

FORD OTOSAN SUPPLY CHAIN COMPLIANCE POLICY

1. PURPOSE AND SCOPE

The purpose of this Supply Chain Compliance Policy (the “**Policy**”) is to communicate the principles and values of Ford Otomotiv Sanayi A.Ş. and its subsidiaries (“**Ford Otosan**”) to our Business Partners and provide them with the necessary guidance as to the standards we expect them to follow. This Policy has been prepared by considering the ethical principles of Ford Otosan's Main Shareholders.

This Policy also aims to provide direction to Ford Otosan companies for their Business Partner selection and monitoring processes.

All employees, directors, officers of Ford Otosan shall comply with this Policy, which is an integral part of Ford Otosan Code of Conduct and Ethical Rules. Ford Otosan expected from all of its Business Partners to take necessary steps to ensure that they are aware of and acts in line with this Policy.

2. DEFINITIONS

“**Business Partners**” include suppliers, distributors, dealers, authorized service providers, all 3rd party suppliers whom we have business relationship, representatives, independent contractors and consultants etc.

“**Human Rights**” are rights inherent to all human beings, regardless of gender, race, color, religion, language, age, nationality, difference of thought, national or social origin, and wealth. This includes the right to an equal, free and dignified life, among other human rights.

“**ILO**” means The International Labor Organization.

“**Main Shareholders**” means the main shareholders of Ford Otosan which are Ford Motor Company and Koç Holding A.Ş.

“**Money Laundering**” means the activities that involve taking criminal proceeds and disguising their illegal source in anticipation of ultimately using such criminal proceeds to perform legal and illegal activities.

“**Sanctions Target**” means;

- Any individual, entity, vessel or government which is a designated target of Sanctions (collectively, “**Listed Persons**”) (e.g., SDNs);
- Companies owned 50% or more, directly or indirectly, by a Listed Person;
- Individuals or companies that are resident, incorporated, registered, or located in countries or territories such as Crimea, Cuba, Iran, North Korea and Syria that are subject to a comprehensive country or territory-wide Embargo (i.e., the “**Embargoed Countries**”), and
- Persons or companies owned or controlled by, or operating as agents of, the governments of Embargoed Countries or the Government of Venezuela.

“**The UN**” means the United Nations.

“**The UN Global Compact**”¹ is a global pact initiated by the United Nations, to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labor, the environment and anti-corruption.

“**The UN Guiding Principles on Business and Human Rights**”² is a set of guidelines for states and companies to prevent, address and remedy human rights abuses committed in business operations.

“**The Universal Declaration of Human Rights (UDHR)**”³ is a milestone document in the history of human rights, proclaimed by the United Nations General Assembly in Paris on 10 December 1948 as a common standard of achievements for all peoples and all nations. It sets out, for the first time, fundamental human rights to be universally protected.

“**The ILO Declaration on Fundamental Principles and Rights at Work**”⁴ is an ILO declaration adopted in 1998 that commits all member states whether or not they have ratified the relevant Conventions, to respect, and promote the following four categories of principles and rights in good faith: freedom of association and effective recognition of collective bargaining, elimination of all forms of forced or compulsory labor, abolition of child labor, elimination of discrimination in employment and occupation.

3. GENERAL PRINCIPLES

Ford Otosan selects its Business Partners based on factors such as technical competencies, product and service quality, pricing, corporate reputation and financial soundness etc. Ford Otosan also applies a risk-based approach to evaluate the compliance related risks associated with its Business Partners to ensure compliance with the principles outlined in this Policy. According to this approach, following subjects are adopted:

- Carrying out pre-competence evaluation process before entering a business relation with Business Partners in accordance with the Ford Otosan’s Company Pre-Competence Evaluation Procedure Before Entering into a Business Relation (“**Pre-Competence Evaluation Procedure**”), conducting financial, technical and reputational competency research,
- According to related Ford Otosan’s policies and procedures⁵, conducting third Party Screening to ensure there are no Sanctions Target and to identify the risks of corruption, human rights violations etc.⁶
- Having the right to audit to be used when necessary, in order to determine whether the legislation in force, contractual obligations with Ford Otosan and ethical rules especially the Guiding Principles for Business Partners which are explained in detail below are complied with,
- If necessary, providing trainings to ensure compliance with expected standards.

¹ <https://www.unglobalcompact.org/what-is-gc/mission/principles>

² https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

³ <https://www.un.org/en/universal-declaration-human-rights/>

⁴ <https://www.ilo.org/declaration/lang--en/index.htm>

⁵ Please refer to Ford Otosan’s Company Pre-Competence Evaluation Procedure Before Entering into a Business Relation.

⁶ Please refer to Ford Otosan Sanctions and Export Controls Policy for details.

Onboarding Process

The business units and operations, as the first line of defense, are responsible for the following steps;

- Fulfilling the requirements of Pre-Competence Evaluation Procedure,
- Conducting Denied Party Screening (“**DPS**”) via the third-party screening tool prior to any engagement with a new Business Partner to confirm that the related party is not subject to any Sanctions Obligations⁷.
- To provide advanced due diligence (Information Request Form (KYC), filling in the Self-Assessment Form)⁸ in case the relevant party is a dealer, distributor, supplier candidate to be made to purchase production and a representative acting on behalf of the company.
- Evaluating whether or not the Guiding Principles for Business Partners (the “**Principles**”) which are explained in detail below are complied with.

In case of a detection of issues that may pose a risk or in case of hesitation about these issues, following departments shall be informed;

- a) Nonconformity in Corporate Documentation – Compliance Leadership
- b) Inadequacy in terms of Technical Competence – Related Department Leadership
- c) Nonconformity in terms of Commercial Reputation - Related Department Leadership and Corporate Communications Leadership
- d) Insufficiency of Financial Competence – Finance and Risk Management Leadership
- e) Person within the scope of the Sanction Target – Compliance Leadership
- f) Non-compliance with the Principles and this Policy – Compliance Leadership

Upon such notification, if the results indicate any red flags and the said business partner is a dealer, distributor, supplier candidate to be made to purchase production and a representative acting on behalf of the company, an enhanced due diligence shall be performed in accordance with the Pre-Competence Evaluation Procedure.

In the event that the outcome of due diligence activities is negative (i.e. the relevant party is not acting in compliance with the Principles and/or have not taken necessary actions to cure such default), the decision to start or continue to a business relationship will be subject to the written approval of the CEO.

Ford Otosan, while entering into any contract with a Business Partner, shall reserve the right to terminate the contract or take any available action in the case of any violation of this Policy and the Principles set forth herein. Clauses such as adhering to the principles of this Policy, right to audit shall be included in the relevant contracts.

⁷ Please refer to Ford Otosan Sanctions and Export Controls Policy for details.

⁸ If deemed necessary, a detailed examination of other third parties may be requested.

4. GUIDING PRINCIPLES FOR BUSINESS PARTNERS

Ford Otosan Guiding Principles for Business Partners are prepared in accordance with UN Global Compact. All Business Partners of Ford Otosan are expected to comply with these Principles.

4.1. Laws and Regulations

Business Partners of Ford Otosan are expected to comply with all laws, rules, regulations applicable to their business and industry. Business Partners shall act in accordance with all applicable legislation, including but not limited to competition laws, Anti-Money Laundering and countering financing of terrorism regulations, data privacy regulations and legislations regarding anti-bribery and corruption.

4.2. Anti-Bribery and Corruption & Anti-Money Laundering

Business Partners are expected to comply with applicable anti-bribery and corruption and anti-Money Laundering related laws, Ford Otosan Anti-Bribery and Corruption Policy⁹ and Ford Otosan Sanctions and Export Controls Policy¹⁰ while conducting business on behalf of the Ford Otosan or otherwise.

Any form of bribery and giving or accepting anything of value directly or indirectly to obtain an undue advantage and influence the objective decision making processes is unacceptable. Any activity that may result in Money Laundering with or without malicious intention are unacceptable and illegal.

All transactions must be accurately and transparently recorded to the books and records with sufficient descriptions.

4.3. Intellectual and Industrial Property Rights

Ford Otosan Business Partners are expected to refrain from violating all kinds of intellectual and industrial property rights of third parties, such as patents, utility models, industrial designs, copyrights, trademarks and similar, or actions that may lead to unfair competition within the framework of their activities.

4.4. Human Rights

Business Partners are expected to perform their business activities in accordance with Ford Otosan Human Rights Policy¹¹.

4.4.1. Employment

Business Partners of Ford Otosan must ensure that their operations are not associated with child labour, forced labour, labour abuse.

Moreover, pursuant to Conventions and Recommendations of the ILO, the Universal Declaration of Human Rights, and the UN Global Compact, Ford Otosan expects its Business Partners to have a zero-tolerance policy towards slavery and human trafficking.

⁹ Please refer to Ford Otosan Anti-Bribery and Corruption Policy.

¹⁰ Please refer to Ford Otosan Sanctions and Export Controls Policy.

¹¹ Please refer to Ford Otosan Human Rights Policy.

4.4.2. Compliance with Labor Laws

Business Partners are expected to comply with the labour laws of the countries in which they operate.

The wage determination process shall be established in a competitive manner according to the relevant sectors, the local labour market and if any, in accordance with the terms of collective bargaining agreements. All compensations, including social benefits are paid in accordance with the applicable laws and regulations.

4.4.3. No Harassment and Violence

Business Partners are expected to provide a workplace free of violence, harassment and other insecure or disturbing conditions resulting from internal or external threats. Any form of physical, verbal, sexual or psychological harassment, bullying, abuse or threat is not tolerated.

4.4.4. Discrimination

Business Partners are expected to provide a work environment where any form of discrimination especially gender discrimination is not tolerated; employees are treated fairly and zero tolerance is shown towards discrimination, (based on race, gender, color, national or social origin, ethnicity, religion, age, disability, sexual orientation, or political opinions).

4.4.5. Freedom of Organization and Collective Agreement

Business Partners are expected to respect their employees' right and freedom of choice to join a trade union and to collective bargaining without feeling any fear of retaliation.

4.5. Health and Safety

Business Partners are expected to provide a safe and healthy working environment and comply with all relevant laws and regulation and implement all required security measures for all working areas. Business Partners must take necessary actions immediately, when unsafe conditions or behaviors emerge and minimizes the risk of injuries and accidents.

4.6. Conflict Minerals

In politically unstable areas, the mineral trade shall not be used to finance armed groups, promote forced labor and other human rights abuses, and support bribery and money laundering. Ford Otosan expects its Business Partners to comply with the International Responsible Sourcing Standards¹² brought by the OECD and Ford Otosan Conflict Mineral Policy in the procurement of minerals such as tin, tungsten, tantalum and gold, which are called “Conflict zone mines”.

4.7. Environment

Ford Otosan expects its Business Partners to make every effort to protect and preserve the environment. In this respect, Ford Otosan encourages its Business Partners to:

— Comply with all applicable environmental laws and regulations including Ford Otosan’s Environmental and Energy Policy.

¹² <https://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>.

- Continuously improve their environmental performance and reduce their environmental impact to address climate change, water management, waste management and protection of biodiversity.
- Have effective monitoring systems and procedures in place against industrial accidents and other emergency situations.
- Encourage their Business Partners and third parties to improve their environmental performance.

4.8. Ethics

Ford Otosan expects its Business Partners to perform their business in accordance with legislations, international conventions to which the Republic of Turkey is a party, the United Nations Declaration of Human Rights, the United Nations Global Compact, and to act on the basis of fairness, integrity, honesty, responsibility, trust, accountability, openness and respect.

4.9. Conflict of Interest

Business Partners that have a business relationship with Ford Otosan or other people and organizations that may have a business relationship with must not enter personal transactions that may lead to an actual or perceived conflict of interest between Ford Otosan and themselves and harm the, Ford Otosan's reputation.

The case of having relative relations, friendship or similar close relationship between Business Partners that have a business relationship with Ford Otosan or other people and organizations that may have a business relationship and the employees of Ford Otosan who employ these people and organizations, approve their businesses or make decisions about them also creates a risk of conflict of interest. Persons, institutions and Ford Otosan employees who are or are likely to be in the above-mentioned situation are obliged to immediately notify the relevant related department's Leadership, Internal Audit Leadership or Legal and Compliance Leadership.

4.10. Reporting

Business Partners are expected to enable effective lines of communication for reporting violations and taking the necessary measures in a timely manner. Business Partners and their employees should be able report their concerns without any fear of retaliation or retribution. EBusiness Partners and their employees may report their concerns through notification channels which are detailed in the Authority and Responsibility Section of this Policy.

4.11. Training and Development

Ford Otosan encourages its Business Partners to provide training programs and tools to their employees for obtaining further skills and capabilities.

4.12. Management Systems

Business Partners are expected to establish and maintain appropriate management systems in order to ensure that it operates in accordance with laws, regulations and the principles given in this document.

5. AUTHORITY AND RESPONSIBILITIES

All employees and directors of Ford Otosan are responsible for complying with this Policy, implementing, and supporting Ford Otosan's relevant procedures and controls in accordance with the requirements in this Policy. Ford Otosan also expects and takes necessary steps to ensure that all its Business Partners to the extent applicable complies with and/or acts in line with this Policy.

If there is a discrepancy between the local regulations, applicable in the countries where Ford Otosan operates, and this Policy, subject to such practice not being a violation of the relevant local laws and regulations, the stricter of the two, supersede.

In case of becoming aware of any action that is inconsistent with this Policy, the applicable law or Ford Otosan Code of Conduct and Ethical Rules, Ford Otosan Human Resources Leader, Ford Otosan Ethic Representatives (Human Resources Leaders at company locations and Ethics Coordinator employed at the Internal Audit Leadership), Legal and Compliance Leader, Internal Audit Leader or Compliance Leader should be contacted. You can send all your questions or notices regarding ethical violation, you may call "0850 305 50 10", e-mail to fordotosan.ethicspoint.com or fordotosanmobile.ethicspoint.com or via <https://www.fordotosan.com.tr/en/corporate/about-ford-otosan/notification-form>. You may also report to Koç Holding's Ethics Hotline via the following link: koc.com.tr/hotline or e-mail to Ford Motor Company's Ethics Hotline SpeakUp@ford.com.

Ford Otosan employees may consult the Legal and Compliance Leadership in Ford Otosan for their questions related to this Policy and its application. Violation of this Policy may result in significant disciplinary actions including dismissal. If this Policy is violated by any third parties, all necessary legal actions shall be taken including termination of their contracts and collection of losses incurred by Ford Otosan from responsible parties.