

**KARSAN OTOMOTİV SANAYİİ VE TİCARET A.Ş.**  
**CODES OF CONDUCT**

## **KARSAN RULES OF ETHICAL CONDUCT**

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## **CEO's Message**

Hello,

Karsan offers the world sustainable solutions in the commercial vehicle industry capable of moving forward with innovative ideas. We want to fulfill our responsibilities in the name of creating a fair, transparent and sustainable future with our technologies, trustworthy partnerships and inspiring solutions.

We embraced and put in place various procedures to strengthen compliance in order to create an effective management system, and these procedures are the principles that guide all our employees to make the right decisions. We want to make sure that all employees take personal responsibility and act ethically.

I believe we can move the needle on ethical compliance by following the regulations and procedures closely.

Karsan will continue to provide creative, sustainable and inspiring solutions to become Turkey's most valuable company and gain recognition in global markets.

Thank you.

**Okan Bař**  
**CEO**

## **Introduction**

### **Declaration of Compliance with Laws and Karsan's Rules of Ethical Conduct**

Karsan Otomotiv Sanayi ve Ticaret Anonim Şirketi (Karsan) agrees to comply with the relevant legal requirements of the countries in which it operates, the relevant international legislation and rules of business ethics, as a minimum standard.

The "Karsan's Rules of Ethical Conduct", an extension of this principle, serves to demonstrate that corporate activities are conducted in a transparent, accountable, fair and responsible manner. Karsan is committed to complying with all the rules and procedures described in Karsan's Rules of Ethical Conduct, and the corporate policies attached to this statement.

Karsan is committed to making every effort to act in accordance with the OECD Guidelines for Multinational Enterprises and the principles of the UN Global Compact.

### **Scope of Application**

Karsan's Rules of Ethical Conduct are binding on all managers and employees, subsidiaries in which the company owes more than 50% of the share, and its business partners such as agents, suppliers, dealers and authorized service providers.

All concerned parties are required to comply with all procedures and instructions set out in this statement and to uphold the reputation of the Company. For this reason, all relevant parties, especially Karsan's managers and employees, must have the required qualifications in the areas of expertise for which they are responsible and avoid behaviors and actions that would impugn the company's name.

All relevant parties, in particular Karsan's managers and employees, are required to read and sign the Karsan's Rules of Ethical Conduct after entering into a business relationship with Karsan (e.g. recruitment, purchasing, product/service purchase agreement, business partnership, distributor and service agreement) and send a digitally signed copy to Karsan. Managers and employees must forward the signed copy to the HR department while any other external stakeholders must send it to the unit they usually communicate with. The HR department should attach the signed document to the personnel files. Other units must keep the signed declaration document together with the records of the relevant stakeholders.

A digital copy of Karsan's Rules of Ethical Conduct is published on the official Karsan website and accessible to stakeholders.

The relevant parties must be informed of the changes to be made to this document and/or its annexes and their signed consent obtained.

Karsan Business Ethics Committee is responsible for drafting Karsan's Rules of Ethical Conduct, revising it as necessary and ensuring its implementation.

## **Karsan's Ethics Committee**

Karsan's Ethics Committee consists of Karsan's General Manager, Human Resources Manager, Legal Counsel, Corporate Risk Management and Internal Audit Manager. Ref: KARSAN's Rules of Ethical Conduct and Implementation Procedures for Employees

## **Reporting Violations**

All parties bound by Karsan's Rules of Ethical Conduct, in particular Karsan's managers and employees, are required to learn, internalize and act in accordance with the rules and principles set out in this document. Related Parties are required to report it, either openly or anonymously, if they suspect or witness a breach of the Rules of Ethical Conduct and/or other policies and procedures set out in this document.

Correspondences with the Ethics Committee are made by sending an e-mail to [etik@karsan.com.tr](mailto:etik@karsan.com.tr) or by mail to the address **Karsan Otomotiv Sanayii ve Ticaret A.Ş. Hasanağa Organize Sanayi Bölgesi Sanayi Caddesi 16280 Nilüfer Bursa**, enclosed in a sealed envelope stating the intended recipient, who is the **Chair of the Ethics Committee or the Human Resources Manager**.

All statements are handled and processed in secrecy.

No retaliation of any form or nature can be made against any person who in good faith makes a claim, reports an act or suspicious situation that violates the Code of Ethics and other Company policies and procedures. No form of harassment, discrimination or mistreatment will be tolerated against persons reporting an incident in good faith. Persons who harass, discriminate against or mistreat others persons due to reporting an incident in good faith will be dealt with in accordance with the Disciplinary Code.

If the Company's managers and employees prefer to act in accordance with the Code of Ethics by refusing to act contrary to ethical rules (e.g. bribery) and the Company suffers a commercial loss, no retaliation will be made against employees. In such cases, the best course of action for managers and employees would be to report it as soon as they suspect that they are being expected to act against ethical rules, and seek guidance from their supervisors.

Action will be taken against those who maliciously make false statements under the Disciplinary Code.

## **Reporting**

The Ethics Committee is responsible for recording and reporting to the relevant Board Committee all reported incidents, the actions taken, the procedures followed and the preventive measures taken.

Likewise, statistics on the management of business ethics rules are published in the form of sustainability reports to inform relevant stakeholders and comply with the legislation.

## **Training**

The Human Resources Department conducts training activities to ensure that Karsan management and employees internalize the company's rules of ethical conduct and how these are implemented.

### **1- Work Ethics and Anti-Corruption Principles**

Karsan employees are responsible for avoiding potential conflict situations in the workplace.

#### **1.1 Impartiality Principle**

Employees must act in accordance with the Company's Code of Ethical Rules and labor laws. Our business activities respect fundamental human values that define the absolute ethical and moral threshold. It is one of our priorities to help employees build, establish and promote relationships based on ethical principles and mutual trust, both in their work and personal lives. All Karsan employees, including temporary employees, are required to comply with Karsan's Rules of Ethical Conduct and Implementation Procedures for Employees. All our business partners are expected to comply with the rules of business ethics and principles of implementation that underlie these rules. Stakeholders (employees, customers, shareholders, suppliers and other persons or institutions with whom the company has a relationship) who violate laws, regulations, procedures, policies, instructions inside and/or outside the company, by acting against ethical rules, or when there is doubt that this might be the case, the ETHICS COMMITTEE must be contacted to report the situation.

#### **1.2 Equal Opportunity and Compliance**

Karsan always applies the principle of equal opportunities for persons who might be susceptible to discrimination on the basis of their nationality, gender, sexual orientation, religion, language, nationality, world view, age and/or disability. From a moral and legal perspective, the Company offers equal employment and promotion opportunities to all, based on their individual qualifications and the requirements of their position. Management is responsible for preventing discrimination. However, taking into account the Gender Equality Policy and the Women's Empowerment Principles, the principle of equal opportunities requires the impartial attitude, action and compliance of all employees. In this regard, the Gender Equality Policy and Women's Empowerment Principles are also taken into consideration.

#### **1.3 Harassment and Discrimination**

People of different race, gender, religion, language, nationality, ideology, age and/or disability should be able to work together harmoniously at Karsan. In this regard, the Zero Tolerance Policy for Violence is also taken into account. Sexual and psychological harassment is also a form of discrimination and is against the law. Karsan employees are responsible for being vigilant against harassment, towards employees of the institution, customers, suppliers and other stakeholders with whom they have a business relationship. They are obliged to report any harassment incidents they witness to the competent authorities. It is the duty of all employees to resolve work-related disputes in a civilized manner and to resolve them before they turn into something more serious and cause conflicts.

#### **1.4 Abuse of Role**

Company employees cannot directly or indirectly engage in shameful crimes such as theft or forgery, and must not allow others to do so. The persons involved in such incidents must immediately be reported to the Ethics Committee. Company employees may not use abuse their powers from the business relationship between the Institution and the Stakeholders for their personal interests.



## **1.5 Compliance with Human Rights and International Labor Organization's (ILO) Work Principles**

Karsan believes that everyone is equal free and have the right to live a dignified life. Accordingly, Karsan recognizes and supports the UN Universal Declaration of Human Rights and other stated human rights. It does not engage in human rights violations in its activities.

Karsan is committed to working in accordance with the basic principles of the ILO.

### **No.29**

#### **Forced Labor Convention (1930)**

The Convention stipulates the end of all forms of forced or compulsory labor. However, exceptions apply to military service, employment of prisoners under supervision, and forms of work required in exceptional situations such as war, fire and earthquakes.

### **No.87**

#### **Freedom of Association and Protection of the Right to Organize Convention (1948)**

The Convention guarantees all workers and employers the right to form their own organizations freely and without prior authorization, whereby these organizations operate freely, free from interference from public officials.

### **No.98**

#### **Right to Organize and Collective Bargaining Convention (1949)**

The Convention introduces measures against discrimination against trade unions; against interference in the functioning of organizations formed by different workers' groups, while introducing measures to improve the collective bargaining system.

### **No.100**

#### **Equal Remuneration Convention (1951)**

The Convention stipulates that men and women should have equal pay and social rights for equal work.

### **No.105**

#### **Abolition of Forced Labour Convention, (1957)**

It prohibits the use of any form of forced or compulsory labor as a means of political coercion and education, punishment for expressing political or ideological views, mobilizing the workforce, ensuring work discipline, discrimination and as a way of punishment for joining an industrial action.

### **No.111**

#### **Discrimination (Employment and Occupation) Convention (1958)**

The Convention calls for the prevention of discrimination based on race, color, sex, religion, political opinion, national identity and social origin in employment, education and working conditions, as well as the promotion of equal opportunities.

### **No.138**

#### **Minimum Age Convention (1973)**

The Convention aims to eliminate child labor, stipulating that the minimum age of employment must not be younger than the age at which compulsory primary education is completed.

### **No.182**

#### **Worst Forms of Child Labor Convention (1999)**

The Convention envisages measures to eliminate the worst forms of child labor, immediately and effectively. The worst forms of child labor include slave labor and similar conditions, forced recruitment in war-like situations conflict, forced prostitution and pornography and illegal work, as well as any form of employment that affects the health, safety and morals of children.

## **1.6 Conflict of Interest**

Conflicts of interest may emerge in a range of scenarios. Employees are responsible for remaining objective and avoiding situations that may lead to conflicts of interest.

Employees must be careful about personal relationships and business dealings with family members, since commercial arrangements with persons with whom you have a personal relationship are prohibited. Employees must not engage in activities that could negatively impact the company or create a potential conflict of interest.

Employees must also remember that investing in a company that does business with or competes with Karsan may be considered a conflict of interest.

### Insider Trading

Employees are prohibited from disclosing or using insider knowledge about the Company for their own or others' benefit. "Insider information" covers information, events and developments which are not yet known to the public and which may influence the value and price of capital market instruments or the investment decisions of investors. Moreover, employees are prohibited from trading capital market instruments, including shares and debt instruments, on the basis of insider information, advising others and discussing topics that have not yet been disclosed to the public, such as the company's future projects and investments .

### Appropriate Use of Company Assets

Karsan's assets and facilities may only be used for legitimate business or other purposes approved by the Company. Employees must treat all company assets with care and protect them from damage, misuse and theft.

Company assets are:

- (i) Anything invented, obtained or owned by the Company;
- (ii) All physical assets such as documents, equipment and facilities, and
- (iii) All technological and intellectual assets such as trade secrets and intellectual property.

Company assets may only be used for business purposes in accordance with Company policy. They may not be used for personal purposes or activities.

## **1.7 Justifiable Working Practices**

### Compliance at the Workplace

All processes must be carried out in accordance with company policies and procedures. All decision documents must be retained for as long as the required retention period, protected against damage or going missing and comply with applicable laws and administrative regulations.

### Irrational Work Instructions

Employees must be polite and respectful to each other and not abuse their superior status to treat employees unfairly. If employees are given inappropriate work instructions that interfere with their impartial work performance, these must not be followed. An employee feeling personally aggrieved for not following a disallowed work instruction must contact Human Resources.

## Signing of Contracts

Negotiation and signing of contracts are conducted under the supervision of the Designated Authority and all final contracts (including electronic ones) must be in writing and comply with company policies, procedures and applicable regulations. Contracts must contain all the terms and conditions agreed upon by the parties and their results must be properly recorded and archived.

### **1.8 Anti-Bribery and Anti-Corruption**

Karsan believes that corruption is a major obstacle to sustainable development and illegal and so has a zero tolerance ("0") policy against corruption. It does not engage in any form of corruption, in particular bribery, money laundering, or financing of terrorism.

Karsan understands that new methods may emerge in addition to known methods of corruption that have not yet been discovered but may be discovered on the back of advances in technology, and considers any conduct that may be described as corruption, whether or not specified in this document , to be a violation of its Code of Ethics.

Details of the company's anti-bribery and anti-corruption policies and procedures are set out in Karsan's Anti-Bribery and Corruption Policy.

## Bribery and Corruption

Karsan prohibits all acts of bribery or corruption. Karsan's managers and employees, consultants, agents, persons acting on behalf of the Company, and all signatories to this document cannot give or receive anything of value to/from anyone who can influence the Company with their decisions or persons who can influence them, particularly public officials, to manipulate their decisions about or attitudes towards the company. Acts of corruption and bribery also include acts such as donations, facilitation payments and simple promises or offers of unnecessary economic benefits. Acts of corruption are punished in accordance with Karsan's internal disciplinary regulations.

## Gifts, Entertainment and Hosting

Gifts, free meals, entertainment, accommodation and travel arrangements offered under customary business practices, owing to the nature of the business or to fulfill cultural requirements pose a risk of implication in corruption cases and should be handled with care.

Karsan's managers and employees must not offer gifts, meals, accommodation, travel arrangements and similar benefits to third parties or their relatives that exceed reasonable limits, have a significant financial value, may cause the other party to inappropriately change their thoughts and attitudes, and may be perceived as obliging, or cannot accept such offers from third parties directly, or indirectly through third parties.

Managers and employees are required to report it immediately if they find themselves subject to such solicitations/requests.

All gifts, meals, travel, entertainment must be direct, supported by a legitimate business purpose (e.g. a field visit required for a study, inspection trips, training), be reasonable and fit for purpose. Any gift that is believed to actually influence the decision-making process is considered bribery and corruption.

## Political Impartiality

Karsan does not make illegal campaign contributions or expenditures for specific political candidates, political organizations and other organizations that may influence the policy-making process or other political agendas.

While Karsan respects political ideologies of individuals, employees are not allowed to engage in political activities at the workplace.

## **2- Human-Centered Approach Principle**

Karsan respects its employees as independent individuals and promotes a dynamic organizational structure based on mutual trust. Incompatible and disrespectful behavior is prohibited.

### **2.1 Employment**

Staffing needs are met in line with current and future staffing plans. It is committed to not discriminating against people in any way (religion, language, race, gender) with employment decisions, promotions and contract terminations, employing staff on the basis of their qualifications and merits and being just with its wage, side benefit and promotion policy.

### **2.2 Employee Loyalty**

It is a company priority to measure employee satisfaction levels, continuously help staff develop their skills/competencies according to the company's expectations and create a working environment where staff motivation is kept high. Accordingly, it operates a fair wage and award and recognition policy with systematic and objective approaches.

### **2.3 Employee Development**

It aims at investing in its human resources and monitoring their progress, with practices based on continuous professional development in line with the company's strategy and objectives. It creates an environment where employees can develop themselves and determine their career goals in line with company requirements.

### **2.4 Work Environment**

#### Disrespectful Behavior at Work

Karsan strives to create an environment where employees can work on the basis of mutual respect and where there is no inappropriate verbal, visual or physical harassment. Inappropriate work environment includes violent language, verbal abuse, physical violence, sexual harassment or any action that implies offensive language or behavior.

Karsan tries to create an atmosphere where employees can report violations with confidence, without fear. Each report is carefully examined and treated confidentially. Retaliation against employees who cooperate in an investigation initiated for disrespectful conduct, or report the incident, is strictly prohibited.

#### Drugs and Alcohol

Karsan prohibits employees from working under the influence of drugs and alcohol. It aims to protect the well-being of its employees by fostering a safe and healthy work culture. Karsan prohibits all kinds of illegal drugs and illegal drug use. This includes the use, possession, manufacturing, distribution, transport, sale, offering free of charge and advertising of illegal products.

If an employee shows signs of drug or alcohol use, such as significantly impaired judgement, deterioration of work performance or abnormal behavior, the company may ask the employee to submit their defense, with reference to the labor law and disciplinary procedures. Employees who violate this rule or refuse to cooperate without giving reasons will be subject to disciplinary action.

### Improving the Work Environment

It actively encourages its employees to equip themselves with new skills, expertise and competitive qualities. It tries to create an atmosphere where employees can work independently and creatively to pursue these goals.

## **2.5 Employee-Employee Relationship**

Karsan holds its workforce in the highest esteem possible; promotes the observance of human and workers' rights and is committed to the implementation of regulations and best practices to improve work conditions and occupational safety.

Employees must interact with one another on the basis of respect, dignity and fairness, taking into account different cultural backgrounds of each individual, without allowing violence, harassment or abuse in the workplace. Karsan's employees refrain from discrimination on the basis of race, religion, age, nationality, gender or any personal or social circumstances other than their qualifications and skills, especially taking into account disadvantaged people and their integration into work life.

All employees are responsible for ensuring all types of health and safety standards in the workplace, providing for their own safety and the safety of those affected by their work.

It is strictly forbidden to consume substances (drugs, alcohol, etc.) that could interfere with the proper performance of professional duties.

## **2.6 Employee-Supplier Relationship**

All our business partners are expected to provide safe working conditions, treat their employees with dignity and respect, conduct business fairly and ethically, and act in an environmentally responsible manner when manufacturing products or providing services.

Karsan's employees maintain a lawful, ethical and respectful relationship with their suppliers. Suppliers are selected according to the principles of impartiality and transparency.

All procurement activities are conducted in full compliance with applicable institutional rules and procedures. All purchasing decisions must be documentable, i.e. they are corroborated and checked in the event of an inspection by third parties or organizations exercising auditing activities at Karsan. Karsan's employees are required to protect commercially sensitive information in relation to the terms and conditions set by the company for the purchasing chain.

Karsan's employees do not request or accept information from suppliers regarding terms and conditions agreed with any of Karsan's competitors.

No Karsan employee may offer direct or indirect gifts, cash/non-cash inducements that could influence the decision-making process.

## **2.7 Employee-Customer Relationship**

Maintaining respect, dignity and fairness in their relations with customers, employees refrain from discrimination on the basis of race, language, religion, age, nationality, gender or other personal or social circumstances, especially taking into account disadvantaged people and their integration into work life.

Karsan protects its customers and guarantees the quality and/or safety of its product range by setting and applying mandatory standards for all its suppliers, to ensure product quality and safety. Concerning commercial activities, all employees must promote products based on objective standards. The Company engages in honest promotional activities so as not to provide false or misleading information that could mislead its customers or third parties.

## **2.8 Employee-Public Authorities and Officials Relationship**

Karsan's employees maintain legal, ethical and respectful relationships with authorities and public institutions in the countries where they conduct business, in accordance with international regulations on anti-bribery and anti-corruption.

As a general rule, no Karsan employee may offer, give, solicit or accept, directly or indirectly, gifts or donations, favors or bribes to any public authority or public official. Standard practices regarding gifts of intangible value are properly followed and evaluated by the company.

It is the duty of every employee to inform himself/herself about company policies on bribery, and review local practices thoroughly, taking into account the interests and reputation of the company. In case of any doubt, the Ethics Committee must be informed.

Karsan employees will refrain from facilitating or expediting payments, regardless of their amount, that involve the handing over of money or anything of value to secure or expedite bureaucratic action against a lawsuit, regardless of its nature.

Employees avoid seeking unnecessary tax advantages for Karsan and make sure that the company's tax declarations are correct in terms of representing the actual financial situation of the company.

In countries imposing certain requirements about / restrictions on international trade, Karsan's employees strictly comply with the applicable regulations and provide the necessary information about their activities to the requesting authorities.

## **3- Safety First**

### **Principle**

Karsan creates a work environment that can protect the occupational health and safety of its employees. Its manufacturing processes comply with international quality standards. It is committed to producing high quality products that customers can use with confidence.

### **3.1 Occupational Health and Safety**

Karsan prioritizes the occupational health and safety of its employees embracing eco-friendly business practices, and quality production methods. It complies with the Occupational Health and Safety Policy in doing so. The goal is to provide non-faulty products/services in a way that causes no occupational/environmental accidents/incidents by investing in people, knowledge and technology. Karsan constantly makes hazard assessments and takes protective measures to mitigate the impact of any risks that may occur. By involving all parties in the process, it ensures the continuous development and improvement of its management system, and fulfils its legal obligations.

Karsan proactively tries to prevent and manage hazardous materials, disasters and risks. The company implements appropriate risk prevention measures before engaging in an activity. Karsan provides a safe work environment for all employees by taking precautionary measures against potential risks.

Karsan provides a safe work environment by;

- (i) designing a safe workplace,
- (ii) adapting its work processes to precautionary measures and safety rules,
- (iii) providing employees with protective equipment and
- (iv) holding regular training sessions.

These aspects are managed by implementing OHS practices. Using the Occupational Health and Safety Management System (OHSAS 18001), we comply with a globally recognized health and safety management system.

#### Counter-measures

All employees adhere to regulations and company policies regarding cleaning and safety. Employees must report immediately to their respective supervisors after learning of practices or conditions that could lead to an accident. The OHS officer immediately investigates any actual or potential incidents and takes the necessary health and safety measures to ensure the safety of employees. The OHS officer analyses the cause of the accident, examines the associated risks and takes measures to prevent a recurrence.

### **3.2 Quality Management Systems**

#### Customer Satisfaction

In order to meet the expectations of internal and external customers, Karsan strives to improve the quality and efficiency of its processes by raising them to a level that is competitive at an international level and, in this regard, acts in accordance with the Quality Policy and designs it according to these principles.

#### Quality Approach

Karsan takes a proactive stances against errors with its on-site quality system. It acts in accordance with the Quality Policy and shapes it according to these principles. It aims to get things right the first time to achieve high levels of manufacturing efficiency. It maintains product quality at the desired level by standardizing products and processes striving for a sustainable quality approach.

#### Employee Engagement

To work towards quality goals on a common basis spanning the management and all staff; keeping team spirit alive via effective communication. To help employees develop their professional and personal skills through training programs.

#### Process Efficiency

Karsan implements effective work practices, based on data, by embracing Lean Management and WCM across all processes.

#### **3.2.1 Product Safety Management System**

Karsan carries out strict quality assurance checks during product design and production, to maintain high safety standards. We established a quality management system that complies with international standards such as the IATF 16949 / ISO 9001 standards (Quality Management System Certification).

During the development and manufacturing of products, employees regularly check compliance with the requirements of product safety law, taking into account product liability and automobile safety regulations.

When product designers design or manufacture new products, this must be done on the basis of automobile safety and product liability laws. Designers always make sure that they comply with regulations to meet product safety requirements. When a new model is designed or an existing model is updated, this is done in accordance with the latest design methods that are considered safe, and suitable for improving safety.

#### Documentation

Employees in design and production departments document their products properly. Right from the beginning, employees record all changes to safety justifications, improvements and production. This includes approving and implementing changes to allow a detailed and thorough demonstration of their product safety decisions. These records are always documented.

#### Finding Resources

Product safety issues can arise when Karsan outsources parts or materials from unqualified suppliers. Employees must pay attention to the company's internal policies when choosing suppliers. Once suppliers are selected, employees must ensure that these comply with Karsan's design and quality standards. Any concerns regarding the safety and quality of any parts sourced from suppliers must be addressed and promptly resolved in accordance with internal regulations.

#### Reports and Responses

Karsan takes product safety issues seriously applying extensive review processes to address them. If an employee identifies an internal or external issue with occupational safety or product recall, they must notify the company immediately. When asked about Karsan's product safety policies, an employee must avoid giving unconfirmed, perfunctory answers on behalf of the company. Employees may only provide accurate information based on the official company opinion, after consultation with the relevant manager and department.

## **4- Protection of Information and Intellectual Property Principle**

At Karsan, processes are carried out in accordance with the relevant provisions of the Data Protection Act. All data collected are used for legitimate business purposes, and taking the necessary measures.

### **4.1 Personal Data**

Employees must not record, store, keep, modify, rearrange or disclose, transfer, possess, make available, classify or prevent the use of any information that is considered personal data under the relevant law, which belongs to other employees of Karsan, or other persons working in third-party institutions and organizations, unless acting as per a written authorization in accordance with company rules and requirements.

#### **4.2 Confidential Business Information**

Employees are aware that Karsan is a publicly listed company and therefore has obligations arising from capital market legislation. Employees are responsible for protecting all information about their suppliers, customers and other business partners, besides company information.

#### **4.3 Protection of Intellectual Property Rights**

All employees are responsible for protecting company information and taking the necessary precautions. A security level is assigned to every piece of company data which dictates the nature of data safety measures. Employees may not disclose any information. The exchange of confidential information between organizations such as strategic partners or group companies is prohibited to secure a competitive advantage. All material/non-material gains from processes, eavesdropping, computer fraud and bribery using illegal and unethical methods are subject to disciplinary action.

#### **4.4 Recording and Provability of Decision-Making Documents**

All transactions conducted by Karsan that may have an economic impact are clearly and accurately posted in the company's balance sheets as a true and fair reflection of the transactions conducted and are made available to internal and external auditors.

The financial data of Karsan's employees is entered into the company's systems in a complete, clear and accurate manner so that they can demonstrate their rights and obligations in accordance with the regulations in force at the time. What must also be ensured is the accuracy and integrity of financial data that must be disclosed to the market in accordance with applicable legislation.

Karsan is committed to implementing and maintaining an adequate system of internal checks over financial reporting and ensuring that the effectiveness of the system is reviewed/audited regularly. Accounting records are made accessible to internal and external auditors at all times.

### **5- Transparent and Fair Business Activities Principle**

Karsan is convinced that its products and services will succeed in a competitive market and that a fair market can bring benefits. It fully complies with the laws, regulations, CMB practices and tax regulations in its tax declarations, market announcements and reporting practices. It complies with all laws and regulations regarding customs tariffs. It keeps all company information about customs tariffs in a thorough and accurate manner, keeping it up-to-date at all times.

#### **5.1 Costing**

Karsan supports free trade. Prices are determined independently using cost analysis and market conditions. Only publicly-available price data of competitors is used. Only data documented by verified sources is used. A product's price cannot always reflect new sales prices announced by a distributor, supplier or customer, unless there is a change to Karsan's policies and cost items.

#### **5.2 Business Partners and Suppliers**

Karsan treats its business partners and suppliers in a professional manner. It selects its business partners and suppliers based on certain criteria.

### **5.3 Fair Trade Act**

Karsan competes on the merits of products and services and does not engage in acts that are illegal under competition law, such as collaborating with competitors. It knows the requirements of the fair trade act and consults its legal department, when necessary.

### **5.4 Cooperation with Judicial Authorities**

In the event that competition authorities visit the company without prior notice or in the course of investigations, Karsan actively cooperates with judicial authorities to accommodate legitimate data transfer requests and helps with investigative proceedings.

### **5.5 Accounting and Taxation**

#### **5.5.1 Accurate Record Keeping**

Karsan maintains accurate books and records in accordance with International Financial Reporting Standards (IFRS), relevant company regulations, internal control systems and general accounting principles. Karsan prohibits all types of forgery, alteration of documents and unfair acts that may misrepresent the nature of commercial activities. The company always complies with the applicable regulations of the countries in which it operates.

#### **5.5.2 Financial Reporting**

Karsan compiles/reportd its financial data in an honest and objective manner. It maintains books and records to accurately reflect the financial status of the company. Employees provide current and potential investors, lenders and other creditors of Karsan with verifiable, clear and timely financial reports.

#### **5.5.3 Taxation**

Tax risks can arise from business activities, such as new investments, changes in business details, restructuring and international transactions. Karsan files its tax returns and fulfills its payment obligations in accordance with the laws and regulations of each country in which it operates. It maintains a transparent relationship with the tax authorities and responds truthfully to enquiries for data transfer. Karsan prohibits illegal tax evasion activities such as international tax evasion and adheres to the Company's transfer pricing policies and the OECD transfer pricing guidelines in its dealings with related companies and related parties.

### **5.6 Customs Tariffs**

#### **5.6.1 Country of Origin and Free Trade Zone**

Karsan makes a correct declaration of country of origin to customs by demonstrating the documents and any supporting evidence it has been given by the supplier, in a way that would create no inconsistencies in future transactions. Records of import/exports to/from any country must comply with institutional procedures. Karsan evaluates the products in Free Trade Zones in accordance with the relevant regulations and accounting standards.

#### **5.6.2 Supply Chain Security**

Karsan adheres to supply chain security in customs procedures, in accordance with the standards and regulations.

### **5.6.3 Customs Inspection**

In the event of a customs check, an on-site visit, an irregular customs investigation or an inspection is carried out by the authorities without prior notice. It acts in such a way that it is always ready for internal and external customs checks at any time.

## **6- Responsibility towards Society Principle**

Karsan works to provide the best products /services and deliver customer satisfaction. It aims to increase company value through transparency and corporate governance. It fulfils its responsibilities and duties for sustainable development.

### **6.1 Social Responsibility**

As part of its commitment to social responsibility, Karsan undertakes to provide financial support to underprivileged segments of society within the scope of its budget and planned projects/initiatives, regardless of language, religion, race, gender or age. It cooperates with non-governmental organizations.

Accordingly, Karsan;

Supports and implements gender equality projects, is a signatory to WEPs and carries out support activities for disadvantaged segments of society.

### **6.2 Customer satisfaction**

Karsan produces smarter, more reliable and environmentally friendly vehicles for its customers. It manufactures the best products and services for its customers, according to their needs. It is committed to responding as quickly and fairly as possible to customer suggestions and complaints.

### **6.3 Protecting Shareholders' Interests**

Karsan protects the legal rights of its shareholders and values and respects their demands. It works to create value in return for the resources provided by shareholders. Karsan ensures that company matters that need communicating to shareholders and stakeholders in a timely and accurate manner within the framework of the relevant laws.

### **6.4 Corporate Governance**

KARSAN embraces the principle of treating its shareholders on the basis of equality, transparency, accountability and responsibility, which form the basis of the corporate governance principles. The effectiveness of the internal control system is monitored by the Audit Committee and audits are conducted by independent external auditors. In addition, assets, annual financial statements and important decisions are regularly reported and shared with the management and the board of directors.

### **6.5 Media Relations**

Karsan's policy is to provide accurate and honest information within the rules set by the Capital Markets Board. All meetings with investors, financial analysts, members of the press and similar groups are held within the framework of Karsan's "Disclosure Policy". The disclosure of insider information about Karsan and confidential information about shareholders to the media or other third parties is strictly prohibited and punishable by law as per the relevant regulations, in particular the capital market law.

## 6.6 Environment

With its environmental management system, Karsan keeps the environmental footprint from its production and service activities in check, continuously improving its environmental performance and complying with all environmental regulations. It complies with the environmental policy drawn up within this framework and takes these objectives into account when developing it. Karsan was given the ISO 14001 Environmental Management System Certificate by BVQI on 27 January 2004 and by TSE on 24 February 2004. It was given the Zero Waste Management Certificate by the Ministry of Environment and Urbanization on 21 December 2020. The entire operation of the domestic and industrial wastewater treatment plant, equipped with state-of-the-art technology, is monitored by computers and the process parameters automatically recorded. The examination and checking of the waste water according to the discharge standards laid down in the relevant regulations is carried out in the environmental laboratory, which is equipped with all necessary equipment. The flue gas incinerator, built in compliance with emission standards for air quality and for resources, prevents air pollutant concentrations from being released into the environment from the chimneys. The energy released during combustion is also used to heat the baths during the surface treatment process, enabling efficient use of energy and natural resources in addition to reducing environmental impact. Setting up a collection and control system for hazardous waste generated as a result of its activities, Karsan directs the leachate from the chemical storage facility and the hazardous waste landfill to its treatment plant, minimizing the negative impact to the soil and groundwater. Placing an eco-friendly production approach at the center of its business, Karsan continues its efforts to reduce the negative impact of its activities on the environment, which may either be caused by its manufacturing processes or the actual use of its products by consumers.