

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE IMPLEMENTATION

### COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Otokar Otomotiv ve Savunma Sanayi A.Ş. ("Company") acts with utmost diligence to comply with the "Capital Markets Board Corporate Governance Principles" promulgated by the Capital Markets Board (CMB). The activities related to Corporate Governance in 2023 were executed in compliance with the Capital Markets Law, which includes regulations on CMB's corporate governance principles and the communiqués promulgated pursuant to this Law.

At the 2023 Ordinary General Assembly meeting, the Board of Directors and its Committees were formed in line with the provisions of the Corporate Governance Communiqué. Ahead of the upcoming general assembly meeting, Independent Board members were nominated and announced, and the entire process was executed in line with the regulations. The Board Committees have been functioning effectively. The General Assembly Information Note and documents providing details of privileged shares, voting rights and organizational changes, as well as the résumés of Board of Directors candidates, the Remuneration Policy for Board Members and Senior Management and other information required to be disclosed were all made available for the investors three weeks prior to the general assembly meeting.

Furthermore, the company's corporate website and annual report were reviewed and revisions required to comply with the principles were made.

The company will continue to work toward compliance with the principles based on the developments in legislation and general practice.

As an indication that the company has significantly complied with corporate governance principles and that its efforts toward full compliance with corporate governance principles will increase and continue, the company's corporate governance rating has been increased to 95.60 (9.56 over 10) by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., as announced in our material disclosure on 23.03.2023. The Corporate Governance Rating Report can be found on the corporate website at [www.otokar.com](http://www.otokar.com).

### DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Otokar recognizes the importance of complying with the Corporate Governance Principles regulated by the Capital Markets Board ("CMB), and has achieved full compliance with the mandatory principles of the Corporate Governance Communiqué II-17.1 ("Communiqué"), applicable in 2023, as well as compliance with the majority of the non-mandatory principles. While full compliance with the non-mandatory principles is ultimately targeted, due to the challenges encountered in the implementation of some principles, ongoing discussions in Türkiye and on international platforms regarding compliance with certain principles, and the incongruency of the current market and corporate structure with some principles, full compliance has not been achieved so far. We are working on the principles yet to be implemented and we plan to apply them once the administrative, legal and technical infrastructure for the effective governance of the company has been completed.

Full compliance with a number of non-mandatory Corporate Governance Principles listed below has not been achieved for the aforementioned reasons, and detailed information on this matter is provided in the relevant sections that follow. The company has not been subjected to any conflicts of interest due to non-compliance with the non-mandatory principles.

- Regarding principle 1.3.10, the donations made by the company are provided in a separate item on the General Assembly agenda and the details of the donations with the highest amounts are included in the General Assembly information document. The remaining amount, not detailed in the information document, consists of various donations, each lower than TL 300,000, made to various institutions and organizations and that are not of material significance for investors. Donations lower than this amount are not followed by the investors and the company has plans to continue disclosing this materiality limit in the coming years.
- Regarding principle 1.5.2, the minority rights for shareholders holding less than one twentieth of the capital have not been defined in the articles of association, and the rights have been defined within the frame of general provisions in the legislation. The company does not foresee any changes in the near future.
- Regarding principle 4.4.2, a minimum period of time has not been defined about communicating the information and documentation about the agenda topics to the Board members. The timing of when to inform the Board members is determined based on the topics and processes on the Board agenda and the members are advised reasonably in advance.

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Given the effective functioning of the Board, an urgent need to define such a period is not apparent, but this topic may be revisited in the times to come.

- Regarding principle 4.4.5, the company has in place processes concerning the conduct of the Board meetings that have been consistently observed for many years and a specifically written internal regulation is not available. Given the effective functioning of the Board, an urgent need to address this issue is not apparent but it may be revisited in the times to come.

- Regarding principle 4.4.7, considering that the Board members contribute significantly to the Board with their business experience and industry knowledge, they are not restricted in terms of assuming other duties outside the company. The résumé of each Board member and their other duties outside the company are provided in the annual report. Given the effective functioning of the Board, no changes to the current practice are anticipated in the near future since no negative consequence has been observed in terms of corporate governance.

- Regarding principle 4.5.5, the committee appointments are decided, taking into consideration the respective Board members' expertise and experience, and in accordance with applicable regulations, and some Board members serve multiple committees. However, these members also facilitate communication and increase the opportunities for cooperation between committees handling related subjects. Considering the efficient work of the Board members with their wealth of knowledge and experience, the current committee structure is deemed effective and no changes are anticipated in the near future.

- Regarding principle 4.6.5, remunerations provided to the Board members and executives with administrative responsibilities are provided in the notes to the financial statements and disclosed to the public as a total figure. Given that this matter is important due to the privacy of personal data, practices in the market are followed with plans to act in line with the widespread preferences.

The Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Note (CGIN), drawn up according to the new reporting formats pursuant to CMB resolution no. 2/49 dated 10.01.2019, and approved by the Board of Directors, are presented as an appendix to this annual report (pages 180-193) and the relevant documents can also be accessed in the Company's corporate governance page on the Public Disclosure Platform.

## INVESTOR RELATIONS

The relations between Otokar and shareholders are managed by the Investor Relations Department, which is responsible for providing shareholders and potential investors with information, except for confidential information and trade secrets, and in a manner not to lead to information disparities, and for establishing a two-way communication between the company executives and shareholders and potential investors.

Investor Relations Department managers are listed below:

Hüseyin Odabaş (Assistant General Manager - Finance)

İrfan Özcan (Financial Affairs Director)

Doğan Seçkinler (Finance, Risk Management and Investor Relations Director)

Hatice Gülşah Mutlu (Investor Relations and Corporate Governance Leader)

In 2023, the Investor Relations Department held 15 online and 4 in-person meetings and 57 conference calls, meeting with current and potential investors and updating the shareholders on the latest developments. To ensure this, the company's website, investor presentations and investor newsletters are regularly updated. Material disclosures that may be important for the investors are published on the corporate website in Turkish and English after they are announced on the Public Disclosure Platform (KAP). Information pertaining to the last five years is available on the corporate website in Turkish and English languages. Numerous requests for information were submitted to the Investor Relations Department by analysts and investors regarding the company's financial reports and activities, and these were replied in line with publicly available information in a manner to avoid information disparities.

Statutory obligations such as holding the General Assembly meetings in accordance with applicable regulations, articles of association and company bylaws, and preparing Annual Reports and other documents for the shareholders to benefit are the responsibility of the Investor Relations Department. The General Assembly Meeting held in 2023, call to meeting and meeting minutes were carried out in compliance with applicable regulations, articles of association and other relevant company bylaws.

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All kinds of public disclosure obligations required by the regulations, such as financial reporting and disclosing of material situations to the public, are fulfilled by the Investor Relations Department. In 2023, 75 material disclosures were announced, and those that particularly concern the investors were published on the Public Disclosure Platform (KAP) and concurrently on the corporate website along with their English translations.

The Investor Relations Department submits a report to the Corporate Governance Committee at least once a year regarding its activities to be communicated to the Board of Directors. The said report on the activities of 2023 was evaluated by the Corporate Governance Committee and the Board of Directors on March 4, 2024.

The company acts diligently to ensure compliance with legislation in satisfying investors' demands. In 2023, no complaints, or administrative or legal pursuit of exercising shareholders' rights in the company have been filed to the best of our knowledge.

## BOARD OF DIRECTORS

### The Structure and Formation of the Board of Directors

The company is managed by a Board of Directors formed by minimum five (5) members, elected by the General Assembly. In addition to electing the Board members, the General Assembly also determines the number of members to serve on the Board. Without prejudice to the requirements imposed by the Capital Markets Board Corporate Governance Principles for independent directors, the General Assembly has the right to replace Board members at any time if needed, per Article 364 of the Turkish Commercial Code.

In the event that a Board membership is vacated for any reason such as when an independent member's status is no longer independent, or he/she resigns or becomes unable to perform his/her roles, the Board of Directors will temporarily appoint an individual that meets the legal criteria in accordance with the applicable provisions of Turkish Commercial Code and the CMB regulations and submit the nomination to the General Assembly for approval in the next meeting.

The duties of the Chairman of the Board and the General Manager are performed by separate individuals. Board members are encouraged to allocate the required time to fulfil their obligations toward the company, while there are no rules restricting them from assuming other duties outside the company. Considering that independent members, in particular, may contribute significantly to the Board with their business experience and industry knowledge, no such restrictions have been deemed necessary. The résumé of each Board member and their other duties outside the company are made available for the shareholders to view prior to the annual General Assembly meeting.

Duties of the Nomination Committee and the Remuneration Committee in the company are carried out by the Corporate Governance Committee. Three candidates were nominated for independent membership in 2023, and the declarations of independence and résumés of these individuals were evaluated by the Corporate Governance Committee and the Board of Directors on January 11, 2023, determining them to be independent member candidates. All independent board members submitted their declarations of independence to the Corporate Governance Committee, and in the 2023 reporting period, no situation that would void their independence occurred.

Otokar Board Diversity Policy was approved in 2021 with the goal of raising female membership ratio in the Board of Directors to 25% in the next five years. Currently, the Board of Directors has only one female member and the female membership ratio in the Board stands at 11%.

The table on page 76 provides an overview of the current Board members, elected at the General Assembly on March 13, 2023 to serve until the next General Assembly meeting to review the 2023 activities, who are all non-executive except for General Manager Ahmet Serdar Görgüç as defined in the CMB Corporate Governance Principles.

Detailed résumés of the Board members can be found on the corporate website and on pages 32-33 of the Annual Report.

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Full Name	Title	Independence	First Elected to BoD	Term	Committee Assignments	External Assignments
Yıldırım Ali KOÇ	Chairman	Not independent	26.03.2015	1 Year		Vice Chairman - Koç Holding A.Ş., Chairman, Board Member and Committee Member at multiple Koç Group Companies
Selin Ayla ÜNVER	Vice Chair	Not independent	22.10.2018	1 Year		Ünver Holding A.Ş. Chairwoman
Levent ÇAKIROĞLU	Member	Not independent	26.03.2015	1 Year	Corporate Governance Committee - Member	CEO and Board Member - Koç Holding A.Ş., Chairman, Board Member and Committee Member at multiple Koç Group Companies
Haydar YENİGÜN	Member	Not independent	21.03.2022	1 Year	Risk Management Committee - Member	Board Member and Committee Member at multiple Koç Group Companies
İsmail Cenk ÇİMEN	Member	Not independent	18.03.2019	1 Year		Board Member and Committee Member at multiple Koç Group Companies
Ahmet Serdar GÖRGÜÇ	Member - General Manager	Not independent	20.04.2006	1 Year		
Ali İhsan İLKBAHAR	Member	Independent	16.03.2020	1 Year	Corporate Governance Committee - Chairman	
Ali İhsan KAMANLI	Member	Independent	15.03.2018	1 Year	Audit Committee - Member	
Kenan GÜVEN	Member	Independent	15.03.2018	1 Year	Risk Management Committee - Chairman, Audit Committee Chairman	Turkish Heart Foundation - Chairman

### Operating Principles of the Board of Directors

The powers and responsibilities of the members of the Board of Directors are specified in the Articles of Association. Distribution of duties among Board members and their duties and powers are explained in the annual report.

The subject or agenda of the Board of Directors Resolutions is determined according to the matters, for which the company's Articles of Association explicitly require a Board of Directors resolution, or the issues that arise as reported to the company's Senior Management and Board members by the relevant departments.

The Board of Directors convenes for meetings as company business requires. Although there is no dedicated secretariat established to facilitate communication between Board members, relevant tasks such as preparing the meeting agenda, recording the resolutions, and following them through are performed by the relevant officers in coordination with the Assistant General Manager – Finance.

In accordance with the Turkish Commercial Code and the relevant articles of the company's Articles of Association, the Board of Directors convenes physically when the company business calls for it, and when necessary, resolutions can be reached by circulating them per article 390, paragraph 4 of the Turkish Commercial Code. The Board of Directors passed 25 resolutions in 2023. Furthermore, the Board convened three times with all members in attendance to address strategic matters and discuss the company's position and activities.

Different views expressed during the Board meetings as well as the reasons for casting opposing votes are recorded in the minutes of the resolutions. However, since no such opposing or discordant views were recently expressed, no public disclosures were released in this regard.

Board members and senior executives of the company are covered by an "Executive Liability Insurance" policy.

Otokar Remuneration Policy for Members of the Board of Directors and Senior Management, which lays out all the rights, benefits and remunerations provided to the Board members and senior executives and the criteria used to determine them as well as the principles of remuneration, is available on page 40 of the Annual Report.

There has been no materially significant transaction that could result in a conflict of interest such as extending loans to the Board members or executives or providing collaterals in their favor by the company.

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### The Committees under the Board of Directors

At Otokar, the Board of Directors has formed certain committees to effectively fulfil its duties and responsibilities, and these committees carry out their activities in accordance with specified procedures. The committees reach some decisions after independently working on specific topics and presenting their findings in the form of proposals to the Board, which then passes a final resolution.

The committees' operating principles and fields of activity are determined by the Board of Directors and publicly disclosed.

The heads of the committees are appointed from among the Independent Board members, while all the members of the Audit Committee consist of Independent Board members.

The committees document all of their activities and keep records. The committees hold meetings as frequently as needed to work effectively and as defined by their operating principles, and they report the information and results of their work to the Board of Directors.

Members who serve on multiple committees facilitate communication and increase opportunities for cooperation between committees handling related subjects. The Board of Directors is of the opinion that it has obtained the expected benefit from the committees' work.

Operating principles of the committees are available on the corporate website: (<https://www.otokar.com.tr/yatirim-iliskileri/kurumsal-yonetim/komiteler>)

**Audit Committee:** The Audit Committee, established pursuant to the Board of Directors' resolution dated April 29, 2003, fulfils the duties specified for audit committees in the Capital Markets Legislation.

The Board of Directors resolved on April 4, 2023 that the Audit Committee would be composed of 2 independent members, with Kenan Güven appointed as Chairman, and Ali İhsan Kamanlı as Member of the Committee.

In 2023, the Audit Committee submitted to the Board of Directors a written report of its views on the selection of the independent auditor, observations about the functioning and effectiveness of the independent audit and internal control system, its assessments of annual and interim financial statements to be disclosed to the public in terms of their truth, accuracy and compliance with the accounting principles adopted by the company as well as the decisions made during Committee meetings held within the year. The Audit Committee convened eight times in 2023.

**Corporate Governance Committee:** The Corporate Governance Committee was established following the Board of Directors resolution on May 25, 2012 to monitor the company's compliance with the Corporate Governance Principles, examine the reasons for non-compliance with the Principles, which are not yet implemented, and propose improvement actions, evaluate corporate governance practices and the Corporate Governance Compliance Report, and oversee the work of the Investor Relations Department. The Board of Directors resolved on April 4, 2023 that the Corporate Governance Committee be composed of three members and that the independent Board member Ali İhsan İkbahar be appointed as the Chairman, and Levent Çakıroğlu ve Hüseyin Odabaş as members of the Committee, which would also serve as the Nomination Committee and the Remuneration Committee in accordance with the Communiqué.

The Corporate Governance Committee reviewed the company's corporate governance practices in 2023 and the Corporate Governance Compliance Report (CGCR) and Corporate Governance Information Note (CGIN), drawn up according to the new reporting formats pursuant to CMB resolution no. 2/49 dated January 10, 2019 and also informed the Board of Directors on the activities of the Investor Relations Department. In 2023, the committee, which also undertakes the duties of the Nomination Committee and Remuneration Committee, worked on various topics within its purview such as determining the Independent Board member nominees and the benefits provided to the Board members and Senior Executives. The Corporate Governance Committee convened six times in 2023.

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**Risk Management Committee:** The Board of Directors resolved on July 11, 2012 to establish the Risk Management Committee to work on early detection of risks that could pose a threat to the company's existence, development and continuity, implement the necessary measures to mitigate these risks and to manage them so that compliance with article 378 of Law 6102 of the Turkish Commercial Code, which entered force in July 2012, is ensured and the Board committees function effectively. The Board of Directors resolved on April 4, 2023 that the Committee would be composed of two members, with the independent Board member Kenan Güven as the Chairman, and Haydar Yenigün as a member. The committee convenes at least six times a year.

In 2023, the Risk Management Committee submitted its written report to the Board of Directors to inform them about their assessment of the Risk Report to be included in the annual report and their opinions on the risk factors, as well as the decisions reached in the committee meetings during the year. The committee also reviewed the information systems management activities in 2023 and related Report in accordance with the CMB Communiqué on Information Systems Management VII-128.9 ("Communiqué on IS Management"), which imposes obligations on public companies. The Risk Management Committee convened six times in 2023. The report presented by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. on February 26, 2024 stated that Otokar's early risk detection system and the Risk Management Committee are adequate in all material aspects within the framework of article 378 of the TCC.

# CORPORATE GOVERNANCE

## BOARD SKILLS MATRIX

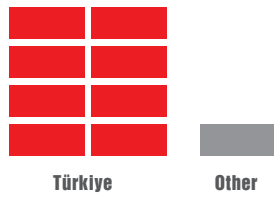
### TENURE ON THE COMPANY'S BOARD OF DIRECTORS



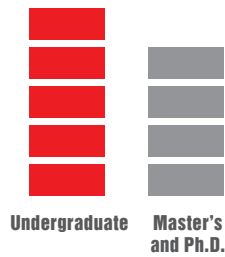
### PROFESSIONAL EXPERIENCE



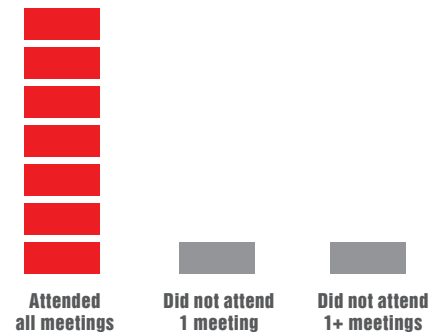
### CITIZENSHIP / RESIDENCE



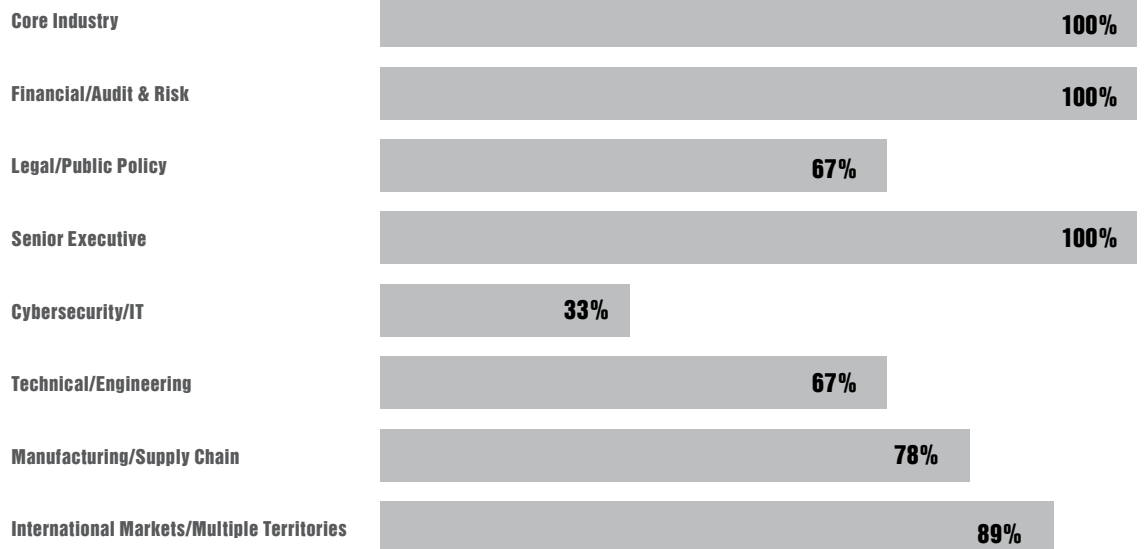
### EDUCATION LEVEL



### PARTICIPATION RATE IN MEETINGS



### SKILLS



Appraisal criteria are based on Glass Lewis Board Skills Matrix.

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## MEMBERS OF THE BOARD OF DIRECTORS AND THE COMMITTEES

Board of Directors	Title	Term Start	Term End
Yıldırım Ali Koç	Chairman	3/13/2023	3/27/2024
Selin Ayla Ünver	Vice Chair	3/13/2023	3/27/2024
Levent Çakıroğlu	Member	3/13/2023	3/27/2024
Haydar Yeniğün	Member	3/13/2023	3/27/2024
İsmail Cenk Çimen	Member	3/13/2023	3/27/2024
Ahmet Serdar Görgüç	Member - General Manager	3/13/2023	3/27/2024
Ali İhsan İlkbahar	Independent Member	3/13/2023	3/27/2024
Ali İhsan Kamanlı	Independent Member	3/13/2023	3/27/2024
Kenan Güven	Independent Member	3/13/2023	3/27/2024
Audit Committee	Title	Term Start	Term End
Kenan Güven	Chairman	3/13/2023	3/27/2024
Ali İhsan Kamanlı	Member	3/13/2023	3/27/2024
Corporate Governance Committee	Title	Term Start	Term End
Ali İhsan İlkbahar	Chairman	3/13/2023	3/27/2024
Levent Çakıroğlu	Member	3/13/2023	3/27/2024
Hüseyin Odabaş	Member	3/13/2023	3/27/2024
Risk Management Committee	Title	Term Start	Term End
Kenan Güven	Chairman	3/13/2023	3/27/2024
Haydar Yeniğün	Member	3/13/2023	3/27/2024

- Clauses pertaining to the Board of Directors have been resolved in accordance with articles 11, 12 and 13 of the Articles of Association and pursuant to the provisions of the Turkish Commercial Code.
- The principles of remuneration of Board of Directors and senior executives have been put in writing, and the Remuneration Policy prepared for this purpose has been included in the annual reports and the company's corporate website ([www.otokar.com](http://www.otokar.com)).
- The compensations provided to Senior Executives in 2023 have been included in note 28 to the financial statements for the 2023 fiscal year.
- Detailed information on committees and their operating principles have been provided on pages 76-77 of the annual report and the company's corporate website ([www.otokar.com](http://www.otokar.com)).
- As stated in Board Resolution no. 2024/09, the Board of Directors has been briefed on the activities of the Board Committees in 2023.
- In 2023, the Audit Committee convened 7 times, the Corporate Governance Committee 6 times, and the Risk Management Committee 6 times, respectively. The meetings were attended by all committee members.
- The résumés of the Board members are provided on pages 32-33.