



KAMUYU AYDINLATMA PLATFORMU

KARSAN OTOMOTİV SANAYİİ VE TİCARET A.Ş. Sustainability Compliance Report 2023 - Annual Notification

Summary

2023 Sustainability Principles Compliance Report

Related Companies

Related Funds

	Company Compliance Status				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	Yes	Partial	No	Not Applicable		
Sustainability Compliance Report						
A. GENERAL PRINCIPLES						
A1. Strategy, Policy and Goals						
A1.1. The prioritised environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the Company's Board of Directors.	X				Within the scope of the Sustainability Project, which started in 2021, the company reviewed its ESG policies and identified risks and opportunities. (2022 Sustainability Report, page 30)	https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf
A1.1. The ESG policies (Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been created and disclosed to the public by the Company's Board of Directors.	X				The Company has its own " Quality Policy", "Climate and Environmental Policy", " Occupational Health and Safety Policy", " Information Security Policy, "Human Resources Policy", " Gender Equality Policy", "Zero Tolerance to Violence Policy" , "Energy Policy ". ", "Code of Ethical Conduct ", "Anti-Bribery and Anti-Corruption Policy" have been disclosed to the public on the Public Disclosure Platform and on the Company's website, with the decision of the Board of Directors.	https://www.kap.org.tr/tr/Bildirim/987551 https://www.karsan.com/tr/kurumsal/karsan-hakkinda/politikalarimiz
A1.2. The short and long-term targets set within the scope of ESG policies have been disclosed to the public.			X		The Company has not yet disclosed to the public the implementation and action plans formulated in line with short and long term targets.	
A2. Implementation/Monitoring						
					The company has determined the committees /units responsible for	

A2.1. The responsible committees and/or business units for the implementation of ESG policies and the senior officials related to ESG issues in the Company and their duties have been identified and disclosed to the public.	X			the execution of its policies and disclosed it to the public in its Sustainability Report. (2022 Sustainability Report, page 29)	https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf
A2.1. The activities carried out within the scope of policies by the responsible committee and/or unit have been reported to the Board of Directors at least once a year.	X			2022 Karsan Board of Directors Activity Report	https://www.kap.org.tr/tr/Bildirim/1121409
A2.2. In line with the ESG targets, the implementation and action plans have been formed and disclosed to the public.			X	The Company has not yet disclosed to the public the implementation and action plans formulated in line with short and long term targets.	
A2.3. The Key ESG Performance Indicators (KPI) and the level of reaching these indicators have been disclosed to the public on yearly basis.	X			2022 Karsan Sustainability Report; pages 82-87	https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf
A2.4. The activities for improving the sustainability performance of the business processes or products and services have been disclosed to the public.	X			2022 Karsan Sustainability Report; pages 60-67	https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf
A3. Reporting					
A3.1. The information about the sustainability performance, targets and actions have been given in annual reports of the Company an understandable, accurate and sufficient manner.	X			2022 Karsan Digital Annual Report; pages 64-68	https://www.karsan.com/Download/files/KARSAN%202022%20Faaliyet%20Raporu_compressed.pdf
A3.2. The information about activities which are related to the United Nations (UN) 2030 Sustainable Development Goals have been disclosed to the public.	X			2022 Karsan Sustainability Report; pages 23-25	https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf
A3.3. The lawsuits filed and/or concluded against the Company about ESG issues which are material in terms of ESG policies and/or will significantly affect the Company's activities, have been disclosed to the public.	X			There were no lawsuits filed and/or concluded against environmental, social and corporate governance issues during the period. (2022 Digital Annual Report, page 77)	https://www.karsan.com/Download/files/KARSAN%202022%20Faaliyet%20Raporu_compressed.pdf
A4. Verification					
A4.1. The Company's Key ESG Performance metrics have been verified by an independent third party and publicly disclosed.	X			The Company has calculated and verified its Corporate Carbon Footprint within the scope of its 2022 Sustainability Report activities .	https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf
B. ENVIRONMENTAL PRINCIPLES					
				The company has ISO 14001 standard since 2004, and completed the transition period in 2018 ISO 14001:2015. In this context, policies that determine the boundaries of the Environmental Management System have been established. In this context,	

<p>B1. The policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs have been disclosed.</p>		X	<p>environmental risk and opportunity analyzes are carried out regularly and actions are taken according to the identified risks and opportunities. Studies on all the articles of the standard are carried out. ISO 14001 and ISO 45001 in 2021 has been integrated management systems by the Company. In addition, ISO 50001 in 2021 Energy Management System had been established and documented. For this reason, the Company aims to keep the energy dimensions of its environmental impacts under control and to continuously improve it. (2022 Sustainability Report, page 61)</p>	<p>https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf</p>
<p>B2. The environmental reports prepared to provide information on environmental management have been disclosed to the public which is including the scope, reporting period, reporting date and limitations about the reporting conditions.</p>		X	<p>The 2022 Karsan Sustainability Report, published for the third time in 2022, was prepared in accordance with the basic standards of the GRI (Global Reporting Initiative) and Karsan's sustainability performance was voluntarily shared with all stakeholders and the general public. The report covers the activities, production and all assets of the Company between January 1, 2022 and December 31, 2022. In addition, Karsan's sustainability priorities, which reflect Karsan's corporate policies and working principles and were determined with the participation of stakeholders, as well as its</p>	<p>https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf</p>

				contributions to the Sustainable Development Goals and its targets are presented. The 2022 Karsan Sustainability Report was approved by the Karsan Sustainability Committee, General Manager and Chairman of the Board of Directors prior to its publication. (2022 Sustainability Report, page 3)	
B4. The environmental targets within the scope of performance incentive systems which included in the rewarding criteria have been disclosed to the public on the basis of stakeholders (such as members of the Board of Directors, managers and employees).	X			Sustainability category has been included in Karsan Kaizen awards since 2022 (2022 Sustainability Report, page 33)	https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf
B5. How the prioritised environmental issues have been integrated into business objectives and strategies has been disclosed.	X			2022 Sustainability Report, page 21-22	https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf
B7. The way of how environmental issues has been managed and integrated into business objectives and strategies throughout the Company's value chain, including the operational process, suppliers and customers has been disclosed.	X			With the suppliers we selected within the scope of the pilot study we implemented green procurement practices and audited our suppliers accordingly (2022 Sustainability Report, page 25)	https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf
B8. Whether the Company have been involved to environmental related organizations and non-governmental organizations' policy making processes and collaborations with these organizations has been disclosed.	X			We determined our sustainability priorities together with our nearly 50 external stakeholders by making evaluations in the perspective of "impact, risk, opportunity and stakeholder expectations" from senior management to employees and Our 125 company representatives with different titles and mainly suppliers, customers, financial institutions and NGOs. (2022 Sustainability Report, pages 18-20)	https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf
				In 2022, Karsan determined its greenhouse gas emissions as Scope 1, Scope 2 and Scope 3 (

<p>B9. In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts)), information on environmental impacts is periodically disclosed to the public in a comparable manner.</p>	X			<p>as pilot). In this context, Greenhouse gas emissions tend to decrease in all 3 coverage types. As part of its sustainability activities, Karsan has been monitoring these processes continuously since 2021. (2022 Sustainability Report, page 60)</p> <p>https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf</p>
<p>B10. Details of the standard, protocol, methodology, and baseline year used to collect and calculate data has been disclosed.</p>	X		<p>Karsan's greenhouse gas emissions are covered by Scope 1, Scope 2 and Scope 3 were calculated by obtaining consultancy services from independent institutions. The prepared report has been prepared in the light of ISO 14064 management system. The institution that receives consultancy services also has ISO 14064 accreditation. In addition, GRI approval was obtained for the data included in the 2022 Sustainability Report. (2022 Sustainability Report, pages 89-96)</p>	<p>https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf</p>
<p>B11. The increase or decrease in Company's environmental indicators as of the reporting year has been comparatively disclosed with previous years.</p>	X		<p>The company started to publish its environmental indicators in its 2020 Sustainability Report published in 2021. (2022 Sustainability Report, pages 62-66) Company , Carbon Disclosure Project (CDP) published carbon data.</p>	<p>https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf</p>
<p>B12. The short and long-term targets for reducing the environmental impacts have been determined and the progress compared to previous years' targets has been disclosed.</p>			X	<p>The company has not yet disclosed the targets it has set to reduce its environmental impacts to the public. It is planned to carry out target work in the coming periods.</p>
				<p>The company has not disclosed to public its strategy and actions to combat the climate crisis</p>

B13. A strategy to combat the climate crisis has been created and the planned actions have been publicly disclosed.		X	yet. In the coming periods, public disclosure of the strategy and actions to combat the climate crisis will be re-evaluated.	
B14. The programs/procedures to prevent or minimize the potential negative impact of products and/or services on the environment have been established and disclosed.	X		In the Company Sustainability Report, it is explained that the procedures to prevent or minimize the potential negative effects of the products it offers during the production phase (Sustainability Report for the Year 2022, page 24)	https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf
B14. The actions to reduce greenhouse gas emissions of third parties (suppliers, subcontractors, dealers, etc.) have been carried out and disclosed.	X		The company carried out only a pilot-scale Scope 3 study aimed at reducing the greenhouse gas emissions of third parties and mentioned the results in its sustainability report. As part of Karsan's 2022 sustainability efforts, responsible procurement efforts have been initiated. (2022 Sustainability Report, page 24)	https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf
B15. The environmental benefits/gains and cost savings of initiatives/projects that aims reducing environmental impacts have been disclosed.	X		The company is responsible for both WCM and ISO Environmental and Energy management system activities aims to minimize its environmental impacts by assigning projects. In addition, the company has announced these actions and projects with its environmental benefits/ benefits and cost savings in its 2021 Sustainability Report. (2022 Sustainability Report, page 33-36)	https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf
B16. The data related to energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) has been disclosed as Scope-1 and Scope-2.	X		The Company has disclosed its direct (Scope - 1) and indirect (Scope - 2) energy consumption data comparatively	https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf

				in its Sustainability Report. (2021 Sustainability Report, page 62-63)	
B17. The information related to production of electricity, heat, steam and cooling as of the reporting year has been disclosed.	X			In the reporting year, the amount of energy production was 0 (zero), and energy consumption data were disclosed in the Sustainability Report. (2022 Sustainability Report, page 62-63)	https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf
B18. The studies related to increase the use of renewable energy and transition to zero/low carbon electricity have been conducted and disclosed.	X			As a result of the feasibility report, the company started to work to evaluate a solar energy potential of approximately 6.7 MW, and considering the average energy consumption of the last 3 years thanks to the planned project , if 100% of the installed power is used. It is aimed that 80% of the current energy need can be met with this facility (2022 Year Sustainability Report, page 62)	https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf
B19. The renewable energy production and usage data has been publicly disclosed.			X	The Company has no renewable energy production and consumption. Therefore, there is no disclosure on the subject.	
B20. The Company conducted projects about energy efficiency and the amount of reduction on energy consumption and emission achieved through these projects have been disclosed.	X			The company established and documented the ISO 50001 Energy Management System in March 2021. However, Karsan reduces energy consumption and the associated greenhouse gas emissions realizing energy efficiency projects. Project details, energy consumption and emission consumption information are shared in the 2022 Sustainability Report. (2021 Sustainability Report, page 63)	https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf
				In line with Karsan's	

<p>B21. The water consumption, the amount, procedures and sources of recycled and discharged water from underground or above ground (if any), have been disclosed.</p>	<p>X</p>		<p>environmental sustainability goals, the target of reducing the amount of wastewater sludge generated in wastewater treatment set in 2020 was realized with great success. In 2021, the amount of wastewater sludge, which was 0.77 kg per wastewater in 2020, was reduced by 48.8% to 0.46 kg /m3. By 2022, a 76.9% reduction was achieved. As a result, the amount of wastewater sludge, which was 0.46 kg/m3 in 2021, was reduced to 0.11 kg/m3 in 2022 (2022 Sustainability Report, page 67) .</p>	<p>https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf</p>
<p>B22. The information related to whether Company's operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax).</p>		<p>X</p>	<p>The company is not included in the carbon pricing system and does not have any disclose on the subject.</p>	
<p>B23. The information related to accumulated or purchased carbon credits within the reporting period has been disclosed.</p>		<p>X</p>	<p>No carbon credits have been received in the company. Therefore, there is no disclose on the subject.</p>	
<p>B24. If carbon pricing is applied within the Company, the details have been disclosed.</p>		<p>X</p>	<p>Carbon pricing is not applied in the company. Therefore, there is no disclose on the subject.</p>	
<p>B25. The platforms where the Company discloses its environmental information have been disclosed.</p>	<p>X</p>		<p>Although not disclosed to the public, the Company reports its environmental performance data annually to the Ministry of Environment, Urbanization and Climate Change and its energy performance data annually to the Ministry of Energy and Natural Resources. It also sends annual Environmental and Energy performance data to the Automotive Manufacturers' Association. However, this data is not</p>	<p>https://www.karsan.com/Download/files/2023-yili-cdp-raporu.pdf</p>

shared with the public except for the members of the Environment and Energy Committee. However, Karsan disclosed all sustainability indicators, mainly greenhouse gas emission data, within the scope of the Carbon Disclosure Project (CDP) and the Borsa Istanbul Sustainability Index in 2022.

C. SOCIAL PRINCIPLES

C1. Human Rights and Employee Rights

C1.1. The Institutional Human Rights and Employee Rights Policy has been established in the light of the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation. The policy and the officials that responsible for the implementation of it have been determined and disclosed.

X

Company publicly disclosed Human Resources Policy, applicable national undertakes to comply with legal regulations, standards published by the International Workers Organization (ILO), Universal Declaration of Human Rights, United Nations conventions, to ensure the continuity of this compliance and to continuously improve practices. In addition, the Company signed the protocol with the International Labor Organization (ILO) to improve gender equality and increase women's employment in 2019, in partnership with the UN Global Compact and UN Gender Equality and Women's Empowerment Unit (UN Women) in 2020 and signed the "Women's Empowerment Principles", and adopted the "Gender Equality Policy" and "Zero Tolerance to Violence

<https://www.kap.org.tr/tr/Bildirim/987551> <https://www.karsan.com/tr/kurumsal/karsan-hakkinda/politikalarimiz>

			Policy" in the last quarter of 2020. The necessary applications to become a UN Global Compact signatory were completed and accepted in December 2021.	
C1.2. Considering the effects of supply and value chain, fair workforce, improvement of labor standards, women's employment and inclusion issues (gender, race , religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc., such as non-discrimination) are included in its policy on employee rights.	X		The current Human Resources Policy of the company has been established to include fair workforce, improvement of labor standards, women's employment and inclusiveness. Therefore, the Company provides equal opportunity in recruitment processes.	https://www.kap.org.tr/tr/Bildirim/987551 https://www.karsan.com/tr/kurumsal/karsan-hakkinda/politikalarimiz
C1.3. The measures taken for the minority rights/equality of opportunity or the ones who are sensitive about certain economic, environmental, social factors (low income groups, women, etc.) along the supply chain have been disclosed.	X		The company is a specialized organization related to the world United Nations, and has been a supporter of gender equality within the scope of the protocol signed with the International Labor Organization (ILO) to promote gender equality and increase women's employment. The studies carried out in this context are based on the measures taken to protect the rights of those who are sensitive to certain economic, environmental and social factors. However, due to certain economic, environmental and social factors, vulnerable segments (low-income segments, women etc.) or the measures taken along the value chain to respect minority rights/equal opportunities.	
			The company is against discrimination by complying with the	

C1.4. The developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced and child labor have been disclosed.

X

regulations on not employing child labor, and complies with the regulations regarding inequality, human rights violations, and preventive and corrective practices against forced labor in the "Karsan Code of Contact", "Human Resources Policy" and "Gender Equality Policy". However, it does not report on developments related to these issues. Gender equality and discrimination, fundamental human rights issues such as the prevention of forced or compulsory labor and child labor, which are outside the scope of our company's policies, are also taken into consideration throughout our activities, and we expect our suppliers to exhibit similar behaviors in these matters. (2022 Sustainability Report, page 73-77)

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C1.5. Investments in employees (education, development policies), compensation, fringe benefits, right to unionize, work/life balance solutions and talent management are included in the employee rights policy.

X

Although it has not been disclosed to the public, the Company's Ethics Committee and Disciplinary Committee mechanisms operate regarding the resolution of employee complaints and disputes. In addition, a satisfaction survey is conducted every two years in order to measure employee satisfaction. In the upcoming period, it is planned to establish a Corporate Human Rights and Employee Rights Policy. Although it has not been

<p>C1.5. The mechanism for employee complaints and resolution of disputes have been established and related solution processes have been determined.</p>	<p>X</p>		<p>disclosed to the public, the Company's Ethics Committee and Disciplinary Committee mechanisms operate regarding the resolution of employee complaints and disputes. In addition, a satisfaction survey is conducted every two years in order to measure employee satisfaction. In the upcoming period, it is planned to establish a Corporate Human Rights and Employee Rights Policy.</p>	
<p>C1.5. The activities carried out within the reporting period which related to ensure employee satisfaction have been disclosed.</p>	<p>X</p>		<p>Although it has not been disclosed to the public, the Company's Ethics Committee and Disciplinary Committee mechanisms operate regarding the resolution of employee complaints and disputes. In addition, a satisfaction survey is conducted every two years in order to measure employee satisfaction. In the upcoming period, it is planned to establish a Corporate Human Rights and Employee Rights Policy.</p>	
<p>C1.6. The occupational health and safety policies have been established and disclosed.</p>	<p>X</p>		<p>The company has established its occupational health and safety policy and disclosed it to the public.</p>	<p>https://www.kap.org.tr/tr/Bildirim/987551 https://www.karsan.com/tr/kurumsal/karsan</p>
<p>C1.6. The measures taken for protecting health, preventing occupational accidents and related statistics have been disclosed.</p>	<p>X</p>		<p>2022 Sustainability Report, page 23</p>	<p>https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf</p>
<p>C1.7. The personal data protection and data security policies have been established and disclosed.</p>	<p>X</p>		<p>In order to protect personal data and protect data privacy, the Company has a procedure established within the scope of the Protection Law, and within the scope of this procedure, it pays utmost</p>	<p>https://www.karsan.com/tr/sozlesmeler/kisisel</p>

			attention to the protection of personal data. In addition, the Company discloses the Processing of Personal Data Clarification Text to the public through its corporate website.	
C1.8. The ethics policy have been established and disclosed.	X		The Company has publicly disclosed its Code of Ethical Conduct on the Public Disclosure Platform and on its website.	https://www.kap.org.tr/tr/Bildirim/987551 https://www.karsan.com/tr/kurumsal/karsan
C1.9. The studies related to social investment, social responsibility, finansal inclusivity and access to finance have been explained.		X	Activities within the scope of social investment, social responsibility, financial inclusion and access to finance have not been disclosed to the public.	
C1.10. The informative meetings and training programs related to ESG policies and practices have been organized for employees.	X		The Company requires its employees to provide information meetings and training programs on ESG policies and practices.	
C2. Stakeholders, International Standards and Initiatives				
C2.1. The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed.	X		The Company has established the Code of Ethics policy and has included the principles of Customer Satisfaction in this policy. In this context, the Company produces smarter, more reliable and environmentally friendly vehicles for its customers. The best products and services are produced according to the demands of our customers. We respond fairly quickly and fairly to our customers' suggestions and complaints, and cares about answering.	https://www.karsan.com/tr/kurumsal/karsan-hakkinda/etik-kurul-ve-etik-kurul-ile-iletisim-politikasi
		X	While the company conducts its stakeholder communication in a continuous and transparent manner, it does not publicly	

C2.2. The information about the communication with stakeholders (which stakeholder, subject and frequency) have been disclosed.				disclose the purpose, subject, frequency or progress of sustainability activities.	
C2.3. The international reporting standards that adopted in reporting have been explained.	X			The company prepared the 2022 Sustainability Report and all the data used in the report in accordance with the GRI standard and received GRI approvals.	https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf
C2.4. The principles adopted regarding sustainability, the signatory or member international organizations, committees and principles have been disclosed.	X			2022 Sustainability Report, page 23-25	https://www.karsan.com/Download/files/KARSAN%20SUR_OK%20rev.pdf
C2.5. The improvements have been made and studies have been carried out in order to be included in the Borsa Istanbul sustainability indices and/or international index providers.	X			The company started to be included in the BIST Sustainability Index as of April 2022.	
D. CORPORATE GOVERNANCE PRINCIPLES					
D1. The opinions of stakeholders have been sought in the determination of measures and strategies related to sustainability field.	X			To comply with the principles regarding the company's stakeholders and to cooperate with the stakeholders, the company takes necessary measures to strengthen communication. The Stakeholders Policy, prepared for this purpose and submitted to the information of the shareholders at the Ordinary General Assembly regarding the activities of 2014, can be accessed on the Company's website. As of 2022, stakeholders' opinions were sought for the determination of measures and strategies in the field of sustainability.	
				Company, contributes to the community and the local economy with its Sustainable Social Responsibility projects. The company supported projects such as the establishment of an electric vehicle	

D2. The social responsibility projects, awareness activities and trainings have been carried out to raise awareness about sustainability and its importance.

X

laboratory and organized special days such as Environment Day, Day of the Disabled, and Autistic Week. In addition, within the scope of the Sustainability Project, studies have been initiated to increase awareness of sustainability. The company aims to raise awareness about the issue of sustainability and its importance through its activities.