we have boosted our turnover to 1.4 billion TL and our net profit for the year to 80 million TL.

We continued to work to enhance our performance in the field of environment, which is one of the main focus areas of our sustainability activities. In 2015, we improved our energy consumption per unit by 3% and reduced it to the level of 1.61 GJ/unit. By means of the efficiency and optimisation we achieved, we ensured 5,550 GJ of energy and 492 Ton CO<sub>2</sub>e of greenhouse gas emission savings in total; while we reused 149,735 m<sup>3</sup> of water in production processes through our recovery works. In this way, we succeeded in increasing our savings figures as against the previous year.

Combatting climate change constitutes an important component of our environmental sensitivity. We continued developing our R&D works aimed at reducing greenhouse gas emissions caused by our production processes and environmental impacts generated by the consumption of the vehicles we produce. In addition to spending over 46.5 million TL in R&D expenditures during the year, we also became the fifth company to make the most patent applications at the 4th Turkish Patent Awards Ceremony organised during the reporting period with the 68 patent applications we filed in 2014.

We continued to develop our characteristic of being a people-oriented workplace, which is among the basic components of our sustainability works, in the reporting period. We supported our employees professional and personal developments and we worked to achieve our zero working accident target in the area of occupational health and safety. In the reporting period, we realised 19,764 person x hours of occupational health and safety training and a total of 63,088 person x hours of employee training.

Our social responsibility works, which we conduct to support



the sustainable development of the society in which we operate, account for a significant part of our sustainability works. We continued to create value for the society through the social development works we realised in the fields of education and social gender equality within the scope of the support we provide for the For My Country campaign carried out by Koç Holding.

We work for a better future, go after innovation, take decisive steps towards creating more value. I present my compliments and extend my thanks to all our stakeholders, primarily our employees, investors and shareholders, suppliers and business partners, who carried us forward with their supports.

**Serdar Görgüç**  
General Manager

A vintage red and cream-colored bus is parked on a paved surface. The bus has a distinctive design with a large red lower section and a cream upper section. It features a prominent front grille with a triangular emblem, round headlights, and a chrome bumper. The bus is parked in front of a building with a sign that reads "ÖM".

**1963-2015 MILESTONES...**

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INNOVATION FOCUSED  
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PEOPLE-ORIENTED  
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ENVIRONMENTALLY  
FRIENDLY  
PRODUCTION

CLIMATE CHANGE,  
ENERGY  
AND EMISSIONS

CARING  
FOR SOCIETY

## 1960s

### 1963

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

### 1964

Turkey's first intercity bus was manufactured under Magirus licence.

### 1967

The first small buses were manufactured and exported.

### 1968

The legendary "Havalı Apollo" buses of the period were manufactured.

## 1970s

### 1970

Minibuses suitable for public transport were designed and manufactured.

### 1976

We joined Koç Group.

## 1980s

### 1980

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

### 1984

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

### 1987

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

## 1990s

### 1990

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

### 1995

Otokar shares were offered to public.

### 1997

The factory was relocated to an 86,000-square metre plant in Sakarya.



## 2000s

### 2002

A merger with Istanbul Fruehauf A.Ş. was completed, treyler was added to product family small bus design and manufacture was started under the name of Sultan, achieving second place in market share within the first year.

### 2003

Turkey's first ADR-certified tanker was produced.

### 2004

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

### 2005

An Otokar brand semi-trailer was designed and manufactured.

### 2007

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

### 2008

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

### 2009

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

## 2010s

### 2010

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

### 2011

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

### 2012

Otokar Tank Test Centre was opened. The preliminary prototypes of the national main battle tank Altay were presented to the public. Turkey's first electric bus was introduced. Istanbul Metropolitan Municipality ordered 900 Kent city buses.

### 2013

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

### 2014

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

### 2015

The Turkish Armed Forces and Undersecretariat for Defence Industries acceptance tests for the last prototypes of Altay Main Battle Tank were begun. Tulpar S Tracked Armoured Combat Vehicle and Arma 8x8 CBRN Reconnaissance Vehicle were added to the product portfolio. The 2015 Defence Industry First Prize was awarded by the Undersecretariat for

### Defence Industries.

Otokar became Turkey's most preferred bus brand for the sixth consecutive year and the leader of Turkey's small bus export. It was ranked the fifth company to make the most patent applications in Turkey. Istanbul Stock Exchange Sustainability Index was joined. Turkey's largest right-hand drive bus agreement was realised. Kent Articulated Bus added to export portfolio. OHSAS 18001 certificate was received.



# ABOUT OTOKAR







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

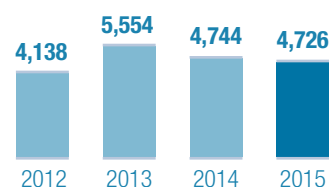
## OUR VISION

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

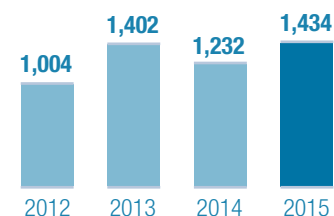
## OUR MISSION

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

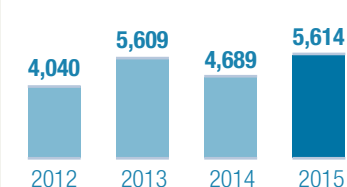
### SALES (UNIT)



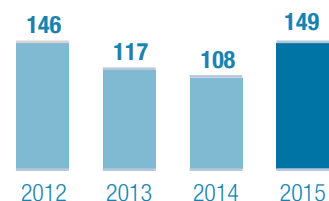
### SALES REVENUES (MILLION TL)



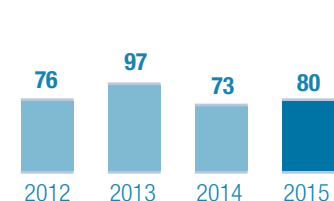
### PRODUCTION (UNIT)



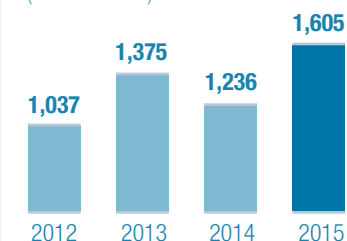
### EXPORT REVENUES (MILLION US DOLLARS)



### NET PROFIT FOR THE YEAR (MILLION TL)



### TOTAL ASSETS (MILLION TL)

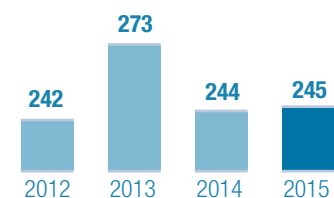


## Sakarya Arifiye Plant-552,000 m<sup>2</sup>

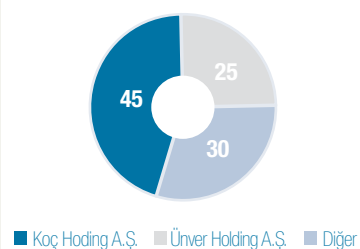
**94%** Turnover share of Otokar designed vehicle sales

**9,28** Corporate Governance Rating

### SHAREHOLDERS' EQUITY (MILLION TL)



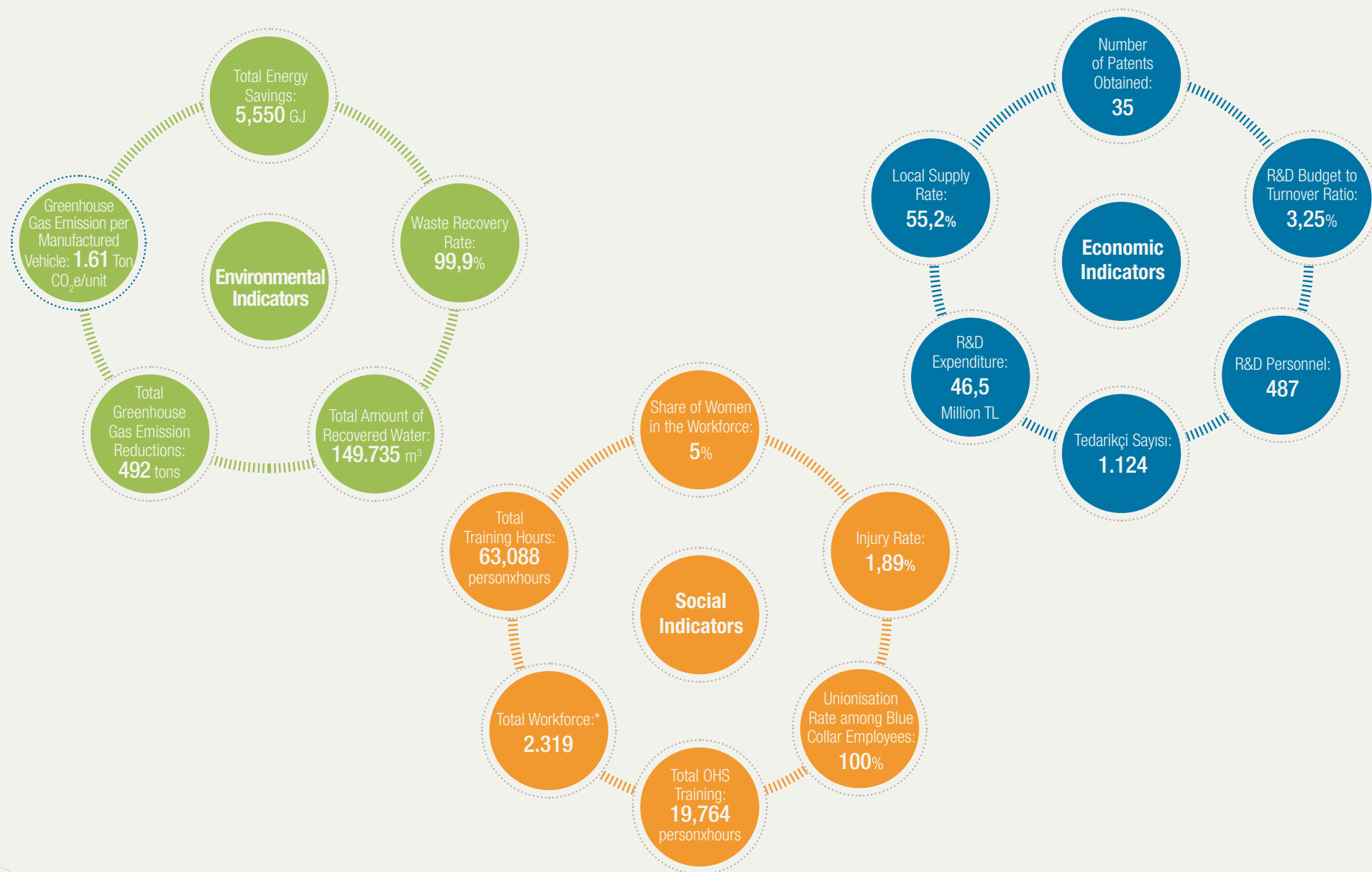
### SHAREHOLDER STRUCTURE (%)



# 2015 SUSTAINABILITY INDICATORS







# RESPONSIBLE MANAGEMENT FOCUSED ON SUSTAINABLE DEVELOPMENT





ABOUT THE REPORT	MESSAGE FROM THE GENERAL MANAGER	ABOUT OTOKAR	<b>RESPONSIBLE MANAGEMENT FOCUSED ON SUSTAINABLE DEVELOPMENT</b>	STEADY GROWTH, CONTINUOUS DEVELOPMENT	INNOVATION FOCUSED ON VALUE-ADDED	DEVELOPING TOGETHER WITH VALUE CHAIN	PEOPLE-ORIENTED WORKPLACE	ENVIRONMENTALLY FRIENDLY PRODUCTION	CLIMATE CHANGE, ENERGY AND EMISSIONS	CARING FOR SOCIETY
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Otokar builds its corporate governance understanding on the principles of transparency, accountability, total harmony with laws, fairness and honesty. Besides, it adopts the corporate values of Koç Group, of which it is a member, namely, the concepts of Leadership, Optimism, Solidarity and Value Creation, in forming its governance structure. Otokar actualises its sustainable development oriented activities in accordance with its responsible management understanding.

## CORPORATE GOVERNANCE AND BOARD STRUCTURE

Otokar frames its regulations and activities in the field of corporate governance within its sustainable development oriented and responsible management understanding. It regards full compliance with Corporate Governance Principles determined by the Capital Markets Board as its primary target, improves its governance understanding by constantly improving the principles it adopts. Otokar became eligible to list on the Corporate Governance Index of the Istanbul Stock Exchange; and its Corporate Governance Principles Compliance Rating, which was at the level of 9.10 in 2013, was determined as 9.28 in result of the audit conducted by an institution authorised in the field of Corporate Governance Principles Compliance Rating by the Capital Markets Board, in 2015.

Otokar Board of Directors members are selected by Otokar General Assembly from among people approved by shareholders due to their qualifications. The offices of Chairman of the Board of Directors and General Manager are occupied by different individuals. The Board of Directors consists of 9 members, three of whom meet the independence criteria defined by the Capital Markets Board and none of whom, except the General Manager, have executive duties according to the definition provided in Capital Markets Board Corporate Governance Principles. The responsibility for identifying, actualising and monitoring the main

strategic orientations of the company belongs to Otokar Board of Directors as the company's highest-level governing body.

The monitoring of social, environmental and economic issues tackled within the context of sustainability management is also included in the operational agenda of Otokar Board of Directors. Sustainability risk and opportunities identified by the company management are presented to the Board of Directors at regular intervals. The actions to be taken in relation to said risk and opportunity areas are determined by the Board of Directors and they are actualised following works conducted by the company senior management. The results are conveyed to the Board of Directors to be used in evaluations regarding future projections.

There are three committees, chaired by independent members, working under the Board of Directors, namely, Corporate Governance Committee, Risk Management Committee and Audit Committee. All members of the Audit Committee are independent members.

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

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

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## RISK MANAGEMENT

Otokar risk management system aims to achieve targets identified in accordance with corporate strategies, to ensure the sustainable development, operational and financial integration of the company, to prevent the company from being impacted by potential situations hindering its reputation and social legitimacy and to reduce the level of impact in circumstances that cannot be prevented. For this purpose, Otokar adopts a risk policy that is managed under the control of the Board of Directors, the leadership of the General Manager and in coordination with all managers, is generalised and supported at every level of the organisation, is executed in accordance with corporate strategies, whereby potential risks that might interfere with objectives are predicted and tracked, and action plans are formed beforehand. Besides its own risk policy, Otokar also acts in accordance with the risk policy of Koç Group. Otokar Risk Management Committee is responsible for the implementation of risk management processes throughout the company.

## BUSINESS ETHICS AND ANTI-CORRUPTION

One of the main components of the responsible management understanding of Otokar is commitment to superior ethical principles and compliance with legal regulations. Otokar not only adopts these values across the company, but also aims to disseminate the principles throughout its value chain.

Koç Holding Code of Ethical Conduct and Codes of Practice are binding for Otokar, alongside all Group companies. Otokar organises its principles and policies regarding business ethics and anti-corruption within the framework of these principles. Ethical Principles are binding for all Otokar employees and suppliers, dealers and business partners are expected to act in compliance with these principles. In addition, Otokar adopts UN Global Compact, agreed to by Koç Holding, and striving for the generalisation of all these principles in the business world. Risks that might arise in supplier, dealer and business partner





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The Rules of Ethical Conduct document of Koç Holding can be found on <http://www.koc.com.tr/tr-tr/hakkinda/Documents/Koc%20Group%20Code%20of%20Ethics%20and%20Business%20Conduct.pdf>

Subsidiary Policy of UNGC document can be found on [https://www.unglobalcompact.org/docs/about\\_the\\_gc/policy/UNGlobalCompactSubsidiaryPolicy.pdf](https://www.unglobalcompact.org/docs/about_the_gc/policy/UNGlobalCompactSubsidiaryPolicy.pdf)



processes regarding issues such as human rights, employee rights, environmental sensitivity, business ethics and anti-corruption are minimised by referring to the 10 principles of the Global Compact in purchasing agreements.

The most significant source of Otokar in bribery and anti-corruption is the ethical values submitted to the information of its stakeholders on its website.

Informing company executives and employees regarding business ethics principles and ensuring their adoption are essential for the actualisation of these principles. In this direction, Otokar offers its business ethics principles document on its website for the information of all its stakeholders, primarily employees, dealers and suppliers.

The Ethical Conduct Committee, which audits infringements of rules and is tasked with ensuring compliance at Otokar, maintains its works. Otokar Internal Audit team and Koç Holding Audit Teams also perform corruption audits. It is a basic responsibility for employees to make a notice within the frame of determined procedures in cases of noncompliance with codes of conduct. Suspicious behaviours with regards to corruption can be conveyed to Koç Holding Audit Team through direct contact numbers. It is possible for employees to report corruption and other misconducts through the application form accessible on the corporate website. All conveyed notices are evaluated by Otokar Ethics Committee.

In addition to our employees, all our stakeholders can apply to the Ethics Committee within the scope of the principles of confidentiality, through determined communication channels, in case a situation violating codes of conduct occurs. The processes to be followed have been defined by Otokar and Koç Group codes of conduct. The Ethics

Committee examines cases that were notified or identified during the audit process and initiates the necessary legal procedure or takes disciplinary action. The Board of Directors is responsible for publishing the corporate codes of conduct and monitoring the operability of organs, systems and procedures formed in this regard.

As per articles defined regarding anti-corruption as part of business ethics principles, Otokar employees are forbidden from giving or receiving in-kind gifts of significant financial value, cash money, or gifts which may be used for cash, with the exception of symbolic gifts of minimum value as permitted by local culture. In accordance with the code of conduct, Otokar neither supports any political views or ideologies nor directly or indirectly supports political institutions, parties or candidates. The company's resources are not made available for use in political activities or propaganda. Besides, Otokar is not involved in any specific lobbying activities intended for the private interests of the company, nor is it supportive of persons or establishments conducting such activities. The company may, however, contact public institutions through professional or nongovernmental organisations that represent the sector in general, and may provide its opinions and information upon request. In cases where public institutions are customers, commercial relationships may be established provided they abide by the conditions of free competition to the extent defined by the relevant laws.

No employee of Otokar can be held liable for any damages, which may be directly or indirectly incurred by the company, nor can they be imposed sanctions because of their compliance with the ethical principles of the company.

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## INTERNAL AUDIT

The control of the compliance of corporate operations with regulations, corporate policies and principles, defined strategies and targets constitutes the basis for the responsible and effective management understanding of Otokar. The Internal Audit Directorate that was formed in this direction conducts risk and process based internal audit works. In order to ensure that the Internal Audit Directorate conducts its activities independently, it functions directly under the General Manager within the organisational structure. The Internal Audit Directorate annually audits all business units in terms of financial and operational processes. Legal compliance and corruption risks are also reviewed as part of these audits. All the findings obtained in result of internal audit processes are transmitted to relevant managers and solution suggestions are offered.

Violations or suspicious situations identified in relation to business ethics and anti-corruption are reported to the company senior management and the Board of Directors through the Audit Committee. Besides, business ethics and corruption violations are also reported to Koç Holding senior management through the agency of Koç Holding Audit Group. In the year 2015, all business units were subjected to internal auditing and no cases of violation were encountered.

In addition to Otokar internal audit processes, Koç Holding Audit Group performs audits involving financial, operational, legal compliance, human rights, environment, business ethics and corruption issues across the company. Otokar is also subjected to annual financial audits performed by independent auditing firms, as well as audit works conducted at various intervals by public institutions.



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

## SUSTAINABILITY MANAGEMENT

Otokar maintains its steady growth, while also working to leave a more liveable world to future generations. It conducts all its activities with the sustainability strategy understanding determined in accordance. Otokar defines its sustainability strategy as preserving its local capital structure and increasing its profitability with its people and society-oriented, environmentally friendly business model that strictly conforms to universal human rights and business ethics principles and focuses on developing value-added products based on advanced technology, aiming for operational excellence and amply meeting customer expectations.

The Board of Directors is responsible for defining the strategic orientations that Otokar is to follow in its operations and for the relevance of the works conducted in this direction with targeted performance criteria. Therefore, the identification and performance tracking of strategic orientations in social, environmental and economic issues is realised by Otokar Board of Directors.

The Sustainability Work Group that was formed with the participation of executives representing the whole company is responsible for determining the framework of sustainability management, for actualising performance enhancing practices, and for the coordination of reporting processes. The Sustainability Work Group determines the priorities of the company in workshops held with the participation of the General Manager and Assistant General Managers. A risk and opportunity oriented approach is adopted in the determination of sustainability priorities. The priorities are re-evaluated by the senior management and finalised for use in implementation, then shared with relevant managers.

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**STAKEHOLDER ENGAGEMENT**



## STAKEHOLDER ENGAGEMENT

The constructive, transparent and fair communication established with stakeholders plays a large part in developing corporate strategies and policies. With this awareness, Otokar works to meet the expectations and needs of stakeholders in its operational geography. The main stakeholder groups Otokar is in communication with are customers, employees, suppliers and shareholders. Besides, Otokar forms strategic relationships with public and regulatory institutions, NGOs, the press and society.

Stakeholder groups and their expectations are taken into consideration in determining the mechanisms and frequency of communication with stakeholders. In the selection of stakeholders to realise joint projects and collaborations with, it is important that they have adopted identical codes of conduct with Otokar, as well as a transparent, mutual benefit oriented and constructive working culture.

The public listing of Otokar shares at Istanbul Stock Exchange brings into prominence the communication developed with shareholders and investors who are among our main stakeholders. While communication with stakeholders is conducted by the Investor Relations Department, the basic expectation of investors and shareholders, which is transparent, regular and updated corporate information, is shared with them through annual ordinary general assembly meetings, annual reports, sustainability reports, annual and quarter based financial performance reports, periodical analyses and information documents, website, press releases, material disclosures, meetings and interviews. Information and meeting demands by shareholders are responded to in a short time, provided they are not confidential. The Corporate Communication Department is responsible for communication with stakeholder groups that have an influence on the operations of company departments and for implementing the external communication strategies and practices of



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ABOUT OTOKAR

**RESPONSIBLE  
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FOCUSED ON  
SUSTAINABLE  
DEVELOPMENT**STEADY GROWTH,  
CONTINUOUS  
DEVELOPMENTINNOVATION FOCUSED  
ON VALUE-ADDEDDEVELOPING  
TOGETHER  
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WORKPLACEENVIRONMENTALLY  
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ENERGY  
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FOR SOCIETYCORPORATE GOVERNANCE AND  
BOARD STRUCTURE

RISK MANAGEMENT

BUSINESS ETHICS AND  
ANTI-CORRUPTION

INTERNAL AUDIT

SUSTAINABILITY  
MANAGEMENT**STAKEHOLDER  
ENGAGEMENT****Corporate Memberships**

Name of Organisation	Contact
Adapazarı Chamber of Commerce and Industry	Member
Aerospace and Defence Industries Association of Europe	Member
Foreign Economic Relations Committee	Member
Gedik Education Foundation	Member
Istanbul Mineral and Metal Exporters Association	Member
Istanbul Chamber of Industry	Member
Istanbul Chamber of Commerce	Member
Quality Association	Member
Metal Manufacturers Union	Member
Automotive Distributors Association	Member
Automotive Manufacturers Association	Member
Automotive Technology Platform	Member
Otomotiv Teknolojileri Araştırma Geliştirme A.Ş.	Member
Defence Industry Manufacturers Association	Member
Technology Development Foundation	Member
Commercial Vehicle Exporters' Association	Member
Trailer Manufacturers' Association	Member
The Union of Chambers and Commodity Exchanges of Turkey	Member
Turkish Industry and Business Association	Member
Uludağ Exporters' Union	Member
New Investor Relations Association	Member



the company. The actualisation of social projects is also under the responsibility of the Corporate Communication Department.

At Otokar, important announcements, management changes and press releases are made through the intranet that is open to employees' access. Other tools used to communicate with employees include Koç Group's monthly magazine "News from Us", which is also followed by the public, and the in-company information publication "This Month at Otokar" devoted to Otokar employees. Besides employees, customers, authorised dealers and services also have access to company news through Otokar Hattı and Otokar News e-bulletins. In addition to periodicals, training works are also conducted to enhance the competences of authorised services and help develop their predictive powers.

At Otokar, there are various channels for stakeholders to convey their views, suggestions and expectations, thereby ensuring their representation in the company's decision-making process. Stakeholder participation in management is ensured through means of feedback such as customer satisfaction, working life assessment surveys, managing bodies where employees are represented such as OHS Committees organised in production facilities, practices whereby employees can share their expectations and suggestions with their managers such as self-evaluation meetings and open door meetings. In addition, Otokar supports the works of external stakeholders, such as NGOs of which it is a member, by participating in their management.



**STEADY GROWTH,  
CONTINUOUS DEVELOPMENT**





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Otokar was established to provide the modern public transportation, reliable freight shipment vehicles and national defence industry products needed by Turkey with its own technology and local capital. Otokar, which continues to preserve its strong position in the sector as the leader in ground systems and the largest private-capital defence institution of the country, operates within the body of Koç Group, with its 2,105 employees, at its plant covering an area of 552,000 m<sup>2</sup> in Sakarya, Arifiye.

Otokar, which takes significant steps towards steady development, produces added value for its stakeholders with the commercial success it achieves and the performance it exhibits. Today, it is a

global brand with 100% local capital with nearly 300 authorised sales and service points in over 60 countries. Operating in niche markets and proceeding towards the right objectives with rationalist and visionary strategies plays an important role in its growth.

Otokar, which has been the best-selling bus brand of Turkey for six years straight, was also the small bus export leader in 2015. Otokar has realised many firsts for Turkey since its foundation. It has produced the first intercity bus, the first tactical wheeled armoured vehicle, the first hybrid bus and electric bus of Turkey. Besides, it also undertakes the contract for Altay Project that uses national facilities and resources. Its competence in the area of R&D has an important share in the success of Otokar. Otokar,

which comes to the forefront with its R&D studies conducted at international standards, has allocated nearly 3.8% of its turnover to R&D activities in the last 10 years.

In 2015, Otokar, which achieved a turnover of 1.4 billion TL with an increase by 16%, increased its export by 77% on the basis of turnover, thereby raising the share of exports in turnover to the level of 29%. Through this success, Otokar has preserved its position as the largest private-capital institution in the Turkish defence industry and the leading bus brand of Turkey, in 2015. Otokar's success in the area of export was crowned by the golden medal awarded at Export Success Awards held by Automotive Industry Association.

**INNOVATION FOCUSED  
ON VALUE-ADDED**

**Otokar**  
**AR-GE**





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INNOVATION FOCUSED  
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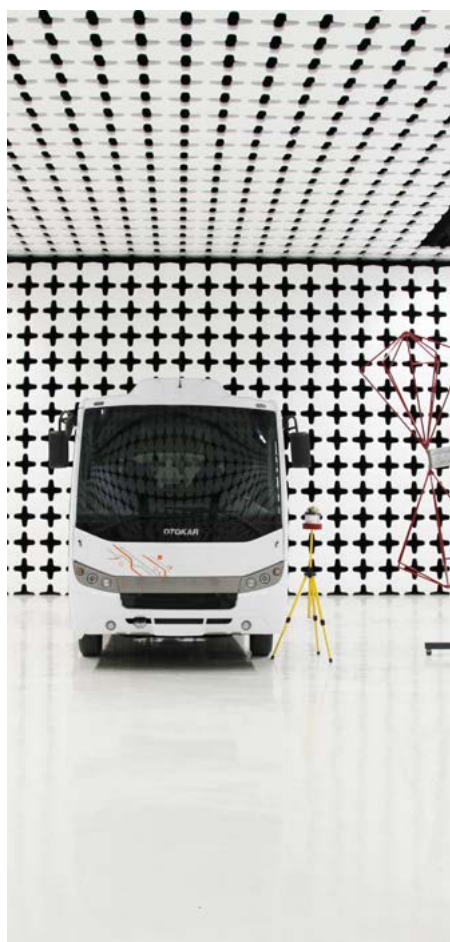
DEVELOPING  
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Otokar has been conducting works to continuously improve its innovation competences since the day it was founded. As a company that produces its own technologies, Otokar performs the design and manufacture of the most complex vehicle groups with information packages that are its own intellectual property.

Otokar maintains its R&D expenditures increasingly every year, thereby taking its R&D competences one step further each year. The R&D expenditure of Otokar, which spent 46.5 million TL on R&D activities in 2015, has reached 310 million TL in the last 10 years.

The company that realised the first computer assisted automotive design applications of Turkey has become a globally significant R&D centre with its accumulation and experience in the field of R&D. In 2014, the R&D Centre was established in order to gather R&D activities under a single roof, thereby ensuring optimum efficiency. Otokar R&D Centre incorporates Turkey's first and only Dynamometric Acclimatised Test Chamber, which is among numbered facilities in Europe, Turkey's highest-capacity hydraulic road simulator and an Electronic Compatibility Test Centre on the cutting edge in Turkey and globally. Otokar Electronic Compatibility Test Centre was accredited by the Turkish Accreditation Institution in 2013. In result of the accreditation that certified its compliance with TS EN ISO/IEC 17025:2012 standards and required regulations and notices, the centre began to serve as an independent accreditation centre for the R&D studies of domestic and foreign automotive and defence industry sectors.

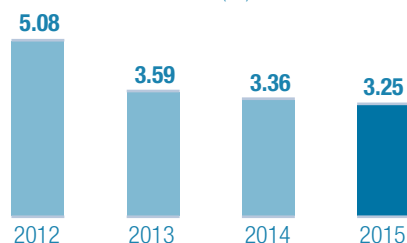
Otokar, which files patent applications for the products and subsystems it designs, owns a total of 246 patents and useful models as of today and has obtained 35 new patents in 2015. Otokar became the 5th company to make the most patent applications with the 68 patent applications it made in 2014, at the 4th Turkish Patent Awards Ceremony organised during the reporting period.

Needs that might arise in the future are also taken into consideration when conducting R&D studies. In this regard, Otokar took active part in the CoMoSef (Co-operative Mobility Services of the Future) Project, funded by the European Union and conducted since 2013 with the participation of over 20 business partners from 8 different countries. As part of the project that aims for the development and generalisation of smart mobility systems, scenarios that will increase traffic safety, such as "Intersection Collision Warning", "Traffic Rule Violation Warning", "Dangerous Area Warning", "Priority Vehicle Warning", were studied. A common network that will encompass the whole traffic system is planned to be formed with the CoMoSef Project. It is aimed for smart mobility devices, traffic authorities, end users who receive service from traffic and institutions serving the traffic to communicate through this common network.

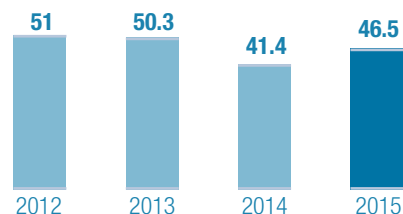
The Commercial Vehicles Emergency Braking System (AEBS) and the Lane Diversion Warning System (LDWS) Projects, started in 2014 by Otokar, were completed in 2015. As part of the project aiming for improving safety systems, design and integration activities devoted to enhancing passenger and driver safety were carried out. The verification process was completed during the year with tests conducted domestically and abroad and Vehicle Type Approval was

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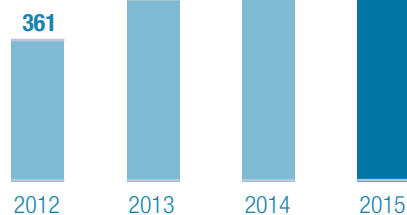
#### R&D EXPENDITURES TO TURNOVER RATIO (%)



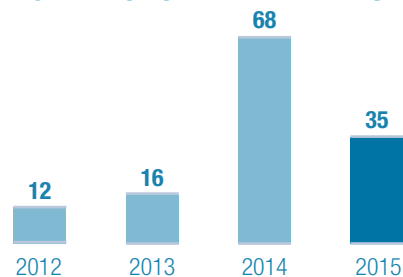
#### R&D EXPENDITURE (MILLION TL)



#### NUMBER OF R&D EMPLOYEES



#### NUMBER OF OBTAINED PATENTS



obtained. Studies for “Advanced Emergency Braking System” and “Lane Changing Warning System” that will become mandatory in 2016 were designed within the body of Otokar R&D centre. Regarding the braking system that consists of two distinct levels, Otokar passed both tests successfully even though the second level tests are mandatory beginning from 2018.

Otokar contributes to the solution of the traffic problem by working to manufacture vehicles with the capacity to transport more passengers. With Otokar Articulated Bus Project, an 18.75-meter long bendy vehicle was designed for the first time in Turkey. Thanks to the studies performed during its design, the vehicle has a disposition to be marketed in many regions of the world and a significant export potential. In addition to its capacity of 150 passengers, it also has space for 2 wheelchair passengers thereby also serving to remove barriers in public transportation.





# DEVELOPING TOGETHER WITH VALUE CHAIN





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DEVELOPING THE SUPPLY CHAIN

Otokar Supplier Policy

Effective Communication and Cooperation with Suppliers

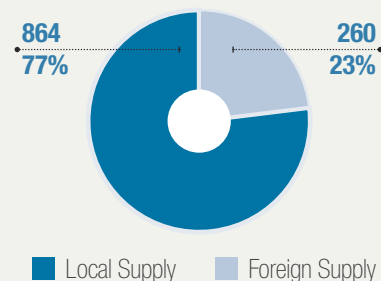
Supplier Performance Assessment Practices

WIDE DEALER AND SERVICE NETWORK

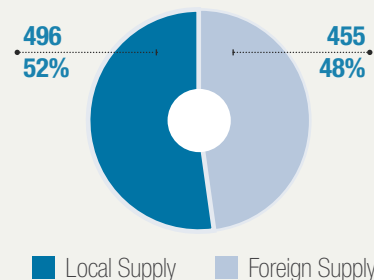
IMPROVING CUSTOMER SATISFACTION

PRODUCT AND SERVICE RESPONSIBILITY

## SUPPLIER COMPANY DISTRIBUTION



## PURCHASE BUDGET DISTRIBUTION (MILLION TL)



The automotive sector has an extensive operation and value chain network that involves bringing together a large number of components, distribution and aftersales services around the world. The constant improvement of the value chain both qualitatively and quantitatively is of the essence for the main producers operating in the sector. Otokar strives to transform the risks in the value chain into opportunities by managing the issues of business manner, production and service quality, occupational safety, human rights, environmental management and working norms in supply, logistic, dealer and service channels within this scope. In addition, it conducts works that contribute to the improvement of its stakeholders operating in its value chain and performs periodic performance audits regarding these works.



## DEVELOPING THE SUPPLY CHAIN

Otokar's supply chain involves particularly material supply, as well as certain special service procurements related to logistics and products. Otokar, which has a fairly extensive supply pool, made direct and indirect material and service purchases from a total of 1,124 suppliers in 2015. Otokar, which made direct material purchases from a total of 711 suppliers, of which 451 local and 260 foreign, worked with 413 suppliers in indirect material and service purchases. The production they make for Otokar constitutes the main source of income for 2% of Otokar suppliers. Otokar spent over 950 million TL in supply expenditures in 2015.

Of the 1,124 suppliers from whom Otokar made purchases in the reporting period, 864 are local companies. During the year, Otokar spent around 496 million TL in local supply expenditures, which amounts to 52.2% of the total supply expenditure.

Otokar evaluates suppliers in terms of their financial, commercial and operational qualities when selecting suppliers. It monitors the social, environmental and economic performances of suppliers with a risk and opportunity oriented approach, and determines companies from which it will make purchases in accordance.

## Otokar Supplier Policy

Otokar Supplier Policy is based on establishing, conducting and developing long-term business relations that are compliant with the general policies and strategies of Koç Holding and Otokar, in line



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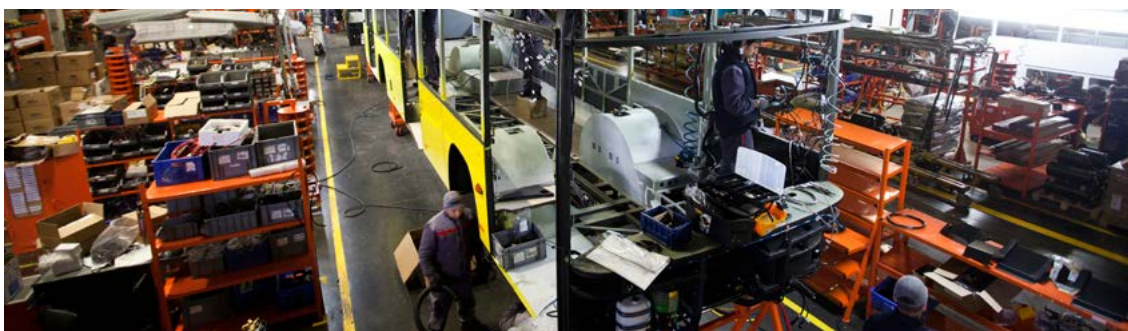
PRODUCT AND SERVICE RESPONSIBILITY

## Otokar Supplier Selection Criteria

Otokar prefers suppliers that;

- |  |   |
|--|---|
| • Comply with the general policies and strategies of Koç Holding and Otokar,   | • Follow legal working hours,   |
| • Comply with the UN Global Compact,   | • Abide by codes of conduct together with company employees,                            |
| • Do not condone child labour,   | • Do not resort to psychological or physical pressure or abuse in corporate discipline, |
| • Do not engage in discrimination,   | • Offer a competitive advantage,  |
| • Do not use forced labour,  | • Invest in technology development and human resources,                                 |
| • Comply with confidentiality of information,  | • Supply quality products on time and under competitive conditions                      |
| • Do not prevent collective labour agreements and unionisation,  | • Place emphasis on research and development to specialise in their own field           |
| • Observe occupational health and safety rules,  | • Observe employee standards defined by laws and the sector,                            |
| • Pursue production operations conforming to national and international standards with regard to environmental and occupational safety issues. |   |

*As part of the agreements they enter into, Otokar suppliers commit to comply with the UN Global Compact, legal regulations about the environment and requirements of Otokar's ISO 14001 Environmental Management System.*



with the UN Global Compact and Koç Holding Purchase Management System, based on mutual trust and cooperation with existing and potential business partners, and conforming to codes of conduct.

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

## Effective Communication and Cooperation with Suppliers

Otokar makes use of technical infrastructure and various channels in order to maintain its effective and uninterrupted communication with suppliers. The monitoring of supply processes is ensured through the vSRM channel, a web based portal. Through this channel, suppliers are informed regarding purchasing policies and current developments that might influence their relations with Otokar. Besides, the efficiency of supply operations is ensured by pursuing VMI (Vendor Managed Inventory), BTO (Build to Order), KANBAN and JIT (Just in Time) applications.

Cooperation with suppliers is a significant part of Otokar's supply chain practices. New product and joint product development studies are pursued together with suppliers. During the development processes of projects, the engineering departments of Otokar and supplier companies work in unison. Every year, hundreds of cooperation meetings are organised with suppliers aiming to carry out collaborations in harmony and to accomplish projects successfully.

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

## Supplier Performance Assessment Practices

Regular monitoring of supplier performance plays an important role in ensuring the quality and efficiency of supplier operations. Otokar audits its suppliers with a methodology that involves environment, occupational safety, working norms, human rights and similar principal parameters. The 10 principles of the UN Global Compact are among the issues checked as part of these audits. Otokar commits to disseminate compliance with the articles of the Global Compact throughout its value chain and to enhance awareness in this issue.

Annual audit plans are pursued with a risk based management understanding. In accordance, companies that have system standards such as ISO 14001, OHSAS 18001, ISO 9001, or adopt international initiatives such as the Global Compact are evaluated as belonging to a low-risk group and they rank lower in terms of audit priority. The auditing of companies without such qualifications is prioritised.

In consequence of the performed audits, improvement and remediation plans are designed, training activities aimed at capacity-building are organised for companies that meet the expected performance and risk criteria to a certain level. On the other part, business relations with suppliers that fail to meet the minimum performance criteria are terminated.

As part of auditing works, 26 supplier companies were subjected to audits in 2015. They were evaluated with regard to several issues, primarily the principles of human rights, child labour, forced or unfree labour and right of association, also taking their risk levels into consideration. No suppliers that carry a significant risk component were encountered as a result of audit processes. Accordingly, during

the reporting period there were no supplier companies whose services were terminated on the grounds of failure to meet minimum requirements. Besides, 128 suppliers were informed about ISO 14001 Environmental Management System and a survey was conducted directed to them. During the reporting period, there were no suppliers whose contracts were annulled due to their environmental impacts neither.





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## Service Management Project

The Service Management Project, which was launched in 2013 for the purpose of improving commercial relations with dealers and services and using the feedback obtained from vehicle records in R&D and product development processes, was continued in 2015. As part of the project, the sold vehicles are automatically recorded on the system and their transaction records are subsequently obtained using the Work Order Card. In this way, feedbacks regarding malfunctions in the vehicle, workmanship, services and applied spare parts are obtained. The project also benefits the improvement of commercial relations with customers and facilitates first-hand access to statistical data.

## WIDE DEALER AND SERVICE NETWORK

Dealer and service operations have an important place in Otokar's value chain by virtue of being the point where products meet with customers. Wide dealer and service network is evaluated as a factor that facilitates the accessibility of products and services and enhances service quality. Otokar brings its products together with its customers at 124 points countrywide and at nearly 300 points worldwide. Aftersales services are offered at these points, ensuring the resolution of customer complaints.

Besides the prevalence of the dealer and service network, working norms and service quality are also significant for forming a sustainable value chain. Otokar expects its dealers and services to adopt identical working norms and offers them improvement plans aimed at enhancing their business processes and service qualities.

## IMPROVING CUSTOMER SATISFACTION

Improving customer satisfaction is among Otokar's continuous improvement areas. Customer demands and expectations are evaluated as a constant improvement opportunity in all business processes. Otokar's sensitivity about customer satisfaction is proved by its leading position in the bus market during the last six years. The primary objective of Otokar Customer Satisfaction Policy is to ensure unconditional customer satisfaction and to establish long-term relations based on trust with customers.

Otokar monitors its customers' satisfaction level through a range of researches such as Welcome to Otokar Survey, Customer Satisfaction Survey, Dealer, Service, Product Satisfaction Surveys. Otokar constantly enhances customer satisfaction with the projects and practices it actualises. According to the results of the survey carried out during



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the reporting period, while the satisfaction average across the midibus sector was 73%, the satisfaction rate of Otokar customers was determined as 76%. The Customer Resource Management Department (CRM) organised within the body of Aftersales Services Department provides service to Otokar customers 7 days, 24 hours. The purpose of the department is to generate constructive solutions for customer notices, demands, requests and expectations in the shortest time with expert personnel and to establish sustainable customer satisfaction. In accordance with this purpose, Otokar completed works for ISO 10002 Customer Satisfaction Management System and obtained the ISO 10002 Customer Satisfaction Management certificate. In consequence of the improvements performed in 2015, CRM Customer Satisfaction rate was increased to the level of 91 points.

Otokar subjects to training all departments that come into contact with the customer and structures them in accordance with ISO 10002 Standard, in order to enhance aftersales service efficiency and to

establish standardisation in dealer and service services. This practice aims at generating sustainable customer satisfaction.

## PRODUCT AND SERVICE RESPONSIBILITY

Otokar offers its products and services with superior quality norms and following customer oriented approaches as required by the product responsibility understanding it adopts. Besides, it manages the constant improvement of the safety conditions of products, the information of customers regarding products, and the management of social, economic and environmental impacts generated by products and services within the framework of its product responsibility understanding.

Otokar carries out the active tracking of products and services in aftersales services, a significant component of product and service responsibility, through the agency of its CRM department. It is aimed to preserve customer satisfaction by learning customer expectations and complaints.

Otokar, which aims to meet the needs and expectations of the society with the value-added products and services it produces, introduces new technologies and products to the public by adopting superior quality norms. The quality policy of Otokar, which manages quality, standards and norms within the frame of the QDMS system, is shaped around five essential principles:

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





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- Organising works to minimise the number and cost of errors and ensuring their continuity.

Otokar makes use of internationally accepted methods, such as ISO 9001 Quality Management Standard, AQAP Industrial Quality Assurance System, to enhance quality in production processes, and uses the Problem Tracking and Prioritisation System, 6 Sigma, A3 and Problem Solving techniques for the effective solution of problems.

In addition to ensuring quality in its production processes, Otokar also conducts works aimed at enhancing product quality as part product and service responsibility. All Otokar products are manufactured at quality standards conforming with all the legal regulations in the markets of operation, the legislation regulating the quality norms of products is constantly tracked and the continuity of compatibility is

ensured. In the reporting period, no cases of noncompliance were identified in this area.

Customers are informed about the contents of products, their usage characteristics, environmental impact qualifications and safe usage manners through the website, product information forms, user manuals, as well as vehicle modification manuals. Otokar Customer Services Hotline is also another channel for customers to access this information and convey their complaints and requests.

As part of its customer satisfaction works, Otokar conducts many information acquisition works regarding its customers with the purpose of meeting customer expectations and needs accurately and establishing active communication with customers. The protection of these information, ensuring information security is of the essence.

For this reason, all processes are executed in compliance with ISO 27001 Information Security Management Standard and AQAP 2110 NATO Quality Assurance Requirements for Design, Development and Production Standard.

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



# PEOPLE-ORIENTED WORKPLACE





ABOUT THE REPORT	MESSAGE FROM THE GENERAL MANAGER	ABOUT OTOKAR	RESPONSIBLE MANAGEMENT FOCUSED ON SUSTAINABLE DEVELOPMENT	STEADY GROWTH, CONTINUOUS DEVELOPMENT	INNOVATION FOCUSED ON VALUE-ADDED	DEVELOPING TOGETHER WITH VALUE CHAIN	<b>PEOPLE-ORIENTED WORKPLACE</b>	ENVIRONMENTALLY FRIENDLY PRODUCTION	CLIMATE CHANGE, ENERGY AND EMISSIONS	CARING FOR SOCIETY
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PERFORMANCE  
AND TALENT MANAGEMENT

OCCUPATIONAL HEALTH  
AND SAFETY



Being among the most prestigious producers in Turkey and Europe, Otokar regards its employees, who play a significant role in its sustainable growth development, as its most precious asset. Otokar carries out devoted works to offer its employees, who carry the company to success, a human-centred, egalitarian, development-oriented working environment where human rights are promoted.

Recruitment policies, career planning, performance and remuneration management, as well as topics concerning employees such as development and training programs, which are determined within the framework of Otokar Human Resources Policy, are conducted within

the context of Personnel Regulation. At Otokar, the General Manager is responsible for decisions made and works conducted as part of human resources processes.

Otokar adopts the principles of UN Global Compact, signed by Koç Group of which it is a member, and monitors them in corporate operations and the value chain. Otokar attaches particular importance to protecting human rights, and in accordance it does not discriminate on the basis of race, gender, political or philosophical views, religion or sect in its human resources processes, nor does it engage in acts that might be considered discriminating.

In an effort to consolidate its stance against gender discrimination, Otokar conducts works to enhance the working lives of women, besides supporting the commitments and projects devoted to women, actualised under the leadership of Koç Group, with in-company activities. Otokar acknowledges the Equality at Work Declaration issued by the Equality at Work Platform, which is the most comprehensive initiative started to eliminate social gender inequality. Otokar Women's Club, which was started in 2014 within the context of the Equality at Work Declaration, continued its works in the reporting period. Volunteering Otokar employees are contributing to the enhancement of the quality of life of disadvantaged women and children through the Club.

Otokar adopts the principle of equal pay for equal work. In accordance, there is no discrimination between the wages of women and men employees; the wage differences between employees fulfilling the same task are determined with objective criteria, such as seniority and performance based remuneration.

ABOUT THE REPORT	MESSAGE FROM THE GENERAL MANAGER	ABOUT OTOKAR	RESPONSIBLE MANAGEMENT FOCUSED ON SUSTAINABLE DEVELOPMENT	STEADY GROWTH, CONTINUOUS DEVELOPMENT	INNOVATION FOCUSED ON VALUE-ADDED	DEVELOPING TOGETHER WITH VALUE CHAIN	<b>PEOPLE-ORIENTED WORKPLACE</b>	ENVIRONMENTALLY FRIENDLY PRODUCTION	CLIMATE CHANGE, ENERGY AND EMISSIONS	CARING FOR SOCIETY
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PERFORMANCE  
AND TALENT MANAGEMENT

OCCUPATIONAL HEALTH  
AND SAFETY

Otokar commits to voluntarily abide by the following principles aimed at eliminating gender discrimination, and to pioneer in the generalisation of these principles throughout the country.

- 1- We respect human rights. We treat all employees equally.
- 2- We ensure the health, safety and well-being of both women and men employees without any discrimination based on gender.
- 3- We specifically support the participation of women in the labour force.
- 4- We define the criteria of equal opportunity for women and men in our Human Resources policies.
- 5- We apply and uphold an equal pay for equal work policy.
- 6- We establish the required mechanisms to ensure equal access to career opportunities.

7- We create and monitor training policies, giving particular consideration to women's participation.

8- We create working environments and practices that maintain work-life balance.

9- We announce all developments regarding our equal opportunity schemes and achievements through internal and external communication.

10- We ensure the dissemination of this declaration across our sphere of influence (business partners, suppliers).

11- We establish a leadership committee within our company to monitor the topics covered in this declaration.

In addition to women employees, it is also aimed to increase the number of disabled employees within the company and at

dealers and services. In accordance, the number of disabled employees is kept above legal limits as far as possible. Otokar supports commitments and projects devoted to the disabled, under the leadership of Koç Group.

Otokar respects its employees' rights of association and provides the necessary environment for conducting union activities across the company. All of the 1,484 blue collar employees of Otokar are covered by the collective labour agreement.

Otokar does not tolerate child labour at the workplace and does not practise forced or involuntary labour. It expects all its business partners in its value chain, primarily suppliers and subcontractors, to adopt the same approach.





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PERFORMANCE  
AND TALENT MANAGEMENT

OCCUPATIONAL HEALTH  
AND SAFETY

## Contribution to Vocational Training

Otokar carries out various vocational training processes with its social responsibility approach developed with the purpose of employing more youth and providing resources for other industrial institutions in the same line of work. Within the context of ongoing projects, Otokar develops collaborations with several national institutions and ministries, primarily Turkish Employment Agency, Ministry of Labour and Ministry of National Education, and continues to contribute to the training of qualified blue collars in areas of expertise where human resources lack. Besides, it also offers vocational training opportunities devoted to the disabled aiming to increase the employment of disabled personnel in these specialised lines of work.



## PERFORMANCE AND TALENT MANAGEMENT

Otokar actualises practices that will support the development of its employees' professional and personal competences. It also provides feedback to employees through active performance assessment practices.

At Otokar, white collar employees' performance measurement and assessment processes are carried out systematically and with the participation of employees. In result of the performance assessment meeting, where managers come together with employees once a year on a regular basis, employees whose performance levels remain below expectations are interviewed again at midyear. Future plans regarding the employee's development are drawn at these meetings.

As for blue collar employees' performance assessment processes, they are carried out by way of scorecards where employees' technical and behavioural skills are evaluated. The target-score application is used for the performance assessment of blue collar team leaders. As part of the performance assessment process, subsequent to the identification of employees' development areas, their participation to appropriate training programs is encouraged. At yearend, employees' advancement is measured and feedback is provided. In 2015, Otokar provided feedbacks for all its employees.

Systematic and objective approaches are followed in the remuneration of employees. The work performed and responsibility assumed are the basic criteria for determining wage levels, and gender differences do not influence remuneration. Otokar's remuneration policy involves the remuneration systems and practices concerning Board of Directors members with executive responsibility and senior managers, within the scope of Capital Markets Board regulations. Detailed information regarding this topic is available at [www.otokar.com](http://www.otokar.com).

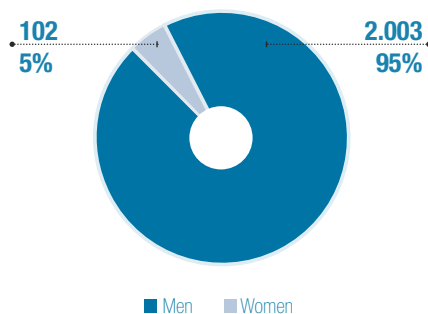
Ensuring the access of employees to training and development activities required for the efficient and quality execution of operations is among Otokar's principal objectives. Otokar commits to ensure the motivation and satisfaction of employees as it pursues its training and development activities. In the reporting period, 63,088 person x hours of training activity was carried out with the participation of 2,498 employees.

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

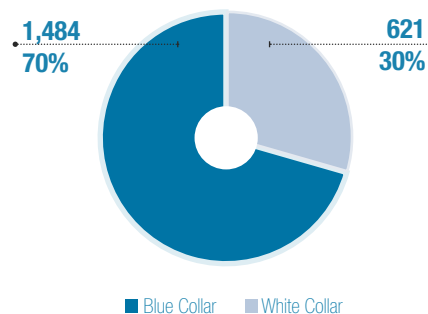
Otokar employees can make suggestions regarding the improvement of company procedures and they produce projects. In 2015, Otokar employees provided 2,517 suggestions, of which 1,308 were implemented.



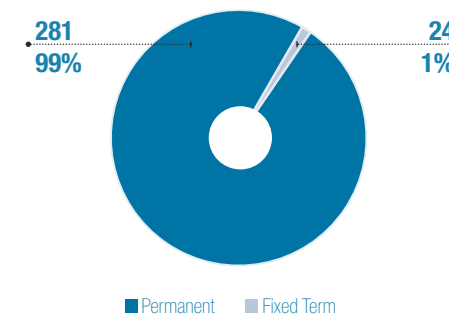
### TOTAL NUMBER OF EMPLOYEES



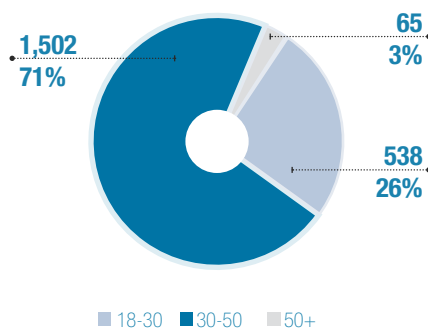
### EMPLOYEE BREAKDOWN BY CATEGORY



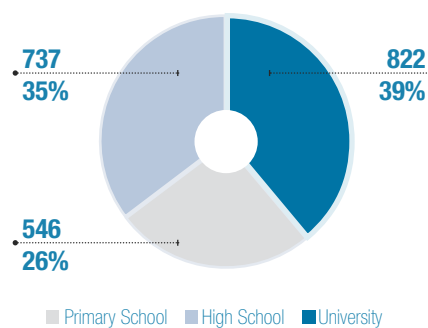
### EMPLOYEE BREAKDOWN BY CONTRACT



### EMPLOYEE BREAKDOWN BY AGE GROUP



### EMPLOYEE BREAKDOWN BY EDUCATION LEVEL





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PERFORMANCE  
AND TALENT MANAGEMENT

OCCUPATIONAL HEALTH  
AND SAFETY

## Otokar OHS Policy

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

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

## OCCUPATIONAL HEALTH AND SAFETY

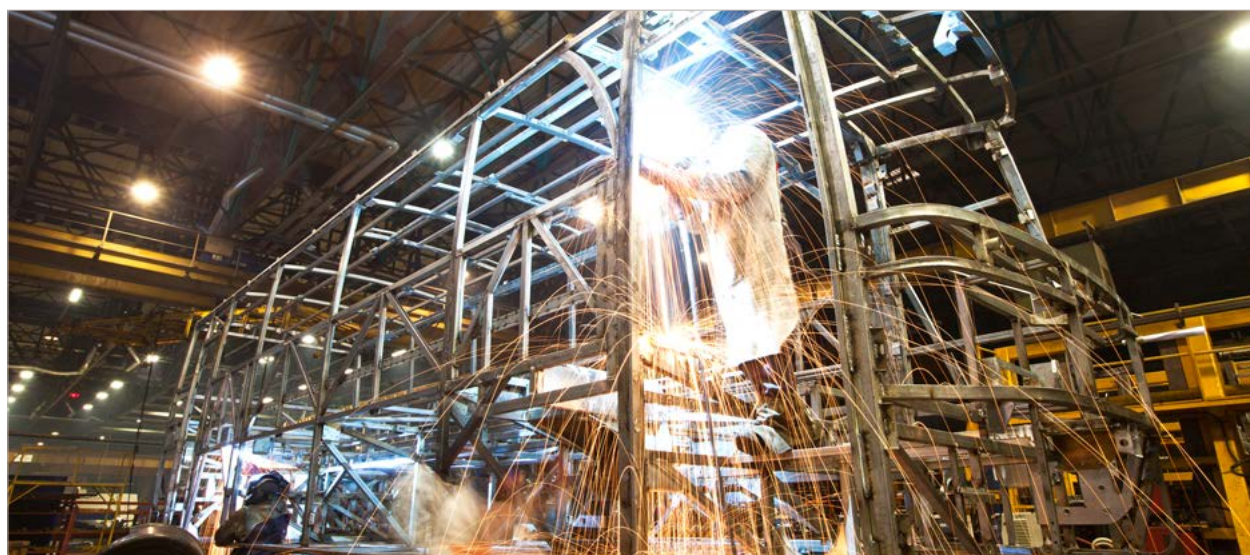
Creating safe working sites for its employees and other stakeholders on the production sites is among Otokar's basic priorities. The Occupational Health and Safety Department, consisting of occupational safety experts, workplace doctors and allied health personnel, is responsible for the management of OHS issues. The Occupational Health and Safety Department operates under the Human Resources Directorate that reports directly to the General Manager.

Otokar conducts its operations within the framework of the OHS Policy. The OHS Policy has been signed by the General Manager and is shared with employees through internal communication tools such as

in-company notice boards, intranet system and trainings, and with all stakeholders on the website.

Occupational Health and Safety activities are conducted in compliance with the norms of OHSAS 18001 standard. In 2016, it is projected for the interim audit of OHSAS certification to be completed. The process of the acquisition of OHSAS certification and the upcoming interim certification audit play a significant role in the dissemination of occupational safety works throughout all departments and the development of occupational safety culture.

Targets are set and annual working programmes are prepared for departments and individuals in occupational health and safety issues.



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PERFORMANCE  
AND TALENT MANAGEMENT

OCCUPATIONAL HEALTH  
AND SAFETY

## Creating a Safe Working Environment

A joint team was formed, including the occupational health and safety, production, maintenance, manufacture systems and method departments, to carry out process improvement works in the tanker line. With the practice that was started due to the heavy cranes used in the line constituting a risk for employees and the working environment, the tanker assembly system was automatized, thereby preventing negative situations in terms of safety. There was no work related accidents or near-miss events during the 6-month period following the project that was completed in 2015. This exemplary work formed the basis for the transition to the systematic process approach in yet other areas.

Conformity with targets and the working programme constitutes an input for performance assessments. Occupational Health and Safety performance is assessed at Management Review Meetings held annually and it is reported monthly to relevant departments.

There is an Occupational Health and Safety Committee established with the purpose of reducing occupational health and safety risks at Otokar operation sites and improving the performance in this area. The Committee, which consists of 14 members including 6 employee representatives, carries out its activities in compliance with the requirements determined by relevant laws.

Otokar conducts OHS trainings with the purpose of enhancing the awareness of employees regarding Occupational Health and Safety. In the reporting period, 19,764 person x hours of OHS training was provided with the participation of 1,647 people.

## Golden Glove Award for Otokar

Otokar won the "Golden Glove" with the automatic sand collecting system it actualised in trailer production at the "MESS Golden Glove OHS Practice Awards" organised by Turkish Metal Industrialists' Union (MESS).





# ENVIRONMENTALLY FRIENDLY PRODUCTION



ABOUT THE REPORT	MESSAGE FROM THE GENERAL MANAGER	ABOUT OTOKAR	RESPONSIBLE MANAGEMENT FOCUSED ON SUSTAINABLE DEVELOPMENT	STEADY GROWTH, CONTINUOUS DEVELOPMENT	INNOVATION FOCUSED ON VALUE-ADDED	DEVELOPING TOGETHER WITH VALUE CHAIN	PEOPLE-ORIENTED WORKPLACE	<b>ENVIRONMENTALLY FRIENDLY PRODUCTION</b>	CLIMATE CHANGE, ENERGY AND EMISSIONS	CARING FOR SOCIETY
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WATER  
MANAGEMENT

MATERIAL AND  
WASTE MANAGEMENT

## OTOKAR ENVIRONMENTAL POLICY

Otokar,

- Considers it a duty to raise environmental awareness among the individuals, institutions and organisations with which it directly or indirectly interacts in the product manufacturing and presenting process, and to fulfil its environmental responsibilities before its local and regional neighbours.

- Forms systems based on the efficient use of the environment and natural resources, and ensures their permanence.

In accordance with this policy, Otokar;

- Follows publications related to environment and complies with existing laws and regulations.
- Keeps environmental pollution under control by minimising it through the Environmental Management System.
- Supports all its employees and suppliers in being sensitive towards the environment.
- Makes its environmental targets and objectives available for the general public, its suppliers and relevant organisations.
- Directs its environmental activities so as to support other policy elements.
- Commits to constantly improve its environmental performance.



Otokar conducts all its operations in accordance with the principle of environmentally friendly production that it adopts. At Otokar, environmental management is carried out in compliance with Otokar Environmental Policy and ISO 14001 Environmental Management System Standard. Environmental systems and procedures have been developed beyond legal requirements, in a manner that will serve as a model on an international scale. Otokar carries out its activities regarding the environment with an approach that will set an example for other companies, and takes into consideration the feedbacks of its stakeholders about the environmental impacts of its operations.

Otokar Environmental Policy is shared on the corporate website for the access of all stakeholders. The policy, which prescribes the constitution of systems that will ensure the efficient usage of environment and resources

and maintaining system continuity, is based on compliance with legal and other liabilities. Otokar Environmental Policy commits to constantly reduce negative impacts on the environment and is consistently reviewed.

The topics of the efficient use of natural resources, primarily water and energy, and of other materials, climate change, wastewater and solid waste management, greenhouse gas emission management, minimisation of the impacts of operations on the environment and biodiversity, compliance with laws and regulations, environmental training and awareness-raising works, establishment of communications and collaborations with nongovernmental organisations and other stakeholders are managed within the scope of Otokar Environmental Management. The processes of preventing environmental pollution, minimising impacts, conducting periodic controls and eliminating hazardous wastes are carried out based on defined procedures.



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WATER MANAGEMENT | MATERIAL AND WASTE MANAGEMENT

Otokar regards the assessment of environmental impact as part of its corporate management system; the specificity analysis of environmental impacts is performed using the Environmental Impacts Registry. Apart from those identified in the registry, when new environmental impacts are determined in cases of Management Systems Internal Examinations, new material orders and new investments, the Environmental Impacts Registry is revised.

Otokar Board of Directors is responsible for determining strategic orientations in environmental topics. The compliance of the decisions taken and works conducted in accordance with the identified strategic orientations, their implementation and conformance to environmental laws and regulations are the responsibility of Otokar General Manager, who is also a member of the Board of Directors. Otokar senior management reviews environmental management systems and the conformity, competence and efficiency of these systems through periodic

meetings. Activities regarding environmental issues are carried out by the Environmental Management Department organised under the leadership of the Production and Facility Engineering Director and the Investment Department Manager.

In accordance with its environmental policy, Otokar aims to constantly enhance the performance of the activities it carries out within the scope of environmental management. In this direction, the efficiency of the activities being conducted is monitored through periodically performed internal audits, as well as audits realised by Koç Holding Audit Group. All the operations of Otokar are within the scope of ISO 14001 Environmental Management System Standard certification and compliance with the standard is controlled through periodically realised independent external audit works. Besides independent external audit works, operation sites and environmental activities carried out on these sites are subject to the audits of the Ministry of Environment and Urbanisation. In the reporting period, no complaints or requests were received from stakeholders concerning the environmental dimension of Otokar's operations.

The Procedure for Determining Management Systems Environmental Objective, Goal and Management Programs was formed for defining the process of determining, evaluating and managing annual objectives and goals regarding environmental performance. As part of the procedure, 5-year strategic plans are prepared, work programs determined by annual goals conforming to these plans are constituted. The vision and strategic objectives determined by Koç Holding are taken into consideration in the constitution of work programs. Environmental management goals and individual goals are also determined in conformance with these work programs.

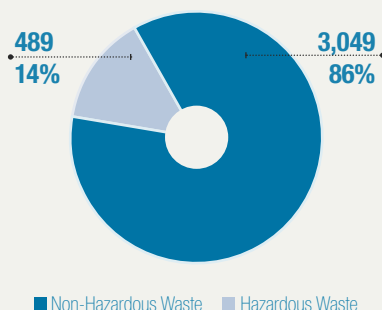
Performance indicators identified based on environmental issues and processes are monitored through constantly realised measurements and assessments. The realisation level of goals is followed through the goal



WATER  
MANAGEMENT

MATERIAL AND  
WASTE MANAGEMENT

### WASTE AMOUNT BY TYPE (TON - %)



card systematics; it is included in the remuneration system as part of performance management. The obtained performance results are regularly presented to the General Manager and the Board of Directors is informed regarding the realisation level of the strategic plan and achievements. Works conducted within the scope of environmental management, as well as performance results are shared with all stakeholders through sustainability reports, Koç Holding reporting studies, Otokar Hattı Bulletin, Otokar News from the Factory Bulletin, Otokar OHS Bulletin, sub-industry trainings and environmental information notes.

Otokar also expects its suppliers and business partners to adopt an identical environmental management approach and to minimise their environmental impacts. In accordance, the level of environmental management, primarily ISO 14001 certification, is regarded as a significant criterion for supplier selection. In addition, environmental management issues are included within the scope of supplier audits or self-assessment surveys, development

plants befitting suppliers are prepared in accordance with the obtained results and the implementation processes of these plans are monitored.

Otokar carries out environmental training activities aiming to increase the environmental awareness level of its employees and subcontractor employees, thereby reflecting the goal of reducing environmental impacts on everyday activities. In this context, Otokar employees were provided with 229 person x hours, and subcontractor employees with 104 person x hours of environmental training, during the reporting period. Besides its employees, Otokar also conducts training activities aimed at enhancing the environmental awareness of its external stakeholders, primarily the local community, as part of its social responsibility understanding. In 2015, 145 person x hours of environmental training was provided with a view to social responsibility. Otokar allocated over 700,000 TL worth of resources for works related to the improvement of environmental management efficiency, conservation of legal compliance, and enhancement of environmental performance.





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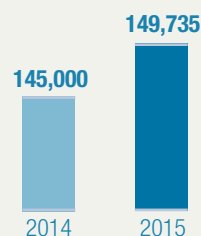
WATER  
MANAGEMENT

MATERIAL AND  
WASTE MANAGEMENT

## Tanker Test Waters Recovery Project

**T**hrough the project actualised during the reporting period, the amount of annual water savings was increased by 3% by means of the recovery of tanker calibration and hydrostatic test waters. It is projected that an annual water saving of around 9,000 m<sup>3</sup> will be ensured with the completion of the project that aims to reduce water consumption.

### TOTAL WATER RECYCLED OR REUSED (M<sup>3</sup>)



## WATER MANAGEMENT

Otokar approaches the efficient management of water resources as a prioritised issue both for securing the water resource it needs for the continuity of its operations, and in the name of preserving the sustainability of water resources. At Otokar, water management activities encompass the issues of efficient water use, water recovery and wastewater management; and are conducted in compliance with the requirements of Otokar Environmental Management Principles and ISO 14001 System Standard.

In 2015, Otokar consumed 275,123 m<sup>3</sup> of fresh water and ensured that 149,735 m<sup>3</sup> of water was returned to production through either recycling or recovery. In this way, 35% of the total water need during the year was met with recovered water.

The wastewater generated by production processes is recovered to the greatest extent as possible at wastewater treatment facilities. Wastewater treatment works that are performed in line with Otokar Environmental Policy, environmental management system and relevant legal regulations aim for firstly minimising the amount of discharged wastewater, reducing the pollution load to values indicated in discharge licenses, and subsequently discharging wastewater at points also identified by legal regulations. At Otokar Arifiye Plant, there are 2 household wastewater treatment facilities and 2 industrial wastewater treatment facilities equipped with modern technology in accordance with the characteristics of the generated wastewater. A total of 166,200 m<sup>3</sup> of wastewater generated in 2015 was treated in these facilities, 90,180 m<sup>3</sup> was discharged to the natural receiving environment and 76,020 m<sup>3</sup> to wastewater channels after reaching to values below norms indicated by licenses.

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

## MATERIAL AND WASTE MANAGEMENT

Otokar aims to efficiently manage material and resource usage in its production operations. In this way, both production efficiency is increased and environmental impacts are reduced by means of reduced material and resource usage. Besides the efficient use of materials in production, Otokar carries out projects aiming for the reuse of materials following production processes.

Packaging materials have an important place among materials used in production; packages manufactured from plastic, metal, wooden and cardboard materials can generate waste after being used. In order to reduce the environmental impacts caused by the use of packaging materials, it is ensured that these materials are first reduced through optimisation works and then reused. In cases when reusing is not possible, recycling practices are actualised. Otokar conducts various packaging optimisation works depending on the composition and volume of the procured material. The amount of packaging material, which was 17.56 kg/units in 2014, was reduced to 15.75 kg/units tons in the reporting period.

Otokar Environmental Policy and Environmental Management System prescribe the minimisation of wastes generated by production processes before elimination, their sorting at the source and recovery as far as possible. In accordance, wastes generated by operations are recycled by licensed companies. In 2015, 3,536 tons -%99.9 of total wastes- of waste was recycled.

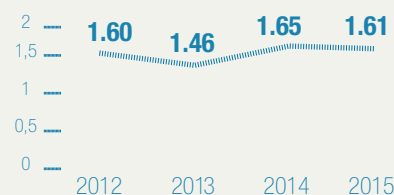
# CLIMATE CHANGE, ENERGY AND EMISSIONS





## EMISSION TREND PER VEHICLE MANUFACTURED

(TON CO<sub>2</sub>E/UNITE)



Koç Group Climate Strategy and 2020 Greenhouse Gas Strategic Plan can be accessed on their [website](#).



Climate change, one of the most significant global problems of our day, has negative impacts not only on the physical life, but also on economic and social conditions. Companies operating in the automotive sector bear an important responsibility with regards to reducing the impacts of the climate change arising as a result of the global warming caused by greenhouse gas emissions. Otokar devises projects aimed at combatting climate change with the awareness of the mission and



responsibility it bears. Another motivation for Otokar's activities in this area is to benefit from new business opportunities that the low-carbon economy will bring forth.

Otokar shapes its works for combatting climate change within the framework of Koç Group Climate Change Strategy and 2020 Greenhouse Gas Strategic Plan, in addition to internal policies and strategies such as the environmental policy. These policies adopted by Otokar prescribe in general terms the accounting and monitoring of the amount of emission generated by production processes, reducing the amount of emission through energy efficiency projects, reducing emissions generated by product consumption by developing more efficient products, supporting initiatives devoted to combatting climate change.

Together with Koç Group, Otokar participates in nongovernmental platforms devoted to combatting climate change, in policy development and joint action plans realised with the participation of international organisations, public institutions and agencies, and the business world. In the reporting period, Otokar took part in the preparation team of the Climate Change and GHG Emissions – Best Case and Worst Case Scenario Report for Koç Holding companies.

Otokar's action plans for combatting climate change are realised based on the framework of both Otokar Environmental Policy and R&D strategy. Otokar Board of Directors determines the main strategic orientations of the company regarding climate change. Otokar General Manager, who is also a member of the Board of Directors, is responsible for the compliance of the decisions taken and works conducted in the direction of these strategic orientations with corporate policies and decisions, and legal regulations. Otokar senior management monitors the conformance and efficiency of relevant

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ENERGY AND EMISSIONS

GREEN TRANSPORTATION SOLUTIONS

## Efficient Motor Use

As part energy efficiency projects conducted during the reporting period, low-efficiency motors were replaced with new efficient motors across the plant. In this way, electricity consumption per unit was reduced, ensuring electricity savings of 425,103 kwh in total.

## Efficient Lighting Projects

Within the context of energy savings works, in the reporting period 403 pieces of inefficient armatures and lighting were removed and replaced with efficient ones. By means of this replacement, an electricity saving of 196,862 kwh was achieved during the year. In yet another practice, 81 pieces of metal floodlights across the plant were replaced with 10 LED projectors, achieving an electricity saving of 13,664 kwh.

systems, primarily greenhouse gas accounting and reporting systems, through periodically held meetings.

Energy and greenhouse gas emissions performance are part of the corporate management system, as well as other environmental issues, and they are included among the individual goals of managers and relevant departments. In this way, they also influence the remuneration system.

## ENERGY AND EMISSIONS

Since it is one of the main inputs for production and the source of greenhouse gas emissions that cause climate change, energy is among Otokar's prioritised sustainability issues. At Otokar, greenhouse gas emissions performance is tracked through emission reporting works carried out annually. The direct and indirect energy consumption values are taken as basis, ISO 14064-1:2006 Standard, GHG Protocol, IPCC 2006 Tier 1 methods are followed, and updated coefficient values caused by Turkey's electric energy grid are used for preparing reports tracking energy and natural resource consumption in addition to greenhouse gases.

The two main sources of energy used in Otokar's production processes are natural gas and electricity. Preferring natural gas as the primary source for thermal energy generation creates a positive impact on emission values. In 2015, the greenhouse gas emission per vehicle manufactured in production operations was realised as 1.61 Ton CO<sub>2</sub>e. Energy efficiency works play a significant part in reducing energy consumption in production processes, and thereby greenhouse gas emissions. 5,550 GJ of energy and 492 Ton CO<sub>2</sub>e

of emission savings were achieved by means of the efficiency works carried out during the year.

A considerable part of the energy consumption resulting from Otokar operations are generated by logistics operations. For this reason, optimisation works are conducted regarding logistic operations carried out by supplier companies or service providers within the context of Milk-Run operations. Besides securing the continuity of production, logistics operations are also minimised through these works, thereby achieving energy and emission savings.





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ENERGY AND EMISSIONS

GREEN TRANSPORTATION SOLUTIONS

## GREEN TRANSPORTATION SOLUTIONS

Researches carried out by the European Union reveal that nearly 30% of greenhouse gas emissions are generated by the transportation industry. Public transportation plays a significant role in the solutions of social and economic problems such as environmental pollution, climate change and high traffic volume in cities where the population is on the rise. The expectations of managers and local administrations in meeting the rapidly rising need for public transportation capacity are to develop cost-efficient fleet solutions, for these solutions to

have environmentally friendly characteristics and to ensure passenger comfort.

Based on all these elements, Otokar is working to develop vehicle solutions that are equipped with advanced technologies, and use efficient and alternative energy systems. In this way, both the reduction of environmental impacts caused by products, and a product portfolio that corresponds to low-carbon economy requirements with products designed on the basis of social expectations are achieved.

Otokar introduced Turkey to its first hybrid bus Doruk Hibra and

first electric bus Doruk Electra, developed with 100% national capital and whose intellectual rights it owns 100%. R&D studies are maintained, devoted to the development of vehicles that offer solutions equipped with alternative fuel systems and have environmentalist characteristics.

Euro6 projects, which were started in 2012 to popularise low-emission vehicles and thereby reduce environmental impact, were continued in the reporting period. The integration and test works for engine systems with Euro6 emission levels of Otokar commercial vehicles were conducted.



# CARING FOR SOCIETY





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Environmental Trainings from Otokar

Support for Social Gender Equality

Support for HeForShe Campaign

Support for Sports Events

Support for Disabled Swimming Championships

Sponsorship for Turkish Physically Disabled Table Tennis Championship

Sponsorship for Alternative Energy Vehicle Races

Stationery Supplies Donation



With reference to Koç Group founder Vehbi Koç's words "I exist, if my country exists", Otokar works for the purpose of adding value to the society in which it operates. In accordance, it carries out works aimed at the development of the society in which it exists, in areas such as education, culture, health, and the like. Otokar, which regards contributing to the sustainable development of the society as an essential responsibility, has transferred funds worth almost 2 million TL for social projects, donations and sponsorship works.

Otokar considers the voluntary contributions of employees as a significant driving force for social development works; and in accordance, provides support for voluntary works started with the initiative of its employees. In this way, the accumulation and labours of

Otokar employees trained in various areas of expertise are benefited from in the solution of social problems, as well as contributing to employees' personal development. In addition to employees, suppliers and business partners are also called forward to voluntarily participate. In this regard, 23 Otokar employees voluntarily took part in social projects, in 2015.

## Environmental Trainings from Otokar

Otokar organises environmental trainings at preschools, middle schools and high schools in order to raise environmental awareness among students. In 2015, trainings were realised in three schools namely, Serdivan Preschool, Üzeyir Garih Middle School and Arifiye Vocational and Technical Anatolian High School. In this context, students were informed about the topics of energy saving, recycling and environmental pollution, preservation of energy and water resources, efficient consumption and climate change. Following the trainings, students' views and suggestions were received and they were informed about the ways they can economise at school and at home.



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Gender EqualitySupport for HeForShe  
Campaign

Support for Sports Events

Support for Disabled  
Swimming ChampionshipsSponsorship for Turkish Physically  
Disabled Table Tennis ChampionshipSponsorship for Alternative  
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## Support for Social Gender Equality

In 2015, Otokar carried out various studies and realized awareness projects in the direction of the new theme of "For My Country" project, conducted by Koç Group, for the term 2015-2017, "I Support Gender Equality". In the reporting period, nearly 700 employees were trained by voluntary trainers with the purpose of creating awareness among the public regarding the causes and effects of social gender inequality. Steps were taken in the issues of women employment, regulations that will facilitate women's burden in working life; while Otokar Women's Club actively implemented many projects aimed at women employees, in relation to social responsibility, health, education and professional life.

## Support for HeForShe Campaign



Adopting the Equality at Work Declaration signed in 2013, Otokar also provided active support for the HeForShe campaign carried out by UN Women, in 2015.

## Support for Sports Events

Otokar maintained the support it provides for sports events in 2015. In this context, the 1st Sportive Aviation and Modelling Festival organised in Sakarya with the participation of many Model Airplane Clubs nationwide, and Arifiye Üzeyir Garip Middle School Girls' Handball Team athletes, who became Marmara Regional Group Champion in the branch of handball and qualified to attend the national semi-final competitions, were provided with sponsorship support.

## Support for Disabled Swimming Championships

Within the context of the support, it provides for disabled athletes, Otokar provided sponsorship for an employee's autistic child who was successful at Disabled Swimming Championships. Our athlete took his first step to join our national athletes by succeeding in passing the European threshold and thereby assuming the title of the youngest athlete to qualify to represent our country at the championship in Greece and to pass the European threshold among private athletes in the country.

## Sponsorship for Turkish Physically Disabled Table Tennis Championship

Otokar maintained the support it provides for the activities of disabled athletes in Sakarya. It provided sponsorship support for the Turkish Physically Disabled Table Tennis Championship organised for the second time this year.

## Sponsorship for Alternative Energy Vehicle Races

Within the scope of the Alternative Energy Vehicle Races

organised by TÜBİTAK in Kocaeli, Otokar assumed the sponsorship of Sakarya University Energy Technologies Group's vehicle named TUAR.

## Stationery Supplies Donation

In an effort to support education, Otokar donated colouring and storybooks, notebooks, pencils and toys to Sapanca Nene Hatun Preschool that was damaged by heavy rainfalls in 2015.



Environmental Performance Data	2012	2013	2014	2015
Total Energy Consumption (GJ)	167,350	184,489	149,684	189,565
Total Direct Energy Consumption by Source (GJ)	99,193	112,733	88,893	119,414
Renewable Energy	0	0	225	225
Non-Renewable Energy	99,193	112,733	88,168	119,190
Total Indirect Energy Consumption by Source (GJ)	99,193	112,733	88,893	119,414
Renewable Energy	0	0	0	0
Non-Renewable Energy	68,212	71,761	61,291	70,150
Specific Energy Consumption (GJ/Unit)	16.66	15.27	17.54	17.08
Energy Reduced(GJ)	2,148	1,135	2,110	5,550
Total Greenhouse Gas Emisssons (Ton CO2e)	16,117	17,373	14,068	17,883
Direct(Scope 1)	7,021	7,804	5,895	8,528
Indirect(Scope 2)	9,096	9,569	8,173	9,355
GHG Emissions per Unit (TonCo2e/Unit)	1.6	1.46	1.65	1.61
GHG Emissions Reduced (TonCo2e/Unit)	287	151	188	492
Total Water Withdrawal (m3)	222,481	195,161	215,050	275,123
Underground Water	166,020	126,003	147,300	181,960
Municipal Water	55,561	68,118	65,790	89,303
Rainwater	900	1,040	1,960	3,860
Water Withdrawal per Unit (m3/Unit)	22.09	16.15	25.23	24.45
Total Water Recycled or Reused (m3)	-	-	145,000	149,735
Waste Water Discharge (m3)	45,738	44,530	43,367	166,200
Waste Water Sewer	21,420	20,825	21,208	90,180
Natural Receiving Water	24,318	23,705	23,608	76,02
Total Hazardous Wastes by Disposal Method (Ton)	562	631	557	489
Recycling	545	631	556	489
Landfill	17	1	1	0.03
Total Non-Hazardous Wastes by Disposal Method (Ton)	3,920	5,288	4,310	3,049

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Recycling	3,419	4,572	4,310	3,049
Landfill	501	716	-	0.03
Environmental Trainings-Attendance(number)	879	978	583	495
Direct Employees	639	740	278	214
Contractor Employees	20	83	15	136
Social Responsibility	220	155	290	145
Environmental Trainings- Attendance (person x hours)	879	1,729	638.5	332
Direct Employees	492	1,370	299	229
Contractor Employees	60	204	49.5	104
Social Responsibility	220	155	290	145

Social Performance Data	2012	2013	2014	2015
Employee Trainings- Number of Attendance (person)	2,652	2,753	2,401	2,498
Blue Collars	2,156	2,205	1,787	1,984
White Collars	496	548	614	514
Female	64	41	90	93
Male	2,588	2,712	2,311	2,405
Employee Trainings -Total Hours (person x hours)	30,319	38,352	51,208	63,088
Blue Collars	16,662	27,905	33,430	51,303
White Collars	13,657	10,447	17,778	11,785
Female	1,344	856	2,382	2,042
Male	28,795	37,496	48,826	61,046
Contractor Trainings- Attendance (person)	25	79	152	301
Blue Collars	25	79	152	301
White Collars	0	0	0	0
Female	0	0	0	12
Male	25	79	152	289
Contractor Trainings - Total Hours (person x hours)	20	532	190	301,5
Blue Collars	20	532	190	301,5



Social Performance Data		2012	2013	2014	2015
	White Collars	0	0	0	0
	Female	0	0	0	16
	Male	20	532	190	285.5
OHS Trainings - Attendance		810	1,988	1,210	1,774
	Direct Employees	-	-	-	1,647
	Contractor Employees	-	-	-	127
OHS Trainings - Total Hours (person x hours)		2,236	11,027	11,534	19,867
	Direct Employees	-	-	-	19,674
	Contractor Employees	-	-	-	193
Injury Rate		1.47	1.4	1.37	1.89
	Female	0	0	0	0
	Male	1.54	1.46	1.45	1.97
Occupational Disease Rate		0	0.04	0.04	0.11
	Female	0	0	0	0
	Male	0	0.05	0.05	0.11
Lost Rate Day		22.48	32.07	54.24	35.51
	Female	0	0	0	0
	Male	23.56	33.54	57.33	36.98
Fatalities		0	0	0	0
OHS Committees		1	1	1	1
Total Members of OHS Committees		16	13	17	14
Employee Representatives in OHS Committees		6	6	6	3
Employee Satisfaction(%)		35.08	35.2	32.79	27

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Employee Demographics		2012	2013	2014	2015
Otokar Employees		2,981	2,264	2,054	2,105
	Female	84	99	101	102
	Male	2,197	2,165	1,953	2,003
Contractor Employees		202	218	204	214
	Female	19	22	27	49
	Male	183	196	177	165
Employees by Contract					
	<b>Indefinite Contract</b>	2,088	2,263	2,042	2,081
	Female	84	99	101	101
	Male	2,004	2,164	1,941	1,980
	<b>Temporary Contact</b>	193	1	12	24
	Female	0	0	0	1
	Male	193	1	12	23
Employees By Category					
	<b>Blue Collars</b>	1,686	1,624	1,436	1,484
	Female	7	9	13	16
	Male	1,679	1,615	1,423	1,468
	<b>White Collars</b>	595	640	618	621
	Female	77	90	88	86
	Male	518	550	530	535
Employees By Employment Type					
	<b>Full-time</b>	2,281	2,264	2,054	2,105
	Female	84	99	101	102
	Male	2,197	2,165	1,953	2,003
	<b>Part-time</b>	0	0	0	0
Employees By Education					
	Primary Education	588	566	528	546
	Secondary Education	896	855	718	737
	Universty and Above	797	843	808	822



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Employee Demographics		2012	2013	2014	2015
Total Employees By Age Groups					
	18-30	935	756	662	538
	31-50	1,311	1,465	1,345	1,502
	50+	35	43	47	65
Number of Disabled Employees		59	66	60	65
	Blue Collars	56	63	56	59
	White Collars	3	3	4	6
	Female	1	2	3	5
	Male	58	64	57	60
Senior Management		7	6	6	6
	by Gender				
	Female	0	0	0	0
	Male	7	6	6	6
	by Age Group				
	18-30	0	0	0	0
	31-50	4	3	2	1
	50+	3	3	4	5
	by Nationality				
	TC Citizen	7	6	6	6
	Expat	0	0	0	0
Mid-Level Management		69	69	65	65
	by Gender	69	69	65	65
	Female	4	3	3	3
	Male	65	66	62	62
	by Age Group	69	69	65	65
	18-30	0	0	0	0
	31-50	63	63	57	55
	50+	7	6	8	10

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Employee Demographics	2012	2013	2014	2015
Employees Working Under Collective Bargaining Agreement	1,686	1,601	1,436	1,484
New Hires	1,377	1,009	344	1,013
<b>by Gender</b>	1,377	1,009	344	1,003
Female	23	24	13	10
Male	1,354	985	331	993
<b>by Age Group</b>	1,377	1,009	344	1,003
18-30	947	721	231	646
31-50	429	286	113	351
50+	1	2	0	6
Employees Left	615	1,026	554	961
<b>by Gender</b>	615	1,026	554	952
Female	7	10	11	9
Male	608	1,016	543	943
<b>by Age Group</b>	615	1,026	554	952
18-30	382	706	325	569
31-50	231	312	222	369
50+	2	8	7	14
Female Employees Took Maternal Leave	4	3	6	7
Employees Returned to Work After Parental Leave	4	3	6	10
Employees Returned to Work After Parental Leave and Still Employed 12 Months After Their Return	4	2	6	10



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G4-2	General Manager's Statement (p.5); Risk Management (p.15); Sustainability Management (p.18)	-	-
G4-3	Contacts (inside back cover)	-	-
G4-4	Corporate Website: <a href="https://www.otokar.com.tr/en-us/products/Pages/default.aspx">https://www.otokar.com.tr/en-us/products/Pages/default.aspx</a>	-	-
G4-5	Contacts (inside back cover)	-	-
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G4-12	Developing Together with Value Chain (p.27)	-	-
G4-13	Corporate Website: <a href="https://www.otokar.com.tr/en-us/investorrelations/instructions-announcements/Pages/material-disclosure.aspx">https://www.otokar.com.tr/en-us/investorrelations/instructions-announcements/Pages/material-disclosure.aspx</a>	-	-
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G4-19	Sustainability Management (p.18)	-	-
G4-20	Sustainability Management (p.18)	-	-
G4-21	During the materiality process, scopes of performance indicators and aspects boundaries were also set. While company information is employed in all material aspects; with limitation to related sub-aspects, information regarding suppliers in climate change, energy, greenhouses gases, human rights, business ethics and anti-corruption, occupational health and safety, employee rights, risk management; regarding dealers and services in climate change, energy, greenhouse gases, vehicles with minimised environmental effect, product and service responsibility, human rights, business ethics and anti-corruption, social development and employee volunteering, employee rights, risk management, supporting local economy, customer satisfaction, competitive strategic planning issues.	-	-
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G4-56	Business Ethics and Anti-Corruption (p.15-16); Corporate Website: <a href="https://www.otokar.com.tr/en-us/investorrelations/corporategovernance/Pages/ethical-code.aspx">https://www.otokar.com.tr/en-us/investorrelations/corporategovernance/Pages/ethical-code.aspx</a>	-	-



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Indicators	Description	External Assurance	Omissions
Specific Standard Disclosures			
Material Aspect: Emissions			
G4-DMA	Environmentally Friendly Production (p.41-43); Climate Change, Energy and Emissions (p.46-47); Green Transportation Solutions (p.48)	-	-
G4-EN18	Climate Change, Energy and Emissions (p.46-47); Green Transportation Solutions (p.48)	-	-
G4-EN19	Climate Change, Energy and Emissions (p.46-47)	-	-
Material Aspect: Effluents & Waste			
G4-DMA	Environmentally Friendly Production (p.41-43); Material and Waste Management (p.44); Water Management (p.44)	-	-
G4-EN22	Water Management (p.44)	-	-
G4-EN23	Material and Waste Management (p.44)	-	-
G4-EN26	Water Management (p.44)	-	-
Material Aspect: Products & Services			
G4-DMA	Innovation Focused On Added Value (p.24-25); Green Transportation Solutions (p.48)	-	-
G4-EN27	Innovation Focused On Added Value (p.24-25); Green Transportation Solutions (p.48)	-	-
Material Aspect: Overall			
G4-DMA	Not Material	-	-
G4-EN31	Environmentally Friendly Production (p.43)	-	-
Material Aspect: Occupational Health and Safety			
G4-DMA	Occupational Health and Safety (p.38-39)	-	-
G4-LA5	Occupational Health and Safety (p.39)	-	-
G4-LA6	Performance Data (p.56)	-	-
Material Aspect: Training & Education			
G4-DMA	People Oriented Workplace (p.34-35); Performance and Talent Management (p.36)	-	-
G4-LA9	Performance and Talent Management (p.36)	-	-
G4-LA10	Performance and Talent Management (p.36)	-	-



ABOUT THE REPORT	MESSAGE FROM THE GENERAL MANAGER	ABOUT OTOKAR	RESPONSIBLE MANAGEMENT FOCUSED ON SUSTAINABLE DEVELOPMENT	STEADY GROWTH, CONTINUOUS DEVELOPMENT	INNOVATION FOCUSED ON VALUE-ADDED	DEVELOPING TOGETHER WITH VALUE CHAIN	PEOPLE-ORIENTED WORKPLACE	ENVIRONMENTALLY FRIENDLY PRODUCTION	CLIMATE CHANGE, ENERGY AND EMISSIONS	CARING FOR SOCIETY
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Indicators	Description	External Assurance	Omissions
Specific Standard Disclosures			
G4-LA11	Performance and Talent Management (p.36)	-	-
Material Aspect: Diversity and Equal Opportunity			
G4-DMA	People Oriented Workplace (p.34-35)	-	-
G4-LA12	In 2015, no female manager employed amongst senior management.	-	-
Material Aspect: Equal Remuneration for Women and Men			
G4-DMA	People Oriented Workplace (p.34-35)	-	-
G4-LA13	People Oriented Workplace (p.35)	-	-
Material Aspect: Nondiscrimination			
G4-DMA	People Oriented Workplace (p.34-35)	-	-
G4-HR3	During the reporting period, no case of discrimination has occurred.	-	-
Material Aspect: Freedom of Association and Collective Bargaining			
G4-DMA	People Oriented Workplace (p.35)	-	-
G4-HR4	During the reporting period, no case has been witnessed throughout Otokar operations that rights for organization and collective bargaining are at risk. Same principle applies to supplier audit process and no such risk aspect has been identified.	-	-
Material Aspect: Child Labor			
G4-DMA	People Oriented Workplace (p.35)	-	-
G4-HR5	During the reporting period, no evidence for risk of child labour in Otokar operations has been witnessed. Same principle is also considered during supplier audit process and no risk element witnessed.	-	-
Material Aspect: Forced or Compulsory Labor			
G4-DMA	People Oriented Workplace (p.35)	-	-
G4-HR6	During the reporting period, no evidence for risk of forced or compulsory labour in Otokar operations has been witnessed. Same principle is also considered during supplier audit process and no risk element witnessed.	-	-
Material Aspect: Local Communities			
G4-DMA	Caring For the Society (p.50-51)	-	-

ABOUT THE REPORT	MESSAGE FROM THE GENERAL MANAGER	ABOUT OTOKAR	RESPONSIBLE MANAGEMENT FOCUSED ON SUSTAINABLE DEVELOPMENT	STEADY GROWTH, CONTINUOUS DEVELOPMENT	INNOVATION FOCUSED ON VALUE-ADDED	DEVELOPING TOGETHER WITH VALUE CHAIN	PEOPLE-ORIENTED WORKPLACE	ENVIRONMENTALLY FRIENDLY PRODUCTION	CLIMATE CHANGE, ENERGY AND EMISSIONS	CARING FOR SOCIETY
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Indicators	Description	External Assurance	Omissions
Specific Standard Disclosures			
G4-SO2	Caring For the Society (p.50-51)	-	-
Material Aspect: Anticorruption			
G4-DMA	Business Ethics and Anti-Corruption (p.16-17)	-	-
G4-SO3	100% of operations were assessed for corruption cases. No such case has been identified involving the company nor employees or contractors.	-	-
Material Aspect: Public Policy			
G4-DMA	Business Ethics and Anti-Corruption (p.16-17)	-	-
G4-SO6	Business Ethics and Anti-Corruption (p.16-17)	-	-
Material Aspect: Customer Health and Safety			
G4-DMA	Innovation Focused On Added Value (p.24-25)	-	-
G4-PR1	All Otokar products were assessed for customer health and safety impacts.	-	-
G4-PR2	No such case occurred during the reporting period.	-	-
Material Aspect: Product and Service Labeling			
G4-DMA	Product and Service Responsibility (p.31-32)	-	-
G4-PR3	100% of Otokar products are labeled in compliance with legal regulations.	-	-
G4-PR4	No such case occurred during the reporting period.	-	-
G4-PR5	Improving Customer Satisfaction (p.30)	-	-
Material Aspect: Innovation			
DMA	Innovation Focused On Added Value (p.24-25)	-	-
Material Aspect: Competitive Strategic Planning			
DMA	Steady Growth and Continuous Development (p.22)	-	-
Material Aspect: Social Development and Employee Volunteering			
DMA	Caring For Society (p.50)	-	-



ABOUT  
THE REPORTMESSAGE FROM  
THE GENERAL  
MANAGER

ABOUT OTOKAR

RESPONSIBLE  
MANAGEMENT FOCUSED  
ON SUSTAINABLE  
DEVELOPMENTSTEADY GROWTH,  
CONTINUOUS  
DEVELOPMENTINNOVATION FOCUSED  
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TOGETHER  
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WORKPLACEENVIRONMENTALLY  
FRIENDLY PRODUCTIONCLIMATE CHANGE,  
ENERGY  
AND EMISSIONSCARING  
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