



**SUSTAINABILITY
REPORT 2020**

Otokar

ABOUT THE REPORT

Despite all the negativities of the pandemic crisis the world is going through, Otokar has continued to create value for its stakeholders by successfully sustaining its activities during this period. With this 8th sustainability report we publish this year, we present to our stakeholders our responsible governance approach we follow even in this difficult period, the management of our social, economic and environmental impacts arising from our activities and the performance results in line with the principles of transparency and accountability.

This report has been prepared in accordance with GRI Standards: Core option. The framework of the report consists of Otokar Sustainability Priorities identified based on the principles specified in GRI Standards. The clarifications on material topics are based on clarification sets offered in these Standards. This report also includes improvements on the United Nations Global Compact and the United Nations Women's Empowerment Principles.

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, 2020 and December 31st, 2020. 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 2020 Sustainability Report and the reports of previous periods at www.otokar.com.tr. You can send your comments and suggestions about the report by e-mailing to kyl@otokar.com.tr or through our website.

In support of

**WOMEN'S
EMPOWERMENT
PRINCIPLES**

Established by UN Women and the
UN Global Compact Office

MESSAGE FROM THE GENERAL MANAGER

Dear Stakeholders,

The year 2020 has been a difficult period around the world as the pandemic dominated the agenda. During this period, we took the necessary measures to ensure the continuity of our activities, primarily by ensuring the health of our employees.

Despite the conditions of the pandemic, we have managed to maintain our business success through the rapid adaptation we have ensured in our working order and the devoted efforts of our employees.

Under all these conditions, we increased our turnover by 20% in 2020 compared to the previous year and reached 2.9 billion TL. On the other hand, our net profit has reached 618 million TL with an increase of 76%. We obtained 307 million USD, corresponding to 75% of the total turnover we achieved during the period, from export activities.

We did not deviate from our focus on sustainability in the activities we carried out during the reporting period. Although occupational health and safety activities have gained special importance due to the pandemic conditions, we continued our environmental impact reduction

efforts with the same sobriety during the period. To give an example, we saved 1.526 GJ of energy and prevented 300 tons of CO₂e greenhouse gas emissions with the energy efficiency studies we conducted. We recycled 150,500 m³ of wastewater to production through water recovery efforts.

In 2020, we continued our R&D activities without slowing down. In the last decade, we have allocated an average of 8% of our turnover to R&D activities. In the reporting period, we spent 202 million TL in R&D. Thus, the R&D investments we have made in the last decade have exceeded 1.3 billion TL. In addition to developing new product qualities, reducing the environmental impact of products, we also continued our innovation and digitalization efforts for production processes during the reporting period.

One of the most important studies we carried out in 2020 is the "safe bus" project that we have implemented in order to make public transportation safer under pandemic conditions. With this project, the risk of contamination was reduced by applying four innovative systems on the Kent Articulated bus for the first time in the world. Safe Bus was used for the first time by Izmir Metropolitan Municipality.

We continued our training activities aimed at improving the professional knowledge and skills of our employees during the pandemic. During the year, we provided 24,336 personxhour employee training. In order to reinforce awareness and knowledge on occupational health and safety, we provided a total of 13,668 personxhour training to our employees.

As a result of our consistent efforts to increase our sustainability performance during the reporting period, we were entitled to be listed in the BIST Sustainability Index for the sixth time.

Towards the end of 2020, we started our compliance studies within the scope of the Sustainability Principles Compliance Framework published by the CMB in line with the Corporate Governance Principles.

In the years to come, we will resolutely continue to support social, environmental and economic development through the work we carry out in line with the United Nations Sustainable Development Goals, as we have done so far. I would like to express my gratitude to all our stakeholders, especially our employees, suppliers and business partners, who supported our success in this difficult period we are going through.



Serdar Görgüç
General Manager

1963-2020 MILESTONES...

1960's & 1970's

1963

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

1964

First intercity buses of Turkey were manufactured .

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.

1980's & 1990's

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.

2000's

2002

Istanbul Fruehauf Inc. has been taken over. The design and production of small buses started under the name of "Sultan" and 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

Armoured homeland security vehicle joined the product range.

2007

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

2000's

2008

The company was named as the prime 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. "Vectio" was entitled to "Design Turkey Design Award" in Turkey and "Busworld Kortrijk Grand Award" in Europe.

2010's

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

Otokar Europe SAS company was founded in France.

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.

2010's

2014

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

"Kent" articulated buses, "Tulpar S" Tracked Armoured Combat Vehicle and "Arma 8x8" were added to the product range.

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 inventory of Turkish Armed Forces; the first export agreement was signed for "Cobra II". Otokar developed the Smart Bus application as part of the CoMoSeF Project.

2010's

2017

Al Jasoor, the joint venture company of Otokar, signed the contract 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 the name of "Ulyso".

Activities launched for the transition to Industry 4.0, the fourth industrial revolution.

2018

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. .

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.

2010's

2019

"Akrep II" was added to armoured vehicle family. Turkey' first electric armoured vehicle was introduced with "Akrep".

Otokar Central Asia company was founded in Kazakhstan.

Otokar received Golden Medal award and Technological Success award in Exportation Achievements Awards organized by Automotive Manufacturers Association.

Otokar climbed 38 places up to rank 49th in Istanbul Chamber of Industry (ISO) Turkey's Top 500 Industrial Enterprises List.

International Data Corporation (IDC) awarded Otokar with "Big Data and Analytics Award" at the AI & Analytic Awards and "Mobility in Manufacturing Award" at the Smart Manufacturing Summit.

Full electric, 12-meter-long bus "e-Kent C" was exhibited for the first time in the International Mass Transportation Summit held in Sweden.

In order to further enhance production efficiency, in addition to Kaizen Practices, Otokar implemented training programs, on-the-job training and rewarding systems.

2020 HIGHLIGHTS

Otokar has been the most sold bus brand in Turkey for the 12th time.

Otokar signed an agreement with global bus manufacturer Iveco Bus for the production of Iveco Bus branded buses at Otokar's Sakarya plant.

Otokar won the biggest bus tender of 2020 held by Izmir ESHOT General Directorate. With the increases within the scope of the contract, 364 vehicles are planned to be delivered in 2021.

Otokar received an export order of 25 million USD, including spare parts and training services for “Cobra II” vehicles.

Otokar was awarded with the COVID-19 Safe Production Certificate issued by the Turkish Standards Institute (TSE).

According to the results of the Fortune 500 Turkey survey, which includes Turkey's largest 500 companies, Otokar climbed 32 places up in the list and ranked 142th. In addition, Otokar has become the 48th largest exporter of Turkey.

2020 HIGHLIGHTS

The application for Investment Incentive Certificate to the Republic of Turkey Ministry of Industry and Technology General Directorate of Incentive Implementation and Foreign Investment has been approved. In this context, an Investment Incentive Certificate no. 512845 was issued on behalf of Otokar for a modernization investment of 400 million TL, which is anticipated to be made in a four-year period.

Safe Bus, in which four safe systems are used together in urban public transportation for the first time in the world, was developed. The safe bus disinfects itself, provides safe travel with a photocatalytic system, measures temperature and checks masks, and protects the passenger and driver with the driver's cabin. Safe Bus started service for the first time in Izmir Metropolitan Municipality ESHOT bus fleet.

Firing tests of “Tulpar” and “Arma 6x6” vehicles in Şereflikoçhisar were successfully completed.

One of the biggest export agreements of the year, a contract worth approximately 18.7 million Euros was signed with the Municipal Development Fund of Georgia, covering 175 buses and their spare parts and training.

Foundations were laid for the Cataphoresis Facility, which allows two vehicles with the longest axle of 13 meters to paint completely with immersion and untouched, provides long-term protection against corrosion, and allows automation in the paint facility.

Kincentric Best Employers 2019 araştırması kapsamında Otokar, Türkiye'nin En İyi İşvereni ödülüne layık görüldü. Farklı sektörlerden 32 şirketin yer aldığı listede üç otomotiv şirketinden biri ve tek savunma sanayi şirketi Otokar oldu.



ABOUT OTOKAR

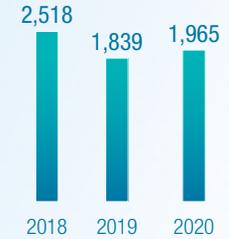


As the leading commercial vehicle and defence industry manufacturer in Turkey, Otokar is manufacturing buses and light trucks in commercial vehicles and tactical wheel and tracked armoured vehicles of different types and tower systems for the defence industry. Otokar is a global brand with 100% local capital, offering products with own intellectual property rights, to more than 60 countries.

SALES REVENUES (MILLION TL)



PRODUCTION (UNIT)



SALES (UNIT)



NET PROFIT FOR THE YEAR (MILLION TL)



TOTAL ASSETS (MILLION TL)



EQUITY (MILLION TL)



99%

Share of Otokar Designed Vehicle Sales in Turnover

9.47

Corporate Governance Rating

15%

Capacity Utilization Rate

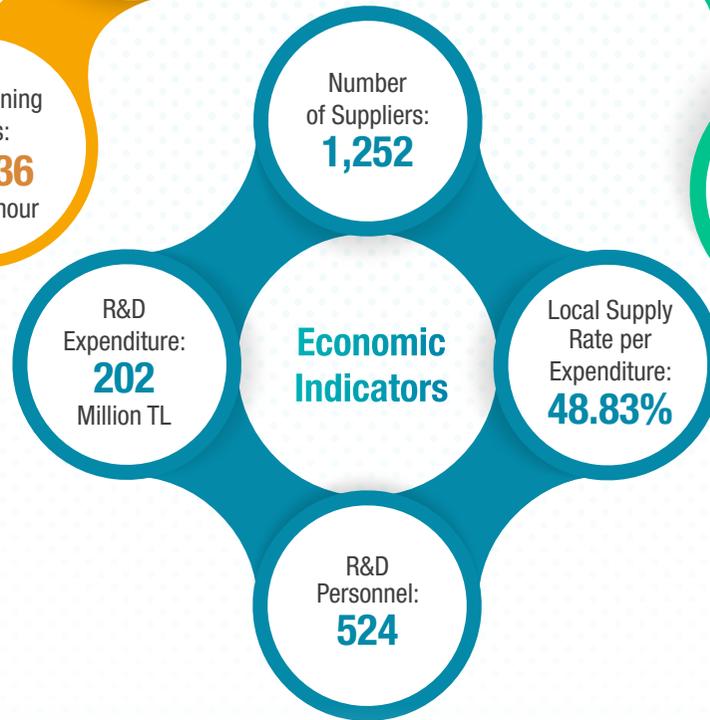
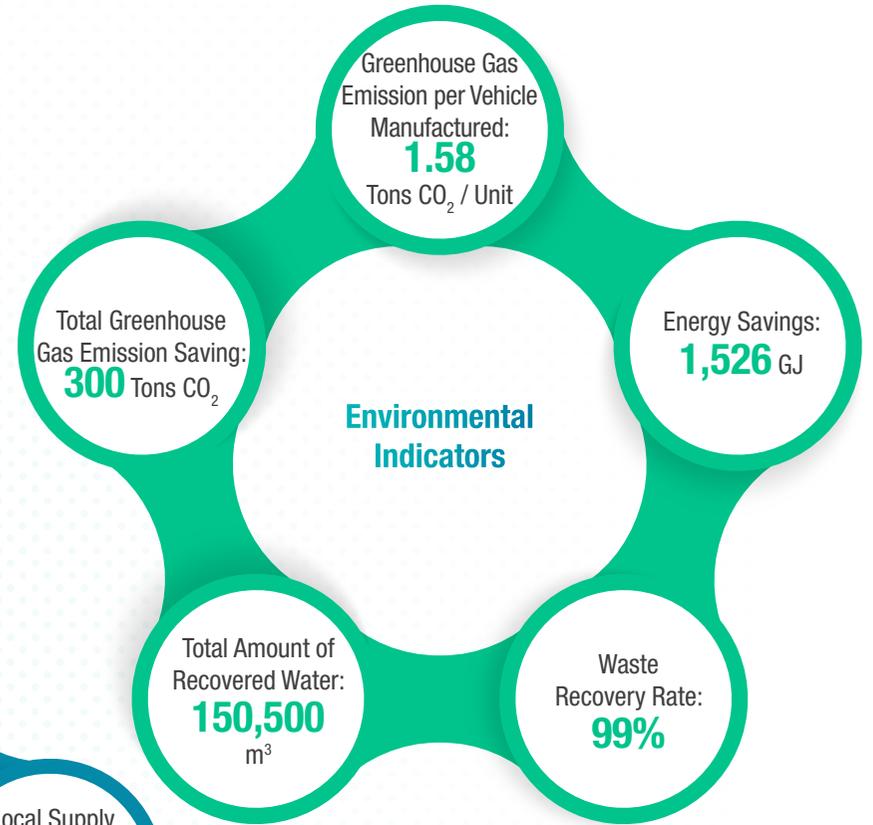
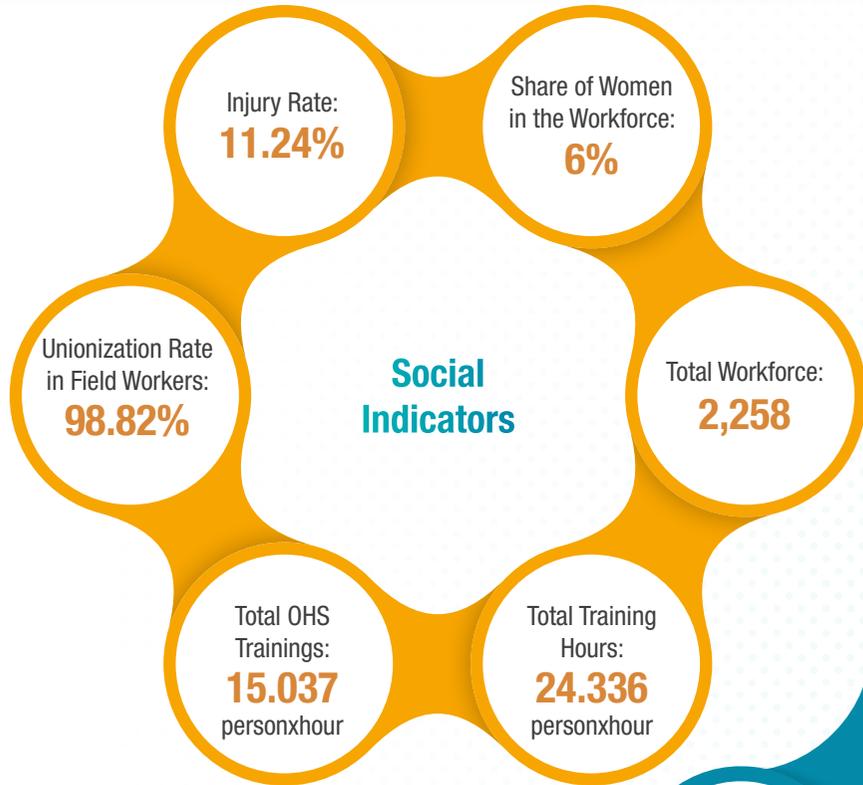
EXPORT REVENUES (MILLION USD DOLLARS)



SHAREHOLDER STRUCTURE (%)



■ Kaç Holding A.Ş. ■ Ünver Holding A.Ş. ■ Other





RESPONSIBLE MANAGEMENT FOCUSED ON SUSTAINABLE DEVELOPMENT

Otokar's management approach is based on responsibility and sustainable development principles. Aiming to create sustainable value for all of its stakeholders, Otokar acts with the principles of transparency and accountability within the framework of ethical values.

Corporate Governance and Board Structure

Otokar corporate governance model is based on Corporate Governance Principles set by Capital Markets Board. With its meticulous approach to compliance with corporate governance principles, Otokar continuously increases its corporate rating over the years. The Corporate Governance Rating, which was 8.64 when it was first listed in the index, increased to 9.47 in 2020.

With the Sustainability Principles Compliance Framework published by the Capital Markets Board during the reporting period, the scope of the compliance studies with the Corporate Governance Principles has been extended to the field of sustainability. Otokar considers the issue of sustainability, the environmental impacts of its activities and the principles in this regard while determining its corporate governance strategy.

Otokar Board of Directors consists of 8 members, 3 of which are independent members. Independent members are selected from among those who meet the independence criteria set by the CMB (Capital Markets Board). All of the members of the Board of Directors, except for the General Manager, are nonexecutive 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 is responsible for determining the company's main strategies, monitoring the realization of the activities in line with these strategies, ensuring the management

of the risks that may be effective on the company's existence and success, and for monitoring social, environmental and economic impacts. Corporate Governance Committee, Risk Management Committee and Audit Committee operate under the Board of Directors. These sub-committees have been established in order to increase the working efficiency and effectiveness of the Board of Directors. Committee chairs are elected from 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. Performance-based criteria are effective in the remuneration of the General Manager and senior executives. In accordance with the principle of transparency, financial rights provided to the members of the Board of Directors and senior executives are announced through the activity reports and financial statements shared on the website.

Detailed information about Otokar Corporate Governance approach, the structure and duties of the Board of Directors is available on the Otokar 2020 Annual Report and on the [corporate website](#).

Risk Management

Risk management at Otokar is performed in line with Risk Management Policy prepared in compliance with Koç Group Management Policy. Activities carried out in line with the Risk Management Policy are managed under the supervision of the Otokar Board of Directors, under the leadership of the General Manager and in coordination with all managers. In this context, all existing and potential risks that will disrupt the company's achievement of its goals are identified in advance, monitored and action plans are prepared against these risks.

The Risk Management Committee, which was established to make recommendations to the Board of Directors, is primarily responsible for the follow-up of risk management processes and compliance with the policy. The responsibilities of Risk Management Committee include the early detection of risks that may endanger the existence, development and continuity of the company, taking and implementing the necessary precautions regarding these risks and conducting studies to manage these risks.

Through this risk management model, Otokar aims to achieve strategic goals to ensure sustainable development and operational and financial integrity, to prevent potential situations that may adversely affect company's reputation and social license to operate and to limit the negative impact on

the company where there are cases that cannot be prevented. In the risk assessment process, social, economic and environmental risks are also evaluated in addition to conventional risk parameters. A preventive approach in which tools that enable early detection of risks are used is adopted in Otokar risk management.



Business Ethics and Anti-Corruption



Otokar strictly adheres to business ethics principles both in its own operations and in supplier operations. Otokar acts in accordance with legal regulations and ethical values in all its activities.

Otokar Ethics Principles are set in compliance with Koç Holding Code of Ethics and Code of Practice. All

relevant stakeholders such as Otokar dealers, suppliers and business partners, especially employees, are expected to act in line with these principles. The Board of Directors is responsible for setting company's ethical principles, revising it if necessary, publishing it and the functioning of the relevant organs, systems and procedures. You can

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

Due to the nature of the sector it operates in, the main customer group of Otokar consists mostly of local managements and central public authorities. This takes Otokar to a preliminary position in anti-bribery and anti-corruption. Adopting to conduct all its activities in accordance with the highest ethical standards as a principle, Otokar embraces all the principles listed in the UN Global Compact, including the principle of "working against corruption in all its forms".

Without being limited to the local legislation, Otokar and its Business Partners do not tolerate Bribery, Corruption, Facilitation Payments, giving improper gifts or receiving from the other party to any person. The rules on this issue are determined in the Anti-Bribery and Anti-Corruption Policy on Otokar's corporate website.

Koç Holding is a participatory member of the UN Global Compact. Otokar expects compliance with these principles in all its activities. As stated in the Code of Ethics, Otokar expects its stakeholders to adopt the same approach. 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 are minimized in the processes of suppliers, dealers and business partners.

The Otokar Ethical Behaviour Committee is responsible for the conduct of audit activities to prevent bribery and corruption in the company and value chain and to ensure compliance with ethical rules and to identify violations. Audit studies are done by Otokar internal audit teams and company operations are subject to audits performed by Koç Holding Audit Teams.

Through the corporate website, you can view Otokar Ethics Principles published in order to provide easy access for dealers, suppliers and other relevant stakeholders as well as the managers and employees of the company.

Two brochures, namely the Code of Ethics and Code of Practice and Personnel Regulation, are delivered to the employees during the completion of the employment documents and their declaration and commitment are taken regarding that they have read, understood and accepted all the items in these brochures.

Trainings on the Prevention of Bribery and Corruption Legislation are provided by Otokar Legal Unit to all employees in coordination with Koç Holding Legal and Compliance Consultancy Department.

Otokar defines the rules and standards that must be followed in the scope of the “[Gift and Hospitality Policy](#)” when its employees act on behalf of the company, receive gifts, entertain guests or accept a hospitality invitation and perform other similar activities. You can reach the policy from the corporate website.

Otokar employees cannot be held responsible for adverse situations that may arise due to their compliance with Otokar Code of Ethics, direct and indirect damages that the company may be exposed to, and no sanctions can be imposed on them.

All Otokar employees are obliged to report non-compliance with ethical rules, including cases of bribery and corruption, by following established procedures. Employees and other relevant stakeholders may apply to the Ethics 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 a violation application is made. Suspicious situations and behaviours, offers and requests regarding bribery and corruption can be consulted or reported to a senior manager. Alternatively, a notification can be made to the Otokar Denouncement and Notice line via “<https://www.otokar.com.tr/contact/contact-form>” or to the Koç Holding Ethics Line via “koc.com.tr/ihbarbildirim”.

Cases detected based on notifications received or audits made are reviewed by the Ethics Committee. The related disciplinary process begins to encompass legal processes when necessary.

During reporting period, there were no notifications communicated through related channels regarding cases of non-compliance with company code of ethics, human rights violations, bribery or corruption cases.

Internal Audit

An Internal Audit Unit has been established at Otokar in order to ensure that company activities are carried out in accordance with the legislation, corporate policy, principles and the predefined strategic goals.

Otokar Internal Audit Department teams audit all business units once a year in terms of financial and operational processes; legal compliance and corruption risks are also assessed in these audits.

The Internal Audit Department serves administratively to the General Manager and functionally to the Audit Committee in order to carry out its activities independently.

The operation of the Internal Control System is also regularly audited by the Internal Audit Department. The Audit Committee was informed about the Internal Control System and Internal Audit activities with the report “Otokar Audit Activities for 2020” prepared by the Internal Audit Department.

In addition to Otokar internal audits, the audits conducted by Koç Holding Audit Group every year cover financial, operational, legal compliance, human rights, environment, business ethics and corruption issues. Moreover, Otokar operations are subject to the

annual financial audits conducted by independent auditing firms, as well as audits conducted by public institutions.

While planning the audit studies, the risk and opportunity assessment studies prepared, revised and updated in line with the current processes and ways of doing business by the relevant business units are taken into consideration, and risk-based audits are prioritized.

The audit findings 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 directly to the senior management of the company. During this process, the related cases are reported to the Board of Directors through the Audit Committee and to Koç Holding senior management through the Koç Holding Audit Group.

In 2020, all business units were internally audited and no inconformity to ethical rules, human rights violations or corruption cases were found.

Sustainability Management

Otokar adopts an environmentally friendly and respectful attitude towards ethical values in its sustainability management. Otokar does not limit its sustainability approach to its own operations and tries to spread it throughout the entire value chain. Assessed according to Index Selection Criteria set by Borsa Istanbul due to its studies on sustainability, Otokar is entitled to be listed for the sixth time in a row in Borsa Istanbul (BIST) Sustainability Index.

The Board of Directors of Otokar determines the strategic orientations on sustainability. The Board of Directors also monitors the sustainability performance of the senior management. Otokar Sustainability Working Group is responsible for monitoring the social, environmental and economic impacts caused by company operations. Working Group also monitors stakeholder expectations regarding the sustainability impacts with a risk and opportunity-oriented approach.

Otokar Sustainability Priorities are determined by evaluating the impacts created through the workshops held with the participation of Working Group members, General Manager and Deputy General Managers. The priorities determined are approved and finalized by the senior management. Otokar Sustainability Priorities are evaluated by experts every year and in case of a change in the conditions constituting the material topics, the work carried out is renewed.

Otokar adopts the United Nations Global Compact and the United Nations Women's Empowerment Principles, the Koç Holding is a signatory of, and actively supports these principles. In addition, Otokar embraces United Nations Sustainable Development Goals (SDGs) and takes into account the compliance of its sustainability priorities with these goals.

OTOKAR MATERIAL TOPICS						
SUBJECT HEADINGS	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, 17 PARTNERSHIPS FOR THE GOALS
	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 Participation

Otokar acts with the motivation to create value for its stakeholders by learning and meeting the expectations of its stakeholders. The main stakeholder groups of Otokar include customers, employees, suppliers and shareholders, public institutions and regulatory institutions, NGOs and the media. Otokar adopts a constructive, transparent communication approach based on trust and cooperation in its relationships with stakeholders. Continuity of communication with stakeholders is maintained through various communication instruments. Communication methods and frequency are defined according to the expectations and information needs of stakeholders. The feedback and requests received from the stakeholders are effective in shaping the communication instruments.

Otokar executes shareholder relations 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 the condition that they do not violate the confidentiality.

Stakeholder communication activities are carried out by the Corporate Communications Unit. The Corporate Communications Unit is also responsible for identifying the company's corporate communication strategies and practices

and implementing social development projects. When identifying stakeholder groups to work together, it is ensured that they adopt ethical principles that are identical to Otokar and a constructive working culture focused on mutual benefit.

The main tool used in communicating with the employees is the corporate intranet channel. Internal management changes, important announcements and press releases are shared on this corporate intranet channel. Otokar internal communication channels include , work life evaluation surveys, management bodies such as OHS Committees where employees are represented , self-assessment meetings and open-door meetings. These communication channels enable employees to contribute to management processes with their expectations and suggestions.

“This Month in Otokar”, Otokar Line Blog and Otokar social media accounts are used in communication with customers, authorized dealers and services as well as employees. Moreover, the training activities that are carried out for employees, authorized dealers and services constitute an important part of the communication activities.

Within the scope of stakeholder communication studies, Otokar supports the activities of the non-governmental organizations and platforms of which it is a member by taking part in the management bodies. As of 2020, the institutions Otokar is a member of are as follows:

CORPORATE MEMBERSHIPS

Heavy Commercial Vehicle Importers' Association

Foreign Economic Relations Board of Turkey

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 R&D Company

Sakarya Provincial Employment Board

Sakarya Chamber of Industry and Commerce

Defence and Aerospace Industry Manufacturers' Association

The Union of Chambers and Commodity Exchanges of Turkey

Turkish Industry and Business Association

Technology Development Foundation of Turkey

Trailer Manufacturers Association

Uludag Exporters' Union





**STEADY GROWTH,
CONTINUOUS
DEVELOPMENT**

Otokar continues to carry out its manufacturing activities in Arifiye, Sakarya, with 2,320 employees. Otokar, operating under Koç Group, is a leading commercial vehicle and defence industry land systems supplier of Turkey. Otokar acts with the vision of preserving its domestic and national identity while serving in its overseas operations. Despite the stagnation in the second quarter due to the pandemic that have affected our country since March 2020, Otokar maintained its leadership for the 12th time in the bus segments market in which it operates. Throughout the year, the entire bus market, including the intercity, grew close to 14%, and a growth of 2% was achieved in all segments in total in which Otokar operates. Developed by Otokar, the "Safe Bus", in which four safe systems are used together in urban public transportation for the first time in the world, has been put into service for the first time in Izmir Metropolitan Municipality ESHOT bus fleet.

Otokar has once again become the first preferred brand of the Turkish bus market with its wide product range, trust in the brand, low operating costs of the vehicles and high second hand value.

In addition to its domestic success, Otokar continues to offer Otokar branded buses to foreign markets. Otokar is the 48th largest exporter of our country according to the study of Fortune 500 announced in 2020. With the orders realized throughout the year, the number of vehicles on the Island of Malta increased to 300 and the Georgian Municipal Development Fund ordered 175 buses.

In addition, within the scope of the contract made with Iveco Bus, the Italian bus manufacturer, it has been decided to produce the Iveco Bus branded products locally at Otokar's factory in Sakarya. This cooperation will include the production of the bus model developed for Eastern Europe, Africa, the Middle East and Asia markets, as well as the buses in the Iveco Bus portfolio; and Otokar will continue to grow globally while continuing to offer its own branded products to foreign markets with its own branded buses.

The number of vehicles on the Island of Malta increased to **300** and the Georgian Municipal Development Fund ordered **175** buses.

Otokar, which exports defence industry products to more than 35 countries, continued to provide solutions for the needs of users in target markets in 2020 despite the fairs cancelled due to the pandemic and limitations in traveling. More than 32,000 Otokar products are actively used by the armed forces and security forces of many countries, including Turkey. During the year, two different countries ordered for armoured vehicles and the fire tests of the vehicles were successfully completed. With these orders, the Arma 8x8 armoured vehicle will be used for the first time in the African continent. During the period, the Arma 8x8 tactical wheeled armoured vehicle tests conducted by the Kazakhstan Ministry of Defence were successfully completed. Similarly, firing tests of Tulpar and Arma 6x6 vehicles were successfully completed.

Responding to the needs of the future today, Otokar continued its promotions on a global scale. During

More than **32,000** Otokar products are actively used by the armed forces and security forces of many countries, including Turkey.

the pandemic period, Otokar continued to successfully represent the Turkish defence industry abroad by exhibiting the Arma 8x8 armoured combat vehicle with the Mızrak-30 turret system at the HEMUS 2020 Fair held in Plovdiv, Bulgaria.





**ADDED-VALUE
FOCUSED
INNOVATION**

Otokar has allocated 8% of its turnover to R&D activities in the last decade. Thus, the R&D expenditures of the company in the last decade have reached approximately 1.3 billion TL.

Otokar operates in domestic and international commercial vehicle and defence markets with its 100% local capital, focusing on sustainable growth. One of Otokar's sustainability aspects is the innovation in design, production and distribution processes. In this context, Otokar invests in technology, design and innovative applications, whose property rights are fully owned, in order to create added value, meet customer expectations and provide competitive advantage in the sector.

Working to develop new equipment and applications in line with the needs of the future, Otokar continues its R&D studies uninterruptedly. The design and production of high-tech vehicle groups are developed thanks to Otokar's years of R&D experience and infrastructure. Otokar's capabilities in R&D include CAD programs for product development, prototype workshops and software, computer-aided analysis and simulation software, test mechanisms and software.

Otokar R&D Centre, one of the world's leading centres in the automotive industry, plays a leading role in these studies. At the same time, Otokar R&D Centre, which is an independent accreditation centre for international,

domestic and international automotive and defence industry companies, is equipped with simulators, test equipments, computer systems to create and evaluate information in order to test the vehicles faster and with higher technology. As of 2020, the total number of patents of Otokar R&D Centre, which provides service with more than 500 employees, is 378.

Otokar continued to add new products to its product range and to develop new versions of existing products in 2020. "Safe Bus", which stands out with features such as automatic disinfection, photocatalytic and new generation warning systems, is one of the products Otokar added to its product range during the period.

As of 2020, the total number of patents of Otokar R&D Centre, which provides service with more than **500** employees, is **378**.

Safe Bus

"Safe Bus" was launched by Otokar in order to provide a safer public transportation experience during the pandemic and to minimize the threat of COVID-19 transmission. Four innovative systems were applied on the Kent Articulated Buses for the first time in the world. Safe Bus started to serve for the first time in the fleet of Izmir Metropolitan Municipality. Optional systems offered in Otokar's serial production vehicles can also be integrated into buses in use by making minor arrangements, if requested.

- Thanks to the automatic disinfection system, viruses and bacteria on the interior of the vehicle are destroyed in three minutes with a high-pressure disinfectant spray system that automatically activates in seconds with a single button thanks to a special software added to the vehicle.
- The photocatalytic system that breaks down organic molecules such as viruses and bacteria that can be transported from the air with hydroxyls and converts them

into harmless water vapor and carbon dioxide, is integrated into the air conditioner and cleans the air continuously. The system has the ability to destroy viruses within 60 minutes while the vehicle is moving.

- The new generation warning system, which is integrated into the safe bus, measures the temperature of the passengers entering through the front door and gives an audible and red-light warning to the driver when necessary. The same system warns the driver with a light notification if the passenger does not have a mask.
- Another important feature of the safe bus is the new generation driver's cabin that prevents passengers from contacting the driver directly while getting on the bus or while driving. The cabin surrounded by high glass limits the transmission of viruses and bacteria. The new generation driver's cabin, which is designed by Otokar, is produced in accordance with the European Union's existing standards and regulations in areas such as safety, security and structure.

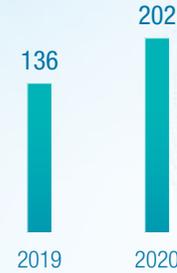
Digital transformation, which is another area that Otokar focuses on besides its R&D activities, has become a strategic necessity with the pandemic. Otokar sees digital transformation as a business strategy that affects all processes and provides efficiency, profitability and competitive advantage. In 2020, many projects have been implemented with the aim of pioneering digital transformation in the sectors in which it operates. In the projects, machine learning and cyber security issues came to the fore.

Within the scope of the project of Production Management Platform based on Machine-Learning Techniques through Indoor and Outdoor Positioning realized by Otokar and supported by the 1501-TÜBİTAK Industrial R&D Projects Support Program, an algorithm that detects the instantaneous positions of forklifts has been developed. Thanks to the project, it is ensured that the work orders are evaluated with the forklift positions and characteristics, job assignment is made to the most suitable forklift to show the shortest route. In addition, by considering the past data of the supplier, machine learning-based software that predicts which supplier will be able to provide on time in the future has also been implemented. Along with these, a software is developed that can predict possible quality errors that may occur in vehicles and that can sort control items accordingly.

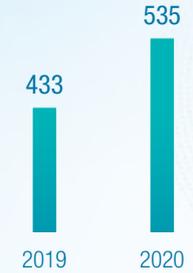
The VALU3S (Verification and Validation of Automated Systems' Safety and

Security) project, whose first steps were taken in 2019 and that aims to raise the safety and cyber security of the Industrial Robotic Quality Control System, has started. The project, which is within the scope of Horizon 2020, is carried out within the framework of ECSEL (Electronics Components and Systems for European Leadership) initiative. Various test scenarios were determined for cyber security and safety solutions to be developed with other stakeholders in the project, in which Otokar is also one of the application area providers.

R&D EXPENDITURE (Million TL)



NUMBER OF R&D EMPLOYEES (person)





%100 Elektrikli

OTOKAR

Kent

**DEVELOPING
TOGETHER WITH
VALUE CHAIN**

Otokar's understanding of development indicates development together with all the elements of the value chain. In this direction, Otokar focuses on strengthening sustainability along its value chain by adopting a holistic approach. Otokar identifies existing and potential risks in the value chain and takes action to turn them into opportunities.

Developing the Supply Chain

Otokar's basic criteria in selecting suppliers are competitiveness and compliance with world standards. When selecting the suppliers to cooperate with, an evaluation process covering financial, commercial, operational qualifications, social, environmental and economic performances is carried out. Suppliers that meet Otokar's supplier selection criteria are collected in a pool and purchasing transactions are carried out from this pool.

While Otokar's supply chain focuses predominantly on material supply, services are also provided for logistics and operations. In 2020, Otokar carried out direct and indirect purchasing activities with 1,252 suppliers, 939 of which were local. The total supply expenditure is 2 billion TL and the expenditure-based local supply rate is at the level of 48.3%.

Otokar, which has kept its communication channels open with its suppliers since the first day of the pandemic, has rapidly increased its stock levels for materials purchased both directly and through suppliers, or introduced local alternatives in various materials. Otokar produced long or short-term solution plans by ensuring the necessary coordination and

cooperation of its suppliers including their international logistics needs. Risks in the supply chain and the management of these risks have become the main focus of Otokar with the pandemic. In 2020, no negative effects were detected in the supply chain.

Otokar Supplier Policy

Otokar manages its relations with suppliers within the framework of [Otokar Supply Chain Compliance Policy](#). The purpose of these policies is to share Otokar's basic principles and values with its business partners and to provide the necessary guidance regarding the standards expected from them.

These policies also aim to guide the selection and monitoring of Otokar's Business Partners. Both policies can be found on the Otokar's corporate website.

The Supplier Policy has been prepared in accordance with the Koç Holding Purchasing Management System and the UN Global Compact. Suppliers that accept to work with Otokar commit to comply with the UN Global Compact and ISO 14001 Environmental Management System requirements.



The General Manager is responsible for managing all processes and decisions regarding suppliers and monitoring the compliance of suppliers with company policies and legal regulations.

In order to be competitive in both domestic and international markets, Otokar evaluates all national and global supply alternatives, especially suppliers in the near vicinity. Otokar prefers suppliers that invest in technological development, human resources and are sensitive to the environment and human health. Otokar also supports the development of existing suppliers in these areas.

In line with its Supply Policy, Otokar takes care to establish long-term business relationships with its suppliers based on mutual trust and cooperation. In the ongoing cooperation with suppliers, a communication structure that has a high level of efficiency and

enables compliance and information sharing is developed.

In the event that any action deemed to be contrary to Otokar policies, current legislation, Koç Group or Otokar Ethical Principles, this issue may be consulted or reported to a senior manager within the company. Alternatively, a notification can be made to the Otokar Denouncement and Notice line via "<https://www.otokar.com.tr/iletisim/iletisim-formu>" or to the Koç Holding Ethics Line via "[koc.com.tr/ihbarbildirim](https://www.koc.com.tr/ihbarbildirim)".

The total supply expenditure is **2 billion TL** and the expenditure-based local supply rate is at the level of **48.3%**.

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, 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

Establishing correct communication with suppliers and ensuring continuity of communication play an important role in the development of the supply chain. Various channels have been established at Otokar to ensure effective communication with suppliers. While procurement policies and current developments are shared through vSRM portal, supplier processes are again monitored through this channel. VMI (Vendor Managed Inventory), BTO (Build to Order), KANBAN and JIT (Just in Time) are channels created to increase the efficiency of procurement operations.

In addition to communication channels, face-to-face interviews also play an important role in supplier communication. Supplier meetings, in which Otokar comes together with supplier's engineer employees, both provide strengthening of communication and also lay the groundwork for product development studies.

Supplier Performance Assessment Practices

Audit studies are critical in Otokar's performance evaluation process. Otokar suppliers are evaluated on a wide

scale covering the subjects of quality, logistics, cost, environment, working norms and principles, human rights and occupational safety. Suppliers' compliance with the 10 principles of the UN Global Compact is monitored.

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. The priority of the audit is given to suppliers at low-risk group. As a result of the audits, the business relationship is terminated with the suppliers who do not meet the expected minimum working criteria. Suppliers that fully meet the expected performance and risk criteria are supported by development plans and training activities. In 2020, 101 suppliers were subjected to audit studies. As a result of the audit, there are no supplier companies with which business partnership is terminated. Also, during the period, 200 suppliers received training on environment and 480 suppliers received training on social issues.

Otokar uses the Business Ethics Self-Audit Survey to help local suppliers perform self-audits in business ethics. Suppliers are requested to report the survey results to Otokar. No nonconformity was observed in responding suppliers in 2020.

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	

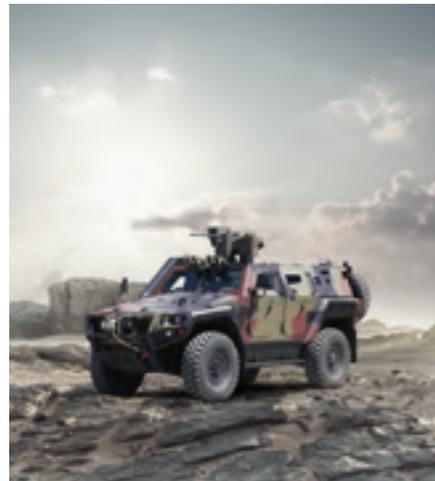


Widespread Dealer and Service Network

As of 2020, Otokar has met its products with its customers in more than 300 sales and service points. The correct management of the wide dealer and service network has a direct impact on Otokar's business success. Otokar expects its dealers to adopt identical working values and act in accordance with the determined service quality standards. At the same time, Otokar supports the development of the business processes and service qualities of dealers.

The pandemic has been managed successfully thanks to the Otokar dealer and service network adopting identical social, environmental and ethical working norms and carrying out their activities in accordance with general service conditions. Necessary precautions were taken by adapting rapidly to the constantly changing economic conditions throughout the year and possible sales losses were prevented. The dealers were regularly informed about the pandemic and the activities of Otokar and critical issues. With the pandemic, 90% of the domestic commercial vehicle sales team that started working from home, maintained 24/7 contact with dealers and customers through communication channels. Thus, the communication ratio with dealers and customers was increased by 25% compared to the previous period.

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Improving Customer Satisfaction

Otokar takes care to establish long-term relationships with its customers based on trust. The needs and expectations of the customers are taken into consideration and priority is given to ensuring customer satisfaction. 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.

ISO 10002 Customer Satisfaction Management System Standard and ISO 10001 Quality Management-Customer Satisfaction certification are used as quality assurance in customer satisfaction. In addition, after-sales service satisfaction is ensured by TS 12681 and TS 12047 Authorized Service Qualification Certificates. Customers can obtain ceaseless service through Otokar Customer Services unit. Customer Services work to produce permanent solution to the demands, expectations and notifications of customers.

Several tools are used to obtain a ceaseless customer satisfaction.

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 are the instruments that were established for this purpose. All survey studies conducted are shared within certain periods in order to improve the relevant systems and the processes are followed.

During the pandemic, customers were mostly communicated via Otokar App. Awareness has been raised by transferring updated information about COVID-19 to customers through the application. The pandemic has been a process in which communication with customers through digital channels was strengthened. In order to prevent density, a bridge was established between customers and Otokar authorized services and an appointment system was established. In 2020, the number of customers actively using electronic sales platforms reached 1,491.

Otokar Mobile Application (Otokar App) enables;

- ✓ 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.

In 2020, the number of customers actively using electronic sales platforms reached **1,491**.

Confidentiality of Customer Information

One of the fundamental factors of customer satisfaction is to obtain the trust of customers. Being in a reliable position with customers is directly related to ensuring confidentiality of customer information. 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.

Customer information is received with the express consent of the customers after they read the clarification text. It cannot be used outside the scope of the purposes declared in Otokar Customer Satisfaction Policy and the Personal Data Protection Law No. 6698. All employees working at Otokar CRM Centre were informed within the scope of the protection of personal data and a Commitment on Confidentiality and Protection of Personal Data was signed with the relevant personnel.

In addition, all employees, including the CRM team, are provided with training on the protection of confidentiality

and commitment is received from employees. Subsequently, all processes for ensuring confidentiality are monitored regularly. During the reporting period, no complaints were received regarding breach of customer information privacy and customer data loss.

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



Product and service quality is secured through production processes that are conducted according to ISO 9001 Quality Management System Standard, AQAP 2110 Military Quality Assurance System, ISO 3834-2 Welding Qualification Certificate and 6 Sigma DMAIC certifications.

Product and Service Responsibility

Within the framework of the goals and principles set by the Koç Group, Otokar aims to provide healthy development and products and services with universal quality and standards, together with its employees, by ensuring the satisfaction of its customers. Continuous improvement of products and services is an important part of Otokar's understanding of product and service responsibility. Social, environmental and economic risks that may be caused by products and services are taken into consideration.

Operating in different markets, Otokar produces its products in accordance with the legal regulations of the markets for which they will be used, and the compliance of the manufactured products is followed in accordance with the legal legislation. In 2020, no cases of noncompliance were identified in legal legislations of the markets in which the products are used in regard to product and safety norms.

Otokar continuously improves the safety conditions of the products produced and also informs its

customers about the products and the conditions of use. It is important that the information is correct and complete. Official website, product information forms, user manuals, vehicle modification guidelines are the main channels where customers can get information. Customers can find information on these channels 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.

Product and service responsibility is one of the critical issues for Otokar 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 Defence's knowledge and permission. These sales, that are carried out within the frame of laws that regulate exports, are made only to governments and government agencies and the company is subject to export licenses from the relevant governments.

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 adopts a human-centred approach in business life. Believing that business success is directly related to employee happiness and loyalty, Otokar aims to ensure the continuous development of its employees and to keep their motivation always high.

It offers its employees a working environment that allows them to reveal their potential and supports their development. Working life at Otokar is organized within the framework of fundamental values of respect and trust, human rights and equality.

Human resources processes at Otokar are carried out within the framework of Otokar Human Resources Policy and

Personnel Regulation. International engagements also play an important role in Otokar's human resources management. The UN Global Compact to which Koç Holding is a signatory is also binding on Otokar's operations and value chain. Otokar is among the signatories of the Women's Empowerment Principles (WEPs) established by the joint initiative of UN Women and UN Global Compact.

OTOKAR'S BEST EMPLOYER OF TURKEY AWARD

Turkey's leading automotive and defence industry company Otokar was deemed worthy of Turkey's Best Employer award within the scope of the Kincentric Best Employers 2019 research conducted by Kincentric, the world's leading human resources and management consultancy company. While Otokar was one of the three automotive companies in the list of Turkey's Best Employers, which includes 32 companies from different sectors, it became the only defence industry company on the list.

Otokar's human rights policy can be accessed on the [corporate website](#).

Human rights are among the priority aspects of Otokar. Otokar takes the Universal Declaration of Human Rights as its guide and adopts an approach that respects human rights towards its stakeholders in the societies in which it operates. Otokar's main principle is to create and maintain a positive and professional working environment for its employees. Otokar acts in accordance with global ethical principles in matters such as recruitment, promotion, career development, wages, benefits and diversity, and respects the rights of its employees to establish and participate in non-governmental organizations by their own will. Otokar does not tolerate forced labour, child labour, all kinds of discrimination and harassment.

An important part of human rights is the promotion of trade union rights. Otokar respects the collective bargaining and organization rights of its employees and provides a free work environment for its employees so that they can exercise these rights. 98.2% of its on-site employees work under collective agreements. Moreover, 22 employees work in the labour union to which they are affiliated and 1 employee in the employer union.



Gender Equality

Institutional organizations have important roles in eliminating gender inequalities. With the awareness of this responsibility, Otokar follows the gender issue sensitively.

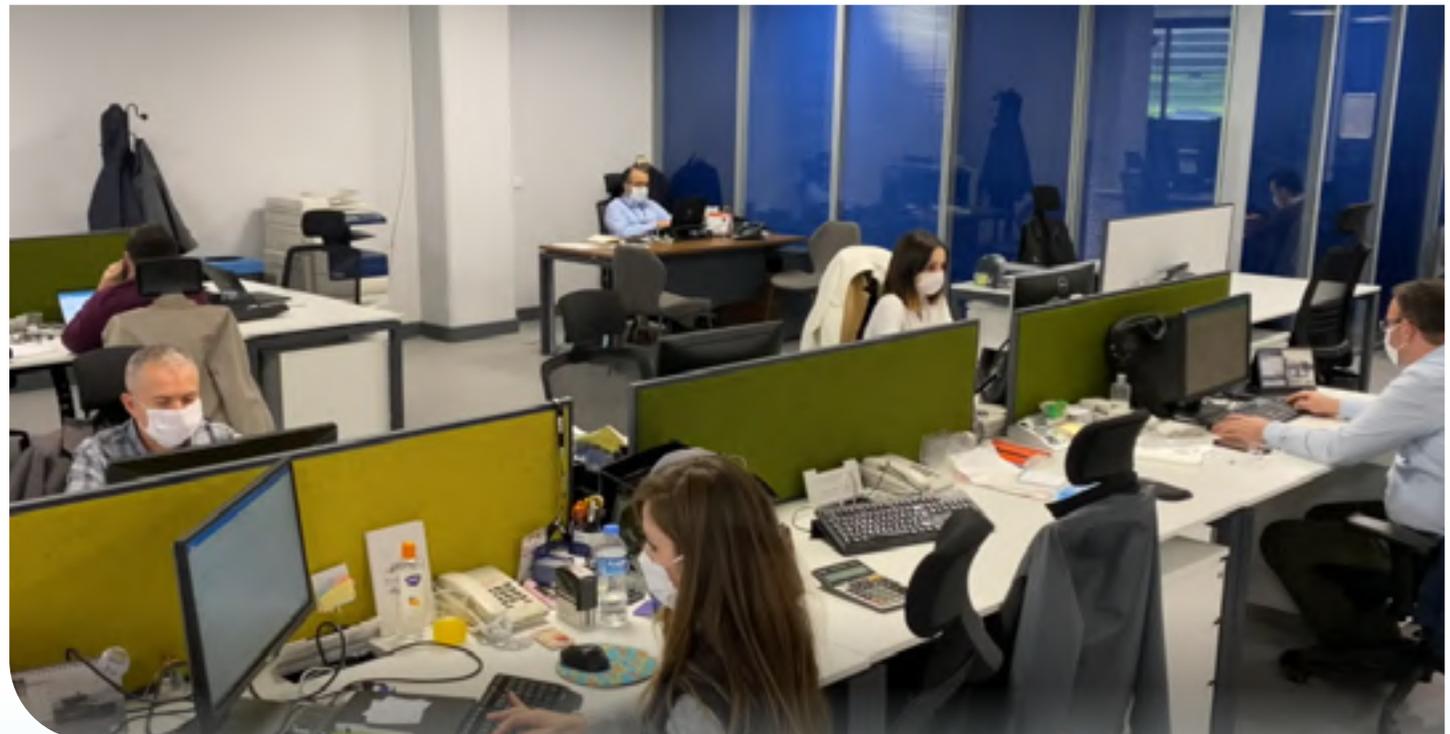
One of the fundamental requirements of ensuring gender equality is to encourage women's employment and then to support female employees in business life. At this point, Otokar supports the participation of women in business life and implements practices based on equality within the company. In order to eliminate gender inequality, Otokar has been a signatory of organizations such as the Declaration on Equality at Work, Women's Empowerment Principles. Otokar spreads its principles for achieving gender equality throughout the organization through talent management programs.

Otokar focuses on supporting the personal development of female employees and implements practices that facilitate the work life of female employees. 125 female employees and 22 female managers work at Otokar.



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 form a leadership team in our institution to follow up on the issues in the declaration.



Performance and Talent Management

Otokar aims to make the most qualified human resources through its performance and talent management system. Otokar seeks to increase the motivation and productivity of its employees by supporting their development in a versatile way. Employees' performance is monitored individually and employees are supported with development studies tailored to their needs. Systematic measurement and evaluation tools are used to evaluate employee performance. Employees are provided with feedback at the performance evaluation meetings held at the end of the year. In the reporting period, all employees of Otokar received performance feedback.

Objective methods are also used in the remuneration of employees. The remuneration is based on performance without discrimination. 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.

Otokar's Remuneration Policy for the Board of Directors and Senior Managers can be accessed on the corporate [website](#).

Employee Development

The development journey of the employees at Otokar is designed as a result of performance evaluation and development planning interviews. The trainings serve to develop both the individual and professional competencies of the employees. Within the scope of employee development activities, a total of 24.336 personxhour training was provided in 2020, with 15.236 personxhour for office employees and 9.100 personxhour for field workers.

Otokar attaches importance to improving its employees' existing leadership skills and equipping them with new leadership skills. In this regard, leadership training has an important share in training activities. In 2020, Otokar employees received a total of 3,149 personxhour leadership trainings.

In 2020, classroom trainings which were cancelled as of March 10 at the beginning of the pandemic, continued digitally in line with in-company training requests and evaluations. With OtoRota online training development catalogue, 15 different behavioural and 8 different technical trainings were organized online and 74% of the employees participated in these trainings. 22,062 hours of online on-the-job training was provided to newly recruited employees via the Wellcome application. During

the period, Vocational Competence Certificates were obtained for 540 field workers working in different fields.

Otokar employees participate in trainings organized by Koç Holding and Koç University as well as in-house trainings and various external trainings.

Valuing their ideas and suggestions plays an important role in increasing employees' work commitment and motivation, as well as supporting their development. Otokar has an employee suggestion system that allows the creative ideas of employees to be reflected in the management processes. Employees' suggestions are collected and evaluated through various tools and suggestions that are approved are put into practice. In this context, in 2020, 1,089 of 3,591 suggestions received from employees were initiated. The top 3 employees who submitted the most "approved" suggestions throughout the year were rewarded with the Difference in Suggestion award.

Training Data (2020)	Personxhour
Office workers	15,236
<i>Female</i>	2,596
<i>Male</i>	12,640
Field workers	9,100
<i>Female</i>	129
<i>Male</i>	8,971

Social Activities

Otokar conducts various social activities in order to strengthen communication between employees. Social activities have started to move to online environments with the start of working from home, administrative leave, social isolation and restrictions for going out during the pandemic, which affects all areas of life in 2020. Otokar employee clubs quickly adapted to the new situation and shared about online museum tours that employees can do at home, games they can play, movies and theatre plays they can watch, and books they can read.

Shares were transferred to KoçHub, allowing Otokar employees to share concepts such as April 23 celebrations, weekend events with their families in order not to feel alone at home and interact with their colleagues during the pandemic. In May, posts on working life and social activities at Otokar were shared on the official Instagram account of Otokar's employer brand, "My Name is Otokar" in order to provide access to both existing and potential human resources. Promotional videos of social clubs were featured on the Instagram account.

In the perception questionnaire, which was created to understand the thoughts and moods of the group employees during the pandemic, it was observed that the anxiety level of Otokar employees was reduced from 75% to 16% through internal communication studies.

Occupational Health and Safety

Otokar offers its employees a working environment where they can work healthily and safely. The Occupational Health and Safety Unit is responsible for ensuring the safety of workplaces and the management of occupational health and safety. The OHS Unit consists of occupational safety experts, workplace physicians and assistant health personnel and reports to Human Resources Department which reports directly to the General Manager. Occupational health and safety issues are conducted within the framework of OHSAS 18001 Standard and Otokar OHS Policy. OHS Policy is shared with employees and other stakeholders through various means of communication.

The provisions of the Collective Bargaining Agreement signed between Türk Metal and MESS are binding at Otokar. Occupational health and safety provisions in the Collective Bargaining Agreement include parallel provisions with the provisions of Occupational Health and Safety Legislation. In the Collective Bargaining Agreement, the course of action to be followed when occupational health and safety rules are not complied with in the workplace is identified. At Otokar, disciplinary practices regarding occupational health and safety are carried out in accordance with the provisions of the Collective Bargaining Agreement.

Monthly and annual OHS targets and work programs are established on employee and unit basis in order to improve occupational health and safety performance and reduce risks. Performance results are shared with senior management at the Management Review Meeting held once a year.

Within the scope of OHSAS studies, recommendations regarding occupational health and safety are also presented to the senior management within the scope of these meetings.

At Otokar, OHS Committees, meeting on a monthly basis, operate to ensure the participation of the employees to occupational health and safety processes, to reduce risks and to improve performance. As of 2020, 30 members, 9 of which are employee representatives, are assigned in the 3 OHS Committees at Otokar. According to the Occupational Health and Safety Law, union representatives have also been appointed as employee representatives.

OHS Board meetings are held to evaluate accident indicators and make root cause analysis. Measures taken to prevent accidents are evaluated at these meetings. Union representatives express their opinions and suggestions directly at the OHS Board meetings and related issues are evaluated in the committee.

Employees can convey their suggestions regarding occupational health and safety through the company's intranet system. Authorities respond to the notifications submitted. Employees can also report dangerous situations related to occupational health and safety through the risk information system on the intranet system. Notified risks are automatically communicated to Occupational Health and Safety Experts. Occupational Health and Safety Experts make corrective and preventive action notifications to the relevant people, when they deem necessary, by evaluating the risk notification. As a result of Otokar's

preventive and corrective approach to occupational health and safety, no fatal occupational accidents have occurred since 2012.

High level of knowledge and awareness of employees is critical in improving occupational health and safety performance. In this regard, Otokar provides occupational health and safety awareness training for both company employees and contractor employees. In 2020, Otokar provided 15.037 personxhour occupational health and safety trainings.

At Otokar, a healthy and safe working environment is provided at the highest level and a quality workplace understanding is offered with security measures. With the announcement of the COVID-19 pandemic all over the world, it has been ensured that all necessary measures are taken at Otokar. Risk analyses have been prepared specific to COVID-19 and all areas have been regularly audited. The Wellcome application, which allows employees to be monitored instantly on digital media, was launched and employees also received online OHS and COVID-19 trainings on this platform.

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 fulfills the obligations arising from the contracts.
- Identifies, analyzes, 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 programs, 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.

LOST DAY RATE





**ENVIRONMENTALLY
FRIENDLY
PRODUCTION**

Otokar's environmental management approach aims at environmentally friendly production in the first place. In this regard, Otokar prioritizes protecting the environment and minimizing environmental impact throughout all of its operational processes. Environmental activities are managed in accordance with legal requirements and international standards. Closely following the good practices in the world, Otokar constantly improves its own processes inspired by these examples.

Otokar Environmental Policy is the reference document in the management of environmental issues. This 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. Otokar operations have been certified with ISP 14001 Environmental Management System.

The Board of Directors is responsible for monitoring the environmental issues at Otokar. The Board of Directors identifies the strategic orientations in this regard and monitors environmental activities. General Manager is responsible for carrying out the strategies identified and decisions taken in accordance with corporate policies and legal regulations. Environmental management practices

are carried out by Environmental Management Unit organized under the leadership of Production and Supply Group Director, Facility Maintenance and Investment Manager.

Otokar aims to continuously improve its environmental performance. Performance follow-up is done through internal periodic audit processes and annual audits of Koç Holding Audit Group. Compliance of Otokar's activities with environmental standards is monitored and verified through independent periodic external audits as well as internal and in-Group audits. Otokar operations are also subject to the audits of the Turkish Ministry of Environment and Urbanisation. As a result of Otokar's responsible approach in environmental compliance, there were no complaints or environmental penalties received due to environmental impact during the reporting period.

At Otokar, environmental impacts are a part of the corporate risk management system. Analyses are

made for the identified significant risks. Environmental Impacts are recorded in the Environmental Impact Log and when a change occurs, the Environmental Impact Log is revised.

Otokar, which manages its environmental performance with a goal-based approach, identifies annual and five-year targets with the Procedure for Determining the Environmental Goal, Target and Management Programs in Management Systems. In addition to setting goals, the procedure also includes activities for the implementation and evaluation of these goals. The path to reach environmental goals and actions taken for these goals must be in compliance with vision and strategies of Otokar and Koç Holding.

Environmental goals are a part of personal performance evaluation and remuneration system. The environmental performance of employees is monitored with target card systematics are reported to the General Manager and Board of Directors.

Otokar Environment 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 environmentally-friendly processes and products.

Otokar establishes and maintains systems focusing 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.

ENVIRONMENTAL MANAGEMENT AND INVESTMENT EXPENDITURES (THOUSAND TL)



ENVIRONMENTAL TRAININGS (PERSONXHOUR)



Water Management

Environmental training activities are organized in order to inform and raise awareness of the employees about the environment. In 2020, Otokar employees received 312 personxhours of training.

Otokar presents its studies on environmental performance and environmental aspects to stakeholders through Koç Holding reporting studies, Otokar Line Bulletin, Otokar Internal Bulletin, Otokar OHS Bulletin, sub-industry trainings and environmental information notes.

Otokar expects its suppliers and business partners to adopt an identical environmental management approach in order to expand its environmental sustainability approach throughout its value chain. Compliance with environmental standards and environmental impact management criteria are effective in supplier selection. In the ongoing process, the environmental performance of the suppliers is monitored through auditing and evaluation studies. In cases where it is deemed necessary for suppliers to make improvements in environmental issues, improvement plans are prepared and the level of implementation of the plans is monitored.

Responsible water use is among the aspects Otokar carefully follows in environmental management. Otokar aims to carry out all of its operations with minimum water consumption. Ensuring efficient use of water, water recovery, and waste water issues are the main aspects followed within the scope of water management.

In 2020, 183.907 m³ clean water was used. 62% of water consumption is underground water, 37% is municipal water and the remaining 1% is rain water. During the period, 150,500 m³ water is reused through recycling and recovery practices.

The consciousness and awareness levels of the employees are important in the consumption of water resources. Thus, the efficient water use is included in the scope of environmental training. In this regard, information is given on issues such as water use in processes and reduction of water consumption.

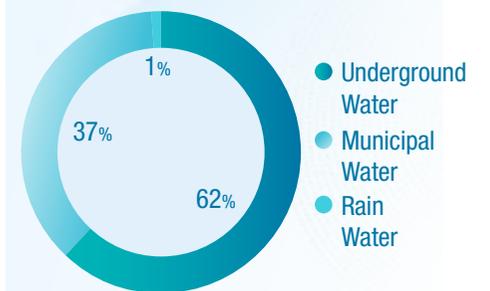
Discharge of wastewater has a wide coverage in Otokar's water management approach. Sakarya Arifiye

Factory has 2 domestic wastewater treatment plants and 3 industrial wastewater treatment plants. In these treatment plants, 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 2020, a total of 140,000 m³ wastewater has been discharged to wastewater channel and natural receiving environment.

AMOUNT OF WATER RECYCLED (THOUSAND M³)



DISTRIBUTION OF WATER CONSUMPTION BY SOURCE



During the period, **150,500 m³** water is reused through recycling and recovery practices.

Material and Waste Management

One of the issues addressed within the scope of environmental impact at Otokar is material and waste management. The efficient use of materials and raw materials used in production play an important role in reducing environmental impact. Reuse and recycling practices are carried out in order to ensure efficient material use.

Otokar's principle in material and waste management is to minimize waste generation and recycle the waste at the highest possible level. In material and waste management, it is aimed to minimize waste generation, to decompose the generated waste at the source and to recover it at maximum level.

In 2020, **3,594** tons of non-hazardous waste and **300** tons of hazardous waste were generated. 83% of the generated waste was recovered through different methods.

Waste Amount by Type (Ton)





CLIMATE CHANGE, ENERGY AND EMISSIONS

The main purpose of Otokar in combating climate change is to limit the effects on climate change by reducing the amount of energy and emissions arising from products and production processes.

Otokar carries out its energy and emission management with a risk and opportunity-oriented approach and carefully monitors its performance in this area by using objective methodologies.

At Otokar, the efforts to combat climate change are managed 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. 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. Energy consumption and emission reduction activities are monitored by the units involved in the operational processes. Performance results obtained from studies conducted when combating climate change are evaluated by the senior management through periodical meetings. Performance results are taken into account in the

individual performance evaluation and remuneration of the relevant managers.

Cooperation of Otokar in efforts to combat climate change pose an important place. Otokar reinforces its responsible approach by establishing various partnerships and supporting initiatives aimed at combating the climate. While developing new products, Otokar takes into account the requirements of the low-carbon economy and the expectations of its stakeholders, especially consumers.

Within the scope of combating climate change, studies are handled in two different ways. On the one hand, efficiency studies and efforts are carried out to reduce energy consumption and emissions arising from production activities; on the other hand, studies are carried out to reduce greenhouse gas emissions caused by the use of products. The development of alternative fuel, electric and fuel-efficient vehicles is aimed at reducing the effects caused by the use of products.

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





Energy and Emissions

Otokar aims to limit the amount of energy used while conducting its production activities. Limiting energy consumption also means reducing emissions. Energy and emission reduction efforts are aimed at minimizing the effects on climate change. Thanks to efficiency studies, Otokar saved 1,526 GJ of energy and 300 tons of CO₂e emission in 2020.

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 the reporting period, 156,184 GJ energy was consumed; **103,607 GJ** of which were direct while **52,576 GJ** were indirect. The emission amount which was **12.790** ton of CO₂ in 2019 has become **11.495** ton of CO₂.

Efficiency Studies

In 2020, 7 projects were commissioned within the scope of energy efficiency studies carried out in Otokar's Arifiye/Sakarya factory. These projects provided approximately 424 MWh electricity efficiency in 2020.

Led Panel Conversions in Administrative Building and Production Offices

4x18 W lighting fixtures used in Otokar R&D, New Factory and SSH offices were replaced with 33 W led panels. As it was implemented, 241 MWh of electricity was saved annually.

Led Lighting Fixture Conversions at Dyehouse and Personnel Dressing Rooms

The 2x36 W lighting fixtures used in the trailer last coat paint shop and dressing room were replaced with 31 W led fixtures. When this was carried out, Otokar saved an annual 24 MWh electricity.

Time-Clock Applications

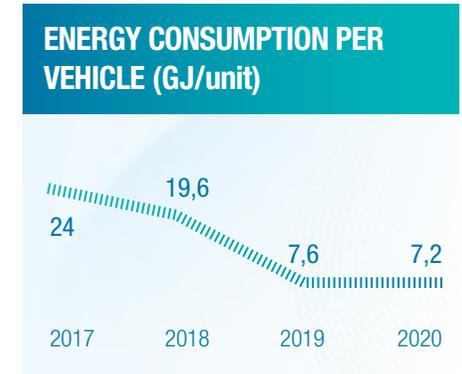
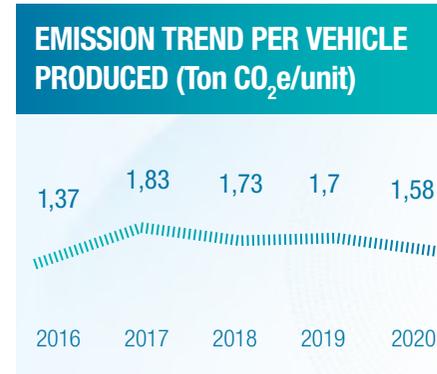
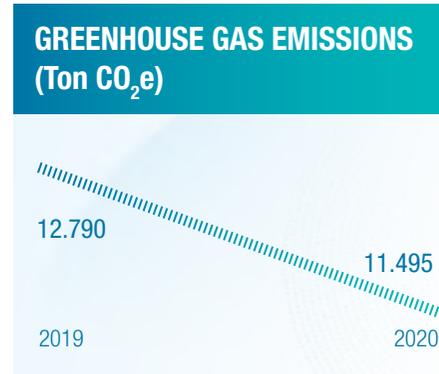
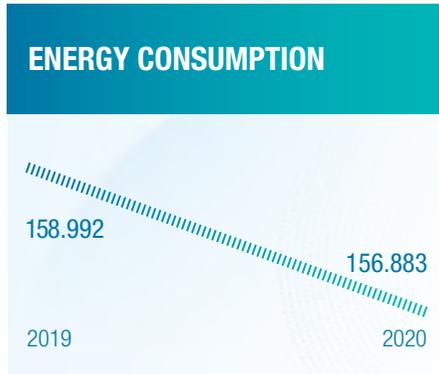
By applying time-clock applications in air handling units, roof fans and push-pull ventilation systems used in Commercial Vehicles Assembly Building and Armoured Welding Buildings, the systems were automatically stopped during non-production times. Thanks to this, annual electricity savings of 63.3 MWh have been achieved.

Dyehouse Primer-1 Furnace 4 x 22 kW Circulation Fan Motors Driver Application

In the new factory, a driver board was built for 4 fan motors with a power of 22 kW in the Primer-1 furnace, and the motors were operated with a driver. Thanks to this, an annual electricity efficiency of 31.9 MWh was achieved.

Automatic Shutdown of Trailer E Hall Heater Apparatus

An automation panel that can operate according to the indoor temperature has been made for the heating apparatus in the trailer E hall. It is ensured that the appliances are closed according to the temperature taken from the environment and to stop when there is no production. Thanks to this work, an annual electricity efficiency of 38.2 MWh has been achieved.



Green Transportation Solutions

Parallel to the increasing population in big cities, the number of vehicles in traffic increases and transportation activities intensify. Producing low-emission, energy efficient, comfortable and low-cost vehicles is becoming a priority need in reducing the effects of transportation on climate change. At this point, companies such as Otokar, which are the producers of the sector, have important responsibilities.

Otokar develops green transportation solutions with the awareness of its

responsibility. In this regard, Otokar develops alternative fuel vehicles, possessing their intellectual property rights. Within these R&D studies, Otokar focuses on low-emission vehicles and alternative fuel vehicle technologies in public transportation vehicles. The current vehicle portfolio is rearranged to have lower emission levels in regard to their engine systems.

Developed by Otokar within the scope of green transportation solutions,

Akrep IIe is included in the Akrep II armoured vehicle product family and is the first electric armoured vehicle of Turkey. The vehicle has an infrastructure that enables the use of alternative power groups such as electric, diesel and hybrid. Akrep IIe also offers an infrastructure that will speed up the transition to autonomous vehicles.

In 2020, Otokar continued promotional activities for Kent Electra, which it added to its product portfolio for the

first time in 2019. Otokar exhibited the city bus Kent Electra, which runs on 100% electricity, to the Turkish market for the first time. The 12-meter electric bus, introduced at the Smart Cities and Municipalities Congress and Exhibition held in Ankara and later at the Busworld Turkey Fair, offers a cleaner environment, quieter traffic and higher efficiency. The aim is to contribute to the sustainable development of cities with the new generation vehicle for urban transportation.



CARING FOR THE SOCIETY

"I Exist If My Country Exist"

Otokar sees contributing to the development and welfare of the society in which it lives as a part of its corporate social responsibility. Being a signatory to the United Nations Global Compact, Otokar pays regard to social benefits in all of its studies on the grounds of the "I Exist If My Country Exists" principle of Vehbi Koç, the founder of Koç Holding.

By expanding the notion of social responsibility among the companies of Koç Group, its employees, dealers and suppliers, Otokar supports "For My Country" Project that aims at actualising projects that will improve the living standards by developing a more participatory attitude towards social problems and by supporting local growth.

Supporting Gender Equality For My Country

Otokar holds a strong position to eliminate gender inequality. In this context, it supports various projects and initiatives. Otokar supports the studies of "I Support Gender Equality" initiated in 2015 of "For My Country" Project. Otokar has been the signatory to the Women Empowerment Principles (WEPs), a joint initiative of the United Nations Women and the United Nations Global Compact since 2017.

Designing Future For My Country

Otokar continued to support the "I Design the Future for My Country" Project, which was launched in 2020 in line with the Koç Group's goal of building a meaningful future for the society.



Performance Indicators

Environmental Performance Indicators	2016	2017	2018	2019	2020
Total Energy Consumption (GJ)	180.249	171.069	137.033	158.992	156.183
Total Direct Energy Consumption by Source (GJ)	114.852	113.142	55.044	101.751	103.607
<i>Renewable Energy</i>	225	241	240	240	240
<i>Non-Renewable Energy</i>	114.627	112.901	54.804	101.511	103.367
Total Indirect Energy Consumption by Source (GJ)	65.397	57.927	54.804	57.241	52.576
<i>Renewable Energy</i>	0	0	0	0	0
<i>Non-Renewable Energy</i>	65.397	57.927	54.804	57.241	52.576
Energy Consumption per Unit (GJ/unit)	17,00	24,00	19,60	7,62	7,23
Energy Saving (GJ)	932	856	559	1.469	1.526
Total Greenhouse Gas Emission Amount (Ton CO2e)	14.291	13.570	11.968	12.790	11.495
<i>Direct (Scope 1)</i>	5.570	5.845	4.660	5.157	4.952
<i>Indirect (Scope 2)</i>	8.721	7.725	7.308	7.633	6.543
Greenhouse Gas Emission Reduction (Ton CO2e)	124	138	44	259	300
Greenhouse Gas Emissions per Unit (Ton CO2e/unit)	1,37	1,83	1,73	1,70	1,58
Total Water Withdrawal (m3)	213.367	162.823	155.496	152.058	183.907
<i>Underground Water</i>	113.647	77.324	85.505	77.484	114.270
<i>Municipal Water</i>	97.820	83.849	68.431	73.154	68.537
<i>Rain Water</i>	1.900	1.640	1.560	1.420	1.100
Fresh Water Consumption Per Unit (m3/unit)	23	21,7	23	20,25	25,32
Recovered or Reused Water (m3)	151.175	149.317	150.417	150.350	150.500
Waste Water Discharge (m3)	153.984	164.400	148.400	119.000	140.000
<i>Waste Water Receiving Channel</i>	88.620	91.800	84.300	71.200	85.000
<i>Natural Receiving Environment</i>	65.364	72.600	64.100	47.800	55.000
Total Hazardous Waste by Disposal Method (Ton)	514	475	374,8	387,1	301
<i>Total Recovery</i>	514	474	375	387	300
<i>Disposal</i>	0	0,11	0,10	0,1	0,07
Total Non-Hazardous Waste Amount by Disposal Method (Ton)	2.754	2.741	2.181	2.398	3.593
<i>Total Recovery</i>	2.754	2.664	2.132	2.355	2.987
<i>Disposal</i>	0	76	49	43	644*

Environmental Performance Indicators	2016	2017	2018	2019	2020
Employee Environmental Trainings - Participation (number of people)	1.040	964	920	270	283
<i>Direct Employment</i>	355	514	320	150	150
<i>Contractor Employee</i>	35	300	300	20	25
<i>Social Responsibility</i>	650	150	300	100	0
Employee Environmental Trainings - Total Hours (personxhour)	789	1.280	1.040	390	312
<i>Direct Employment</i>	320	490	340	300	-
<i>Contractor Employee</i>	35	490	400	40	-
<i>Social Responsibility</i>	434	300	300	50	0

* The increase in 2020 is due to a change in the scope of the calculation method. In the previous periods, the amount of domestic waste was added to the amount of disposal, which included only process-related wastes.

Social Performance Indicators	2016	2017	2018	2019	2020
Employee Trainings - Number of Participants (person)	2.739	1.952	1.768	1.944	4.753
<i>Field Worker</i>	2.031	1.284	1.180	1.292	2.677
<i>Office Worker</i>	708	668	588	652	2.076
<i>Female</i>	114	124	100	122	388
<i>Male</i>	2.625	1.828	1.668	1.822	4.365
Employee Trainings - Total Hour (personxhour)	70.525	73.466	49.408	43.756	24.336
<i>Field Worker</i>	48.166	46.876	18.724	16.858	9.100
<i>Office Worker</i>	22.359	26.590	30.684	26.898	15.236
<i>Female</i>	3.307	4.035	5.935	5.319	2.725
<i>Male</i>	67.219	69.431	43.473	38.437	21.612
OHS Trainings - Number of Participants	2.294	1.804	1.748	1.473	2.144
<i>Direct Employment</i>	2.075	1.597	1.589	1.343	2.099
<i>Contractor Employee</i>	219	207	159	130	45
OHS Trainings - Total Hours (personxhour)	25.165	18.288	19.712	17.416	-
<i>Direct Employment</i>	24.630	15.804	19.068	16.116	15.037
<i>Contractor Employee</i>	526	2.484	644	1.300	-

Social Performance Indicators	2016	2017	2018	2019	2020
Injury Rate	2	2	1,7	1,17	1,08
<i>Female</i>	0	0	0	0	0
<i>Male</i>	2,34	1,87	1,8	1,25	1,14
Occupational Disease Rate	0,078	0,17	0	0	0,097
<i>Female</i>	0	0	0	0	0
<i>Male</i>	0,082	0,19	0	0	0,103
Lost Day Rate	28,94	20,26	20,53	14,12	17,2
<i>Female</i>	0	0	0	0	0
<i>Male</i>	30	22	23,4	15,08	18,17
Number of Work-Related Deaths	0	0	0	0	0
Number of OHS Committees	7	7	4	3	3
Total Number of OHS Committee Members	60	60	39	30	30
Number of Employee Representatives on OHS Committees	16	16	10	9	9

Employee Demographics	2016	2017	2018	2019	2020
Otokar Employees	2.273	2.122	1.939	1.897	2.320
<i>Female</i>	107	105	108	117	125
<i>Male</i>	2.166	2.017	1.831	1.780	2.195
Contractor Employee	221	225	205	226	246
<i>Female</i>	50	31	31	32	38
<i>Male</i>	171	194	174	194	208
Total Number of Employees by Contract Type					
Indefinite Term Contract	2.263	2.117	1.903	1.872	1.260
<i>Female</i>	107	105	107	117	126
<i>Male</i>	2.156	2.012	1.796	1.755	1.243
Temporary Contract	10	5	36	25	213
<i>Female</i>	0	0	1	0	0
<i>Male</i>	10	5	35	25	213

Employee Demographics	2016	2017	2018	2019	2020
Total Employees by Category					
Hourly Paid Employee	1.599	1.473	1.332	1.259	1.639
<i>Female</i>	18	20	18	18	18
<i>Male</i>	1.581	1.453	1.314	1.241	1.621
Monthly Paid Employee	674	649	607	638	681
<i>Female</i>	89	85	90	99	107
<i>Male</i>	585	564	517	539	574
Total Number of Employees by Employment Type					
Full Time	2.273	2.122	1.939	1.897	2.320
<i>Female</i>	107	105	108	117	125
<i>Male</i>	2.166	2.017	1.831	1.780	2.195
Part Time	0	0	0	0	0
Total Number of Employees by Age Group					
18-30	694	559	425	354	669
31-50	1.510	1.494	1.437	1.443	1.532
50+	69	69	77	100	119
Number of Employees with Disabilities				57	75
<i>Female</i>	5	4	4	3	3
<i>Male</i>	62	60	53	54	72
Senior Management Structure (Number)				5	5
<i>Female</i>	0	0	1	1	1
<i>Male</i>	6	6	6	4	4
Mid-Level Management Structure (Number)				112	124
<i>Female</i>	3	3	2	8	8
<i>Male</i>	71	91	96	104	116
Labour Force Under Collective Agreement (Number)	1.601	1.473	1.332	1.259	1.511
Newly hired employees (Number)	1.042	113	109	295	526
<i>Female</i>	17	19	10	19	13
<i>Male</i>	1.025	94	99	276	513
Leaving Employees (Number)	874	264	292	305	104
<i>Female</i>	12	21	7	10	6
<i>Male</i>	862	243	285	295	98
Number of Female Employees on Maternity Leave	7	4	5	8	4
Number of Female Employees Returning from Maternity Leave	8	3	7	1	6

GRI Content Index



**MATERIALITY
DISCLOSURES SERVICE**

2021

Disclosures	Descriptions, Page Numbers and References
GRI 101: Foundation 2016	
GRI 102: General Disclosures 2016	
Corporate Profile	
102-1	Contacts (p.50)
102-2	https://www.otokar.com.tr/products/commercial-vehicles
102-3	Contacts (p.50)
102-4	About the Report (p.2)
102-5	About Otokar (p.9-10)
102-6	Steady Growth and Continuous Development (p.18)
102-7	About Otokar (p.9-10); Social Performance Indicators (p.45-46)
102-8	Employee Demographics (p.46-47)
102-9	Developing Together with the Value Chain (p.23-25)
102-10	No significant change has been occurred neither in company's operational or financial structure nor supply chain.
102-11	Risk Management (p.12); Business Ethics and Anti-Corruption (p.13-14); Sustainability Management (p.15); Developing the Supply Chain (p.24-25); Occupational Health and Safety (p.33)
102-12	About the Report (p.2); Sustainability Management (p.15); Gender Equality (p.31); Caring for the Society (p.43)
102-13	Membership of Associations (p.16)
Strategy	
102-14	Message From the General Manager (p.3)
102-15	Message From the General Manager (p.3)
Ethics and Integrity	
102-16	Business Ethics and Anti-Corruption (p.13-14)
102-17	Business Ethics and Anti-Corruption (p.13-14)
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102-18	Corporate Governance and Board Structure (p.12)
Stakeholder Engagement	
102-40	Stakeholder Engagement (p.16)
102-41	Human Oriented Workplace (p.30)
102-42	Stakeholder Engagement (p.16)
102-43	Stakeholder Engagement (p.16)
102-44	Stakeholder Engagement (p.16)
Reporting Practices	
102-45	About the Report (p.2)
102-46	About the Report (p.2)
102-47	Sustainability Management (p.15)
102-48	No significant restatements made in information given in previous report.

"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."

Disclosures	Descriptions, Page Numbers and References	
102-49	About the Report (p.2)	
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.50)	
102-54	About the Report (p.2)	
102-55	GRI Content Index (p.48-49)	
102-56	Legal Disclaimer (p.50)	
Material Issues		
Standard	Disclosures	Descriptions and Page Numbers
Climate Change, Energy and Emissions		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Management (p.15); Environmentally Friendly Production (p.35); Climate Change, Energy and Emissions (p.39-40)
	103-2 The Management Approach and its Components	Environmentally Friendly Production (p.35); Climate Change, Energy and Emissions (p.39-40)
	103-3 Evaluation of the Management Approach	Environmentally Friendly Production (p.35); Climate Change, Energy and Emissions (p.39-40)
GRI 302: Energy 2016	302-1 Energy Consumption within the Organization	Energy and Emissions (p.40); Environmental Performance Indicators (p.44)
	302-3 Energy Intensity	Energy and Emissions (p.41); Environmental Performance Indicators (p.44)
	302-4 Reduction of Energy Consumption	Energy and Emissions (p.41); Environmental Performance Indicators (p.44)
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG Emissions	Environmental Performance Indicators (p.44-45)
	305-2 Energy Indirect (Scope 2) GHG Emissions	Environmental Performance Indicators (p.44-45)
	305-4 GHG Emissions Intensity	Energy and Emissions (p.41); Environmental Performance Indicators (p.44)
	305-5 Reduction of GHG Emissions	Energy and Emissions (p.41); Environmental Performance Indicators (p.44)
Vehicles with Minimised Environmental Impact		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Management (p.15) ; Green Transportation Solutions (p.41)
	103-2 The Management Approach and its Components	Green Transportation Solutions (p.41)
	103-3 Evaluation of the Management Approach	Green Transportation Solutions (p.41)
GRI 302: Energy 2016	302-5 Reductions in Energy Requirements of Products and Services	Green Transportation Solutions (p.41)
Environmental Impacts of Production		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Management (p.15); Environmentally Friendly Production (p.35)
	103-2 The Management Approach and its Components	Environmentally Friendly Production (p.35)
	103-3 Evaluation of the Management Approach	Environmentally Friendly Production (p.35)

Standard	Disclosures	Descriptions and Page Numbers
GRI 303: Water and Effluents 2018	303-1 Interactions with Water as a Shared Resource	Water Management (p.36); Environmental Performance Indicators (p.44)
	303-2 Management of Water Discharge-Related Impacts	Water Management (p.36)
	303-3 Water Withdrawal	Water Management (p.36); Environmental Performance Indicators (p.44)
	303-4 Water Discharge	Water Management (p.36); Environmental Performance Indicators (p.44)
	303-5 Water Consumption	Water Management (p.36); Environmental Performance Indicators (p.44)
GRI 306: Waste 2020	306-1 Waste Generation and Significant Waste-Related Impacts	Material and Waste Management (p.37)
	306-2 Management of Significant Waste-Related Impacts	Material and Waste Management (p.37,)
	306-3 Waste Generated	Material and Waste Management (p.37); Environmental Performance Indicators (p.44)
	306-5 Waste Directed to Disposal	Material and Waste Management (p.37); Environmental Performance Indicators (p.44)
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with Environmental Laws and Regulations	Environmentally Friendly Production (p.35)
Product and Service Responsibility		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Management (p.15); Product and Service Responsibility (p.28)
	103-2 The Management Approach and its Components	Product and Service Responsibility (p.28)
	103-3 Evaluation of the Management Approach	Product and Service Responsibility (p.28)
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.28)
	416-2 Incidents of Non-compliance Concerning the Health and Safety Impacts of Product and Services	Product and Service Responsibility (p.28)
Human Rights		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Management (p.15); People Oriented Workplace (p.30)
	103-2 The Management Approach and its Components	People Oriented Workplace (p.30)
	103-3 Evaluation of the Management Approach	People Oriented Workplace (p.30)
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of Governance Bodies and Employees	Employee Demographics (p.47)
Social Development and Employee Volunteering		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Management (p.15); Caring for the Society (p.43)
	103-2 The Management Approach and its Components	Caring for the Society (p.43)
	103-3 Evaluation of the Management Approach	Caring for the Society (p.43)
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure Investments and Services Supported	Caring for the Society (p.43)
Employee Rights		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Management (p.15); People Oriented Workplace (p.30)
	103-2 The Management Approach and its Components	People Oriented Workplace (p.30)
	103-3 Evaluation of the Management Approach	People Oriented Workplace (p.26)

Standard	Disclosures	Descriptions and Page Numbers
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.15) ; Performance and Talent Management (p.32)
	103-2 The Management Approach and its Components	Performance and Talent Management (p.32)
	103-3 Evaluation of the Management Approach	Performance and Talent Management (p.32)
GRI 401: Employment 2016	401-1 New Employee Hires and Employee Turnover	Employee Demographics (p.47)
GRI 404: Training and Education 2016	404-1 Average Hours of Training per year per Employee	Social Performance Indicators (p.45)
Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Management (p.15) ; Occupational Health and Safety (p.33)
	103-2 The Management Approach and its Components	Occupational Health and Safety (p.33)
	103-3 Evaluation of the Management Approach	Occupational Health and Safety (p.33)
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety (p.33)
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety (p.33)
	403-5 Worker training on occupational health and safety	Occupational Health and Safety (p.33); Social Performance Indicators (p.45)
	403-9 Work-related injuries	Social Performance Indicators (p.46)
	403-10 Work-related ill health	Social Performance Indicators (p.46)
Innovation		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Management (p.15); Added-Value Focused Innovation (p.20-21)
	103-2 The Management Approach and its Components	Added-Value Focused Innovation (p.20-21)
	103-3 Evaluation of the Management Approach	Added-Value Focused Innovation (p.20-21)
Supporting Local Economy		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Sustainability Management (p.15) ; Developing Together With the Value Chain (p.23-25)
	103-2 The Management Approach and its Components	Developing Together With the Value Chain (p.23-25)
	103-3 Evaluation of the Management Approach	Developing Together With the Value Chain (p.23-25)
GRI 204: Procurement Practices 2016	204-1 Proportion of Spending on Local Suppliers	Developing Together With the Value Chain (p.23)

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