

Otokar

SUSTAINABILITY

REPORT 2021



→ RESPONSIBLE
MANAGEMENT FOCUSED
ON SUSTAINABLE
DEVELOPMENT

→ CONTINUOUS AND
SUSTAINABLE
DEVELOPMENT

→ GOOD QUALITY
AND SUSTAINABLE
PRODUCTS

→ BRAND VALUE AND
CUSTOMER SATISFACTION

→ EMPLOYEE
SATISFACTION

→ INNOVATIVE SOLUTIONS
TO COMBAT CLIMATE
CHANGE

→ CARING
FOR THE SOCIETY

ABOUT THE REPORT

Managing to adapt to the negativities caused by the pandemic crisis and the changing living conditions, Otokar continued to create value for its stakeholders by successfully sustaining its activities throughout the period.

With this 9th sustainability report we publish this year, we present to our stakeholders our responsible governance approach, 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 is prepared in accordance with “GRI Standards: Core option. The framework of the reports 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, 2021 and December 31st, 2021. 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 2021 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.



Message From The General Manager



2021 was a year when the effects of the pandemic continued and the world entered the recovery process. At Otokar, we have quickly adapted to the new conditions brought about by the process we went through globally. We focused not only on protecting the health of our employees, but also ensuring continuity in our business. As a result of our efforts, we increased our turnover by 55% in 2021, reaching 4.5 billion TL.

We left behind a year in which we continued our steady growth and sustainable development. In the field of commercial vehicles, we completed the last year as Turkey's most preferred bus brand for the 13th time. We maintained our leadership in all segments in which we operate in the Turkish bus market. While we continued our sales to Europe, our main target market in exports, we started to receive orders from the Middle East. While our exports reached 345 million USD, its share in our turnover reached 73%.

For us, growth is not limited only to economic areas, we keep sustainability at the centre of all our activities. In 2021, we reviewed our sustainability priorities and created the Otokar Sustainability Model. With this model, we aimed to create a roadmap that respects the environment, people and the future by strengthening our business strategy in all areas of sustainability, including environment, social and governance.

We continued our research and development activities without slowing down in order to produce value-added products. With our 300 million TL of R&D expenditure, our R&D investments in the last decade have reached 1.6 billion TL. Due to our efforts to develop alternative fuel and electric vehicles, we continued to be among the leading players in global competition.

We consider carrying out our activities with minimum environmental impact as our fundamental responsibility. Due to efficiency studies we realized, we achieved a total of 2,463 GJ and saved 319 tons of CO₂e. In the journey of transition to a low carbon economy, we focus on our investments in technologies with reduced emissions. We closely follow the Green Reconciliation developments, especially the Carbon Border Adjustment Tax regulations, and the Carbon Transformation Program carried out within the Koç Group towards our goal of being carbon neutral by 2050.

We are aware of the share of our employees in the success we have and will have in the future. We invest in the development of our employees and support them to become strong actors in competitive labour markets. In this context, we provided more than 8,000 hours of training to our employees in 2021. We took our place among the best employers by obtaining the title of "Great Place to Work Certified" in the Employer Perception Survey on Employability conducted during the year.

We have taken the highest measures to protect the health and safety of our employees. In addition to increasing the knowledge and awareness of employees, we strengthened health control and monitoring with our digitalization efforts in occupational health and safety processes.

With our sustainable business model, we will continue to contribute to the United Nations Sustainable Development Goals in the future as we do today. With the confidence of having integrated sustainability into our business strategies, we continue to adapt quickly to sudden and unexpected changes, adding value to the country's economy and the society we live in. I would like to express my gratitude to all our valuable stakeholders who have not spared their support on this journey.

Serdar Görgüç
General Manager

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OTOKAR MILESTONES

1960s

- ▶ Foundation
- ▶ Bus production with the license of Magirus Deutz
- ▶ Production of Turkey's first intercity buses

1970s

- ▶ Production of minibuses for public transport
- ▶ Joining to the Koç Group

1980s

- ▶ Introduction to the defence industry
- ▶ 4x4 tactical vehicle production with the license of Land Rover

1990s

- ▶ Production of Otokar-designed military armoured vehicles
- ▶ The exportation of Turkey's first tactical armoured vehicle
- ▶ Initial Public Offering of Otokar shares
- ▶ Moving to Sakarya factory

2000s

- ▶ Production of small and medium size buses
- ▶ Merger with Istanbul Fruehauf
- ▶ Gathering the studies under the R&D Centre
- ▶ Term I main contractor in the Altay Tank Project
- ▶ Production of Turkey's first hybrid buses



2010s

- ▶ Creation of a family of multi-wheeled armoured vehicles
- ▶ Establishment of Otokar Europe company
- ▶ Production of Turkey's first electric buses
- ▶ Production of city buses
- ▶ Production of Otokar Atlas light trucks
- ▶ Production of Turkey's first original tracked armoured vehicles
- ▶ Introduction to BIST Sustainability Index

- ▶ Smart bus application
- ▶ Establishment of Otokar Land Systems
- ▶ Qualification and delivery of Altay tank prototypes to the Presidency of Defence Industries
- ▶ Production of Turkey's first electric armoured vehicles
- ▶ Establishment of Otokar Europe Filiala Bucuresti SRL
- ▶ Establishment of Otokar Central Asia company

2020s

- ▶ Production agreement signed between Otokar and Iveco Bus
- ▶ Foundations laid for a Cataphoresis Line
- ▶ Turkey's Best Employer Award
- ▶ "Safe Bus" that reduces the risk of COVID-19 virus transmission
- ▶ Investment incentive certificate

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2021 Highlights



Otokar in Defence Industry

► The production and shipment of amphibious armored vehicles was successfully carried out within the scope of the 8x8 armored vehicle supply project, the contract of which was signed in 2017 and is one of Turkey's largest land vehicle export agreements.

► Otokar's electric armored vehicle Akrep IIe was presented to international markets for the first time at IDEX 2021 held in Abu Dhabi, the capital of the United Arab Emirates.

► In the scope of IDEF'21, where Arma 6x6 and Arma 8x8 new generation armored vehicles and Tulpar tracked vehicles were

exhibited, Akrep IId, the diesel version of Akrep II, and mine-protected armored vehicle Cobra II MRAP were introduced to users in Turkey for the first time.

► Arma 8x8 and Tulpar armored combat vehicles successfully completed the tests they were subjected to in different geographical and climatic conditions in Kazakhstan.

► At the DSEI 2021 fair in London, Otokar and Milrem Robotics signed a cooperation agreement with which they will combine their knowledge and resources for autonomous development and applications for unmanned and robotic operations of military vehicles.

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Otokar in Commercial Vehicles

- ▶ It won the tender of IETT for the purchase of 100 metro buses and the provision of after-sales services for the vehicles for three years, with a total value of 606 million TL.
- ▶ It made the biggest delivery of the year with KENT LF and KENT LF Articulated Buses, which will be used by Izmir Metropolitan Municipality for ESHOT.
- ▶ It won the tender opened by Ankara Metropolitan Municipality for the purchase of 28 articulated buses.
- ▶ Otokar received an order for 40 Kent Articulated buses from DPB, the public transport company of Bratislava, the capital of Slovakia.
- ▶ It won the tender for 16 CNG buses, opened by Romania's Ramnicu Valcea Municipality.
- ▶ The delivery of 10 natural gas-powered Otokar Kent CNGs, ordered by the transportation company of Vinnitsa, which is at the top of the list of the most liveable cities in Ukraine, has been made.
- ▶ An order of 50 CNG KENT city buses has been received from Azerbaijan's leading public transportation company, Xaliq Faiqoglu.
- ▶ It won the tender for 136 buses, financed by the EBRD, for the public transportation needs of Amman Metropolitan Municipality, the capital city of Jordan, and costing approximately 32 million USD.
- ▶ The company continued its work on Turkey's first smart Autonomous Bus, which will provide the infrastructure for the autonomous city vehicles, that will be developed in line with the zero-accident target of the European Union 2050.
- ▶ e-Kent was introduced across Europe, with a promotional tour covering Italy, France, Spain, Romania, Germany and the Benelux countries.
- ▶ Otokar's electric bus e-Kent was used for passenger transportation at IAA Mobility 2021 held in Munich (Germany).
- ▶ e-Kent was introduced at the Gala Tranzit event held in Romania.
- ▶ Otokar Atlas deliveries were made to companies operating in both the public services sector and the cargo sector.
- ▶ With its Territo U bus, it won an award in the "Mobility" category of the BIG SEE Awards 2021 and in the "Transportation and Public Transport" category at the European Product Design Award.

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ABOUT OTOKAR



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Otokar was established in 1963 to manufacture the country's first intercity buses. In that period, continuing its activities with the production of buses and minibuses, Otokar joined the Koç Group in 1976. It started to manufacture vehicles in the defence industry in 1987, and produced Turkey's first tactical wheeled armoured vehicle in the 1990s.

Today, operating in the fields of commercial vehicles and defence industry in its factory in Arifiye district of Sakarya, Otokar produces buses and light trucks in the field of commercial vehicles, various types of tactical wheeled and tracked armoured vehicles and tower systems in the field of defence industry, and exports to more than 60 countries.

Turkey's best-selling bus brand Otokar is also Turkey's first hybrid bus and first electric bus manufacturer.



VISION

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



MISSION

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



VALUES

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. By this means, it aims to be a symbol of reliability, continuity and respectability for its country, customers, partners and sub-industry. Otokar sees its customers as its benefactors, always strives to be the "best"; knows that its most important capital is its human resources; aims to add strength by creating continuous resources to the Turkish economy, from which it takes its power, by complying with superior business ethics and working principles.



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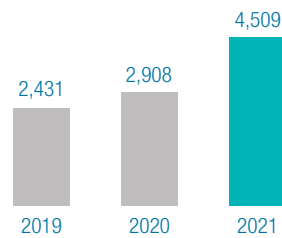
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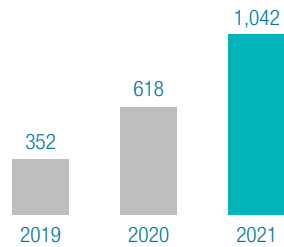
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Otokar in Numbers

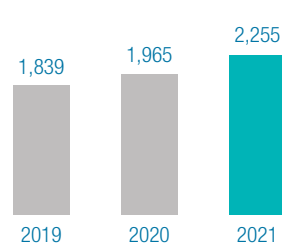
SALES REVENUES
(MILLION TL)



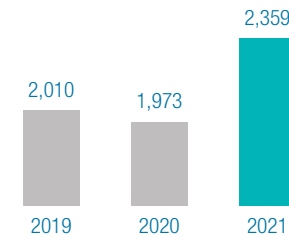
NET PROFIT FOR THE YEAR
(MILLION TL)



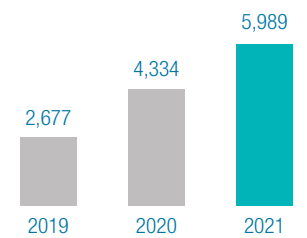
PRODUCTION
(UNIT)



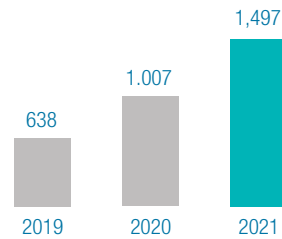
SALES
(UNIT)



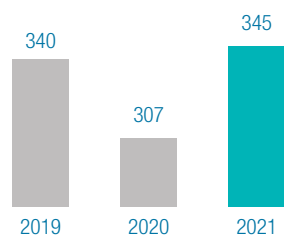
TOTAL ASSETS
(MILLION TL)



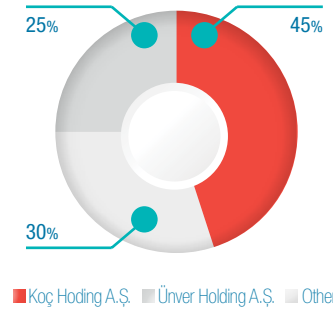
EQUITY
(MILLION TL)



EXPORT REVENUES
(MILLION USD DOLLARS)



SHAREHOLDER
STRUCTURE (%)



97%

Share of Otokar
Designed Vehicle
Sales in Turnover

23%

Capacity
Utilization
Rate

9.49

Corporate
Governance
Rating



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RESPONSIBLE MANAGEMENT FOCUSED ON SUSTAINABLE DEVELOPMENT



Otokar's corporate governance approach puts sustainable development at its centre. Creating sustainable value for its stakeholders is one of the basic components of Otokar's working principles. In this context, Otokar adopts a transparent and accountable management style within the framework of ethical values.

CORPORATE GOVERNANCE AND BOARD STRUCTURE

Otokar corporate governance and activities in these areas are managed in compliance with the Corporate Governance Principles set by Capital Markets Board. Otokar's website and Annual Report were reviewed and necessary updates were made for full compliance with the principles.

With its sensitive approach to compliance with corporate governance principles and its efforts in this direction, the company has substantially complied with the principles and continuously raised its corporate rating. In 2021, the company's corporate governance rating increased to 94.89 (9.49 out of 10), and it was announced to the public with a special case statement dated 23.03.2021. The Corporate Governance Rating Report is available on Otokar's [corporate website](#).

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.

A Board of Directors with at least 5 members elected by the General Assembly

is responsible for the administration. As of 2021, 8 members, 3 of whom are independent, are assigned to Otokar's Board of Directors. 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, and for monitoring social, environmental and economic impacts. There are committees established in order for the Board of Directors to carry out its duties and responsibilities in a healthy, efficient and effective manner. These committees are Audit Committee, Corporate Governance Committee and Risk Management Committee; and they carry out their activities within the framework of determined procedures. Decisions taken as a result of the independent work of the committees are presented to the Board of Directors as suggestions, and the final decision is taken by the Board of Directors.

You can access detailed information about Otokar Corporate Governance practices, the structure and duties of the Board of Directors, and the working principles of the committees of the Board of Directors in the [Otokar 2021 Annual Report](#) and the [corporate website](#) of the company.



RISK MANAGEMENT

Risk management at Otokar is carried out within the framework of Otokar Risk Policy, under the supervision of the Otokar Board of Directors, under the leadership of the General Manager and in coordination with all managers. Risk management is carried out on the basis of a risk policy, which is supported and expanded at every level of the organization, implemented in line with company strategies, where all current and potential risks that will prevent the company from reaching its goals are foreseen and monitored, and action plans are prepared in advance. Otokar acts in compliance with Koç Group risk policies as well as its own risk policy.

The Risk Management Committee, which was established to make recommendations to the Board of Directors, is responsible for the follow-up of risk management processes and compliance with the policy. It carries out actions on early detection of all kinds

of risks that may endanger the existence, development and continuation of the company, calculation of their effects and possibilities, management of these risks, implementation of necessary precautions regarding risks and establishment of effective internal control systems in this direction. Risk monitoring at Otokar includes financial, strategic, operational and legal risks.

The working principles of the committee are published on Otokar's corporate website and it meets at least 6 times a year. The Committee held 6 meetings during the reporting period.

Otokar risk management aims to prevent and effectively manage situations that may hinder the company's achievement of its strategic goals and sustainable development, and that may adversely affect its corporate reputation. In this framework, social, economic and environmental risks are evaluated meticulously.

LEGAL COMPLIANCE

Legal compliance is among the main strategic elements that Otokar follows within the scope of risk and audit activities. In 2021, compliance has been one of the areas where Otokar's management activities are concentrated. Compliance Policy, Competition Law Compliance Policy, Supply Chain Compliance Policy were created and put into effect. These policies are an integral part of Otokar's Ethical Principles.

Otokar Compliance Policy demonstrates Otokar's commitment to establishing a comprehensive and effective compliance framework, complying with legal regulations, internal policies, good corporate governance practices and ethical rules. Compliance Policy is binding for all Otokar employees and managers.

Otokar's Competition Law Compliance Policy is an indication of the importance Otokar attaches to complying with competition law

while conducting its commercial activities and relations with its competitors. Within the scope of the policy, the procedures and principles regarding the execution of all activities within Otokar in compliance with the competition law legislation are determined. All Otokar employees and managers are obliged to comply with this Competition Law Compliance Policy.

The purpose of Otokar's Supply Chain Compliance Policy is to share Otokar's basic principles and values with its business partners and to guide the standards that were expected from them. Otokar manages its relations with suppliers within the framework of this policy and aims to guide the selection and monitoring of business partners. This policy, which is an integral part of Otokar's Ethical Principles, is binding on all business partners of Otokar. More information on compliance in the supply chain is available in page 22 of the report.



You can
[access Otokar
Compliance
Policy here.](#)

You can access
[Otokar's
Competition
Law Compliance
Policy here.](#)

BUSINESS ETHICS AND ANTI-CORRUPTION

Otokar strictly adheres to the principles of business ethics. Otokar acts in accordance with legal regulations and ethical values in all its activities. Otokar Ethics Principles are set based on 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 UN Global Compact, to which Koç Holding is a party on behalf of all Group companies, is also binding for the entire value chain of Otokar. Otokar strives to spread all 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. 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 booklets, 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 is 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.

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.

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". Otokar's Anti-Bribery and Anti-Corruption Policy define the approach and limits adopted in this regard.

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. Audits are done by Otokar internal audit teams, and company operations are also subject to audits performed by Koç Holding Audit Teams.

Employees are obliged to notify through complaint mechanisms in case they encounter a violation of ethical rules. Notices and complaints are evaluated within the framework of the principle of confidentiality. Otokar Whistleblowing Policy has been implemented in order to encourage Otokar employees and stakeholders to notify Otokar of any actions that they suspect are contrary to Koç Group and Otokar's Ethical Principles or related policies or legislation. Employees can forward suspicious situations and

behaviours, offers and requests to a senior manager. Alternatively, a notification can be made to the Otokar Whistleblowing and Notice line via "<https://www.otokar.com.tr/contact/contact-form>" or to the Koç Holding Ethics Line via "<https://secure.ethicspoint.eu/domain/media/en/gui/108227/index.html>".

In 2021, Koç Holding initiated the Ethics Line which is open to Group companies. Notifications received through the Ethics Line are managed by an independent service provider. Our employees can anonymously report violations of Group policies or ethical principles through this line.

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.



You can reach
the Otokar
Code of
Ethics here.

You can reach
the Otokar
Anti-Bribery
and Anti-
Corruption
Policy here.

You can reach
the Otokar
Gift and
Hospitality
Policy here.

You can reach
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Notice Policy
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INTERNAL CONTROL AND INTERNAL AUDIT

The Internal Control System within Otokar aims to make company activities carried out in compliance with the legislation, corporate policies, targets, principles and strategies. It is aimed to contribute to increasing the efficiency and productivity of the company. Internal control system at Otokar includes standard definitions, job descriptions, authorization system, policies and written procedures within the work flows. The effectiveness of the Internal Control System is regularly audited by the Internal Audit Department.

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

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. Otokar operations are subject to the annual financial audits conducted by independent auditing firms, as well as audits conducted by public institutions. Moreover, 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 audit findings and suggestions for improvement are transferred to the relevant managers. When a violation or suspected violation of the rules of business ethics and anti-corruption is found within the scope of the audits, this situation is directly reported to the company's senior management. In 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.

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. Due to its sustainability efforts, Otokar has been listed in the BIST Sustainability Index, which includes companies with the highest corporate sustainability performance since 2014.

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

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.



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OTOKAR SUSTAINABILITY MODEL

R&D and Innovation for Continuous and Sustainable Development

- ▶ Product quality
- ▶ Life cycle assessment
- ▶ Minimizing the impacts of supply and value chain



Good Quality and Sustainable Products

- ▶ Practicing new technologies
- ▶ Alternative fuel vehicles
- ▶ Sustainable product design
- ▶ Digitalization



Innovative Solutions for Combating Climate Change

- ▶ Energy efficiency at production
- ▶ Zero waste
- ▶ Transition to low carbon economy



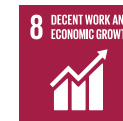
Brand Value and Customer Satisfaction

- ▶ Accessibility
- ▶ Customer satisfaction
- ▶ Brand value and reputation



Employee Satisfaction

- ▶ Employee loyalty
- ▶ Occupational health and safety
- ▶ Diversity and human rights
- ▶ Talent management



In 2021, Otokar's sustainability priorities were reviewed and revised. A prioritization study was conducted and stakeholder surveys were conducted by the Sustainability Team consisting of Human Resources, Environment, Investor Relations, Procurement, R&D and Corporate Communications units. 14 different stakeholder groups were included in the survey study. Following the stakeholder survey, a survey was also conducted for Otokar executives and managers. The Otokar Sustainability Model was created based on the work of the sustainability team, stakeholder surveys and executive surveys. The purpose of this model is to define a roadmap that will strengthen Otokar's business strategy in the automotive and defence industries as a responsible company in the fields of environmental-social-governance and that respects the environment, people and the future. Otokar Sustainability Model aims to reach the future with a holistic and inclusive perspective.



STAKEHOLDER COMMUNICATION

Stakeholder engagement is crucial for Otokar. It aims to create value for its stakeholders in all its activities. The main stakeholder groups of Otokar include customers, employees, suppliers and shareholders, public institutions and regulatory institutions, NGOs and the media. Adopting a constructive and transparent approach based on mutual trust and cooperation in its relations with stakeholders, Otokar keeps stakeholder communication active through various communication tools. While determining the communication method and frequency, it acts in accordance with the needs and expectations of each stakeholder group.

Transparency and accountability are among the main principles of Otokar. Otokar, a publicly traded company whose shares are traded on Borsa Istanbul, conducts its shareholder relations in line with the relevant laws and regulations and capital market legislation requirements, and communicates transparently and regularly with investors and shareholders through the Investor Relations Unit. 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. Provided that there is no breach of confidentiality, the requested information is shared with the shareholders.

Corporate Communications Department carries out stakeholder communication activities. In addition, the determination of corporate communication strategies

and practices, and the implementation of social development projects are also under the responsibility of the Corporate Communications Department. When identifying stakeholder groups to work together, it is ensured that the Stakeholder adopts ethical principles that is identical to that of Otokar and a constructive working culture focused on mutual benefit.

The corporate intranet channel is the main communication tool in communicating with employees. Internal management changes, important announcements and press releases are shared with the employees on this corporate intranet channel. Work life evaluation surveys, management bodies such as OHS committees, self-assessment meetings, open door meetings are other important channels used in internal communication. Through these communication channels, employees find the opportunity to contribute to the management processes by expressing their expectations and suggestions.

“This Month in Otokar”, Otokar Line Blog and Otokar News e-bulletin publications are channels used in communication with customers, authorized dealers and services as well as employees. Trainings organized for employees, authorized dealers and service centres are also important communication activities.

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 2021, the institutions Otokar is a member of are as follows:

Corporate Memberships

Heavy Commercial
Vehicle Importers’
Association

Foreign Economic
Relations Board of
Turkey (DEIK)

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

Uludag Exporters’ Union

→ RESPONSIBLE
MANAGEMENT FOCUSED
ON SUSTAINABLE
DEVELOPMENT

→ **CONTINUOUS AND
SUSTAINABLE
DEVELOPMENT**

→ GOOD QUALITY
AND SUSTAINABLE
PRODUCTS

→ BRAND VALUE AND
CUSTOMER SATISFACTION

→ EMPLOYEE
SATISFACTION

→ INNOVATIVE SOLUTIONS
TO COMBAT CLIMATE
CHANGE

→ CARING
FOR THE SOCIETY

CONTINUOUS AND SUSTAINABLE DEVELOPMENT



Otokar aims for continuous and stable development by focusing on sustainability. Putting forward responsible products that meet high quality standards, producing innovative solutions through R&D and innovation activities, considering the effects created by the products throughout their life cycle, reducing their impact on the supply and chain are the factors that serve Otokar to provide the highest benefit with the least impact.

STABLE GROWTH

Otokar, operating under Koç Group, is a pioneer 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.

Increasing its market share by four points in the total segments in which it operates, Otokar completed the reporting period as the bus market leader for the 13th time. Otokar has become the company whose one of every two vehicles sold in the small and medium-sized bus market, which grew by 5% compared to the previous year. In addition, Otokar continued to be one of the first choices in the 8.5-ton truck segment, which grew by 50% compared to 2020, and increased its sales by 64%, outpacing the market in this segment.

As a result of the significant purchases made by the municipalities in order to meet the increasing capacity needs in public transportation vehicles during the pandemic, the market has grown by approximately 75% compared to 2020. In this period, Otokar won the public transportation vehicle tenders in Istanbul, Ankara and Izmir, becoming the bus supplier of the three largest cities in

Turkey. Otokar was awarded with 100 BT buses (metrobus) orders with a total value of 606 million TL by the Istanbul Metropolitan Municipality.

In addition to its domestic successes, Otokar continued to make significant contributions to Turkish automotive exports by actively participating in foreign markets. In Europe, one of the target markets, along with the ongoing exports to countries such as Spain, France, Germany and Italy, the Bratislava public transportation company has ordered 40 Kent Articulated buses. Operating in the Middle East market as well as in Europe, Otokar won the tender for the purchase of 136 buses worth 32 million dollars by the Amman Metropolitan Municipality. In addition, the production and deliveries of the first buses started within the scope of the agreement signed the previous year for the production of the buses of Italian bus manufacturer Iveco Bus in Turkey.

Playing an important role in the alternative fuel vehicles and electric buses segment, Otokar received orders for a total of 76 natural gas buses from Romania, Azerbaijan and Ukraine. The electric city bus was introduced in Europe and is expected to yield export-oriented results next year.



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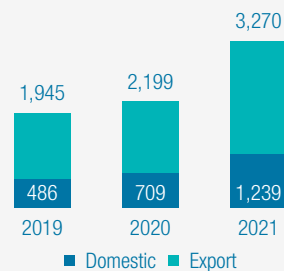
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Turkey's global land systems manufacturer, Otokar, has successfully completed the production and delivery of amphibious armoured vehicles within the scope of the 8x8 armoured vehicle project, which is one of the country's largest defence industry export agreements signed in 2017. Exporting defence industry products to more than 35 countries, Otokar continued to receive new orders in the reporting period, primarily from the African continent.

ASELSAN systems have been integrated into Arma 6x6, Arma 8x8 and Cobra 4x4 vehicles within the framework of cooperation in the defence industry. In addition, within the scope of the TUMSIS Project carried out jointly between ASELSAN and Otokar, Cobra II vehicles with satellite communication capability with the terminal on the move were included in the inventory of the Turkish Armed Forces (TAF).

DISTRIBUTION OF SALES
REVENUES (MILLION TL)



R&D AND INNOVATION

Developing new products and services in line with customers' expectations and needs, creating added value and maintaining competitiveness are among Otokar's sustainable priorities. In this context, the R&D Centre, which is among the few centres in the world, develops

technologies, designs and applications whose intellectual rights are completely owned by its more than 500 R&D employees.

Otokar carries out the design and production of high-tech vehicle groups

in-house. In the reporting period, the share of Otokar-designed vehicle sales in the turnover is 97%. Otokar's other capabilities in R&D include CAD programs for product development, prototype workshops and software, computer-aided analysis and simulation software, test mechanisms and software.



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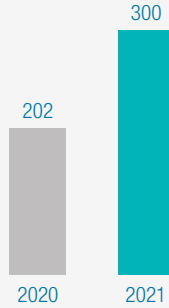
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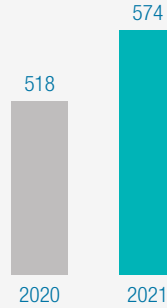
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R&D EXPENDITURE
(MILLION TL)



NUMBER OF
R&D EMPLOYEES



Otokar R&D Centre, which operates as an independent accreditation centre for international, domestic and international automotive and defence industry companies, is equipped with simulators, test equipment, computer systems to create and evaluate information in order to test the vehicles faster and with higher technology. Different sectors and companies can also benefit from the testing facilities of the R&D centre.

In the reporting period, Otokar's investments in R&D increased by 50% compared to the previous year and amounted to 300 million TL. As of 2021, the R&D Centre has 574 employees. Otokar has 62 patents and industrial design applications and continues to expand its product range. The share of Otokar-designed vehicle sales in the turnover is 97%.

Otokar has allocated **8%** of its turnover to R&D activities in the last decade. Thus, the total R&D expenditure of the company in the last decade have reached approximately

1.6 billion TL.



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PRODUCT QUALITY AND RESPONSIBILITY

In line with the goals and principles set by the Koç Group, together with its employees, Otokar aims to provide products and services of universal quality and standards, to continuously improve the safety conditions of products, and to ensure that customers are constantly informed about the products and terms of use. Within the framework of its product and service responsibility, it considers the social, environmental and economic effects that the services may cause.

Otokar improves the safety conditions of its products, ensures that customers are constantly informed about products and conditions of use, and takes into account the social, environmental and economic impacts of products and services. 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.

Otokar manufactures its products in accordance with the legal regulations of the markets where they will be used and monitors the compliance of the products in line with the legal regulations. In 2021, 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.

The fact that it operates in the defence industry carries the issue of product quality and responsibility to a critical position for Otokar. 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. Export of all defence industry products subject to requirements of related governments' export licence regulations.

LIFE CYCLE AT ASSESTMENT

Otokar aims to adopt a holistic approach in sustainable product design by considering not only certain points of production and products, but also the entire life cycle from cradle to grave. It evaluates its studies on this subject among its priority areas.



MINIMIZING THE IMPACTS OF SUPPLY AND VALUE CHAIN

Otokar aims to reduce the effects it creates on the supply and value chain by addressing sustainability at every point of the value chain with a holistic approach.

Otokar Supply Chain Compliance Policy is the basic guide document in the principles adopted and practices carried out in supply management. Prepared in accordance with Koç Holding Purchasing Management System and the UN Global Compact, the Policy aims to share Otokar's basic principles and values with its suppliers, while creating a roadmap for suppliers regarding the standards to be followed. With this Policy, which is an integral part of Otokar's Ethical Principles, suppliers undertake to comply with the UN Global Compact principles and ISO 14001 Environmental Management System requirements. The General Manager is responsible for monitoring the suppliers' compliance with policies and legal regulations.

In the supply selection process based on competitiveness and compliance with world standards, suppliers are evaluated in terms of their financial, commercial, operational processes, social, environmental and economic performances. Suppliers that pass the assessment are collected in the supplier pool and all purchases are made from this pool. During the reporting period, Otokar carried out direct and indirect purchasing activities with 1,356 suppliers, of which 1,084 were local, through this pool. During the period, approximately 2.5 billion TL procurement expenditures and local

procurement activities was at 59% level.

Uninterrupted communication plays a critical role in ensuring operational continuity in the supply chain. The scope and limits of supplier communication are identified in the Otokar Supplier Relations Policy. Various channels have been created to strengthen communication with suppliers. In line with this, Otokar has implemented various communication channels. At Otokar, purchasing policies and purchasing developments are communicated to the suppliers via the vRSM Portal, and procurement processes are also followed through this portal. VMI (Vendor Managed Inventory), BTO (Build to Order), KANBAN and JIT (Just in Time) are other programs used to increase the efficiency of procurement operations. In addition to digital communication channels, face-to-face meetings also play an important role in Otokar's supplier communication.

Compliance in the supply chain is checked by supplier audits. In this process, the performances of the suppliers are evaluated in terms of quality, logistics, cost, environment, working norms, human rights and occupational safety. The main framework of this assessment comprises of the UN Global Compact. In audits conducted with a risk-oriented approach, suppliers that are signatories of the UN Global Compact and suppliers with ISO 14001, OHSAS 18001, ISO 9001 standards are considered as low risk groups and audit priority is given to this group.



1,356
Active Suppliers

2.5 Billion TL
Procurement Expenditure

59%
Local Supply Rate

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While cooperation with suppliers that do not meet the minimum working criteria is terminated as a result of the audits, suppliers that provide the expected performance are supported with trainings and development plans.

During the reporting period, Otokar launched the Supplier Evaluation Portal with the aim of monitoring and evaluating supplier performances with accurate and objective data. In this way, a lively, objective and transparent evaluation was made for all domestic suppliers.

In the reporting period, 20 suppliers were evaluated in terms of social and environmental criteria. As a result of the audit, there are no supplier companies with which business partnership is terminated. Also, during the period, 100 suppliers received training on environment and 685 suppliers received training on social issues. Otokar uses the Business Ethics Self-Audit to help local suppliers perform self-audits in business ethics. During the period, no nonconformity was observed in responding suppliers.



**You can
access Otokar
Supplier
Relations
Policy [here](#)**

**You can
access
the Otokar
Supply Chain
Compliance
Policy [here](#).**



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GOOD QUALITY AND SUSTAINABLE PRODUCTS



Continuing its activities in the commercial vehicle and defence industry markets at home and abroad with the aim of sustainable growth with 100% domestic capital, Otokar attaches importance to the development and design of high quality and sustainable products.

IMPLEMENTATION OF NEW TECHNOLOGIES

One of Otokar's sustainability priorities is the use of new technologies in design, production and distribution processes. Otokar invests in technology, design and innovative applications whose intellectual rights are fully owned by Otokar in order to increase the added value and competitive advantage it provides and to meet customer expectations in the best way possible.

Otokar continued to expand its product range in the reporting period as well. Continuing its research and development studies on smart transportation and smart buses including alternative fuel, electric, self-driving vehicles, Otokar carries out Turkey's first smart Autonomous Bus studies. Developed in cooperation with Otokar R&D engineers and Okan

University, the bus will provide the infrastructure for the autonomous city vehicle that Otokar will develop in line with the zero-accident target, which is in the European Union 2050 targets.

Focusing on developing autonomous applications not only in the commercial vehicles segment, but also in land systems, Otokar signed a cooperation agreement for autonomous development and applications for unmanned and robotic operations of military vehicles with Milrem Robotics, Europe's leading robotics and autonomous system developer, at the DSEI 2021 fair in London. With this cooperation, Otokar has taken an important step towards creating the unmanned land vehicles segment in addition to its existing product family.



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ALTERNATIVE FUEL VEHICLES

The intensity of transportation activities and the increasing number of vehicles have negative effects on climate change. At the point of reducing these effects, it is important to produce and use low-emission, energy-efficient and low-cost vehicles. As one of the leading players in the sector, Otokar carries out studies to reduce emissions arising from the use of products within the scope of its R&D studies. Within these studies, it focuses on low-emission vehicles and alternative fuel vehicle technologies in public transportation vehicles. Otokar develops alternative fuel vehicles whose intellectual rights belong to it, and reorganizes its existing vehicle portfolio in such a way that its engine systems have lower emission values. Otokar carries out its product development activities by considering the low carbon economy and stakeholder expectations.

The Akrep Ile vehicle developed by Otokar within this scope are Turkey's first electric

armoured vehicles. The vehicle is equipped with an infrastructure that allows the use of alternative power groups such as electric, diesel and hybrid. Akrep Ile also offers an infrastructure that will accelerate the transition to autonomous vehicles.

Being the first in Turkey in the production of electric buses, Otokar continues to introduce the electric bus e-Kent, which it added to its product portfolio in 2019, throughout Turkey and Europe. It was introduced at the 12th Transport and Communications Council in Turkey and at IAA Mobility 2021 in Germany (Munich). Continuing its European promotional journey with Spain, Italy, Romania, France and Benelux countries, e-Kent also met with the participants at the Gala Tranzit event in Romania. The aim is to contribute to the sustainable development of cities in urban transportation by offering a cleaner environment, quieter traffic and higher efficiency of the 100% electric bus e-Kent.

SUSTAINABLE PRODUCT DESIGN

Otokar, the successful and pioneering representative of the Turkish defence industry, signed a cooperation agreement with Milrem Robotics, Europe's leading robotic and autonomous system developer, at the DSEI Fair, which it attended with its Cobra II MRAP mine resistant ambush protected vehicle and Tulpar tracked armoured vehicle. With this cooperation, the experience and resources of the two companies in autonomous development

and implementation for unmanned and robotic operations of military vehicles will be combined, and thanks to this cooperation, environmental awareness and hybrid applications will emerge, as well as intelligent functions, encryption and security features. The agreement, which covers the existing product families, is an important step that will take Otokar one step further in establishing the unmanned ground vehicles segment.

Otokar's bus, Territo U, which stands out with its strong, dynamic and innovative design, was awarded in the "Mobility" category at the BIG SEE Awards 2021, attended by 21 countries.

Territo U crowned its success in design by receiving the **second award** in the field of "Transportation and Public Transport" in the European Product Design Award organization, where thousands of design projects from all over the world compete.



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DIGITALIZATION

Adopting the digital transformation, which has become a strategic necessity, as the key to the future, Otokar sees this transformation as a business strategy and opportunity area that affects all processes and increases efficiency, profitability and competitive advantage.

The Company, which closely follows the requirements of the era, also aims to be a pioneer in the digital transformation journey in the sectors in which it operates. Otokar, which has been developing its own technology since its establishment, preserving the identity of being local and

national in its products, and acting with the philosophy of excellence in every field, has designed its strategy on digital transformation with the aim of making it a corporate culture. In line with this goal, Otokar has identified four main themes for its digital transformation vision. Nearly

20 projects are carried out within the framework of the themes determined as Customer-Facing Digital Channels, Digitized Production and Supply Chain, Analytical Decision and Marketing, and Digital Products and Services.



Digitalization Projects

- ▶ **Under Vehicle Quality Control System:** Within the scope of the project, a system that takes images and detects anomalies with camera sensors under the vehicle has been developed. Integrations have been completed so that the generated reports can be viewed on Otokar's Digital Quality platform.
- ▶ **VALU3S (Verification and Validation of Automated Systems' Safety and Security):** Otokar has determined the requirements, test scenarios and success criteria of the solution to be developed as an application area provider. The development of secure solutions for server and PLC communication, manipulation of robot trajectory, user authentication protocol, system infiltration scenarios (MitM – Man in the Middle, DoS – Denial of Service, Address Resolution Protocol Poisoning attacks) has been completed.
- ▶ **Factory IoT Applications:** An IoT infrastructure has been established that monitors the temperature of the bus bars used in electrical power distribution and gives warnings before heating-related malfunctions occur. It is aimed to integrate many systems in the factory into this IoT platform and ensure their traceability.
- ▶ **Forklift Camera Integration:** An integration has been developed that takes the image showing the position of the fork and pallet with the camera placed on the forks of the forklift and brings it to the tablet screen in front of the operator. With this integration, it is easier for the operator to centre the fork while picking up the pallets at high points from the warehouse shelves and possible work accidents are prevented.

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The trust placed in the Otokar brand makes Otokar the most preferred brand in the Turkish bus market. Putting customer satisfaction at the centre of its activities, Otokar carries a high brand value in the eyes of its customers with its products and services that respond correctly to customer expectations and comply with the expectations of the age.

CUSTOMER SATISFACTION

Establishing long-term relationships with its customers based on trust is one of the main issues that Otokar attaches importance to. It is aimed to provide a high level of customer satisfaction by considering the needs and expectations of the customers. At Otokar, customer satisfaction is managed by the units working under the Marketing and Sales Assistant General Manager within the framework of Otokar Customer Satisfaction Policy and Otokar Quality Policy.

Customer satisfaction quality assurance at Otokar is provided by ISO 10002 Customer Satisfaction Management System Standard and ISO 10001 Quality Management-Customer Satisfaction certifications. Customer satisfaction in after-sales services is guaranteed with TS 12681 and TS 12047 Authorized Service Qualification Certificates. Otokar Customer Services produces permanent solutions to customers' demands, expectations and notifications and provides uninterrupted service.

Aiming to ensure unconditional customer satisfaction, Otokar conducts surveys for this purpose. Areas that need improvement

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.

are shared with the relevant units and improvement processes are followed.

Otokar fully informs its customers about its products and services. Otokar customers are informed through Otokar official website, product information forms, user manuals and vehicle modification guides. Customers can access product contents, usage features, environmental impact and safe usage conditions through these channels, and convey their opinions and suggestions via Otokar Customer Services Line, website, authorized dealers and services.

Brand Value and Reputation

We are expanding our sphere of influence by combining our human-oriented sustainability model with customer relations management. We find it very valuable to keep customer satisfaction at the highest level with the post-production service we provide to our customers. For Otokar, customer satisfaction is one of the most important topics that determine its brand value and reputation.



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In the reporting period, within the scope of activities to ensure sustainable customer satisfaction,

• Otokar launched the **Customer Loyalty Program** through the Customer Mobile Application.

• **Otokar Academy online training portal** was launched to support both authorized service providers and customers with trainings.

• Offering low maintenance costs and affordable parts to its users, Otokar organized two “**Service Days**” campaigns for commercial vehicles.

• 1,476 hours of alternative fuel vehicle training was given to 2,275 people in 11 countries; **service, dealer, public institution and fleet trainings** were organized in 19 cities.

Otokar Mobile Application: Otokar App

Otokar App is an important instrument in ensuring customer satisfaction. Processes such as providing instant communication with current and potential customers, providing product information and training, collecting customer data in accordance with legal regulations, measuring the customer perception index and executing marketing and sales activities quickly can be carried out easily through this application. In 2021, the number of customers actively using electronic sales platforms was 4,100.

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Confidentiality of Information

Otokar regards its information assets, including consumer information assets, as an important asset and takes all necessary measures to ensure that these information assets are protected and stored uninterruptedly, securely and consistently. Protection of personal data is one of the issues that Otokar meticulously manages. Otokar's Personal Data Protection Policy includes the principles adopted by the company in the execution of personal data processing activities.

The processes of collecting and using information are carried out in accordance with ISO 27001 Information Security Standard and AQAP 2110 NATO Quality Assurance Requirements for Design, Development and Production within the framework of Otokar Information Security Policy. Personal data owners are informed transparently about the protection of data, customer information is obtained with the express consent of the customers after reading the clarification text. The data 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, especially CRM Centre employees, receive training on the protection of confidentiality and guarantee confidentiality. Confidentiality processes are followed regularly. In 2021, no complaints were received about breach of customer information privacy and loss of customer data.



You can
access Otokar
Information
Security
Policy here.

You can
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Customer
Satisfaction
Policy here.

You can
access
Otokar's
Personal Data
Protection
Policy here.

You can
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Quality Policy
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EMPLOYEE

SATISFACTION



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DEVELOPMENT

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DEVELOPMENT

→ GOOD QUALITY
AND SUSTAINABLE
PRODUCTS

→ BRAND VALUE AND
CUSTOMER SATISFACTION

→ **EMPLOYEE
SATISFACTION**

→ INNOVATIVE SOLUTIONS
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EMPLOYEE SATISFACTION

Otokar adopts a management approach that puts people in the centre. Believing that employee happiness and commitment will bring success in business life, Otokar supports the high motivation and continuous development of employees. It offers its employees a fair, equal and respectful work environment where their rights are protected. Approaches that can be characterized as discrimination are not allowed at any stage of human resources. The approach of "equal pay for equal work" is essential in remuneration of employees. Working life at Otokar is organized within the framework of fundamental values of respect, trust, human rights and equality.

EMPLOYEE LOYALTY

Otokar aims to manage the employee experience as a whole, from candidate experience to internship experience, from employee experience to family experience, and to implement original and innovative practices in this regard. Implementations are carried out within the framework of the vision of being the best in the world in terms of employee experience, whose components are determined under the leadership of Koç Group. In order to achieve this vision, it aims to implement good employee experience initiatives in the company. It contributes to community-wide employee experience initiatives under the leadership of the Human Resources Directorate. Within the framework of this approach, Otokar especially strengthens the employee listening mechanisms and

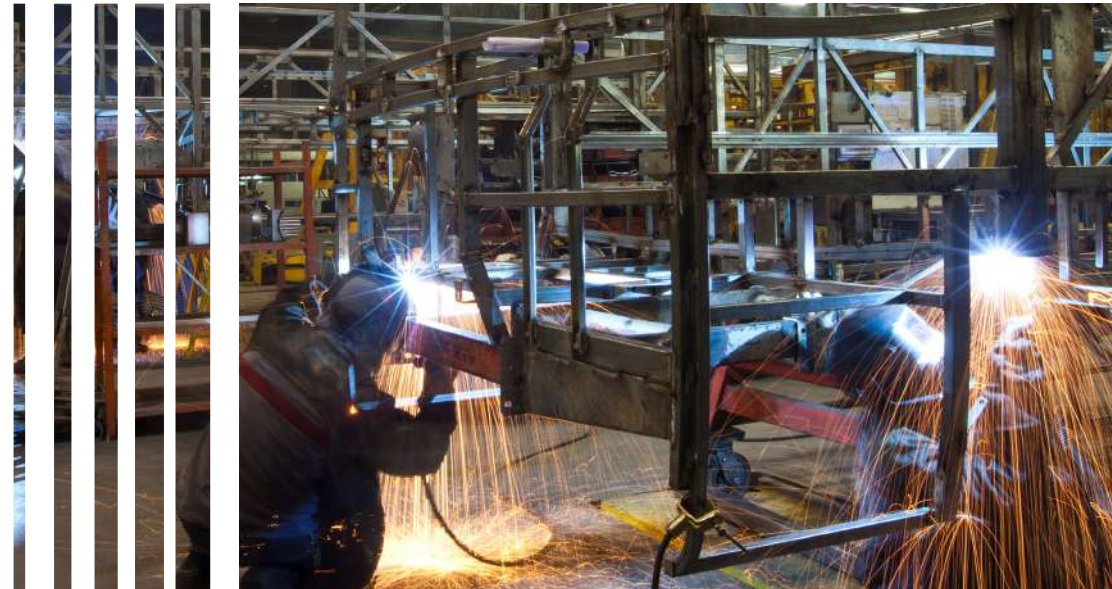
carries out activities to listen to the voices of employees in different fields throughout the year, ensuring that actions are taken to turn the experience of employees into positive ones.

Measurements were made and actions were initiated in many areas such as the Employee Engagement Survey conducted across the Group, instant surveys, experience-oriented surveys, candidate experience, trainee experience, food and service experience. During the reporting period, Otokar's employee engagement score increased by 11.5 percent. In the "Kincentric Best Employers" research conducted by Kincentric, one of the world's leading companies in the field of human resources and management consultancy, Turkey's leading automotive and defence industry company Otokar was awarded with the "Turkey's Best Workplace" award for the third time in a row.

Employer Perception Survey was conducted in cooperation with Great Place to Work during the period. In this context, Otokar's strengths and areas open to improvement, along with the opinions of the employees, were shared with the senior management in the form of a detailed report. Based on the results of the report, focus and action groups for development areas were determined and necessary actions were taken. Otokar was also among the best employers by obtaining the title of "Great Place to Work Certified" as a result of the Employer Perception Survey.

EXCITE

The EXCITE application, where Otokar employees can instantly share their experiences, was launched. With this tab added to the employee application, employees can share instant feedback on all aspects of the employee experience, from hygiene factors to family experience. The posts they make are shared with the relevant teams, and answers are sent explaining how to take action or why no action can be taken. As a result of the shares made so far, 114 actions have been answered positively.



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Social Facilities

At Otokar, the working environment and practices are organized paying regard to the balance between work and private life. In order to support the social life of the employees and to strengthen employee communication, activities are carried out where they can socialize outside of work. In this context, employee club activities (such as Travel Club, Cycling Club, Culture and Art Club, underwater club, social responsibility club, nature sports club), in-company celebrations, sports tournaments (football, volleyball, backgammon, table tennis, bowling, etc.) and nature walks are organized for the participation of the entire Otokar Family. In addition, employees successfully represent the team spirit of Otokar in corporate competitions such as Koç Sports Festivals.

With the advantages of KoçAilem privilege platform, Otokar employees, as part of the Koç community, benefit from current discounts in all areas of life, from shopping to travel, from education to art, all around Turkey. In addition, they can get discounted services from many contracted companies in the fields of health, sports, entertainment and education by taking advantage of the regional advantages specific to Sakarya and Izmit.

For employees who have just joined the Otokar family, a guest house is offered in the Sakarya Region. Thus, it is easier for new employees to adapt to their new life that they will establish in Sakarya.

DIVERSITY AND HUMAN RIGHTS

The issue of human rights is one of Otokar's core values and one of the priority issues of sustainability management. Otokar adopts an understanding that respects human rights towards its stakeholders in the communities in which it operates based on the Universal Declaration of Human Rights.

Otokar published its Human Rights Policy in 2021 to create a guide that reflects its approach and standards on human rights. This policy is binding on all Otokar employees and managers. Business partners are also expected to comply with this Policy. Koç Holding Human Rights Policy, UN Guiding Principles on Business and Human Rights, ILO, Universal Declaration of Human Rights were taken as references in the creation of the Human Rights Policy.

Otokar's basic principle in human resources management is to provide 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, remuneration, fringe benefits and diversity. It respects the rights of its employees to establish and join non-governmental organizations at their own discretion.

Otokar supports the union rights of employees. By providing a free working environment, it enables its employees to exercise their right to collective bargaining and association. As of 2021, all field employees working at Otokar are union members.

Human resources processes at Otokar are carried out within the framework of Otokar Human Resources Policy and Personnel Regulation. The UN Global Compact to which Koç Holding is a signatory is also binding on Otokar's operations and value chain.

Otokar is against child labour, forced labour, all kinds of discrimination and harassment and never compromises its position. Otokar takes into account the following international standards and principles regarding Human Rights:

- The UN Guiding Principles on Business and Human Rights (2011),
- UN Global Compact (2000),
- ILO Declaration on Fundamental Principles and Rights at Work (1998),
- Women's Empowerment Principles (2011),
- Worst Forms of Child Labour Convention (No. 182),
- OECD Guidelines for Multinational Enterprises (2011)

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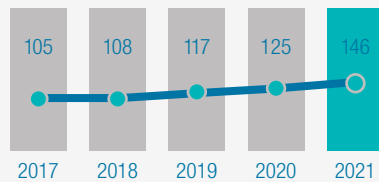
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One of the most important elements of Otokar's understanding of diversity and human rights is gender equality. Believing in the importance of the approaches of corporate organizations in ensuring gender equality, Otokar adopts policies that eliminate gender inequalities with this awareness. Otokar aims to contribute to the achievement of gender equality by implementing practices that support women's employment and are based on equality in business life. Aiming to spread this stance throughout the organization with its talent management programs, Otokar employs 146 female employees and 23 female managers. Unswerving to support the development of female employees, Otokar is a signatory to the Equality at Work Declaration published by the Equality at Work platform, and the Women's Empowerment Principles (WEPs), a joint initiative of UN Women and UN Global Compact.

Otokar aims to provide equality of opportunity, diversity and inclusiveness at all levels in the light of these engagements and Otokar's Ethical Principles. Otokar believes that diversity in business life and especially in decision-making mechanisms will contribute to company performance. In this direction, it gives importance to diversity in the eyes of the members, together with its knowledge and experience at the level of the Board of Directors.

In order to take its practices on diversity and equal opportunity one step further, Otokar established and put into effect the Diversity Policy of the Board of Directors in 2021. The rate of female members in Otokar's Board of Directors is targeted to reach 25 percent within 5 years. Currently, female members constitute 12.5 percent of Otokar's Board of Directors.

NUMBER OF FEMALE EMPLOYEES



.....
You can
[access Otokar
Board of
Directors'
Diversity Policy
here.](#)
.....

.....
You can
[access
Otokar's
Human Rights
Policy here.](#)
.....

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

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

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EMPLOYEE DEVELOPMENT

At Otokar, the understanding of continuous development of human resources is dominant, and in this context, there are many opportunities for employees to gain new knowledge and skills and strengthen their competencies. At Otokar, it is believed that training and development efforts make significant contributions to employee motivation and Otokar's future business success.

Otokar's understanding of talent management is based on qualifying its human resources and increasing the motivation and productivity of its employees. The performance of the employees is monitored individually and development studies are organized for the needs of each employee.

The roadmap of employee development at Otokar is determined through performance evaluation and development planning meetings. Employees' development is supported by face-to-face and online trainings organized inside and outside the company, and trainings held at Koç Holding and Koç University. With the trainings, it is aimed to develop the individual and professional competencies of the employees. Within the scope of employee development activities, a total of 8,316 person*hour training was provided in 2021, with 3,822 person*hour for office employees and 4,494 person*hour for field workers.

With the Otokar OtoRota online training development catalogue, 16 behavioural and 9 technical training activities were carried out. In 2021, training on 304 different topics was given in 55,939 hours, and each Otokar employee received 25.15 hours of training. The satisfaction rate of the trainings is 90%. 222 field workers in different fields have obtained Professional Competence Certificate. "Development Journey" trainings were given to Otokar employees who have just started their job. In addition, Otokar employees participated in various trainings throughout the year.

Leadership trainings also play an important role in Otokar's training activities. Leadership trainings are given in order

to develop the leadership skills of the employees and to gain new leadership skills. In 2021, Otokar employees received a total of 6,600 person*hour leadership trainings.

Otokar benefits from the opinions and suggestions of its employees in the determination of strategies and decision-making processes. Thanks to the Otokar Suggestion Collection System, the creative ideas of the employees have the opportunity to be reflected in the management processes. The ideas of the employees are evaluated by the Suggestion Evaluation Supreme Board and the appropriate suggestions are implemented.



Performance Evaluation

Employee performance is evaluated with systematic measurement and evaluation tools. At the end of the year, performance evaluation interviews are held and employees are given feedback on their performance. In the reporting period, all employees of Otokar received performance feedback.

Employee remuneration is based on performance. Objective methods that do not allow discrimination are used in remuneration. In the remuneration of the members of the Board of Directors and senior executives who have administrative responsibility within the scope of CMB regulations, Otokar's Remuneration Policy for the Board of Directors and Senior Executives is included.



[You can access Otokar's Remuneration Policy for the Board of Directors and Senior Managers here.](#)

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OCCUPATIONAL HEALTH AND SAFETY

Otokar considers its employees as its most important asset in its efforts to obtain competitive advantage and achieve its strategic goals in line with its main fields of activity. It takes the necessary measures to create a healthy and safe environment for its employees and everyone who is on the factory site for work, internship or visit.

Occupational health and safety issues are conducted within the framework of ISO 45001 and OHSAS 18001 OHS management system standard and Otokar OHS Policy. OHS Policy is shared with the employees and other stakeholders through various means of communication. The Occupational Health and Safety Unit is responsible for ensuring the safety of workplaces and the management of OHS. The OHS Unit consists of occupational safety specialists, occupational physicians and auxiliary health personnel. The OHS Unit reports to the Human Resources Directorate reporting directly to the General Manager.

Issues such as employees' participation in occupational health and safety processes, reducing risks and improving performance are handled through OHS Committees. Accident indicators are evaluated, accident causes are analysed, and the measures taken are shared through regular OHS Board Meetings. Union representatives express their opinions and suggestions directly at the OHS Board meetings and related issues are evaluated.

Digitalization at Occupational Health and Safety Processes

In 2021, Otokar carried out many digital studies within the scope of occupational health and safety. Business processes such as suppliers' document controls and work permit approvals were transferred to the digital environment, and the necessary trainings were given through digital media. Within the scope of Covid-19, health checks and follow-ups of all employees were followed daily by the health teams with digital software.

In 2021, Otokar was awarded with the "Recommended Application" award with its good practice proposal titled "Digital Solutions in the Pandemic Period", implemented in the Digital OHS category at the MESS Occupational Safety Stars OHS competition.



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**You can
access Otokar
Occupational Health
and Safety Policy
here .**
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In order to reduce OHS risks and increase performance, monthly and annual OHS targets and work programs are established on an employee and unit basis. OHS performance is reported to the relevant units on a monthly basis and shared with the senior management at the Management Review Meetings held once a year.

Within the scope of OHSAS studies, recommendations on occupational health and safety are also presented to the senior management at these meetings. During the reporting period, 12 Occupational Health and Safety Boards and 6 Contractor Occupational Safety Boards were organized. As of 2021, 36 members, 12 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.

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.

Increasing the level of knowledge and awareness of employees is as important as management strategies in improving occupational health and safety performance,

preventing accidents and adverse health conditions. In this regard, Otokar provides OHS trainings for both company employees and contractor employees. In 2021, a total of 12,862 person*hour OHS training was provided, and 2,010 employees attended the trainings. As a result of Otokar's preventive and corrective approach to occupational health and safety, no fatal occupational accidents have occurred since 2012.

Employees can convey their opinions and suggestions regarding occupational health and safety, and dangerous situations they have detected, via the company's intranet system. Notifications about opinions and suggestions are answered by the authorities. Risks notified through risk information system 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.

OHS studies continued unabated during the pandemic, and the pandemic measures were implemented in 2021 as well. Occupational health and safety TSE COVID-19 Safe Production Certificate audit was successfully completed for the second time. Emergency plans have been revised according to incoming notifications. Case algorithm instruction updates have been made regularly according to data from the Ministry of Health and Koç Holding. Organizations were organized for BioNTech and Sinovac vaccination, and the rate of vaccination of two doses or more was 99.8% at Otokar during the reporting period. HES code and vaccination data are entered via the employee mobile application.



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Otokar aims to carry out all its operational processes in a way that has the least impact on the climate. In climate and environmental management, legal requirements and international standards are followed. In studies based on these subjects, stakeholder views and good practices from around the world are used. In the light of these practices, Otokar aims to develop innovative solutions in the fight against climate change.

COMBATING CLIMATE CHANGE

At Otokar, efforts to combat climate change are carried out within the framework of Environmental Policy, Energy Policy, R&D Strategy and Koç Group Climate Change Strategy, Koç Group Climate Change Management. Strategies for climate change are determined by the Otokar Board of Directors. The General Manager is responsible for identifying studies in line with the strategy and implementing them in line with policies and legal regulations. While the relevant units are working on reducing the amount of energy consumed and the number of emissions released; the top management monitors the calculation and reporting of greenhouse gas and other emissions. The performance results obtained from the

studies carried out are evaluated by the senior management at the meetings held at regular intervals.

At Otokar, the issue of climate change is managed with an approach that considers risks and opportunities. In 2021, a climate change focused risk analysis study was carried out within the scope of TFCFD (Task Force on Climate-Related Financial Disclosures). Sustainable products, services and strategies that facilitate the transition to a low carbon economy were evaluated on the axis of risk and opportunity. The main strategy it follows in the fight against climate change is to carry out studies to limit the effects of Otokar products and production processes on the climate.

In 2021, Otokar also commissioned the Cataphoresis Facility, which will provide long-term protection against corrosion. With this Cataphoresis Facility, progress has been made in prevention of air pollution.



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ENVIRONMENTAL MANAGEMENT

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.

In environmental management, Otokar works with different stakeholder groups and non-governmental organizations by establishing various partnerships and focusing on collaborations in order to create a wider impact. As a Koç Group Environmental Committee Member, Otokar participates in monthly periodic meetings. At these meetings, it shares its good

practices with other Koç Group companies and ensures their dissemination. Otokar is also a member of the OSD and TUSIAD Environmental Working Groups.

In 2021, Otokar spent

1,278,615 TL

on environmental management and investment.

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Otokar's environmental performance follow-up is done through internal periodic audit processes and annual audits of Koç Holding Audit Group. The compliance of Otokar's activities with environmental standards is also monitored periodically through independent external audits. Otokar operations are also subject to inspections by the T.R. Ministry of Environment, Urbanization and Climate Change. Otokar submits performance reports to the Ministry on greenhouse gas emissions, VOC emissions, waste water, hazardous

and non-hazardous waste. Due to Otokar's sensitive position and responsible approach to environmental compliance, no complaints or environmental penalties were received during the reporting period due to environmental impact.

Environmental impacts are monitored as part of corporate risk management. The obvious risks identified in this area are analysed and the Environmental Impacts are recorded in the Environmental Impact Register. It is essential to reduce these risks and improve environmental performance. The Environmental Impact Register is renewed when there is a change in environmental risks.

Annual and five-year goals are identified for environmental performance in accordance with the Otokar Management Systems Procedure for Determination of Environmental Objectives, Targets and Management Programs. In addition to setting goals, this procedure also includes activities for the implementation and evaluation of these goals. It is ensured that the actions taken towards the realization of environmental targets are compatible with the vision and strategy of Otokar and Koç Holding.

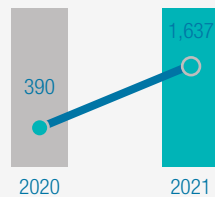
At Otokar, environmental targets are also included in the individual performance evaluation and remuneration system, and the environmental performance of the employees is evaluated and followed up with the target card systematic. These evaluations are reported to the General Manager and the Board of Directors. Environmental training activities are also organized in addition to regular training activities in order to inform and raise awareness of the employees about the environment. In 2021, Otokar employees received 1,637 person*hours of environmental training.

Otokar presents its environmental studies and environmental performance to its stakeholders through Koç Holding reporting studies, Otokar Line Blog, This

Month at Otokar Bulletin, Otokar OHS Bulletin, supplier 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. In this context, Otokar considers compliance with environmental standards and environmental management criteria when choosing its suppliers. The environmental performance of suppliers is monitored through audit and evaluation activities. In cases where it is deemed necessary for suppliers to make improvements, improvement plans are prepared for the suppliers and the level of implementation of the plans is monitored.

ENVIRONMENTAL TRAININGS
(PERSON X HOUR)



Otokar was awarded the Environment Award in the "Automotive" sector in the "Large-Scale Enterprise" category at the KSO Şahabettin Bilgisu Environment Awards.



You can
access Otokar
Environmental
Policy here.

You can
access Otokar
Energy Policy
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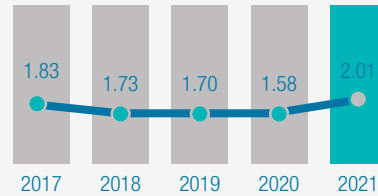
ENERGY EFFICIENCY IN PRODUCTION

Otokar deals with the issue of energy efficiency in production within the scope of combating climate change and aims to limit the amount of energy used and emissions that come out while carrying out its production activities.

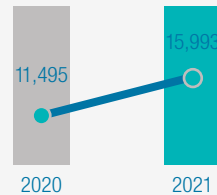
Otokar's emission performance is calculated based on direct and indirect energy consumption values and by using ISO 14064-1:2006 Standard, GHG Protocol, IPCC 2006 Tier 1 methods; and the results are reported annually.

In the reporting period, a total of 169,235 GJ of energy was consumed, 107,103 GJ of which is direct and 62,132 GJ is indirect, while a total of 15,993 tons of CO₂e were emitted, 7,910 tons of CO₂e being direct and 8,083 tons of CO₂e indirect. Due to the efficiency studies carried out, we achieved a total of 2,463 GJ energy and saved 319 tons of CO₂e.

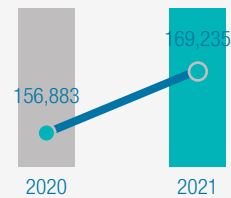
EMISSION TREND PER
VEHICLE PRODUCED
(ton CO₂e/unit)



Greenhouse Gas
Emissions (Ton CO₂e)



ENERGY CONSUMPTION
(GJ)



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ZERO WASTE

Otokar aims at minimizing waste generation in production processes and recycling and reusing the generated waste at the highest rate within the framework of the circular economy and zero waste approach.

In the reporting period, a total of 4,543 tons of waste, 451 tons of which is hazardous and 4,092 tons of which is non-

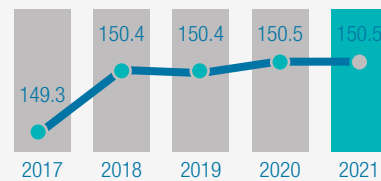
hazardous, was generated and 99% of the waste was recovered by various methods. Thus, there was a 16% increase in cyclicity compared to the previous year.

Otokar refers to reuse and recycling in water use, as in the materials used in production. During the period, 150,500 m³ water is reused through recycling and recovery practices.

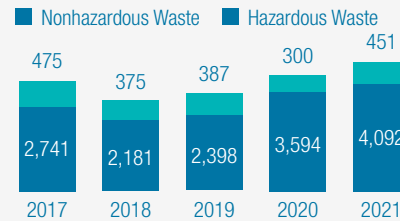
Waste Water Management

Waste water from Otokar's five waste water treatment plants - two domestic and three industrial - 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 delivered to the discharge points. In 2021, a total of 150,000 m³ waste water has been discharged to waste water channel and natural receiving environment.

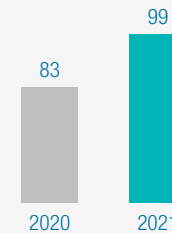
AMOUNT OF WATER RECYCLED
(thousand m³)



WASTE AMOUNT BY TYPE
(TON)



RECYCLING RATE
(%)



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TRANSITION TO A LOW CARBON ECONOMY



Today, repellent factors such as Border Carbon Tax regulations, increasing pressure from investors and consumer demands play a major role in companies taking action on the transition to a low carbon economy. In this context, Otokar continues to work on the effects of the Green Agreement on trade with the EU, especially the Carbon Tax at the Border regulations, and meticulously follows the Carbon Transformation Program, which is handled within the scope of the Koç Group, in line with its goal of being carbon neutral by 2050.

Otokar acts with the awareness that it has important areas of influence in its journey to transition to a low carbon economy, and aims to transform its products in a way that will meet the expectations of investors and consumers. In this context, focusing on green transportation solutions, Otokar carries out alternative fuel vehicles, electric and high fuel efficiency vehicle development projects. While investing in technologies with reduced emission levels, the engine systems of existing vehicles are also rearranged to have lower emission values.

Otokar's 12-meter city bus e-Kent, which runs on 100% electricity has features such as a cleaner environment, quieter traffic, lower operating costs and higher efficiency. During the reporting period, Otokar continued to promote e-Kent in Turkey and Europe. e-Kent, which was introduced at the 12th Transport and Communications Council in Turkey and at IAA Mobility 2021 in Germany (Munich), was presented to Spain, Italy, Romania, France, Benelux countries as part of the European promotional tour, and tested by private and public transport companies in the countries where it was introduced.

Otokar, which produces natural gas city buses in the category of alternative fuel vehicles, received orders from Romania, Azerbaijan and Ukraine during the period.

Akrep Ile, Turkey's first electric armoured vehicle, has an infrastructure that allows the use of alternative power groups such as electricity, diesel and hybrids and will accelerate the transition to autonomous vehicles. During the reporting period, Akrep Ile was introduced at IDEX 2021 held in Abu Dhabi, the capital of the United Arab Emirates.

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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 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.

Otokar is aware of the impact of its activities on its stakeholders, the environment and the society as a whole, and takes responsibility for sustainable development. Otokar's Social Investment Policy, which is an integral part of Otokar's

Ethical Principles, reveals the importance Otokar attaches to contributing to the welfare of the society it is in contact with and to the sustainable development of the environment.

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 strives to eliminate gender inequality. In this context, Otokar supports the activities of “Supporting Gender Equality” initiated in 2015 of “For My Country Project”. Otokar has been the signatory to Women Empowerment Principles (WEPs), a joint initiative of United Nations Women and United Nations Global Compact since 2017.

DESIGNING FUTURE FOR MY COUNTRY

Otokar continued to support Koç Group's Designing Future for My Country Project, which was implemented in line with the goal of building a meaningful future for society, in 2021 as well.



**You can access
Otokar's Social
Investment Policy here.**

PERFORMANCE INDICATORS

Environmental Performance Indicators	2017	2018	2019	2020	2021
Total Energy Consumption (GJ)	171,069	137,033	158,992	156,183	169,235
Total Direct Energy Consumption by Source (GJ)	113,142	55,044	101,751	103,607	177,756
Renewable energy	241	240	240	240	240
Non-Renewable energy	112,901	54,804	101,511	103,367	177,516
Total Indirect Energy Consumption by Source (GJ)	57,927	54,804	57,241	52,576	62,132
Renewable energy	0	0	0	0	0
Non-Renewable energy	57,927	54,804	57,241	52,576	62,157
Energy Consumption Per Unit (GJ/unit)	24,00	19,60	7,62	7,23	8,14
Energy Saving (GJ)	856	559	1,469	1,526	2,463
Total Greenhouse Gas Emission Amount (Ton CO ₂ e)	13,570	11,968	12,790	11,495	15,993
Direct(Scope1)	5,845	4,660	5,157	4,952	7,910
Indirect (Scope2)	7,725	7,308	7,633	6,543	8,083
Greenhouse Gas Emission Reduction (Ton CO ₂ e)	138	44	259	300	319
Greenhouse Gas Emissions per Unit (Ton CO ₂ e/unit)	1.83	1.73	1.70	1.58	2.01
Total Water Withdrawal (m ³)	162,823	155,496	152,058	183,907	226,435
Underground Water	77,324	85,505	77,484	114,270	135,652
Municipal Water	83,849	68,431	73,154	68,537	90,783
Rain Water	1,640	1,560	1,420	1,100	0
Fresh Water Consumption Per Unit (m ³ /unit)*	21.7	23	20.25	25.32	29.33

*The increase in the fresh water consumption by unit is due to the additional water use during the installation and testing phases of the cataphoresis paint coating plant.

Environmental Performance Indicators	2017	2018	2019	2020	2021
Recovered or Reused Water (m ³)	149,317	150,417	150,350	150,500	150,500
Waste Water Discharge (m ³)	164,400	148,400	119,000	140,000	150,000
Waste Water Receiving Channel	91,800	84,300	71,200	85,000	100,000
Natural Receiving Environment	72,600	64,100	47,800	55,000	50,000
Total Hazardous Waste by Disposal Method (Ton)	475	374.8	387.1	301	451
Total Recovery	474	375	387	300	451
Disposal	0.11	0.10	0.1	0.07	0.082
Total Non-Hazardous Waste Amount by Disposal Method (Ton)	2,741	2,181	2,398	3,593	4,092
Total Recovery	2,664	2,132	2,355	2,987	3,350
Disposal	76	49	43	644*	742
Employee Environmental Trainings - Participation (number of people)	964	920	270	283	444
Direct Employment	514	320	150	150	419
Contractor Employee	300	300	20	25	25
Social Responsibility	150	300	100	-	-
Employee Environmental Trainings - Total Hours (personxhour)	1,280	1,040	390	312	1,687
Direct Employment	490	340	300	-	1,637
Contractor Employee	490	400	40	-	50
Social Responsibility	300	300	50	-	-

Social Performance Indicators	2017	2018	2019	2020	2021
Employee Trainings - Participation (number of people)	1,952	1,768	1,944	4,753	8,316
Field Worker	1,284	1,180	1,292	2,677	4,494
Office Worker	668	588	652	2,076	3,822
Female	124	100	122	388	811
Male	1,828	1,668	1,822	4,365	7,505
Employee Trainings - Total Hours (personxhour)	73,466	49,408	43,756	24,336	45,572
Field Worker	46,876	18,724	16,858	9,100	9,922
Office Worker	26,590	30,684	26,898	15,236	35,650
Female	4,035	5,935	5,319	2,725	6,522
Male	69,431	43,473	38,437	21,612	39,050
OHS Trainings- Participation (number of people)	1,804	1,748	1,473	2,144	3,592
Direct Employment	1,597	1,589	1,343	2,099	2,010
Contractor Employee	207	159	130	45	1,942
OHS Trainings - Total Hours (personxhour)	18,288	19,712	17,416	15,037	12,862
Direct Employment	15,804	19,068	16,116	15,037	7,314
Contractor Employee	2,484	644	1,300	-	5,548
Injury Rate	2	1.7	1.17	1.08	0.93
Female	0	0	0	0	0
Male	1.87	1.8	1.25	1.14	0
Occupational Disease Rate	0.17	0	0	0.097	0.99
Female	0	0	0	0	0
Male	0.19	0	0	0.103	0
Lost Day Rate	20.26	20.53	14.12	17.2	13.75
Female	0	0	0	0	0.00
Male	22	23.4	15.08	18.17	14.63
Number of Work Related Deaths	0	0	0	0	0
Number of OHS Committees	7	4	3	3	4
Total Number of OHS Committee Members	60	39	30	30	36
Number of Employee Representatives in OHS Committees	16	10	9	9	12

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Employee Demographics	2017	2018	2019	2020	2021
Total Workforce (number)	2,122	1,939	1,897	2,320	2,221
Female	105	108	117	125	146
Male	2,017	1,831	1,780	2,195	2,075
Contractor Employees (number)	225	205	226	246	255
Female	31	31	32	38	33
Male	194	174	194	208	222
Total Number of Employees by Contract Type					
Indefinite Term Contract	2,117	1,903	1,872	1,260	2,133
Female	105	107	117	126	144
Male	2,012	1,796	1,755	1,243	1,989
Temporary Contract	5	36	25	213	84
Female	0	1	0	0	2
Male	5	35	25	213	82
Total Number of Employees by Category					
Hourly Paid Employee	1,473	1,332	1,259	1,639	1,495
Female	20	18	18	18	17
Male	1,453	1,314	1,241	1,621	1,478
Monthly Paid Employee	649	607	638	681	726
Female	85	90	99	107	129
Male	564	517	539	574	597
Total Number of Employees by Employment Type					
Full Time	2,122	1,939	1,897	2,320	2,221
Female	105	108	117	125	146
Male	2,017	1,831	1,780	2,195	2,075
Part Time	0	0	0	0	0

Çalışan Demografisi	2017	2018	2019	2020	2021
Total Number of Employees by Age Group					
18-30	559	425	354	669	531
31-50	1,494	1,437	1,443	1,532	1,545
50+	69	77	100	119	145
Employees with Disabilities (Number)			57	75	65
Female	4	4	3	3	3
Male	60	53	54	72	62
Senior Management Structure (Number)			5	5	6
Female	0	1	1	1	1
Male	6	6	4	4	5
Mid-Level Management Structure (Number)			112	124	136
Female	3	2	8	8	10
Male	91	96	104	116	126
Labor Force Under Collective Agreement (Number)	1,473	1,332	1,259	1,511	1,495
Newly hired employees (Number)	113	109	295	526	402
Female	19	10	19	13	30
Male	94	99	276	513	372
Leaving Employees (Number)	264	292	305	104	379
Female	21	7	10	6	10
Male	243	285	295	98	369
Female Employees on Maternity Leave (Number)	4	5	8	4	6
Female Employees Returning from Maternity Leave (Number)	3	7	1	6	3

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**MATERIALITY
DISCLOSURES SERVICE**

2022

GRI Content Index

Disclosures	Descriptions, Page Numbers and References
GRI 101: Foundation 2016	
GRI 102: General Disclosures 2016	
Corporate Profile	
102-1	Contacts (p.53)
102-2	https://www.otokar.com.tr/products/commercial-vehicles
102-3	Contacts (p.53)
102-4	About the Report (p.2)
102-5	About Otokar (p.9)
102-6	Stable Growth (p.19)
102-7	About Otokar (p.9); Employee Demographics (p.50)
102-8	Employee Demographics (p.50)
102-9	Minimizing the Impacts of Supply and Value Chain (p.22)
102-10	No significant change has been occurred neither in company's operational or financial structure nor supply chain.
102-11	Risk Management (p.12); Business Ethics and Anti-Corruption (p.13); Sustainability Management (p.14-15); Minimizing the Impacts of Supply and Value Chain (p.22); Occupational Health and Safety (p.37-38)
102-12	About the Report (p.2); Sustainability Management (p.14-15); Diversity and Human Rights (p.33-34); Caring for the Society (p.47)
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)
102-17	Business Ethics and Anti-Corruption (p.13)
Governance	
102-18	Corporate Governance and Board Structure (p.11)
Stakeholder Engagement	
102-40	Stakeholder Engagement (p.16)
102-41	Employee Demographics (p.51)
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)

"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. The service was performed on the Turkish version of the report."

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Disclosures	Descriptions, Page Numbers and References
102-47	Sustainability Management (p.15)
102-48	No significant restatements made in information given in previous report.
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.53)
102-54	About the Report (p.2)
102-55	GRI Content Index (p.51-52)
102-56	Legal Disclaimer (p.53)

Material Issues		
Standard	Disclosures	Descriptions and Page Numbers
Continuous and Sustainable Development		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundaries	Sustainability Management (p.15-16); Stable Growth (p.18-19); R&D and Innovation (p.19-20); Product Quality and Responsibility (p.21); Life Cycle at Production (p.21); Minimizing the Impacts of Supply and Value Chain (p.22)
	103-2 The Management Approach and its Components	Stable Growth (p.18-19); R&D and Innovation (p.19-20); Product Quality and Responsibility (p.21); Life Cycle at Production (p.21); Minimizing the Impacts of Supply and Value Chain (p.22)
	103-3 Evaluation of the Management Approach	Stable Growth (p.18-19); R&D and Innovation (p.19-20); Product Quality and Responsibility (p.21); Life Cycle at Production (p.21); Minimizing the Impacts of Supply and Value Chain (p.22)
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure Investments and Services Supported	Caring for the Society (p.47)
GRI 204: Procurement Practices 2016	204-1 Proportion of Spending on Local Suppliers	Minimizing the Impacts of Supply and Value Chain (p.22)
Innovative Solutions for Combating Climate Change		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundaries	Sustainability Management (p.15-16); Combating Climate Change (p.40); Environmental Management (p.41-42); Energy Efficiency in Production (p.43); Transition to a Low Carbon Economy (p.45)
	103-2 The Management Approach and its Components	Combating Climate Change (p.40); Environmental Management (p.41-42); Energy Efficiency in Production (p.43); Transition to a Low Carbon Economy (p.45)
	103-3 Evaluation of the Management Approach	Combating Climate Change (p.40); Environmental Management (p.41-42); Energy Efficiency in Production (p.43); Transition to a Low Carbon Economy (p.45)

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Standard	Disclosures	Descriptions and Page Numbers
GRI 302: Energy 2016	302-1 Energy Consumption within the Organization	Energy Efficiency in Production (p.43); Environmental Performance Indicators (p.48)
	302-3 Energy Intensity	Energy Efficiency in Production (p.43); Environmental Performance Indicators (p.48)
	302-4 Reduction of Energy Consumption	Energy Efficiency in Production (p.43); Environmental Performance Indicators (p.48)
	302-5 Reductions in energy requirements of products and services	Transition to a Low Carbon Economy (p.45)
GRI 303: Water and Effluents 2018	303-1 Interactions with Water as a Shared Resource	Wastewater Management (p.44); Environmental Performance Indicators (p.48)
	303-2 Management of Water Discharge-related Impacts	Wastewater Management (p.44)
	303-3 Water Withdrawal	Wastewater Management (p.44); Environmental Performance Indicators (p.48)
	303-4 Water Discharge	Wastewater Management (p.44); Environmental Performance Indicators (p.48)
GRI 305: Emissions 2016	303-5 Water Consumption	Wastewater Management (p.44); Environmental Performance Indicators (p.48)
	305-1 Direct (Scope 1) GHG Emissions	Environmental Performance Indicators (p.48)
	305-2 Energy Indirect (Scope 2) GHG Emissions	Environmental Performance Indicators (p.48)
	305-4 GHG Emissions Intensity	Energy Efficiency in Production (p.43); Environmental Performance Indicators (p.48)
GRI 306: Waste 2020	305-5 Reduction of GHG Emissions	Energy Efficiency in Production (p.43); Environmental Performance Indicators (p.48)
	306-1 Waste Generation and Significant Waste-Related Impacts	Zero Waste (p.44)
	306-2 Management of Significant Waste-Related Impacts	Zero Waste (p.44)
	306-3 Waste Generated	Zero Waste (p.44); Environmental Performance Indicators (p.48)
GRI 307: Environmental Compliance 2016	306-5 Waste Directed to Disposal	Zero Waste (p.44); Environmental Performance Indicators (p.48)
	307-1 Non-compliance with Environmental Laws and Regulations	Environmental Management (p.42)
Employee Satisfaction		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundaries	Sustainability Management (p.15-16); Employee Loyalty (p.33); Diversity and Human Rights (p.33-34); Occupational Health and Safety (p.37-38)
	103-2 The Management Approach and its Components	Employee Loyalty (p.33); Diversity and Human Rights (p.33-34); Occupational Health and Safety (p.37-38)
	103-3 Evaluation of the Management Approach	Employee Loyalty (p.33); Diversity and Human Rights (p.33-34); Occupational Health and Safety (p.37-38)
GRI 401: Employment 2016	401-1 New Employee Hires and Employee Turnover	Employee Demographics (p.50)

Standard	Disclosures	Descriptions and Page Numbers
GRI 403: Occupational Health and Safety 2018	403-1 Occupational Health and Safety Management System	Occupational Health and Safety (p.37-38)
	"403-4 Worker Participation, Consultation, and Communication on Occupational Health and Safety"	Occupational Health and Safety (p.37-38)
	403-5 Worker Training on Occupational Health and Safety	Occupational Health and Safety (p.39); Social Performance Indicators (p.49)
	403-9 Work-related Injuries	Social Performance Indicators (p.49)
GRI 404: Training and Education 2016	403-10 Work-related Ill Health	Social Performance Indicators (p.49)
	404-1 Average Hours of Training per Year per Employee	Social Performance Indicators (p.49)
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of Governance Bodies and Employees	Diversity and Human Rights (p.33-34); Employee Demographics (p.50)
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.
Good Quality and Sustainable Products		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundaries	Sustainability Management (p.15-16); Implementation of New Technologies (p.25); Alternative Fuel Vehicles (p.26); Sustainable Product Design (p.26); Digitalization (p.27)
	103-2 The Management Approach and its Components	Implementation of New Technologies (p.25); Alternative Fuel Vehicles (p.26); Sustainable Product Design (p.26); Digitalization (p.27)
	103-3 Evaluation of the Management Approach	Implementation of New Technologies (p.25); Alternative Fuel Vehicles (p.26); Sustainable Product Design (p.26); Digitalization (p.27)
GRI 416: Customer Health and Safety	416-1 Ürün ve Hizmet Kategorilerinin Sağlık ve Emniyet Açısından Değerlendirilmesi	Product Quality and Responsibility (p.21)
	416-2 Ürün ve Hizmetlerin Sağlık ve Emniyet Etkilerine Yönelik Yasalara Uyumsuzluk Vakaları	Product Quality and Responsibility (p.21)
Brand Value and Customer Satisfaction		
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundaries	Sustainability Management (p.15-16); Brand Value and Reputation (p.29); Customer Satisfaction (p.29)
	103-2 The Management Approach and its Components	Brand Value and Reputation (p.29); Customer Satisfaction (p.29)
	103-3 Evaluation of the Management Approach	Brand Value and Reputation (p.29); Customer Satisfaction (p.29)
GRI 418: Customer Privacy	418-1 Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	"Confidentiality of Information (p.31). During the reporting period, no complaints were received regarding the violation of customer privacy."

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Legal Disclamimer

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