

Welcome to your CDP Climate Change Questionnaire 2023

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Ford Otosan (Ford Otomotiv Sanayi A.Ş.) is a publicly traded (18%) company, where Ford Motor Company (41%) and Koç Holding (41%) have equal shares. Ford Otosan, being one of the top 3 exporting companies of Turkey since 2004, has achieved 11 consecutive years automotive industry championship and is Turkey's export champion for 7 years in a row. A total of \$8 billion export revenue, was achieved of which \$6.2 billion was exports from Turkey. Ford Otosan, operates in 4 main centers: the Gölcük and Yeniköy Plants in Kocaeli, the Eskişehir plant in Eskişehir, the Sancaktepe R&D Center and Spare Parts Warehouse in İstanbul, and the Craiova Plant in Romania. The company employs 20,911 people.

In 2022, Ford Otosan completed the acquisition of Ford's Craiova Plant in Romania. The plant has enabled Ford Otosan to expand its manufacturing operations to the international arena.

With a market cap of \$9.8 billion, Ford Otosan ranked as the most valuable automotive company and fifth overall among BIST companies.

With 2,089 R&D employees, including 1,655 engineers Ford Otosan has the biggest and most capable R&D organisation of the Turkish automotive industry in Turkey.

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 power train engineering.

Ford Otosan, established in 1959, with its production capacity of 721,700 commercial vehicles and 436,500 engines and 140,000 power trains by the end of 2022, 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". Ford Otosan Parts Distribution Center, Turkey's largest parts distribution center with a warehouse covering an indoor area of 35,000 m² is the depot where all of the Company's spare parts, marketing, and sales and after sales operations are managed.

Sancaktepe R&D Center was registered as an R&D Center in December 2014 by the Ministry of Science, Industry, and Technology, becoming Ford Otosan's second R&D Center following Gölcük.

Ford Otosan holds 126 patents, including 109 in Turkey and 17 internationally by the end of 2022.

Energy efficiency and reduction of greenhouse gas emissions efforts constitute the most important part of Ford Otosan activities for combating climate change. 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 strategies for combating climate change were drawn by Ford Otosan Climate Change Action Plan (Carbon Transition Plan) and it is harmonized with European Green Deal road map.

As a company operating in the automotive industry, we closely monitor developments both on the national and international scales. We are dedicated to reducing the impacts of our products and operational processes on climate change. In this regard, our innovation efforts aimed at developing fuel-efficient vehicle technologies with low emission levels come into prominence. Ford Otosan experiencing changes in the automotive industry. Customer expectations rise higher than ever, dynamics of the transportation sector have also started shifting. This process of change transcends traditional products while environmental sustainability, climate change, and driver & road safety become significant priorities.

In 2020, we intensified our efforts in lean business processes, smart production methods, digitizing infrastructure, and culture of innovation, shaping the way we do business to create more value for all our stakeholders. Sourcing energy from renewable sources is our priority. Gölcük Plant, with its Industry 4.0 focused activities, named a "Lighthouse Factory" by World Economic Forum.

We are listed in Borsa Istanbul Sustainability Index, one of the significant indexes consisting of responsible investors, and FTSE4 Good Emerging Indexes. We have been actively responding to the S&P Global Corporate Sustainability Assessment for the last four years. Ford Otosan was included in the Bloomberg Gender-Equality Index for the third time with improved performance. In 2022, we declared our commitment to the Science-Based Targets initiative (SBTi) to set our short-term targets (currently in the assessment stage) by adopting the approach to limiting global warming to 1.5°C as defined in the Paris Agreement. We also work toward our long-term targets. All our calculations cover our locations in Turkey and Romania. In 2021 we joined the global companies that support TCFD.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date

January 1, 2022

End date

December 31, 2022

Indicate if you are providing emissions data for past reporting years

Yes

Select the number of past reporting years you will be providing Scope 1 emissions data for

1 year

Select the number of past reporting years you will be providing Scope 2 emissions data for

1 year

Select the number of past reporting years you will be providing Scope 3 emissions data for

1 year

C0.3

(C0.3) Select the countries/areas in which you operate.

Romania

Turkey

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-T00.7/C-TS0.7

(C-T00.7/C-TS0.7) For which transport modes will you be providing data?

Light Duty Vehicles (LDV)

Heavy Duty Vehicles (HDV)

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	TRAOTOSN91H6 TREFRTO00011 TREFRTO00029

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual or committee	Responsibilities for climate-related issues
Director on board	<p>Board of Directors' Responsibilities in the Sustainability Organization:</p> <ul style="list-style-type: none"> - Improving the company's ESG performance. - Reviewing the strategic plan from a holistic perspective together with the energy, environment and product R&D activities. - Including sustainability and climate issues in resource disbursement. <p>Oversight of sustainability management at Ford Otosan is the responsibility of the Board of Directors, which has granted the executive board the executive authority to manage sustainability. Everything related to the company's sustainability is the responsibility of the Sustainability Committee, which is headed by the Ford Otosan Lead (Ford Otosan CEO). The strategy determined by the committee and approved by the Board of Directors. The strategy is implemented by the core sustainability team, which is positioned under corporate communications which coordinates the sustainability working groups. The Sustainability Committee is responsible for determining, implementing and overseeing the sustainability strategy at Ford Otosan to improve our sustainability performance in the social, environmental, economic and governance areas and planning and executing the relevant activities with a systematic approach.</p>
Chief Executive Officer (CEO)	<p>Ford Otosan Sustainability Committee is headed by the Ford Otosan Lead (Ford Otosan CEO), who also serves as a member of this committee, reports the committee's progress toward the targets and development areas, and secures approval for the relevant investments from the Board of Directors. Oversight of sustainability management at Ford Otosan is the responsibility of the Board of Directors, which has granted the executive board the executive authority to manage sustainability. Everything related to the company's sustainability is the responsibility of the Sustainability Committee.</p> <p>All members of the Board are responsible from the economic performance of the company and incorporate climate-related issues by resource allocation when deciding on the strategic plan with the economic performance of the company. Ford Otosan signed the European Automobile Manufacturers Association's</p>

	<p>(ACEA) joint statement on the transition to zero emission road freight transport, demonstrating its commitment to achieving “ZERO emissions” in heavy commercial vehicle fleet by 2040 in line with the European Green Deal strategy. In addition to the targets set in line with the Green Deal, the Science-Based Targets defined by Ford Motor Company in 2021. Ford Motor Company is committed to reducing the absolute Scope 1 and 2 emissions by 76% by 2035, compared to baseline 2017 data, and reducing Scope 3 emissions, which include emissions caused by the use of the products sold, by 50% compared to 2019 by 2035. In 2022, we declared our commitment to the SBTi to set our short-term targets by adopting the approach to limiting global warming to 1.5°C as defined in the Paris Agreement. In addition to setting our short-term targets as a priority and moving to the assessment stage, we also work toward our long-term targets. All our calculations cover our locations in Turkey and Romania.</p> <p>With our short-term SBTi targets, we commit to:</p> <ul style="list-style-type: none"> • Reducing absolute Scope 1 and 2 GHG emissions by 78% by 2030 from a 2017 base year. • Reducing Scope 3 GHG emissions from use of sold products 50% per vehicle kilometer by 2030 from a 2021 base year. <p>We continue to work towards presenting our long-term net zero goals by the end of 2023.</p>
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C1.1b

(C1.1b) Provide further details on the board’s oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	Reviewing and guiding annual budgets Overseeing major capital expenditures Overseeing acquisitions, mergers, and divestitures Reviewing innovation/R&D priorities Reviewing and guiding 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 climate-related issues as scheduled. The Board chair incorporates climate related issues including risks and opportunities on most strategic product-based company level decisions. The broader commitment to sustainable business including climate related strategy is debated and decided by the executive committee (EC) led by CEO who is a member of the BoD. The CEO briefs the BoD about asset level executions. The EC Meetings realize in weekly periods. Other EC core members who

	<p>Overseeing the setting of corporate targets</p> <p>Monitoring progress towards corporate targets</p> <p>Reviewing and guiding the risk management process</p>	<p>are the Assistant General Managers (COO) report their performances on energy, water, wastes and other environment/climate related risks&opportunities (R&O) to the CEO in weekly meetings.</p> <p>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 climate related issues, legal issues, governmental relations and other corporate responsibility matters. In 2021, we carried out a comprehensive materiality analysis to determine the material issues in sustainability. While determining our material issues we included our external and internal stakeholders in the process (business partners, investors, analysts, shareholders, non-governmental organizations, dealers, suppliers, business partners public institutions, media, representatives of consultants/agencies and our colleagues).</p> <p>The climate change related risks, vehicle carbon footprint, low carbon production, electric and alternative fuel vehicles are among our material issues with other ESG issues.</p> <p>Our facilities in Turkey purchased 287,541.597 MWh of renewable energy in 2022, resulting in the usage of 287,541.597 MWh of renewable energy for electricity. This led to a reduction of 124,534.266 tons of CO2e emissions. As a result, Turkey's Scope 2 emissions for the year 2022 are zero. In 2022, a total of 394,851.11 MWh of renewable energy was purchased, including our factory in Romania. This resulted in a reduction of 171,010.02 tons of CO2e emissions. Out of the total Scope 2 emissions, only 88,636.701 MWh from steam usage in Romania accounted for 36,405.928 tons of CO2 emissions. We obtained the internationally recognized I-REC certifications, confirming that all the energy used in our Gölcük, Yeniköy, Eskişehir, and Sancaktepe plants is procured from 100% renewable sources. We also obtained Engie certification, confirming that all the electricity used in the Craiova Plant is procured from 100% renewable sources.</p>
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C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues
Row 1	Yes	<p>We believe that having members on the Board of Directors who possess a diverse range of competencies, knowledge and experience strengthens the Board's functioning and benefits decision-making processes.</p> <p>During the nomination process for Board of Directors members, we consider the necessary knowledge, experience and competencies required for the position in accordance with the principles stated in our Board Diversity Policy, and we prioritize having a Board composed of members with diverse experiences and skills. We believe that diversity on the Board of Directors is a key factor for elevating the company's success in the eyes of its shareholders and other stakeholders.</p> <p>Therefore, the different competencies of the Board members also play an important role in driving the company's performance. Of the 12 members of the Ford Otosan Board of Directors, five are experienced and experts in finance, nine in automotive, six in risk management, seven in organizational management, six in sustainability, eight in strategy, nine in stakeholder relations, and seven in human resources.</p>

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Position or committee

Chief Executive Officer (CEO)

Climate-related responsibilities of this position

- Setting climate-related corporate targets
- Monitoring progress against climate-related corporate targets
- Managing value chain engagement on climate-related issues
- Assessing climate-related risks and opportunities
- Managing climate-related risks and opportunities

Coverage of responsibilities

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

- Assessing and managing climate-related risks and opportunities.
- Communicating the emerging global sustainability trends to the Board of Directors.
- Securing the Board of Directors' approval of long-term sustainability targets
- Meeting with the Early Determination and Management of Risk Committee to address the risks, performance progress and obstacles observed every year, and seeking the opinion of the Board of Directors for the relevant actions.
- Comparing the company strategy with the current situation and revising it where needed.
- Appointing leaders to each working group.
- Submitting the investment and financing requirements for sustainability performance improvement projects and initiatives to the Board of Directors for the final decision.

Position or committee

Chief Operating Officer (COO)

Climate-related responsibilities of this position

Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing value chain engagement on climate-related issues
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities

Reporting line

CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

The Executive Committee meetings take place weekly. Other core EC members, including the Assistant General Managers (COO), report their performance metrics related to energy, water, waste, and environment to the CEO on a weekly basis. The achievement of the reporting year's climate-related targets is presented and evaluated in the weekly 'Operating Committee Meetings (OCM)', where climate-related targets for the following year are set, and Risks & Opportunities are assessed. All results are then reported to the Executive Committee.

Position or committee

Risk committee

Climate-related responsibilities of this position

- Setting climate-related corporate targets
- Monitoring progress against climate-related corporate targets
- Managing value chain engagement on climate-related issues
- Assessing climate-related risks and opportunities
- Managing climate-related risks and opportunities

Coverage of responsibilities

Reporting line

CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

The Early Detection and Management of Risk Committee (Risk Committee) and its members are responsible for managing strategic, operational, financial, and all other climate-related risks and opportunities in compliance with the company's corporate risk-taking profile. The Committee held six meetings in 2022.

Ford Otosan carries out its activities by addressing the sustainable development of society, its contributions to social wellbeing and the needs of future generations, while always considering environmental, social and governance (ESG) risks. Our current corporate risk management system is also used to manage climate change and other ESG-related risks. Accordingly, extensive studies are carried out on topics such as climate change, employee engagement and development, diversity, equality and inclusion while concurrently taking actions to mitigate risks.

Position or committee

Sustainability committee

Climate-related responsibilities of this position

- Setting climate-related corporate targets
- Monitoring progress against climate-related corporate targets
- Managing value chain engagement on climate-related issues
- Assessing climate-related risks and opportunities
- Managing climate-related risks and opportunities

Coverage of responsibilities

Reporting line

CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

It is the committee that defines Ford Otosan's sustainability strategy, objectives and actions.

- Monitors the management of risks with potential negative impact on Ford Otosan's reputation and activities in environmental, social and governance (ESG) areas.
- Determines the strategies and policies to improve company's ESG and sustainability performance, and ensures that they are implemented.
- Is responsible for providing the necessary strategic guidance, sharing expertise, and ensuring that the best practices to achieve the company's sustainability goals are spread across the organization.
- Monitors the progress toward the targets and actions defined in this strategy.
- Reviews the sustainability strategy and roadmap based on the latest changes in global and industry trends.
- Follows the international developments, new regulations and global sustainability trends, and offers improvement recommendations to the working groups as needed.
- Offers suggestions and approvals regarding the issues raised by the working groups.

Position or committee

Chief Government Relations Officer (CGRO)

Climate-related responsibilities of this position

Managing public policy engagement that may impact the climate

Coverage of responsibilities

Reporting line

CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line

More frequently than quarterly

Please explain

Government Affairs Coordinator of Ford attends climate meetings and support the team.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	At Ford Otosan, the remuneration system for the Board members and senior executives is determined according to the Remuneration Policy. While the fixed salaries of the Board members are approved by the General Assembly, the salaries of the senior executives consist of two components: fixed and performance based. Fixed salaries of the senior management are determined in alignment with international standards and legal obligations by considering the macroeconomic conditions, market practices, the company's scale and long term targets, and the respective positions of the individuals. Performance-based bonuses consist of three components: bonus base, company performance, and individual performance. We believe that the relevant targets should be integrated into the performance scorecards of the senior management for the company to implement its long-term strategies and achieve the annual targets. Therefore, we added the ESG KPIs to CEO's performance scorecard in line with the Future. Now.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive

Chief Executive Officer (CEO)

Type of incentive

Monetary reward

Incentive(s)

Salary increase

Performance indicator(s)

Reduction in absolute emissions
Reduction in emissions intensity

Incentive plan(s) this incentive is linked to

Both Short-Term and Long-Term Incentive Plan

Further details of incentive(s)

Key indicators for 2023, which serve Ford Otosan Leader's (CEO) goal of pioneering sustainability, accountability and transparency in the countries where we operate in the automotive sector, are listed below:

- Implementing Ford Otosan's carbon neutral plan (quarterly reviews)
- Completing the action steps resolved by the Corporate Governance Committee by year-end 2023
- Developing the diversity, equality and inclusion roadmap and achieving the 2023 targets
- Implementation of social investment projects to support women in the field of technology and innovation

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

In 2022, as Ford Otosan, we declared our commitment to the Science-Based Targets initiative (SBTi) to set our short-term targets by adopting the approach to limiting global warming to 1.5°C as defined in the Paris Agreement.

The performance indicator is in line with our near-term science-based target, which forms part of our climate transition plan.

As Ford Otosan, we added ESG indicators to Ford Otosan Leader's (CEO's) performance card in line with our sustainability strategy and long-term goals, in line with the company strategy.

Entitled to incentive

Chief Operating Officer (COO)

Type of incentive

Monetary reward

Incentive(s)

Salary increase

Performance indicator(s)

Reduction in absolute emissions

Reduction in emissions intensity

Incentive plan(s) this incentive is linked to

Both Short-Term and Long-Term Incentive Plan

Further details of incentive(s)

Performance assessments and decisions in alignment with the Energy Road Map are achieved, integrated with the COO's targets, and reported to the Board. These factor into executive compensation through the Balanced Score Card.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

Energy targets are transformed into individual business targets through the scorecard. The performances achieved influence the performance-based remuneration of employees at all levels. Ford Motor Company discloses long-term strategies, which are converted into Ford Otosan's long-term targets. The performance indicator is in line with our near-term science-based target, which forms part of our climate transition plan.

Entitled to incentive

Environmental, health, and safety manager

Type of incentive

Monetary reward

Incentive(s)

Salary increase

Performance indicator(s)

Reduction in absolute emissions
Reduction in emissions intensity

Incentive plan(s) this incentive is linked to

Both Short-Term and Long-Term Incentive Plan

Further details of incentive(s)

ESG indicators are included in the performance card of the Environmental, health, and safety manager:

- Sustainability and CDP Reporting are managed by the Environmental Health and Safety Manager.
- Improve company ESG practices
- Implement carbon neutral plan

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

We set the targets we wanted to achieve in terms of climate change, waste and circular economy, water, diversity and inclusion, and society to lead the automotive industry and improve performance across the Ford Otosan ecosystem. We have committed to our near-term, science-based target as part of our carbon transition program. We have announced our long-term sustainability targets in line with our "Future.Now" vision.

Entitled to incentive

Other, please specify
Risk manager

Type of incentive

Monetary reward

Incentive(s)

Salary increase

Performance indicator(s)

Other (please specify)
Climate related risks and opportunities

Incentive plan(s) this incentive is linked to

Both Short-Term and Long-Term Incentive Plan

Further details of incentive(s)

ESG indicators are included in the performance card of the risk manager:

- Integrating risk management in all business processes.
- Moving towards a predictive risk management function.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

Risk management activities are carried out by the relevant risk managers and risk coordinators in each department, under the leadership of the Corporate Risk Management Department, to cover the entire organization in integration with business processes. New and emerging risks are followed proactively, their long-term impact on the Company is assessed and the senior management and Risk Committee are regularly informed.

Risk management activities are carried out with a holistic approach to cover the entire company and in integration with the business processes through the risk leader and risk coordinators responsible for each department, under the leadership of the Corporate Risk Management department. New emerging risks are followed proactively, their long-term impact on the company is assessed, and regular reports are submitted to the senior management and the Risk Committee.

Entitled to incentive

Other, please specify

Central Maintenance and Facility Manager

Type of incentive

Monetary reward

Incentive(s)

Salary increase

Performance indicator(s)

- Reduction in absolute emissions
- Reduction in emissions intensity

Incentive plan(s) this incentive is linked to

Both Short-Term and Long-Term Incentive Plan

Further details of incentive(s)

ESG indicators are included in the performance card of the central Manager and Facility Manager:

- Improve company ESG practices
- Implement carbon neutral plan

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

We set the targets we wanted to achieve in terms of climate change, waste and circular economy, water, diversity and inclusion, and society to lead the automotive industry and improve performance across the Ford Otosan ecosystem. We have committed to our near-term, science-based target as part of our carbon transition program. We have announced our long-term sustainability targets in line with our "Future.Now" vision.

Entitled to incentive

All employees

Type of incentive

Monetary reward

Incentive(s)

Salary increase

Performance indicator(s)

Other (please specify)

Innovation and leadership

Incentive plan(s) this incentive is linked to

Both Short-Term and Long-Term Incentive Plan

Further details of incentive(s)

Presents have been given to our employees as non-monetary reward for coherent and inclusive proposals. The Objectives and Key Results (OKR) Performance System that we launched in 2020 provides and we continue to implement it every year an opportunity for the employees to set their own goals. The system supports them toward expanding their horizons with the help of several training opportunities to improve themselves throughout the year. The scorecards of managers, team leaders, engineers and experts include targets related to climate change. Pay scale is determined according to these achievements in Scorecard scoring.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

We began training, communication, and redesigning business procedures in order to integrate innovation into our corporate culture and help design our future for climate friendly mobility. The proposals on product improvement and on actions related with energy efficiency and possible GHG emissions reduction have been provided by our employees.

Entitled to incentive

Other, please specify

Recube (Re3) Project Team

Type of incentive

Non-monetary reward

Incentive(s)

Internal company award

Performance indicator(s)

Other (please specify)

Sustainability goals, energy efficiency & innovation.

Incentive plan(s) this incentive is linked to

Both Short-Term and Long-Term Incentive Plan

Further details of incentive(s)

RECube Project (Recycle, Reuse, Reduce) Team

Our activities in 2022 included use of different recycled plastics applications such as radio/screen brackets (65% recycled content), biopolymers in truck components, and recycled plastic raw materials obtained from waste of end-of-life vehicles in truck components.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

We set the targets we wanted to achieve in terms of climate change, waste and circular economy, water, diversity and inclusion, and society to lead the automotive industry and improve performance across the Ford Otosan ecosystem. We have committed to our near-term, science-based target as part of our carbon transition program. We have announced our long-term sustainability targets in line with our "Future.Now" vision.

Entitled to incentive

Other, please specify

Corporate Communications Manager

Type of incentive

Monetary reward

Incentive(s)

Salary increase

Performance indicator(s)

Reduction in absolute emissions

Reduction in emissions intensity

Incentive plan(s) this incentive is linked to

Both Short-Term and Long-Term Incentive Plan

Further details of incentive(s)

Sustainability Reporting is managed by Corporate Communications Manager.

Explain how this incentive contributes to the implementation of your organization’s climate commitments and/or climate transition plan

We set the targets we wanted to achieve in terms of climate change, waste and circular economy, water, diversity and inclusion, and society to lead the automotive industry and improve performance across the Ford Otosan ecosystem. We have committed to our near-term, science-based target as part of our carbon transition program. We have announced our long-term sustainability targets in line with our “Future.Now” vision.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	2	We define our own time frames according to the life of the assets, the sector base transitions, and the profile of the climate related risks we may face in our geographies. Climate related regulatory, operational and financial planning are conducted over a 2-year time frame in our organization.
Medium-term	2	5	We define our own time frames according to the life of the assets, the sector base transitions, and the profile of the climate related risks we may face in our geographies. Climate related strategic and capital planning are conducted over a 2-5 years' time frame in our organization.
Long-term	5	30	We define our own time frames according to the life of the assets, the sector base transitions, and the profile of the climate related risks we may face in our geographies. Climate related risks that may have implications over a longer period are conducted over a 5-30 years' time frame in our organization.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Ford Otosan defines substantive financial impact on its business as the change in operational costs which could occur because of a large impact on the business units affected by climate

related physical conditions. Climate related negative reputation risks may have a substantive impact on our customers and shareholders concerns resulting with a loss in profitability and market value.

Risk tolerance of Ford Otosan can be defined as an appropriate level of physical disability to operate in the facility that does not have a significant impact on the company. In Ford Otosan the substantive financial/strategic impact is related with the risk tolerance level and is defined according to financial loss. Revenue loss over \$15 M is considered as substantive financial impact.

Risks are defined within the Risk Management system, created in accordance with the ISO31000 Risk Management standard. Their root causes and impacts are analyzed, controls are determined, and actions are taken to mitigate potential effects and probabilities. We identify the opportunities within the company with a similar approach and take actions to implement them.

The opportunities are evaluated by related departments. If there are new opportunities detected for long-term time horizon, they are included in the annual budget planning after the decisions of Board of Directors. Sustainability strategy, implemented in line with the company strategy, and our long-term goals.

We believe that the relevant targets should be integrated into the performance scorecards of the senior management for the company to implement its long-term strategies and achieve the annual targets. Therefore, we added the ESG KPIs to Ford Otosan Leader's (CEO) performance scorecard in line with the Future. Now sustainability strategy, implemented in line with the company strategy, and our long-term goals.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

The climate related risks forthcoming throughout the value chain are proactively identified and managed considering opportunity arising from these risks. Identification of the risks, implementation of the risk and crisis management plans and identification of the risk-related opportunities is in the responsibility of the Board of Directors (BoD). Risk management activities are carried out by the relevant risk managers and risk coordinators in each department, under the leadership of the Corporate Risk Management Department, to cover the entire organization in integration with business processes. New and emerging risks are followed proactively, their long-term impact on the Company is assessed and the senior management and Risk Committee are regularly informed.

Early Detection and Management of Risk Committee (ED&MR) provides support to the Board of Directors to fulfil its duties. The (ED&MR) Committee reports its practices on early determination of risks, measures to be taken regarding the detected risks, and management of the risks to the BoD.

The Audit Committee contributes to the activities on risk management through outcomes obtained from the internal audit processes. Practices on the identification, monitoring and management of the risk elements is performed by the Risk Management Team. The Risk Management Team identifies the financial, operational, strategic and legal risks of the company through monthly meetings and monitors them on the risk management map. The Risk Management Department reports on risk assessment and internal inspection to the senior management of the company through the Audit Committee, ED&MR Committee and the Corporate Governance Committee. The Risk Management Team and ED&MR Committee review and finalize all climate related risk analysis. The assessed critical risks to be of Extreme Importance are fulfilled based on the methodology defined in the Corporate Risk Management Procedure.

When the risks have been assessed and documented with their interactions, the prioritization for risk response starts. Risk Assessment, Impact and Probability Form is used for the prioritization. The studies and results are reported to the EC for the oversight.

In FO Strategic and Reputation are assessed at company and value chain level. Operational, legal, financial, physical, environmental risks are assessed at asset level. Energy, emissions and target management, material consumption, waste management, water and wastewater 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 climate 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 and opportunities 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 risks and opportunities are measured by using a

5x5 matrix of Risk Impact Probability Chart and grouped as low, moderate, high, and extreme. An Impact Strength Classification Chart, consists of five categories, is used for impact analysis. All risks and opportunities are entered into the Risk Inventory Form, measured, and monitored by developing solution strategies. The company's risk inventory, the number of low, moderate, high, and extreme risks before and after risk mitigation actions are taken, and the action plans regarding high and extreme risks are reported to the ED&MR Committee at regular intervals. The ED&MR committee monitors the company risks using risk measurement methods and submits recommendations to the BoD when needed. The opportunities are evaluated by related departments. If there are new opportunities detected for long-term time horizon, they are included in the annual budget planning after the decisions of BoD.

Physical risks and/opportunities: The hail bomb project practice was realized as a consequence of physical risk assessment made by Ford Otosan for the purpose to protect new vehicles in Yeniköy Port in Kocaeli, against hailstorm in the short and mid-term. The project consists of the installation of the shock waves protection system against hail. After a long feasibility and optimization process with financial measures, the BoD decided to the installation of full protection system against hailstorm at Ford Otosan Yeniköy Port. The investment budget was 176,400 \$ in 2018. The drills and other maintenance activities are reported periodically to CEO.

Transitional risks/opportunities: Joint Activities with the Startup Ecosystem in Silicon Valley have commenced in 2021. Autonomous & Mobility groups have been established by WEF for Industry 4.0 since March 2019. This has given us a chance to meet more than 15 Fortune 500 companies, over 10 Investment Funds and Corporate Investment Funds, and more than 10 Acceleration and Incubation centers about an initiative that creates more than 40 end-technology initiatives on Autonomous Freight Transport. We are focusing on providing smart technologies that will be needed in cities and vehicles of the future. We contribute to Ford's leadership goal in this area. Following the technological transformation in the automotive industry, and in addition to traditional automotive products and services, advanced R&D studies are carried out in the areas of CO2 emissions reduction, connected vehicles, autonomous vehicles, EVs & electrification, and light vehicle technologies. Investments in R&D continue aligned with the transitional opportunities in intelligent mobility. As part of our growth strategy for trucks, we achieved a first in Turkey: We started a joint R&D venture with AVL, company that develops autonomous convoy-platooning technologies. In this context, we aim to contribute to the reduction of fuel consumption and carbon emissions from 8% to 15%, and the improvement of driving safety in heavy commercial. In 2018, we launched initiated a joint R&D collaboration with AVL to achieve a first in Turkey on the path to fully autonomous driving. This collaboration aims to implement 'Platooning - autonomous convoy' technology in Ford Trucks vehicles.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	<p>Climate change risks due to current regulations are always important for Ford Otosan and the automotive industry. Ford Otosan always includes this risk type in its risk assessment procedures.</p> <p>In 2019, Fluorinated Greenhouse Gases Amendment Regulations were added to our company's environmental risk chart. The legislation requires that fluorinated GHG with a high Global Warming Potential (GWP) be replaced with gases with a lower GWP. In addition, in case of exceeding the threshold values (100t and 500t CO2 eq) of the annual gas quantities offered to the EU market, there is a requirement to register in the system and get a quota. With the quota limitation, it is aimed to reduce the amount of gas that will be allowed to enter the EU market by 69% until 2024 and by 79% until 2030 (the EU's total gas use in 2015 is taken as 100%). In line with this regulation in 2020 all fluorinated GHG are banned, R22 gas containing equipment are controlled according to the requirements of the regulation.</p> <p>Due to the PFAS restrictions currently negotiated within the scope of REACH regulation, both the AC systems that contain fluorinated refrigerants and chemicals used in vehicle parts impose certain risks. MAC systems' fluorinated refrigerants, R134a and R1234yf, are PFAS group chemicals, and their restriction is on the agenda. It is specified as 2027 for EV vehicles and 2032 for ICE vehicles.</p> <p>As of 2020, ozone gas filling is banned and periodical maintenance service is not provided. (R22's replacement with new type gases is not applied due to 70-80% loss of yield.) In order to comply with that regulation, the units' change has been started in 2019. Therefore, if the equipment fails, it is replaced with new gas. The follow-up is realized and reported to EC by senior executives. The Regulation on Monitoring, Reporting and Verification (MRV) of GHG Emissions, which is in force since 2014 in Turkey and applies to emission intensive sectors. Ford Otosan Kocaeli Plants, Eskişehir Plant and Craiova Plant have been reporting its GHG emissions for their relevant facilities and to comply with the regulation the company have external verification. Ford Otosan's compliance team follow all climate related regulations by using internal and external company-wide communication and all related worldwide information. ERM studies are reported to the EC. Amendments to the regulations are followed online and by e-mail. The action plan is always started with the initiation of related department.</p>
Emerging regulation	Relevant, always included	<p>For our company, Emerging Regulatory risks are the potential risks representing potential physical and transitional threats such as policy, legal, technology triggering, increase in costs and the write-off for new products and/or facilities.</p> <p>The EU Commission announced the Green Deal in 2019. Climate Law, EU Industrial Strategy, Sustainable and Intelligent Transportation,</p>

		<p>Inclusion of transportation in the ETS, Energy, Fair Transition Fund, Financing, Carbon Regulation at the Border, etc. are all part of the plan. Green Deal and CBAM announced in 2021 has the potential to directly affect Ford Otosan. Ford Otosan signed European Automobile Manufacturers' Association's "Transition to zero-emission mobility" statement, demonstrating its commitment to transitioning to non-fossil fuel technologies in the heavy commercial fleet by 2040 and reducing its carbon footprint to zero by 2050 in compliance with the Green Deal. In Phase 2 of the PMR project by MoEUCC, extensive studies were carried out to establish the legal and technical infrastructure for the implementation of the pilot ETS. With these studies, the legal and institutional infrastructure has been established for the implementation of the ETS in Turkey.</p> <p>The National MRV regulation is likely to be revised; which may bring different emission quotas forcing our industry to face a carbon cap allocation. Quotas may cause an increase in operational cost. A carbon trading system has emphasized in the Green Deal Action Plan published by the Ministry of Commerce in 2021.</p> <p>Ford Otosan is aware that this risk could increase the operational expenses in mid-term time horizon. We are in an active engagement with governmental authorities. The follow-up is realized and reported to EC by senior executives. The climate related detailed R&O's such as MRV or PMR activities are assessed base on the context of the company. The process fulfilled by the evaluation and finalization of climate related critical risks. These risks are always brought into action. As of 2022, Turkish Government is working on a national Climate Law that aims to reduce the country's impact on climate change. We are members of the Green Deal Task Force and National Carbon Pricing Working Group and attend the meetings organised by the MoEUCC and UNDP to share our opinions for the National Climate Adaptation Strategy and Action Plan as well as Turkey's Nationally Determined Contributions (NDCs) and the Long-Term Climate Change Strategy Project.</p>
Technology	Relevant, always included	<p>Carbon emissions caused by vehicles are one of the important impact areas of the industry. The vision of being carbon neutral in 2050 in line with the European Union's Green Consensus shows that the automotive industry should accelerate its transformation and play a role in the transition to a low carbon economy. We created Ford Otosan Impact Analysis as part of the European Union Green Consensus. We aim to reduce Scope 3 GHG emissions from use of sold products 50% per vehicle kilometer by 2030 from a 2021 base year.</p> <p>Ford Otosan Climate Change Action Plan; consists of two basic components, products and operations. Investments in R&D infrastructure is always the indicator of our business continuity. A technological risk potential is always present due to the competitors</p>

		<p>gaining a competitive advantage and alternatives in terms of climate change in the sector. We have three R&D centers, certified by the Ministry of Industry and Technology: Sancaktepe, Eskişehir, and Gölcük.</p> <p>We are developing R&D projects with partners from all around Europe to increase efficiency, use of less resources, and decrease the environmental impact of our customers. Ford Otosan completed the Horizon 2020 program with 20 projects and Euro 7.7 million funding in total.</p> <p>To reduce CO2 emissions in the F-Trucks fleet by 15% in 2025 and 15% in 2030 in line with EU targets, we develop engine and vehicle technologies. Electric road trucks, currently in development at F-Trucks, will have an important role to play in our 2025 carbon strategy for heavy commercial vehicles. We continue to test our 100% electric truck, for which we have already built a prototype, in the heavy commercial vehicle segment.</p> <p>The most up-to-date technologies for the transition to renewable energy sources (solar wall, wind turbine, daily light system etc.) are being followed. Investment cost of new technologies is added to our risk chart.</p> <p>The potential risk & opportunities related to the products was deducted and assessed with the support of R&O department and discussed in EC and Board level Committee meetings. Monitoring of the risks & opportunities was realized in Board-level, for decision making purpose.</p>
Legal	Relevant, always included	<p>Legal risks for our sector represent big costs for complying with regulation and deviation from our rating performance.</p> <p>The legal issues related to the product are assisted by the homologation team, and the operational legal issues are followed by the environmental team. Two basic directives (443/2009/EC & 510/2011/EC) are the regulatory arrangements of EU on CO2 reduction targets with their implementation for all producing industries. Ford Otosan complies with existing legislation such as Directive 1999/94/EC on fuel economy labels in Europe; This directive is not compulsory in our country. There is no labeling system but the CO2 level is calculated and declared by producers. This country specific difference may pose some regulatory, taxation or other market conditions related risks in global and national base. The absence of standardized global criteria for labeling legislation and climate policy may lead to big costs for complying with individual regulations and also may deviate our rating performance. We are working parallel to Ford Europe. The potential risk & opportunities related to this risk driver was deducted and assessed with the support of R&O department, and discussed in EC and Board level Committee meetings. Monitoring of the risks & opportunities was realized in Board-level, for decision making purpose.</p>

Market	Relevant, always included	<p>Analyses of the impacts of possible global market changes is always in our concern when reviewing our Business Plans with our climate goals. Market risks for our sector represent increased R&D costs due to customer behavior/societal changes and digitization, increased raw material&energy, water costs and uncertainty in market signals. Consideration of the environmental impact and the preference of vehicles with low fuel consumption have led us to focus on the development of new engines and systems for fuel efficiency and the reduction of GHG arising from the fuel consumption of vehicles. There are different working groups working on the issues as well as international projects that we have the chance to work with different technically competent partners from Europe.</p> <p>We aim to increase market share, create new markets, gain competitive advantage, keep customer satisfaction at the highest level and create efficiency within the organization. We continue R&D studies on connected vehicles, autonomous vehicles, EV, electrification, smart production methods, customer experience improvement, digital transformation and smart mobility solutions in order to respond quickly to the technological transformation in the sector.</p> <p>With the advancements in battery technologies and the rising trend toward alternative fuel vehicles, starting with EV, our R&D activities focus on reuse, remanufacturing and recycling to achieve circularity in the product. Europe-funded projects such as BATRAW and RHINOCEROS support our work on designs that contribute to the circular economy model, particularly regarding the batteries.</p> <p>With NewControl project we provided autonomous repetitive operations in the mine sites for the construction series products of Ford heavy commercial vehicles. With ADACORSA project with a drone system that will work in integration with the NewControl, various obstacles and efforts were made to provide dynamic information about the positions of the objects, to make the mine site autonomy system safer with more visibility.</p> <p>We contribute to both the reduction of the negative impacts of climate change by ensuring the reduction of GHG and the assurance of a sustainable consumption and production.</p> <p>The potential risk&opportunities related to these products was deducted and assessed with the support of R&O department, and discussed in EC and Board level Committee meetings. Monitoring of the risks & opportunities was realized in Board-level, for decision making purpose.</p>
Reputation	Relevant, always included	<p>Reputation risks for our sector represent consumer preferences with perception and stakeholder concerns. Climate related reputations risks are taking place in line with other climate-related risks.</p> <p>Formation of new climate related legislation may lead to reputation risks for Ford Otosan if any noncompliance occurs. If competitors in the</p>

		<p>sector have a technological advantage related to climate change, this would lead a reputation risk for Ford Otosan.</p> <p>All environmental performance data is shared transparently via the annual sustainability report and CDP reports.</p> <p>The potential risks and opportunities are assessed in Board level, for decision making purpose. This risk driver is aligned with Ford Global; it is often tied to other risks such as meeting product emission targets or sales volumes for environmentally friendly vehicles. and it is always under the oversight of board chair.</p> <p>As a result of failing to transition to a low-carbon economy, reputational risks could arise. Reputational risks refer to the loss that may arise due to the decline of confidence that investors, insurance companies and lending institutions have in companies or damage to the reputation of companies. Reputational risks may lead to loss of social prestige, decrease in demand for products and services, and negatively impact competitiveness. Using the Trucost analysis, we determined the Ford Otosan's carbon intensity and Scope 1 & 2 emissions pathway compared to the industry group and similar companies in the industry. Climate Strategy Score (S&P Global SAM) was measured.</p>
Acute physical	Relevant, always included	<p>For our sector acute physical risks represent extreme weather events which can result big acute damages to our facilities, operations and products.</p> <p>Latest study carried out by an external consultant for Ford Otosan states that the highest level of risk will be water stress. Within the automotive manufacturing sector, water consumption is vital for different processes; surface treatment, washing, rinsing, painting, cooling and machining of tools. It is important to take into account the impact of increasing water stress to Ford Otosan processes. Exposure to other physical risks lie wildfire, cold wave, heatwave floods, storms are lower comparatively.</p> <p>Newly produced vehicles that are kept in the open-air environment are at risk of damage due to extreme weather conditions. We are developing methods to eliminate these risks with annual drills against flood, hailstorm. Study is being carried out on anti-hail system application. The working principle of the anti-hail system; the gas trapped in the combustion chamber of the device, again rises to the atmosphere by making a loud noise from the chute on the device. The explosion of the gas in the compression chamber activates whip-like element and sends a sound beam to the atmosphere. The sound ring triggers a turbulence in the cloud which loses its density and the mature grains turn into rain drops. The stream passing through the factory together with the State Hydraulic Works has been rehabilitated against the flood disaster.</p> <p>The follow-up of this risk driver was realized and reported to EC by senior executives.</p>

		<p>In 2022, we declared our commitment to the Science-Based Targets initiative (SBTi) to set our short-term targets by adopting the approach to limiting global warming to 1.5°C as defined in the Paris Agreement. In addition to setting our short-term targets as a priority and moving to the assessment stage, we also work toward our long-term targets. All our calculations cover our locations in Turkey and Romania. In 2022, at Ford Otosan, we created our roadmap for transitioning to a low-carbon economy in three focus areas:</p> <ol style="list-style-type: none"> 1) Analyzing the climate-related risks and opportunities and creating action plans based on the outputs. 2) Setting targets to reach the net zero emission commitment by 2050 and creating detailed targets and roadmaps by developing strategies. 3) Following the climate-focused policies and practices, starting with the European Green Deal, achieving compliance, and engaging in partnerships.
Chronic physical	Relevant, always included	<p>For our sector chronic physical risks are extreme weather events which can result in continuous damages to our facilities, operations and products. Big changes in energy management system could cause big operational and infrastructure costs.</p> <p>Due to high temperatures as new normal, there is also a risk in the use of well water due to drought. Waste water recovery projects are also being studied for this risk.</p> <p>There may be problems to supply water resources because of using underground water quota change and allocation in basin management. Besides this, high air temperatures pose a risk to occupational health and safety. Hot weather conditions are affecting employees' health negatively. This can cause the production to slow down or to stop. Counter chronic weather conditions or other illnesses our employees are protected by the precautionary activities of our OHS department. This risk assessment is always updated based on new data and takes into account the risk of exposure to related events.</p> <p>For example, pregnant or chronically ill people are granted administrative leave on very hot days.</p> <p>The follow-up of this risk driver was realized and reported to EC by senior executives.</p>

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation

Carbon pricing mechanisms

Primary potential financial impact

Increased direct costs

Company-specific description

Turkey has signed Paris Agreement and declared the country will be Net Zero by 2053. In 2022, MoEUC announced Turkey's updated IND) during COP 27.

From an aim of reducing carbon emissions by 21%, Turkey is making a commitment almost twice, with a new target of a 41% reduction.

The new Climate Law, currently in development, will establish the legal framework for key elements of a future ETS. In February 2022, Turkey held its inaugural Climate Council meeting, during which the Council's seven sub-commissions made 217 advisory decisions with the participation of public and private institutions as well as NGOs.

Among its recommendations, the Council proposed launching a pilot ETS in 2024 to align Turkey's national ETS development with the country's 2053 net zero target.

Additionally, the Council suggested that future auction revenues from allowances be dedicated to green transformation efforts. These recommendations were incorporated into Turkey's Medium-Term Programme (2023-2025). Since 2015, Turkey has implemented a comprehensive mandatory MRV system at the installation level.

Following the conclusion of the World Bank's Partnership for Market Readiness (PMR) program, Turkey is now participating in the PMI (Partnership for Market Implementation), its successor program, starting in 2023. Under the PMI, a pilot phase of the ETS will be introduced, accompanied by supplementary technical studies to inform policy decisions. As Turkey seeks EU accession, it aims to fulfill the environmental obligations required for membership. As part of this process, Turkey plans to initiate the Instrument for Pre-Accession Assistance (IPA III) project in 2024. This project aims to transpose the EU ETS legislation into secondary legislation, which will define the technical aspects of the national ETS.

Ford Otosan is in the scope of MRV. The National MRV regulation is likely to be revised; it may bring different emission quotas forcing our industry to face a carbon cap allocation. Additional quotas may cause an increase in operational cost. We are members of the TUSIAD Green Deal Task Force and National Carbon Pricing Working Group and attend the meetings organised by the Ministry to share our opinions for the National Climate Adaptation Strategy and Action Plan as well as Turkey's Nationally Determined Contributions and the Long-Term Climate Change Strategy Project. Ford

Otosan is aware that this risk could increase the operational expenses in mid-term time horizon.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

5,631,276

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Ford Otosan has worked with external consultants on the possible financial risks of enterprise carbon pricing risk in 2021. The lowest average carbon price risk for Ford's operating locations 11 \$/ton CO2 and the highest is 49\$/ton CO2 for the year of 2025. Ford Otosan's MRV covered total Scope1 CO2-e emissions were 114,924 tons in 2022. The figure has been approved by a third party and reported to the MoEUCC for medium-term time horizon financial implication is $114,924 * 49 = 5,631,276$ USD

Cost of response to risk

20,000

Description of response and explanation of cost calculation

In 2022, we declared our commitment to the Science-Based Targets initiative (SBTi) to set our short-term targets by adopting the approach to limiting global warming to 1.5°C as defined in the Paris Agreement. In addition to setting our short-term targets as a priority and moving to the assessment stage, we also work toward our long-term targets. All our calculations cover our locations in Turkey and Romania.

GHG and Energy Management systems are in place in Ford Otosan. In 2021, the transition to the revised system standard was realized. Cost of managing to reduce the magnitude of this risk is approximately 20,000 USD and it is covering the certification costs for establishing the revised ISO 50001:2018 Energy Management System and MRV activities.

In order to minimize the risk, we are in an active engagement with governmental authorities and our partners; Koç Holding and Ford Motor Company for the fulfillment of legislative and regulatory processes. We share our expertise and perspective to the

policy making process with the general direction of decreasing CO2 emissions by our own science-based approach.

We also manage this issue by benefiting from significant synergies with Ford Motor Company, emphasizing capabilities and challenges related to energy efficiency at production activities.

The CEO of Ford Otosan assigned the Environmental Committee members to participate the PMR meetings executed by the Ministry (MoEUCC).

Comment

In the Automotive Manufacturers Association (OSD) monthly environmental committee meetings, detailed sector-based interviews are always in the agenda with the participation of other automotive companies. Joint collaborations are discussed at this stage for the purpose to assess the risks and opportunities of carbon trading.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Technology

Substitution of existing products and services with lower emissions options

Primary potential financial impact

Increased direct costs

Company-specific description

Global enforcement on extreme fuel economy or stringent limitations on GHG emissions may drive us to unfavourable market conditions or challenging technology development. The precautions related with climate change that we adapt could have adverse results on our profits.

At Ford Otosan, lower emission vehicles powered by alternative fuels such as natural gas, electric vehicles, hybrid vehicles and related engine systems and powertrains, and the use of materials derived from lighter, renewable and recyclable sources are some of the areas that we consider in our investment decisions.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of 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 figure

With the developing technologies, the new generation vehicles are expected to consume less fuel and be lighter and more durable. In this respect, we provide the transition to materials that will lighten our vehicles, thus reducing the greenhouse gas emissions of the vehicles.

As part of our efforts to decrease our carbon footprint, we are working to develop engine and vehicle technologies that will reduce the CO₂ emissions of the heavy commercial fleet by 15% by 2025 and by a further 15% by 2030 (compared to a 2019/2020 baseline) to align with the current EU Regulation on CO₂ emission standards for heavy-duty vehicles.

We are also involved in different national/international projects that will enable our customers to reduce their environmental impacts. The product efficiency regulations and standards may have different implications that adversely impact our sales and earnings. For this transitional climate related risk driver; sales based financial impact assessment were realized. Specific confidentiality constraints prohibiting the disclosure.

Cost of response to risk

3,457,000

Description of response and explanation of cost calculation

At Ford Otosan, we place emphasis on reducing total vehicle weight to decrease emissions and improve efficiency, and we carry out activities with five working groups focused on high-strength steels, aluminum casting and extrusion, aluminum sheet panels, composites, and plastic derivatives. Through the work of these groups, we aim to optimize vehicle designs with new materials and production technologies, while improving Ford Otosan suppliers' infrastructures to adapt to the latest technologies. For the transition to lighter materials, the transition to aluminium instead of steel was among our most important steps. Since the joining of aluminium parts could not be realized with conventional manufacturing methods, we established a special manufacturing system in our facilities and provided the transition of our Transit MCA model to aluminium in the hood part. The cost of management is around 3.5 million \$. With this project approximately 5 kg weight lost will be achieved in each Transit MCA. Ford Otosan is a leading product development hub within the global Ford organization, and carries out R&D projects as part of product programs. Electric Hybrid Ford Custom, lower emission engines (ecoblue engines) are also part of these

The R&D spending on various product development projects in 2022 amounted to \$205,978 (2021: \$154,780) before capitalization and \$87,500 (2021: \$76,6 million) after capitalization.

Comment

In order to minimize this risk, we are in an active engagement with governmental authorities, institutes, sector members, our partners: Koç Holding and Ford Motor Company for the fulfilment of regulations and standards. We share our expertise and perspective to the policy making process with the general direction of decreasing CO2 emissions by our science-based approach. In 2022, we declared our commitment to the SBTi to set our short-term targets by adopting the approach to limiting global warming to 1.5°C as defined in the Paris Agreement. In addition to setting our short-term targets as a priority and moving to the assessment stage, we also work toward our long-term targets. All our calculations cover our locations in Turkey and Romania.

We also manage this issue by benefiting from significant synergies and R&D studies with Ford Motor Company emphasizing capabilities and challenges related with future light-duty fuel economy and GHG emission standards.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Emerging regulation

Mandates on and regulation of existing products and services

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Company-specific description

Two basic directives 443/2009/EC & 510/2011/EC are the regulatory arrangements of EU on CO2 reduction targets with their implementation for all producing industries, up to 2021. These two directives do not have type-approval legislation, and the EU applies in line with the EU's internationally declared CO2 reduction target. If these targets cannot be achieved as fleet average, there is a firm-based monetary sanction Ford Otosan complies with existing legislation such as Directive 1999/94/EC on fuel economy labels in Europe. This directive is not compulsory in Turkey. Some ministries in Turkey have decided to publish this regulation, even though there is no reduction target for this subject. However, it cannot be implemented. There is no limit value including CO2 limit in our country. There is no labeling system but the CO2 level is calculated and declared by producers. This country specific difference may pose some regulatory, taxation or other market conditions related risks in global and national base. The absence of standardized global criteria for labeling legislation and climate policy may pose some costs for complying with individual regulations and also may deviate our rating performance. Within the Green Deal Action Plan published by Ministry of Commerce in 2021 one of the actions is related with expansion of The Turkish Environmental Label in line with EU legislations. Additionally, the Ministry for EU Affairs included this issue in its 2015-2019 Strategy Action Plan and expects the Ministry of Science, Industry and

Technology to issue these two regulations. As Ford Otosan we are also involved in ETS and CBAM related working groups.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium

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 figure

In the 443/2009/EC, 510/2011/EC directives and 2019/631 Regulation, CO2 target values to cover fleet vehicles were specified as of 2021. These regulations, which are valid for EU member countries, have not been published in our country yet so there is no practice for Turkey market.

Cost of response to risk

205,605

Description of response and explanation of cost calculation

Compliance with different regulation and product labelling standards is an ongoing process in Ford Otosan. The National and EU based legislation is tracked by our Technical Coordination Team and the amendments are reported to the system immediately. Our performance for existing and potential future regulations is ensured by the BSTB emission sub-committee who focus more on project- based emission reduction targets.

Comment

Cost of management is included in our total R&D costs.
The work including this risk driver is already underway for the purpose to comply with all related EU regulations, there is no separate cost item.

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical

Changing precipitation patterns and types (rain, hail, snow/ice)

Primary potential financial impact

Increased indirect (operating) costs

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 points and 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 there could be limitations to the quotas for industry. 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.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

3,200,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

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 3.2 million \$. This figure was calculated by taking into account the cumulative price increase rate of ISU for discharge water. 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

*We recognize that clean water resources are vital for continuity of life and we engage in various activities in this field. We aim to reduce water use per vehicle by 40% by 2030 through the water recovery projects implemented at the Gölcük, Yeniköy and Eskişehir Plants.

* Fulfillment of Ford EU Global Water Target and Koç Group Environmental Strategic Water Targets

Cost of response to risk

1,154,325

Description of response and explanation of cost calculation

Feasibility works for wastewater recovery projects will be maintained as a precaution against the diminished water resources

A budget study of 1,154,325 \$ was carried out for wastewater recovery.

This project includes water auditing, consultant and wastewater recovery turnkey project.

The companies with references for the installation and commissioning of a wastewater recovery system with a production capacity of 3000 m³/day of process water will be evaluated as the Contractor Company. Considering the current water consumption capacity of the Gölcük Plant, the project will be designed to achieve a minimum of 40% water recovery from the total water consumption in compliance with the appropriate design infrastructure. The total water consumption capacity of the plant is projected to be 820,000 m³/year. The recovered water will account for at least 40% of this value.

Comment

Feasibility studies for waste water recovery project is in progress. Cost of obtaining clean water from wastewater is our priority.

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical
Heavy precipitation (rain, hail, snow/ice)

Primary potential financial impact

Other, please specify
Increased insurance premiums and potential for reduced availability of insurance on assets in "high-risk" locations

Company-specific description

IPCC assessment reports indicate that our country is in a vulnerable location impacted by extreme weather events. Our facilities may potentially be impacted by extreme weather events due to sudden changes such as: heat waves, floods, hail storms. This extreme precipitation could cause hailstorm seen in recent years. There has been an increasing trend in Turkey's observed temperature and similarly in extreme weather events number since 1997. In reference to Climate Change Projections for Turkey: Three Models and Two Scenarios; Turkish State Meteorological Service reported that heavy rain/floods (26%), wind storm (25%), hail (12%), heat wave (11%), and lightning (4%) were recorded as the most observed disaster respectively in 2015.

Global Circulation Model outputs which is produced with RCP4.5 and RCP8.5 concentration scenarios have been used in the study, which are used CMIP5 project and situated in the IPCC 5th Assessment Report.

These events may pose risks on the assets in our facilities. The interruption in operational capability may increase our capital and operational costs, decreased production capacity may reduce the revenue.

The control of potential extreme and acute weather events in our sites is our first concern to ensure our business continuity. The deployment of specific protection systems and emergency response plan allow Ford Otosan to a reasonable insurance coverage eliminating big financial implication. In our region, the hailstorm season starts in March and ends in September. The hail bomb project (soundproofing system) practice was realized as a consequence of physical risk assessment made by Ford Otosan for the purpose to protect newly produced vehicles in Yeniköy Port in Kocaeli, against hailstorm. The project consists of the installation of the shock waves protection system against hail.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

5,900,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

After a region base physical study and risk analysis of the area to be protected, the following risks are detected;

- There will be a repair cost of \$5,9 million on 13,000 vehicles.
- The repair of 13,000 vehicles will take 60 to 90 days.
- The capacity of domestic transportation by trucks is maximum 800 vehicles at close distance. There is a high risk of production interruption due to the difference between production and shipment during this time.

Cost of response to risk

176,400

Description of response and explanation of cost calculation

Installation of a protection system equipped with shock wave generator, soundproofing and radar detection system against hail was realized. The system has a protection scope of 80 hectares forming a circumference of 1 km in diameter. After a long feasibility and optimization process with financial measures, installation of full protection system against hailstorm at Ford Otosan Yeniköy Port was achieved. The investment budget was 176,400 \$ in 2018.

Comment

The drills are activated base on business continuity plans.

Identifier

Risk 6

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation
Mandates on and regulation of existing products and services

Primary potential financial impact

Increased indirect (operating) costs

Company-specific description

Bans on using f-gases with certain GWP amounts in certain types of refrigeration and air-conditioning equipment are set to come into force in the EU.
In line with EU F-Gas Regulation as of 2020, all fluorinated greenhouse gases will be banned, R22 gas containing equipment should be controlled according to the

requirements of the regulation. Reporting year's Regulation on fluorinated greenhouse gases was added to our company's environmental risk chart. As of 2020, ozone gas filling will be banned and periodical maintenance service will not be provided. (R22's replacement with new type gases is not applied due to 70-80% loss of yield.) In order to comply with that regulation, the units' change was planned for mid-term time horizon. In vehicle air conditioning gases, studies are carried out to use 1234yf gas, which has a much lower GWP, instead of R134A gas.

Due to the PFAS restrictions currently negotiated within the scope of REACH regulation, both the AC systems that contain fluorinated refrigerants and chemicals used in vehicle parts impose certain risks.

MAC systems' fluorinated refrigerants, R134a and R1234yf, are PFAS group chemicals, and their restriction is on the agenda. It is specified as 2027 for EV vehicles and 2032 for ICE vehicles. Meanwhile, PFAS group chemicals in vehicle components are being identified. The regulation is expected to come into effect in 2027. This risk is assessed for all product groups whose alternative product designs are affected.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

Low

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 figure

The planning process was achieved. We cannot have any figure as financial impact since there is a replacement period until 2023.

Cost of response to risk

345,000

Description of response and explanation of cost calculation

Test studies have been carried out for the use of R 407 C instead of R 22.

R 407 C gas is also known to be under the control of R 22 gas.

Investigations on the replacement of R 32 gas and compressor systems instead of R 407 C was realized.

We have a forecast that R 407 C gas will be replaced from 500 Euro for each unit. In total 589 unit have to be replaced with a total cost of 345,000\$ until 2023. The change of units was planned since 2019 in order to comply with the regulation. Therefore, if the equipment fails, it is replaced with new gas.

Comment

Test studies have been conducted to assess the use of R 407 C as a replacement for R 22. The change of units has been planned since 2019 to ensure compliance with regulations.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Ford Otosan is able to transform this risk driver described in Risk:2 to an opportunity. Emerging regulations and market expectations for mobility, drive us to develop new low carbon products and services. Ford Otosan is mentioned with its strong models in the global competition and sustains its commercial success in the future, through the design and innovation works which it conducts in accordance with the product strategies of Ford Motor company. Ford Otosan; Develops new engines, transmissions, mechanical and electronic systems by placing efficient and low-emission vehicle production at the center of R&D and innovation studies;

*Increase fuel economy and reducing greenhouse gas emissions by developing vehicle

technologies with reduced environmental effects;

*Aim to improve R&D and innovation studies for alternative fuel vehicle production

In addition, it adopts a green design approach to support the transition to a low carbon economy and reduce the environmental impact of its products. With the logic of green design, it ensures that product designs serve the protection of natural resources, ecosystems, biodiversity, climate, air and water quality, and the efficient use of soil, energy, water and raw materials.

We are involved in projects funded by the European Union, in particular the Horizon 2020 project. Ford Otosan completed the Horizon 2020 program with 20 projects and Euro 7,7 million funding in total. With the acceptance of four more projects, Ford Otosan reached 10 projects within the scope of the Horizon Europe program and received a total funding of Euro 4,7 million. We carry out R&D studies on software innovations, recovery of precious metals used in automotive, development of programmable systems for smart vehicles, automotive applications of visible light communication, 5G technologies for assisted, connected and autonomous mobility. The improvements we realize in vehicles indicate that the amount of greenhouse gas emission during the consumption process is decreasing with each passing period.

Time horizon

Long-term

Likelihood

Virtually certain

Magnitude of impact

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 figure

Financial implications would vary depending on the customer demand and other specific conditions for the advanced technology vehicles. Specific confidentiality constraints prohibiting the disclosure.

Cost to realize opportunity

185,000,000

Strategy to realize opportunity and explanation of cost calculation

Ford Otosan is a leading product development hub within the global Ford organization, and carries out R&D projects as part of product programs.

The R&D spending on various product development projects in 2022 amounted to \$205,978 (2021: \$154,780) before capitalization and \$87,500 (2021: \$76,6 million) after capitalization.

Sancaktepe Research and Development Center which was registered by the Turkish Ministry of Science, Industry and Technology as an R&D center, is the largest R&D center of the Turkish Automotive Industry with an indoor area of 38,000 m2 and home to many firsts in Turkey. Virtual Reality (CAVE) Laboratory and Embedded Systems and Software Development (HIL) Laboratory are some of our opportunities that will enable the development of advanced technologies. Thanks to the facilities offered by Sancaktepe R&D Center, Ford Otosan acquired the quality of being the only company capable of designing a whole vehicle from scratch including its engine, internal and external visual design in the Turkish automotive industry. In light of the Koç Innovation Program, we have begun restructuring all our processes in line with a perspective that centralizes innovation and digitization. We are also moving ahead in digital transformation, which is one of our main areas of innovation. As of 2022, we manage digitalization in seven focus areas, which we previously addressed in five “Connected” digitalization focus areas, by adding Data and Cyber Security as two essential topics of today.

In 2022, we continued to make significant investments in Data and Cyber Security. In 2023, we will be able to make even more informed, primarily data-driven decisions in line with our “Data-driven Decision Making” principle and with the support of analytical models, particularly in the Data focus area.

Comment

Investments amounted to \$205,978, including R&D spending for new projects and activated product development costs as part of the typical activities undertaken every year.

As of year-end 2022, Ford Otosan was the 5th fifth most valuable company on BIST with a market cap of \$9,8 billion. Ford Otosan shares rose by 133% while the foreign share in free float was 37%.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Upstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of climate adaptation, resilience and insurance risk solutions

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

Our suppliers and dealers play an important role in our large value chain. Safety and reliability of our products are the fundamental priorities for us, in changing climate conditions. We first ensure the compliance of our vehicle designs with all the legal regulations of the markets where they are used. Ford Vehicle Safety Design Guideline Principles and Safety Standards have been developed across the industry. The Supplier Identification and Evaluation Questionnaires were prepared and send to suppliers for the purpose to collect data about their environmental management system, including climate related answers. We contribute to the development of our suppliers with 5 different audits and field visits. In 2021, we designed the Supplier Sustainability Evaluation and Development Program. We aim to have suppliers identified as part of the program fill out Sustainability self-evaluation survey, complete self-evaluation process and increase their awareness.

For the critical suppliers, we identify their risk level through data verification and on-site audits via independent audit organizations. We published Ford Otosan Supply Chain Compliance Policy in 2022 to communicate our Sustainability Policy to the Suppliers. We prepared Conflict Minerals Policy and published it on our website so that we can convey our Sustainability Policy to the suppliers. Supplier trainings were planned to share information and the best practices within environmental, social, economic framework and on carbon transition program. This training is planned to be provided for all the suppliers in the next period. Key topics in the training contents include; sustainability within the scope of environmental, social, economic and carbon related management.

- Q1 audits: Our main audits through the Q1 - Number One in Quality certification system.

We started our work toward achieving carbon neutrality across the supply chain in 2022. Following the sessions organized to raise awareness, we carried out self-assessment and training at all the suppliers and audits at the critical suppliers. We aim to complete the Net Zero Roadmap of our suppliers manufacturing the critical product groups by the end of 2023.

In line with the long-term sustainability targets of Ford Otosan, we aim for:

- More than 300 suppliers in the supply chain to become carbon neutral by 2035.
- Performing on-site audits in 50% of the Tier 1 suppliers by 2030. Our logistics operations to become carbon neutral by 2035.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

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 figure

Our expectation is “sales volume increase in the future” For the time being it is difficult to estimate financial implications based only on climate change issue.

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

We work to disseminate our sustainability understanding throughout our supply chain. One of Ford Otosan's priorities is to improve the capacity and awareness of all its stakeholders, especially its suppliers. 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. All our supply chain processes are managed and over sighted by Purchasing Assistant General Management and Material Planning and Logistics Assistant General Management units. Processes are carried out within a model based on strategic objectives at the level of responsible directors reporting to these units. Obtained performance results are reported to executive management. We can also differentiate our products by conducting the supplier certification practice that involves training and auditing activities, in order for sustainability issues to be adopted by our dealers and suppliers. In this way, we are implementing the Q1 quality management system certification implemented by Ford Motor Company worldwide.

In 2022, we conducted sustainability audits at 233 suppliers, including 18 critical suppliers. We identified the development areas of three suppliers that did not pass the audits and conducted follow-up audits three months later. Once those suppliers took the necessary actions, we ensured that all suppliers selected as pilots were successful at the end of the period. At the end of the audit process, we sent detailed reports about their results and development areas, and recognized the suppliers that scored 70 and higher with certificates of achievement.

Comment

The cost is embedded into the procurement department's activity costs.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased revenues through access to new and emerging markets

Company-specific description

As the largest commercial vehicle production hub in Europe, Ford Otosan currently manufactures in four production sites, three in Turkey and one in Romania. In a challenging year, the company manufactured 374,027 vehicles locally, marking the highest ever units and accounting for 28% of Turkey's total vehicle production and 69% of commercial vehicle production. Ford Otosan also manufactured 91,828 vehicles abroad, reaching a total production of 465,855 units and a capacity utilization rate of 79%.

The focus of Ford Otosan's operations in the domestic market is profitability in passenger cars and profitable growth in commercial vehicles. In 2022, the company sold 86,401 vehicles, maintaining its third position in the total industry with a market share of 10.5%. Ford Otosan also maintained its undisputed leadership in total commercial vehicles with a market share of 34%, up by 4 percentage points.

According to the Automotive Distributors' Association (ODD) data, Ford Tourneo Courier was the "Best Selling Light Commercial Vehicle of the Year" and Ford, the "Best Selling Light Commercial Vehicle Brand of the Year".

In 2019 we developed the joint R&D venture with AVL, company that develops autonomous convoy-platooning technologies. In this context, we aim to contribute to the reduction of fuel consumption and carbon emissions from 8% to 15%, and the improvement of driving safety in heavy commercial vehicles for intercity transportation.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

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 figure

Our expectation is “sales volume increase in the long term”

For the time being it is difficult to estimate financial implications based only on climate change issue.

Cost to realize opportunity

185,000,000

Strategy to realize opportunity and explanation of cost calculation

Following the technological transformation in the automotive industry, and in addition to traditional automotive products and services, advanced R&D studies are carried out in the areas of carbon dioxide emissions reduction, connected vehicles, autonomous vehicles, electric vehicles and electrification, and light vehicle technologies.

Investments in R&D infrastructure continue.

In 2019 we developed the joint R&D venture with AVL, company that develops autonomous convoy-platooning technologies. In this context, we aim to contribute to the reduction of fuel consumption and carbon emissions from 8% to 15%, and the improvement of driving safety in heavy commercial vehicles.

In Ford Trucks, the new F-Max truck, cost the company a total of \$ 185 Million. (The share of 500 PS engine is 2,5 million \$). Ford Trucks' new tractor F-MAX, received “2019 International Truck of the Year” award, which was followed by more truck of the year awards in Russia, Austria and Slovakia

Comment

Following the technological transformation in the automotive industry, and in addition to traditional automotive products and services, advanced R&D studies are carried out in the areas of carbon dioxide emissions reduction, connected vehicles, autonomous vehicles, electric vehicles and electrification, and light vehicle technologies.

We ensure that the fuel savings of all vehicles comply with the legal requirements and improve fuel consumption by investing in climate stabilization and sustainable materials. With R&D and innovation investments, we enhance the vehicles' performance by reducing air emissions.

Identifier

Opp4

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

Primary potential financial impact

Increased revenues resulting from increased production capacity

Company-specific description

Global Lighthouse Network consists of advanced manufacturers that are showing leadership in applying the technologies of the Fourth Industrial Revolution to drive operational and environmental impact. The Network brings together the most advanced factories in the world for a cross-company learning journey. They serve as beacons to guide others in overcoming challenges in upgrading systems and applying cutting-edge technologies such as artificial intelligence, big data analytics and 3D printing. Members of the Lighthouse Network share use-cases and insights through real and virtual factory visits, incubating new partnerships to accelerate technology adoption and dissemination in manufacturing, and transforming the business models by which they operate. Through the projects carried out since 2015, Ford Otosan's Gölcük Plant was named a Lighthouse Factory by the World Economic Forum (WEF) and added to the "Global Lighthouse Network" in 2019.

Time horizon

Long-term

Likelihood

Virtually certain

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

100,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Financial implications of this opportunity are in the evaluation phase.

This opportunity has the potential to increase our revenue in 10 years and will have an operation lifetime extending through 2030. In the long term, the benefits of this opportunity are:

6% increase in vehicle production capacity

47% decrease in die manufacturing time

31 % increase in die manufacturing capacity

45% improvement in employee engagement over 4- years

9 % decline in robot breakdowns with Robot Analytics Systems
\$100 K savings with predictive maintenance system
1.7% decrease in electricity consumption per vehicle
4.9% Reduction in spare parts consumption for machinery and equipment
1.3% kWh/vehicle reduction in compressor power consumption

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

In addition to the competition, 5 years of R&D was carried out within the scope of the transitional period.

Through the projects carried out since 2015, Ford Otosan's Gölcük Plant was named a Lighthouse Factory by the World Economic Forum (WEF) and added to the Global Lighthouse Network in 2019.

Comment

Ford Otosan shares are traded in the following market and included in the following indices:

BIST KOCAELI / BIST METAL PRODUCTS, MACH. / BIST 30 / BIST 100 / BIST 50 /
BIST INDUSTRIALS / BIST STARS /BIST DIVIDEND / BIST DIVIDEND 25 / BIST
SUSTAINABILITY INDEX

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?

Row 1

Climate transition plan

Yes, we have a climate transition plan which aligns with a 1.5°C world

Publicly available climate transition plan


Yes


Mechanism by which feedback is collected from shareholders on your climate transition plan

Our climate transition plan is voted on at Annual General Meetings (AGMs)

Attach any relevant documents which detail your climate transition plan (optional)

Ford Otosan 2022 Sustainability Report and Ford Otosan 2022 Annual Report

 FordOtosan_2022_Sustainability_Report.pdf

 Ford_Otosan_2022_Annual_Report.pdf

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Use of climate-related scenario analysis to inform strategy	
Row 1	Yes, qualitative and quantitative

C3.2a

(C3.2a) Provide details of your organization’s use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios IEA SDS	Company-wide		<p>Till 2020 Ford Otosan engaged with FMC, the mother company’s scenario base analysis. In 2021 we worked with external consultants to evaluate the physical risks of the company’s relevant regions including facilities, main suppliers and customers. We have used high spatial resolutions to be able to assess the risks and opportunities more accurately. We are still reviewing publicly available climate scenarios. We used transitional (IEA SDS) scenarios in qualitative analysis. To help reduce the GHG emissions associated with the use of our vehicles, we are committed to make more efficient, lower-impact vehicles and technologies accessible at scale such as weight reduction, advanced power train options, electrical system improvements, new engine/transmission technologies by evaluating the use of lower carbon fuels while promoting Eco-driving through training, information and vehicle technology. In 2022, we declared our commitment to the SBTi to set our short-term targets. We also work toward our long-term targets.</p> <p>In the qualitative analysis, the key considerations of assumptions were: Price of key commodities/products & LCA thinking, R&D, technology, subsidies for fossil fuels, assumptions about CO2 price via trading scheme, energy demand and mix, temperature increase relative to CO2 increase. Under the ReCube initiative, circular economy practices are carried out by Ford Otosan teams, taking into account the design, production, use, and end-of-life of products. In all these projects, the emissions during the raw material extraction, production, use, and end-of-life processes of the products are</p>

			<p>calculated, and a hotspot analysis and environmental impact assessment are conducted. Based on the analysis results, development is focused on the phases with the most significant environmental impact. Additionally, the product is designed to align with circular economy principles from the initial design stage. This ensures that the products have a long lifespan, are reusable, recyclable, and after completing their life cycle, they can re-enter the production process from the beginning of the recycling loop. Completing the life cycle assessments for all internal combustion vehicles in all commercial segments, and 99.93% of all the products we manufactured and sold in 2022. When considering science-based goals, the carbon footprint of purchased goods and end-of-life carbon footprint in the context of Scope 3 targets were calculated through LCA.</p>
Physical climate scenarios RCP 8.5	Company-wide		<p>High Climate Change Scenario (RCP 8.5): Continuation of business as usual with emissions at current rates. This scenario is expected to result in warming in excess of 4 degrees Celsius by 2100.</p>
Physical climate scenarios RCP 4.5	Company-wide		<p>Moderate Climate Change Scenario (RCP 4.5): Strong mitigation actions to reduce emissions to half of current levels by 2080. This scenario is more likely than not to result in warming in excess of 2 degrees Celsius by 2100.</p>
Physical climate scenarios RCP 2.6	Company-wide		<p>Low Climate Change Scenario (RCP 2.6): Aggressive mitigation actions to halve emissions by 2050. This scenario is likely to result in warming of less than 2 degree Celsius by 2100.</p>

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

1. How will climate change and the emerging regulations affect the automotive market?
2. How will the water stress in the basins where our facilities are located affect us?
3. How can we contribute to the urgent global low-carbon transition and how can our company assist in meeting the changing needs of customers driven by this transition?

Results of the climate-related scenario analysis with respect to the focal questions

1. Regulatory changes introduced to promote the transition to low carbon in organizations' operations and supply chains, such as the Green Deal, Paris Agreement, limits on greenhouse gas emissions and carbon taxes, the ETS, and CBAM, are considered policy risks at Ford Otosan. Our scenario analysis focuses on the prices of and demand for low carbon products and potential carbon tax mechanisms. For instance, the goal of having solely electric vehicles in Turkey by 2040 will be undergo significant changes as new vehicle models are introduced. Turkey's ratification of the Agreement, incentives for renewable energy and low-carbon investments in Turkey, the growth of carbon offset markets, and the increasing demand for EVs are all developments we closely monitor through our analysis. This enables us to determine the types of lobbying activities and investments that should be prioritized.
2. Our facilities are located in areas where there is a high possibility to have water stress in the medium terms. As temperatures continue to rise, droughts and ongoing water stress may become significant challenges for us in the future. This could potentially lead to restrictions on industrial water usage during seasons with heightened water stress.
3. Technology and innovation investments are focus areas on our sustainable business model as they help us seize the opportunities in this field and implement cutting-edge practices. At FO, we continue to lead the industry's transformation, particularly in the electrification of commercial vehicles. In Q2 2022, we started the production of E-Transit, the first all-electric commercial van of Ford and Turkey at the Kocaeli Plants. We introduced the new features and technologies of E-Custom, the all-electric model of our next-generation 1-ton commercial van, slated for launch in 2023 at the Kocaeli Plants. The first 100% truck, E-Trucks, which we will produce at the Eskişehir Plant, the next-generation Courier, planned to be manufactured at the Craiova Plant, and an all-electric version of Puma will be added to the product range in 2024. At FO, we aim to renew products through remanufacturing, extend their economic life, and conserve resources and energy. Choosing remanufacturing practices over building from scratch enables us to significantly reduce GHG emissions. We aim to cause less pollution by generating less waste with remanufacturing methods. In line with FO's net zero roadmap, we help suppliers and manufacturers contribute to the circular economy and deliver environment-friendly products at lower costs to the users. We calculated the approximate emission savings of 21 different parts in passenger vehicles and commercial vehicles in the remanufacturing method. Remanufacturing of 7,104 parts per year has resulted in an emission reduction of nearly 41 tons. Using the remanufacturing method generated TL 39.7 million in revenues in 2022.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

Have climate-related risks and	Description of influence
--------------------------------	--------------------------

	opportunities influenced your strategy in this area?	
Products and services	Yes	<p>Current and emerging regulations, the adoption of Green Deal in the line with the Paris Agreement, have led to the development of global product and service plans. This includes investments in EVs, digital transformation, innovation and smart city solutions. We maintain our position as the leading company while the world and our sector are facing an intensely competitive environment during the transition process. We achieve this by adopting R&D and innovation as a work culture and by focusing on developing the products and production conditions of the future. We continue our progress toward safe and fuel-efficient models with low emission levels that would be needed in the smart cities of the future. This is an opportunity for us to be a responsible producer for a globally responsible consumption. With the goal to become a company that does not only manufacture vehicles, but also offer more extensive transportation solution opportunities, we have included new approaches to our business model which we are focused on transformation together with our partner FMC.</p> <p>Case Study and time horizons: we are working to develop engine and vehicle technologies that will reduce the CO2 emissions of the heavy commercial fleet by 15% by 2025 and by a further 15% by 2030 (compared to a 2019/2020 baseline) to align with the current EU Regulation on CO2 emission standards for heavy-duty vehicles. Our 100% electric truck, with a prototype already built and introduced in the heavy commercial vehicle segment that includes the Ford Trucks fleet, is currently in the testing phase in line with our carbon footprint reduction targets.</p> <p>The development work related to diesel heavy commercial vehicles includes increasing thermal efficiency in Ecotorq engines, enhancing vehicle aerodynamics, reducing weight, and improving tires. We also develop connectivity technologies like ConnecTruck on F-MAX and achieve fuel and financial savings with speed tracking, remote diagnostics, and software updates. Beyond diesel vehicles, our development work focuses on new carbon-neutral fuel technologies such as electric vehicles, hydrogen internal combustion engine technologies, and hydrogen fuel cells. Electric road trucks, currently in development at F-Trucks, will have an important role to play in our 2025 carbon strategy for heavy commercial vehicles.</p>

Supply chain and/or value chain	Yes	<p>Acute or chronic physical risks can pose severe business interruption on our supply chain. The magnitude of impact is significant in areas where there are risks of floods, heat waves and drought. The automotive sector involves a long and complex supply chain. We are committed to our approach of developing together with our suppliers. We consider locality, sustainability and digitization as focal points in our supply chain.</p> <p>In line with our SBTi commitments, we are working on plans to achieve Net Zero Emissions. As part of the carbon transition efforts, Ford calculates the carbon emissions of its suppliers, recognizing that the automotive industry is a very large ecosystem and aiming for more than 300 suppliers in its supply chain to become carbon neutral by 2035.</p> <p>We cooperate with our suppliers to ensure efficiency, quality, and high social, environmental and ethical standards. One of our material issues in the supply chain is to create added value through local supply-localization. As of 2022, we work with 1,547 suppliers, including 422 local suppliers. By giving priority to local products, we reduce environmental footprint, get cost advantage and support local & socioeconomic development.</p> <p>Case Study & time horizons: We have the goal to maximize our added value by increasing the rate of local products throughout the value chain in the mid-term. Transformation work commenced with the vision of eliminating processes that do not align with the priorities, where possible, and simplifying them with a lean approach. We monitor & contribute to the development of our suppliers with five different audits and site visits.</p> <p>To ensure that our standards are maintained across the entire supply chain, we launched the Supplier Sustainability Assessment and Development Program in 2022. As part of the program, we delivered an online sustainability training for the suppliers and also asked them to fill out a self-assessment questionnaire. For the critical suppliers, the process continued with data validation and on-site audits. In 2022, we made 265 visits to our suppliers for purposes such as performance improvement, new supplier preparation and induction audits, capacity analyses, and risk management, and 10 visits for Q1 certification.</p>
Investment in R&D	Yes	<p>One of the factors that determine the competitive power of today's companies is innovation competency. We consider R&D and innovation as the keys to resolve environmental and social issues and offer solutions that are in line with the</p>

		<p>global trends. We would like to contribute to transportation ecosystem through the technologies and smart vehicles we develop to make it more efficient, cleaner and more reliable.</p> <p>Case Study & time horizons: We also have R&D works in many other fields such as fuel optimization and reduction of carbon emissions, and connected, autonomous and electric vehicles. We cooperate as part of these works. We are project partners in projects that are funded by European Union, such as Horizon 2020 and Horizon Europe project. Among our R&D studies, there are software innovations, recycling of valuable metals used in automotive, development of programmable systems for smart vehicles, automotive applications of visible light telecommunication, and 5G technologies for interactive, connected and autonomous mobility. Ford Otosan completed the Horizon 2020 program with 20 projects and Euro 7.7 million funding in total. With the acceptance of four more projects, Ford Otosan reached 10 projects within the scope of the Horizon Europe program and received a total funding of Euro 4.7 million. Thirteen of these projects directly contribute to Ford Otosan's carbon reduction targets, and R&D activities in these areas are carried out with a total funding of Euro 5 million.</p> <p>The investment in R&D will have always high impact on our core business, but it is certain that the highest impact can be seen in the medium term, in the context of profitable growth and responsible producer.</p> <p>Ford Otosan is a leading product development hub within the global Ford organization and carries out R&D projects as part of product programs.</p> <p>The R&D spending on various product development projects in 2022 amounted to \$205,978 (2021: \$154,780) before capitalization and \$87,500 (2021: \$76,6 million) after capitalization.</p>
Operations	Yes	<p>We manage all the products and services at all our plants in accordance with the ISO 14001:2015 Environmental Management System and ISO 50001 Energy Management System. In addition to the annual ISO 14064 greenhouse gas validations and verifications, we renew our certificates by having ISO 14001, ISO 50001 and ISO 14064 audits every year. With the ISO 14064:2018 greenhouse gas verification audit for the 2021 data in 2022, we had our indirect emissions and direct emissions verified and validated for the first time. Meanwhile, the ISO 14064</p>

		<p>harmonization is ongoing at the Craiova Plant in Romania. In 2022, we received our first validation and verification for the Craiova Plant's greenhouse gas emissions. We aim to improve our environmental management system continuously by having annual audits in accordance with the Environmental Management System (EOS). In addition to Koç Group's environmental audits every two years, we receive planned and unplanned audits from the Ministry of Environment, Urbanization and Climate Change and other relevant Ministries within the year. To date, we have not been imposed any non-compliance fines or penalties as a result of these inspections.</p> <p>We ensure the highest level of energy efficiency in procurement, design and production, distribution processes and thus reduces emissions from production and logistics. Energy efficiency and reduction of greenhouse gas emissions support our competitive capacity with cost advantage they provide. For this reason, we regard energy efficiency as an area of continuous improvement and we carry out improved project activities in every process of our operations. For this reason, we regard energy efficiency as an area of continuous improvement and we carry out improved project activities in every process of our operations.</p> <p>We track the energy consumption and greenhouse gas emission performance for each vehicle produced. The emission intensity for Turkey is 0.26 CO2-e per vehicle in 2021 and 0.25 CO2-e per vehicle in 2022. 2022 Total (Turkey and Romania) emission intensity is 0.27 CO2-e per vehicle.</p> <p>Gölcük Plant - "Lighthouse Factory" with its industry 4.0 focused activities.</p>
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C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Indirect costs	Revenues: Climate change poses an opportunity for Ford Otosan to develop low-emission goods and services. This would certainly impact the

<p>Access to capital Assets Liabilities</p>	<p>projected revenue in the long term. These opportunities have been factored into the financial planning process, by related departments, and the Board makes decisions on each driver. We consider reducing the emissions of the vehicles we produce to combat climate change as one of our responsibilities. Reducing vehicle emissions is also important in terms of compliance with increasingly stringent regulations, exploiting opportunities from climate change and maintaining competitiveness. We invest in innovative technologies to contribute to fuel economy and reduce GHG emissions. We have achieved significant acceleration in the use of alternative fuel vehicles, electric vehicles, hybrid vehicles and related engines and transmission systems and lighter materials that cause lower emissions such as natural gas. At the same time, we provide our customers fuel and time savings and GHG reductions through smart applications we offer in areas such as fleet management.</p> <p>Driven by a positive sales mix, continued pricing discipline, and improved vehicle availability in Q4, the domestic sales volume increased by 16% YoY and domestic sales revenues by 132% YoY to TL 38,530 million. Export revenues reached TL 133,267 million due to an increase of 35% YoY in sales volume and an increase of 144% YoY due to the exchange rate effect. In the reporting period, total sales revenues increased by 142% YoY to TL 171,797 million and export revenues accounted for 78% of total sales revenues.</p> <p>In 2022, Ford Otosan's total environmental investments and spending, including costs of measurements and analyses, waste disposal, chemicals, personnel, certification and permits, consultancy and training, maintenance and repairs related to environmental management, amounted to TL 101,88 million.</p> <p>Indirect costs: Our planning has been influenced by the assessment of climate change-related operating costs.</p> <p>At Ford Otosan, we created our roadmap for transition to a low-carbon economy in three focus areas: 1) Analyzing the climate-related risks and opportunities and creating action plans based on the outputs. 2) Setting targets to reach the net zero emission commitment by 2050 and creating detailed targets and roadmaps by developing strategies. 3) Following the climate-focused policies and practices, starting with the European Green Deal, achieving compliance, and engaging in partnerships.</p> <p>In line with our vision of the Future.Now, our 2030 targets include:</p> <ul style="list-style-type: none"> • Becoming carbon neutral in our manufacturing sites and R&D center in Turkey. • Reaching zero waste in landfills. • Eliminating single-use plastics for personal use. • Using 30% renewable and recycled plastics in vehicles. • Consuming 40% less fresh water per vehicle at each manufacturing site. <p>We procure renewable energy directly to meet these targets. In 2022, we made significant progress in all our facilities toward our energy and GHG reduction targets by implementing energy efficiency and renewable</p>
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		<p>energy projects. We procured 1,035,149.74 GJ (Türkiye) renewable electricity in 2022, preventing 124,534.266 ton of CO₂e GHG emissions. We also obtained the internationally recognized I-REC certifications, confirming that all the energy used in our Gölcük, Yeniköy, Eskişehir and Sancaktepe plants is procured from 100% renewable sources. We procured 1,421,463.98GJ (Turkey+Romanya) renewable electricity in 2022, preventing 171.010,016 ton of CO₂e GHG emissions.</p> <p>In addition to procuring renewable energy, we also prioritize on-site power generation across all our campuses. As part of this approach, we invest in wind energy, Solarwall, and solar power plants.</p> <p>With the Solarwall and Process Air Heating project at the Eskişehir plant, we saved 1,616,000 kWh (5,817.60 GJ) of natural gas per year, while preventing the emission of 326,68 tons of CO₂e.</p> <p>With the Solarwall and Welding Workshop Ambient Air Heating project at the Gölcük plant, we saved 3,655,000 kWh (13,158 GJ) of natural gas per year and prevented 738.88 tons of CO₂e emissions.</p> <p>With the Solarwall and Process Air Heating in the Paint Shop Project at the Yeniköy plant, we saved 1,271,111 kWh (4,576 GJ) of natural gas and prevented 256.96 tons of CO₂e emissions.</p> <p>Access to Capital: Ford Otosan participates in many local and international projects as a coordinator or partner and leverages these opportunities to work on new technologies and innovative projects, while creating resources for its R&D activities. Ford Otosan is the highest funded Turkish corporation with 30 projects accepted to the Horizon 2020 and Horizon Europe programs that shape the future.</p> <p>Assets & Liabilities: The deployment of specific protection systems and emergency response plan allow Ford Otosan to a reasonable insurance coverage eliminating big financial implication. It was evaluated that climate change related identified physical risks have factored our financial planning, on asset management. The hail bomb project (soundproofing system) practice was realized as a consequence of physical risk assessment made by Ford Otosan for the purpose to protect newly produced vehicles in Yeniköy Port in Kocaeli, against hailstorm. After a long feasibility and optimization process with financial measures, installation of full protection system against hailstorm at Ford Otosan Yeniköy Port was achieved. In case of any financial necessity on this subject, the follow-up and information process are always in place; executions are accomplished after the board decision.</p> <p>It was evaluated that climate change related risks and opportunities have factored our financial planning process on the liabilities area. Ford Otosan's main objectives in risk management are; to anticipate, manage, monitor potential risks in all areas and to prepare action plans in advance in terms of risk and crisis management. Ford Otosan Board of Directors, Early Detection of Risk and the Management Committee, Audit Committee and Senior Management are regularly informed about the risks. We design our products to show performance beyond legal requirements in</p>
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	line with all related regulations and standards. The vision of becoming carbon-neutral by 2050 in line with the European Union’s Green Deal points out that the automotive industry should play a role in the transition to a low-carbon economy by accelerating the transformation. In 2022, we declared our commitment to SBTi to set our short-term targets by adopting the approach to limiting global warming to 1.5°C. In addition to setting our short-term targets as a priority and moving to the assessment stage, we also work toward our long-term targets. The R&D spending on various product development projects in 2022 amounted to \$205,978 (2021: \$154,780) before capitalization and \$87,500 (2021: \$76,6 million) after capitalization.
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C3.5

(C3.5) In your organization’s financial accounting, do you identify spending/revenue that is aligned with your organization’s climate transition?

Identification of spending/revenue that is aligned with your organization’s climate transition	
Row 1	No, but we plan to in the next two years

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

- Absolute target
- Intensity target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Is this a science-based target?

Yes, we consider this a science-based target, and the target is currently being reviewed by the Science Based Targets initiative

Target ambition

1.5°C aligned

Year target was set

2022

Target coverage

Country/area/region

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Base year

2017

Base year Scope 1 emissions covered by target (metric tons CO2e)

79,349

Base year Scope 2 emissions covered by target (metric tons CO2e)

121,890

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

Base year total Scope 3 emissions covered by target (metric tons CO2e)

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

201,239

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

68.58

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

92.87

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)

Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

81.49

Target year

2030

Targeted reduction from base year (%)

100

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

0

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

92,464

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

0

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)

**Total emissions in reporting year covered by target in all selected scopes
(metric tons CO2e)**

92,464

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

54.0526438712

Target status in reporting year

New

Please explain target coverage and identify any exclusions

Ford Otomotiv Sanayi A.Ş. is a publicly traded company, where Ford Motor Company (41%) and Koç Holding A.Ş. (41%) have equal shares. All our emissions reduction targets are compatible with Ford Motor Company's targets which are considered as a science based target by Science Based Targets Initiative. As a part of our Carbon Transition Program, we set target to become carbon neutral by 2030 for the manufacturing sites and R&D center in Turkey considering scope 1 and scope 2 (market based) emissions. This target is related to Eskişehir, Gölcük+Yeniköy Plants and Sancaktepe R&D center that are located in Turkey. These sites accounted for 81.49% of our company's total Scope 1+2 emissions in the base year of 2017. We plan to achieve this goal partly by improving the environmental performance of our manufacturing and office facilities in areas related to climate change, water, and waste. Ford Otosan has increased its use of renewable electricity from 0 percent to 100 percent since 2022. By using renewable electricity, we reduced our market based scope 2 carbon footprint by 100% in Turkey. In 2022, Ford Otosan committed to set long-term science-based targets to reach net-zero value chain GHG emissions by no later than 2050 in line with the SBTi Net-Zero Standard. Currently our teams are working on setting net-zero targets and planning to submit it to SBTi by the end of 2023.

Plan for achieving target, and progress made to the end of the reporting year

Ford Otosan is planning to improve the production processes, introduce more energy efficiency measures and use renewables. The work has been done to set a science based target and more concrete targets such as electrification of fossil fuelled systems, electrification of company car fleet and investment on own renewable energy systems until 2030. Reducing Scope 2 emissions by purchasing electricity from 100% renewable energy was a very important greenhouse gas reduction project for the reporting year of 2022.

List the emissions reduction initiatives which contributed most to achieving this target

Target reference number

Abs 2

Is this a science-based target?

Yes, we consider this a science-based target, and the target is currently being reviewed by the Science Based Targets initiative

Target ambition

1.5°C aligned

Year target was set

2022

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Base year

2017

Base year Scope 1 emissions covered by target (metric tons CO2e)

115,705

Base year Scope 2 emissions covered by target (metric tons CO2e)

131,255

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

Base year total Scope 3 emissions covered by target (metric tons CO2e)

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

246,960

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)

Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2030

Targeted reduction from base year (%)

78

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

54,331.2

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

114,924

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

36,406

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

151,330

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

49.644705257

Target status in reporting year

Revised

Please explain target coverage and identify any exclusions

Ford Otomotiv Sanayi A.Ş. is a publicly traded company, where Ford Motor Company (41%) and Koç Holding A.Ş. (41%) have equal shares. The company's objectives to reduce emissions align with those set by Ford Motor Company, which have been validated as science-based by the Science Based Targets Initiative. Ford Motor Company is committed to a 76% reduction in absolute scope 1 and scope 2 greenhouse gas emissions by 2035, using 2017 as the baseline year. These are in harmony with the goals of Ford Otosan, and we recognize them as scientifically grounded due to the results from the SBTi online tool. As part of our carbon transition program, Ford Otosan has revised and increased ambitious level of above target and set its own near-term science-based target to reduce absolute emissions from the combined full scopes 1 and 2 (market-based) by 78% by 2030, using the baseline year of 2017. Moreover, Ford Otosan has submitted to SBTi in January 2023. This target aligns with our ambition to limit global warming to below 1.5 degrees and is currently under review by the Science-Based Targets initiative. We plan to achieve this goal partly by improving the environmental performance of our manufacturing and office facilities in areas related to climate change, water, and waste. Ford Otosan has increased its use of renewable electricity from 86% to 100% since 2021. By using renewable electricity, we reduced our scope 2 carbon footprint by more than 80% of our total Scope 2 (market-based) emissions. The remaining scope 2 emissions result from purchased heat and steam. In 2022, Ford Otosan committed to set long-term science-based targets to reach net-zero value chain GHG emissions by no later than 2050 in line with the SBTi Net-Zero Standard. Currently our teams are working on setting net-zero targets and planning to submit it to SBTi by the end of 2023.

Plan for achieving target, and progress made to the end of the reporting year

Ford Otosan is planning to improve the production processes, introduce more energy efficiency measures and use renewables. The work has been done to set a science based target and more concrete targets such as electrification of fossil fuelled systems, electrification of company car fleet and investment on own renewable energy systems until 2030. Reducing Scope 2 emissions by purchasing electricity from 100% renewable energy was a very important greenhouse gas reduction project for the reporting year of 2022.

List the emissions reduction initiatives which contributed most to achieving this target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Is this a science-based target?

No, but we are reporting another target that is science-based

Target ambition

Year target was set

2009

Target coverage

Site/facility

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Intensity metric

Metric tons CO₂e per vehicle produced

Base year

2009

Intensity figure in base year for Scope 1 (metric tons CO₂e per unit of activity)

0.34

Intensity figure in base year for Scope 2 (metric tons CO₂e per unit of activity)

0.49

Intensity figure in base year for Scope 3, Category 1: Purchased goods and services (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 2: Capital goods (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 5: Waste generated in operations (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 6: Business travel (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 7: Employee commuting (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 8: Upstream leased assets (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 10: Processing of sold products (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 11: Use of sold products (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 13: Downstream leased assets (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 14: Franchises (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 15: Investments (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Other (upstream) (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Other (downstream) (metric tons CO2e per unit of activity)

Intensity figure in base year for total Scope 3 (metric tons CO2e per unit of activity)

Intensity figure in base year for all selected Scopes (metric tons CO2e per unit of activity)

0.73

% of total base year emissions in Scope 1 covered by this Scope 1 intensity figure

87.54

% of total base year emissions in Scope 2 covered by this Scope 2 intensity figure

88.51

% of total base year emissions in Scope 3, Category 1: Purchased goods and services covered by this Scope 3, Category 1: Purchased goods and services intensity figure

% of total base year emissions in Scope 3, Category 2: Capital goods covered by this Scope 3, Category 2: Capital goods intensity figure

% of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) covered by this Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) intensity figure

% of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution covered by this Scope 3, Category 4: Upstream transportation and distribution intensity figure

% of total base year emissions in Scope 3, Category 5: Waste generated in operations covered by this Scope 3, Category 5: Waste generated in operations intensity figure

% of total base year emissions in Scope 3, Category 6: Business travel covered by this Scope 3, Category 6: Business travel intensity figure

% of total base year emissions in Scope 3, Category 7: Employee commuting covered by this Scope 3, Category 7: Employee commuting intensity figure

% of total base year emissions in Scope 3, Category 8: Upstream leased assets covered by this Scope 3, Category 8: Upstream leased assets intensity figure

% of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution covered by this Scope 3, Category 9: Downstream transportation and distribution intensity figure

% of total base year emissions in Scope 3, Category 10: Processing of sold products covered by this Scope 3, Category 10: Processing of sold products intensity figure

% of total base year emissions in Scope 3, Category 11: Use of sold products covered by this Scope 3, Category 11: Use of sold products intensity figure

% of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products covered by this Scope 3, Category 12: End-of-life treatment of sold products intensity figure

% of total base year emissions in Scope 3, Category 13: Downstream leased assets covered by this Scope 3, Category 13: Downstream leased assets intensity figure

% of total base year emissions in Scope 3, Category 14: Franchises covered by this Scope 3, Category 14: Franchises intensity figure

% of total base year emissions in Scope 3, Category 15: Investments covered by this Scope 3, Category 15: Investments intensity figure

% of total base year emissions in Scope 3, Other (upstream) covered by this Scope 3, Other (upstream) intensity figure

% of total base year emissions in Scope 3, Other (downstream) covered by this Scope 3, Other (downstream) intensity figure

% of total base year emissions in Scope 3 (in all Scope 3 categories) covered by this total Scope 3 intensity figure

% of total base year emissions in all selected Scopes covered by this intensity figure

87.75

Target year

2030

Targeted reduction from base year (%)

100

Intensity figure in target year for all selected Scopes (metric tons CO₂e per unit of activity) [auto-calculated]

0

% change anticipated in absolute Scope 1+2 emissions

8.5

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year for Scope 1 (metric tons CO₂e per unit of activity)

0.2

Intensity figure in reporting year for Scope 2 (metric tons CO₂e per unit of activity)

0

Intensity figure in reporting year for Scope 3, Category 1: Purchased goods and services (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 2: Capital goods (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 5: Waste generated in operations (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 6: Business travel (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 7: Employee commuting (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 8: Upstream leased assets (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 10: Processing of sold products (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 11: Use of sold products (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 13: Downstream leased assets (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 14: Franchises (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 15: Investments (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Other (upstream) (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Other (downstream) (metric tons CO2e per unit of activity)

Intensity figure in reporting year for total Scope 3 (metric tons CO2e per unit of activity)

Intensity figure in reporting year for all selected Scopes (metric tons CO2e per unit of activity)

0.2

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

72.602739726

Target status in reporting year

Revised

Please explain target coverage and identify any exclusions

In 2022, at Kocaeli Plant, the intensity figure 1, which represents the ratio of Scope 1 and 2 emissions per unit of production, was calculated as 0.2, and the target was achieved for the reporting year 2022. The intensity figure 1 target has been revised, replacing the 46.88% target by 2021 with a new target of 100% reduction by 2030. In 2022, there is a decrease of 72.6% compared to 2009.

Plan for achieving target, and progress made to the end of the reporting year

In 2022, the significant greenhouse gas reduction project involved the reduction of Scope 2 emissions by procuring 100% renewable energy for electricity. As a result, Kocaeli Plant achieved zero Scope 2 emissions in the same year.

List the emissions reduction initiatives which contributed most to achieving this target

Target reference number

Int 2

Is this a science-based target?

No, but we are reporting another target that is science-based

Target ambition

Year target was set

2009

Target coverage

Site/facility

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Intensity metric

Metric tons CO₂e per vehicle produced

Base year

2009

Intensity figure in base year for Scope 1 (metric tons CO₂e per unit of activity)

3.75

Intensity figure in base year for Scope 2 (metric tons CO₂e per unit of activity)

5.42

Intensity figure in base year for Scope 3, Category 1: Purchased goods and services (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 2: Capital goods (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 5: Waste generated in operations (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 6: Business travel (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 7: Employee commuting (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 8: Upstream leased assets (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 10: Processing of sold products (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 11: Use of sold products (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 13: Downstream leased assets (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 14: Franchises (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 15: Investments (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Other (upstream) (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Other (downstream) (metric tons CO2e per unit of activity)

Intensity figure in base year for total Scope 3 (metric tons CO2e per unit of activity)

Intensity figure in base year for all selected Scopes (metric tons CO2e per unit of activity)

9.17

% of total base year emissions in Scope 1 covered by this Scope 1 intensity figure

11.04

% of total base year emissions in Scope 2 covered by this Scope 2 intensity figure

11.06

% of total base year emissions in Scope 3, Category 1: Purchased goods and services covered by this Scope 3, Category 1: Purchased goods and services intensity figure

% of total base year emissions in Scope 3, Category 2: Capital goods covered by this Scope 3, Category 2: Capital goods intensity figure

% of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) covered by this Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) intensity figure

% of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution covered by this Scope 3, Category 4: Upstream transportation and distribution intensity figure

% of total base year emissions in Scope 3, Category 5: Waste generated in operations covered by this Scope 3, Category 5: Waste generated in operations intensity figure

% of total base year emissions in Scope 3, Category 6: Business travel covered by this Scope 3, Category 6: Business travel intensity figure

% of total base year emissions in Scope 3, Category 7: Employee commuting covered by this Scope 3, Category 7: Employee commuting intensity figure

% of total base year emissions in Scope 3, Category 8: Upstream leased assets covered by this Scope 3, Category 8: Upstream leased assets intensity figure

% of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution covered by this Scope 3, Category 9: Downstream transportation and distribution intensity figure

% of total base year emissions in Scope 3, Category 10: Processing of sold products covered by this Scope 3, Category 10: Processing of sold products intensity figure

% of total base year emissions in Scope 3, Category 11: Use of sold products covered by this Scope 3, Category 11: Use of sold products intensity figure

% of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products covered by this Scope 3, Category 12: End-of-life treatment of sold products intensity figure

% of total base year emissions in Scope 3, Category 13: Downstream leased assets covered by this Scope 3, Category 13: Downstream leased assets intensity figure

% of total base year emissions in Scope 3, Category 14: Franchises covered by this Scope 3, Category 14: Franchises intensity figure

% of total base year emissions in Scope 3, Category 15: Investments covered by this Scope 3, Category 15: Investments intensity figure

% of total base year emissions in Scope 3, Other (upstream) covered by this Scope 3, Other (upstream) intensity figure

% of total base year emissions in Scope 3, Other (downstream) covered by this Scope 3, Other (downstream) intensity figure

% of total base year emissions in Scope 3 (in all Scope 3 categories) covered by this total Scope 3 intensity figure

% of total base year emissions in all selected Scopes covered by this intensity figure

11.04

Target year

2030

Targeted reduction from base year (%)

100

Intensity figure in target year for all selected Scopes (metric tons CO2e per unit of activity) [auto-calculated]

0

% change anticipated in absolute Scope 1+2 emissions

131.88

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year for Scope 1 (metric tons CO2e per unit of activity)

1.05

Intensity figure in reporting year for Scope 2 (metric tons CO2e per unit of activity)

0

Intensity figure in reporting year for Scope 3, Category 1: Purchased goods and services (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 2: Capital goods (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 5: Waste generated in operations (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 6: Business travel (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 7: Employee commuting (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 8: Upstream leased assets (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 10: Processing of sold products (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 11: Use of sold products (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 13: Downstream leased assets (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 14: Franchises (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 15: Investments (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Other (upstream) (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Other (downstream) (metric tons CO2e per unit of activity)

Intensity figure in reporting year for total Scope 3 (metric tons CO2e per unit of activity)

Intensity figure in reporting year for all selected Scopes (metric tons CO2e per unit of activity)

1.05

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

88.5496183206

Target status in reporting year

Revised

Please explain target coverage and identify any exclusions

In 2022, at Eskişehir Plant, the intensity figure 1, which represents the ratio of Scope 1 and 2 emissions per unit of production, was calculated as 1.05, and the target was achieved for the reporting year 2022. The intensity figure 1 target has been revised, replacing the 51.15% target by 2021 with a new target of 100% reduction by 2030. In 2022, there is a decrease of 88.55% compared to 2009.

Plan for achieving target, and progress made to the end of the reporting year

In 2022, the significant greenhouse gas reduction project involved the reduction of Scope 2 emissions by procuring 100% renewable energy for electricity. As a result, Eskişehir Plant achieved zero Scope 2 emissions in the same year.

List the emissions reduction initiatives which contributed most to achieving this target

Target reference number

Int 3

Is this a science-based target?

Yes, we consider this a science-based target, and the target is currently being reviewed by the Science Based Targets initiative

Target ambition

1.5°C aligned

Year target was set

2022

Target coverage

Company-wide

Scope(s)

Scope 3

Scope 2 accounting method

Scope 3 category(ies)

Category 11: Use of sold products

Intensity metric

Metric tons CO₂e per kilometer

Base year

2021

Intensity figure in base year for Scope 1 (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 2 (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 1: Purchased goods and services (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 2: Capital goods (metric tons CO₂e per unit of activity)

Intensity figure in base year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 5: Waste generated in operations (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 6: Business travel (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 7: Employee commuting (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 8: Upstream leased assets (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 10: Processing of sold products (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 11: Use of sold products (metric tons CO2e per unit of activity)

0.00029

Intensity figure in base year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 13: Downstream leased assets (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 14: Franchises (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 15: Investments (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Other (upstream) (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Other (downstream) (metric tons CO2e per unit of activity)

Intensity figure in base year for total Scope 3 (metric tons CO2e per unit of activity)

0.00029

Intensity figure in base year for all selected Scopes (metric tons CO2e per unit of activity)

0.00029

% of total base year emissions in Scope 1 covered by this Scope 1 intensity figure

% of total base year emissions in Scope 2 covered by this Scope 2 intensity figure

% of total base year emissions in Scope 3, Category 1: Purchased goods and services covered by this Scope 3, Category 1: Purchased goods and services intensity figure

% of total base year emissions in Scope 3, Category 2: Capital goods covered by this Scope 3, Category 2: Capital goods intensity figure

% of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) covered by this Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) intensity figure

% of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution covered by this Scope 3, Category 4: Upstream transportation and distribution intensity figure

% of total base year emissions in Scope 3, Category 5: Waste generated in operations covered by this Scope 3, Category 5: Waste generated in operations intensity figure

% of total base year emissions in Scope 3, Category 6: Business travel covered by this Scope 3, Category 6: Business travel intensity figure

% of total base year emissions in Scope 3, Category 7: Employee commuting covered by this Scope 3, Category 7: Employee commuting intensity figure

% of total base year emissions in Scope 3, Category 8: Upstream leased assets covered by this Scope 3, Category 8: Upstream leased assets intensity figure

% of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution covered by this Scope 3, Category 9: Downstream transportation and distribution intensity figure

% of total base year emissions in Scope 3, Category 10: Processing of sold products covered by this Scope 3, Category 10: Processing of sold products intensity figure

% of total base year emissions in Scope 3, Category 11: Use of sold products covered by this Scope 3, Category 11: Use of sold products intensity figure
90.35

% of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products covered by this Scope 3, Category 12: End-of-life treatment of sold products intensity figure

% of total base year emissions in Scope 3, Category 13: Downstream leased assets covered by this Scope 3, Category 13: Downstream leased assets intensity figure

% of total base year emissions in Scope 3, Category 14: Franchises covered by this Scope 3, Category 14: Franchises intensity figure

% of total base year emissions in Scope 3, Category 15: Investments covered by this Scope 3, Category 15: Investments intensity figure

% of total base year emissions in Scope 3, Other (upstream) covered by this Scope 3, Other (upstream) intensity figure

% of total base year emissions in Scope 3, Other (downstream) covered by this Scope 3, Other (downstream) intensity figure

% of total base year emissions in Scope 3 (in all Scope 3 categories) covered by this total Scope 3 intensity figure

90.35

% of total base year emissions in all selected Scopes covered by this intensity figure

90.35

Target year

2030

Targeted reduction from base year (%)

50

Intensity figure in target year for all selected Scopes (metric tons CO2e per unit of activity) [auto-calculated]

0.000145

% change anticipated in absolute Scope 1+2 emissions

0

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year for Scope 1 (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 2 (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 1: Purchased goods and services (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 2: Capital goods (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 5: Waste generated in operations (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 6: Business travel (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 7: Employee commuting (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 8: Upstream leased assets (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 10: Processing of sold products (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 11: Use of sold products (metric tons CO₂e per unit of activity)

0.00034

Intensity figure in reporting year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 13: Downstream leased assets (metric tons CO₂e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 14: Franchises (metric tons CO₂e per unit of activity)

**Intensity figure in reporting year for Scope 3, Category 15: Investments
(metric tons CO2e per unit of activity)**

**Intensity figure in reporting year for Scope 3, Other (upstream) (metric tons
CO2e per unit of activity)**

**Intensity figure in reporting year for Scope 3, Other (downstream) (metric tons
CO2e per unit of activity)**

**Intensity figure in reporting year for total Scope 3 (metric tons CO2e per unit
of activity)**

0.00034

**Intensity figure in reporting year for all selected Scopes (metric tons CO2e per
unit of activity)**

0.00034

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

-34.4827586207

Target status in reporting year

Revised

Please explain target coverage and identify any exclusions

Ford Otomotiv Sanayi A.Ş. is a publicly traded company, where Ford Motor Company (41%) and Koç Holding A.Ş. (41%) have equal shares. All our emissions reduction targets are compatible with Ford Motor Company's targets which are also approved as science-based by the Science Based Targets initiative. Ford Motor Company commits to reduce scope 3 use of sold products GHG emissions 50% per vehicle kilometer by 2035 from a 2021 base year. This is in line with the goals of Ford Otosan, and we recognize them as scientifically grounded due to the results from the SBTi online tool. As part of our carbon transition program, Ford Otosan has revised and increased ambitious level of above target and set its own near-term science-based target using the latest Version 5.0 of SBTi guides to reduce scope 3 use of sold products GHG emissions 50% per vehicle kilometer by 2030 from a 2021 base year. Moreover, Ford Otosan has submitted this target to SBTi in January 2023 and the target is currently under review by the Science-Based Targets initiative. The scope includes all HCV, MCV, LCV vehicles produced in 2021. Within HCV, we used only connected data and service records collected from customers, and thus we reached the most precise calculation result. The emission value per km is calculated for each vehicle type over the number of vehicle sales in 2021 and its 10-year lifetime. Then, the total emission value is calculated according to the vehicle types. In 2022, Ford Otosan committed to set long-term

science-based targets to reach net-zero value chain GHG emissions by no later than 2050 in line with the SBTi Net-Zero Standard. Currently our teams are working on setting net-zero targets and planning to submit it to SBTi by the end of 2023. In 2022, there is a decrease of 34.48% compared to 2009.

Plan for achieving target, and progress made to the end of the reporting year

We commit to reduce Scope 3 use of sold products emissions in line with our goal to expand our product range with zero-emission and low emission vehicles, we continue our studies to develop fully electric models of Ford Transit along with its hybrid version. The base year emissions for the use of products stage is calculated to be 71,182,818.78 tCO₂e and for reporting year of 2022 is calculated as 82,510,248.15 tCO₂e.

List the emissions reduction initiatives which contributed most to achieving this target

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

Net-zero target(s)

Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2019

Target coverage

Company-wide

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Base year

2019

Consumption or production of selected energy carrier in base year (MWh)

265,574.369

% share of low-carbon or renewable energy in base year

0

Target year

2030

% share of low-carbon or renewable energy in target year

100

% share of low-carbon or renewable energy in reporting year

100

% of target achieved relative to base year [auto-calculated]

100

Target status in reporting year

Achieved

Is this target part of an emissions target?

Our target is to use renewable energy source for the purpose to reduce our Scope 1&2 emissions in Craiova, Kocaeli, Sancaktepe and Eskişehir Plants. An increase in the use of renewable sources for electricity will lead to a decrease in our gross global greenhouse gas emissions. This target is a part of targets Abs 1 and Abs 2.

Is this target part of an overarching initiative?

Other, please specify

Yes, as Ford Otosan, we will inform the SBT initiative about our reduction targets within two years.

Please explain target coverage and identify any exclusions

We procure renewable energy directly to meet the energy efficiency and greenhouse gas emission reduction targets. In 2022, we purchased 1,421,463.98 GJ of renewable electricity, achieving a reduction of 171,010.02 tons in greenhouse gas emissions. We hold internationally recognized certifications, confirming that as of May 2020, our Craiova, Gölcük, Yeniköy and Eskişehir Campuses procure all their electrical energy from 100% renewable sources. At Ford Otosan, we set our greenhouse gas emission reduction targets to align with the European Green Deal.

In this context, our targets for Scope 1 and Scope 2 emissions from our operations are:

- Reducing emissions by 18% by 2023 compared to baseline year of 2017,
- Reducing emission by 78% by 2030 compared to baseline year of 2017,
- Becoming a carbon-neutral factory by 2050.

Currently we are updating our long term plans and developing our own science based target. As part of our carbon transition program, Ford Otosan has set its own near-term

science-based target to reduce absolute emissions from the combined full Scopes 1 and 2 (market-based) by 78% by 2030, using the baseline year of 2017. Moreover, Ford Otosan has submitted to SBTi in January 2023. In addition, Ford Otosan committed to set long-term science-based targets in 2022 to reach net-zero value chain GHG emissions by no later than 2050 in line with the SBTi Net-Zero Standard. Currently our teams are working on setting net-zero targets and planning to submit it to SBTi by the end of 2023.

Plan for achieving target, and progress made to the end of the reporting year

List the actions which contributed most to achieving this target

In this context, our targets for Scope 1 and Scope 2 emissions from our operations are: Reducing emissions by 18% by 2023 compared to baseline year of 2017, Reducing emission by 78% by 2030 compared to baseline year of 2017, Becoming a carbon-neutral factory by 2050. Currently we are updating our long term plans and developing our own science based target. As part of our carbon transition program, Ford Otosan has set its own near-term science-based target to reduce absolute emissions from the combined full scopes 1 and 2 (market-based) by 78% by 2030, using the baseline year of 2017. With 100% of the electricity supply in the Plants in Turkey and Craiova sourced from renewable energy, emissions related to electricity consumption in Scope 2 have been reduced to zero.

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number

Oth 1

Year target was set

2019

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Engagement with suppliers

Percentage of suppliers (by emissions) disclosing their GHG emissions

Target denominator (intensity targets only)

Base year

2019

Figure or percentage in base year

60

Target year

2025

Figure or percentage in target year

70

Figure or percentage in reporting year

66.66

% of target achieved relative to base year [auto-calculated]

66.6

Target status in reporting year

Underway

Is this target part of an emissions target?

It is not part of an emission target for the time being, but it will help to reduce indirect emissions of Ford Otosan for upcoming years.

Is this target part of an overarching initiative?

Science Based targets initiative - other

Please explain target coverage and identify any exclusions

In 2025, the rate of the suppliers (60.6% of the suppliers) we have reached within the Q1 specific coverage, will increase to 70%.

In 2022, we conducted sustainability assessments for a total of 233 suppliers, 18 of which were identified as critical suppliers. We initiated the Supplier Sustainability program in 2022 to measure the environmental, social, and governance performance of our suppliers, increase their awareness, and ensure they take necessary actions. As part of the program, in collaboration with the third-party auditing firm DQS, we provide online sustainability training to our Tier-1 suppliers. We measure their performance through online surveys filled out with our questions compiled from the GRI standards and global sustainability indices.

Plan for achieving target, and progress made to the end of the reporting year

In 2022, we conducted sustainability assessments for a total of 233 suppliers, 18 of which were identified as critical suppliers. We initiated the Supplier Sustainability program in 2022 to measure the environmental, social, and governance performance of our suppliers, increase their awareness, and ensure they take necessary actions. As part of the program, in collaboration with the third-party auditing firm DQS, we provide online sustainability training to our Tier-1 suppliers. We measure their performance through online surveys filled out with our questions compiled from the GRI standards and global sustainability indices. In 2022, we reached 66.66% of our suppliers.

List the actions which contributed most to achieving this target

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number

NZ1

Target coverage

Company-wide

Absolute/intensity emission target(s) linked to this net-zero target

Abs1

Abs2

Int3

Target year for achieving net zero

2050

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

Please explain target coverage and identify any exclusions

Ford Otomotiv Sanayi A.Ş. is a publicly traded company, where Ford Motor Company (41%) and Koç Holding A.Ş. (41%) have equal shares. As part of our carbon transition program, Ford Otosan has set its own near-term science-based target to reduce absolute emissions from the combined full scopes 1 and 2 (market-based) by 78% by 2030, using the baseline year of 2017. Moreover, Ford Otosan has submitted to SBTi in January 2023. This target aligns with our ambition to limit global warming to below 1.5 degrees and is currently under review by the Science-Based Targets initiative. We plan to improve the production processes, introduce more energy efficiency measures and use renewables. Ford Otosan has increased its use of renewable electricity up to 100 percent in 2022. By using renewable electricity, we reduced our scope 2 carbon footprint by more than 82.45% of our total scope 2 (market-based) emissions. The remaining scope 2 emissions result from purchased heat and steam.

As part of our carbon transition program, Ford Otosan has revised and increased ambitious level of above target and set its own near-term science-based target using the latest Version 5.0 of SBTi guides to reduce scope 3 use of sold products GHG emissions 50% per vehicle kilometer by 2030 from a 2021 base year. Moreover, Ford Otosan has submitted this target to SBTi in January 2023 and the target is currently under review by the Science-Based Targets initiative. We commit to reduce scope 3 use of sold products emissions in line with our goal to expand our product range with zero-emission and low emission vehicles, we continue our studies to develop fully electric

models of Ford Transit along with its hybrid version.

In 2022, Ford Otosan committed to set long-term science-based targets to reach net-zero value chain GHG emissions by no later than 2050 in line with the SBTi Net-Zero Standard. Currently our teams are working on setting net-zero targets and planning to submit it to SBTi by the end of 2023.

Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?

Unsure

Planned milestones and/or near-term investments for neutralization at target year

Planned actions to mitigate emissions beyond your value chain (optional)

Ford Otomotiv Sanayi A.Ş. is a publicly traded company, where Ford Motor Company (41%) and Koç Holding A.Ş. (41%) have equal shares. As part of our carbon transition program, Ford Otosan has set its own near-term science-based target to reduce absolute emissions from the combined full scopes 1 and 2 (market-based) by 78% by 2030, using the baseline year of 2017. Moreover, Ford Otosan has submitted to SBTi in January 2023. This target aligns with our ambition to limit global warming to below 1.5 degrees and is currently under review by the Science-Based Targets initiative. We plan to improve the production processes, introduce more energy efficiency measures and use renewables. The work has been done to set a science based target and more concrete targets such as electrification of fossil fuelled systems, electrification of company car fleet and investment on own renewable energy systems until 2030. Ford Otosan has increased its use of renewable electricity up to 100 percent in 2022. By using renewable electricity, we reduced our scope 2 carbon footprint by more than 82.45% of our total scope 2 (market-based) emissions. The remaining scope 2 emissions result from purchased heat and steam.

As part of our carbon transition program, Ford Otosan has revised and increased ambitious level of above target and set its own near-term science-based target using the latest Version 5.0 of SBTi guides to reduce scope 3 use of sold products GHG emissions 50% per vehicle kilometer by 2030 from a 2021 base year. Moreover, Ford Otosan has submitted this target to SBTi in January 2023 and the target is currently under review by the Science-Based Targets initiative. We commit to reduce scope 3 use of sold products emissions in line with our goal to expand our product range with zero-emission and low emission vehicles, we continue our studies to develop fully electric models of Ford Transit along with its hybrid version.

In 2022, Ford Otosan committed to set long-term science-based targets to reach net-zero value chain GHG emissions by no later than 2050 in line with the SBTi Net-Zero Standard. Currently our teams are working on setting net-zero targets and planning to submit it to SBTi by the end of 2023.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	21	6,108
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in production processes
 Process optimization

Estimated annual CO2e savings (metric tonnes CO2e)

6,108

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1
 Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

2,745,602

Investment required (unit currency – as specified in C0.4)

1,453,742

Payback period

1-3 years

Estimated lifetime of the initiative

3-5 years

Comment

With the implemented energy efficiency projects, a reduction of 2,787.88 tCO₂e has been achieved in the Gölcük Plant and 1,888.71 tCO₂e in the Yeniköy Plant. The installation of solar tubes and LED conversion projects at the Sancaktepe factory resulted in a reduction of 111.10 tCO₂e, while the LED conversion and solar wall projects at the Eskişehir factory contributed to a reduction of 1,320.31 tCO₂e. As a result, a total reduction of 6,108 tCO₂e has been achieved. The annual monetary savings amount is 2,745,602 USD, and the required investment amount is 1,453,742 USD. Reductions have been achieved with 21 energy efficiency projects.

In 2022, these projects include;

- Lighting optimizations & LED lighting transformation
- Digital management of pressurized air
- Pump line driver transformation and economizer applications
- SolarWall and solar energy plants
- Energy Management System
- Energy awareness.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	Full compliance with environmental regulations and related laws is among our environmental management principles. In this regard, our specialists constantly track legislation changes and proactively render our implementations compatible with changing conditions with the supervision of Government Affairs Coordinator. Environmental Compliance Index (ECI) scorecard is monitored as one of our metrics. At the same time, the data is also checked in the Global Emissions Manager (GEM) as part of EOS, enabling its global monitoring. Ford Otosan legal compliance index is also monitored by Koç Holding. In this regard, like every year, 100% legal compliance was achieved in 2022. Ford Otosan did not involve in any violation of the rules within the context of environmental regulations, nor did it incur any penalties or accidents. The compliance and certification of the management standards we follow, such as ISO 14001, ISO 50001 and ISO 14064, are ensured and re certified by means of independent external audits which are performed every year. Within the scope of EOS Environmental Operation System, independent external audits are conducted, as well as audits by teams arriving from abroad. Besides,

	<p>ISO 14001, ISO 50001, ISO 14064 management standards are subjected to the internal audit process conducted annually and to environmental audits conducted by Koç Holding every two years. The achieved performance results are reported to the executive management through monthly reports, to Ford Motor Company management by means of Ford Global Emission Management Database to Koç Holding through annual reports and to all our stakeholders by means of sustainability reports. The risks related to compliance with regulatory requirements/standards are assessed by related departments, the required budget adjustments for foreseen activities are approved by the Top Management . Our connection to other frameworks includes UN SDG 7-Affordable and Clean Energy, UN SDG 13- Climate Action and UN SDG 17– Partnership for the Goals. We are participating in the Ministry's National Carbon Pricing meetings, and as Ford Otosan, we are providing our opinions through OSD and TÜSİAD in response to the surveys. We have also expressed our opinions regarding the Climate Law to be published in Turkey. Additionally, we are a member of the Green Deal Task Force at TÜSİAD, where we are monitoring developments.</p>
<p>Dedicated budget for energy efficiency</p>	<p>In line with our commitment to be Net Zero target by 2050, energy efficiency and reduction of GHG emissions works constitute the most important part of our activities for combating climate change. We regard energy efficiency as an area of continuous improvement and we perform reformatory project activities in every process of our operations. We reduced the value of our energy consumption per vehicle to the level of 3.85 GJ/vehicle in 2022. In Romania, the energy consumption per vehicle was 3,30 GJ in 2022. 2022 total (TR+RO) energy consumption per vehicle was 3,66.</p> <p>In 2022, our total environmental investments and expenditures, reached 101.88 million TL with an increase of 170%. Our facilities in Turkey purchased 287,541.597 MWh of renewable energy in 2022, resulting in the usage of 287,541.597 MWh of renewable energy for electricity. This led to a reduction of 124,534.266 tons of CO₂e emissions. As a result, Turkey's Scope 2 emissions for the year 2022 are zero. In 2022, a total of 394,851.11 MWh of renewable energy was purchased, including our factory in Romania. This resulted in a reduction of 171,010.02 tons of CO₂e emissions. Out of the total Scope 2 emissions, only 88,636.70 MWh from steam usage in Romania accounted for 36,405.93 tons of CO₂ emissions. We obtained the internationally recognized I-REC certifications, confirming that all the energy used in our Gölcük, Yeniköy, Eskişehir, and Sancaktepe plants is procured from 100% renewable sources. We also obtained Engie certification, confirming that all the electricity used in the Craiova Plant is procured from 100% renewable sources. The façade SPP project is one of the first examples in industry. Daylight is</p>

	<p>also started to be used in Yeniköy plant resulting a 362,049 kWh of energy saving. LED conversion project in Sancaktepe enabled us to prevent 99,3 tons of CO2e in 2022. According to the results of 2022, the VOC (Volatile Organic Compounds) in the Yeniköy Factory has increased by 28.78% compared to the previous year, reaching 34.77 gr/m2. The increase in VOC levels is attributed to production and process-related factors at the Yeniköy Plant.</p>
<p>Employee engagement</p>	<p>Green Office Project, continued in cooperation between Ford Otosan and WWF –Turkey. The program helps to reduce the ecological footprint and greenhouse gas emissions of office activities. Following the Sancaktepe Campus, the Eskişehir Plant and Kocaeli Plants also received the Green Office Diploma. The required budget allocation for foreseen activities is revised by related departments, presented to the Top Management for approval, every year.</p> <p>In 2022, we continued to work on our targets for zero waste, material and waste reduction, and elimination of single-use plastics. As a result of these efforts, we were recognized with the Zero Waste Sustainability Award at the 3rd Zero Waste Summit and Awards Ceremony for all Ford Otosan plants.</p> <p>In 2022, we launched an innovation campaign titled “How to Reduce Our Carbon Footprint on the Road to Net Zero.” We gathered 80 ideas from our employees who aspire to play an active role in tackling climate crisis by reducing our carbon footprint in the product, production, logistics and supply chain areas. Seven of these ideas, gathered via our digital idea collection platform – Fikirhane (idea factory)– passed the pre-selection stage after the evaluations of the sustainability and innovation teams. Then, we formed innovation project teams with these idea owners, who started to test their ideas with a customer-centric approach using the design thinking and lean entrepreneurship methods by participating in the Ford Otosan Intrapreneurship Program.</p>
<p>Dedicated budget for low-carbon product R&D</p>	<p>Our R&D approach is shaped around our mission leading the transformation in the automotive industry by designing innovative products and services and producing mobility technologies and vehicles for the smart cities of the future. Our primary investment areas include conventional automotive products and services evolving with technological transformation, as well as fuel optimization, reducing CO2 emissions, developing connected and autonomous vehicles, manufacturing electric vehicles, electrification, and developing light vehicle technologies. With a growing product range following the acquisition of the Craiova Plant in Romania and diversification and upgrades with next generation electric and connected vehicles, we aim to contribute even more to the transformation in the automotive industry. Therefore, we plan to invest Euro 490 million in the next three years in facility and product enhancements at the Craiova Plant.</p>

	<p>The 100% electric BEV (battery electric vehicle) road trucks, featuring connected and autonomous technologies and currently being developed by Ford Trucks with plans to start production in 2024, play a key role in reaching our zero-emission target for heavy commercial vehicles by 2040. We completed the design, software and production processes of the 100% electric road truck prototype in 2021 and unveiled E-Truck, the 100% electric Ford Trucks tractor in 2022 during the Hannover fair.</p> <p>Ford Otosan, which is supported by the European Union Horizon 2020 and Europa programs, aims to reduce GHG emissions in heavy commercial vehicles. As we lead the automotive industry's transformation with our electric vehicle projects, we launched our battery assembly plant within the Kocaeli Plants on track toward becoming Türkiye's first and only integrated manufacturing site. In Q2 2022, we started the production of E-Transit, the first all-electric commercial van of Ford and Türkiye at the Kocaeli Plants. We also introduced the new features and technologies of E-Custom, the all-electric model of our next-generation 1-ton commercial van, slated for launch in 2023 at the Kocaeli Plants. In addition to diesel vehicle power units and the 100% electric truck (BEV), R&D work also continues on new carbon neutral technologies such as fuel cells to meet the zero emission targets.</p>
<p>Dedicated budget for other emissions reduction activities</p>	<p>The study performed within Koç Group Environmental Board to determine the examinations and evaluations that need to be conducted regarding environmental issues before deciding on going forward with new investments of Group companies was performed with the leadership of Ford Otosan. As a result of the study, "Environmental Guide for New Investments" and "New Investment Environmental and Energy Impact Evaluation Form" were constituted. 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, 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. The required budget allocation for foreseen activities is revised by related departments, presented to the Top Management for approval, every year. In 2022, Ford Otosan's total environmental investments and spending, including costs of measurements and analyses, waste disposal, chemicals, personnel, certification and permits, consultancy and training, maintenance and repairs related to environmental management, amounted to 6.09 million USD.</p>

<p>Dedicated budget for other emissions reduction activities</p>	<p>The European Union Mobile Air Conditioning Directive, which was published by the European Parliament and Council and entered into force in 2006, was also legislated as of 2008. Accordingly, the use of R 134 a was prohibited with the restriction enforced regarding the refrigerants that can be used in the air conditioning systems of M1 and N1 class vehicles, starting January 1, 2011 for vehicles with model year alteration and starting January 1, 2017 for newly designed vehicles. In addition, the new refrigerant to be used will be allowed to have a GWP (Global Warming Potential) value of 150 and lower. When compared to its competitors in Turkey, Ford Transit Courier will be one of the first vehicles to switch from the R134 a gas (GWP: 1430) to the R1234Y F gas (GWP :4) within the scope of combating climate change and in order to meet the enforced legal requirements. In addition, the pollution load of the R 1234 YF gas is twice as low as that of the R134a gas. The required budget allocation for foreseen activities is revised by related departments, presented to the Top Management for approval, every year.</p> <p>In 2019, Fluorinated Greenhouse Gases Amendment Regulations were added to our company's environmental risk chart. The legislation requires that fluorinated GHG with a high Global Warming Potential (GWP) be replaced with gases with a lower GWP. In addition, in case of exceeding the threshold values (100t and 500t CO₂ eq) of the annual gas quantities offered to the EU market, there is a requirement to register in the system and get a quota. With the quota limitation, it is aimed to reduce the amount of gas that will be allowed to enter the EU market by 69% until 2024 and by 79% until 2030 (the EU's total gas use in 2015 is taken as 100%). In line with this regulation in 2020 all fluorinated GHG are banned, R22 gas containing equipment are controlled according to the requirements of the regulation.</p> <p>Due to the PFAS restrictions currently negotiated within the scope of REACH regulation, both the AC systems that contain fluorinated refrigerants and chemicals used in vehicle parts impose certain risks. MAC systems' fluorinated refrigerants, R134a and R1234yf, are PFAS group chemicals, and their restriction is on the agenda. It is specified as 2027 for EV vehicles and 2032 for ICE vehicles.</p>
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C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.

Level of aggregation

Product or service

Taxonomy used to classify product(s) or service(s) as low-carbon

Low-Carbon Investment (LCI) Registry Taxonomy

Type of product(s) or service(s)

Other

Other, please specify

Avoided emissions, internal know-how and calculations

Description of product(s) or service(s)

The 2.0L EcoBlue engine, which replaces the 2.2L Duratorq engine, provides a higher torque value and more power at lower speeds with its advanced technology despite its low volume. It consumes less fuel. Designed by the R&D engineers of Ford Otosan among others, the 2.0L EcoBlue engine is produced in Turkey and provide a fuel saving of 13% compared to the 2.2L engine with its design that reduces friction, lowers NOx and greenhouse gas emissions. Its new engine structure meets Euro 6 and Euro 7 standard. Besides Transit Vehicles, this engine can be used for long years in place at C/CD type passenger cars (Focus, Mondeo, C-Max, S-Max and Galaxy) which are among common models of Ford Europe, Ford America and Asia-Pacific and also at all “pick up” vehicles. This group of products will allow third party to avoid emissions. Fuel consumption in V362 vehicles started to be sold with Eco blue engine in the previous year, improved by 8% in NEDC homologation cycle. In 2019, we re-introduced the Transit model to the market. We started mass production of Ford Transit Custom Rechargeable Hybrid and Eco Blue Hybrid models - for the first time in its segment - produced in the Gölcük Plant and with all manufacturing engineering performed by Ford Otosan. Our Ford Transit Custom Rechargeable Hybrid vehicle received the 2020 International Van of the Year (IVOTY) award After mass production the % revenue of these product will be identified as % revenue.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

No

Methodology used to calculate avoided emissions

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Functional unit used

Reference product/service or baseline scenario used

Life cycle stage(s) covered for the reference product/service or baseline scenario

Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario

Explain your calculation of avoided emissions, including any assumptions

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

0

Level of aggregation

Product or service

Taxonomy used to classify product(s) or service(s) as low-carbon

Low-Carbon Investment (LCI) Registry Taxonomy

Type of product(s) or service(s)

Other

Other, please specify

Avoided emissions, internal know-how and calculations

Description of product(s) or service(s)

At Ford Otosan, we are committed to carry through our heavy commercial vehicle production with a target of zero-emission by 2040 to achieve our target, aligned with Green Deal, as a signatory of the European Automobile Manufacturers Association's (ACEA) joint statement on the transition to zero-emission road freight transport. With our strong R&D organization, we use state-of-the-art technologies to reduce GHG emissions and develop electric, light, connected, and autonomous vehicles. To reduce carbon dioxide emissions in the F-Trucks fleet by 15% in 2025 and 15% in 2030 in line with EU targets, we develop engine and vehicle technologies. The innovation work includes increasing thermal efficiency in Ecotorq engines, enhancing vehicle aerodynamics, reducing weight, and improving tires. F-MAX and achieve fuel and financial savings with speed tracking, remote diagnostics, and software updates. Electric road trucks will have an important role to play in our 2025 carbon strategy for heavy commercial vehicles. Our R&D organization is a support center for the design and engineering of light and medium commercial vehicles for Ford Motor Company and a global engineering hub for heavy commercial vehicles, diesel engines, and engine systems. We have three R&D centers, certified by the Ministry of Industry and Technology: Sancaktepe, Eskişehir, and Gölcük. Sancaktepe is Turkey's largest automotive R&D center.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

No

Methodology used to calculate avoided emissions

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Functional unit used

Reference product/service or baseline scenario used

Life cycle stage(s) covered for the reference product/service or baseline scenario

Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario

Explain your calculation of avoided emissions, including any assumptions

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

0

Level of aggregation

Product or service

Taxonomy used to classify product(s) or service(s) as low-carbon

Low-Carbon Investment (LCI) Registry Taxonomy

Type of product(s) or service(s)

Other

Other, please specify

Avoided emissions, internal know-how and calculations

Description of product(s) or service(s)

Ford Otosan is also a partner of Longrun, a Horizon 2020 research project on increasing thermal efficiency in longhaul road transportation and heavy commercial vehicles and reducing actual CO2 and exhaust emissions. The project brings together leading OEMs and suppliers of long-haul trucks and buses. Ford Otosan and FEV are jointly developing a hybrid powertrain for the tractors used in long-haul road transportation. As

part of the project, an electric axle has been developed, produced and tested as a first in Turkey. The electric vehicle software developed by Ford Otosan, testing the 13-liter Ecotorq Euro-6 engine powered by hydrogenenriched vegetable oil in an engine dynamometer, and the studies on smart mobility solutions promise important opportunities for the employees to improve their technical knowledge.

The technologies developed with the project, which will end in 2023, are expected to gain more prominence, especially once the emission restrictions come into force after 2025.

According to data provided on TÜBİTAK's Most Successful Turkish Industrial Organizations website, Ford Otosan is the highest funded organization in Türkiye with a total funding of Euro 12.4 million for 30 projects accepted to the Horizon 2020 and Horizon Europe programs.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

No

Methodology used to calculate avoided emissions

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Functional unit used

Reference product/service or baseline scenario used

Life cycle stage(s) covered for the reference product/service or baseline scenario

Estimated avoided emissions (metric tons CO₂e per functional unit) compared to reference product/service or baseline scenario

Explain your calculation of avoided emissions, including any assumptions

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

0

Level of aggregation

Product or service

Taxonomy used to classify product(s) or service(s) as low-carbon

Low-Carbon Investment (LCI) Registry Taxonomy

Type of product(s) or service(s)

Other

Other, please specify

Avoided emissions, internal know-how and calculations

Description of product(s) or service(s)

We are designing a modular battery pack that can be adapted to light commercial and heavy commercial vehicles based on smart batteries combined with low weight designs within Albatross Project, an Horizon 2020 project. With the Project, automotive original product manufacturers (OEMs) partner to reduce battery pack costs and improve their competitiveness by increasing value for secondary life applications, being a preferred vendor and meet global regulatory requirements by reducing emissions throughout their entire lifecycle. In the project, it is aimed to increase the energy density of the prototype battery by 50% compared to the existing battery pack, reduce the charging time by 25%, reduce the weight by 20% and extend the total battery life time.

According to data provided on TÜBİTAK's Most Successful Turkish Industrial Organizations website, Ford Otosan is the highest funded organization in Türkiye with a total funding of Euro 12.4 million for 30 projects accepted to the Horizon 2020 and Horizon Europe programs.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

No

Methodology used to calculate avoided emissions

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Functional unit used

Reference product/service or baseline scenario used

Life cycle stage(s) covered for the reference product/service or baseline scenario

Estimated avoided emissions (metric tons CO₂e per functional unit) compared to reference product/service or baseline scenario

Explain your calculation of avoided emissions, including any assumptions

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

0

Level of aggregation

Group of products or services

Taxonomy used to classify product(s) or service(s) as low-carbon

Low-Carbon Investment (LCI) Registry Taxonomy

Type of product(s) or service(s)

Other

Other, please specify

Avoided emissions, internal know-how and calculations

Description of product(s) or service(s)

Following the technological transformation in the automotive industry, advanced R&D studies are carried out in the areas of carbon dioxide emissions reduction, connected vehicles, autonomous vehicles, electric vehicles and electrification, and light vehicle technologies. Investments in R&D infrastructure are continuing. In 2019 we developed the joint R&D venture with AVL, company that develops autonomous convoy-platooning technologies. In this context, we aim to contribute to the reduction of fuel consumption and carbon emissions from 8% to 15%, and the improvement of driving safety in heavy commercial vehicles for intercity transportation Platooning technology, which will be one of the most important steps for the development of full autonomous technologies in heavy commercial vehicles, aims to increase the operational efficiency of heavy commercial vehicles engaged in long-distance transportation. Equipment, software, simulation and road tests of this technology are now successfully completed. This R&D project, a first in Turkey, will help reduce operating costs and improve safety while enabling the Turkish automotive industry to make significant progress in terms of autonomous and connected vehicles. We are among the few truck manufacturers in the world working on autonomous trucks, investing in this field, and most importantly, having a prototype to demonstrate the technology.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

No

Methodology used to calculate avoided emissions

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Functional unit used

Reference product/service or baseline scenario used

Life cycle stage(s) covered for the reference product/service or baseline scenario

Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario

Explain your calculation of avoided emissions, including any assumptions

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

0

Level of aggregation

Product or service

Taxonomy used to classify product(s) or service(s) as low-carbon

Low-Carbon Investment (LCI) Registry Taxonomy

Type of product(s) or service(s)

Other

Other, please specify

Avoided emissions, internal know-how and calculations

Description of product(s) or service(s)

Eco-Mode and Fleet-Mode Although improvements have been made in fuel economy in heavy commercial vehicles with the development of engine and vehicle technologies in recent years, fuel economy is still an important factor in terms of driver behaviors. We analyzed aggressive and normal driving behavior on F-MAX trucks using connected vehicles and measured up to 10% fuel economy difference and optimized the behavior of the aggressive driver with software methods and developed the Eco-Mode and Fleet-Mode software solutions that reduce this behavior to the normal driver level. By using the Eco-Mode function, the driver can save fuel by switching to economy driving mode with a button, without sacrificing maximum engine torque and limiting power so as to keep driving performance optimal. The Fleet-Mode function, on the other hand, gives the fleet manager the ability to remotely activate and deactivate the function in the fleet via mobile devices. With the use of Eco-Mode and Fleet-Mode on the same route, we achieved 1% fuel improvement in fuel economy. This corresponds to a saving of 300 liters of fuel per year. We plan to reduce the carbon footprint by reducing the fuel consumption of F-MAX vehicles. After mass production the % revenue of these product will be identified. Ford Otosan Teams have been developing in-house electrical last mile

delivery solutions especially for commercial application to serve Ford Otosan low carbon product strategy.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

No

Methodology used to calculate avoided emissions

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Functional unit used

Reference product/service or baseline scenario used

Life cycle stage(s) covered for the reference product/service or baseline scenario

Estimated avoided emissions (metric tons CO₂e per functional unit) compared to reference product/service or baseline scenario

Explain your calculation of avoided emissions, including any assumptions

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

0

Level of aggregation

Group of products or services

Taxonomy used to classify product(s) or service(s) as low-carbon

Low-Carbon Investment (LCI) Registry Taxonomy

Type of product(s) or service(s)

Other

Other, please specify

Avoided emissions, internal know-how and calculations

Description of product(s) or service(s)

We continue to integrate the ReCube (Recycle, Reuse, Reduce) project, which follows the Design for Sustainability principle, and Ford Otosan's sustainability approach into all

the R&D activities. Based on our studies, we have ascertained that internal combustion (ICE) vehicles create more than 80% of their carbon footprint across their life cycles, from production to use and eventually end of life. As the transition from ICE vehicles to electric vehicles gains momentum, emissions from use are expected to decrease, given that renewable energy sources are used. On the other hand, production of the batteries used in electric vehicles causes significant carbon emissions, resulting in higher emissions during the production stage of the life cycle.

We aim to expand the scope of the life cycle assessments to cover the entire life cycle of batteries and electric vehicles. Our activities in 2022 included the use of 65% recycled plastics in radio/screen carrier brackets, biopolymers in truck components, and recycled plastic raw materials obtained from the waste of end-of-life vehicles in truck components. With a pilot program launched in Q2 2023, we aim to use 16 kg of recycled plastic material per vehicle and in 55 parts in total.

As part of the ReCube project, we produced a fan hood from recycled plastic material, marking a first for Ford Otosan. We also conducted a life cycle assessment of an automotive part produced from recycled plastics as a first in Türkiye.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

No

Methodology used to calculate avoided emissions

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Functional unit used

Reference product/service or baseline scenario used

Life cycle stage(s) covered for the reference product/service or baseline scenario

Estimated avoided emissions (metric tons CO₂e per functional unit) compared to reference product/service or baseline scenario

Explain your calculation of avoided emissions, including any assumptions

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

0

Level of aggregation

Product or service

Taxonomy used to classify product(s) or service(s) as low-carbon

Low-Carbon Investment (LCI) Registry Taxonomy

Type of product(s) or service(s)

Other

Other, please specify

Avoided emissions, internal know-how and calculations

Description of product(s) or service(s)

With PEACOC, a joint project with Turkish and European companies and leading universities and research institutions, we aim to create an opportunity to use more affordable precious metals through the cycling of precious metals. PEACOC is a continuation of the PLATIRUS project, which involved the development of low-cost recovery technologies for precious metals that the end-of-life catalysts contain. Our objective with the project is to develop an economical and environmentally suitable metallurgical method for the recovery of Platinum Group Metals, PGM in short, and to implement that method in a pilot project before moving to the commercialization stage. According to data provided on TÜBİTAK's Most Successful Turkish Industrial Organizations website, Ford Otosan is the highest funded organization in Türkiye with a total funding of Euro 12.4 million for 30 projects accepted to the Horizon 2020 and Horizon Europe programs.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

No

Methodology used to calculate avoided emissions

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Functional unit used

Reference product/service or baseline scenario used

Life cycle stage(s) covered for the reference product/service or baseline scenario

Estimated avoided emissions (metric tons CO₂e per functional unit) compared to reference product/service or baseline scenario

Explain your calculation of avoided emissions, including any assumptions

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

0

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?

Yes, an acquisition

Name of organization(s) acquired, divested from, or merged with

Ford Otosan Craiova Plant

Details of structural change(s), including completion dates

On track with our investment plans, we finalized the acquisition of Ford's Craiova Plant in Romania in July 2022, becoming an international player with four plants in two countries, a total annual production capacity of nearly 722,000 vehicles, and more than 200,000 employees. With the addition of Ford Puma, Ford Europe's best-selling passenger car, to our production range, we extended our production and engineering capabilities into the passenger car segment.

In 2024, we will add the first all-electric versions of our next-generation Courier, designed, developed and engineered by Ford Otosan, and Puma, to our production line at the Craiova Plant. As a result, we will complete our electrification transformation and offer an electric version of each nameplate in our product range.

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

Change(s) in methodology, boundary,	Details of methodology, boundary, and/or reporting year definition change(s)
-------------------------------------	--

	and/or reporting year definition?	
Row 1	Yes, a change in boundary	The boundary has expanded with the addition of the Craiova Facility to Ford Otosan. Due to an increase of over 5% in greenhouse gas emissions with the inclusion of the Craiova facility, the base year emissions have been updated in accordance with the company policy.

C5.1c

(C5.1c) Have your organization's base year emissions and past years' emissions been recalculated as a result of any changes or errors reported in C5.1a and/or C5.1b?

	Base year recalculation	Scope(s) recalculated	Base year emissions recalculation policy, including significance threshold	Past years' recalculation
Row 1	Yes	Scope 1 Scope 2, location-based Scope 2, market-based Scope 3	The methodology for recalculating the base year has been developed based on the GHG Protocol reference and is detailed in the ISO 14064 procedure.	Yes

C5.2

(C5.2) Provide your base year and base year emissions.

Scope 1

Base year start

January 1, 2017

Base year end

December 31, 2017

Base year emissions (metric tons CO₂e)

115,705.28

Comment

Our base year was 2009 in previous years. Due to the SBTI target that we set in 2021, we revised our base year as 2017 in the reporting year. The base year emissions have been updated to reflect the inclusion of the Craiova Plant. In 2017, the total Scope 1 emissions, including Craiova, amounted to 115,705.28 tCO₂e.

Scope 2 (location-based)

Base year start

January 1, 2017

Base year end

December 31, 2017

Base year emissions (metric tons CO2e)

136,282.91

Comment

Our base year was 2009 in previous years. Due to the SBTI target that we set in 2021, we revised our base year as 2017 in the reporting year. The base year emissions have been updated to reflect the inclusion of the Craiova Plant. In 2017, the total Scope 2 (location-based) emissions, including Craiova, amounted to 136,282.91 tCO2e.

Scope 2 (market-based)

Base year start

January 1, 2017

Base year end

December 31, 2017

Base year emissions (metric tons CO2e)

131,255

Comment

The base year emissions have been updated to reflect the inclusion of the Craiova Plant. In 2017, the total Scope 2 (market-based) emissions, including Craiova, amounted to 131,255 tCO2e.

Scope 3 category 1: Purchased goods and services

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

6,124,173.02

Comment

Our base year was 2017 in previous years. The base year has been revised to 2021 due to the use of more accurate data in the calculations for Scope 3. The base year emissions have been updated to reflect the inclusion of the Craiova Plant. In the base year 2021, Scope 3 Category 1 - Purchased goods and services emissions, amounted to 6,124,173.02 tCO2e.

Scope 3 category 2: Capital goods

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

147,634.67

Comment

Our base year was 2017 in previous years. The base year has been revised to 2021 due to the use of more accurate data in the calculations for Scope 3. The base year emissions have been updated to reflect the inclusion of the Craiova Plant. In the base year 2021, Scope 3 Category 2 - Capital goods emissions amounted to 147,634.67 tCO2e.

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

41,503.4

Comment

Our base year was 2017 in previous years. The base year has been revised to 2021 due to the use of more accurate data in the calculations for Scope 3. The base year emissions have been updated to reflect the inclusion of the Craiova Plant. In the base year 2021, Scope 3 Category 3 - Fuel-and-energy-related activities emissions amounted to 41,503.40 tCO2e.

Scope 3 category 4: Upstream transportation and distribution

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

169,287.87

Comment

Our base year was 2017 in previous years. The base year has been revised to 2021 due to the use of more accurate data in the calculations for Scope 3. The base year emissions have been updated to reflect the inclusion of the Craiova Plant. In the base year 2021, Scope 3 Category 4 - Upstream transportation and distribution emissions amounted to 169,287.87 tCO2e.

Scope 3 category 5: Waste generated in operations

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO₂e)

2,781.51

Comment

Our base year was 2017 in previous years. The base year has been revised to 2021 due to the use of more accurate data in the calculations for Scope 3. The base year emissions have been updated to reflect the inclusion of the Craiova Plant. In the base year 2021, Scope 3 Category 5 - Waste generated in operations emissions amounted to 2,781.51 tCO₂e.

Scope 3 category 6: Business travel

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO₂e)

190.64

Comment

Our base year was 2017 in previous years. The base year has been revised to 2021 due to the use of more accurate data in the calculations for Scope 3. The base year emissions have been updated to reflect the inclusion of the Craiova Plant. In the base year 2021, Scope 3 Category 6 - Business travel emissions amounted to 190.64 tCO₂e.

Scope 3 category 7: Employee commuting

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO₂e)

5,073.44

Comment

Our base year was 2017 in previous years. The base year has been revised to 2021 due to the use of more accurate data in the calculations for Scope 3. The base year emissions have been updated to reflect the inclusion of the Craiova Plant. In the base

year 2021, Scope 3 Category 7 - Employee commuting emissions amounted to 5,073.44 tCO₂e.

Scope 3 category 8: Upstream leased assets

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO₂e)

0

Comment

There is no data for upstream leased assets in our company in 2021.

Scope 3 category 9: Downstream transportation and distribution

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO₂e)

174,862.73

Comment

Our base year was 2017 in previous years. The base year has been revised to 2021 due to the use of more accurate data in the calculations for Scope 3. The base year emissions have been updated to reflect the inclusion of the Craiova Plant. In the base year 2021, Scope 3 Category 9 - Downstream transportation and distribution emissions amounted to 174,862.73 tCO₂e.

Scope 3 category 10: Processing of sold products

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO₂e)

0

Comment

There is no data for processing of sold products in our company in 2021. As part of SBTi target setting study, we considered produced engines as assembled car. This calculation is included in the emissions calculation as an assembled car; thus, it is included in Category 11: Use of sold products emissions.

Scope 3 category 11: Use of sold products

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

82,510,248.15

Comment

Our base year was 2017 in previous years. The base year has been revised to 2021 due to the use of more accurate data in the calculations for Scope 3. The base year emissions have been updated to reflect the inclusion of the Craiova Plant. In the base year 2021, Scope 3 Category 11 -Use of sold products emissions amounted to 82,510,248.15 tCO2e.

Scope 3 category 12: End of life treatment of sold products

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

471,846.38

Comment

Our base year was 2017 in previous years. The base year has been revised to 2021 due to the use of more accurate data in the calculations for Scope 3. The base year emissions have been updated to reflect the inclusion of the Craiova Plant. In the base year 2021, Scope 3 Category 12 -End of life treatment of sold products emissions amounted to 471,846.38 tCO2e.

Scope 3 category 13: Downstream leased assets

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

0

Comment

There is no data for downstream leased assets in our company in 2021. The base year emissions have been updated to reflect the inclusion of the Craiova Plant.

Scope 3 category 14: Franchises

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

0

Comment

Our dealers network comprises franchised companies or individuals. The precise collection of GHG emissions data in the short-term poses considerable challenges. However, we anticipate that within 5 years, this data can be effectively gathered through the CRM service database. We foresee the complete inclusion of this Scope 3 category to occur over the long term, as our focus lies on Scope 3 emissions with greater impacts and the ability to influence transactions more significantly. For now, we concentrate on Scope 3 emission categories where we can exert more influence on reducing emissions.

Scope 3 category 15: Investments

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

15,292.68

Comment

Our base year was 2017 in previous years. The base year has been revised to 2021 due to the use of more accurate data in the calculations for Scope 3. According to our calculations, the Scope 3 emissions from "Investments" account for less than 0.5% of Ford Otosan's Group total emissions. The ownership rate of Ford Otosan (0.59%) is factored into the calculation of Otokar's greenhouse gas emissions. Otokar's emissions for the year 2021 are 15,292.68 tCO2e. With this emission value, Otokar's share in Ford Otosan's total emissions for the year 2021 is 0.02%.

Scope 3: Other (upstream)

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

0

Comment

There is no data for other (upstream) emissions in our company in 2021.

Scope 3: Other (downstream)

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

0

Comment

There is no data for other (downstream) emissions in our company in 2021.

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

ISO 14064-1

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

The Greenhouse Gas Protocol: Scope 2 Guidance

The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

114,923.91

Start date

January 1, 2022

End date

December 31, 2022

Comment

The emissions for the year 2021 and 2022 are reported including the Craiova Plant. Ford Otosan's Scope emissions for 2022 amount to 114,923.91 tons of CO₂e. Greenhouse gas emissions have increased by 7.35% in 2022 compared to the previous year. The inclusion of the Craiova Plant has led to an increase in production volume, resulting in an increase in emissions as well. Our Scope 3 calculation is conducted in compliance with the GHG Protocol Corporate Value Chain (Scope 3) and ISO 14064-1:2018 Standard.

Past year 1

Gross global Scope 1 emissions (metric tons CO₂e)

107,052.03

Start date

January 1, 2021

End date

December 31, 2021

Comment

Ford Otosan's Scope 1 emissions were 107,052.03 tCO₂e in 2021. Our Scope 3 calculation is conducted in compliance with the GHG Protocol Corporate Value Chain (Scope 3) and ISO 14064-1:2018 Standard.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

As Ford Otosan, we report our Scope 2 emissions as both location-based and market-based. Both location-based and market-based emissions include the emissions from Craiova Plant.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Reporting year

Scope 2, location-based

207,415.94

Scope 2, market-based (if applicable)

36,405.93

Start date

January 1, 2022

End date

December 31, 2022

Comment

In 2021, the location-based emissions were 195,883.64 tCO₂e, which increased to 207,415.94 tCO₂e in 2022. In 2021, the market-based emissions were 41,057.01 tCO₂e, which decreased to 36,405.93 tCO₂e in 2022. Market-based emissions have decreased by 11.33% compared to the previous year. In 2022, Ford Otosan's Scope 2 emissions related to electricity consumption decreased compared to the previous year, even with the inclusion of Craiova Plant, as they were entirely covered by 100% renewable energy. Our Scope 3 calculation is conducted in compliance with the GHG Protocol Corporate Value Chain (Scope 3) and ISO 14064-1:2018 Standard.

Past year 1

Scope 2, location-based

195,883.64

Scope 2, market-based (if applicable)

41,057.01

Start date

January 1, 2021

End date

December 31, 2021

Comment

Ford Otosan's market-based emissions were 41,057.01 tCO₂e in 2021.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

6,773,948.6

Emissions calculation methodology

Average data method

Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

99.93

Please explain

Ford Otosan has calculated all emissions from purchased goods by modeling three vehicle classes: B460(LCV), V362&V363 (MCV), F-Max (HCV). The material information of the vehicles was obtained as raw data via IMDS. A calculation is made on the number of vehicles verified by the third party. These data are refined and used in calculations, taking into account vehicle weights and interior parts. Materials are covered under 5 categories: metals, plastics, liquids, electronics and others. The material information is matched with the material information in the SimaPRO software used for analysis with the help of the details in the database. Purchased services calculations are made by matching the purchased values with the relevant emission factors in the USEEIO model. Purchased goods and services emissions were 6,773,948.60 tCO2e in 2022. Compared to the baseline year of 2021, the emissions from purchased goods and services have increased by 10.61%. The increase in emissions is due to the inclusion of Craiova Plant and an increase in production volume.

Capital goods

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

222,642.44

Emissions calculation methodology

Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Capital goods calculations are made by matching the monetary values purchased with the relevant emission factors in the USEEIO model. Capital goods emissions were

222,642.44 tCO₂e in 2022. Compared to the baseline year of 2021, the emissions from capital goods have increased by 50.81%. The increase in emissions is due to the inclusion of Craiova Plant and an increase in production volume.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

43,656.33

Emissions calculation methodology

Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Fuel-and-energy-related activities emissions were 43,656.33 tCO₂e in 2022. Compared to the baseline year of 2021, the emissions from fuel-and-energy-related activities have increased by 5.19%. The increase in emissions is due to the inclusion of Craiova Plant and an increase in production volume.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

236,172.24

Emissions calculation methodology

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Upstream transportation and distribution emissions were 236,172.24 tCO₂e in 2022. Compared to the baseline year of 2021, the emissions from upstream transportation and distribution have increased by 5.86%. The increase in emissions is due to the inclusion of Craiova Plant and an increase in production volume. Specific weight and distance data for this category have been obtained from each transportation supplier of Ford Otosan. Emission factors have been sourced from the DEFRA 2021 emissions factors database. The calculation methodology follows the GHG Protocol Corporate Value Chain - Scope 3 Standard.

Waste generated in operations

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

3,056.24

Emissions calculation methodology

Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Waste generated in operations emissions were 3,056.24 tCO₂e in 2022. Compared to the baseline year of 2021, the emissions from waste generated in operations have increased by 9.88%. The increase in emissions is due to the inclusion of Craiova Plant and an increase in production volume. This data is the sum of hazardous & scrap wastes which are provided by Ford Otosan and reported to the Ministry in the reporting year. This category includes solid waste management according to specific disposal method, and wastewater treatment operations. Solid waste amounts per waste type have been collected from waste management data sheets which are also submitted to the ministry. Wastewater amounts have been collected from waste water meters, for Kocaeli and Eskişehir facilities. Emission factors are obtained from DEFRA, 2022 emissions factors database. Calculation methodology is based on the GHG Protocol Corporate Value Chain -Scope 3 Standard. This data is based on the calculation of the total of hazardous and scrap waste supplied by Ford Otosan and reported to the Ministry in the relevant reporting period, using DEFRA 2022 emission factors. This category includes solid waste management according to the specific disposal method.

Business travel

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

1,888.5

Emissions calculation methodology

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

95

Please explain

Business travel emissions were 1,888.5 tCO₂e in 2022. Port to port flight data and flight distance were collected from Ford Otosan's travel agency. Flight distance data was multiplied with the air travel emissions factors. Emission factors are obtained from DEFRA, 2022 emissions factors database. Calculation methodology is based on the GHG Protocol Corporate Value Chain -Scope 3 Standard. The increase in emissions is due to the inclusion of Craiova Plant and an increase in production volume.

Employee commuting

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

4,918.38

Emissions calculation methodology

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

95

Please explain

Employee commuting emissions were 4,918.38 tCO₂e in 2022. Compared to the baseline year of 2021, the emissions from employee commuting have decreased by 3.06%. The emissions for the years 2021 and 2022 are reported including the Craiova Plant. This data covers the emissions generated from the transportation (roadway) of employees by daily shuttle busses. Travelled distance data was provided by the supplier. These data include emissions from the daily transportation of employees by shuttle buses (road). Distance travelled data provided by the supplier. Employee commuting data is multiplied by air travel emission factors. Emission factors are obtained from the DEFRA 2022 emission factors database. The calculation methodology is based on the GHG Protocol Corporate Value Chain - Scope 3 Standard.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

There are no leased assets of Ford Otosan in the upstream activities in 2022.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

185,103.05

Emissions calculation methodology

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Downstream transportation and distribution emissions were 185,103.05 tCO₂e in 2022. Compared to the baseline year of 2021, the emissions from downstream transportation and distribution have decreased by 5.86%. The emissions for the years 2021 and 2022 are reported including the Craiova Plant. This category covers the outbound transportation and distribution services that are purchased by Ford Otosan, and are excluded from this category according to GHG Protocol Scope 3 Standard, and already covered in Upstream transportation and distribution emissions. For this category, specific weight data and specific distance transported on the basis of Ford Otosan customers are obtained. Emission factors are obtained from the DEFRA 2022 emission factors database. The calculation methodology is based on the GHG Protocol Corporate Value Chain - Scope 3 Standard.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

As part of SBTi target setting study, we considered produced engines as assembled car. This calculation is included in the emissions calculation as an assembled car; thus, it is included in Category 11: Use of sold products emissions.

Use of sold products

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

83,224,262.57

Emissions calculation methodology

Methodology for direct use phase emissions, please specify
CO₂ emissions per km and annual mileage information are calculated for all F-MAX HCV vehicles using ConnecTruck real-world data during 1 year (2022) period. A product lifetime of 10 years is assumed for all vehicles.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Use of sold products emissions were 83,224,262.57 tCO₂e in 2022. Compared to the baseline year of 2021, the emissions from use of sold products have increased by 0.87%. The increase in emissions is due to the inclusion of Craiova Plant and an increase in production volume. It is assumed that, apart from the F-MAX HCV vehicles, the life time is 15,000 km for 10 years use of sold product. For Legacy HCV vehicles, CO₂ emissions per km information are calculated using real-world ECULib data of 50 vehicles (duration of 2 weeks - 1 month period for each vehicle) belonging to all CO₂ relevant control models. Annual mileage of Legacy HCV vehicles are calculated using service information data for all HCV vehicles from 2015 onwards. The total CO₂ emissions of the reporting year covering gasoline and diesel vehicles were calculated. CO₂ emissions of HCV, LCV vehicles are calculated using approximate factors from DEFRA 2022 database. Emission calculations were made for refrigerants, assuming that the refrigerant gas is filled 1.5 times during the lifetime of the vehicles and 80% of the filling is R134A and 20% is 1234YF gas.

End of life treatment of sold products

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

510,478.43

Emissions calculation methodology

Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

End of life treatment of sold products were 510,478.43 tCO₂e in 2022. Compared to the baseline year of 2021, the emissions from use of sold products have increased by 8.19%. The increase in emissions is due to the inclusion of Craiova Plant and an increase in production volume. In the end of life carbon footprint calculations, calculations were made using the ADR (Assembly, Disposal, Recycling) information in the Greet program with changes in accordance with the 4 reference models. Most of the vehicles we produce are exported, so the energy data to be used in recycling processes are determined according to the export countries grid mix.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

The maritime emissions between Yeniköy Port (Turkey) to Ford Europe were calculated by Ford Europe who has a leasing contract. For the reason of not causing double

counting in downstream leased assets' emissions, this part is not included in Ford Otosan's Scope 3 emissions.

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

Our dealer network consists of franchised companies or individuals. Collecting accurate GHG emissions data for them in the short term is challenging. However, we expect to achieve this through our CRM service database within the next five years. We anticipate that the full inclusion of this Scope 3 category will occur in the long term, as we prioritize focusing on Scope 3 emissions where our impacts are significant and where we can have a greater influence on reducing emissions. Currently, our focus is on the Scope 3 emission categories where we can exert more influence on emission reductions.

Investments

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

20,114.81

Emissions calculation methodology

Investment-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Investments were 20,114.81 tCO₂e in 2022. Compared to the baseline year of 2021, the emissions from investments have increased by 31.53%. According to our calculation the Scope 3 emissions from "Investments" are significantly below 0,5% of the total Ford Otosan's Group Scope 3 emissions. Ford Otosan's ownership rate (0.59%) is included in the calculation over Otokar's greenhouse gas emissions.

Other (upstream)

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

49.13

Emissions calculation methodology

Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Other (upstream) emissions were 49.13 tCO₂e in 2022. This emission includes emissions of water supply.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

In 2022, Ford Otosan does not have any other (downstream) emissions other than the categories mentioned above.

C6.5a

(C6.5a) Disclose or restate your Scope 3 emissions data for previous years.

Past year 1

Start date

January 1, 2021

End date

December 31, 2021

Scope 3: Purchased goods and services (metric tons CO₂e)

6,124,173.02

Scope 3: Capital goods (metric tons CO₂e)

147,634.67

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO₂e)

41,503.4

Scope 3: Upstream transportation and distribution (metric tons CO₂e)

169,287.87

Scope 3: Waste generated in operations (metric tons CO₂e)

2,781.51

Scope 3: Business travel (metric tons CO₂e)

190.64

Scope 3: Employee commuting (metric tons CO₂e)

5,073.44

Scope 3: Upstream leased assets (metric tons CO2e)

0

Scope 3: Downstream transportation and distribution (metric tons CO2e)

174,862.73

Scope 3: Processing of sold products (metric tons CO2e)

0

Scope 3: Use of sold products (metric tons CO2e)

82,510,248.15

Scope 3: End of life treatment of sold products (metric tons CO2e)

471,846.38

Scope 3: Downstream leased assets (metric tons CO2e)

0

Scope 3: Franchises (metric tons CO2e)

0

Scope 3: Investments (metric tons CO2e)

15,292.68

Scope 3: Other (upstream) (metric tons CO2e)

41.85

Scope 3: Other (downstream) (metric tons CO2e)

0

Comment

Total of Scope 3 emissions were 89,662,936.35 tCO2e in 2021. The largest share of total emissions, 91.87%, is attributed to Scope 3 Category 11 - Use of sold products in 2021.

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

Yes

C6.7a

(C6.7a) Provide the emissions from biogenic carbon relevant to your organization in metric tons CO2.

CO2 emissions from biogenic carbon (metric tons CO2)	Comment

Row 1	2,174,790.05	The emissions from domestic waste and industrial waste, both of which are anthropogenic biogenic emissions, were calculated to be 317.24 tCO2 in 2022. Ford Otosan's total biogenic emissions from biofuel used in vehicles are 2,174,472.82 tCO2 in 2022. These emissions also include biogenic emissions from AdBlue and biofuel used in vehicles.
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C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.000014

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

151,329.83

Metric denominator

unit total revenue

Metric denominator: Unit total

10,400,000,000

Scope 2 figure used

Market-based

% change from previous year

9.45

Direction of change

Decreased

Reason(s) for change

Change in renewable energy consumption
 Other emissions reduction activities

Please explain

In the reporting year, the intensity figure decreased by approximately 9.45% due to the increase in unit total revenue and the reduction of gross global combined Scope 1 & 2 emissions, which resulted from the increased use of renewable energy in 2022.

Intensity figure

0.266

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

151,329.83

Metric denominator

vehicle produced

Metric denominator: Unit total

568,164

Scope 2 figure used

Market-based

% change from previous year

3.18

Direction of change

Increased

Reason(s) for change

Acquisitions

Please explain

In 2021, the intensity figure was 0.258 tCO2e per vehicle produced. In 2022, there was only a 3.18% increase in CO2e emissions per vehicle produced. This increase can be attributed to the acquisition of the Craiova Plant, leading to an increase in our gross global combined Scope 1 and 2 emissions.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	108,588.95	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	107.53	IPCC Fifth Assessment Report (AR5 – 100 year)

N2O	416.27	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	5,811.16	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/area/region.

Country/area/region	Scope 1 emissions (metric tons CO2e)
Turkey	92,464.04
Romania	22,459.86

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By facility

By activity

C7.3b

(C7.3b) Break down your total gross global Scope 1 emissions by business facility.

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude
Kocaeli Plant (Gölcük+Yeniköy)	71,299.46	40.717352	29.851182
Eskişehir (old name İnönü) Plant	18,031.47	39.842081	30.121566
Sancaktepe	3,133.112	40.974679	29.23206
Craiova Plant (Romania)	22,459.86	44.29422	23.84549

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Stationary Combustion	82,132.82
Mobile Combustion	22,822.15
Stationary Refrigerants	1,986.25
Mobile Air Conditioning	3,824.91
Welding Process & Fire Extinguishers	13.04
Process Oils	138.18
VOCs	4,006.56

C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4

(C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4) Break down your organization's total gross global Scope 1 emissions by sector production activity in metric tons CO₂e.

	Gross Scope 1 emissions, metric tons CO ₂ e	Comment
Transport OEM activities	114,923.91	Transport OEM activities are calculated as 114,923.91 tCO ₂ in 2022.

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/area/region.

Country/area/region	Scope 2, location-based (metric tons CO ₂ e)	Scope 2, market-based (metric tons CO ₂ e)
Turkey	124,534.27	0
Romania	82,881.68	36,405.93

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By facility

By activity

C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2, location-based (metric tons CO ₂ e)	Scope 2, market-based (metric tons CO ₂ e)
Kocaeli Plant (Gölcük+Yeniköy)	101,083.14	0
Eskişehir (Old name İnönü) Plant	20,804.02	0
Sancaktepe	2,647.11	0
Craiova (Romania) Plant	82,881.68	36,405.93

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Electricity	171,010.02	0
Steam	36,405.93	36,405.93

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

No

C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7

(C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7) Break down your organization's total gross global Scope 2 emissions by sector production activity in metric tons CO2e.

	Scope 2, location-based, metric tons CO2e	Scope 2, market-based (if applicable), metric tons CO2e	Comment
Transport OEM activities	207,415.94	36,405.93	Our campuses in Gölcük, Yeniköy, and Eskişehir have been certified to procure all their electrical energy from 100% renewable sources since May 2020. Additionally, starting from September 2021, our Sancaktepe location has begun to source electricity from 100% renewable sources with I-REC certificates. As a result, the market-based Scope 2 emissions for our facilities in Turkey have been calculated to be 0. The emissions from electricity consumption at the Craiova Plant in 2022 are 100% met from renewable energy with Engie certified. In 2021, 1,286,944.93 GJ of renewable electricity was purchased. A total of 154,826.63 tons of CO2e reduction has been achieved. For the year 2021, location-based Scope 2 emissions were calculated as 195,883.64 tCO2e, and market-based emissions were calculated as 41,057.01 tCO2e. Emissions from the Craiova facility have also been included in the baseline year emissions of 2021. In 2022, 1,421,463.98 GJ of renewable electricity was purchased. A total of 171,010.02 tons of CO2e reduction has been achieved. For the year 2022, the

			<p>total location-based Scope 2 emissions for both Turkey and the Craiova facility were calculated as 207,415.94 tCO₂e, and market-based emissions were calculated as 36,405.93 tCO₂e. Compared to the baseline year of 2021, location-based emissions increased by 10.45%, while market-based emissions decreased by 11.33%. We have documented with internationally valid certificates that our Gölcük, Yeniköy, Eskişehir, Craiova Plants and Sancaktepe office supply all of their electrical energy from 100% renewable sources as of 2022 (I-REC and Engie certificates are available).</p>
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C-TO7.8

(C-TO7.8) Provide primary intensity metrics that are appropriate to your indirect emissions in Scope 3 Category 11: Use of sold products from transport.

Activity

Light Duty Vehicles (LDV)

Emissions intensity figure

0.00028

Metric numerator (Scope 3 emissions: use of sold products) in Metric tons CO₂e

63,545,329.4

Metric denominator

t.km

Metric denominator: Unit total

227,934,300,000

% change from previous year

-11.12

Vehicle unit sales in reporting year

551,622

Vehicle lifetime in years

10

Annual distance in km or miles (unit specified by column 4)

41,320.74

Load factor

1

Please explain the changes, and relevant standards/methodologies used

A product lifetime of 10 years and approximately 41,320.74 km annually are assumed for all LCV, MCV, passenger vehicles and engines (the use phase of additional engine sold to the market accounted 100%). All calculated Scope 3 product in-use CO₂ emissions are increased by 1% to reflect the effect of CH₄ and N₂O emissions. CO₂ emissions of LCV are calculated using approximate factors from DEFRA tool. Change from previous year represents the change of vehicle unit sales are increased due to accitucion of Craiova plant overall emissions seem to have increased but emission intensity figure decreased by 11.12%.

Activity

Heavy Duty Vehicles (HDV)

Emissions intensity figure

0.0014

Metric numerator (Scope 3 emissions: use of sold products) in Metric tons CO₂e

18,877,733.08

Metric denominator

t.km

Metric denominator: Unit total

13,754,498,630

% change from previous year

-1.32

Vehicle unit sales in reporting year

16,542

Vehicle lifetime in years

10

Annual distance in km or miles (unit specified by column 4)

83,148.95

Load factor

1

Please explain the changes, and relevant standards/methodologies used

CO₂ emissions per km and annual mileage information are calculated for all F-MAX HCV vehicles using ConnecTruck real-world data during 1 year period. For Legacy HCV vehicles, CO₂ emissions per km information are calculated using real-world ECUIlib data of 50 vehicles (duration of 2 weeks - 1 month period for each vehicle) belonging to all

CO2 relevant control models. Annual mileage of Legacy HCV vehicles is calculated using service information data for all HCV vehicles from 2015 onwards. A product lifetime of 10 years is assumed for all vehicles. All calculated Scope3 product in-use CO2 emissions are increased by 1% to reflect the effect of CH4 and N2O emissions. CO2 emissions of HCV are calculated using approximate factors from DEFRA tool. Change from previous year represents the change of vehicle unit sales and average annual distance in km increased. Total emissions seem to have increased but overall emission intensity figure decreased by 1.32%.

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Increased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	16,183.39	Decreased	18.01	A total of 394,851.11 MWh of renewable energy was purchased (from Turkey & Romania), meaning that green electricity was used. This resulted in a reduction of 171,010.02 tons of CO2e. The decrease of emission percentage (%) = $16,183.39 / 89,842.41 \times 100 = 18.01\%$
Other emissions reduction activities	6,108	Decreased	6.8	Thanks to our climate change mitigation activities a total of 6,108 tCO2e emission reductions were achieved in 2022. The decrease of emission percentage (%) = $6,108 / 89,842.41 \times 100 = 6.8\%$
Divestment	0	No change	0	In 2022, no significant changes in emissions were observed as a result of divestment.
Acquisitions	58,266.63	Increased	64.85	In 2022, there was an increase in emissions due to the acquisition of

				Craiova Plant. There was an emissions increase of 58,266.63 tCO ₂ e attributed to acquisitions in 2022. The increase of emission percentage (%) = $58,266.63 / 89,842.41 \times 100 = 64.85\%$
Mergers	0	No change	0	In 2022, no significant changes in emissions were observed as a result of mergers.
Change in output	25,512.19	Decreased	28.4	Ford Otosan increased their production in 2022 and almost all of the increase in GHG emissions are due to increase in production. The decrease of emission percentage (%) = $25,512.19 / 89,842.41 \times 100 = 28.4\%$
Change in methodology	0	No change	0	In 2022, no significant changes in emissions were observed as a result of changes in methodology.
Change in boundary	0	No change	0	In 2022, no significant changes in emissions were observed as a result of changes in the boundary.
Change in physical operating conditions	0	No change	0	In 2022, no significant changes in emissions were observed as a result of changes in physical operating conditions.
Unidentified	0	No change	0	The reasons for almost all the changes are explained in other sections. As a result, we report unidentified reasons as zero.
Other	0	No change	0	The reasons for almost all the changes are explained in other sections. As a result, we report unidentified reasons as zero.

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	489,560.97	489,560.97
Consumption of purchased or acquired electricity		394,851.11	0	394,851.11

Consumption of purchased or acquired steam		0	88,635.7	88,635.7
Total energy consumption		394,851.11	578,196.67	973,047.78

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	Yes
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Sustainable biomass

Heating value

LHV

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

Comment

Our company does not use any sustainable biomass in our operations.

Other biomass

Heating value

LHV

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

Comment

Our company does not use any sustainable biomass in our operations.

Other renewable fuels (e.g. renewable hydrogen)

Heating value

LHV

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

Comment

Our company does not use any other renewable fuels in our operations.

Coal

Heating value

LHV

Total fuel MWh consumed by the organization

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

Comment

Our company does not use any coals in our operations.

Oil

Heating value

LHV

Total fuel MWh consumed by the organization

89,089.96

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

Comment

Our company use diesel oil and gasoline in our operations. Diesel oil is used both in generators to generate electricity and in our vehicles (company cars etc.), gasoline is used in our company cars and fuel-oil is used for both electricity generation and heat production. In 2022, there was a total energy consumption of 89,089.96 MWh from diesel oil and gasoline sources.

Gas

Heating value

LHV

Total fuel MWh consumed by the organization

399,926.88

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

Comment

Our company uses Natural gas and LPG in our operations. Natural gas is mainly used to generate electricity, to produce steam and heat for the processes and heating purposes. LPG is used to produce heat for the industrial processes. In 2022, there was a total energy consumption of 399,926.88 MWh from natural gas and LPG sources.

Other non-renewable fuels (e.g. non-renewable hydrogen)

Heating value

LHV

Total fuel MWh consumed by the organization

544.13

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

Comment

Our company uses other non-renewable fuels such as, methanol and propane etc. In 2022, there was a total energy consumption of 544.13 MWh from methanol and propane sources.

Total fuel

Heating value

LHV

Total fuel MWh consumed by the organization

489,560.97

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

Comment

Total fuel MWh consumed by Ford Otosan is calculated as 489,560.97 MWh in 2022.

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in C6.3.

Country/area of low-carbon energy consumption

Turkey

Sourcing method

Unbundled procurement of energy attribute certificates (EACs)

Energy carrier

Electricity

Low-carbon technology type

Hydropower (capacity unknown)

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

287,541.6

Tracking instrument used

I-REC

Country/area of origin (generation) of the low-carbon energy or energy attribute

Turkey

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2020

Comment

We procure renewable energy directly to meet the energy efficiency and greenhouse gas emission reduction targets. We hold internationally recognized certifications, confirming that as of May 2020, our Gölcük, Yeniköy and Eskişehir. As of September 2021, electricity supply for the Sancaktepe location has been provided from 100% renewable energy with I-REC certificates. In 2022, 1,421,463.98 GJ of renewable electricity was purchased. For the year 2022, the total location-based Scope 2 emissions for both Turkey and the Craiova Plant were calculated as 207,415.94 tCO₂e, and market-based emissions were calculated as 36,405.93 tCO₂e. Craiova is obtaining ENGIE certificates to reduce emissions from electricity consumption. In 2022, the entire electricity consumption was covered by renewable energy sources. Thus, our market based Scope 2 emissions calculated to be 0 in 2022.

Country/area of low-carbon energy consumption

Romania

Sourcing method

Default delivered electricity from the grid (e.g. standard product offering by an energy supplier) from a grid that is 95% or more low-carbon and where there is no mechanism for specifically allocating low-carbon electricity

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify
Hydroelectric & Solar & Biomass

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

107,309.51

Tracking instrument used

Other, please specify
ENGIE

Country/area of origin (generation) of the low-carbon energy or energy attribute

Romania

Are you able to report the commissioning or re-powering year of the energy generation facility?

Yes

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2019

Comment

Total of 107,309.51 MWh of renewable energy was purchased in Romania In 2022. We obtained ENGIE certification, confirming that all the electricity used in the Craiova Plant is procured from 100% renewable sources.

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area

Turkey

Consumption of purchased electricity (MWh)

287,541.6

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

287,541.6

Country/area

Romania

Consumption of purchased electricity (MWh)

107,309.51

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

88,635.7

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

195,945.21

C-TO8.5

(C-TO8.5) Provide any efficiency metrics that are appropriate for your organization's transport products and/or services.

Activity

Light Duty Vehicles (LDV)

Metric figure

0.89

Metric numerator

MWh

Metric denominator

Production: Vehicle

Metric numerator: Unit total

318,497

Metric denominator: Unit total

356,384

% change from previous year

40.52

Please explain

In 2022, the figure for Kocaeli Plant (Gölcük + Yeniköy) is 0.89 MWh/vehicle. Previous year's realization was 0.64 MWh /vehicle. The metric numerator is the energy consumption of the facilities. The energy used in total is 40.52% more than the previous year.

Activity

Heavy Duty Vehicles (HDV)

Metric figure

4.3

Metric numerator

MWh

Metric denominator

Production: Vehicle

Metric numerator: Unit total

71,174

Metric denominator: Unit total

16,542

% change from previous year

14.13

Please explain

In 2022, the figure for Eskişehir plant is 4.30 MWh/vehicle;
Previous year's realization was 3.77 MWh /vehicle. The metric numerator is the energy consumption of the facility. This resulted in a 14.13% increase in the metric figure for the reporting year.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Waste

Metric value

143,619,181.8

Metric numerator

All units are entered as kg.

Metric denominator (intensity metric only)

N/A

% change from previous year

9.95

Direction of change

Increased

Please explain

At Ford Otosan, we develop projects and applications for minimizing waste at source, using resources more efficiently, researching the reuse of waste as part of a circular economy or as alternative raw materials, and reducing the waste regularly sent to landfills to achieve financial savings. We support the “Zero Waste” program launched by the Ministry of Environment and Urbanization. In the context of this program, we raise awareness among the employees about waste, sort waste at source and recycled it through licensed facilities. Pursuant to regulations, inspections were completed at the Eskişehir Plant, Kocaeli Plants, and Sancaktepe Campus. As a result of these inspections, all Ford Otosan campuses now manage waste effectively with “Zero Waste Basic Level Certification”. The objective of the Composting Machine Production and Composting Applications Project that we launched in 2020 to promote composting organic waste. This process will help reduce the waste going to landfills and the compost will be used in planting and growing saplings. As part of the project, we compost organic waste from landscaping activities and the cafeterias as well as sawdust waste in the composting machine, which was developed by our employees and that uses waste heat. The project’s outputs were presented with the title “Domestic Waste Composting: An Application in the automotive Industry” by a student doing his thesis with us at the Project Fair organized at Eskişehir Technical University’s (ESTU) School of Engineering. We launched a project to separate the Cataphoresis Lines to reduce the quantity of waste created in the paint shop, save financially, and alleviate the burden on the treatment plant. The membrane system developed specifically for the project delivered benefits such as separating solid waste from wastewater, saving on equipment, and reducing process-specific waste generation by 90%. With the project, we eliminated the cost of disposing nearly 180 tons of waste and saved TL 120 thousand annually. We aim to eliminate single-use plastics from personal use and increase the ratio of recycled and renewable plastics in our vehicle components to 30%. In 2022, the total waste amount was 143,619,181.8 kg, showing an increase of 9.95% compared to the previous year due to increase is the inclusion of waste from the Craiova Plant.

C-TO9.3/C-TS9.3

(C-TO9.3/C-TS9.3) Provide tracking metrics for the implementation of low-carbon transport technology over the reporting year.

Activity

Light Duty Vehicles (LDV)

Metric

Production

Technology

Plug-in hybrid vehicle (PHEV)

Metric figure

5,690

Metric unit

Units

Explanation

In the reporting year 5,690 units of PHEV were produced. In line with our mission of leading the transformation of the automotive industry in electric vehicles, we are currently in the process of undertaking one of the biggest investments in the Turkish private sector. In December 2020, we received the investment incentive certificate for our investment project, which will exceed TL 20 billion and continue until 2026.

ELECTRIC FORD TRANSIT

In line with our goal to expand our product range with zero-emission vehicles, we continue our studies to develop fully electric models of Ford Transit along with its hybrid version. The vehicle will be able to travel 200 km with one completely charged battery.

ELECTRIC BATTERY PRODUCTION

Batteries constitute one of the most important issues for us in terms of developing and popularizing electric and hybrid vehicles. So, Ford Otosan will produce the electric batteries to be used in commercial vehicles, as the first factory among all Ford factories in Europe.

Activity

Light Duty Vehicles (LDV)

Metric

Production

Technology

Other, please specify

MHEV

Metric figure

37,156

Metric unit

Units

Explanation

In the reporting year 37,156 units of MHEV were produced. In line with our mission of leading the transformation of the automotive industry in electric vehicles, we are currently in the process of undertaking one of the biggest investments in the Turkish private sector. In December 2020, we received the investment incentive certificate for our investment project, which will exceed TL 20 billion and continue until 2026.

ELECTRIC FORD TRANSIT

In line with our goal to expand our product range with zero-emission vehicles, we continue our studies to develop fully electric models of Ford Transit along with its hybrid version. The vehicle will be able to travel 200 km with one completely charged battery.

ELECTRIC BATTERY PRODUCTION

Batteries constitute one of the most important issues for us in terms of developing and popularizing electric and hybrid vehicles. So, Ford Otosan will produce the electric batteries to be used in commercial vehicles, as the first factory among all Ford factories in Europe.

C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?

	Investment in low-carbon R&D	Comment
Row 1	Yes	<p>Ford Otosan boasts the most skilled R&D organization in the Turkish automotive industry, comprising 2,089 employees and advanced technical infrastructure. It stands out as the sole automotive company in Turkey capable of designing an entire car, both interior and exterior. As global trends shape the automotive industry's transformation, we prioritize diverse areas alongside traditional products and services.</p> <p>Our R&D investment extends beyond conventional automotive products, focusing on fuel optimization, CO2 emissions reduction, connected and autonomous vehicle development, electric vehicle production, electrification, and light vehicle technologies. We closely monitor national and international R&D funds to bolster these investments.</p> <p>Leveraging the expertise of our R&D employees, we manage critical processes related to the automotive industry and conduct multiple projects, ranging from engine and power transmission systems to interior and exterior body design, chassis systems, electrical and electronic systems, and lightweight components. Embracing life cycle (Life Cycle Assessment - LCA) approaches, we incorporate recycling and part service life assessments.</p> <p>As active project partners, we engage in European Union-funded projects, especially Horizon 2020 and Europa. Our R&D initiatives encompass software innovations, precious metal recovery for automotive applications, emission control system development, programmable systems for smart vehicles, electric vehicle and component modeling, automotive applications of visible light communication, and 5G technologies for assisted, connected, and autonomous mobility.</p> <p>In response to increasing regulations aimed at reducing the automotive sector's impact on the climate crisis, we prioritize R&D activities to reduce</p>

		<p>vehicle weight and achieve emission reduction targets per vehicle. Reducing vehicle weight also enhances the potential for improving the range of electric vehicles, expected to gain prominence in the industry.</p> <p>Committed to environmental sustainability, we aspire to attain carbon neutrality at our manufacturing sites and R&D center in Türkiye by 2030, procuring all our electricity from 100% renewable resources across our campuses at Ford Otosan.</p>
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C-TO9.6a/C-TS9.6a

(C-TO9.6a/C-TS9.6a) Provide details of your organization's investments in low-carbon R&D for transport-related activities over the last three years.

Activity

Light Duty Vehicles (LDV)

Technology area

Other, please specify
Electricification

Stage of development in the reporting year

Large scale commercial deployment

Average % of total R&D investment over the last 3 years

81

R&D investment figure in the reporting year (unit currency as selected in C0.4) (optional)

0

Average % of total R&D investment planned over the next 5 years

Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan

As the leading automotive company for the transformation of many years we expand our product range with zero-emission vehicles and continue our studies to develop fully electric models. We launched our battery assembly plant within the Kocaeli Plants on track toward becoming Türkiye's first and only integrated manufacturing site. In Q2 2022, we started the production of E-Transit, the first all-electric commercial van of Ford and Türkiye at the Kocaeli Plants. We also introduced the new features and technologies of E-Custom, the all-electric model of our next-generation 1 ton commercial van, slated for launch in 2023 at the Kocaeli Plants.

The first 100% truck, E-Trucks, which we will produce at the Eskişehir Plant, the next-generation Courier, planned to be manufactured at the Craiova Plant, and an all-electric version of Puma will be added to the product range in 2024. As a result, our

electrification transformation will be completed with the addition of an electric version of each nameplate to our product range by 2025.

Activity

Light Duty Vehicles (LDV)

Technology area

Other, please specify
Electrification

Stage of development in the reporting year

Full/commercial-scale demonstration

Average % of total R&D investment over the last 3 years

81

R&D investment figure in the reporting year (unit currency as selected in C0.4) (optional)

0

Average % of total R&D investment planned over the next 5 years

1.99

Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan

Batteries constitute one of the most important issues for us in terms of developing and popularizing electric and hybrid vehicles. So, Ford Otosan will produce the electric batteries to be used in commercial vehicles, as the first factory among all Ford factories in Europe.

According to the International Energy Agency's (IEA) report on electric vehicles, more than 10 million electric cars were on the world's roads in 2020 and this global stock is expected to reach 145 million by 2030. The same study shows that sales of electric vehicles in the first quarter of 2021 increased by 140% year on year.

At Ford Otosan, we follow the developments closely while working on electric vehicles. With the EU funded Albatross Project, a part of Horizon2020, we are designing a modular battery pack based on smart batteries combined with lightweight designs to be integrated into light commercial and heavy commercial vehicles. The project also includes plans to support the process of reducing battery-production related emissions throughout their life to meet the global legal requirements. Through the project, we aim to increase energy density of the prototype battery by 50% compared to the existing battery pack, shorten charging time by 25%,

reduce weight by 20%, and extend the total battery life.

Specific confidentiality constraints prohibiting the disclosure of the investment figure.

Activity

Light Duty Vehicles (LDV)

Technology area

Materials

Stage of development in the reporting year

Full/commercial-scale demonstration

Average % of total R&D investment over the last 3 years

0

**R&D investment figure in the reporting year (unit currency as selected in C0.4)
(optional)**

0

Average % of total R&D investment planned over the next 5 years

Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan

At Ford Otosan, we place emphasis on reducing total vehicle weight to decrease emissions and improve efficiency, and we carry out activities with five working groups focused on high-strength steels, aluminum casting and extrusion, aluminum sheet panels, composites, and plastic derivatives. Through the work of these groups, we aim to optimize vehicle designs with new materials and production technologies, while improving Ford Otosan suppliers' infrastructures to adapt to the latest technologies.

Specific confidentiality constraints prohibiting the disclosure of the investment figure.

Activity

Heavy Duty Vehicles (HDV)

Technology area

Hydrogen fuel cell

Stage of development in the reporting year

Applied research and development

Average % of total R&D investment over the last 3 years

**R&D investment figure in the reporting year (unit currency as selected in C0.4)
(optional)**

Average % of total R&D investment planned over the next 5 years

Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan

In addition to diesel vehicle power units and the 100% electric truck (BEV), R&D work also continues on new carbon neutral technologies such as fuel cells to meet the zero emission targets. Feasibility studies have also started for fuel cell power units to support the net zero roadmap in the heavy commercial vehicle segment. Accordingly, the application submitted in response to the European Union Horizon calls for a fuel cell electric tractor development and demo project was accepted.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

4

 FORD OTOMOTİV 2022 GHG Verification Statement.pdf

 FORD OTOMOTİV 2022 GHG Verification Certificate.pdf

 FORD OTOMOTİV 2021 GHG Verification Certificate.pdf

 FORD OTOMOTİV 2021 GHG Verification Statement.pdf

Page/ section reference

Ford Otosan ISO 14064:2018 Verification Report

Relevant standard

ISO14064-1

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

4

 FORD OTOMOTİV 2022 GHG Verification Statement.pdf

 FORD OTOMOTİV 2022 GHG Verification Certificate.pdf

 FORD OTOMOTİV 2021 GHG Verification Certificate.pdf

 FORD OTOMOTİV 2021 GHG Verification Statement.pdf

Page/ section reference

Ford Otosan ISO 14064:2018 Verification Report

Relevant standard

ISO14064-1

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

- Scope 3: Purchased goods and services
- Scope 3: Capital goods
- Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)
- Scope 3: Upstream transportation and distribution
- Scope 3: Waste generated in operations
- Scope 3: Business travel
- Scope 3: Employee commuting
- Scope 3: Investments
- Scope 3: Downstream transportation and distribution
- Scope 3: Use of sold products
- Scope 3: End-of-life treatment of sold products

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

4

 FORD OTOMOTİV 2022 GHG Verification Statement.pdf

 FORD OTOMOTİV 2022 GHG Verification Certificate.pdf

 FORD OTOMOTİV 2021 GHG Verification Certificate.pdf

 FORD OTOMOTİV 2021 GHG Verification Statement.pdf

Page/section reference

Ford Otosan ISO 14064:2018 Verification Report

Relevant standard

IS)14064-1

Proportion of reported emissions verified (%)

100





C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?


Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?


Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Year on year change in emissions (Scope 2)	Emission related figures are verified by ISAE 3000 standard.	Our indirect energy consumptions are verified by an independent 3rd party verifier according to ISAE 3000 standard.  1
C8. Energy	Year on year change in emissions (Scope 1 and 2)	Emission related figures are verified by ISO 14064 standard.	Our direct and indirect energy consumptions are verified by an independent 3rd party verifier according to ISO 14064 standard.  2, 3, 4, 5
C8. Energy	Year on year change in emissions (Scope 3)	Emission related figures are verified by ISO 14064 standard.	Our other indirect emissions and related data are verified by an independent 3rd party verifier according to ISO 14064 standard.  2, 3, 4, 5
C8. Energy	Other, please specify Purchased Renewable Electricity	The purchased renewable electricity data are verified by ISAE 3000 standard.	The purchased renewable electricity data are verified by an independent 3rd party verifier.  1

 1FordOtosan_Assurance_Report_ENG_2022_signed.pdf

 2FORD OTOMOTİV 2022 GHG Verification Statement.pdf

 3FORD OTOMOTİV 2022 GHG Verification Certificate.pdf

 4FORD OTOMOTİV 2021 GHG Verification Certificate.pdf

 5FORD OTOMOTİV 2021 GHG Verification Statement.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, but we anticipate being regulated in the next three years

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

Turkey became a party to the Paris Agreement in 2021 and has set a net-zero emission target for 2053. The development and implementation of carbon pricing is a crucial instrument for reducing GHG. It is crucial to continue the preparatory activities in our country, seeking opinions and suggestions from all relevant stakeholders. The national emissions trading system, designed based on data gathered from the Monitoring, Reporting, and Verification (MRV) system established in our country since 2015, is believed to be the cornerstone of the upcoming carbon pricing practice in Turkey.

The phase 2 of PMR project studies with the World Bank sponsorship, started in 2019, and pilot workshops and practices focusing on different ETS designs were practiced with the participating companies. In Turkey, emission data is reported to the MoEUCC annually by high energy intensive sectors according to the MRV regulation. Ford Otosan is in the scope of this regulation. We are ready to comply with the schemes when the market is once established in Turkey. National ETS can influence our company in the short term. Within the scope of the Corporate Risk Management System, Ford Otosan develop scenarios, including the 1.5°C carbon pricing scenario.

Regulatory changes introduced to promote transition to low carbon in organizations' operations and supply chains (e.g. Green Deal, Paris Agreement, Greenhouse Gas Emissions limits and carbon taxes, Emissions Trading System (ETS), Carbon Border Adjustment Mechanism (CBAM) etc.) are among the risks that Ford is exploring. Taking 2017 as a base year a simulation study was conducted for the emission amounts that may occur in 2025, 2030, 2040 and 2050, including future carbon pricing. Accordingly, the amount of prospective carbon tax based on the companies' GHG was calculated. Also, carbon pricing risks of major suppliers are also taken into account through a study with the projections of major suppliers' financial risks using an external experts "EBITDA at Risk" metric and assess the potential impact on companies' earnings today if they were to pay a price for their GHG in the future.

Ford Otosan is invited to attend the climate council workshops within 2022. The results of which are also used as an input to Climate Law currently in the Parliament to be approved. The workshop results are also used in the development of Climate Change Mitigation and Adaptation Plans that are currently being developed by the MoEUCC. The Executive Committee is informed by the experts who attend the meetings. The Climate Council concludes finalization of Emission Trading System by 2024.

We monitor the energy consumption and GHG emissions per vehicle in line with our goals. We monitor the energy consumption in our factories in real-time thanks to our smart factory applications. Therefore, we are able to make the necessary corrections in the fastest way possible if we are below the level of target, we set for ourselves. Our smart factory applications enable automation in energy consumption and enable us to optimize our resource consumption. At Ford Otosan, we have been the most efficient production line of Ford Europe in terms of energy consumption per vehicle. In Turkey, the energy consumption per vehicle was 3.85 GJ in the reporting year (3.95 GJ/vehicle in 2021). Our target for 2022 was 5.23 GJ/vehicle, and we have already achieved it. In Romania, the energy consumption per vehicle was 3,30 GJ in 2022. 2022 total (TR+RO) energy consumption per vehicle was 3,66.

Ford Otosan's strategy to comply with the upcoming schemes is to leverage the CO2 emissions reduction and energy use reduction strategies.

In line with our mission of leading the transformation in the automotive industry our R&D approach informs our primary investment areas, which include conventional automotive products and services evolving with technological transformation, as well as fuel optimization, reducing CO2 emissions, developing connected and autonomous vehicles, manufacturing electric vehicles, electrification, and developing light vehicle technologies.

In order to capture the opportunities aligned with low carbon economy scenarios, Ford Otosan has participated to European Union-funded research projects, particularly the Horizon 2020 and Horizon Europa programs funding (30 in total by the end of 2022).

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Type of internal carbon price

Shadow price

How the price is determined

Alignment with the price of allowances under an Emissions Trading Scheme

Cost of required measures to achieve emissions reduction targets

Price with material impact on business decisions

Objective(s) for implementing this internal carbon price

Change internal behavior

Drive energy efficiency

Drive low-carbon investment

Identify and seize low-carbon opportunities

Stakeholder expectations

Scope(s) covered

Scope 1

Scope 2

Scope 3 (upstream)

Scope 3 (downstream)

Pricing approach used – spatial variance

Uniform

Pricing approach used – temporal variance

Static

Indicate how you expect the price to change over time

Actual price(s) used – minimum (currency as specified in C0.4 per metric ton CO2e)

49

Actual price(s) used – maximum (currency as specified in C0.4 per metric ton CO2e)

49

Business decision-making processes this internal carbon price is applied to

Operations
Opportunity management
Value chain engagement

Mandatory enforcement of this internal carbon price within these business decision-making processes

Yes, for some decision-making processes, please specify
Operations, Opportunity management, • Value chain engagement

Explain how this internal carbon price has contributed to the implementation of your organization's climate commitments and/or climate transition plan

The latest negotiations on mitigation and adaptation measures of Paris Agreement will bring potential possibilities of additional regulations coming into force in the mid-term. The Cap&Trade system is internalized by EU-ETS. In line with the CBAM to be initiated by the European Union by 2023, it is essential for Turkey to use appropriate carbon pricing instruments. Among the actions within the scope of the EU Green Deal Action Plan, which was prepared on a national scale within the framework of the Presidential Circular No. 2021/15, there are activities for Turkey's transition to an appropriate carbon pricing mechanism and identifying Turkey's position on carbon pricing. The Implementation phase of this system is now in the agenda of the MoEUCC. The phase 2 of PMR project studies with the World Bank sponsorship, started in 2019, and pilot workshops and practices focusing on different ETS designs were practiced with the participating companies.

During the workshops \$49t CO2-e was fixed as an optimum carbon price for Turkey. Our country is in the process of establishing a carbon pricing mechanism, most likely an emissions trading scheme that we try to make the best estimation by applying an internal price on carbon before the establishment of this new system. Ford Otosan considers voluntary market average price as part of an internal goal to offset the Scope 2 emissions. The financial impact of this voluntary activity is low, it will not impact our business. We procure renewable energy directly to meet the energy efficiency and

greenhouse gas emission reduction targets. Our facilities in Turkey purchased 287,541.597 MWh of renewable energy in 2022. This led to a reduction of 124,534.266 tons of CO₂e emissions. As a result, Turkey's Scope 2 emissions for the year 2022 are zero. In 2022, a total of 394,851.11 MWh of renewable energy was purchased, including our factory in Romania. This resulted in a reduction of 171,010.02 tons of CO₂e emissions. Out of the total Scope 2 emissions, only 88,636.70 MWh from steam usage in Romania accounted for 36,405.93 tons of CO₂ emissions. We obtained the internationally recognized I-REC certifications, confirming that all the energy used in our Gölcük, Yeniköy, Eskişehir, and Sancaktepe plants is procured from 100% renewable sources. We also obtained Engie certification, confirming that all the electricity used in the Craiova Plant is procured from 100% renewable sources.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

- Yes, our suppliers
- Yes, our customers/clients
- Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

- Collect GHG emissions data at least annually from suppliers
- Collect targets information at least annually from suppliers

% of suppliers by number

15.06

% total procurement spend (direct and indirect)

73.3

% of supplier-related Scope 3 emissions as reported in C6.5

70.83

Rationale for the coverage of your engagement

We published Ford Otosan Supply Chain Compliance Policy in 2022 to communicate our Sustainability Policy to the Suppliers.
In 2022, sustainability assessment surveys were sent to 233 suppliers.

Impact of engagement, including measures of success

We delivered a sustainability training on an online platform through an independent audit firm, and then asked our suppliers to respond to our surveys, which included data and strategic approach questions on labor, health and safety, environment, ethics and management systems. After categorizing the suppliers with high strategic and financial impact as critical suppliers, we conducted data verification and on-site audits.

Comment

In 2023, we will expand the scope of the supplier sustainability assessment questionnaire and will also include more suppliers in the audit process. As a priority, we aim to start with metal and plastics suppliers, which have the largest carbon footprint, and continue the process as planned in 2023. With the acquisition of the Craiova Plant, our supplier network has expanded by 40%. To support our goal of 'working with a leading sustainable supply chain, we are preparing more than 300 suppliers for carbon neutrality by 2035. We will be publishing Ford Otosan's 'Supplier Sustainability Manifesto' in the first half of 2023 and laying out a clear roadmap toward this goal, and also share it with all our suppliers. Furthermore, we are planning to complete the Net Zero Roadmap for the suppliers that manufacture our critical product groups by the end of 2023.

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Run an engagement campaign to educate suppliers about climate change
Provide training, support, and best practices on how to make credible renewable energy usage claims

% of suppliers by number

5.36

% total procurement spend (direct and indirect)

74

% of supplier-related Scope 3 emissions as reported in C6.5

71.51

Rationale for the coverage of your engagement

We launched the Supplier Sustainability Evaluation and Development Program in 2022 to support our long-term sustainability targets and organized online sustainability training for our suppliers, followed by a self-assessment questionnaire. As part of the Supplier Sustainability Evaluation and Development process, we continue to create carbon road maps with our suppliers, starting with the critical ones. We plan to categorize suppliers by product (metals, polymers, adhesives-paints, glass organic

materials, electronics, liquids, oils, fuels) and calculate raw-material-specific carbon emissions.

Impact of engagement, including measures of success

We offer a range of training programs on different topics to support the development of suppliers. We provide the supplier training via the Ford Otosan Supplier Network (FOSN), a platform featuring conferences, classroom and online courses.

As of 2022, we work with 1,547 suppliers, including 422 local suppliers.

In 2022, we provided online sustainability training on environmental, social, and economic issues to 83 suppliers.

Comment

We are working work to improve the effectiveness of our supply chain processes with various projects aimed at topics such as supplier management, supplier performance management, and analysis of material programs while also integrating them with Craiova.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Other, please specify
sustainability audit

% of suppliers by number

1.16

% total procurement spend (direct and indirect)

55.5

% of supplier-related Scope 3 emissions as reported in C6.5

53.63

Rationale for the coverage of your engagement

In 2022, sustainability audits were conducted for 18 suppliers.

We identified the development areas of three suppliers that did not pass the audits and conducted follow-up audits three months later. Once those suppliers took the necessary actions, we ensured that all suppliers selected as pilots were successful at the end of the period. At the end of the audit process, we sent detailed reports about their results and development areas, and recognized the suppliers that scored 70 and higher with certificates of achievement.

Impact of engagement, including measures of success

We delivered a sustainability training on an online platform through an independent audit firm, and then asked our suppliers to respond to our surveys, which included data

and strategic approach questions on labor, health and safety, environment, ethics and management systems. After categorizing the suppliers with high strategic and financial impact as critical suppliers, we conducted data verification and on-site audits.

Comment

In 2023, we will expand the scope of the supplier sustainability assessment questionnaire and will also include more suppliers in the audit process.

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement & Details of engagement

Education/information sharing

Share information about your products and relevant certification schemes (i.e. Energy STAR)

% of customers by number

100

% of customer - related Scope 3 emissions as reported in C6.5

91.23

Please explain the rationale for selecting this group of customers and scope of engagement

At Ford Otosan, improving customer satisfaction and meeting the customer expectations by offering the best products and services lie at the heart of our business. We increase the number of customer communication channels and offer innovative products and services in response to the evolving consumer preferences, expectations and demands. We follow Ford Otosan's Dynamic Balance Common Culture values and principles to connect with our customers using the right communication methods and offer the right services and products that best meet their needs. As a result of the cultural engagement studies conducted with our dealers, we named our common culture "When You Are Well, We Are All Well". We aim to make our customers brand ambassadors by offering unique experiences with integrity, expertise, and care.

In 2022, we carried out extensive communication efforts to convey the values and principles of our Common Culture to all the dealer employees, clarify with examples and spread our ideal behaviors. We created e-learning content covering the four values and five principles and published them on our training portal based on four values and five principles. This e-learning content, available to all employees, is still included in our training program.

We conducted the second "Dealer Engagement Culture Survey" to measure our dealers' satisfaction with the regional managers and HQ teams, and to identify their strengths and action areas, if any. We communicated the survey to 84 Ford Otosan dealers and 1,500 employees that work with Ford Turkey business area. With the participation of all

dealers and 1,012 employees, we obtained 856 successful survey responses. We conducted a survey with 26 Ford Trucks dealers and 276 employees working with Ford Trucks business area, and obtained 178 successful responses. We use the Customer Experience Maturity Assessment to set the direction of our work on this subject and continuously improve our performance. We positioned Customer Journey Management as our strategy to ensure the continuity of all the processes at Ford Turkey and Ford Trucks business units with a customer-centric focus. In managing all customer relations processes, we are guided by the ISO 10002 CSMS. As of 2022, the number of customers registered in our customer relationship management system increased by nearly 8% to reach 4.1 million.

Impact of engagement, including measures of success

We aim to improve customer satisfaction with the products and services we provide. We increase the number of active customer communication channels and offer innovative products in line with the evolving consumer preferences and expectations. As a company that aims for ultimate customer satisfaction, we recognize that accurately responding to the rapidly changing customer demands and needs on time is key. Offering solutions tailored to individual customer needs and keeping the active communication channels open lies at the heart of the customer experience we aim to create at Ford Otosan. Accordingly, we combined our digitalization efforts with customer experience and completed two major projects in 2022. Our Customer Relationship Management (CRM) Department works to answer customer needs and eliminate causes of complaints.

In 2022, we launched the Voice of Customer Platform to monitor the entire customer experience end-to-end in all our processes. The Voice of Customer Platform allows us to closely monitor the customer journeys and receive instant feedback throughout the process. So, we are able to receive feedback from the dealers, aftersales service centers, call centers in the passenger car, commercial vehicle, fleet, truck, public and second-hand vehicle segments at every stage – online and on the mobile app – via a single central platform, thanks to full automation and integration 24/7. By enabling the participation of 1,296 field employees in these training courses in 2022, we aimed to transform our current workforce and to create self-reliant and future-ready teams who have a strong command of the digital platforms and the skills to derive value from real-time data. We then take action based on the feedback. Flexper: New customer-centric vehicle subscription service, offered with multiple alternatives and developed to provide innovative smart mobility solutions.

Nemo: Ford Otosan's first micro-mobility sharing startup, is a micro-mobility subscription platform that offers customized personal electric bike, scooter and electric bike conversion kit rentals.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

At Ford Otosan, we place sustainability at the core of our activities and aim to create higher value for our stakeholders and the environment, while contributing to social development on a

wider scale. In line with our goal of creating social benefit, we take the United Nations Sustainable Development Goals as our guide for our corporate citizenship approach and carry out activities to create social benefits in various areas. In 2022, we allocated more than 15 million USD for donations, projects and sponsorship activities within the scope of our community investments and launched environment, education, health, culture projects and other activities.

We provide training programs on environmental sustainability to improve the capabilities of our stakeholders across the value chain, particularly for Ford Otosan employees and subcontractors. In 2022, the total training time of our employees in Turkey was 55,756 person*hours, while in Romania it was 30 person*hours. The total training time of the subcontracted employees in Turkey was 23,102 person*hours, whereas in Romania it was 1,433 person*hours. Our environmental engineers from the Eskişehir Plant taught the ÇEV475 and ÇEV476 Environmental Legislation courses at the Eskişehir Technical University Environmental Engineering Department in the fall and spring semesters of 2021-2022 academic year. The 14-week course that gave the students the opportunity to learn the applied national environmental legislation together with the theory of the automotive industry continued in the fall and spring semesters of the 2022-2023 academic year.

The localisation of the entire value chain, not only the end product, is our ultimate goal to maximize value added by maintaining and improving our localisation rate. It is our strategic priority to localize new technology electronic components and new materials that are lighter to emit low carbon and more durable than the existing ones. Along the value chain partners, in the context of scope 3 emissions, the impacts of activities can be managed and controlled by localisation process which brings; resource efficiency, low GHG energy sources, new markets in the low GHG economy, resilience to climate impacts. As of 2022, we work with 1,547 suppliers, including 422 local suppliers. Payments to local suppliers account for 85.3% of payments made to all the suppliers.

In 2022, we conducted an 'Innovation Culture Barometer' study with the Technology Development Foundation of Türkiye to strengthen the innovation and intrapreneurship concepts across the organization. The study was completed after we analyzed communications, leadership, partnership, work environment, development environment and employee engagement in depth. We are now working to implement the actions, identified as a result of the study conducted to analyze the perception of innovation within the company, identify our development areas, and encourage our employees to generate innovative ideas. In 2022, Driventure contacted 571 startups and engaged in collaborations with 16 startups.

TUSIAD is a voluntary business organization formed by Turkey's leading entrepreneurs and business world managers. TUSIAD, as the organizations represented by its members, has an important representation ability in the Turkish economy in areas such as industry, added value, registered employment and foreign trade. There are different working groups within the association that devotes its efforts to the latest international and national developments. Energy, Environment and Climate Change Roundtable works closely with government, NGOs, universities and knowledge institutions to tackle climate change. We are members of the TUSIAD Green Deal Task Force and National Carbon Pricing Working Group and attend the meetings organised by the Ministry to share our opinions for the National Climate Adaptation Strategy and Action Plan as well as Turkey's Nationally Determined Contributions and the Long-Term Climate Change Strategy Project. Ford Otosan is aware that this risk could increase the operational expenses in mid-term time horizon.

Ford Otosan has been invited to attend the climate council workshops in 2022, the results of which will also serve as input for the approval of the 'Climate Law' currently in Parliament. The workshop results are being utilized in the development of Climate Change Mitigation and Adaptation Plans, which are currently being created by the Ministry of Environment, Urbanization, and Climate Change (MoEUCC). The experts who attend these meetings inform the Executive Committee. The Climate Council aims to finalize the Emission Trading System by 2024.

C12.2

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?

Yes, suppliers have to meet climate-related requirements, but they are not included in our supplier contracts

C12.2a

(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization's purchasing process and the compliance mechanisms in place.

Climate-related requirement

Complying with regulatory requirements

Description of this climate related requirement

Within the Supply chain compliance policy:

- To comply with all applicable environmental regulations, including Ford Otosan's Environmental and Energy Policy.
- To continuously improve their environmental performance and reduce their environmental impacts for climate change, water management, waste management and biodiversity conservation.
- Have effective monitoring systems and procedures against industrial accidents and other emergencies.
- Encourage Business Partners to improve the environmental performance of business partners and third parties.

% suppliers by procurement spend that have to comply with this climate-related requirement

100

% suppliers by procurement spend in compliance with this climate-related requirement

100

Mechanisms for monitoring compliance with this climate-related requirement

Grievance mechanism/Whistleblowing hotline
Supplier scorecard or rating

Response to supplier non-compliance with this climate-related requirement

Retain and engage

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate


Yes, we engage directly with policy makers

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

Yes

Attach commitment or position statement(s)

Joint statement of ACEA-PIK on «The transition to zero-emission road freight transport» is recently released. This statement has been prepared with Ford Otosan participation and it is also signed by Ford Otosan.

 [acea-pik-joint-statement-the-transition-to-zero-emission-road-freight-trans.pdf](#)

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan

Ford Otosan engages in contributing in the policy meetings solely or through Koç Group Environmental Board.

Ford Otosan is a publicly traded (18%) company, where Ford Motor Company (41%) and Koç Holding A.Ş.(41%) have equal shares.

Through the Koç Environment Committee, a platform that brings together environment, energy and sustainability experts from all Koç Group companies, the Group aims to build shared knowledge across all industries. Koç Group work with industry and sector peers, government institutions, international organizations, academia and civil society to drive forward the climate change agenda and support policy development, both nationally and internationally.

Ford Otosan has been invited to attend the climate council workshops in 2022, the results of which will also serve as input for the approval of the 'Climate Law' currently in Parliament. The workshop results are being utilized in the development of Climate Change Mitigation and Adaptation Plans, which are currently being created by the Ministry of Environment, Urbanization, and Climate Change (MoEUCC). The experts who attend these meetings inform the Executive Committee. The Climate Council aims

to finalize the Emission Trading System by 2024.

C12.3a

(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Mandatory carbon reporting

Category of policy, law, or regulation that may impact the climate

Climate change mitigation

Focus area of policy, law, or regulation that may impact the climate

Climate-related reporting

Policy, law, or regulation geographic coverage

National

Country/area/region the policy, law, or regulation applies to

Turkey

Your organization's position on the policy, law, or regulation

Support with no exceptions

Description of engagement with policy makers

Climate change is managed with a strategic approach whereby risks and opportunities are evaluated, extending from Koç Holding to group companies. In addition, the coordination of the issue of climate change is performed by Koç Group Environmental Board Leader in Turkish Industry and Businessmen Association (TUSIAD). Ford Otosan engaged in contributing in the issuance of a project initiated by TUSIAD. This project is called "Climate Change Mitigation Activities by Economic Tools". Comments on Emission Control Regulation were shared with the specialists of Ministry of Environment and Urbanization for "Communiqué on Green House Gases Monitoring, Reporting and Verification.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?

Mandatory carbon reporting is essential to our climate transition plan as it provides a standardized framework for measuring and reporting GHG.

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Carbon tax

Category of policy, law, or regulation that may impact the climate

Carbon pricing, taxes, and subsidies

Focus area of policy, law, or regulation that may impact the climate

Emissions trading schemes

Policy, law, or regulation geographic coverage

National

Country/area/region the policy, law, or regulation applies to

Turkey

Your organization's position on the policy, law, or regulation

Support with no exceptions

Description of engagement with policy makers

Climate change is managed with a strategic approach whereby risks and opportunities are evaluated, extending from Koç Holding to group companies. In addition, the coordination of the issue of climate change is performed by Koç Group Environmental Board Leader in Turkish Industry and Businessmen Association (TUSIAD). Ford Otosan engaged in contributing in the issuance of a project initiated by TUSIAD. This project is called Climate Change Mitigation Activities by Economic Tools.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?

Ford Otosan has been invited to attend the climate council workshops in 2022, the results of which will also serve as input for the approval of the 'Climate Law' currently in Parliament. The workshop results are being utilized in the development of Climate Change Mitigation and Adaptation Plans, which are currently being created by the Ministry of Environment, Urbanization, and Climate Change (MoEUCC). The experts

who attend these meetings inform the Executive Committee. The Climate Council aims to finalize the Emission Trading System by 2024.

Specify the policy, law, or regulation on which your organization is engaging with policy makers

Vehicle Taxes

Category of policy, law, or regulation that may impact the climate

Carbon pricing, taxes, and subsidies

Focus area of policy, law, or regulation that may impact the climate

Other, please specify
Vehicle Taxes

Policy, law, or regulation geographic coverage

National

Country/area/region the policy, law, or regulation applies to

Turkey

Your organization's position on the policy, law, or regulation

Support with minor exceptions

Description of engagement with policy makers

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 existing vehicle taxes to policy makers through OSD.

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Ford Otosan proposed to have lower taxes in low carbon technology vehicles.

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?

Ford Otosan signed ACEA's (European Automobile Manufacturers' Association) "Transition to zero-emission mobility" statement, demonstrating its commitment to transition to non-fossil fuel technologies in the heavy commercial fleet by 2040 and reducing its carbon footprint to zero by 2050 in compliance with the "Green Deal" strategy of the European Union.

Specify the policy, law, or regulation on which your organization is engaging with policy makers

EU Green Deal

Category of policy, law, or regulation that may impact the climate

Climate change mitigation

Focus area of policy, law, or regulation that may impact the climate

Climate-related targets

Policy, law, or regulation geographic coverage

National

Country/area/region the policy, law, or regulation applies to

Turkey

Your organization's position on the policy, law, or regulation

Support with no exceptions

Description of engagement with policy makers

Within the scope of Green Deal, the road map is managed with a strategic approach whereby risks and opportunities are evaluated, extending from Koç Holding to group companies. In addition, the coordination of the issue of Green Deal is performed by Koç Group Environmental Board Leader in Turkish Industry and Businessmen Association (TUSIAD).

Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation

Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how?

At Ford Otosan, we are working to lead the sustainability transformation in the Turkish automotive industry and successfully integrate the entire ecosystem, including ours and the country's, into the processes driven by the European Union Green Deal.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In voluntary sustainability report

Status

Complete

Attach the document

 FordOtosan_2022_Sustainability_Report.pdf

Page/Section reference

- Corporate Governance (page: 27-33)
- Risk Management: (page 33 and 110)
- Sustainability Management (page:24)
- R&D, innovation (page:38-43)
- Transition to Low Carbon Economy and Climate Risks (page:50)
- Environmental Impact of Operations (page:57)
- Value Chain Management (page:66)
- Performance Indicators (page:126)

Content elements

- Governance
- Strategy
- Risks & opportunities
- Emissions figures
- Emission targets
- Other metrics
- Other, please specify
 - Energy, water, wastes

Comment

Ford Otosan 2022 sustainability report for the period of January 1 - December 31, 2022, covers Turkey and Romania operations provides an overview of Ford Otosan's sustainability performance, long-term environmental, social and governance-related targets announced in 2022, Future. Now strategy, strategic management approach, relations with stakeholders, and best practices. The report has been prepared in accordance with the GRI Standards

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
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<p>Row 1</p>	<p>Business Ambition for 1.5C Science Based Targets Network (SBTN) Task Force on Climate-related Financial Disclosures (TCFD) UN Global Compact Other, please specify TURKISH MARINE ENVIRONMENT PROTECTION ASSOCIATION (TURMEPA)</p>	<p>Business Ambition for 1.5C Date published/updated: 2022 Sector: Automobiles and Components Target summary (Near term: Committed Net zero: Committed https://sciencebasedtargets.org/companies-taking-action) Science Based Targets Network (SBTN) In 2022, we submitted our commitment to setting science-based targets and reducing our emissions to the Science Based Targets initiative (SBTi). Task Force on Climate-related Financial Disclosures (TCFD) We are among the supporters of the Task Force on Climate-Related Financial Disclosures (TCFD). UN Global Compact Ford Otosan Sanayi A.Ş. is a signatory of UN Global Compact with its ongoing sustainability efforts and its fair, transparent and accountable management approach. We manage all our business processes to ensure that we contribute to the Sustainable Development Goals. Other, please specify TURKISH MARINE ENVIRONMENT PROTECTION ASSOCIATION (TURMEPA) TURMEPA is a non-governmental organization founded by Rahmi M. Koç and Deniz Ticaret Odası based on the protection of our nation's coasts and seas. Its main aim is to leave a more livable Turkey that embraces clean seas to future generations. As Ford Otosan, we are member of TURMEPA.</p>
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C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity
<p>Row 1</p>	<p>Yes, board-level oversight</p>	<p>Urbanization, population growth and changes in land use pose a significant threat to biodiversity. We evaluate the impacts arising</p>

		<p>from our operations with an inclusive perspective and aim to minimize any damage to all living things that may be affected by our activities. We assess the risks that our operations may have on biodiversity and strive to reduce impact and protect the species in our locations.</p> <p>As Ford Otosan, we focus on assessing the impacts of our operations on biodiversity, reducing impacts and protecting species. In this context, we cooperate with non-governmental organizations and universities. Biodiversity is emphasized within the Environment and Energy Policy.</p> <p>An impact assessment conducted for the International Union for Conservation of Nature and Natural Resources (IUCN) in 2018, we found that species were not affected by our operations. In addition, we worked with the Nature Conservation Center (Doğa Koruma Derneği) to observe the wetlands, riverbanks, seashores and other areas within the factory territory and identified all plant and bird species in the area. The study revealed that eight of the bird species are facing extinction as they are globally vulnerable (VU) and near threatened (NT), and seven were identified as 'rare' species. Since no species is directly impacted by our activities, we do not engage in conservation work in a specific territory. As a part of the impact assessment, an inventory study about the birds, flora and sea creatures had been made with the help of an NGO (Nature Conservation Centre). As a result of the researches 130 different bird species were found in the factory area. 241 natural plant species and 36 cultivated plant was revealed at the end of the studies.</p>
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C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments
Row 1	Yes, we have made public commitments only	Other, please specify Environment and Energy Policy

C15.3

(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment

Yes

Value chain stage(s) covered

Direct operations

Tools and methods to assess impacts and/or dependencies on biodiversity

Other, please specify

An impact assessment conducted for the IUCN in 2018, we found that species were not affected by our operations.

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)

An impact assessment conducted for the International Union for Conservation of Nature and Natural Resources (IUCN) in 2018, we found that species were not affected by our operations. In addition, we worked with the Nature Conservation Center to observe the wetlands, riverbanks, seashores and other areas within the factory territory and identified all plant and bird species in the area. The study revealed that eight of the bird species are facing extinction as they are globally vulnerable (VU) and near threatened (NT), and seven were identified as 'rare' species. Since no species is directly impacted by our activities, we do not engage in conservation work in a specific territory. As a result of the researches 130 different bird species were found in the factory area. 241 natural plant species and 36 cultivated plant was revealed at the end of the studies.

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment

No, but we plan to within the next two years

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity-sensitive areas in the reporting year?

No

C15.5

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity-related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Species management Other, please specify We are working on the Ford Otosan biodiversity strategy. Next year, we will publish it on our website and share it with the public.

C15.6

(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	Yes, we use indicators	Other, please specify Species management

C15.7

(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In voluntary sustainability report or other voluntary communications	Content of biodiversity-related policies or commitments Governance Impacts on biodiversity	2022 Sustainability Report, page: 65

C16. Signoff

C-FI

(C-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.

For more on sustainability at Ford Otosan you can visit:

<https://www.fordotosan.com.tr/en/sustainability/sustainability-approach>

Ford Otosan Annual Report-2022: <https://www.fordotosan.com.tr/en/investors/financial-statements/annual-reports>

Ford Otosan Sustainability Report 2022: <https://www.fordotosan.com.tr/en/sustainability/sustainability-reports>

Ford Otosan Environmental & Energy Policy:

<https://www.fordotosan.com.tr/en/sustainability/sustainability-policies>

Ford Otosan Water Policy: <https://www.fordotosan.com.tr/en/sustainability/sustainability-policies>

Ford Otosan Physical Risk Assessment

Ford Otosan Climate Risk Assessment

Ford Otosan Assurance Report

ACEA Joint Statement the Transition to Zero-Emission Road Freight Transport

- 📎 Ford Otosan Assurance Report -ENG_2022_signed.pdf
- 📎 Ford Otosan Physical Risk Presentation.rev1.pdf
- 📎 Ford Otosan Climate Risk Assessment.rev1.pdf
- 📎 ACEA-P~1.PDF
- 📎 Ford_Otosan_2022_Annual_Report.pdf
- 📎 water_policy.pdf
- 📎 FordOtosan_2022_Sustainability_Report.pdf
- 📎 ford-otosan-cevre-ve-enerji-politikasi-EN.pdf

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	HR and Transformation AGM	Director on board

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms