

KARSAN OTOMOTİV SANAYİİ VE TİCARET A.Ş.

ANTI-BRIBERY AND CORRUPTION POLICY

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1. PURPOSE

The purpose of this Anti-Bribery and Corruption Policy, developed as an integral part of KARSAN's Ethical Principles and Sustainability Objectives, is to lay out KARSAN's obligations to prevent bribery and corruption in all its activities, to provide the necessary information, to set out its responsibilities and the respective rules/requirements and to share them with all stakeholders, in accordance with the relevant legislation and national and international ethical values.

2. SCOPE

This policy applies to board members and executives, all KARSAN employees, shareholders, subcontractors/suppliers, companies providing consulting and auditing services, including but not limited to all other stakeholders with whom the company has a business and social relationship.

The policy also applies to all companies, joint ventures and partnerships in which KARSAN directly or indirectly holds more than 50% of the shares or voting rights. All aforementioned companies must accept this policy, or implement a country-specific policy that strictly adheres to the principles of this policy.

All officials and employees in companies, joint ventures or partnerships in which KARSAN directly or indirectly holds shares but not more than 50% and does not have control through voting rights must be subject to rules, practices and procedures aligned with this Policy, and necessary action will be taken by KARSAN representatives to make sure that happens.

3. DEFINITIONS AND ABBREVIATIONS

- **KARSAN:** Karsan Automotive Industry and Trade Joint Stock Company
- **Donation and Aid Policy:** The approved Donation and Aid Policy, which sets out the terms and conditions under which KARSAN can make donations and offer aid, approved and communicated to the public by the General Assembly on 13 April 2017.
- **Gifts:** Free items generally given as a token of appreciation or business courtesy by people or customers with whom a business relationship exists,
- **Policy:** KARSAN's Anti-Bribery and Corruption Policy,
- **Bribe:** Cash or non-cash inducements/enticements unlawfully given to a person or third party to exert influence over that person to manipulate their decisions and practices relating to their work; to enable them to speed things up, to slow things down, or perform similar acts contrary to the requirements of their work,
- **Social Events/Entertainment for Company Promotion Purposes:** Activities held by KARSAN in the context of social events, accommodation of guests, dinner invitations, training programs, conferences, symposia and seminars and similar events

- **Corruption:** refers to a person's abuse of his or her powers to gain an unfair advantage for himself or herself or another person.

4. FUNDAMENTAL PRINCIPLES

KARSAN complies with all the laws and regulations on bribery and corruption in all countries in which it operates and is represented, as well as with the OECD Convention on the Prevention of Bribery of Foreign Public Officials in International Business Transactions, signed by Turkey on 17.12.1997, and all provisions of national tax laws and regulations.

Under this fundamental principle, KARSAN has a "zero tolerance" approach to bribery and corruption and is committed to conducting its activities in a fair, honest, legal and ethical manner.

4.1 Anti-Bribery and Anti-Corruption Policy

KARSAN employees and any person or organization acting on behalf of the Company must not give or offer, directly or indirectly, bribes, advance payments, an unfair advantage or anything of material value to any person or their relatives to obtain an improper business advantage on behalf of the Company, to obtain a new commission or to protect an existing commission, or to reward past actions by third parties that have had such consequences.

Similarly, KARSAN employees and those acting on behalf of the Company must not solicit or accept any unfair advantage or anything of material value in return for an unfair advantage concerning the Company's activities and business.

Things of material value that offer an unfair advantage, that may be considered within the context of bribery and corruption, are, including but not limited to, payments in cash or using equivalent tools, debts, undue special discounts and easy terms of payment, meals and entertainment, gifts, travel, business opportunities, donation to associations, foundations and charities of the receiving party's choice, or the purchase or rental of movables or immovable property of the person, or persons to whom that same person refers, at prices above their value.

Even if none of the above takes place in practical terms, an implicit request/insinuation is enough for a situation to be handled in the context of bribery and corruption. The subject of such a request must immediately notify the responsible department/unit, following the procedures.

4.2 Facilitation Payments / Grease Payments

Employees or natural or legal persons acting on behalf of KARSAN must not make payments to public officials to secure (e.g. issuance of a permit) or expedite (e.g. issuance of a license more quickly than usual) administrative transactions.

Although facilitation and grease payments are not prohibited by the relevant laws of many countries, KARSAN's code of ethics prohibits them. If an employee or representative of the Company is approached with such a request or implication, they must report the situation immediately in accordance with the established procedures.

4.3 Gifts and Gaining Unfair Advantage

All employees, including directors and senior executives of KARSAN, and their first-degree relatives (mother, father, sibling, child, spouse), cannot demand or accept gifts, commissions or gratuities, cash, cheques, real estate or securities, discounts and benefits, personal care or assistance from customers, suppliers or other third parties, directly or indirectly, even if for charitable purposes, to manipulate KARSAN's business decisions /choices . Personal gifts from authorities that cannot be turned down are recorded and kept in KARSAN's inventory.

Petty promotional materials may be given away by KARSAN to third parties, to help promote KARSAN. Every gift is offered in good faith, openly and unconditionally.

4.4 Donations and Aides

KARSAN's donation and aid policy was made public on KARSAN's website (www.karsan.com.tr). Every year, all shareholders are informed at the general board meetings about donations/charitable disbursements of the previous financial year. The upper limit for annual donations is determined in general board meetings. All donations must first be approved by the Karsan's Sustainability Board.

According to KARSAN'S Donation and Aid Policy;

- Cash or non-cash donations/aides can be offered to welfare associations/foundations,
- Public benefit schools and similar organizations,
- or other initiatives that KARSAN considers useful, unless they cause an interruption in KARSAN's own activities.

4.5. Social Events/Entertainment for Company Promotion Purposes:

KARSAN may hold social events / accommodate guests/visitors to improve its commercial ties and to establish a commercial communication network. KARSAN takes care to ensure that such activities are held in moderation.

4.6 Political Activities

KARSAN does not transfer funds directly or indirectly to election campaigns of political candidates or other political campaigns under any circumstances or conditions. KARSAN does not provide any political aides or donations, either directly or indirectly.

All employees, including KARSAN Board members and senior executives, may not conduct demonstrations, do political propaganda and similar activities within the grounds of KARSAN's workplaces; may not stand for local and parliamentary elections without resigning and shall not use KARSAN's resources (vehicle, computer, email, etc.) and their positions in KARSAN to further their political agendas.

All employees, including board members and senior of KARSAN, shareholders, subcontractors/suppliers providing services for KARSAN, companies providing consulting and auditing services to KARSAN, and without being limited thereto, all stakeholders with whom KARSAN has a business and social relationship, all companies, joint ventures and partnerships in which KARSAN directly or indirectly holds more than 50% of the shares or voting rights may not directly or indirectly exploit KARSAN's resources for political purposes and campaigns.

4.7 Those Acting on behalf of the Company

KARSAN may appoint third parties and companies to conduct business activities in various countries on its behalf, protect its interests, manage promotional and sales processes. Those acting on behalf of the company must uphold the principles of transparency and accountability and the company's policies. Those acting on behalf of KARSAN may not engage in activities that benefit the company by concealing their relationship with KARSAN.

KARSAN does not establish business relationships with individuals or organizations that are known to have gotten involved in bribery and corruption activities / unethical behavior and "blacklisted" by different countries. If it becomes known that the person or organization acting on behalf of the company has been involved in bribery, corruption and similar unethical behaviors and placed on the "black list", KARSAN will immediately terminate the business relationship.

4.8 Keeping Records

The accounting rules for KARSAN and all companies, joint ventures and partnerships in which KARSAN directly or indirectly holds more than 50% of the shares or voting rights are determined as follows, within the framework of the relevant laws and regulations:

- Recording and keeping of all types of accounts, invoices and documents related to third party relationships (customers, suppliers, other service providers, etc.) in a complete, transparent, precise, fair and accurate manner,
- Establishing control systems to prevent unregistered transactions,
- Making no changes to accounting / similar commercial records of a transaction and not distorting the facts, In this context, due diligence must be applied in keeping records.

4.9 International Trade Checks

As a company incorporated and operating in the Republic of Turkey, KARSAN is subject to the laws applicable in the Republic of Turkey. The laws of the Republic of Turkey prohibit bribery and corruption, money laundering or terrorist financing. Should employees get suspicious of any illegal activity, they must immediately report the situation to the relevant authorities.

KARSAN's subsidiaries operating in the United States and European Union countries, its employees with a U.S. and EU passport, or its employees who are not U.S. or non-U.S. citizens but who operate in those countries, thus considered nationals of those countries, may be subject to various trade sanction regulations based on their activities or to regulations restricting business with certain countries. Respective persons and entities are prohibited from violating US and EU sanctions regulations. On the other hand, KARSAN, its subsidiaries and employees abide by such restrictions of the respective countries, in their transactions using US dollars and Euros.

If there are restriction lists for countries, individuals or organizations, products or services or technologies subject to export controls set by the governments of the Republic of Turkey, the USA, EU countries and other countries in which KARSAN operates, KARSAN takes these lists into consideration. Persons/organizations who are not included in these lists but who cooperate with the persons and organizations in these lists shall also be treated as if they were on these lists.

As a matter of policy, KARSAN complies with the trade restriction practices of all countries, taking measures to prevent damage to its operations and corporate identity, due to unauthorized trade transactions.

5. DUTIES AND RESPONSIBILITIES

5.1. Board

At the highest level, the Board of Directors is responsible for KARSAN's anti-bribery and anti-corruption activities. The Board of Directors embraces the principles within the framework of this policy and provides the necessary environment for their implementation.

The Board of Directors ensures that audits are conducted and corrective actions are taken to ensure compliance with laws and regulations, processes and policies. KARSAN's Anti-Bribery and Anti-Corruption Policy was approved by the Board of Directors.

It is the responsibility of the Board of Directors to establish, implement and update the Policy as needed.

In addition to the preventive regulations laid down in the directives as part of the company's internal system of checks and balances, the Corporate Risk and Internal Audit department, which reports to the Managing Director, systematically examines bribery and corruption risks.

5.2. Executives and Employees

KARSAN executives ensure that the principles in this policy text are understood, implemented and maintained by the employees reporting to them, assess the potential risks and their impact on reputation and company finances, and take the necessary measures to establish and implement control mechanisms for the management of the identified risks.

It is vital that senior executives emphasize in their messages that the fight against bribery and corruption to uphold transparency and honesty are part of KARSAN's shared values.

KARSAN trains its employees and executives to raise awareness on anti-bribery and anti-corruption.

5.3. KARSAN's Ethics Committee

The KARSAN's Ethics Committee was established to meet the need for guidance, advice and consultation and provide a common pool of knowledge and experience, whose objectivity and independence is relied upon to develop/evolve KARSAN's ethical principles into practices.

The Board is responsible for developing an anti-corruption program and measuring compliance with it. The Ethics Committee convenes at least every four months, depending on the backlog of applications and notifications that needs to be cleared. Employees can contact members of the KARSAN's Ethics Committee directly or submit a request via email,

- in compliance with the KARSAN Code of Ethics, to report acts of bribery and corruption.
- For applications from outside the company, an email can be sent to etik@karsan.com.tr , or a letter to the address
- KARSAN's Ethics Committee; Hasanağa Organize Sanayi Bölgesi, Sanayi Cad. No.53 Nilüfer Bursa, Türkiye.

5.4. Supply Chain

KARSAN does not work with individuals and organizations with a poor reputation when it comes to bribery or corruption, making this a rule of thumb when choosing organizations, traders, business partners and suppliers to work with. To this end, KARSAN evaluates and selects organizations, distributors, business partners and suppliers, in such a way as to provide the best service to its customers, with KARSAN's interests put at the center and in accordance with the principles of transparency and equality.

Companies found to have rigged tenders through fraud, false promises, threats, intimidation, by providing unfair advantages, secret agreements, extortion, bribery or any other means will be added to the list of banned companies.

During formal negotiations with other companies, members of the Board of Directors, senior executives and employees may not make personal agreements with companies with which KARSAN may potentially enter into a contractual relationship, in a way that weakens KARSAN's position, or engage in other acts that produce the same effect.

6. POLICY VIOLATIONS / SANCTIONS

If there is doubt that employees, including board members and senior of KARSAN, shareholders, subcontractors/suppliers providing services for KARSAN, companies providing consulting and auditing services to KARSAN, and without being limited thereto, stakeholders with whom KARSAN has a business and social relationship, are acting contrary to the principles of the Policy, this is referred to the General Manager or the Ethics Committee by company officials. The General Manager forwards the matters communicated to them to the KARSAN's Ethics Committee for their review and resolution.

The employee or the complainant may hide their ID for security and similar reasons. No employee can be subjected to ill-treatment (disciplinary action, dismissal, threats, mobbing, etc.) for refusing to become part of bribery or corruption, or for reporting in good faith a bribery or corruption incident that has occurred or is likely to occur in the future.

Contact details:

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Address:

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7. ANNOUNCEMENTS AND ENFORCEMENT

This policy has a Turkish and English version, and is publicly available on KARSAN's website (www.karsan.com.tr). The policy is reviewed regularly and any updates are announced on KARSAN's website.