

Otokoç Otomotiv

SUPPLY CHAIN COMPLIANCE



Table of Contents

1. PURPOSE AND SCOPE	3
2. DEFINITIONS	3
3. GENERAL PRINCIPLES.....	5
4. GUIDING PRINCIPLES FOR BUSINESS PARTNERS	7
4.1. Laws and Regulations	7
4.3. Human Rights	8
4.3.1. Employment	8
4.3.2. Compliance with Labor Laws	8
4.3.3. No Harassment or Violence	8
4.3.4. Discrimination.....	8
4.3.5. Freedom of Association and Collective Bargaining	8
4.4. Health and Safety.....	9
4.5. Environment.....	9
4.6. Compliance with the Code of Ethics and International Conventions.....	9
4.7. Conflict of Interest	9
4.8. Reporting	10
4.9. Training and Development	10
4.10. Management Systems	10
5. AUTHORITY AND RESPONSIBILITIES	10
6. REVISION HISTORY.....	11

1. PURPOSE AND SCOPE

The purpose of this Supply Chain Compliance Policy (the “**Policy**”) is to communicate Otokoç Otomotiv’s principles and values of Otokoç Otomotiv to our Business Partners and provide them with the necessary guidance as to the standards we expect them to meet.

This Policy is also intended to provide guidance to Otokoç Otomotiv in their processes for selecting and monitoring Business Partners.

All employees, directors, and officers of Otokoç Otomotiv shall comply with this Policy, which is an integral part of the Koç Group and Otokoç Otomotiv Code of Ethics. Otokoç Otomotiv is expected to take the necessary steps to ensure that all of its Business Partners are aware of and act in accordance with this Policy.

2. DEFINITIONS

“**The UN**” means the United Nations.

“**The UN Guiding Principles on Business and Human Rights**”¹ is a set of guidelines for states and companies to prevent, address and remedy human rights abuses committed in business operations.

“**The UN Global Compact**”² is a global pact initiated by the United Nations, to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labor, the environment and anti-corruption.

“**Export Control Regulations**” means the laws and regulations that regulate and restrict the import, export and re-export of technologies, information, goods and services for reasons of commerce, foreign policy and national security.

“**Government/Public Official**” broadly refers to a variety of individuals including but not limited to the following:

- Employees working at government bodies domestically or in a foreign country,
- Employees of government business enterprises (domestic or in a foreign country),
- Employees of political parties, political candidates, (domestic or in a foreign country),
- Any person who holds a legislative, administrative or judicial position, (domestic or in a foreign country),
- Judges, jury members, or other officials who work at domestic, foreign or international courts,
- Officials or representatives working at national or international parliaments;
- Arbitrators resorted to, who have been entrusted with a task within the arbitration procedure, in order to resolve a legal dispute.

¹ https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

² <https://www.unglobalcompact.org/what-is-gc/mission/principles>

“**ILO**” means The International Labor Organization

“**The ILO Declaration on Fundamental Principles and Rights at Work**”³ is an ILO declaration adopted in 1998 that commits all member states whether or not they have ratified the relevant Conventions, to respect, and promote the following four categories of principles and rights in good faith:

- Freedom of union organization and collective agreement,
- Elimination of all forms of forced or compulsory labor,
- Abolition of child labor,
- Elimination of discrimination in employment and occupation.

“**Human Rights**” are rights inherent to all human beings, regardless of gender, race, color, religion, language, age, nationality, difference of thought, national or social origin, and wealth. This includes the right to an equal, free and dignified life, among other human rights.

“**The Universal Declaration of Human Rights (UDHR)**”⁴ is a milestone document in the history of human rights, proclaimed by the United Nations General Assembly in Paris on 10 December 1948 as a common standard of achievements for all peoples and all nations. It sets out, for the first time, fundamental human rights to be universally protected.

“**Business Partner**” includes suppliers, distributors, dealers, licensed dealers, authorized services and other third parties with whom the company has a business relationship and all kinds of representatives, subcontractors, consultants, etc. acting on behalf of the company, as well as their employees, representatives, execution assistants or deputies.

“**Politically Exposed Person (PEP)**”⁵ refers to individuals who are currently or in the past, either domestically or in a foreign country, elected or appointed to an important public function; board members, senior executives and deputy executives of international organisations and other persons holding equivalent positions; senior politicians; senior officials of political parties; senior judicial, administrative or military officials; senior executives of state-owned enterprises; and the spouses, first-degree relatives (mother, father and children) and relatives of all such persons.

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

“**Otokoç Otomotiv**” means all of the companies directly or indirectly, individually or jointly controlled by Otokoç Otomotiv and its business partnerships (*Joint Ventures*) included in its latest consolidated financial report.

³ <https://www.ilo.org/declaration/lang--en/index.htm>

⁴ <https://www.un.org/en/universal-declaration-human-rights/>

“**Bribery**” refers to giving, offering, promising or proposing anything of value with the aim of obtaining Improper Advantage over, or Corruptly Influencing a business transaction or relationship. Forms of value covers any form of benefit including but not limited to money, gifts, entertainment that:

- affect or may affect impartiality, performance and ability to make decisions,
- may be reputation wise detrimental if it became public,
- would be a breach of the applicable legislation,
- can be perceived as bribery, or
- may correspond to a privileged treatment for carrying out a certain task.

“**Laundering the Proceeds of Crime**” means the activities that involve taking criminal proceeds and disguising their illegal source in anticipation of ultimately using such criminal proceeds to perform legal and illegal activities.

“**Sanctions**” are restrictions on financial or commercial transactions imposed by one or more countries or organizations and intended to target another country, region, sector, organization or individual.

“**Sanctions Target**” means;

- Any individual, entity, vessel or government which is a designated target of Sanctions (collectively, “**Listed Persons**”) (e.g., SDNs);
- Companies owned 50% or more, directly or indirectly, by a Listed Person;
- Individuals or companies that are resident, incorporated, registered or located in countries or territories such as Israel⁶, Crimea, Donetsk, Lubansk and Sevastopol Regions of Ukraine, Cuba, Iran, North Korea and Syria that are subject to a comprehensive country or territory-wide Embargo as of the approval/revision date of this Policy (i.e., the “**Embargoed Countries**”), and,
- Persons or companies owned or controlled by, or operating as agents of, the governments of Embargoed Countries or the Government of Venezuela.

3. GENERAL PRINCIPLES

Otokoç Otomotiv selects its Business Partners based on factors such as technical competence, product and service quality, pricing, corporate reputation and financial soundness etc. Otokoç Otomotiv also applies a risk-based approach to assess the compliance-related risks associated with its Business Partners in order to ensure compliance with the principles outlined in this Policy. Within the framework of this approach, the following points are considered:

⁶ The Ministry of Trade of the Republic of Türkiye, with its decision on April 9, 2024, regarding the restriction of exports, has imposed a restriction on the export of 54 product groups from Türkiye to Israel, effective from the date of the decision. Subsequently, on May 2, 2024, the Presidency announced that all export and import transactions with Israel were suspended to cover all products.

- Taking necessary measures to effectively manage the risks associated with Sanctions and Export Control Regulations,⁷
- Conduct Due Diligence⁸ on Business Partners before and during the course of the business relationship to ensure that they are not directly or indirectly Sanctions Targets, and to verify that there is no negative intelligence on Bribery, Corruption, Laundering the Proceeds of Crime and financing of terrorism and weapons of mass destruction, human rights violations, etc., and to identify any other potential compliance risks,
- Auditing the Business Partners, when necessary, to determine whether they comply with the Koç Group and Otokoç Otomotiv Code of Ethics, in particular applicable legislations, contractual obligations and the Guiding Principles for Business Partners (“**Principles**”) detailed below,
- Providing necessary training to Business Partners to ensure compliance with expected standards, if required.

Business Partner Onboarding Process

As a first-line role⁹, the business units, before establishing a business relationship with a new Business Partner, are responsible for identifying potential risks associated with Sanctions and Export Control Regulations, ensuring that the relevant party is not a Sanctions Target, and perform intelligence ("Due Diligence")¹⁰ through a screening tool by taking all necessary commitments in accordance with all the legislation on the protection of personal data in force, in the countries where Otokoç Otomotiv operates, in order to identify compliance and other reputational risks such as Bribery, Corruption, Laundering the Proceeds of Crime, financing of terrorism and weapons of mass destruction, human rights violations, etc. and assessing whether the relevant parties comply with the Guiding Principles for Business Partners¹¹. In addition, it should be confirmed whether the relevant Business Partner is a Public Official or a PEP by conducting internet, media and other database searches.

Due Diligence is carried out by the business units under the coordination of the Legal and Compliance Department as a second line role¹² and is monitored regularly. In the event that the Due Diligence contains a warning sign regarding any compliance risk or it is determined that the Business Partner is a Public Official or a PEP, the Legal and Compliance Department must be informed immediately. The Legal and Compliance Department may decide to stop the transaction or conduct Enhanced Due Diligence (“**EDD**”). In this case, the General Manager is informed about the compliance risks

⁷ Please refer to Otokoç Otomotiv Sanctions and Export Controls Policy for details.

⁸ During this work, it is necessary to fulfil disclosure obligations in accordance with all relevant local personal data protection regulations in the countries where Otokoç Otomotiv operates, obtain explicit consent and any other necessary commitments from persons acting on behalf of and for the account of the Business Partners.

⁹ First line roles refer to the business units responsible for the delivery of products and/or services to customers. Each first-line employee involved in these processes, which can also be referred to as operational issues, is responsible for their own self-assessments.

¹⁰ Please refer to Otokoç Otomotiv Sanctions and Export Controls Policy for details.

¹¹ Please refer to the "4. Guiding Principles for Business Partners" section of this Policy for details.

¹² The Compliance Function, which is called the second line and is closely linked to the processes in the first line, provides support to the first line in managing compliance risks and coordinates the business units. In addition to continuous monitoring activities, it also proposes action plans to prevent the occurrence/recurrence of risks and supports the first line by ensuring follow-up.

identified and the possible impact of these risks on Otokoç Otomotiv and the measures suggested to be taken in case of establishing, terminating or continuing a business relationship. The General Manager shall make the decision to establish, continue or terminate the business relationship taking into account the assessments and recommendations of the relevant EDD report. Decisions taken with the approval of the General Manager shall be regularly reported to Koç Holding Legal and Compliance Department by the Legal and Compliance Department, and the entire process shall be subject to internal audit¹³, if deemed necessary.

At the stage of signing a contract with a Business Partner, Otokoç Otomotiv shall ensure that the relevant persons are informed about this Policy. Furthermore, Otokoç Otomotiv reserve the right to terminate the contract or apply other penalties in the event of a violation of the Policy. Clauses such as the obligation to comply with this Policy, the Principles and Otokoç Otomotiv's audit right over the relevant party are included in the relevant contracts.

4. GUIDING PRINCIPLES FOR BUSINESS PARTNERS

Otokoç Otomotiv's Guiding Principles for Business Partners (“**Principles**”) are established as a part of this Policy and Otokoç Otomotiv's Compliance Program and prepared in accordance with UN Global Compact. All Business Partners of Otokoç Otomotiv are expected to comply with these Principles.

4.1. Laws and Regulations

Business Partners of Otokoç Otomotiv are expected to act in compliance with all laws, rules, regulations applicable to their business and industry, including competition, the prevention of Laundering the Proceeds of Crime and the financing of terrorism and weapons of mass destruction, data privacy, anti-bribery and anti-corruption laws.

4.2. Anti-Bribery and Corruption & Prevention of Laundering of the Proceeds of Crime and Financing of Terrorism and Weapons of Mass Destruction

Business Partners are expected to comply with applicable laws regarding the anti-bribery and corruption, Prevention of Laundering of the Proceeds of Crime and Financing of Terrorism and Weapons of Mass Destruction, while conducting business on behalf of Otokoç Otomotiv. Any form of bribery and the giving or receiving of anything of value, directly or indirectly, to gain an improper advantage and influence the objective decision-making processes is unacceptable. Any activity that may lead to prevention of laundering of the proceeds of crime and financing of terrorism and weapons of mass destruction, with or without malicious intent, is unacceptable and illegal.

All transactions must be accurately and transparently recorded in the books and records with sufficient descriptions.

¹³ As a third line role, internal audit aims to provide independent and objective assurance and advice on the adequacy/effectiveness of governance and risk management based on retrospective findings.

4.3. Human Rights

Business Partners are expected to conduct their business activities in accordance with Otokoç Otomotiv Human Rights Policy.

4.3.1. Employment

Business Partners of Otokoç Otomotiv shall ensure that their operations are not associated with child labour, forced labour, or labour abuse.

In addition, in accordance with the conventions and recommendations of the ILO, the Universal Declaration of Human Rights, and the UN Global Compact, Otokoç Otomotiv expects its Business Partners to have a “zero-tolerance” policy towards slavery and human trafficking.

4.3.2. Compliance with Labor Laws

Business Partners are expected to comply with the labour laws of the countries in which they operate.

Wages shall be set competitively in accordance with the relevant sectors, the local labour market and, where applicable, collective bargaining agreements. All compensation, including social benefits, shall be paid in accordance with the applicable laws and regulations.

4.3.3. No Harassment or Violence

Business Partners are expected to provide a workplace free from violence, harassment and other unsafe or disturbing conditions resulting from internal or external threats. Any form of physical, verbal, sexual or psychological harassment, bullying, abuse or threat will not be tolerated.

4.3.4. Discrimination

Business Partners are expected to provide a work environment where any form of discrimination is not tolerated; where employees are treated fairly and where there is zero-tolerance of discrimination, (based on race, gender, colour, national or social origin, ethnicity, religion, age, disability, sexual orientation or political opinion).

4.3.5. Freedom of Association and Collective Bargaining

Business Partners are expected to respect the right and freedom of choice of their employees to join trade union and to bargaining collectively without fear of retaliation.

4.4. Health and Safety

Business Partners are expected to provide a safe and healthy working environment, to comply with all relevant laws and regulations and to implement all necessary safety measures for all work areas. Business Partners must take immediate action, when unsafe conditions or behaviours occur and minimise the risk of injuries and accidents.

4.5. Environment

Otokoç Otomotiv expects its Business Partners to make every effort to protect and preserve the environment. In this regard, Otokoç Otomotiv encourages its Business Partners to:

- Comply with all applicable environmental laws and regulations including Otokoç Otomotiv's Health Safety and Environment Management System Procedure.
- Continuously improve their environmental performance and resource efficiency.
- Reduce their environmental impact to address greenhouse gas emissions and energy consumption, water management, waste management, pollution prevention and protection of biodiversity.
- Have effective monitoring systems and procedures in place for industrial accidents and other emergency situations.
- Encourage their Business Partners and third parties to improve their environmental performance.

4.6. Compliance with the Code of Ethics and International Conventions

Otokoç Otomotiv expects its Business Partners to perform their business with fairness, integrity and in accordance with the law and with the Koç Group and Otokoç Otomotiv Code of Ethics.

Otokoç Otomotiv expects its Business Partners to conduct their business in accordance with the laws, international conventions to which the Republic of Türkiye is a party, the United Nations Declaration of Human Rights, the United Nations Global Compact and to act within the framework of fairness, accuracy, honesty, responsibility, trust, accountability, openness and respect.

4.7. Conflict of Interest

Business Partners must shall not enter into personal transactions with Otokoç Otomotiv employees that could may lead to an actual or perceived conflict of interest and damage harm the Koç Group's and Otokoç Otomotiv's reputation.

Persons, organizations and Otokoç Otomotiv employees who have or are likely to have a close relationship (such as kinship, friendship or similar) between Business Partners or other persons and organizations that may have a business relationship with Otokoç Otomotiv, and Otokoç Otomotiv employees who give business to these persons and organizations, approve their

business or take decisions regarding them, are obliged to inform the officer or department in charge of compliance about the situation.

Before establishing any direct or indirect business relationship between a former Otokoç Otomotiv employee and Otokoç Otomotiv, the department that will establish a business relationship shall inform the officer or department in charge of compliance and the necessary approval process is carried out within the scope of Otokoç Otomotiv's internal procedures.

4.8. Reporting

Business Partners are expected to enable effective lines of communication for reporting violations and taking the necessary measures in a timely manner. Business Partners and their employees should be able report their concerns without any fear of retaliation or retribution. In addition, employees of Business Partners may report their concerns directly to Ethics Hotline.

4.9. Training and Development

Otokoç Otomotiv encourages its Business Partners to provide training programs and tools to their employees for obtaining further skills and capabilities.

4.10. Management Systems

Business Partners are expected to establish and maintain appropriate management systems in order to ensure that it operates in accordance with laws, regulations and the Principles given in this Policy.

5. AUTHORITY AND RESPONSIBILITIES

All employees and directors of Otokoç Otomotiv are responsible for complying with this Policy, implementing and supporting the relevant Otokoç Otomotiv's procedures and controls in accordance with the requirements of this Policy. Otokoç Otomotiv also expects and takes necessary steps to ensure that all its Business Partners to the extent applicable comply with and/or act in accordance with this Policy.

If there is a discrepancy between the local regulations, applicable in the countries where Otokoç Otomotiv operates, and this Policy, the stricter of the two shall prevail, unless such practice is in violation of the relevant local laws and regulations, the stricter of the two, supersede.

If you become aware of any action that you believe is inconsistent with this Policy, the applicable law or the Koç Group and Otokoç Otomotiv Code of Ethics, you may seek guidance or report this incident to your line managers. Alternatively, you may report the incident to Ethics Hotline via the following link: "koc.com.tr/hotline"

Otokoç Otomotiv employees may contact the Legal and Compliance Department of Otokoç Otomotiv for their questions regarding to this Policy and its application. Violation of this Policy may

result in significant disciplinary actions including dismissal. If this Policy is violated by third parties, their contracts may be terminated.

6. REVISION HISTORY

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

Revision	Date	Comment
No:1	10.01.2024	Missing expressions are added to the Definitions, the expressions that cause ambiguities are improved, referrals the Prevention of Laundering of the Proceeds of Crime and Financing of Terrorism and Weapons of Mass Destruction are added.