

**OTOKAR OTOMOTİV ve SAVUNMA SANAYİ A.Ş.**

**Compliance Policy**

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## 1 PURPOSE and SCOPE

The purpose of this Compliance Policy (the “**Policy**”) is to establish a customized, comprehensive and effective compliance framework for Otokar Otomotiv ve Savunma Sanayi A.Ş. (“**Otokar**” or the “**Company**”), and demonstrate Otokar's commitment to compliance with laws and regulations, internal policies, good corporate governance practices and ethical rules.

All employees, directors, officers of Otokar shall comply with this Policy, which is an integral part of Koç Group and Otokar Code of Ethics.

## 2 DEFINITIONS

“**Business Partners**” means suppliers, distributors, authorized service providers, representatives, independent contractors and consultants.

“**Legal and Compliance Executives**” are primarily responsible for managing and overseeing the Compliance Program for Otokar.

“**Compliance**” is defined as adhering to the requirements of laws, regulations, industry and organizational standards, internal policies and procedures and generally accepted ethical standards.

“**Compliance Program**” shall have the meaning assigned to this term in Section 4.1.

“**Koç Group**” means Koç Holding A.Ş., companies which are controlled directly or indirectly, jointly or individually by Koç Holding A.Ş. and the joint venture companies listed in its latest consolidated financial report.

“**Koç Holding**” means Koç Holding A.Ş.

“**Otokar**” means companies which are controlled directly or indirectly, jointly or individually by Otokar Otomotiv ve Savunma Sanayi A.Ş., and the joint venture companies listed in its latest consolidated financial report. The principles set out under this Policy for Otokar, its directors, employees and Business Partners shall also be applicable to the affiliated companies, their directors, employees and Business Partners.

“**Retaliation**” is any negative action, including but not limited to demotion, discipline, firing, salary reduction, or job or shift reassignment, to punish an employee for a protected activity, such as reporting an injury, safety concern, mismanagement, abuse of authority, or legal violation in the workplace.

“**Risk Management Committee**” is established for the purpose of early diagnosis of the risks that may endanger the existence, development and continuity of Otokar to implement measures, manage and report these risks in line with Otokar’s corporate risk-taking profile, and to make suggestions to the board of directors of Otokar, about developing and integrating internal control systems.

“**Systematic Risk Analysis**” is a process to identify, assess and monitor the principal compliance risks that Otokar faces as a business.

### **3 COMPLIANCE OBLIGATIONS**

#### **3.1 OVERVIEW of OBLIGATIONS**

Efficient compliance management can only be achieved by adopting a well-designed and customized Compliance Program. It then can be sustainable if embedded in the Company culture and in employee behavior, by being integrated in all processes and operations.

Compliance obligations of Otokar go beyond complying with mandatory regulations (laws, permits, licenses, rules and guidance of regulatory authorities, court decisions, conventions etc.) and conventional obligations, it also comprises its Compliance commitments such as organizational standards like policy and procedures, or other voluntary commitments.

#### **3.2 COMPLIANCE DOMAINS and RISK ANALYSIS**

At Otokar, Legal and Compliance Department, together with relevant business units shall conduct periodical risk assessments for relevant normative domains, and analyze the specific Compliance related risks that operations, employees and/or Business Partners may be specially exposed to (via questionnaires, workshops, one-to-one interviews etc.). Company policies and procedures shall be drafted/revised to the extent required in accordance with such assessment and analysis.

Tailor-made Compliance reviews and analysis consider Otokar's fingerprint, including but not limited to its own characteristic, complexity, risks, willingness to take risks, governance, business lines, products and services, the industry sector, competitiveness of the market, regulatory landscape, potential clients and Business Partners, transactions with foreign governments, payments to foreign governments, use of third parties, gifts, travel and entertainment expenses, charitable contributions. Besides, while the purpose of such compliance risk analysis is to address and take action in all relevant Compliance domains, based on their likelihood and impacts, the following shall be prioritized:

- Anti-Bribery and Corruption
- International Sanctions
- Anti-Money Laundering
- Protection of the Data Privacy
- Competition
- Human Rights

Koç Holding Legal and Compliance Department monitors the Compliance risk analysis carried out by Otokar and while evaluating such results, it also considers Koç Group's relevant indicators, internal audit reports and case related investigations, Compliance cases and control results to determine potential compliance related risks and take necessary precautions.

### **4 COMPLIANCE PROGRAM**

#### **4.1 MAIN COMPONENTS of the COMPLIANCE PROGRAM**

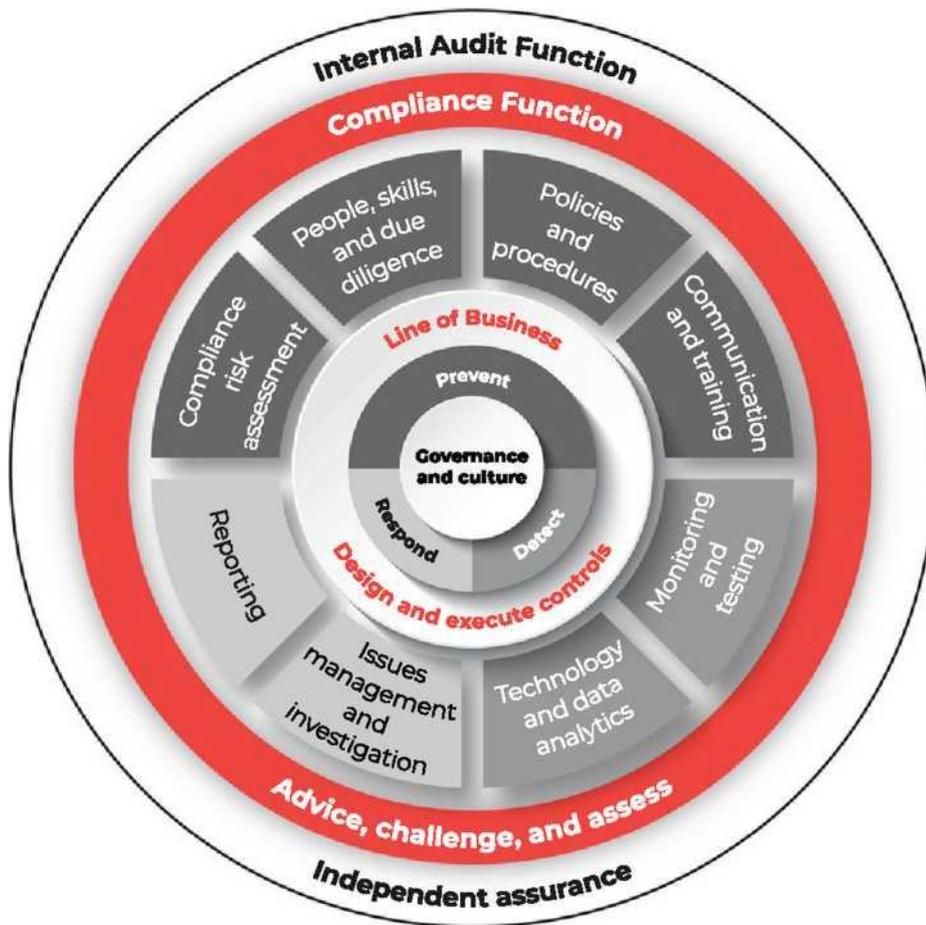
The Compliance Program of Otokar is a set of rules, policies and procedures aiming to address the Compliance issues of Otokar with a risk-based approach. It incorporates the corporate governance and compliance culture and written standards promoted by the senior management, and monitored by the Legal and Compliance Department, with the participation of all employees.

The main operational pillars of Otokar Compliance Program are the following:

- Prevention
- Detection
- Response

The illustration below represents the components of the Compliance Program and their composition. This framework reflects the general approach and strategy towards Compliance, i.e. the Compliance Program of Otokar.

*Illustration I: The Compliance Program of Otokar*



Prevention is managed by Compliance risk assessments, due diligence practices, written policies and procedures as well as communication and trainings. Detection, is supported by technology and data analysis as well as monitoring, testing and audit practices. Response refers to investigations and reporting activities.

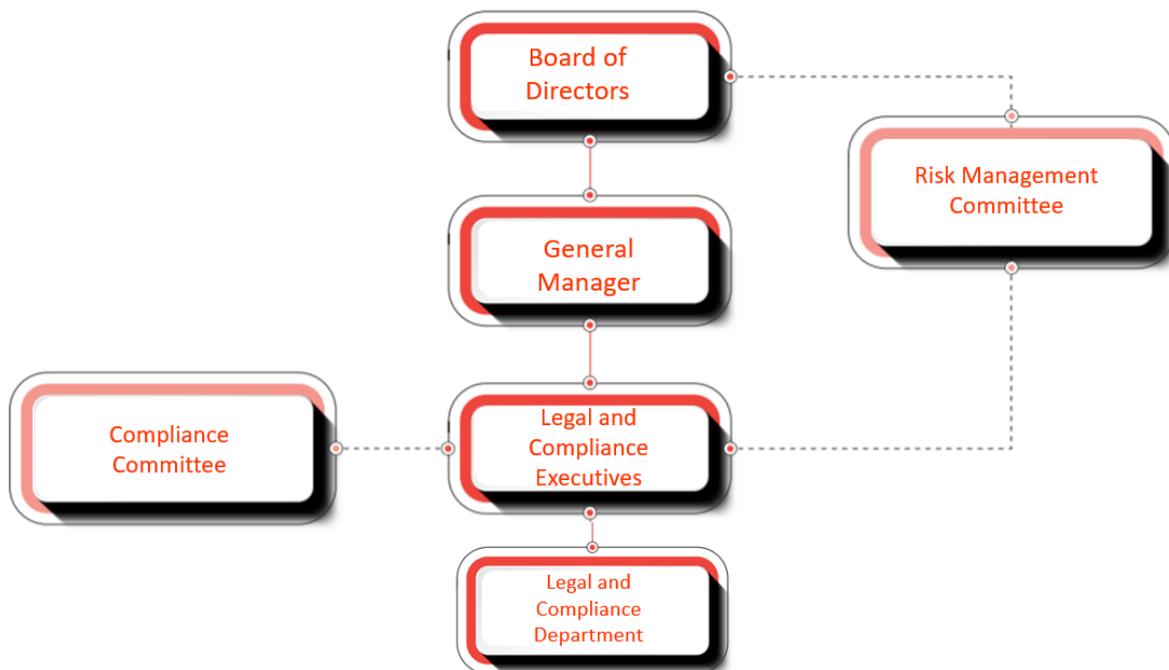
#### 4.2 COMPLIANCE ORGANIZATION

Otokar’s approach to Compliance is shaped by the tone at the top, showing the importance senior management attributes to Compliance related issues. By applying the core values, generally accepted corporate governance and ethical standards, the leadership acts as a Company wide example and helps embed Compliance into the culture, behavior and attitude of every member of Otokar.

A solid Compliance organization is the key to ensuring an effective Compliance structure. The Compliance organization refers to the leadership and organizational structure that is responsible and accountable for the decision-making, development, execution, monitoring and oversight of the Compliance Program.

Illustration below presents the current Compliance organization at Otokar.

*Illustration II: The Compliance Organization at Otokar*



As shown above, the Compliance organization is fulfilled by:

- Legal and Compliance Executives
- Legal and Compliance Department
- Compliance Committee
- Risk Management Committee

Considering the importance of the senior management's leadership towards Compliance related issues, Otokar General Manager and the Board of Directors have the overall responsibility to show leadership towards Compliance related issues by monitoring the applications of core values, generally accepted corporate governance and ethical standards.

In order to have a successful Compliance Program, the Legal and Compliance Executive position shall have:

- Empowerment: Full and clear authority, C-level designation and empowerment to carry out his/her duties.
- Independence: In order to preserve its independence, Legal and Compliance Executive reports to the Board of Directors through the Risk Committee, while directly reporting to the General Manager.
- Seat at the Table: Legal and Compliance Executive attends the important meetings where all major business decisions are taken.
- Line of Sight: Legal and Compliance Executive determines the standards in risk areas even if it is related and implemented by other business units.
- Resources: Legal and Compliance Executive has sufficient resources to manage the Compliance Program.

Legal and Compliance Executives perform their duties with the support of Legal and Compliance Department. Legal and Compliance Executives have the ultimate responsibility for the activities of the Legal and Compliance Department.

The Legal and Compliance Department has 3 main duties: Functional Responsibilities, Monitoring Responsibilities and Consultancy Role.

**Functional Responsibilities** cover addressing the major risks identified with the Systematic Risk Analysis process, which include but are not limited to the following:

- Identifying and managing Compliance risk areas (including the risks related to Business Partners),
- Ensuring the Compliance risks are classified and analyzed and based on the outcome, prioritized,
- Creating and identifying the policies, procedures and controls which all employees of the Company must have to prevent, detect and manage the Compliance breaches,
- Providing or organizing on-going training support for employees and running Compliance awareness campaigns to ensure that all employees are aware of what is expected of them to be complaint with Otokar policies,
- Setting up a Compliance reporting and documentation system for Otokar,
- Establishing Compliance performance indicators, monitoring and measuring the Compliance performance of Otokar,
- Analyzing performance of Otokar to identify the need for corrective action plans,
- Ensuring the Compliance Program is reviewed at planned intervals,
- Ensuring that there is access to appropriate professional advice in the establishment and implementation and maintaining of the Compliance Program,
- Ensuring that the Compliance policies, procedures and other documents are appropriate and accessible to employees and Business Partners,
- Ensuring that Compliance structure is applied uniformly and consistently throughout the Otokar,
- Developing and implementing processes for managing information such as complaints and/or feedback by means of whistleblowing system and other mechanisms,
- Ensuring that whistleblowing mechanisms are easily accessible, known and confidential.

**Monitoring Responsibilities** include monitoring and scrutinizing certain Compliance risks, which are deemed primary responsibility of other departments or units. These activities include but are not limited to the following:

- Promoting the inclusion of Compliance responsibilities into job descriptions and employee performance management processes,
- Ensuring only authorized persons have access to the confidential documentation related to the Compliance Program.

**Consultancy Role** means that the Legal and Compliance Department acts as an advisory function for all the Compliance related risks identified with the Systematic Risk Analysis.

Considering its roles and responsibilities, Legal and Compliance Department shall have sufficient and qualified resources and staff, including Compliance Officer/s, who are fully dedicated to the compliance matters.

**Compliance Committee** aims to increase the efficiency of the Compliance structure by consulting to the Legal and Compliance Executives. The Committee, which consists of the Legal and Compliance Executives, Human Resources Director, Deputy General Manager of Financial Affairs, Information Technologies and Digital Transformation Director and other managers or directors in case of necessity, acts as an advisory board that provides support to the Legal and Compliance Executives in the decision-making process, where necessary.

**Risk Management Committee** is comprised of at least two members of the Board of Directors. In this respect, Risk Management Committee acts as the link between the Legal and Compliance Department and the Board of Directors.

#### 4.3 RAISING CONCERNS and DISCIPLINARY ACTIONS

##### 4.3.1 Reporting and Whistleblowing

Any stakeholder or employee who witnesses or is aware of any action inconsistent with Otokar Code of Ethics, or any misconduct or who is suspicious of such situation, is expected to raise his/her concerns through the Ethics Hotline at “[koc.com.tr/hotline](http://koc.com.tr/hotline)”.

The Ethics Hotline is designed to protect the whistleblowers’ confidentiality and their anonymity, if requested. It is crucial that anyone who reports an incident should feel comfortable and safe in raising their concerns and should not refrain from reporting. All complaints will be kept confidential and the owners of notification made in good faith will be protected from any possible Retaliation.

In good faith reports, no action will be taken against the person who raised the concern, even if the accuracy of the incident could not be proved by investigation. Those who deliberately make false notifications may be subject to various disciplinary action.

##### 4.3.2 Investigations and Disciplinary Actions

All incidents reported through the Ethics Hotline or other channels will be reviewed to determine the need for an investigation. If an investigation is initiated, and as a result there is a recommendation for a disciplinary action, the relevant matter shall be brought to the attention of the Ethics Committee of Otokar depending on the nature of the incident and the person subject to investigation. The disciplinary precautions are taken based on objective criteria.

#### 5 AUTHORITY and RESPONSIBILITIES

If you become aware of any action you believe to be inconsistent with this Policy, the applicable law or Koç Group an Otokar Code of Ethics, you may seek guidance or report this incident to your line managers. You may alternatively report the incident to Koç Holding’s Ethics Hotline via the following link: “[koc.com.tr/hotline](http://koc.com.tr/hotline)”.

Otokar employees may consult the Legal and Compliance Department in Otokar for their questions related to this Policy and its application.

#### 6 REVISION INFORMATION

This Policy takes effect on **.../.../2021** as of the date approved by the Otokar Board of Directors and is maintained by Legal and Compliance Department.

Revision	Date	Comment