Welcome to your CDP Water Security Questionnaire 2020

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Ford Otosan (Ford Otomotiv Sanayi A.Ş.) is a publicly traded company, where Ford Motor Company and Koç Holding have equal shares. We are the 13th most valuable company on BIST with a market cap of $4.2 billion. Ford Otosan shares outperformed the BIST 100 Index by 21% as of year-end, while 77% of its free float was owned by foreign investors. Ford Otosan, being one of the top 3 exporting companies of Turkey since 2004, has achieved 9 consecutive years automotive industry championship and is Turkey's export champion for 5 years in a row. The leadership also continued in 2019 by the export of vehicles and spare parts to 96 countries in 5 continents worth 5.9 billion USD. Ford Otosan, operating in 3 main centers with its Gölcük and Yeniköy Plants in Kocaeli, Eskişehir plant in Eskişehir, Sancaktape R&D Center and Spare Parts Warehouse in İstanbul, employs almost 11,000 people. Ford Otosan is the most valuable automotive company in Borsa İstanbul.

Ford Otosan has the biggest and most capable R&D organisation of the Turkish automotive industry in Turkey with its R&D engineer staff of 1,389 people. Ford Otosan R&D Center is the global hub for heavy commercial vehicles and related power trains and also global spoke for light commercial vehicle development and diesel powertrain engineering. We were honored to be recognized as the "Private Company with the Highest R&D Spending" in Turkishtime's survey on "R&D 250, Turkey's Top 250 Companies with Highest R&D Expenditures

Ford Otosan, established in 1959, with its production capacity of 455,000 commercial vehicles and 70,000 engines and 140,000 powertrains by the end of 2019, is the biggest commercial vehicle production center of Ford in Europe. Within the evaluation carried among the plants of Ford Motor Company, Kocaeli and Eskişehir plants are shown as one of the "Best Vehicle Production Centers".

The total number of patent registration certificates received from the Turkish Patent and Trademark Office reached 41. We increased the total number of applications to 354 with 5 patent application to the Turkish Patent and Trademark Office. By making 15 Patent Cooperation Treaty applications, we took steps to protect our activities at the international level.

As the innovation leader of the automotive sector in Turkey, Ford Otosan both realizes record production and growth performance and takes firm steps towards its objective of creating sustainable value for its stakeholders. The Ford Motor Company and Koç Group's Climate Change Strategy provides our road map in this endeavor. This is why we constantly promote projects aimed at increasing efficiency in every level of our activities.

Our primary target we have adopted in compliance with Ford Global Environmental Operating System EOS is 30% reduction in water use per vehicle produced by 2020, as compared to base year of 2015 and to achieve these targets by complying 100% with legal regulations.

Besides the issues of energy and environment, we also earnestly track other impacts generated across our operations and actualize impact reducing works within the context of our environment friendly production understanding. Therefore, issues such as water management, responsible material consumption, waste management and biodiversity are approached within the scope of the management of the environmental impacts of our operations, also as part of our risk management model, pursuant to Ford Otosan Environment and Energy Policy. In our days, water confronts us as a primary environmental issue alongside energy and climate. Particularly considering that the need for clean water resources will increase in relation to the increasing population in coming years, the efficient use of water resources is a matter both of responsible corporate citizenship and of prudent management understanding. In accordance, we primarily strive to reduce our water consumption amount and in parallel to reduce our need for fresh water resources by increasing the amount of recycling and reusing. We monitor our water consumption in line with our targets. In 2019, by installing an aerator on all taps in our plant, we saved 25% of the water consumed in each tap. The water withdrawal per produced vehicle decreased by about 4% as against the previous year, to the level of 3.01 m3/vehicle. Our target is to reduce this value to 2.41 m3/vehicle in 2021.
Gölcük Plant, with its Industry 4.0 focused activities, named a “Lighthouse Factory” by World Economic Forum (WEF), in the reporting year.
As a result of our successful sustainability performance, we are listed in Borsa Istanbul Sustainability Index, one of the significant indexes consisting of responsible investors, and FTSE 4Good Emerging Indexes. Furthermore, we disclose our performance to the public by participating in climate and water programs of Carbon Disclosure Project (CDP).

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1, 2019	December 31, 2019

W0.3

(W0.3) Select the countries/areas for which you will be supplying data.

Turkey

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Important	Water quality and quantity has a vital importance for our direct operations. The direct use of water resources is vital for our operations' continuity such as vehicle painting in manufacturing processes, machining of power train components, cooling towers, wash services. As a large purchaser of parts, materials, components, the indirect use of water has an importance for operations and services performed by our suppliers in current and future conditions. Pollution or salinization of the water resources may pose some risks in water availability causing increases in the operational costs. For this reason, in our operations we prefer using water efficiently. Reducing water usage by monitoring water quantity and quality is always in our concern during our activities. Total Water Withdrawal (m3): 1,109,034 Fresh Water Consumption per Produced Vehicle (m3/vehicle) : 3.01
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	This is important for our facility to reduce water scarcity risk and to ensure that there is enough water for all needs. For current conditions, there is no any urgent need for recycled or produced water both for direct and indirect use. For future conditions; quality and quantity of water may be affected by pollution or salinization, which may increase the need for recycled water. For this reason, we prefer to use water efficiently in our operations. We enable the recovery of

			wastewater through water management. To this end, we have performed feasibility work for the recycle/reuse of the waste water at wastewater treatment facility for our production processes in Gölcük Factory. Wastewater treatment performance has a great importance during our operations Total Water Withdrawal (m3): 1,109,134 Fresh Water Consumption per Produced Vehicle (m3/vehicle): 3.01 For future conditions we are planning to assess indirect use of water for our supply chain.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	100% of water is withdrawn from our 13 underground extraction wells. Water withdrawals are measured and monitored 100% by flow meters and cross-checked by bills. The daily water consumption is under control through the use of new lower flow rate faucets mounted in 2018 and 2019.
Water withdrawals – volumes by source	100%	Water is vital for our operations and we have a company-wide target set out for water withdrawal covering all of our operations in the facilities which are located in Marmara and Sakarya basins. We prefer to identify water stress areas by using WRI Aqueduct “Global Water Risk Mapping Atlas” which enables to map future water risks.
Water withdrawals quality	76-99	The process water used in production have to meet operational quality standards, for this reason it is measured and analysed in the labs of Ford Otosan facilities. TDS, conductivity, Mn, Fe, NH3, are analysed as quality parameters. Monthly monitoring frequency is in place.
Water discharges – total volumes	100%	Wastewater is discharged into the municipal sewer system, ending by municipal treatment plant. 100% of discharged total volumes is monitored

		by continuous flow meters, it is cross-checked by the bills. The data is entered monthly into a corporate database, to evaluate consumption trends and reduction targets.
Water discharges – volumes by destination	100%	Wastewater is discharged into the municipal sewer system, ending by municipal treatment plant. It is monitored 100% by continuous flow meters.
Water discharges – volumes by treatment method	76-99	Wastewater is discharged into the municipal sewer system, ending by municipal treatment plant. It is monitored 100% by continuous flow meters. Water discharged from industrial operations and from domestic use are monitored and treated separately. Treatment methods for industrial wastewater: Coagulation, neutralization, sedimentation and filtration. After Primary treatment, effluent is further treated in activated sludge process together with domestic wastewater. In the reporting year, we started to use bacteria instead of an oil trap to prevent the oils generated during the washing process from flowing into the wastewater. The bacteria prevented fat accumulation and solidification. Thanks to this project, we reduced waste generation and saved from monthly cleaning time and labor. We also minimized occupational health and safety risks. All wastewater was treated according to Water Pollution Control Legislation.
Water discharge quality – by standard effluent parameters	76-99	According to Water Pollution Control Legislation, discharge limits have been defined in Table 18-2 and Table 20-7, 21-1 for the Sector "Manufacturing of Road Transport Vehicles" Plant effluent has been examined by an authorized external company and the results have been formally reported to the Legal Authority.
Water discharge quality – temperature	Not relevant	It is not a determined as a standard effluent parameter by the National Legislation. It is at ambient temperature level; this is not a relevant metric for Ford Otosan.

Water consumption – total volume	100%	Here the term “water consumption” refers to “water withdrawal” which is defined as “the sum of all water drawn into the boundaries of the organization from all sources and not discharged to the same source as destination. Water consumption is 100% monitored by continuous flow meters, in divisions to assess consumption trends and reduction targets.
Water recycled/reused	100%	Water recycled/reused is monitored. 184,152 m3 of treated water effluent was reused in processes at 2019
The provision of fully-functioning, safely managed WASH services to all workers	100%	Our Code of Human Rights, Basic Working Conditions, and Corporate Responsibility requires Ford Otosan to provide a safe and healthy work environment for all employees at 100% of our sites. At existing facilities, human rights assessments are performed, and these include checking on the provision of WASH services to all workers. Human rights assessments are completed on four facilities per year. WASH services are monitored 100% by continuous flow meters to ensure the fully-functioning.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	1,109,034	Lower	Water management process and water withdrawal values are publicly available in our 2019 Sustainability Report (*In the Report water withdrawal is referred to as water consumption). Water withdrawal during the reporting period has decreased by 5.39 % compared to previous year. The reasons for this decrease is: The wastewater recovery facility in Yeniköy was commissioned. Reduction was achieved by preventing

			groundwater leaks. The depths, pipe properties, filling materials, pipe diameters of our factory-wide underground water lines were examined and our ongoing risks with the new system were checked. Systems that can be used other than manual detectors were investigated, trials were made and a completely digital leak detection device with GPS communication was investigated. By saving 30,000 m3 of water in 1 year, both the environment was protected and financial gain was achieved. Water leaks were detected within 3 to 20 minutes. Yeniköy paintshop water consumption improvement project was realized. In addition, green office work continued in all our locations. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".
Total discharges	374,989	About the same	Water discharge values are publicly available in our 2019 Sustainability Report (*In the Report water discharge is referred to as wastewater per vehicle). Here the term “water discharge” refers to industrial wastewater amount discharge from Ford Otosan's wastewater treatment plants to the municipal sewer system or a freshwater destination from the boundaries of the organization. The amount of total water discharge has increased by 2.95% in the reporting period compared to previous year. An increase is observed on the Eskişehir side. As the wastewater coming from the paintshop increased due to production, the treated discharge water, also increased. In addition, the number of employees increased from 1,446 in 2018 to 1,632 in 2019. Year-to-year changes of less than 5% were considered as "about the same".

			Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".
Total consumption	1,109,034	Lower	Here the term “water consumption” refers to “water withdrawal” which is defined as “the sum of all water drawn into the boundaries of the organization from all sources and not discharged to the same source as destination. Water total consumption during the reporting period has decreased by 5.39% compared to previous year. The reasons for this decrease is: The wastewater recovery facility in Yeniköy was commissioned. Reduction was achieved by preventing groundwater leaks. The depths, pipe properties, filling materials, pipe diameters of our factory-wide underground water lines were examined and our ongoing risks with the new system were checked. Systems that can be used other than manual detectors were investigated, trials were made and a completely digital leak detection device with GPS communication was investigated. By saving 30,000 m3 of water in 1 year, both the environment was protected and financial gain was achieved. Water leaks were detected within 3 to 20 minutes. Yeniköy paintshop water consumption improvement project was realized. In addition, green office work continued in all our locations. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	100%	About the same	WRI Aqueduct	We prefer to identify water stress areas by using WRI Aqueduct “Global Water Risk Mapping Atlas” which enables to map future water risks. It is a recommended tool by TCFD. In addition to that tool, by using the results and country wide knowledge, (ref: General Directorate of State Hydraulic Works- DSI Turkey) we determined that all of our facilities are located in water stressed areas. Standards and water risks are being studied also for all Koç Holding Companies. Ford Otosan’s all facilities are located in Marmara and Sakarya basins. Marmara basin where the Kocaeli and Sancaktepe facilities are located is in serious water stress, Sakarya basin where the Eskişehir facility is located is in partially water stress. According to WRI Aqueduct, the proportion 100% has not changed. We define water stressed area for overall water risk; as having above medium to high risks (2-3 out of 5). Year-to-year changes of less than 5% were considered "about the same”. Turkey is not a rich country in terms of existing water potential. Turkey is water stress country according to annual volume of water available per ca pita.

					(Rich: 8,000-10,000 m3-year/capita. Water Stress:<2,000 m3-year/capita. Poor:<1,000 m3-year/ capita). The annual exploitable amount of water has recently been approximately 1,500 m3 per capita according to DSI data. So, the annual available amount of water per capita will be about 1,000 m3 by 2030. The current population and economic growth rate will alter water consumption patterns.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant			We don't use water from this type of source.
Brackish surface water/Seawater	Not relevant			We don't use water from this type of source.
Groundwater – renewable	Relevant	1,097.98	Lower	Groundwater - renewable withdrawal during the reporting period has decreased 5.31% compared to previous year. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as “higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much

				lower".
Groundwater – non-renewable	Not relevant			We don't use water from this type of source.
Produced/Entrained water	Not relevant			We don't use water from this type of source.
Third party sources	Relevant	11.05	Much lower	Third party sources withdrawal during the reporting period has decreased by 12% compared to previous year. The reasons for this decrease is; water consumption related projects in all facilities. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as"higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant	35.87	Much higher	The discharge of the industrial wastewater treatment plant of Eskişehir factory is done to Sarısu River at Sakarya Basin. Fresh surface water discharge during the reporting period has increased by 43.38% compared to previous year. An increase is observed on the

				Eskişehir side. As the wastewater coming from the paintshop increased due to production, the treated discharge water, also increased. In addition, the number of employees increased from 1,446 in 2018 to 1,632 in 2019. Year-to year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".
Brackish surface water/seawater	Not relevant			We don't discharge water into this type of destination.
Groundwater	Not relevant			We don't discharge water into this type of destination.
Third-party destinations	Relevant	339.12	About the same	Third-party destinations discharge during the reporting period has decreased by 0.03% compared to previous year. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

51-75

% of total procurement spend

51-75

Rationale for this coverage

When it is necessary to review and update the Ford Otosan Environmental and Energy Policy, it is updated with the work of the Environmental and Energy Management Representative and the approval of the General Manager and announced to all employees, stakeholders and the public.
Through Environmental and Energy Policy, Ford Otosan takes on responsibilities on awareness-raising of its suppliers and other stakeholders as well as its operations. First of all, we monitor the compliance of our
suppliers with the quality and operational standards through comprehensive audits. We contribute to the development of our suppliers with five different audits and field visits. In 2019, Manufacturing Site Assessment (MSA) audits were performed on 110 of our vehicle parts suppliers on Q1 audits. The Supplier Identification and Evaluation Questionnaires were applied to suppliers for collecting data of their process usage water, wastewater management system.

Impact of the engagement and measures of success

We perform training and development activities and realize joint projects with our suppliers in areas such as quality, supply, efficiency, human rights and the working environment, gender equality and environmental performance. We provide training to our employees as well as our subcontractors' employees on environment in order to achieve the goals we set for ourselves in terms of environment and continuously improve our performance. We provided a total of 4,952 person*hour training to suppliers. The inspection of water related performance data for all Q1 suppliers is our measure of success.
In 2019 all related inspections were completed.
And also, suppliers need to improve their consumption figures every year in order to continue to keep Q1 certification

Comment

We continue providing training to our suppliers through different channels such as conferences, in class and online training. We follow Supplier Commitment Survey in which Automotive Industry's Main Companies are assessed by the suppliers via a survey conducted by Automotive Manufacturers Association every year. We regularly

organize Supplier Commitment Workshops in order to share the survey results with suppliers and create action plans with regard to feed backs.

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Other

Details of engagement

Other, please specify

Dealer Information Meetings

% of suppliers by number

51-75

% of total procurement spend

51-75

Rationale for the coverage of your engagement

In our dealer meetings, we share the latest environmental information with our dealers.
In the reporting year, we have informed and trained our dealers about climate change.
The importance of data gathering about water use and energy consumption was shared.

Impact of the engagement and measures of success

We focus on the improvement of the value chain in order to manage our operations in an integrated and effective way, and to ensure the continuity of our success. In this regard, we care about the success of our suppliers and dealers who are our main business partners. We cooperate with our business partners (Goal 17), and also contribute to their decent work and economic growth (Goal 8) by spreading our sustainability approach through audits and two-way communication
Responsible dealers on environmental related issues were selected.
These dealers are the focal people about environmental performance reporting covering water issues.
Complete reports received from our dealers are measure of success.

Comment

The communication method with our dealers are:
1-Dealer meetings, Dealers Council and personal meetings
2- Dealer and customer satisfaction surveys
3- Internal publications
4- Dealer training.

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

Demands and expectations of consumers in the transportation sector are shaped by global trends such as technological developments, climate crisis and demographic change. As Ford Otosan, we continue evolving together with our business partners, suppliers and dealers in the value chain to respond to changing consumer preferences and constantly increase customer satisfaction. We aim to offer our customers an experience beyond their expectations by integrating technological developments into our processes. We offer our customers a wide range of products, from electric and hybrid vehicles to low-emission petrol and diesel engine vehicles.

We design online and mobile services by taking presales, sales and aftersales processes into consideration. In 2019, we had approximately 3.6 million customers registered in our Customer Relationship Management System (CRM) system. In addition, with the Customer Experience Movement, we bring volunteer dealers and professional coaches together and support the development of the dealers in the field of customer experience. So far, 35 dealers have attended the ongoing program since 2015 and we continue the program with 13 dealers in 2020. The Common Culture Code with Ford Otosan Dealers, which is still in the preparation phase, will contribute significantly to the increase of the standards of the dealers and the adoption of the corporate culture.

We create value for our customers through our employees who assure the quality of production and our well-established R&D culture along with our environmental performance that ensures efficiency. We initiated Lean Transformation process to use our resources in the most effective way and enable efficiency while working towards strategic goals of our company. We have the goal to improve and simplify the work processes in all the departments of the company and obtain a higher quality production with less time and energy and with more qualified human resources by reorganizing our resources.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market
Other

Tools and methods used

WRI Aqueduct
Other, please specify
WRI Aqueduct Basin Management Assessment. Tübitak reports and the data generated from Turkish State Hydraulic Water Works Administration is used in this context

Comment

The water consumption per vehicle was 3.01 m3 in 2019. Our goal for 2021 is 2.41 m3/vehicle. For the purpose to reach this goal, we develop projects in order to reduce and recycle the amount of water we use as part of water management.
We recycle/reuse 184,152 m3 water within the production cycle in 2019 at our Kocaeli and Eskişehir factories.

Supply chain

Coverage

Partial

Risk assessment procedure

Other, please specify

Water related risk assessments were embedded in HSE documents of Q1 suppliers

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Databases

Tools and methods used

Regional government databases

Comment

The inspection of water related performance data for all Q1 suppliers is our measure of success. In 2019 all related audits were completed; water related risk assessments were embedded in HSE documents of Q1 suppliers.

Other stages of the value chain

Coverage

None

Comment

Other stages of value chain will be assessed in 5 years

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	Water availability at a basin indicates an important basis for understanding the water system, including data on water use, availability, and the ability of water bodies to absorb water pollution, helps bring objectivity to assessment, planning and shared water budgets. Ford Otosan uses underground water which may be impacted by the variables in different catchment areas. This contextual issue will be relevant, always included in our risk management, as we set-up water intensity targets. We use tools and methods offering the strongest basis for establishing such targets and prioritizing challenges facing local water resources. With the variables we are able to develop future risk profiles. In reference WRI -Aqueduct

		Risk Atlas we are located in a region having a profile from medium to high risk exposure. We use also the data generated from Turkish State Water Works Administration.
Water quality at a basin/catchment level	Relevant, always included	Water quality at a basin/catchment level is an important basis for integrated water resources management (IWRM) and strategic river basin planning. In automotive sector, painting process has a critical operational importance requiring to use good quality withdrawn water. Well water analysis is regularly performed. Our facilities have water discharge permits specifying discharge quality parameters. Ford Otosan uses different local tools, regulations and internal company knowledge for the assessments.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	The implications of stakeholder conflicts over water may affect our business. The local NGO's and other institutions (Chamber of Industries etc.) are always incorporated in our assessments. Water supply tariffs are quite critical and are quite expensive. Currently, stakeholder conflicts concerning water resources do not pose any problem at a local level. Currently, water allocation does not pose any problem.
Implications of water on your key commodities/raw materials	Relevant, sometimes included	Current implications of water on our key commodities/raw materials do not pose any problem, but for precautionary purpose it is factored into water risk assessments.
Water-related regulatory frameworks	Relevant, always included	Water related existing and potential regulatory frameworks for water withdrawals, discharges, tariff changes, water costs, licences, and other water catchment plans are all important and incorporated in our assessments.
Status of ecosystems and habitats	Relevant, always included	We show great sensitivity for the protection of the biodiversity of natural environments located within our operation points and their impact areas. Since our main locations of operation are situated in industrial zones and we do not discharge wastewater in environments with high biodiversity value, there are no habitats affected by our operations that have been officially put under protection for their biodiversity qualities. However, there is a 22,000 m2 wetland area within the Kocaeli Plants territory. Due to being a location where industrial facilities have rapidly increased in the last years, this land is the only place where migratory birds can stop over in the Gulf of Izmit region. For this reason, we isolated the land from production operation areas and put it under protection, considering it to be of high significance for the biodiversity

		value of the region. Through the project we carried out in collaboration with the Nature Conservation Center, observations made in the wetlands, riverbanks, seashore and other areas within the factory territory helped identify all plant species and bird species in the factory area.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	Health and safety of our employees is our respect to human rights. We use national and international implementation guidelines for Business Action for safe water, sanitation and hygiene. OHS risks are assessed in relevant KPI's.
Other contextual issues, please specify	Not relevant, explanation provided	There is not any other contextual issue considered in the reporting year.

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	We contribute to the satisfaction of our customers which play a key and pressing role with their decisions in our sustainable and profitable growth. We engage with our customers in multiple ways, including in-person focus groups and direct surveying. Fleet customers are interested in our water policy, water performance and water management approach that we report in our Sustainability Reports. Customers' needs are taken into account during risk assessments.
Employees	Relevant, always included	We create value for our business, through our employees who assure the quality of production. Well-established R&D culture that our employees internalized with our environmental best available practices ensures efficiency. Employee needs are taken into account during risk assessments We participate in the Green Office Program of the World Wildlife Fund (WWF-Turkey) with the R&D center located in Sancaktepe as well as the marketing, sales and aftersales offices and the Yeniköy plant. In addition, the Green Office certifications were prepared upon the completion of audits at Eskişehir and Kocaeli campuses. We were the first automotive company taking part in WWF - Turkey's Green Office Network and set a leading example for our sector.

Investors	Relevant, always included	Investors needs are taken into account during risk assessments. Water related performance is reported to all stakeholders in Ford Otosan's Sustainability Report, and CDP Water. In BIST Sustainability Index requirements, water related performance parameters are reported in disclosures.
Local communities	Relevant, always included	Our aim is to protect the environment by preventing and minimizing the environmental footprint of all our activities, while providing innovative automotive products and services beneficial to the community. Local Communities needs are taken into account during risk assessments. As we share water resources with them, they are the most material stakeholders for water related risk assessments. All manufacturing plants have Community Relations Committees which provide a point of contact for community concerns. As it is noted in our Environmental and Energy Policy, we aim also to continuously improve and develop Environmental and Energy Management Information Systems that provide access to all kinds of environmental information and data in order to increase our environmental and energy performance.
NGOs	Relevant, always included	The NGO's are relevant stakeholders at local and corporate level. They are always included in our risk assessments. The communication methods with NGOs are: Working groups, Committee and Board of Directors Memberships, joint projects and initiatives, meetings and discussions. We explored different future scenarios and how these would impact water use in preparation for refining our current water strategy. Basin wide water management approach and Kocaeli basin biodiversity conservation practices are the main water related stewardship. We are always in the same direction with our parent company's goal which is to use no drinking water in the manufacturing operations.
Other water users at a basin/catchment level	Relevant, always included	Other water users in basin/ catchment level are the actors who may have potential impacts of regulatory, market and reputation risks on our company. Their activities are always in our concern. It is always included in our risk assessment. Potential conflicts are proactively managed by information and consultation meetings. It is easy to manage the risks because other water users are mostly our suppliers who are localized around our production areas, in the same basin.

Regulators	Relevant, always included	It is always included in our risk assessment. We are committed to comply with all regulations. We monitor regulations and work with national and international regulators to ensure the impact minimization of our manufacturing operations on local environment. In order to continuously re-evaluate changing water regulations, Ford Otosan is always updated and well-informed in global regulatory matters by engaging directly with national and local regulators, and other associations like OSD, chamber of Industry. In 2019, in line with our request, a stream improvement was made by DSI in order to eliminate the risk of flooding.
River basin management authorities	Relevant, always included	This is critical for our ongoing compliance. Minimizing water conflicts and ensuring water related operational continuity is always included in our risk assessments. Our Company manages this issue in close engagement, in annual meetings with related authorities.
Statutory special interest groups at a local level	Relevant, sometimes included	This is a critical issue for our ongoing compliance. It is managed at local and corporate level. Ford Otosan manage this issue in close engagement with related interest groups for the business continuity. It is sometimes included in our risk assessment
Suppliers	Relevant, always included	The indirect efficient use of water has a great importance for us. Our goal is to teach our suppliers about the energy, water, waste and air emissions reduction opportunities that we have implemented across our own plants, encourage them to set reduction targets and report progress annually. We encourage our suppliers to implement some of these initiatives in their own manufacturing facilities and to share these best practices with their own suppliers, to amplify the responsibility and sustainability impact further down the supply chain. In addition, third-party environmental audits are conducted through. The operational costs of suppliers diminish by monitoring water usage amount. It is always included in our risk assessment
Water utilities at a local level	Relevant, always included	It is always included in our risk assessment At a local level, annual municipal meetings help us to understand possible risk factors and other beneficial project activities about water supply and discharge at local level. We are able to implement local actions before the occurrence of troubles.
Other stakeholder, please specify	Not relevant, explanation provided	We follow global water trends as part of sustainability management and strengthen our work processes against risks. There is no any other considered stakeholder in our

		organization's water related risk assessments for the reporting year.

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

For sustainable development, water is one of the important vital sources. In recent years, effective protection and management of water resources gained priority both in global and local scale. Water pollution, decrease in underground water reserves and danger in depletion of wetlands are environmental issues that emerged with dramatic developments in technology, excessive increase in population, unplanned urbanization and consumption habits. An effective and sustainable method for water resources will prevent damage to the natural balance and ensure sustainability without endangering the sustainability of other ecosystems that conduct their lives parallel to these resources, at a large extent.

Ford Otosan reviewed its operations by using Global Water Tool, Aqueduct for the purpose to determine the facilities status in basin context. This contextual issue will be relevant, always included in our risk management, as we set-up water intensity targets. We use tools and methods offering the strongest basis for establishing such targets and prioritizing challenges facing local water resources. With the variables we are able to develop future risk profiles. In reference WRI -Aqueduct Risk Atlas, we are located in a region having a profile from medium to high risk exposure. We use also the data generated from Turkish State Hydraulic Water Works Administration**.** The decisions are made based on water strategy. Ford Otosan takes into account internal knowledge through monthly meetings with Koç Group Companies. FMC water strategy lead us also to prioritize addressing water use, supplier water use and community water issues in the water-stressed regions for the long-term time horizon.

In our risk procedure, we try to act by using the best available techniques in accordance with pollution prevention principle based upon Basin Management Approach. In the risk process; performing projects priority areas are determined by analyzing the current water resources. Then, studies aiming reduction at source, reuse or recovery are carried out. The examination of current environmental impacts of the location of the investment and its impact area, identification of the major environmental impacts of the project and the measures to be taken are carried out. Energy, emissions and target management, material consumption, waste management, water and waste water management and related legal issues are identified, classified and differed from other risks by The Risk Management Team at asset level. The ED&MR Committee evaluates and prioritizes asset level corporate risks and opportunities; at the end of this process company level R&O are then identified. Risk and opportunity identification, determination and prioritization methods have been defined by this team and published internally. ED&MR Committee integrates the water related risks and opportunities base on Ford Otosan Risk and Opportunity Scoring Methodology. The risks and opportunities are scored (1-5 points) covering strategic, legal/ compliance, financial, reputation, operational, technology / innovation and other external factors determined in the Risk Categories Table. Enumerated Impact points are represented by impact description. All risks are evaluated according to impact and probability criteria. The risk (R) and opportunity (O) points are scored by multiplying frequency (P) and impact point (I) for prioritization (O=P*I).

The information on contextual and stakeholder issues are collected by meetings, joint projects and initiatives, working groups, committee and board of directors' memberships. The top management has the responsibility of oversight on water related actions, the financial allocations. The follow-ups are performed in regular ECM meetings where the decisions are taken and/or revised due to risk minimization bringing about to meet business objectives. Determining the requirements of national and international regulations, the revision of new projects with regards to environment and energy, examination of energy identity file and identification of standard documents are issues dealt with as part of environmental examinations and evaluations identifying, assessing, and responding to water-related risks within our direct operations.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

We define substantive change as potential impact on our operations and cost. Quality and quantity of water for operational purposes is important for us. Regional Water Allocation for industry may have a substantive change for our operations. Water discharge regulations is another important element of this issue. Our facilities are located in water stressed areas. According to WRI -Aqueduct Risk Atlas we are located in a region having a profile from medium to high risk exposure. With our company wide internal knowledge and region base local data, we will respond water challenges with our own operations and externally in communities where we operate and throughout our supply chain. **We have defined substantial change as 1% change in our business, operation, revenues or expenditure from risk exposure.**

For example, losing production at a Ford assembly plant, which would amount to greater than 1% of total vehicle production, would have a substantive financial and strategic impact on our business.

For supply chain, we will start to utilize the Aqueduct Water Risk Atlas and their business relationship regarding Q1 requirements. The threshold for "substantive" will be identified after this process. We are planning to lead our suppliers for new partnerships for environment. With this action we will share leading practices to set reduction targets and reduce our collective environmental footprint.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	4	100	There are Ford Otosan Kocaeli Plants (Gölcük and Yeniköy Plants) and Sancaktepe R&D Center and Spare Part Distribution Center at Marmara Basin. Eskişehir Plant is located in Sakarya Basin.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

Turkey

Other, please specify

Marmara Basin

Number of facilities exposed to water risk

3

% company-wide facilities this represents

51-75

% company's total global revenue that could be affected

Less than 1%

Comment

Ford Otosan Kocaeli Plants (Gölcük and Yeniköy) and Sancaktepe R&D Center and Spare Part Distribution Center are located in Marmara Basin.

Country/Area & River basin

Turkey

Sakarya

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

Less than 1%

Comment

Eskişehir (old name is İnönü) Plant is located in Sakarya Basin.

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Turkey

Other, please specify

Marmara and Sakarya Basins

Type of risk & Primary risk driver

Physical

Increased water stress

Primary potential impact

Reduction or disruption in production capacity

Company-specific description

In some regions, droughts are intensifying water scarcity and thereby negatively impacting people's health and productivity.

With the existing climate change scenario, by 2030, water scarcity in water stressed areas will displace between 24 million and 700 million people. If the water scarcity increases in our water basin; the local authority could supply water to urban zone rather than industrial zone. In the production phases, Ford Otosan uses well water. In case of any water scarcity triggered by this risk driver, groundwater availability problem may occur. The control of potential extreme weather events in our sites is our first concern to ensure our business continuity. If the scarcity occurs in the regions where Ford Otosan operates, the utilities department may procure good quality water by providing treated wastewater through treatment system for Kocaeli- Gölcük Facility

Timeframe

More than 6 years

Magnitude of potential impact

Medium-high

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2,203,242

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

According to the Basin Conservation Action Plans prepared by the Scientific Research Center Tubitak /Turkey, it was determined that the total drinking, use, industrial water (non-irrigation) reserve in 2030 and 2040 will be around 69% and 68% respectively. Regarding to the plans, after 2020, local authorities will develop water allocation strategies and different water management tools. The calculation was realized after the assumption of municipal water usage instead of well water. An estimation of calculation was realized for six years.

Primary response to risk

Amend the Business Continuity Plan

Description of response

We tackle water source, wastewater treatment and wastewater reuse with an integrated approach, our concern is to convert wastewater, treatment and discharge from a problematic point to a valuable commodity. Our mid-term plans are to explain new and progressive approaches to stakeholders and all benefit units as follows;
Alignment of public policy positions with water stewardship goals
Cost increase management through regulated tariff-setting process
Engagement with community
Engagement with other stakeholders in the river basin
Infrastructure investment
Infrastructure maintenance

Cost of response

0

Explanation of cost of response

The cost of the response is included in our companies' current responsibilities which are ongoing activities.

Country/Area & River basin

Turkey
Other, please specify

Marmara Basin

Type of risk & Primary risk driver

Physical

Increased water stress

Primary potential impact

Other, please specify

Water Supply Disruption

Company-specific description

Water is the primary medium through which we will feel the effects of climate change. Water availability is becoming less predictable in many places, and increased incidences of flooding threaten to destroy water withdrawal points, sanitation facilities and contaminate water sources. In some regions, droughts are intensifying water scarcity and thereby negatively impacting people's health and productivity.

With the existing climate change scenario, by 2030, water scarcity in some arid and semi-arid places will displace between 24 million and 700 million people. If the water scarcity increases in our water basin the local authority could supply water to urban zone rather than industrial zone.

In the production phases, Ford Otosan uses well water and municipal water as fresh water. In case of any water scarcity triggered by this risk driver, groundwater availability problem may occur. The control of potential extreme weather events in our sites is our first concern to ensure our business continuity. If the scarcity occurs in the regions where Ford Otosan operates, the utilities department may procure good quality water by providing treated wastewater through treatment system for Kocaeli- Gölcük Facility

Timeframe

More than 6 years

Magnitude of potential impact

Medium-high

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

4,546,147

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

Purpose of the Project:
*Wastewater treatment plant effluents, cooling towers blow down waters and water center sand filter backwash water are treated and recycled.
*The recovered wastewater is converted into external water in the deionized (external) water production system, and the dye house wastewater is planned to be reused in production
If the waste water is discharged into ISU sewer system without any treatment and recovery process the cost will be 4.5 mio $. This figure was calculated by taking into account the cumulative price increase rate of ISU for discharge water.
The expected life time of this project is 20 years.
Project Goal:
The need for alternative water resources as wells are not allowed to be drilled in Kocaeli Plants
*Achieving 30% water saving target per vehicle until 2030
* Fulfillment of Ford EU Global Water Target and Koç Group Environmental Strategic Water Targets

Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

Description of response

Climate Change Strategies published by Ford Motor Company and Koç Group are the themes directing our works. Feasibility works for wastewater recovery projects will be maintained as a precaution against the diminished water resources.
A budget study of 1,500,000 $ was carried out for wastewater recovery.
This project includes water auditing, consultant and wastewater recovery turnkey project.
A 720 m3 / day recovery facility is planned. The recovery rate is 30%.
There will be 1,130-1,200 m3 / day wastewater input to the facility and 720 m3 / day will be recovered

Cost of response

1,500,000

Explanation of cost of response

Feasibility studies for waste water recovery project is in progress.
Cost of obtaining clean water from wastewater is our priority.
In Eskişehir plant 3 more wells have been allocated as precautionary purpose.

Country/Area & River basin

Turkey
Other, please specify
Marmara Basin

Type of risk & Primary risk driver

Physical

Increased water stress

Primary potential impact

Reduction or disruption in production capacity

Company-specific description

If the water stress increases in our water basin the local authority could supply water to urban zone rather than industrial zone, and some withdrawal limitations may be enforced as legal sanction. In the production phases, Ford Otosan uses well water as fresh water. In case of any water shortage triggered by this risk driver, groundwater availability problem may occur. To ensure our business continuity in Marmara Region-Kocaeli plants, the utilities department may procure good quality water by withdrawing sea water which will be treated through Reverse Osmosis system.

Timeframe

More than 6 years

Magnitude of potential impact

Medium-high

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,000,000

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

This figure represents one day long production interruption in Kocaeli Plants.

Primary response to risk

Secure alternative water supply

Description of response

A feasibility study on reverse osmosis (RO) and ultra-filtration (UF) system has completed Sea water withdrawal, treatment by RO and UF, storage, distribution to process & utilities divisions could be implemented to secure alternative water supply.

Cost of response

1,200,000

Explanation of cost of response

The reverse osmosis and ultra-filtration system accounted for the vast majority of the cost (1.2 million dollars) as this technology is quite expensive. This is a one-time cost.

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Turkey

Other, please specify

Marmara and Sakarya Basins

Stage of value chain

Supply chain

Type of risk & Primary risk driver

Physical

Increased water stress

Primary potential impact

Other, please specify

Water Supply Disruption in our value chain: suppliers

Company-specific description

We work to disseminate our sustainability understanding throughout our supply chain. We encourage our suppliers to develop systems and practices in primary sustainability fields such as quality, efficiency, human rights, working environment and environmental performance. We include these expectations in our purchasing agreements and ensure their active monitoring.

Timeframe

4-6 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

0

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

Potential financial impact will not occur. It is possible to shift production to other supplier sites.

In 2019, we carried out our main audits through the Q1 - Number One in Quality certification system within the scope of Ford Motor Company global capacity audits. We conducted field visits to resolve any problems and challenges suppliers face during production. We worked on auditing and performance development based on certain criteria by identifying suppliers that are open to improvement through Ford Motor Company global system. We have taken actions to prevent possible risks in areas such as natural disasters, fire and other climate related risks by visiting suppliers.

Primary response to risk

Supplier engagement

Work with supplier to engage with local communities

Description of response

Alignment of public policy positions with water stewardship goals

Cost increase management through regulated tariff-setting process

Engagement with community

Engagement with other stakeholders in the river basin

Cost of response

0

Explanation of cost of response

The cost of response is included in current Q1 activities. It is an ongoing activity which is developed with risk management strategy.

Country/Area & River basin

Turkey

Other, please specify

Marmara

Stage of value chain

Use phase

Type of risk & Primary risk driver

Physical

Increased water stress

Primary potential impact

Reduction or disruption in production capacity

Company-specific description

Current Situation: In the water production process, during the production of water from the Iron Manganese and Ultra filtration units, the waste water generated during the backwash and rinsing process is transferred to the treatment center and disposed of.
Purpose of the Project: Recycling of backwash and rinsing waters, discharging them in the raw water tank and transferring them into water production.

Timeframe

More than 6 years

Magnitude of potential impact

Medium

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

77,798

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

Wastewater Recovery Project to be started:
In each cycle, 125 m3 wastewater will be collected in the wastewater tank, water will be passed through the ultra filtration unit to be installed and recovered with 95.2% efficiency. It will be transferred to the raw water tank, which is the first stage of water production.
15,880 m3 of water will be saved annually. Annual savings is 19,230 $.
Calculation estimation was realized for ten years. The figure is 77,798 $

Primary response to risk

Direct operations
Improve alignment of our public policy influencing activity with our water stewardship commitments

Description of response

With an investment cost of 36,865 $, the finance approved TARR (time adjusted rate of return) account is 32%.

Cost of response

36,865

Explanation of cost of response

36,865 $ represents the investment cost

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

The main concern of Ford Otosan is to reduce water consumption in the production process. For this purpose we fulfilled different measures such as:
1- Increase of cooling water capacity & maintenance activities
2-Elimination of water leakages by equipment maintenance
3- Internal audits and implementation of various efficiency projects with awareness raising
4- Cleaning procedure improvements
5- Renovations in WASH activities
6-Oil-retaining bacteria project

Estimated timeframe for realization

More than 6 years

Magnitude of potential financial impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

We monitor our water consumption in line with our targets.
In 2019, by installing an aerator on all taps in our plant, we saved 25% of the water consumed in each tap.
We participate in the Green Office Program of the World Wildlife Fund (WWF-Turkey) with the R&D center located in Sancaktepe as well as the marketing, sales and after sales offices and the Yeniköy plant. In addition, the Green Office certifications were prepared upon the completion of audits at Eskişehir and Kocaeli campuses.
The oil-retaining bacteria project was commissioned to separate from water the kitchen sourced oils. With this project, in total, the amount paid for cleaning and waste management decreased from $10,000 to $800 per year. At the same time, the project treatment plant has reduced the pollution load and the bad odor caused by decay has been eliminated. The carbon footprint of logistics activities has been reduced by increasing the number of trips, the distance traveled is 2,000 km/year shorter after the project.

Type of opportunity

Markets

Primary water-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

We participated in the Green Office Program in collaboration with WWF - Turkey in the second half of 2016 with the purpose of raising awareness of energy conservation, efficient use of natural resources and sustainable lifestyle and speeding up the dissemination of sustainability approach within the company. We supported the program with over 1,600 employees from Sancaktepe R&D Centre and Marketing, Sales and After Sales Offices. Thus, we became the organisation participating in the program in Turkey with the highest number of employees at a single location.
We made improvements in various areas such as reduction of paper, water and electricity use by e-signature method as part of the works that were led by Green Office Team that we had established within the company. Furthermore, we were the first automotive company taking part in WWF - Turkey's Green Office Network and set a leading example for our sector. The Kocaeli and Eskişehir campuses have been integrated to Turkey Green Office Network in 2019 by expanding the extent of the project. At the end of the Green Office Project, it has been received the Green Office Diploma along with the right to use the Green Office logo from WWF (World Wildlife Fund for Nature). This diploma shows that the company is environmentally sensitized and committed.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact
Within the scope of Green Office Project, the usage of water has been decreased by 4% by lowering toilet reservoir volumes, reducing tap flow rates, and placing labels on toilet reservoir about awareness. 3,528 cubic meters of utility water was saved.

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.

Facility reference number
Facility 1

Facility name (optional)
Gölcük Plant (from Kocaeli Plants)

Country/Area & River basin
Turkey
Other, please specify
Marmara

Latitude
40.717352

Longitude
29.851182

Located in area with water stress
Yes

Total water withdrawals at this facility (megaliters/year)
737.54

Comparison of total withdrawals with previous reporting year

Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

737.54

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0

Total water discharges at this facility (megaliters/year)

309.81

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

309.81

Total water consumption at this facility (megaliters/year)

737.54

Comparison of total consumption with previous reporting year

Lower

Please explain

Here the term “water consumption” refers to “water withdrawal” which is defined as “the sum of all water drawn into the boundaries of the organization from all sources and not discharged to the same source as destination.
The only discharge destination is third party destination for this facility.

The above discharge amounts figure out industrial waste water discharge
Withdrawal Decreased 7.76%
Discharge Decreased 0.01 %
Consumption Decreased 7.76%
Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower

Facility reference number

Facility 2

Facility name (optional)

Yeniköy Plant (from Kocaeli Plants)

Country/Area & River basin

Turkey

Other, please specify

Marmara

Latitude

40.717352

Longitude

29.851182

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

111.84

Comparison of total withdrawals with previous reporting year

Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

111.84

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0

Total water discharges at this facility (megaliters/year)

29.3

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

29.3

Total water consumption at this facility (megaliters/year)

111.84

Comparison of total consumption with previous reporting year

Lower

Please explain

Here the term “water consumption” refers to “water withdrawal” which is defined as “the sum of all water drawn into the boundaries of the organization from all sources and not discharged to the same source as destination.
Withdrawal Decreased 14.74%
Discharge Decreased 0.23%
Consumption Decreased 14.74%
Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower

Facility reference number

Facility 3

Facility name (optional)

Sancaktepe R&D Center and Spare Part Distribution Center

Country/Area & River basin

Turkey

Other, please specify

Marmara

Latitude

40.974679

Longitude

29.23206

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

28.92

Comparison of total withdrawals with previous reporting year

Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

11.05

Total water discharges at this facility (megaliters/year)

0

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

0

Total water consumption at this facility (megaliters/year)

28.92

Comparison of total consumption with previous reporting year

Lower

Please explain

There is no industrial waste water at this site that is why discharge amount is 0
Here the term “water consumption” refers to “water withdrawal” which is defined as “the sum of all water drawn into the boundaries of the organization from all sources and not discharged to the same source as destination.
Withdrawal Decreased 8.34%
Consumption Decreased 8.34%
Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower

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Facility reference number

Facility 4

Facility name (optional)

Eskişehir (old name is İnonu Plant)

Country/Area & River basin

Turkey
Sakarya

Latitude

39.842081

Longitude

30.121566

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

230.73

Comparison of total withdrawals with previous reporting year

Higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

230.73

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0

Total water discharges at this facility (megaliters/year)

35.87

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water

35.87

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

0

Total water consumption at this facility (megaliters/year)

230.73

Comparison of total consumption with previous reporting year

Higher

Please explain

Here the term “water consumption” refers to “water withdrawal” which is defined as “the sum of all water drawn into the boundaries of the organization from all sources and not discharged to the same source as destination.
The only discharge destination is fresh water surface for this facility.
The above discharge amounts figure out industrial wastewater discharge.
Withdrawal Increased 9.97%
Discharge Increased 43.38%
Consumption Increased 9.97%
The discharge of the industrial wastewater treatment plant of Eskişehir factory is done to

Sarısu River at Sakarya Basin.
Fresh surface water discharge during the reporting period has increased by 43.38% compared to previous year.
As the wastewater coming from the painthouse increased due to production, the treated discharge water, also increased. In addition, the number of employees increased from 1,446 in 2018 to 1,632 in 2019.
Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower

W5.1a

(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been externally verified?

Water withdrawals – total volumes

% verified

Not verified

Water withdrawals – volume by source

% verified

Not verified

Water withdrawals – quality

% verified

Not verified

Water discharges – total volumes

% verified

Not verified

Water discharges – volume by destination

% verified

Not verified

Water discharges – volume by treatment method

% verified

Not verified

Water discharge quality – quality by standard effluent parameters

% verified

Not verified

Water discharge quality – temperature

% verified

Not verified

Water consumption – total volume

% verified

Not verified

Water recycled/reused

% verified

Not verified

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy, but it is not publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Description of business impact on water Description of water-related performance standards for direct operations Description of water-related standards for procurement Commitment to align with public policy initiatives, such as the SDGs Commitments beyond regulatory compliance Commitment to stakeholder awareness and education	Ford Otosan has a corporate water policy and strategy covering all operations and stakeholders The policy states a commitment to global and local coherence in the approximation to water security. In this policy the commitments are beyond regulatory compliance. Ford Otosan has water targets and goals for its own operations, to reduce negative impact on environment. The efficient solutions based on best available technologies are the tools to act as a pioneer in environmental and energy issues to other sectors and suppliers. In this policy providing the most advanced level of Emergency and Environmental Risk Management was highlighted with the prioritization of environmental protection and energy efficiency. Basin level stewardship has a high importance for Ford Otosan: Reducing the effects of climate change on issues affecting future generations such as biodiversity and ecosystem protection is managed with action plans.

		Acknowledgement of the human right to water and sanitation Other, please specify Incorporated within group environmental	There is a commitment about to be active in the life cycle approach by encouraging our suppliers and all business stakeholders on environmental performance and green economy issues such as" green procurement". It is also committed to raise awareness of responsibility in the field of environment and energy by organizing training activities for the employees, stakeholders and community, and ensuring their awareness of the policy. It is embedded in Ford Otosan's Environmental and Energy Policy and Risk Identification Table.

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Chief Executive Officer (CEO)	The CEO as a member of the Board and leader of EC has a direct executive decision responsibility on behalf of the Executive Committee (EC). In the EC Meetings, the CEO has an assessing and managing responsibility on Sustainability Committee's performance that Water Security related issues are embedded in economic, environmental, energy and social performance indicators. The CEO supports also the Board Chair with the help of the Board– Level Committees; Audit Committee, Corporate Governance Committee, Remuneration Committee, Early Detection and Management of Risks Committee. The last one consists of three board members ensuring to manage strategic, operational, financial and all other climate and water related risks and opportunities. All members of the Board are responsible from the economic performance of the company and incorporate water related issues by resource allocation when deciding on the strategic plan with the economic performance of the company.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain

Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy	The Board is reviewing and guiding strategy, major plans of action, risk management policy, annual budget, business plans, setting performance objectives, monitoring implementation and performance of objectives, overseeing major capital expenditures, acquisitions and divestitures, monitoring and overseeing progress against goals and targets for addressing water-related issues as scheduled. The Board chair incorporates climate & water related issues including R&O's on most strategic product-based company level decisions. The broader commitment to sustainable business including water related strategy is debated and decided by the executive committee (EC) led by CEO who is a member of the Board of Directors. The CEO briefs the Board of Directors about asset level executions. The Executive Committee Meetings realize in weekly periods. Other EC core members who are the Assistant General Managers (COO) report their performances on energy, water, wastes and other environment related risks & opportunities to the CEO in weekly meetings. Sustainability & Energy Committee leaders brief the EC and EDRM Committee members about the R&O's that may have impact on the Risk Management Policy of the organization. The interaction between the R&D Policy and Company's Sustainability Strategy is discussed in EC meetings by considering global water & climate related issues, legal issues, governmental relations and other corporate responsibility matters. Actualization of reporting years' water related targets are presented and evaluated in weekly "Operating Committee Meetings (OCM)" where the next years' water related targets are set up and R&O's are assessed. All the results are reported to EC. In 2019 the Committee has decided to evaluate the impacts of our operations on biodiversity. Ford Otosan Marine Macro Species Rapid Current Due Diligence Project Final Report was completed in the first quarter of 2019. In

			the Marine Macro Species Current Due Diligence Project; with the short-term observations and Sampling, 18 fish species were identified. In addition, 5 sea bird species were observed during the field research. The second decision was to initiate an oil-retaining bacteria project for the purpose to separate from water the kitchen sourced oils. With this project, in total, the amount paid for cleaning and waste management decreased from $10,000 to $800 per year. At the same time, the project treatment plant has reduced the pollution load and the bad odor caused by decay has been eliminated. The carbon footprint of logistics activities has been reduced by increasing the number of trips, the distance traveled is 2,000 km/year shorter after the project.

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Chief Executive Officer (CEO)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The CEO briefs the Board of Directors about asset level executions The Executive Committee Meetings realize in weekly periods. Other EC core members who are the Assistant General Managers (COO) report their performances on energy, water, wastes and other environment related risks & opportunities to the CEO in weekly meetings. The CEO has responsibility to oversight the corporate water strategy, which covers company-wide operations and supply chain activities. To provide all kind of human resources, technological investments and financial resources for the efficient use of the natural resources. To ensure that ecosystem activities are to be realized only to the extent of allowing them to be replenished.

Name of the position(s) and/or committee(s)

Chief Operating Officer (COO)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The Executive Committee core members who are the Assistant General Managers (COO) report their performances on energy, water, wastes and other environment related risks & opportunities to the CEO in weekly meetings.

Name of the position(s) and/or committee(s)

Risk committee

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The primary goal of Ford Otosan in risk management are to foresee, manage, monitor the potential risks in each area and to prepare action plans for risk and crisis management in advance. The Board of Directors, Early Determination and Management of Risk Committee, Audit Committee and Executive Management of the Company are regularly informed about the risks, including water related ones.

Name of the position(s) and/or committee(s)

Environmental health and safety manager

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

Environmental Health and Safety Manager is responsible of executing and monitoring the progress on water related target and goals with her team.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	No, not currently but we plan to introduce them in the next two years	EC core members who are the Assistant General Managers (COO) report their performances on energy, water, wastes and other environment related risks & opportunities to the CEO in weekly meetings. The CEO has responsibility to oversight the corporate water strategy, which covers company-wide operations and supply chain activities.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, direct engagement with policy makers

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

Water is managed with a strategic approach whereby risks and opportunities are evaluated, extending from Koç Holding to group companies. In addition, the coordination of water related activities is performed by Koç Group. Ford Otosan engaged in contributing in the issuance of water regulation by actively cooperating with Koç Group Environmental Board which has a direct mission to ensure that our engagement is consistent with our own priorities and policy. Comments on Water Use Control Regulation were shared with the specialists of Ministry of Environment and Urbanization.

Moreover, Ford Otosan is the member of Turkish Automotive Manufacturers Association (OSD), Turkish partner of ACEA (The European Automobile Manufacturers Association) and has presented its legislative proposals on water regulation to policy makers through OSD. OSD meetings realizes in monthly periods. We proposed to revise any regulation which is related to water and to investigate “best and worst cases” on this issue. We also attend the working groups of ISO & KSO (Istanbul, Kocaeli Chamber of Industry) where we can share our comments with policy makers, in order to follow up regulatory and other activity developments related with water policy. If an inconsistency is detected we communicate our arguments and provide a solution to sustain our engagement to be consistent with our water policy.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

No, but we plan to do so in the next two years

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	Ford Otosan (Ford Otomotiv Sanayi A.Ş.) is a publicly traded company, where Ford Motor Company and Koç Holding have equal shares. Ford Motor Company has a worldwide target of 30% reduction in water use per vehicle produced by 2020, as compared to base year; 2015. As Ford Otosan, our target is fully in line with the target of our parent organization. This target is intended to spur further aggressive actions related to water reductions. In the following years till the target year our reduction will be 8.40% on the yearly basis.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	Ford Otosan (Ford Otomotiv Sanayi A.Ş.) is a publicly traded company, where Ford Motor Company and Koç Holding have equal shares. Ford Motor Company has a worldwide target of 30% reduction in water use per vehicle produced by 2020, as compared to base year; 2015. As Ford Otosan, our target is fully in line with the target of our parent organization. This target is intended to spur further aggressive actions related to water reductions. In the following years till the target year our reduction will be 8.40% on the yearly basis.
Financial planning	Yes, water-related issues are integrated	5-10	Ford Otosan (Ford Otomotiv Sanayi A.Ş.) is a publicly traded company, where Ford Motor Company and Koç Holding have equal shares. Ford Motor Company has a worldwide target of 30% reduction in water use per vehicle produced by 2020, as compared to base year; 2015. As Ford Otosan, our target is fully in line with the target of our parent organization. This target is intended to spur further aggressive actions related to water reductions.

			In the following years till the target year our reduction will be 8.40% on the yearly basis.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

0

Anticipated forward trend for CAPEX (+/- % change)

0

Water-related OPEX (+/- % change)

0

Anticipated forward trend for OPEX (+/- % change)

0

Please explain

Ford Otosan has operational and capital expenditures related to water, however capital and operational expenditures specific to water are not listed separately from other environmental capital expenditures.

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	Yes	We prefer to identify water stress areas by using WRI Aqueduct "Global Water Risk Mapping Atlas" which enables to map future water risks. It is a recommended tool by TCFD. By using the results and internal knowledge & regional local data, we determined that all of our facilities are located in water stressed areas. The proportion 100% has not changed. We define water stressed area for overall water risk; as having above medium to high risks (2-3 out of 5).

W7.3a

(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?

No

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

We are currently exploring a system to incorporate a holistic approach to detect water related external costs; the "true cost of water "for the purpose to be clearer and more certain on the assessment of water related risk and opportunities". With the new valuation practices, water strategy and decision-making process will be based more on absolute water figures.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Site/facility specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Ford Otosan's water reduction targets are fully in in line with Ford Motor Company that is our parent organization The strategy and target were established by a cross-functional global team from Ford Global. The team surveys the global landscape and examines regulations, water stress and many other aspects of the current and future landscape in developing the strategy and targets. Global targets are then cascaded to the regional and plant levels. Progress to targets is reviewed at regular meetings with senior management to ensure progress and accountability. In Ford Otosan, this target is monitored through the score card of each department and are reviewed monthly at the score card meetings. The departments prepare road map for the items that come out on the target. Road maps include

			the information about the budget, timeline, responsibilities, to reach the target.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water withdrawals

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

Ford Otosan (Ford Otomotiv Sanayi A.Ş.) is a publicly traded company, where Ford Motor Company and Koç Holding have equal shares. Ford Motor Company has a worldwide target of 30% reduction in water use per vehicle produced by 2020, as compared to base year; 2015.
As Ford Otosan, our target is fully in line with the target of our parent organization. This target is intended to spur further aggressive actions related to water reductions.
Ford Otosan will achieve this target by complying 100% with legal regulations.
Water management process and water withdrawal values are publicly available in our 2019 Sustainability Report (*In the Report water withdrawal is referred to as water consumption).

Quantitative metric

% reduction per product

Baseline year

2015

Start year

2015

Target year

2021

% of target achieved

84.51

Please explain

In 2015, Ford Otosan withdrew 3.24 m3 of water per vehicle produced. In 2019, Ford Otosan withdrew 3.01 m3 of water per vehicle produced.
In the following years till the target year our reduction will be 8.40% on the yearly basis.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Improve wastewater quality beyond compliance requirements

Level

Company-wide

Motivation

Reduced environmental impact

Description of goal

Improving wastewater quality will provide us the opportunity to increase the use of recycled/reused water. This serves directly to our main target as sub-target.

Baseline year

2018

Start year

2018

End year

2021

Progress

In 2019, Ford Otosan recycled/reused 184,152 m3 of water in the processes.
At some of our facilities, the investments will be realized related to recycled/reused water in 2019.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

No, but we are actively considering verifying within the next two years

W10. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

Ford Otosan Climate Change Action Plan-2020 for W6.1a
Ford Otosan Environmental & Energy Policy for W6.1a
Ford Otosan Risk Identification Table for W6.1a

Ford OTOSAN Environmental & Energy Policy.pdf
Ford Otosan Climate Change Action Plan- 2020.docx

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	HR Director	Director on board

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms