

Sustainability Report 2018



Otokar



ABOUT THE REPORT

Since our establishment, we have achieved the unthinkable and carried our achievements a few steps forward each year. We have been creating sustainable value for our stakeholders for more than 55 years. Through the sustainability reports we publish, we present the value that we have created to the consideration of our stakeholders, as a result of our responsible management approach and business strategies.

Otokar Sustainability Report is the information tool that evaluates the social, economic and environmental impacts generated by our activities through objective criteria, demonstrates our approaches to the management of these effects and explains the performance results achieved. As in previous years, the GRI Standards issued by the Global Reporting Initiative are the main methodology we follow in the preparation of this report. This Report has been prepared in accordance with the GRI Standards: Core option.

The main content of the Report is Otokar Sustainability Priorities, which are determined by following the principles specified in the GRI Standards requirements. In the explanation of these priority issues, the description sets presented by the GRI Standards are used. In the performance areas not covered by the GRI Standards, industry-wide performance criteria are used.

The scope of the Otokar Sustainability Report involves data on activities of Otokar Otomotiv ve Savunma Sanayi A.Ş. conducted in Turkey between January 1st, 2018 and December 31st, 2018. In the content of this report, the performance of the organizations in which our company is a shareholder is not included, except for financial figures. The commentaries for these companies are intended merely for general information purposes.

You can reach the Otokar 2018 Sustainability Report and previous reports from www.otokar.com.tr. You can send your comments and suggestions to us via kyl@otokar.com.tr or our website.



MESSAGE FROM THE GENERAL MANAGER

Dear Stakeholders,

For more than half a century, our company has achieved the unthinkable, has become the pioneer of Turkey's commercial vehicle and defence industry manufacturer with its vehicles produced through its own technology. Last year, we experienced the deep sorrow of the untimely loss of our Deputy Chairman, Halil Ibrahim Ünver, who made great efforts to reach Otokar today and made important contributions to the development of the automotive and defence industry in Turkey. We remember him with longing and blessings, we continue to work with the goal of making Otokar a global player on the path he paved for us.

In 2018, we experienced a period of significant success in the export markets as well as in the domestic market. We have achieved significant export success in both commercial vehicle segments and defence industry segments. Thus, we increased the share of exports in turnover to 65% in 2018. Our position in the BIST Corporate Governance Index rose to 9.35 points during the year. On the other hand, we continued to be listed in the BIST Sustainability Index.

Our main goal is, on one hand to realize our business strategy to become a global

player on the other hand to conduct our operations with respect to the environment and people, and to support the local economy and social development. To this end, in 2018, we continued our efforts our to reduce environmental impact of our operations and protect our climate. We reduced energy consumption by 559 GJ and greenhouse gas emissions by 90 tons CO₂e with the projects we carried out during the reporting period. Our waste recovery rate reached 98% while we achieved over 150 thousand m³ of waste water recovery.

Developing products intellectual property of which is 100% owned by Otokar is the main component of our business strategy. This situation highlights our R & D activities. Otokar is the leading R&D investor company in its sector. In this context, we have spent more than 1 billion TL on R&D in the last 10 years in areas such as the development of R&D infrastructure, new product and manufacturing technologies, digitalization and the reduction of environmental impacts of products; we increased the ratio of R&D expenditures to turnover to 8.5%. With our sector-wide recognized development and testing capacities, we are conducting joint studies in various international R&D projects.

For Otokar to be a centre of attraction for talented professionals, we introduced our employer brand in 2018. We continued our training activities which are the most important component of talent management. In this context, we conducted a total of 49,408 personxhours of employee training during the year. In order to increase our employees' knowledge and awareness in the field of occupational health and safety, we also conducted 19,068 personxhours of OHS training. During the year, we continued our efforts to support social development.

In the upcoming periods, we will continue our efforts to make Otokar a global player without departing from the focus of innovation and sustainability. We would like to express our gratitude to our employees, investors and shareholders, suppliers and business partners who are our most important supporters in this journey.

Serdar Görgüç
General Manager





1963-2018 HIGHLIGHTS...

1960s & 1970s

1963

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

1964

- ♦ First intercity buses of Turkey were manufactured under Magirus license.

1967

- ♦ The first small buses were manufactured and exported.

1968

- ♦ The legendary buses of the period, Havalı Apollo were manufactured.

1970

- ♦ Minibuses suitable for public transportation were designed and manufactured.

1976

- ♦ The company joined Koç Group.

1980s & 1990s

1980

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

1984

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

1987

- ♦ The production of tactical wheeled vehicles launched under Land Rover Defender licence.

1990

- ♦ The production and exportation of Turkey's first tactical wheeled armoured vehicle were realised.

1995

- ♦ IPO of Otokar shares were realized.

1997

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

1999

- ♦ Otokar Marketing Inc. has been taken over.

2000s & 2010s

2002

- ♦ Istanbul Fruehauf A.Ş. has been taken over.
- ♦ The design and production of small buses started under the name of Sultan, in the first year, second place in the market has been achieved.

2003

- ♦ Turkey's first ADR-certified tanker was produced.

2004

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

2005

- ♦ Semi-trailer under the brand Otokar was designed and manufactured.
- ♦ Armoured homeland security vehicle joined the product range.

2000'ler & 2010'lar

2007

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

2008

- ♦ The company was named as the primary contractor for the modern tank production with national resources project in order to meet the current requirements of Turkish Armed Forces.

- ♦ The production area was increased to 552,000 m² area.

2009

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



1963-2018 HIGHLIGHTS...

2010s

2010

- ◆ The company legal name was amended as “Otokar Otomotiv ve Savunma Sanayi A.Ş.”. “Arma 6x6” the first multi-wheeled armoured vehicle platform was added to product range.

2011

- ◆ City bus “Kent” won Jury’s Special Award at the “European Coach Week”.
- ◆ Armoured combat vehicle “Arma 8x8” was added to the product range.
- ◆ The subsidiary, Otokar Europe, was founded in France.
- ◆ The real-size model of the national tank Altay was presented to the public.

2012

- ◆ Otokar Tank Test Centre was opened.
- ◆ The preliminary prototypes of the national main combat tank Altay were presented to the public.
- ◆ Turkey’s first electric bus “Doruk Electra” was introduced.
- ◆ Istanbul Metropolitan Municipality ordered 900 of KENT city buses.

2013

- ◆ Light commercial truck manufacturing has started.
- ◆ Turkey’s first original tracked armoured vehicle “Tulpar” and armoured personnel carrier Ural were added to the product range.

2014

- ◆ Otokar has been the most sold bus brand in Turkey for the 5th time.
- ◆ ISO 10002 certification for customer satisfaction was received.
- ◆ Otokar R&D Centre was entitled as the “The Most Successful R&D Centre” in the automotive industry.
- ◆ Otokar Electromagnetic Compatibility Test Centre was accredited.

2015

- ◆ Approval tests of Turkish Armed Forces and Under Secretariat for Defence Industries for the last two prototypes of Altay Main Battle Tank were initiated.

2010'lar

2015

- ◆ Tulpar S Tracked Armoured Combat Vehicle, CBRN Reconnaissance Vehicle Arma 8x8 and Kent articulated buses were added to the product range.
- ◆ The 2015 Defence Industry First Prize was awarded by the Under Secretariat for Defence Industries.
- ◆ OHSAS 18001 occupational health and safety certificate was received.
- ◆ Otokar became the leader in Turkey’s small bus export.
- ◆ Otokar was listed in the BIST Sustainability Index.

2016

- ◆ Otokar Land Systems Limited was founded in the United Arab Emirates.
- ◆ Cobra II armoured vehicles entered the TSK inventory; the first export agreement was signed for Cobra II.
- ◆ Otokar developed the Smart Bus application in cooperation with ISBAK and KoçSistem as part of the CoMoSeF Project.
- ◆ The company won the tender for the purchase of 100 articulated buses by ESHOT – a subsidiary of Izmir Metropolitan Municipality and the delivery was completed.
- ◆ Otokar R&D Test Centre Climatic Chamber named the first and only approved test station in Turkey for ATPtype approval tests of vehicle superstructures.
- ◆ Otokar Iceliner became the first frigorific trailer, Huckepack, which is manufactured and certified in Turkey and which is suitable for train loading at Code XL load safety standards.
- ◆ The company became the leader in Turkey’s bus market in all segments it operates in; and Turkey’s most preferred refrigerated semi-trailer brand.

2017

- ◆ Al Jasoor, the joint venture company established by Otokar and Tawazun, a major investment company in United Arab Emirates (UAE), signed the contract with UAE Armed Forces for 8x8 armoured vehicles which is the largest land systems export deal of Turkey undertaken for a single item.
- ◆ Sultan series vehicles updated, Sultan LF added to the city bus range.
- ◆ Updated Doruk T was introduced to the European Market under Ulyso.
- ◆ Activities launched to shift in focus toward Industry 4.0, the fourth industrial revolution.

2018 HIGHLIGHTS

Mass production of Rabdan 8x8 armored vehicles, as part of the USD 661 million deal that Al Jasoor (Cesur), the joint venture of Otokar and Tawazun, signed with the UAE Armed Forces started at the Otokar plant.

In terms of digital transformation projects, **Otokar mobile application for commercial vehicle users was launched.**

Otokar signed an agreement with the Municipality of Bucharest, the **largest bus export agreement for a single Turkish bus brand with 400 orders and started product delivery.**

Cobra II was included in the Turkish Armed Forces as Mortar Detection Radar Vehicle.

34 city buses were ordered from Warsaw Municipality.

The first export of Kent DG buses with natural gas **to Spain was realized.**

Otokar established Otokar Europe Filiala Bucuresti S.R.L. to manage its export activities in Romania.

Amman Municipality's bus tender was won; **a total of 135 bus orders were received.**

In Turkish bus market, **Otokar became the market leader** in the total segments in which it operates.

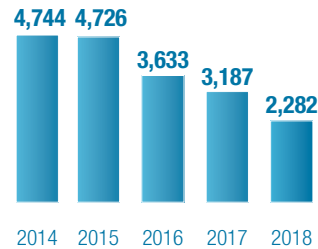
ABOUT OTOKAR

A large crowd of people, mostly men, are gathered in a large industrial hall, possibly a factory. They are all clapping and raising their hands in celebration. The air is filled with a large amount of colorful confetti (red, green, blue, yellow, white) that is falling from the ceiling. The ceiling of the hall is high and has a complex metal truss structure. The walls are light-colored and have some industrial equipment visible. The overall atmosphere is one of joy and achievement.

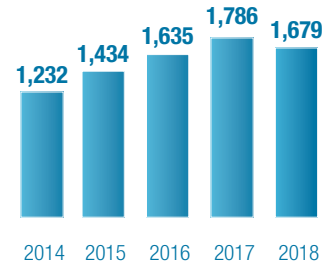


A global brand with 100% local capital, offering products whose intellectual property rights it owns, to more than 60 countries on five continents, through approximately 300 sales and service points.

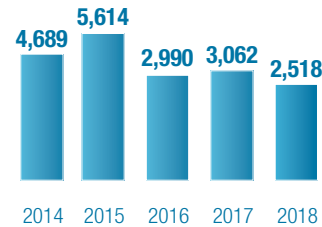
SALES (UNIT)



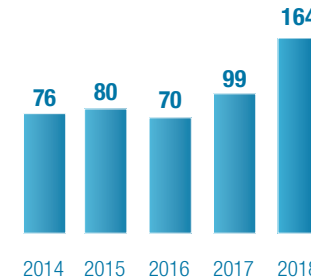
SALES REVENUES (MILLION TL)



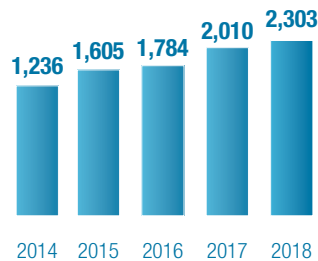
PRODUCTION (UNIT)



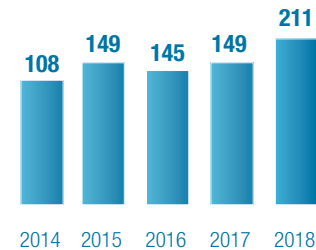
NET PROFIT FOR THE YEAR (MILLION TL)



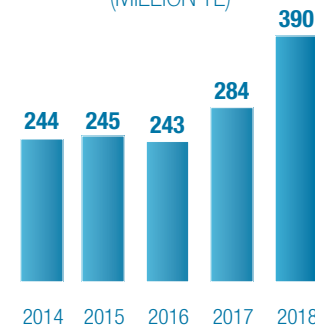
TOTAL ASSETS (MILLION TL)



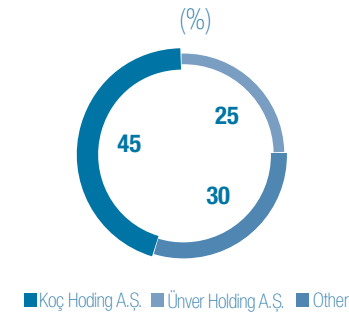
EXPORT REVENUES (MILLION USD DOLLARS)



EQUITY (MILLION TL)



SHAREHOLDER STRUCTURE (%)



OUR VISION

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

OUR MISSION

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

98%

Turnover Share of Otokar designed vehicle sales

19.3%

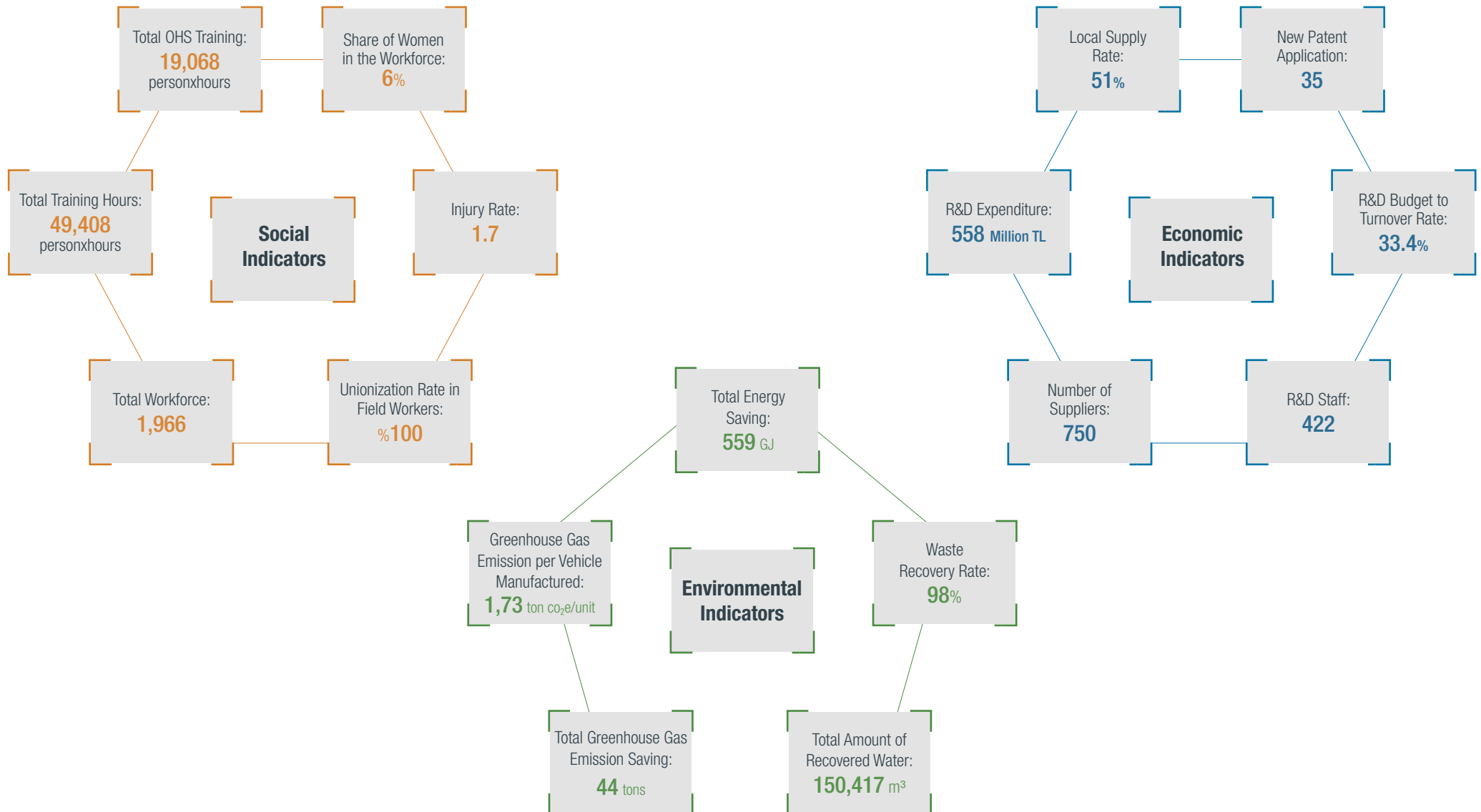
Rate of Capacity Utilisation

93.51

Corporate Governance Rating



OTOKAR SUSTAINABILITY REPORT 2018



RESPONSIBLE MANAGEMENT FOCUSED ON SUSTAINABLE DEVELOPMENT





With its corporate governance structure developed by the principles of transparency, fairness, integrity, full compliance with laws and accountability, Otokar aims to continuously improve its operations and to create sustainable value for its stakeholders.

CORPORATE GOVERNANCE AND BOARD STRUCTURE

Otokar takes its corporate governance model from the Corporate Governance Principles set by the Capital Markets Board and aims to fully comply with these principles. Entitled to be listed on the Borsa Istanbul Corporate Governance Index with the first Corporate Governance Principles Compliance Rating of 8.64, Otokar continuously improved its performance over the years and increased it to 9.35 in 2018.

The Board of Directors, which is the highest governing body of the Company, consists of 9 members, 3 of whom meet the independence criteria set by the Capital Markets Board (CMB). All of the members of the Board of Directors including a female member, except for the General Manager, are non-executive members according to the definitions issued by the CMB. The duties of the Board of Directors and General Manager are performed by different individuals.

The Board of Directors of Otokar determines the company's main strategies and monitors the realization of the activities in line with these strategies and ensures the management of the risks that may be effective on the company's existence and success. In this context, the Board is also responsible for monitoring social, environmental and economic impacts that are considered within the scope of sustainability risks.

Various sub-committees are formed to increase the working efficiency of the Board of Directors. The Corporate Governance Committee, Risk Management Committee and Audit Committee formed within this scope are chaired by independent members. In the Audit Committee, all members are elected among independent members. In line with the communiqués of the CMB, the Corporate Governance Committee is also charged with performing the duties of Nomination Committee and Remuneration Committee.

The principles of remuneration of the members of the Board of Directors and senior executives are realized through the Otokar Remuneration Policy. The remuneration report prepared by the Corporate Governance Committee is submitted to the approval of the General Assembly. While a fixed remuneration is allocated to the members of the Board of Directors, the performance-based remuneration system, which takes into account the corporate and individual performance in the remuneration of the General Manager and senior executives, is also effective. The financial rights provided to the Board of Directors and senior executives are announced through the activity reports and the financial statements announced on the website.

Detailed information about the structure and duties of the Otokar Corporate Governance and Board of Directors is available on the Otokar 2018 Annual Report and on the corporate [website](#).

RISK MANAGEMENT

Main activity rules of risk management are defined by Otokar Risk Policy prepared in compliance with Koç Group risk policy. Otokar Risk Management Committee is responsible for the implementation of risk management processes in accordance with the relevant policy. Under the supervision of the Board of Directors and the leadership of the General Manager, the risk management approach is disseminated via all managers throughout the company.

The main purpose of the adopted risk management model is to achieve the company's strategic goals, to ensure sustainable development, to ensure operational and financial integrity, to prevent potential situations that may adversely affect company's reputation and social license to operate, and to reduce the negative impact on the company where there are cases that cannot be prevented. With the tools used within the scope of risk management system, the risks that the company may be exposed to, are identified early, and preventive action plans are prepared.



BUSINESS ETHICS AND ANTI-CORRUPTION

Compliance with legal regulations and business ethics principles is an indispensable part of Otokar's management approach and is governed by taking into account the overall value chain. Due to the sectors in which it operates, Otokar's main customer group consists mainly of local administrations and central public authorities. Therefore, Otokar attaches special importance to the fight against bribery and corruption.

The Board of Directors is responsible for setting company's ethical principles, revising it if necessary and publishing, and the functioning of the relevant organs, systems and procedures. Koç Holding's Code of Ethics and Code of Practice, which constitute the backbone of Otokar's business ethics principles, also regulate anti-corruption principles and policies. The Otokar Code of Ethics, which is prepared in accordance with these principles, is also binding for the stakeholders such as suppliers, dealers and business partners besides company employees. Otokar expects all

relevant stakeholders to comply with the Code of Ethics in their activities. Otokar, on the other hand, expects compliance with the UN Global Compact criteria signed by Koç Holding in its activities as stated in the Code of Ethics. Similar behaviour is reported within the framework of the Code of Ethics, which is expected from all relevant stakeholders. The procurement contracts prepared in this direction include references to the principles of the Global Compact and thus the risks that may arise on issues such as human rights, employee rights, environmental awareness, business ethics and anti-corruption, in the processes of suppliers, dealers and business partners are minimized.

The Otokar Ethical Behaviour Committee established within the Company is responsible for the conduct of audit activities to prevent bribery and corruption in the company and value chain, to ensure compliance with ethical rules and to identify violations; they are responsible for taking actions for a possible violation to be determined by these activities. In addition to

the corruption audits carried out by the internal audit teams, Koç Holding Audit Teams are conducting similar studies in order to determine the violations and ensure system reliability. Business ethics principles are published on the corporate website in order to provide easy access of dealers, suppliers and other relevant stakeholders as well as the managers and employees of the company.

All Otokar employees are obliged to report non-compliance with ethical rules, including cases of bribery and corruption, by following established procedures. Especially suspicious situations and behaviours related to bribery and corruption, proposals and requests are communicated to the Koç Holding Audit Team managers via direct communication channels. Employees and other relevant stakeholders may apply to the Ethical Behaviour Committee to report violations of the code of ethics using the communication channels set out in the framework of the confidentiality principle. The processes defined by the Code of





Ethics of Otokar and Koç Group are initiated when an application is made.

Cases identified as a result of audits or communicated with notifications are evaluated by the Ethics Committee. In case of non-compliance, the disciplinary procedure determined by the Ethics Committee is applied and, where necessary, the legal process is initiated.

According to the principles of anti-bribery and anti-corruption in the scope of the Otokar Code of Ethics, employees of Otokar cannot accept or give in kind gifts, cash or substitute gifts other than symbolic gifts which have no significant financial value at the minimum allowed by the local culture. In line with the same rules, Otokar does not provide any direct or indirect support to any political opinion or ideology, political organizations or parties or candidates. The Company does not give the opportunity to carry out political activities or propaganda activities. It does not conduct lobbying activities in order to create exclusive benefits for the Company and does not support individuals or organizations for this purpose.

Otokar develops commercial relations with its local and central public institutions in accordance with the free competition conditions. Individuals who establish representative or commercial communication on behalf of the Company carry out these activities in line with the principle of transparency.

Otokar employees are not held responsible for any direct or indirect damages to which the company may be exposed due to their compliance with ethical principles - for example, responding negatively to a bribe request or refusing to be a party to corruption- and no sanctions may be imposed on them. Employee and relevant stakeholders may report corruption and other misconduct through application forms accessible from the corporate website. All notifications are evaluated seriously by Otokar Ethics Committee. During the 2018 operating period, there were no notifications communicated through related channels regarding cases of non-compliance with company code of ethics, human rights violations or corruption cases.

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

INTERNAL AUDIT

The internal audit function established as a valuable component of Otokar's corporate governance system conducts risk and process-based audits to ensure that the company's activities are carried out in compliance with the legislation, corporate policies and principles, and the strategic goals set.

All Otokar business units are audited once a year by the Internal Audit Department teams in terms of financial and operational processes. Legal compliance and corruption risks are also assessed in these audits. On the other hand, the audits conducted by Koç Holding Audit Group every year cover financial, operational, legal compliance, human rights, environment, business ethics and corruption issues. In addition,

Otokar is subject to the annual financial audits conducted by independent auditing firms, as well as audits conducted by public institutions on various intervals.

The audit findings and suggestions for improvement are transferred to the relevant managers. In case of violation of business ethics and anti-corruption rules or suspicious situation in audits, this is reported to the senior management of the company, the Board of Directors through the Audit Committee and the senior management of Koç Holding through the Koç Holding Audit Group.

In 2018, all business units were internally audited and no inconformity to ethical rules, human rights violations or corruption cases were found.



SUSTAINABILITY MANAGEMENT

Otokar sustainability strategy, aiming to maintain the domestic capital structure and profitability, is committed to environmental, human and social sensitivity, adherence to universal human rights and business ethics, operational excellence and customer satisfaction, and to develop high-tech, value-added products. The Board of Directors of Otokar determines the strategic orientations of commercial, operational, social, environmental and economic issues within this main framework; monitors whether the work carried out by the senior management produces the intended performance.

Otokar Sustainability Working Group, where the company functions are represented, evaluates and determines the social, economic, environmental issues and the expectations of the stakeholders in these areas, through a risk and opportunity-oriented approach. Otokar Sustainability Priorities are determined by evaluating the findings in the workshops held with the participation of Working Group members, General Manager and Deputy General Managers as well as expert views. The outputs of these studies are re-evaluated and approved by the senior management.

Otokar Sustainability Priorities are evaluated by experts every year. In case of a change in the conditions constituting the priority issues, the work carried out is renewed.

Otokar Sustainability Priorities											
Konu Başlıkları	Supply Processes	Design and Manufacturing Processes	Distribution Processes	Sales and Marketing Processes	After Sales Processes	SDG References					
Sustainability Priorities	Climate Change, Energy, Greenhouse Gasses	•	•	•	•	7 AFFORDABLE AND CLEAN ENERGY	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	17 PARTNERSHIPS FOR THE GOALS		
	Environmental Impacts of Manufacturing		•			6 CLEAN WATER AND SANITATION	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	15 LIFE ON LAND	17 PARTNERSHIPS FOR THE GOALS	
	Vehicles with Minimised Environmental Impact				•	7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	17 PARTNERSHIPS FOR THE GOALS
	Product and Service Responsibility		•		•	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS			
	Human Rights	•	•	•	•	5 GENDER EQUALITY	10 REDUCED INEQUALITIES	17 PARTNERSHIPS FOR THE GOALS			
	Occupational Health and Safety	•	•	•	•	3 GOOD HEALTH AND WELL-BEING	17 PARTNERSHIPS FOR THE GOALS				
	Social Development and Employee Volunteering	•	•	•	•	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	10 REDUCED INEQUALITIES
	Employee Rights	•	•	•	•	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES			
	Talent Management		•	•		1 NO POVERTY	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	17 PARTNERSHIPS FOR THE GOALS		
	Innovation		•	•		9 INDUSTRY INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	17 PARTNERSHIPS FOR THE GOALS			
Management Principles	Supporting Local Economy				•	1 NO POVERTY	2 ZERO HUNGER	17 PARTNERSHIPS FOR THE GOALS			
	Customer Satisfaction		•		•						
	Competitive Strategic Planning		•		•						
	Stakeholder Engagement		•			16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS				
	Risk Management	•	•	•	•	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS				
	Business Ethics and Anti-corruption	•	•	•	•	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS				



STAKEHOLDER ENGAGEMENT

Otokar's main goal is to generate value by meeting stakeholder expectations. This is primarily based on constructive and transparent communication with interested parties. Continuous communication is maintained with all relevant stakeholder groups, especially customers, employees, suppliers and shareholders, public institutions and regulatory agencies, NGOs and the media. Communication methods and frequency are shaped according to the expectations and information needs of stakeholders.

Otokar shares are publicly traded in Borsa Istanbul. Therefore, the shareholder relations are executed in accordance with the capital markets regulations. The Investor Relations Unit establishes transparent and regular communication with investors and shareholders. Information about the Company is communicated to the related parties through annual ordinary general assembly meetings, annual reports, sustainability reports, annual and quarterly financial performance reports, periodical analyses and information documents, website, press releases, material

disclosure announcements, meetings and interviews. All information requested by shareholders is provided on condition that they do not violate the confidentiality. Communication activities for all other external stakeholders that may have an impact on the Company's activities are carried out by the Corporate Communication Unit. The Corporate Communications Unit is also responsible for identifying the company's corporate communication strategies and practices and implementing social development projects. The content of the communication instruments is shaped by the feedback and requests received from the stakeholders. When identifying stakeholder groups to carry out joint activities in project areas such as social responsibility, it is ensured that they adopt ethical principles that is identical to Otokar and a constructive working culture focused on mutual benefit.

Various tools are used in the internal communication practices for the employees according to their purpose and characteristics.

Information about the management changes made in the company, important announcements and press releases are shared on the corporate intranet channel. "This Month in Otokar", Otokar Line and Otokar News e-bulletin publications are used in communication with customers, authorized dealers and services as well as employees. In addition, the training activities that are carried out constitute an important part of the communication activities for employees, customers, authorized dealers and services.

Feedback tools such as customer satisfaction, work life evaluation research, management bodies such as OHS Committees organized in production facilities, self-assessment meetings and open-door meetings are internal communication tools where Otokar management decision-making processes are enriched with employee expectations and suggestions. On the other hand, Otokar supports the activities of the non-governmental organizations and platforms of which it is a member by taking part in the management bodies.

Corporate Memberships

Adapazarı Chamber of Commerce and Industry
European Defense, Aviation and Security Organization
Foreign Economic Relations Board
Gedik Education Foundation
Istanbul Mining and Metals Exporters' Association
Istanbul Chamber of Industry
Istanbul Chamber of Commerce
Quality Association
Metal Goods Industrialists Union
Automotive Distributors Association
Automotive Manufacturers Association
Automotive Technology Platform
Automotive Technologies Research and Development Industry Inc.
Defense Industry Manufacturers Association
Technology Development Foundation
Commercial Vehicle Exporters Association
Trailer Industrialists Association
Union of Chambers and Commodity Exchanges of Turkey
Turkey Industrialists and Businessmen's Association
Uludag Exporters Association
New Investor Relations Association

STEADY GROWTH, CONTINUOUS DEVELOPMENT





Otokar was established in 1963 in order to produce passenger and freight transportation and defence products with 100% domestic capital and own technology, design and applications; it is Turkey's most preferred bus brand, pioneer defence industry and land systems supplier. Manufacturing activities are carried out in Arifiye, Sakarya, with an area of 552,000 m² with 1,966 employees. Otokar brings its products and services whose intellectual capital it owns, to the market in more than 60 countries through nearly 300 authorized sales and service points.

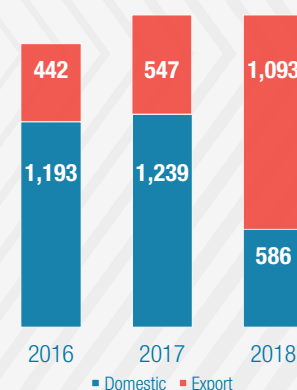
Otokar maintained its leadership in the total of bus segments in which it operates in 2018 as in previous periods; thus, one of the three buses sold in Turkey carries the brand "Otokar". Significant achievements were also achieved in export activities during the year. Otokar won the tender for

400 city buses by the Bucharest Municipality and signed the largest bus export agreement of a Turkish bus brand at once and started the delivery of vehicles. In order to manage its export activities in Romania, Otokar Europe Filiala Bucuresti S.R.L. was established. Otokar, which also won the tender for 100 buses organized by Amman Municipality, Jordan's capital, received an additional 35 orders. On the other hand, Europe's largest passenger transport company Arriva chose Otokar's Doruk bus to provide transport services in Warsaw. In 2018, Otokar made its first sales to Sweden with Ulyso T and the first export of Kent DG buses with natural gas to Spain. Otokar Atlas' market share in the light truck segment reached 13% in the domestic market.

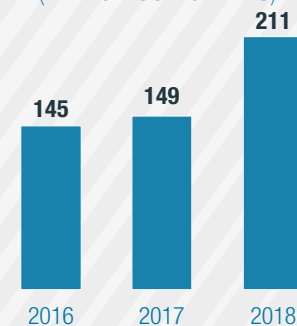
In 2018, Otokar also achieved various successes in the defence industry segments. Firstly, Otokar

and Tawazun's joint venture company Al Jasoor (Brave) signed a US \$ 661 million contract with the United Arab Emirates Armed Forces. In line with this contract, mass production of Rabdan 8x8 armoured vehicles started in Otokar factory. The first Rabdan armoured vehicles were successfully completed, as well as acceptance tests at the factory, swimming and shooting tests in the Gulf; the first party began to be delivered to the United Arab Emirates. Cobra II started to serve Turkish Armed Forces as Mortar Detection Radar. Added to the military vehicle product family, the Tulpar light tank was introduced for the first time at the defence industry fair Eurosatory in Paris.

SALES REVENUES (MILLION TL)



EXPORT REVENUES (MILLION US DOLLARS)



ADDED-VALUE FOCUSED INNOVATION

Otokar
AR-GE

A photograph of a large industrial building with a prominent red brick section in the center. The building has a white metal siding on the rest of its facade. The red brick section features the company name 'Otokar' in black and 'AR-GE' in large white letters. In front of the building is a green lawn with a few small white chairs and a large green bush. A black metal fence is visible in the foreground. A white truck is parked on the right side of the building. The background shows a hilly landscape under a clear blue sky.



Otokar's domestic and international market success in its niche segments is based on two main factors. One of these competitive advantages is the fact that it operates with 100% domestic capital and the other is the R&D competence that makes it possible for Otokar to develop its own technology, design and applications whose property rights are fully owned, and turn it into products that are fully compatible with customer expectations. Otokar performs the design and manufacture of high technology, complex vehicle groups with the know-how that are its own intellectual property through its R&D experience of more than 50 years. This quality is extremely important in increasing the added value produced. This characteristic is also improved by continuously developing R&D investments. In this context, Otokar has invested

more than 1 billion TL in R&D by allocating 8.47% of its revenue in the last 10 years. In 2018, the Company spent 558 million TL in R&D.

The R&D Centre, established in 2004 to gather R&D activities under one roof, is one of the few centres in the world; serves domestic and international automotive and defence industry companies. As of 2018, Otokar R&D Centre, with 422 employees, applied for 6 new patents. Thus, in the last 10 years, Otokar's patent, utility model and industrial design applications have reached 279.

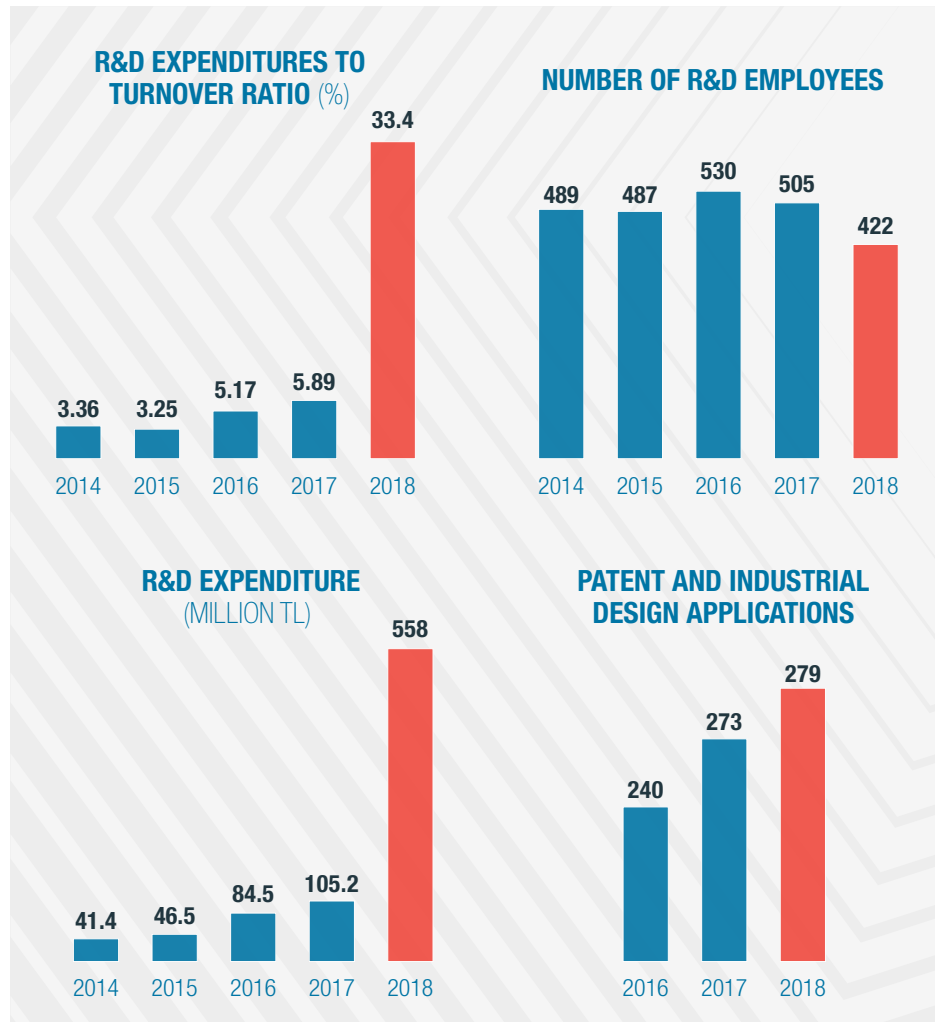
During the reporting period, Otokar continued to work on the Appstacle - Cloud Based Smart Vehicle Application Platform Project launched in 2017. Appstacle project, which will set the next generation automotive standards in the world and will be

an open source smart application ecosystem for vehicles, is carried out in partnership with Germany, Finland, France and Turkey. Within the scope of the project, Otokar works with KoçSistem, a Koç Group company. In workshops for Appstacle, which aims to develop a secure and open software by combining vehicle data bus system and cloud platform for the use in automotive applications, Otokar, the only vehicle manufacturer in the project, is planned to integrate the scenarios that can be tested on the vehicle. One of the periodic workshops of the project was held in 2018 at Otokar's Sakarya factory.

Digital transformation is an important part of Otokar's R&D activities. For Otokar, which aims to lead digital transformation practices in the sectors in which it operates, 2018 was a year focused on data analytics. Various

improvement areas have been identified with the analysis of the data obtained from the projects started in the previous periods and ongoing studies. Efforts to improve transformation awareness have been supported through seminars and trainings throughout the year.

In 2018, Otokar conducted 6 digital transformation projects. Among these projects, Digital Quality and Talent Based Employee Optimization projects were completed; Signalisation, Spare Parts Catalogue Development, Digital Operation Page, Camera Body Control projects were also initiated. On the other hand, the Smart Assistant application offered to commercial vehicle users was also launched in 2018. With this application, commercial vehicle users can perform more than ten operations on their phones with Android and iOS operating systems.



DEVELOPING TOGETHER WITH VALUE CHAIN





Otokar considers the value chain as a whole with all its elements. In the supply, logistics, dealer and service channels, the way of doing business, production and service quality, work safety, human rights, environmental management and working norms are considered as part of this whole and are followed responsibly. Otokar adopts a development-oriented approach in managing the value chain and works to remove the barriers to development by transforming the risks in the value chain into opportunities through audit activities.

DEVELOPING THE SUPPLY CHAIN

Otokar aims to develop and manage a competitive value chain in line with world standards. Accordingly, Otokar selects its suppliers by evaluating them in terms of their financial, commercial and operational qualities with a risk and opportunity-based approach. As a result of these evaluations, suitable suppliers are included in a pool. Procurement is carried out through this wide pool of suppliers by tender procedure.

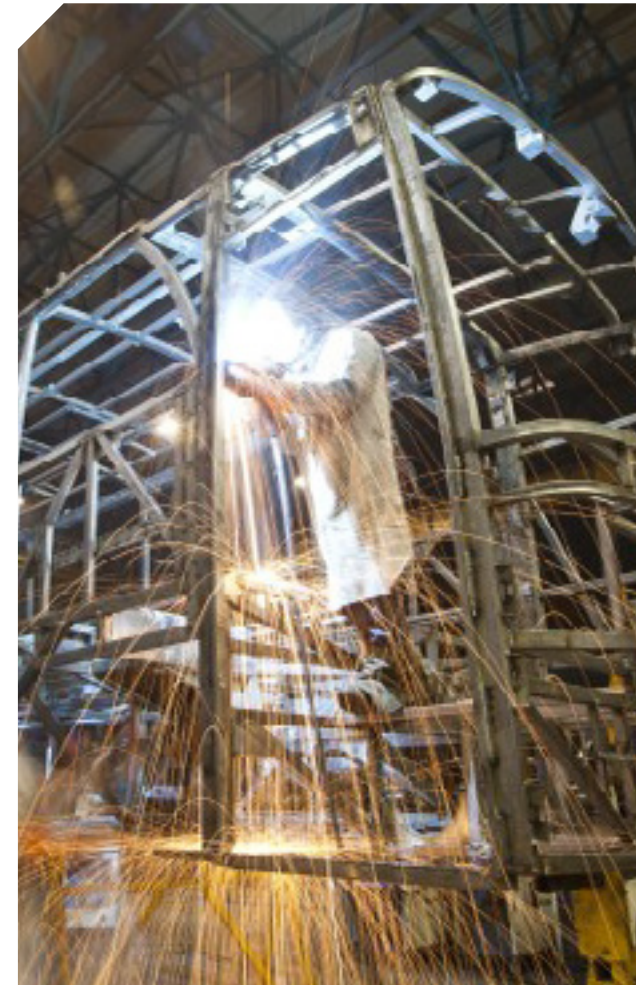
In 2018, direct and indirect purchasing activities were carried out with 1,242 suppliers, 40% of which were local. During the period, approximately 1.2 billion TL procurement expenditures were made from approximately 750 suppliers and more than 50% of these expenditures consisted of local procurement activities.

Otokar Supplier Policy

Otokar establishes long-term collaborations with its suppliers based on mutual trust and ethical rules, and procurement processes are carried out within the framework of Otokar Supplier Policy. The basis of the Supplier Policy is in accordance with the general strategies and policies of Otokar and Koç Holding, the principles of the UN Global Compact and the Koç Holding Purchasing Management System.

Otokar suppliers commit to comply with the UN Global Compact, environmental regulations and Otokar's ISO 14001 Environmental Management System requirements in their contracts. The General Manager monitors the compliance of the decisions and works carried out within the framework of relations with suppliers with the relevant legal regulations and other corporate policies.

Otokar establishes long-term business relationships with companies that can provide quality products in a timely, competitive condition, attach importance to research and development to specialize in their field, produce in compliance with national and international standards in environmental and occupational safety issues, and have a modern management understanding. While selecting the suppliers to work with, all alternatives are evaluated, and priority is given to companies operating logistically close to Otokar. Otokar prefers suppliers that invest in technological development, human resources and are sensitive to the environment and human health; supports the development of existing suppliers in these areas.





OTOKAR SUPPLIER SELECTION CRITERIA

- » Comply with the general policies and strategies of Koç Holding and Otokar
- » Comply with the United Nations Global Compact
- » Do not allow child labour, forced labour or discrimination.
- » Comply with confidentiality of information
- » Do not prevent collective agreement and unionization
- » Comply with occupational health and safety rules
- » Comply with the laws and employee standards brought by the sector.
- » Comply with legal working hours
- » Comply with ethical rules together with company employees
- » Do not resort to psychological or physical pressure and abuse as disciplinary practices
- » Provide competitive advantage
- » Invest in technology development and human resources
- » Provide quality products on time and in competitive conditions
- » Give importance to research and development to specialize in their field
- » Produce in accordance with national and international standards on environmental and occupational safety

Effective Communication and Cooperation with Suppliers

Otokar believes that effective communication and cooperation with suppliers is possible through continuous communication. Within this framework, various communication channels have been established within the company. Procurement processes are monitored through the web-based vSRM portal. Suppliers are also informed about purchasing policies and current developments through this channel. VMI (Vendor Managed Inventory), BTO (Build to Order), KANBAN and JIT (Just in Time) applications are used to increase the efficiency of procurement operations.

In addition to continuous communication channels, various face-to-face meetings are held with suppliers every year. These meetings provide the environment for Otokar and supplier engineers to come together and conduct joint product development activities.

Supplier Performance Evaluation Studies

Otokar evaluates the performance of its suppliers in terms of quality, logistics, cost, environment, safety, working norms and principles and human rights criteria. Performance evaluation studies are carried out through systematic audit processes. Otokar is committed to expanding compliance with the principles of the UN Global Compact throughout the supply chain. Therefore, compliance with the 10 principles of the charter is followed within the scope of audit activities.

Supplier audit processes are carried out with a risk-oriented approach. Suppliers with ISO 14001, OHSAS 18001, ISO 9001 system standards and UN Global Compact signatories are considered as low risk groups. In this respect, the priority of the audit is given to companies that do not have these qualifications. As a result of the audits, the business relationship is terminated with the suppliers who do not meet the expected minimum working criteria. Companies that do not fully meet the expected performance and risk criteria are supported by development plans and training activities.



In 2018, 126 suppliers were evaluated in terms of social criteria, 80 suppliers in terms of environmental criteria. As a result of the audit, there are no companies which does not meet the minimum requirements and the business partnership is terminated. In addition, in 2018, the Business Ethics Self-Audit was released for local suppliers, no nonconformity was observed in 126 responding suppliers. Thanks to the self-assessment study, suppliers were enabled to evaluate themselves about the business ethics.

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

Widespread Dealer and Service Network

Service quality of dealers and services directly affects Otokar's business success. Otokar sees a widespread dealer and service network that facilitates customer access to products and services as an element of improving service quality. Accordingly, as of 2018, Otokar meets its customers with its products at more than 300 locations around the world and provides after-sales services to consumers.

The dealers are expected to adopt the social, environmental and ethical working norms identical to Otokar and carry out their activities in compliance with internal or general service standards. The dealers are provided with development support to improve their business processes and service quality.

Improving Customer Satisfaction

Continuous improvement of customer satisfaction is one of Otokar's primary focus areas. Within the framework of Otokar Customer Satisfaction Policy, the customer satisfaction is managed by the units working under the umbrella of Assistant General Manager of Marketing and Sales. In terms of customer relations, Otokar aims to establish long-term relations based on trust and ensure unconditional customer satisfaction.

Expectations and needs of customers are considered as an input for product and service development processes. Otokar customers are able to receive 24/7 service through the customer service department, and quick and permanent solutions are provided by expert employees for customer notification, requests, demands and expectations.

Customer satisfaction level is monitored through Otokar's Welcome Survey, Customer Satisfaction Survey, CRM Customer Satisfaction Survey, Roadside Assistance Satisfaction Survey, TGW Survey, Solution Path Customer Satisfaction Analysis, Service Satisfaction Survey, New Vehicles Customer Surveys. In 2018, customer satisfaction was measured at 70% level.

ISO 10002 Customer Satisfaction Management System Standard and ISO 10001 Quality Management-Customer Satisfaction certification are used as quality assurance in customer satisfaction. After-sales service satisfaction is ensured by TS 12681 and TS 12047 Authorized Service Qualification Certificates.



Thanks to Otokar's mobile application launched in 2018, following developments have been provided:

- » Providing instant communication with existing and potential customers,
- » Providing customer trainings related to the product through this platform,
- » Instant access to vehicle information history of customers,
- » Collection and use of customer data in accordance with legal regulations,
- » Providing customers with accurate information on a single platform,
- » Instant execution of marketing and sales activities,
- » Providing instant communication with customers to solve problems without turning into complaints,
- » Survey studies and measurement of customer perception index.



Product and Service Responsibility

Otokar's understanding of product and service responsibility is based on three pillars: providing reliable products and services in superior quality norms, continuous improvement of products and services, and providing after-sales services with customer-oriented approaches. In line with this approach, Otokar improves the safety conditions of its products, ensures that customers are constantly informed about products and conditions of use, and takes into account the social, environmental and economic impacts of products and services. In accordance with the product responsibility approach, all Otokar products are manufactured in accordance with all relevant legal regulations of the markets in which they will be used, and the compliance of the products is maintained by constantly following the legal regulations. In 2018, there were no incidents of non-compliance with the product and safety norms specified in the legislation of the markets where the products were used.

In order to offer new products and technologies with the highest quality norms, production processes are

secured with ISO 9001 Quality Management System Standard, AQAP 2110 Military Quality Assurance System, ISO 3834-2 Welding Qualification Certificate and 6 Sigma DMAIC. All quality standards and norms applications are carried out through the QDMS system. Informing customers accurately about products and services is an integral part of product and service responsibility. Otokar official website, product information forms, user manuals, vehicle modification guidelines are the main channels where customers can get information. These channels provide information on product components, product usage characteristics, environmental impact and safe usage conditions. Customers can also communicate their opinions and suggestions via Otokar Customer Service Line, website, authorized dealers and services.

Ensuring complete customer satisfaction starts with the correct determination of the expectations and needs of customers. In this respect, Otokar conducts efforts to obtain various information about the customer. Ensuring the security

of this information is critical for the maintenance of trust-based relationships with customers. Therefore, the processes of collecting and using information are carried out in accordance with ISO 27001 Information Security Management Standard and AQAP 2110 NATO Quality Assurance Requirements for Design, Development and Production within the framework of Otokar Information Security Policy.

You may check Otokar Protection of Personal Data Policy from the corporate [website](#).

Otokar's responsibility for products and services is a matter that needs to be meticulously monitored as it operates in the defence industry. Due to their qualifications, product sales in the defence industry are made only to the Turkish Armed Forces and the security forces in accordance with the relevant laws. Exports of defence products are carried out in the framework of the Turkish Ministry of National Defense's knowledge and permission. These sales are made only to governments and government agencies in accordance with the laws governing export permits.

OTOKAR QUALITY POLICY

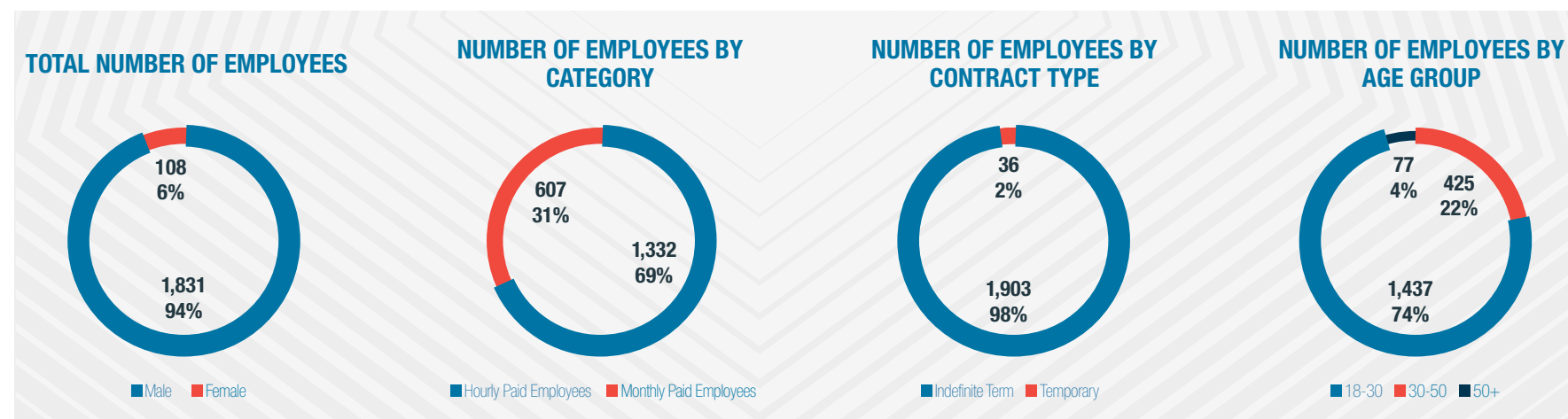
- » Identifying the needs and expectations of the customers through customer cooperation, offering and implementing solutions
- » Supporting the continuity of customer satisfaction through after-sales activities
- » Pursuing and implementing new technologies and quality techniques for continuous improvement of product quality
- » Spreading the total quality philosophy throughout the company and establishing the infrastructure, carrying out training activities
- » Organizing the studies that will minimize the number of errors and costs, ensuring the continuity of the studies

PEOPLE ORIENTED WORKPLACE





Otokar's main focus in human resources management is to support the continuous development of its qualified employees; to increase motivation and commitment. In this context, Otokar promises a work environment based on mutual trust and respect to its employees, encouraging employee development and entrepreneurship, and supporting human rights and equality.





All human resources processes at Otokar are carried out within the framework of Otokar Human Resources Policy and Personnel Regulation. The UN Global Compact to which Koç Holding is a party is also binding on Otokar's operations and value chain. Otokar, which supports the protection of human rights, does not discriminate on the basis of race, gender, political tendency, philosophical opinion, religion and sect in human resources processes and does not display any behaviour that may be considered discriminatory. There is no distinction between remunerations for men and women; equal pay for equal work applies. In this context, remuneration difference between employees who do equivalent work can only occur due to seniority and performance based premium differences.

Otokar supports diversity throughout the company and women's participation in working life. Otokar was one of the signatories of the Declaration on Equality at Work in order to

overcome gender inequality, which is the biggest obstacle to women's participation in working life. In 2017, Otokar signed the Women's Empowerment Principles (WEPs), a joint initiative of the United Nations Women and the UN Global Compact.

In 2018, Otokar continued its support for the "Supporting Gender Equality for My Country" project led by the Koç Group through various activities. In this context, Otokar Running Club members ran the Bodrum Half Marathon to draw attention to the importance of equal opportunity for women and supported the Young Women Fund of the Community Volunteers Foundation.

Otokar respects the union rights of its employees and provides the environment for their free use of their rights. In this context, all 1,332 hourly-paid Otokar employees work under collective agreements. 24 employees work in the labour union to which they are affiliated and 1 employee in the employer union.

Otokar is committed to voluntarily abide by the following principles for the elimination of gender discrimination and pioneer the dissemination of these principles throughout the country.

1. We respect human rights. We treat all our employees with the basic principle of equality.
2. We ensure the health, safety and welfare of our female and male employees regardless of gender.
3. We specifically support women's participation in the labour force.
4. We define the criteria of equality of opportunity between women and men in all our Human Resources policies.
5. We act with an equal pay policy for equal work and become a follower.
6. We establish the necessary mechanisms to ensure equality for career opportunities.
7. We formulate and monitor educational policies and pay special attention to the participation of women.
8. We create working environments and practices that maintain work-family life balance.
9. We announce the developments regarding our equal opportunity plans and gains through internal and external communication.
10. We ensure that the Declaration of Equality at Work is extended to all our impact areas (such as business partners, suppliers).
11. We establish a leadership team in our institution to follow up the issues in the declaration.



PERFORMANCE AND TALENT MANAGEMENT

Otokar conducts talent management activities in order to protect and develop its qualified workforce and to transfer its knowledge and experience to young generations. Otokar launched “My Name is Otokar” employer brand in 2018 in order to attract new talents and provide a qualified employee experience. In order to improve the employee experience with the sub-brands identified under the brand of “My Name is Otokar”, implementation and communication activities have been initiated in various areas such as education-development, social life, recognition and appreciation.

Otokar contributes to the career development of all employees with the ability to reach the highest level of talent potential and access to the knowledge accumulated by Otokar with its 55 years of experience. With the training programs implemented, employees' abilities and skills are

increased, their productivity is improved, and a performance-oriented work culture is created.

Employee performance is monitored through systematic measurement and evaluation methods with employees' own participation. All employees are given feedback regarding their performance as a result of their activities. Employees come together with their managers at the performance evaluation meetings at the end of the year. The employee and the manager determine the development areas of the employee through mutual consultation.

Otokar follows an objective and systematic remuneration system based on the main criteria of work and responsibility undertaken. Gender difference is not used as an element of compensation. The remuneration policy of Otokar includes the remuneration system and practices of the members of

the Board of Directors and senior executives with administrative responsibilities within the scope of CMB regulations. Detailed information on this subject can be found at www.otokar.com.tr.

Otokar supports the personal development of its employees through training activities. The training program determined in line with performance feedback and development planning interviews is presented to the employees during the year. As of 2018, all training and development activities were gathered under the umbrella of OtoRota under the brands RotaLeadership, RotaGelismis, RotaTeknik, RotaDigital. Training and development cards have been digitized and made accessible by sharing on the corporate portal. During the year, the certification process was completed in 33 groups, 14 different behavioural, 9 different technical training and

vocational training for nearly 200 employees.

98 Team Leaders working in Production and R&D Departments were included in training-development programs within the scope of “Become the Leader of Development!” project directed to team leaders who manage the field workers. 91.6% participation was achieved in the MESS spot trainings organized by the MESS Education Foundation. In addition, 74 managers participated in Koç Holding trainings, 69 in Koç University trainings, 26 in Harvard Business School e-trainings, 8 in Lead Digital, 5 in Udacity, and 5 in Executive MBA. During the year, 60% of female managers and 65% of male managers participated in these training programs. In 2018, within the scope of all training-development program activities, 49,408 personxhours training was provided.



Otokar extends the principles of Equality at Work and WEPs to its talent management program; it increases the number of female employees and managers on the one hand and improves their personal development opportunities and working conditions on the other hand. In 2018, 21% of female employees and 26% of male employees received promotion. One of the two employees who were promoted to the management position for the first time was a female manager.

At Otokar, employees are encouraged to participate in management processes with their opinions and suggestions. In 2018, 208 out of 506 suggestions received from employees were implemented.

EMPLOYEE MOTIVATION

Achieving high performance is only possible with a highly motivated human resource. For this purpose, in addition to the company activities, other activities are organized to enrich the social lives of the employees. Otokar employees who participate in the Employee Clubs that operate for this purpose attend various events. Otokar employees participated in the 30th Koç Sports Festivals held during the year and were awarded first place in cycling and third place in the young football and tennis branches.

One of the events organized for Otokar employees to participate with their families during the year is the "Coding Training for Kids" event. In this activity, the children of Otokar employees had the opportunity to practice with game design, robotic circuit design, and 3D design and physics experiments.

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety is one of the most important components of Otokar's work culture. In line with the OHS Policy, Otokar aims to create safe working environment for its employees and other employees in production sites.

The Occupational Health and Safety Unit, which consists of occupational safety experts, workplace physicians and assistant health personnel, is responsible for the management of occupational health and safety issues throughout the company. The OHS Unit reports to the Human Resources Directorate reporting directly to the General Manager.

Occupational health and safety issues are carried out within the framework of the Otokar OHS Policy signed by the General Manager. The policy text is shared with employees and other stakeholders through various means of communication.

Occupational health and safety targets and annual work programs are established throughout the company on an employee and unit basis. Compliance with the objectives and the work program is also an input to the performance evaluations. OHS performance is reported to related units every month. OHS issues are also discussed during the Management Review meetings held annually.

Occupational health and safety practices are carried out in accordance with OHSAS 18001 standards. In 2018, no non-conformity was recorded in OHSAS 18001 certification renewal audit and ministry audits.

Through OHS Committees, in which employees' representatives take part, it is aimed to engage employees in the occupational health and safety processes, to reduce occupational health and safety risks and to improve performance in this field.



OTOKAR OHS POLICY

Otokar sees its employees as the most important value in its efforts to ensure its competitive advantage in line with its main task and to achieve its strategic goals. Otokar has adopted the principle of taking the necessary measures to create a healthy and safe working environment for its employees and anyone who is in the factory site for work, internship or visiting purposes. To create a healthy and safe work environment, Otokar;

- Monitors the developments related to Occupational Health and Safety, complies with the provisions of the current legislation and fulfils the obligations arising from the contracts.
- Identifies, analyses, and takes measures to reduce occupational health and safety risks of its activities in order to prevent injuries and health deteriorations associated with its activities.
- Conducts the necessary training and information activities in order to ensure the awareness of the individual and corporate responsibilities of the employees and everyone in the factory site for work, internship and visit purposes.
- Conducts its activities in accordance with the Occupational Health and Safety Management System requirements. Sets goals and creates management programmes, to continuously improve the Occupational Health and Safety System and Occupational Health and Safety performance, monitors the results and activates the necessary preventive actions in case of deviation from the targets.

As of 2018, 39 members, 10 of whom are employee representatives take part in 4 OHS Committees at Otokar. The committees carry out their activities in accordance with the requirements of the relevant laws. Accident indicators are evaluated at the OHS committee meetings, accident root cause analysis and measures taken are shared. On the other hand, the Contractor OHS Committee is established to evaluate OHS performance in contractor processes.

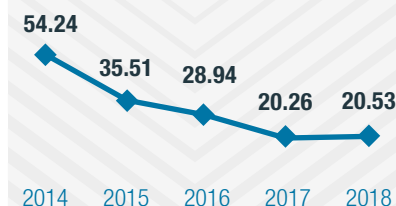
A total of 19,068 personxhours were provided to 1,589 Otokar and contractor company employees within the scope of training activities aimed at raising awareness and knowledge on occupational health and safety.

As a result of Otokar's preventive and corrective approach to occupational health and safety, no fatal cases have occurred since 2012. Since 2014, the recovery in the lost day rate has reached 62%.

OTOKAR OHS AWARDS

In 2018, Otokar was qualified for an award in the MESS Gold Glove and Gold Proposal Occupational Health and Safety Contest, which was organized to raise awareness in the field of occupational health and safety and to support sustainable efforts by Turkey Metal Industrialists' Union (MESS). Thus, Otokar received this award for the fourth time.

LOST DAY RATE



ENVIRONMENTALLY FRIENDLY PRODUCTION





Otokar has an environmentally friendly production approach. At Otokar, environmental management targets compliance with legal regulations, implementation of principles and practices that set an example at international level and continuous improvement by employing stakeholder views.

The Otokar Environmental Policy underlines the commitment to protect the environment, to use natural resources efficiently, to comply with legal regulations, to implement improvement activities to reduce environmental impacts, and to establish systems and processes for environmental auditing. Environmental management is also supported by ISO 14001 Environmental Management System Standard.

It is the responsibility of the Otokar Board of Directors to determine the strategic orientations for environmental management. Otokar General Manager is responsible for the realization of the decisions and works taken in line with these determined orientations in compliance with corporate policies and legal regulations. Otokar senior management periodically monitors and ensures the compliance, adequacy and effectiveness of environmental management systems. Environmental management activities throughout the organization are carried out by the Environmental

Management Unit organized under the leadership of Production and Supply Group Director and Facility Maintenance and Investment Manager.

Continuous improvement of environmental performance throughout Otokar operations is the main principle of Otokar Environmental Policy. In order to ensure continuous improvement, environmental management practices are monitored through annual audits conducted by Koç Holding Audit Group in addition to periodic internal audits. The independent periodic external audits also monitor and verify the compliance of all Otokar operations with the ISO 14001 Environmental Management Standard. Environmental management practices are also subject to the audits of the Turkish Ministry of Environment and Urbanization. In 2018, there were no complaints from stakeholders or environmental fines received due to the environmental impacts of Otokar's operations.

The main areas of activity of Otokar Environmental Management are the efficient use of natural resources and other materials such as water and energy; combating the climate change, waste water, solid waste and greenhouse gas emission management, biodiversity, compliance with environmental laws and regulations, environmental training and awareness raising activities for employees and related stakeholders, communication and cooperation with non-governmental





organizations and other relevant stakeholders. Employee trainings and environmental management procedures aim to reduce environmental impacts, ensure internal control, and manage waste and hazardous waste disposal processes effectively.

At Otokar, environmental impacts are considered as part of the corporate risk management system and are recorded in the Environmental Impact Log. Analysis are made for the identified significant risks. As a result of internal audits of the management system, ordering new materials and new investments, if there are new environmental impacts detected the Environmental Impact Log is revised.

Environmental management practices are carried out in line with annual and five-year targets. These objectives are determined by the Management Systems Determination of Environmental Objectives, Targets and Management Programs Procedure. The realization of targets and performance evaluation processes are also defined within the procedure. While determining the business programs for the targets, Otokar's vision and strategy as well as the environmental vision and strategic targets set by Koç Holding are taken into consideration. Company targets are reflected to individual targets and included in the performance evaluation and remuneration system. Target realizations are monitored by the score card systematic and the results obtained are reported to the General Manager and the Board of Directors.

Environmental activities and environmental performance results during the period are presented to stakeholders through sustainability

reports, Koç Holding reporting studies, Otokar Line Bulletin, Otokar Internal Bulletin, Otokar OHS Bulletin, sub-industry trainings and environmental information notes.

Otokar conducts environmental management with a holistic perspective that includes the value chain. It expects its suppliers and business partners to adopt an identical environmental management approach with Otokar. ISO 14001 certification and environmental impact management criteria are effective in supplier selection. The environmental performance of suppliers is monitored through field inspection and self-assessment systems. Development plans are prepared in order to improve existing practices and the level of implementation of these plans is monitored.

An important part of Otokar's environmental management approach is to increase the environmental awareness of employees and contractor employees. In 2018, Otokar organized 340 personxhours of environmental training for its employees and 400 personxhours of environmental training for contractor employees. Training presentations on Environment, Energy and Sustainability issues were shared with 80 suppliers in a digital format. Through trainings held in four different primary schools, 250 students were informed about the environment, energy and sustainability. The environmental status assessment and training studies were conducted in more than 100 sub-industry facilities.

In 2018, 82 thousand TL was allocated for the improvement of environmental management, protection of legal compliance and strengthening of environmental performance.

OTOKAR ENVIRONMENTAL POLICY

Otokar commits to be sustainable by raising the environmental awareness of the individuals, institutions and organizations with which it interacts directly and indirectly, from product creation, product presentation and to the end of product life cycle. At the same time, it commits to fulfil its environmental responsibilities towards its local and regional neighbours by protecting biodiversity and making improvements that will continuously reduce the impacts on climate change through environmental-friendly processes and products. Otokar establishes and maintains systems focus on protection of the environment throughout all business processes and efficient use of natural resources. In line with this policy, Otokar;

- Complies with current laws and regulations by following environmental publications.
- Keeps environmental pollution under control by minimizing it with Environmental Management System.
- Supports all employees and their sub-industries to be sensitive to the environment.
- Keeps the environmental goals and targets open to all public, subsidiary industries and related institutions.
- Directs environmental activities to support other policy elements.
- Is committed to continuously improve its environmental performance.



WATER MANAGEMENT

The efficient use of water, which is of vital importance, is one of the outstanding issues within the scope of Otokar Environmental Policy. Otokar aims at minimum water consumption while carrying out its activities. Otokar Environmental Management Principles and studies conducted in accordance with ISO 14001 include efficient water use, recovery and waste water management.

In 2018, Otokar consumed 155.5 thousand m³ of clean water and ensured the reuse of 150.4 thousand m³ of water in production with recycling and recovery methods.

Within the scope of water saving studies, feasibility studies were carried out for the use of aerator which balances the amount of water usage in taps during the reporting period, and the installation started. Water savings of 6-8% per year are foreseen after the completion of the installation.

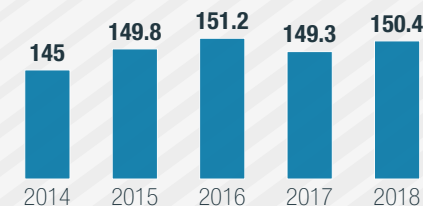
Awareness of employees is also important in ensuring efficient use of resources. During the period, water use and reduction of water consumption in the processes were included in the scope of environmental trainings, and it was aimed to raise the awareness of employees on the efficient use of water.

The factory located in Sakarya Arifiye has 2 domestic wastewater treatment plants and 3 industrial wastewater treatment plants. Thanks to these facilities, waste water is processed in accordance with Otokar Environmental Policy, environmental management systems and legal regulations, and the pollution load is reduced to the values specified in the discharge permits and discharged to the points specified in the legal regulations. In 2018, 148,400 m³ of waste water was generated within the scope of Otokar operations. After the wastewater was treated and

reached the norms stated in the legal permissions, 64,100 thousand m³ was discharged to the natural receiving environment and 84,300 m³ to the municipal wastewater channel.

The water used in Otokar operations or the discharged wastewater has no negative impact on the biodiversity quality of natural water resources. There is no natural protected area, protected basins, wetlands or RAMSAR area within the scope of production facilities. During the reporting period, there was no impact of the activities on the areas with special status in terms of biodiversity.

Amount of Water Recycled
(thousand m³)



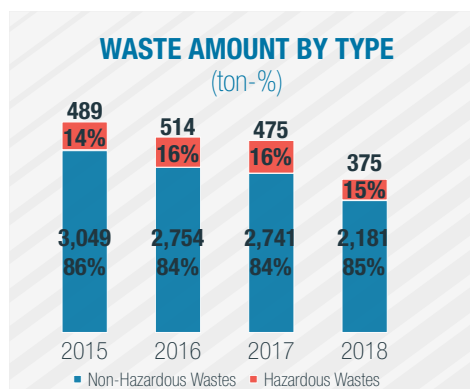


MATERIALS AND WASTE MANAGEMENT

Effective use of materials and resources is of utmost importance in reducing environmental impacts and ensuring efficiency in production. Efficient use of materials includes recycle and recovery studies. Efficient use of the material primarily aims to minimize waste generation. On the other hand, it is aimed to decompose the generated waste at the source and to recover it at maximum level through the companies having legal permissions. Material and waste

management is managed within the framework of Otokar Environmental Policy and ISO 14001.

Within the scope of Otokar operations, 2,556 tons of waste was generated in 2018, of which 2,181 tons were non-hazardous and 375 tons were hazardous. 98% of the generated wastes were recovered. During the period, 231 tons of packaging materials were used and 100% of the packaging wastes were recycled.



CLIMATE CHANGE, ENERGY AND EMISSIONS





Due to the nature of the product manufactured, Otokar has energy intensive production processes. This requires Otokar to adopt a responsible attitude towards climate change. In this respect, energy and emission issues are managed with a risk and opportunity-oriented approach at Otokar and efforts are made to reduce the impacts of products and production processes. Product development activities are carried out considering the low carbon economy and the expectations of consumers.

The efforts to combat climate change are shaped within the framework of Otokar Environmental Policy, R&D Strategy, Koç Group Climate Change Strategy and 2020 Greenhouse Gas Strategic Plan. The strategic orientations to combat climate change are determined by the Otokar Board of Directors. Otokar General Manager, who is also a Member of the Board of Directors, ensures that the activities to be implemented as a result of these orientations are determined and carried out in compliance with corporate policies and legal regulations.

Koç Group Climate Change Strategy and 2020 Greenhouse Gas Strategic Plan are available on the [website](#).

It is the responsibility of the Company's senior management to calculate report and ensure the compliance of the greenhouse gas and other emissions generated in the operational processes. The performance results obtained are evaluated through periodic meetings. The units involved in the operational processes are responsible for carrying out energy consumption and emission reduction activities. This task is a part of the performance management system and is among the individual targets of the relevant managers and is also effective in the remuneration system.

Otokar takes care to establish partnerships in the fight against climate change and to support various initiatives in this area. Within the scope of efforts to combat climate change, energy consumption and greenhouse gas emissions in production processes are monitored and calculated. Efforts are carried out to reduce energy consumption and emissions through energy efficiency projects. R&D activities play an important role in reducing product-based emissions. In this context, alternative fuelled, electrical and fuel-efficient vehicle development projects are the prominent activities.





ENERGY AND EMISSIONS

While Otokar's production processes are energy intensive, the source of greenhouse gas emissions is energy consumption. Therefore, emission reduction studies are aimed at providing energy efficiency. Otokar greenhouse gas emission performance is calculated based on direct and indirect energy consumption values by ISO 14064-1: 2006 Standard, GHG Protocol, IPCC 2006 Tier 1 methods and the results are reported annually.

In 2018, 11,557 kWh of electricity and 3.2Ton of CO₂e were reduced by lighting studies at the factory

site. With automation activities carried out in areas where energy is used intensively, electricity over 41 thousand kWh and 11.6 tons CO₂e emission have been reduced. With other studies, energy consumption over 47 thousand kWh and 13.5 tons CO₂e emission reduction were realized. As a result of these efforts, 559 GJ of annual energy consumption and 90 tons of CO₂e in greenhouse gas emissions were saved. Accordingly, the emission amount per vehicle produced in 2018 was 1.73 tons CO₂e.

EMISSION TREND PER VEHICLE PRODUCED

(ton CO₂e/unit)



GREEN TRANSPORTATION SOLUTIONS

Increasing transportation operations due to the concentration of the population in the cities have been increasingly influencing. Considering the climate change problem, the need for low-emission, energy efficient, comfortable and low-cost vehicles increased. In response to this need, Otokar designs vehicles with 100% intellectual property rights with the expected qualities within the scope of R&D studies.

An important part of Otokar's R&D activities is to produce low-emission vehicles and to increase the use

of environmentally friendly fuel alternatives in public transportation vehicles. Within the scope of green transportation solutions, while the engine systems of the current vehicle portfolio are rearranged to have lower emission values, Otokar R&D works to develop alternative fuel vehicles.

Otokar made the first export of Kent DG buses with natural gas, serving in different cities in Turkey, to Spain in 2018. In 2018, R&D activities carried out on the 12-meter electric Kent bus continued.



CARING FOR THE SOCIETY





Otokar places its corporate social responsibility awareness on the basis of creating added value for the society and attaches great importance to be a contributor in the development of the society. In this respect, the company actively supports Koç Group's social responsibility activities and encourages the voluntary participation of its employees.

SUPPORTING GENDER EQUALITY FOR MY COUNTRY

Otokar supports the “For My Country” Project, which aims to promote the social responsibility of Koç Group, to develop a more participatory attitude towards social problems and to support local development and to implement projects that will increase the standard of living.

Within the scope of “I Support Gender Equality for My Country” project initiated within the Koç

Group, Women's Empowerment Principles (WEPs) were signed in 2017. In 2018, Otokar continued to focus on gender equality. In this context, Otokar Running Club members ran to draw attention to the importance of equal opportunity for women in the Bodrum Half Marathon and supported the Young Women Fund of the Community Volunteers Foundation.

EMPLOYEE VOLUNTEERING ACTIVITIES

Otokar supports the voluntary social responsibility efforts of its employees. Thanks to the projects initiated in this way, Otokar employees benefit from the knowledge and efforts of Otokar employees in the solution of social problems while contributing to the development of the employees.

In 2018, the Social Responsibility Club established by Otokar employees undertook many meaningful activities such as building shelters from waste materials for street animals, food aid, winter clothing aid for elementary schools, and clothes campaign for children in prison.



PERFORMANCE DATA

Environmental Performance Indicators	2014	2015	2016	2017	2018
Total Energy Consumption (GJ)	149,684	189,565	180,249	171,069	137,033
Total Direct Energy Consumption by Source (GJ)	88,893	119,415	114,852	113,142	55,044
Renewable energy	225	225	225	241	240
Non-Renewable Energy	88,668	119,190	114,627	112,901	54,804
Total Indirect Energy Consumption by Source (GJ)	61,291	70,150	65,397	57,927	54,804
Renewable energy	0	0	0	0	0
Non-Renewable Energy	61,291	70,150	65,397	57,927	54,804
Energy Consumption Per Unit (GJ/unit)	17.54	17.08	17.32	24.00	19.60
Energy Saving (GJ)	2,110	5,550	932	856	559
Total Greenhouse Gas Emission Amount (Ton CO ₂ e)	14,068	17,883	14,291	13,570	11,968
Direct (Scope 1)	5,895	8,528	5,570	5,845	4,660
Indirect (Scope 2)	8,173	9,355	8,721	7,725	7,308
Greenhouse Gas Emission Reduction (Ton CO ₂ e)	188	492	124	138	44
Greenhouse Gas Emissions per Unit (Ton CO ₂ e/unit)	1.65	1.61	1.37	1.83	1.73
Total Water Withdrawal (m ³)	215,050	275,123	213,367	162,823	155,496
Underground Water	147,300	181,960	113,647	77,334	85,505
Municipal Water	65,790	89,303	97,820	83,849	68,431
Rain Water	1,960	3,860	1,900	1,640	1,560
Fresh Water Consumption Per Unit (m ³ /unit)	25.23	24.45	23	21.7	23
Recovered or Reused Water (m ³)	145,000	149,735	151,175	149,317	150,417
Waste Water Discharge (m ³)	43,367	166,200	153,984	164,400	148,400
Waste Water Receiving Channel	21,208	90,180	88,620	91,800	84,300
Natural Receiving Environment	23,608	76,020	65,364	72,600	64,100
Total Hazardous Waste by Disposal Method (Ton)	557	489	514	474.6	374.8
Total Recovery	556	489	514	474	375
Disposal	1	0	0	0.11	0.10
Total Non-Hazardous Waste Amount by Disposal Method (Ton)	4,310	3,049	2,754	2,741	2,181
Total Recovery	4,310	3,049	2,754	2,664	2,132
Disposal	-	-	0	76	49
Employee Environmental Trainings - Participation (number of people)	583	495	1040	964	920
Direct Employment	278	214	355	514	320
Contractor Employee	15	136	35	300	300
Social Responsibility	290	145	650	150	300

Environmental Performance Indicators	2014	2015	2016	2017	2018
Employee Environmental Trainings - Total Hours (personxhours)	638.5	332	789	1280	1,040
Direct Employment	299	229	320	490	340
Contractor Employee	49.5	104	35	490	400
Social Responsibility	290	145	434	300	300

Environmental Performance Indicators	2014	2015	2016	2017	2018
Employee Trainings - Number of Participants (person)	2,401	2,498	2,739	1,952	1,768
Field Worker	1,787	1,984	2,031	1,284	1,180
Office Worker	614	514	708	668	588
Female	90	93	114	124	100
Male	2,311	2,405	2,625	1,828	1,668
Employee Trainings - Total Hours (personxhours)	51,208	63,088	70,525	73,466	49,408
Field Worker	33,430	51,303	48,166	46,876	18,724
Office Worker	17,778	11,785	22,359	26,590	30,684
Female	2,382	2,042	3,307	4,035	5,935
Male	48,826	61,046	67,219	69,431	43,473
Contractor Employee Trainings - Number of Participants (person)	152	301	219	207	194
Field Worker	152	301	213	201	185
Office Worker	0	0	6	6	9
Female	0	12	50	29	21
Male	152	289	169	178	173
Contractor Employee Trainings - Total Hours (personxhours)	190	301.5	1448	2484	776
Field Worker	190	301.5	1402	2412	740
Office Worker	0	0	46	72	36
Female	0	16	320	346	84
Male	190	285.5	1128	2138	692
OHS Trainings - Number of Participants	1,210	1,774	2,294	1,804	1,748
Direct Employment	-	1647	2075	1,597	1,569
Contractor Employee	-	127	219	207	159
OHS Trainings - Total Hours (personxhours)	11,534	19,867	25,156	18,288	19,712
Direct Employment	-	19674	24630	15,804	19,068
Contractor Employee	-	193	526	2,484	644



OTOKAR SUSTAINABILITY REPORT 2018

Social Performance Indicators	2014	2015	2016	2017	2018
Injury Rate	1.37	1.89	2.24	1.74	1.7
Female	0	0	0	0	0
Male	1.45	1.97	2.34	1.87	1.8
Occupational Disease Rate	0.04	0.11	0.078	0.17	0
Female	0	0	0	0	0
Male	0.05	0.11	0.082	0.19	0
Lost Day Rate	54.24	35.51	28.94	20.26	20.53
Female	0	0	0	0	0
Male	57.33	36.98	30.37	21.79	23.4
Number of Work Related Deaths	0	0	0	0	0
Number of OHS Committees	1	1	7	7	4
Total Number of Occupational Health and Safety Committees	17	14	60	60	39
Number of Employee Representatives on OHS Committees	6	3	16	16	10

Employee Demographics	2014	2015	2016	2017	2018
Otokar Employees	2,054	2,105	2,273	2,122	1,939
Female	101	102	107	105	108
Male	1,953	2,003	2,166	2,017	1,831
Contractor Employee	204	214	221	225	205
Female	27	49	50	31	31
Male	177	165	171	194	174
Total Number of Employees by Contract Type					
Indefinite Term Contract	2,042	2,081	2,263	2,117	1,903
Female	101	101	107	105	107
Male	1,941	1,980	2,156	2,012	1,796
Temporary Contract	12	24	10	5	36
Female	0	1	0	0	1
Male	12	23	10	5	35
Total Employees by Category					
Hourly Paid Employee	1,436	1,484	1,599	1,473	1,332
Female	13	16	18	20	18
Male	1,423	1,468	1,581	1,453	1,314

Employee Demographics	2014	2015	2016	2017	2018
Monthly Paid Employee	618	621	674	649	607
Female	88	86	89	85	90
Male	530	535	585	564	517
Total Number of Employees by Employment Type					
Full time	2,054	2,105	2,273	2,122	1,939
Female	101	102	107	105	108
Male	953	2,003	2,166	2,017	1,831
Part time	0	0	0	0	0
Total Number of Employees by Age Group					
18-30	662	538	694	559	425
31-50	1,345	1,502	1,510	1,494	1,437
50+	47	65	69	69	77
Number of Employees with Disabilities					
Female	3	5	5	4	4
Male	57	60	62	60	53
Senior Management Structure (Number)					
Female	0	0	0	0	1
Male	6	6	6	6	6
Mid-Level Management Structure (Number)					
Female	3	3	3	3	2
Male	62	62	71	91	96
Labor Force Under Collective Agreement (Number)	1,436	1,484	1,601	1,473	1,332
Newly hired employees (Number)	344	1,003	1,042	113	109
Female	13	10	17	19	10
Male	331	993	1,025	94	99
Leaving Employees (Number)	554	952	874	264	292
Female	11	9	12	21	7
Male	543	943	862	243	285
Number of Female Employees on Maternity Leave	6	7	7	4	5
Number of Female Employees Returning from Maternity Leave	6	10	8	3	7



GRI CONTENT INDEX



Indicators	Descriptions and Page Numbers	Omissions
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
Corporate Profile		
102-1	Contacts (p.47)	-
102-2	www.otokar.com.tr/en-us/products/Pages/default.aspx	-
102-3	Contacts (p.47)	-
102-4	About the Report (p.2)	-
102-5	About the Report (p.2)	-
102-6	Steady Growth and Continuous Development (p.17)	-
102-7	About Otokar (p.8); People Oriented Workplace (p.27)	-
102-8	Performance Data (p.43)	-
102-9	Developing Together With the Value Chain (p.22)	-
102-10	No significant change has been occurred neither in company's operational or financial structure nor supply chain	-
102-11	Responsible Management Focused on Sustainable Development (p.11, 14); Developing Together With the Value Chain (p.24-25); Environmentally Friendly Production (p.33-34)	-
102-12	Responsible Management Focused on Sustainable Development (p.11, 14); Developing Together With the Value Chain (p.24-25); Environmentally Friendly Production (p.33-34)	-
102-13	Memberships (p.15)	-
Strategy		
102-14	Message From the General Manager (p.3)	-
Ethics and Integrity		
102-16	Responsible Management Focused on Sustainable Development (p.12)	-
Governance		
102-18	Responsible Management Focused on Sustainable Development (p.11)	-

Indicators	Descriptions and Page Numbers	Omissions
Stakeholder Engagement		
102-40	Responsible Management Focused on Sustainable Development (p.15)	-
102-41	About Otokar (p.9)	-
102-42	Responsible Management Focused on Sustainable Development (p.15)	-
102-43	Responsible Management Focused on Sustainable Development (p.15)	-
102-44	Developing Together With the Value Chain (p.24)	-
Reporting Practices		
102-45	About the Report (p.2)	-
102-46	About the Report (p.2); Responsible Management Focused on Sustainable Development (p.14)	-
102-47	Responsible Management Focused on Sustainable Development (p.14)	-
102-48	No significant restatements made in information given in previous reports.	-
102-49	Responsible Management Focused on Sustainable Development (p.14)	-
102-50	About the Report (p.2)	-
102-51	About the Report (p.2)	-
102-52	About the Report (p.2)	-
102-53	Contacts (p.47)	-
102-54	About the Report (p.2)	-
102-55	GRI Content Index (p.44-46)	-
102-56	Legal Disclaimer (p.47)	-

"For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report."



Priority Issues			
Standard	Indicators	Descriptions and Page Numbers	Omissions
İklim Değişikliği, Enerji ve Sera Gazları			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainability Management (p.14); Environmentally Friendly Production (p.33-34); Climate Change, Energy and Emissions (p.38-39)	-
	103-2 The management approach and its components	Environmentally Friendly Production (p.33-34); Climate Change, Energy and Emissions (p.38-39)	-
	103-3 Evaluation of the management approach	Environmentally Friendly Production (p.33-34); Climate Change, Energy and Emissions (p.38-39)	-
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Performance Data (p.42)	-
	302-3 Energy intensity	Performance Data (p.42)	-
	302-4 Reduction of energy consumption	Performance Data (p.42)	-
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Performance Data (p.42)	-
	305-2 Indirect (Scope 2) GHG emissions	Performance Data (p.42)	-
	305-4 GHG emissions intensity	Performance Data (p.42)	-
	305-5 Reduction of GHG emissions	Performance Data (p.42)	-
Vehicles with Minimised Environmental Impact			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainability Management (p.14); Green Transportation Solutions (p.39)	-
	103-2 The management approach and its components	Green Transportation Solutions (p.39)	-
	103-3 Evaluation of the management approach	Green Transportation Solutions (p.39)	-
GRI 302: Energy 2016	302-5 Reductions in energy requirements of products and services	Green Transportation Solutions (p.39)	-
Üretimin Çevresel Etkileri			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainability Management (p.14); Environmentally Friendly Production (p.33-36)	-
	103-2 The management approach and its components	Environmentally Friendly Production (p.33-36)	-
	103-3 Evaluation of the management approach	Environmentally Friendly Production (p.33-36)	-
GRI 303: Water 2016	303-1 Interactions with water as a shared resource	Performance Data (p.42)	-
	303-2 Management of water discharge related impacts	Environmentally Friendly Production (p.35)	-
	303-3 Water withdrawal	Performance Data (p.42)	-
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	Performance Data (p.42)	-
	306-2 Waste by type and disposal method	Performance Data (p.42)	-
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	Environmentally Friendly Production (p.33-36)	-
Product and Service Responsibility			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainability Management (p.14); Product and Service Responsibility (p.25)	-
	103-2 The management approach and its components	Product and Service Responsibility (p.25)	-
	103-3 Evaluation of the management approach	Product and Service Responsibility (p.25)	-
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product and Service Responsibility (p.25)	-
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product and Service Responsibility (p.25)	-
Human Rights			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainability Management (p.14); People Oriented Workplace (p.27-31)	-
	103-2 The management approach and its components	People Oriented Workplace (p.27-31)	-
	103-3 Evaluation of the management approach	People Oriented Workplace (p.27-31)	-



Priority Issues			
Standard	Indicators	Descriptions and Page Numbers	Omissions
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	People Oriented Workplace (p.27-31); Performance Data (p.43)	-
Social Development and Employee Volunteering			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainability Management (p.14); Caring for the Society (p.41)	-
	103-2 The management approach and its components	Caring for the Society (p.41)	-
	103-3 Evaluation of the management approach	Caring for the Society (p.41)	-
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Caring for the Society (p.41)	-
Employee Rights			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainability Management (p.14); People Oriented Workplace (p.28-30)	-
	103-2 The management approach and its components	Sustainability Management (p.14); People Oriented Workplace (p.28-30)	-
	103-3 Evaluation of the management approach	Sustainability Management (p.14); People Oriented Workplace (p.28-30)	-
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor.	During the reporting period, no evidence for risk of child labour in Otokar operations has been witnessed. Same principle is also considered during supplier audit process and no risk element witnessed.	-
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	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.	-
Talent Management			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainability Management (p.14); People Oriented Workplace (p.28-30)	-
	103-2 The management approach and its components	Sustainability Management (p.14); People Oriented Workplace (p.28-30)	-
	103-3 Evaluation of the management approach	Sustainability Management (p.14); People Oriented Workplace (p.28-30)	-
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Performance Data (p.43)	-
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Performance Data (p.42)	-
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainability Management (p.14); People Oriented Workplace (p.28-31)	-
	103-2 The management approach and its components	People Oriented Workplace (p.28-31)	-
	103-3 Evaluation of the management approach	People Oriented Workplace (p.28-31)	-
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees	Performance Data (p.43)	-
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Performance Data (p.43)	-
Innovation			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainability Management (p.14); Added-value Focused Innovation (p.19-20)	-
	103-2 The management approach and its components	Added-value Focused Innovation (p.19-20)	-
	103-3 Evaluation of the management approach	Added-value Focused Innovation (p.19-20)	-
Supporting Local Economy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainability Management (p.14); Developing Together With the Value Chain (p.22-24)	-
	103-2 The management approach and its components	Developing Together With the Value Chain (p.22-24)	-
	103-3 Evaluation of the management approach	Developing Together With the Value Chain (p.22-24)	-
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Developing Together With the Value Chain (p.22)	-



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