

The background of the cover is a blue-tinted photograph of a modern Ford factory. In the upper left, a futuristic Ford concept car is visible. In the lower left, two workers are shown: one wearing safety glasses and a respirator mask, and another smiling. In the center, a woman with curly hair is smiling and looking upwards. In the lower right, a man is smiling and holding a white mug with the Ford logo. A large, stylized orange number '5' is overlaid on the center of the image, with a white circle at its top left containing the report's title.

FORD OTOSAN
2020
Sustainability
Report

Contents

ABOUT THE REPORT 03	FORD OTOSAN IN NUMBERS 04	CHAIRMAN'S LETTER 05	MESSAGE FROM THE GENERAL MANAGER 07	STRATEGIC MANAGEMENT 09
SUSTAINABLE GROWTH 23	ENVIRONMENTAL RESPONSIBILITY 39	INVESTING IN TALENT 45	SOCIAL INVESTMENTS 55	ANNEXES 59
25 Lean Production	40 Climate Crisis and Energy Management	47 Diversity and Inclusion		11 Ethics, Transparency, Internal Control and Internal Audit
26 R&D	42 Natural Resource and Waste Management	49 Talent Development		19 Sustainability Management
30 Digitalization	44 Biodiversity	50 Performance Review		22 Stakeholder Relations
33 Innovation		51 Employee Rights		
35 Supply Chain		53 Occupational Health and Safety		
37 Customer Relations			60 Annex 1: Economic Performance Indicators	
			61 Annex 2: Stakeholders and Communication Methods	
			62 Annex 3: Ford Otosan 2019 Corporate Memberships	
			63 Annex 4: Environmental Performance Indicators	
			66 Annex 5: Social Performance Indicators	
			69 GRI Content Index	

About the Report

Ford Otosan Sustainability Report provides information and insights about the strategy, performance, goals and progress in the environmental, social, ethical, and economic areas of Ford Otomotiv Sanayi A.Ş. in the period from January 1 to December 31, 2020. **Data provided in our 2020 Sustainability Report covers 100% of business operations and revenue.**

This report has been prepared in accordance with the GRI Standards 'Core' option. In addition to our progress in sustainability matters compared to previous years, we also disclose our strategic management approach, relations with stakeholders, and best practices. While preparing the report, we took the UN Global Compact (UNCG) into consideration and included the contribution we made to the Sustainable Development Goals.

For your questions, comments and suggestions related to the report, please contact us at: esg@ford.com.tr



You can reach the related video by clicking on the icon.



You can reach the related link by clicking on the image.

TEXT

You can reach the related link by clicking on the underlined text.



About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Sustainable Growth

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

Ford Otosan in Numbers

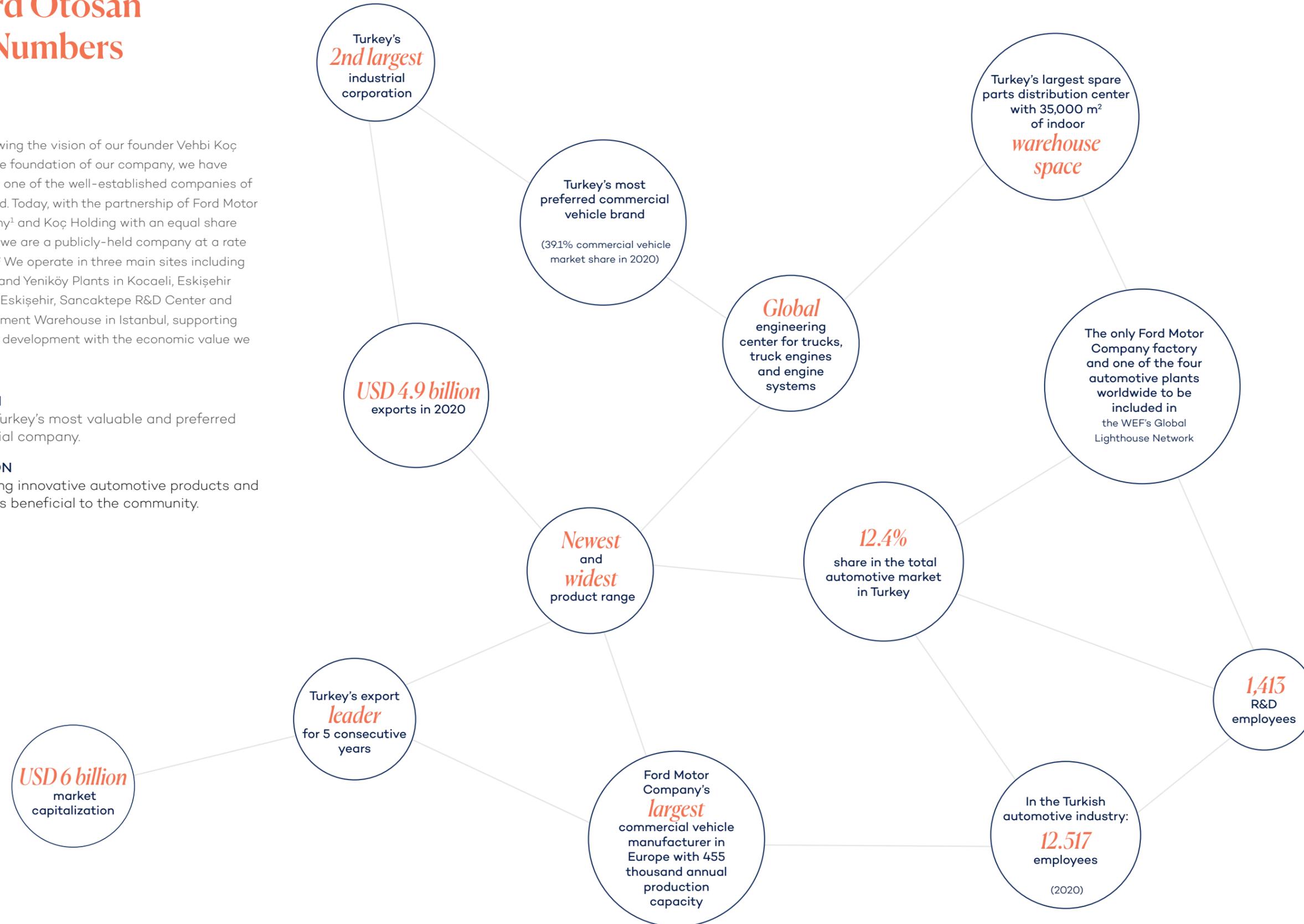
By following the vision of our founder Vehbi Koç since the foundation of our company, we have become one of the well-established companies of the world. Today, with the partnership of Ford Motor Company¹ and Koç Holding with an equal share of 41%, we are a publicly-held company at a rate of 18%.² We operate in three main sites including Gölcük and Yeniköy Plants in Kocaeli, Eskişehir Plant in Eskişehir, Sancaktepe R&D Center and Replacement Warehouse in Istanbul, supporting Turkey's development with the economic value we create.

VISION

Being Turkey's most valuable and preferred industrial company.

MISSION

Providing innovative automotive products and services beneficial to the community.



Chairman's Letter



At Ford Otosan, we are stepping up our efforts to manage our non-financial risks effectively as we envision a future where we are resilient to any global risk.

Esteemed Stakeholders,

We left behind a challenging year marked with uncertainties. To protect the health of our employees, as well as our dealers, suppliers, and customers and to address the problems in the supply chain, we halted production at our plants for a period of time. However, thanks to the digital infrastructure investments we made in the recent years and our agile transformation, we were able to ensure seamless continuity of our business processes. With the domestic and international demand beginning to rise toward the end of 2020, the comprehensive measures we implemented, and a flexible production approach, we completed the year with strong financial results. In addition to achieving these gains, we also reinforced our risk management during the year. At Ford Otosan, we are stepping up our efforts to manage our non-financial risks effectively. We envision a future where our company is always prepared to respond to potential global crises.

We are navigating through a period when the current economic systems are transforming, and investors are challenging the companies not only about their financial performance but also about the long-term added value they create for their communities and the environmental impact of their activities. At a time when all our stakeholders, and particularly the investors, are demanding more responsible investments, we see that companies that manage their Environmental, Social, and Governance (ESG) risks and opportunities build

stronger organizational structures and are less affected by crises such as pandemics. In line with our vision of becoming Turkey's most valuable and most preferred industrial company, and as a testament to our ESG performance, we are included in Borsa Istanbul Sustainability Index (BIST), FTSE4Good Emerging Markets Index, and Bloomberg Gender-Equality Index (starting in 2021), three important indices that responsible investors consider. In 2020, we responded proactively to the Dow Jones Sustainability Emerging Markets Index (DJSI). We also respond to the Carbon Disclosure Project's (CDP) climate and water programs annually. On the other hand, Ford Otosan's value increased by 91% in the BIST-100 Index, becoming the most valuable automotive company.

Driven by the strength of our partnership with Ford Motor Company going back more than six decades, we continue our R&D and innovation investments at full speed while we also maintain our position as the export leader of Turkey. Ford recently announced its 10-year strategy with the slogan "Bring on Tomorrow" with a particular focus on electric vehicles, mobility, and connectivity.

In line with Ford's roadmap and carbon neutral targets by 2050 under the European Green Deal, we develop innovative products and services with low environmental impact to benefit society. In this context, we signed the European Automobile Manufacturers Association's (ACEA) joint

About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Sustainable Growth

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

We have set our 2050 target as carbon neutrality in all our plants. As we transform our product range with sustainable vehicles, we keep our focus on fuel optimization, reducing greenhouse gas emissions, and developing electric, light, connected, and autonomous vehicles.

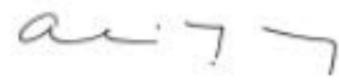
statement on the transition to zero-emission road freight transport, pledging to achieve “0 emissions” in heavy commercial vehicle production by 2040. We also aim to start manufacturing and exporting our segment-first all-electric truck that will feature the sustainability, smart city, and transportation technologies of the future within five years.

In addition to the ACEA’s pledge, we also aim to achieve full compliance with the Green Deal, and therefore, we have set our 2050 target as carbon neutrality in all our plants. As we transform our product range with sustainable vehicles, we keep our focus on fuel optimization, reducing greenhouse gas emissions, and developing electric, light, connected, and autonomous vehicles.

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. At our Kocaeli Plants, we will start the serial production of the diesel, PHEV (Plug-In Hybrid), and all-electric versions of Ford’s Next Generation Transit Custom range by mid-2023. We will also produce the next generation Volkswagen 1-ton commercial van as part of the strategic alliance between Ford and Volkswagen.

I would like to take this opportunity to express my gratitude to our colleagues for their efforts in preparing this Sustainability Report, in which we disclose our ESG performance transparently, and thank our valued suppliers and dealers, and all our stakeholders for their support.

Ali Y. Koç
Chairman



- About the Report
- Ford Otosan in Numbers
- Chairman’s Letter
- Message from the General Manager
- Strategic Management
- Sustainable Growth
- Environmental Responsibility
- Investing in Talents
- Social Investments
- Annexes

Message from the General Manager



We continued to work by considering benefits for all our stakeholders and to improve our Environmental, Social, and Governance performance in 2020.

Dear Stakeholders,

Since its outbreak in early 2020, COVID-19 quickly morphed into a pandemic of massive scale, and it is still at the top of the global agenda. As the conditions became increasingly challenging and uncertain throughout 2020 due to the pandemic, the effects were felt deeply in the private sector. At Ford Otosan, we acted quickly to protect the health of our colleagues and solve the supply problems, and gradually halted production at our plants in March and April. With all necessary measures in place, we resumed production in May. Thanks to our agility, flexibility and effective risk management, we completed the year with successful financial and operational results. Year on year, our revenues rose to TL 49 billion with a 26% increase and our main operating profit reached TL 4.8 billion with a 98% increase, and we posted TL 4.2 billion in net profit with a 114% increase. We not only broke records in the total production and sales quantities in the last quarter but also recorded the highest ever monthly sales in December.

The ebbs and flows in national economies due to the pandemic disrupted operations in several sectors, including the automotive industry. As the resilience of businesses and industries was tested, dynamic and agile companies proved to be more successful in managing crises. At Ford Otosan, we kept improving our performance and enhancing our operations with the rapid actions we took, thanks to the agile transformation process that we started in late 2019. We continued to work by considering

benefits for all our stakeholders and to improve our Environmental, Social, and Governance (ESG) performance in 2020.

Our digital transformation journey that started well before 2020 allowed us to act quickly against the challenges that the pandemic brought and to prevent setbacks in our operations. Our resilient infrastructure enabled us to adapt quickly to the working from home model. FObot, our human resources app, facilitated the daily work routine and adaptation to working from home. We became the first automotive company to receive a Safe Production Certificate from the Turkish Standards Institute by prioritizing the health of our colleagues and ensuring safety in production lines. In addition to our digital infrastructure, with enhanced effectiveness for our operations and colleagues, we also leveraged the power of digitalization to respond to customer requests quickly.

As a part of our new sustainability governance model, introduced in late 2020, the Sustainability Committee manages and supervises all ESG-related activities. The committee and the working groups, as the executors, set out the strategies, policies, and targets to improve our sustainability performance in all business processes, and ensure that the sustainability efforts of all Ford Otosan constituents are aligned. I am confident that the Sustainability Committee will drive our efforts as we continue to deliver pioneering and exemplary work regarding sustainability.

About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Sustainable Growth

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

In 2021, we became the first and only Turkish automotive company to be included in the Bloomberg Gender-Equality Index in consideration of our ongoing work on gender equality.

Thanks to the activities we carried out in the context of agile and lean processes since we included them in our agenda, we not only navigated through the pandemic period effectively and unscathed but also made great strides in line with our sustainable growth target. We embarked on an agile transformation journey to maintain our leading position in the rapidly evolving automotive industry. With this new structure, in which customer needs and expectations are at the core, we aim to help our colleagues tap into their full potential. We believe that our human resource is the greatest asset that will drive us forward. Therefore, we work in small teams that embrace an inclusive, non-hierarchical, open to learning, iterative, and autonomous approach to work. I believe that this new model, which improves coordination and communication among teams further and responds to customer

requests quickly, will build on our success. At Ford Otosan, we welcome and support diversity and inclusion. Our Diversity Policy and Human Rights Policy are the pillars of our work. As a signatory of the United Nations Women's Empowerment Principles Declaration of Equality at Work since 2013, we strive for gender equality. In our recruitment, we aim for one of every four field workers and one of every two office employees to be a woman to encourage women for more active roles in business. In 2021, we became the first and only Turkish automotive company to be included in the Bloomberg Gender-Equality Index in consideration of our ongoing work on gender equality.

Global trends that gained momentum as the climate crisis heightened directly affect customer needs and expectations and they call for a radical change in the traditional automotive industry. In response to this transformation, Ford Motor Company is focusing on electric vehicles, connectivity, and autonomous vehicles in its 10-year strategy for Europe. Defining its vision as "Bring on Tomorrow", Ford plans to invest more than \$30 billion in electrification and autonomous vehicle strategies by 2025. As the company with the most established R&D organization in Turkey, we also focus on electric and alternative fuel technologies as part of our strategy to shift to a sustainable product range. In the heavy commercial vehicle segment, we produced a prototype of our all-electric truck and started testing it with metropolitan and district municipalities. With the investment in the Kocaeli

Plant, we will start mass production of Ford's first all-electric commercial vehicle E-Transit for Europe by 2022, and the diesel and rechargeable, hybrid electric PHEV (plug-in hybrid) and full electric versions of the 'Next Generation Transit Custom' family as of the first half of 2023. As a result of the investment, the annual commercial vehicle production capacity at the Kocaeli Plants will rise to 650 thousand units while our battery assembly line will have a capacity of 130 thousand units. With all these investments coming to life, we will become the first and only integrated electric vehicle manufacturing site in Turkey. By the time the project is completed, we, as the company with the highest employment in the Turkish automotive industry, will add 3 thousand employees and grow our workforce to 15 thousand employees. Meanwhile, we will also create new jobs for 15 thousand people in the supply industry, overall creating new employment for 18 thousand people.

In all our production processes and our products, we focus on achieving higher use of clean and efficient energy, reducing waste and emissions, and using natural resources efficiently, and we strive to minimize our environmental impact. To carry out our operations in compliance with the European Green Deal, we measure the impact of the Deal with Ford Otosan Impact Analysis. We also work to shift to low-carbon, responsible circular production models. In the long haul, we aim to reduce carbon emissions per vehicle by 50-55% in 2030 compared to the baseline year of 2009 and become carbon-neutral by 2050.

I am pleased to present Ford Otosan's ESG performance in 2020 through this sustainability report. I would like to thank all our stakeholders and in particular our colleagues for their great efforts in overcoming all the challenges and delivering this strong performance together.

Sincerely,

Haydar Yenigün
General Manager



About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Sustainable Growth

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

**Strategic
Management**

At Ford Otosan, we
strive to build mutual,
transparent, and
constructive relations
with our stakeholders.

Strategic Management



There is clearly an increasing need for redefining the current economic system with different parameters beyond the bottom line. The private sector is challenging the business models to find solutions to the global environmental, social, and economic issues as sustainable models that create value emerge.

In the business world where the expectations of the investors and other stakeholders continue to change, companies adapt to an ecosystem that values responsible investments. In line with these developments, international sustainability indices and rating agencies that conduct more comprehensive assessments on social and economic aspects are also growing in number. Accordingly, companies focus on managing environmental, social, and governance (ESG) risks with an integrated risk management approach and seizing opportunities to deliver benefits.

During the COVID-19 pandemic in particular, companies with ESG risk management systems in place were less affected by the adverse conditions and able to accelerate responsible investments. According to data by BlackRock, the world's largest asset management firm, 88% of sustainable funds outperformed their non-sustainable counterparts in the first four months of 2020.

As the world changes so do the ESG risks. According to a survey conducted among its members, UN PRI, Principles for Responsible

Investment, a joint investment initiative of UNGC and UNEP (Finance Initiative), highlighted the major risks that gained prominence during the pandemic. While 79% of the respondents see the recovery phase after COVID-19 as an opportunity for the governments to step up their efforts to reach the net zero target by 2050 and compliance with the Paris agreement to tackle climate change, 64% pointed to social risks such as occupational health and safety, social security networks, protecting workers, responsible sourcing practices and supply chain management, diversity, privacy, and digital rights.

In line with our vision of "being Turkey's most valuable and most preferred industrial company", we follow a sustainable business model and respond to the requests of responsible investors. At Ford Otosan, we adopt an integrated approach to managing financial and non-financial risks together and make our investment decisions to ensure maximum return in the long term. This allows us to remain more resilient to the potential impact of global crises such as pandemics.

As an A Group stock, Ford Otosan's shares are traded on the Borsa Istanbul (BIST) Stars. We are included in the BIST Sustainability Index, FTSE4Good Emerging Markets Index, and Bloomberg Gender-Equality Index (starting from 2021), key indices that are considered by responsible investors. In 2020, we responded

actively to the Dow Jones Sustainability Emerging Markets Index (DJSI). We also respond to the CDP's (Carbon Disclosure Project) climate and water programs annually. In 2020, a year when the impact of the pandemic was deeply felt, BIST-100 rose by 29% on Turkish Lira (TL) basis while Ford Otosan's value increased by 91%, outperforming BIST-100 Index by 62 points. We completed the year as the seventh most valuable company traded on Borsa Istanbul in terms of market value. The share of foreigners in the free float was 79%.

In line with our vision of being Turkey's most valuable and most preferred industrial company, we grow responsibly and contribute to socioeconomic development in the locations where we operate by supporting employment. We continue our Digital Transformation, Innovation, and Lean Transformation with our shared culture of Dynamic Balance, which gathers Ford Otosan employees and all stakeholders around a common meaning and purpose, enabling us to work in an environment of trust and helping us move forward by joining forces. With Lean Transformation, we aim to improve and simplify the business processes across all the departments of the company and to ensure higher quality production with a qualified human resource through reorganization and efficient use of time and energy.

CORPORATE GOVERNANCE

In line with our corporate governance approach, we value the importance of managing our business with fairness, transparency and accountability for all our stakeholders in our ecosystem, including shareholders, investors, and particularly employees. Our governance model, in which we consider benefits for and interests of all stakeholders, plays a key role in maintaining our strong financial performance.

As we build on our governance by the year, we also improve compliance with Corporate Governance Principles. More information can be found in the [Corporate Governance Compliance Report](#) section on page 115 of [Ford Otosan 2020 Annual Report](#).

The highest management body at Ford Otosan is the Board of Directors, which consists of 14 members, 2 of which are independent directors. There are 2 female and 12 male members in the Board. The duties of the Chairman of the Board of Directors and the General Manager are performed by different individuals. 12 members of the Board are non-executive, and their term of office is 12 months.

There are four committees that report to the Board of Directors. [For more information on the Audit Committee, Remuneration Committee, Early Determination and Management of Risk Committee, and Corporate Governance Committee, please click here.](#)

About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Ethics, Transparency, Internal Control and Internal Audit

Sustainability Management

Stakeholder Relations

Sustainable Growth

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

Ethics, Transparency, Internal Control and Internal Audit

At Ford Otosan, we comply with the laws and international conventions to which the Republic of Turkey is a party and United Nations Global Compact (UNGC), act with integrity and honesty, and serve with accountability and transparency.

We expect all our employees to adhere to the Code of Conduct and Ethics in all their actions and operations, and to follow the principles of continuous development, inclusivity, transparency, impartiality, honesty, company benefit, accountability, trust in statement and predictability as basis while performing their duties.

Our main objective is to conduct our operations in compliance with all applicable regulations and legislation, to be the best in quality and service, and in dealer and supplier relations, to create sustainable shareholder value, and to act in the highest ethical standards. The foundation of the trust and reputation we have elicited in all our stakeholders for 61 years has always been acting in accordance with values such as integrity, honesty, transparency, and accountability.

We adopt a zero-risk approach to fighting with corruption and do not tolerate any actions and behaviors that violate this approach. We define the Anti-Corruption Policy and relevant procedures and instructions based on this approach. In 2020, there were no incidents at Ford Otosan that could be considered bribery and corruption. In 2021, an incident

was detected that could qualify as fraud. The situation was disclosed to the public with a Material Event Disclosure published on the Public Disclosure Platform (KAP) on February 22, 2021.

[Please click here to access Ford Otosan Anti-Corruption Policy.](#)

Through anti-corruption training programs, we inform our employees on the methods and processes applied in our company to fight corruption as well as applicable legislation. To date, 3,842 office employees have completed the Anti-Bribery and Anti-Corruption Training. At Ford Otosan, we take particular care to ensure that all individuals and organizations with whom we have a business relationship conduct their operations in compliance with UNGC and Code of Ethics.

Ford Otosan's Code of Ethics became effective in 2018 upon approval of the Board of Directors. The purpose of the Code of Ethics is to formalize the basic ethical principles and guidelines of our company, to promote and spread our ethical culture, and to inform our employees and all individuals, institutions, and organizations with whom we conduct business on this subject. The Code of Ethics provides information on the "Fundamental Principles and Values" and "Notification and Investigation of Breaches of the Code of Conduct and Ethics" and defines the "Means of Notification for Ethics Matters" and "Ethics Governance Structure". The Ethics Board, Internal Audit and



Ethics Committee, and Ethics Assessment Board have been established within our governance structure, which was redesigned to ensure compliance with the Code of Ethics across the company. Within this restructured process, the role of Ethics Coordinator, which reports to the Internal Audit Manager, to address and follow notifications regarding ethics violations.

[Please click here for Ford Otosan's Code of Ethics and here for the Code of Conduct and Ethical Rules.](#)

The Audit Committee, formed under the Board of Directors, also serves as the Ethics Board, and is an independent decision-making body responsible for high level supervision of the company activities' compliance with applicable legislation, Ford Otosan's Code of Ethics, and Code of Conduct and Ethical Rules. The Ethics Board evaluates the decisions and actions of the Internal Audit and Ethics Committee and also communicates opinions, requests and suggestions to this committee. The Ethics Board provides oversight to ensure that the notifications within the scope of the Code of Ethics and the complaints received by the

- About the Report
- Ford Otosan in Numbers
- Chairman's Letter
- Message from the General Manager
- Strategic Management**
- Ethics, Transparency, Internal Control and Internal Audit**
- Sustainability Management
- Stakeholder Relations
- Sustainable Growth
- Environmental Responsibility
- Investing in Talents
- Social Investments
- Annexes

company in this regard are properly reviewed and resolved. The Ethics Board determines the methods and criteria for handling and concluding the notifications according to the Code of Ethics. When needed, the committee members may discuss confidential matters privately with the company's internal audit department, request information and assign duties. The Audit Committee informs the Board of Directors when needed. Audit Committee members are selected from independent Board Members.

The Internal Audit and Ethics Committee, which reports to the Ethics Board, oversees the functionality of the ethical governance structure across the company, activities and decisions of the Ethics Assessment Board, notifications received by the company, results of the investigations conducted, and the anticipated corrective action plans. In addition to the members of the Ethics Assessment Board, the General Manager, Deputy General Manager, and Chief Financial Officer (CFO) also serve on this committee. The Internal Audit and Ethics Committee convenes monthly.

The Ethics Assessment Board, which reports to the Internal Audit and Ethics Committee, consists of members representing the Human Resources Directorate, the Legal Counsel, and the Internal Audit Department. The Ethics Assessment Board plans and implements initiatives to ensure compliance with the Ethics Policy, conducts necessary investigations, identifies corrective actions, and ensures coordination with relevant departments. The Board reports its operations to the Internal Audit and Ethics Committee and implements its decisions. The Ethics Assessment Board convenes every two weeks.

In all ethics processes, the identity of the reporting party is kept confidential and the investigations are conducted in confidence. During the investigation of the allegations, the rights of the accused individual are respected. Hostile attitude and retaliation against the reporting party is strictly prohibited. The Internal Audit and Ethics Committee may decide to refer the cases to the Disciplinary Committee.

If there is strong evidence showing that the Code of Ethics has been violated, the relevant disciplinary review process about the violation is conducted by the Disciplinary Committee, established pursuant to the Disciplinary Procedure for the Salaried Personnel or the Disciplinary Procedure for the Hourly Wage Personnel. The Salaried Personnel Disciplinary Committee consists of the Human Resources Director or at least a manager-level representative designated as their deputy, the Chief Financial Officer (CFO) or at least a manager-level representative designated as their deputy, and an independent Assistant General Manager and/or Director (except for the Assistant General Manager/Director affiliated with the personnel assessed by the Disciplinary Committee), nominated by the Human Resources Director. The Hourly Personnel Disciplinary Committee consists of a principal member and a reserve member appointed by the Human Resources Director, plus a principal member and a reserve member appointed by the labor union from among employees in the workplace. The Board of Directors is authorized to conduct disciplinary assessments and take necessary actions about the General Manager, Deputy General Manager, and Assistant General Managers. With regard to Directors, the General Manager and the Deputy General Manager are authorized to fulfill the duties attributed to the Disciplinary Committee.

Ford Otosan's Code of Conduct and Ethical Rules is the guarantee of our culture of ethics and compliance, and lays out the guidelines that must be followed on the executive level. On lower levels, other company policies, procedures, and directives describe these guidelines in detail. This is why we highly value Ford Otosan's Code of Conduct and Ethical Rules and strive to ensure that all our employees and other stakeholders are informed about the Code, that the guidelines are updated as needed, and that the potential risks that the company are prevented.

To ensure compliance with the Code of Conduct and Ethical Rules, the company regularly informs the Ford Otosan family, consisting of the members of the Board of Directors, employees and representatives acting on behalf of Ford Otosan, distribution network and suppliers about these principles and rules. The company also investigates

alleged violations with due diligence, enforces required sanctions in case of confirmed violations, and introduces corrective measures.

At Ford Otosan, we recognize the potential of ensuring equal opportunity and diversity. Accordingly, we aim to create an inclusive environment, where diversity and inclusivity is promoted in corporate culture and business conduct, equal opportunity is ensured, and differences and ethical values are respected. We play an active role toward balancing the number of employees in disadvantaged groups (women and people with disabilities, etc.) in the Turkish automotive industry and strive to support creativity of diverse groups, increase organizational wealth, and ensure an active diversity management. Accordingly, we introduced the Diversity Policy in 2019. The company also values the importance of working with "institutions that value the principles of egalitarianism and diversity" in all its relations



- About the Report
- Ford Otosan in Numbers
- Chairman's Letter
- Message from the General Manager
- Strategic Management**
- Ethics, Transparency, Internal Control and Internal Audit
- Sustainability Management
- Stakeholder Relations
- Sustainable Growth
- Environmental Responsibility
- Investing in Talents
- Social Investments
- Annexes

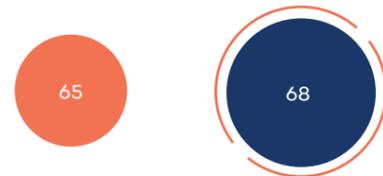
with suppliers, dealers, and other stakeholders. [Please click here for Ford Otosan's Diversity Policy.](#)

As part of our ethics and compliance communications plan, we carried out 20 different communication activities in 2020, using the content and materials we prepared to inform and raise awareness of all our employees on ethics and compliance topics. The topics that were communicated and announced using the internal communication channels (Portal, Aramızda TV and Aramızda Magazine) as well as emails and letters included: "World Ethics Day Announcement for Employees and Suppliers", "A Reminder of Our Code of Ethics and the Role of Leaders", "TEID Ethics and Compliance Interview", "Ethics and Compliance Puzzle Publication", "Office and Production Areas Poster", "Competition Law Announcement", "Announcement on Violation of Data Privacy", "KVKK (Law on the Protection of Personal Data) Risks Announcements", "Latest Content Available on the Legal Portal (Agreement Announcement)", "Announcement on the Protection of Personal Data during COVID-19", and "CMB (Capital Markets Board of Turkey) Regulation Announcement".

In 2021, we will continue to inform all our employees on ethics and compliance and work to raise awareness through different communications channels and training activities. Our 2021 ethics and compliance communications plan includes informational ethics and compliance reminder announcements for field and office employees, legal compliance training programs, announcements and videos, e-learning projects enriched with content on Information on Sexist Approaches and the Code of Conduct and Ethical Rules, and various other activities.

We added new notification channels to the existing ones in late 2017 to enable reporting of incidents that violate the Code of Conduct and Ethical Rules. All stakeholders may contact the Ford Otosan Internal Audit Department by providing their contact information or remaining anonymous via our email address etik@ford.com.tr, the Ethics Hotline (0850 305 50 10), or the Ethics Notification Form available on the corporate website fordotosan.com.tr. In addition to these channels, all the reports submitted through the company's corporate communication channels are also handled sensitively and investigated with due diligence. Results of the investigations regarding notifications received through various channels in 2019 and 2020 are summarized below:

NUMBER OF NOTIFICATIONS RECEIVED THROUGH FORD OTOSAN'S ETHICS COMMUNICATION CHANNELS



NUMBER OF DISCIPLINARY COMMITTEE DECISIONS IMPOSED ON THE REPORTED NOTIFICATIONS



The notifications received in 2020 included 28 reports of Inappropriate Employee Behaviors Against Ford Otosan Code of Conduct and Ethical Rules, 30 reports of Violation of the Company Rules and Procedures, 2 reports of



Misappropriation of Company Assets and Resources, and 8 reports of other incidents.

Ensuring that the employees adhere to the Code of Conduct and Ethical Rules in all their work and activities is very important to us. Therefore, we review the business processes annually and revise the procedures and policies as needed. In 2021, we updated the disciplinary procedure for office employees and ensured that violations of the Code of Conduct and Ethical Rules would be taken into account in the promotion processes.

In addition to the policies, procedures, and guidelines that make up an important part of the internal control system and the workflows, at Ford Otosan, we implement an internal control plan that covers all company operations. With this structure, we test more than 2,000 checkpoints annually and aim to provide assurance for the Board of Directors and our shareholders regarding the accuracy of the company operations. The Audit Committee, a subcommittee of the Board of Directors, monitors all internal control and internal audit activities periodically and reviews and approves the annual audit plans. The Audit Committee submits its recommendations and opinions on

the appropriateness of the financial reports to the Board of Directors. As of March 2021, the Internal Audit Department at Ford Otosan reports to the General Manager.

The Internal Audit Department conducts annual investigations throughout our company. The dealerships and authorized service centers are also audited. The reports and complaints received concerning the company activities are also reviewed by the Internal Audit Department, and the results of the audits and inspections are reported to the Ethics Assessment Board, the Internal Audit and Ethics Committee, and Audit Committee as needed. Upon review of the findings from all internal control, internal audit, and external audit activities, the Internal Audit Department plans corrective actions to improve the internal control system and ensures that they are implemented. These activities and their results are regularly reported to the Audit Committee, which consists of independent Board members. In the internal control and audit activities regarding company operations in 2020, no incidents of material significance were found to be in violation of the applicable laws and regulations or company policies.

- About the Report
- Ford Otosan in Numbers
- Chairman's Letter
- Message from the General Manager
- Strategic Management
- Ethics, Transparency, Internal Control and Internal Audit**
- Sustainability Management
- Stakeholder Relations
- Sustainable Growth
- Environmental Responsibility
- Investing in Talents
- Social Investments
- Annexes

INTERNAL CONTROL MANAGEMENT



You can find Ford Otomotiv Sanayi A.Ş.'s Code of Conduct and Ethical Rules here.

You can find Ford Otomotiv Sanayi A.Ş.'s Code of Ethics here.

You can find Ford Otomotiv Sanayi A.Ş.'s Anti-Corruption Policy here.

- About the Report
- Ford Otosan in Numbers
- Chairman's Letter
- Message from the General Manager
- Strategic Management**
- Ethics, Transparency, Internal Control and Internal Audit**
- Sustainability Management
- Stakeholder Relations
- Sustainable Growth**
- Environmental Responsibility**
- Investing in Talents**
- Social Investments**
- Annexes

RISK MANAGEMENT

In risk management, our primary goals are to anticipate, manage, and monitor the potential risks and to create the necessary action plans in advance for risk and crisis management. Accordingly, the Board of Directors, Early Determination and Management of Risk Committee, Audit Committee, and senior management are regularly advised about the risks.

The Early Determination and Management of Risk Committee, which reports to the Board of Directors, is responsible for anticipating and identifying the risks that may jeopardize the existence, development and continuity of the company, implementing the necessary measures related to the identified risks, and managing the risks. The committee convenes in person at least four times a year and receives reports of the company risks six times a year. In 2020, the committee convened seven times. The committee's reports and evaluations are submitted to the Board of Directors at regular intervals in line with its operating principles.

The Risk Management unit, a part of the Finance department, has led the efforts to form a cross-functional Risk Management Team (ERM Team) to perform risk management activities in the company. In 2020, we focused on spreading the Risk Management culture across the organization from senior management to employees on all levels. We aimed to enable office employees to contribute to the identification of company risks in particular by providing digital training programs for all. The coordinators and managers, responsible for risk management, identified the financial, operational, strategic, and legal risks related to their respective

departments and determined priorities based on measurable risks. They then worked with senior executives to prepare the relevant action plans. The Corporate Risk Management Working Group, which convenes every two months with the Corporate Risk Management Officer leading the meetings, came together on the digital platform to address company risks and generated solution strategies. In 2020, the focus expanded beyond risks and covered opportunities as well, making them a part of the risk inventory.

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, which 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 Early Determination and Management of Risk Committee at regular intervals. The committee monitors the company risks using our risk measurement methods and submits recommendations to the Board of Directors when needed.

The company manages its risks in four categories. In 2020, we monitored important risks in these categories and worked to mitigate them.



About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Ethics, Transparency, Internal Control and Internal Audit

Sustainability Management

Stakeholder Relations

Sustainable Growth

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

Financial Risks

Every year, we conduct long-term financial analyses within the scope of business plans. In these financial analyses, we address topics such as long-term (five years) profitability, investments, expense levels (production and fixed expenses, etc.), and balance sheet position (liquidity, borrowing etc.). We also calculate their impact on profitability as part of forward-looking strategies and conduct a situation assessment for profitability, cash flow and required financial conditions (net financial debt/ EBITDA ratio, etc.).

Credit Risk: The direct debiting system, which is an effective way of guaranteeing collection of receivables, is applied to dealer receivables from domestic vehicle and spare part sales. A significant portion of exported vehicles is sold to Ford Motor Company and its affiliates with an average term of 14 days. Exports to parties other than Ford Motor Company are secured through letters of credit, performance bonds, export receivable insurance, credit lines, or cash payments.

Liquidity Risk: With our cash, credit line, and factoring capacity, we are able to maintain a 21-day cash outflow for managing liquidity risks. Accordingly, a readily available Euro 100 million credit line and factoring agreements equivalent to Euro 120 million are secured with financial institutions if needed.

Interest Rate Risk: The company follows a policy of managing this risk with natural hedges, born as a result of balancing the maturities of interest-sensitive assets and liabilities, and places interest-bearing assets in short-term financial investments. As a policy objective, a 50/50 split between fixed and variable interest rates for long-term loans is targeted.

Foreign Exchange Risk: The company aims

to maintain a +/- 10% ratio of net foreign exchange position to equity in the balance sheet. Protection against foreign exchange risks due to some long-term Euro-denominated loans that the company utilizes to finance its investments is secured through export agreements with Ford Motor Company. Investment loans are associated with tangible asset acquisitions and some of the exchange rate and interest amounts related to these loans are added to asset costs.

Capital Risk: In managing its capital, Ford Otosan aims create maximum return for shareholders, maintain an optimal shareholding structure to reduce the cost of capital, and accordingly, ensure business continuity. The company's shareholding structure is monitored by using the "net total financial debt/earnings before interest, depreciation, and amortization" ratio, with the target being not to exceed 2.5.

Operational Risks

We monitor business processes with operational risk potential through several indicators, and manage these processes, which include quality, efficiency, employee, customer satisfaction, information security, and pricing, according to predetermined targets.

Every month, we conduct forward-looking market risk assessments. We determine end-consumer, wholesale targets and required production based on these assessments and market share targets. According to the market conditions and economic impact, we update industry and end-consumer sales targets.

In addition to monthly forecasts, we also prepare industry projections against 10-year and 5-year long-term risks by considering the phased out vehicle models and the new planned launches and studying them in detail by models.

Environment and Climate Change: With the Environmental Policy we introduced in line with our vision, we always prioritize protecting the environment by reducing the environmental footprint of all our operations or preventing it if possible as we offer innovative automotive products and services that benefit the society. A climate-related reputation risk can influence our customers and shareholders negatively, resulting in loss of profitability and market value. This is why we regard environment and climate change among the most important operational risks and conduct extensive studies on these issues. For more information on this subject, please see the **Environmental Responsibility** section of this report.

Information Security: The Information Technologies Department works to achieve compliance with all applicable laws and regulations, and policies of Ford Otosan, Ford Motor Company and Koç Holding to manage information security, as one of our most important operational risks, in accordance with the Information Security Policy. To ensure security and business continuity across the company's operations, the department aims to protect the Information Technologies system and applications against all internal and external threats and to develop services to support business continuity. Findings of regular internal and external audits are monitored to plan corrective actions and mitigate risks.

To address cyber security risks that pose a significant threat both today and in the future, we take a number of actions, including the following:

- As the number of connected vehicles increases, so does the importance of vehicle safety. In addition to the existing measures we implemented for vehicle safety, we also started working toward

obtaining the ISO 21434 Road Vehicles - Cyber Security Engineering standard.

- Remote working systems that enable the employees to work outside the office are widely used. Applications that can be accessed online and that allow for mobile use are available to ensure that employees and customers can stay connected at all times; however, these also make the company increasingly more vulnerable to cyberattacks. The new technologies and IoT devices require different security measures than the existing controls. As these situations are expected to increase further in the times to come, we continue to take advanced cyber security and information security measures. We invest in the continuous control of open-source applications. The SOC (Security Operation Center) service for cyber security allows us to take immediate action against potential attacks.

- Setting the standards for cloud landscapes and applying these standards in the procurement of services are crucial. To ensure the security and continuity of the procured cloud services, Ford Otosan established Cloud Security Standards, which are followed in assessing the cloud services.

Business Continuity: Business Continuity Plans (BCP) enable critical operations to run or products to be delivered continuously in the aftermath of business disruptions ranging from catastrophic natural disasters to equipment breakdowns. BCP is a set of predefined strategies and procedures for responding to and recovering from disaster scenarios. At Ford Otosan, Business Continuity Plans and relevant processes are overseen by the Corporate Risk Manager.

About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Ethics, Transparency, Internal Control and Internal Audit

Sustainability Management

Stakeholder Relations

Sustainable Growth

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

Once all the departments prepare their own BCPs based on agreed procedures and defined forms, all office employees take awareness training while BCP teams are instructed about their functions and roles in the plan. The accuracy of these plans is first tested in each department by relevant managers responsible for business continuity and then, by the Risk Manager annually with separate drills in each of the three campuses.

In 2020, the annual updates and drills were moved to an earlier date due to the COVID-19 pandemic. The drills were conducted by the Risk Manager in each of the three campuses based on the scenario “Vehicle production is halted in the factories due to the coronavirus, and office employees currently work from home for critical processes” to reflect real-life situations.

In the drills, the General Manager initiated the senior management’s “Telephone Chain” and activated the BCPs, and the senior management led their internal drills personally by activating BCPs in their respective departments and initiating their own Telephone Chains. The rescue teams in the BCPs ran the critical processes seamlessly according to the pre-determined plan. Again, as part of the drill, the Rescue Teams tested the system speeds and capacities by connecting to Ford Otosan systems from home at night. The Information Technologies Department completed the necessary measures to ensure business continuity in advance. Once all the preparations were completed, the employees transitioned seamlessly to working from home in real life. Upon returning to the offices, an Internal Audit was conducted on all BCPs by the Risk Manager.

Strategic Risks

To ensure the continuity of the business portfolio in the future, we regularly develop projects and submit them to the Board of Directors for review. We update our strategic plan, which provides an overview of the company’s current operations and includes forward-looking strategies, goals, and the steps that will be taken to reach these goals, annually. The strategic plan covers the activities that we anticipate for the next five years.

The plan includes topics such as a review of the company vision and mission, analyses of external factors and competitors, global trend studies, analysis of potential risks that we regard as threats against reaching our goals, and a review and revision of our business model, if necessary. The Strategic Choice Cascade, the methodology we use for our strategic plan not only provides analyses and reviews but also enables the management function to make decisions.

The SWOT analyses prepared for the organization as a whole and individual business units also make up an important part of our plan.

Innovation: As the business environment evolves rapidly with the impact of globalization and digitalization, meeting the changing customer behaviors and expectations can only be possible through innovation and disruptive technologies. To us, innovation is a tool to drive sustainable growth to the future. We aim to increase our market share by offering innovative products, services and processes, create new markets, gain competitive advantage, deliver ultimate customer satisfaction, and ensure efficiency across the organization. We recognize changing customer behavior in the automotive industry

and value the importance of being flexible and responding instantly to technological advancements. To keep up with the industry’s technological transformation, we carry out advanced R&D activities on connected vehicles, autonomous vehicles, electrification and electric vehicles, and focus on reducing greenhouse gas emissions with light vehicle technologies. We conduct in-house projects and also partner with the startup ecosystem in a number of innovation areas. Through our venture capital investment, Driventure, we plan to invest in high-tech startups to build on our technological know-how and seize early stage opportunities. For more information on our innovation projects, please see the [Innovation](#) section of the report, and the [R&D](#) section for details about our autonomous and electric vehicle projects.

Legal Risks and Compliance

The Legal Department regularly monitors the legislation for possible changes and carries out preventive and corrective activities to prevent potential legal risks. For this purpose, we run legal compliance programs, particularly in regard to protection of personal data and competition regulations. We also review relevant policies and procedures regularly and engage in activities such as awareness, training, and audits.

Material conflicts that the company faces, legal risks, legislative changes and relevant legal developments are reported to the Audit Committee and the Early Detection and Management of Risk Committee, action plans are defined and followed up. Within the scope of Law on the Protection of Personal Data (KVKK), as one of our most important legal compliance risks, we take the necessary administrative and technical measures in line with the zero risk policy.

Ford Otosan’s Personal Data Protection Committee (Ford Otosan KVK Committee) was formed in October 2016 to comply with the KVKK and other applicable regulations and to ensure that Ford Otosan’s Personal Data Protection and Processing Policy is enforced. The committee consist of KVK representatives from each department, and members from the Legal Counsel and Internal Audit Department. The Committee convenes every two weeks to review the overall progress of the compliance program, the requirements of the departments, and the latest legislative changes.

General and specific e-trainings, classroom trainings and orientation activities and seminars on KVKK legislation are organized for Ford Otosan employees. From the time the law came into effect to 2020, we provided classroom training for nearly 1,100 employees. In 2020, we delivered KVK e-trainings for 2,744 employees and classroom training for 125 employees. We work on raising KVK awareness regularly. Accordingly, we create animation videos, announcements and similar works, and share them via the company portal as well as other communication channels such as internal screens (Aramızda TV).

We also conduct periodic cross-functional audits with the Internal Audit Department and develop action plans based on the audit results. Using a method that we call Legal MCRP, we have been surveying all departments since 2017 with questions regarding personal data at specific times throughout the year. We collect their answers through forms and try to identify potential risks.

About the Report

Ford Otosan in Numbers

Chairman’s Letter

Message from the General Manager

Strategic Management

Ethics, Transparency, Internal Control and Internal Audit

Sustainability Management

Stakeholder Relations

Sustainable Growth

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

Risk Management during COVID-19

The COVID-19 pandemic seriously impacted countries, communities, and economies. At Ford Otosan, we quickly formed five main Task Forces in the early days of the pandemic, including health and safety, supply chain, purchasing, information technologies, corporate communications, dealer operations, and finance and risk management. Led by the Risk Manager, all Business Continuity Plans were quickly tested, and the company was ready to work from home.

During the pandemic, we introduced several practices for effective risk management.

- The Healthcare Center introduced the Pandemic Emergency Response Plan, included in the [Occupational Health and Safety](#) section of this report, by adopting a zero risk policy for the health of our employees. Accordingly, the production was halted at the plants on March 21, 2020, while the office employees shifted to the working from home model on March 19. Kartal Spare Parts Distribution Center reduced its operations to one shift. Our digital infrastructure functioned efficiently during the working from home period, when the Information Technologies supported the employees remotely.
- The General Manager communicated with the employees via daily digital meetings and emails two or three times a week to inform them about the COVID-19 developments. With positive feedback from the digital meetings (with the participation of 3,500 people), the Chairman, Assistant General Managers, and experts in various areas were invited to the meetings at the

request of the employees. In the meetings, questions from the employees, especially about financial issues were answered transparently. Over time, the information flow evolved from providing details on the pandemic into preparation for returning to work.

- As part of the pandemic management, senior management convened daily at startup meetings and COVID-19 Coordination meetings were held. Agile methodology practices were introduced. Throughout the process, a constructive and transparent communication was maintained with the labor union. Meanwhile, regular contact continued with Koç Holding and Ford Motor Company.
- Throughout the period, Healthcare Centers provided physical and psychological support in all campuses. The senior management team also took turns to be available when onsite support was needed for the field team working in critical areas.
- Dining areas were redesigned to ensure social distancing.
- The personnel shuttles were increased in number, and the production areas were redesigned to maintain social distance. Thermal cameras were installed in all campuses to prepare for return to work.
- In as short as two weeks, more than 550 ideas about the pandemic were entered into our innovation system, Fikirhane, and 120 of these ideas were implemented for return to work. Projects were developed for five of the viable ideas that we prioritized.

- Production resumed on April 27 in Eskisehir and on May 4 in Kocaeli. With “My Safe Place”, an app developed by the Information Technologies department, a Daily Health Questionnaire was introduced. The barcode system in My Safe Place app makes it possible to track the locations of the employees on the shuttle buses, cafeterias, and offices. Additional measures were implemented to include the production areas, which were redesigned to comply with the social distancing rules.
- We became the first automotive company to receive the Safe Production Certificate from the Turkish Standards Institute. The measures that the

employees took were welcomed with full support and implemented. The Board of Directors and the Risk Committee were regularly informed about the ongoing activities.

Lobbying activities to stimulate the domestic market, and digital initiatives to drive market demand were carried out. We also conducted periodic and recurring risk analyses with our suppliers through surveys in line with the global developments. We introduced these surveys for the first time during the COVID-19 pandemic. We planned and implemented activities to mitigate risks daily. More information on these activities can be found in the [Customer Relations and Supply Chain](#) sections of the report.



FORD OTOSAN COVID-19 Pandemic Management Guide March-June 2020



- About the Report
- Ford Otosan in Numbers
- Chairman's Letter
- Message from the General Manager
- Strategic Management
- Ethics, Transparency, Internal Control and Internal Audit
- Sustainability Management
- Stakeholder Relations
- Sustainable Growth
- Environmental Responsibility
- Investing in Talents
- Social Investments
- Annexes

Sustainability Management

We disclose our sustainability performance regularly and transparently.

At Ford Otosan, the Sustainability Committee manages all sustainability-related issues. The committee is responsible for determining the strategy and policy to improve our sustainability performance in social, environmental, economic, and governance areas, implementation of the strategies and policies, and systematic execution of activities according to plan.

Ford Otosan Sustainability Committee is headed by the General Manager, who also serves as a member of this committee. The committee members include Assistant General Manager (AGM) – Operations, AGM – Product Development, Corporate Communications Director, Human Resources Director, Occupational Health & Safety and Environment Manager, Engineering Development Directors, and External Affairs Director. Corporate Communications and Sustainability unit is responsible for coordinating the committee's activities.

Sustainability Committee:

- Determines the sustainability strategy, goals and actions at Ford Otosan.

- Is responsible for reviewing the Sustainability Strategy and Roadmap, monitoring the progress of goals and actions.
- Monitors the activities regarding the management of risks that may impact Ford Otosan's reputation and operations in environmental, social and governance (ESG) aspects.

- Is responsible for providing strategic guidance that the company needs to achieve its sustainability goals, sharing expertise, and spreading best practices across the organization.

- Monitors international developments, legislations and global trends on sustainability, and provides improvement recommendations for working groups when needed.

- Provides recommendations and approves other issues raised by the working groups.

- Assigns working groups to activities on strategic value areas (priority aspects).

The Working Groups, formed to support the committee, consist of individuals working in Ford Otosan's priority aspects.

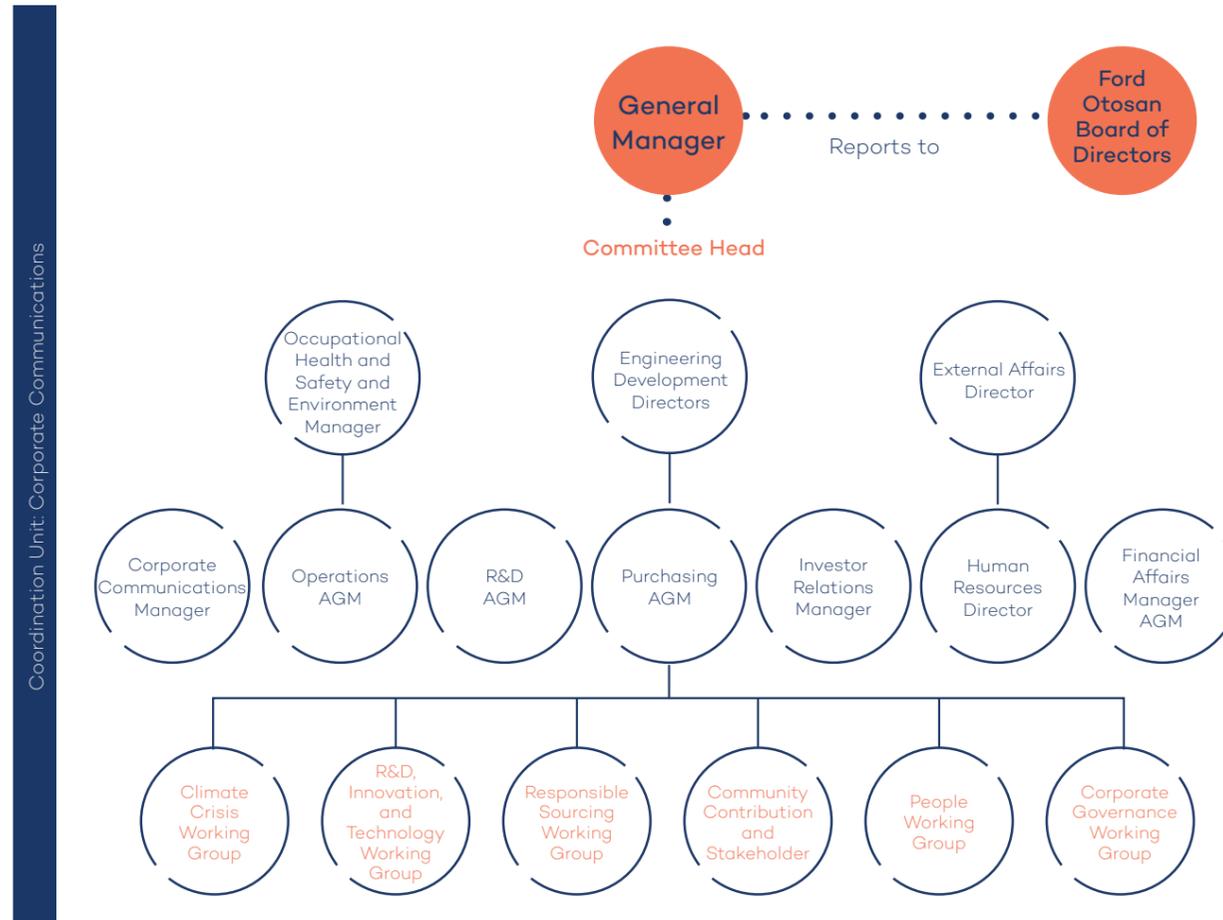
- The mixed Working Groups consist of employees from different departments and work with an agile approach on potentially

critical projects in specific themes for sustainability transformation.

- These working groups are involved in practical programs and project designs related to the Sustainability Action Plan; develop activities to contribute to various themes; and run the goal setting process (setting and tracking goals).

- Working Group members operate as self-managed teams where diversity of expertise and experience is ensured.

The committee is responsible for informing the Board of Directors about the measures to ensure the implementation of the sustainability principles, areas that can create opportunities, and the results of the activities. In developing our sustainability policies, we comply with the UNGC and the Declaration of Equality at Work. For more information on Ford Otosan Sustainability Policies, which cover the working principles, environment and energy, anti-corruption, ethics, occupational health and safety, and diversity policies, please click here.



- About the Report
- Ford Otosan in Numbers
- Chairman's Letter
- Message from the General Manager
- Strategic Management**
- Ethics, Transparency, Internal Control and Internal Audit
- Sustainability Management**
- Stakeholder Relations
- Sustainable Growth
- Environmental Responsibility
- Investing in Talents
- Social Investments
- Annexes

Thanks to our successful sustainability performance, which we disclose transparently, we are listed in the Borsa Istanbul Sustainability Index (BIST) and the FTSE4Good Emerging Markets Index including responsible investors. We respond to the Climate Change and Water programs of the Carbon Disclosure Project (CDP). For the first time in 2019, we responded actively to the S&P Global Corporate Sustainability Assessment, and we will do so again in 2021.

Material Issues

At Ford Otosan, we carried out an extensive materiality analysis process to identify our sustainability priorities. In this process, we identified the stakeholders' priorities in accordance with the AA1000 Stakeholder Engagement Standard and also considered Ford Motor Company's business and future strategies.

In identifying stakeholder materiality:

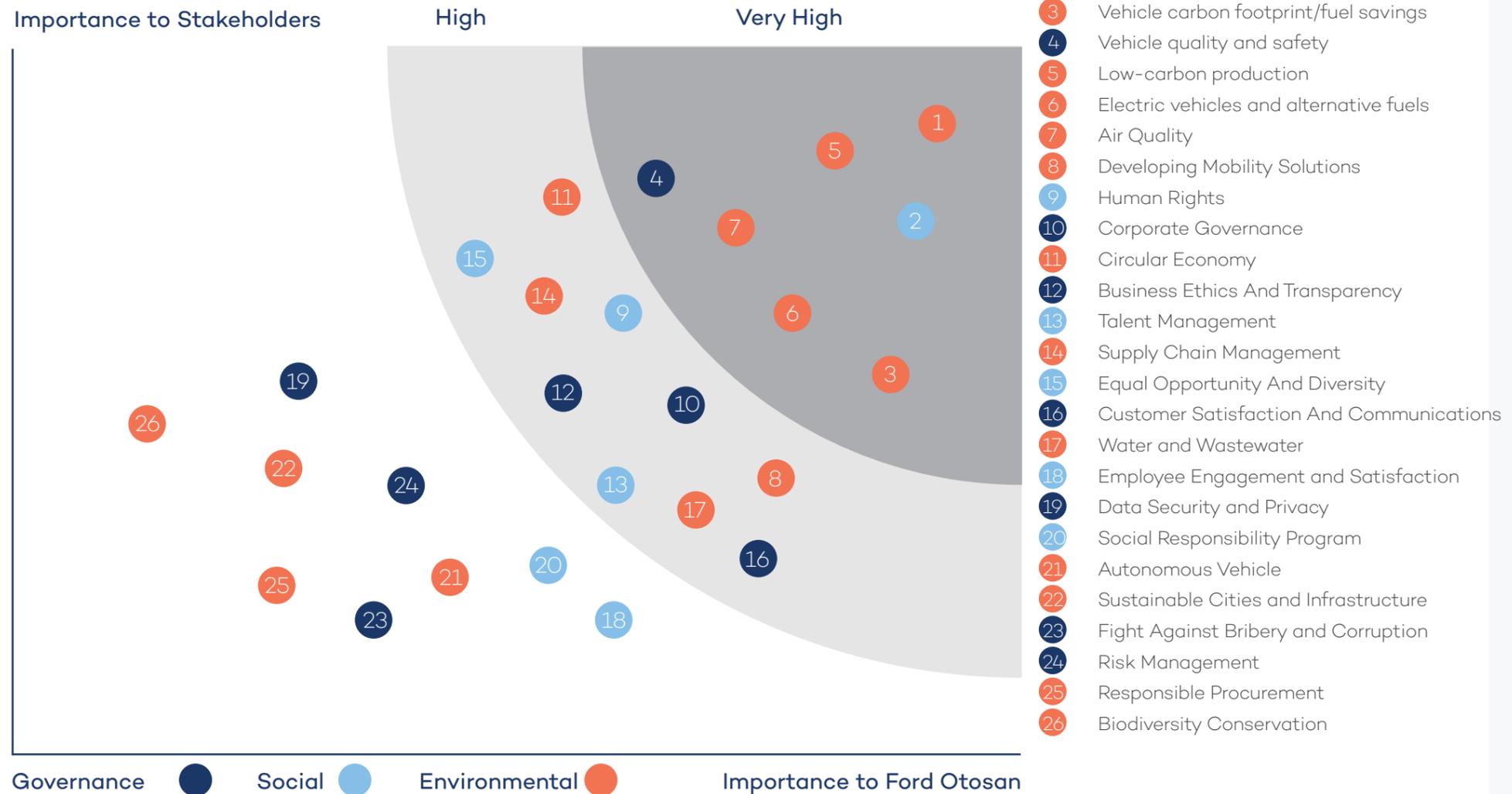
- We used an online survey questionnaire to collect feedback from the employees as our internal stakeholders and suppliers, business partners, investors, analysts, shareholders, NGOs, partner public institutions, the media, dealers, and consultants/agencies as our strategic external stakeholders.
- We included sustainability trends in the analysis and studied both the global and local agenda. We also took an in-depth look into the global risks projections of the World Economic Forum, industry-specific materiality aspects proposed by the Sustainability Accounting Standards Board (SASB), the Sustainable Development Goals Industry Index, and the 11th Development Plan.

We analyzed the key priorities of the stakeholders by considering the business priorities of Ford Otosan and Ford Motor Company. For this analysis:

- We sought the opinions of the senior management at Ford Otosan using an online survey questionnaire.
- We considered the focus areas of Ford Otosan and Ford Motor Company in line with their business strategies and goals.
- We used the impact analysis methodology, which is recommended by SASB to identify material aspects,

and which enables us to address the sustainability issues identified through the analysis in terms of different impacts and opportunities. Using the SASB 4 Impact Analysis methodology, we examined the risks and opportunities in financial, legal, innovation, and competition terms.

As a result of the materiality analysis, we identified the very high and high materiality aspects.



- About the Report
- Ford Otosan in Numbers
- Chairman's Letter
- Message from the General Manager
- Strategic Management**
- Ethics, Transparency, Internal Control and Internal Audit
- Sustainability Management**
- Stakeholder Relations
- Sustainable Growth
- Environmental Responsibility
- Investing in Talents
- Social Investments
- Annexes

VERY HIGH IMPORTANCE

HOW WE MANAGE?

RELATED SECTION

APPLICABLE SDGs

Climate change	We identify climate change risks with potential impact on our operations and invest in renewable energy resources and transportation technologies of the future to mitigate the impact of climate change and adapt to new climate conditions.	Environmental Responsibility
Occupational health and safety	We protect the physical and mental health of the employees in all business processes and organize training programs to introduce the necessary measures and promote a zero accident culture.	Investing in Talent
Vehicle carbon footprint/fuel savings	We make sure that all our vehicles deliver fuel economy in compliance with legal requirements and improve fuel consumption by investing in climate stabilization and sustainable materials. We enhance vehicle performance by reducing emissions through our investments in R&D and innovation.	Sustainable Growth
Vehicle quality and safety	We design and manufacture vehicles that feature innovative driver assistance technologies and meet (or exceed) all legal safety and quality requirements. We aim to play a pioneering role in research and innovation in vehicle safety and driver assistance technologies. We organize training programs to promote safe driving techniques.	Sustainable Growth
Low-carbon production	We focus on reducing carbon emissions in production through energy efficiency, energy management, and the use of renewable energy sources.	Environmental Responsibility
Electric vehicles and alternative fuels	We invest in electric vehicles as the transportation technology of the future and work to introduce vehicles powered by alternative fuels to the industry.	Sustainable Growth
Air quality	We develop new technologies and enhance business processes to eliminate harmful substances and improve air quality in operations.	Environmental Responsibility



HIGH IMPORTANCE

HOW WE MANAGE?

RELATED SECTION

Developing Mobility Solutions	We focus on connected vehicle technology that represents an interaction between vehicles and the urban infrastructure as part of a wider transportation ecosystem and promote mobility to address all segments of society. We aim to raise awareness to create change in mobility behavior. We develop navigation systems, smart engines with mobile communication features, and fleet management systems for a safer and more efficient driving experience.	Sustainable Growth
Human rights	We protect human and employee rights across Ford Otosan's value chain and carry out activities to prevent discrimination. We also make sure that all employees work under fair conditions.	Investing in Talent
Circular economy	We recycle and reuse waste generated during production, and collect and recycle products at the end of their lifecycle. We aim to shift to a circular economy model with a zero-waste approach.	Environmental Responsibility
Business ethics and transparency	We follow business ethics and comply with local and international regulations to ensure fairness, confidentiality, and prevention of conflicts of interest. We value the importance of maintaining relations with all stakeholders in line with working principles and ethical rules and sharing the performance transparently. We adopt a zero-tolerance policy against bribery and corruption.	Strategic Management
Corporate governance	We align corporate governance with the interests of all stakeholders (shareholders, customers, investors, suppliers, dealers, and employees, etc.) in accordance with fairness, transparency, accountability, and responsibility principles.	Corporate Governance
Supply chain management	We value the importance of monitoring economic, environmental, social, and ethical conditions in all purchasing processes, and audit suppliers regularly. In the supply chain, we strive to procure minerals from conflict-free zones*.	Sustainable Growth
Talent management	We attract and retain new talent in Ford Otosan. We develop programs for personal development and career planning and make them available to all employees.	Investing in Talent
Equal opportunity and diversity	We prevent discrimination in the workplace by ensuring equality and diversity (without discrimination for language, religion, race, gender, and sexual orientation). We provide equal opportunities to empower disadvantaged groups and women.	Investing in Talent
Customer satisfaction and communications	We aim to enhance customer satisfaction with our products and services. Accordingly, we increase the number of effective customer communication channels and offer innovative products that align with changing consumer preferences and demands.	Sustainable Growth
Water and Wastewater	We reduce water consumption in operations through water recovery and conservation of water resources and work to identify water risks across the value chain.	Environmental Responsibility



About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Ethics, Transparency, Internal Control and Internal Audit

Sustainability Management

Stakeholder Relations

Sustainable Growth

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

Stakeholder Relations

We strive to meet stakeholder requests and expectations to the best of our abilities.

Stakeholder capitalism, which became a topic with the announcement of a new manifesto at the 50th anniversary meeting of the World Economic Forum (WEF), points to the fact that as the global trends rapidly evolve, organizations should aim to create value by including their employees, the community in the regions where they operate and all other stakeholders. In the aftermath of the restrictions imposed due to the COVID-19 pandemic, supporting stakeholder-focused transformation is key for the economies to recover. At Ford Otosan, we engage in two-way, transparent and constructive relations with our stakeholders. We strive to meet stakeholder requests and expectations to the best of our abilities. Guided by our Code of Ethics, we value the importance of building stakeholder relationships based on mutual trust and integrity.

We engage in joint activities to create value in social, economic, and environmental areas with various stakeholder groups, including employees, suppliers, dealers, public institutions, NGOs, and international organizations. More information is provided in the [Investing in Talents](#) and [Social Investments](#) sections of the report.



We define the communication methods that suit each stakeholder group and meet with them at regular intervals. The table that provides an overview of the communication methods we employ for our stakeholders can be found in [Annex-2 Stakeholders and Communication Methods](#).

- About the Report
- Ford Otosan in Numbers
- Chairman's Letter
- Message from the General Manager
- Strategic Management**
- Ethics, Transparency, Internal Control and Internal Audit
- Sustainability Management
- Stakeholder Relations**
- Sustainable Growth
- Environmental Responsibility
- Investing in Talents
- Social Investments
- Annexes



Sustainable Growth

With the successful implementation of Ford Production Systems that deliver efficiency increase, productivity, and competitiveness, we maintain our position as Ford Europe's most efficient facility for the last four years.

Sustainable Growth



Sustainable Growth

- Lean Production
- R&D
- Digitalization
- Innovation
- Supply Chain
- Customer Relations

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

The importance and potential of the business world's role in solving humanitarian problems is addressed across multiple international platforms from the Sustainable Development Goals to the Paris Agreement. Besides, companies that set out to create shared value not only do good for the society and nature but also perform better financially.¹ At Ford Otosan, we strive to enhance our business performance and support our value chain by prioritizing sustainable growth. While we work for financial growth, we are aware of our responsibility to improve the society, environment, and the economic conditions in our area of impact and we carry out activities for this purpose. We aim to create shared value with all our stakeholders, including our employees, suppliers, investors and customers. At Ford Otosan, our goal is not only to increase profitability, but also to contribute to the national economy, employment, and the society by embracing a sustainable approach.

The Turkish automotive industry saw 62% increase in market sales with the number of units sold reaching 791,397 in 2020 due to compounded, low interest rates, and the low base year environment. The e-commerce sector that grew rapidly with the pandemic also affected the demand for commercial vehicles positively. At Ford Otosan, we increased our sales by 98%, outperforming the industry average in 2020 and captured a market share of 12.4% by selling 97,803 vehicles in Turkey.

While the domestic demand rose, our exports decreased by 24% to 254,146 units as a reflection of the lower demand in Europe, our main export market. With exports constituting the majority of our sales, our total sales decreased by 7% compared to 2019, dropping to 354,297 vehicles.

In addition to the 107% increase in our domestic sales, our positive product mix and pricing discipline also contributed, and we captured an annual increase of 154% in domestic sales revenues, which amounted to TL 14,825 million in total. Despite the 24% decrease in the number of units, our export revenues increased by 4% on TL basis year on year to reach TL 34,626 million, thanks to the export agreements leveraging the exchange rate effect, positive product mix, and costs. This resulted in an increase of 26% in total sales revenues, which reached TL 49,451 million in 2020.

With higher domestic sales units, pricing discipline, additional cost-cutting measures to mitigate the impact of COVID-19, currency impact, and effective expense management, our profits recorded a 79% increase, reaching TL 5,722 million in 2020. Profit before tax increased by 111% to TL 4,108 million and net profit by 114% to reached TL 4,195 million. Due to the deferred tax payments, our net profit remained above the profit before tax levels. Meanwhile, dividend distribution decreased by 15% compared to 2019, and a total gross dividend of TL 1,095 million was paid out once during the year.²

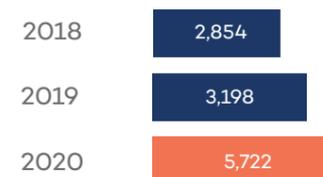
TOTAL SALES (THOUSAND UNITS)



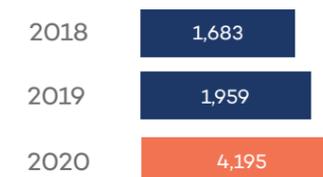
SALES REVENUES (TL MILLION)



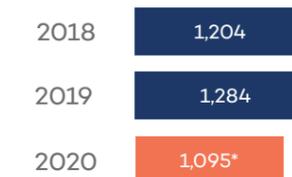
EBITDA (TL MILLION)



NET PROFIT (TL MILLION)



DIVIDENDS (TL MILLION)



¹ Deloitte, 2030 Purpose: Good business and a better future

² Pursuant to the Presidential Decree that limited profit distributions due to COVID-19, dividends were paid out once in 2020.

Lean Production

We leverage technologies to implement innovative and solution-focused applications to meet the needs and expectations of our customers.

The lean production model that supports environmental sustainability with efficiency and circular economy principles also allows businesses to gain financial savings. At Ford Otosan, we adopt this model, which creates a competitive edge in the sector, and achieve better production quality with a highly qualified workforce through more efficient use of natural resources, energy, time, and space. For this purpose we follow the latest technologies closely and enhance our production processes with digitalization and Industry 4.0 while focusing on applications such as robotic technologies and virtual reality. We leverage these technologies to implement innovative and solution-focused applications to meet the needs and expectations of our customers.

The lean production model is of utmost importance both today and also for the future. With the European Green Deal, which aims to achieve the EU's climate neutrality target by 2050 and economic growth independent of natural resource consumption, circular economy models gain prominence. Topics such as clean and circular

production models and less waste generation in many sectors, including the automotive industry are among the key actions in the EU Circular Economy Action Plan.³

With a lean production line layout and fully installed manufacturing system in parallel with Ford Production Systems (FPS), Ford Otosan enjoys the benefits of productivity and a competitive edge. Ford Otosan plant complex was recognized as the best Ford plant in inspections conducted by the Ford Europe FPS office. Ford began the shift toward the Global Ford Production Systems in 2011 by consolidating manufacturing processes and development under one umbrella and training the employees. The system was deployed in the Gölcük and Eskişehir Plants in 2013 and Yeniköy Plant in 2014. With quick and efficient implementation of the Global Ford Production Systems, Ford Otosan was recognized by Ford Europe as the best plant to undertake this transition.

With the Industry 4.0 activities ongoing since 2015, our Gölcük Plant became one of the four automotive factories in the world and the only Ford factory to enter the WEF's Global Lighthouse Network. In 2020, we marked the highest monthly production of all time with 42 thousand units manufactured at the Kocaeli Plants. In addition to a record daily 703 units rolling off the Ford Custom production line, we launched the first High Speed Machining Center and a new Press Line, assisted with IoT and Industry 4.0 technologies.



Yeniköy Plant has delivered the best quality indicators among Ford Europe factories since 2016 and also maintained its position as Ford Europe's most efficient facility for the last four years in terms of energy consumed per vehicle. According to the 2020 results, the Yeniköy Plant became Ford Europe's best factory with a VOC value of 27 gr/m², reducing 3,5 gr/m² of volatile organic compounds (VOC) through Waste Solvent and Wax Recycling projects.

Eskişehir Plant is where Ford Trucks as well as truck engines and engine systems for trucks (tractor, road, and construction series) and heavy and light commercial vehicles are manufactured. In 2020, we continued our capacity increase and efficiency improvement work as part of the bench

renewal plans at the Motor Field Plant. Meanwhile, our investments also continue in areas such as the Ford Otosan Collaborative Robot Application and innovative solutions, including smart warehouse area, second floor assembly stations, and metal-cutting quality data collection system to support the smart factory infrastructure. Eskişehir Plant was recognized with first prize at the 2020 Industrial Energy Efficiency Project Competition by the Ministry of Energy and Natural Resources across all sectors and became the first automotive factory to win this award.

More information on the plants and the other innovative production applications can be found in the [Ford Otosan 2020 Annual Report's Plants section](#).



Ford Otosan's R&D expenditures amounted to TL 466 million in 2020.

The global automotive industry is currently in the process of a radical transformation. New technologies such as autonomous driving, connectivity, and electrification and global trends, including climate crisis indicate that R&D investments are a key factor in maintaining competitiveness in the automotive industry. As such, automotive is positioned as the industry with the highest R&D expenditure globally. The share of software development expenditures in the distribution of R&D investments is increasing rapidly due to the aforementioned trends. According to an automotive industry report, the share of software development in R&D is projected to increase by an average of 13% every year between 2020 and 2025. The growth of the software market in automotive will result in a 6% yearly increase in the demand for R&D and software engineers.⁴ This shows that R&D investments made toward maintaining competitive strength in the global automotive industry need to be supported by a qualified workforce.

As the company with the largest and oldest research and development organization in the Turkish automotive industry, we believe that we owe our competitive strength to our R&D investments. We aim to grow our qualified

workforce through continuous supporting for the development of our employees. With the successful work of our R&D departments, we continue to introduce industry-firsts. These efforts give us a competitive position as a player in both the domestic market as well as international markets, including Europe and North America. We are well equipped with the necessary R&D capabilities and infrastructure to design, develop, and test a vehicle and all its processes from an idea to the commercialization of a product.

Diversity is a key consideration in all our R&D processes. We manufacture vehicles to meet the needs and requirements of different groups of the society for a comfortable ride. In designing and manufacturing school buses, public transportation vehicles, passenger cars and commercial vans, we consider the specific needs of a variety of consumers and update our designs and products as needed. For instance, in our products that will be used as public transportation vehicles, we offer options such as accessibility lifts, wheelchair spaces, seating layouts, and legroom in different lengths for different user profiles.

Mobility Trends of the Future

With the rapidly evolving global trends and more customers demanding responsible production, the automotive industry has gone beyond traditional approached in the recent years to develop innovative production models. The extent and growing effects of the climate crisis pushes companies to take serious measures



in all areas. With the Green Deal strategy, the EU plans to reduce carbon emissions by 55% compared to 1990 levels by 2030 and reach net zero emissions by 2050. 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 sustainable growth 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. We are well aware that the path toward manufacturing vehicles with low carbon emissions and high energy efficiency goes through the right investments with strong partners. In this context, we take part in projects funded by the EU, in particular the Horizon 2020. With our innovation focus and strong R&D organization, we use state-of-the-art technologies to reduce greenhouse gas 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 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.

More information on our next generation vehicles can be found in the 2020 Annual Report's R&D section.



R&D TEST CENTERS

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. The projects that these centers carry out bring us a competitive edge both in Turkey and abroad. Sancaktepe is Turkey's largest automotive R&D center, operating with engine and vehicle development teams, and featuring a design studio, and augmented reality (CAVE) and hardware-in-the-loop (HIL) software development chambers.

In addition to producing clean energy vehicles and reducing emissions in existing vehicles, we also conduct R&D activities on recovery of precious metals, AI-assisted autonomous vehicles, emission control systems, and increasing the use of recycled materials and export engineering with 1,413 R&D employees. Since 2010, our engineering exports amounted to \$742 million. We were recognized with the first prize in the “Architectural, Engineering, Scientific and Other Technical Services” category at the 2020 Service Exports survey by the Service Exporters’ Association (HİB), marking the fifth time that we won this award.

We file local and international patent applications for the products and services we develop through our R&D work and protect our patented products with intellectual property rights. In 2020, we filed five applications with Turkish Patent and 22 with international institutions. Together with these applications, Ford Otosan currently holds 126 patents,

including 109 in Turkey and 17 internationally. More information on the R&D test centers is available in Ford Otosan 2020 Annual Report's R&D and Test Centers section.

We were recognized with the first prize in the “Architectural, Engineering, Scientific and Other Technical Services” category at the 2020 Service Exports survey by the Service Exporters’ Association (HİB), marking the fifth time that we won this award.

Albatross

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.⁵ 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 Albatross Project, bringing together the expertise of 20

participants and a budget of € 12 million, will enable automotive manufacturers (OEMs) to help their partners reduce battery pack costs, improve their competitive strength through higher value for second-life applications, and meet global legal requirements by reducing emissions across the entire lifecycle. The project's objective is to increase the energy density of the prototype battery by 50% compared to the existing battery pack, reduce charging time by 25% and weight by 20%, and extend the total lifetime of the battery.

LongRun

The reduction of greenhouse gas emissions and fuel consumption of heavy commercial vehicles has a critical role to play in combating climate change. The LongRun Project, a part of Horizon 2020, with 30 partners from 11 countries, will reduce vehicle emissions by 30% while achieving 10% energy savings. Ford Otosan is a partner of this project with the diesel-hybrid tractor truck concept and the leader of the relevant working group. For the project, we collaborate with leading European research institutions and engineering companies. The selected hybrid-electric vehicle concept comes with several benefits such as all-electric drive in short distances, high regenerative braking capacity, high acceleration and starting performance, and optimizing the operation of the diesel engine. We believe that the outputs of the LongRun Project will mark an important milestone in our 2025 and 2030 carbon emission reduction targets.

PEACOC

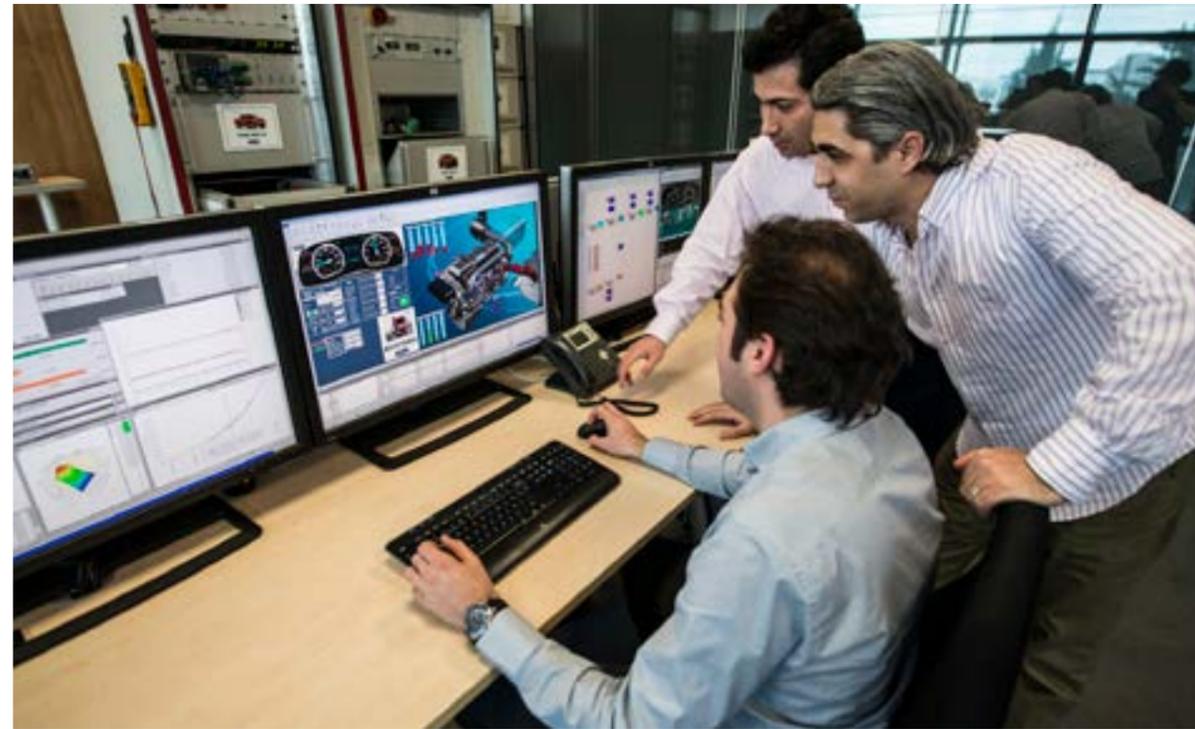
We are a partner of the PEACOC Project, which will showcase a first-of-a-kind economically and environmentally viable pre-commercial metallurgical system for recovering precious metals and platinum group metals identified

as critical raw materials by the European Commission. PEACOC is a project that will transform recovered precious metals and other materials from a wide variety of abundant end-of-life products into new functional products and establish new supply chains for a near-zero waste strategy. With PEACOC, whose partners include companies from Turkey and Europe, leading universities, and research institutions, circularity will be achieved for precious metals and more affordable precious metals will find an opportunity for use.

ReCube

We reduce our environmental impact by boosting circular economy through our R&D activities. We launched the ReCube Project to calculate the carbon footprint of our products and to design them with lower impact on the environment. As part of the project, we calculate the emissions of the products in the raw material, production, use, and recycling processes, and conduct hot zone and environmental impact analyses. Based on the analysis result, we improve overall performance by addressing the process where it is at its highest environmental impact. In addition to the R&D team, other departments such as Sales and Innovation also contribute to the project. We innovate products with a cradle to cradle approach starting from the design stage, ensuring benefit to the environment and the user. In the project work, we adopt the principles of lifecycle analysis according to the ISO 14040 standard.

Following the "Fan Shroud Production with Recycled Material" in 2019, we produced a battery box from recycled plastic in 2020. Building on the experience we gained with these two products, which delivered both environmental and economic benefits, we are currently working on



new products such as horn protection part, cable duct, and air filter box, which will be produced from recycled materials in 2021.

Ford Otosan ReCube Project:

- Was recognized with three awards at the 2020 Ford Motor Company VCSE (Vehicle Component System Engineering) Innovation Awards: Management Special Award in the Sustainability category, Excellence Award in the System Engineering category, and the People's Choice Award;
- Won the People's Choice Award for the Recycled Fan Shroud at the 2021 Refocus Sustainability Innovation Awards.

You can watch the Battery Boxes from Recycled Plastics video by clicking on the icon.

Battery Boxes from Recycled Plastics

As we strive to reduce our product carbon footprint we also started to produce battery boxes from recycled plastics for use in light commercial vehicles in 2020, in line with our mission of making products at accessible prices. With this project, we reduced our carbon footprint by 1 kg by using 50% recycled plastic per product. According to lifecycle analyses (LCA), the carbon footprint specific to the battery box was reduced by 82 tons in total throughout the whole life cycle.



About the Report

Ford Otosan in Numbers

Message from the General Manager

Sustainable Growth

Lean Production

R&D

Digitalization

Innovation

Supply Chain

Customer Relations

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

In 2020, using recycled plastics in battery boxes helped us reduce carbon emissions by 82 tons.

In addition to reducing environmental impact through the use of recycled plastic, we also had financial benefits. Using recycled plastics sourced within the country for production instead of buying plastic composites from abroad helped us reduce our dependence on foreign raw materials. With this project, we produced battery boxes with less environmental impact at 7% lower costs.

Modulation Fingerprint Project

With the Modulation Fingerprint Project, we interpret vibration data with modulation analyses and develop software and hardware systems for predictive maintenance. At the Gölcük, Yeniköy, and Eskişehir plants, we use predictive maintenance algorithms that we create with accelerometers (called KÜP) for vibration measurement and predict potential breakdowns based on various equipment's vibration data. Currently, 100 KÜP devices are in place in various locations at the plants and actively collecting data. We predict potential breakdowns by automatically analyzing the data derived from these devices and prevent stops in production due to malfunctions. The learnings from this project will make system updates possible in-house in various engine, transmission, and vehicle projects. This project is expected to deliver annual financial savings from costs such as system updates and service agreements for similar commercial software systems.

Lowering Gross Vehicle Weight

The automotive industry is engaged in R&D activities to reduce vehicle weight to comply with regulations and emission reduction targets. The efforts to lower the gross weights of current models have a positive impact on fuel economy and reducing greenhouse gas emissions. The work on lowering weight promises important potential in terms of improving the range of electric vehicles, which are on the rise in the industry.

At Ford Otosan, we have working groups formed to focus on lowering total gross vehicle weight in next generation commercial vehicles and to build on employee capabilities to seize opportunities related to lower vehicle weight. In 2020, we completed the tests of various parts such as the pedestrian protection part made with glass bead-added plastic and the rear bumper beam, made of fiberglass-added epoxy matrix composite material, which are now ready to be used in new projects. Our work on nano-material applications is also ongoing.



About the Report

Ford Otosan in Numbers

Message from the General Manager

Sustainable Growth

Lean Production

R&D

Digitalization

Innovation

Supply Chain

Customer Relations

Environmental Responsibility

Investing in Talents

Social Investments

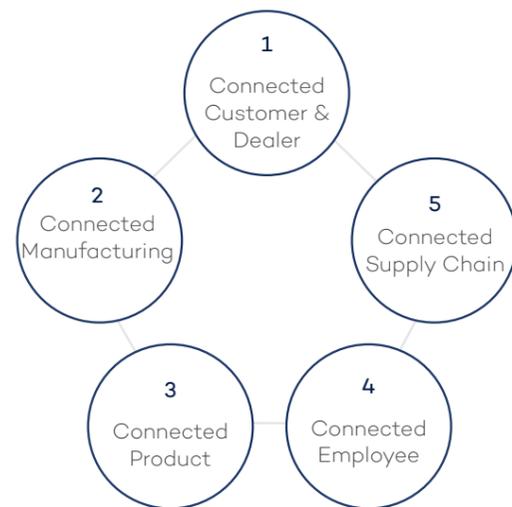
Annexes

Digitalization

We focus on digital transformation to explore new business opportunities and to advance our current business processes.

As the world gets increasingly advanced with new technologies, integrating digital solutions becomes essential for sustainability in various industries. Technologies such as Big Data, artificial intelligence and IoT are regarded as the commodities of this new age and the primary driver in the fourth industrial revolution. In terms of the risks and opportunities that digital transformation creates, the automotive industry ranks higher than many of the other sectors. Companies should be prepared to take advantage of the innovative technologies and other opportunities that digitalization will offer. Innovations such as connected vehicles and mobility services will be key in redesigning and developing the business models and value propositions in the automotive industry. Digitalization will also increase the level of engagement between businesses and their supply chains and customers, while helping them to keep up with the constantly evolving consumer preferences. At Ford Otosan, we focus on digital transformation to explore new business opportunities and to advance our current business processes.

We believe that one of the key factors that will shape our future is “deriving value from data”. So, implementing the right data management strategy and governance is of critical importance. At Ford Otosan, we aim to shape our data governance organization and processes, build on the capabilities of our employees, and improve our data technologies to create an exemplary system. We launched the Data Driven Transformation Program with these goals in mind. We began with conducting a large-scale DACAMA (Data Management Competency and Maturity Analysis) analysis and studied all company functions to consider all our data-related constituents and needs. In this process, we addressed all our development areas such as data governance, organizational structure, technology, and data scenarios in depth. In 2020, we positioned data at the center of five pillars in accordance with our “Data-Driven Transformation” strategy.



Connected Customer & Dealer

We aim to enhance the experience and satisfaction of our customers and dealers by leveraging digitalization. For this purpose, we analyze the requests of customers and dealers 24/7 to offer them customized products and services. In this process, we centralize dealer systems and use data effectively to ensure that we make informed decisions. We use digital tools to collect product- and service-related complaints and improve our processes based on the ideas and opinions submitted to us.

In recent years, we have been working on various process innovations, including customer experience. One of these is **i-DEAL**, the digitalization project that we launched to improve customer experience and satisfaction at dealer level. As we continue to improve the sales and customer experience processes under this umbrella project, we keep our focus on ensuring customer satisfaction and simplifying the processes we use aim to reach all our customers directly or indirectly to make them more understandable and effective. As enhancements on the Mobile SYS continue we are also working on **BenimFordum** (MyFord), which will offer a personalized experience online. We are also in the process of redesigning our customer opt-in processes for compliance with applicable regulations.

We launched the **Digital Studio** in 2020 as a channel where we could host new product

launches and also enable customers to receive information about vehicles without having to visit the showrooms. With the application brings the vehicle viewing experience to the digital platform, we deliver personalized service outside of working hours as well. With the “Video Shoot” service, another application we developed for customers, the customers who drop their vehicles at the aftersales service centers can now see the condition of the parts that need to be replaced and give their approval digitally, resulting in a more transparent communication.

Connected Manufacturing

We seize the opportunities that digital transformation offers in manufacturing and design more efficient, dynamic and predictive production processes with Industry 4.0. We collect and process all IoT and production data on a single Big Data platform and manage all processes effectively and efficiently, thanks to the technologies we develop.

In 2020, we launched the second phase of our **Advanced Production Planning (APP)** system, consisting of the Projection, Intelligent Planning, and Scheduling processes. With this system, the production plans are now updated automatically by considering all the parameters along the production lines. The system also helped us increase vehicle production capacity by accelerating our rescheduling time and reducing manual processes. Furthermore, we virtualized the programs, used by our design engineers and

that required high costs and resources, allowing the design process to be carried out remotely. With the completion of APP System - Phase 3, the smart algorithms now ensure optimal Capacity and Queue Management in buffer areas, which were previously controlled by people. With Phase 3, we also aim to support production-related decision-making processes during the day (body exchange in the body paint shop, planned overtime, seventh night production, and increasing hourly production, etc.) based on the predictions.

We also work on how we can leverage the power of digitalization and automation in every possible field. As part of the Digital Factory concept, we are investing in **Robotic Process Automation** systems. So far, we automated 21 processes, including calculating electricity consumption at the plant, measuring VECTO (Vehicle Energy Consumption calculation TOol) fuel consumption/CO2 emissions of vehicles and fleet averages. This resulted in increased productivity and accelerated processes.

Connected Product

As digitalization becomes widely adopted, we design data-driven, smart and high value-added products and processes. With these products and services, we increase resource utilization efficiency for both Ford Otosan and our customers. For this purpose, we team up with working groups at Ford Motor Company, Automotive Manufacturers Association, and Automotive Distributors Association to develop possible solutions.

With ConneTruck, Ford Otosan's first connected vehicle project that brings F-MAXs to the forefront of technology, the number of connected vehicles is now close to 5,000. We upgraded the interface of the

app in 2020 and updated the remote control feature. We also introduced the website www.ConneTruckGlobal.com as a new customer-facing channel to enable F-MAX owners to track their vehicles and manage their fleet more effectively.

The **Digital Compressed Air Management**, which we launched in 2020; helps us move several processes to the virtual environment to create paper, toner, and workforce efficiency. With the project, we consume less paper and toner, and develop a more secure and controlled documentation system by providing a digital storage option.

With the **Tractor Truck Tracking System**, we offer an option to monitor and assess performance virtually by installing a tracking device in the tractor trucks. With this project, we improved the efficiency of tractor truck services by 10% by identifying the setbacks in performance more accurately.

Connected Employee

Digitalizing more business processes allows employees to work anytime, anywhere. The employee training programs, which are now offered in the digital environment, deliver more benefits in terms of impact and efficiency with their potential to reach more employees. At Ford Otosan, we strive to provide an efficient, creative, and happy workplace. We simultaneously analyze employee data and work to improve performance and loyalty. Following the Sakarya University Software Office, we launched the **Ford Otosan Eskişehir Technical University Software Office** as part of our software development activities. With these efforts, we aim to support the digital transformation projects at the Eskişehir plant, meet the need for highly qualified



software experts, support fully remote work, and encourage on university-industry collaborations.

During the COVID-19 pandemic, we transformed the business processes into the digital environment to allow all office employees to work from home. For this purpose, we increased the capacity of our private virtual network structure and improved remote access to our company systems. Digitalization of the processes also facilitated access to information by moving multiple physical systems to the virtual environment. In this process, we launched the **My Safe Place mobile app**, which we developed in-house, to protect and monitor the health of our employees.

With the **FO Cloud Project** (Private Cloud) that we developed, we created a cloud service infrastructure by moving virtual server management, which is used by multiple departments and is very costly terms of time, to a single platform. We were recognized with the third prize in the Best Private Cloud Project category at the IDC Turkey Cloud Awards for this this system.

Connected Supply Chain

An effective supply chain management plays a key role in ensuring efficient and sustainable production. We connect suppliers to a centralized data and management center to improve inventory and order processes. We also carry out digitalization projects to enhance warehouse and logistics systems. **The Smart Supply Chain Management (SSCM) Critical Tracking System Project**, ongoing at the Gölçük Plant, makes it possible to improve the visibility of the parts inventory, which may not be readily accessible, calculate the

qualification times of the parts, and identify potential issues in the parts. Similarly, SSCM enables the suppliers to view Ford Otosan's parts inventory and critical levels in real time. An advance notification system and a digital tracking system for the employees give us a better understanding of the location and the problem's cause. With this project, we aim to interpret all stakeholder data available in the system with the help of artificial intelligence algorithms, create decision-making mechanisms, and perform dynamical and continuous planned milkrun shipments based on production requirements and parts inventory levels.

We believe that blockchain is among the disruptive digitalization technologies and build on our capabilities by developing projects in this field. We launched the **Blockchain-based Domestic Processing Regime Project** with a team of experts in this field. We use blockchain technology in parts supply and product export management processes within the scope of the Internal Processing Regime, which is currently carried out manually. With this project, we will be able to take full advantage of the government's tax incentive as part of the Domestic Processing Regime. Another advantage of the project is that the parts that cannot be used due to trust issues and regulatory provisions, and which are imported by suppliers in accordance with the Domestic Processing Regime and sold to OEMs, can be tracked through the system. As such, we aim to make sure that our suppliers benefit from tax deductions that they would normally not be entitled to due to the lack of reliable in-house follow-up mechanisms while also reducing our costs. With the Blockchain-cased Domestic Processing Regime Project, our suppliers will become part of a Blockchain

network and be included in a system infrastructure where only they will have access to proprietary information such as part costs, invoice details, and Part BOM, etc..

With the **Project for Integration of Imported Parts Suppliers into the Digital Entry Quality Control System**, our goal is to communicate quality alerts to suppliers of imported parts through a digital platform when quality problems are reported from production lines.

Through this project, is a first for Ford Motor Company, we connected more than 500 suppliers to Ford Otosan's quality notifications management processes. We also launched a project on secure traceability across the supply chain by investing in blockchain technology and accelerated the small order process by 60% by automating the bid collection and selection process in our purchasing systems.



About the Report

Ford Otosan in Numbers

Message from the General Manager

Sustainable Growth

Lean Production

R&D

Digitalization

Innovation

Supply Chain

Customer Relations

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

Innovation

LaserSonix Q, a device and software that separates faulty and defective parts among serial production parts using vibration and acoustic analytics won 2 awards in the Body Function category at the Ford Motor Company's VCSE Innovation Awards.

We position innovation as a process at the intersection of all parts of our business model, from design, R&D, and production to sales and marketing. The changes in the markets and demand, the need for reducing carbon emissions, and the advancements in new technologies are transforming the automotive industry from digital supply chains to sustainable transportation. We aim to be the pioneer of innovation in the automotive industry and therefore adopt intrapreneurship, change management, open innovation, and creativity in all business processes. We remain in contact with the smart mobility, data analytics, connected vehicles, and cloud technology departments at Ford Motor Company and reinforce our ties. We assess the automotive industry's potential innovation risks

and opportunities. We play an active role in the activities at the WEF's center for Industry 4.0. We also engage in activities regarding technologies that will shape the future of the industry. In this process, we found the opportunity to meet and collaborate with startups, Fortune 500 companies, investment and corporate investment funds, and accelerators and incubators on autonomous freight transportation.

Ford Otosan Innovation Program

With the Ford Otosan Innovation Program, we aim to strengthen intrapreneurship. In this program, we form Idea Maturation Teams (FOT) with the idea owners for each prioritized project. We also provide intrapreneurship training programs, including those delivered by external experts, for the teams. As part of the program, we launched seven campaigns since 2016 on smart mobility, smart logistics, smart production, customer experience, new business models, and most recently tackling COVID-19. The innovation program received 3,447 ideas through Fikirhane, a platform where the employees can share their ideas as well as follow and liked other shared ideas.

More information on the developments regarding Fikirhane in 2020 can be found in the Employee Dialogue section.

Transit Custom Plug-in Hybrid (PHEV) Ankara Trials

For Smart Mobility and City Integration, we partnered with the Ankara Metropolitan Municipality for trials of Transit Custom PHEV

in urban transportation. In this project, where we analyze the viability of PHEV technology from the perspective of the driver, passenger and operation, the vehicles serve as tourism vehicles on a defined route in historical locations of the city. We model various usage scenarios and enhance our vehicles by analyzing performance based on the collected data.

Smart Production Technology Innovation Program

As part of the 2020 intrapreneurship program, we launched the Smart Production Technology Innovation Program that will shape the Ford Otosan plants of the future. In this program, we collected ideas from our field and office employees regarding image processing technologies, 3D printers, connected vehicles, and data-driven quality control and predictive maintenance. Specific to four priority projects, project development teams consisting of intrapreneurs were formed. These teams were provided with the opportunity to test their ideas on the field with internal and external customers, using the design focus and lean startup methodologies in a two-week acceleration program. The project owners, supported by the Ford Otosan Innovation Committee, focused on developing their minimum viable products in the three-month incubation period.

Noise Analysis Mobile App Project (FON)

With the FON Project, a next generation production and quality technology, we move the final drives of the quality assurance tests,

which were previously performed manually, to the digital environment. We use a smart software developed for mobile devices to analyze noise issues on a virtual computer in the Ford Otosan cloud, ensuring accurate and fast information flow. This allows us to prevent unnecessary labor, recurring vehicle repair, vehicle tests, and the cost of scrap parts due to the subjectivity of root cause analyses by conducting an objective assessment of the faults. With this project that saves on labor, resources, and time, we reduce costs while improving customer satisfaction and employee loyalty. In the project, we reduced the inspection time of the vehicles with noise problems at the plant from three weeks to an average of one day, which resulted in earlier delivery of customer orders. In the next stage, we plan to expand the FON Project, which is currently implemented only at the Gölcük plant, to cover the vehicles produced at the Yeniköy and Eskişehir plants, respectively.

Autonomous Guided Vehicles (AGV)

We launched the Autonomous Guided Vehicles (AGV) Project as a product of the 2018 Smart Production Technology Innovation Program to move the parts to the lines during vehicle production with autonomous guidance. The project serves Ford Otosan's Smart Factory of the Future vision. Autonomous guided vehicles are used in fully automated systems to handle materials. We started to use 11 AGVs on the Gölcük, Yeniköy and Eskişehir campuses for the carrier and tractor models. AGVs also deliver



Sustainable Growth

- Lean Production
- R&D
- Digitalization
- Innovation**
- Supply Chain
- Customer Relations

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

benefits in terms of OHS by minimizing work accidents caused by human errors. The AGV Project, which will create investment efficiency for the plants that we will build in the future, also benefits from the TEYDEB 1501 grant scheme pf TÜBİTAK. We are currently in the process of negotiating with customers and creating a business plan to commercialize the product.

Highway Pilot

We launched the Level 4 Autonomous Highway Pilot Project for Heavy Commercial Trucks Project as part of our work on autonomous vehicles and we have plans to a Level 4 Autonomous Highway Pilot function for heavy commercial vehicles. This project, which aims to achieve autonomous hub-to-hub transportation, is expected to perform driverless transportation on certain routes with the tele-operation function once necessary regulations are introduced. International studies suggest that this technology could save around 30-40% in transportation costs. Technology is also key in terms of improving traffic safety and optimizing carbon emissions and fuel consumption in vehicles.

LaserSonix Q

As we develop new vehicles with lower environmental impact and reduce the impact of existing ones, we also work on new software to identify defects in the parts we produce as part of our R&D activities. The LaserSonix Q Project, which is a device and software to sort faulty and defective parts among serial production parts using vibration and acoustic analytics, allows us to achieve 100% parts control on the production line and prevent picking of torn/tapered/creased parts and bodies. Recently, we received an order for the LaserSonix Q solution to be used in Ford North America factories.

In June, we will export R&D by installing the solution at the Ford North America plants.

Driventure – Gembox Teknoloji Girişimleri A.Ş.



Driventure, a capital venture we started in in 2019, was established to invest in startups to strengthen our future and create added strategic value. By investing in this company, we aim to develop technology startups focused on automotive and mobility and also partner with these startups. In this context, we invest particularly in seeds and early-stage startups and aim to support the development of new technologies and solutions that we can then integrate into our own products and services.

In 2020, we engaged in technology discovery activities in our focus areas of autonomous vehicle technologies, smart mobility, connected vehicles, customer experience, electrification, and smart production at global and local events and met with 307 startups. As part of the discovery efforts, innovative solutions were introduced to business units and a strategic benefit analysis was conducted. We started collaborating with 14 of the 307 startups and completed the integration of their innovative products and services into Ford Otosan's products and services. In addition to these startups, five other startups that might provide strategic benefits for Ford Otosan were presented to the Driventure Investment Committee. Based on the technical, financial and legal assessments, the Driventure Board of Directors decided to invest in two of these startups. Among these startups, Optiyol's next generation route optimization solution will be used in fleet management and last-mile delivery solutions while Bluedot's electric

charging station marketplace solution will provide a smart mobility opportunity for our electric vehicle customers.

Open Innovation

We embrace open innovation as a strategy to stay informed about and benefit from the latest external research and innovations. Developing partnerships for R&D and innovation, especially in the automotive industry, contributes significantly to competitive strength. We regard open innovation, which offers many advantages such as reducing costs in the R&D processes, leveraging the synergy of internal and external innovation activities, and developing new business models, as a company value. Accordingly, we host open innovation events with leading startups and organizations. In this manner, we offer entrepreneurs an opportunity to present their innovative ideas on our priority topics of as smart mobility, Industry 4.0, connected vehicles and digitalization.

In 2020, we continued to host open innovation events online. We organized collaborations and meetups with local and international entrepreneurs, incubators, technocities, and venture capitals. We introduced startups with innovative ideas and solutions in our open innovation focus areas to the relevant departments at our company.

As part of our collaboration with METU Teknokent, 10 startups in our focus areas of electrification, autonomous vehicle development technologies, smart mobility, connectivity, and weight reduction presented their value propositions and solutions on the Demo Day of the online BIG2020 event.

The applications of two startups, which we partnered with after the Demo Day event in 2019, have been implemented. With the startup Iitema, we launched a project to improve thermal comfort inside the Ford truck cabin by using a heat-generating composite fabric. The wearable technology solution of the startup Thread in Motion was implemented as a pilot project at the Ford Otosan Gölcük plant. The smart glove developed by the startup contributed to a more ergonomic, fast and traceable production process at the plant. Throughout 2020, different departments at Ford Otosan collaborated with these startups and purchased their products and services to bring an innovative approach to their own processes.

Throughout the year, we were in contact with more than 300 global and local startups and teamed up with 14 in various ways such as purchasing products and services or bringing products to market.

Supply Chain

The communication we maintained with the suppliers during the pandemic and the partnerships we strengthened with our digital technologies were recognized with an award in the Transformation Leader in Turbulent Times category at the 2020 EIPM-Peter Kraljic Awards for Excellence, organized by the European Institute of Purchasing Management (EIPM).

At Ford Otosan, strong relations with our suppliers lie behind the high quality of the vehicles we produce and our success in the automotive industry. In line with our vision of ranking among the most valuable supply chain organizations in the world, we are evolving together with our supply chain. The COVID-19 pandemic that broke out in early 2020 disrupted the entire global supply chain

and exposed the vulnerabilities of the system. As localization of the supply chain gained prominence in this period, many automotive companies were forced to cut down production as the pandemic exacerbated the chip demand, which could not be met fully. The ongoing chip crisis is estimated to result in sales losses amounting to \$ 61 billion dollars⁹ and its effects to be felt for years to come.¹⁰

Restrictions imposed at various times and in different regions, lower supplier capacities, raw material supply difficulties as a result of the changing demand, and logistical challenges arising from the upset trade balances proved to have major impact and triggered a transformation in supply models in 2020. As a company working with 2,197 suppliers in 40 countries, we manage the impact and uncertainties in the supply chain effectively. With the COVID-19 pandemic, sustainability across the supply chain, particularly ensuring the traceability of the supplier network, operational competence, and crisis management gained prominence as a key factor.

We took various measures and actions to manage the impact of COVID-19 on the supply chain:

- We conducted weekly online COVID-19 surveys to assess the risk situation of the suppliers and identified the current position and the number of cases at our suppliers. We analyzed the inventory levels, delivery performance, disruptions in continuity, and capacity information

of individual suppliers to categorize risks and take necessary actions.

- We held situational assessment meetings online every two weeks.
- We moved face-to-face classroom training programs to online platforms and conducted virtual site visits and inspections by using different digital technologies such as augmented reality
- We also used the My Safe Place app, developed by Ford Otosan to ensure adherence to the plans introduced to maintain social distancing and perform contact tracing both within the company and also at the suppliers.
- We began to monitor all common areas with QR codes and introduced more rest areas for field workers to maintain social distancing.
- We assigned office and field employees, as well as their backups, in different shifts for critical missions in potential contact situations.

Digital Supply Chain

Our transformation efforts, focused on digitalization, innovative technologies, and agility that started before the pandemic continued to gain momentum. We aim to build a digital supply chain supported by data analytics from integrated planning to supplier processes.

Our activities in this context included:

- Inventory and shipment management with Radio Frequency Identification
- Supplier integration through cloud technology
- Smart production planning module to provide instant access to material movement analyses, production, and shipment information using data analytics and perform dynamic production planning
- We started to implement zero-inventory projects that focus on the relevant material flows from suppliers during production.

We also engage in blockchain activities as a key issue in supply chain integration and security. As a founding member of the Blockchain Turkey Platform, established as an initiative of the Turkish Informatics Foundation, we play an active role in the Manufacturing and Logistics Working Group and strive to raise awareness across the country by developing blockchain applications.

The other applications we implemented included the Smart Warehouse with autonomous robots in the Eskişehir plant warehouse system and the Digital Archive Project for zero-paper consumption.

In AR meetings spanning 90 hours in total, we captured speed and efficiency increase at many points up to solving quality problems and made sure that the business processes proceeded smoothly during the pandemic.

Purchasing Platform

The Purchasing Platform, which moved all purchasing processes to the digital environment, features a process that proceeds with real-time data entry and approval of internal (purchasing, engineering, material planning/sourcing, financial affairs) and external (supplier) stakeholders. In 2020, we added new modules to the platform, which was launched in 2019, and implemented processes such as automated bidding requests, automated order placement, e-tender, and agile approval to accelerate request and order processes. With this system, process and data monitoring in the placement of the first orders has been facilitated while information exchange with the suppliers has been improved. The project will make it possible to manage all processes such as orders, change management and price updates digitally end to end.

Industry 4.0

We assessed the projects of our suppliers on Industry 4.0 applications. In this context,

we analyzed 154 project proposals by 51 different suppliers on digitalization, efficiency, and automation. We provided Industry 4.0 training for the 11 selected projects as well as technical support where needed to complete the projects. We also executed Industry 4.0 projects with the manufacturers that the Ford Global Industry 4.0 team identified and followed. In launching the AR (augmented reality) technology, our goal was to perform fast and effective root cause analyses for quality problems and to verify actions remotely, as part of the Remote Collaboration with Stakeholders Project. In AR meetings spanning 90 hours in total, we captured speed and efficiency increase at many points up to solving quality problems and made sure that the business processes proceeded smoothly during the pandemic.

Audits

We perform audits across the supply chain to ensure standards are maintained. Accordingly, we monitor our suppliers' compliance with our quality and operational standards through comprehensive audits. We also contribute to the development of our suppliers with five different audits and site visits. In 2020, we conducted Manufacturing Site Assessments (MSA) with 165 of our vehicle parts suppliers. We also visited 287 suppliers and made 51 Q1 certification assessments to improve delivery performance and support serial production.

Q1 assessments: We conduct the main audits according to the Q1 – No. 1 in Quality certification system.

Capacity assessments: We conduct audits in line with Ford Motor Company's global capacity audits.

Production problems: We pay field visits to solve the problems and challenges that suppliers face in production.

Performance improvement: We identify suppliers that have development areas through the global Ford Motor Company system, and audit and improve their performance improvement according to specific criteria.

Risk management: We take actions to prevent potential risks through supplier visits by assessing the natural disaster, fire, and labor union situations. In addition to supplier risk management, we also conduct an individual supplier risk assessment by considering criteria, including delivery, quality performance, capacity adequacy, and financial standing.

Supplier Training Programs

We offer various training programs to support the development of suppliers. The supplier training programs are delivered via the Ford Otosan Supplier Network (FOSN), a conference, classroom, and online channel. To create social benefit together with our suppliers, we donate to NGOs in return for training them.

Ford Otosan Supplier Development team finalized the content of the MMOG/LE v5 Supplier Training to develop the Material Management Operations Guideline/Logistics Evaluation (MMOG/LE), an international logistics standard, and to train the suppliers on this topic. In the programs that started in 2020, we provided 176 hours of training to 380 people from 203 suppliers. The donations of our suppliers who participated in the training programs supported eight NGOs. In 2021, we started to provide MMOG/LE training to

critical sub-suppliers of our suppliers and suppliers working with different OEMs. Our goal with these efforts is to contribute to spreading the MMOG/LE standard widely and to the development of the Turkish automotive industry.

Common Culture Code

We finalized the Common Culture Code to serve as a guide in the business partnerships between Ford Otosan and its suppliers. In preparing the Code, which aims to create a common culture with the suppliers, we held workshops and one-on-one meetings with suppliers and company employees. We aim to increase our competitive strength in supply chain management and develop innovative supply chain solutions that will make a difference for customers. Our plan for 2012 is to expand the scope of this work and publish the Supplier Code of Conduct, which lays out the main principles and standards we expect from suppliers.



- Lean Production
- R&D
- Digitalization
- Innovation
- Supply Chain**
- Customer Relations

Customer Relations

Together with all our partners across the Ford Otosan value chain, we strive to create a customer experience beyond expectations.

Customers continue to drive transformation in the automotive industry in line with the digitalization trends, new technologies, and demographic changes. We aim to deliver ultimate customer satisfaction even as demands and expectations evolve. Together with all our partners across the Ford Otosan value chain, we strive to create a customer

experience beyond expectations and review our processes and products based on the sales/after-sales feedback received from our customers. We design online and mobile services by considering the experience before, during and after a purchase. In managing all customer relations processes, we are guided by the international management standard ISO 10002 Customer Satisfaction Management System. As of 2020, the number of customers registered in our customer relationship management (CRM) system increased by nearly 3% to reach 3.7 million.

As the COVID-19 pandemic impacted all areas of life, relations with the dealers and customers also changed rapidly to adapt to the new situation. In this period, protecting the health of all remained our top priority while the importance and use of digital tools increased.

At Ford Otosan, we implemented various measures and took the following actions to manage the impact of COVID-19:

- We created an implementation document that included the hygiene guidelines and shared it with the dealers. We worked with an independent audit firm to assess compliance with these rules at 84 points.
- We implemented several practices such as rearranging layouts for social distancing, disinfecting the buildings, routine cleaning, training employees, using the common areas, considerations in sales and after-sales processes, and placing social distancing stickers.
- We hosted online meetings with dealers and after-sales services, held more than 300 meetings, and continued to provide digital training.

- We held the biannual regional meetings, which we hold separately for as sales and after-sales, online with all regions.
- With the Video Shoot app, we enabled customers who dropped their vehicles at the after-sales service shops to give their approval after seeing the condition of the vehicle.
- We switched to communicating via WhatsApp and introduced contactless service and digital e-signature applications at the dealers.
- We provided free Door-to-Door Delivery service for all customers, especially healthcare professionals and those over 65.
- We disinfected all vehicles for free before their collection from the after-sales service shops to protect the health of our customers.
- We launched the Digital Studio app.

Customer Experience

We continue to work with business partners, suppliers, and dealers across the value chain to elevate customer satisfaction further. We aim to offer our customers an experience beyond their expectations by integrating technological advancements into our processes. We also monitor customer satisfaction levels through customer experience surveys and consider customer opinions in product and service design.

TUVAL – Intuitive Smart Customer Experience Platform

TUVAL is a platform that enables all customer surveys and the customer complaints communicated through the call center to be categorized according to emotions and subjects quickly and easily with the help of artificial intelligence and machine learning. We measure satisfaction and evaluate customers' written responses to open-ended questions to achieve significant speed and efficiency. We also plan to improve satisfaction through instant enhancements in response to customer feedback.

CUSTOMER EXPERIENCE INDEX – SALES	2019	2020	2020 TARGET
Passenger Cars	98	94.9	98
Commercial Vehicles	98	95.8	98
Ford Trucks	98.3	97.1	99

CUSTOMER EXPERIENCE INDEX – AFTERSALES	2019	2020	2020 TARGET
Passenger Cars	95	93.7	96
Commercial Vehicles	94	93.9	96
Ford Trucks	96.9	95.9	97

Digital Studio

The Digital Studio became one of our important tools in delivering seamless service to our customers during the pandemic. With the project, we provide customers with all the information they need about the Ford Otosan model they are interested in without having to visit the showroom. Once the customers book an appointment at www.ford.com.tr, they can experience a realistic point-of-sale experience in the digital studio with personalized narrations in response to their questions.

Our dedicated brand consultants, available from 12.00 pm to 10.00 pm, introduce the models in the Ford Digital Studio in response to the customers' interests and guide them to the nearest Ford dealer so that they can complete the purchasing transaction or take a test drive.

With the project, we provide customers with all the information they need about the Ford Otosan model they are interested in without having to visit the showroom.

Dealer Training Programs

- 145 local and international dealers, including 71 passenger car and commercial vehicle dealers and 29 Ford Trucks dealers.
- Training for 8,355 people with 1,075 virtual classroom training events
- 34 webinars with 7,500 participants
- TL 420,000 saved

The pandemic pushed the need to transform and redefine the customer experience further. Accordingly, we increased communications with the dealers, as the key factor in our customer relations, and continued to provide training and mentoring to support the development of their capabilities.

We moved the in-class training programs we provide for our dealers to the digital platform and introduced applications such as webinars, virtual classroom training, e-learning, and online testing. In the end, 84% of administrative training, 70% of technical training, and 75% of product training programs became digital. With these ratios, we exceeded our target of moving 70% of the training programs to the digital platform.

We combined our dealer HR and training systems on the same platform, elevating the dealer training planning and experience to a new level with our new Ford Development Academy portal. We also improved the quality of the training programs by implementing new e-learning technologies in the training processes.

Make a Difference in Customer Experience

As the customer expectations changed during the pandemic, we provided one-on-one mentoring to help dealers manage the complaints that arose in this period. With this support, we aim to improve the approach and behaviors of dealers in addressing and resolving customer complaints.

Common Culture Code with Ford Otosan Dealers

Since 2018, we are working to create a common culture, values, and principles between Ford Otosan and its dealers. We aim to build a positive culture that promotes our vision and strategies and elicits the loyalty of our employees. For this purpose, we defined our new cultural principles

and values by including our dealers in the process 2020. In line with these values and principles, we identified the main development areas in our business partner relationships and formed teams with volunteering members to work on the necessary actions. In 2021, our teams will continue to work on 16 main action areas, which include establishing a cultural ambassador mechanism, improving the warranty process, creating a customer solution center, and building Collective Wisdom Platforms.

Biometric Signature

At Ford Otosan, we introduced the biometric signature technology in all service processes in 2020 and became the first automotive company to adopt the application widely. With Biometric Signature, the customers can digitally fill out and sign forms in all vehicle servicing processes. The application helps us improve the speed and quality of processes such as vehicle delivery while ensuring more efficient resource utilization.

Mobile SYS

With the Mobile SYS, launched in 2020, the aftersales processes can now be managed via mobile devices. We save on paper and ink thanks to the application, which we continuously expand to cover other processes as well. In 2020, approximately 200 thousand work orders went through this system.

Vehicle Safety

At Ford Otosan, we offer our customers a driving experience in high safety standards through the use of advanced technology, innovative design, and materials and we follow these principles in all product development processes. For this purpose, we comply with all applicable regulations in the markets where the vehicles are sold as well as Ford Motor Company's Vehicle Safety Design Guidelines, and generally accepted safety standards.

Beyond legal and industry standards, Ford Otosan vehicles also feature the most advanced active and passive driver safety technologies. With these technological applications, the vehicles undergo Ford inspections along with other independent safety tests that assess vehicle and traffic safety standards such as Euro NCAP, US NCAP, AU NCAP, depending on the market. In the Euro NCAP tests conducted in 2019, Ford Puma, Focus, Kuga, Mondeo, and Explorer all received 5 stars, the highest rating.

Given that the technologies evolve and advance constantly, we expanded the scope of our vehicle safety-related activities to include electric vehicles in 2020. Unlike internal combustion engines, we completed our work, which also included high voltage systems and battery safety in electric vehicles, on Ford Transit vehicles for Europe and North America. Ford Transit Custom Hybrid, whose vehicle safety work was conducted out at the Ford Otosan R&D center, was tested by Euro NCAP, which confirmed that it has the same performance as the Transit Custom Diesel that was rated 5 stars in 2012. Furthermore, Ford Transit was retested in 2020 by NHTSA, the US safety testing agency due to the changes to the safety systems (airbags, seat belts) and maintained its previous 4-star performance.

At Ford Otosan, we envision a future where there are no vehicular accidents or injuries. Therefore, we comply with all applicable legislation and issue recalls for all relevant vehicles if errors are identified during vehicle safety inspections. Even though there was no confirmed case of non-compliance with applicable legislation that regulates the safety conditions in vehicles, Ford Otosan issued two separate recalls in 2020. In the recalls issued for Ford Trucks, 2,125 vehicles in total were recalled to fix the technical issue.

About the Report

Ford Otosan in Numbers

Message from the General Manager

Sustainable Growth

Lean Production

R&D

Digitalization

Innovation

Supply Chain

Customer Relations

Environmental Responsibility

Investing in Talents

Social Investments

Annexes



**Environmental
Responsibility**

In line with the European Green Deal targets, we aim to achieve carbon neutrality across the company by 2050.

Climate Crisis and Energy Management

Ford Otosan signed the European Automobile Manufacturers Association's (ACEA) joint statement on the transition to zero-emission road freight transport, demonstrating its commitment to achieving "0 emissions" in heavy commercial vehicle fleet by 2040 in line with the European Green Deal strategy.

The level that climate crisis, environmental pollution, and loss of biodiversity have reached points to a need for change in business models across the globe. These issues, which have a direct impact on the economic, environmental, and social activities, also rank at the top of the topics that WEF's Global Risk Report addresses. The report, which reveals the extent of the environmental impact that the COVID-19 pandemic and human activities have caused, emphasizes that we are in the final decade to reach the objectives of the Paris Agreement as well as the Sustainable Development Goals. Considering its impact, a huge responsibility

falls on the automotive industry in the transition to a low-carbon economy and reduction of environmental pollution.

At Ford Otosan, we aim to reduce the environmental impact of all our operations as we offer innovative products and services that benefit the society in line with our vision to become the most valuable and most preferred industrial company of Turkey. As we work to reduce greenhouse emissions caused by vehicles, we embrace a responsible production and consumption approach, which we intend to spread across our value chain. Driven by R&D and innovation, we develop efficient and innovative production technologies and manufacture energy efficient vehicles with lower greenhouse gas emissions. In addition to increasing efficiency in digital production processes, we also support sustainable cities and communities with the mobility solutions that we develop.

CLIMATE CRISIS AND ENERGY MANAGEMENT

Climate crisis ranks among the most important risks for the environment, society, and economies. As climate change has an increasingly higher impact on human life and businesses, the extreme weather events, droughts, and wildfires that result from it disrupt supply chains and production. As the economic activity nearly came to a halt due to the restrictions imposed against the COVID-19 pandemic, global greenhouse gas emissions declined by 5.8% in 2020. To maintain this downward trend, which is regarded as an opportunity for combating climate crisis, green

investments that would accelerate the shift to a low-carbon economy should become a priority. According to the projections of United Nations, such investments can reduce global emission levels by 25% by 2030. However, recently released data shows that global emissions are projected to increase by nearly 5% in 2021, indicating that an important opportunity has been missed.

On the other hand, despite the economic downturn as a result of the pandemic, many countries remain committed to combating climate change and ensuring compliance. More than 110 countries, in particular the European Union, which aims to become a carbon-neutral continent by 2050 through the Green Deal, have net-zero goals. The European Union (EU) is in the process of establishing a carbon border adjustment mechanism (CBAM), which could pose a risk for industries with high greenhouse emissions but also create an opportunity for companies with lower emissions.

European Green Deal

Looking from a climate change and greenhouse gas emissions perspective, vehicle emissions are among the major impacts of the automotive industry. One of the ambitions of the European Green Deal is to accelerate the transformation in the automotive industry in the process of transitioning to a low-carbon economy. Reducing vehicle emissions plays a key role in achieving the greenhouse gas reduction targets that the Deal stipulates. On the other hand, the changes to regulations and potential investments both pose both risks and also promise opportunities

Our ambition is to reduce carbon emissions per vehicle by 50-55% by 2030 compared to 2017 and become carbon-neutral by 2050.

for the automotive companies. As a company with 72% of its exports going to EU states, we are vested in this issue and managing it well and effectively is critical for us. Accordingly, we created the Ford Otosan Impact Analysis, and we are currently in the process of making an action plan. Furthermore, a working group is formed under the Koç Group Environmental Committee to monitor the developments within the scope of the Green Deal, study the action plans and mechanisms, and assess the potential environmental impact on the Group. Ford Otosan, a Koç Group company, is leading this working group.

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 50-55% by 2030 compared to baseline year of 2017,
- Becoming a carbon-neutral factory by 2050.



About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Sustainable Growth

Environmental Responsibility

Climate Crisis and Energy Management

Natural Resource and Waste Management

Biodiversity

Investing in Talents

Social Investments

Annexes

In addition to the targets that we set in line with the EU Green Deal, the Science-based Targets Initiative (SBTi) that Ford Motor Company defined in 2021 also applies to Ford Otosan. These targets are based on limiting global warming to 1.5°C, as defined by the Paris Agreement. Accordingly, 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.

We monitor the energy consumption and greenhouse gas emission performance per vehicle produced and improve our performance in these two areas to meet the set targets. In terms of energy consumption per vehicle, we have maintained the most efficient production line among Ford Europe plants for the last three years. We also develop efficient, hybrid and electric vehicles, as the technologies of the future and continue to offer smart mobility solutions with low environmental impact. We work to ensure that the vehicles we develop are economically accessible and preferred more.

Managing Climate Risks

We assess the environmental risks and opportunities with short- and long-term

Through energy efficiency projects, we saved a total of TL 1.4 million in costs while reducing greenhouse gas emissions by 1,614 tons of CO₂e in 2020.

TRACKING RANGE

	2017	2018	2019	2020
Greenhouse gas emission per vehicle produced (ton CO ₂ e/vehicle)	0.53	0.53	0.56	0.34
Energy consumption per vehicle produced (GJ/vehicle)	5.93	5.42	5.42	4.81

potential impact on our operations by monitoring multiple indicators. As the environmental opportunities are considered by the relevant departments, new opportunities identified for the long term are included in the annual budget planning as instructed by the Board of Directors. We adopt a proactive approach to identifying and managing potential climate risks and opportunities across the Ford Otosan value chain.

Energy Efficiency and Renewable Energy

We develop projects and applications to reduce operational energy consumption and procure electricity from renewable sources. In the context of the energy efficiency efforts in 2020, we carried out 28 projects in total at all our facilities. These include LED conversions in luminaires and their optimization, improvements in the HVAC systems, installation of control systems to monitor compressed air, separation of air lines, and development of field applications and mobile apps for energy management systems.

We procure renewable energy directly to meet the energy efficiency and greenhouse gas emission reduction targets. In 2020, we purchased 651,171 GJ of renewable electricity, achieving a reduction of 84,309 tons in greenhouse gas emissions. We hold internationally recognized certifications, confirming that as of May 2020, our Gölcük, Yeniköy and Eskişehir Campuses procure all their electrical energy from 100% renewable sources.

In addition to purchasing renewable energy, we also focus on power generation directly on all the campuses. In this context, we invest in

wind energy, Solarwall, and solar power plants. The Solarwall installation at the Kocaeli Plants, with a capacity of 97,200 m³/h, delivers savings equivalent to 5,169 GJ of natural gas annually, preventing greenhouse gas emissions of 269.7 tons of CO₂e. On the other hand, the Solarwall installed in Sancaktepe has a capacity of 25,000 m³/h and eliminates greenhouse gas emissions by 126 tons of CO₂e annually. The Solarwall systems at our Gölcük Plant and Sancaktepe Campus enable us to meet a part of our heating requirement with solar power while the four mini wind turbines, each with a capacity of 500 W, supply our electricity. The turbines that supply electricity for the communication station in the Gölcük Paint Shop save nearly 50 GJ annually. Meanwhile, the solar power plant - with an annual capacity of 2 GJ - at the Eskişehir Plant reduces emissions by 7 tons of CO₂e annually.

The **PTEC Pump Driver Project** that we launched to decrease the rpm of the pumps used in the paint shop, create lower process conditions, and save energy in the pumps delivered an annual savings of TL 500 thousand by reducing daily consumption by nearly 24% and.

The **Digital Compressed Air Management** project prevented the leaks in the air lines outside of the production, resulting in energy savings. The project that reduced air consumption delivered annual savings of 1,440 GJ in electricity and TL 232 thousand financially.

With the **Energy Savings Project through Optimization of the Operation Times of the Automated Systems** in the Paint Shop, we inspected the automated systems in the paint

shop and optimized the processes. Based on situation analyses, we changed the current working hours to two shifts and redefined the start and end times. This resulted in annual energy savings of 14,749 GJ and reduced greenhouse gas emissions by 1,286 tons.

By **Optimizing the Operation Times of the Ovens**, we regulated the paint shop's start times and the EC oven operation times. With this project, we saved nearly 3,294 GJ of energy and reduced carbon emissions by 207 tons annually.

The **Energy Management System** enabled us to move the electricity, water and natural gas meters in all plants to the digital environment. With the meters controlled remotely, we were able to improve the efficiency losses in three devices and reduce the annual natural gas consumption by 4,608 GJ.

With the “Roof Heat Recovery” project, we won the first prize in the category of Increasing Energy Efficiency in the Industry (SEVAP-2) in the Industrial Energy Efficiency Project Competition (SENER) organized by the Ministry of Energy and Natural Resources in 2020.

- About the Report
- Ford Otosan in Numbers
- Chairman's Letter
- Message from the General Manager
- Strategic Management
- Sustainable Growth
- Environmental Responsibility
 - Climate Crisis and Energy Management
 - Natural Resource and Waste Management
 - Biodiversity
- Investing in Talents
- Social Investments
- Annexes

Natural Resource and Waste Management



Changing consumer habits, rapidly increasing industrialization, and a growing population leads to fast growing waste generation. Meanwhile, the pandemic in particular resulted in increased use of plastics, which are durable, hygienic, and cheap materials. With the recycling practices and capacity falling short in the face of this rapid increase, environmental pollution, especially from plastics, is getting out of hand. To reduce pollution and support the energy-related reduction measures to tackle climate crisis, there is a growing need to shift from single-use, or the linear economic model to a circular model one. Such a shift has the power to shrink global greenhouse gas emissions by 39% and cut virgin resource use by 28%.⁴ On top of the environmental benefits, the circular

economy model also has the potential to create a growth opportunity valued at \$4.5 billion in the next decade.⁵ Even though the recycling ratios and recovery activities related to vehicles are regulated by legislation, automotive industry will need to take initiative to manage operational waste.

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”. With the measures and practices in place to reduce waste, we saved 2 million pieces of paper annually.

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. In 2020, we obtained nearly 200 kg of compost, which was used in landscaping. 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.

The objective of the Waste Solvent Recycling System is to recover 85% of the dirty solvents generated while cleaning the paint shop robots and the paint lines. This system allowed us to save 15 tons of solvent and TL 172 thousand in financial terms while also reducing the release of volatile organic compounds (VOC).



We participate in CDP's Climate Programs and disclose our performance publicly. In 2020, our score was B in CDP's Water Program.

Water Management

Global water consumption continues to grow steadily at a rate of about 1% per year as a result of increasing population, economic development and shifting consumption patterns. Meanwhile, changes in precipitation regimes caused by climate change lead to an increase in global water stress, lowering water quality, and limiting access to water resources. In order for water-intensive sectors, especially agriculture and industry, to continue production, water consumption must be reduced through innovative methods while reuse and recycling should be increased with circular systems.

At Ford Otosan, we see the effective management of water risks as a key elements of achieving environmental sustainability and ensuring business continuity. With Ford Otosan Water Policy, which we published in 2021, we declare our commitment to reducing water consumption per product in operational processes, prioritizing innovative and sustainable water management systems in new investments and projects, and focusing primarily on water management in campuses experiencing water stress as a result of regional situation assessments. Accordingly, we recycle the water in the cooling towers of the Gölcük and Yeniköy Plants and with reverse osmosis at the Yeniköy

Plant, and reuse the water at the İnönü Plant with the help of closed-loop cooling towers. With Green Office practices, we introduce measures such as reducing the flow rate of the sensorless faucets and the quantity of water in the toilet cisterns. As a result, we reduced water consumption per person by 35% and 25% at the Yeniköy and Gölcük Plants, respectively.

Ford Otosan Water Policy can be found here.

WATER CONSUMPTION BY YEARS (M³)

2018	1,172,157
2019	1,109,034
2020	998,584

In addition to using water efficiently, we also make sure that wastewater generated in our production processes is treated before discharge. We currently have three treatment plants, one each at Gölcük, Yeniköy, and Eskişehir Plants. In these plants, which have a total installed capacity of 3,836 m³, we treat substances such as acid, alkaline, oil, paint, and wastewater. We also have in place an online system that continuously measures various pollution parameters such as COD, pH, SPM, and fluoride in industrial wastewater and domestic wastewater at the discharge points of the plants.



About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Sustainable Growth

Environmental Responsibility

Climate Crisis and Energy Management

Natural Resource and Waste Management

Biodiversity

Investing in Talents

Social Investments

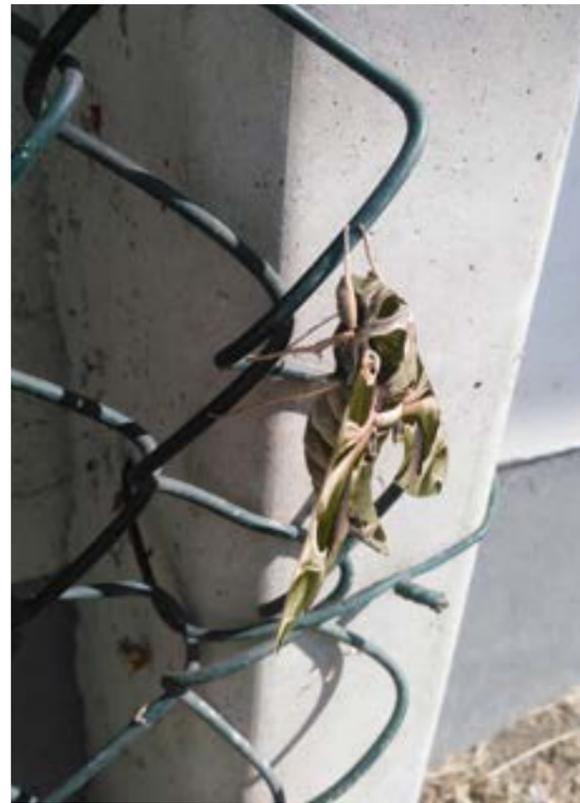
Annexes

Biodiversity

We focus on assessing the impact of our operations on biodiversity, as well as reducing our impact, and protecting species.

Rapid urbanization, changes in land use, and population growth result in loss of biodiversity and lead to a decrease in the number of animals living in wildlife. On the other hand, as natural habitats shrink due to climate change, interactions between animals and humans increase, and that creates an opportunity for new pathogens such as those that cause COVID-19 to spread and evolve into pandemics. To prevent future pandemics and ensure the sustainability of ecosystem services, which express different ways such as pollination that support human well-being, biodiversity must be protected, and a huge responsibility falls on the business to achieve this. Therefore, programs need to be created in collaboration with stakeholders such as NGOs and universities to identify and track endangered species through field work and to propose measures and recommendations. At Ford Otosan, we focus on assessing the impact of our operations on biodiversity, as well as reducing our impact, and protecting species. For this purpose, we partner with NGOs and

universities. As part of these efforts, we worked with the Nature Conservation Center to identify the endangered bird species within the impact of the Kocaeli Plant. In a study conducted in collaboration with the Nature Conservation Center under the management of Dokuz Eylül University Institute of Marine Sciences and Technology (DEU-DBTE), macrobenthic invertebrate species were identified by marine ecologists and underwater imaging specialists. We also completed Ford Otosan's Marine Macro Species Rapid Current Due Diligence Project Final Report.



Daphnis nerii (oleander hawk moth)



Callionymus lyra (Dragonet)



About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Sustainable Growth

Environmental Responsibility

Climate Crisis and Energy Management

Natural Resource and Waste Management

Biodiversity

Investing in Talents

Social Investments

Annexes

A person is seen from the side, working at a computer. The image is overlaid with a large, semi-transparent orange graphic that resembles a stylized letter 'C' or a thick curved line. The background is a blue-tinted photograph of an office environment.

Investing in Talent

We declare our commitment to comply with global ethical principles related to equality, recruitment, promotion, career development, remuneration, and benefits through our Human Rights Policy.

Investing in Talent



Investing in the capabilities of our employees, developing their skills, and improving their loyalty are key components of our human resources approach.

Our people are the architects of our business approach, which is based on making a difference in the industry and adding value to our customers. Today, investing in talent and developing people's capabilities are key in achieving sustainable success. At Ford Otosan, we promote a people-centered workplace. Our corporate culture and business approach are built on effective talent management. We focus on attracting and retaining the best talent in our field and hiring the right person for the right job. At Ford Otosan, investing in the capabilities of our employees, developing their skills, and improving their loyalty are key components of our human resources approach, in line with today's needs. Creating a safe work environment, respecting human rights, and fostering equal opportunity and diversity are also among our priorities in driving our business forward.



- About the Report
- Ford Otosan in Numbers
- Chairman's Letter
- Message from the General Manager
- Strategic Management
- Sustainable Growth
- Environmental Responsibility
- Investing in Talents**
- Diversity and Inclusion
- Talent Development
- Performance Review
- Employee Rights
- Occupational Health and Safety
- Social Investments
- Annexes

Diversity and Inclusion

We are the first automotive company to support the Society of Women Engineers Istanbul, to employ the highest number of women, and to obtain the Equal Opportunity Model Certification from KAGİDER.

Studies indicate that meeting the current talent need of companies through diversity can offer important opportunities and provide a significant advantage for talent attraction. However, lack of gender equality and failure to sufficiently address competencies are main causes of a talent gap in the automotive industry. Respecting and promoting diversity will help companies drive financial performance in the automotive industry, just as the rest of the business world.

Principles of diversity and inclusion, as part of our corporate culture and way of doing business, form the basis of our human resources management. Diverse ideas, experiences, and perspectives drive our business forward and also enable us to develop a collaborative work environment. We see diversity among our suppliers, customers,

stakeholders, and in particular our employees, as a key part of our value creation process. We provide an inclusive workplace where equal opportunity, differences, and ethical values are respected. Diversity is also taken into account in forming roles and teams. In line with this approach, we focus on ensuring equal opportunity in our recruitment processes without discrimination and place the right candidate in the right position at the right time. In all our business processes, we act without any bias in terms of gender, sexual orientation, ethnicity, age, marital status, bodily differences, faith and ideology, lifestyle, or expression. We continue to increase diversity of employees and create shared values through the projects we carry out.

We extend this approach to the leadership level and consider only the knowledge and experience that member brings to the Board of Directors. We also value the importance of having a diverse Board of Directors, consisting of members with different experiences and capabilities.

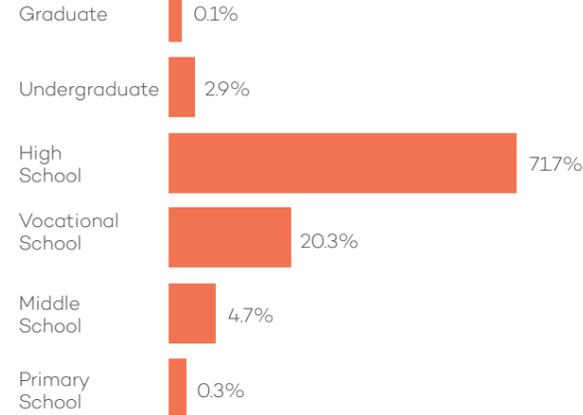
[Please click here for the Diversity Policy.](#)

Ford Otosan operates with a total of 12,517 employees, each with different capabilities and educational backgrounds. Monthly salaried employees account for 21% of the workforce and hourly wage workers for 79%.

Gender equality is one of the pillars of our diversity approach. Accordingly, we stand against gender inequality and follow the

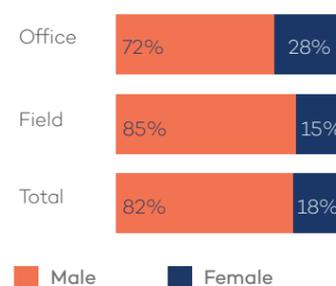
EDUCATION LEVEL

FIELD EMPLOYEES

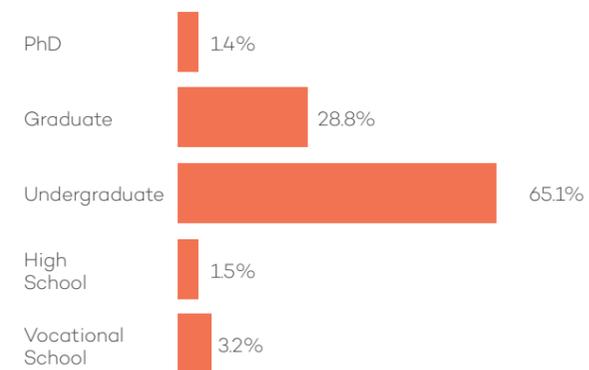


principle of equality between men and women across the organization, including the recruitment processes. As a signatory of the United Nations Women's Empowerment Principles (WEPs) and the Declaration of Equality at Work since 2013, we tackle gender inequality and embrace the basic principle of equality for our people. Ford Otosan is the first automotive company to support the Society of Women Engineers Istanbul, to employ the highest number of women, and to obtain the Equal Opportunity Model Certification from KAGİDER.

FEMALE-MALE EMPLOYMENT RATIOS



OFFICE EMPLOYEES



In recruitment, we strive to make sure that one out of every four field employees and one out of every two office employees are female. On the other hand, we provide psychosocial support for our employees who are in the process of gender transitioning and who may face challenges in the workplace and in their socio-cultural environment. We also support the employees toward achieving work-life balance through psychological counseling for children and family therapy services. For pregnant employees, we offer half-day of light work and half-day of exercise and social activities, and also organize seminars on women's health.

2020	FEMALE	MALE
Junior/Mid-Level Manager Ratio	19%	81%
Senior Manager Ratio	15%	85%
Promotion Ratio	34%	66%
New Recruitment Ratio – Office	48%	52%
New Recruitment Ratio – Field	27%	73%



About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Sustainable Growth

Environmental Responsibility

Investing in Talents

Diversity and Inclusion

Talent Development

Performance Review

Employee Rights

Occupational Health and Safety

Social Investments

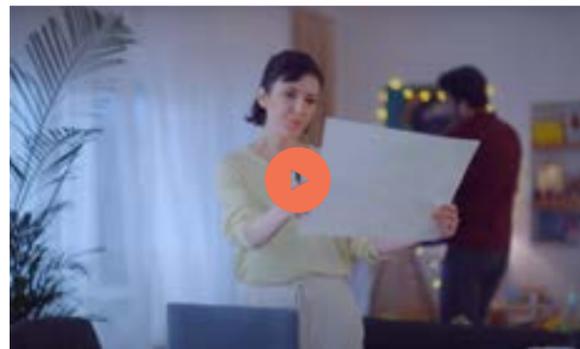
Annexes

In 2020, we made important strides in gender equality, as one of our key strategic aspects, and entered the Bloomberg Gender Equality-Index. We became the only Turkish automotive company to be included in the Bloomberg Gender-Equality Index, where 380 companies from 11 different sectors disclose their gender equality performance in a number of areas, including opportunities offered to men and women, female leadership, gender equality in remuneration, inclusion, sexual harassment policies, and women-focused brand.

We became the first Turkish industrial company to enter the Bloomberg Gender-Equality Index.

Women Transforming The Future Meetup

Women Transforming The Future Meetup is an event for female juniors and seniors from engineering schools. This event allows these students to see Ford Otosan's production and R&D technologies up close and get answers to all their questions regarding globalization, technology and innovation, and career and development opportunities. In 2020, 46 students participated in the meetup.



▶ You can watch the World Women Day video "we're asking WhyOnlyWomen" by clicking on the icon.

Vocational High School

At Ford Otosan, we focus on improving the professional competencies of women to provide equal opportunities for men and women and aim to increase female employment in field roles. For this purpose, we designed a work plan based on the studies on and insights into female candidates choosing professions in the automotive sector and collaborated with the Directorate of National Education to launch a project for seniors in six Industrial Vocational High Schools. As part of this project, we are engaged in activities such as holding job placement exams and interviews with all the students, holding briefings and meetings with female students and their families to raise awareness about choosing vocational education and departments, organizing vocational courses on automotive-related topics, providing information on women's role, employment, and conditions on Vocational Career Days, which the families can also attend, making improvements in the locker rooms and processes in vocational high schools, assigning mentors to new female employees and informing them about their orientation periods, and offering adaptation programs for women returning from maternity leave.

In all our relations with our suppliers, dealers, and other stakeholders, we prioritize working with organizations that value equality and diversity. Accordingly, we have been conducting activities focused on gender equality with our suppliers for three years. Through these efforts, the number of women working at our suppliers has increased.

Employing people with disabilities is a topic that we care about as part of our equal opportunity and diversity focus. We believe that every individual in the community can add value to a business when suitable and supportive conditions are provided. With this belief, we raise awareness to overcome biases and develop projects to promote this idea. We analyze our business processes to embrace all and hire people with disabilities from underserved communities for suitable positions identified through such analyses. The development programs that we created to employ people with autism and Down syndrome in an industry, considered dangerous, for the



first time in Turkey and the world are currently ongoing. We also provide sign language training for different factory teams while designing the plants and the offices as accessible spaces. We partner with associations for people with disabilities in line with our goals. In 2020, 51 people with disabilities joined the company, which now employs 365 people with various disabilities.

We strive to offer equal opportunities for our employees with disabilities through activities such as creating a production process with wheelchair access and allocating an accessible vehicle for transporting people with disabilities to and from their homes. The efforts of our Yeniköy plant toward making these possible were recognized with the second prize in the "Accessible Workplaces" category at the 2020 Turkey Accessibility Awards, organized by the Ministry of Family and Social Services.

About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Sustainable Growth

Environmental Responsibility

Investing in Talents

Diversity and Inclusion

Talent Development

Performance Review

Employee Rights

Occupational Health and Safety

Social Investments

Annexes

Talent Management

Talent is a key asset for us in delivering the best business results.

As such, we support the development and performance of our employees with our Talent Management system. This allows us to guide the employees on their career path and to create continuous learning opportunities. The Individual Development Plans we make every year help identify the strengths and development areas of the employees and make it possible for us to track their needs and requests. We address these needs and demands and provide various opportunities and resources on different platforms to contribute to the development of our talent continuously. We also support the personal development path of the employees, included in the Career Guidance program and the DDI's (Development Dimensions International) Early Identifier Inventory, if they seek our assistance, and help them turn their dreams into goals and their goals into reality.

In 2020, 209 employees changed their roles through rotations. The objective of the new rotation system, Kinetik, is to keep the employees informed about the available positions within the company. With the system's internal announcements, rotations between different functions rose to 24% while rotations between different departments accounted for 76% of all in-house transfers.

As part of our ongoing digital transformation, we also digitalized the recruitment processes. We

launched Peoplize, an online platform that gathers all recruitment processes under one umbrella and facilitates usage for both the candidate and the recruiter. The platform features a function to design a different flow for each position while the progression and content of the recruitment processes can be edited by the recruiter depending on the position's requirements. With fast response and instant support features, the platform has simplified and facilitated our recruitment processes.

Agile Transformation

To keep up with the latest technological advancements and align with the digitalization of business processes, we have leveraged agile transformation since 2019 to elevate our competitive edge in the industry. Through Agile Transformation, we equip our employees with team building, result-focus work, analytical thinking, and decision-making skills. The Agile Transformation Team that we formed consists of 11 senior executives at the general manager, assistant general manager and director level. As we ensured the sustainability of the new way we do business, we also created the Agile@FO Playbook to guide us on our transformation journey and shared it with the employees. Serving as a compass, this playbook contains information on actions on our agile transformation path, working with agility, and agility principles. As of 2020, 350 people have agile roles in the organization.

The Future Team

The Future Team Engineer Candidates Program, first launched in 2020, is a multi-faceted eight-month program that allows future engineers to

participate in various in-house projects twice a week on the days of their choosing and also offers them development opportunities with special training packages. In 2020, 30 seniors from engineering schools took the program and were later employed by Ford Otosan.

Training Programs

The training programs we offer make up an important part of talent management. We provide training programs to build on personal and professional capabilities to develop the employees. In 2020, we delivered 29 hours of training on average for office employees and 49 hours of training for field employees, amounting to a total average training time of 45 hours. In line with our culture of learning from each other, 70 employees participated in the mentoring activities where our experienced managers provide guidance to young talent. The innovation and intrapreneurship activities, which we carry out in line with our Dynamic Balance Culture and agile transformation vision, stand apart in the industry while creating a competitive advantage. They also include tools and opportunities to help us achieve our strategic priorities. In all our business processes, we embrace a creative approach to innovation and entrepreneurship and aim to offer innovative products and services to our customers. This is why we continue our intrapreneurship efforts and support startups.

As part of our ongoing digital transformation, we encourage our employees to take the nano-diploma programs, organized by Koç Holding in partnership with Udacity. These programs, which build digital literacy skills toward becoming

NUMBER OF TRAINING HOURS PROVIDED PER EMPLOYEE



Connected Employees, encompass various topics such as data analytics, introduction to autonomous vehicles, machine learning, introduction to programming, and digital marketing. In 2020, 10 employees attended these programs.

Change is taking place at an increasingly faster pace. Accordingly, the capabilities and skills we demonstrate as we do our jobs also need to keep up with this rapid change. Therefore, we support our employees with a series of weekly newsletters, including micro-learning activities such as webinars, articles, videos, and podcasts on current trends and approaches. These help each of our employees create unique learning experiences. In 2020, we shared 115 webinars, 127 videos, podcasts, and MOOCs, and 118 articles and blogs.

For My Country: I Design the Future

With the "For My Country: I Design the Future" project, led by Koç Holding, we aim to build a meaningful future for the world, the society, and the people. We are taking a step today for a more just, equal and inclusive future for all. As part of the project, we host seminars on the importance of technology and digitalization for all employees to raise awareness about how the current problems can be solved with the help of technology.



- About the Report
- Ford Otosan in Numbers
- Chairman's Letter
- Message from the General Manager
- Strategic Management
- Sustainable Growth
- Environmental Responsibility
- Investing in Talents**
- Diversity and Inclusion
- Talent Development**
- Performance Review
- Employee Rights
- Occupational Health and Safety
- Social Investments
- Annexes

Performance Management

The OKR (Objectives and Key Results) Performance System, introduced in 2020, allows the employees to set their own targets.

At Ford Otosan, we conduct performance management with the recently launched KoçDiyalog system. KoçDiyalog is developed by a project team, consisting of representatives of Koç Group companies, by studying resources on performance management trends and the performance systems of several companies across the world, conducting field visits, and attending teleconferences. This system, which is supported by a function of instant interviews, allows us to conduct performance assessments in a more interactive setting. With KoçDiyalog, which was prepared by considering the opinions of the employees as well, we built a dynamic performance system that features dialogue platforms to enable the employees to receive healthy feedback on their development, revise their targets throughout the year, link their goals to those of the company, and tap into their potential. In 2020, we conducted performance reviews with 96% of the office employees and 60% of the field employees.

The OKR (Objectives and Key Results) Performance System that we launched in 2020 provides 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. Furthermore, we encourage our colleagues to provide feedback to each other through our reward and recognition platform, ROTA. We offer individual development plans for our field and office employees and strive to tap into their leadership potential. Accordingly, we provided 9,882 person*hours of leadership training in 2020. We also conduct our promotion, assignment, and rotation processes as transparently as possible and support each and every employee to build on their skills gain for a higher position.

Working in compliance with ethical principle is an important indicator that we take into account in performance assessments. Accordingly, employees with disciplinary actions in their files are not considered for promotions.

Young Talent

Our ambition is to be regarded as an effective company that attracts the best talent, equips them with skills and capabilities, and develops them in the right organizational structure. We are aware of the role that young talent can play in driving the business forward. Studies also indicate that developing programs such as internships contributes positively to the business. For this purpose, we develop various engagement channels to reach young people, particularly at universities.

1 Day in the Future

We organized the 1 Day in the Future event to meet with university students virtually. The event gave an opportunity for young people to experience the automotive industry and its dynamics closely, while we also explored the expectations of next generations together. The 10 students that participated in the 1 Day in the Future event met with senior executives and experienced the business world from a leader's perspective. The event also gave us a chance to build on our vision of becoming the most preferred industrial company of Turkey by learning the expectations of young people who are focused on the future in pursuit of the best.

Mentoring with Women Working Group Leads and Team Leaders

We aim to attract strong and ambitious female leaders to production. This is why we implemented a mentoring process where female engineering team leaders share their knowledge, skills, and experience required for a successful career with female Working Group Leads (WGL) and Team Leaders (TL) in the field. We support women field leaders and make the resources they may need for their personal and professional development available for them. To retain female field leaders, we organize women's workshops to eliminate the negative psychosocial factors that we identified.

Throughout the project, the number of female CGLs and TLs more than doubled, rising from 12 to 52. As a result, women now account for 7% of in CGLs and TLs. In the process, the scope of the

project expanded with mentoring and training programs, contributing to the personal and leadership development of women. Overall, 60 hours of interviews and 48 training sessions took place. According to the measurements of their satisfaction levels with the mentoring program they participated in, all 27 participants gave positive reviews.

Power Team

We designed the Power Team Program to attract the best young talent to Ford Otosan. Power Team is a two-day event for juniors and seniors from prestigious Turkish engineering schools. Over two days, we host prospective engineers at the Ford Otosan offices and plants. In 2020, we were forced to put the program on hold due to the pandemic.

Young Engineers Ready For Business

We advise students on the automotive industry and other industrial practices to contribute to their professional development. We also provide information on environmental legislation, which is not part of the standard curriculum, to ensure that they are well-equipped in this field before embarking on their careers.

Through industry-university partnerships, we also provide professional development-focused benefits by integrating industry experience into an academic education process. The program focuses on becoming a role model, mentoring processes, and professional development at Ford Otosan.

About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Sustainable Growth

Environmental Responsibility

Investing in Talents

Diversity and Inclusion

Talent Development

Performance Review

Employee Rights

Occupational Health and Safety

Social Investments

Annexes

Employee Rights

We act with honesty and integrity in all geographies where we operate and embrace the principles of accountability and openness.

As a company operating globally, we act with honesty and integrity in all geographies where we operate and embrace the principles of accountability and openness. We respect human rights in our approach to all our stakeholders. Creating and maintaining a positive and professional workplace for the employees is an essential part of this approach.

[Please click to access the Code of Conduct and Ethics.](#)

We published the Human Rights Policy in 2020. With the policy, we declare our commitment to acting in compliance with global ethical principles regarding recruitment, promotion, career development, remuneration, compensation, diversity, and respecting the employees' rights to establish and join NGOs. At Ford Otosan, we adopt a zero tolerance approach to any form of forced labor, child labor, discrimination, and harassment. We are in the process of defining the human rights

guidelines to reflect the approaches and standards of Koç Group, Ford Motor Company, and Ford Otosan. All our employees and business partners, including the managers and executives, are obligated to adhere to the Human Rights Policy. We set short-, medium-, and long-term targets to develop practices for the protection of our employees' rights in the workplace, track these targets regularly, and present the results to the senior management.

[Please click to access the Human Rights Policy.](#)

We also respect the employees' right to freedom of association. The workers at our company are covered by the Group Collective Bargaining Agreement, which is signed between the Turkish Metal Union and the Turkish Metal Industrialists' Union (MESS) and valid until August 31, 2021.

We determine and manage employee salaries through Remuneration Management fairly and consistently, based on the principle of equal pay. This allows us to ensure long-term balance in the organization and increase our competitive power in the market. With BEST (Business & Employee Success Together), our long-term variable compensation system, we determine the bonuses for all team leaders and office employees in parallel with company performance. With Flextra, the Benefits and Compensation System, the employees can manage the fringe benefits, rights, and

budgets they are entitled to by making annual selections among the available options according to certain rules. We determine the fixed salaries for senior executives in accordance with international standards and legal obligations and consider macroeconomic market data, remuneration benchmarks, the company's size and long-term targets, and the respective positions of the individuals. The senior executive salaries consist of two components: fixed, and performance-based. In calculating senior executive bonuses, bonus base, company performance, and individual performance are taken into account.

[Please click to access the Remuneration Policy for the Board of Directors and Senior Executives.](#)

We aim to enhance the well-being of our employees by supporting their work/life balance. In addition to benefits such as daycare allowance and child support, we also organize free social and arts activities (events like picnics and concerts) that our employees can attend with their families. All the employees can use the gym for free. With our Flexible Working system, we allow employees to plan their working hours, such that they work between 9.30 am to 4.30 pm and complete a 45-hour week. In 2020, flexible work amounted to 55,521 hours. Employees are also allowed to work from home one day a week. On top of all of these advantages, we provide psychological support and family counseling services for our employees through the in-house health center.

Employee Loyalty

We believe that the loyalty of our employees and their preference to work for us for long years plays a key role in our continued success because we grow with our employees and make a difference in the industry. By supporting their career and development opportunities while also considering their work-life balance, we provide a workplace where they can flourish and add value to our company and our industry for many years. With relevant applications and practices in place, we have improved employee turnover rate significantly for the last three years. The employee turnover rate dropped from 11.4% to 5.3% in 2020.

In the Koç Group employee loyalty survey, we improved our results among both field and office employees year on year, increasing employee loyalty rate to 79% in 2020.

EMPLOYEE LOYALTY RATES	2018	2019	2020
Total	72%	77%	79%
Office	56%	64%	68%
Field	77%	81%	82%



- About the Report
- Ford Otosan in Numbers
- Chairman's Letter
- Message from the General Manager
- Strategic Management
- Sustainable Growth
- Environmental Responsibility
- Investing in Talents**
- Diversity and Inclusion
- Talent Development
- Performance Review
- Employee Rights**
- Occupational Health and Safety
- Social Investments**
- Annexes

Dialogue with Employees

We use various platforms and channels for effective and efficient communication to make sure that our employees are informed about the developments at Ford Otosan. For this purpose, we organize Open Door Meetings, Leadership Meetings and in-house events. We share the latest organizational developments with the employees digitally and instantly on the Intranet Portal. The General Manager's Newsletter, Aramızda Magazine, Aramızda TV, SMS, and e-mailing are the other channels that we also use widely.

We organize activities to enhance communication among employees and enable them to socialize outside of work and we encourage their participation. The sports teams and clubs, founded through voluntary initiatives, participate in the national league of companies and represent our company in various branches. These clubs foster our employees, contributing to their personal development and improving communication with their teammates. These sports clubs, which senior executives sponsor, play a key role in motivating the employees and supporting them for a healthier life by promoting sports as a culture.

Fikirhane (Ford Otosan Innovation Portal)

Fikirhane is the in-house innovation platform that we built to create a competitive edge in the industry and support our innovative company culture. With Fikirhane, the employees find the opportunity to submit their ideas and suggestions regarding existing products, services, processes, or business models that they think would contribute to the company and business strategies. The ideas submitted to the system are assessed by experts in the respective fields and the ones found to be viable are implemented. If the annual earnings

of the implemented ideas exceed €10,000, the Fikirhane committee may decide to reward the owners of the ideas and their partners in the project, if any, with 4% bonus on the revenues of suggestion (not to exceed five times the gross minimum wage). To date, 1,838 suggestions have been submitted to the

Fikirhane Platform and 29 of these have been implemented. In 2020, we focused on innovative ideas related to COVID-19 and received 556 suggestions in only two weeks. Among these ideas, 119 were implemented in the workspaces when operations resumed at the offices and the plants.



Occupational Health and Safety

Ford Otosan was recognized with nine awards in different categories in Europe at the 2020 President's Health and Safety Awards (PHSA), the annual event of Ford Motor Company.

The automotive industry, by nature, is categorized as highly hazardous in terms of occupational health and safety. We recognize the importance and regard creating a safe and healthy workplace for our employees as our primary responsibility, meeting all legal requirements related to occupational health and safety (OHS) in our offices and plants. We are committed to managing our operations effectively, identifying the occupational health and safety risks specified by the ISO45001 Occupational Health and Safety Management Systems Certification through the relevant OHS committees, setting targets and creating programs, and regularly reviewing them. As of today, four of our plants hold ISO 45001 NW certification.

Please click to access the Occupational Health and Safety Policy.

We recognized that accidents and losses can only be prevented when the company and the employees take joint responsibility. Accordingly, all the departments follows the Occupational Health and Safety Policy in the design, operation and maintenance of the plants and equipment while the employees take utmost care to comply with the occupational safety guidelines and processes in place. We conduct continuous improvements to eliminate all the dangers and risks such as diseases, injuries, and fire that might threaten the safety of life and property and we involved our employees in the process. We deliver OHS training programs to ensure that the employees adopt the OHS culture, manage the risks, and do their jobs by following the safe work requirements.

In 2020, we delivered 114,967 hours of OHS training for our employees and 7,353 hours for the employees of our subcontractors and suppliers.

OHS PERFORMANCE (EMPLOYEES)	2018	2019	2020
Occupational Disease Rate	0	0.59	0.09
Incident Rate	14.69	7.67	5.81
OHS Training Hours (employee*hours)	73,687	109,361	114,967
OHS PERFORMANCE (SUBCONTRACTORS)	2018	2019	2020
Injury Rate	0	0	5.69
OHS Training Hours (employee*hours)	3,242	2,902	7,353

Ford Otosan won four prizes at the MESS OHS Competitions Awards Ceremony, organized by MESS to promote occupational health and safety as a culture across wider audiences. At the 2020 President's Health and Safety Awards (PHSA), the annual event of Ford Motor Company, Ford Otosan was recognized with awards in nine different categories in Europe. The Occupational Health and Safety Leader of the Year award was presented to Cem Temel, Assistant General Manager, and the Occupational Health and Safety Professional of the Year award to Dr. Gürsel Gökmen, Health, Hygiene and Ergonomics Manager.

Pedestrian Safety Project

We eliminate OHS risks in the loading and unloading areas at the plants by implementing automated technological solutions that are not dependent on humans. For this purpose, we installed powerful locking systems on the docks to keep the truck tires fixed so that the driver could not move the truck on their own

and to prevent the risk of the equipment tipping over while forklifts are loading and unloading the truck. We created a safe survival space between the truck and the dock to prevent pedestrians from getting stuck during unsafe reverse maneuvers for docking. We also added a weighted rig mat and audible and visual warning systems and implemented innovative systems to limit the speed of the equipment, automatically slow down the equipment independently of the operator, and warn the driver/operator in case of potentially dangerous approaches with pedestrians. This project also enabled the users to view the current locations of the equipment instantly on the map and allowed us to eliminate the risks arising from busy traffic.

COVID-19 Pandemic and Safe Workplace Practices

During the pandemic, we strived to create a healthy and sustainable workplace. To ensure business continuity during the period when the operations were halted, we made arrangements according to guidance from official authorities and the safe working guidelines of Koç Holding and Ford. We focused on creating a safe working experience for our employees by introducing the relevant procedures. All our efforts in this context were recognized with the TSE COVID-19 Safe Production Certification for all the campuses. Our activities in 2020 include the following:



- About the Report
- Ford Otosan in Numbers
- Chairman's Letter
- Message from the General Manager
- Strategic Management
- Sustainable Growth
- Environmental Responsibility
- Investing in Talents**
- Diversity and Inclusion
- Talent Development
- Performance Review
- Employee Rights
- Occupational Health and Safety**
- Social Investments
- Annexes

- We launched the General Hygiene Plan and then introduced the Extended Hygiene Plan. Accordingly, we disinfected all frequently-contacted surfaces, especially in all offices, work and break areas, the cafeterias, and the HVAC systems, and replaced the AC filters.

- We placed thermal cameras at the factory entrances for fever scanning and hand sanitizers at various locations.

- We defined procedures for the healthcare center.

- We used Medihis, Koç Holding’s Healthcare Program, whose infrastructure was ready prior to the pandemic, actively. The program made it possible to contact physicians, psychologists, physiotherapists, dietitians, medical secretaries, and nurses online. Videos and articles on both psychological and physical health were uploaded to the system.

- We restricted all non-essential business trips

- During the six weeks when we halted our production operations, we formed working groups to manage return to work, people-workforce preparation, demand and supply chain, area management, compliance, and communications activities. These six working groups work three days a week, dedicating each day to return to work (RTW) and continue to work (CTW) to ensure and maintain a healthy work environment.

- On the shuttle buses, each employee sits in a designated seat and checks in on the May Safe Place app.

- We redesigned the layouts of the working areas to maintain a distance of 1.5 meters between stations. In the few areas where this distance could not be maintained, we provided protective face masks and shields for the safety of the workers.

- We shifted to the working from home model for the office employees and limited the office capacity to 50%. In-person meetings were replaced by online meetings.

- We limited the cafeteria capacity to 50% and rearranged the tables and seating to maintain physical distance.

- Visitors and trainees were not allowed into the plants. In required visits, the visitors were asked to fill out a daily health questionnaire at the entrances, and allowed entry upon the approval of the physicians at the healthcare center.

- We created a follow-up and evaluation center, headed by a physician, was within the plant. A 6-person contact tracing was formed to report to this center. The contact tracing team conducted continuous field visits, made observations and gave warnings about face masks, distancing, and hygiene. The team reported its observations at the end of each shift.

We introduced various practices to support the employees, especially for mental well-being:

- The family counseling service allowed the employees to receive personal and face-to-face support regarding their problems at home.

- Employees who were pregnant or had chronic diseases were placed on administrative leave. We also provided psychologist support through online interviews to help the employees in the risk groups deal with anxiety issues.

- In addition to a return-to-work examination, we provided psychological support for every employee who returned to work after healing from COVID-19. We also started to monitor the short- and long-term neurological and psychological effects of the disease.

- To promote transparent communication, we held regular online meetings with the participation of the CEO. We also designed posters and banners about the pandemic and actively used our communication channels for announcements and information.

- We posted articles on psychology to the Ford Otosan portal.

- During the time we spent at home, we conducted a survey titled “We Believe in the Power of Healing Together” via the portal and evaluated the concerns and fears of the employees regarding the pandemic while also identifying the challenges they experienced in this process. Out of 410 people who responded to the survey, we reached out to those who asked for personal support. After identifying the key challenges, we organized interactive meetings by bringing together people with similar problems.

- As part of the psychosocial support program, we delivered an online training on “Anxiety and Coping Methods during

Pandemics” to 212 leaders from offices to production. We also planned training on anxiety and coping methods in traumas for all employees who had received coaching training.

- We planned workshops with the Parents School to address the equal parenting rights for all employees with children in the 0-18 age group and to find solutions to the growing communication problems within the family, especially during the pandemic.

Digitalization during the COVID-19 Pandemic: My Safe Place App

We developed the My Safe Place app to facilitate business processes during the pandemic. With this application, which can be downloaded to smart phones and used by employees, we were able to monitor health status daily. We also integrated the HES code into the app. During the pandemic, the rewards and recognitions were presented through this app. While receiving their rewards, the employees went to the place defined for them in the system and communicated location information by scanning the barcode in that area. To ensure that employees with health conditions did not come to the plant and create infection risk, we communicated the daily digital health situation to their mobile phones and monitored the current health status of each employee step by step. With the My Safe Place app, we aimed to enable the employees to check in at every location within the company from the office desk to the meeting room, from the seat on the shuttle bus to the cafeteria table, using the QR codes placed everywhere so that each employee’s contact could be tracked, and contact tracing could be expedited in case of potential infections.



Social Investments

We contribute to the Sustainable Development Goals with our activities focused on equality, gender equality, education, healthcare, culture, arts, and sports.

Social Investments

In 2020, we allocated TL 77 million in funds for social investments through donations, social investment projects, and sponsorships.

The business world has a critical duty in finding solutions to social, economic, and environmental problems through social investment strategies. Companies are stepping up their efforts to drive societal development and create shared value by taking more responsibility. With the COVID-19 pandemic, companies are now in an even more critical position. As the social crises deepened in all areas, and particularly in healthcare, education, economy, and gender equality, with the pandemic, the need for corporations to allocate more funds toward ensuring equality has become more apparent. In addition to the challenges in access to education and employment, the global crisis, compounded by widening digital divides will likely have severe consequences on young people in the long term. Youth disillusionment is among the critical risks that the world faces.

While the pandemic led to wider equality gaps, it also showed us the importance of solidarity and that we all need to join forces and work

together for a more equal society where no one is left behind. At Ford Otosan, we not only work to shape the automotive industry and its future but also prioritize creating social benefit as an important responsibility with the belief that businesses develop together with the communities in which they exist. Accordingly, since our establishment, we have aimed to create shared value for our stakeholders and contributed to societal development, particularly in the locations where we operate. In 2020, we allocated over TL 77 million in funds for social investments through donations, social investment projects, and sponsorships.

In addition to our efforts to mitigate the impact of the pandemic, we are also engaged in a wide range of activities, especially in education, equality, healthcare, and the environment, with a corporate citizenship approach and the contributions of our employees in light of the 2030 United Nations Sustainable Development Goals.

Dreams Need Knowledge

In the next decade, advancements in automation, AI, and digital technologies are anticipated to transform many businesses in Turkey with the potential to create 3.1 million net new jobs by 2030 and change the requirements for technological skills. In line with these developments, we launched the “Dreams Need Knowledge” project in partnership with the Young Guru Academy (YGA) to build 21st century skills and promote

equal opportunity in education. With this project, we introduce the concept of open innovation to young people and children, and drive social innovation.

Aiming to put Ford Otosan’s R&D and innovation capabilities to the service of future generations and to support Turkey in developing advanced technologies, we send autonomous vehicle sets with basic sensor technology and autonomous driving features as gifts to children who lack access to new technologies. This allows us to give children the opportunity to use technologies such as sensors, coding, and artificial intelligence while developing their problem-solving skills and helping them gain awareness about what they can achieve through technology. Furthermore, Ford Otosan Volunteers introduce our “AI-assisted Autonomous Vehicle” concept to the children to give them a different perspective.

In 2020, we moved the project-related activities to the digital platform due to the pandemic and in addition to the autonomous vehicle sets we gifted to the schools, we held talks on science and automotive technology as well as mentoring sessions together with the Ford Otosan Volunteers and the students. As part of the project, we have delivered 1,500 science sets to 150 schools so far. In 2020, 75 primary school students, 28 YGA volunteers, 10 YGA graduates, and 11 Ford Otosan volunteers participated in the online science sessions.



Support for the Future of the Automotive Industry

In line with the “Vocational Education: A Crucial Matter for the Nation” approach, we support vocational high school students, who will serve the Turkish automotive industry in the future. We donate all the vehicles used in the testing stages of the projects to the vocational high schools to help with the development of the engine and technical departments at the schools. As part of this project, we donated 103 vehicles in the last three years.

We launched the project titled “I have a job and I have hope” within the scope of the 2020 Social Development Support Program (SOGEP),



- About the Report
- Ford Otosan in Numbers
- Chairman’s Letter
- Message from the General Manager
- Strategic Management
- Sustainable Growth
- Environmental Responsibility
- Investing in Talents
- Social Investments**
- Annexes

¹ Impact of COVID-19 on SDG progress: a statistical perspective, United Nations Department of Economic and Social Affairs, 2020
² Giving in Numbers 2020 Edition, Chief Executives for Corporate Purpose, 2020
³ Global Risks Report, World Economic Forum, 2021
⁴ Future Of Work: Turkey’s Talent Transformation in the Digital Era, McKinsey & Company, 2020

introduced by the Directorate of National Education. With this project, we aim to include into business life seniors from vocational high schools as well as unemployed youth and individuals who have lost their jobs in the workforce.

As part of the project, which we carry out in collaboration with the Kocaeli Chamber of Industry, Kocaeli Provincial Directorate of Labor and Employment Agency , and Kocaeli Provincial Directorate of Family Labor and Social Services , we help underserved individuals gain professional skills. We also organize activities aimed to address problems such as unemployment and social security concerns, societal issues, and social adaptation anxiety. The 18-month project involves activities to help underserved communities integrate into social life and to increase employment, particularly among women.

Ford Driving Skill For Life

At Ford Otosan, we see creating social benefits in line with our fields of operation as our responsibility and deliver safe driving training programs through Ford Driving Academy. The program, which has improved the driving skills of more than one million young people across the world since 2003, could not be organized in 2020 due to the pandemic restrictions.

Promoting Female Employment in Tech with UP School

Ford Otosan is the main sponsor of UP School, an educational technology initiative that YGA has launched, to support the education of women leaders who will become role models in technology and to increase female employment. As part of this initiative, we designed a free eight-week training program titled “Data Analysis, Visualization, and Storytelling” for women who aspire to develop

their skills in relevant areas to gain technical knowledge and competence.

For My Country: I Support Gender Equality

For My Country (Ülkem İçin) is an umbrella concept under which Koç Group companies generate solutions to various issues. At Ford Otosan, we work together with our employees and dealers to develop projects to address different societal issues and find sustainable solutions to social problems. For this purpose, we start with our fields of operation and partner with our suppliers to carry out gender equality-focused activities toward higher and balanced female employment in the automotive industry. As part of these efforts, we hosted gender equality seminars for our suppliers with volunteering employees as in-house trainers. We partnered with our dealers to bring these seminars to different regions across Turkey. We also partnered with AÇEV (Mother Child Education Foundation), which provided training programs to educate volunteering trainers among our suppliers. Through these training programs, which also included best practices in gender equality, we have reached 30,000 people so far and helped increase the number of female employees at our suppliers. In 2020, we collaborated with Equality Matters, an AÇEV initiative, and supported the education of 70 women from 10 suppliers.

STEPtember

For the last seven years, we have taken part in the STEPtember events, organized to support children with cerebral palsy and to help improve their quality of life. In 2020, we raised nearly TL 190,000 in funds with 41 teams and 164 people in total. With the highest amount of donations collected throughout the campaign, we became the company to create the highest level of social benefit so far in this area.

Wings for Life World Run

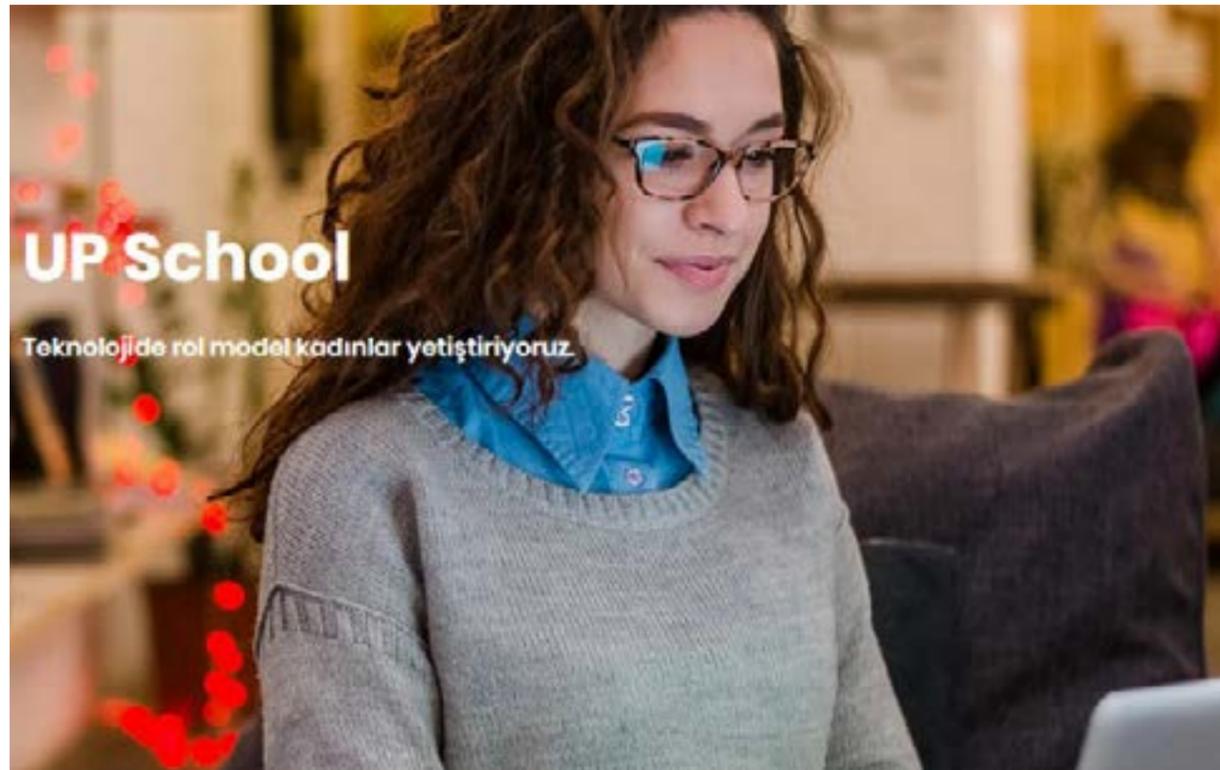
We formed Ford Team, which became the most crowded running team with 2,274 members, with the slogan ‘My Hand Is Your Hand’ (‘Benim Elim Senin Elin’) to support paraplegics, and ran the Wings for Life World Run 2019, which took place simultaneously in 12 countries on six continents. The charity run was not organized due to the pandemic in 2020.

Social Impact Center

We founded the Social Impact Center in 2018 as a platform that generates solutions to social and environmental issues in partnership with Gıda Kurtarma Derneği (Food Saving Association), Gebze Chamber of Commerce, and the tech start-up Fazla Gıda (Whole Surplus). Turkey ranks among the countries with the highest amount of food waste per capita with 7.7 million tons annually.⁵ At Ford Otosan, we aim to eliminate food waste and deliver the saved food to people in need by supporting sustainable development through the Social Impact Center. In 2020, the Center helped save 1,400 tons of food and delivered consumable food to 340 thousand families in need.

Recycling Heroes

We launched the Recycling Heroes project to raise awareness of students about the environment and recycling. As part of this project, we share the content we create on environment and recycling with students and also carry out various informative activities. With the project that has continued since 2017, we came together with first grade students in 23 primary schools to date.



- About the Report
- Ford Otosan in Numbers
- Chairman's Letter
- Message from the General Manager
- Strategic Management
- Sustainable Growth
- Environmental Responsibility
- Investing in Talents
- Social Investments
- Annexes



Become a Donor, Save a Life

Building on #TheOnusIsOnUs vision of Koç Holding, we launched the “Become a Donor, Save a Life” campaign to change the false perception about stem cell donation, which can be an important treatment for certain cancer types, and to support patients whose survival depends on the availability of a suitable donor. We partnered with the Turkish Red Crescent for the campaign and delivered training programs at all our locations to raise awareness about being a donor. Following the training programs, several Ford Otosan employees registered with the Ministry of Health database as volunteer donors, resulting in stem cell matching with 15 individual patients and four individual stem cell transplantation procedures.

My Heart is With You Ford Otosan Volunteering Platform

Ford Otosan employees, who strive to find solutions to all kinds of social issues beyond simply focusing on our industry come together on the “Gönlüm Senle” (My Heart is With You) volunteering platform and develop projects to create social benefit. The employees can also develop projects that would contribute to the United Nations Sustainable Development Goals

and submit them through this platform. On the other hand, our volunteers can take part in projects developed by other employees or serve in NGOs. The platform, which was moved to the digital medium in 2020, facilitated activities to support SMA patients, stray animals, and Izmir earthquake victims. As of last year, 355 Ford Otosan volunteers have completed the necessary training programs.

Fight Against the COVID-19 Pandemic

During the COVID-19 pandemic, we developed various services to make life easier for our customers and also carried out activities to support communities under risk due to the disease, and in particular, the healthcare workers. Koç Holding and Ford Motor Company continued to join forces with social responsibility awareness during the pandemic. Koç Holding donated TL 20 million to the national solidarity campaign “We are self-sufficient, Turkey” while Ford Motor Company matched the total donations of all our employees, dealers, and suppliers to the Cerrahpaşa Medical School Foundation.

We regularly monitored the needs that arose due to the pandemic and supported healthcare workers with the contributions of our suppliers. We developed and manufactured aerosol containers and face shields and delivered 31,600 face shields, 1,370 aerosol containers, and 10,120 protective overalls to more than 170 healthcare institutions across the country as well as lunchboxes to contact tracing teams.

In addition to allocating ambulances and vehicles for the Provincial District Healthcare Directorate to be used in contact tracing activities, we also partnered with Opet Fuchs to provide free periodic maintenance for all Ford brand ambulances that the Ministry of

Health used in Kocaeli. We donated a PCR machine to the Kocaeli Provincial Healthcare Directorate to facilitate access to healthcare services. We also distributed hygiene kits to all the drivers daily at the Habur border crossing with the help of the field personnel of the International Transporters Association of Turkey.

With an app called “Oximeter,” developed by Ford Otosan engineers, we enabled the physicians and nurses to measure and monitor the blood oxygen levels and pulses of patients via their mobile phones and computers without having to enter the patient rooms.

In cooperation with Gölcük District Governorship and Gölcük Town Council, we delivered “Managing Anxiety in a Pandemic” training for women, families with school-age children, and people with disabilities, as the key groups that are most impacted during the pandemic. We also trained all the female mukhtars, the neighborhood administrators, on “Communication Skills in a Pandemic”.



We delivered 31,600 face shield to more than 170 healthcare institutions across the country

We partnered with El Ele Education and Culture Association to help children access distance education during the pandemic and contributed tablets to children in underserved regions. Ford Otosan Volunteers supported the El Ele Education and Culture Association’s “Introduction to Engineering” program by meeting with the children in the digital medium to inspire them for mechanical, industrial, software, and chemical engineering.

We also launched a project titled “Ford Otosan is Here When You Call” to assist retired Ford Otosan employees over 60 during the lockdowns that restricted them to their homes.

About the Report

Ford Otosan in Numbers

Chairman’s Letter

Message from the General Manager

Strategic Management

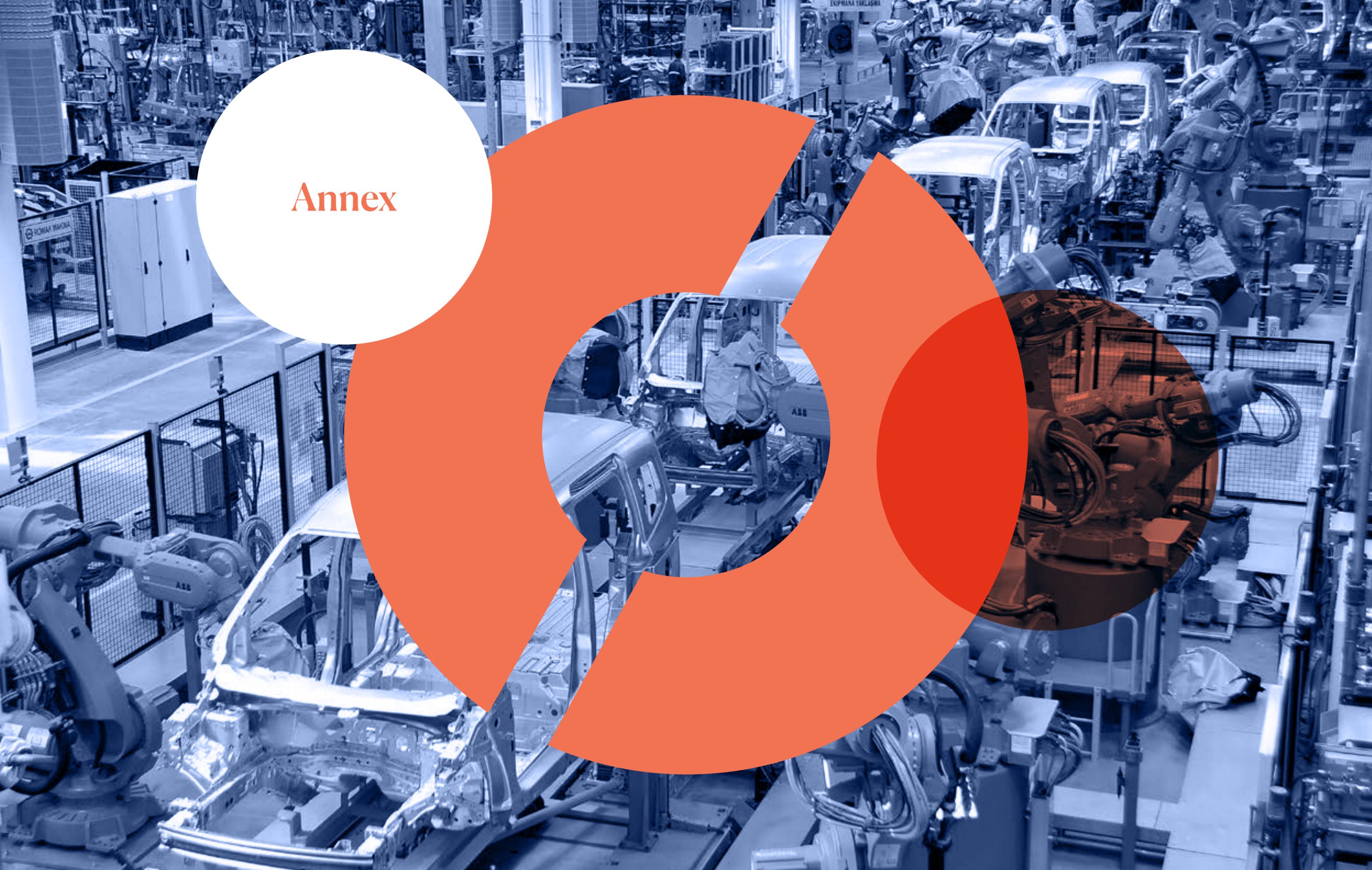
Sustainable Growth

Environmental Responsibility

Investing in Talents

Social Investments

Annexes



Annex

Annex 1: Economic Performance Indicators

ECONOMIC AND OPERATIONAL INDICATORS (TL MILLION)	2018	2019	2020
Sales revenues	33,292	39,209	49,451
EBITDA	2,854	3,198	5,722
Net profit	1,683	1,959	4,195
Operating costs	22,219	36,088	45,084
Employee salaries and benefits	1,238	1,498	1,758
Dividends	1,204	1,284	1,094
Taxes and liabilities paid to the government directly as taxpayer	15	21	39
Social contribution	42	37.4	77.1
Total R&D budget	578	552	442
Total supplier spending	15,933	40,041	42,505
Local suppliers spending	14,235	19,933	19,627

[About the Report](#)

[Ford Otosan in Numbers](#)

[Chairman's Letter](#)

[Message from the General Manager](#)

[Strategic Management](#)

[Sustainable Growth](#)

[Environmental Responsibility](#)

[Investing in Talents](#)

[Social Investments](#)

[Annexes](#)

[Annex 1: Economic Performance Indicators](#)

[Annex 2: Stakeholders and Communication Methods](#)

[Annex 3: Ford Otosan 2020 Corporate Memberships](#)

[Annex 4: Environmental Performance Indicators](#)

[Annex 5: Social Performance Indicators](#)

[GRI Content Index](#)

Annex 2: Stakeholders and Communication Methods

STAKEHOLDER GROUPS	COMMUNICATION METHODS
Shareholders and Investors	<ul style="list-style-type: none"> Corporate Website and Investor Relations Mobile App Investor and analyst presentations Material event disclosures Financial results briefings <ul style="list-style-type: none"> One-on-one interviews and meetings General Assembly Meetings Plant visits Annual Report and Sustainability Report
Employees	<ul style="list-style-type: none"> Ford Otosan Working Principles Company Internal portal Internal television broadcasts Suggestion, recognition, and reward system Working groups and committees Internal communications through magazines, General Manager's newsletter, announcements and notifications <ul style="list-style-type: none"> Social events Performance Management System Annual Report and Sustainability Report Employee loyalty surveys and questionnaires Open Door and Leadership meetings
Media	<ul style="list-style-type: none"> Annual Report and Sustainability Report Interviews and talks Meetings and events Press releases Material event disclosures
Vocational Schools, Universities, and Academy	<ul style="list-style-type: none"> Annual Report and Sustainability Report Academic conferences and seminars Articles, publications, and academic research Joint projects <ul style="list-style-type: none"> Education and technical support Sponsorships Meetings and interviews
Dealers	<ul style="list-style-type: none"> Annual Report and Sustainability Report Dealer meetings, Dealer Council, and one-on-one meetings Dealer and customer satisfaction surveys Internal publications Training programs for the dealers
Koç Group Companies	<ul style="list-style-type: none"> Annual Report and Sustainability Report Working groups Project partnerships
Public Institutions	<ul style="list-style-type: none"> Annual Report and Sustainability Report Inspections Meetings and interviews Training programs
Suppliers and Subcontractors	<ul style="list-style-type: none"> Annual Report and Sustainability Report Ford Otosan Working Principles Training programs Awards ceremony One-on-one meetings OHS Committees
NGOs	<ul style="list-style-type: none"> Annual Report and Sustainability Report Working groups, Committee and Board Memberships Memberships Joint projects and initiatives Meetings and interviews

About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Sustainable Growth

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

Annex 1: Economic Performance Indicators

Annex 2: Stakeholders and Communication Methods

Annex 3: Ford Otosan 2020 Corporate Memberships

Annex 4: Environmental Performance Indicators

Annex 5: Social Performance Indicators

GRI Content Index

Annex 3: Ford Otosan 2020 Corporate Memberships

ORGANIZATION	RESPONSIBILITY
Heavy-Duty Manufacturers Association	Membership
Lead Battery Manufacturers and Recyclers Association	Membership
American Business Forum (ABFT-AmCham)	Membership
European Automobile Manufacturers' Association	Membership
Deniz Temiz Association	Membership
Foreign Economic Relations Board of Turkey	Membership
WWF Turkey	Membership
World Economic Forum	Membership
Eskişehir Chamber of Industry	Membership
Ethics and Reputation Society	Membership
Intellectual Property Rights Association	Membership
Smart Mobility Systems and Services – Europa	Membership
Interactive Advertising Association	Membership
İstanbul Ferrous and Non-ferrous Metals Exporters Association	Membership
İstanbul Mineral and Metals Exporters Association	Membership
Istanbul Chamber of Industry	Professional Committee Membership
Istanbul Chamber of Commerce	Membership
Kocaeli Chamber of Commerce	Board Membership
Corporate Communications Association	Membership
International Chamber of Commerce Turkey National Committee	Board Membership
Central Anatolian Exporters' Association	Membership
Automotive Distributors Association	Technical Committee Membership

ORGANIZATION	RESPONSIBILITY
Automotive Manufacturers Association	Board Membership (Chair)
Advertisers Association	Membership
Portable Battery Manufacturers and Importers Association	Membership
Turkish Industry & Business Association (TÜSİAD)	Membership
Foreign Trade Association of Turkey	Membership
Turkey – U.S. Business Council	Board Membership
Turkish Informatics Foundation	Membership
Turkish Training and Development Platform	Membership
Turkish Electrical and Electronics Exporters Association	Committee Vice Chair
People Management Association of Turkey	Advisory Board Membership
Turkish Quality Association	Membership
Corporate Governance Association of Turkey	Membership
Port Operators Association of Turkey	Membership
Turkish Employers' Association of Metal Industries	HR Committee Membership
Union of Chambers and Commodity Exchanges of Turkey	Turkish Automotive Industry Council Membership
Technology Development Foundation of Turkey	Founders' Board Membership
Turkish Investor Relations Society	Board Chair
Uludağ Exporters Association	Vice Chair of the Board
Tool Manufacturers' Association of Turkey	Membership
International Investors Association	Board Membership
Turkish Investor Relations Society	Board Chair

About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Sustainable Growth

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

Annex 1: Economic Performance Indicators

Annex 2: Stakeholders and Communication Methods

Annex 3: Ford Otosan 2020 Corporate Memberships

Annex 4: Environmental Performance Indicators

Annex 5: Social Performance Indicators

GRI Content Index

Annex 4: Environmental Performance Indicators

ENVIRONMENTAL MANAGEMENT

At Ford Otosan, our environmental efforts are guided by all applicable local regulations and international management standards. We manage all our products and services in accordance with the 14001:2015 Environmental Management System and ISO 50001 Energy Management System. All Ford Otosan plants hold ISO 14001 certifications. We require our suppliers to hold ISO 14001:2015 Environmental Management System certification as a prerequisite of our cooperation to manage our indirect environmental impact effectively. Along with the Environmental and Energy Management Systems, our Environmental and Energy Policy also provides the guidelines to identify and manage environmental impact, goals, and targets.

[Environmental and Energy Policy can be found here.](#)

Our Gölcük, Yeniköy, and Eskişehir Plants have wastewater treatment plants. The treated wastewater from the Wastewater Treatment Plants at the Gölcük and Yeniköy Plants is discharged to the sewage system and the treated wastewater from the Eskişehir Plant's Wastewater Treatment Plant is discharged to the receiving environment. Wastewater is discharged in compliance with the reference values specified in the Regulation on Water Pollution Control and the Regulation on Wastewater Discharge into Sewage. Compliance with limit values is measured and ensured through regular tests.

All Ford Otosan locations hold ISO 14064-1:2016 certifications. Our Scope 1 and Scope 2 emissions are verified in accordance with ISO 14064. We also include our Scope 3 calculations in our CDP Climate Change reporting. The greenhouse gas emissions in 2020 will be verified in 2021 according to ISO 14064-1:2018 (new version) and a base year assessment will be conducted made by expanding the scope.

Emission data for 2020 has been audited by two different institutions. Pursuant to the Regulation on Monitoring Greenhouse Gas Emissions, we prepare monitoring plans for the Kocaeli and Eskişehir Plants and submit the Greenhouse Gas Emission Reports to the Ministry of Environment and Urbanization annually.

[To see all the certifications that Ford Otosan holds, please click here.](#)

The Environmental Committee consists of the Environmental and Energy Management Representative, the Head of the Environmental Committee, and environmental officers appointed to represent their respective departments. The Energy Management Team consists of the manager representative, the energy manager and the energy officers appointed to represent their respective departments.

We run the Green Office program in partnership with WWF Turkey. As part of the program, we

implement projects to reduce natural resource consumption at all the plants. Following the Sancaktepe Campus, the Eskişehir Plant and Kocaeli Plants also received the Green Office Diploma. As such, three campuses now hold a Green Office Diploma.

We provide training programs on environmental sustainability to improve the capabilities of our stakeholders across the value chain, and particularly the Ford Otosan employees. In 2020, the total training time of our employees increased by 42% to reach 19,431 person*hours. The total training time of the subcontracted employees increased fivefold year on year and reached 4,097 person*hours. Our environmental engineers from the Eskişehir Plant taught the ÇEV475 Environmental Legislation course at the Eskişehir Technical University Environmental Engineering Department in the fall 2019 and spring 2020 semesters.

AIR EMISSIONS

KOCAELİ PLANTS (GÖLCÜK- YENİKÖY)

The emissions at the Kocaeli Plants include volatile organic compound emissions from the paint shop process, combustion gases from process and heating facilities, and dust emissions from the welding process. In the Paint Shops of the Gölcük Plant, a part of the Kocaeli Campus, water-based paint is used in both primer and basecoat paints as a first in the Turkish automotive industry. All paint ovens also include solvent burning systems (incinerators). These systems and practices

allow us to keep our volatile organic compound emissions well below the reference values specified in the Regulation on Industrial Air Pollution Control (SKHKKY). The volatile organic compound emissions from the incinerators are monitored online 24/7 with a continuous emission measurement system. The Ministry of Environment and Urbanization also monitors the continuous emission measurement systems online.

The latest technologies are selected and implemented in the Paint Shops of the Yeniköy Plant, a part of the Kocaeli Campus. These best practice techniques include: "3-Wet (Wet in Wet) High Solid Full Robotic Painting Systems" and "Dry Scrubber Cleaning System". A solvent-based paint is used in the Yeniköy Plant Paint Shops. Conventional systems have 3 paint booths and 3 ovens between the paint booths while 3-Wet paint systems have 1 paint booth and 1 oven. Besides, a primer oven and a primer sanding cabinet are not required in 3-Wet paint applications, which do not have such a process. This system delivers savings in natural gas. With the Dry Scrubber Technology, one of the world's most advanced scrubber processes, low energy consumption is achieved through ventilation of the closed-loop paint booth. This technology consumes low energy and no water or chemicals.

Since natural gas is used as fuel at the Kocaeli Plants, our combustion gas emissions are well below the limits. Furthermore, the online oxygen measurement and control system installed

Annexes

in the boiler room has reduced combustion emissions to much lower levels.

ESKİŞEHİR PLANT

All processes at the plant take place indoors and no process is executed outdoors. Accordingly, there are no uncontrolled emission sources. At the plant, the dust mass flow rate of the facilities has been determined and it has been ascertained that there is no dust emission source over 10 kg/hour. Given that the mass flow rates of SO₂, NO, CO and TVOC pollutants are far below the reference values specified in SKHKKY ANNEX-3, continuous measurements are not performed.

SANCAKTEPE

At Sancaktepe, there are five boilers in total: three in the Spare Parts Distribution Center and two in the R&D Center. Parameters such as O₂, CO₂, CO, and NO, loss quantities, excess air quantity, temperature, and efficiency are measured and monitored.

GREENHOUSE GAS EMISSIONS (TON CO₂E)	2018	2019	2020
Scope 1	74,492.12	78,360.02	80,097.61
Scope 2	124,578.20	123,359.29	32,385.54
Total (Scopes 1 and 2)	199,070.32	201,719.31	112,483.15

ENERGY CONSUMPTION (GJ)	2018	2019	2020
Direct renewable energy consumption	2,368	38,934	6,488
Direct non-renewable energy consumption	1,071,156	1,096,369	1,327,185
Indirect renewable energy consumption	0	0	651,171.59
Indirect non-renewable energy consumption	953,431	965,071	250,135.05
Total	2,026,955	2,100,374	2,234,980

About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Sustainable Growth

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

Annex 1: Economic Performance Indicators

Annex 2: Stakeholders and Communication Methods

Annex 3: Ford Otosan 2020 Corporate Memberships

Annex 4: Environmental Performance Indicators

Annex 5: Social Performance Indicators

GRI Content Index

WASTE QUANTITY (TON)	2018	2019	2020
Recovered hazardous waste	7,366	9,699.08	7,585.49
Recovered non-hazardous waste	87,998	87,154.98	77,733.27
Hazardous waste – disposed	26	179.17	49.38
Non-hazardous waste – disposed	188	266.50	127.18
Hazardous waste – sent to interim storage	649	247.12	136.42
Non-hazardous waste – sent to interim storage	0.04	0.068	0.067
Total	96,228	97,546.92	85,631.81

WATER WITHDRAWAL (m³)	2018	2019	2020
Underground water	1,159,612	1,097,981	991,667
Municipal water	12,545	11,053	6,917
Total	1,172,157	1,109,034	998,584

RECOVERED WATER AND WASTEWATER QUANTITIES (m³)	2018	2019	2020
Recovered water	297,284	184,152	113,399
Total water discharge except rainwater and domestic waste	364,228	374,989	307,017

ENVIRONMENTAL TRAINING (PERSON*HOURS)	2018	2019	2020
Training for employees	14,450	11,186	19,431
Training for subcontractors	908	855	4,097

ENVIRONMENTAL EXPENDITURE AND FINES (TL MILLION)	2018	2019	2020
Environmental investments and expenditure	9.1	15.3	14.2
Environmental fines	0	0	0

About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Sustainable Growth

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

Annex 1: Economic Performance Indicators

Annex 2: Stakeholders and Communication Methods

Annex 3: Ford Otosan 2020 Corporate Memberships

Annex 4: Environmental Performance Indicators

Annex 5: Social Performance Indicators

GRI Content Index

Annex 5: Social Performance Indicators

OHS PERFORMANCE (EMPLOYEES)	2018	2019	2020
Occupational disease rate	0	0.59	0.09
Number of fatal accidents	0	0	0
Lost day rate	4.81	4.40	3.62
Incident rate	14.69*	7.67	5.76
Total number of members in active OHS committees	162	145	104
Number of representatives in active OHS committees	13	16	19
Average OHS training time per employee	7.0	10.06	9.33
Total OHS training time	73,687	109,361	114,967

*In calculating the Incident Rate, only major accidents with 3 or more lost days were taken into account in 2017. With the change in calculation criteria in 2018, accidents with no lost days were also included in the calculation. This is the reason for the increase in 2018.

OHS PERFORMANCE (SUBCONTRACTORS)	2018	2019	2020
Occupational disease rate	0	0	0.05
Injury rate	0	0	5.69
Lost day rate	0	2.59	5.69
Number of fatal accidents	0	0	0
Incident rate	43.15	8.23	4.79
Total OHS training time	3,242	2,902	7,353

EMPLOYEE DEMOGRAPHICS	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Number of employees	1,622	8,955	1,622	8,955	2,197	10,174
Total employees		10,577		10,899		12,517
Number of subcontractor employees	415	421	415	421	326	834
Total subcontractor employees		836		1,405		1,160

EMPLOYEES BY CATEGORY	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Field employees	948	7,138	948	7,138	1,475	8,315
Office employees	674	1,817	674	1,817	722	1,859
Total		10,577		10,899		12,517

- About the Report
- Ford Otosan in Numbers
- Chairman's Letter
- Message from the General Manager
- Strategic Management
- Sustainable Growth
- Environmental Responsibility
- Investing in Talents
- Social Investments

Annexes

- Annex 1: Economic Performance Indicators
- Annex 2: Stakeholders and Communication Methods
- Annex 3: Ford Otosan 2020 Corporate Memberships
- Annex 4: Environmental Performance Indicators
- Annex 5: Social Performance Indicators**
- GRI Content Index

EMPLOYEES BY AGREEMENT TYPE	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Indefinite employment contract	1,600	8,872	1,600	8,872	1,742	8,892
Fixed-term employment contract	22	83	22	83	499	1,384
Employees covered by Collective Labor Agreement	8,072		6,590		9,913	

EMPLOYEES BY AGE GROUPS	2018	2019	2020
30 and younger	3,556	3,531	4,617
30-50 years old	6,908	7,203	7,758
50 and over	113	165	142

EMPLOYEES BY EMPLOYMENT TYPE	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Full-time employees	1,622	8,955	1,622	8,955	2,240	10,276
Part-time employees	0	0	0	0	1	0

EQUAL OPPORTUNITY	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Board Members	3	10	3	10	2	12
Senior executives	3	22	3	22	4	22
Mid-level managers	34	190	34	190	39	200

MATERNITY LEAVES	2018	2019	2020
Female employees on maternity leave	88	106	79
Female employees returning to work after maternity leave	66	102	73

EMPLOYEE TURNOVER	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Number of new employees	128	421	128	421	587	263
Number of employees leaving	247	1.215	247	1.215	124	536
Number of employees promoted	154	444	154	444	18	46
Employee turnover	13,8		7,2		5,3	

About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Sustainable Growth

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

Annex 1: Economic Performance Indicators

Annex 2: Stakeholders and Communication Methods

Annex 3: Ford Otosan 2020 Corporate Memberships

Annex 4: Environmental Performance Indicators

Annex 5: Social Performance Indicators

GRI Content Index

EMPLOYEES SUBJECT TO PERFORMANCE REVIEW	2018	2019	2020
Office employees	2,444	2,297	2,592
Field employees	7,945	7,861	9,976

TRAINING PROGRAMS	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Total training time	87,227	363,201	114,361	468,173	165,615	379,483
Total training including OHS	524,115		691,895		668,457	
Average training time per employee	49.6		63.7		53.4	
Office employee training	29,604	69,471	36,932	95,949	34,198,4	78,268
Average training per office employee	43,9	38,2	52,8	51,2	46,2	42,0
Average training time per office employee	39.8		52		43.2	
Field employee training	57,623	293,731	77,429	372,224	154,884	401,106
Average training per field employee	60,8	41,2	75,6	51,2	103,2	47,7
Average training time per field employee	43.5		54.2		56.1	
Leadership training	2,614	13,649	8,836	59,759	2,683	8,971

[About the Report](#)

[Ford Otosan in Numbers](#)

[Chairman's Letter](#)

[Message from the General Manager](#)

[Strategic Management](#)

[Sustainable Growth](#)

[Environmental Responsibility](#)

[Investing in Talents](#)

[Social Investments](#)

[Annexes](#)

[Annex 1: Economic Performance Indicators](#)

[Annex 2: Stakeholders and Communication Methods](#)

[Annex 3: Ford Otosan 2020 Corporate Memberships](#)

[Annex 4: Environmental Performance Indicators](#)

[Annex 5: Social Performance Indicators](#)

[GRI Content Index](#)

GRI Content Index

GRI Standard	Disclosure	Page Number(s) and/or URL(s)	Omission
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
ORGANIZATIONAL PROFILE			
102-1		https://www.fordotosan.com.tr/en/corporate/about-ford-otosan/about-ford-otosan	-
102-2		https://www.fordotosan.com.tr/en	-
102-3		https://www.fordotosan.com.tr/en/contact/contact-informations	-
102-4		https://www.fordotosan.com.tr/en/operations/production/exports	-
102-5		https://www.fordotosan.com.tr/en/corporate/about-ford-otosan/shareholder-structure	-
102-6		" https://www.fordotosan.com.tr/en/corporate/about-ford-otosan/about-ford-otosan "	-
102-7		5	-
102-8		65, 66	-
102-9		34, 35	-
102-10		No significant change compared to the previous reporting period	-
102-11		9, 19, 13, 14	-
102-12		55-57	-
102-13		61	-
STRATEGY			
102-14		5, 6, 7	-
102-15		9, 15-17	-
ETHICS AND INTEGRITY			
102-16		https://www.fordotosan.com.tr/en/investors/at-a-glance/vision-mission-and-strategies	-
102-17		10 -14	-
GOVERNANCE			
102-18		9	-
102-19		18	-
STAKEHOLDER ENGAGEMENT			
102-40		60	-
102-41		66	-
102-42		21	-
102-43		19, 60	-
102-44		19, 20	-
REPORTING PRACTICE			
102-45		4, 59	-
102-46		3	-
102-47		19, 20	-
102-48		No significant change observed.	-
102-49		"There is no change in the scope and aspect boundaries for non-financial information."	-
102-50		1 January - 31 December 2020	-
102-51		"1 January - 31 December 2019 https://www.fordotosan.com.tr/documents/Documents/Surd_Raporlari/ford_otosan_sustainability-report-2019.pdf "	-
102-52		Annually.	-
102-53		3	-
102-54		3	-
102-55		68-71	-
102-56		72	-

GRI 102: General Disclosures 2016

- About the Report
- Ford Otosan in Numbers
- Chairman's Letter
- Message from the General Manager
- Strategic Management
- Sustainable Growth
- Environmental Responsibility
- Investing in Talents
- Social Investments

Annexes

- Annex 1: Economic Performance Indicators
- Annex 2: Stakeholders and Communication Methods
- Annex 3: Ford Otosan 2020 Corporate Memberships
- Annex 4: Environmental Performance Indicators
- Annex 5: Social Performance Indicators

[GRI Content Index](#)

GRI Standard	Disclosure	Page Number(s) and/or URL(s)	Omission
GRI 200: Economic Performance Series 2016			
ECONOMIC PERFORMANCE			
GRI 103: Management Approach 2016	103-1	23	-
	103-2	23	-
	103-3	23	-
GRI 201: Economic Performance 2016	201-1	21	-
	201-2	14,15	-
	201-3	"2020 Annual Report https://www.fordotosan.com.tr/en/investors/financial-statements/annual-reports "	-
GRI 300: Environmental Standards Series 2016			
ENERGY			
GRI 103: Management Approach 2016	103-1	39, 40	-
	103-2	39, 40	-
	103-3	39, 40	-
GRI 302: Energy 2016	302-1	63	-
	302-3	40	-
	302-4	40, 63	-
WATER			
GRI 303: Water and Effluents 2018	303-1	42	-
	303-2	42	-
	303-3	64	-
	303-4	64	-
BIODIVERSITY			
GRI 103: Management Approach 2016	103-1	43	-
	103-2	43	-
	103-3	43	-
GRI 306: Biodiversity 2016	304-4	43	-
EMISSIONS			
GRI 103: Management Approach 2016	103-1	39, 40	-
	103-2	39, 40	-
	103-3	39, 40	-
GRI 305: Emissions 2016	305-1	63	-
	305-2	63	-
	305-4	40	-
	305-5	40	-
WASTE			
GRI 306: Waste 2020	306-1	41	-
	306-2	41	-
	306-3	64	-
ENVIRONMENTAL COMPLIANCE			
GRI 103: Management Approach 2016	103-1	62, 63	-
	103-2	62, 63	-
	103-3	62, 63	-
GRI 307: Environmental Compliance 2016	307-1	62, 63	-
SUPPLIER ENVIRONMENTAL ASSESSMENT			
GRI 103: Management Approach 2016	103-1	34, 35	-
	103-2	34, 35	-
	103-3	34, 35	-
GRI 308: Supplier Environmental Assessment 2016	308-1	34, 35	-

About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Sustainable Growth

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

Annex 1: Economic Performance Indicators

Annex 2: Stakeholders and Communication Methods

Annex 3: Ford Otosan 2020 Corporate Memberships

Annex 4: Environmental Performance Indicators

Annex 5: Social Performance Indicators

[GRI Content Index](#)

GRI Standard	Disclosure	Page Number(s) and/or URL(s)	Omission
GRI 400: Social Standards Series 2016			
EMPLOYMENT			
GRI 103: Management Approach 2016	103-1	45-48	-
	103-2	45-48	-
	103-3	45-48	-
GRI 401: Employment 2016	401-1	50, 66	-
	401-2	50	-
	401-3	66	-
OCCUPATIONAL HEALTH AND SAFETY			
GRI 403: Occupational Health and Safety 2018	403-1	52-53	-
	403-2	52-53	-
	403-3	52-53	-
	403-5	67	-
	403-9	65	-
	403-10	65	-
TRAINING AND EDUCATION			
GRI 103: Management Approach 2016	103-1	48	-
	103-2	48	-
	103-3	48	-
GRI 404: Training and Education	404-1	48, 67	-
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 103: Management Approach 2016	103-1	46, 47	-
	103-2	46, 47	-
	103-3	46, 47	-
GRI 405: Diversity and Equal Opportunity 2016	405-1	46, 66	-
SUPPLIER SOCIAL ASSESSMENT			
GRI 103: Management Approach 2016	103-1	34, 35	-
	103-2	34, 35	-
	103-3	34, 35	-
GRI 414: Supplier Social Assessment 2016	414-1	34, 35	-
Material Topics			
PRODUCT SAFETY AND QUALITY			
GRI 103: Management Approach 2016	103-1	37	-
	103-2	37	-
	103-3	37	-
ELECTRIFICATION AND ALTERNATIVE FUELS			
GRI 103: Management Approach 2016	103-1	25-27, 32-33	-
	103-2	25-27, 32-33	-
	103-3	25-27, 32-33	-

About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Sustainable Growth

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

Annex 1: Economic Performance Indicators

Annex 2: Stakeholders and Communication Methods

Annex 3: Ford Otosan 2020 Corporate Memberships

Annex 4: Environmental Performance Indicators

Annex 5: Social Performance Indicators

[GRI Content Index](#)

GRI Standard	Disclosure	Page Number(s) and/or URL(s)	Omission
CUSTOMER SATISFACTION AND COMMUNICATION			
GRI 103: Management Approach 2016	103-1	36-37	-
	103-2	36-37	-
	103-3	36-37	-
DEVELOPING MOBILITY SOLUTIONS			
GRI 103: Management Approach 2016	103-1	29	-
	103-2	29	-
	103-3	29	-

About the Report

Ford Otosan in Numbers

Chairman's Letter

Message from the General Manager

Strategic Management

Sustainable Growth

Environmental Responsibility

Investing in Talents

Social Investments

Annexes

Annex 1: Economic Performance Indicators

Annex 2: Stakeholders and Communication Methods

Annex 3: Ford Otosan 2020 Corporate Memberships

Annex 4: Environmental Performance Indicators

Annex 5: Social Performance Indicators

GRI Content Index

REPORTING

S360

info@s360.com.tr

DESIGN

FM İletişim

www.icerikvetasarim.com

FORD OTOSAN