

# Otokoç Otomotiv

## Compliance Policy



## Table of Contents

1. PURPOSE AND SCOPE .....	3
2. DEFINITIONS .....	3
3. COMPLIANCE OBLIGATIONS .....	3
3.1. Overview of Obligations .....	3
3.2. Compliance Domains and Risk Analysis .....	4
4. COMPLIANCE PROGRAM .....	5
4.1. Main Components of the Compliance Program .....	5
4.2. Compliance Organization .....	5
4.3. Raising Concerns and Disciplinary Actions .....	7
4.3.1. Reporting and Whistleblowing .....	7
4.3.2. Investigations and Disciplinary Actions .....	7
5. AUTHORITY AND RESPONSIBILITIES .....	8
6. REVISION HISTORY .....	8

## 1. PURPOSE AND SCOPE

The purpose of this Compliance Policy (“**Policy**”) is to establish a customized, comprehensive and effective compliance framework for Otokoç Automotive, and demonstrate Otokoç Automotive’s commitment to compliance with laws and regulations, internal policies, good corporate governance practices and ethical rules.

All employees, directors, officers of Otokoç Otomotiv shall comply with this Policy, which is an integral part of Otokoç Otomotiv Code of Ethics.

## 2. DEFINITIONS

“**Chief Legal and Compliance Officer (CLCO)**” is primarily responsible for managing and overseeing the Compliance Program for Otokoç Otomotiv.

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

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

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

“**Otokoç Automotive**” Otokoç Otomotiv Tic. and San. Inc. All of the companies directly or indirectly, individually or jointly controlled by Otokoç Otomotiv Tic. and San. A.Ş.'s business partnerships (Joint Ventures) included in the consolidated financial report.

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

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

## 3. COMPLIANCE OBLIGATIONS

### 3.1. Overview of Obligations

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

Compliance obligations of Otokoç Otomotiv go beyond complying with mandatory regulations (laws, permits, licenses, rules and guidance of regulatory authorities, court decisions,

conventions etc.), it also comprises its Compliance commitments such as agreements with third parties, organizational standards such as policy and procedures, or other voluntary Compliance commitments.

### **3.2. Compliance Domains and Risk Analysis**

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

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

- 1) Anti-Bribery and Corruption
- 2) International Sanctions
- 3) Anti-Money Laundering
- 4) Protection of the Data Privacy
- 5) Competition
- 6) Human Rights

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

## 4. COMPLIANCE PROGRAM

### 4.1. Main Components of the Compliance Program

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

The main operational pillars of Otokoç Otomotiv Compliance Program are the following:

- Prevention
- Detection
- Response

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

*Illustration I: The Compliance Program of Otokoç Otomotiv*



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

### 4.2. Compliance Organization

Otokoç Otomotiv’s approach to Compliance is shaped by the tone at the top, showing the importance senior management attributes to Compliance related issues. By applying the core values, generally accepted corporate governance and ethical standards, the leadership acts as an

organization-wide example and helps embed Compliance into the culture, behavior and attitude of every member of Otokoç Otomotiv.

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

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

In order to have a successful Compliance Program, the CLCO position shall have:

- Empowerment: Full and clear authority with a senior management position to carry out their duties.
- Independence: While directly reporting to the CEO, reporting to the Board as well to preserve its independence
- Seat at the Table: The CLCO attends the important meetings where all major business decisions are taken.
- Line of Sight: The CLCO determines the standards in risk areas even if it is related and implemented by other business units.
- Resources and Budget: The CLCO has sufficient resources and the budget to manage the Compliance Program.

The CLCO performs his/her duties with the support of **Legal and Compliance Department**. The CLCO has the ultimate responsibility for the activities of the Legal and Compliance Department.

The Legal and Compliance Department has 3 main functions: Functional Responsibilities, Monitoring and Line of Sight.

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

- Identifying and managing Compliance risk areas (including the risks related to Business Partners),
- Ensuring the Compliance risks are classified and analyzed and based on the outcome, prioritized,
- Creating and identifying the policies, procedures and controls which the organization must have to prevent, detect and manage the Compliance breaches,
- Providing or organizing on-going training support for employees and running Compliance awareness campaigns to ensure that all employees are aware of what is expected of them to be compliant with Otokoç Otomotiv policies,
- Setting up a Compliance reporting and documentation system for Otokoç Otomotiv,
- Establishing Compliance performance indicators, monitoring and measuring the Compliance performance of Otokoç Otomotiv,
- Analyzing performance of Otokoç Otomotiv to identify the need for corrective action plans,

- Ensuring the Compliance Program is reviewed at planned intervals,
- Ensuring that there is access to appropriate professional advice in the establishment and implementation and maintaining of the Compliance Program,
- Ensuring that the Compliance policies, procedures and the other documents are appropriate and accessible to employees and Business Partners,
- Ensuring that Compliance structure is applied uniformly and consistently throughout the Otokoç Otomotiv,
- Developing and implementing processes for reporting and managing information such as complaints and/or feedback through whistleblower systems or similar mechanisms;
- Ensuring that whistleblowing mechanisms are easily accessible and known; Ensuring that notifications are kept confidential.

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

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

Lastly, **Line of Sight** means that the Legal and Compliance Department acts as an advisory function for all the Compliance related risks identified with the Systematic Risk Analysis.

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

**The Compliance Committee (“Committee”)** aims to increase the efficiency of the Compliance structure by consulting to the CLCO (and the Legal and Compliance Department). The Committee, which consists of the CLCO, Human Resources (HR) Director, the CFO and other Presidents in case of necessity, acts as an advisory board that provides support to the CLCO in the decision-making process, where necessary.

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

### 4.3. Raising Concerns and Disciplinary Actions

#### 4.3.1. Reporting and Whistleblowing

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

The Hotline is designed to protect the whistleblowers’ confidentiality and their anonymity, if requested. It is crucial that anyone who reports an incident should feel comfortable and safe in raising their concerns and should not refrain from reporting. All complaints will be kept

confidential and the owners of notification made in good faith will be protected from any possible Retaliation.

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

#### **4.3.2 Investigations and Disciplinary Actions**

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

### **5. AUTHORITY AND RESPONSIBILITIES**

If you become aware of any action you believe to be inconsistent with this Policy, the applicable law or Otokoç Otomotiv Code of Ethics, you may seek guidance or report this incident to your line managers. You may alternatively report the incident to Koç Holding's Ethics Hotline via the following link: "koc.com.tr/hotline"

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

### **6. REVISION HISTORY**

This Policy takes effect on 29.11.2021 as of the date approved by the Board of Directors and is maintained by Otokoç Otomotiv Legal and Compliance Department.