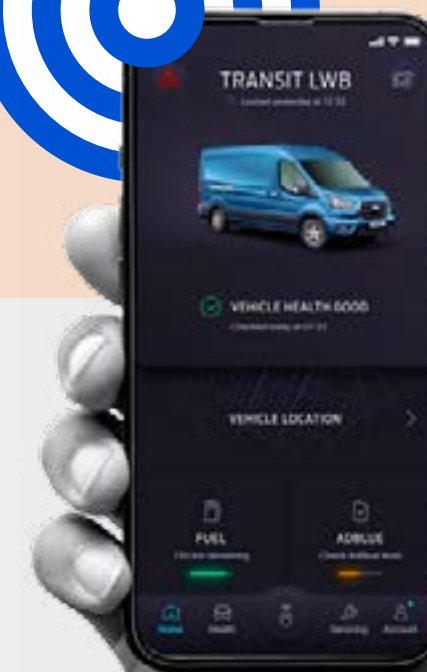
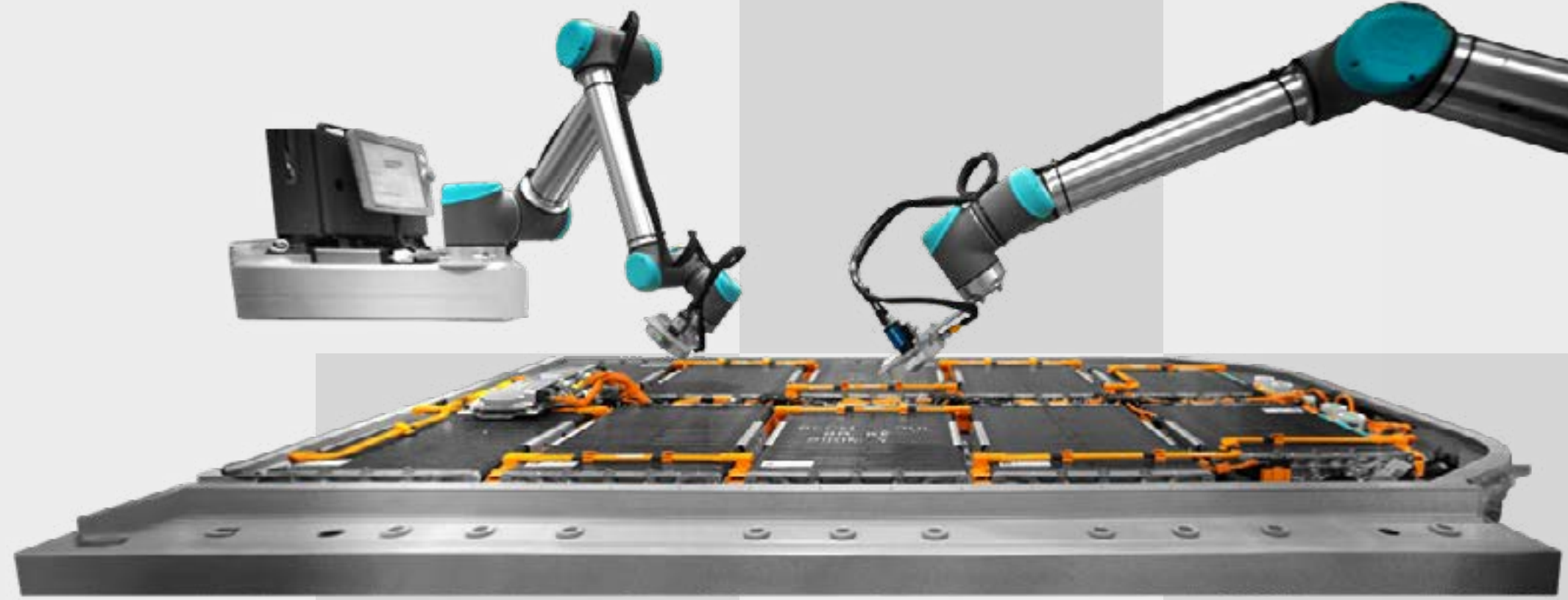


FUTURE. NOW

INTEGRATED
ANNUAL
REPORT
2023

FORD OTOSAN



**FOR A CENTURY, WE HAVE PROUDLY FOLLOWED THE PATH
CHARTED BY OUR VISIONARY LEADER ATATÜRK AND
GUIDED BY THE REPUBLIC'S LIGHT.**

At Ford Otosan, we believe that the best way
to celebrate our legacy and build the future of our Republic is
to work hard, create, and always aim for excellence.

We take our responsibility to impart the Republic's values to the next generations seriously
and remain committed to serving our nation with utmost loyalty.

We are determined to safeguard and defend the ideals and principles of our Republic,
entrusted to us by Atatürk, as we honor our past, embrace our present and shape the future.

FORD OTOSAN

CONTENTS

ABOUT THE REPORT —4

- CHAIRMAN’S MESSAGE —5
- FORD OTOSAN LEADER’S MESSAGE —7
- BOARD OF DIRECTORS’ REPORT —9

ABOUT FORD OTOSAN —12

- MILESTONES —13
- SHAREHOLDER STRUCTURE AND INVESTOR RELATIONS —15
- FINANCIAL PERFORMANCE THROUGH THE YEARS —18
- SUMMARY RESULTS —19
- KEY FINANCIAL INDICATORS —20
- FACILITIES AND PRODUCTS —21
- HIGHLIGHTS OF 2023 —22
- TURKISH AUTOMOTIVE INDUSTRY —23
- EXPORTS —24

INDUSTRY OVERVIEW AND TRENDS —25

- GLOBAL AND TURKISH INDUSTRY OVERVIEW —26
- TRENDS
 - PEOPLE —29
 - ENVIRONMENT —32
 - TECHNOLOGY AND INNOVATION —33

VALUE CREATION JOURNEY —35

- SUSTAINABILITY MANAGEMENT —38
- FUTURE. NOW —42
- VALUE CREATION MODEL —44
- FORD OTOSAN VALUE CHAIN —46
- STAKEHOLDER COMMUNICATIONS —48
- SUSTAINABILITY TARGETS AND PERFORMANCE —52
- MATERIAL SUSTAINABILITY TOPICS —56

CORPORATE GOVERNANCE —59

- BOARD OF DIRECTORS AND COMMITTEES —60
- BOARD OF DIRECTORS —61
- BOARD COMMITTEES —62
- CORPORATE GOVERNANCE —63
- SENIOR MANAGEMENT —63
- ETHICS, TRANSPARENCY, INTERNAL CONTROL AND INTERNAL AUDIT —66
- RISK MANAGEMENT —71

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION —75

- INNOVATION —77
- DIGITALIZATION —82
- CYBER SECURITY —87
- DATA ANALYTICS AND AUTOMATION —88

FUTURE. NOW FOR ENVIRONMENT —91

- TRANSITION TO LOW CARBON ECONOMY —96
- PRODUCT SUSTAINABILITY —99
- ENVIRONMENTAL IMPACT OF OPERATIONS —105
- VALUE CHAIN MANAGEMENT —114

FUTURE. NOW FOR PEOPLE —118

- EMPLOYEE AND HUMAN RIGHTS —120
- OCCUPATIONAL HEALTH AND SAFETY —125
- AGILE AND CULTURAL TRANSFORMATION —130
- EMPLOYEE ENGAGEMENT —132
- TALENT AND CAREER MANAGEMENT —137
- RECOGNITION, APPRECIATION AND REWARDING —144
- CUSTOMER EXPERIENCE AND DEALERS —146
- VEHICLE QUALITY AND SAFETY —152

FUTURE. NOW FOR COMMUNITY —155

- FORD OTOSAN COMMUNITY INVESTMENT AREAS —158
- COMMUNITY INVESTMENT PROJECTS —159

GENERAL ASSEMBLY —168

- AGENDA OF FORD OTOMOTİV SANAYİ A.Ş. —169
- INDEPENDENT AUDITOR’S REPORT ON THE BOARD OF DIRECTORS’ ANNUAL REPORT —170
- 2024 GUIDANCE —171
- DIVIDEND DISTRIBUTION POLICY —172
- DIVIDEND DISTRIBUTION PROPOSAL —172
- REMUNERATION POLICY FOR THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES —173
- BOARD OF DIRECTORS MEMBER CANDIDATES —173
- ORDINARY GENERAL ASSEMBLY INFORMATION DOCUMENT —174

RISKS AND OPPORTUNITIES —178

PERFORMANCE INDICATORS —195

- ECONOMIC PERFORMANCE INDICATORS —196
- ENVIRONMENTAL PERFORMANCE INDICATORS —197
- SOCIAL PERFORMANCE INDICATORS —199

CORPORATE STATEMENTS —207

- CORPORATE GOVERNANCE COMPLIANCE REPORT —208
- CORPORATE GOVERNANCE INFORMATION FORM —213
- CORPORATE GOVERNANCE COMPLIANCE REPORT —220
- SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT —226
- LEGAL DISCLOSURES —239
- REPORT ON RELATED PARTY TRANSACTIONS FOR 2023 —242
- STATEMENT OF RESPONSIBILITY —242
- DECLARATION OF INDEPENDENCE —243

FINANCIAL STATEMENTS —244

- FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT —245

ANNEXES —319

- BOARD OF DIRECTOR’S CURRICULUM VITAE —320
- EXECUTIVE TEAM’S CURRICULUM VITAE —322
- MEMBERSHIPS AND AFFILIATIONS —324
- ASSURANCE STATEMENT FOR NON-FINANCIAL DATA —330
- REPORTING PRINCIPLES —333
- LIFE CYCLE ASSESSMENT RESULTS —343
- ABBREVIATIONS —346
- GRI CONTENT INDEX —348

ABOUT THE REPORT

For all your questions, opinions and suggestion about this report:



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The assurance report for the financial statements in this report is provided on page **245**.



The assurance report for the non-financial data in this report is provided on page **330**.

Clicking on the **colored words** will take you to the relevant content.

The abbreviations used in this report are listed on page **346**.

At Ford Otosan Sanayi A.Ş., our commitment to sustainability is an integral part of our corporate approach, as we actively pursue fair, transparent, and accountable management practices. As a testament to this commitment, we have proudly joined **UN Global Compact (UNGC)** as a signatory, while we manage all our business processes in a manner to contribute to the Sustainable Development Goals.

The sustainability efforts of Ford Otosan Sanayi A.Ş. have earned recognition on several fronts, such as listing in indices like Borsa Istanbul (BIST) Sustainability, BIST Corporate Governance, FTSE4Good Emerging Markets, and **Bloomberg Gender-Equity Index (GEI)** (since 2021). As a further demonstration of our dedication, we have actively responded to **Dow Jones Sustainability Emerging Markets Index (DJSI)** for the last five years and to the climate and water programs of **CDP**. In 2022, we submitted our emission reduction targets to the **Science Based Targets initiative (SBTi)**. Furthermore, we are among the companies supporting the **Task Force on Climate-related Financial Disclosures (TCFD)** (please see page **72** for the detailed TCFD table). As a proud signatory of **United Nations Women's Empowerment Principles (WEPs)**, we promote gender equality. Our commitment extends to upholding the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises.

Ford Otosan's first Integrated Annual Report is designed to offer our stakeholders a comprehensive understanding of our value creation efforts over the short, medium, and long term. Covering the period from January 1, 2023 to December 31, 2023, the report provides an overview of our activities in Türkiye and Romania throughout the year, our financial and non-financial performance, our responses to global and sectoral trends, our Future. Now strategy along with our associated short-, medium- and long-term goals and corresponding performance metrics. We also share insights into our value creation model, material issues, our corporate, strategic and risk management approaches and details about our relationships with stakeholders. Additionally, we highlight best practices and set forth our expectations. This comprehensive report has been prepared in accordance with the Turkish Financial Reporting Standards (TFRS), the Integrated Reporting <IR> Framework and the Global Reporting Initiative (GRI) Standards. As a company subject to the Turkish Accounting Standards (TAS)/ Turkish Financial Reporting Standards (TFRS), we have taken as basis the inflation-adjusted and independently audited financial data for the financial results of 2022 and 2023 stated in the Integrated Annual Report in accordance with TAS 29 and pursuant to the Capital Markets Board's resolution of December 28, 2023.



ABOUT THE REPORT

[Chairman's Message](#)

[Ford Otosan Lead's Message](#)

[Board of Directors' Report](#)

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

CHAIRMAN'S MESSAGE

Esteemed Stakeholders,

As we commenced 2023, our nation grappled with the devastating earthquakes in February, with the epicenter in Kahramanmaraş, that impacted numerous provinces in the Southeastern Anatolia Region. Amidst this period of deep sorrow, Ford Otosan swiftly joined forces with Koç Group in a spirit of mobilization and solidarity from the onset of the catastrophe. Together with our Group and affiliated companies, life is being restored in all of the Hope Cities established in Adıyaman, İskenderun, Hatay, Kahramanmaraş, and Malatya. Comprising 5 thousand containers, these cities provide housing for approximately 20 thousand people and serve as model projects, fostering the rapid reintegration of earthquake victims into society. Beyond shelter, they offer social amenities, sports facilities, educational opportunities, and opportunities for employment, exemplifying our commitment to addressing the needs of the region through our influence, resources, and collaborative efforts.

The devastating disaster of 2023 coincided with the centennial celebrations of our Republic, a profound milestone representing the enduring legacy of the Great Leader Mustafa Kemal Atatürk's vision. Throughout almost a century of history, Koç Group has remained steadfastly aligned with the ideals of the Republic. We uphold Atatürk's vision of modern civilization, serving our nation's economic growth, fostering social development, and embracing our responsibility with dedication, echoing the principle of our founder, the late Vehbi Koç, who stated, "I exist, if my country exists."

The unveiling of the Yeniköy Plant in Kocaeli by Ford Otosan represents our vision to spearhead the sustainable and technological evolution of the Turkish automotive industry, particularly fitting for the Republic's centennial. With a commitment to invest Euro 2 billion, the largest automotive investment in Türkiye announced in 2021, we invest in pioneering projects in next-generation commercial vehicles, including electric and connected variants. The redesigned Yeniköy Plant, a significant part of this investment, is poised to set new benchmarks in operational efficiency, smart factory applications and sustainability. As the home for the production

of the next-generation electric version of the Transit Custom, the most preferred van in Europe and Türkiye, the Yeniköy Plant solidifies Ford Otosan's position as the leading electric commercial vehicle manufacturer in Europe. Beyond its direct contributions, this investment will enhance our country's global competitiveness by supporting the development of the supply ecosystem. Already, the Next-Generation Ford Transit Custom has garnered acclaim, winning the prestigious "2024 International Van of the Year" (IVOTY) award, a testament to Ford Otosan's engineering capabilities reaching new heights.

Ford Otosan, one of the most successful and long-term collaborations in the global automotive industry, forged from the partnership between Ford Motor Company and Koç Holding, has steadily advanced since its equal partnership establishment in 1997. Over the last 26 years, our production capacity has surged sixteen-fold to 746,500 units, with our revenues reaching USD 14 billion, positioning us as an exemplary international automotive manufacturer.

In 2023, our vehicle exports from Türkiye amounted to 311,104 units, generating USD 7.2 billion in export revenues. Driven by our expanding operations, our total export revenues reached USD 10.2 billion, with a total of 492,108 units sold in global markets, securing our position as the goods export champion for eight consecutive years.

Furthermore, we initiated serial production of the next-generation Courier, a testament to our commitment to excellence from design to production, at the Ford Otosan Craiova Plant in Romania. This achievement marked a historic first in the Turkish automotive industry, as we launched two products simultaneously in two different countries in collaboration with our suppliers and service providers. The Courier, distinguished by its technological features, represents a pioneering vehicle in this transformative period for the industry and customers. At Ford Otosan, we remain committed to becoming an international mobility company in alignment with Ford Motor Company's electrification and growth strategies. We are excited to witness the dawn of a new

era and set to introduce electric variants of all nameplates manufactured across our four plants in Türkiye and Romania by 2025, aligning with our zero-emission targets. Leveraging our high quality, flexibility and efficiency in production, we aim to elevate our total production capacity to over 900 thousand vehicles by 2025.

In 2023, the European van market, our main export destination, saw a notable upsurge of 16%, attributed to heightened customer demand stemming from supply chain enhancements, fleet renewals and a favorable base effect from the previous year. Concurrently, the Turkish automotive market captured an all-time high, reaching 1,277,849 units, marking a 56% increase driven by an inflationary environment and enhanced vehicle availability resulting from the elimination of the microchip supply shortages.

Amidst these challenges, we maintained our financial strength, particularly reinforcing our balance sheet and cash flow, while continuing our investments at full steam throughout 2023. Our commitments delivered successful



ABOUT THE REPORT

[Chairman's Message](#)

[Ford Otosan Lead's Message](#)

[Board of Directors' Report](#)

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

financial results, with production totaling 589,758 units and sales reaching 609,705 units, culminating in a 28% increase in revenues to TL 412 billion, and an 86% rise in tax before profit to TL 47 billion.

The dividends distributed to our shareholders since 2004 have now reached USD 5.6 billion. As a publicly traded company listed on Borsa Istanbul that consistently pays out dividends, we distributed USD 634 million in total dividends, paid out twice in 2023, a year of intensive investments. Our stock appreciated by 50% on an annual basis as of year-end 2023, positioning Ford Otosan among the top five most valuable companies on Borsa Istanbul, with a market capitalization of USD 8.8 billion.

In 2022, we introduced Ford Otosan’s ‘Future. Now’ strategy, outlining our short-, medium-, and long-term sustainability targets “For Technology and Innovation,” “For Environment,” “For People,” and “For Community.” Throughout 2023, we made significant strides toward realizing these targets, demonstrating our commitment to a more comprehensive and forward-thinking sustainability approach. By designing our Value Creation Model, we have defined our principles and aligned our operations accordingly, prioritizing areas such as shaping the future of mobility, mitigating our environmental footprint, expanding our influence, spearheading industry transformation, adding value through robust growth plans and strategic investments, and embracing people-centric progress. Drawing from Ford Otosan’s history and building on these capital-driven principles, we remain dedicated to strengthening collaborations and driving transformation in the automotive and mobility industry, consistently creating value for all stakeholders.

Ford Otosan remains dedicated to contributing to Koç Holding’s “Carbon Transition Program,” aimed at realizing the 2050 carbon neutral target. Therefore, we actively follow, implement and support global sustainability initiatives such as the Science-Based Targets initiative (SBTi) and the Task Force on Climate-related Financial Disclosures (TCFD). Furthermore, we closely monitor the implications of decisions, such as the phasing out of fossil fuels at COP28, within the automotive and mobility industry, shaping our strategies accordingly.

Aligned with global electrification strategies, particularly concerning electric and hybrid vehicles, we continue to

reinforce our R&D investments. With a vision to transition the majority of our sales, from passenger cars to heavy commercial vehicles, to zero-emission by 2040, we are actively developing projects such as electric vehicles and internal combustion hydrogen engines. Our hydrogen engine, designed for long-distance applications, made its debut at Solutrans, France’s premier commercial vehicle exhibition. Electric vehicles also underpin numerous initiatives focusing on battery technologies, charging infrastructure, software, and connected vehicle systems. Through strategic advancements, we aim to streamline customer operations and foster partnerships, facilitating progress in these key areas.

Beyond technological advancements, we remain committed to creating value for people and society. As Türkiye’s first only automotive company included in the Bloomberg Gender-Equality Index and a signatory to the United Nations Women’s Empowerment Principles and the Declaration of Equality at Work, we are dedicated to amplifying women’s participation in business and promoting equal opportunities across our ecosystem. By 2026, we aim to elevate the ratio of women in STEM roles within the company to 30%, increase the ratio of women in STEM across our entire dealer network to 23%, and achieve gender parity, with women comprising 50% of all management positions by 2030. Our Diversity, Equity, and Inclusion Playbook, launched in December 2023, provides practical insights and resources, empowering all employees to contribute meaningfully to these important targets. Moreover, in 2023, we introduced incentives for female leadership positions within our dealer network and initiated a scholarship program benefiting students enrolled in vocational high schools, furthering our commitment to nurturing female leaders and promoting gender diversity, particularly in technology and innovation. We continued female leader development training in 2023 to increase the rate of female employees in the field of technology and innovation.

In 2023, in the aftermath of the earthquake disaster devastating 11 provinces, our focus within our social investment initiatives remained on Dream Future Centers and earthquake relief efforts to alleviate ongoing hardships. Concurrently, we continued to extend social investments through the Vehbi Koç Foundation, supporting various social responsibility projects. With a total contribution of TL 576 million 928 thousand donated to foundations and associations, including TL 354 million 55 thousand to the

Vehbi Koç Foundation, we supported numerous education, culture, and healthcare projects, aiming to touch different segments of society. Embracing a holistic approach to social impact in education, we prioritized scholarship programs targeting diverse audiences and initiatives fortifying school infrastructure in underserved regions. Moving forward, we remain committed to making impact-driven social investments, leveraging not only our economic resources but also our responsibility to the communities we serve.

In 2024, we embark on an important journey toward advancing technological transformation and sustainability as we navigate sectoral challenges and seize new growth opportunities. Through robust investment plans and strategic initiatives, we remain committed to enhancing the national economy and driving innovation within the automotive and mobility industry.

Starting with the 2023 fiscal year, we introduce our Integrated Annual Report, a comprehensive undertaking aimed at better communicating Ford Otosan’s value creation efforts from short-, medium-, and long-term perspectives. By combining financial, social, and environmental data, this holistic approach enables the Board of Directors to gain deeper insights into our activities, while facilitating collaborations. Moreover, it enhances transparency for our investors, strengthens relationships within our supply chain and fosters social engagement. I want to extend my heartfelt gratitude to our employees, dealers, suppliers, customers, shareholders and all stakeholders for their continued support and contributions to our value-driven initiatives and our collective efforts toward sustainable growth in 2023.

Warm regards,

Ali Y. KOÇ
Chairman



- ABOUT THE REPORT
 - Chairman’s Message
 - Ford Otosan Lead’s Message
 - Board of Directors’ Report
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

FORD OTOSAN LEADER'S MESSAGE

Esteemed Stakeholders,

We are proud to present Ford Otosan's first integrated annual report coinciding with the centennial celebrations of our Republic. This marks a significant milestone as we transition to an integrated model, allowing us to assess our financial performance not solely through numerical metrics but also by considering broader factors such as social and environmental impact, as well as management practices. Integrated reporting has enhanced our approach to determining key performance indicators, providing a more comprehensive and transparent view of our business outputs.

Aligned with our 'Future. Now' sustainability vision introduced in 2022, we have established long-term sustainability objectives across four pillars: "For Technology and Innovation," "For Environment," "For People," and "For Community." Throughout 2023, we remained dedicated to realizing these goals. To deepen our understanding of sustainability, we have reinforced our commitment to stakeholders through the creation of our Value Creation Model. Moreover, we conducted a thorough assessment of Ford Otosan's sustainability performance and expectations during a stakeholder workshop in 2023.

The aftermath of the devastating earthquake that struck 11 provinces in February 2023 continues to deeply resonate with us. In response, we established a Disaster Management Unit at Ford Otosan, involving our central functions and dealerships to provide ongoing support throughout the recovery process.

While navigating the ongoing challenges posed by the earthquake and supporting the restoration of normalcy, we also proudly celebrated the centennial of our Republic in 2023. At Ford Otosan, we focused on realizing the investment projects slated for this milestone in our nation's history, reaffirming our commitment to spearheading the automotive and mobility sectors in the new century.

Simultaneously, as we undertake the renewal of all our vehicle models, we are bolstering our production infrastructure to transcend beyond next-generation vehicles. The redesign of our Yeniköy Plant, envisioned as the 'Factory of the Future,' underscores our dedication to sustainable, digital, and efficient solutions, culminating in its official inauguration. Positioned as a key facility, our Yeniköy Plant will not only enhance Ford Otosan's competitiveness but also elevate the Turkish automotive ecosystem, thereby driving export potential.

We have already initiated production of the all-new Custom at our Yeniköy Plant, and we are now ready to launch the production of all-electric and plug-in hybrid E-Custom models by 2024. Furthermore, through the strategic alliance between Ford and Volkswagen, our Yeniköy Plant, boasting an annual production capacity of 405 thousand units, is set to become the sole production site in Türkiye capable of manufacturing the next-generation 1-ton vans for both brands.

Furthermore, leveraging our innovative perspective and agile approach, we started to produce the next-generation Courier, a testament to our capabilities in design and engineering, at our Craiova Plant in Romania. Acquired from our partner Ford in 2022, the Craiova Plant serves as a remarkably flexible and integrated production hub capable of manufacturing both passenger cars and light commercial vehicles on the same line, alongside engine production and key supplier integration.

With Ford Pro services, we aim to revolutionize the customer experience within the commercial vehicle segment where we have long maintained leadership. Through digital applications and data-driven insights, we are reshaping the mobility experience, while fostering a more proactive service structure.



In addition to these advancements, our Ford Trucks brand continues its successful expansion in the heavy commercial vehicle segment across 49 markets, including Türkiye. Under the banner of Ford Trucks Care, we deliver comprehensive solutions designed to enrich every aspect of our customers' journey, combining connected vehicle technologies, digital transformation, and agile mindset. In 2023, we unveiled our latest truck series, F-LINE, distinguished by its connected vehicle technologies, advanced safety features, and contemporary design. Concurrently, we are on track to debuting our first fully electric truck, the E-Truck, on the roads by 2025. Embracing both electrification and hydrogen technology, we are advancing toward our goal of zero-emission transportation. To spearhead future mobility solutions, we are actively involved in the Zero Emission Transportation Ecosystem



ABOUT THE REPORT

[Chairman's Message](#)

[Ford Otosan Lead's Message](#)

[Board of Directors' Report](#)

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

project, funded by the European Union’s Horizon Europe, aimed at developing the pioneering fuel cell electric (FCEV) F-MAX powered by hydrogen.

In 2023, our production capacity surged to 746,500 units, marking a historic peak as we achieved a total production of 589,758 units, with 398,794 produced in Türkiye and 190,964 in Romania. Our plants in Gölcük, Yeniköy, Eskişehir, and Craiova boasted capacity utilization rates of 88%, 93%, 98%, and 75%, respectively. Maintaining our leadership in the domestic commercial vehicle market, we secured a 27.3% share. Notably, we captured 23% of the light commercial vehicle market, 32.5% of the medium commercial vehicle market, and 29.7% of the heavy commercial vehicle market, positioning us third in the overall market with 8.9% share. As Türkiye’s goods export champion for eight consecutive years, our foreign sales revenues reached USD 10.2 billion. Additionally, in the European light commercial vehicle market, we continue to bolster Ford’s market leadership with our highly competitive product offerings.

Committing to a net-zero future, all electricity used at our production facilities and R&D center in Türkiye is procured from 100% renewable sources. Our product strategy aligns with ambitious emissions targets: only zero-emission sales to the European market for passenger vehicles by 2030, light commercial vehicles by 2035, and heavy commercial vehicles by 2040. Advancing our commitment to carbon neutrality across the supply chain and logistics, we are on track to achieving net zero by 2035, exemplifying our dedication to pioneering ecosystem transformation. To drive sustainability awareness and action, we host sustainability conferences, training sessions, and workshops for our stakeholders.

Underpinning our dedication to diversity, equity, and inclusion, we proudly launched the Diversity, Equity, and Inclusion (DEI) Playbook in 2023, positioning us as the first and only automotive company in Türkiye included in the Bloomberg Gender-Equality Index. As we strive to increase female representation across all management levels to 50% by 2030, the ratio of women in managerial roles reached 24% in 2023. Upholding our Board of Directors Diversity Policy, we consistently aim to maintain a minimum female board membership of 25%.

In 2024, our foremost priorities will be realizing our investments in alignment with strategic plans, successfully executing projects, and capitalizing on growth prospects in the electric vehicle and hydrogen vehicle markets. Additionally, we are committed to advancing the integration of autonomous vehicles and artificial intelligence. Upholding our commitment to sustainability, we will diligently adhere to regulations while reinforcing Ford Otosan against diverse risks through robust financial management and a skilled workforce. This year marks a pivotal juncture for Ford Otosan as we navigate challenges, seize new opportunities in the sector, and focus on technological transformation and sustainability initiatives. I am honored to present our first Integrated Annual Report, offering a comprehensive overview of Ford Otosan’s value creation model. I extend my sincere gratitude to all stakeholders within the Ford Otosan ecosystem for their invaluable contributions, collaboration, and continued support.

Sincerely,

GÜVEN ÖZYURT
Ford Otosan Leader



ABOUT THE REPORT

[Chairman's Message](#)

[Ford Otosan Lead's Message](#)

[Board of Directors' Report](#)

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

BOARD OF DIRECTORS' REPORT

Esteemed Shareholders, Business Partners and Colleagues,

We are honored to present the Board of Directors’ Report on the 2023 activities of Ford Otomotiv Sanayi A.Ş. for your review and welcome you to our 65th Ordinary General Assembly. In this report, you will find insights into our company’s activities throughout out the year, as well as the independently audited financial statements and notes as of December 31, 2023, and other information that the Capital Markets Board requires us to disclose.

Notable Developments in Türkiye and the World

For us, 2023 was a year marked by the celebration of our Republic’s centennial, while we deeply felt the sorrow of experiencing one of the most devastating earthquakes in our nation’s history. At Ford Otosan, Koç Holding, and Ford Motor Company, our commitment to supporting our people remained steadfast as we navigated through these challenging times with a spirit of unity and solidarity, striving to collectively heal our wounds.

Throughout the year, we experienced dynamic economic activity in an inflationary and negative real interest rate environment in the first half, followed by tight fiscal and monetary policies introduced in the second half to curb high inflation. Attempts to normalize economic conditions were facilitated by successive interest rate hikes and the application of macroprudential policies.

Amidst ongoing regional conflicts worldwide, there was a noticeable alleviation of inflationary pressures as the impact of the Ukraine-Russia conflict on global energy prices began to diminish. Although there were positive developments in the inflation outlook, a matter of significant concern in recent years, central banks in the USA, the UK, and Europe maintained a cautious stance throughout the year, upholding tight monetary policies in response to prevailing economic conditions.

We Maintained Our Leadership in the Turkish Commercial Vehicle Market with Our Updated Products

In 2023, sales in the Turkish automotive market, including trucks, saw a significant surge of by 56% to 1,277,849 units, marking an all-time high. This growth can be attributed to various factors, including improved vehicle availability stemming from mitigated supply chain challenges, heightened perception of vehicles as investment assets amid an inflationary climate, and the rising demand for vehicles in regions undergoing reconstruction efforts following the devastating earthquake. More information about the sector is provided on pages **26-28** of this report.

At Ford Otosan, we remain committed to advancing our domestic operations with a focus on enhancing profitability in passenger vehicles and sustainable growth in commercial vehicles. In 2023, our domestic sales reached 114,039 units, maintaining our position as the industry’s third-largest player with an 8.9% market share. We also retained our leadership in the commercial vehicle segment, boasting a market share of 27.3%. According to ODMD data, Ford became the “Best-Selling Light Commercial Vehicle Brand of the Year.”

We Reached the Highest Production and Sales Figures in Our History, Accounting for 77% of Türkiye’s Commercial Vehicle Production and 37% of Romania’s Vehicle Production

As the largest commercial vehicle manufacturing hub of Ford in Europe, our total production capacity soared to 746,500 units, comprising 474,500 units in Türkiye and 272,000 units in Romania. Operating across four strategic centers, three located in Türkiye and one in Romania, Ford Otosan maintained its commitment to excellence across all segments. During this period, our domestic production surged to an all-time high of 398,794 vehicles, representing 40% of Türkiye’s overall vehicle production and a 77% share of the commercial vehicle market. Our operations in Romania contributed significantly, producing 190,964 vehicles. As a result, our total production rose to 589,758 units with an impressive capacity utilization rate of 81%.

For Eight Consecutive Years, We Remain the Turkish Goods Export Champion and the Biggest Supporter of Ford’s European Commercial Vehicle Leadership

In Europe, our main export market, the light commercial vehicle and passenger vehicle markets grew by 16% and 15% respectively in 2023. Several factors contributed to this positive change, including the alleviation of supply chain challenges, pent-up demand, fleet renewals, and a low base effect, driving market growth to nearly pre-pandemic levels. During this period, Ford Otosan played a major role in bringing Ford’s European commercial vehicle market leadership to its 9th year by producing 70% of the commercial vehicles sold by Ford in Europe. Ford Otosan also contributed significantly to Ford’s performance in this segment by producing Puma, Ford’s best-selling passenger car in Europe. Our export figures rose to new heights, with 312,402 units exported from Türkiye and 179,680 units from Romania, resulting in a record-breaking total export volume of 492,082 units with a 26% increase. Ford Otosan, the export leader of the automotive industry since 2011, accounted for 88% of Türkiye’s commercial vehicle exports in 2023.

Our Truck Production Capacity Rose to 22,500 Units as We Reached the Highest Ever Production and Sales Figures

Ford Trucks saw robust growth, fueled by sustained demand both domestically and internationally. To accommodate this demand, we increased the annual truck production capacity of our Eskişehir Plant to 22,500 units. In this period, Ford Trucks recorded a 16% increase in production volume, reaching a total of 19,132 units, while sales surged by 15% to 19,083 units. This performance reinforced our brand’s position with a 30% increase in sales in the domestic heavy commercial vehicle market, capturing a share of 29.7%. Ford Trucks extended its reach to 48 countries, following distributor appointments in Denmark and Kazakhstan. We also unveiled our latest truck series, the F-LINE, boasting connected vehicle technologies, advanced safety features, and modern design elements. In line with our zero-emission targets, we plan to commence production of our first 100% electric truck, the E-Truck, in 2025. In addition to electrification, we also continue to explore hydrogen technologies.



ABOUT THE REPORT

- Chairman's Message
- Ford Otosan Lead's Message
- Board of Directors' Report

ABOUT FORD OTOSAN

- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

Production of the Next-Generation Courier Commenced at our Craiova Plant in Romania

After the production of Courier at the Yeniköy Plant ended in July, the Craiova Plant started to manufacture its next-generation ICE variant in the last quarter of the year. The all-new Ford Courier became the first light commercial vehicle to receive the platinum award with the highest score from Euro NCAP, making us immensely proud. We plan to launch the all-electric Courier in the last quarter of 2024.

We Opened Our Renewed Yeniköy Plant in 2023 and Started to Manufacture the Next-Generation Custom

The closed area of the Yeniköy Plant, designated to house the production of next-generation 1-ton commercial vans of Ford and VW brands as part of a strategic alliance, was increased to nearly two and a half times with the ongoing investments. The plant, transformed into the factory of the future with innovative technologies and sustainability practices, was inaugurated in the last quarter of the year. We started to manufacture the ICE variant of the all-new Custom, the winner of the 2024 International Van of the Year award. Production of the plug-in hybrid and all-electric variants of Custom is planned to launch in 2024.

We are the Most Valuable Automotive Company on Borsa Istanbul

As of year-end, Ford Otosan became the fifth most valuable company on BIST with a market cap of USD 8.8 billion. This accomplishment was underpinned by our stock’s impressive annual growth of 45%, outperforming the BIST-100 index by 13 points, while foreign investors accounted for 40% of the free float.

Through our robust Investor Relations program, characterized by effective communication and a proactive approach, we engaged with over 350 investors and analysts online and in-person during local and international events, including 10 conferences and roadshows. During these interactions, we provided updates on our strategic, financial, operational, and sustainability performance. At Ford Otosan, we are dedicated to following the global standards in investor relations to consistently create higher value for our shareholders.

Our R&D projects Focus on Product Programs

Ford Otosan, a leading product development center within the global Ford organization, engages in research and development focused on product programs. In 2023, the total R&D spending allocated for various product development projects amounted to TL 7,000 million (2022: TL 6,540 million) before capitalization and TL 5,309 million (2022: TL 2,851 million) after capitalization.

At Ford Otosan, the Board of Directors Holds the Ultimate Responsibility for Managing Sustainability

At Ford Otosan, responsibility for sustainability management rests with the Board of Directors, which is tasked with enhancing the company’s environmental, social, and economic performance. This includes reviewing strategic plans, which are integrated into the energy, environment, and product-based research and development aspects.

The Board also ensures that sustainability and climate-related issues are duly considered in resource allocation decisions, reflecting our dedication to responsible stewardship of resources. On the other hand, the Early Determination and Management of Risk Committee is responsible for assessing and managing the relevant risks and opportunities.

Social Responsibility and Donations

Both as a corporate entity and through the collective efforts of our employees, we actively support numerous social responsibility initiatives that aim to uplift and empower individuals and communities across our country. Many of these initiatives, particularly those with significant budgets, are spearheaded by the Vehbi Koç Foundation. We are proud to report that the donations we made to tax-exempt foundations and associations in 2023 amounted to TL 576, 928,000 (2022: TL 260,558,000), including TL 354,055,837 donated to the Vehbi Koç Foundation. Furthermore, TL 215,124,900 of the total was channeled to the relief efforts in the aftermath of the devastating earthquake in Southeastern Anatolia and the construction of Hope Cities in cooperation with Koç Group companies to provide housing.

Changes in the Board of Directors and Company Management

At the Ordinary General Assembly Meeting on March 9, 2023, the number of members in the Board of Directors was determined as 12, including two independent directors. Our Board of Directors has been elected to serve until the next Ordinary General Assembly to convene to review the 2023 accounts. More information about the changes to the Board of Directors and Senior Management throughout the year is provided in the “Organizational changes during the reporting year” section on page 10.

Ford Otosan, Once Again the Largest Employer in the Automotive Industry

As of year-end 2023, the number of our employees stands at 23,701 in total, including 18,363 hourly and 5,338 monthly paid employees (2022: 20,911 employees total, including 16,144 hourly and 4,767 monthly paid). The hourly paid employees of Ford Otosan in Türkiye are covered by a Group Collective Labor Agreement signed between the Turkish Metal Workers Union and the Turkish Employers’ Association of Metal Industries (MESS) through August 31, 2025.

We Delivered Robust Financial Results While Continuing Our Investments in 2023

The financial statements audited by the independent audit firm, showing the operating results of 2023, and their explanatory notes are presented starting from page 10 of this report. Ford Otosan captured the highest ever production and sales figures, while continuing its investments in Türkiye and Romania. We also launched our next-generation Custom and Courier models. Thanks to our successfully running operations, agile approach and effective financial management, we were able to achieve robust financial results.

Domestic sales volume surged by 38%, reaching 117,582 units, while domestic revenues soared by 54% to TL 110,278 million, supported by our pricing discipline. During this period, the European automotive market grew significantly due to the low base effect, as Ford products saw strong demand, driving our export volume to increase by 26% to 492,082 units. Meanwhile, fueled by export agreements covering exchange rate effects and costs, export revenues surged by



- ABOUT THE REPORT
 - Chairman's Message
 - Ford Otosan Lead's Message
 - Board of Directors' Report
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

20%, reaching TL 301,628 million. Our total sales volume rose by 28% to 609,664 units, with sales revenues also increasing by 28% to TL 411,906 million. In 2023, exports accounted for 73% of total sales revenues. Our profitability remained robust, supported by strong domestic sales and an increasing share in total sales revenues, pricing discipline, favorable exchange rates, and ongoing cost-cutting measures.

Operating profit surged by 61%, reaching TL 44,017 million with the contributions of FX rates and effective spending management. Meanwhile profit before tax saw an impressive 86% increase, amounting to TL 47,428 million, supported by TL 15,559 million in monetary gains attributable to high monetary liability position. Net profit surged by a remarkable 77%, reaching TL 49,056 million, driven by deferred tax income, albeit partially offset by additional earthquake tax. In our balance sheet as of December 31, 2023, we report a financial debt of TL 75,755 million against a cash asset of TL 15,225 million.

Ford Otosan maintains a vigilant approach toward financial risks, implementing extremely cautious policies to mitigate such risks. We ensure that financial assets pertaining to risks remain within the established policy limits set by the Board of Directors and the Early Determination and Management of Risk Committee. The core policies we have implemented to address various risks are outlined under Risk Management on page 11 of the report, and data pertaining to the nature and levels of risks are summarized in the financial statement notes. An investment expenditure of TL 32,897 million was incurred, including new projects and product development expenditures capitalized in relation to the ordinary activities every year.

Our Dividend Policy and Dividend Distribution Proposal

Ford Otosan pays out dividends in alignment with the provisions of the Turkish Commercial Code, Capital Markets Board guidelines and regulations, tax legislation and other applicable regulations, as well as the Articles of Incorporation on dividend distribution. We adopt a dividend policy that ensures balance and consistency between the interests of shareholders and those of the company in compliance with Corporate Governance Principles.

The full Dividend Policy is available in this report (page 172) and on the corporate website (www.fordotosan.com.tr). Ford Otosan ranks among the most consistent and high dividend paying companies listed on Borsa Istanbul. The Company continued to share its increased profitability and cash flow with the shareholders in 2023. Within the reporting year, the company paid out a total of TL 18 billion 424 million in dividends in two instalments, marking the highest dividend payment in the company’s history. As a result, total dividends paid out since 2004 reached \$5.6 billion.

As outlined in our Dividend Policy, in accordance with our investment and financing policies and in consideration of our cash flow, we propose to pay out a gross dividend of TL 15,194,403,000, which corresponds to TL 43.30 gross (TL 38.97 net) for each share with TL 1 nominal value at 4,330% gross (3,897% net), after deducting the legally required amounts from the net period profit for 2023, and to begin payments on April 8, 2024. The details of our dividend distribution proposal are also presented in this report on page 172.

Selection of the Independent Audit Firm

Pursuant to the provisions of the Turkish Commercial Code No. 6102 and Capital Markets Law No. 6362, and upon consultation with the Audit Committee, the Board of Directors has resolved on May 25, 2023 to appoint Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. to conduct the independent audits on the Company’s financial statements and reports for the 2024 accounting period in addition to performing other activities within the scope of applicable laws and regulations. We submit this resolution to the General Assembly for approval.

2024 Outlook and Guidance

As we prudently charted our course for 2024, we adopted a cautious approach, taking into account various scenarios that could shape the automotive landscape. We anticipate a favorable environment supported by pent-up demand, enhanced vehicle availability, and fleet renewals, expected to bolster market dynamics. In the Turkish automotive industry, after the historical record levels witnessed in 2023, we predict a gradual decline in sales volumes to former averages, since the current tight monetary and fiscal policies are expected

to remain in place to achieve price stability throughout the year. In Europe, despite economic concerns and a high base effect, we foresee moderate growth, expected to be driven by the burgeoning e-commerce sector and the increasing trend of fleet modernization with zero-emission vehicles. On the other hand, we expect the high demand for the Ford brand to continue and an uptick in our annual export volumes, propelled by our all-new Custom and Courier models along with the electric variants of Custom, Courier and Puma, slated for launch within the year. As we anticipate our sales revenues to grow in 2024, fueled by rising production figures, continued pricing discipline, and robust cost plus agreements, we remain vigilant about maintaining our high profitability. This sustained profitability, witnessed over the past three years and reinforced by macroeconomic and sectoral developments, may be expected normalize, considering factors such as the gradual rollout of our next-generation vehicles and ongoing investments in facility upgrades and electrification. Moreover, we project an increase in exports within our total sales as we continue to expand our market reach and diversify our product portfolio with the addition of passenger cars.

We remain committed to prudent risk management and preserving our strong financial structure. As a global automotive manufacturer, Ford’s largest commercial vehicle manufacturer in Europe, and the driving force behind Türkiye’s automotive industry and export champion, we are dedicated to creating high added value for our country and our esteemed investors.

We extend our heartfelt gratitude to our founders, business partners, dedicated employees, both former and current, Turkish Metal Workers Union, suppliers, dealers, customers, and shareholders, for their unwavering support, invaluable contributions and continued trust in Ford Otosan.

Sincerely,

**FORD OTOMOTİV SANAYİ A.Ş.
BOARD OF DIRECTORS**



ABOUT THE REPORT

[Chairman's Message](#)

[Ford Otosan Lead's Message](#)

[Board of Directors' Report](#)

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

ABOUT FORD OTOSAN



- MILESTONES —13
- SHAREHOLDER STRUCTURE AND INVESTOR RELATIONS —15
- FINANCIAL PERFORMANCE THROUGH THE YEARS —18
- SUMMARY RESULTS —19
- KEY FINANCIAL INDICATORS —20
- FACILITIES AND PRODUCTS —21
- HIGHLIGHTS OF 2023 —22
- TURKISH AUTOMOTIVE INDUSTRY —23
- EXPORTS —24

MILESTONES

ABOUT THE REPORT

ABOUT FORD OTOSAN

Milestones

Shareholder Structure and Investor Relations

Financial Performance through the Years

Summary Results

Key Financial Indicators

Facilities and Products

Highlights of 2023

Turkish Automotive Industry

Exports

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES


PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS


ANNEXES

1928




Vehbi Koç is assigned as Ankara Ford Dealer.

1956




Foundations of Koç-Ford partnership laid.

1966




Anadol, first domestic passenger vehicle manufactured.

1967




First Ford Transit manufactured.

1982




Production commenced at the İnönü Plant.

1986




First domestic diesel engine "Erk" manufactured.

1997




Koç Holding and Ford Motor Co. shares equaled.

2001




Gölcük Plant opened.

2009




Transit Connect, first vehicle exported to the USA.

2012




Production of Ford Custom commenced.

2013




Technology licensing agreement signed with JMC China.

2014




Yeniköy Plant opened and production of Ford Courier commenced.

2014




Sancaktepe R&D Center opened.

2016



Production of 13-lt EU 6 Ecotorq engines, 100% engineered by Ford Otosan, commenced.

2018



F-MAX named "2019 International Truck of the Year."

→ MILESTONES



Capacity increase in Gölcük Plant.



Ford Custom Plug-in Hybrid (PHEV) named "2020 International Van of the Year."



Gölcük Plant included in the Global Lighthouse Network.



Transit awarded "Gold" in Euro NCAP Active Safety Tests."



Custom awarded "Silver" in Euro NCAP Active Safety Tests.



Production of Ecotorq transmission, 100% engineered by Ford Otosan, commenced.



Electric Rakun Motorcycles with 2&3-wheel versions launched.



Custom awarded "Gold" in Euro NCAP Active Safety Tests.



Production of all-electric, E-Transit, commenced at the Gölcük Plant.



Ford's Craiova Plant acquired.



Passenger vehicle production restarted with Puma.



Production of the new Ford Custom, named "2024 International Van of the Year," commenced.



Production of the new Ford Courier commenced at the Craiova Plant.



Yeniköy Plant reopened, with 2.5x expanded area.



The new Ford Courier awarded "Platinum" in Euro NCAP Active Safety Tests.

ABOUT THE REPORT
ABOUT FORD OTOSAN

- Milestones
- Shareholder Structure and Investor Relations
- Financial Performance through the Years
- Summary Results
- Key Financial Indicators
- Facilities and Products
- Highlights of 2023
- Turkish Automotive Industry
- Exports

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

SHAREHOLDER STRUCTURE AND INVESTOR RELATIONS

ABOUT THE REPORT

ABOUT FORD OTOSAN

[Milestones](#)

[Shareholder Structure and Investor Relations](#)

[Financial Performance through the Years](#)

[Summary Results](#)

[Key Financial Indicators](#)

[Facilities and Products](#)

[Highlights of 2023](#)

[Turkish Automotive Industry](#)

[Exports](#)

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

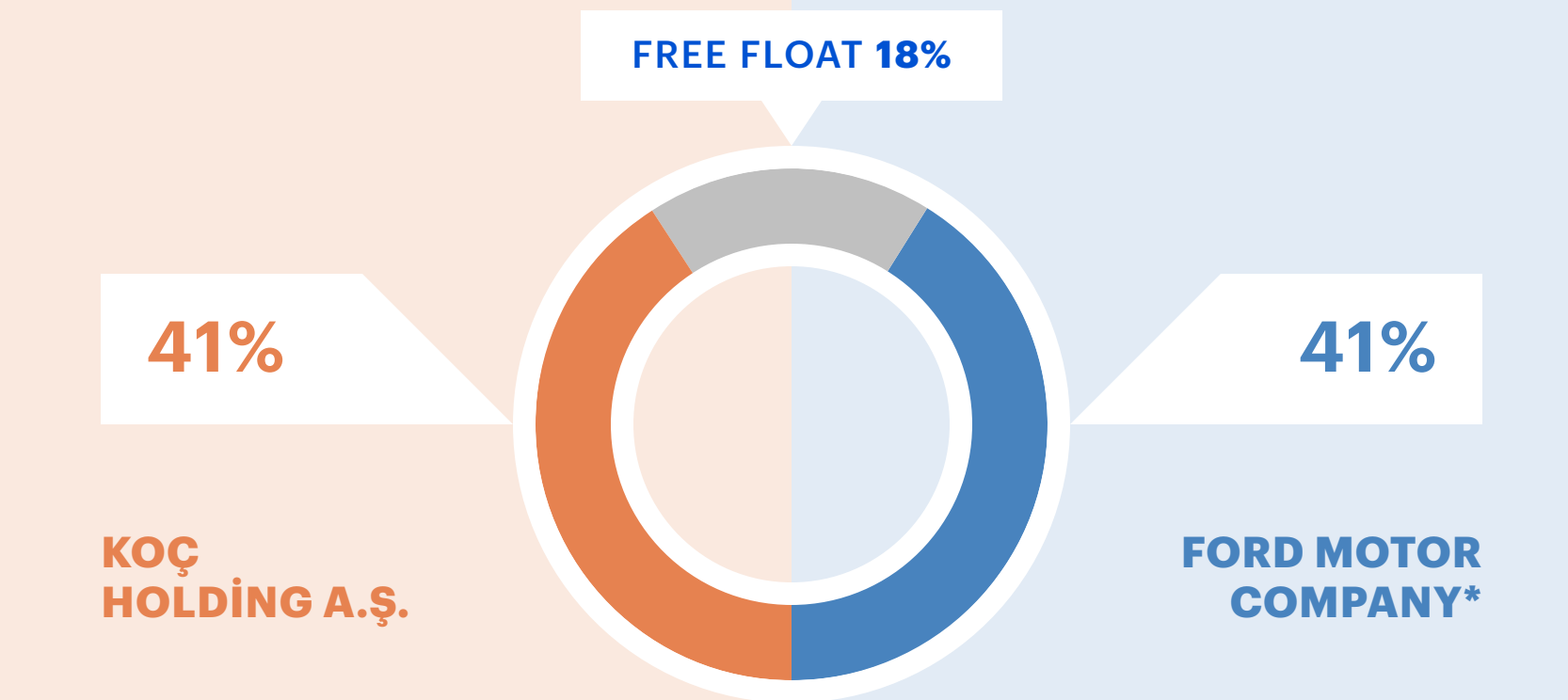
PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

STRONG AND COMMITTED SHAREHOLDER STRUCTURE



Koç Holding, founded in 1926, is Türkiye's largest conglomerate in terms of revenues, exports, share in Borsa İstanbul's market capitalization, and job generation. In addition to maintaining its leadership position in Türkiye, Koç Group focuses on sustainable and profitable growth with the mission of being a key regional and global player.

Ford Motor Company (NYSE: F) is a global company based in Dearborn, Michigan. The company's Ford+ plan for growth and value creation combines existing strengths, new capabilities and always-on relationships with customers to enrich experiences for customers and deepen their loyalty. Ford develops and delivers innovative, must-have Ford trucks, sport utility vehicles, commercial vans and cars and Lincoln luxury vehicles, along with connected services. The company does that through three customer-centered business segments: Ford Blue, Ford Model e, and Ford Pro. Additionally, Ford is pursuing mobility solutions through Ford Next, and provides financial services through Ford Motor Credit Company. Ford employs about 173,000 people worldwide.

* Ford Deutschland Holding GmbH: 100% owned by Ford Motor Company.

Ford Otosan, a Group A share, is traded on BIST Stars. With its commitment to sustainability, Ford Otosan is also a constituent of BIST Sustainability Index, FTSE4Good Emerging Markets Index and Bloomberg Gender-Equality Index (as of 2021), which are the important indices for responsible investment decisions. Ford Otosan also responds to CDP's climate change and water security programs and supports the Task Force on Climate-Related Financial Disclosures (TCFD).

IPO	13 January 1986
Ticker	FROTO.IS
Paid-in Capital	TL 350,910,000
Registered Capital Ceiling	TL 500,000,000

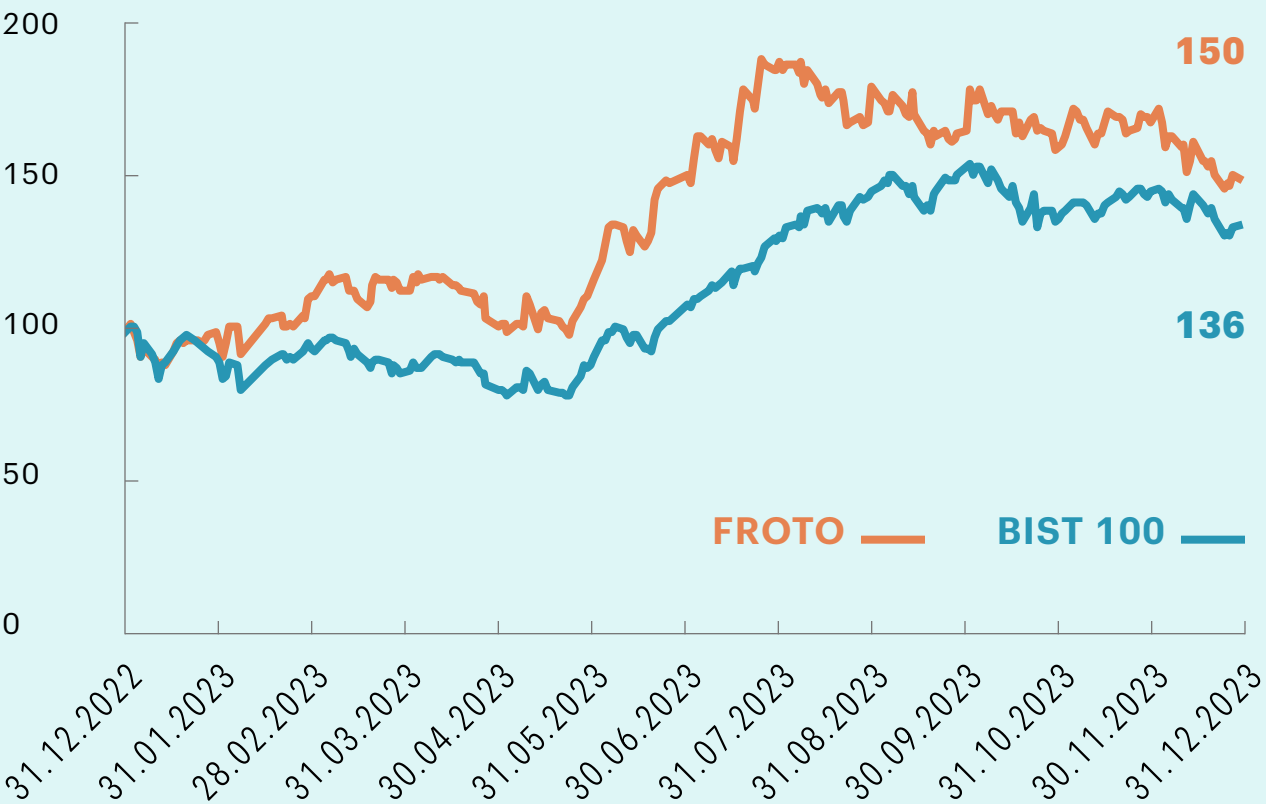
2023 Key Indicators

Closing price	TL 739.5
Market cap	\$8,815 million
Highest (Intraday)	TL 953.17
Lowest (Intraday)	TL 419.64
Foreign Share in Free Float	40%
Average Trading Volume	\$1.199 billion

STRONG SHARE PERFORMANCE

In 2023, BIST-100 rose by 36% on TL basis, while Ford Otosan's share price outperformed BIST-100 by 14% and rose by 50%. With a market cap of \$8.815 million, Ford Otosan ranked as the most valuable automotive company and fifth overall among BIST companies. Foreign share in free float stood at 40%.

RELATIVE SHARE PERFORMANCE



INVESTOR RELATIONS PROGRAM IN
GLOBAL STANDARDS

In 2023, the Investor Relations team attended 10 conferences and roadshows, meeting with local and international investors. The team also responded to the questions and information requests from existing and potential investors and analysts, and submitted reports on Investor Relations activities and share performance to the Corporate Governance Committee and senior management.

The Investor Relations activities were carried out by using all available communication channels proactively, transparently and consistently through online and in-person meetings, sharing information with more than 350 investors and analysts about the company’s strategic, financial, operational, and sustainability performance. Quarterly earnings calls were held with the CFO in attendance to inform the investors and analysts. The department also began to provide the audio recordings and their transcripts on the corporate website for all investors to access.

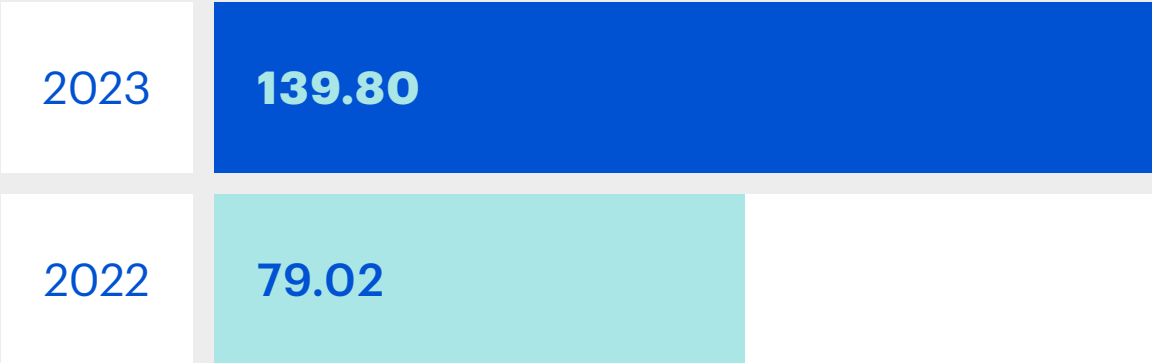
Ford Otosan provides regular, up-to-date information for stakeholders via its corporate website and investor presentations.

SHARE INFORMATION AND DIVIDEND YIELD

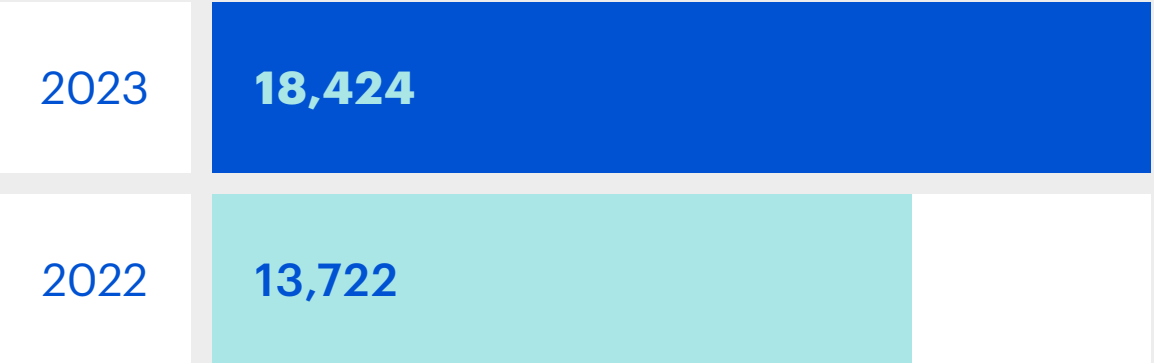
The investor relations department aims for Ford Otosan to reach its fair market value and share price, and follow a dividend policy that ensures dividend distribution to the shareholders in alignment with the long-term company strategy and financial discipline.

Currently, intermediary institutions in Türkiye and abroad publish analyst reports about Ford Otosan. As of year-end 2023, 15 analysts recommended “Buy” and 5 recommended “Hold” for Ford Otosan shares, while no analysts recommended “Sell.”

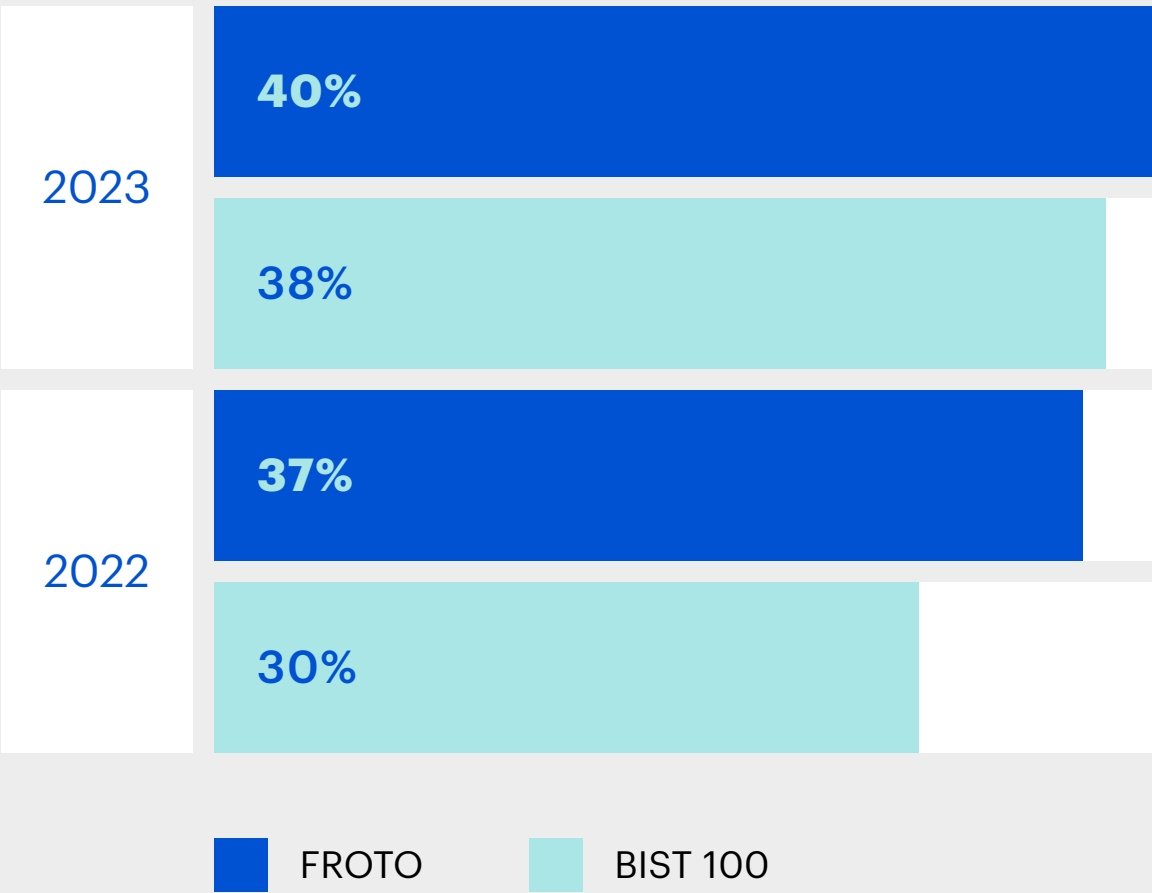
Growing EPS (Earnings per share, Kr)



Surging Dividend Distribution (TL million, Gross)



Institutional Investor Base
(Share of Foreign Investors in Free Float)



ABOUT THE REPORT

ABOUT FORD OTOSAN

- Milestones
- Shareholder Structure and Investor Relations
- Financial Performance through the Years
- Summary Results
- Key Financial Indicators
- Facilities and Products
- Highlights of 2023
- Turkish Automotive Industry
- Exports

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

INVESTMENT CASE

Scale Economy and Growth



International automotive manufacturer with operations across four sites and all segments

Türkiye’s goods export champion and commercial vehicle market leader

Ford’s largest commercial vehicle manufacturing hub in Europe

International expansion and growth in heavy trucks business with strong operations in the domestic market

Strong Balance Sheet and Proactive Risk Management



Strong balance sheet and free cash flow

Profitability driven by increased capacity, diversified product range with next generation and electric vehicles and high sales revenues with customer-focused sales strategy

Natural hedge with €-denominated export revenues against currency volatility

Resilience and High Efficiency



€-denominated export revenues with volume guarantees

High capacity utilization rate above industry average

Efficient, flexible and low-cost manufacturing

Stakeholder Value Creation



Regular dividend pay outs

Strong relative share price performance

Total value creation with full commitment to sustainability



ABOUT THE REPORT

ABOUT FORD OTOSAN

- Milestones
- Shareholder Structure and Investor Relations
- Financial Performance through the Years
- Summary Results
- Key Financial Indicators
- Facilities and Products
- Highlights of 2023
- Turkish Automotive Industry
- Exports

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

FINANCIAL PERFORMANCE THROUGH THE YEARS



ABOUT THE REPORT

ABOUT FORD OTOSAN

[Milestones](#)

[Shareholder Structure and Investor Relations](#)

[Financial Performance through the Years](#)

[Summary Results](#)

[Key Financial Indicators](#)

[Facilities and Products](#)

[Highlights of 2023](#)

[Turkish Automotive Industry](#)

[Exports](#)

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

	1997*		2023
 Production Capacity (Units)	47,000	 16 times	746,500
 Production (Units)	43,102	 14 times	589,758
 Exports (Units)	667	 738 times	492,082
 Export Revenues (USD)	16 million	 637 times	10.2 billion
 Revenues (USD)	850 million	 16 times	14 billion
 Employees	3,406	 7 times	23,701
 Market Cap (USD)	1.1 billion	 8 times	8.8 billion

* The year the shares of Koç Holding and Ford Motor Company in Ford Otosan were equaled.

SUMMARY RESULTS

	2022	2023
KEY INDICATORS (TL million)		
Revenues	322,556	411,906
Export Revenues	251,011	301,628
Domestic Revenues	71,545	110,278
Gross Profit	36,599	55,248
Operating Profit	27,271	44,017
EBITDA	34,630	50,730
Profit Before Tax	25,447	47,428
Net Profit	27,730	49,056
Earnings per Share	79.02	139.80
CASH POSITION (TL million)		
Cash & Cash Equivalents	16,666	15,225
Total Financial Debt	62,479	75,755
Net Financial Debt	45,813	60,531

	2022	2023
FINANCIAL RATIOS (%)		
Current Ratio	1.20	1.09
Liquidity Ratio	0.81	0.68
Net Financial Debt / EBITDA	1.32	1.19
Current Assets / Total Assets	0.52	0.47
Current Liabilities / Total Liabilities	0.62	0.65
Total Liabilities / Total Assets	0.71	0.66
Return on Equity	54.2	67.2
MARGINS (%)		
Gross Margin	11.3	13.4
EBITDA Margin	10.7	12.3
Operating Margin	8.5	10.7
Net Income Margin	8.6	11.9
OTHER (TL million, Gross)		
Dividend Payments	13,722	18,424

ABOUT THE REPORT

ABOUT FORD OTOSAN

Milestones

Shareholder Structure and Investor Relations

Financial Performance through the Years

Summary Results

Key Financial Indicators

Facilities and Products

Highlights of 2023

Turkish Automotive Industry

Exports

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

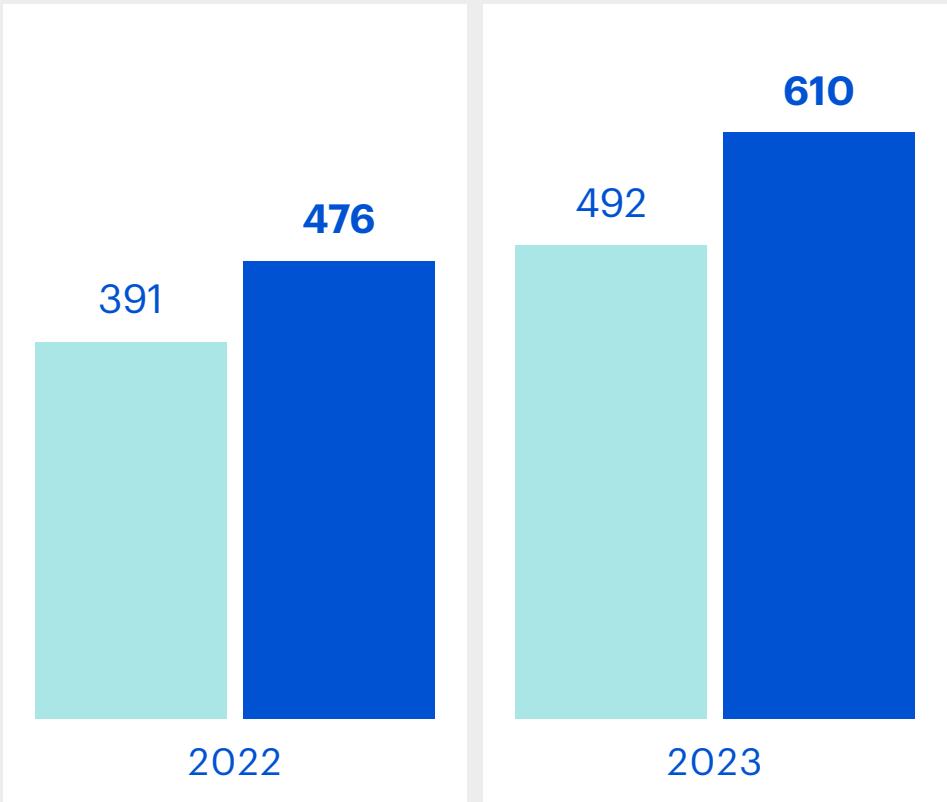
FINANCIAL STATEMENTS

ANNEXES

KEY FINANCIAL INDICATORS



TOTAL SALES (Thousand units)

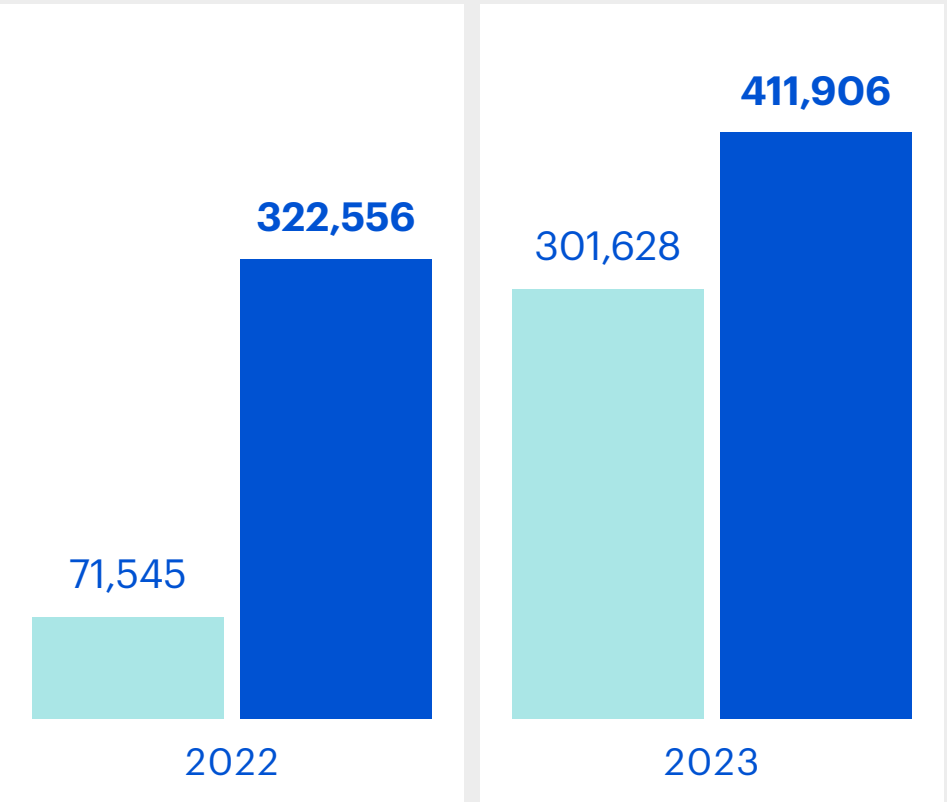


Total sales volume in the Turkish automotive industry increased by 56% YoY to a record-high 1,277,846 units in 2023 (increase in all segments, annual changes: 63% in passenger cars, 33% in light commercial, 50% in medium commercial and 19% in truck segments). Vehicle purchases used as investment instruments in an inflationary environment and improvements in vehicle availability were the key drivers of this increase. The share of passenger cars in the total industry rose to 75.7% (2022: 72.13%), while the share of light and medium commercial vehicles dropped to 20.8% (2022: 23.2%).

Our domestic wholesale volume increased by 38% YoY to 117,582 units. Total export volume reached 492,082 units with an increase of 26% YoY. Total sales grew by 28% with strong export performance and reached an all-time high of 609,664 units.

Exports Total

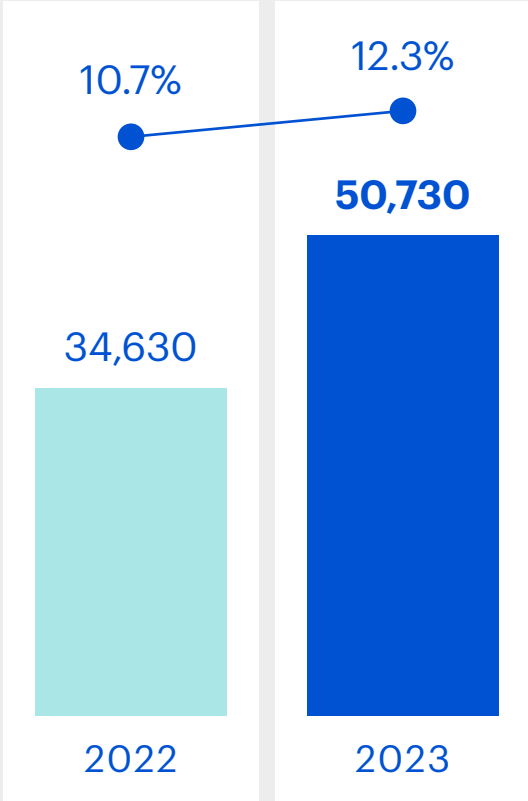
SALES REVENUES (TL million)



Driven by a 38% increase in sales volume and the continued pricing discipline, our domestic sales revenues increased by 54% YoY to TL 110,278 million. Export revenues increased by 20% YoY to TL 301,628 million, supported by the Craiova Plant's contribution to a 26% increase and the exchange rates rising by an average of 48% YoY. Total sales revenues increased by 28%, reaching TL 411,906 million, supported by a 28% increase in sales volumes.

Exports Total

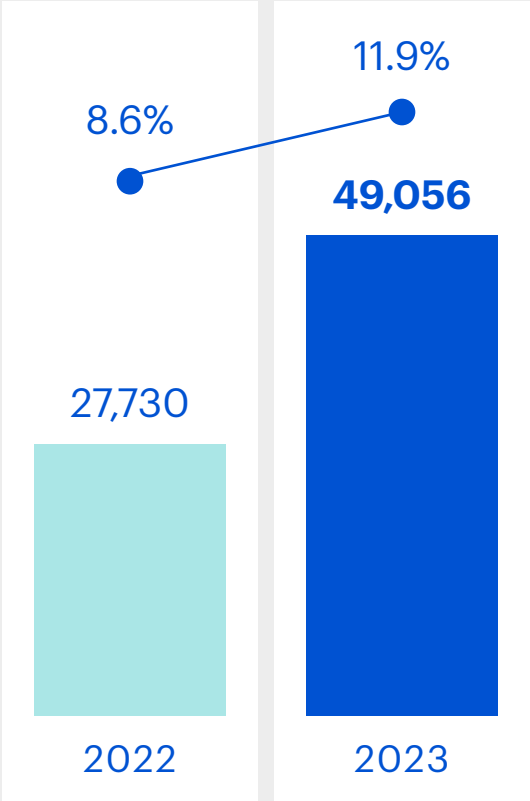
EBITDA (TL million)



Profitability remained strong in 2023. In the reporting period, EBITDA grew by 46% YoY to TL 50,739 million. This performance was supported by strong domestic sales, continued pricing discipline, cost reduction measures, effective cost management, and average annual exchange rate increase of 48%.

Margin

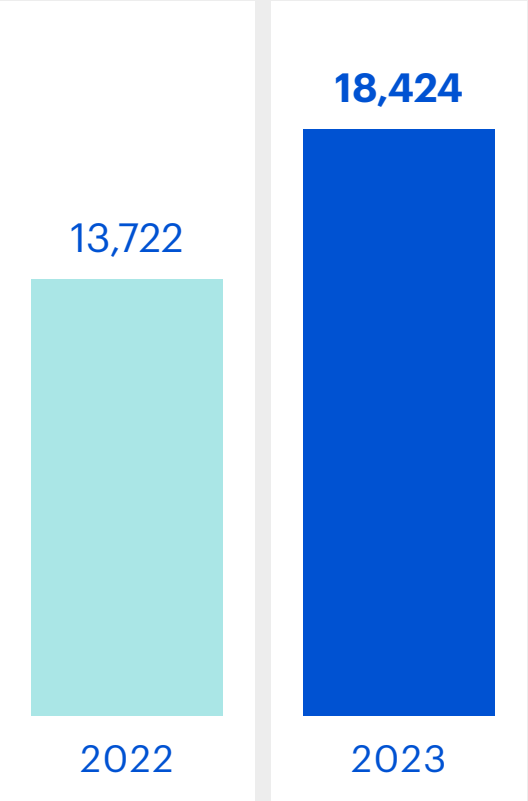
NET PROFIT (TL million)



In 2023, Net Financial Expenses amounted to TL 14,947 million with an annual increase of 84%. In the reporting period, Profit Before Tax increased by 86% YoY, reaching TL 47,428 million TL, supported by earnings of TL 15,559 million due to the high liability position in 2023. Net Profit increased by 77% YoY, amounting to TL 49,056 million due to the effect of Deferred Tax Revenue, which was partially offset by the additional earthquake tax.

Margin

DIVIDENDS (TL million, Gross)



In 2023, a record high gross dividend of TL 18 billion 424 million was paid out in two installments. The total dividend paid out by Ford Otosan reached USD 5.6 billion in the period from 2004 to 2023.

ABOUT THE REPORT

ABOUT FORD OTOSAN

- Milestones
- Shareholder Structure and Investor Relations
- Financial Performance through the Years
- Summary Results
- Key Financial Indicators
- Facilities and Products
- Highlights of 2023
- Turkish Automotive Industry
- Exports

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

FACILITIES AND PRODUCTS

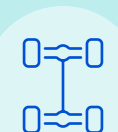
PRODUCTION CAPACITY



746,500
VEHICLES



437,500
ENGINES



140,000
REAR AXLES



15,000
TRANSMISSIONS

81%

CAPACITY
UTILIZATION

**IN TÜRKİYE
AND ROMANIA**



23,701
EMPLOYEES



2,298
R&D EMPLOYEES

GÖLCÜK PLANT



- Opened in: **2001**
- Covered Area: **340 thousand m²**
- Annual production capacity: **207 thousand**
- The only Ford Plant and one of the four automotive factories worldwide to enter the WEF's Global Lighthouse Network**
- Capacity utilization rate: **88%**



Transit

YENİKÖY PLANT



- Opened in: **2014** (Reopened in: **2023**)
- Covered Area: **255 thousand m²**
- Annual production capacity: **245 thousand vehicles**
- Environment- and disabled-friendly** manufacturing site
- Flexible and integrated facility** capable of producing both ICE and electric vehicles
- Capacity utilization rate: **93%**



Custom

CRAIOVA PLANT



- Opened in: **1976**
- Covered Area: **600 thousand m²**
- Annual production capacity: **272 thousand vehicles**
(Puma can go up to 189k, and Courier up to 100k with flexible production)
- Annual production capacity: **350 thousand engines**
- Capacity utilization rate: **75%**



Puma



Courier



1.0 EcoBoost

ESKİŞEHİR PLANT



- Opened in: **1982**
- Covered Area: **119 thousand m²**
- Annual production capacity: **22.5 thousand trucks**
- Annual production capacity: **87.5 thousand engines**
- Annual production capacity: **140 thousand** rear axles (Transit)
- Annual production capacity: **15 thousand** transmissions
- Capacity utilization rate: **98%**



F-MAX



F-LINE



Ecotorq Engine



Transit Rear Axle



2.0 L EcoBlue Engine



Ecotorq Transmission

R&D CENTERS

- 2,298 R&D employees** across four centers
- Sancaktepe** R&D Center
- Gölcük** R&D Center
- Eskişehir** R&D Center
- METU** Technocity



SPARE PARTS CENTERS

- Sancaktepe** Spare Parts Warehouse
- Germany** Ford Trucks Spare Parts Warehouse
- Poland** Ford Trucks Spare Parts Warehouse



E-Transit production started in Q2 2022, while the plug-in hybrid and all-electric versions of Custom and the all-electric versions of Courier and Puma will launch in 2024, and the E-Truck in 2025.



ABOUT THE REPORT
ABOUT FORD OTOSAN

[Milestones](#)

[Shareholder Structure and Investor Relations](#)

[Financial Performance through the Years](#)

[Summary Results](#)

[Key Financial Indicators](#)

[Facilities and Products](#)

[Highlights of 2023](#)

[Turkish Automotive Industry](#)

[Exports](#)

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

HIGHLIGHTS OF 2023



GOVERNANCE



Gölcük Plant is one of the four automotive factories worldwide, the first in Türkiye and the only Ford plant to be included World Economic Forum's (WEF) Global Lighthouse Network as a result of its **Industry 4.0 activities and smart factory applications.**

Türkiye's **2nd largest industrial enterprise**

Accounting for **37% of automotive production** in Romania

Ford's largest commercial vehicle production hub in Europe with an annual production capacity of **746,500 units** (2 countries and 4 sites)

Yeniköy Plant: The first and only factory in Türkiye with the capability to manufacture both ICE and electric vehicles on the same line

Accounting for **77%** of commercial vehicle production **88%** of commercial vehicle exports **40%** of total vehicle production **in Türkiye**

Largest R&D Center in a single location and **Industrial Company to receive the highest EU funding** in Türkiye

Turkish commercial vehicle market leader with 27.3% market share

3rd place in the total automotive market with 8.9% share

USD 8.8 billion market cap

Export champion of Türkiye for **8** consecutive years and of the automotive industry for **12** consecutive years

Export revenues in 2023 **USD 10.2 billion**

9.42 out of 10 in the first Corporate Governance Compliance Rating conducted in 2023

27% female representation on the Board of Directors

ENVIRONMENT



"A -" score in CDP's Climate Change Program

Turkish automotive industry's most **competent R&D** with **2,298** employees

R&D spending on various product development projects amounted to **TL 5,038,624,251** before capitalization and **TL 3,924,501,293** after capitalization

"A-" score in CDP's Supplier Engagement Rating (SER)

Ford Otosan completed the Horizon 2020 program with **20 projects and Euro 7.73 million funding in total**, becoming this program's **highest funded industrial company** in Türkiye. As announced on TÜBİTAK's official website on October 26, 2023, we rank first among the industrial companies that have received the **highest funding with a total of Euro 7.27 million for 16 projects** within the Horizon Europe program.

LCA on **99.99%** of products

Responsible supply chain roadmap created with critical suppliers.

SOCIAL



Highest employment in the Turkish automotive industry: total **23,701 employees** in Türkiye and Romania

Highest female employment ratio among Turkish automotive manufacturers: **3,914** female employees

Ratio of **women in all management roles** across all sites in Türkiye: **24.18%**

The first and only automotive company from Türkiye to be included in the **Bloomberg Gender-Equality Index**

In 2023 **4,600** employees, **700+** teams and **800+** roles **fully integrated into agile way of working**

520,958 person × hours of **OHS training**

2,601,810 person × hours of **training**

TL 63.3 million **training expenditure**

TL 576.9 million **allocated for donations and project activities**

"Contributions to Industry" and **"Investment Project of the Year"** awards presented by the Romanian Automotive Industry to Ford Otosan's Romania Plant in 2023 in recognition of the electrification and digitalization investments.

20.4% decrease in the number of customers contacting Technology and Customer Experience Center for complaints and **55%** shorter resolution times.

ABOUT THE REPORT

ABOUT FORD OTOSAN

[Milestones](#)

[Shareholder Structure and Investor Relations](#)

[Financial Performance through the Years](#)

[Summary Results](#)

[Key Financial Indicators](#)

[Facilities and Products](#)

[Highlights of 2023](#)

[Turkish Automotive Industry](#)

[Exports](#)

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

TURKISH AUTOMOTIVE INDUSTRY

In 2023, total sales in the Turkish automotive industry increased by 56% YoY to a record-high 1,277,846 units. Vehicle purchases used as investment instruments in an inflationary environment and improvements in vehicle availability were the key drivers of this increase.

In the reporting period, Ford Otosan increased its sales by 32% to **114,039** units, ranking third in the market with a share of 8.9%.

Passenger car sales rose by 63% to 967,341 units, while Ford Otosan's sales increased by 174% in this segment, reaching **30,936** units and capturing a market share of 3.2%.

Light commercial vehicle sales rose to 155,567 units with an increase of 33%, while Ford Otosan's sales in this segment dropped by 3% to **35,837** units due to the renewal of the Courier model, which boasted a market share of 23%.

Medium commercial vehicle sales rose by 50% to 109,727 units, while Ford Otosan increased its sales in this segment increased by 22% to 35,607 units, and maintained its undisputed leadership in the segment with a 32.5% market share.

Truck sales increased by 19% to 39,322 units, while our sales rose by 30% to **11,659** units, the highest ever figure, and our market share reached 29.7%.



Ford was recognized with the “ODMD Best Selling Light Commercial Vehicle Brand of the Year” award.

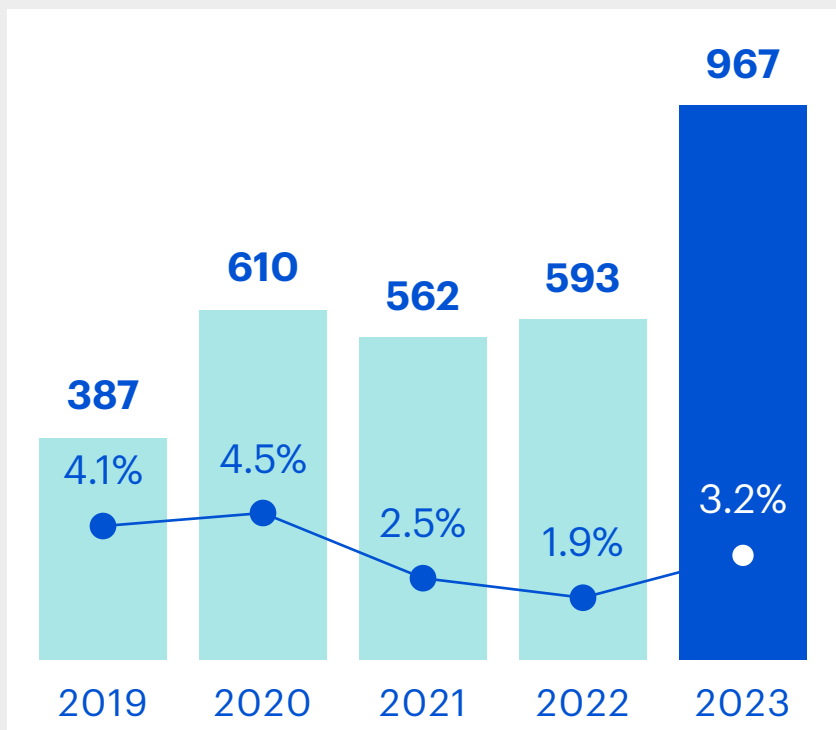
Ford Otosan remained committed to its profitability strategy in passengers cars and profitable growth in commercial vehicles.

Ford Otosan maintained its market leadership with 27.3% share in total commercial vehicles.

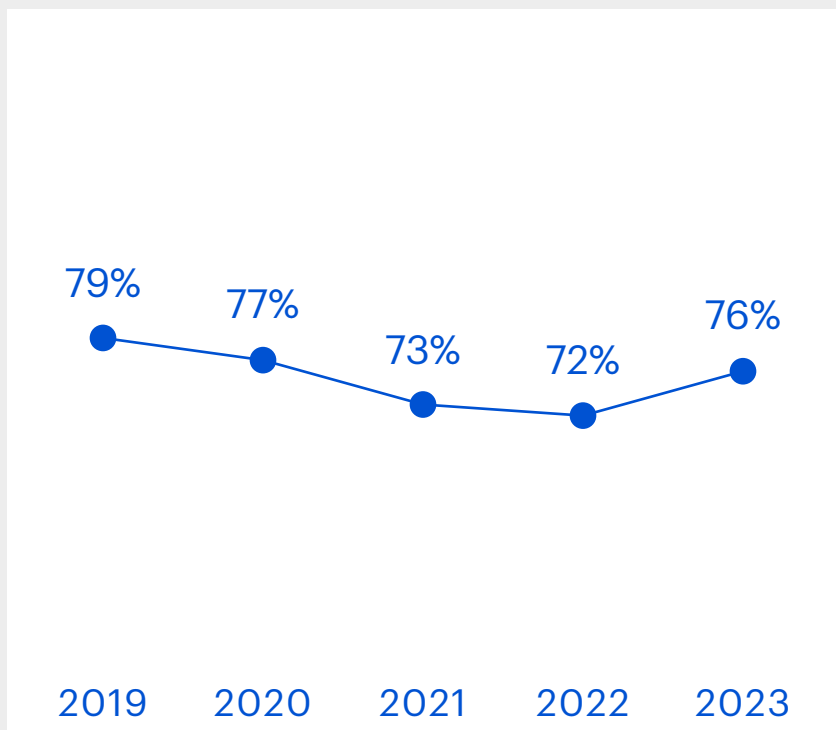
Total Automotive Market
(Thousand Units)



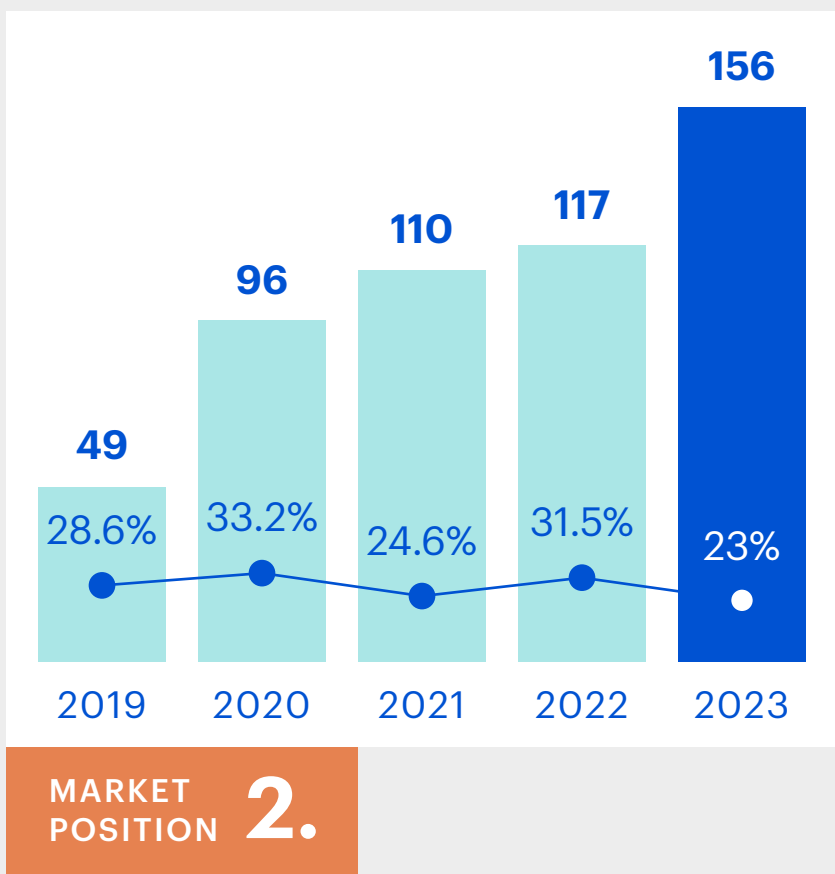
Passenger Cars
(Thousand Units)



Market Share of Passenger Cars
(%)



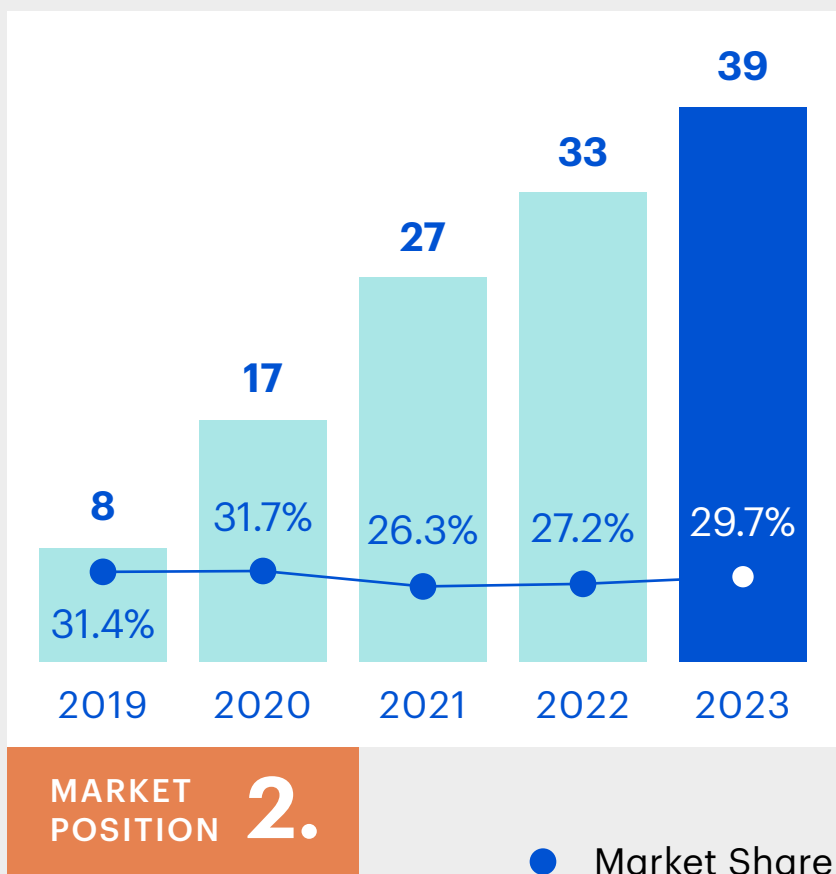
Light Commercial Vehicles
(Thousand Units)



Medium Commercial Vehicles
(Thousand Units)



Trucks
(Thousand Units)



● Market Share



ABOUT THE REPORT

ABOUT FORD OTOSAN

Milestones

Shareholder Structure and Investor Relations

Financial Performance through the Years

Summary Results

Key Financial Indicators

Facilities and Products

Highlights of 2023

Turkish Automotive Industry

Exports

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

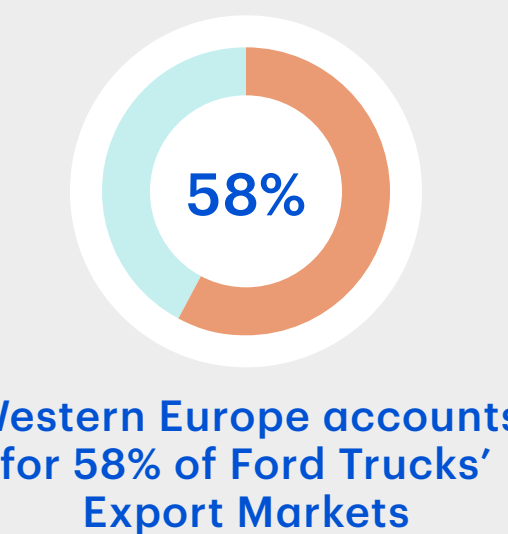
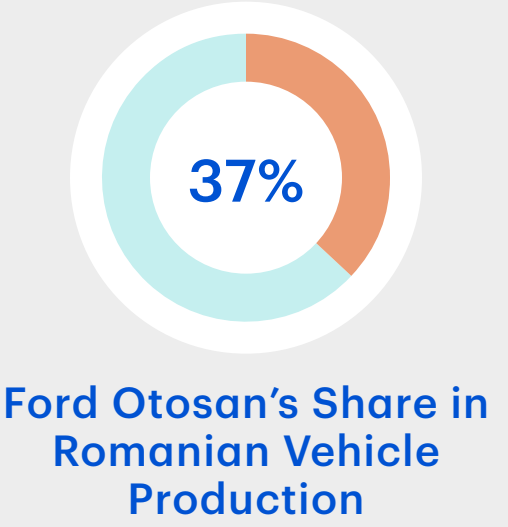
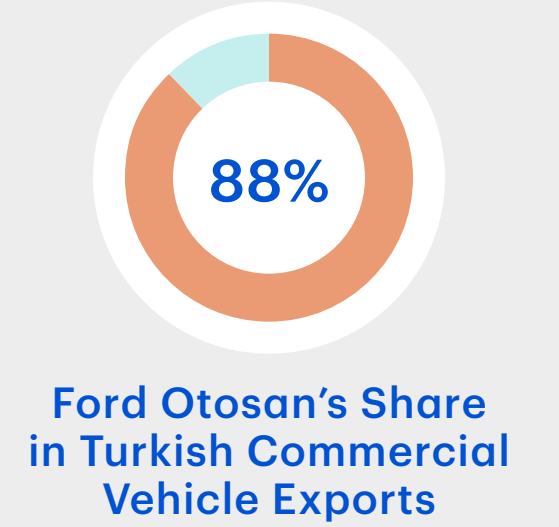
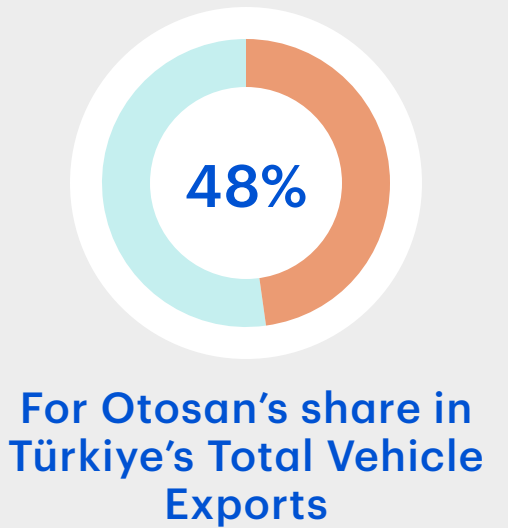
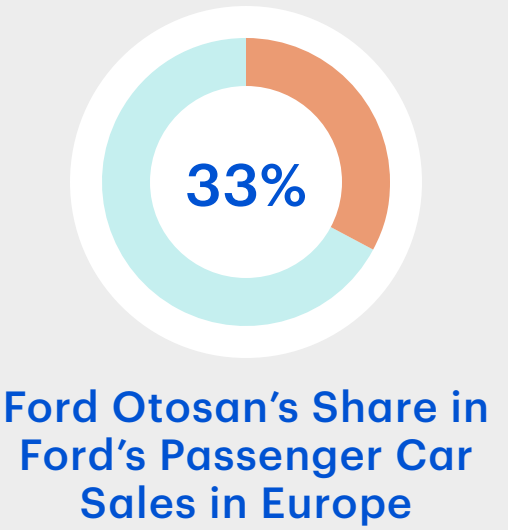
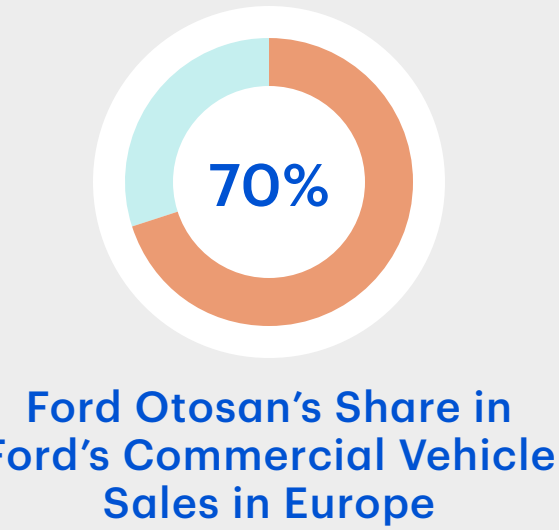
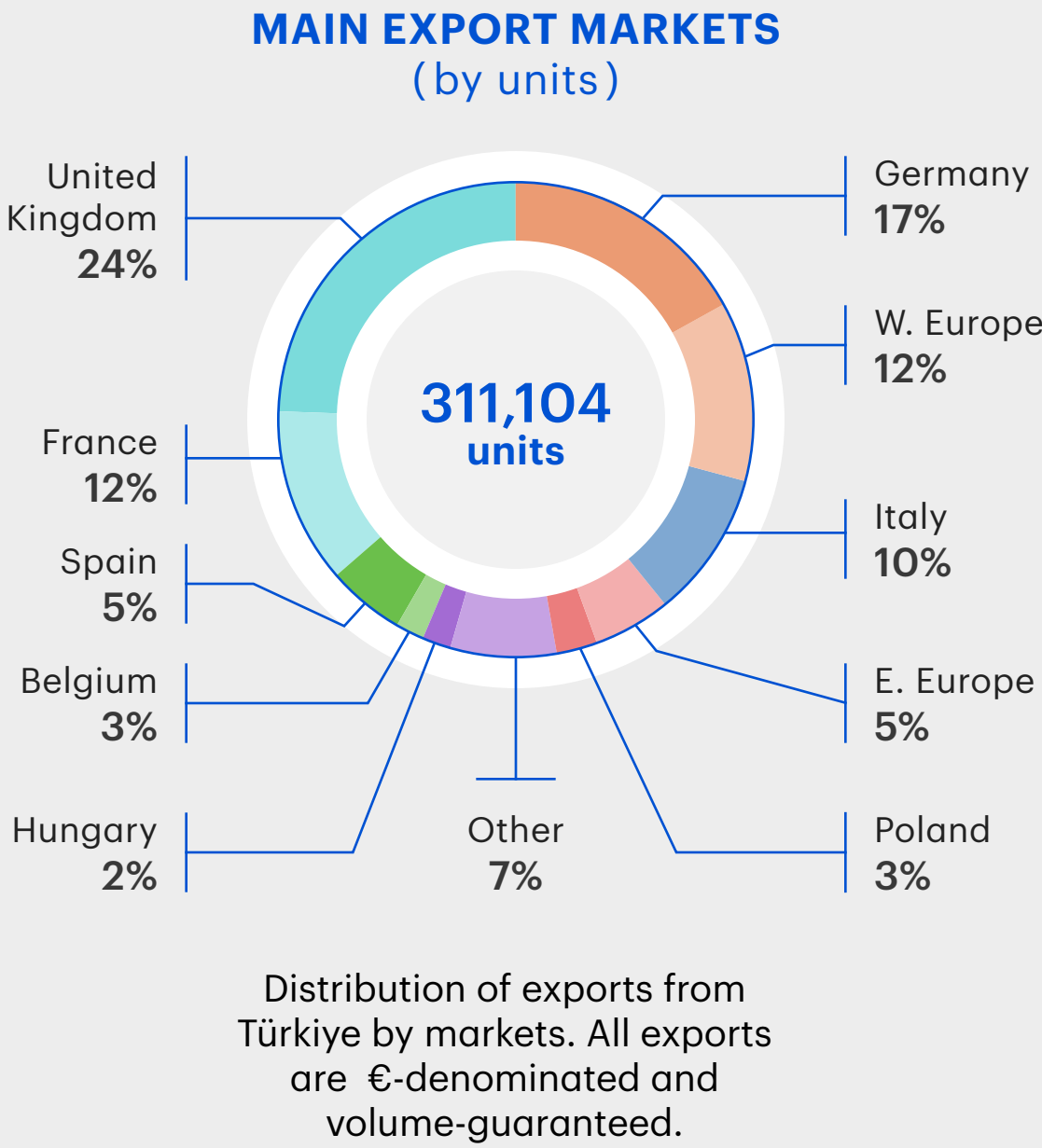
EXPORTS

In 2023, our annual export volumes in the European van market and the passenger vehicle market increased by 16% and 15%, respectively, driven by supply chain improvements, fleet renewals, and low base effect of the previous year. In the reporting year, total exports from Türkiye and Romania amounted to 492,082 units with an increase of 26%, generating USD 10.2 million in revenues. Ford Otosan stands as the export champion of the automotive industry since 2011 and goods export champion of Türkiye for the eighth consecutive year.

Ford Otosan’s total export revenues rose by 20% to TL 301,628 million TL. Our export volume increased by 28% in Transit, 138% in Puma, and 31% in Ford Trucks YoY, driven by the continuing strong demand for Ford’s vehicles in Europe. However, the total export volume declined by 7% YoY due to the Custom model soon to be renewed.

European Van Market Performance – Annual Change (%)					
Country	2019	2020	2021	2022	2023
UK	2.4	-20.0	21.4	-20.6	21.0
Germany	6.9	-12.2	-0.8	-13.0	12.1
Italy	3.4	-15.0	14.7	-12.3	22.7
Spain	0.3	-26.5	-4.0	-21.3	22.0
France	4.5	-16.1	7.5	-19.5	8.9
Poland	1.5	-14.6	23.9	-15.8	3.7
Total	2.8	-18.0	10.7	-18.6	15.7

Source: ACEA. Light commercial vehicle (up to 3.5 tons) sales. Data includes 26 European countries and the UK.



ABOUT THE REPORT

ABOUT FORD OTOSAN

[Milestones](#)

[Shareholder Structure and Investor Relations](#)

[Financial Performance through the Years](#)

[Summary Results](#)

[Key Financial Indicators](#)

[Facilities and Products](#)

[Highlights of 2023](#)

[Turkish Automotive Industry](#)

[Exports](#)

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

INDUSTRY OVERVIEW AND TRENDS



- GLOBAL AND TURKISH INDUSTRY OVERVIEW —26
- TRENDS
 - PEOPLE —29
 - ENVIRONMENT —32
 - TECHNOLOGY AND INNOVATION —33

GLOBAL AND TURKISH INDUSTRY OVERVIEW

With the semiconductor shortage gradually easing, coupled with the rebound effect from a low base year and improved vehicle availability, global automotive sales grew by 11.9% in 2023, reaching a total of 75.3 million units. However, this figure still fell short of pre-pandemic levels, indicating ongoing recovery efforts.¹

In Europe and the UK, van and passenger vehicle markets witnessed robust growth rates of 15% and 16% respectively, year on year, reaching sales volumes of 10,400,801 and 1,810,362 units in 2023. This growth was primarily fueled by enhancements in the supply chain, fleet renewals and the previous year’s low base effect.

Meanwhile, the Turkish automotive industry saw a surge with a 56% increase in sales, reaching 1,277,849 units in 2023. Factors contributing to this growth included improved vehicle availability, with automobiles increasingly viewed as investment instruments in an inflationary climate. Additionally, the aftermath of devastating earthquakes in 11 provinces on February 6, 2023 drove demand for commercial vehicles alongside continued industry investments. Year-on-year, all automotive segments exhibited growth: passenger cars by 63%, light commercial vehicles by 33%, medium commercial vehicles by 50%, and trucks by 19%. In terms of market share breakdown, passenger vehicles accounted for 76% of the total industry, while light and medium commercial vehicles collectively represented 21%.

Global sales of all-electric and plug-in hybrid vehicles (PHEVs) rose 31% in 2023, down from 60% growth in 2022. Even though the pace of growth is slowing, this is expected in emerging markets.² The electric vehicles market is estimated to grow by

10.07% YoY between 2023 and 2028. Reflecting the rising trend of adopting electric vehicles, unit sales are expected to reach 17.07 million vehicles by 2028. The all-electric vehicle (BEV) sales jumped 50% in the USA and Canada in 2023 and grew 27% in Europe and 15% in China. Sales in Europe in 2024 could be affected by Germany’s abrupt decision last year to drop EV subsidies.³

In Türkiye, electric vehicles sales increased eight fold, accounting for 7% of all vehicle sales. The increase in the Special Consumption Tax (SCT) base limit for electric vehicles, following the decision in March, further bolstered electric vehicle sales throughout the year.²

The transition to electric vehicles continues

The automotive industry continues to transition to electric vehicles. Total sales of electric vehicles, which only accounted for less than 5% in automotive sales in 2020 and approximately 9% in 2021, reached 14% in 2022. Of the 13.6 million electric vehicles sold worldwide in 2023, 9.5 million were all- electric or battery electric vehicles (BEVs), with the remaining sales attributed to plug-in hybrid vehicles (PHEVs). Projections indicate a robust 25% to 30% growth in global EV sales for 2024.²

China dominates the global markets, leading with 60% share in all electric vehicle sales, followed by 15% of sales to the European market and 8% to the USA. Moreover, the electrification trend extends beyond traditional automobiles to encompass various vehicle segments such as two/three-wheeled bikes, buses, trucks and heavy-duty vehicles, signaling a broader shift toward electrification across the transportation sector.⁴



Sales in the Turkish automotive market surged in 2023, increasing by 56% to an all-time high of 1,277,849 units.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

Global and Turkish Industry Overview

Trends

People

Environment

Technology and Innovation

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

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Infrastructure and battery solutions show resilience in the electrification shift

Despite advancements, critical challenges persist in users’ vehicle preferences, notably concerning battery life, charging accessibility on long journeys and infrastructure deficiencies, particularly in urban areas. Even though investments in technologies to enhance battery efficiency, mineral recovery and battery recycling have increased, sustainable solutions have yet to emerge. The accelerated pace of battery production driven by these investments raises concerns of potential oversupply, possibly leading to a new environmental crisis.³ Moreover, challenges such as high prices, infrastructure limitations and battery life hinder the electrification transition in the sector, resulting in electric vehicle sales falling short of anticipated rates. Consequently, demand for fully battery-powered electric vehicles lags behind hybrid counterparts across many markets.⁵

In response to these challenges, the industry is increasingly adopting smart charging systems designed to alleviate grid congestion and costs by optimizing EV battery usage. Integrated energy management models to ensure grid stability by coordinating renewable energy utilization with EV charging activities, IoT-enabled batteries that offer benefits such as extended battery life, reduced supply chain pressures and enhanced monitoring and analysis capabilities for recycling gain momentum.⁶

Autonomous vehicles and AI integration gain momentum

The integration of autonomous vehicles and artificial intelligence is rapidly gaining momentum in the automotive industry. Following the electrification trend, investments in autonomous vehicles are expected to increase, particularly as consumer interest in autonomous features intensifies, projected to become a significant factor in vehicle selection

post-2030. This shift is driving heightened R&D and innovation investments across the sector, with a particular focus on regulatory measures, including cybersecurity protocols for connected and autonomous vehicles. Anticipated to revolutionize mobility solutions, autonomous technologies are poised to enhance driving experiences by ensuring safety, ease and enjoyment. Projections indicate that these advancements could generate an added value of nearly USD 350 billion for the automotive industry. In addition, there is a noticeable uptick in consumer preferences for vehicles equipped with integrated artificial intelligence systems featuring functionalities such as road safety, traffic and health indicators.^{7 8 9}

Disruptions due to limited access to raw materials and components slow down production

The ongoing global supply chain challenges of the last three years persist, putting considerable pressure on the automotive industry. Parts reliant on critical raw materials, especially batteries, face disruptions in production. The far-reaching semiconductor crisis, which reverberated across automotive plants worldwide, resulted in a substantial production loss of 10.3 million units in 2021 and over 4 million units in 2022. To mitigate such disruptions, industry stakeholders must implement measures aimed at reducing critical logistics times, especially concerning imports and exports. At the same time, there’s a notable shift toward local production and consumption.⁵ Minimizing the bottlenecks in the automotive supply chain necessitates the optimization, regionalization and diversification of supply chains. Establishing a dedicated task force for resource management, forging strategic partnerships and ensuring regulatory compliance to enhance transparency are also imperative. By adopting such strategies, the automotive industry can minimize the risk of production halts and navigate through supply chain disruptions more effectively.¹⁰



As the industry invests more in R&D and innovation, introducing regulations for cyber security related to connected and autonomous vehicles becomes imperative.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

Global and Turkish Industry Overview

Trends

People

Environment

Technology and Innovation

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

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The carbon-intensive nature of the automotive industry poses significant regulatory risks

With the recent enactment of legislation mandating zero CO₂ emissions for new passenger cars and light commercial vehicles by 2035, the EU aims to achieve a 100% reduction in CO₂ emissions from such vehicles compared to 2021. Additionally, the EU, together with the Carbon Border Adjustment Mechanism (CBAM), has set ambitious targets to cut emissions from new vehicles and light commercial vehicles by 55% and 50% respectively by 2030. The implementation of the CBAM reinforces the EU’s control of carbon-intensive imports, encouraging companies and countries engaged in foreign markets to transition toward production methods with lower carbon footprints. In alignment with these targets, proposals have been made for an Emission Trading System for the automotive industry. Moreover, the enforcement of the Corporate Sustainability Reporting Directive (CSRD) in the fiscal year 2024 will mandate large enterprises, including those in the automotive industry and the fleet operators, to regularly disclose their environmental and social impact activities. In response to these regulatory changes, the carbon-intensive automotive industry faces an urgent need for rapid transformation. Companies and countries, particularly those exporting to the EU, are strategically aligning their actions to comply with these regulations. This necessitates a fast and comprehensive transformation within the automotive industry. Furthermore, this transformation is evolving with far-reaching implications on not only production techniques but also global trade and competition policies.¹¹

Demand for hydrogen vehicles is expected to increase rapidly

Projections suggest a remarkable 52.9% increase in the market share volume of hydrogen fuel cell vehicles between 2023 and 2032. Several factors contribute to this trend, including

the inherent advantages of hydrogen-fueled vehicles such as an extended range, enhanced efficiency, fast refueling capability, quiet operation and full carbon neutrality. However, despite being hailed as the technology of the future and attracting significant investments, hydrogen vehicles face notable challenges like the inherent risk of rapid combustion associated with hydrogen, which necessitates stringent safety measures. Additionally, the production process for hydrogen is comparatively more expensive than that of electric vehicle batteries.¹²

Green transformation and supply chain regulations are among the key topics addressing the drivers and challenges of change in the automotive industry

Recently enacted regulations such as the German Supply Chain Act, the UK’s Modern Slavery Act, the Conflict Minerals Regulation, and TCFD disclosure requirements mandate automotive manufacturers to deeply understand the environmental and social impacts of their supply chains. Moreover, the EU’s forthcoming Supply Chain Liability Control Directive, slated for implementation in 2024, is anticipated to further refine and regulate supply chain practices.¹³ Additionally, the Critical Raw Materials Act (CRM Act) is poised to reinforce the EU’s commitment to green transformation by setting targets for the extraction, recycling and processing of critical materials like lithium, cobalt and other metals. Scheduled to take effect in 2024, this legislation addresses the essential materials necessary for clean technology products. However, turning these regulatory ambitions into reality will require overcoming several hurdles, including a lack of new funding, high energy costs and local opposition. The CRM Act proposes specific annual rates for the extraction, recycling and processing of 17 key raw materials for the EU, while also noting the critical materials for clean technology products.¹⁴

Supply chain security evolves into a strategic approach to finding effective solutions and resilient decisions against complex risks

The adoption of risk management strategies that enable companies to navigate the various challenges faced in modern supply chains is essential for this evolution. Here, risk mapping presents a critical strategic tool that enables organizations to comprehensively understand and anticipate risks by leveraging insights from both internal and external sources. Through systematic analyses, specific risk parameters can be evaluated, employing filters such as supplier risk maps and material and parts risk maps. Moreover, leveraging extensive data access and comprehensive mapping of the supplier network enhances the ability of businesses to monitor and assess various risk categories. Such methods allow companies to deal with uncertainty, reinforce supply chain security and make more informed and resilient decisions.¹⁵



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
 - Global and Turkish Industry Overview
 - Trends
 - People
 - Environment
 - Technology and Innovation
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

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TRENDS — PEOPLE

The rapid transformation during and after the pandemic has been shaped around people trying to take back control in a world of uncertainties. According to Ford Trends 2024 Survey, today, there’s a prevailing trend toward making intentional choices.¹ 77% of adults globally agree with the statement, “Prioritizing myself gives me a sense of stability in a world that feels unpredictable.”

This approach lies at the heart of all the trends we see and experience. Therefore, each step we take for people, each innovation we embrace and implement elevates our company’s standing as an employer of choice.

We aim to increase female employment and women in Science, Technology, Engineering, and Mathematics (STEM) through investments in Diversity, Equity, and Inclusion (DEI) initiatives

In terms of diversity, equity, and inclusion (DEI), the global gender equality index is measured at 73%, with the wage and gender pay equality score standing at 64%.² According to the World Economic Forum’s (WEF) Global Gender Gap Report, the manufacturing industry lags behind other industries in **women’s representation in the workforce**. This underscores the need for the automotive industry to focus its efforts on increasing female employment and also taking actions to address **gender wage gap**. However, when evaluating investments geared toward achieving DEI targets across sectors, the automotive and aviation industries rank among the lowest, with a mere 15% investment rate Furthermore, when focusing specifically on DEI programs

aimed at supporting women, these industries rank in the bottom three among their counterparts, with a rate of 68%. Such comparisons underscore the pressing need to enhance DEI performance within the automotive sector.³ The implementation of robust evaluation and measurement programs enhances accountability. The development and integration of effective DEI practices into the natural operational flows will lead to an increase in the number of **women in STEM roles**.⁴



Talent management strategies are addressed in a way to serve the future of operations

In a recent survey conducted by Gartner, involving over 500 Human Resources (HR) leaders spanning diverse industries, key priorities and challenges for 2024 have emerged. Noteworthy trends include leader and manager development, **fostering organizational culture, leveraging HR technologies, navigating change management, and enhancing career management and internal mobility**.⁵ Reskilling and new

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

Global and Turkish Industry Overview

Trends

People

Environment

Technology and Innovation

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

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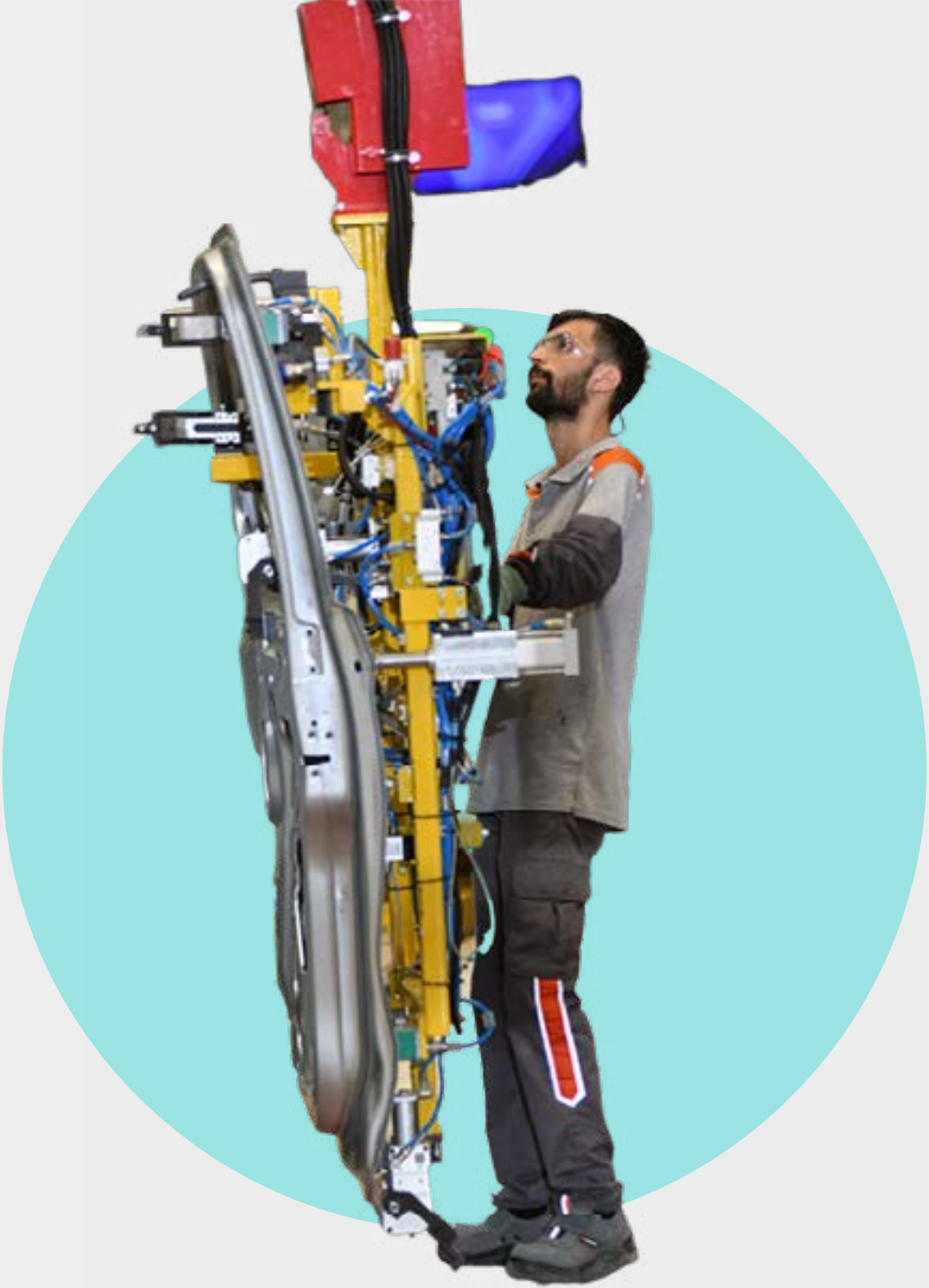
skill development emerge as key strategies to adapt to the changing trends and effectively manage talent across all levels. Organizations increasingly recognize the need for aligning their workforce with the skills demanded by emerging trends. Accordingly, they are prioritizing programs that enable talent to acclimate to global developments, refresh existing skills and acquire new competencies. A major shift toward a skill-based organizational structure is also gaining prominence. Training programs covering areas such as data analytics, business analytics and **agile mindset** not only facilitate rapid adaptation to sectoral innovations but also enhance the efficiency of existing talent.⁶ Embracing agile way of working practices, including fostering innovation and creativity and adapting to new technologies, alongside **flexible work** arrangements, is essential to diversifying employee competencies and nurturing existing talent pools.⁷ Moreover, to cultivate a skilled workforce aligned with the technology and manufacturing industry’s sustainability goals, it is imperative to provide ample training and development opportunities. This entails designing processes aimed at nurturing employee potential and opening new avenues for skill enhancement. Offering the employees personal and professional training programs and organizing stakeholder and employee engagement initiatives may also contribute to sustainable growth in the automotive sector.⁸

Efforts to address the talent gap issue are intensifying, with a focus on talent acquisition, employee engagement and well-being initiatives

Fostering a goal-oriented culture emerges as a crucial strategy to ensure employees’ commitment to company values and alignment with organizational objectives. Leaders

play a pivotal role in translating these goals into **tangible and achievable targets** for teams and integrating them effectively into incentive schemes.⁹ A recent Gartner survey underscores the ambiguity surrounding career paths within organizations, with 89% of HR leaders acknowledging unclear career trajectories for many employees, and 66% citing unattractive career paths. Consequently, **career management** and **internal mobility** emerge as key trends. Due to rapidly evolving business and employee needs, traditional career maps fail to meet the development and expectations of employees. Therefore, the report proposes that companies adopt iterative approaches that prioritize employee career development and design **agile internal rotation programs**.¹⁰ In terms of the leader and manager development trend, investing in traditional development programs falls short, highlighting four areas for the evolution of leadership. Success in leadership development hinges on critical steps such as resetting role expectations, fostering self-discovery among managers, restructuring managerial practices, and mitigating obstacles in management processes.¹¹ Organizational culture, directly linked to **employee loyalty and well-being**, gains greater prominence in 2024. However, the transition to hybrid working models presents challenges such as reduced face-to-face interaction, spending less time in the office and shrinking employee ecosystems. Addressing these issues is crucial for the success of hybrid work arrangements, necessitating a focus on meeting employees’ need for **interpersonal communication and connection**.¹²

As the talent shortage escalates globally, staying abreast of talent acquisition trends and implementing the right HR strategies become critical. According to Korn Ferry’s 2024



Attracting talent to the industry and following the trends for this purpose are essential.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
 - [Global and Turkish Industry Overview](#)
 - [Trends](#)
 - [People](#)
 - [Environment](#)
 - [Technology and Innovation](#)
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

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Talent Acquisition Trends Report, new technologies such as **artificial intelligence** are reshaping recruitment processes. Key trends include leveraging artificial intelligence for both recruiters and candidates, early career recruitment, competency-oriented hiring, empathy-driven practices and the “relocate or resign” approach.¹³ Industries, particularly those in technology and manufacturing, grapple with acute talent shortages, emphasizing the urgency of talent acquisition strategies aligned with current trends. Accordingly, a systematic approach becomes essential for business leaders to **match talent with appropriate roles** and enhance efficiency. Creating value agendas, acting as matchmakers between talent and positions, proactively and frequently reallocating talent, and talent mapping emerge as leadership priorities within this systematic approach. Companies capable of bridging the talent gap and aligning with the global talent management trends stand to enhance organizational performance and efficiency significantly by implementing these strategies.¹⁴

Occupational Health and Safety practices are transforming by adapting to evolving trends

The automotive industry is categorized within the hazardous class according to the Communiqué on Workplace Hazard Classification for Occupational Health and Safety.¹⁵ Therefore, the development of a proactive management approach focused on safety is indispensable for ensuring occupational health and safety. As global trends continue to evolve, occupational health and safety managers must align with the latest developments and continuously update their

crisis management methods. While the latest technological advancements like the new 5G telecommunications standard, **human-machine interaction, artificial intelligence and collaborative robotics** hold promise for simplifying and enhancing safety in the future workplace, they also introduce novel challenges in terms of occupational health risks.¹⁶ Employing digital technologies is critical for the automotive sector to stay abreast of shifting global trends and effectively address new challenges.¹⁷ Furthermore, fostering a workplace culture that prioritizes holistic health practices encompassing **physical, mental, social, and spiritual well-being** can deliver positive employee experiences, resulting in more creativity, innovation and enhanced performance. Ensuring the holistic well-being of employees also contributes positively to work outcomes, yielding gains beyond short-term work performance.¹⁸

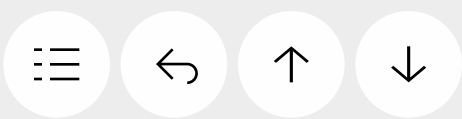
Recognizing customer experience as a business discipline and embracing a customer-centric approach is becoming increasingly important

The rapid advancements in technology, the proliferation of digital channels, and the growing global connectivity have empowered customers, rendering them more informed, understanding and influential than ever before. In this era of instant communication, customers hold an unprecedented influence over a brand’s perception, reputation and market position. The onset of the pandemic accelerated the shift toward **digital communication channels**, forcing companies to swiftly adapt to remote working and **online shopping**, while also reassessing and realigning their customer engagement strategies.

Accurately analyzing this transformation will be the key determinant of success for brands in the competitive landscape. Let’s briefly explore enduring trends and innovative approaches that enhance customer experience.

Customer experience is more than simply focusing on touchpoints; in fact, it requires concentrating on how to structure communications. Perfecting **omni-channel management** with the integration of **artificial intelligence** and **augmented reality** emerges as crucial. Therefore, embracing personalized and out-of-the-box approaches becomes critical. In an environment of heightened **privacy concerns** and stricter regulations, a reassessment of the value of data will be necessary to develop a balanced approach.

We will continue to invest in **omni-channel management** and customer relations. We will need to respond to our customers’ changing communication preferences. Leveraging voice interaction technologies and optimizing call center efficiency will be key areas for differentiation. We will focus our efforts on developing proactive customer relations, preemptively addressing issues and providing swift resolutions.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

[Global and Turkish Industry Overview](#)

[Trends](#)

[People](#)

[Environment](#)

[Technology and Innovation](#)

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

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TRENDS — ENVIRONMENT

From traditional vehicle design to a holistic design-to-CO₂e approach

The automotive industry is transitioning from its original focus on “design to function” and “design to cost” to **design-to-CO₂e** as a holistic approach. As regulations focused on carbon neutrality continue to be introduced, especially in the EU, vehicles are also required to become more sustainable in both production and use phases to keep their environmental impact under control. Accordingly, CO₂ emissions and resource utilization become key metrics considered in **environmental impact analyses** starting from the design phase.¹

Production of electric vehicles along with their batteries and the end-of-life vehicles present a waste problem that requires a solution

Pursuant to European Union regulations, the transition to **zero-emission vehicles** will become mandatory by 2035. The top trend of recent years for achieving carbon neutrality in the automotive industry has been and still is electric vehicles that consumers love. The rising demand for electric vehicles worldwide, albeit remaining below expectations, indicates that consumers are willing to let go of their old vehicles, encouraging the production of new vehicles.²

Circular economy is a key model for the transformation of the automotive industry to meet climate targets

When it comes to **waste reduction, efficient resource utilization** and environmental impact management, circular models seem like a promising solution for the industry. This approach is characterized by a broader circular economy that enables automotive manufacturers to go beyond recycling and consider options such as **remanufacturing and reuse**. Accordingly, more sustainable and environment-friendly production methods could be possible by reducing the overall environmental impact of the industry, including the supply chain and logistics processes. As a result, the competitiveness of the automotive industry increases in line with global regulations such as the **Carbon Border Adjustment Mechanism**, paving the way to evolved systems with lower environmental impact.³

Low-emission and energy-efficient production technologies used more widely at facilities

Manufacturing plays a key role in tackling climate crisis. In the automotive industry, production has the most intense environmental impact, and is therefore undergoing significant transformation with the advancements in technological systems and the availability of cleaner production methods. Accordingly, the facilities are increasingly turning to **renewable energy, solar panels, alternative energy sources, innovative production** tools and processes that consume less water in line with quality and environmental management standards. The industry is expected to see more organizations improving their environmental efficiency by setting long-term strategic goals.⁴

Conserving biodiversity becomes a key consideration across operational processes and strategic decisions

The introduction of the Taskforce on Nature-related Financial Disclosures (TNFD) shifted the focus toward a framework that aims to enable companies to report risks and opportunities related to the natural environment more effectively and make strategic decisions accordingly. This approach is built on better understanding and embracing the role of biodiversity across operational processes and strategic decisions. Overall, many industries have already started to integrate biodiversity-related issues into their business processes. Companies are focusing on measuring their **impact on nature’s ecosystems**, while addressing their supply chains from material sourcing to production processes. In addition, businesses are increasingly developing various strategies to adopt sustainable practices related to conserving habitats, utilizing natural resources and water stewardship. Many companies have been following international regulations and reporting standards to report **biodiversity-related risks and opportunities** more transparently. For example, the framework offered by TNFD provides a guide for assessing biodiversity-related **financial risks** and transparent reporting. Companies are also giving priority to achieving their sustainability goals by complying with such regulations and standards.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

[Global and Turkish Industry Overview](#)

[Trends](#)

[People](#)

[Environment](#)

[Technology and Innovation](#)

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

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TRENDS — TECHNOLOGY AND INNOVATION

The automotive industry, in a landscape where innovation, digitalization, and cybersecurity challenges come to the forefront, is defining its own kind of transformation. As vehicles evolve toward greater connectivity and autonomy, they confront a dual challenge: harnessing advanced technologies to elevate performance and user experience, while reinforcing these innovations against the escalating risk of cyberattacks. In this dynamic environment, characterized by evolving trends and shaping the future of mobility, **protecting data, ensuring security, and seamlessly integrating technology** into everyday experiences become critically important.^{1 2}



Connectivity (C), Autonomous (A), Shared (S), Electrification (E) approach is driving transformation in the automotive industry

The CASE (Connectivity, Autonomous, Shared, Electrification) approach - also known as ACES (Autonomous, Connected, Electric, Shared) - underscores the integration of electrification, autonomy, sharing and connectivity, sometimes accompanied by annual updates, into transformation in the automotive industry. This holistic strategy represents a paradigm shift toward **environment-friendly and technologically advanced** solutions. Prioritizing sustainability, efficiency and the ever-evolving nature of transportation, this approach aims to redefine innovation amidst rapid change, facilitating shortened process cycles.^{3 4 5}

Electric and autonomous vehicles come with reduced environmental pollution and enhanced vehicle safety

With minimal emissions of harmful substances and noise, electric and autonomous vehicles align with the global push for zero-emission mobility. Driven by significant strides in **artificial intelligence and autonomous technology**, they also usher in an era of self-driving vehicles capable of navigating complex traffic scenarios and revolutionize **personal mobility with sensing applications**.⁶

The automotive industry is witnessing a surge in shared mobility and connected vehicles

The rise of autonomous vehicles is reshaping the landscape, rendering various car-sharing concepts **economically viable and practical**. These on-demand services eliminate the necessity for traditional ridesharing, fostering the development



of **connected vehicles** equipped for vehicle-to-vehicle and vehicle-to-world communication. While this shift toward shared mobility is expected to curtail private vehicle sales, the demand for shared vehicles continues to escalate steadily. Consequently, there's an emergence of special vehicles tailored for specific purposes, with projections indicating a growing proportion of new car sales comprising **shared vehicles**. Notably, 56% of consumers express willingness to transition from private vehicles to shared autonomous vehicles in the future. Additionally, over 150 cities are actively pursuing initiatives aimed at reducing reliance on private vehicle usage.^{7 8}

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- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
 - Global and Turkish Industry Overview
 - Trends
 - People
 - Environment
 - Technology and Innovation
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

Data collection and integration processes gain momentum through digitalization endeavors

The automotive industry is experiencing a radical transformation driven by digitalization efforts, changing the driving and ownership experience with the help of connected vehicles. Harnessing data from onboard sensors and processors presents a wealth of opportunities, spanning maintenance, upgrades, customization, and design enhancements. On the other hand, the advent of **autonomous vehicles** necessitates even more sophisticated connectivity to gather real-time data, analyze it against cloud-stored information, and refine decision-making mechanisms. This evolving landscape underscores the escalating significance of advanced technologies and **connectivity solutions** in shaping the automotive industry’s future. However, manufacturers face challenges in reassuring consumers about the reliability and cybersecurity of electronic systems controlling the vehicles. Establishing trust, safeguarding against data misuse, and fortifying defenses against cyberattacks emerge as critical imperatives in the realm of connected vehicles for automakers.^{9 10}

Cybersecurity becomes a key concern in parallel with increasing digitalization and data usage

Achieving robust cybersecurity in the automotive industry requires seamless collaboration across the value chain throughout the **digital lifecycle** of vehicles. While Original Equipment Manufacturers (OEMs) bear ultimate responsibility for vehicle homologation and regulatory compliance, they rely on suppliers and semiconductor manufacturers to adhere to cutting-edge cybersecurity protocols, ensuring vehicles are inherently secure by design. This collaborative effort is heavily influenced by regulations set forth by the UNECE World Forum on Harmonization of Vehicle Regulations (WP.29), which addresses key areas including **end-to-end cyber risk**

management, security by design, vulnerability detection and response, and secure software updates. While the semiconductor market retains its dominance, the emergence of hardware security modules as a pivotal differentiating factor may open avenues for OEMs or suppliers seeking to enter this domain. Noteworthy examples include leading automotive OEMs venturing into custom integrated circuit development and select consumer OEMs integrating proprietary system-on-chip solutions with safety components, signaling a diminishing impact of semiconductor constraints on the industry.¹¹

Hydrogen studies focused on clean hydrogen production gain momentum

Under the directives outlined by the European Union, heavy-duty commercial vehicles are mandated to transition away from fossil fuels, accelerating the shift toward cleaner transportation. In this landscape, hydrogen technology emerges as a compelling alternative to battery electric vehicles, driven by crucial factors such as **extended range and rapid refueling capabilities**.¹²

In recent years, **hydrogen vehicles** have surged in prominence as a sustainable transportation solution. Supported by cutting-edge fuel cell technology, these vehicles mitigate environmental impact by emitting solely water vapor and generating clean energy. Notably, the **refueling** process for hydrogen vehicles **surpasses the charging times** of electric counterparts, while offering **extended ranges** for enhanced practicality. Moreover, hydrogen vehicles require fewer precious and rare minerals compared to their battery electric counterparts. Considering the entire spectrum of energy transportation and vehicle usage, hydrogen emerges as a promising alternative for the future, offering unparalleled potential for renewable energy integration and utilization.¹³



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
 - Global and Turkish Industry Overview
 - Trends
 - People
 - Environment
 - Technology and Innovation
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

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VALUE CREATION JOURNEY



- › SUSTAINABILITY MANAGEMENT —38
- › FUTURE. NOW —42
- › VALUE CREATION MODEL —44
- › FORD OTOSAN VALUE CHAIN —46
- › STAKEHOLDER COMMUNICATIONS —48
- › SUSTAINABILITY TARGETS AND PERFORMANCE —52
- › MATERIAL SUSTAINABILITY TOPICS —56

VALUE CREATION JOURNEY

In today’s dynamic world, achieving economic success is just one facet of a company’s overarching goals. We firmly believe that true success also lies in the ability to make meaningful contributions to society, protect the environment and prioritize the well-being of employees. As a leading Turkish industrial company, Ford Otosan has consistently strived to be a responsible social stakeholder that creates value, transcending the boundaries of the automotive and mobility sector since its inception. Embracing this ethos, we have reinforced our sustainability approach, encapsulated in our 2022 narrative: “**Future. Now** For Technology, For Environment, For People, and For Community.” Building upon this foundation, we introduced **Ford Otosan’s Value Creation Model** in 2023, signifying a strategic restructuring of our business approach. We remain committed to evolving toward a more sustainable future, continuously striving to reshape the Ford Otosan ecosystem.

We operate in **two countries and four manufacturing sites**: Gölcük, Yeniköy, Eskişehir Plants in Türkiye and Craiova Plant in Romania. With our annual production capacity of 746,500 units, three R&D centers and a Technocity office, the largest automotive spare parts distribution center in Türkiye and 23,701 employees, we are positioned as an industry leader. In addition to being Türkiye’s second largest industrial enterprise with revenues exceeding TL 14 billion as of year-end 2023, we also rank third with an 8.9% market share and the leader of the Turkish commercial vehicle market with a 27.3% share. Accounting for 77% of Türkiye’s vehicle production and 88% of commercial vehicle exports, we stand as **Ford’s largest commercial vehicle production hub in Europe**. Our Turkish and Romanian operations generated USD 10.2 billion in export revenues in 2023. According to 2023 data, we are Romania’s second largest exporter. Furthermore, we remain Türkiye’s goods export champion for the last eight years and the ‘export champion’ of the automotive industry for the last 12 years as of 2023.

At Ford Otosan, we are not only driven by our commercial successes but also our aspiration to become a pioneer in innovation and technology. By successfully integrating Industry 4.0 and smart factory applications into our operations in Türkiye, we became the first Turkish automotive company to enter the **World Economic Forum’s Global Lighthouse Network**. In addition, we introduced the 100% electric and connected truck by Ford Trucks, our heavy commercial vehicle brand, contributing further to the transformation of the industry.

With a total of 23,701 employees in Türkiye and Romania, we are the **largest employer** in the Turkish automotive industry. We not only boast the most competent R&D center in the Turkish automotive industry with 2,298 R&D employees but also the highest number of female employees among Turkish automotive manufacturers. With 3,914 female employees, we are the first and only automotive company from Türkiye to be included in the Bloomberg Gender-Equality Index.

Our major investment plan of Euro 2 billion, announced in 2020 and slated to continue until 2025, also includes electric models of commercial vehicles produced in Türkiye by 2025. In this context, we have taken important steps by producing **Türkiye’s first electric commercial vehicle**, such as **E-Transit**, and by establishing an integrated electric vehicle production facility at the Gölcük Plant in Kocaeli. At the same time, we became an international manufacturer by acquiring the production and administrative processes in the Craiova Plant in Romania and added passenger vehicles to our production portfolio. As part of this major investment, we will increase our production capacity to over 900,000 vehicles and our battery assembly capacity to 130,000 units by 2025.

In 2023, we continued to take firm steps by unveiling the redesigned Yeniköy Plant, a testament to our commitment to strategic investments. This new construction resulted in a closed area of 255,000 m² and created over 3,500 new jobs. Moreover, the plant’s capacity surged from 68,000 units to an impressive 245,000 units, bolstering the total capacity of Kocaeli Plants to 452,000 units. As part of our strategic alliance with Ford and Volkswagen, we are poised to manufacture the next-generation Volkswagen one-ton van at this facility. Ford Otosan’s Yeniköy Plant currently stands as the **first and only factory in Türkiye that can produce both internal combustion and electric vehicles** with 100% capacity transfer when necessary.

With a noteworthy eco-friendly and noise-reducing design, the plant is described as the “**Factory of the Future**”, embodying innovative technologies and Industry 4.0 advancements. Powered by **sustainable energy solutions** like Photovoltaic Glass Curtain Walls, Solar Trackers and solar walls, the facility epitomizes the smart factory concept, boasting advanced robotics, high automation, and AI-driven end-to-end management, multi-story workshops and noise-dampening assembly lines. Yeniköy Plant is a production base that brings Ford Otosan’s engineering power to the global stage, with plans to strengthen the Turkish automotive ecosystem, foster regional growth and create employment opportunities with the aim of improving the competitiveness of Ford Otosan and Türkiye.

At Ford Otosan, our commitment to **leading the automotive and mobility sector** is underpinned by a sustainability-driven, innovation-centric value creation model. Through our initiatives, we not only expand production capabilities but also foster growth within the automotive ecosystem and regional economies.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
 - Sustainability Management
 - Future. Now
 - Value Creation Model
 - Ford Otosan Value Chain
 - Stakeholder Communications
 - Sustainability Targets and Performance
 - Material Sustainability Topics
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

FORD OTOSAN SUSTAINABILITY MILESTONES

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

[Sustainability Management](#)

[Future. Now](#)

[Value Creation Model](#)

[Ford Otosan Value Chain](#)

[Stakeholder Communications](#)

[Sustainability Targets and Performance](#)

[Material Sustainability Topics](#)

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

1959

Ford Otosan founded

1986

Ford Otosan IPO with 18% shares publicly traded

1997

Equal partnership of Koç Holding and Ford Motor Company, each holding 41% of shares

First ISO 9001 certification obtained

1998

First ISO 14001 certification obtained

2002

Operating Principles document published

2004

Ranking among the top 3 exporters in Türkiye

2009

First independent assurance of Scope 1 & 2 emission data

2011

First independent financial assurance of the Annual Report

First ISO 14064 Greenhouse Gas Validation certification obtained

2013

Became a signatory of “Equality at Work”

2014

First ISO 27001 Information Security Management System certification obtained

Became a signatory of UN WEPs

First sustainability report published in GRI standards

2015

First ISO 50001 Energy Management System certification obtained

Yeniköy Plant opened as a disability-friendly facility

Included in the BIST Sustainability Index

2016

First CDP Climate Change and Water Security reporting

Gender Equality Program launched with the suppliers

2017

First Sustainability Report published digitally

2018

Ethics Policy approved by the BoD and published

Ethics Coordinator position established

Whistleblowing channels created and implemented

Included in S&P Global and MSCI indices

2019

Included in the Global Lighthouse Network

Diversity Policy published

Ford Custom plug-in hybrid (PHEV) launched and named 2020 International Van of the Year

2020

ACEA’s joint statement on the transition to zero-emission road freight transport signed

Transit and Custom received Euro NCAP Safety Award

2021

First independent assurance of Scope 3 emission data

Became a signatory of UN Global Compact

Included in the Bloomberg Gender- Equality Index as the first and only industrial company from Türkiye

Tax Strategy and Ethical Marketing guidelines published

2022

Guide to tackling domestic violence published

First Supplier Sustainability assessment

First independent assurance of the Sustainability Report

Committed to SBTi (Science Based Targets initiative)

All-electric E-transit van launched and received gold rating in Euro NCAP Safety

Equal Pay for Equal Work independent audit

Human Rights Due Diligence Report published

Became a supporter of TCFD and published first TCFD Report

Supplier Code of Conduct published

Long-term sustainability ambitions published

2023

Board of Directors Diversity Policy published

Biodiversity Strategy published

Anti-Retaliation Policy published

Supplier Sustainability Manifesto published


Conflict Minerals and Whistleblowing Policies updates

First Integrated Annual Report published

Short- and medium-term ESG actions to be implemented together with critical suppliers determined

2024

Next-generation Transit Custom named “**2024 International Van of the Year (IVoTY)**”



SUSTAINABILITY MANAGEMENT

Oversight of sustainability management at Ford Otosan is the responsibility of the Board of Directors, which has granted the executive board the **executive authority to manage sustainability**. Everything related to the company’s sustainability is the responsibility of the Sustainability Committee, which is headed by the Ford Otosan Leader. The strategy determined by the committee and approved by the Board of Directors is implemented by the core sustainability team, which is positioned under corporate communications coordinating the sustainability working groups. The **Sustainability Committee is responsible for determining, implementing and overseeing the sustainability strategy** at Ford Otosan to improve our sustainability performance in the social, environmental, economic and governance areas, and planning and executing the relevant activities with a systematic approach. Ford Otosan Sustainability Committee is headed by the Ford Otosan Leader, who also serves as a member of this committee, reports the committee’s progress toward the targets and development areas, and secures approval for the relevant investments from the Board of Directors. The committee members include Operations and Investments Leader, Engineering and Technology Development Leader, Purchasing Leader, Finance Leader, Human Resources and Transition Leader, Engineering Development Leaders, Corporate Communications Leader, Investor Relations Leader, Occupational Health & Safety and Environment Leader, and Public Affairs Leader. Corporate Communications Department is responsible for coordinating the activities of the committee, which convenes at least four times a year.

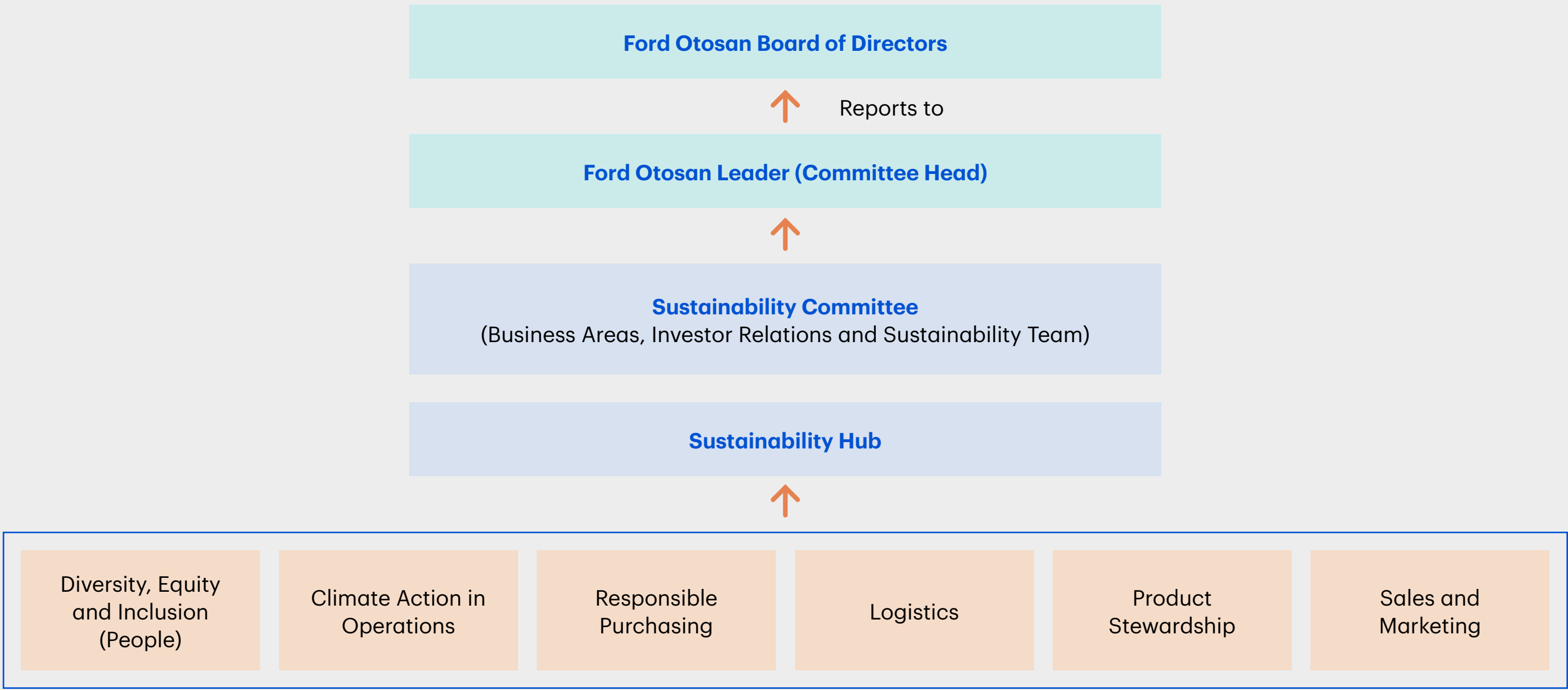
SUSTAINABILITY COMMITTEE

- Defines Ford Otosan’s sustainability strategy, objectives and actions.
- Monitors the management of risks with potential negative impact on Ford Otosan’s reputation and activities in environmental, social and governance (ESG) areas.

- Determines the strategies and policies to improve the company’s ESG and sustainability performance, and ensures that they are implemented.
- Is responsible for providing the necessary strategic guidance, sharing expertise, and ensuring that the best practices to achieve the company’s sustainability goals are spread across the organization.
- Monitors the progress toward the targets and actions defined in this strategy.
- Reviews the sustainability strategy and roadmap based on the latest changes in global and industry trends.
- Follows the international developments, new regulations and global sustainability trends, and offers improvement recommendations to the working groups as needed.
- Offers suggestions and approvals regarding the issues raised by the working groups.

The groups – the Sustainability Hub – positioned under the Sustainability Committee to work on specific focus areas convene weekly to share the work and progress made in the material sustainability issues: **Equality, Diversity and Inclusion, Climate Action, Responsible Sourcing, Sustainable Logistics Network, Sustainability in the Dealer Network, and R&D, Innovation and Technology.**

These teams operate with an agile structure and form smaller teams and also seek the support of different teams when needed to attain specific targets. Investor relations, risk management and finance are some of the functions that lend support in their respective areas.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

[Sustainability Management](#)

[Future. Now](#)

[Value Creation Model](#)

[Ford Otosan Value Chain](#)

[Stakeholder Communications](#)

[Sustainability Targets and Performance](#)

[Material Sustainability Topics](#)

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

Some of the key decisions reached by the Sustainability Committee in 2023 included

- Organizing an **External Stakeholder Workshop** to obtain opinions on our sustainability goals, strategy, practices and transparency.
- Sharing **detailed breakdowns of employee performance indicators** in line with stakeholder workshop outputs.
- Publishing the **Biodiversity Strategy**.
- Expanding social investments with **investments in the disaster region** in line with the Future. Now ambitions.
- Organizing Sustainability, Environmental Management and Diversity, Equity and Inclusion **training programs for dealer employees**.
- Creating a logistics roadmap of railways and electric vehicles in line with the **carbon neutral value chain** target.
- Creating **supplier sustainability assessment** mechanisms and procedures.
- Designing **short- and medium-term ESG roadmaps** by providing information through critical supplier sustainability conferences and workshops.
- Commencing **field visits to raise** Diversity, Equity and Inclusion **awareness** at critical suppliers.
- Expanding the scope of the **Ethical Marketing Policy** to meet current stakeholder expectations.
- Appointing the **Diversity, Equity and Inclusion (DEI)** product owner and determining the job description.
- Expanding the scope of the **Conflict Minerals Policy** with the addition of lithium.
- Expanding the scope of **third-party data verification** service

Team/Individual	Responsibilities in the Sustainability Organization
Board of Directors	<ul style="list-style-type: none">• Improving the company’s economic, environmental and social performance.• Reviewing the strategic plan from a holistic perspective together with the energy, environment and product R&D activities.• Including sustainability and climate issues in resource disbursement.
Ford Otosan Leader	<ul style="list-style-type: none">• Assessing and managing climate-related risks and opportunities.• Communicating the emerging global sustainability trends to the Board of Directors.• Securing the Board of Directors’ approval of long-term sustainability targets• Meeting with the Early Determination and Management of Risk Committee to address the risks, performance progress and obstacles observed every year, and seeking the opinion of the Board of Directors for the relevant actions.• Comparing the company strategy with the current situation and revising it where needed.• Appointing leaders to each working group.• Submitting the investment and financing requirements for sustainability performance improvement projects and initiatives to the Board of Directors for the final decision.
Sustainability Hub and Agile Teams	<ul style="list-style-type: none">• Publishing the relevant policies• Forming project groups• Monthly follow through on targets• Presenting the latest emerging global sustainability agenda topics to the Sustainability Committee• Informing and seeking the opinions of Ford Otosan Leader on sustainability performance and target progress each quarter

Sustainability risks and opportunities are addressed as part of corporate risk management. Some of the risks managed within this context are: climate change and environmental risks, ethical risks, inequality of opportunity risks, occupational health and safety risks, human rights risks, failure to future-proof talent, talent acquisition and management risks, information security and cyber security risks, business continuity risk, supply chain risk, dealer employee talent transformation risk, compliance risks, bribery and corruption risks, personal data protection risks, competition law risks, sanctions and export controls risks, regulatory risks that restrict and prohibit the use of harmful chemicals. More information about the risks is provided in the [Risks and Opportunities](#) table.

We regularly share our **sustainability principles** with our employees through **mandatory training programs** and various **other communications**. In addition, during the online Ford Otosan Leaders Meeting, organized in 2023 open to all employees, the company’s strategic priorities were discussed with special emphasis on the strategic importance of sustainability. The meeting also provided an opportunity to answer the employees’ questions about sustainability.

SUSTAINABILITY AMBASSADORS PROGRAM

Ford Otosan launched the Sustainability Ambassadors Program in 2023 to enhance the **knowledge and skills of the employees on sustainability** and encourage them to think about what they can personally do for a sustainable life with more awareness.

Through monthly challenges, the employees who voluntarily participated in the process took training or attended workshops. In line with the identified **Sustainable Development Goals**, the Ambassadors were included in challenges by the Ford Otosan Champion Leader and took action to create behavioral change in themselves and within their circles within a month. At the end of the program, a sharing circle was held to exchange experiences. Participants who completed the challenges earned certificates of participation. At the end of the stages participated by 163 people, 27 Ford Otosan employees were qualified to become Sustainability Ambassadors in 2023. Through this program, we aim to increase the sustainability-focused awareness of our employees and their circles.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
 - [Sustainability Management](#)
 - [Future. Now](#)
 - [Value Creation Model](#)
 - [Ford Otosan Value Chain](#)
 - [Stakeholder Communications](#)
 - [Sustainability Targets and Performance](#)
 - [Material Sustainability Topics](#)
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

SUSTAINABILITY POLICIES AND INDICES

For links to the United Nations Global Compact and the Equality at Work Declaration, to which we have committed to comply in accordance with Sustainability Policies, Ford Otosan Code of Conduct and Ethical Rules, Guidelines for Tackling Domestic Violence and Abuse, Ethical Marketing Guide, Tax Strategy, Biodiversity Strategy, Material Community Investment Topics And Key Issues To Address, and all the policies in effect (Donations and Sponsorships, Information Security, Disclosure, Conflict Minerals, Diversity, Board of Directors Diversity, Environment and Energy, Ethics, Ethics and Whistleblowing, Gift and Entertainment, Compensation, Human Rights, Occupational Health and Safety, Quality, Dividend Distribution, Protection and Processing of Personal Data, Customer Satisfaction, Competition Law Compliance, Anti-bribery and Anti-corruption, Water, Disciplinary, Supply Chain Compliance, Compliance, Remuneration, Community Investment, and Sanctions and Export Controls), please click [here](#).

All policies, which become effective after the **Board of Directors’ approval**, are disclosed publicly and reviewed at regular intervals.

We are listed in several **national and international sustainability indices that allow our** environmental, social and corporate governance **efforts to be visible to existing and potential investors and stakeholders**. With the sustainability work gaining momentum and thanks to our transparent and consistent reporting, we are also traded on the **Borsa Istanbul Sustainability Index, Borsa Istanbul Sustainability 25 Index, Borsa Istanbul Corporate Governance Index, and FTSE4Good Emerging Markets Index**.

Additionally, we have actively responded to **CDP’s** climate change and water security programs, and to the **S&P Global Corporate Sustainability Assessment** for the last four years. In 2023, our CDP climate change and water security scores were A- and B, respectively, while we received a score of A- in Refinitiv.

In addition to being the first company from Türkiye to be included in the **Bloomberg Gender-Equality Index**, we improved our performance for the third time. Last year, we also ranked among the top 100 companies in **Refinitiv’s Global Diversity & Inclusion Index**. Furthermore, we continuously work to improve our **MSCI ESG** and **Sustainalytics** ratings.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

[Sustainability Management](#)

[Future. Now](#)

[Value Creation Model](#)

[Ford Otosan Value Chain](#)

[Stakeholder Communications](#)

[Sustainability Targets and Performance](#)

[Material Sustainability Topics](#)

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

In the face of pressing global challenges, the imperative for transformative change has never been more urgent. Sustainable solutions, guided by collective wisdom and decisive action, are paramount. At Ford Otosan, we are steadfast in our commitment to spearheading the sustainability revolution within the Turkish automotive sector. Our mission extends beyond mere adaptation; we aspire to seamlessly integrate our operations and the broader national ecosystem into the transformative agendas outlined by initiatives like the European Union Green Deal. Furthermore, we are dedicated to supporting both our organization and all our stakeholders along the Ford Otosan value chain throughout the transition process.

As the driver and technology leader of the Turkish automotive industry, we have always followed our mission of offering products and services beneficial to the environment and society since the very beginning. At Ford Otosan, we have now started a new era to meet our stakeholders’ sustainability expectations by setting and committing to clear and achievable environmental, social and governance targets. In this period, our vision of “**Future. Now**” will guide us as we include Ford Otosan employees, suppliers, dealer network and business partners in our sustainability efforts to charge ahead with strong and determined steps toward becoming the leader of transformation in the entire ecosystem. As we lead our industry’s transformation in the focus areas of environment, people, community, technology and innovation, we declare our commitment with the narrative, **Future. Now For Environment, People, Community, and Technology & Innovation**.

Our sustainability approach is built on reducing our environmental impact, being a corporate citizen, leading the ecosystem, and being transparent and accountable. Accordingly, we pioneer several sustainability, accountability and transparency practices in the automotive industries of the countries where we operate. We also strive to be among the

first carbon neutral plants and rank among the automotive companies with the highest female employment ratio in our territories.

Therefore, we include sustainability into all the governance mechanisms at Ford Otosan, top to bottom. And we work to expand the scope of our reporting and improve our performance in the globally recognized sustainability indices. Moreover, we aim to develop a sustainable business model with enhanced performance on the indices through expanded reporting practices and by considering sustainability-linked loan options. Such efforts enable us to elevate our own sustainability levels and continue to adopt best sustainability practices as a pioneer in the industry.

LONG-TERM SUSTAINABILITY TARGETS

We set the targets we wanted to achieve in terms of **climate change, waste and circular economy, water, diversity and inclusion, and community** to lead the automotive industry and improve performance across the Ford Otosan ecosystem. In line with our slogan – “Future. Now” - we are moving forward with firm and confident steps together with our stakeholders to achieve these targets.

As part of our efforts to mitigate the effects of climate change, we aim to sell only zero-emission passenger vehicles by 2030, light and medium commercial vehicles by 2035 and heavy commercial vehicles by 2040.

At Ford Otosan, we aim to achieve carbon neutrality in our manufacturing sites and the R&D center in Türkiye by 2030 and procure all the electricity used across our facilities from 100% renewable resources. As part of the carbon transition efforts, we will calculate the carbon emissions of our suppliers, recognizing that the automotive industry

is a very large ecosystem and aiming for more than 300 suppliers in our supply chain to become carbon neutral by 2035. We also target carbon neutrality across our logistics operations by 2035.

Regarding waste and circular economy, we have committed to fully implementing a zero-waste policy in the regular storage areas within our operations by 2030. Accordingly, Ford Otosan will completely eliminate single-use plastics from personal consumption and increase the rate of recycled and renewable plastics in the plastic parts of the vehicles produced at our plants to 30%. We also recognize that fresh water resources are vital for continuity of life and plan to launch recycling projects at the Gölcük, Yeniköy and Eskişehir plants to reduce the use of fresh water per vehicle in these facilities by 40% by 2030.

With the highest number of female employees in the automotive industry, we believe that the way to transform social well-being and the future is through diversity and inclusion and aim to increase the ratio of women in all management positions to 50% by 2030.

Our targets also include supporting startups with women making up at least half of the management teams and reaching 100,000 women by 2026 through training, awareness and financial support projects in communities. We are committed to increasing the ratio of our female employees in technology and innovation roles to 30% and doubling it across the dealer network.

Through our volunteering platform “Gönlüm Sende” (My Heart is With You), we aim to create benefit for society and increase the ratio of volunteers participating in social projects to 35% by 2030.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

[Sustainability Management](#)

[Future. Now](#)

[Value Creation Model](#)

[Ford Otosan Value Chain](#)

[Stakeholder Communications](#)

[Sustainability Targets and Performance](#)

[Material Sustainability Topics](#)

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

FORD OTOSAN LONG-TERM SUSTAINABILITY TARGETS

Climate Crisis and Energy Management

2030

Becoming carbon neutral in manufacturing sites and R&D center in Türkiye

Selling only zero-emission passenger vehicles

2035

Selling only zero-emission light and medium commercial vehicles

Becoming carbon neutral across the entire supply chain

Becoming carbon neutral in logistics operations

2040

Selling only zero-emission heavy commercial vehicles

Waste Management and Circular Economy

2030

Reaching zero waste to landfills

Completely eliminating single-use plastics from personal consumption

Increasing the ratio of recycled and renewable plastics used in the plastic components of the vehicles sold to 30%

Water Management

2030

Reducing fresh water consumption per vehicle in facilities by 40%*

Social Benefit

2030

Increasing the ratio of volunteering employees who participate in social work to 35% among the total workforce

Gender Equality

2026

Increasing the ratio of women working in technology and innovation within the company to 30%

Doubling the rate of women working in technology and innovation in the entire dealer network **

2030

Reaching 100,000 women through community training, awareness and financial support projects

Supporting startups with at least 50% women in leadership teams

Increasing the ratio of women in all management positions to 50%

* Compared to 2019 base year
** Compared to 2022 base year

Long-term plans currently cover only our operations in Türkiye. Targets for the recently acquired Craiova plants will soon be set.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

[Sustainability Management](#)

[Future. Now](#)

[Value Creation Model](#)

[Ford Otosan Value Chain](#)

[Stakeholder
Communications](#)

[Sustainability Targets and
Performance](#)

[Material Sustainability
Topics](#)

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

VALUE CREATION MODEL

We build Ford Otosan’s Value Creation Model on the focus areas of intellectual, natural, social, produced, financial and human capital. These focus areas form the core pillars that define our vision and drive our sustainability efforts. Shaping the future of mobility, minimizing our environmental impact, expanding our sphere of impact, leading the industry’s transformation, creating added value through robust growth plans and strategic investments, and embracing people-centric constitute our value areas. Drawing from this integrated approach, we address Ford Otosan’s business model together with each these capital topics to communicate our sustainability efforts and value creation potential to all our stakeholders in a holistic manner.

FORD OTOSAN VALUE CREATION MODEL

	INPUTS	VALUE AREAS	OUTPUTS	SDGs*
Intellectual Capital	<div>2,298 qualified R&D employees</div> <div>Ford Otosan Innovation Program (Fikirhane)</div> <div>TL 5,038,624,251 R&D spending</div> <div>Product plans considering customer needs and future mobility technologies</div>	We shape the future of mobility. We base the development of comprehensive mobility solutions on the Design for Sustainability principle and maintain our leadership in engineering exports. We foster a culture of innovation-driven collaboration that involves our stakeholders. We create designs that consider vehicles and components along with all types of transportation needs, available infrastructures and people’s mobility habits. As a result, we develop a diversified and renewed product range of next-generation electric and connected vehicles, while working on hydrogen technologies.	<div>20,398 sustainable products</div> <div>Euro 17.6 million in cost savings through innovation</div> <div>TL 26 million invested in startups and funds working on the future of mobility</div> <div>10 awards in R&D, digitalization and technology</div> <div>Leader in the R&D ecosystem, number one industrial company in Türkiye to receive the highest funding from the EU</div>	<div><div>9</div>INDUSTRY, INNOVATION AND INFRASTRUCTURE<div>17</div>PARTNERSHIPS FOR THE GOALS</div>
Natural Capital	<div>Raw materials used in products and services</div> <div>Energy procurement from 100% renewable sources</div> <div>1,826,323 m³ water withdrawal</div> <div>3,974,560.61 GJ energy consumption</div> <div>TL 254.58 million environmental investments and spending</div>	We minimize our environmental impact to zero. We focus on minimizing the environmental impact of our products by offering zero-emission vehicles and related vehicle technologies along with all types of complementary services that the mobility world will require. We introduce practices to enhance water and energy efficiency, while preventing waste generation at the source in all our operational processes.	<div>GHG emissions per vehicle produced: 0.28 tons CO₂e</div> <div>Türkiye Energy procurement from 100% renewable sources for electricity consumption in Türkiye and Romania</div> <div>Total quantity of waste recovered: 157 tons</div> <div>TL 96.7 million TL savings achieved through environmental investments</div>	<div><div>7</div>AFFORDABLE AND CLEAN ENERGY<div>12</div>RESPONSIBLE CONSUMPTION AND PRODUCTION<div>13</div>CLIMATE ACTION<div>17</div>PARTNERSHIPS FOR THE GOALS</div>
Social Capital	<div>1,170 volunteering employees</div> <div>TL 576.9 million social investments</div> <div>2,399 suppliers, including 1,971 local suppliers</div> <div>Established supplier relationships and engagement</div> <div>Strong two-way stakeholder relationships</div> <div>Partnerships with 40+ NGOs, affiliations with 12 trade associations and initiatives</div>	We expand our sphere of impact. We collaborate with our dealers and suppliers to systematically manage and control each step of our multi-stage and complex value chain and to expand our sphere of impact every day, while embracing a holistic approach to customer experience. We guide all our stakeholders within the Ford Otosan ecosystem in their transformation.	<div>Social investment projects implemented environment, earthquake relief efforts, healthcare, culture, social aid, and other areas</div> <div>238 suppliers, including 37 critical ones, underwent sustainability assessment</div> <div>Higher number of people engaged (reach)</div> <div>Net Promoter Scores (NPS): 78% for Heavy Commercial Vehicles, 84% for Passenger Cars and Commercial Vehicles</div> <div>1,000 women reached through technology and innovation projects</div>	<div><div>8</div>DECENT WORK AND ECONOMIC GROWTH<div>9</div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div>

* Sustainable Development Goals

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

Sustainability Management

Future. Now

Value Creation Model

Ford Otosan Value Chain

Stakeholder
Communications

Sustainability Targets and
Performance

Material Sustainability
Topics

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

→ FORD OTOSAN VALUE CREATION MODEL

	INPUTS	VALUE AREAS	OUTPUTS	SDGs*
Produced Capital	<div>3 R&D Centers and 1 Technocity Office</div> <div>Spare parts warehouse and assembly plants</div> <div>Industry 4.0 production applications</div> <div>4 manufacturing sites</div>	We spearhead transformation in the industry. We continue to develop public transportation technologies for the smart cities of the future by offering innovative mobility products and services as our production capacity increases every year at our four manufacturing sites in Türkiye and Romania. We spearhead the electric transformation in our industry and believe in the power of the collaborations.	<div>589,758 vehicles manufactured</div> <div>40% of total automotive production in Türkiye</div> <div>8.9% market share in the Turkish automotive industry</div> <div>A Ford Otosan manufacturing site named a WEF Global Lighthouse</div>	<div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div> <div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div>
Financial Capital	<div>TL 32,897 million investment expenditure</div> <div>TL 11,231 million capital expenditure</div> <div>Large financing pool</div> <div>Effective debt management</div> <div>TL 73,008 million shareholders' equity</div>	We create added value through robust growth plans and strategic investments. We remain committed to creating added value for our industry and our shareholders through sustainable mobility solutions by developing products, services and advanced technologies and providing economic contribution at our four manufacturing sites in Türkiye and Romania.	<div>TL 411,906 million net sales revenues</div> <div>Large financing pool</div> <div>TL 50,730 million EBITDA</div> <div>Effective debt and cash management</div> <div>TL 47,428 million profit before tax</div> <div>TL 49,056 million net profit</div> <div>TL 18,424 million dividends</div> <div>609,664 vehicles sold (492,082 units exported, 117,582 units sold in the domestic market)</div> <div>Euro 2,183 EBITDA and Euro 2,388 profit before tax per vehicle</div> <div>31% share in total Turkish exports with TL 310,628 million total export revenues</div> <div>Exports account for 73% of sales revenues</div> <div>Balanced FX position</div> <div>Net Financial Debt/EBITDA ratio: 1.19</div>	<div><div>5</div><div>GENDER EQUALITY</div></div> <div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div> <div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div>
Human Capital	<div>23,701 employees</div> <div>TL 63.7 million invested in employee development and training</div> <div>Volunteering platforms</div> <div>Cultural evolution</div> <div>Agile transformation</div> <div>Projects implemented for the development of female leaders</div> <div>Extensive dealer network</div>	We embrace people-centric transformation. We embrace a people-centric transformation strategy and focus on aligning the work experience with our corporate culture. As we strive to reflect the value we create through agile transformation to our stakeholders more quickly, we address several aspects like leadership, customer experience, corporate culture and organization in our business processes with a holistic approach.	<div>22.52% female employment ratio and 24.18% female representation in management positions</div> <div>Ratio of women working in STEM in Türkiye: 21.69%</div> <div>386 office employees promoted, 6,555 new positions filled 68.74% through internal appointments, 602 rotations</div> <div>2,601,810 hours of training on personal, leadership, technical and professional development</div> <div>80.25% of the workforce is covered by collective labor agreement</div> <div>14.17% employee turnover rate</div> <div>Volunteering activities with 1,170 volunteering employees</div> <div>Nearly 4,600 employees and 700+ teams transitioned to agile way of working</div> <div>Employee engagement rate: 51.4%, Employee NPS: 70%</div> <div>Incident frequency rates: 4.89 in Türkiye, 1.42 in Romania</div> <div>14,622 person x days of training to support talent transformation and development in dealers</div>	<div><div>5</div><div>GENDER EQUALITY</div></div> <div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div> <div><div>10</div><div>REDUCED INEQUALITIES</div></div>



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

Sustainability Management

Future. Now

Value Creation Model

Ford Otosan Value Chain

Stakeholder Communications

Sustainability Targets and Performance

Material Sustainability Topics

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

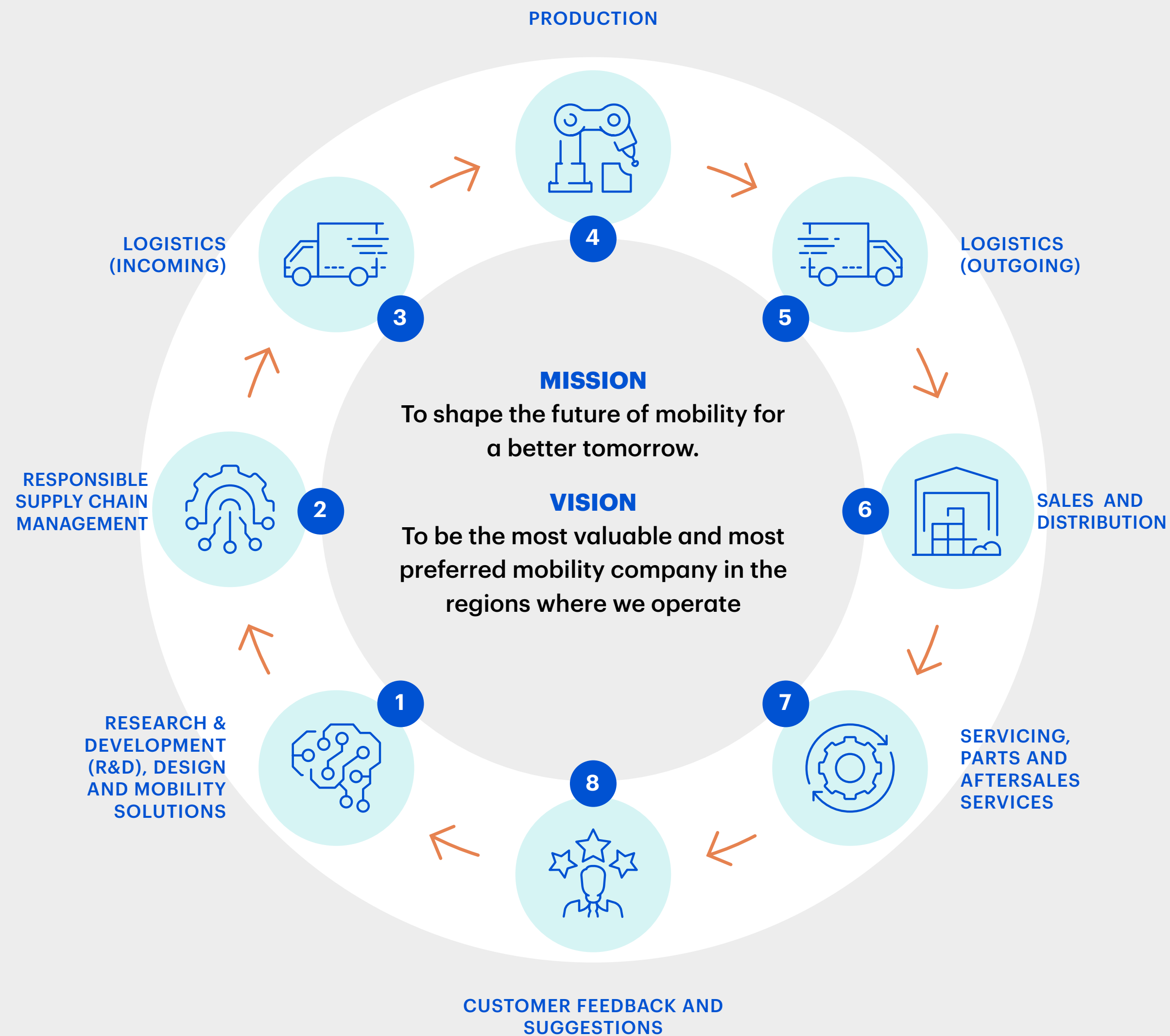
CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

* Sustainable Development Goals

FORD OTOSAN VALUE CHAIN



1

Research & Development (R&D), Design and Mobility Solutions

Ford Otosan boasts global presence with a pioneering, competitive and competent R&D organization in the field of commercial vehicles, with a total of 2,089 R&D employees at the Sancaktepe, Gölcük and Eskişehir R&D Centers and METU Technocity office. In addition to working on vehicle design, interior and exterior body, engine and power transmission, chassis, electrical and electronic system development and testing, these centers also engage in advanced R&D work on reducing CO₂ emissions, developing connected vehicles, autonomous vehicles, electric vehicles, light vehicle technologies and low-density, recyclable and renewable materials. During the design phase, factors such as ergonomics, usability and aesthetics are considered in the exterior and interior designs of the vehicles. All these activities are based on the principle of Design for Sustainability. In addition to developing comprehensive mobility solutions to mitigate environmental impact, Ford Otosan also takes into account the vehicles and their components along with all transportation types and infrastructures and people's mobility habits.

The R&D Centers develop and deploy services (such as smart maintenance and Live) or complementary products (such as charging stations) that align with customers' businesses and lifestyles, improve their freedom of mobility and/or enhance efficiency during use. They also design and develop products by considering customer expectations and technological advancements.



2

Responsible Supply Chain Management

Ford Otosan currently works with 2,399 suppliers in total, including 1,971 local suppliers, to source raw materials, parts and materials. The supplier selection process begins at the design stage of products and services. As part of responsible purchasing practices, suppliers are included in the Supplier Sustainability Evaluation and Development Program. All the suppliers involved in the vehicle projects take part in all processes end-to-end from plant construction and installation of production lines to equipment orders, actions of the project teams and the production part approval process (PPAP) of the final parts.



3

Logistics (Incoming)

The raw materials, parts and materials required for the products and services, which are designed and ready for production, are delivered to Ford Otosan through logistics operations.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

[Sustainability Management](#)

[Future. Now](#)

[Value Creation Model](#)

[Ford Otosan Value Chain](#)

[Stakeholder
Communications](#)

[Sustainability Targets and
Performance](#)

[Material Sustainability
Topics](#)

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

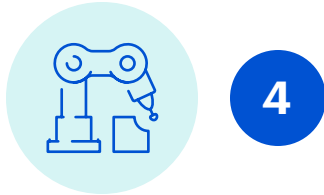
RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES



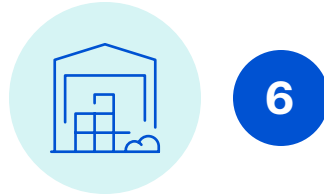
Production

With an annual production capacity of 746,500 units, Ford Otosan is positioned as Ford Motor Company’s largest commercial vehicle production hub in Europe. Vehicles, diesel engines and powertrains are manufactured at four sites in two countries: Gölcük and Yeniköy Plants in Kocaeli and Eskişehir Plant in Eskişehir, Türkiye and Craiova Plant in Romania. The design phase is followed by the vehicle engineering work, leading to the completion of all preparations for the production phase. The next phases involve assembly of parts, body painting, quality controls, tests and finally production of vehicles.



Logistics (Outgoing)

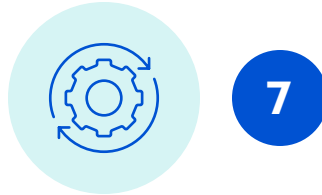
Ford Otosan engages in logistics activities to deliver its end products and services, including vehicles, spare parts and other products and services, to the dealers, authorized service centers and customers. Throughout the process, inventory management, planning transportation, storage, optimization of the distribution network and partnering with logistics providers are all managed effectively.



Sales and Distribution

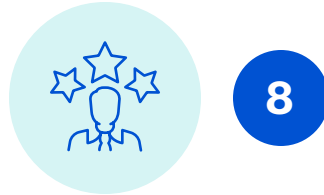
Services: Ford Otosan provides a variety complementary services expected in the world of mobility, such as financial solutions, customization solutions, software, smart and preventive activities, telematics and charging stations.

Products: Ford Otosan delivers the vehicles to its local customers through dealers and exports them to international clients. The company also provides sales and distribution services for imported Ford products. The sales and distribution of Ford Trucks products manufactured at the Eskişehir Plant encompass domestic and international markets. Ford Otosan, the export champion of the automotive industry since 2011 and of Türkiye for seven consecutive years, exports vehicles and spare parts from Türkiye to 94 countries worldwide.



Servicing, Parts and Aftersales Services

Ford Otosan offers service and spare parts through dealerships. Vehicle maintenance and repairs and spare parts are provided by authorized service centers. Ford Otosan Spare Parts Distribution Center in Sancaktepe, one of largest automotive spare parts distribution centers in Türkiye, is the hub where all spare parts, marketing, sales and after-sales operations of Ford Otosan and Ford Trucks are managed. The center, ranking fourth among Ford’s automotive spare parts distribution centers in Europe in terms of indoor storage area, provides service to 136 dealers in Türkiye and 312 dealers in 76 countries on five continents. Service is provided after the domestic sales of Ford Otosan and imported Ford products. The services provided for Ford Trucks encompass domestic and international markets. The rapidly growing Ford Trucks service network in Europe is supported by spare parts warehouses in Poland and Germany, where spare parts storage and distribution services are outsourced. After-sales services include warranty services, technical support, roadside assistance and customer relationship management. Ford Otosan aims for continuous improvement in customer experience by introducing innovative approaches to align with evolving needs and expectations.



Customer Feedback and Suggestions

We monitor customer experience tracking indicators such as Net Promoter Score (NPS) and customer satisfaction (C-SAT) end-to-end through all the processes including dealers, call centers, and aftersales services, and continuously follow the overall satisfaction and complaints within the organization. These actions contribute to continuous improvement efforts and product development processes. Furthermore, we complete the feedback loop by informing the relevant functions within the organization in critical cases, assigning and following development tasks. Furthermore, vehicles with potential safety or quality issues may be recalled if manufacturing errors are detected.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

[Sustainability Management](#)

[Future. Now](#)

[Value Creation Model](#)

[Ford Otosan Value Chain](#)

[Stakeholder Communications](#)

[Sustainability Targets and Performance](#)

[Material Sustainability Topics](#)

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

STAKEHOLDER COMMUNICATIONS

We focus on creating benefit for and leading the entire Ford Otosan ecosystem. We believe that maintaining transparent, constructive two-way communication with our stakeholders is key. Furthermore, we aim to **strengthen our relationships**, improve our processes and create more value for our stakeholders by seeking the opinions of diverse stakeholder groups. Therefore, we forge relationships built on **mutual trust** and integrity in line with the company policies and guidelines, starting with Ford Otosan Code of Conduct and Ethical Rules.

We carry out joint activities and engage in partnerships with key stakeholder groups, including investors, employees, suppliers, dealers, public institutions, NGOs and international organizations to create value in social, environmental and industrial areas. In addition to collaborating with our stakeholders, we also involve our dealers and suppliers in the corporate social responsibility projects as part of our social investments.

As a result of the **materiality studies**, we categorized our stakeholders into five groups and analyzed their priorities and expectations from Ford Otosan.

At Ford Otosan, we recognize the importance of forging solid relationships with our stakeholders who are directly affected by our activities and contributing to their lives. Therefore, we effectively engage with our shareholders, investors and analysts, employees, customers, suppliers, dealers and business partners.

Material Issues	Shareholders, Investors, Analysts	Employees	Customers	Suppliers, Dealers, Business Partners, Consultants	NGOs, Media, Public Institutions
Climate Change	x				
Occupational Health and Safety	x	x	x	x	x
Vehicle Carbon Footprint / Fuel Savings	x	x	x	x	x
Vehicle Quality and Safety	x	x	x	x	x
Low Carbon Production	x	x	x		x
Electric Vehicles and Alternative Fuels	x	x	x	x	x
Air Quality	x	x	x	x	x
Developing Mobility Solutions				x	
Human Rights	x	x	x		x
Corporate Governance		x		x	
Circular Economy	x				
Business Ethics and Transparency	x	x		x	
Talent Management		x		x	
Supply Chain Management	x			x	
Equal Opportunity and Diversity		x		x	x
Customer Satisfaction and Communication	x	x	x	x	x
Water and Wastewater		x	x		
Employee Engagement and Satisfaction		x	x		
Data Privacy and Cyber Security		x		x	x
Community Investment Programs		x			
Autonomous Vehicles				x	
Sustainable Cities and Infrastructures					x
Anti-Bribery and Anti-Corruption	x	x	x	x	x
Risk Management					x
Responsible Sourcing	x		x	x	x
Protecting Biodiversity					x

We host regular meetings and maintain **open communication** channels with our shareholders for transparently sharing our performance and providing detailed information regarding our strategic goals. In our relationships with investors and analysts, we clearly express our sustainability strategies and financial targets, emphasizing our future growth potential.

The satisfaction, development and job satisfaction of our employees form the basis of our success as a company. We provide a fair and equitable work environment for our employees, supporting them with human resources practices, training programs and open communication policy.

Customer satisfaction and loyalty are also key considerations for our business. We conduct frequent surveys and employ feedback mechanisms to understand customer expectations and **constantly elevate our product and service quality**.

We regard our relationships with our suppliers, dealers and business partners as long-term collaborations. Therefore, we aim for shared success by creating a business environment that is compliant with ethical values, transparent and built on mutual trust.

The strong relationships we forge with our directly affected stakeholders reflect positively on our business results as well as our contributions to communities and the environment.

The **Internal Stakeholder Sustainability Workshops**, organized in cooperation with the relevant functions within Ford Otosan, allow us to focus on evaluating the current expectations of external stakeholders, evolving regulations, risks and opportunities, and sustainability indices with the ultimate goal of integrating the outcomes into our business processes. In 2023, we held workshops with the Human Resources and Environment teams and later submitted the proposed action plans to the senior management for approval.



2023 STAKEHOLDER WORKSHOP

In 2023, we hosted a stakeholder workshop to further improve the **two-way communication** with our external stakeholders and receive their feedback regarding our sustainability strategy and long-term sustainability goals. We discussed Ford Otosan’s strategy, sustainability performance and future steps in detail with more than 40 participants, including representatives from NGOs, international organizations, industry associations, academia, as well as our suppliers, dealers, investors, external stakeholders and private sector employees.

During the workshop, we held sessions with experts in **environmental responsibility, sustainable growth, talent management, gender equality and social benefit**. To understand the expectations of the participants, we started by asking them how they would like Ford Otosan to succeed in the future and gathered their insights. According to the responses to this particular question, we found out that the participants expected Ford Otosan to lead in environmental issues, especially in tackling climate change, along with social issues such as gender equality and equal opportunity.

The stakeholders also expressed their opinions and actionable suggestions regarding what Ford Otosan could do in addition to its current targets and performance in terms of sustainable growth, environmental responsibility, talent management, social benefit and gender equality.

We value the importance of meeting the needs of the stakeholders, their expectations and demands from Ford Otosan to the best of our abilities and involving **all our stakeholders** in Ford Otosan’s **decision-making processes**. Accordingly, we analyzed the feedback and actionable suggestions received from the stakeholders to start integrating the viable ideas into our current sustainability roadmaps. Our next plans are to categorize the suggestions as short-, medium- and long-term, implement them according to a timeline, and inform our stakeholders transparently throughout the process. The actions taken in the last three years are summarized in the following table.

- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
 - Sustainability Management
 - Future. Now
 - Value Creation Model
 - Ford Otosan Value Chain
 - Stakeholder Communications
 - Sustainability Targets and Performance
 - Material Sustainability Topics
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

Stakeholder Group

Feedback received in the last 3 years

Actions

Investors and Indices

Involving suppliers in the ESG due diligence processes.

Guiding and supporting the sustainability efforts and work of suppliers.

Expanding the scope of responsible purchasing program policies with the addition of lithium, a battery raw material.

Defining and announcing the company's biodiversity commitments.

We launched the Supplier Sustainability program to measure the sustainability performance of our suppliers. As part of this program, we developed an assessment methodology to drive our suppliers' environmental, social and governance performance. Then, we organized conferences and workshops to raise awareness and encourage our suppliers to prepare short- and medium-term roadmaps. More information is provided in the [Value Chain Management](#) section.

In 2023, Ford Otosan Conflict Minerals policy was updated with the addition of lithium.

The biodiversity strategy was published in 2023.

Indices

Adopting the Equal Opportunity principle top to bottom, starting from the BoD

Creating an incentive mechanism to support internal volunteering.

Women entrepreneurs to constitute a specific ratio of suppliers.

Since 2022, gender pay gap is monitored and reported by job level and geography.

One reason for the gap has been identified as years of service. This metric is now measured by comparing years of service.

In 2023, the Board of Directors Diversity Policy was published. The female employment target was added to the scorecards of all executives and factory leaders.

Annual leave is granted to employees who engage in volunteering work.

A target has been set to increase the volunteering rate of company employees to 35%

In 2023, field visits were paid to pilot suppliers and equal opportunity workshops were organized. A decision has been made to publish the Supplier Diversity Policy in 2024.

Dealers

Launching projects to increase female employment ratio at dealers.

Launching projects to address dealers' talent requirements.

A long-term target has been set to double the ratio of women working at dealerships, while employment and incentive projects are coordinated for this purpose. More information is provided under [Customer Experience and Dealers](#).

We donate all the vehicles used in the testing stages of the projects and equipment to the vocational high schools to support their motor and technical departments' practical education. Students of the motor and technical departments of the vocational high schools improve their practical knowledge by working on such equipment. In 2023, the equipment and infrastructure in the Ford classroom at Borsa Istanbul Başakşehir Vocational and Technical Anatolian High School were renewed to enhance the education and training of students. In addition, the laboratory designed to provide training on both passenger vehicles and trucks at the Veysel Karani Vocational and Technical Anatolian High School in Bursa was completed and opened.

Suppliers and Dealers

Meeting more frequently with stakeholders.

A dedicated communication plan has been developed for each stakeholder group. In 2023, we met with all stakeholders periodically. The plan is to engage with each stakeholder group separately on different platforms in 2024.

Suppliers, Academia and NGOs

Designing special programs for young women graduating from STEM fields.

Keeping the focus on the earthquake-affected region in 2023, projects were launched to empower women in STEM. These projects will continue in 2024 with NGO collaborations. We aim increase the number of women we reach to 100,000 by 2026 through community training, awareness and financial support projects. More information on all the activities is provided in the [For Community](#) section.

Public, Suppliers, Investors and Academia

Sharing talent management data more transparently.

Employee satisfaction metrics are disclosed in the report by a breakdown of years of service. More information on all the activities is provided in the [Employee Experience](#) section.

Stakeholder Groups	Communication Methods
Shareholders, investors, analysts	<ul style="list-style-type: none"> Quarterly and annual earnings releases Quarterly and annual financial statements Corporate website Investor and analyst presentations Material disclosures Earnings release evaluation meetings One-on-one meetings General Assembly meetings Plant visits Annual Reports and Sustainability Report
Employees	<ul style="list-style-type: none"> Ford Otosan Code of Conduct Internal portal Internal TV streaming Suggestion, recognition and reward system Working groups and committees Internal publications such as company magazine and general manager's message, newsletters, announcements and posters Social events Performance Management System Annual Report and Sustainability Report Employee engagement surveys and studies Open Door and Leadership Meetings
Media	<ul style="list-style-type: none"> Annual Report and Sustainability Report Interviews and special features Meetings and talks Press releases Material disclosures
Vocational Schools, Universities, Academia	<ul style="list-style-type: none"> Annual Report and Sustainability Report Academic conferences and seminars Articles and publications, academic research Joint projects Training programs and technical support Sponsorships Meetings and talks

Stakeholder Groups	Communication Methods
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 Dealer training programs
Koç Group Companies	<ul style="list-style-type: none"> Annual Report and Sustainability Report Working groups Joint projects
Public Institutions	<ul style="list-style-type: none"> Annual Report and Sustainability Report Audits Meetings and discussions Training programs
Suppliers and Subcontractors	<ul style="list-style-type: none"> Annual Report and Sustainability Report Ford Otosan Code of Conduct Training programs Award 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 talks

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

[Sustainability Management](#)

[Future. Now](#)

[Value Creation Model](#)

[Ford Otosan Value Chain](#)

[Stakeholder Communications](#)

[Sustainability Targets and Performance](#)

[Material Sustainability Topics](#)

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

SUSTAINABILITY TARGETS AND PERFORMANCE



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
 - [Sustainability Management](#)
 - [Future. Now](#)
 - [Value Creation Model](#)
 - [Ford Otosan Value Chain](#)
 - [Stakeholder Communications](#)
 - [Sustainability Targets and Performance](#)
 - [Material Sustainability Topics](#)
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

Target		Progress toward the Target
Climate Crisis and Energy Management	<div>2035</div> <div>Becoming carbon neutral across the entire supply chain</div>	We started to work toward our target of becoming carbon neutral across the entire supply chain in 2022. In the first stage, we conducted supplier sustainability assessments with pilot-scale companies in 2022. In addition to expanding the question set in late 2023, we organized awareness-raising activities such as Supplier Sustainability Conferences, online Sustainability training programs and Supplier Workshops. The process that began with awareness sessions continued with self-assessment and training at all suppliers and auditing of critical suppliers. The work carried out in 2023 included the creation of Net Zero Roadmap for our suppliers who produce critical product groups and the updating of existing procedures. Currently, 13 critical suppliers have set net zero targets for 2050. We also aim to share supplier responsibilities with Ford Global in 2024.
	<div>2035</div> <div>Becoming carbon neutral in logistics operations</div>	<p>The company decided to invest in the Block Train project for leveraging rail transportation between Craiova and Gölcük to reduce emissions in our logistics operations in 2024. In the near future, the focus will be on creating roadmaps for rail transportation between Germany and the Gölcük Plant. Thanks to the proximity of the Gölcük site to the port, vehicles can be easily shipped by commercial vessels from this facility. According to the feasibility studies conducted for rail transportation between the Eskişehir and Gölcük plants in Türkiye, factors such as the lack of tunnels of equal height for the vehicles and the lack of suitable railway infrastructure from the train station to the factory have not been deemed the project feasible.</p> <p>There are plans for leveraging electric vehicles in short-distance logistics. While the automotive industry reports express an 83% emission reduction target by 2035, Ford Otosan plans to transition to all-electric road transportation to reduce emissions from air, rail and sea transportation with the aim of achieving a 95% emission reduction. The remaining emissions are projected to be offset with carbon credits.</p>
	<div>2030</div> <div>Becoming carbon neutral in manufacturing sites and R&D center in Türkiye</div>	In line with our 2030 target of becoming carbon neutral in all manufacturing sites and R&D center in Türkiye, all the electricity used in these facilities is procured from 100% renewable sources. In 2022, we declared our commitment to the Science-Based Targets initiative (SBTi) to set our short-term targets by adopting the approach to limiting global warming to 1.5°C as defined in the Paris Agreement. In addition to setting our short-term targets as a priority and moving to the assessment stage, we also work toward our long-term targets. The submissions were completed in January 2023. Based on the pending methodology change to be introduced by SBTi for the 2023 SBTi evaluation, we plan to complete the application process for short- and long-term targets. According to the calculations covering Türkiye and Romania sites, we are committed to reducing Scope 1 and 2 GHG emissions by 78% by 2030, compared to the 2017 base year, and Scope 3 GHG emissions from the use of sold vehicles by 50% per vehicle kilometer by 2030, compared to the 2021 base year. Internal carbon pricing studies have been reviewed and activities have been carried out to include the impact of carbon in the decision-making mechanism more prominently when considering new investments.
	<div>2030</div> <div>Sell only zero emission passenger vehicles</div>	Following the acquisition of the Ford Craiova Plant in Q1 2022, Ford Otosan expanded its production scope with the addition of the passenger vehicle segment. Ford Otosan, sharing design and production responsibility in the passenger car segment with Ford, is elevating its passenger vehicle production capabilities by the day. Puma and the passenger segment version of the new Courier, launched in Q4 2023, are currently produced at the Craiova Plant. In line with the “all in electrical” target, we will offer electric versions of all the passenger car and other vehicle nameplates in our production portfolio in the years to come.

→ **SUSTAINABILITY TARGETS AND PERFORMANCE**

	Target	Progress toward the Target
Climate Crisis and Energy Management	<div>2035</div> <div>Sell only zero-emission light/medium commercial vehicles</div>	To achieve the target of selling zero-emission commercial vehicles, multi-faceted strategies encompassing R&D, product investments, supply chain continuity, partnerships, infrastructure development, marketing and training are adopted and implemented successfully. Furthermore, locally and globally funded R&D and Horizon projects are carried out to explore, develop and launch various alternative fuel vehicle technologies such as electric, hybrid and fuel cell vehicles. Ford Otosan's electrification journey, which started with the production of the first PHEV (Plug-in Hybrid) commercial vehicles in its segment, continued with the launch of E-Transit, Europe's most powerful all-electric commercial vehicle, in 2022.
	<div>2040</div> <div>Sell only zero emission heavy commercial vehicles</div>	<p>Following the launch of Ford E-Transit and E-Transit Custom models, Ford Otosan introduced its 100% electric truck – embodying Türkiye's electric transformation - at the IAA Commercial Vehicles (IAA) in 2022. With the 100% electric truck developed and produced entirely in Türkiye, from design to testing, Ford Otosan has started developing the next generation of electric vehicles in the light, medium and heavy commercial segments. As the efforts intensified to achieve zero emission in our heavy commercial vehicles, we also joined the European Union's zero emission logistics project Horizon Europe ZEFES (Zero Emission Freight EcoSystem) with the vision of pioneering the transportation solutions of the future. As part of the project, the first fuel cell electric (FCEV) F-MAX to run on hydrogen will be developed. In addition to developing innovative and sustainable solutions with engineering and R&D expertise, the ZEFES initiative will also provide significant competence in hydrogen technologies and FCEV research and demonstration. Moreover, observing the impact of the project on the market will enable us to include fuel cell vehicles in the serial production plans in line with our net zero targets.</p> <p>Ford Trucks, Ford Otosan's global heavy commercial brand, is accelerating its work within the scope of the EU funded next-generation zero-emission electric trucks and efficient and low-cost logistics (NextETRUCK) project to pioneer the future of zero-emission transportation. With the NextETRUCK project, we are focusing on creating an electric truck with reduced weight, advanced thermal management and Acoustic Vehicle Alert System (AVAS) integration. The NextETRUCK project also involves major changes such as updating EPE parts, building an innovative thermal management system, redesigning the chassis, new brackets, software improvements and cabin modifications. By accelerating our R&D efforts to pioneer zero-emission electric transportation solutions of the future, our global heavy commercial brand Ford Trucks aims to contribute to efficient and low-cost logistics through the NextETRUCK project.</p>
Waste Management and Circular Economy	<div>2030</div> <div>Reach zero-waste to landfill</div>	Working toward the “zero waste to landfills target by 2030,” we engage in various studies and partnerships. Since the traditional landfill method does not align with our goals, we considered the options of recycling and obtaining energy from waste depending on the conditions of the landfill locations where our domestic waste is sent. To increase awareness across the entire ecosystem, waste management seminars were organized with dealer employees in attendance. At the Eskişehir Plant, waste materials other than medical waste are recycled to the maximum instead of sending them to landfills. Domestic waste is delivered to the bio-methanization facility of Eskişehir Metropolitan Municipality, where it is used for energy generation. Thanks to the cooperation between the municipality and the plant for generating energy from waste, Eskişehir Plant has achieved the Zero Waste to Landfill target. Action plans have been determined for the Kocaeli plants, where the waste sent to regular landfills will be reduced by 20% every year and completely eliminated by 2030.
	<div>2030</div> <div>Completely eliminating single-use plastics from personal consumption</div>	Various activities and partnerships are ongoing to completely eliminate single-use plastics from personal consumption. Most of the products within this scope have already been discontinued. Single-use items are replaced by options that allow multiple uses.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

Sustainability Management

Future. Now

Value Creation Model

Ford Otosan Value Chain

Stakeholder Communications

Sustainability Targets and Performance

Material Sustainability Topics

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES




PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

→ SUSTAINABILITY TARGETS AND PERFORMANCE

Target		Progress toward the Target
Waste Management and Circular Economy	<div><div>2030</div><div>Increasing the ratio of recycled and renewable plastics used in the plastic components of the vehicles sold to 30%.</div></div>	<p>Ford Otosan continues to accelerate its efforts toward sustainable material commitments in line with its net zero target. Activities to further integrate sustainable plastics into vehicle design and engineering processes are ongoing by increasing the ratio of recycled and renewable plastics used in the production of commercial vehicles by 2023. Moreover, the 10% sustainable plastic ratio targeted for new Transit Custom vehicles by 2023 has been successfully implemented, resulting in an average of 17 kilograms of recycled and renewable plastics used per vehicle. The lower leg stiffener (LLS) in Transit Custom vehicles that requires meeting strict specifications in terms of pedestrian safety and collision has been modified to contain 50% recycled plastic as of 2023. The annual reduction of 571.8 tons of CO₂ achieved through this material change is equivalent to the carbon sequestration of 22,874 trees in a year. This project, which won first prize in the Circular Plastics Management category at the 2023 Sustainable Business Awards, represents a significant undertaking for the company as the first use of circular plastics in a critical part. Harnessing the experiences gained from this project, efforts continue to spread the use of sustainable materials more widely in different functional systems.</p> <p>In heavy commercial vehicle groups, the trials and material development processes for sustainable plastics reinforced with natural fibers and additives such as recycled, bio-based jute, rice and nut shells carried out with partner suppliers. Aiming to increase the use of recycled and bio-based plastics in trucks, these projects will also promote Ford Trucks with its innovative materials and innovations in the heavy commercial vehicles segment. Furthermore, material and color development studies are ongoing on more than 10 visible and invisible parts weighing 15 kg in total to improve cost effectiveness. These actions support Ford Otosan's commitment to reducing the use of plastic products with high carbon emissions and shifting toward sustainable plastics with clear plans and yearly targets, while also contributing to a more sustainable automotive industry with lower environmental impact.</p>
Water Stewardship	<div><div>2030</div><div>Reducing fresh water consumption per vehicle in facilities by 40%*</div></div>	<p>The roadmap, created to reduce the amount of fresh water used in the Gölcük and Yeniköy manufacturing sites by 40% by 2030, also includes projects for recovering wastewater. These projects will pave the way to building a wastewater recovery system that will enable the reuse of treated wastewater and effluents (such as the treatment plant's existing effluent, domestic wastewater, backwash water, cooling tower blowdown water, etc.) in the production process. The project, already in progress for the Gölcük and Yeniköy Plants, will be deployed in 2024. As a result, the Kocaeli Plants are projected reach a recycling rate of 40% by 2025. As part of the new investments at the Yeniköy Plant, a Gray Water Recovery System will be built, expected to outperform the relevant targets.</p>
Social Benefit	<div><div>2030</div><div>Increasing the ratio of volunteering employees who participate in social work to 35% among the total workforce</div></div>	<ul style="list-style-type: none">• In 2023, "Gönlüm Senle" (My Heart is With You) platform was migrated to the FO portal for all employees to access.• In October, donations were raised for the disabled children in the earthquake-affected region through the "İyilik Var" charitable movement.• Employees volunteered to help the Hope Cities.• Several employees ran the Istanbul Marathon to raise funds for NGOs.• Tree planting activities were organized in Gölcük and Eskişehir, and a coastal cleanup took place in Eskişehir.• High school students benefited from mentoring through the project "Otosan Engineers Here to Mentor You."• In 2023, the Social Butterflies Project was launched in partnership with Elele Education and Culture Association to provide equal opportunity for children.

* Compared to 2019 base year

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

Sustainability Management

Future. Now

Value Creation Model

Ford Otosan Value Chain

Stakeholder Communications

Sustainability Targets and Performance

Material Sustainability Topics

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

→ SUSTAINABILITY TARGETS AND PERFORMANCE

Target		Progress toward the Target
<div>Gender Equality</div> <div></div>	<div>2026</div> <div>Reaching 100,000 women through community training, awareness and financial support projects</div>	<ul style="list-style-type: none">• We teamed up with W-Tech Women in Tech Association to provide robotic process automation training for female field employees and technology-driven vision training for female employees of Ford Otosan suppliers.• The project titled Women Elevating Women, run in partnership with Young Guru Academy (YGA) and UpSchool, reached 1,00 female engineering students in the prep, first and second years of Turkish universities.• Anatolian Scholars and Ford Otosan ‘Let the Girls Attend School’ Scholarship Fund continued in 2023.• Female employee began to receive mentoring support.
	<div>2026</div> <div>Supporting startups with at least 50% women in leadership teams</div>	Technology-focused startups typically employ fewer women, who face challenges in finding jobs in this area. Therefore, we aim to create change in the ecosystem through actions such as providing gender equality training for startups and increasing funding for women entrepreneurs.
	<div>2026</div> <div>Increasing the ratio of women working in technology and innovation to 30%</div>	Through the “My Dream Future” initiative, we plan to provide technology and innovation training and mentoring with the aim of reaching a total of 100,000 women by 2026.
	<div>2026</div> <div>Doubling the rate of women working in technology and innovation in the entire dealer network**</div>	<ul style="list-style-type: none">• Awareness training and Dealer Council organized.• 200 female students who will work in dealerships supported through a scholarship program.• In 2023, the number of positions classified as STEM rose to 71. As a result, the ratio of female employees in STEM dropped in the dealers.
	<div>2030</div> <div>Increasing the ratio of women in all management positions to 50%</div>	<ul style="list-style-type: none">• University collaborations, mentoring programs with Ford Otosan female leaders, and Women Leadership programs are ongoing.• Leaders of the Field Program has been planned for 2024.

** Compared to 2022 base year

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

[Sustainability Management](#)

[Future. Now](#)

[Value Creation Model](#)

[Ford Otosan Value Chain](#)

[Stakeholder Communications](#)

[Sustainability Targets and Performance](#)

[Material Sustainability Topics](#)

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

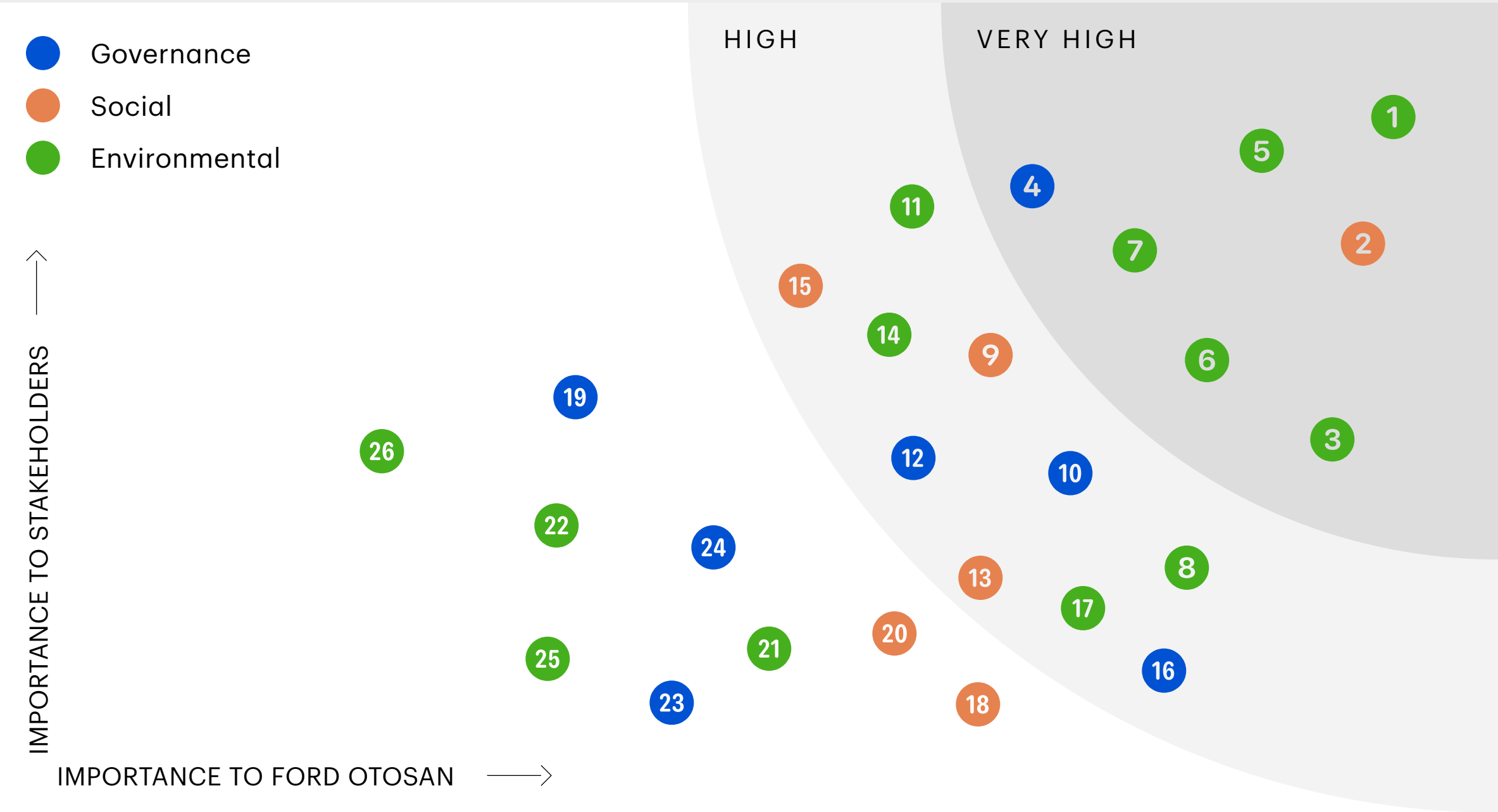
MATERIAL SUSTAINABILITY TOPICS

We conducted a comprehensive materiality analysis in 2021 with support from external consultants to identify the material sustainability issues that Ford Otosan should prioritize. During the process, we also performed a stakeholder analysis in accordance with the AA1000 Stakeholder Engagement Standard to learn more about their expectations. The business and future strategies of Ford Otosan and Ford Motor Company, one of our main shareholders, were also considered in the analyses. The process of identifying the material issues involved the following considerations:

- Feedback was collected from our employees as internal stakeholders and the strategic external stakeholders, including business partners, investors, analysts, shareholders, NGOs, dealers, suppliers, partner state institutions, media, dealers and representatives of consultancy/agency partners. Based on the analysis of a questionnaire sent to 2,242 stakeholders, we identified the materiality of 26 topics in the list for the stakeholders and Ford Otosan.
- We included the latest sustainability trends in the analysis and reviewed the global and local agenda. In this process, we studied the World Economic Forum’s global risk projections, the Sustainability Accounting Standards Board’s (SASB) industry-specific material issues, the Sustainable Development Goals Business Index, and the 11th Development Plan in depth.

For the horizontal axis of the materiality matrix, we addressed the business priorities of Ford Otosan and Ford Motor Company in our analysis, which included the following:

- Feedback was received from Ford Otosan’s senior management through an online questionnaire.



- 1 Climate Change
- 2 Occupational Health and Safety
- 3 Vehicle Carbon Footprint/Fuel Savings
- 4 Vehicle Quality and Safety
- 5 Low-Carbon Production
- 6 Electric Vehicles and Alternative Fuels
- 7 Air Quality
- 8 Developing Mobility Solutions
- 9 Human Rights
- 10 Corporate Governance
- 11 Circular Economy
- 12 Business Ethics and Transparency
- 13 Talent Management
- 14 Supply Chain Management
- 15 Equal Opportunity and Diversity
- 16 Customer Satisfaction and Communications
- 17 Water and Wastewater
- 18 Employee Engagement and Satisfaction
- 19 Data Security and Privacy
- 20 Social Responsibility Program
- 21 Autonomous Vehicle
- 22 Sustainable Cities and Infrastructure
- 23 Fight Against Bribery and Corruption
- 24 Risk Management
- 25 Responsible Procurement
- 26 Biodiversity Conservation



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
 - [Sustainability Management](#)
 - [Future. Now](#)
 - [Value Creation Model](#)
 - [Ford Otosan Value Chain](#)
- [Stakeholder Communications](#)
- [Sustainability Targets and Performance](#)
- [Material Sustainability Topics](#)
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

- Ford Otosan’s and Ford Motor Company’s focus areas in line with their business strategies and future goals were considered.
- We used the impact analysis methodology recommended by SASB to identify the material issues, which allowed us to address the sustainability issues in terms of different impacts and opportunities. With the SASB’s four steps of materiality assessment, we analyzed the risks and opportunities that each issue brings in financial, legal, innovation and competition aspects.

Based on the materiality analysis, we categorized the material issues as very high priority and high priority. According to the results, climate change, occupational health and safety, vehicle carbon footprint/fuel efficiency, vehicle quality and safety, low-carbon production, electric vehicles and alternative fuels, and air quality were determined as the seven very high priority areas.

Climate change, occupational health and safety, and vehicle carbon footprint/fuel efficiency were determined to be the three highest priority issues on the horizontal axis of the matrix, indicating the materiality of the issues for Ford Otosan and how they would affect the company’s long-term value creation.

For the vertical axis of the materiality matrix, we looked at the materiality of the priority issues for the stakeholders and found that climate change, low-carbon production, and vehicle quality and safety were the three highest priority issues.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
 - [Sustainability Management](#)
 - [Future. Now](#)
 - [Value Creation Model](#)
 - [Ford Otosan Value Chain](#)
 - [Stakeholder Communications](#)
 - [Sustainability Targets and Performance](#)
 - [Material Sustainability Topics](#)
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

Importance Section	Material Issue	Related SDGs	How We Manage	Related
Very High Priority	Climate change		We define the climate change risks that may impact our operations and invest in renewable energy resources and the transportation technologies of the future to mitigate the effects of climate change and ensure compliance with the new climate conditions.	For Environment
	Occupational health and safety		We protect the physical and mental well-being of our employees across all business processes and organize training programs on the necessary precautions and the zero accident culture to spread these approaches wider.	For People
	Vehicle carbon footprint / Fuel savings		We ensure that the fuel savings of all vehicles comply with the legal requirements and improve fuel consumption by investing in climate stabilization and sustainable materials. With R&D and innovation investments, we enhance the vehicles’ performance by reducing air emissions.	For Environment
	Vehicle quality and safety		We design and manufacture vehicles with innovative driver assist technologies that meet (or exceed) all legal safety and quality requirements. We aim to play a pioneering role in vehicle safety and driver assist research and innovation. We organize briefings and training programs to spread safe driving techniques across wider audiences.	For People
	Low carbon production		We focus on reducing carbon emissions during production through energy efficiency, energy management and renewable energy consumption practices.	For Environment
	Electric Vehicles and Alternative Fuels		We invest in electric vehicles, the future of transportation, and work on alternative fuel vehicles to introduce to the industry.	For Environment
	Air Quality		We develop new technologies and improve business processes for disposal of hazardous materials and improvement of air quality during operations.	For Environment



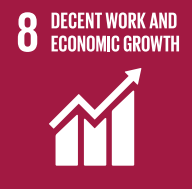



Importance
Section

Material Issue

Related SDGs

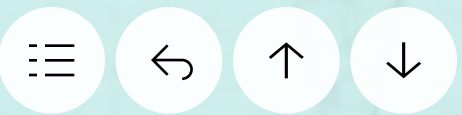
How We Manage

Related

High Priority	Developing Mobility Solutions		We focus on connected vehicle technologies, which represent the interaction of vehicles with each other and the urban infrastructure as part of a wider transportation ecosystem, and promote mobility for all segments of society. We aim to raise awareness to create change in mobility behavior. We develop navigation systems, smart engines with mobile communication channels, and fleet management systems for a safer and more efficient driving experience.	For Environment- For Technology and Innovation
	Human Rights		We protect human and employee rights across Ford Otosan’s value chain and strive to eliminate all forms of discrimination. We also guarantee that all employees work under fair conditions.	For People
	Circular Economy		We recycle and reuse production waste and collect and recycle the products at the end of their life cycles. We aim to transition to a circular economy model by adopting a zero waste approach.	For Environment
	Business Ethics and Transparency		We uphold business ethics and comply with local and international regulations regarding fairness, privacy and preventing conflict of interests. We recognize the importance of maintaining all stakeholder relationships within the framework of code of conduct and ethical rules, and disclosing the relevant activities transparently. We show zero tolerance to bribery and corruption.	Corporate Governance
	Corporate Governance		We ensure that the company’s corporate governance aligns with the interests of all the stakeholders (shareholders, customers, investors, suppliers, dealers, employees, etc.) in line with the fairness, transparency, accountability, and responsibility principles.	Corporate Governance
	Supply Chain Management		We monitor the economic, environmental, social and ethical conditions in all purchasing processes and audit the suppliers at regular intervals. We also strive to ensure that the minerals in the supply chain are sourced from conflict-free areas*.	Value Chain Management
	Talent Management		At Ford Otosan, we ensure to acquire and retain new talent. We also improve personal development and career planning practices for all employees.	For People
	Equal Opportunity and Diversity		We prevent discrimination at the workplace by ensuring equality and diversity (without any discrimination against language, religion, race, gender and sexual orientation). We create equal opportunities to empower disadvantaged groups and women.	For People
	Customer Satisfaction and Communication		We aim to improve customer satisfaction with the products and services we provide. Therefore, we increase the number of active customer communication channels and offer innovative products in line with the evolving consumer preferences and expectations.	For People
	Water and Wastewater		We reduce water consumption in operations by recovering and treating water and protecting the water resources. We also work to determine the water risk across the value chain.	For Environment

ABOUT THE REPORT
ABOUT FORD OTOSAN
INDUSTRY OVERVIEW AND TRENDS
VALUE CREATION JOURNEY
Sustainability Management
Future. Now
Value Creation Model
Ford Otosan Value Chain
Stakeholder Communications
Sustainability Targets and Performance
Material Sustainability Topics
CORPORATE GOVERNANCE
FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
FUTURE. NOW FOR ENVIRONMENT
FUTURE. NOW FOR PEOPLE
FUTURE. NOW FOR COMMUNITY
GENERAL ASSEMBLY
RISKS AND OPPORTUNITIES
PERFORMANCE INDICATORS
CORPORATE STATEMENTS
FINANCIAL STATEMENTS
ANNEXES

CORPORATE GOVERNANCE



- **BOARD OF DIRECTORS AND COMMITTEES —60**
- **BOARD OF DIRECTORS —61**
- **BOARD COMMITTEES —62**
- **CORPORATE GOVERNANCE —63**
- **SENIOR MANAGEMENT —63**
- **ETHICS, TRANSPARENCY, INTERNAL CONTROL AND INTERNAL AUDIT —66**
- **RISK MANAGEMENT —71**

BOARD OF DIRECTORS AND COMMITTEES

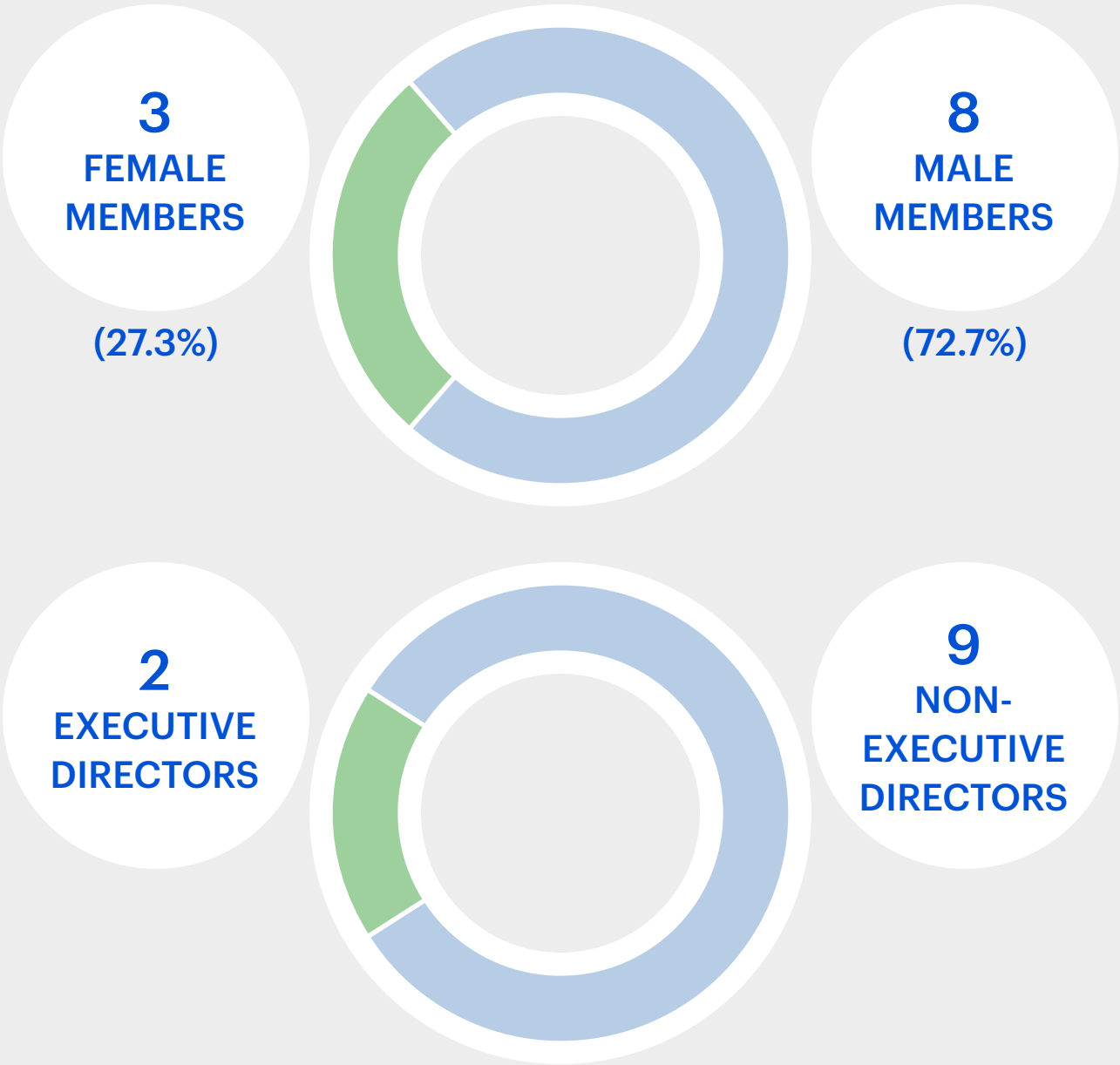
Ford Otosan’s Board of Directors consists of 11 members, including **2 independent directors**, **3 female** and 8 male members serve on the Board. The duties of Chairman and Ford Otosan Leader are assumed by different individuals. Board members are elected for a term of 12 months, and 9 members do not serve in executive roles.

The **Board of Directors** has formed **four committees** to assist in its duties. More information on the committees is provided on page **62**.

During the nomination process for Board of Directors members, we consider the knowledge, experience and competencies required for the position in accordance with the principles stated in our [Board of Directors Diversity Policy](#), and we prioritize having a Board composed of members with diverse experiences and skills. We believe that diversity on the Board of Directors is a key factor for elevating the company’s success in the eyes of its shareholders and other stakeholders. Therefore, the diverse competencies of the Board members also play an important role in driving the company’s performance.

We also focus on having more women employees at all levels, including the Board of Directors, and aim to increase female representation in all management positions to 50% by 2030. Looking at the **industry experience and expertise** of the 11 members in the Ford Otosan **Board of Directors**, 5 are experienced in finance, 8 in automotive, 6 in risk management including 2 non-executive directors, 7 in organizational management, 5 in sustainability, 8 in strategy, 8 in stakeholder relations and 7 in human resources.

FORD OTOSAN BOARD OF DIRECTORS DISTRIBUTION



FORD OTOSAN BOARD MEMBERS’ INDUSTRY EXPERIENCE



* The résumés of the Board of Directors candidates and the nominated independent directors’ declarations of independence and résumés are provided in the annexes.

BOARD OF DIRECTORS



RAHMI M. KOÇ
Honorary Chairman
Honorary Chairman, Koç Holding



ALİ YILDIRIM KOÇ
Chairman
Vice Chairman, Koç Holding



KIERAN CAHILL
Vice Chairman
Vice President – Ford Blue Industrial
Operations Europe and IMG



JOHAN EGBERT SCHEP
Member
General Manager– Ford Pro Europe



WILLIAM R. PERIAM
Member
CFO, Ford Europe



LEVENT ÇAKIROĞLU
Member
Board Member & CEO, Koç Holding



HAYDAR YENİGÜN
Member
Automotive Group President, Koç Holding



FÜSUN AKKAL BOZOK
Independent Director



Prof. Dr. KATJA WINDT
Independent Director



GÜVEN ÖZYURT
Member
Ford Otosan Leader



JOSEPHINE M. PAYNE
Member
Ford Otosan Leader

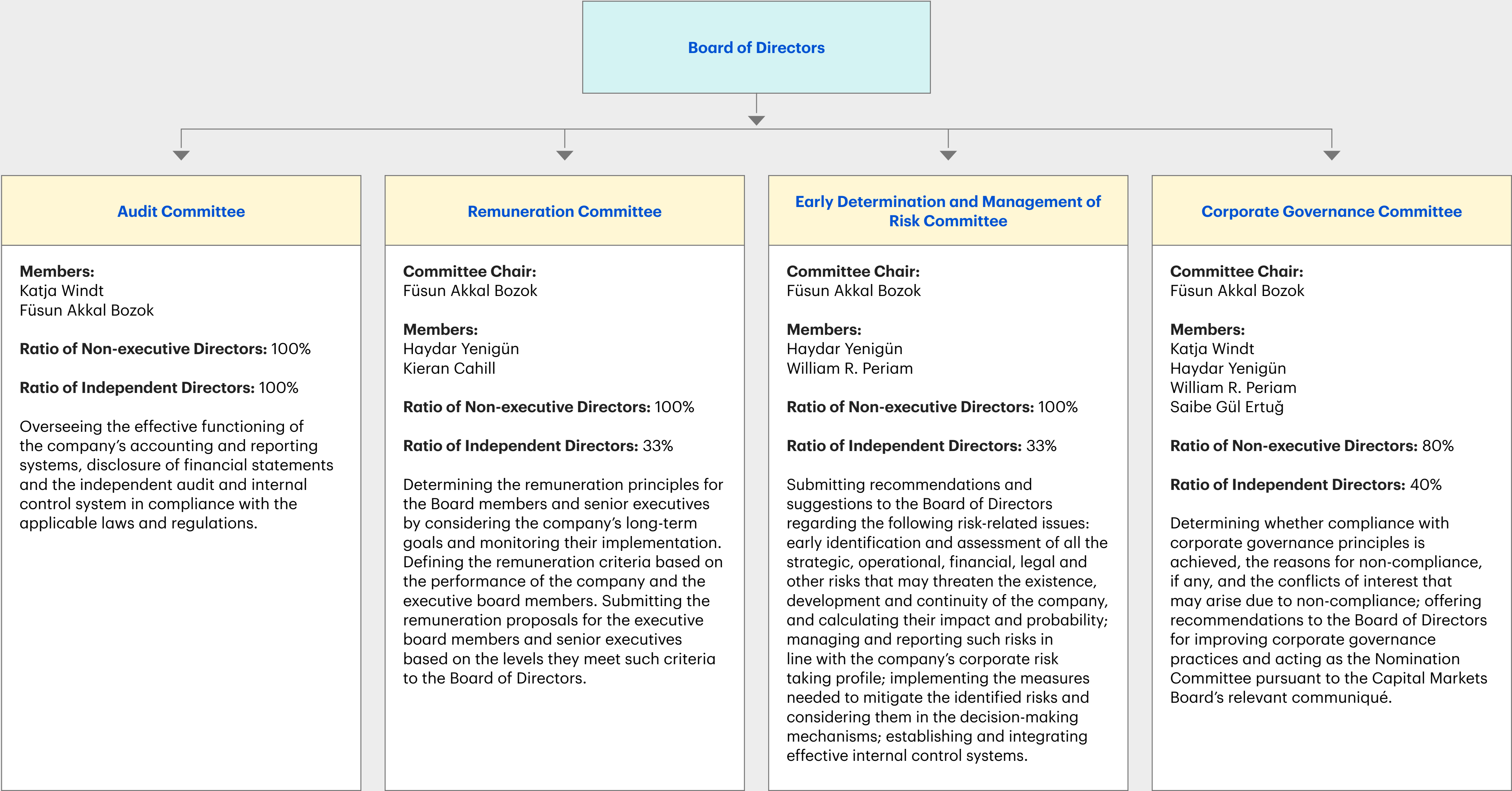


Please see page 320 for the Board members' résumés.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
 - Board of Directors and Committees
 - Board of Directors
 - Board Committees
 - Corporate Governance
 - Senior Management
 - Ethics, Transparency, Internal Control and Internal Audit
 - Risk Management
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

BOARD COMMITTEES



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

Board of Directors and Committees

Board of Directors

Board Committees

Corporate Governance

Senior Management

Ethics, Transparency, Internal Control and Internal Audit

Risk Management

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

CORPORATE GOVERNANCE

We adopt a corporate governance approach that focuses on **responsibility, fairness, transparency and accountability** for the entire Ford Otosan ecosystem, starting with the stakeholders and shareholders. Our governance model,

which considers the interests and benefits of all stakeholders to ensure the continuity of our robust financial performance, forms the foundation of our business processes, providing a framework for strengthening the value creation initiatives.

According to the first **Corporate Governance Compliance Rating** conducted in 2023, Ford Otosan received a score of 9.42 out of 10.

More information is provided under the **Corporate Governance Principles Compliance Report** section.

SENIOR MANAGEMENT



GÜVEN ÖZYURT
Ford Otosan Leader
Board Member



JOSEPHINE M. PAYNE
Ford Otosan Leader
Board Member



A. SERDAR KAYHAN
Legal and Compliance
Leader



BAŞAK ÇALIKOĞLU AKYOL
Human Resources and
Transformation Leader



CEM TEMEL
Innovation and Investments
Leader



DAVE JOHNSTON
Battery and Partnerships
Leader



EMRAH DUMAN
Ford Trucks Business Area
Leader



ERHAN KÖSEOĞLU
Growth and Smart Mobility
Leader



GÜL ERTUĞ
CFO



HAYRİYE KARADENİZ
Digital Products and
Services Leader



IAN R. FOSTON
Engineering and
Technology
Development Leader



MURAT SENİR
Purchasing Leader



ÖZGÜR YÜCETÜRK
Ford Türkiye Leader



PINAR KILINÇ TOPÇU
Quality Platform Leader

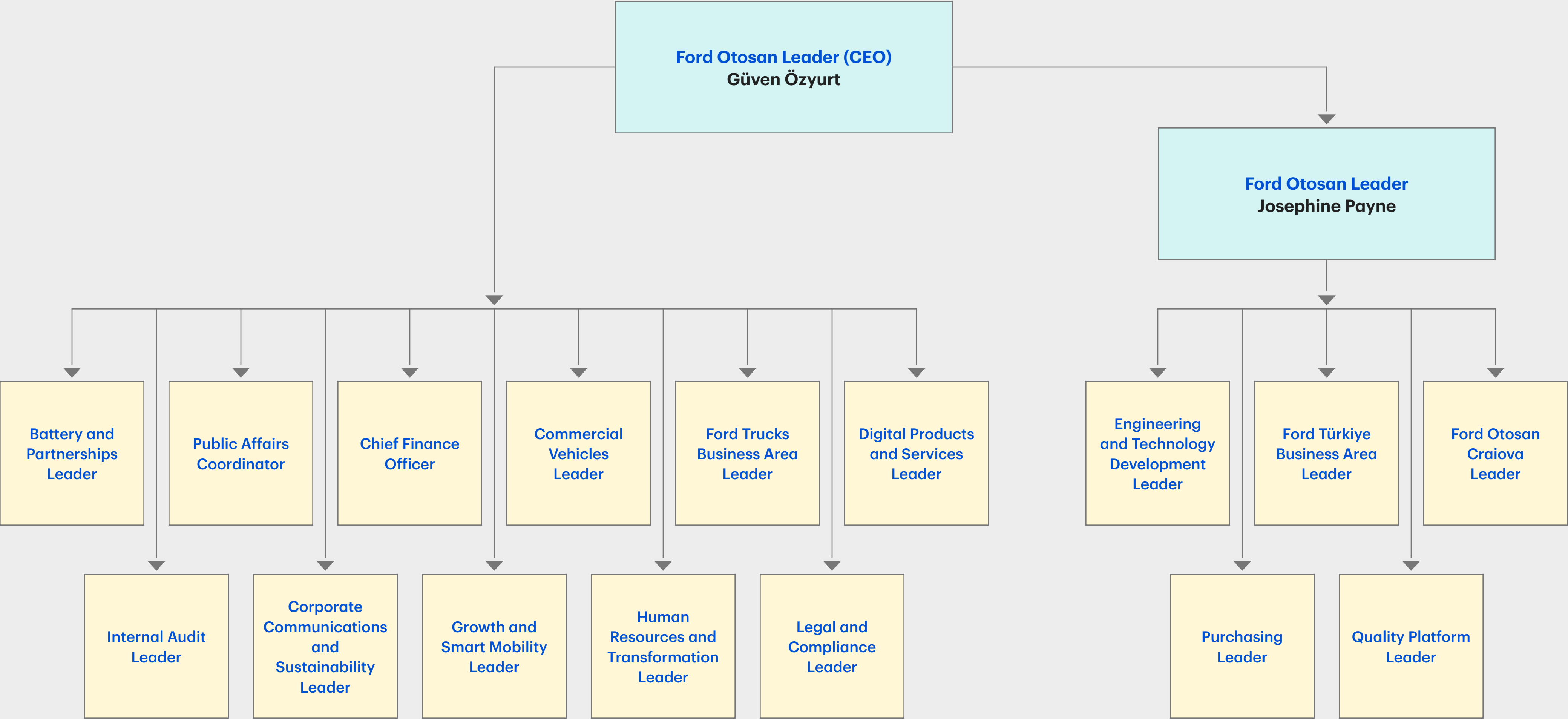


Please see page 322 for the résumés of the Senior Executives.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
 - Board of Directors and Committees
 - Board of Directors
 - Board Committees
 - Corporate Governance
 - Senior Management
 - Ethics, Transparency, Internal Control and Internal Audit
 - Risk Management
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

SUMMARY ORGANIZATIONAL CHART



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
 - Board of Directors and Committees
 - Board of Directors
 - Board Committees
 - Corporate Governance
 - Senior Management
 - Ethics, Transparency, Internal Control and Internal Audit
 - Risk Management
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

REMUNERATION FOR SENIOR EXECUTIVES

At Ford Otosan, the **remuneration system for the Board members and senior executives** is determined according to the Remuneration Policy. The fixed salaries of the Board members are approved by the General Assembly annually and disclosed publicly. On the other hand, the **salaries of the senior executives** consist of two components: **fixed and performance based**.

The fixed salaries of the senior management are determined in alignment with **international standards and legal obligations** by considering the macroeconomic conditions, market practices, the company’s scale and long-term targets and the respective positions of the individuals. The performance-based bonuses consist of three components: bonus base, company performance and individual performance.

We believe that the relevant targets should be integrated into the performance scorecards of the senior management for the company to implement its long-term strategies and achieve the annual targets. The **key performance indicators** (KPIs), defined according to the sustainability policies and strategies, are binding on all the employees, including the Ford Otosan Leader and senior management. Furthermore, the year-end bonuses and pay raises for all the employees are determined by considering these performance indicators.

Therefore, we added the ESG KPIs to **Ford Otosan Lead’s performance scorecard** in line with the Future. Now sustainability strategy, implemented in line with the company strategy and our long-term goals.

The **shared sustainability goals of the Senior Management** are aligned with those of the function leaders as summarized below:

Improving customer focus efforts: Included in the scorecards of the General Manager and Ford Trucks, Ford Türkiye, Engineering and Technology Development, Digital Products and Services Leaders.

Completing the corporate governance-related work: Included in the scorecards of the General Manager and the Legal and Compliance, Corporate Communications and Sustainability, Financial Affairs Leaders

Driving efforts to combat climate crisis: Included in the scorecards of the General Manager and the Purchasing, Operations and Investments, Engineering and Technology Development Leaders.

Enhancing Diversity, Equity and Inclusion efforts: Included in the scorecards of the General Manager and the Human Resources and Transition, Ford Trucks, Finance, Digital Products and Services, Engineering Technology and Development, Ford Türkiye Leaders.

Talent management and increasing employee loyalty: Included in the scorecards of all function leaders.

Social Investment efforts: Included in the scorecards of the General Manager and the Operations and Investments, Corporate Communications and Sustainability Leaders.

In line with Ford Otosan’s sustainability targets, the scorecards of the Sustainability Hub members include the goal of developing a roadmap for their respective focus area targets.

ETHICS, TRANSPARENCY, INTERNAL CONTROL AND INTERNAL AUDIT



At Ford Otosan, we abide by the laws, the international conventions to which the Republic of Türkiye is a party and **United Nations Global Compact**. Committed to acting with integrity and honesty, we embrace the principles of accountability and transparency in all our businesses and operations. Implementing these principles and high standards of integrity requires the personal commitment and accountability of every Ford Otosan employee.

These principles were formalized through the Ethics Policy, approved by the Board of Directors in 2018. The Ethics Board, the Internal Audit and Ethics Committee and the Ethics Assessment Board have been formed within the redesigned governance structure to ensure compliance with the Ethics Policy across the company. The Audit Committee, which reports to the Board of Directors, assumes the duties of the **Ethics Board**, the highest body responsible for ethics at Ford Otosan. Furthermore, an Ethics Coordination Unit has been established to effectively address and follow through reported ethics violations. The **Ethics Coordinator** is responsible for high-level supervision drafting and implementing the company's Ethics and Whistleblowing Policy, evaluating the decisions and actions of the Internal Audit and Ethics Committee, communicating her/his opinions, requests and recommendations to the Internal Audit and Ethics Committee and briefing the Board of Directors as needed.

In 2021, the governance structure of the Internal Audit Function was revised, with Internal Audit Leader reporting functionally to the Audit Committee under the Board of Directors and administratively to Ford Otosan Leader. As part of the restructuring, an independent Internal Control Leadership was formed under the Finance Leadership.

Restructuring of Ford Otosan Romania's Internal Audit and Internal Control organizations was completed in December 2022, and an Internal Audit Leader was appointed to work at Ford Otosan's Craiova Plant.

To view Ford Otosan's Ethics and Whistleblowing Policy, the new version of the Ethics Policy published in 2023 on the corporate website, please click [here](#).

Ford Otosan **Code of Conduct and Ethical Rules** form the basis of our ethics and compliance culture and include the guidelines that must be followed top to bottom across the organization. The other company policies, procedures and guidelines describe these rules in detail. Therefore, all the employees and other stakeholders are required to be informed about and adhere to the rules, which may be updated as needed.

To view the Ford Otosan Code of Conduct and Ethical Rules, please click [here](#).

We hold responsibility for informing the Board Members, the employees and representatives acting on behalf of Ford Otosan, as well as distribution network members and suppliers regularly about these principles and guidelines to ensure compliance with the Code of Conduct and Ethical Rules. We also expect our suppliers, dealers and other business partners to meet local and global standards by establishing and adopting their own codes of ethics. Additionally, we seriously review and investigate the ethics lines open to all its stakeholders and the claims communicated via these channels. If a violation is confirmed, we impose the necessary sanctions, introduce **corrective measures**, and update and enhance the Code

of Conduct and Ethical Rules depending on the latest developments. The Ethics Coordination Unit, supported by other relevant functions, works to raise awareness about ethics and compliance and creates training content. As part of these efforts, we started to provide fraud awareness training for all management levels in 2022 and continued in 2023.

In 2023, the ethics and compliance training programs for all employees were enriched with the addition of ethical rules to the training topics for office leaders and field leaders along with the orientation training for newly hired employees.

We strive to ensure that both our employees and suppliers fully comply with Ford Otosan Code of Conduct and Ethical Rules. For this purpose, we deliver an online training to provide information on Ford Otosan's Supply Chain Compliance Policy and the Code of Conduct and Ethical Rules as part of the sustainability assessment at the suppliers.

As part of the ongoing Revision Project for the Ford Otosan Ethics Line, another project was carried out to upgrade and manage the **Ethics Line**, active since 2018, in alignment with international standards. As a result, the Ethics Line was relaunched as a single platform where the notifications received via the website and the phone line are collected and reported. This system instantly forwards the notifications by email to the Internal Audit Leadership and also allows the whistleblowers to follow the current status of their reporting and add to or revise their reporting using an assigned tracking code. Through this new system, the authorized Ford Otosan officials are also able to ask questions to the whistleblowers, even if they choose to remain anonymous.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

[Board of Directors and
Committees](#)

[Board of Directors](#)

[Board Committees](#)

[Corporate Governance](#)

[Senior Management](#)

[Ethics, Transparency,
Internal Control and
Internal Audit](#)

[Risk Management](#)

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

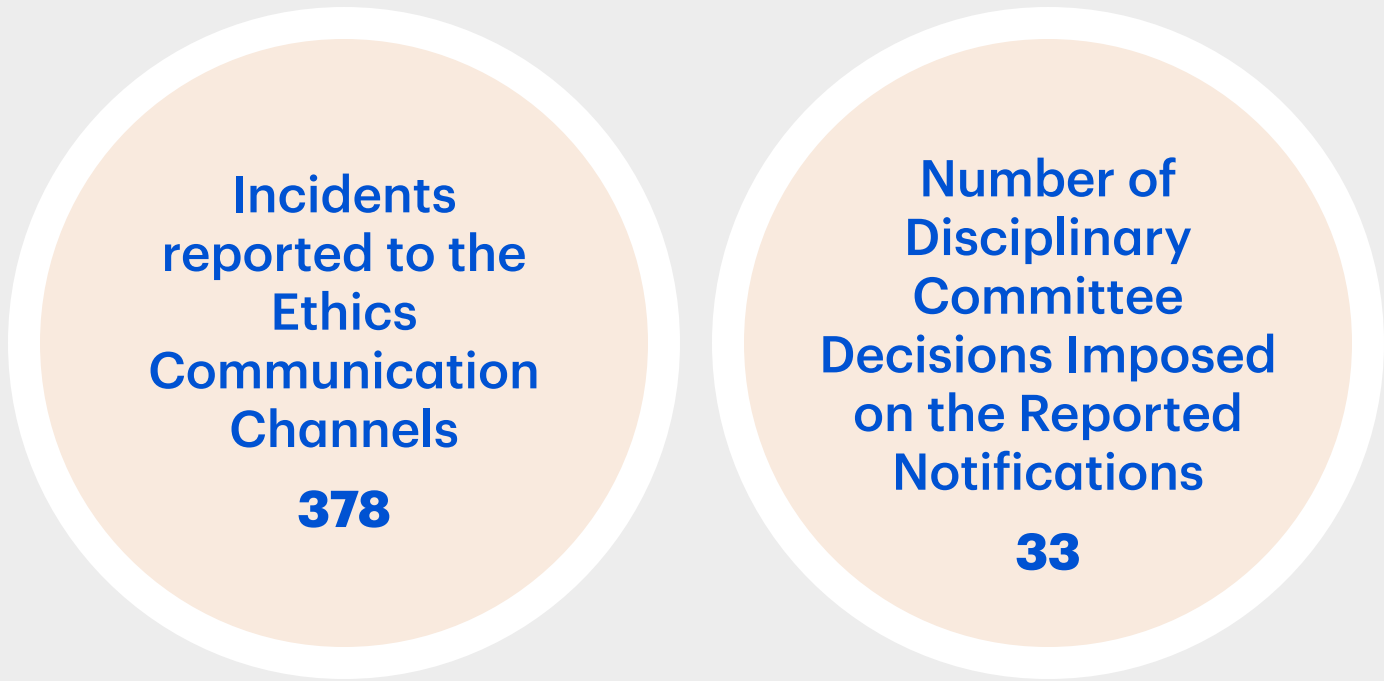
ANNEXES

We are notified about all ethics violations and whistleblowing reporting through the Ethics Hotline (0850 305 50 10) or this new system at fordotosan.ethicspoint.com and fordotosanmobile.ethicspoint.com. After diligently investigating the claims, we impose the necessary sanctions if a violation is confirmed and implement corrective measures. Furthermore, we regularly inform all stakeholders, starting with the suppliers and dealers, about the ethics line. We also review and expand the Code of Conduct and Ethical Rules depending on the changing needs.

In 2023, we received 378 notifications via the **ethics communication channels** and confirmed that 82 were indeed violations as a result of the investigations.

Incident Types	Number of Incidents
Violation of Company Rules and Procedures	57
Bribery/Theft/Corruption	5
Harassment/Discrimination	8
Mobbing	4
Other	8
Total	82

The **Ethics Assessment Board**, positioned under the Internal Audit and Ethics Committee, consists of representatives from the Human Resources and Transition Leadership, Legal and Compliance Leadership and Internal Audit Leadership. In all ethics processes, the identity of the individual reporting a violation is kept secret, and the investigation is conducted in confidence. During the investigation of the claims, the rights of the accused are respected. Hostility and **retaliation** toward the whistleblower is strictly prohibited. You may find Ford Otosan’s Prevention of Retaliation Policy [here](#). When the Internal Audit and Ethics Committee deems it necessary, the matter is escalated to the Disciplinary Committee, which has a labor union member representing the field employees. Sanctions may be imposed on the field and office employees as defined in the disciplinary procedures. Depending on the type of disciplinary actions, the **appointments/promotions and bonus payments** of the affected employees **may be suspended and/or deferred**.



ANTI-BRIBERY AND ANTI-CORRUPTION PRACTICES

At Ford Otosan, we operate with a **zero tolerance** approach to bribery and corruption. As laid out in our policies, we do not tolerate any kind of bribery, corruption, influence for corruption, improper favors, facilitation payments, giving or receiving inappropriate gifts, and we strive to prevent such situations from occurring.

To access Ford Otosan Gifts and Entertainment Policy, please click [here](#).

As part of our efforts to **tackle bribery and corruption**, we regularly train our employees and inform them about our methods and processes. **As of year-end 2023, 3,755 office employees have completed their assigned training programs.** As a signatory to the UN Global Compact, we ensure that all employees and business partners uphold these principles, including the principle that businesses should work against corruption in all its forms. We have also launched a due diligence study to encourage our dealers to comply with the Anti-Corruption Policy. We are currently in the process of evaluating the existing practices in specific compliance topics, including the anti-corruption efforts.

To view Ford Otosan Anti-Bribery and Corruption Policy, please click [here](#).



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
 - [Board of Directors and Committees](#)
 - [Board of Directors](#)
 - [Board Committees](#)
 - [Corporate Governance](#)
 - [Senior Management](#)
 - [Ethics, Transparency, Internal Control and Internal Audit](#)
 - [Risk Management](#)
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

COMPLIANCE PROGRAM

At Ford Otosan, we comply with applicable legislation, contractual commitments, organizational standards such as policies and procedures, ethical principles and voluntary compliance commitments in line with our principles of integrity, honesty, respect, accountability and transparency. Therefore, we strive to fulfill our compliance obligations to the maximum, **identify and prevent the related risks and implement corrective measures**. Accordingly, we have run a comprehensive Compliance Program since 2021, while reviewing and expanding the relevant policies. Through these policies, approved by the Board of Directors, we aim to provide guidance for all Ford Otosan stakeholders.

The Compliance Program is implemented by the Compliance Leadership and Compliance Officers under the Ford Otosan **Legal and Compliance Leadership**, which reports directly to the Ford Otosan Leader and indirectly to the Board of Directors through the Early Determination and Management of Risk Committee.


The Compliance Committee is tasked with ensuring alignment with the **Compliance Program** on the Ford Otosan senior management level. The Compliance Committee, consisting of the Legal and Compliance Leader, Ford Otosan Leader, Ford Otosan Finance Leader, Human Resources and Transition Leader and other department leaders as needed, functions as an advisory board that supports the Legal and Compliance Leader in the decision-making process when required. On the other hand, Ford Otosan senior management serves as a role model for the entire organization and leads all employees by example to instill compliance as a part of Ford Otosan culture and ingrain it into the attitudes and behaviors of employees.

Ford Otosan’s Compliance Program is built on three pillars: Prevention, Identification, Response. These are shown in detail in the chart on [page 69](#).


As part of the Leader Orientation Program designed for Ford Otosan leaders in 2023, training on topics such as corporate structure, compliance policies, sustainability, corporate risk, internal audit, ethics, internal control, investor relations, disciplinary processes, intellectual and industrial property rights, internal approval, supplier disputes, compliance/sanctions, contract management, recruitment, company representation, privacy, competition law, and cultural transformation.



Please click on the image for more information on **Ford Otosan Compliance Program**.



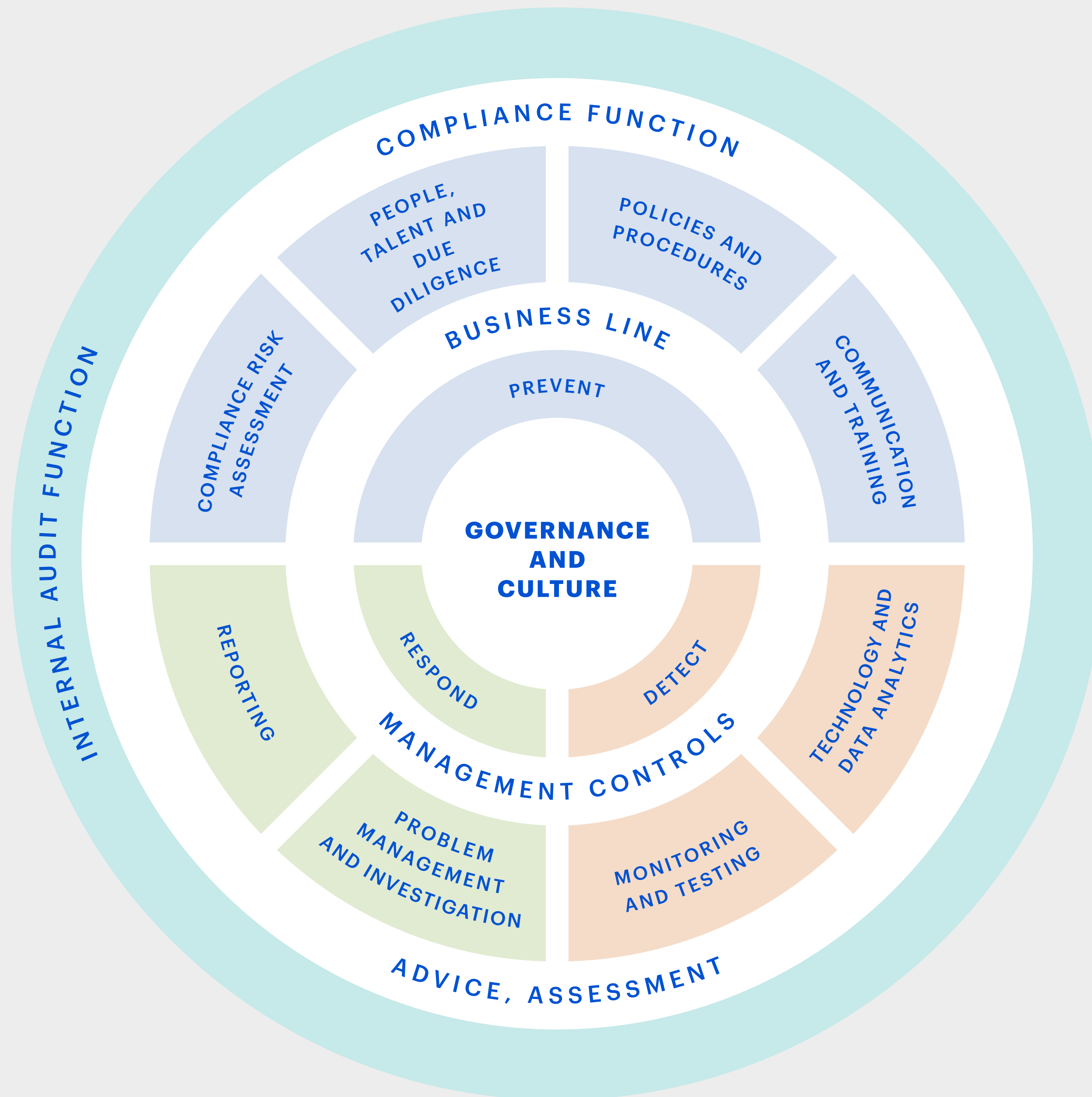
For the Compliance Policy and all other compliance policies, please click here.



To view the **2022 Human Rights Due Diligence Process Report**, please click here.

We also conducted a comprehensive company-wide due diligence study on **Human Rights Compliance**, one of the key compliance risks, and published a report about the results. Accordingly, we continued to implement further actions related to the subcontractor employees in 2023.

- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
 - [Board of Directors and Committees](#)
 - [Board of Directors](#)
 - [Board Committees](#)
 - [Corporate Governance](#)
 - [Senior Management](#)
 - [Ethics, Transparency, Internal Control and Internal Audit](#)
 - [Risk Management](#)
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES



INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT

At Ford Otosan, the Internal Control Leadership, which directly reports to the Finance Leader, coordinates the efforts to achieve the targets for operational effectiveness and efficiency, reliable financial reporting and compliance with legislation, policies and procedures at adequate levels. In addition to following the policies, procedures and guidelines included in process flows as key parts of the internal control system, we also apply an annual internal control plan that covers all the company operations. With this structure, 1,782 check points are tested as an assurance to the Board of Directors and shareholders related to the accuracy of the company's operations.

Koç Holding and Ford Motor Company, the main shareholders, and the Internal Audit Leadership perform regular annual audits within the company. Ford Otosan's authorized dealers and service centers are also audited for their transactions with Ford Otosan periodically by the **dealer audit function** of the Internal Control Leadership. All the **notifications and complaints** about Ford Otosan-related operations are reviewed, investigated and resolved by the Internal Control Leadership in cooperation with the relevant units. The **Audit Committee**, positioned under the Board of Directors, regularly monitors the internal control and internal audit activities and also reviews and approves the annual audit plans. Furthermore, the Committee submits recommendations when needed and opinions on the financial reports to the Board of Directors for approval. The Audit Committee, which convened four times in 2023, presented eight reports regarding their resolutions to the Board of Directors.

GOVERNANCE, RISK AND COMPLIANCE SYSTEM

To remain in alignment with Ford Otosan's dynamic structure and to strengthen our control mechanisms, we have empowered the Internal Audit team further by forming Risk Management, Internal Control and Compliance teams in recent years. We aim to combine risk management, internal control, IT control, compliance and internal audit activities under one umbrella to create a more effective and streamlined system by introducing various different digital programs for control processes.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

[Board of Directors and
Committees](#)

[Board of Directors](#)

[Board Committees](#)

[Corporate Governance](#)

[Senior Management](#)

[Ethics, Transparency,
Internal Control and
Internal Audit](#)

[Risk Management](#)

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

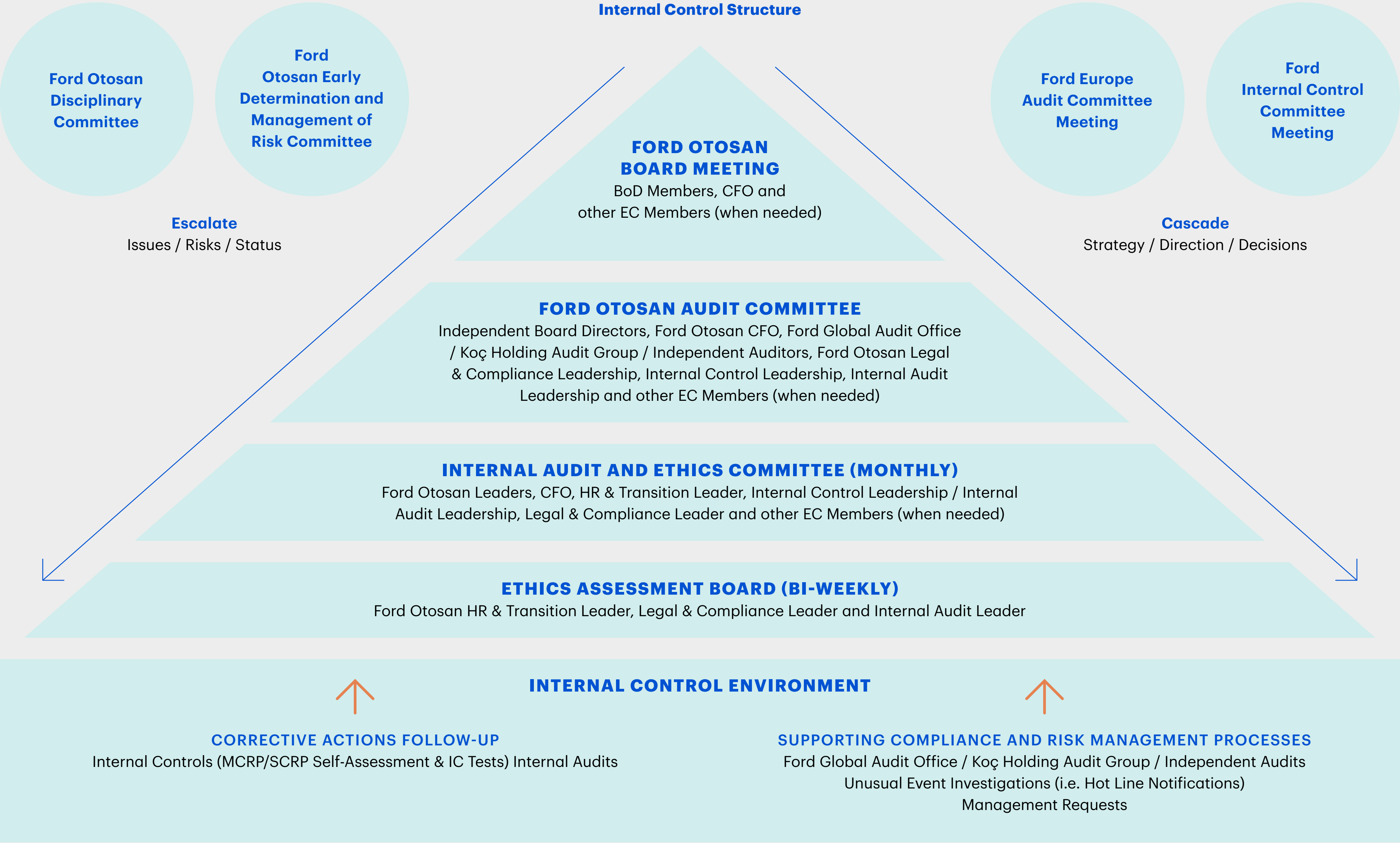
PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

Internal Control Structure



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
 - [Board of Directors and Committees](#)
 - [Board of Directors](#)
 - [Board Committees](#)
 - [Corporate Governance](#)
 - [Senior Management](#)
 - [Ethics, Transparency, Internal Control and Internal Audit](#)
 - [Risk Management](#)
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

RISK MANAGEMENT

With risk management, our primary objectives are to anticipate, manage, mitigate and monitor the risks that may potentially impact the company and to prepare action plans for risk and crisis management in advance.

The Early Determination and Management of Risk Committee was formed pursuant to the provisions of the Capital Markets Board’s Corporate Governance Principles and Article 378 of the Turkish Commercial Code and upon the Board of Directors’ resolution no 2012/18 on July 10, 2012 to provide advice and recommendations to the Board to anticipate the risks, take necessary mitigation measures and establish an effective risk management system. The Committee is headed by the independent Board member Füsün Akkal Bozok, and the other members are Haydar Yenigün and Will Periam, both Board members.

The duties of the Early Determination and Management of Risk Committee, which convened four times in 2023, include evaluating the risk management system and risk reporting principles of Ford Otosan, reviewing the periodical risk reports, submitting opinions regarding the measures for the issues that do not meet the limits set in the risk management system, and reviewing the risk management system and overseeing the implementation of the practices in the relevant departments responsible for risk management in accordance with the committee resolutions. In addition to evaluating information security practices, the committee also carries out studies on the surveillance of compliance risks and follow-up of related studies and the assessment of sustainability risks. The committee’s reports and evaluations are submitted to the Board of Directors.

Corporate Risk Management Leadership, reporting directly to the Finance Leadership, works to identify, manage, mitigate and monitor strategic, operational, financial, legal and external risks that may potentially affect the company and submits its reports to the Risk Committee.

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

In 2023, senior management, all leaders and the risk coordinators of the relevant departments received practical risk management training to raise awareness and ensure that the **risk culture** is adopted and spread across the organization. To increase awareness further and encourage active participation, employees were offered the opportunity to directly report risk factors to a dedicated risk email address. The efforts to spread awareness continued throughout the year with **Risk Newsletters**, prepared with the relevant departments, addressing national and international risks, including environmental, social and governance (ESG) risks.

All the risks, including the emerging long-term risks, are defined within the Risk Management system, created in accordance with the **ISO 31000 Risk Management standard**. Their root causes and impacts are analyzed, controls are determined and actions are taken to mitigate potential effects and probabilities. We identify the opportunities with their financial impacts within the company with a similar approach and take actions to implement them.

MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

Regarding the Corporate Risk Management processes, we closely monitor national and international risks, identify the risks that may potentially impact the company and plan prevention or mitigation actions in advance. We recognize that five of the 10 key risks, specified in the World Economic Forum’s (WEF) **Global Risks** Report for the next 10 years are related to the environment.

At Ford Otosan, the climate-related risks and opportunities are assessed with the participation of management-level representation. Effective management of climate-related risks is considered a key factor in mitigating operational impact and ensuring business continuity.

Accordingly, we identify the **climate change risks** with potential impact on our operations and review them periodically during the relevant committee meetings with the participation of senior management. Furthermore, we invest in renewable energy resources and mobility technologies of the future to mitigate the effects of climate change and adapt to the changing climate conditions. We also assess the risks that our operations may impose on **biodiversity** and strive to reduce impact, while conserving the species in our locations. The Board of Directors, the Early Determination and Management of Risk Committee and Senior Management are regularly briefed about climate-related risks.

Ford Otosan carries out its activities by addressing the sustainable development of society, its contributions to social well-being and the needs of future generations, while always considering environmental, social and governance (ESG) risks. Our current corporate risk management system is also used to manage climate change and other **ESG-related risks**.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

[Board of Directors and
Committees](#)

[Board of Directors](#)

[Board Committees](#)

[Corporate Governance](#)

[Senior Management](#)

[Ethics, Transparency,
Internal Control and
Internal Audit](#)

[Risk Management](#)

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

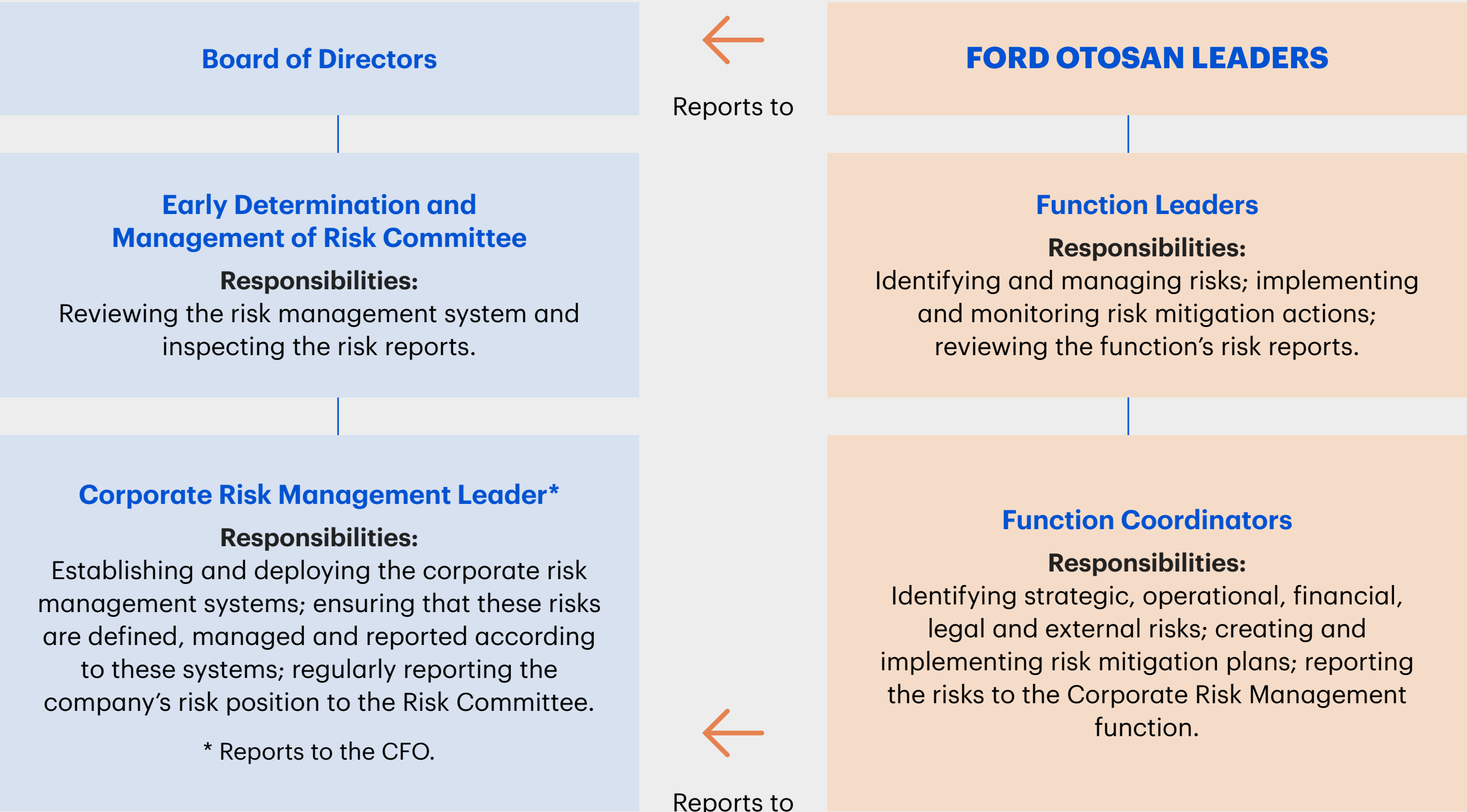
FINANCIAL STATEMENTS

ANNEXES

Accordingly, extensive studies are carried out on topics such as climate change, employee engagement and development, diversity, human rights and gender equality, while concurrently taking actions to mitigate risks. Ford Otosan identifies the occupational health and safety risks of its activities in line with the ISO 45001 Occupational Safety and Health certification through the OHS committees, manages them effectively and sets and reviews targets and programs to address such risks.

As part of the **Corporate Risk Management System**, we develop scenarios, including the carbon pricing scenario under 1.5°C and tests to analyze the effects of exchange rate fluctuations, SCT, parts availability, fuel price spikes on the market and sales, changes in the Turkish economy, raw material availability and interest rates, evaluating and managing the **financial** and **non-financial** risks.

Risk Coordination
& Monitoring



TCFD (TASK FORCE ON CLIMATE-RELATED FINANCIAL STATEMENTS) DESCRIPTIONS		
Core Recommendation	Description	Ford Otosan's Gaps
Governance	Disclose the organization's governance around climate-related risks and opportunities.	Ford Otosan monitors TCFD risks among its material issues and regularly reviews them within the Risk Committee.
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning where such information is material.	As part of our risk management approach, we mapped our climate change risks. During the reporting period, we started a study to measure climate-related risks. Progress is reported to the Early Determination and Management of Risk Committee.
Risk management	Disclose how the organization identifies, assesses and manages climate-related risks.	Ford Otosan defines, evaluates and manages climate-related risks within the Corporate Risk Management system.
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	We set the relevant targets and performance tracking metrics. For more information, please see the Sustainability Targets and Performance section.

CLIMATE-RELATED RISKS

TCFD Risk Categories	Risks	Risk Description	How We Manage	Risk Period
Policy risk	Carbon pricing policies	Regulatory changes introduced to promote transition to low carbon in organizations’ operations and supply chains (e.g. Green Deal, Paris Agreement, Greenhouse Gas Emissions limits and carbon taxes, Emissions Trading System (ETS), Carbon Border Adjustment Mechanism (CBAM) etc.)	With 2017 taken as baseline, a simulation study was conducted for the emission amounts that may occur in 2025, 2030, 2040 and 2050, including future carbon pricing. Accordingly, the amount of prospective carbon tax based on our future greenhouse gas emissions was calculated.	Medium - Long
Market risk	Major suppliers’ carbon pricing risks	Refers to the risks that the major suppliers may face in their financial status due to adverse effects of market volatility.	We calculated the projections of our suppliers’ financial risks using Trucost’s “EBITDA at Risk” metric and assessed the potential impact on companies’ earnings today if companies pay a price for their greenhouse gas emissions in the future. This assessment allows us to identify the value chain exposed to carbon pricing risks under the 2°C scenario.	Medium - Long
Reputation risk	Reputational risks as a result of failing to transition to a low carbon economy	Reputational risks refer to the loss that may arise due to the decline of confidence that investors, insurance companies and lending institutions have in companies or damage to the reputation of companies. Reputational risks may lead to loss of social prestige, a decrease in demand for products and services, and negatively impact competitiveness	Using the Trucost analysis, we determined the company’s carbon intensity and Scope 1 & 2 emissions pathway compared to the industry group and similar companies in the industry. Climate Strategy Score (S&P Global SAM) was measured.	Short
Technology risk	Technological transition risk	Addressing technology risks refers to the need to mitigate the effects of climate change by displacing existing products and technologies.	We support the transition to low-emission technologies in our products and services by engaging in activities and studies for this purpose. As a result of these activities, our Electric Ford Transit product has been found to comply with the EU Taxonomy’s reduction criteria.	Medium - Long

■ Short-term: 0-2 years ■ Medium-term: 2-5 years ■ Long-term: 5-30 years

- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
 - Board of Directors and Committees
 - Board of Directors
 - Board Committees
 - Corporate Governance
 - Senior Management
 - Ethics, Transparency, Internal Control and Internal Audit
 - Risk Management
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

FORD OTOSAN PHYSICAL RISKS

Regarding Ford Otosan’s physical risks, Trucost conducted a study on the **impact of different climate risks on assets** according to three different global warming scenarios. These risks include water stress, flooding, cold weather and heat waves, hurricanes, wildfires and rising sea levels.

The analysis of physical risks considered **three different climate scenarios** adopted by the **Intergovernmental Panel on Climate Change (IPCC)**:

- 1. Low Climate Change Scenario (<2°C) (RCP¹ 2.6): Envisions ambitious mitigation measures to cut carbon emissions by half by 2050. This scenario estimates that warming by 2100 will likely remain below 2°C.
- 2. Medium Climate Change Scenario (>2°C) (RCP¹ 4.5): Envisions strong mitigation efforts to cut carbon emissions to half of current levels by 2080. This scenario estimates that warming by 2100 is more likely to exceed 2°C.
- 3. High Climate Change Scenario (>4°C) (RCP¹ 8.5): Envisions no changes in current carbon emission levels. This scenario estimates that global warming will exceed 4°C by 2100.

Ford Otosan’s exposure to physical risks is at similar levels in low, medium and high scenarios. According to the medium climate scenario, the risks with the highest impact are **water stress** and **heat/cold weather waves**, respectively. Flooding, rising sea levels and hurricanes rank as the lowest physical risks.

The analyses covered six Ford Otosan locations in Türkiye, including R&D, training, marketing and manufacturing sites. According to the medium (>2°C) scenario, Ford Otosan’s Gölcük, Yeniköy and Eskişehir sites would be exposed to high levels of **water stress**.

Water quality and quantity are critically important for Ford Otosan’s production processes. Water resources are used directly in production processes, including finishing, washing, rinsing, body painting, processing of powertrain parts and cooling, to ensure the continuity of operations.

According to the assessment results, Ford Otosan’s **overall physical risk score** is at a medium level, with the main risk identified as water stress. Exposure to other physical risks is relatively low compared to other regions around the world. Heat waves and cold weather constitute the second most apparent risks for Ford Otosan facilities.

To view Ford Otosan’s analyses, initiatives and metrics, please click [here](#).

In addition to this study, Ford Otosan has determined that all of its facilities in Türkiye are located in the Marmara and Sakarya basins, known as high **water-stressed** basins² (Reference: DSI). The Marmara basin, where the Kocaeli plants and the Sancaktepe complex are located, is a high risk (40%-80%) region, while the Sakarya basin, where the Eskişehir plant is located, is an extremely high risk (>80%) area. On the other hand, the Craiova plant in Romania was assessed to have low water risk (<10%). With regard to the medium scenario (>2°C), the World Resources Institute (WRI) anticipates that water supply in the region where both the Gölcük and Yeniköy plants are located will decrease by approximately 20% compared to

current water supply levels by 2040. In contrast, the water demand (domestic, industrial, irrigation, animal husbandry, etc.) is expected to increase by more than 40% compared to 2010 levels.

The acute and chronic physical risks indicated in Ford Otosan’s climate-related risk assessment, the probability of these risks with the potential to cause significant financial or strategic impact and the detailed analyses of each scenario are shown on pages 25-26, 32-36 and 47-48 of the 2023 **CDP Climate Change Report**.



Ford Otosan conducted a situation analysis on the basins against the risk of possible droughts in the next five years, starting from the summer of 2023. Furthermore, groundwater projection studies were performed and the legal authority statements were reviewed for potential risks. Then, **short-, medium- and long-term five-year water supply plans** were created. Based on the report outputs, action plans have been integrated into the business plan.

- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
 - Board of Directors and Committees
 - Board of Directors
 - Board Committees
 - Corporate Governance
 - Senior Management
 - Ethics, Transparency, Internal Control and Internal Audit
 - Risk Management
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

1. RCP: Representative Concentration Pathways
2. DSI

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

- INNOVATION —77
- DIGITALIZATION —82
- CYBER SECURITY —87
- DATA ANALYTICS AND AUTOMATION —88



FOR TECHNOLOGY AND INNOVATION

At Ford Otosan, we follow the continuously evolving trends in the global **automotive and mobility industry** and embrace the vision of leading the industry. We position **innovation** as a critical tool for value creation in our fields of operation. Adopting an approach rooted in **innovation, entrepreneurship, change management and open innovation**, we aim to capture a higher market share and maintain our competitiveness, while meeting customer expectations and needs. We believe that technology and innovation play a crucial role in adapting to the rapid advancements worldwide, and we say “**Future. Now for Technology and Innovation**”.

This strategy represents an approach that reflects our values, while we embrace innovation as a key part of our intellectual capital. Therefore, we develop various internal and external innovation projects and foster startups.

We have defined **eight key innovation focus areas** to support Ford Otosan’s strategies.



Smart Mobility

Smart mobility covers sustainable, integrated, user-focused products and services to respond to the changing demand and habits in cargo and people transportation and provide solutions to all mobility needs, including micro-mobility.



Autonomous Technologies

Autonomous technologies include intelligent systems that collect data via various sensors and processors without the need for human intervention, make decisions by processing this data and implement them.



Connected Vehicle Technologies

Connectivity involves a wide range of on-board and external connection systems such as navigation, smart engine systems integrated with mobile communication channels, fleet management systems and infotainment systems.



Industry 4.0

It involves transforming the existing processes at Ford Otosan plants into a more competitive and flexible system by leveraging smart and efficient production, material, planning and logistics systems. It is a combination of technologies such as “Internet of Things,” “Smart Factories,” “Cyber/Physical Systems,” and “Industrial Internet.”



Electrification

Electrification covers the preparations for introducing user-friendly electric, digital, connected vehicles and even different ownership models to the Turkish market. The objective of electrification is to create the best electric vehicle experiences for the users by considering details such as electric vehicle conversion requirements of the dealers and specific needs of the electric commercial vehicles, including charging network and infrastructure.



Sustainability

Sustainability is the whole of the efforts at Ford Otosan to eliminate the potential negative impact on both society and the environment during its operations.



Customer Experience in Automotive

As vehicle technologies advance and online communication channels expand rapidly, the expectations of our customers in term of vehicle ownership and use also evolve. In line with the changing needs and requirements, we aim to bring innovative approaches to customer experience.



Generative Artificial Intelligence

Adopting AI technologies and leveraging them to meet sustainability and innovation targets will lead to the effective use of AI across a broad range from smart assistants developed with Generative Artificial Intelligence to energy consumption projections and predictive maintenance empowered by machine learning.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW FOR
TECHNOLOGY AND
INNOVATION

[Innovation](#)

[Digitalization](#)

[Cyber Security](#)

[Data Analytics and
Automation](#)

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

INNOVATION

Through the **Ford Otosan Innovation Program**, running since 2016, we promote intrapreneurship to foster an **innovation culture** across the organization and encourage the **stakeholders** to systematically generate new ideas and **value**. Throughout the innovation and intrapreneurship processes, we offer idea owners the opportunity to employ **design thinking** and **lean startup** methodologies, test their ideas with a customer-centric approach and ultimately implement them. As part of the program, we worked on **75 projects** with **270 intrapreneurs** under **10 main campaigns**. We deployed **three of these projects** within the company, while **three were commercialized toward external customers** and **four were incorporated as businesses**. In 2023, through the innovation campaign titled “Products and Services of the Future: Connectivity,” we collected **67 ideas** related to connected vehicle technologies that would benefit our customers in personal and commercial use, and **eight ideas** passed the first selection phase. **40 employees** in these teams benefited from the training and mentoring opportunities at the [innovation camp](#).



Please click on the image for more information about the Innovation Camp.

MINI INNOVATION CAMPAIGN

In addition to our main innovation campaign, we also ran a **mini innovation campaign** in 2023. We collected **101 innovative ideas** from our employees through the mini campaign we launched in the rapidly advancing field of **generative artificial intelligence** in Fikirhane. For the **five ideas** that passed the first evaluation phase, we started working intensively on projects that use generative artificial intelligence technology in human resources, quality, product development, and legal. We also hosted a webinar titled ‘Generative Artificial Intelligence in the Automotive Industry’ with Assoc. Prof. Şebnem Özdemir and enlightened the **190 employees** in attendance.

INNOVATION AMBASSADORS

In 2023, we launched the **Innovation Ambassadors program** with the participation of our volunteering intrapreneurs to spread and reinforce the innovation culture within the organization. With the program, we aimed to ensure that our intrapreneurs who completed the innovation program remained connected the entrepreneurship and innovation ecosystem, while also helping us to encourage more employees to come up with **creative and innovative ideas**. Accordingly, we host quarterly meetings and share the latest developments in the entrepreneurship ecosystem. We also follow the latest technology trends together, exchange information, and continue to learn collectively.

FO AGV – AUTONOMOUS GUIDED VEHICLE

The Autonomous Guided Vehicle (FO AGV) project enables us to **optimize the processes and contribute to smarter operations**. FO AGV, born from a Ford Otosan Innovation Program idea to bring autonomy to the material movements within the plants, provides end-to-end logistics solutions at our plants. We analyze the site requirements with a customer-focused approach to identify the needs. Currently, 100 AGVs, featuring equipment and software designed and developed by Ford Otosan engineers, operate at various Ford Otosan locations. The data gathered from these vehicles support the product development process.

As the commercialization continued, four AGVs were delivered to Türk Traktör’s Erenler plant in Sakarya and two AGVs to Ford NA in 2022, followed by 26 units to the Eskişehir Plant and 100 units to the Yeniköy Plant in 2023. In late 2023, the AGV project was positioned within the organization of Rakun Mobilite Teknoloji ve Ticaret A.Ş. as a separate business model and a new structure, to be rebranded as Bluepath Robotics. As the rebranding activities continue for Bluepath Robotics, we will develop a new commercial identity and business model.

ELECTRIFICATION

At Ford Otosan, we are making major strides in rapidly adapting to the electrification trends in the automotive and mobility industry. The electrification process stands as a cornerstone of our company’s strategies focused on **sustainability and environmental impact**. We make regular investments in the development, production and marketing of electric and hybrid vehicles. Through the modernization and technological transformation efforts at our manufacturing sites, , we aim to gain a competitive advantage in the electric vehicle segment. Furthermore, we reinforce our electrification process with investments, innovative approaches and **partnerships**, diversifying our product portfolio as a result.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

[Innovation](#)

[Digitalization](#)

[Cyber Security](#)

[Data Analytics and Automation](#)

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

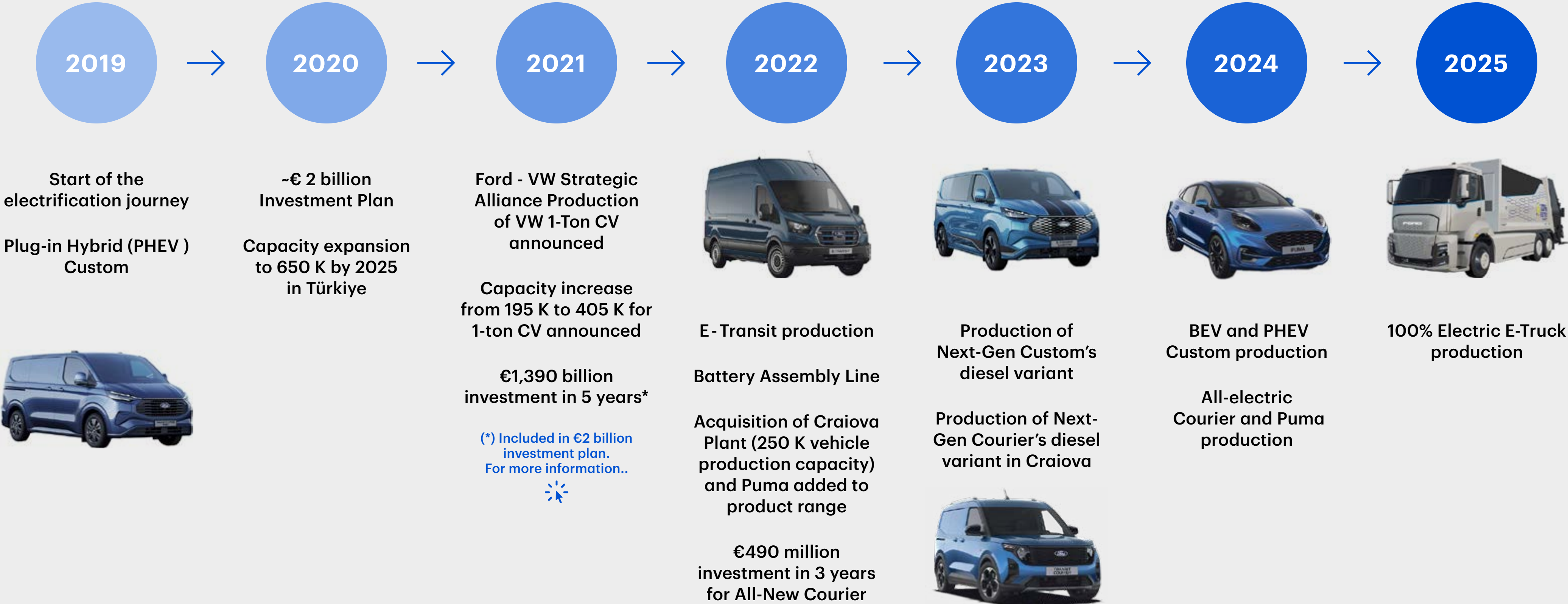
FINANCIAL STATEMENTS

ANNEXES

Ambitious Growth Plans & Electrification Journey

Production capacity will increase from **455 thousand units...**

...to more than 900 thousand



We aim to offer **all-electric variants of each nameplate** we manufacture by 2025

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

[Innovation](#)

[Digitalization](#)

[Cyber Security](#)

[Data Analytics and Automation](#)

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

AUTONOMOUS VEHICLES

At Ford Otosan, a key focus in autonomous driving is the development of the Level-4 Highway Pilot function that will enable hub-to-hub driverless logistics outside major cities. Considering the technological advancements along with the need for improving infrastructure, as well as the necessary regulatory and legal undertakings and the market dynamics, we anticipate that these technologies will be on highways on a large scale in the 2030s.

We believe that equipping the Heavy Commercial vehicles with Level-4 functions will profoundly impact the global logistics market for the following reasons:

- Strong rise in logistics demand due to e-commerce
- Truck driver shortage and rising driver costs
- Low profit margins at logistics companies

In addition to the Level-4 Highway Pilot function that can be used on highways, complementary functions such as remote (tele-operation) driving, automatic parking and infrastructure-supported low-speed autonomous driving in ports/logistics areas are also developed internally at Ford Otosan.

In addition to these autonomous driving functions, the development of Level-1 and Level-2 systems, also called **driver assistance systems**, and their integration into our vehicles in the Ford Trucks product range is also ongoing, taking into account both regulatory requirements and customer expectations. The Ford Trucks vehicles, which will be launched from 2024 onward, will feature systems such as advanced emergency braking system, lane keeping assistant, adaptive cruise control (with stop-go assistant), blind spot warning system, and smart speed limiting assistant, allowing us to offer our customers a **safer and more comfortable journey**.

We aim to provide safe, efficient and sustainable driver assistance and autonomous driving systems that align with the evolving/more demanding needs of our customers and the logistics industry.

SMART MOBILITY

At Ford Otosan, we focus on the **smart mobility concept** and combine **entrepreneurship with innovation**. Driven by the mission of **turning mobility challenges into opportunities**, we aim to advance the automotive ecosystem to align with the rapidly evolving global trends. Therefore, smart mobility plays a critical role in transforming conventional mobility and solving the problems we encounter.

As for our smart mobility actions, we tested **long-term car rental models** specifically for our employees in 2021 to adapt to the changes in user attitudes. Throughout 2022, we ran a series of projects and collaborations on **connected vehicle technologies, autonomous vehicles** and smart mobility.

In line with our vision of going beyond operating as an industrial company as an identity, we aim to generate **sustainable and environment-friendly solutions** by investing in smart mobility and adopting technological innovations. These endeavors enable us to pursue our goal of creating effective solutions for the needs of the future by spearheading the sector.

In August 2023, we started to develop an infrastructure system to integrate Ford Otosan’s customer relationship management (CRM) systems with Ford Global CRM systems. We also aim to scale **autonomous trucks** that can operate up to 22-23 hours up to products by 2029.

As smart mobility and **innovative mobility** rapidly evolve, we contribute to the **sustainable and effective transportation solutions** of the future by adapting to technological innovations in this field. At Ford Otosan, we offer innovative and integrated smart mobility solutions with the latest technologies, focusing on development in this field.

DRIVENTURE

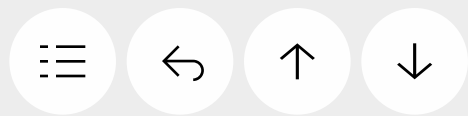
Driventure was founded in 2019 as the **first and only venture capital company** in the Turkish automotive industry with the aim of fostering **investments in smart mobility**, keeping the pulse of the **startup ecosystem** in Turkey and worldwide, identifying opportunities and new technologies, implementing new business models and exploring potential partnerships. As of 2022, we added **sustainability** to Driventure’s focus areas.

Through Driventure, we aim to raise the sustainability standards in the automotive industry by focusing on **environment-friendly and energy efficient mobility solutions**. We also aspire to contribute to a **sustainable future** by supporting startups in the **green technology** and **innovation** areas. Moreover, we encourage knowledge and experience exchange among the automotive industry stakeholders through the sustainability partnerships facilitated by Driventure.

We expanded our efforts to support sustainability-focused startups with another innovative startup, Evreka. We partnered with **Evreka**, a technology startup that offers waste management solution for our project on enhancing the waste management processes at Ford Otosan. Evreka’s solutions were successfully implemented in the paint shop at Ford Otosan’s Gölcük Plant. These technological solutions have improved the efficiency of our waste management processes, increased our recycling rates and reduced our environmental impact.

Through Driventure and our other investments, we aim to foster innovation, obtain information from the market and develop new business models, while driving value creation at Ford Otosan.

As part of the startup investments through Driventure, those with the potential to establish strategic partnerships with Ford Otosan are particularly important to us. In addition to the four startups in its portfolio, Driventure invested USD 250,000 in **Saha Robotics** in 2023. Saha Robotics is a technology startup that produces fully autonomous, cloud-connected delivery robots for shopping malls, hospitals, factories and other complex environments.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
 - Innovation
 - Digitalization
 - Cyber Security
 - Data Analytics and Automation
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

We consider the investment in Saha Robotics a part of our **sustainable mobility** focus at Driventure. The startup believes that autonomous delivery robots can help reduce traffic congestions and carbon emissions in cities.

Through Driventure, we continue to support Saha Robotics’ growth and becoming a leading player in autonomous delivery robots in Turkey. As a matter of fact, we have already started to use Saha Robotics’ robots actively within Ford Otosan.

Adhering to the principles of **equal opportunity and diversity**, we strive to promote **women’s employment** and contribute to their development, particularly in the automotive and technology sectors. Accordingly, we aim to achieve **gender parity** through our investments. We invested in the **Arya Venture Capital Investment Fund**, a partnership between Arya Women’s Investment Platform and Türkiye İş Bank to achieve gender equality in the investment system and to **create social and economic value**. Through this investment, we intend to support early stage and Series A startups in Türkiye with **at least one woman among their founders** and who offer **products/services that significantly improve the lives of women or girls** and develop innovative applications and technologies. Our ultimate goal is to create a more inclusive environment both within the company and across the industry.

In alignment with our target to support startups with at least 50% women in their leadership teams, four of the 20 startups we supported in 2023 share this vision. More information on our annual progress is provided in the **“For Community”** section of the report.



Nemo, the first **micromobility** startup within the Ford Otosan ecosystem, is a subscription platform that offers customized personal electric bike, scooter and electric bike conversion kit rentals. Through this startup, we contribute to the sustainability goals by encouraging bicycle use, reducing vehicle ownership and promoting electric solutions. We believe that this platform will play an important role in line with its mission of fostering the **electric, shared micro-urban mobility** concept in Türkiye.

As part of the Nemo platform, Allianz Third Party Personal Injury Insurance, Financial Liability Insurance, emergency assistance, and free additional health packages including helmets, locks and reflectors are offered to prioritize the well-being and safety of the users.



Flexper is our new customer-centric vehicle subscription service, offered with multiple alternatives and developed to provide **innovative smart mobility** solutions. Flexper allows us to include all the ownership costs of a vehicle in the monthly subscription price.

Our long-term goal for this vehicle subscription model is to contribute to **circular economy** by improving vehicle usage efficiency and supporting the efforts to reduce exhaust emissions. We successfully conducted an external pilot study for the Flexper operation in 2023. Ford Otosan senior management has decided to take our project to the next phase. In 2024, we will increase our vehicle volume and test new business models and services with both local and international customers. Ultimately, we aim for Koç Holding to make a commercialization decision for Flexper.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW FOR
TECHNOLOGY AND
INNOVATION

[Innovation](#)

[Digitalization](#)

[Cyber Security](#)

[Data Analytics and
Automation](#)

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

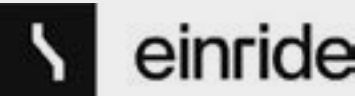
FINANCIAL STATEMENTS

ANNEXES

► **COLLABORATION WITH EINRIDE**

Ford Trucks signed a memorandum of understanding with the technology-driven logistics company Einride to develop the heavy commercial vehicles of the future for **zero-carbon transportation** solutions. With this collaboration, Einride and Ford Trucks aim to play a leading role in **environment friendly** and **innovative logistics** by adding electric and autonomous vehicles to fleets.

The plan is for Einride to purchase heavy commercial vehicles without powertrains called ‘roller skates’ from Ford Trucks and add them to its fleet and for both parties to carry out joint projects to supply Einride with electric and autonomous trucks. Designing forward-looking strategies for **zero-emission electric, connected, driverless vehicles**, Ford Trucks will create the logistics solutions of the future together with Einride and contribute to reducing CO₂ emissions in road transportation, lowering operating costs and improving **fleet productivity**. In 2023, the focus of the development work was on autonomy-compliant chassis platforms.



► **CBM.TECH PARTNERSHIP**

Ford Trucks and CMB.TECH partnered for a strategic collaboration focused on the conversion to **dual-fuel hydrogen** trucks. As part of this partnership, we will leverage CMB.TECH’s expertise in hydrogen technologies to convert Ford Trucks vehicles into hydrogen-powered dual-fuel vehicles. The conversion, which will take place without making any changes to the diesel engine system, will not only offer the opportunity for fast and easy commercial scaling, but also enable us to make a significant contribution to the development of **hydrogen technology** in heavy commercial vehicles.



► **BiG 2023**

In the fifth edition of our BiG (Information, Communication, Development) event, the main theme was **Sustainability and Additive Manufacturing**. During the event, we hosted panel sessions on Additive Manufacturing, Carbon Transition and Sustainability Roadmap, Women in Technology, Sustainability to Design, Sustainable Cities, Sustainable Value Chain, Hydrogen Technologies, and the Financial Implications of Climate Crisis. The BiG events bring together expert speakers in their respective fields, university students, employees, along with representatives from supply industry companies, NGOs, and associations.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
 - [Innovation](#)
 - [Digitalization](#)
 - [Cyber Security](#)
 - [Data Analytics and Automation](#)
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

DIGITALIZATION

Digitalization across our value chain is among our focus areas in terms of **more effective engagement**. We believe that digitalization plays a crucial role in terms of engaging more closely with our supply chain and customers, and responding to the changing consumer habits. High tech vehicles, smart driving systems, connected vehicles and digital customer experience applications are among the key components of digitalization in the automotive industry. Digital transformation allows manufacturers to develop solutions for sustainability, safety, data analytics and autonomous driving.

Therefore, Ford Otosan’s **digital transformation** journey has continued at full steam since 2016 in **seven focus areas**. **Artificial intelligence** lies at the heart of our digitalization journey, while we address **cyber security** as an essential part of each focus area by adopting a holistic approach to managing the emerging risks effectively.

DIGITAL TRANSFORMATION ACTIVITIES

In line with our seven focus areas, we run numerous digital transformation programs for all our stakeholders across our sites, starting with our **facilities, plants and dealers**. In 2023, we addressed digital transformation extensively by introducing several innovations and launched many projects in our focus areas. Leveraging the backbone of digitalization to guide our digitalization efforts, we reinforce our decision-making mechanisms to encompass the “**Data-Driven Decision Making**” principle.

1	Connected Customer and Dealer	Regarding the connected customer, we offer personalized content and campaigns to our customers via our digital channels and introduce self-service options.
2	Connected Manufacturing	We aggregate all available data on a single big data platform to process our IoT and production data more easily. We constantly and dynamically reprogram our production dynamically by considering all factors.
3	Connected Product	In the process of designing new products, we use the analyses, drawn from customer feedback. We build connected vehicles and focus on value-added services using the collected data. In addition to simplifying the processes and migrating them to the digital environment, we also work to centralize company data for easier access.
4	Connected Employees	We provide the necessary infrastructure for our employees to perform their tasks in a digital work environment and on mobile platforms. We aim to increase their happiness levels and improve our retention rates by analyzing employee data. We also work to automate routine tasks with low added value so that our employees can contribute creatively, effectively and efficiently.
5	Connected Supply Chain	We connect our suppliers to our centralized data and management center to optimize our inventory orders. We also implement digitalization projects in the storage and logistics systems.
6	Artificial Intelligence	Ford Otosan’s goal is to elevate the competencies of our colleagues by effectively implementing our data management organization and processes and to have an exemplary global data management structure by developing our data technologies. At Ford Otosan, we aim to democratize artificial intelligence and offer innovative automotive products and services that benefit society by creating our ethics manifesto.
7	Cyber Security	As part of Ford Otosan’s agile transformation approach and digital journey, we constantly improve ourselves regarding cyber security to ensure that we provide all our internal and external stakeholders with safer products and services that comply with the applicable regulations and global standards.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

Innovation

Digitalization

Cyber Security

Data Analytics and Automation

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

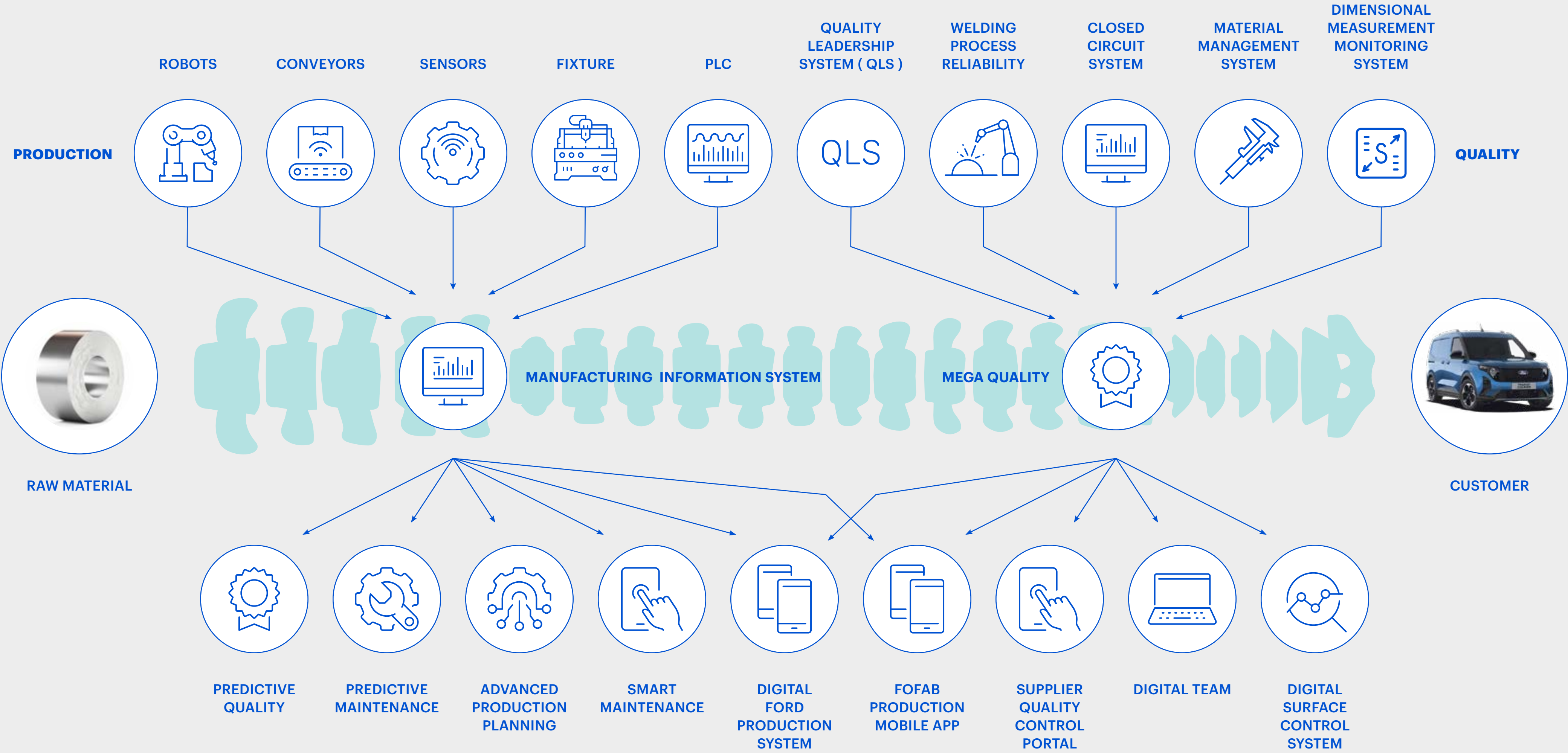
PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

CREATING VALUE THROUGH DATA



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

Innovation

Digitalization

Cyber Security

Data Analytics and Automation

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

The **Voice of Customer (VoC) Platform** allows us to closely monitor the customer journeys end-to-end. On this platform, we collect feedback from our customers in real time, respond instantly, and develop ways to enhance their journeys. Through VoC, we also focus more on our customers’ engagement with the brand, building on our capabilities to closely follow customer journeys and receive **instant feedback**. We share the feedback of our customers who express their dissatisfaction with the relevant business functions and ensure that they respond. We regularly monitor the completion rate of the actions and share them with the relevant business functions.

My Ford Account is a platform that enables us to provide the customers with information and updates about their vehicles and reinforce our communications by swiftly managing customer requests via this customized d platform. Via My Ford Account, the **Ford Customer Portal** launched in 2021, we closely monitor customer experiences and employ an **agile logic** based on feedback to offer personalized campaigns and vehicle-specific servicing deals.

Our Connected Customer and Dealer approach allows us to enhance customer experience and establish strong digital ties with our business partners to focus mutually on success.

TECHNOLOGY AND CUSTOMER CENTER

We launched the state-of-the-art “Technology and CX Center” within the Sancaktepe campus in 2023 to offer proactive solutions that enhance the customer experience. At this center, a reflection of our agile transformation, we check the health status of the light, medium and heavy commercial vehicles equipped with the “Connectivity”

feature and proactively resolve the potential issues. Any major malfunctions that may occur in our vehicles are resolved by maintaining contact with the customer. We have already observed that the service is enhancing customer satisfaction. In 2023, **the number of customers contacting the Solution Center for complaints decreased by 20.4%** compared to 2022.

Whether connected or unconnected, all the vehicles that enter our authorized service centers are tracked using live data to monitor the dealer they visit and how long they stay in a specific shop for which reason. We review the vehicles waiting for diagnostics, repairs, spare parts, etc. on a live screen in daily meetings with the participation of Solution Center, Technical Field and Warranty experts in our cross-functional teams. As a result of this initiative, we observed significant improvements in the waiting time of vehicles in the service centers. The proactive work of our agile teams resulted in a **55% reduction** (from an average of 13.6 days to 6 days) **in the resolution times of our customers** who contacted the Solution Center in 2023. With our “**Mobile Service Vehicles**”, we also offer multiple maintenance and simple repair services on site for our customers, especially those with fleets of light and medium commercial vehicles, by prior appointment.

Our **Digital Dealer Initiative** is our approach to leveraging the intensive and direct communication with our dealers as a key channel for strengthening customer engagement and improving customer experience. We aim to foster the **development and customer-centric transformation of dealers** to enhance customer experience. For this purpose, we undertake digitalization initiatives to improve the efficiency of our dealers’ business processes. In 2023, we facilitated the transition to paperless digital applications in all dealers and launched **smart workshop planning** functions. Additionally, we opened the **Dealer Reporting Portal at 109 dealers**, offering access to all reports and customer sales/ after-sales metrics from a single platform to support our dealers in providing better customer service.



We also designed a new system in 2023 to enhance the **existing digital workshop planning system**, which is actively used in **100 dealers**.

We began to test the transition the vehicle entry processes in our service centers from manual to digital at pilot dealers with the **Workshop Form** project. Starting in the first quarter of 2024, this digital form will be available in 100 dealers. As a result of these initiatives, we aim to achieve the highest level of efficiency in the workshops, increase uptime in vehicles and eliminate the printing of two million sheets of paper per year.

With the **Smart Vehicle-Model Recommendation System for Dealers**, we offer the most accurate vehicle model and mix recommendations based on dealers’ own sales and inventory history, regional locations, vehicle specifications and seasonal data when entering orders. This approach aims to reduce the amount of lost sales by eliminating mandatory discount rates for older vehicles and ensuring that the vehicle is available



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
 - Innovation
 - Digitalization
 - Cyber Security
 - Data Analytics and Automation
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES



Our **Connected Manufacturing** approach allows us to build an ecosystem integrated with digital technologies in our production processes and improve efficiency.

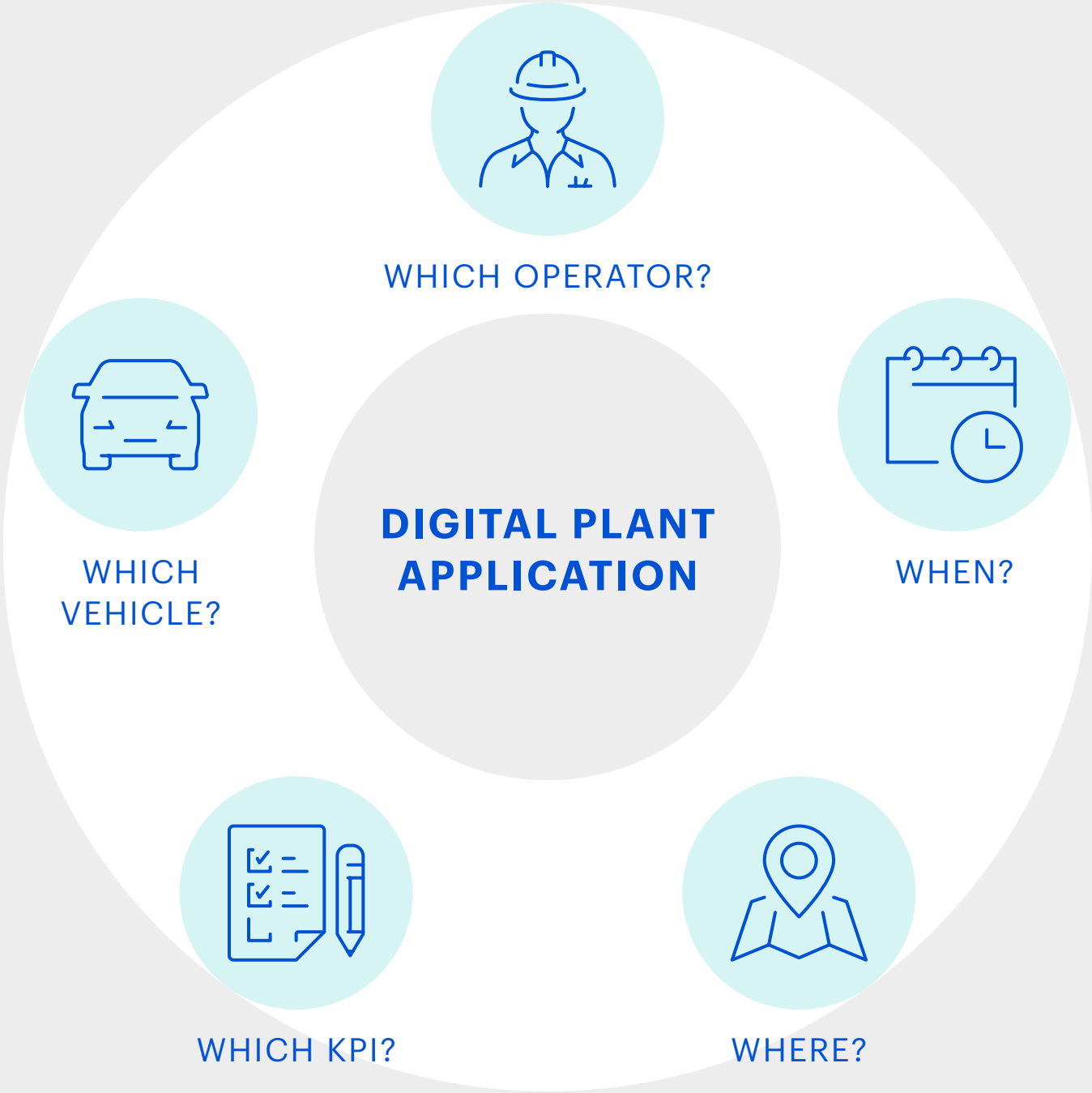
at the right time, in the right location and with the right vehicle model/mix combination. The two-stage predictive model structure is used to calculate the suitable model/mix recommendations for each allocation period.

On the other hand, our **Dealer Portal** application helps dealers make data-driven decisions by monitoring critical performance indicators and targets in customer, sales, after-sales and warranty processes.

We launched the project for **AI-Assisted Digital Twin of the Brake Disc Production Line in Eskişehir** within the scope of a EUREKA ITEA-funded incentive program. Through this Artificial Intelligence Tool Chain for Manufacturing (AITOC) project, we achieve end-to-end real-time monitoring by integrating the production line into the **big data environment** through sensors and industrial computers. The **AI-assisted digital twin development** process also allows us to control and optimize the production line using real-time predictive maintenance, anomaly detection, cutting tool life predictions, cost optimization models and edge computing. One of the artificial intelligence models developed in this project was published in the journal of CIRP, the world leading organization in production engineering research.

With the **Welding Analytics System (WAS)**, launched as a quality control application in the Body Production Floor at our Gölcük Plant, we are able to make real time predictions for spot welding quality, equipment maintenance and welding electrode life. The success of our project, which was launched at the Yeniköy Plant in November 2023, has matured with the joint efforts of data scientists and automation engineers, driven by data and automation. Once the ongoing integration is completed, we plan to launch the same product at the Eskişehir Plant. This project not only prevented disruptions in manufacturing operations but also **saved Euro 1.5 million** in quality and labor costs. Additionally, the screen integrated to the production floor enables **constant monitoring** of the entire process. Using the **Digital Plant Application**, developed internally, we connect the field operators to our digital processes and applications. This mobile application, used by all operators, especially those in the assembly areas, provided many benefits in the following areas and resulted in improved efficiency and quality in production: **matching the right operator with the right operation**, real-time **traceability**, **data-driven performance** monitoring, **paperless production**, and right product at the first time.

Octopus Application, developed internally and set to be deployed first at the Yeniköy Plant, will enable us to fully integrate all our logistics processes within the plant. With this platform, all objects, people and technologies in the logistics process within the plant will become interconnected. The Octopus Application **dynamically identifies the parts** needed for the vehicles on the production line, communicates them to all the relevant objects, people and applications and then guides them to ensure that the required materials are delivered to the **right station for the right vehicle**. The Octopus Application, which is integrated with all the components of the process, such as automated shelving systems operating on site, the AGVs and material picking stations and operators, coordinates the entire operation based on data. With the Octopus Application, which will support our **zero-inventory strategy**, we anticipate a significant efficiency improvement in production, quality and logistics processes.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
 - [Innovation](#)
 - [Digitalization](#)
 - [Cyber Security](#)
 - [Data Analytics and Automation](#)
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

In 2024, the number of our **connected vehicles** will **exceed 40,000**, while we will add new features such as predictive maintenance, real-time vehicle tracking and reporting to the product functions.

Our **Vehicle Health Alert (VHA)** system detects errors by analyzing DTCs (Diagnostic Trouble Codes), the specific error codes received from the vehicles. The system, which determines **error-specific actions** with a data-driven approach, triggers four different types of automated alerts: sending a tow truck, sending a utility vehicle, directing to service, or customer actions, depending on the level of criticality.

Ford owners may use the **Command** feature to customize their driving experience by sending various commands to their vehicles via the FordPass mobile app. For example, the “remoteStart” command ensures comfort in hot or cold weather by starting the vehicle remotely and ensuring that the interior reaches the desired temperature. The “lock” and “unlock” commands provide the flexibility to lock or unlock the vehicle, while the “startPanicCue” command contributes



to the safety of drivers by making emergency calls. With these features, we enable drivers to control their vehicles more effectively, while enhancing the driving experience with customizable **safety** and **accessibility** levels.

The **Complex Event Processing** feature enables Ford owners and fleet operators to use the FordPass mobile app to set special rules for their vehicles and receive alerts if these rules are violated; i.e. a fleet may request push notifications when a vehicle exceeds the defined speed limit. Vehicle data is transferred to the data lake in real time and the rules determined by the user are also instantly recorded. This allows instant tracking of rule violations, which are immediately communicated to the ConneCTruck team. Since the data flow is exported to the data lake, customers benefit from seamless and faster service. We anticipate this cloud-delivered solution to yield **annual cost savings of USD 240,000**.

We adopt the Connected Product approach to enhance user experience by enriching our products and optimize our product performance with data analytics.

Aiming to integrate the concept of value into our digitalization processes, we established the **Ford Otosan Software Academy** to ensure that our teams comply with today’s vehicle technology trends and eliminate the existing deficiencies. In 2023, we successfully launched the “**Web Software Development**” program as a first with the participation of **20 employees**. Next, we launched the “Low Code/No Code for Citizen Developers” as the second program offered within the Ford Otosan Software Academy. **More than 220 employees** successfully completed this program. To drive and accelerate our digital transformation, we will launch new programs under the Academy and continue to upskill our teams for future readiness.



We embrace the Connected Employees approach and leverage the latest technological innovations to encourage our employees to be informed about current trends and gain the necessary skills.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
 - Innovation
 - Digitalization
 - Cyber Security
 - Data Analytics and Automation
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

CYBER SECURITY

At Ford Otosan, we address cyber security based on the premise that it is a critical issue for all of our digitalization focus areas and assess the potential risks throughout our **agile transformation and digitalization journey**.

The **Cyber Security** team, under the **Information Technologies Security and Risk Management Leadership**, leads the management of cyber security issues by involving all internal and external stakeholders in the process. In 2022, we restructured the “**Security and Risk Center (Center of Excellence - CoE)**” function within the Digital Products and Services Platform Area (formerly Information Technologies) and started to employ our risk management perspective more effectively. We also leverage widely accepted standards and risk methodologies such as ITIL, CoBIT, and ISO 27001 as part of our cyber security approach to comply with global standards.

We involve all our stakeholders in the process of identifying our cyber security risks by considering Information Technology (IT) assets, projects and business processes, industry standards, laws and regulations, applications, industrial control systems, suppliers as well as the emerging cyber security vulnerabilities worldwide and in Türkiye. We also submit quarterly reports on the emerging critical cyber security risks to the Ford Otosan senior management.

At Ford Otosan, the Corporate Risk Management function’s **Business Continuity Planning (BCP)** processes are supported with the IT function’s **Disaster Recovery Plans (DRP)**. The Disaster Recovery Master document provides a framework for structural and formal activities, system procedures and action plans to be implemented in the event of a disaster with potential impact on our operations. BCP documentation that supports our business continuity plans includes a

priority process table, business impact analyses and risk mitigation strategies. During annual business continuity drills, we review department BCPs and IT commitments that include the priority process table, business impact analyses, risk mitigation strategies and **Disaster Recovery (DR) requirements** via the Ford Otosan Application and Infrastructure Disaster Recovery Classification Table. The recovery drills conducted in 2023 did not produce any significant findings that could hamper the effectiveness and timeliness of the current plan.

The management of network security systems in alignment with Ford Otosan’s goals and policies is a key issue for us. Planning high-performance network security systems, designing and establishing security infrastructures against internal and external attacks in **cloud and network security system** environments are tasks undertaken by our Cyber Security experts, who also ensure the seamless and effective use of these services.

To view **Ford Otosan Information Security Policy**, please click [here](#).

As part of the efforts to strengthen cyber security in 2023, we introduced reinforcements and various security measures in computer networks and systems. We started to use **End Point Protection (EPP), Endpoint Event Detection and Response (EDR), and Hybrid Proxy (Zero Trust Network Access) applications actively**.

In alignment with UN Regulation No. 155- Cyber security and cyber security management system and UN Regulation No. 156- Software update and software update management system, we engage in production and vehicle safety enhancements.



Enhancements in Identity and Access Management (IDM) are ongoing. In this context, we defined function-specific duties and responsibilities, created role-based authorization profiles, and planned authorization reviews.

We shared announcements and gave briefings to inform the employees on the latest GDPR, Information Security and Cyber Security updates. We also organized phishing attack simulations and training, delivered via the awareness platform, to elevated the employees’ awareness of information security.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

[Innovation](#)

[Digitalization](#)

[Cyber Security](#)

[Data Analytics and Automation](#)

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

DATA ANALYTICS AND AUTOMATION

We believe that data plays a key role in improving and enhancing Ford Otosan’s operational activities end to end in the focus areas of our digitalization strategy. This strategic approach is based on the fact that data outputs obtained from sensors on production lines provide valuable information on optimizing processes, reducing errors and improving product quality. We also aim to enhance customer experience with data analytics used in after-sales services, and we integrate these technologies into our work methodologies to understand user behavior and deliver more personalized services.

We recognize that these technological advancements not only give Ford Otosan a competitive advantage but also offer solutions for sustainability issues and reducing environmental impact. We leverage **data and automation** both as a technological advancement and also as a **value and awareness creation** strategy.

Using the Document Understanding module during the version upgrades in **robotic process automation (RPA)**, we implemented three processes:

- We successfully implemented the SUPER-G project using the Document Understanding technology, which allowed us to eliminate the deficiencies and oversights in the claim documents regarding faulty parts. Additionally, we ensured that supplier ratings would not be affected negatively due to erroneous evaluations, improving our parts sourcing.
- In the Siri-Wers process, we employed robots to read the technical drawing documents, preventing loss of time and possible errors.
- In the Car Order Management process, we also use the Document Understanding technology to extract and compile the necessary information in documents such as vehicle identification cards, insurance documents and order forms requested from Romania.

With the migration to cloud technology, we achieved a cost savings of **Euro 48,000 in robot operating costs** and **86% cost savings in the pay as you go system** implemented through three dedicated robot models.

The **Vecto** process, launched as part of process knowledge, is executed by a robot designed to meet the fuel consumption regulations for vehicles sold in European countries. Once vehicles reach a specific sales volume, fuel consumption is calculated using Vecto’s mathematical calculations by considering their respective specifications. Furthermore, input and output documents are securely stored in the **Digital Corporate Memory (DCM)** environment that communicates with the robot, eliminating manual uploading processes. We employ nine processes to address sanctions risks based on scenarios such as Vecto’s inaccurate calculations or non-functionality.

In 2023, we launched 60 processes, which yielded **TL 62 million TL in gains** and saved a **6,398-strong workforce** (person/year).

DWH Reengineering is an initiative launched in 2023 to improve Ford Otosan’s **data management and analytics capabilities**. We aim to strengthen our analytical capacity by addressing critical business areas such as customer relations, sales, after-sales services, spare parts and warranty, and by managing these data sets more effectively. In addition to data quality improvements, our goals include elevating Ford Otosan’s competitiveness in the market and enhancing customer satisfaction by optimizing our business processes.

Data Governance is an initiative carried out in collaboration with Koç Holding to store data properly, improve data quality, build a **data management culture** across the organization, develop data management policies and procedures, and enhance data accessibility and security.

The objectives of this project include: generating the data used within the organization with a defined, unique and responsible approach, identifying the data flows and

Data lies at the heart of digitalization. Therefore we embrace a smart data management system in decision-making processes and develop data-driven sustainable solutions.

monitoring them across sources, increasing production performance, sales and customer profitability by leveraging data analytics, building the right infrastructures by employing data-driven decision-making mechanisms, effective customer management, data security, improving data quality, and spreading the data management culture across the organization.

We optimized the **DWH** data transfer process to achieve high performance and cost savings. Ensuring security through regular backups, we improved the safety and accessibility of this data. During the secure migration of data to DWH, we reduced the operational costs.

Using the Streaming Airflow to manage the data flows, business processes are continuously monitored. As a result, Ford Otosan **saved USD 15,000 a month, amounting to USD 180,000 annually**.

Adopting a Data as a Service (DaaS) approach, we created an extensive data library by integrating data from diverse sources. We make this data available to cater to our stakeholders’ and business teams’ needs, providing an **end-to-end seamless service experience**. We also create added value by automating



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW FOR
TECHNOLOGY AND
INNOVATION

[Innovation](#)

[Digitalization](#)

[Cyber Security](#)

[Data Analytics and
Automation](#)

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

our business processes. Currently 21 different APIs (Application Programming Interface) are in use, allowing us to contribute to this process.

Digitalization of the spare parts pricing process as part of the DaaS approach automated the manual price calculations for each spare part, making it more efficient. This project made it easier to access accurate and real-time parts data to follow sales and risks instantly by reducing manual work, effort and error margins.

Using various **dashboards**, we instantly visualize and analyze business processes and ensure transparency and effectiveness in decision-making processes.

The **end-of-month (EoM) dashboard** allows us to instantly evaluate Ford Otosan’s performance in the production, sales and spare parts business lines and make comparative analyses with targets. This dashboard provides leaders with quick access to performance data from the first day of the year to date and covers sales, production (including Craiova) and after-sales performance indicators to guide Ford Otosan in achieving its targets.

The **Material Planning and Logistics (MP&L) dashboard** is used to monitor daily, monthly and annual production and inventory levels at the Gölcük, Yeniköy, Eskişehir and Craiova Plants. MP&L performance indicators can also be monitored in daily, monthly and annual intervals.

Customer 360 combines customer-centric performance indicators of the company’s sales, after-sales and marketing functions based on the customer journey stages.

Common Culture Assessment is a system that uses the results of the Denison Corporate Culture Survey developed by Denison Consulting. Data derived from this survey is used to analyze **employee engagement data**, and the Transformation Leadership creates action plans based on the survey data.

Agile Maturity is a system that assesses the teams’ **agile maturity levels** and **team health** as they undergo agile transformation. This system involves Business-Platform area, team health question distribution analytics, team-question and role-question details, so that the current conditions of the teams can be thoroughly analyzed.

Connectivity Executive is a system that the executives may use to quickly obtain information and summarizes the highlights of the project. This screen displays critical parameters such as usage details of the FordPass app, loyalty rates of the sold vehicles and regional sales density. The system helps executives understand the overall health and performance of the project and make data-driven decisions with real-time updates.

The **Smart Supplier Chargeback (Citizen Project) dashboard** automates the return process and tracking of domestic market warranty repairs to relevant manufacturers. Overall status tracking of manufacturer returns, manufacturer prioritization, automatic calculation of part costs by faults, automatic addition of labor and other costs for specific faults, tracking manufacturer return frequencies, detailed data visibility, multi-user and online access support services are features of this system. Thanks to this application, we decreased our manual operations, generated additional earnings of **TL 3 Million** in 2023, and **saved 30% in labor**.

As part of Ford Otosan’s customer-centric efforts, **Powerwall** enables all metrics affecting Ford Trucks and Passenger Commercial customers to be instantly monitored on a giant screen.

Wers Alert Concern enables monitoring of Concern and Alert processes of multiple teams on a single screen. In addition to monitoring Wers and Alert processes a on a single screen, automated reporting systems are activated and employees save on their reporting tasks. The Alert and Concern page, updated daily on the screen, features data that can be filtered

by alert number, event creation, vehicle line, opening date, the person who opened the event and the alert. The status, monthly trends and details of opened alarms can also be displayed. In the Concern section, the system also shows the part number, part details, and Authority to Proceed (ATP), Quote One Pager (QOP), Supplier Technical Assistance (STA) and Capital Expenditures (CAPEX) information.

Integrated into the technology room at the Yeniköy Plant, the **710 Video Wall** project was developed to monitor the workforce, Fikirhane, production, quality, V710 connected vehicle statuses, import and energy consumption reporting in real time. The objective of the project is to effectively manage the factory operations via the video wall, which provides access to these reports on a single display.

The **Passenger & Commercial Dealer Warranty Performance dashboard** shows the monthly scores of the factors (number of Red Claims, number of SIMIM Late Parts, etc.) that demonstrate the dealers’ warranty performance and their rankings across Türkiye based on the weighted average of these scores.

FKasko is an insurance product, designed solely for Ford vehicles and offers a detailed breakdown of monthly sales performance by dealers and insurance brokers.

Raw Material Steel Price Forecast represents a solution developed to address the supply chain challenges Ford Otosan encounters. The objective of this project is to help in making informed, data-driven purchasing decisions by improving the existing procurement processes. Another objective is to provide real-time insights to the purchasing team by providing up-to-date and accurate price forecasts. This project contributes to Ford Otosan’s competitiveness, while yielding savings of **USD 3.6 million** in steel raw material purchases, which amount up to 800,000 tons every year.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
 - Innovation
 - Digitalization
 - Cyber Security
 - Data Analytics and Automation
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

IDC DX FUTURE ENTERPRISE 2023 - BEST IN FUTURE OF DIGITAL INFRASTRUCTURE AWARDS

We were recognized with the second prize in the Best in Future of Digital Infrastructure category for our **Connected Vehicles Platform** project. In this project, we collect, process and analyze real-time data on the connected vehicles data infrastructure and management platform we developed using open source technologies such as Cloudera Hadoop, Apache Kafka, Apache Spark, Apache Flink. As a result, we offer actionable insights to make data-driven decisions. At Ford Otosan, we guide innovation and digital transformation in the automotive industry by designing **scalable, efficient and responsive** systems, while also improving vehicle performance and operational efficiency.



TR AI WEEK

We participated in the 2023 TRAI Week events as a **Gold Sponsor**. On the first day of the event, we answered the questions of the participants at our booth. We also hosted sessions on artificial intelligence, opportunities, risks and the role of the data academy throughout the event.

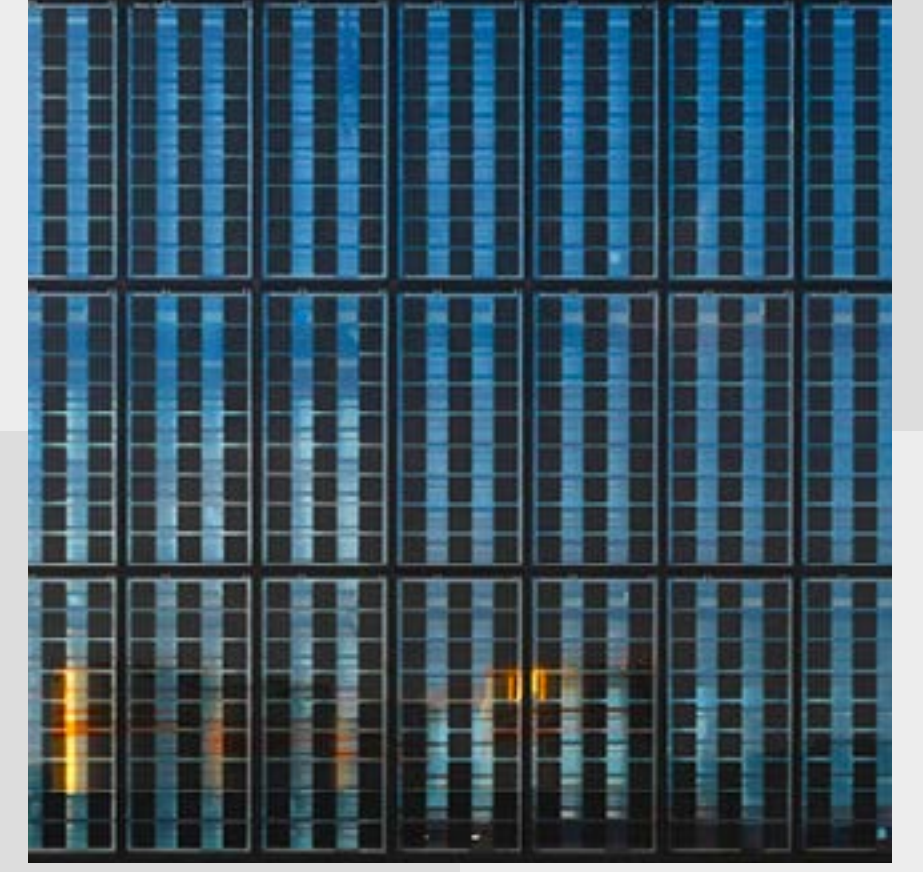


DATA CAMP - BOĞAZİÇİ UNIVERSITY

Ford Otosan participated in the DataCamp Event organized by Boğaziçi University COMPEC and hosted the **“Software on Wheels”** session, where we discussed Data Analytics and Artificial Intelligence in the automotive industry.



FUTURE. NOW FOR ENVIRONMENT



- › TRANSITION TO LOW CARBON ECONOMY —96
- › PRODUCT SUSTAINABILITY —99
- › ENVIRONMENTAL IMPACT OF OPERATIONS —105
- › VALUE CHAIN MANAGEMENT —114



FOR ENVIRONMENT

The European Commission’s Copernicus Climate Change Service data for 2023 demonstrates that global surface air temperatures reached the highest levels on record, 1.48°C warmer than the 1850-1900 pre-industrial level.¹ Furthermore, the Intergovernmental Panel on Climate Change (IPCC) indicates that the probability of global warming exceeding 1.5 °C between 2021 and 2040 is higher than 50%. Therefore, transitioning from fossil fuels as early as possible to curtail the impact of climate change, continuously increasing in frequency and severity, is emphasized as a critical action.

Transportation vehicles contribute significantly to global emissions. Therefore, reducing carbon emissions from transportation vehicles is of critical importance in achieving the net zero economy targets. Even though the efforts toward carbon neutrality fall short across the board, the share of electric vehicles in passenger car sales is on track to meet the 1.5°C-aligned 2030 targets, as this year’s State of Climate Action finds.²



Meanwhile, Türkiye is actively working on drafting the Law on Combating Climate Change. This legislation, slated for implementation soon, will focus on a broad sectoral perspective to address climate change.

We attended the meetings on the proposed Climate Law and National Carbon Pricing mechanisms and submitted Ford Otosan’s opinions.

At Ford Otosan, we take responsibility for leading the sector beyond simply contributing to the transformation in the automotive industry in tackling global climate change with our Future. Now vision. Accordingly, we take actions to reach our carbon transition, waste, circular economy, and water targets already today with our vision, **“Future. Now For Environment”**.



In 2022, we disclosed our long-term sustainability targets in the focus areas: Climate Crisis and Energy Management, Waste Management and Circular Economy, and Water Stewardship. We remain committed to achieving these targets.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

[Transition to Low Carbon Economy](#)

[Product Sustainability](#)

[Environmental Impact of Operations](#)

[Value Chain Management](#)

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

1.

European Commission Global Climate Highlights 2023 (2024). Copernicus: 2023 is the hottest year on record, with global temperatures close to the 1.5°C limit

2.

Climate Analytics (2023). State of Climate Action 2023

ENVIRONMENTAL SUSTAINABILITY TARGETS

Target		Progress Toward the Target
Climate Crisis and Energy Management	Becoming carbon neutral across the entire supply chain	<ul style="list-style-type: none">• In line with our target of becoming carbon neutral across the entire supply chain, we conducted supplier sustainability assessments in the first stage with pilot-scale companies in 2022 and then expanded the question set in 2023.• We organized awareness-raising activities, including a Supplier Sustainability Conference, online Sustainability training programs and Supplier Workshops.• The process that began with awareness sessions continued with self-assessment and training at all suppliers and auditing of critical suppliers.• The work carried out in 2023 included the creation of Net Zero Roadmap for our suppliers who produce critical product groups and the updating of existing procedures.• New targets were set for sharing the supplier responsibilities with Ford Global in 2024.
	Becoming carbon neutral in logistics operations	<ul style="list-style-type: none">• The company decided to invest in the Block Train project for leveraging rail transportation between Craiova and Gölcük to reduce emissions in our logistics operations in 2024.• In the near future, the focus will be on creating roadmaps for rail transportation between Germany and the Gölcük Plant.• According to the feasibility studies conducted for rail transportation between the Eskişehir and Gölcük plants in Türkiye, the project was not deemed financially feasible. There are plans for leveraging electric vehicles in short-distance logistics.• Ford Otosan plans to transition to all-electric road transportation to reduce emissions from air, rail and sea transportation.• While the automotive industry reports express an 83% emission reduction target by 2035, Ford Otosan aims to achieve a 95% emission reduction. The remaining emissions are projected to be offset with carbon credits.
	Becoming carbon neutral in manufacturing sites and R&D center in Türkiye	<ul style="list-style-type: none">• In line with our 2030 target of becoming carbon neutral in all manufacturing sites and R&D center in Türkiye, all the electricity used in these facilities is procured from 100% renewable sources.• In 2022, we declared our commitment to the Science-Based Targets initiative (SBTi) to set our short-term targets by adopting the approach to limiting global warming to 1.5°C as defined in the Paris Agreement. The submissions were completed in January 2023. Based on the pending methodology change to be introduced by SBTi in 2024, we plan to complete the application process for short- and long-term targets.• According to the calculations covering Türkiye and Romania sites, we are committed to reducing Scope 1 and 2 GHG emissions by 78% by 2030, compared to the 2017 base year• Internal carbon pricing studies have been reviewed and activities have been carried out to include the impact of carbon in the decision-making mechanism more prominently when considering new investments.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

Transition to Low Carbon Economy

Product Sustainability

Environmental Impact of Operations

Value Chain Management

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

ENVIRONMENTAL SUSTAINABILITY TARGETS

Target		Progress Toward the Target
Climate Crisis and Energy Management	Sell only zero emission passenger vehicles	<ul style="list-style-type: none">Following the acquisition of the Ford Craiova Plant in Q1 2022, Ford Otosan expanded its production scope with the addition of the passenger vehicle segment.Ford Otosan shares design and production responsibility in the passenger car segment with Ford. Puma and the people-carrier version of the new Courier, launched in Q4 2023 and currently produced at the Craiova Plant, are driving passenger vehicle production capabilities.In line with the “all in electrical” target, we will offer electric versions of all the passenger car and other vehicle nameplates in our production portfolio in the years to come.
	Sell only zero emission light/medium commercial vehicles	<ul style="list-style-type: none">Ford Otosan adopts various strategies to achieve the target of selling zero-emission commercial vehicles.Multi-faceted strategies encompassing R&D, product investments, supply chain continuity, partnerships, infrastructure development, marketing and training are currently being implemented.Locally and globally funded R&D and Horizon Europe projects are carried out to explore, develop and launch various alternative fuel vehicle technologies such as electric, hybrid and fuel cell vehicles.Ford Otosan has committed to reduce Scope 3 GHG emissions by 50% per vehicle kilometer by 2030 compared to the 2021 baseline.
	Sell only zero emission heavy commercial vehicles	<ul style="list-style-type: none">With the 100% electric truck designed and produced entirely in Türkiye, Ford Otosan started developing the next generation of electric heavy commercial vehicles.Ford Otosan also joined the European Union’s zero emission logistics project Horizon Europe ZEFES (Zero Emission Freight EcoSystem). As part of the project, the first fuel cell electric (FCEV) F-MAX to run on hydrogen will be developed.In addition to developing innovative and sustainable solutions with engineering and R&D expertise, the ZEFES initiative will also provide significant competence in hydrogen technologies and FCEV research and demonstration. The plans include manufacturing fuel cell vehicles in alignment with the serial production targets.Ford Trucks, Ford Otosan’s global heavy commercial brand, is accelerating its work within the scope of the EU funded next-generation zero-emission electric trucks and efficient and low-cost logistics (NextETRUCK). With the NextETRUCK project, we are focusing on creating an electric truck with reduced weight, advanced thermal management and Acoustic Vehicle Alert System (AVAS) integration. Ford Trucks aims to contribute to efficient and low-cost logistics through the NextETRUCK project to spearhead the future of zero-emission transportation.
Waste Management and Circular Economy	Reach zero-waste to landfill	<ul style="list-style-type: none">Working toward the “zero waste to landfills target by 2030,” we engage in various studies and partnerships.We are considering the options of recycling and obtaining energy from waste depending on the conditions of the landfill locations where our domestic waste is sent.To increase awareness across the entire Ford Otosan ecosystem, waste management seminars were organized with dealer employees in attendance.At the Eskişehir Plant, waste materials other than medical waste are recycled to the maximum instead of sending them to landfills. By delivering the domestic to the bio-methanization facility of Eskişehir Metropolitan Municipality, where it is used for energy generation, the Eskişehir Plant met its zero waste to landfills target.Thanks to the cooperation between the municipality and the plants generating energy from waste, Eskişehir Plants has achieved the Zero Waste to Landfill target.Action plans have been determined for the Kocaeli plants, where the waste sent to regular landfills will be reduced by 20% every year and completely eliminated by 2030.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

[Transition to Low Carbon Economy](#)

[Product Sustainability](#)

[Environmental Impact of Operations](#)

[Value Chain Management](#)

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES



PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

ENVIRONMENTAL SUSTAINABILITY TARGETS

	Target	Progress Toward the Target
Waste Management and Circular Economy	Completely eliminating single-use plastics from personal consumption	<ul style="list-style-type: none">• Various activities and partnerships are ongoing to completely eliminate single-use plastics from personal consumption.• Most of the products within this scope have already been discontinued.• Single-use items are replaced by options that allow multiple uses.
	 Increasing the ratio of recycled and renewable plastics used in the plastic components of the vehicles sold to 30%	<ul style="list-style-type: none">• Sustainable material commitments were defined in line with the net zero target.• Activities to further integrate sustainable plastics into vehicle design and engineering processes are ongoing by increasing the ratio of recycled and renewable plastics used in the production of commercial vehicles.• The 10% sustainable plastic ratio targeted for new Transit Custom vehicles by 2023 has been successfully achieved, resulting in an average of 17 kilograms of recycled and renewable plastics used per vehicle.• The lower leg stiffener (LLS) in Transit Custom vehicles that requires meeting strict specifications in terms of pedestrian safety and collision has been modified to contain 50% recycled plastic as of 2023. This material change resulted in an annual reduction of 571.8 tons of CO₂. This project, which won first prize in the Circular Plastics Management category at the 2023 Sustainable Business Awards, represents a significant undertaking for the company as the first use of circular plastics in a critical part.• In heavy commercial vehicle groups, the trials and material development processes for sustainable plastics reinforced with natural fibers and additives such as recycled, bio-based jute, rice and nut shells are carried out with partner suppliers.• Material and color development studies are ongoing on more than 10 visible and invisible parts weighing 15kg in total to improve cost effectiveness.• These actions support Ford Otosan’s commitment to reducing the use of plastic products with high carbon emissions and shifting toward sustainable plastics with clear plans and yearly targets, while also contributing to a more sustainable automotive industry with lower environmental impact.
Water Stewardship	 Reducing fresh water consumption per vehicle in facilities by 40%	<ul style="list-style-type: none">• A roadmap was created to reduce the amount of fresh water used in the Gölcük and Yeniköy manufacturing sites by 40% by 2030. Projects for recovering wastewater were included in this roadmap with plans to establish systems for the recovery of various effluents.• Projects have been launched at the Gölcük and Yeniköy Plants to recover wastewater and effluents (such as the treatment plant’s existing effluent, domestic wastewater, backwash water, cooling tower blowdown water, etc.). These projects are slated for deployment in 2024.• The treated wastewater will be used in the production process.• As a result, the Kocaeli Plants are projected reach a recycling rate of 40% by 2025. Following the new investments at the Yeniköy Plant, a Gray Water Recovery System will be built and the wastewater recovery projects at the Gölcük and Yeniköy Plants will be implemented in 2024.

- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
 - [Transition to Low Carbon Economy](#)
 - [Product Sustainability](#)
 - [Environmental Impact of Operations](#)
 - [Value Chain Management](#)
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

TRANSITION TO LOW CARBON ECONOMY

Transport accounts for more than a third of CO₂ emissions from end use sectors. Aligning transportation with the International Energy Agency’s (IEA) Net Zero Scenario requires transport sector emissions to fall by around a quarter by 2030. Electrification in the transport sector and increasing energy efficiency of vehicles are among the proposed solutions.³

At Ford Otosan, we work to incorporate the impact of greenhouse gas emissions resulting from our activities into the decision-making processes when considering new investments and also toward the carbon neutrality across all operations along with products and services. **Under our Future. Now vision, we disclosed our long-term sustainability targets in 2022 that will also contribute to our Net Zero commitment in alignment with the 1.5°C goal.** As we make progress on our targets, we encourage practices that address the entire value chain of Ford Otosan and prioritize cooperation with our stakeholders, starting with our suppliers.

Digitalization and innovation are regarded as the most critical drivers and catalysts of the transformation in the automotive industry. Accordingly, we invest in clean production technologies by considering climate-related risks and opportunities to mitigate their impacts and adapt to evolving climate conditions, while also ramping up our energy transition focused electrification investments. Since kickstarting the investments in next-generation electric and connected commercial vehicles and battery assembly plant projects in 2022, we have not only made significant strides but also joined a number of international R&D projects in 2023. Moreover, we enhanced resource efficiency in our Transit and Custom vehicles. Meanwhile, Ford Trucks – as a partner in an EU-funded project – started to develop a concept vehicle featuring fuel cell technology.

3. International Energy Agency (2023). Energy System: Transport

Environmental Training	2021 TR	2022 TR	2022 RO	2023 TR	2023 RO
Number of Participants (Employees)	10,882	12,491	30	8,571	1,475
Number of Participants (Subcontractors)	6,996	12,463	1,433	1,769	1,698
Training Hours (person x hours) (Employees)	38,100	55,756	30	19,692	738
Training Hours (person x hours) (Subcontractors)	3,353	23,102	1,433	885	425

ENVIRONMENTAL COMMITTEE AND ENERGY MANAGEMENT TEAM

The activities of the Environment Committee and Energy Management Team are overseen by the Ford Otosan senior management. The committee and the team consist of the head of the Environmental Committee, the Environmental Manager, and the environment and energy officers representing their respective departments. Plant managers, line managers, environment and energy teams and area managers participate in the meetings held at the Board of Directors level. The climate and environmental targets are included in the performance evaluation criteria for senior executives. Furthermore, information is provided about evolving situations and projects to ensure that they are considered in the decisions, while the departments are encouraged to share their best practices.

MANAGING CLIMATE RISKS

As we assess the risks and seize the opportunities that may affect our products and activities, we monitor the factors with short-, medium- and long-term impact. We proactively perform in-depth analyses to ensure that actions are taken before risks and opportunities arise. Moreover, we work with both the Early Determination and Management of Risk Committee and the relevant functions for effective management of climate risks and opportunities.

In the reporting period, there were no accumulated or purchased carbon credits. At Ford Otosan, we strive to reduce our carbon footprint through R&D activities as well as projects implemented in the plants.

The automotive industry is undergoing rapid change as new technologies emerge and policy makers pass new regulations. At Ford Otosan, we closely follow the latest technological advancements in the world, especially developments such as the Carbon Border Adjustment Mechanism, which we expect to increase input costs in the automotive industry in the coming years. Furthermore, we anticipate that the conflicts and rising tensions may deeply affect the electric vehicle market in 2024 since government subsidies for the private sector and the geopolitical risks across the world directly impact international trade.

More information on Ford Otosan’s work on climate-related risks and opportunities is provided under [Risk Management](#).

In **CDP’s Climate Change Program**, we ranked among the companies in the “A -” list with our 2023 performance, while we received a score of “B” in **CDP’s Water Security Program**, maintaining our status. As we strive to improve the effectiveness of our efforts to reduce carbon and water footprints, we will continue to disclose our performance data fully and transparently. Our submissions to CDP’s

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

[Transition to Low Carbon Economy](#)

[Product Sustainability](#)

[Environmental Impact of Operations](#)

[Value Chain Management](#)

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

Climate Change Programs include information about the actions we take on environmental issues, the total number of projects and initiatives undertaken in this area, their environmental benefits/savings and cost savings, and internal carbon pricing efforts. Ford Otosan also follows the global agenda closely, while preparing to align with the CDP’s decision to combine the Climate Change, Water Security and Forests questionnaire into one form.

Please click [here](#) to view our **CDP Climate Change and Water Security** reporting.

As a supporter of the **Task Force on Climate- Related Financial Statements (TCFD)**, we continued with our **TCFD** reporting in 2023 after our first report in 2021.

In 2022, we declared our commitment to the **Science-Based Targets initiative (SBTi)** to set our short-term targets by adopting the approach to limiting global warming to 1.5°C as defined in the Paris Agreement and completed our submissions in January 2023. Based on the pending methodology change to be introduced by SBTi for the 2023 SBTi evaluation, we plan to complete the application process for short- and long-term targets.

- With our short-term SBTi targets**, we commit to:
- Reducing absolute Scope 1 and 2 GHG emissions by 78% by 2030 from a 2017 base year across our Türkiye and Romania locations.
 - Reducing Scope 3 GHG emissions from the use of sold products by 50% per vehicle kilometer by 2030 from a 2021 base year.

We also reviewed our internal carbon pricing study and worked to incorporate the impact of carbon as a criterion into decision-making for new investments.

Ford Otosan’s roadmap for transitioning to a low carbon economy focuses on three areas:

1. Analyzing the climate-related risks and opportunities and creating action plans based on the outputs.
2. Setting targets to reach the net zero emission commitment by 2050 and creating detailed targets and roadmaps by developing strategies.
3. Following the climate-focused policies and practices, starting with the European Green Deal, achieving compliance, and engaging in partnerships.

Our long-term Carbon Transition roadmap envisions:

- Selling only zero-emission vehicles by: 2030 for passenger cars, 2035 for light and medium commercial vehicles, and 2040 for heavy commercial vehicles.
- Achieving carbon neutrality at the manufacturing sites and the R&D center by 2030 in Türkiye and in the logistics operations by 2035.

We determined our long-term net zero targets in 2023. Reducing carbon emissions from the transportation sector will play a key role in achieving the net zero target. The EU is ramping up the efforts to become climate-neutral by 2050 in line with the targets proposed in the European Green Deal and accelerating the decarbonization process in the transportation sector.

The acquisition of the Ford Craiova Plant in the first quarter of 2022 expanded our production capacity and the product range with the addition of the passenger car segment. We share design and production responsibility with Ford Motor Company for the passenger vehicle segment. Puma, produced at the Craiova Plant and the people carrier variant of Courier, launched in the last quarter of 2023 elevate our expertise in this segment.

We adopt multi-faceted strategies, including R&D, product investments, partnerships for supply chain sustainability, infrastructure development, marketing, and training to achieve the target of **selling zero-emission commercial vehicles**.

Furthermore, we join locally and globally funded R&D and Horizon projects as a partner to explore, develop and introduce various alternative fuel vehicle technologies such as electric, hybrid and fuel cell vehicles. Ford Otosan’s electrification journey started with the production of the first PHEV (Plug-in Hybrid) commercial vehicles in its segment and continued with Europe’s most powerful all-electric commercial vehicle, E-Transit, rolling off the production line in 2022. Following the launch of Ford E-Transit and E-Transit Custom, Ford Otosan unveiled its 100% electric truck, a milestone in Türkiye’s electrification journey, at the International Commercial Vehicles (IAA) fair in 2022. The 100% electric truck, developed and produced entirely in Türkiye from design to testing, marked the start of a new era in developing the next generation of light, medium and heavy commercial electric vehicles.

Ford Otosan signed the European Automobile Manufacturers’ Association’s (ACEA) **‘Transition to zero-emission mobility’** statement in 2022, demonstrating its commitment to transitioning to non-fossil fuel technologies in the heavy commercial fleet by 2040 and reducing its carbon footprint to zero by 2050 in compliance with the “Green Deal” strategy of the European Union. As we intensified our efforts to achieve zero emission in our heavy commercial vehicles, we also joined the European Union’s zero emission logistics project, Horizon Europe Zero Emission Freight EcoSystem (ZEFES), with the vision of spearheading the transportation solutions of the future. As part of the project, Ford Trucks will develop the first fuel cell electric (FCEV) F-MAX to run on hydrogen. In addition to enabling us to develop innovative and sustainable solutions with engineering and R&D expertise, the ZEFES initiative will also help us gain significant competence in hydrogen technologies and FCEV research and demonstration. We will also monitor the effects of the project on the market with the aim of including fuel cell powered vehicles in our serial production plans toward net zero targets.

Ford Trucks, Ford Otosan’s global heavy commercial brand, is accelerating its work within the scope of the EU funded next-generation zero-emission electric trucks and efficient and low-cost logistics (NextETRUCK). With the NextETRUCK project, we



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
 - [Transition to Low Carbon Economy](#)
 - [Product Sustainability](#)
 - [Environmental Impact of Operations](#)
 - [Value Chain Management](#)
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

are focusing on creating an electric truck with reduced weight, advanced thermal management and Acoustic Vehicle Alert System (AVAS) integration. Our heavy commercial brand Ford Trucks aims to contribute to efficient and low-cost logistics through the NextETRUCK project to spearhead the future of zero-emission transportation. The NextETRUCK project also involves major changes such as updating EPE parts, building an innovative thermal management system, redesigning the chassis, new brackets, software improvements and cabin modifications. By accelerating our R&D efforts to pioneer zero-emission electric transportation solutions of the future, our global heavy commercial brand Ford Trucks aims to contribute to efficient and low-cost logistics through the NextETRUCK project.

On the other hand, the debate is ongoing regarding various technologies such as fuel cell, battery electric, 48 V and hybrid for long-distance transportation. The power required for long range driving and the ways of transferring it to the vehicle are among the challenges for implementing these technologies for long-haul vehicles. In this context, 48 V powertrains could offer an important opportunity. Through the HiEFFICIENT project, we aim to use energy efficiently and create a reliable transportation system focused on carbon neutrality by harnessing wide band gap (WBG) technologies in electronic power circuits, electric vehicle systems and charging infrastructures. This project will allow us to elevate our work on internal combustion engine to the next level and focus our efforts on reducing energy consumption and emission rates on the 48 V infrastructure in light hybrid vehicles.

The Albatross project involves the design of a modular battery pack that can be tailored to urban electric vehicles (BEVs). Our goal with this battery pack featuring advanced technologies is to reduce battery pack costs of automotive OEMs (original equipment manufacturers), enhance performance and preferability, and improve their competitiveness by increasing the value of second life applications. The project also includes plans to support the process of reducing battery-production related emissions throughout their life to meet the global legal requirements.

We procure all the electricity used in our manufacturing sites and R&D center in Türkiye from 100% renewable sources.

We are working on roadmaps to launch new projects that prioritize rail transportation between certain locations to reduce emissions in our logistics operations. In 2022, we started to use rail transport in some of our logistics operations between Hungary and Türkiye for lower emission levels. We plan to use a new railway line between Craiova and Halkalı, which we tested in 2023. The global automotive industry reports target an 83% emission reduction by 2035, while Ford Otosan plans to achieve 95%. In 2023, we also joined the EU- funded ESCALATE project - Powering European Union Net Zero Future by Escalating Zero Emission HDVs and Logistic Intelligence – which includes leading institutions and organizations such as TÜBİTAK, FEV, Scania, and DAF Trucks as partners.

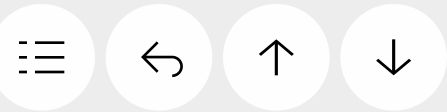
Ford Otosan actively participated in the **28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28)**. As a panelist in the session **“The Net-Zero Pathway Needs Reform: Energy Transition, Industry Outlook & Innovation,”** we contributed to the discussions on the need for urgent action to achieve the global climate targets. In addition to traditional strategies, innovation and international compliance were also topics considered for climate neutrality through new approaches. Leading companies in the sector contributed to fruitful discussions on financing for sustainability, energy transition and the role of carbon markets. Ford Otosan was also represented on the panel of the **“Green Transition of Turkish Industry: The Necessities And Opportunities”** session.



Ford Trucks & Iveco Cabin Development Collaboration

Ford Trucks and Iveco have signed a non-binding memorandum of understanding (MoU) regarding the development of new products and technologies for heavy commercial vehicles as a preliminary step to assess the potential for collaboration for internal cabin components and systems.

The objective of this intended collaboration is to start a mutually beneficial partnership between Ford Trucks and Iveco to develop solutions compliant with EU Direct Vision Standard and enhance aerodynamics to reduce carbon emissions.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
 - [Transition to Low Carbon Economy](#)
 - [Product Sustainability](#)
 - [Environmental Impact of Operations](#)
 - [Value Chain Management](#)
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

PRODUCT SUSTAINABILITY

In line with our mission of leading the transformation in the automotive industry, we focus on designing innovative products and services and contributing to the smart cities of the future. Our R&D approach, shaped around this mission, informs our investments, which include fuel optimization, reducing CO₂ emissions, developing connected and autonomous vehicles, manufacturing electric vehicles, electrification, and developing light vehicle technologies as part of our product and system development efforts. Investing in R&D by considering global trends affecting the automotive industry and the environmental, social and governance (ESG) risks positions the industry, undergoing a radical change, at the top in R&D expenditures. Ford Otosan's R&D spending on various product development projects in 2023 amounted to TL 5.04 million before capitalization and TL 3.92 million after capitalization.

Ford Otosan adopts the **Design for Sustainability** approach, which forms the foundation of our R&D activities.

RECUBE

We leverage the **ReCube (Recycle, Reuse, Reduce)** project, which follows the **Design for Sustainability principle**, to analyze the products' environmental impact throughout the raw material, manufacturing, usage and recycling processes and continue to integrate Ford Otosan's sustainability approach into all the R&D activities.



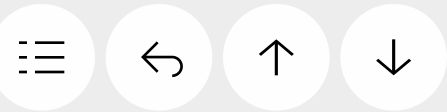
In the **circular economy** studies under the Recube umbrella, we consider the manufacturing, use and recycling processes of our products, starting from the design stage. This approach allows us to conduct environmental impact analyses by calculating the greenhouse gas emissions of the products in the raw material, production, use and recycling stages. Based on the analysis results, we identify the processes with the most intense environmental impact and introduce the necessary improvements. Furthermore, we strive to follow circular economy principles during product development, from the design stage. Through these efforts, we aim for our products to be long-lasting, reusable, recyclable, and for end-of-life products to be recycled and reintroduced into the manufacturing process.

Using the **Life Cycle Assessment** (LCA) method, we identify our products' environmental impact based on the inputs and outputs across the life cycle, and evaluate their impact on global warming with carbon dioxide equivalent. The ISO14040 (2006) and ISO14044 (2006) Standards guide the critical points of the LCA methodology. The Life Cycle Assessments at Ford Otosan encompass the entire life cycle of products and processes in regard to parts, vehicles and end of life (EoL) products. The results are assessed in 11 different impact categories, including global warming, stratospheric ozone depletion, acidification, eutrophication, terrestrial toxicity, aquatic toxicity, human health, resource depletion and freshwater, marine and soil ecotoxicity.

At Ford Otosan, **we completed the life cycle assessments** for all internal combustion vehicles in the passenger, light commercial and commercial segments, **all-electric vehicles** in the MCV segment, and **99.99% of the products** manufactured

and sold in 2023. The battery in **E-Transit**, Ford's first all-electric van produced at the Kocaeli Plant was studied separately, and the **LCA was completed** after the critical points were identified with the help of environmental impact analyses and comparisons with an ICE vehicle. The analyses were conducted by considering the automotive industry's scope and impact areas, and the results were evaluated under the global warming impact (GWP) category with CO₂ equivalent values. After completing the LCA for F-Max and publishing our "F-Max Life Cycle Assessment Results we were **certified by TÜV Rheinland, verifying that the LCA was based on reliable data** and that the methodology met the criteria specified in ISO 14040 and 14044 standards.

Opting for remanufacturing practices instead of production from scratch allows us to reduce our greenhouse gas emissions (GHG) across all processes, from design to spare parts. We adopt this approach to reuse certain products, extend their economic life, and save on resources and energy. Remanufacturing practices contribute significantly to reducing greenhouse gas emissions and minimizing waste generation to decrease environmental pollution. As part of Ford Otosan's journey toward net zero emissions target, we support suppliers and manufacturers in contributing to circular economy and offering environmentally friendly, cost-effective products to the users. Implementation of remanufacturing methods at Ford Otosan sites eliminates supplier-related logistics and reduces transportation-related emissions. Furthermore, the remanufacturing method facilitates the reintroduction of 47 different parts in total into the cycle in passenger cars and commercial vehicles. Through these practices, we reduced our total carbon footprint by more than 140 tons in 2023, saving TL 150 million.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
 - [Transition to Low Carbon Economy](#)
 - [Product Sustainability](#)
 - [Environmental Impact of Operations](#)
 - [Value Chain Management](#)
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

EU-funded projects such as **BATRAW and RHINOCEROS** support our work on designs that contribute to the circular economy model, particularly regarding the batteries. Our work within these projects involves **reintroducing precious metals such as cobalt, nickel and manganese** in the electric vehicle battery cells **into the life cycle**. We also monitor the entire supply chain transparently with the blockchain-based Battery Passport application.

We are a partner in the EU-funded **RECIRCULATE** project, which was launched in 2023 to reduce the need for essential raw materials and improve the **overall life cycle management of batteries** to meet the requirements of the battery recycling industry. The project’s objective is to create a battery passport system that supports the circular business model for the life cycle of **RECIRCULATE** batteries using a blockchain-based platform. The project targets increasing the ratio of end-of-life batteries recycled in production processes from the current level of 1% to over 50%. To meet the project objectives, over 70% of the cells in a faulty battery pack will be recovered through cost-effective disassembly and remanufacturing processes. Furthermore, we aim to reduce recycling costs by up to 80% by using automated processes. We expect to increase the number of cycles for each battery by 100% and energy life by 70% by creating value chains leveraging optimal reuse, remanufacturing and recycling methods.

Studies on further integrating sustainable plastics into vehicle design and engineering processes are ongoing by increasing the ratio of **recycled and renewable plastics** used in the production of commercial vehicles. The 10% sustainable plastics ratio targeted for new Transit Custom vehicles by 2023 has been successfully implemented, resulting in an average of 17 kilograms of recycled and renewable plastics used per vehicle. The lower leg stiffener (LLS) in Transit Custom vehicles that requires meeting strict specifications in terms of pedestrian safety and collision has been modified to contain 50% recycled plastic as of 2023. The annual reduction of 571.8 tons of CO₂ achieved through this material change



is equivalent to the carbon sequestration of 22,874 trees in a year. This project, which won first prize in the Circular Plastics Management category at the 2023 Sustainable Business Awards, represents a significant undertaking for the company as the first use of circular plastics in a critical part. Harnessing the experiences gained from this project, efforts continue to spread the use of sustainable materials more widely in different functional systems.

In heavy commercial vehicle groups, the trials and material development processes for sustainable plastics reinforced with natural fibers and additives such as recycled, bio-based jute, rice and nut shells are carried out with partner suppliers. Aiming to increase the use of recycled and bio-based plastics in trucks, these projects will also promote Ford Trucks with its innovative materials and innovations in the heavy commercial vehicles segment. Furthermore, material and color development studies are ongoing on more than 10 visible and invisible parts weighing 15kg in total to improve

Ford Otosan’s Definition of Sustainable Product

A sustainable vehicle is an environmentally friendly mode of transportation designed to minimize its negative impact on the environment. These vehicles produce fewer emissions, use less energy, and often run on alternative power sources like electricity, hydrogen, or biofuels. They promote energy efficiency, reduced pollution, and a lower carbon footprint compared to conventional vehicles.

Sustainable Product	2023 TR + RO
Number of sustainable products and services	16,638
Revenues from sustainable products and services	TL 19.2 billion
Share of revenues from sustainable products and services in total revenues	4.7%

cost effectiveness. These actions support Ford Otosan’s commitment to reducing the use of plastic products with high carbon emissions and shifting toward sustainable plastics with clear plans and yearly targets, while also contributing to a more sustainable automotive industry with lower environmental impact.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

Transition to Low Carbon Economy

Product Sustainability

Environmental Impact of Operations

Value Chain Management

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

RESEARCH & DEVELOPMENT

Within a broad range of R&D activities, we work on reducing the use of natural resources and waste generation, reusing waste materials as by-products/raw materials, and using secondary recycled materials, and design processes toward a circular economy. In addition to producing innovative clean energy vehicles and reducing emissions in the current vehicle range, we also focus our research and development on recovering precious metals, developing AI-assisted autonomous vehicles and emission control systems, and using more recycled materials.

At Ford Otosan, we aim to shape the future of the automotive industry with a responsible and innovative approach to product and service design, and file applications to obtain national and international patents to register our intellectual property. **In 2023, we expanded our current portfolio by obtaining 26 patents, including 8 national and 18 international patents.**

Ford Otosan assumes important duties as a **partner and coordinator in many EU-funded local and international research projects and local R&D projects**, which focus on the exploration and development of alternative technologies, including electric, hybrid and fuel cell vehicles.



Ford Otosan completed the Horizon 2020 program with 20 projects and Euro 7.73 million funding in total, becoming this program’s highest funded industrial company in Türkiye. As announced on TÜBİTAK’s official website on October 26, 2023, we rank first among the industrial companies that have received the highest funding with a total of Euro 7.27 million for 16 projects within the Horizon Europe program.

As of year-end 2023, the number of our Horizon 2020 and Horizon Europe projects stands at 39, including 13 completed, 18 ongoing, and eight accepted and planned to launch in 2024.

We intend to apply for new projects within the framework of Horizon European funding planned for the period through 2027. In alignment with the European Emission Monitoring system, we continue to launch R&D projects on fuel consumption reduction and alternative fuel integration in response to the requirements of draft and applicable laws that impose legal restrictions and financial limits on the carbon emissions of vehicles.

Peacoc

The results of our environmental impact analyses indicate to a need for focusing on recycling the precious metals with high carbon intensity contained in our products. Through PEACOC, a joint project with Turkish and European companies and leading universities and research institutions, we aim to create an opportunity to use more affordable precious metals through the circularity of precious metals found in end-of-life catalysts to ultimately contribute to a more economical and environmentally sustainable manufacturing process.

The M30 consortium meeting of the PEACOC project, hosted by İSTAÇ, one of our project partners, and coordinated by Ford Otosan, was held in Türkiye with 18 companies from nine countries and a total of 38 participants. At the consortium



meeting, the project team was briefed about the current stages of the project and the planned activities, and the process was reviewed. In one of the ongoing studies, the serviceability of the diesel oxidation catalytic converter (DOC), within the muffler of the 13-liter Ecotorq engine, one of Ford Otosan’s responsibilities in the project, was increased by 90%. Meanwhile, the inventory processes for the environmental impact assessments are ongoing to monitor whether reusing the recovered platinum group metals (PGM) in the production of DOC would make a difference.

University Collaborations

In 2023, Ford Otosan funded four new projects with its own resources as part of the University-Industry collaborations in partnership with Koç University, METU and Kocaeli University.

Under the TÜBİTAK 2209-B program, Ford Otosan supports the graduation projects of students at Eskişehir Osmangazi University and Eskişehir Technical University.

Under the 2244 - Industrial Ph.D. Program, eight Ph.D. candidates at Koç University, Sabancı University and Kocaeli University are currently working on four projects that we support.

- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
 - Transition to Low Carbon Economy
 - Product Sustainability
 - Environmental Impact of Operations
 - Value Chain Management
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

WEIGHT REDUCTION IN VEHICLES

Weight reduction in vehicles is a key focus for Ford Otosan in reaching its sustainability targets, starting with energy efficiency. Through **weight reduction** efforts, we improve energy efficiency, while reducing fuel consumption and emissions. Weight reduction strategies include using recycled materials, high strength composites, aluminum laminates, and thermoplastics. The funded projects in which we are a partner expand the scope and applicability of our weight reduction efforts.

MatDeMa project, funded by TÜBİTAK 1071 (M.Era Net) – The objective of this project is to achieve a weight reduction of up to 30kg per vehicle by replacing steel with aluminum laminated composites for selected parts in vehicles in the HCV segment. We anticipate that applying the developed material technology to the series, a weight reduction of up to **300 kg** could be achieved in our HCVs.

Metal Additive Manufacturing Project, funded by TÜBİTAK 1704 Industry Innovation Network Mechanism (SAYEM) – The objectives of this project are to: optimize production of parts by avoiding the high mold costs in parts used in smaller quantities, accelerate and enhance prototype production of parts during vehicle development, and develop and manufacture lighter versions of complex bionic designs that require advanced methods. Through this project, we aim to develop and increase the applicability of metal additive manufacturing techniques with lower carbon emissions as an alternative approach to the high carbon emission problems of large production lines.

TÜBİTAK 1501 Composite Leaf Spring project involves the development of polymer matrix (epoxy) composite leaf springs instead of the existing steel leaf springs for HCVs. Thanks to the product developed in the project, we achieved a **weight reduction of up to 200kg per vehicle**

and up to 82% per part. We also started to integrate the composite leaf springs, the product of this R&D project, into serial production.

TÜBİTAK 1511 Aluminum Suspension Bracket Project – Once this project was completed, we started to produce the nodular cast iron front suspension brackets used for our tractor trucks in the HCV segment from aluminum. This material change resulted in **a weight reduction of up to 34kg per vehicle and 60% per part.** We integrated the aluminum suspension brackets, the product of this R&D project, into the serial production processes.

Ford Trucks, Ford Otosan’s global heavy commercial brand, is accelerating its work within the scope of the EU funded next-generation zero-emission electric trucks and efficient and low-cost logistics (NextETRUCK). With the NextETRUCK project, we are focusing on developing a special modular and lightweight platform (AI frame) for electric trucks. We aim to reduce the vehicle from its current weight of 19 tons to 16 tons, while keeping the payload constant. Other objectives of the project include reducing CO₂ emissions, decreasing the total cost, and improving the efficiency of zero-emission vehicles. For this purpose, we worked on a reference vehicle we designed to improve its energy efficiency by 10% and thermal efficiency by 15%. As a result of these efforts, we achieved a significant increase in the vehicle’s payload by reducing the weight of the vehicle chassis by nearly 30% in 2023. Considering urban use and pedestrian safety, we also worked on enhancing efficiency by taking into account Gross Vehicle Mass (GVM) and vehicle requirements, designing a selection of vehicle systems.

ELECTRIFICATION

Ford Otosan’s electrification journey started with the production of the first PHEV (Plug-in Hybrid) commercial vehicles in its segment and continued with **Europe’s most powerful all-electric commercial vehicle, E-Transit**, rolling off the production line in 2022. Following the launch of Ford E-Transit and E-Transit Custom, Ford Otosan unveiled its 100% electric truck, a milestone in Türkiye’s electrification journey, at the International Commercial Vehicles (IAA) fair in 2022. The 100% electric truck, developed and produced entirely in Türkiye from design to testing, marked the start of a new era in developing the next generation of light, medium and heavy commercial electric vehicles.

Ford Trucks, Ford Otosan’s global heavy commercial brand, is accelerating its work within the scope of the EU funded next-generation zero-emission electric trucks and efficient and low-cost logistics (NextETRUCK). With the NextETRUCK project, executed by Ford Trucks and launched in 2022, we are focusing on creating an electric truck with reduced weight, advanced thermal management and Acoustic Vehicle Alert System (AVAS) integration. The NextETRUCK project also involves major changes such as updating EPE parts, building an innovative thermal management system, redesigning the chassis, new brackets, software improvements and cabin modifications.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
 - [Transition to Low Carbon Economy](#)
 - [Product Sustainability](#)
 - [Environmental Impact of Operations](#)
 - [Value Chain Management](#)
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

BATTERY TECHNOLOGIES

The Product Sustainability Team works in collaboration with the After-Sales, Environmental and technical teams to plan the **Battery Circular Economy Model**.

We follow the European Union’s **Battery Regulation** EU 2023/1542, published on July 28, 2023, closely. We also studied the requirements in terms of how the Turkish Regulation on Control of Waste Batteries and Accumulators (APAK) aligns with the EU Battery Regulation and submitted our opinions. In regard to the carbon footprint calculations and preparation for declarations specified in the EU Battery Regulation, we conducted a life cycle assessment on the battery of our Ford E-Transit, the first all-electric van produced in Türkiye. As a result of this assessment, we identified the hot spots that affect the carbon footprint of our batteries at the cell, module and package level.



As a step toward our sustainability goals, we implemented our new intrapreneurship project, FO&US, to contribute to circular economy. With the FO&US project, a second-life energy storage project and a first for the Ford Otosan and Ford Motor Company facilities, we aim to reuse waste batteries in a way that would contribute to circular economy. For this purpose, we plan to reuse Ford Otosan’s green status scrap modules from production by creating an Energy Storage System (ESS) to build an integrated value chain for electric vehicle batteries. In the first implementation, we installed a system integrated into an AC charging station at the Kocaeli Plant and launched it in the last quarter of 2023. In this first implementation, we used 18 E-Transit battery modules, building an ESS system with a usable capacity of 113.8 kWh and a total capacity of 142.2 kWh. This also an innovation project that combines design thinking and lean startup approaches in an intrapreneurship program in which the project team members become intrapreneurs. By applying remanufacturing methods in passenger cars and commercial vehicles, we not only reduced emissions but also started to save on resources and energy by minimizing waste generation.

We strive to optimize the energy-intensive processes at the Gölcük Plant and enhance the availability of renewable energy resources. In 2023, we chose the phosphate electrocoat (FOSEC) line, which included phosphating and electrocoating baths within the Gölcük Body Paint Shop, as the first pilot application area for the project. For this pilot, we are in the process of developing an AI-assisted digital twin within the body paint shop line at the Gölcük Plant, where the highest energy consumption occurs, and charging electric vehicles with power from the photovoltaic solar panels and Battery Energy Storage System (BESS). Once the sensors are integrated, the digitalization of the FOSEC line will be completed for the most part. Leveraging the data gathered from this line, data-driven predictive and machine learning-based models including predictive maintenance and energy optimization

will be developed. The outputs of the models will contribute to reducing natural gas and electricity consumption. Additionally, monitoring the process will enable us to address potential opportunities in the body paint shop.

We aim to further develop and expand the battery assembly line at the Kocaeli Plant and enable battery production compatible with our vehicles in different segments and their requirements.

The ongoing “Battery Energy Storage System” project, in collaboration with Mutlu Battery and Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ - Sakarya Electricity Distribution), involves the design of a storage system with a capacity of 500kWh that will enable the reuse of end-of-life batteries in electric vehicles and give them a second life as a sustainable option.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
 - [Transition to Low Carbon Economy](#)
 - [Product Sustainability](#)
 - [Environmental Impact of Operations](#)
 - [Value Chain Management](#)
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

HYDROGEN TECHNOLOGIES

Hydrogen Strategy, adopted by the European Union as part of Green Deal, puts forward a comprehensive framework for developing hydrogen technologies and spreading their use to support the EU’s decarbonizations efforts in a cost-effective way and reduce its dependence on imported fossil fuels. Hydrogen technologies offer a new alternative for hard-to-decarbonize sectors, such as transport, and in energy-intensive industrial processes and we are scaling up our efforts in this field.

Ford Trucks and CMB.TECH partnered for a strategic collaboration focused on the conversion to **dual-fuel hydrogen trucks** on the path toward decarbonization. We will leverage CMB.TECH’s expertise in hydrogen technologies to convert Ford Trucks vehicles into hydrogen-powered dual-fuel vehicles. The conversion will involve the mounting of the hydrogen system on the engine and the installation of the hydrogen tanks behind the vehicle cabin, while it will not require changes in the diesel engine systems, allowing for fast and easy commercial scaling and enabling us to make a significant contribution to the development of hydrogen technology in heavy commercial vehicles. We also aim to contribute to efficient and low-cost logistics through the EU-funded NextETRUCK project to spearhead the future of zero-emission transportation. Our future plans include Computer Aided Engineering (CAE) development and simulation studies on heavy commercial vehicles powered by hydrogen fuel cell technologies.

As we intensified our efforts to achieve zero emission in our heavy commercial vehicles, we also joined the European Union’s zero emission logistics project, Horizon Europe Zero Emission Freight EcoSystem (ZEFES) to develop the first fuel cell electric (FCEV) F-MAX to run on hydrogen. As a partner in the Horizon Europe ZEFES project, we started to develop FCEV F-MAX in 2023 with the vision of designing and producing the first fuel cell concept vehicle of Ford Trucks in Türkiye. All the power components and thermal systems of the vehicle were selected following in-depth engineering studies by Ford Otosan and then the architecture of this new fuel cell vehicle was determined. FCEV F-MAX, which will be able to transmit up to 600 kW of power with its 240 kW fuel cell power unit and 196 kWh battery pack, will feature a 700 bar hydrogen storage system with a capacity of 56kg. Following the development tests planned to start in 2024, the vehicle is slated for demos under real logistics conditions in the Trans-European Transport Network (TEN-T) by 2025 in alignment with the goals of the Horizon European ZEFES project.

The Hydrogen Valleys - large-scale hydrogen flagship projects - aim to facilitate a clean energy transition by promoting the emergence of integrated hydrogen projects along the value chain. Ford Otosan is a stakeholder in the “HYSouthMarmara Project,” with South Marmara Development Agency as the lead developer, and plans to respond to the calls for new hydrogen valley-based projects as an end-user in the future. Additionally, studies on hydrogen storage technologies, installing mobile hydrogen filling stations, and developing electrolyzers are among other critical areas where we may focus in hydrogen technologies.

Following the joint work of Koç University with Koç Group companies, Ford Otosan, Otokar, Tüpraş, Opet, and Aygaz, the Koç University Hydrogen Technologies Center will be established to generate information and technological outputs for contributing added value to industrial production and international competition in hydrogen and other derivative technologies with low- or zero-carbon.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
 - [Transition to Low Carbon Economy](#)
 - [Product Sustainability](#)
 - [Environmental Impact of Operations](#)
 - [Value Chain Management](#)
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

ENVIRONMENTAL IMPACT OF OPERATIONS

Effective management of our environmental impact resulting from our operations ranks among our key material sustainability issues. Therefore, we work to control and reduce our negative environmental impact across all stages of our activities. During production, we not only release greenhouse gases and various other gases but also consume energy, water and materials and generate waste. Because of fuel consumed and greenhouse gas released during our production and other operations, we create a larger environmental footprint.

In line with our Future. Now vision, our 2030 targets include:

- Becoming carbon neutral across our manufacturing sites and R&D center in Türkiye.
- Reaching zero waste in landfills.
- Eliminating single-use plastics from personal consumption.
- Using 30% renewable and recycled plastics in vehicles.
- Consuming 40% less fresh water per vehicle at each manufacturing site.



Environmental Expenditure and Fines (TL million)	2021 (TR)	2022 (TR)	2022 RO	2023 (TR)	2023 (RO)
Environmental investments and expenditure	37.7	101.88	50.94	166.43	88.153
Environmental fines	0	0	0	0	0

ENVIRONMENTAL MANAGEMENT

We manage all the products and services at all our complexes in Türkiye in alignment with the ISO 14001:2015 Environmental Management System and ISO 50001:2018 Energy Management System. In addition to the annual verifications for ISO 14064-1: 2018 Greenhouse Gases – Calculation and Validation Management System, we also undergo ISO 14001, ISO 50001 and ISO 14064 audits every year to keep our certifications up-to-date. With the ISO 14064:2018 greenhouse gas verification audit for the 2021 data in 2022, we had our indirect emissions and direct emissions verified and validated for the first time. Meanwhile, the ISO 14064 harmonization is ongoing at the Craiova Plant in Romania. In 2023, we received our first validation for the Craiova Plant’s greenhouse gas emissions, verifying our 2021 and 2022 GHG emission data.

As part of the Environmental Management System (EOS), we undergo annual audits to ensure that our environmental management system is continuously enhanced. In addition to Koç Group’s environmental audits every two years, we receive planned and unannounced audits from the Ministry of Environment, Urbanization and Climate Change and other relevant Ministries within the year. To date, we have not been imposed any non-compliance fines or penalties as a result of these inspections.

Ford Otosan Kocaeli Plants and Eskişehir Plant are subject to the Regulation on Monitoring Greenhouse Gas Emissions. As is the case every year, the plants successfully passed the verification audits in 2023 and the relevant emission reports were submitted to the Ministry of Environment, Urbanization and Climate Change.

As part of our efforts to manage our indirect environmental impact, we require all our existing and prospective suppliers to hold ISO 14001:2015 Environmental Management certification as a prerequisite. To view all the certificates we hold, please click [here](#).

In 2023, Ford Otosan’s total environmental investments and spending, including costs of measurements and analyses, waste disposal, chemicals, personnel, certification and permits, consultancy and training, maintenance and repairs related to environmental management, amounted to TL 254.58 million.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

[Transition to Low Carbon Economy](#)

[Product Sustainability](#)

[Environmental Impact of Operations](#)

[Value Chain Management](#)

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

LEAN PRODUCTION

Ford Motor Company began the shift toward the Global Ford Production Systems (FPS) in 2011 by consolidating manufacturing processes and development under one umbrella. Accordingly, training of all Ford Otosan employees on Global Ford Production Systems started in 2012 and the system was deployed in the Gölcük and Eskişehir Plants in 2013, followed by the Yeniköy Plant in 2014. Ford Otosan became the first company to implement the system within Ford Europe. With quick and efficient implementation of the Global Ford Production Systems, Ford Otosan was recognized as the best plant to undertake this shift based on the inspections performed by Ford Europe FPS office.

We completed the lean line layout and production system installation rapidly and effectively with our Ford Production Systems applications. In addition to gaining the productivity and competitive advantage of lean production, we also implemented many practices to reduce the negative environmental impact of our operations. At Ford Otosan, we carry out various process improvements and plant enhancements toward our vision of achieving carbon neutrality by 2030. As part of these activities, the paint shop ovens were re-designed for a more efficient curing process, and the transition projects from pneumatic to electrical paint pumps and solvent-based to water-based wax materials were kicked off.

End-to-end digitalization activities, including projects such as Mega Quality, Digital Factory, Digital FPS, and Digital Energy Management, which focus on the customer and support precision production in the first attempt, are ongoing at the Gölcük Plant. As a result of these efforts and our culture of continuous improvement, we achieved 10% efficiency improvement in production operations despite the supply disruptions.

With the digital transformation projects implemented in line with our Industry 4.0 practices, processes were introduced to eliminate paper and plastic waste in quality assurance processes, which also support our “Environment-Friendly Factory” strategy. The wastewater recovery projects were launched to reduce fresh water consumption, and as a result of the efforts to reduce the consumption of natural resources at the offices, Yeniköy Plant was certified with the Green Office Diploma in the WWF-Türkiye Green Office Network.

We aim for the Yeniköy plant, which grew from a closed area of 110,000 m² to 255,000 m², to become a standout facility with cutting edge technologies, high automation capability, smart layout solutions and effective environmental/energy applications in line with our sustainability targets. We redesigned our Yeniköy Plant, which houses the body paint shop with the highest end-to-end automation level in Türkiye, with sustainable, digital and efficient solutions. As the construction works and enhancements were ongoing, production at the plant continued seamlessly. The Photovoltaic Glass Wall converts solar energy into electrical power and meets a significant part of the Yeniköy Plant’s energy requirement. We aim to reduce electricity consumption with the help of this glass wall Furthermore, the Sun Tracker technology that captures sunlight supports the lighting on the production floors. On the other hand, the production floors are heated by renewable energy from Solar Walls, instead of natural gas. We manage this smart, flexible and highly efficient plant end-to-end with instant data and AI-driven systems. We leverage digital twins of highly automated operations based on advanced robotics, machine vision and simulation models. Moreover, we derive data from industrial equipment using sensors and interconnect them via Internet of Things. Using cordless and rechargeable drills instead of pneumatic press equipment on assembly lines for the first time has elevated us to the silent factory level. We also plan to achieve high efficiency in the new body paint shop by saving electricity through smart energy management.

We aim for the Craiova Plant in Romania to have a production range of the ICE (internal combustion engine) and BEV (battery electric vehicle) versions of the passenger car Puma and the commercial van Courier by 2024. As part of the production readiness and capacity increase for Courier, we introduced 23 robots in the north booth and sealer process zone in the paint shop. With these activities, we plan to improve overall operational efficiency and product quality, while contributing to the environment-friendly processes by reducing volatile organic compounds (VOC).

The assembly lines at the Eskişehir plant, upgraded with a new welding plant and paint shop to accommodate the production of the new F-MAX tractor, deliver effective, efficient and technologically advanced output. The massive line of welding robots installed on the welding line works with over 95% performance, contributing to production. Furthermore, the efficiency activities in 2023 at the Eskişehir Plant resulted in a 10% improvement in energy consumption compared to the budget.

With the paint booth capacity increase project, we increased the number of robots from 32 to 48 in the paint shop at the Yeniköy Plant. As a result, we were able to operate the paint booth and the curing oven in economy modes during the day, saving 460,000 kWh (43,233 Sm³) in annual electricity and natural gas, and TL 1.3 million in costs.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
 - Transition to Low Carbon Economy
 - Product Sustainability
 - Environmental Impact of Operations
 - Value Chain Management
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

ENERGY AND EMISSION MANAGEMENT

At Ford Otosan, we **procure the electricity used in all our facilities in Türkiye from 100% renewable resources** to achieve our energy efficiency and GHG emission reduction targets. As a company strategy, **we do not use fossil fuels or coal** at these locations.

Throughout the year, we made progress toward our energy and greenhouse gas reduction targets within the scope of energy efficiency and renewable energy projects in all our facilities in. **By purchasing 1,240,909.26 GJ of renewable electrical energy in Türkiye, we prevented 149,288.28 tons of CO₂e greenhouse gas emissions in 2023.**

We obtained the internationally recognized I-REC certifications, confirming that all the energy used in our Gölcük, Yeniköy, Eskişehir and Sancaktepe facilities are procured from 100% renewable sources.



Greenhouse Gas Emissions (tons CO ₂ e)	2021 TR	2022 TR	2022 RO	2023 TR	2023 RO	2023 Total (TR + RO)	2024 Target (RO+TR)
Scope 1	88,051	92,464	22,460	108,011	23,780	131,791	161,978.64
Scope 2	1,792	0	36,406	0	34,900	34,900	46,710
Scope 3	76,923,524	78,263,847	12,962,446	91,902,566	16,194,587	108,097,153	-
Total (Scopes 1, 2, 3)	77,013,367	78,356,311	13,021,312	92,010,577	16,253,267	108,263,844	

Türkiye and Romania facilities’ Scope 1, 2 and 3 emissions in 2023 (shown in this table) are verified by Türk Loydu in accordance with the ISO 14064 standard.

Energy Consumption (GJ)	2021 TR	2022 TR	2022 RO	2023 TR	2023 RO
Direct renewable energy consumption	6,267.47	6,357.87	0	0	0
Direct non-renewable energy consumption	1,359,024.72	1,437,737.9	644,738.713	1,679,004.12	656,548.08
Indirect renewable energy consumption	946,317.59	1,035,149.74	386,314.243	1,240,909.26	398,099.15
Indirect non-renewable energy consumption	14,894.78	0	0	0	0
Total	2,326,504.56	2,479,245.51	1,031,052.96	2,919,913.38	1,054,647.23

Tracking Area	2021 TR	2022 TR	2022 RO	2023 TR	2023 RO	2023 Total (TR + RO)
Greenhouse gas emissions per vehicle produced (tons CO ₂ e/vehicle)	0.26	0.25	0.30	0.27	0.31	0.28
Energy consumption per vehicle produced (GJ/vehicle)	3.95	3.85	3.30	4.21	3.44	3.96

We track the energy consumption and greenhouse gas emission performance for each vehicle produced. For the facilities in Türkiye, we target 130,586.99 tons co2e in Scope 1 emissions and 0 in Scope 2 emissions in 2024.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

[Transition to Low Carbon Economy](#)

[Product Sustainability](#)

[Environmental Impact of Operations](#)

[Value Chain Management](#)

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

FLEXIndustries

FLEXIndustries is a European Union-funded Horizon project launched in 2022 and planned to last four years to support the best **energy efficiency** measures and process flexibility methods for energy-intensive industries worldwide.

As part of the project, we aim to develop a **Dynamic Energy and Process Management Platform** as a decision-making support tool, guided by multi-level decision intelligence (e.g. based on technical, economic and environmental criteria) to improve the process flexibility of energy-intensive industries. We also plan to optimize the energy-intensive processes and to increase the availability of renewable energy resources at Ford Otosan’s Gölcük Plant. In this project, we are working on developing AI-assisted digital twins for the plant’s body paint shop with the highest energy consumption and charging the electric vehicles via solar panels and the battery energy storage system (BESS).

In 2023, we completed the digitalization of the pilot line within the body paint shop at the Gölcük Plant. We plan to develop data-driven deterministic and machine learning-based models, including predictive maintenance and energy optimization, by harnessing the data derived from the line and expect to reduce our natural gas and electricity consumption by using the outputs generated by the models.

- Through the FLEXIndustries project, Ford Otosan aims to achieve;
- 4% reduction in electricity consumption in the body paint shop.
 - 400% increase in the use of renewable energy as primary energy source in production.
 - 3,058 t equivalent reduction in CO₂ emissions.
 - 3.8% reduction in total energy costs

Energy Savings and Greenhouse Gas Reduction Projects

We run a number of projects designed to reduce the energy consumed across our operations and to source renewable electricity. As such, we focus directly on renewable energy generation at all our plants through wind energy, solar walls and solar power plants.

- The emission reductions resulting from some of the applications at our plants are summarized below:
- Annually, we obtain 5,158,233 kWh of electrical energy from the rooftop solar power installations, including 1.18 MW at the Gölcük Plant and 3.3 MW at the Yeniköy Plant. Moreover, we benefit from daylight and also generate electrical energy from the Solar Energy System (SPP) - approximately 85 kW - installed on the façade of the Yeniköy Plant.



- Through the LED Conversion project applied at all our plants, we completed the conversion of ceiling lighting to LED luminaires and switched to an automation system to adjust the illumination levels in the lighting control systems. As a result, we saved a total of 161,190 kWh of energy in 2023.
- As part of the Laser Machine Project, we replaced the old laser cutting machines at all our plants with a state-of-the-art laser machines, saving a total of 105,000 kWh of energy in five months. By replacing the motors used during laser cutting with regenerative motors, we deployed a system powered by regenerative energy.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

[Transition to Low Carbon Economy](#)

[Product Sustainability](#)

[Environmental Impact of Operations](#)

[Value Chain Management](#)

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

In the Welding Shop at the Yeniköy Plant:

- The Lighting Optimization project delivered 169,177 kWh in energy savings in 2023. This project will continue in 2024, expected to deliver financial savings of TL 1,111,833. Balancing the energy consumption through the lighting optimization project and the photocells installed for electrical efficiency contributed to a more innovative factory environment.
- With the LED Conversion project, we started to consume less energy in workshop lighting, saving 138,429 kWh of energy and TL 494,761. We also prevented the emission of mercury gas from the previously used fluorescent tubes.
- With the Process Fan Optimization project, we not only saved 286,276 kWh of energy and TL 1,606,959 but also prevented air pollution by reducing the emission of dangerous gases produced during spot punching.
- The Air Leakage Reduction project delivered savings of 15,009 kWh and TL 71,676. The Energy Hunters team formed to ensure energy optimization detects and reports air leaks in the lines, enabling improvements where needed. With the help of this project, we aim to make create and increase awareness about air leakage among all employees, starting with the Energy Hunters team members.

- The Sealer Reduction project allowed us to save 10,388 kWh of energy and TL 53,464. This project will continue in 2024 and enable us to reduce the quantity of contaminated waste.
- The Sun Tracker project is a system that supports the solar power systems, which meet 40% of the lighting requirement and save on energy. With the help of 593 sun trackers, the system consumes 345,446 kWh of energy annually to power the LED luminaires by solar energy. Moreover, we use photovoltaic panels, consuming 5% less electricity and generating 3,840,935 kWh of electrical energy annually. This energy saving corresponds to half of the annual energy consumption of a football field or the energy consumed by 1,344 households in a year. The solar wall system, a part of the project, saves us 1,271,111 kWh of natural gas annually. On paper, the savings achieved through the sun tracker project correspond to 345,446 kWh, on average equivalent to an electric vehicle traveling 1,771,517 km or circumnavigating Earth 44 times. All of these efforts are part of our Green Factory approach, which results in 20% of savings in production operations.

At the Gölcük Plant:

- We are currently working to commission the solar wall system in the Assembly Workshop. The shop floor is heated by existing hot water boilers. The budget requested to install the solar wall units on the eastern and western façades amounts to a total of Euro 400,000. The objective of this strategic investment is to support Ford Otosan’s long-term target of reducing natural gas use by harnessing solar power, i.e. “net zero per product at every location by 2023.”
- The HVAC Plant Fan and Motor Conversion project delivered 124,000 kWh in monthly and 1,492,000 kWh in annual savings. We reviewed the fan efficiency, installation pressure and friction losses, and motor selection in 27 HVAC plants. After identifying its efficiency potential, we launched this project and replaced the belt-driven fan system with the coupling-driven system. Aiming to reduce the motor power requirement, we minimized friction losses and eliminates pressure losses in the system.



AIR QUALITY

Ford Otosan implements various measures to maintain and improve air quality across its manufacturing sites. The filtration systems in the plants, emission controls and waste management contribute to better air quality. The company aims to minimize the emissions affecting air quality by adopting the best available environmentally friendly technologies for the manufacturing processes. Ford Otosan extends its environmentally friendly approach beyond its manufacturing sites to encompass its products by selecting eco-conscious technologies for better air quality. The legally required biannual emission measurements are performed at all plants and the values of pollutants such as NOx, SOx, etc. are entered into the relevant tables. Moreover, the emissions from the incinerator outlets at the Kocaeli Plants are continuously measured, and also monitored online by the Ministry of Environment, Urbanization and Climate Change. The IPPC Directive (Integrated Pollution Prevention and Control) requires industrial and agricultural activities with a high pollution potential to have a permit, which can only be issued if certain environmental conditions are met, so that the companies themselves bear responsibility for preventing and reducing any pollution they may cause. We follow the requirements of this directive to review the automotive industry’s performance and the best available techniques. We also attend the meetings organized by the Ministry of Environment, Urbanization and Climate Change and submit our opinions.

Ford Otosan conducts emission reduction concept development, R&D and engineering studies to ensure that its Ford Trucks vehicles comply with the draft Euro 7 regulation for passenger cars and vans/heavy-duty commercial vehicles and buses. The draft Euro 7 regulation proposes to cut down NOx, hydrocarbon, carbon monoxide, PN and ammonia emission limit values by approximately half compared to Euro 6. Furthermore, the particle number (PN) limit covers particles over 23nm in Euro 6, while the draft Euro 7 regulation proposes to expand the scope to include particles over 10nm. For the first time it includes and sets limits for gases with high greenhouse gas effects, such as N2O and

CH4. The on-board monitoring (OBM), expected to be introduced with Euro7, will monitor exhaust emission levels with NOx and PN sensors and ensure that emission targets are met throughout the life of the vehicle on the roads. Ford Otosan is currently working on R&D, concept and engineering development to align with the emission reduction targets proposed in the Euro 7 regulation.

▸ VOC

Embracing environmental sustainability, Ford Otosan continuously researches new technologies and aims to develop new processes and projects to reduce volatile organic compound (VOC) emissions from manufacturing processes. The company strives to minimize VOC emissions by selecting recyclable materials that contain fewer VOCs.

WASTE MANAGEMENT

In the automotive industry, recycling and recovery of vehicles and parts are regulated by legislation and also call for proactive steps to manage waste resulting from operations effectively. At Ford Otosan, we conduct research on **reducing waste at source, using resources more efficiently, reusing waste with a circular approach or using it as alternative raw material**. We also work on various projects and applications to reduce waste sent to landfills. All our locations hold Green Office Diploma and Zero Waste Certification.

Our 2030 targets regarding waste and circular economy include minimizing waste sent to landfills to zero, eliminating single-use plastics from personal use completely, and increasing the ratio of recycled and renewable plastics used in the plastic parts of the vehicles we produce to 30%.

In 2030, the entire workforce at Ford Otosan and all the dealer employees took the waste management training, as a testament to our commitment to increasing awareness about the topic in line with our waste and circular economy targets.

Currently, all the domestic waste collected from the cafeterias, lounge areas, offices and production floors at the Kocaeli Plant is sent to the municipality’s regular landfill. However, we do not find this method suitable for achieving our sustainability targets. Therefore, we are reviewing the options of sending domestic waste to recycling and generating energy from waste depending on the conditions in our region. At the Kocaeli Plant, we focused on delivering the domestic waste to private waste recycling companies instead of the municipality. In line with the action plans for Kocaeli Plants, we aim to **completely eliminate the waste sent to landfills by 2030 by reducing waste by 20% every year, starting from 2023**.

At the Eskişehir Plant, waste materials other than medical waste are recycled to the maximum instead of sending them to landfills. Domestic waste is delivered to the bio-methanization facility of Eskişehir Metropolitan Municipality, where it is used for energy generation. Thanks to the cooperation between the municipality and the plant for generating energy from waste, **Eskişehir Plant has achieved the Zero Waste to Landfill target**.

At the Sancaktepe campus, the hazardous waste materials such as gasoline and antifreeze, which were sent to regular storage and disposal until 2022, are now delivered to intermediate storage and then to the recovery process following the enhancements in 2023. As a result, the recovery rates of hazardous waste have been improved.

In alignment with Koç Holding’s 2023 targets, Ford Otosan aims to eliminate single-use plastics across all sites by 2030. Therefore, the types of single-use plastics consumed were identified and alternative solutions were explored to reduce consumption. The measures implemented are summarized below:



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
 - Transition to Low Carbon Economy
 - Product Sustainability
 - Environmental Impact of Operations
 - Value Chain Management
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

The plastic cups and straws have been completely eliminated, paper-wrapped toothpicks have been introduced, and water coolers have been installed. PET1 bottles containing two liters of concentrate are preferred for making lemonade. Furthermore, based on this study conducted within the scope of Environmental Certification and Accreditation (ECA), ayran (yogurt drink) is no longer served in plastic bottles. Even though plastic cutlery and food containers are still used during special events at the cafeterias and in lunch boxes, most of these plastic and foam cutlery and plates, etc. have been replaced by thermoset products and metal trays for events on site whenever possible, with plans to continue this practice. However, some external events still require single-use plastics due to the hygiene and cleaning conditions and because the facility cutlery, etc. cannot be taken out. For the times to come, we intend to inform the caterers that we cannot control about the importance of eliminating single-use plastics. We will continue to research alternative products such as thermosets for items such as single-use plastics utilized at events and in lunch boxes currently excluded from the scope.

Even though, there are no specific projects in place to reduce electronic waste, we use a separate collection system for electronic waste, which is delivered to a recycling company. At the Eskişehir Plant, maintenance teams regularly maintain electronic equipment, extending their lifespan and shortening the waste generation periods.

The Peripheral Road Test System project, launched in 2023, involves the transition to a registration system with barcode scanning instead of paper forms used for vehicles. Rather than having the drivers fill out forms manually, we record the data by scanning the barcodes on the vehicle and driver cards via security tablets. This digitalization project not only saves on Labor Cost per Vehicle, but also prevents the cutting of two trees per year by completely eliminating the use of paper. We aim to reduce paper consumption and processing time with this innovative system, a joint project between the Eskişehir and Kocaeli Plants that only cost USD 3,200.

With the Panther HKST, Frequency and Cycle Enhancement project, launched in 2023, we aim to improve frequency by associating current outputs with customer satisfaction. Process development for the engine cycle is carried out in collaboration with Ford Global Calibration and Dynamometer engineers. The main objectives of the project include achieving electricity, fuel and scrap parts gains and developing a cycle project. The environmental impacts of the project, run in partnership with the Electrical Leadership, include improving times and reducing costs. The time improvement has been calculated as 13,526.86€ / 59.82% per year, and the cost improvement as at least 27,495€ / 45.78% per year.

To reduce the toxic chemicals used in operations at Ford Otosan, all chemicals received into the plant are controlled according to the Ford’s Restricted Substance List (RSL). The use of restricted substances is strictly prohibited. Turkish Material Safety Data Sheets of all chemicals are obtained and entered into the relevant database. The use of the any chemical must be approved by the occupational health and safety unit, workplace physician, fire department, warehouse, and the environmental unit.

With the Plastics Paint Shop Solvent Recovery project, we aim to recover 65% of the solvents from the waste from the paint shop. Through the project, we plan to save 24,200kg of solvent per year. This project, which has already been implemented in the body paint shop at the Yeniköy Plant, is slated for implementation in the plastics paint shop and the body paint shop at the Gölcük Plant.

Waste Quantity (Tons)	2021 TR	2022 TR	2022 RO	2023 TR	2023 RO
Hazardous waste recovered	8,786.188	9,678.689	2,484.314	12,107.52	2,421.07
Non-hazardous waste – recovered	87,756.07	91,593.812	39,451.399	101,693.36	40,693.98
Hazardous waste – disposed	32.48	24.193	19.459	1.54	102.95
Non-hazardous waste – disposed	0	0.097	56.82	0	28.45
Hazardous waste – sent to interim storage	84.273	310.35	0	321.22	0
Non-hazardous waste – sent to interim storage	0	0.049	0	0	2,084.12
Total	96,659.011	101,607.190	42,011.992	114,123.63	45,330.57

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

Transition to Low Carbon Economy

Product Sustainability

Environmental Impact of Operations

Value Chain Management

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

WATER STEWARDSHIP

At Ford Otosan, we recognize the conservation of water resources through efficient management as one of our key responsibilities. Therefore, we address water risks as an essential part of sustainability management.

As disclosed in the Water Policy published in 2021, we are committed to:

- Reducing fresh water consumption per vehicle in operational processes.
- Prioritizing innovative and sustainable water management systems in new investments and projects.
- Focusing on water stewardship as a priority in plants faced with water stress according to regional situation assessments.

As a Koç Group company with intense water consumption in operations, we are a member in **Koç Holding Water Working** Group and actively involved in the situation analysis, risk analysis, strategy and goal setting processes.

We recognize that fresh water resources are vital for continuity of life and we engage in various activities in this field. We aim to reduce fresh water use per vehicle by 40% by 2030 through the water recovery projects implemented at the Gölcük, Yeniköy and Eskişehir Plants. In 2023, fresh water use per vehicle was 3.318 m³ in Türkiye and 2.634 m³ in Romania.

We aim to build a wastewater recovery system at our Gölcük and Yeniköy Plants in 2024 to recycle the effluents, domestic wastewater, backwash water and cooling tower blowdown water treated in the existing plant use it in the production process.

The new investments in the Yeniköy Plant include the installation of a Gray Water Recovery System, which will enable us to surpass the targeted performance.

Recovered Water and Wastewater Quantities (m³)	2021 TR	2022 TR	2022 RO	2023 TR	2023 RO
Recovered water	85,395	102,721	2,000	199,661	55,657
Total water discharge except rainwater and domestic wastewater	329,728	334,507.73	110,103	300,278	112,228
Total	415,123	437,228.73	112,103	499,939	167,885

Water Withdrawal (m³)	2021 TR	2022 TR	2022 RO	2023 TR	2023 RO
Underground water	1,063,294	1,181,669	0	1,313,453	0
Municipal water	6,595	7,597	322,122	9,498	503,372
Total	1,069,889	1,189,266	322,122	1,322,951	503,372

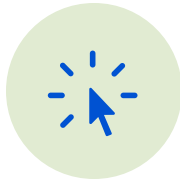
At the Eskişehir Plant, a study is ongoing to assess the feasibility of a water recovery investment that would deliver 40% water recovery as part of the Wastewater Treatment Plant revision. Such an investment would involve the recycling of domestic and chemical wastewater resulting from the processes in the treatment facility and reusing it in production.

We recycle the water in the cooling towers at the Gölcük and Yeniköy Plants and with reverse osmosis at the Yeniköy Plant. We also reuse the water at the Eskişehir Plant with the help of closed-loop cooling towers.

F With the water mapping project encompassing all Ford Otosan facilities in Türkiye, we aim to perform water point mapping by considering all water consumption points, create a surface mass balance and water map of the areas where water is consumed and discharged, and evaluate the technical, operational and management aspects.

Furthermore, we are developing methodologies for internal pricing. More information about our endeavors on this topic is provided under Corporate Governance, **“Physical Risks”**.

A project, designed to reduce the water volume of the sludge formed during the collection of paint particles in the paint shop at the Craiova Plant, resulted in water efficiency. We use some of the rainwater collected from the roof drainage system in various non-production processes. Moreover, the photovoltaic panels installed at the plant provide hot water for non-production needs, helping us save energy.



Please click here to view our Water Policy.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

[Transition to Low Carbon Economy](#)

[Product Sustainability](#)

[Environmental Impact of Operations](#)

[Value Chain Management](#)

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

BIODIVERSITY

At Ford Otosan, we assess how our operations affect biodiversity and aim to minimize our impact and conserve biodiversity. For this purpose, we:

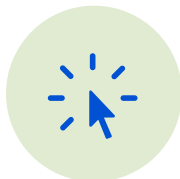
- Aim to achieve a net positive impact (NPI) on biodiversity.
- Set targets for biodiversity to avoid net loss in material areas.
- Encourage commitment across our value chain to refrain from operating in proximity to globally or nationally important biodiversity locations.
- Minimize biodiversity impacts through the implementation of a mitigation hierarchy.
- Conduct regular biodiversity risk assessments.
- Interact with stakeholders for biodiversity.

In an impact assessment conducted for the International Union for Conservation of Nature and Natural Resources (IUCN) in 2018, we found that species were not affected by our operations. In addition, we worked with the Nature Conservation Center to observe the wetlands, riverbanks, seashores and other areas within the Plant territory and identified all plant and bird species in the area. The study revealed that eight of the bird species are facing extinction as they are globally vulnerable (VU) and near threatened (NT), and seven were identified as ‘rare’ species. Since no species is directly impacted by our activities, we do not engage in conservation work in a specific territory. The natural wetland within the Kocaeli Plants’ location is surrounded by wire fences and completely protected from the operational processes.

In 2023, we researched the biodiversity projects and identified the ones that Ford Otosan could contribute with its endeavors. Then, we completed the budget planning for the biodiversity projects that we can implement in 2024. Ford Otosan is also a member in the **Biodiversity Working Group**, re-established under the Koç Group Environmental Committee. Participation in this group’s work allows us to lay the foundation for policy, implementation projects and our future activities in alignment with the **Science Based Targets Network (SBT-N)** and **Task Force on Nature-related Financial Disclosures (TNFD)**.

With the materiality and risk score study, guided by SBT-N, we started to work on determining Ford Otosan’s risk score in areas that impact and are impacted by biodiversity. In addition to measuring our impact on factors addressed within the scope of biodiversity and the scale of this impact using the SBT-N Materiality, we can also analyze endemic species and their habitats by obtaining data from local data providers through IBAT.

In 2023, tree planting activities were organized in Eskişehir and Kocaeli locations to tackle deforestation. The tree planting area for the Kocaeli location was determined by the Gölcük Forest Management Directorate. Nearly 80 employees participated in activity in November, planting 300 saplings.



We drafted and disclosed a “**Biodiversity Strategy**” in 2023, available here.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

[Transition to Low Carbon Economy](#)

[Product Sustainability](#)

[Environmental Impact of Operations](#)

[Value Chain Management](#)

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

VALUE CHAIN MANAGEMENT

The strong relationships we build with all our suppliers play a key role in our success in the automotive industry. Since there are processes in place to source the thousands of parts and components for the vehicles we manufacture, we support our suppliers for meeting the high Ford Otosan standards in our products. We also make short- and long-term plans for the localization of imported product groups and prioritize the development of our local suppliers. In line with our **vision** of ranking among the **leading global supply chain organizations**, we work in close **cooperation with our suppliers** to manage every step of the multi-stage and complex value chain, from raw material sourcing and manufacturing the products to delivering the vehicles to the customers and providing aftersales services in a controlled and systematic way.

Once the Carbon Border Adjustment Mechanism, introduced by the European Union on October 1, 2023, covers the sectors, in particular the iron-steel and aluminum segments, that contribute significant input to the automotive industry, from January 1, 2026 onward, we will start to see the financial effects of the mechanism. Therefore, we aim to reduce the financial pressures that our value chain may face by taking decarbonization steps, and prioritize cooperation with our suppliers more than ever.

Our supplier sustainability program and carbon neutrality roadmap are overseen at the senior management level by the Ford Otosan Purchasing Leader. The Sustainability Committee, which convenes four times during the year, submits the current situation and its decisions to the Ford Otosan Leader, who may escalate the matters to the Board of Directors as needed.

PURCHASING AND LOGISTICS

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

- More than 300 suppliers in the supply chain to become carbon neutral by 2035.
- Our logistics operations to become carbon neutral by 2035.
- Adding sustainability to the supplier selection criteria.

The company decided to invest in the **Block Train** project for leveraging rail transportation between Craiova and Gölcük to reduce emissions in our logistics operations. From 2024 onward, the focus will be on creating roadmaps for rail transportation between Germany and the Gölcük Plant. Thanks to the proximity of the Gölcük site to the port, vehicles can be easily shipped by commercial vessels from this facility. According to the feasibility studies conducted for rail transportation between the Eskişehir and Gölcük plants in Türkiye, factors such as the lack of tunnels of equal height for the vehicles and the lack of suitable railway infrastructure from the train station to the factory have not been deemed the project feasible. There are plans for leveraging electric vehicles in short-distance logistics. While the automotive industry reports express an 83% emission reduction target by 2035, Ford Otosan plans to transition to all-electric road transportation to reduce emissions from air, rail and sea transportation with the aim of achieving a 95% emission reduction. The remaining emissions are projected to be offset with carbon credits. We aim to reduce our emissions from logistics operations by 2% in 2024.

At Ford Otosan, one of our goals is to offer safe, efficient and sustainable driver assistance and autonomous driving systems in response to the evolving needs of our customers and the logistics industry. A key focus for us in **autonomous driving** is the development of the **Level-4 Highway Pilot function that will enable hub-to-hub driverless logistics** outside major cities. Considering the technological advancements along with the need for improving infrastructure, as well as the necessary regulatory and legal undertakings and the market dynamics, we anticipate that these technologies will be on highways on a large scale in the 2030s. We believe that equipping the heavy commercial vehicles with Level-4 functions will profoundly impact the global logistics market for a number of reasons, including the heightened logistics demand due to e-commerce, truck driver shortage and rising driver costs, and low profit margins at logistics companies.

We started to work toward our target of becoming carbon neutral across the entire supply chain in 2022. In the first stage, we conducted supplier sustainability assessments with pilot-scale companies in 2022. In addition to expanding the question set in 2023, we organized awareness-raising activities such as Supplier Sustainability Conferences, online Sustainability training programs and Supplier Workshops. The process that began with awareness sessions continued with self-assessment and training at all suppliers and auditing of critical suppliers. The work carried out in 2023 included the creation of a Net Zero Roadmap for our suppliers who produce critical product groups and the updating of existing procedures. Currently, **13 critical suppliers have set net zero targets for 2050.**

As of year-end 2023, Ford Otosan works with 2,399* suppliers in total, including 1,971 local suppliers. Payments to local suppliers account for 85.79% of the total amount paid to all suppliers.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
 - [Transition to Low Carbon Economy](#)
 - [Product Sustainability](#)
 - [Environmental Impact of Operations](#)
 - [Value Chain Management](#)
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

We conduct annual risk analyses of our critical suppliers, then determine risk criteria, and update them monthly per each scope. Additionally, we completed the pilot study of our **Predictive Risk Management** system, which consists of Financial Health, Quality, Supply and Sub-Supplier Management, which are also part of sustainability.

We are currently in the process of launching a **proactive risk management** platform that will contribute to sustainability-focused transformation in the Ford Otosan supply chain. Our work is ongoing to test the metric specified and the algorithms and software development completed in 2023. Once the digital platform is launched in the first quarter of 2024, we plant monitor various parameters such as quality, supply status and financial health via a single screen. This enterprise platform will enable us to effectively predict and manage our potential risks throughout the supply chain.

As part of our activities under this topic:

- We focus on localization of sheet metal and use nearly 40 thousand tons/year of local materials instead of imported sheet metal, saving on costs and reducing transportation and carbon emissions.
- We prefer direct delivery from manufacturer to the plant by working with collaborative aluminum sheet suppliers and eliminating intermediaries.
- We work on reducing vehicle weight to manufacture the same part from lighter materials with lower gross weight, reducing both costs and carbon emissions.

Operating the body paint shop at the Eskişehir İnönü Plant close to full capacity has enabled us to bring the outsourced processes into the plant. As result, we aim to reduce our environmental impact and achieve cost savings.

SUPPLIER DEVELOPMENT

To meet our target of “working with the leading supply chain in sustainability,” we are preparing more than 300 of our suppliers to become carbon neutral by 2035. We aim to communicate our sustainability approach to our business partners and to ensure that all suppliers in our value chain align with it as well. For this purpose we inform **our suppliers** about our policies by publishing them on our website and **sharing them on the Ford Otosan Supplier Network (FOSN) purchasing portal**.

We offer a range of training programs on different topics to support the development of suppliers. We provide the supplier training via the **Ford Otosan Supplier Network (FOSN)**, a platform featuring conferences, classroom and online courses. In 2023, we delivered 1,390 person*hours of training. We also provided online sustainability training on environmental, social, and economic issues to 114 suppliers who participated in the Supplier Sustainability Assessment. The 36-hour training included content on the international logistics standard, Material Management Operations Guideline/Logistics Evaluation (MMOG/LE) delivered by the Ford Otosan Supplier Development (SMRT) team to 220 participants from 100 suppliers. With the migration to the MMOG/ LE Version 6 interface in 2023, Ford Otosan Supplier Development team also completed the V6 training plans with the suppliers. In addition, we provided 3,500 person-hours of training in total about using the Ford Global/Ford Otosan portals and the MMOG/ LE applications, our main source for supplier development.

In 2023, we made 203 visits to our suppliers for purposes such as performance improvement, new supplier preparation and induction audits, capacity analyses, and risk management, and six visits for Q1 certification. The Q1 Certification is awarded to Ford suppliers who demonstrate excellence in meeting the global supply chain requirements and customer expectations.

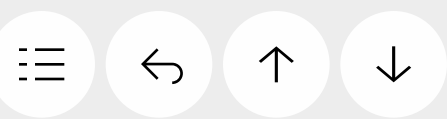
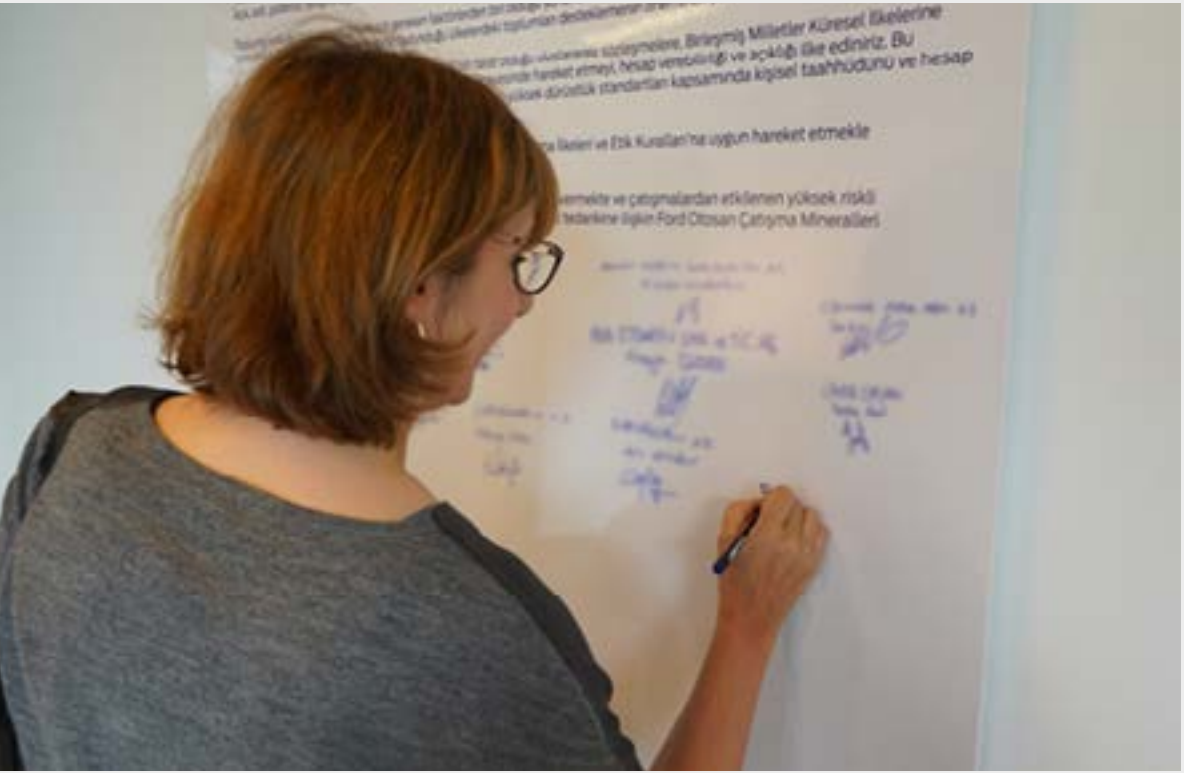
As part of our efforts to create social benefit with our suppliers, we make donations to NGOs in exchange for training programs. The donations of our suppliers who attend the training programs are channeled to the development of children with autism.

Supplier Sustainability Conference

In 2023, we hosted two **Supplier Sustainability Conferences** with the participation of the suppliers that undergo Ford Otosan’s sustainability audits. During these conferences, organized in alignment with the long-term sustainability targets we laid out through our Future. Now vision, we also declared our **Supplier Sustainability Manifesto** and shared it with all our suppliers.

During the conference, we evaluated the activities in 2022 and presented certificates to the suppliers who received successful scores. We also provided information about the Carbon Transition Program across our supply chain and how to conduct Supplier Sustainability Assessments and integrate them into purchasing decisions in the future.

To view Ford Otosan Supplier Sustainability Manifesto, please click [here](#).



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

[Transition to Low Carbon Economy](#)

[Product Sustainability](#)

[Environmental Impact of Operations](#)

[Value Chain Management](#)

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

* Industrial material suppliers, including 588 suppliers of vehicle parts, along with investment and service providers are included in this figure.

Supplier Sustainability Assessment and Development Program

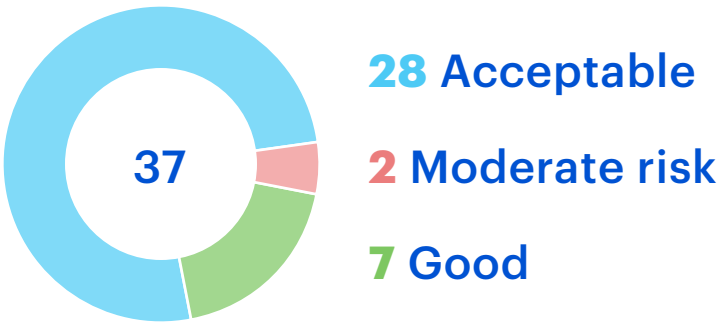
We launched the Supplier Sustainability Assessment and Development Program in 2022 to support our long-term sustainability targets. We delivered an online **sustainability training to our suppliers through an independent audit firm**, and then asked them to respond to our surveys containing both data and strategic approach questions on **self-assessment, environment, energy, greenhouse gases, conflict minerals, labor, health, security and management systems**. We classified our suppliers, which have a high strategic, financial and environmental impact and have no alternatives, as critical suppliers and conducted data verification and on-site inspections. In 2023, we decided to conduct sustainability assessments for 238 suppliers, accounting for 88% of the suppliers of vehicle parts, based on the payments made. Among these 238 critical suppliers, evaluated according to environmental, social and governance criteria, we found that seven were at the good level and 28 were acceptable, while two were categorized as moderate since they did not meet the acceptable level criteria. These suppliers were advised about their development areas and the actions they are expected to take, which are monitored.

Assessment of critical suppliers by risk categories:	
Conflict Minerals	Good
Business Ethics	Good
Energy	Good
Environment	Good
Greenhouse Gases	High Risk

As part of the Supplier Sustainability Assessment and Development Program, we also provide information on our suppliers’ **water withdrawal and discharge quantities, targets, awareness of water stress, and policies**. 12 of our suppliers respond to CDP programs, while 13 publish sustainability reports.

Please click [here](#) to view Ford Otosan Supply Chain Compliance Policy.

In 2023, 37 critical suppliers were evaluated according to environmental, social and governance audit criteria. As a result, 7 were found to be at good, 28 at acceptable, and 2 at moderate risk levels.



Suppliers, starting with those engaged in processes with major impact on the environment such as steel, chemicals and aluminum, are evaluated in terms of the volume they manufacture for Ford Otosan and the availability of alternatives within the industry. Based on the **Kraljic matrix**, certain suppliers are categorized as “critical suppliers”.

Ford Otosan supplier sustainability assessment categorization:

- 100-90 points: Excellent**
- 89-70 points: Good**
- 69-50 points: Acceptable**
- 49-30 points: Moderate Risk**
- 29-0 points: High Risk**



Supplier Sustainability Workshop

Working toward our goal of spearheading transformation across the entire ecosystem, we detailed the **Responsible Supply Chain Transformation** roadmap during the workshop we held with 34 critical suppliers in 2023. In this workshop, we determined the future sustainability actions of our suppliers under Environmental, Social, Governance and Supply Chain, starting with the target of carbon neutrality across the supply chain by 2035.



2023 FO Supplier Summit and Awards Ceremony

We held the 2023 Ford Otosan Supplier Summit and Awards Ceremony with nearly 800 people in attendance, including suppliers, FO Senior Leaders and Purchasing teams. During the event, we discussed the production quantities, market shares, the latest developments in our programs and projects, and sustainability topics. In a ceremony at the end of the summit, we presented **13 awards**, including 4 Gold, 4 Silver, 4 Bronze awards and 1 Incentive award, to our product group and indirect suppliers for their achievements based on their **successful work and performance in 2022**.

In the aftermath of the earthquake, we collaborated with our suppliers to meet various needs in the affected region, from the production of containers for housing to the required workforce. Some of these collaborations included the following:

- We partnered with ZER A.Ş. to prepared two earthquake relief kits. Part numbers were defined in the system for the kits so that the entire Ford Dealer network could place orders. We also started to prepare for a sufficient number of search and rescue kits to be available in the nationwide dealer network.
- Tire suppliers dispatched mobile tire repair vehicles to the earthquake region and repaired/changed the tires of ambulances to ensure that they could operate round the clock.

During the Supplier Summit, we also presented awards to the suppliers that contributed to the earthquake relief efforts.

CONFLICT MINERALS MANAGEMENT

At Ford Otosan, we follow a sustainable and transparent policy in our supply chain and strive to source the minerals used by the suppliers from conflict-free areas. As part of the Supplier Sustainability Assessment and Development Program, we ask our suppliers to respond to the Conflict Minerals questionnaire.

To avoid any action that may contribute to the financing of conflicts, we require our suppliers to comply with the same principles. Accordingly, we expect them to adhere to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas standards and the applicable United Nations sanctions or local laws applying such resolutions.

In addition to our efforts to implement these standards and regulations, we also published Ford Otosan Conflict Minerals Policy in alignment with the European Conflict Minerals Regulation, declaring our commitment to not working with suppliers that violate human rights during the sourcing of minerals such as tin, gold, tungsten, tantalum and lithium, and encouraging the suppliers to source these minerals from non-conflict regions. **With electrification becoming increasingly widespread and the electric vehicle batteries requiring lithium, we updated our Conflict Minerals Policy in 2023 to include this mineral.**

To view the updated Conflict Minerals Policy, please click [here](#).



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW FOR
ENVIRONMENT

[Transition to Low Carbon
Economy](#)

[Product Sustainability](#)

[Environmental Impact of
Operations](#)

[Value Chain Management](#)

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

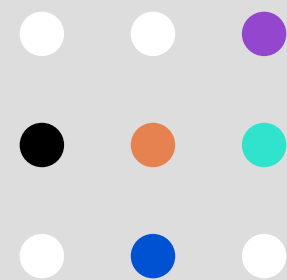
CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

FUTURE. NOW FOR PEOPLE

- › **EMPLOYEE AND HUMAN RIGHTS** —120
- › **OCCUPATIONAL HEALTH AND SAFETY** —125
- › **AGILE AND CULTURAL TRANSFORMATION** —130
- › **EMPLOYEE ENGAGEMENT** —132
- › **TALENT AND CAREER MANAGEMENT** —137
- › **RECOGNITION, APPRECIATION AND REWARDING** —144
- › **CUSTOMER EXPERIENCE AND DEALERS** —146
- › **VEHICLE QUALITY AND SAFETY** —152



FOR PEOPLE

At Ford Otosan, we recognize the importance of providing a respectful and fair work environment for our employees and build our talent management on the principles of diversity, equity and inclusion. Therefore, we strive to ensure that the work experience at Ford Otosan is always healthy, safe, and conducive to development for all our employees. The three key transformation areas of our future strategies are **Agile Transformation, Culture and Leadership Transformation and Human Capital Transformation**. Therefore, we prioritize creating value for all our stakeholders, starting with our employees, with people-centric systems as part of our vision, **Future. Now for People**.

We also believe that upholding human rights, fostering equality, effective talent management, and continuous development are key to the sustainability of our company. Therefore, we address all the touchpoints across the Ford Otosan experience of our employees and customers, who are at the heart our human and social capital structure, moving with firm steps toward our targets and aiming to be an **employer of choice**.



Target	Performance Indicator	2023 Performance	2024 Target	Explanation
Increasing the ratio of women working in technology and innovation in all Türkiye locations to 30%by 2026*	Ratio of women in STEM (%)	21.69%	25%	<ul style="list-style-type: none">Through the “My Dream Future” initiative, we plan to provide technology and innovation training and mentoring with the aim of reaching a total of 100,000 women by 2026.
Doubling the rate of women working in technology and innovation in the entire dealer network by 2026**	Ratio of women in STEM at the dealers (%)	10.88%	12.88%	<ul style="list-style-type: none">Awareness training and Dealer Council organized.200 female students who will work at dealerships supported through a scholarship program. <p><i>In 2023, the number of positions classified as STEM rose to 71. As a result, the ratio of female employees in STEM in the dealers dropped.</i></p>
Increasing the ratio of women in all first, middle and senior management positions in all Türkiye locations to 50% by 2026	Female manager ratio (%)	24.18%	28%	<ul style="list-style-type: none">University collaborations, mentoring programs with Ford Otosan female leaders, and Women Leadership programs are ongoing.Leaders of the Field Program has been planned for 2024.

* Base year: 2022
Baseline: 20%
** Base year: 2022
Baseline: 11.54%

- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
 - [Employee and Human Rights](#)
 - [Occupational Health and Safety](#)
 - [Agile and Cultural Transformation](#)
 - [Employee Engagement](#)
 - [Talent and Career Management](#)
 - [Recognition, Appreciation and Rewarding](#)
 - [Customer Experience and Dealers](#)
 - [Vehicle Quality and Safety](#)
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

EMPLOYEE AND HUMAN RIGHTS

At Ford Otosan, we strive to uphold human rights across the value chain to create a **fair, transparent, equal and inclusive** experience for our employees, customers, business partners and all stakeholders.

Ford Otosan Human Rights Policy, published on December 10, 2020, and containing the human rights approaches and standards of Koç Group and Ford Motor Company, guides us in implementing the work culture across the organization.

► **Ford Otosan Human Rights Policy**

All our employees and executives are required to uphold the Human Rights Policy. We also expect our business partners to comply with this policy, to the extent applicable.



Ford Otosan Human Rights Policy is primarily guided by the following international standards and principles:

- United Nations Guiding Principles on Business and Human Rights (2011).
- United Nations Global Compact (2000).
- ILO Declaration on Fundamental Principles and Rights at Work (1998).
- OECD Guidelines for Multinational Enterprises (2011).
- Women’s Empowerment Principles (2011).

We have declared 10 commitments in our Human Rights Policy. In line with these commitments, we adopt the principle of upholding the rights of our employees and customers.

1. Diversity and Equal Recruitment Opportunities
2. Non-Discrimination
3. Zero Tolerance to Child/Forced Labor
4. Freedom of Organization and Collective Agreement
5. Health and Safety
6. Zero Tolerance to Harassment and Violence
7. Working Hours and Compensation
8. Personal Development
9. Data Privacy
10. Political Activities

To view Ford Otosan Human Rights Policy, please click [here](#).

Guided by Ford Otosan Human Rights Policy and the Universal Declaration of Human Rights, we ensure that employee rights are upheld across the board, from recruitment and promotion to career development, remuneration, benefits, and diversity. We respect the rights of all the employees to form and join NGOs of their choosing, and with all our business partners, we follow **a zero-tolerance policy against forced labor, child labor, and discrimination and harassment of any kind.**

We exercise due diligence in human rights and consider the opinions of our employees, who are the primary group that benefit from these rights. We conduct surveys and one-on-one interviews to seek the opinions of our employees on the human rights policies and activities. These efforts help us identify the human rights risks of Ford Otosan and develop risk prevention mechanisms. Thanks to these efforts, no ethics violations were reported in 2023 at Ford Otosan.

The Workplace Sexual Harassment Training, which is mandatory for newly recruited field employees, and repeated every other year for the office employees. We plan to review the frequency and rules of training with relevant business functions in 2024.

Please click [here](#) to view the Human Rights Due Diligence Report.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW FOR
PEOPLE

[Employee and Human
Rights](#)

[Occupational Health and
Safety](#)

[Agile and Cultural
Transformation](#)

[Employee Engagement](#)

[Talent and Career
Management](#)

[Recognition, Appreciation
and Rewarding](#)

[Customer Experience and
Dealers](#)

[Vehicle Quality and Safety](#)

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

DIVERSITY, EQUITY AND INCLUSION

At Ford Otosan, we build our human resources approach on the basis of creating an **inclusive work environment** where differences and ethical values are respected, and no discrimination is tolerated against gender, sexual orientation, ethnicity, age, marital status, faith and ideology, lifestyle and expression, and body differences. Given that the automotive industry is among the fastest growing sectors, prioritizing diversity and inclusion in the industry becomes key in terms of maintaining this growth rate.

World Economic Forum’s (WEF) 2023 Global Gender Equality Report indicates that the automotive industry lags behind other sectors in terms of women’s representation in the workforce. This situation requires the automotive industry to focus on increasing women’s employment and also take actions to improve the gender wage gap. Therefore, we prioritize our efforts in this area and assume it as our responsibility to raise awareness among our employees, dealers, suppliers and society at large.

At Ford Otosan, we do not tolerate any kind of sexist, homophobic, racist, discriminatory and stereotypical language in our work environment and take necessary actions in cases of violence, bullying and harassment in breach of our core principles. Our Diversity and Human Rights Policies published in 2019, guide our work on Diversity, Equity and Inclusion (DEI) as we focus on promoting **human rights, health, education, empowering disadvantaged groups, science and technology, and gender equality**.

In 2023, we organized training and seminars on Diversity, Equity and Inclusion to raise the awareness among both the employees and leaders. We also created the Women’s Development Journey training for our female employees. In addition to providing an Unconscious Bias Seminar for



all recruitment leaders, we conducted the Inclusive Leadership Training, open to all managers at Ford Otosan. With the “I am remarkable” training, we aimed to increase our employees’ awareness about gender equality in professional life and to raise their individual consciousness.

In addition to organizing Diversity, Equity and Inclusion workshops for our suppliers, we also provided Gender Equality training to raise awareness in our dealers.

More information on the training programs we delivered in 2023 to instill the culture of Diversity, Equity and Inclusion across the organization under [Learning and Development](#) in this report.

As a signatory to **UN Women’s Empowerment Principles** and the **Declaration of Equality at Work**, we promote gender equality, striving to increase women’s participation in the workforce and ensure equality in the workplace. Our targets for this purpose include **increasing the ratio of women in**

STEM within the company to 30% and the ratio of women in STEM in the entire dealer network to 23% by 2026, and the ratio of women in all management positions to 50% by 2030.

We defined Objectives and Key Indicators (OKR) specific to Diversity, Equity and Inclusion (DEI) performance targets to monitor the performance of all leaders on the Executive Board related to DEI employment targets.

To view Ford Otosan Diversity Policy, please click [here](#). Please click [here](#) to access Ford Otosan’s Declaration of Equality at Work. To access Ford Otosan’s Board of Directors Diversity Policy, published in 2023, please click [here](#).

The **Diversity, Equity and Inclusion Playbook** we published in December 2023 offers practical information and resources to help everyone at Ford Otosan contribute to the goals we have set. Through the playbook, we share general information about what diversity, equality and inclusion efforts mean, why we should focus on this goal, and how we can implement



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
 - [Employee and Human Rights](#)
 - [Occupational Health and Safety](#)
 - [Agile and Cultural Transformation](#)
 - [Employee Engagement](#)
 - [Talent and Career Management](#)
 - [Recognition, Appreciation and Rewarding](#)
 - [Customer Experience and Dealers](#)
 - [Vehicle Quality and Safety](#)
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

DIVERSITY, EQUITY AND INCLUSION PROJECTS HIGHLIGHTED IN 2023

Neurodiversity

At Ford Otosan, we recognize the importance of promoting neurodiversity. Therefore, we continued to employ people with Down syndrome, on the autism spectrum, or intellectual disabilities at the Sancaktepe, Kocaeli and Yeniköy facilities in 2023.

We offer sign language training to facilitate internal communication with hearing-impaired individuals. In the past year, more than 500 employees took sign language training. Moreover, we extended this training to the employees' children on the weekends, raising awareness on this matter.

Ford Otosan Parenting School

Ford Otosan psychologists design and deliver parenting training for all our production and office employees every year. These training programs vary according to the needs and demands as well as specific age groups. In 2023, nearly 350 employees took this program.

Women of the Republic Webinars

As part of the centennial celebrations of Türkiye, we hosted talks with female role models who told their inspiring stories as women that always uphold the values of the Republic with their contributions and make us all proud with their achievements.

these practices within our ecosystem. With this manual, Ford Otosan aims to share our continuously evolving practices and provide guidance in shaping the future.

To access the Ford Otosan Diversity, Equity and Inclusion Playbook, please click [here](#).

In line with our Diversity and Equality at Work Policies and our diversity and inclusion targets, we became the first automotive company to support the Society of Women Engineers for Istanbul. We were also the first automotive company to obtain the Equal Opportunity Model Certification from the Women Entrepreneurs Association of Türkiye (KAGİDER) in 2016. Furthermore, we were included in the **Bloomberg Gender-Equality Index** in 2020 based on the evaluation of our performance according to several criteria in terms of providing equal opportunities to men and women, marking **a first in the Turkish industry and the automotive sector**. Most recently, we were recognized with the Company Making a Difference award by the Turkish People Management Association (PERYÖN) for our Diversity and Inclusion endeavors in 2023.

We analyze all our business processes, including recruitment, by considering the needs of diverse groups and manage them with a holistic approach. In alignment with our perspective of creating shared value and inclusion, we follow the principle of providing safe and equitable conditions where each individual is supported.

Accordingly, Ford Otosan has appointed a “DEI Leader” responsible for diversity, equity and inclusion. Working in coordination with the sustainability committee and with volunteer employees from different teams, the DEI Leader drafts Ford Otosan’s diversity, equity and inclusion policies, develops the roadmap for sustainability targets, spreads this culture, designs employee and stakeholder training content, and monitors the leaders’ progress toward DEI targets.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW FOR
PEOPLE

[Employee and Human
Rights](#)

[Occupational Health and
Safety](#)

[Agile and Cultural
Transformation](#)

[Employee Engagement](#)

[Talent and Career
Management](#)

[Recognition, Appreciation
and Rewarding](#)

[Customer Experience and
Dealers](#)

[Vehicle Quality and Safety](#)

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

The duties of the Ford Otosan Diversity, Equity and Inclusion Leader are listed below.

- Developing, proposing and implementing creative strategies to support the company's diversity, equity and inclusion goals.
- Reviewing current practices and policies to evaluate and analyze the level that they support or hinder the company's diversity, equity and inclusion goals.
- Enhancing the organization's diversity, equity and inclusion practices across all channels by collaborating with all relevant functions.
- Collecting and analyzing statistical data to evaluate the company's population against diversity, equity, and inclusion standards and goals.
- Bringing a diversity, equity and inclusion perspective to attract employees from diverse backgrounds into recruitment strategies and selection processes and working with relevant partners for implementation.
- Providing the necessary diversity, equity and inclusion training by collaborating with the Human Resources and Training and Development teams.
- Collaborating with the Human Resources function to develop objective performance and other employee evaluation policies.
- Functioning as a thought leader in diversity, equity and inclusion by continuously assessing company performance and fostering diversity, equity and inclusion at management levels.
- Advancing knowledge on diversity issues, laws and best practices.
- Communicating with government agencies, NGOs and the business world on diversity, equity and inclusion as a company spokesperson.

Guided by the DEI Leader, we increased our female employment ratio from 20% to 28.77% in Türkiye and Romania in 2022. Women made up 33.46% of the newly recruited employees and 66.34% of the roles filled from internal positions. We aim to ensure that one in four field employees and one in every two office employees we recruit are women to increase these ratios.

Women account for 46% of the workforce at Ford Otosan's Craiova Plant, where we also have 46 disabled employees in different functions.

We are proud to share that we have reached 24.18% in line with our goal of increasing the female employment ratio in first, middle and senior management levels on our Turkish facilities to 25% in 2023. We aim to increase this ratio to 50% by 2030. Moreover, women constitute 27% of our Board of Directors.

We recognize that female employment within the automotive industry, and especially in STEM, falls short in all local and international organizations. In alignment with our mission of leading the Turkish and global automotive industry, we remain committed to eliminating the inequalities.

We successfully met our goal of increasing the ratio of women in STEM within Ford Otosan to 22% in 2023. On our Craiova Plant, the ratio of female employees in STEM currently stands at 48.05%. We aim to increase this ratio to 30% on

Employee Ratios (%)	2020		2021		2022		2023 TR		2023 RO	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Office	28	72	28.6	71.4	28.8	71.2	29.69	70.31	27.92	72.08
Field	15.1	84.9	15.5	84.5	16.8	83.2	19.88	80.12	48.05	51.95
Total	17.8	82.2	18.8	81.2	20	80	22.52	77.48	45.95	54.05

our Türkiye campuses by 2026. To achieve these goals, we made plans in 2022 under four categories: university students, new graduates, women who had to take a break from work and women in employment through women's circles, career coaching, university collaborations and female leader training programs. Accordingly, we launched a number of projects for women's employment and women's empowerment throughout 2023. Working toward our target of reaching 100,000 women by 2026, we reached 1,000 women through our endeavors in 2023. Since our social investments were mostly channeled to the earthquake-affected region, our performance in this area remained below our 2023 targets.

More information on Ford Otosan's social investment projects in 2023 is provided under [For Community](#).

In 2023, we also started to support female leadership positions with dealer employment incentives. To promote this topic further, we launched the scholarship program for students at vocational high schools, which our dealers partnered with in 2023. In addition, we continued the **Female Leader Development Training** for first and middle managers throughout 2023 to increase the ratio of female employees in technology and innovation. In addition to these projects, we are also progressing toward our goals, monitoring our female leader appointment ratio by functions and encouraging the recruitment of experienced women.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW FOR
PEOPLE

[Employee and Human
Rights](#)

[Occupational Health and
Safety](#)

[Agile and Cultural
Transformation](#)

[Employee Engagement](#)

[Talent and Career
Management](#)

[Recognition, Appreciation
and Rewarding](#)

[Customer Experience and
Dealers](#)

[Vehicle Quality and Safety](#)

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

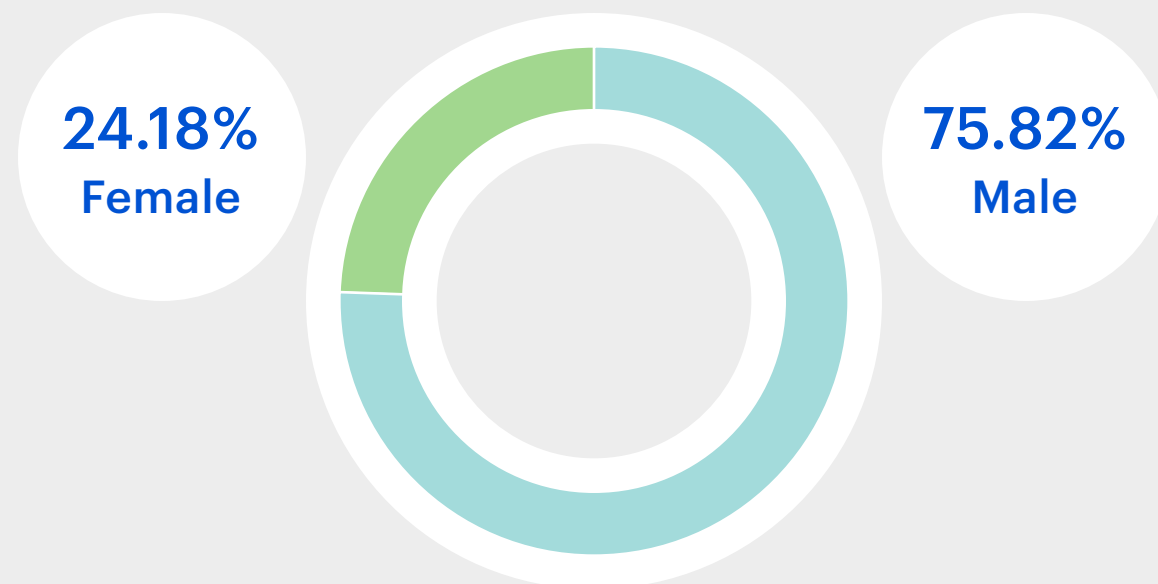
PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

Managers by Gender
(Türkiye) (%)



STEM Employees by Gender
(Türkiye) (%)



Some of the projects we have run since 2022 to empower women, especially in STEM, are listed below.

- **Women Elevating Women Program:** We reached 1,000 women through this program.
- **Anatolian Scholars and Ford Otosan 'Let the Girls Attend School' Scholarship Fund:** 500 female students benefited from mentoring.
- **Partnership with W- Tech Women in Tech Association:** 100 female employees at Ford Otosan suppliers received technology-driven vision training. This project facilitated women's participation in digital transformation taking place around the world. 40 of our female field employees completed robotic process automation training.

In order to extend our gender equality principle throughout the dealer network, we aim to double the ratio of women in STEM, which currently stands at 10.88%, by 2030. In line with this target, we disclosed our Diversity, Equity and Inclusion approach as a strategic priority during the Supplier Sustainability Conference in 2023, and asked all our suppliers to sign our Sustainability Manifesto, which also defines our DEI approach.

Our efforts to reinforce the Diversity, Equity and Inclusion approach across our dealers in 2022 – 2023 included the following.

- We defined protocols for recruitment from vocational high schools for our dealers and focused on employment support.
- As part of our efforts to raise awareness among dealers, we delivered gender equality training for dealer leaders and vocational high schools.
- We launched a scholarship program through Vehbi Koç Foundation to increase the number of female students in vocational high schools.
- Through NGO and local government agreements, we planned process training (paint, mechanics, etc.) for women seeking employment, allowing them to be employed as technical staff at our dealers.
- At the beginning of 2023, we initiated a monthly incentive payment of TL 3,000 for each female leader in a designated position to foster female leadership roles with dealer employment incentives.

We will launch new projects and a comprehensive action roadmap in the first quarter of 2024 to address the activities we have undertaken to date from a strategic perspective by focusing on our dealers and vocational high schools.



We partnered with the Automotive Suppliers Association of Türkiye (TAYSAD) to increase the awareness of suppliers. As part of this collaboration, we visited three of our Tier 1 critical suppliers and held awareness meetings to provide guidance and share information on best DEI practices. We expressed our expectations from these suppliers to present their work to us in 2024 and integrated DEI into our supplier sustainability assessments. We aim to continue DEI workshops in 2024.



[ABOUT THE REPORT](#)

[ABOUT FORD OTOSAN](#)

[INDUSTRY OVERVIEW
AND TRENDS](#)

[VALUE CREATION
JOURNEY](#)

[CORPORATE
GOVERNANCE](#)

[FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION](#)

[FUTURE. NOW
FOR ENVIRONMENT](#)

[FUTURE. NOW FOR
PEOPLE](#)

[Employee and Human
Rights](#)

[Occupational Health and
Safety](#)

[Agile and Cultural
Transformation](#)

[Employee Engagement](#)

[Talent and Career
Management](#)

[Recognition, Appreciation
and Rewarding](#)

[Customer Experience and
Dealers](#)

[Vehicle Quality and Safety](#)

[FUTURE. NOW
FOR COMMUNITY](#)

[GENERAL ASSEMBLY](#)

[RISKS AND
OPPORTUNITIES](#)

[PERFORMANCE
INDICATORS](#)

[CORPORATE STATEMENTS](#)

[FINANCIAL STATEMENTS](#)

[ANNEXES](#)

OCCUPATIONAL HEALTH AND SAFETY

At Ford Otosan, we make it our mission to create a safe and healthy work environment by meeting all legal and corporate working conditions related to **occupational health and safety**. We strive **to constantly improve** our processes **to eliminate all the hazards and dangers** such as diseases, injuries and fires that threaten the safety of life and property. We remain committed to always protecting our employees against injuries and losses due to workplace accidents.

Ford Otosan defines OHS risks in accordance with the ISO 45001 Occupational Safety and Health certification and implements an effective risk management process with set targets and programs. In addition abiding by applicable regulations, we prioritize identifying and defining occupational health and safety risks and creating and reviewing targets and programs related to these risks in compliance with the **Ford Motor Company FAS08 International Safety Standard** and the **Koç Group Occupational Health and Safety Standard**.

To access Ford Otosan Occupational Health and Safety Policy, please click [here](#).

OHS Performance (Employees)	2020 TR	2021 TR	2022 TR	2022 RO	2023 TR	2023 RO
Occupational disease rate	0.09	0.24	0.37	0	0.27	0
Incident rate	5.76	4.75	4.30	0	4.95	1.42
OHS training (employee x hours)	144,967	76,159	210,343	19,020	478,904	42,054

OHS Performance (Subcontractors)	2021 TR	2022 TR	2022 RO	2023 TR	2023 RO
Incident rate	3.39	3.78	0	4.42	0
Total OHS training time	9,462	8,643	1,254	32,563	0

We believe that all our work for ensuring occupational health and safety can only be successful with the joint action and participation of our leadership and employees. Therefore, we hold monthly meetings with the participation of our union representatives and the OHS committee. During these meetings, the OHS committee shares the issues identified in the workplaces with union representatives and works with them to define OHS actions to both improve current processes and determine future steps. We expect all our employees to fully comply with applicable occupational safety rules and procedures.

The Occupational Health and Safety Committee fulfills its duties and powers during monthly meetings. Meeting resolutions are communicated to the involved parties through the Occupational Health and Safety Committee’s Monthly Meeting Minutes. The primary duties and powers of the Committee are listed on right:

- Assessing the dangers and hazards within the scope of occupational health and safety and the required measures, and implementing them accordingly.
- Evaluating the adequacy of the measures against potential dangers and hazards such as fires, natural disasters, and sabotage and monitoring the relevant work of the teams.
- Assessing the occupational health and safety-related activities on a monthly and annual basis.
- Reviewing and determining the next year’s occupational safety action plan.
- Developing a general prevention policy that addresses factors such as technology, work organization, working conditions, social engagement and work environment.

At Ford Otosan, 38 OHS specialists actively work on a wide range of tasks. Their work involves risk assessments, field visits, oversight of legislative and administrative issues, training the employees on occupational health and safety, reporting the OHS metrics of our operations, and creating action plans.

Ford Otosan Healthcare Unit created a Health Policy in 2004 and committed to providing holistic, accessible, high quality and standard care. Ford Otosan’s a Health Board, formed in 2019, convenes every Wednesday. The Board reaches resolutions by discussing healthcare methods, cases and OHS rules within Ford Otosan, and keeps up with the agile transformation by creating health policies.

Ford Otosan Health & Hygiene and Ergonomics leadership achieved an agile transformation in health by establishing a new structure for occupational health in 2020. Ford Otosan Healthcare Centers were restructured into 5 function-based units, enabling the physicians and nurses to follow up the employees with a holistic approach and rotating between these units every three years.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

Employee and Human Rights

Occupational Health and Safety

Agile and Cultural Transformation

Employee Engagement

Talent and Career Management

Recognition, Appreciation and Rewarding

Customer Experience and Dealers

Vehicle Quality and Safety

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

The five units are:

- Treatment and Emergency Care Unit
- Periodic Examination and Preventive Medicine Unit
- Ergonomics and Industrial Hygiene Unit
- Monitoring and Evaluation Unit
- Medical Finance and Purchasing Unit

We employ a full-time dietitian, physiotherapist, audiometrist and psychologists at our healthcare centers. We provide periodic examinations and outpatient services with an infrastructure, featuring a fully equipped laboratory, ECG, x-ray, respiratory test, hearing test and eye examination facilities. We also offer transportation and support for our disabled and cancer patients on their visits to the psycho-oncologist and hospital. Our employees, who are pregnant, on long-term rest, recuperating after a surgery, or have chronic diseases are regularly monitored by our Follow-up-Monitoring-Evaluation unit.

Since 2012, we have performed digital analyses on physical posture and function, industrial hygiene and chemical risks for all processes, and we update them every other year. Using the Job Card application, we evaluate the risks that our employees are exposed to during their work, keep a strong archive of the work environment, proactively detect work-related impacts to prevent occupational diseases, make all improvements, including relocation for health reasons, and verify the employee's process-based work suitability based on this job card model.

We define the processes and environments conducive to employees with mental challenges or have ear-nose-throat, cardiovascular, vision, endocrine, musculoskeletal system conditions in our procedures and make the necessary investments. As an accessible factory, we create job opportunities for people with severe mental challenges, Down's syndrome or autism spectrum disorders.



The processes suitable for the health requirements of pregnant employees have been identified. Furthermore, we support them throughout their pregnancy with social activities and yoga for at least half of their working hours. All our sites also feature nursing rooms that mothers who nurse their babies can easily access and use.

We address occupational health and safety with a holistic approach and implement practices that consider both physical and also mental well-being.

- **Industrial Hygiene and Ergonomics Committees:** We regularly address the issues identified by the industrial hygiene and ergonomics committees of different departments during in the OHS committee meetings, where we listen to the people who directly experience the problems that need to be resolved and ensure that they are quickly escalated to the decision-making levels.

- **Psychosocial Risk Questionnaire:** We aim to better identify the departments, lines and shifts where problems occur using the Copenhagen Psychosocial Risk Questionnaire applied to all employees. The questionnaire's implementation process has been completed and the data analytics stage is currently ongoing.
- **Psychosocial Support:** Our employees benefit from psychosocial support services for themselves and their children by working with the psychologists at our facilities in Türkiye and online through the Koç Healthcare app.
- In the aftermath of the Kahramanmaraş earthquakes, we extended psychosocial support for FOKE, our search & rescue team, and our volunteers who were on the ground, along our dealers in the affected region.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW FOR
PEOPLE

[Employee and Human
Rights](#)

[Occupational Health and
Safety](#)

[Agile and Cultural
Transformation](#)

[Employee Engagement](#)

[Talent and Career
Management](#)

[Recognition, Appreciation
and Rewarding](#)

[Customer Experience and
Dealers](#)

[Vehicle Quality and Safety](#)

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

Program	Objective	Relevant Stakeholders	Current Status
Safe (Defensive) Driving Project for Professional / Non-Professional Drivers	To manage driving risks in vehicles used in company activities and to prevent driver-related accidents that may result in injury and death.	<ul style="list-style-type: none"> Koç Group Personnel Shuttle Service Providers Logistics Providers 	Defensive driving safety training was provided to 700 people within the organization. In 2024, 500 more employees will be included in the training program.
Safe Behavior Controls with AI/Image Processing Technology	To prevent “Fatal Accidents” that may occur due to unsafe behavior on automation lines.	<ul style="list-style-type: none"> Intenseye Information Technologies* Press Leadership 	The press workshop “hat60” automation area is monitored with 21 cameras and unsafe behavior is monitored with image processing technology.
* Intenseye Information Technologies is an artificial intelligence initiative that prevents work accidents and operates actively in 3 locations. Intenseye IT is among Ford Otosan’s partners in this project.			

- Well-being Trainings:** In addition the trainings organized by the Ford Otosan Learning and Development Unit, the Well-being Club also hosts regular weekly mindfulness and self-compassion sessions on the Kindness Map Volunteer Training Platform, aiming to contribute to mental well-being. We offer training on new topics every month on the platform for our employees and even their families. With seven team members and 1,557 followers, the platform focuses on physical, mental and social well-being.
 - To foster the well-being of our pregnant employees and contribute to their work-life balance, we encourage them to regularly participate in training programs that will support their personal development (such as child development, birth preparation, pregnancy yoga, handicrafts) during working hours.



- Vehbi Koç Foundation Wellness Center:** Featuring an indoor gym, tennis court, football field, Pilates - dance studio and fitness center, the Wellness Center has 3,143 registered members, including Ford Otosan employees, their relatives, and group employees. The Center also offers summer school programs for the employees’ children every summer.

- **Emergency Response Plans:** With the emergency response plans covering Ford Otosan’s Kocaeli, Eskişehir and Sancaktepe facilities, we defined emergency response organization charts, communication chain, job descriptions, measures for peace and war times, and post-incident damage assessment and return to work processes. We also test the functionality of the system with annual general evacuation drills and local fire and environmental accident drills.



- During the Earthquake Readiness Seminar jointly organized by OSD and Bursa Chamber of Commerce and Industry, Ford Otosan gave a presentation on “Structural and non-structural measures in earthquakes.”



- As part of our collaboration with Kocaeli University, we participated in the workshop on the curriculum of the Civil Defense and Firefighting program. We suggested that some additional courses (e.g. Li-ion battery, H2, etc.) be included in the curriculum, especially to enhance the competencies of industrial firefighters.

- In 2023, we designed disaster awareness and readiness trainings and assigned them to all the employees at our Türkiye locations, an earthquake country, and allowed them to experience the effects of the earthquake in our earthquake simulation trucks and reminded them of the importance of having earthquake kits.
- **Addiction Awareness Seminars:** To date, nearly 850 production leader employees attended the addiction awareness seminars, which started in 2022, and placed informative posters at key points within our facilities.

In addition to these ongoing projects, we also introduced two new long-term best practices in 2023.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
 - [Employee and Human Rights](#)
 - [Occupational Health and Safety](#)
 - [Agile and Cultural Transformation](#)
 - [Employee Engagement](#)
 - [Talent and Career Management](#)
 - [Recognition, Appreciation and Rewarding](#)
 - [Customer Experience and Dealers](#)
 - [Vehicle Quality and Safety](#)
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

OCCUPATIONAL HEALTH AND SAFETY AWARDS

At Ford Motor Company’s annual “President’s Health and Safety Award” (PHSA) competition, Ford Otosan won first prize in Europe for the following plants and projects in 2023.

- In the Innovation (Manufacturing) category, Preventing Fatal Accidents with AI**, a joint project developed by the Press and IT functions.
- In the Innovation (Non-manufacturing) category, Pedestrian Safety Equipment project** developed by the Sancaktepe Spare Parts Warehouse unit.
- In the Ergonomics (Manufacturing) category, Plastic Adapter Enhancement project**, developed by the Body Paint Shop
- In the Ergonomics (Non-manufacturing) category, Ergonomic Management System project**, developed by the OHS & Environment Leadership.
- In the Industrial Hygiene category, Smart Chemicals Dosage project**, developed by the Yeniköy Body Paint Shop
- At the **PHSA awards**, the **Craiova VO plant** won the **Best Performance in LTCR** and the Eskişehir Plant was recognized in the Saving Lives category for resuscitating a person with first aid.



PHSA also presented global awards to the projects below.

- In the Occupational Safety Culture & Recognition (Manufacturing) category, the Art of Occupational Safety Project**, developed by the **Gölcük Body Paint Shop**.
- In the Occupational Safety Culture & Recognition (Non-manufacturing) category, Driving Safety**, a joint project developed by **OHS & Environment in HR Leadership and Training Leadership**.
- In the Healthcare Excellence category, the preventive activities of OHS & Environment Leadership:** cancer screenings and cardiac risk analysis project.
- In addition to the PHSA awards, Yeniköy Plant was recognized in the Digital OHS category for its **Smart Maintenance System and Power Lock** project, and the Gölcük Plant in the OHS Ambassadors category for the **Hand Tool Ergonomics Study** at the Employers’ Association of Metal Industries (MESS) Awards.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

[Employee and Human Rights](#)

[Occupational Health and Safety](#)

[Agile and Cultural Transformation](#)

[Employee Engagement](#)

[Talent and Career Management](#)

[Recognition, Appreciation and Rewarding](#)

[Customer Experience and Dealers](#)

[Vehicle Quality and Safety](#)

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

AGILE AND CULTURAL TRANSFORMATION

With the rapidly evolving business world requiring companies to transform their business cultures, old habits and models are no longer competitive. Technological advancements, global market dynamics and employee expectations require businesses to align with these developments and transform around a **culture that promotes agility and collaboration**.

At Ford Otosan, we continue to work on **digital transformation, innovation and lean processes** in line with our vision. We recognize that the successful implementation of these processes can only be possible with a shared approach and common values and principles.

We design **transformation processes** in response to the needs identified within the company so that the way we operate quickly adapts to change and global developments. To further advance our **Agile Transformation** strategy, which we have worked on since 2019, we added new tools that highlight transparent and open communication in 2022. We revisited our common culture, **Dynamic Balance**, created in 2017 as part of **Culture and Leadership Transformation**, by integrating the opinions of our employees in 2023 and took important steps toward strengthening the work climate within the organization. In **Human Capital Transformation**, we continue to develop and transform the competencies of employees to align with the competencies of the future.

AGILE TRANSFORMATION

We see Agile Transformation as a necessary and important step to implement our strategies and ensure sustainable growth. Accordingly, we are working with the Human Resources and Transformation Leadership departments to develop an end-to-end, holistic agile transformation strategy. 25 employees under the Transformation Leadership work to

achieve progress and drive the success of implementation. In collaboration with these two departments, we focus on continuously improving our performance in **agile transformation, organizational sustainability, cultural sustainability and change management**.

While designing the agile transformation process, we focused on core areas such as organizational transformation, cultural transformation, change management and transforming the way we operate.

We addressed agility in a way that aligns with the needs and requirements specific to Ford Otosan’s operations and structure, as well as industry dynamics. We focused on five main topics in the system design we implemented:

- Achieving sustainable growth and efficiency
- Creating high employee loyalty and happiness
- Reflecting the impact we create through agile transformation to our suppliers, customers and dealers
- Being a pioneer in acquiring/retaining and developing talent
- Increasing our maturity in applying agility

Reducing the hierarchy and functional silos within the company by assigning **end-to-end responsibility, authority and autonomy** to empowered, cross-functional teams is a key consideration in our work. In line with Ford Otosan’s strategic goals, we strengthen the teams in prioritizing their tasks. For us, ensuring that employees with in-depth expertise find meaning in their daily work and create value for all our stakeholders, especially customers, is an important priority.

At Ford Otosan, nearly 4,600 employees, more than 700 teams and over 800 roles are part of the agile way of working system as of the last quarter of 2023. We are happy to report that with the involvement of all our office

employees, agile way of working is the only method and organizational model applied across Ford Otosan and full integration has been achieved.

As a result of the organizational agility assessment conducted by Business Agility Institute, an international, independent organization, we received 3 stars in 2023, and improved our rating to 4 stars in 2024, marking a first in the Turkish automotive industry. We are one of the six companies to achieve this success among other automotive and manufacturing companies of similar scale worldwide. In this assessment, where we were evaluated on the pillars of culture, customer focus, leadership, operational resilience and value focus, we ranked in the top 11% worldwide, ahead of the 89% of the 1,800 organizations.

► Agile Teams and Field Employees Pilot Application

- Drawing from the gains as a result of office employees switching to a completely agile way of working model, we took the first steps to integrate the same application with field employees. Accordingly, we started an experimental pilot application on the production line for our field employees.
- With the pilot study involving the implementation of the Ford Production System with the “Kanban method,” we aimed to foster team spirit and the motivation of field employees by increasing their self-management capabilities. We also wanted to ensure transparency and traceability in terms of the work undertaken toward the targets.
- During the pilot study, we observed that all the areas we targeted by the end of 2023 were progressing successfully and the occupational health and safety metrics improved.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW FOR
PEOPLE

[Employee and Human
Rights](#)

[Occupational Health and
Safety](#)

[Agile and Cultural
Transformation](#)

[Employee Engagement](#)

[Talent and Career
Management](#)

[Recognition, Appreciation
and Rewarding](#)

[Customer Experience and
Dealers](#)

[Vehicle Quality and Safety](#)

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

We believe that in order for agility to create added value in a company, it should focus on people. We consider agility not only as a way of doing business, but as a holistic experience in all aspects from the culture perspective to the leader development journey, from employee experience to change management. We encourage multidisciplinary, dynamic and flexible structures by choosing roles over titles, eliminating hierarchies, and bringing together different skill sets. We eliminate silos by assigning end-to-end responsibility and autonomy to these teams, which consist of both cross-functional teams and specialized units. We create value with structures where everyone can show their potential, make their own decisions and move forward quickly. We invest in talent transformation and offer ways for our employees to gain new competencies. **With the positive contribution of agility, we create value with business outcomes in aspects such as operational efficiency, additional income gain, customer satisfaction, process improvement and speed.**

We included our employees in agile training programs that we access both within Koç Holding and through different channels. We then planned “Gamified Kanban” training for all company employees, along with “Kanban Master Empowerment” and “Scrum Master Empowerment” training for the employees in agile roles such as Kanban Master and Scrum master, and ensured their participation. Our Agile Coaches are working with Scrum Inc. within the scope of the “Agile Coach Program” organized by Koç Holding. They participated in training programs organized by institutions such as Harvard Business School and Emeritus to better understand and improve the agile way of working model. We delivered the “Kanban System Design” training, in cooperation with Kanban University, as an internal training process together with the Culture and Leadership Transformation Leadership and continued to reinforce the capabilities of our employees in agile roles.

CULTURAL TRANSFORMATION

All our endeavors guided by the motto “For People” constitute the building blocks of Ford Otosan culture. We constantly improve ourselves and renew ourselves in line with global trends to design a comprehensive experience for all stakeholders that we engage, starting with our employees, and to achieve the best possible team culture. For this purpose, we initiated a **Common Culture Overview** in 2022 to reconsider the **Common Culture** work we call “**Dynamic Balance**”, created in 2017 to bring our employees around a common goal and meaning, drive employee loyalty, and reinforce and ensure the continuity of the corporate culture. In 2023, using the Common Culture Overview, we determined the actions that will keep our cultural principles alive through a participatory process by seeking the opinions of employees at all levels. As a result, we created a roadmap and shared the actions we committed to with all employees. We will continue to implement and share our actions in 2024.

Our Common Culture Overview approach, which we adopt for our work on culture and leadership, was recognized as a benchmark study in **culture evaluation survey** and positioned us among more than 1,000 companies worldwide. We are proud to note that **Ford Otosan** ranks among the **top 150 companies** that have a common culture approach aligned with its future vision and the capabilities for coordination and authorization as well as customer focus and change-making potential.

“In line with our “**Open Communication and Transparency**” principles, we initiated the “**Dynamic Balance Meet-ups**” in the last quarter of 2023, providing an opportunity for our employees to openly share their cultural experiences and improvement suggestions. In 2024, we will continue to listen to employees on different themes and thus benefit from the inputs of all Ford Otosan employees as a reflection of our “Collaboration for Total Benefit” principle.

We started to take steps for cultural integration at the Craiova plant, recently acquired by Ford Otosan, with the briefing and feedback workshops with the leaders in Craiova. In 2023, we deepened this approach with a cultural evaluation survey and identified our common strengths in cultural integration and the opportunities as focus areas. This marks an important step toward becoming one of the few companies in Craiova that embarked on a cultural transformation journey with its own know-how and experience, without receiving external consultancy. We will continue to shape the roadmap we created specifically for Craiova in 2024 with the contribution of all employees and celebrate our successes.

▸ Ford Otosan Craiova Dynamic Balance Culture Evaluation Survey

As we implemented the Dynamic Balance culture at Ford Otosan Romania, we conducted a comprehensive survey to seek the opinions and thoughts of our employees with a response rate of 81%. We analyzed the survey results to learn more about the impact of the company culture on employees and to identify the development areas, and then drafted result reports for each specific area. We asked the leaders of different functions to prepare corrective and developmental action plans on highlighted issues. We reviewed and finalized the action plans prepared by Ford Otosan leaders during a two-day workshop. Our leaders appointed for each issue activated the relevant processes to monitor performance. Progress is continuously monitored through regular meetings every two months.

We launched a specifically designed leader development journey program in Craiova in 2023, in line with our “Dynamic Balance” values and principles to reinforce the leader’s influence in the Cultural Transformation journey.

In line with the Dynamic Balance Implementation Plan, we aim to initiate the launch and deployment processes, starting with office employees, as of January 2024, to instill our cultural values and principles across the organization.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
 - Employee and Human Rights
 - Occupational Health and Safety
 - Agile and Cultural Transformation
 - Employee Engagement
 - Talent and Career Management
 - Recognition, Appreciation and Rewarding
 - Customer Experience and Dealers
 - Vehicle Quality and Safety
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

EMPLOYEE ENGAGEMENT

At Ford Otosan, we recognize the importance of creating a work environment that is respectful, peaceful, fair, enjoyable, has a work-private life balance and provides the opportunity for self-improvement for our employees, and we work on building all our processes on designs and narratives that will improve the end-to-end employee experience.

Building upon our work ongoing since 2017 within the framework of **Cultural and Leadership Transformation** and our activities since 2019 in alignment with our Agile Transformation strategy, we have developed a next-generation reward and recognition model to reward the employees individually or as a team. In all these endeavors, we focus on increasing employee satisfaction and loyalty. **One of our key focus areas throughout 2023 was creating a new roadmap for measuring the maturity level and sustainability of the culture through surveys and focus group studies.**

Drawing from the direct impact of the Psychological Safety concept to foster a culture of innovation, we aimed to increase awareness about the concept within the organization and its adoption within the company. For this purpose, we started to hold workshops in our business areas to facilitate the exchange of employee feedback and experiences at the team level in addition to the internal and external communication campaigns.

EMPLOYEE EXPERIENCE

The total workforce of 23,701 at Ford Otosan consists of 77.48% field workers and 22.52% office employees. Recognizing the vital role of our employees in our successes, we design business processes that prioritize satisfaction and loyalty.

On top of their legal rights, our employees enjoy **extra benefits** and additional opportunities to support **their development**. These include private pension subsidy, Koç Foundation membership, holiday and fuel assistance throughout the year, lunch vouchers for the days they work remotely, and discounts at Koç Holding companies, along with special offers at partner restaurants, clothing companies, gas stations, grocery stores, events, services and hotels through the KoçAilem app. We also offer advantageous prices to employees who purchase vehicles from Ford Otosan. In addition, we monitor the benefits via the Flextra system, allowing the office employees to customize their preferences based on their personal and family needs.

On national and religious holidays, we bridge the business days before and after. We also extend **financial assistance** in addition to work leave on special occasions such as marriage, death of a close relative, birth, and education.

We support our employees’ journey into starting a family and parenthood, and consider their needs during maternity and paternity leaves. To ensure that employees on maternity leave in both Türkiye and Romania are not adversely affected by economic conditions, we apply pay raises and bonuses simultaneously with all employees.

As a convenience for our male and female employees with children, we offer the right to take **administrative leave** on the first day of school and the **report card day** at the end of the academic year during their children’s four-year primary school. New mothers have the right to work half of their normal working hours if they notify within 30 days after their 16-week maternity leave ends. These working periods are 60 days for the first child, 120 days for the second child and 180 days for three or more children, respectively. New fathers are also entitled to five days of **paid leave** beyond the legal leave.

The new mothers benefit from the opportunity to choose their working method to help them in this process. At Ford Otosan, we offer these employees the option of working part-time after six months of unpaid leave or part-time work, and we allow pregnant employees to determine their own working days and request these rights from their managers.

	2023 TR		2023 RO	
	Females	Male	Females	Male
Number of employees on parental leave	141	547	56	12
Number of employees returning from parental leave	143	547	99	17

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

Employee and Human Rights

Occupational Health and Safety

Agile and Cultural Transformation

Employee Engagement

Talent and Career Management

Recognition, Appreciation and Rewarding

Customer Experience and Dealers

Vehicle Quality and Safety

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

We have a department-specific practice for pregnant employees on the production teams. Accordingly, employees on the production teams are exempt from night shifts and overtime from the moment they report their pregnancy, and their exemption from night shifts continues until their children reach the age of one.

We value the happiness and development of our employees in their personal lives as well as in their careers. Therefore, we provide adult and child psychologist support for both our mother employees and their children. In addition, we pay mother employees at Ford Otosan a net **nursery allowance** in set amounts for their children from birth to 66 months.

In line with our company strategy, we develop Human Resources practices that are based on equal opportunities, respectful of differences and ethical values, development-driven, and supporting high performance. Working with

the Human Resources and Transformation Leadership departments, we address employee experience under three topics: People, Context, and Technology as of 2023. In addition, we shape our plans to implement the Employee Experience Roadmap, which aims to increase employee loyalty by 2024, on these three main focus areas.

The work of People Experience Leadership allows us to listen to the voice of each business and platform area more closely and deeply. Our “EX Action Coach” employees, who will be introduced for the first time in 2024 with the guidance and cooperation of Koç Holding and selected from every business area, enable us to elevate the employee experience to the next level by providing insights into the dynamics, specific needs and realities of the business areas. They function as motivators, observers and followers in their communication with the leaders and in the action plans to enhance the sustainability of these processes.

► **Ford Otosan Team Activity Budget Application**

We encouraged activities outside the work environment to foster team culture with the Team Activity Budget Application project launched in 2023 as part of the Ford Otosan Agile Transformation strategy.

We regularly conduct employee engagement surveys to identify our strengths and development areas by assessing our employees’ satisfaction, motivation, passion for their jobs and commitment to the company culture. As a result, we aim to improve work efficiency, ensure employee happiness and satisfaction, reduce turnover, and enhance company performance. We include questions from the “People First Index” and a question on Diversity, Equity and Inclusion in our surveys to evaluate the insights we obtain specifically for each team and make field-specific improvements.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
 - [Employee and Human Rights](#)
 - [Occupational Health and Safety](#)
 - [Agile and Cultural Transformation](#)
 - [Employee Engagement](#)
 - [Talent and Career Management](#)
 - [Recognition, Appreciation and Rewarding](#)
 - [Customer Experience and Dealers](#)
 - [Vehicle Quality and Safety](#)
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

► [People First Index](#)

The People First Index serves as a guide for our employee engagement questionnaire, and we address the topics of well-being, connection, and unlocking potential.

- **Well-being:** This topic includes questions about the happiness, peace and work-private life balance of employees within the organization, and focuses on benefits, employee value and holistic health.
- **Connection:** Focuses on the employees’ search for purpose in their jobs, and questions the impression made on employees by the organization’s goals and objectives, social and environmental responsibility, business ethics and ethical values.
- **Unlocking Potential:** Questions the innovation capability of the organization. The focus is on the speed of investing in new ideas, the initiatives granted to the employees, openness to different approaches, and the training and development opportunities available.

Employee Engagement Rate (%)

2023	51
2022	63
2021	72

Employee Engagement (%)	2021	2022	2023
First-level managers	74.8	78.9	75.3
Mid-level managers	90.3	91.9	86.5
Senior executives	100	100	100
Specialists	65.3	61.5	58.1
Male employees	71.1	60.7	49
Female employees	77.6	72.8	60.6
Total (Company)	72.2	62.8	51.4

SUGGESTION & IMPROVEMENT SYSTEM AND DIGITALIZATION

Future of work models contribute to a more flexible and liberated environment by cutting through hierarchical structures to foster employee engagement, motivation and job satisfaction. Giving the employees the opportunity to take initiative enables them to add value to business processes by harnessing their creativity, without being restricted to designated roles. As a result, efficiency increases and job satisfaction and engagement improves.

Giving the freedom to take initiative supports the company’s innovativeness by allowing the employees to leverage their creativity to solve problems and bring unique perspectives. Accordingly, offering the employees the freed to take initiative in next-generation working models not only enables them to develop individually but also contributes to the success of the company.

At Ford Otosan, we find it important that the field and office employees, who have a significant impact on the products and the company, take initiative. We created the Suggestion and Improvement System with the aim of recognizing and supporting the implemented improvements and the submitted suggestions in critical field processes like production. The Improvement System is available to our field employees, and the Suggestion System is available to our field and office employees.

In this system, which we use to document the improvements and suggestions made by our field and office employees in their work processes, in addition to their job descriptions, the improvements are implemented through the employees’ individual efforts, and the suggestions are introduced if they are found viable based on the opinion and review of the subject matter expert. People who submit suggestions or make improvements or other efforts log in to the system and file the application, so that the process can be tracked effectively.



As part of the Improvement System, our employees achieved improvements in the following areas:

- Line Stability - Labor Gains
- Apparatus Development
- Energy savings
- Industrial Material
- Robotic and Material Gains
- Paint savings

Through the Suggestion System, ideas were entered on the following topics:

- Localization
- Occupational health and safety
- Human Resources
- Cost Reduction (TVM)
- Packaging Recommendations

We reward all impactful improvements and suggestions through the Suggestion and Improvement System, which enabled Ford Otosan to implement 156 projects in 2023. In total, 602 our employees were rewarded for the improvements they achieved, while the company saved Euro 12 million.

- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
 - [Employee and Human Rights](#)
 - [Occupational Health and Safety](#)
 - [Agile and Cultural Transformation](#)
 - [Employee Engagement](#)
 - [Talent and Career Management](#)
 - [Recognition, Appreciation and Rewarding](#)
 - [Customer Experience and Dealers](#)
 - [Vehicle Quality and Safety](#)
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

SOCIAL CLUBS

We recognize the importance of creating opportunities where employees can come together and share their common interests and hobbies and increase social interaction. We believe that such activities within the company strengthen the sense of commitment among employees, promote engagement and encourage collaboration. At the same time, **we aim to reduce and balance work stress, foster motivation and contribute to work-life balance through social clubs.**



As of 2023, the followers of social clubs on our internal communication platforms reached 9,639 people in total, and the followers of sports clubs reached 7,505 people.

In total, 602 athletes, including 103 women and 499 men, competed in 17 different branches at the 34th Koç Group Sports Festival in 2023, which covered the entire organization. We won a total of 45 trophies, coming first in 15 branches, second in 16 branches, and third in 13 branches. Our Romanian teams also represented Ford Otosan in international competitions.

Through the social clubs, we host numerous activities appealing to the different interests of the employees. Some of the activities organized in 2023 are summarized here:

- We climbed Mount Ararat, the highest mountain in Türkiye, with Ford Otosan Mountaineering Club.
- FOMS Club (Ford Otosan Motor Sports Club) became the first club to step into agile transformation and was named the best agile club.
- FOMÜZİK Club continued to entertain music fans in concerts.
- Ford Otosan Bicycle Club launched the “We ride 1923 km” campaign to commemorate the centennial of the Republic and rode 3,000 km in total.





- Ford Otosan Diversity Equality Inclusion Club hosted the 5 Republican Women in 5 Days Webinar, highlighting the values of the Republic.
- FOET (Ford Otosan Accessible Theater Club) team performed the play “Mu the Bee Without Wings” on stage for children affected by the earthquake.
- FOPS Club (Ford Otosan Plastic Arts Group) organized a Hand Printed Ataturk Portrait Workshop to mark November 10 Atatürk Commemoration Day and hung Atatürk posters in their campus.
- FODANS group started Latin Dance, Tango and Folk Dance courses at the sites.

- FOIYIYAŞAM (Well-being) club spearheaded a donation campaign for children with Cerebral Palsy in October.
- Ford Otosan Underwater Group organized recreational diving trips to the Red Sea, Marmaris, Fethiye, Bodrum, Kaş and Ayvalık, as well as first and second level theoretical and practical training for divers in Çanakkale and a Martyrs’ Memorial Dive on March 18.
- Ford Otosan Sailing Team achieved outstanding success in many recent races.

DIGITALIZATION IN HUMAN RESOURCES PROCESSES

We prioritize digitalization of our Human Resources processes and develop Robotic Process Automation (RPA) projects for this purpose. By implementing these projects, we eliminate the routine tasks of 3.5 persons annually. Furthermore, we reduce our error rates by improving the quality of our business processes and continue to make significant contributions to our sustainability efforts.

We run various digital transformation projects in specific critical areas. These include planning annual checkups, calculating recruitment SSI incentives, submitting monthly notifications to the security forces, filtering candidates during field employee recruitment, integrating training records into the SAP system and payroll/time management control. These projects also contribute to our environmental goals and our operations in line with our aim of improving the effectiveness of our business processes.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW FOR
PEOPLE

[Employee and Human
Rights](#)

[Occupational Health and
Safety](#)

[Agile and Cultural
Transformation](#)

[Employee Engagement](#)

[Talent and Career
Management](#)

[Recognition, Appreciation
and Rewarding](#)

[Customer Experience and
Dealers](#)

[Vehicle Quality and Safety](#)

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

TALENT AND CAREER MANAGEMENT

The automotive industry is among the sectors that need new talents the most. At Ford Otosan, we engage in various activities to both attract new talent to the sector and also support the career development of our existing employees. For this purpose, we adopt systematic approaches such as placing talent in the right positions and rotating them frequently. We fulfil our duty and address the industry’s talent gap problem by improving our HR processes and operations accordingly.

EMPLOYER BRAND AND TALENT ACQUISITION

In line with our **Diversity, Equity and Inclusion** principles, the recruitment processes at Ford Otosan are carried without any discrimination. We prioritize equal opportunity and conduct various assessments to place **the right candidate in the right position at the right time**.

In addition to attracting new talent to Ford Otosan, we are increasing our investments to retain our existing talent, support their career journeys, provide opportunities to develop their skills, and ensure their personal and professional satisfaction.

Therefore, we uphold the diversity, equity and inclusion principles in our human resources strategy in attracting new talent and continuously developing our existing employees. Furthermore, we strive to increase the number of female field employees during recruitment in accordance with these principles. In addition, we offer psychosocial support for our employees who are in the process of transition and gender reassignment to help them deal with the potential challenges they may face at work and within their communities.

Our commitment to inclusion principle and our vision of considering differences in recruitment processes allow us to recruit **disadvantaged groups** for suitable positions. As a result, we aim to increase the number of disabled employees. We see the recruitment of disabled people, which we carry out in cooperation with İŞKUR, as a social responsibility above all else, and we strive to make Ford Otosan a comfortable working environment for disabled people. We work to make both our plant and our offices **accessible** for disabled employees.

At Ford Otosan, we strive to engage in activities that will enable us to keep our vision alive and develop our culture together with our employees. We recognize Ford Otosan’s needs in line with the determined strategic priorities and take part in activities that will respond to these needs. As a reflection of the value we place on women’s employment in line with our principles of diversity, equity and inclusion, we are particularly sensitive about participating in events that focus on how women can contribute both to themselves and their countries.

With the SuccessFactors system, enabled specifically for the recruitment processes, we ensure that all stages of the recruitment process, from job posting approval and publishing to candidate salary studies and their approval, are executed via a single system. Recognizing that the feedback and ideas of all candidates involved in these processes play a critical role in our success, we design processes that consider the candidates’ **recommendation** scores. As part of our talent policies, we monitor the Net Promoter Score (NPS) and take the necessary actions. **Our NPS score stands at 70% as of 2023**. Pending confirmation by Koç Holding, we expect Ford Otosan’s recruitment processes to be executed through Koç Kariyerim starting in 2024.

Employee Net Promoter Score in 2023: 70%

Orientation and onboarding in the first 90 days from the date of employment for the new employees to have a healthy adaptation experience in both the office and in their new roles is important to us. Therefore, we integrated the Harmonise system to support the onboarding process in a way that improves satisfaction levels for both new employees and managers. Through this system, candidates whose starting date is known are provided with employment documents and information about their first day on the job. All updates regarding the candidate’s employment process are shared with the candidate’s manager via this system. To accelerate and support the adaptation process of new employees to the work environment, we also launched the Contact Orientation Program and Dynamic Orientation Tours in 2023. With Dynamic Orientation Tours, we offer new employees the opportunity to visit three different locations of Ford Otosan, see the production and R&D departments and learn more about the company’s operations.

The change and transformation guided by our vision and common culture brought about the need for a new Global Employer Brand Strategy and Employee Value Proposition (EVP). In order to meet this need, we aim to launch our new Employer Brand in June 2024 as an outcome of the work we have carried out since the end of 2021. We are currently refining and putting the finishing touches on our Employer Brand before announcing our new motto for our recruitment and internship, orientation and candidate experience teams.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW FOR
PEOPLE

[Employee and Human
Rights](#)

[Occupational Health and
Safety](#)

[Agile and Cultural
Transformation](#)

[Employee Engagement](#)

[Talent and Career
Management](#)

[Recognition, Appreciation
and Rewarding](#)

[Customer Experience and
Dealers](#)

[Vehicle Quality and Safety](#)

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

We bring together our experienced leaders and students to foster talent acquisition and attract young talent to Ford Otosan. With these meet-ups, we aim to contribute to students in creating their career plans by allowing them to listen to the experiences of experts and experienced leaders in their fields. In addition, we hold events twice a year to include new graduate candidates in Ford Otosan’s recruitment processes. We also offer internship and graduation dissertation opportunities to young engineers to help with their own career plans, and we work with universities to integrate these programs.

Youthall and Ford Otosan won third prize in the “Youth’s Aspirational Automotive Employer of Choice” category. We were also among the top 10 programs in the “Most Admired Recruitment Program” category.



Programs & Projects	
MasterBee	With the MasterBee program in partnership with Istanbul Technical University, we enable undergraduate and graduate students to do long-term internships at Ford Otosan during their education and to finish the program by writing their graduation dissertations about an issue within the company.
KOOP	With the KOOP program in partnership with Yıldız Technical University, we offer seniors the opportunity to intern at Ford Otosan five days a week during the spring semester. We continue to develop our project, which we started with a focus on Engineering & Technology Development (MTG), by including production teams.
Dissertation	We are running a two-term dissertation project covering the senior year of undergraduate students. Through this project, we expect seniors to complete a project determined during field visits in the first semester, focusing on solution suggestions in the second semester and presenting it in their dissertation.
Innovolt Engineering Challenge	With the Innovolt Engineering Challenge , a case study analysis, which we will organize for the first time this year, we aim to provide information about the competencies of Ford Otosan Battery teams, capture original ideas, communicate with young talent and recognize potential qualified workforce.
Ford Otosan Business & Manufacturing Academy	With the Ford Otosan Business & Manufacturing Academy event that we plan to host for the first time in 2024, we aim to help students get to know a production line better, and explain each production unit to students through technical classes and resources.
Technical Trips	We organize technical trips so that students can get to know both the production and R&D departments, observe the teams closely and see the company culture.
Leaders Teaching at Universities	To enable the students to get to know Ford Otosan better, Ford Otosan leaders attend automotive courses in different departments of universities. Leaders who are experts in their fields contribute to enhancing students' knowledge about both the industry and Ford Otosan during the week they teach classes.
In addition to the dissertation projects currently available for undergraduate and graduate programs, we launched 2244 TÜBİTAK Ph.D. programs. The project in cooperation with TÜBİTAK consists of four different Ph.D. projects with three universities. We plan to launch this project, designed in 2023 to include Engineering & Technology Development (ETD) employees within Ford Otosan in 2024.	

LEARNING AND DEVELOPMENT

At Ford Otosan, we prioritize supporting the **personal, professional, technical and leadership development** of our employees. We aim to ensure that employees within the company realize their potential, develop and transform themselves to unlock their potential. We recognize that we can transform our way of work, culture and organization at Ford Otosan as our employees transform.

We have long adopted the **“Realize, Improve, Transform”** approach as part of our Invest in Your Development Learning and Development Brand. With these activities and studies, we aim to serve the “Sustainable Growth” and “Talent Retention” human resources strategies that we have determined for Ford Otosan. The “Realize, Improve, Transform” approach represents our employees’ “Realization” of their potential by constantly holding a mirror to themselves, their continuous “Development” by deepening or diversifying their knowledge, skills and competencies, and their journey to “Transform” into their best versions by reaching their full potential.

While supporting the development journey of our employees, we also strive to provide opportunities specific to the needs and expectations of all employee groups. With the **“Personalized/Target Group-Specific”** development opportunities we offer, we offer all employee groups, from new employees to leaders, the opportunity to customize and advance their development journeys.

The development programs offered by our learning and development leadership are listed in this table.

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Personal & Leadership Development Programs	Technical Development Programs	Professional Development Programs
Competency & Social Skills Training	Foreign Language Program	Vocational Training Programs
Leadership Skills Development Programs	FTEM - Technical Expertise Development Program	Engineer Specialization Program
Potential Employee Development Program	Digital Transformation Trainings	Maintenance Specialist Program
Coaching Programs	Innovation Trainings	Vocational Qualification Certification Programs
Female Leader Development Programs	Department Academies	Field Employee Critical Skills Development Programs
Mentoring (Classic, Peer-to-Peer, Reverse Mentoring)	Data Academy	Internal Trainer Development Program
Field Employee Leadership Development Programs	Software Academy	Vocational Training Program in Business
Field Employee Competency Development Programs	Hackathon (Low Code No Code)	Industrial Robot Programming
Personal & Leadership Development Webinars/Seminars	Industry 4.0 Program	Electric Vehicles and Battery Training Program
MBA & EMBA Programs	Technical Development Academies	Legal - Mandatory Trainings
Outdoor Training Program	Agile Transformation Trainings	Vocational Training in VR Environment
Team Coaching	Role-Specific Technical Trainings	Programs
Personal Development Planning	Master’s Programs	
	Mandatory Trainings*	
	Company-Wide Technical Skills Programs (AI, Machine Learning, Project Management)	

* Occupational health and safety, Emergency, Code of ethics and working principles, Environmental legislation and management system, Whistleblowing channels, Information security system, Quality management system, Energy management system, Chemical fallout emergency, Contract processes, Harassment in the workplace, Dynamic balance our common cultural values and principles, Mobbing, Ethical principles, Sanctions and export controls, Anti-bribery and anti-corruption, GDP, Competition law.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

Employee and Human Rights

Occupational Health and Safety

Agile and Cultural Transformation

Employee Engagement

Talent and Career Management

Recognition, Appreciation and Rewarding

Customer Experience and Dealers

Vehicle Quality and Safety

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

Leaders Shaping the Future Program

At Ford Otosan, we created the Leaders Shaping the Future Program to ensure that all leaders adopt the company’s leadership manifesto, guided by the Dynamic Balance culture values and principles. With this program, we aim for leaders to act as role models within the company and reflect Ford Otosan’s values when representing the organization. The program, participated by all leaders participate, features different learning methods such as creative coaching sessions, group coaching, leadership webinars and classroom training. We completed the program in 2023 with 112 graduates and a satisfaction rate of 4.46/5.

Field Employee Management Mastery and Competency Transformation Program

We designed a program to develop nine competencies that we identified as the skills and competencies of the future in field employees in the automotive and manufacturing sectors, and the leadership skills of field leaders. In total, 540 Working Group Leaders, Workshop Team Leaders and Team Leaders participated in the program. We completed the program, which was delivered in 19 groups, with 100% completion and a satisfaction rate of 4.92/5.

Workshop Team Leader Development Program

With the program designed specifically for Workshop Team Leaders, we aimed to develop leadership skills under the topics of Coach-like Leadership, Meaning - Purpose, Inspiration, Emotional Resilience and Employee Experience. The program, delivered to a total of 61 people in four groups with the participation of Workshop Team Leaders working in four locations, achieved 100% completion and a satisfaction rate of 4.6/5.

Female Leaders Development Program

The Learning & Development Leadership designed the **Women’s Development Journey Program**, in collaboration with the DEI team, to empower women in business life and to provide guidance in eliminating the obstacles they impose on themselves. With our instructors, we followed the inspiring book “The Heroine’s Journey” to help women write their own unique stories and unlock their potential. To date, 75 female employees joined this program.

In addition to leadership development programs, we design **technical training and development programs** in alignment with our company’s digital transformation goals. We aim to prepare our employees for the competencies of the future with training on topics such as **data science, electric vehicles, autonomous vehicles, battery technologies and software development**.



Training Programs	2023 TR			2023 RO		
	Female	Male	Total	Female	Male	Total
Total training time (hours)	625,238	1,376,395	2,001,633	26,452	66,682	93,134
Total training time, including OHS (hours)	748,841	1,753,571	2,502,412	29,892	69,506	99,398
Total training time per person (person*hours)	191.4	130.3	144.1	11.45	19.87	16.27
Average training time (person*hours) – office employees	83.1	66.4	71.3	16.49	16.83	16.74
Average training time (person*hours) – field employees	251.0	151.0	170.9	11.08	20.33	16.22
Leadership training (hours)	9,047	26,816	35,863	176	1,232	1,408

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

Employee and Human Rights

Occupational Health and Safety

Agile and Cultural Transformation

Employee Engagement

Talent and Career Management

Recognition, Appreciation and Rewarding

Customer Experience and Dealers

Vehicle Quality and Safety

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

Data Science Training Program

We provide training to our employees on how to understand data, how to model the problem, and how to produce results from data with data mining and machine learning methods so that they can solve the problems they encounter. As a result of these trainings, we aim to educate Data Experts who can combine field knowledge with the latest technology and methods.

Our goal is to pave the way for our participants to develop digitally, provide them with access to Ford Otosan technology and help them develop value-creating projects in their fields. We provide information about technology, methodology and digital tools through trainings and workshops. We encourage participants to develop project ideas starting from the third week and support them with mentoring sessions in the process.

As of November 2023, 695 colleagues participated in the Data Science and Data Analyst training.

The Data Analyst Leader Program, designed specifically for leaders, will be launched as of December 2023.

Software Academy Training Program

We launched the software academy within Ford Otosan for the purpose of training the employees in non-software functions and interested in software and involving them in part-time software projects within FoTalentup, thereby building a software community and preparing the employees for new roles/competencies and digital transformation needs that may come up in their own departments in the future. In 2023, we launched Web Software Development, Low Code/No Code and Mobile Software Development programs under the software academy. To date, 260 people in total joined the program.

Autonomous Vehicles Awareness Program Training

The Autonomous Vehicles Awareness Training Program, designed by the Autonomous Driving Systems team under the Engineering and Technology Development functions, was launched in 2023. The training is open to all Ford Otosan employees and includes basic training for autonomous vehicles. To date, 535 employees successfully completed the program.

Autonomous Vehicles Awareness Program Training:

- Basic autonomous vehicles training
- Safety in autonomous vehicles
- Localization of autonomous vehicles
- Peripheral detection in autonomous vehicles
- High resolution maps
- Computer vision
- Sensor fusion and object tracking
- Planning in autonomous vehicles
- Autonomous driving control
- Autonomous vehicles awareness training test

The training program, which features basic courses on autonomous vehicles, is open to all Ford Otosan employees. To date, 535 employees completed the program.

Electric Vehicles and Battery Technologies Training Program

In addition to launching next-generation commercial vehicle projects to spearhead electric transformation in the automotive industry, Ford Otosan also designed the Electric Vehicles and Battery Technologies Training Program. This training program, executed in cooperation with Istanbul Technical University, aims to provide the participants with expertise in the design and production of electric vehicles and battery systems, basics of electricity and electronics, motor/power electronics, testing and verification, and battery chemistry technologies. 16 people attended the Electric Vehicles and Battery Technologies Training, which was first held in 2022, and 159 people in 2023.

We developed online awareness training to create basic knowledge and a common language for all employees regarding electric vehicles and battery technologies. We made sure that awareness training on SuccessFactors (SF) was accessible to all employees. We plan to prepare the awareness training with English audio and Romanian subtitles by the end of the year, so that employees in Romania can also benefit from it.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
 - Employee and Human Rights
 - Occupational Health and Safety
 - Agile and Cultural Transformation
 - Employee Engagement
 - Talent and Career Management
 - Recognition, Appreciation and Rewarding
 - Customer Experience and Dealers
 - Vehicle Quality and Safety
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

The objectives of the Electric Vehicles and Battery Technologies Training, consisting of three levels, are listed in the table below:			
	Level 1	Level 2	Level 3
Objective	To create expertise in the design and production of electric vehicles and battery systems, basic of electricity and electronics, engine/power electronics, battery chemistry technologies.	To create an infrastructure for testing, verification, design and electric vehicle and battery production studies on electric vehicles and batteries and to deepen expertise at Level 2.	To train our own Functional and Technical Excellence Model 3 and to create our expert pool. To increase the depth of expertise, design and innovation in electric vehicle and battery design, testing, verification and production, Systems Engineering, Electrical Machines, Power Electronics and Vehicle Thermal Management System. To create a Functional and Technical Excellence Model and master’s candidates.
In 2023, a total of 1,379 people participated in electric vehicles awareness training and 661 people in battery technologies awareness training. As of 2023, we delivered training in eight groups, and 159 people received level 1 training.			

Digital Literacy and Digital Leadership Training Programs

We delivered various training programs in 2023 for both our office and field employees regarding the digital transformation required by new technologies in this day and age.

We designed **Digital Literacy Training** to align with Ford Otosan production systems. With these programs, delivered in partnership with MEXT, we aimed to transform our current workforce into self-managed teams with high command of evolving digital platforms, capable of creating value from instant data and meeting the needs of the future. In 2023, 599 field employees participated in the programs.

At Ford Otosan, we provide Digital Fundamentals training to our office employees working with field teams, and Digital Leadership Training to first and mid-level leaders working in coordination with field teams. We contributed to the transformation processes by ensuring that a total of 1,744 of

our employees received these trainings through both trainings. With these trainings, we equipped ourselves with macro-level alignments in environment, sustainability and technology, dynamics related to digital transformation, next-generation technologies and usage areas of technologies. As a result of the training, we educated the employees, and especially leaders, on how to lead themselves, their jobs and their teams, so that they can spread digital transformation within the company. Thanks to the MEXT Digital Factory Tours, an opportunity offered by MEXT, our partner for these trainings, the employees were able to experience the Digital Factory and reinforce what they learned with sample processes for image processing, simulation and IoT usage.

Until November 2023, 448 employees participated in our Digital Literacy training, bringing the total since 2022 to 1,744 employees.

Master’s Programs

At Ford Otosan, we recognize the importance of supporting our employees’ professional and technical skills and encourage them to attend master’s degree programs. We work with higher education institutions such as Boğaziçi University, Koç University and Kocaeli University to promote the master’s program. The employees may pursue their interests and needs by studying at Boğaziçi University’s Software Engineering and Automotive Engineering Programs, Koç University’s Data Science, Cyber Security, Computer Science and Engineering Programs, and Kocaeli University’s Automotive Engineering and Mechatronics Engineering Programs. In 2023, 30 of our employees entered MBA and Executive MBA programs, while 11 employees started master’s programs to create added value for both themselves and Ford Otosan.

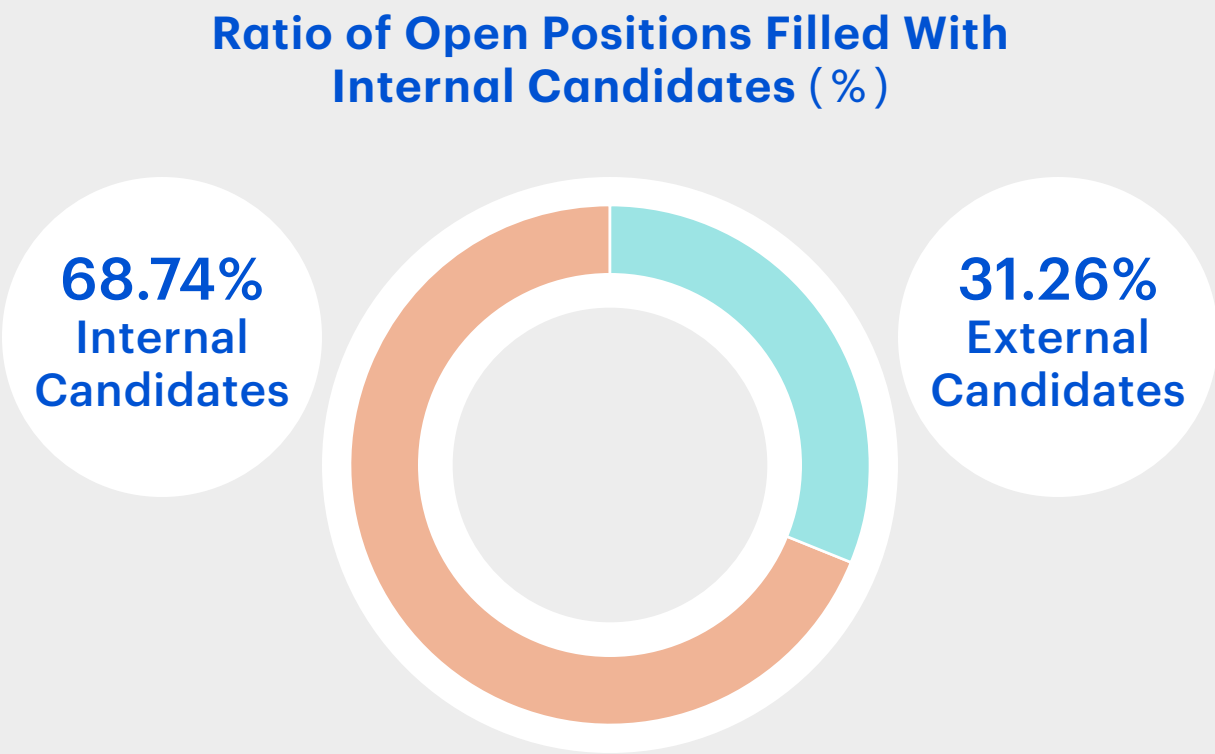
CAREER MANAGEMENT

Every year, we make **career and talent plans** for our employees at Ford Otosan. With Human Resources Planning, we aim to **assess the potential of employees in terms of achieving the company’s goals and meeting future organizational needs, clarify critical roles, designate successors for leadership roles and identify potential talent who can serve in these positions in the future, draft rotation plans and determine career and development actions for the employees.**

At Ford Otosan, we prioritize the career and talent plans of our employees and provide opportunities for leaders and senior managers. In line with talent planning that includes senior executives and leaders, we maintain a succession rate of 100% for senior leaders. With succession planning, we prepare substitutes for their future roles and offer personalized development plans.

We recognize that each employee is a unique talent. Therefore, we are in the process of developing a common wisdom by the HR and Transformation teams for the tools and resources that will support the development and transformation of these talent. We use the Career Mobility process, launched to increase internal agility, as a talent management tool.

With rotation practices, we create opportunities for employees to see different roles, responsibilities, experiences and working principles. We also aim to develop skills and competencies and contribute more effectively to the vision and goals of employees and the organization. We analyze Career and Talent Movements and Strategic Human Resources Planning to prevent the loss of talent. In line with these analyses, we prepare specific action and development plans for employees and create a roadmap for them in their talent transformation processes.



Office Employees Rotation Rate (%)



With the Career and Talent Interviews process, we aim to support employees and leaders to continuously improve their knowledge, skills and competencies at every step of their careers and to transform into their best versions by reaching their full potential. We also strive to support their career plans by increasing their awareness of their personality structures, competencies and skills, offer a unique employee experience and internalize the narrative “We are the Leaders of Our Business.” We also hold one-on-one meetings with employees to implement the actions following the Human Resources Planning meetings, ensuring that action is taken in due time.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
 - Employee and Human Rights
 - Occupational Health and Safety
 - Agile and Cultural Transformation
 - Employee Engagement
 - Talent and Career Management
 - Recognition, Appreciation and Rewarding
 - Customer Experience and Dealers
 - Vehicle Quality and Safety
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

RECOGNITION, APPRECIATION AND REWARDING

As a part of our company culture, we understand the importance of recognizing the attitude, action, behavior and effort put in by employees who take initiative for successful processes and results and who contribute significantly to our work and communication. To ensure that these behaviors are fairly appreciated and rewarded, we address our recognition, appreciation and rewarding processes in three main areas:

- 1. Recognition:** We clearly recognize our employees' contributions verbally, face to face, via e-mail, through the internal communication platform or Teams systems, and during team events.
- 2. Instant Rewarding System:** As we recognize the efforts and actions that add value to our company and comply with our common cultural values and principles, we instantly reward successful ones on the initiative of the leaders.
- 3. The Most Successful Ford Otosan Employees:** Every year, we reward the top three projects, selected by a jury consisting of different function leaders, among the projects submitted by our employees for the highest cost, labor and time savings in the categories of Smart Factory, People/Employee Experience, Innovation, Digitalization, Automation, Sustainability & Diversity and Inclusion and Customer Centricity. In 2023, the "PdM** Digital Predictive Maintenance" project, the "Chep Containers Temporary Import Domestic Output Matching System" project, and the FOFabrika project won the first, second and third prizes, respectively, while the Sustainability special award went to the "Waste Solvent Recovery" project.
- 4. Spot Bonus:** We reward projects and processes that create a measurable difference with the aim of recognizing the success of our employees and accelerating the dynamism that comes with the performance system.

The **PdM project** (data-driven error prediction module) was launched in November 2020 on the Transit Custom line in the Body Production Shop at the Gölcük Plant. In the first phase of the project deployed on 50 lift and conveyor equipment on the Custom line, 27 malfunctions were predicted and prevented, creating a cost advantage of around Euro 450,000. The most important contribution of the project was replacing the traditional maintenance methods with data-driven maintenance practices.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW FOR
PEOPLE

[Employee and Human
Rights](#)

[Occupational Health and
Safety](#)

[Agile and Cultural
Transformation](#)

[Employee Engagement](#)

[Talent and Career
Management](#)

[Recognition, Appreciation
and Rewarding](#)

[Customer Experience and
Dealers](#)

[Vehicle Quality and Safety](#)

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

EQUAL PAY FOR EQUAL WORK

In addition to increasing women’s employment as part of our efforts to promote gender equality, we also address inequalities in remuneration and disclose our performance. At Ford Otosan, we uphold the principles of diversity, equity and inclusion and stand against discrimination in both employment and remuneration. We adopt the concept of equal pay and equal rights for equal work and strive to ensure equality in remuneration and employee rights for all our employees, regardless of factors such as gender, language or race. We ensure that all employees benefit from the pay raises due to economic conditions, and we are increasing employee salaries in 2023, as we did in 2022.

At Ford Otosan, we also conduct performance appraisals using the OKR (Objectives and Key Results) methodology. Every January, OKR and KR (Key Results) are created for employees in accordance with that year’s company strategy and business dynamics. Throughout the year, five different check-in meetings are held, where employees have the opportunity to revise their goals with their leaders. At the end of the year, the performance of employees is assessed in two different aspects: work results and the way of achieving these results, and the year-end performance raise is determined.

Please click [here](#) to access the Independent Audit Report on Equal Pay for Equal Work.

Gender Pay Gap by Positions (Average Female Salary/Average Male Salary) 1	2022 TR	2022 RO	2023 TR	2023 RO
Senior executives (base salary)	1.05	0	1.01	0*
Senior executives (base salary + benefits)	1.01	0	0.91	0*
Managers (base salary)	0.90	1.14	0.89	1.21
Managers (base salary + benefits)	0.86	1.14	0.86	1.21
Non-managerial positions (base salary)	0.99	0.95	0.99	0.91
Non-managerial positions (base salary + benefits)	0.99	0.96	0.99	0.91
We do not tolerate any discrimination in our operations and uphold the equal pay for equal work and equal rights principles.				
* Romania plant has only two male senior executives.				

SENIOR EXECUTIVE REMUNERATION

We use a base salary and performance-based additional compensation system for the remuneration of Ford Otosan Leaders and senior executives. Non-executive members of the Board of Directors are paid a fixed fee. All other office employees receive performance-based compensation. All employees, including Ford Otosan Leader and senior management, are subject to key performance indicators (KPIs) determined in accordance with sustainability policies and strategies. Employees’ year-end bonuses and pay raises are determined upon evaluating them according to these performance indicators. Their performance is assessed in two different aspects: business results and the way of achieving these results. Employees who were imposed disciplinary sanctions are not entitled to the promotion and step-up considerations for one year.

Please click [here](#) to access Ford Otosan Senior Executive Remuneration Policy.

Employee Tenure (years)	2023 TR		2023 RO	
	Female	Male	Female	Male
Average tenure of senior executives	16	21	0*	34.5
Average tenure of mid-level managers	13	15	25.4	23.8
Average tenure of first-level managers	10	10	25.37	23.57
Average tenure of specialists	4	6	19.24	18.67
* Romania site has only two male senior executives.				



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW FOR
PEOPLE

[Employee and Human
Rights](#)

[Occupational Health and
Safety](#)

[Agile and Cultural
Transformation](#)

[Employee Engagement](#)

[Talent and Career
Management](#)

[Recognition, Appreciation
and Rewarding](#)

[Customer Experience and
Dealers](#)

[Vehicle Quality and Safety](#)

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

CUSTOMER EXPERIENCE AND DEALERS

At Ford Otosan, we prioritize meeting our customers’ expectations in the best possible way and increasing customer satisfaction. Therefore, we expand our customer communication channels and offer innovative products and services in response to evolving consumer preferences, expectations and demands. We act with employees, dealers and suppliers to ensure that our customers receive the best service and access the best products, and we create a common culture of cooperation that covers our entire value chain. We work with our agile customer loyalty teams consisting of people working in different functions and who produce quick solutions to our customers’ complaints.

In line with our **customer experience principles**, we shape all our services with the motto, “**We treat our customers like family**”. We build lifelong relationships with our customers and support them in any issues they have with our services and products.

We define our brand vision as “**being the most preferred mobility brand that always offers a unique customer experience with connected products and services**”. Therefore, we design our products according to customer expectations and needs. We serve our customers with integrity, expertise and care, and help our ecosystem thrive by working collaboratively to deliver solutions focused on creating lifelong value.

To elicit the loyalty of our customers, we have made it our priority to refine their experiences. By listening to and understanding our customers in every aspect of the Ford Experience Journey, we continuously monitor complaints and expectations, take action and focus on development.

Brand Health is measured four times a year, both locally and globally. As a result of this survey, the brand strategy and targets for the year are determined.

Per our Customer Satisfaction Management policy, **we commit to provide free application for our customers to submit their problems, have channels open to receive their opinions 24/7, ensure that their personal information will not be used for purposes other than their intended purpose, and offer effective solutions to their problems.**

Please click [here](#) to access Ford Otosan Customer Satisfaction Policy.

We focus on an ethical and equality-based marketing strategy in our communication videos and materials with our customers. Therefore, we comply with the Ford Otosan Ethical Marketing Guidelines and Koç Holding Gender Equality in Communication Guidelines.

Please click [here](#) to access Ford Otosan Ethical Marketing Guidelines.

Please click [here](#) to access Koç Holding Gender Equality in Communication Guidelines.

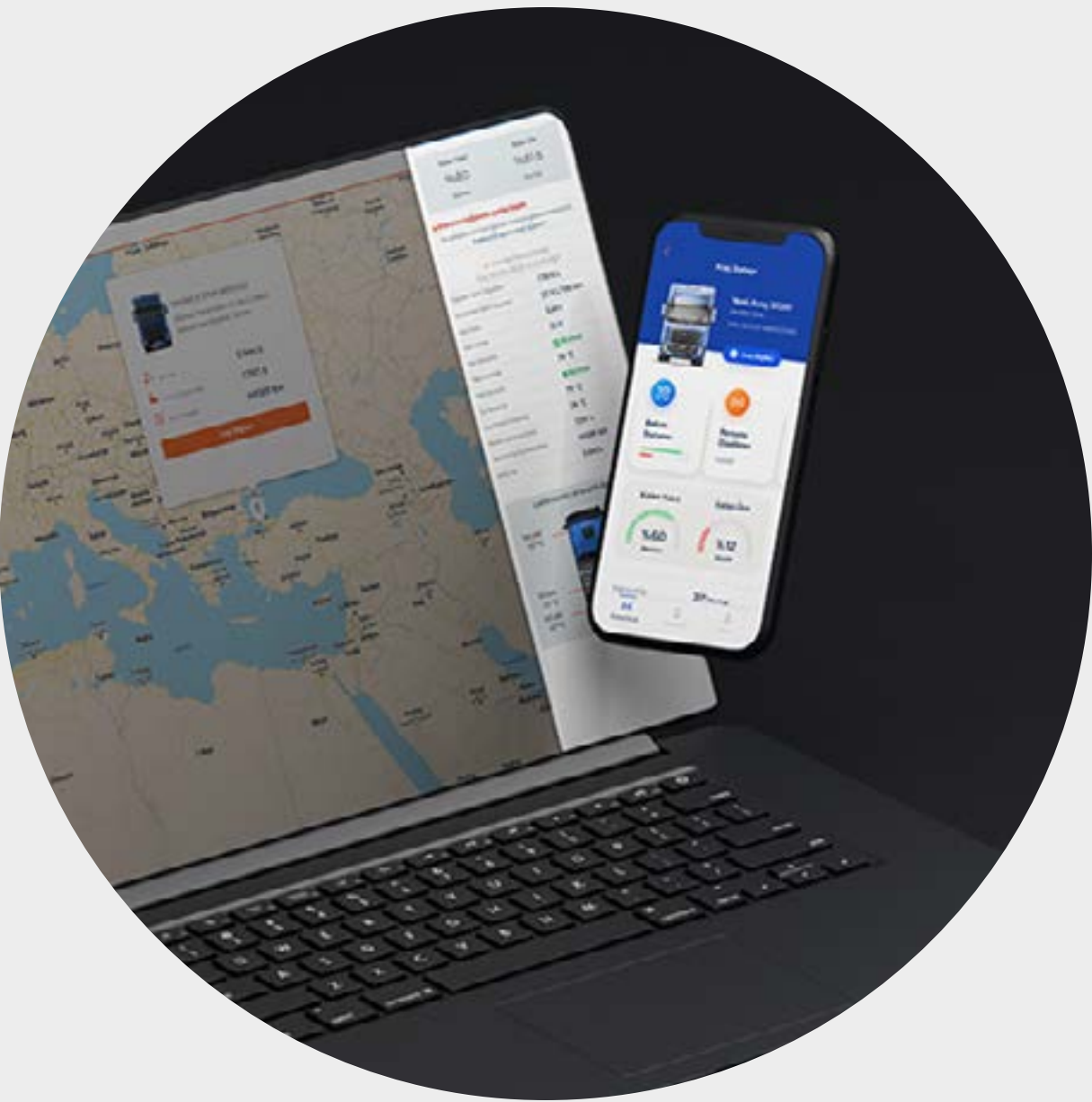


- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
 - [Employee and Human Rights](#)
 - [Occupational Health and Safety](#)
 - [Agile and Cultural Transformation](#)
 - [Employee Engagement](#)
 - [Talent and Career Management](#)
 - [Recognition, Appreciation and Rewarding](#)
 - [Customer Experience and Dealers](#)
 - [Vehicle Quality and Safety](#)
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

FORD TRUCKS CARE

At Ford Otosan, we introduced the innovative and holistic **Ford Trucks Care business model** to elevate the experiences of our customers, especially in the heavy commercial vehicles segment, to the next level. With this new business model, we aim to understand our customers’ demands and expectations, develop solutions that meet their expectations and create added value in customer journeys. While developing our new business model, we engaged with our customers and tried to understand their needs and priorities, and redefined the customer journey. Our business model meets different usage scenarios across the entire product segment, making a difference with its customizable solutions according to need. Ford Trucks Care, available in all markets where the brand operates, covers five main business lines:

Software	Provides connected vehicle systems to manage operations with a holistic approach, increase uptime and reduce costs. Seamlessly matches vehicles with smart telematics software, charging management software, hardware and services. Offers efficiency-enhancing solutions and helps optimize operations with systems updated with real-time data.
Uptime	Maximizes uptime by keeping vehicles on the road at all times. Thanks to advanced analytics obtained by monitoring engine, battery, air and similar systems in real time, creates fault prediction models and enables vehicle service planning in advance.
e-Mobility	Covers charging products, charging network and memberships, charging financing and software solutions for electric vehicles. Offers a comprehensive fleet charging solution that includes the equipment, installation and software management solutions for customer needs.
Finance	Offers all the financial solutions needed for branded loans, leasing, Casco insurance, electric vehicle financing, vehicles, servicing, software and charging under one roof.
Personalization	Offers technical and visual personalization of vehicles in response to customer requests along with design and development of functional on-board and exterior accessories. Develops tailor-made solutions and functional branded products to make drivers feel special.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
 - Employee and Human Rights
 - Occupational Health and Safety
 - Agile and Cultural Transformation
 - Employee Engagement
 - Talent and Career Management
 - Recognition, Appreciation and Rewarding
 - Customer Experience and Dealers
 - Vehicle Quality and Safety
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

CUSTOMER JOURNEY GOVERNANCE

The core insight of customer journey governance is that every customer is different. For us, every customer is unique, different and unique.

We strive to design customer experiences that align with their living conditions and expectations across all communication channels (Digital, Dealer and Call Centers) and to deliver the perfect journey they have come to expect from the Ford Otosan brand. In addition to measuring satisfaction across every customer touchpoint, we also address customer effort. As a result, we turn the instant feedback we receive into action and also improve and develop the pain points where our customers experience problems.

The customer journey starts from the moment customers connect with our brand as we follow through the purchasing, usage, service and renewal processes. We see demand and complaint management as the most critical step of journey governance. Our **Customer Loyalty Teams**, established in September 2022, work proactively to ensure that our customers benefit from the products and services seamlessly. When an unwanted problem arises, they produce permanent solutions to solve it immediately.

We see customer journey governance as the key to customer loyalty because a customer journey strategy is an action plan that focuses on improving our customer’s experience with our brand end to end. The customer journey includes all interactions. As a part of the experience, we aim to create streamlined, easy, effortless and enjoyable journeys.

We aim to provide **personalized services** to our customers through customer journey governance. We know that as a general tendency, more than half of our customers expect their needs to be anticipated in advance and 63% expect personalized service. We continue to develop our customer journey governance strategy to meet our customers’ expectations and elicit their satisfaction and therefore their loyalty.

VOICE OF CUSTOMER PLATFORM (VoC)

The **Voice of Customer Platform** enables us to closely monitor customer journeys and receive more and instant feedback throughout the process. As a result, we receive customer insights and act accordingly, with full automation and integration 24/7 through a single central platform at every stage of all our dealers, services, contact center, web page and mobile application.

We are capable of monitoring customer experience indicators such as **Net Promoter Score (NPS), customer satisfaction (C-SAT) and customer effort (CES)** end to end throughout all processes, including dealers, solution centers and service services, and continuously contribute to overall satisfaction and development within the organization. In critical situations, we inform the relevant units within the organization, assign development tasks and follow up and have the opportunity to complete the feedback loop. We completed the work on ML-driven analytical models on the platform in 2022 and made them available to all Ford Otosan and dealer employees in 2023.



	2023	2024 Target
Net Promoter Score (NPS)* (%) - Passenger and Commercial Vehicles		
Türkiye	84% (20,700 customer responses)	87%
Sales	89.2% (3,132 customer responses)	
Service	78.9% (17,568 customer responses)	
Net Promoter Score (NPS)* (%) - Heavy Commercial Vehicles		
Türkiye	78% (3.574 customer responses)	72%
Sales	88% (538 customer responses)	
Service	68% (3.036 customer responses)	
* As of 2023, customer experience, previously measured as customer experience index, is monitored with Net Promoter Score (NPS).		
2024 target for Heavy Commercial Vehicle NPS is kept lower due to the change in survey methodology.		

CUSTOMER EXPERIENCE TRAINING AND DEVELOPMENT PROGRAM (CX ACADEMY)

With the Customer Experience (CX) Training and Development Program, we aim to enhance the competencies of Ford Otosan employees in customer experience. Accordingly, 183 employees have taken the first level customer experience training since 2022. This training is planned for 43 more employees and we plan to continue with second level training in 2024. The CX Team successfully completed customer experience and design thinking training and Customer Experience Professional (CCXP) training, and six groups of head office employees completed customer experience alignment training. We achieved a satisfaction score of 4.55/5 in the survey with head office employees.

- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
 - Employee and Human Rights
 - Occupational Health and Safety
 - Agile and Cultural Transformation
 - Employee Engagement
 - Talent and Career Management
 - Recognition, Appreciation and Rewarding
 - Customer Experience and Dealers
 - Vehicle Quality and Safety
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

Ford Türkiye Business Area continues to gain the appreciation of our customers with our perspective that puts customer experience at the heart of all business processes, our business model, and projects that make a difference.

Our performance was recognized with awards in four different categories at the **2023 Türkiye Customer Experience Awards**, the world’s first premier customer experience award.

We won awards in the following categories:

- Customer-Centric Culture - Gold
- Best Measurement in Customer Experience - Silver
- Customer Complaint Resolution - Silver
- Business Change & Transformation Management - Bronze

We plan and implement our Customer Experience communication plan by diversifying it for target audiences. We connect with our leadership team through monthly meetings where we disclose our metrics across the company, while we share the benchmarking conversations with leading companies in customer experience within the team.

With the Customer Experience Academy, we continuously make training plans and work to increase awareness of Customer Experience processes and systems through training/seminars within the company and at our dealers.

In the January - February – March period, we organized 25 training programs / seminars. Customer Experience Academy training will continue with six classes opened in the October - November - December period, and 16 e-learning courses on experience will be launched in December and will be available to all our employees and dealers.

DEALER CULTURE

In line with our values and principles, we continue to work with our business partners across the value chain with a customer-centric approach and service spirit. We are taking actions toward our goal of offering unique experiences to our customers with integrity, expertise and care, driven by our common culture movement, **“When You Are Well, We Are All Well”**, which we designed based the participatory cultural activities with our dealers.

With our common culture approach - When You Are Well, We Are All Well – we follow our mission of upholding the values and principles in the business processes of the Ford Otosan and Dealer employees.

Drawing from the idea that the secret to success in ensuring customer satisfaction is happy employees, we completed our system infrastructure and process design activities in 2023 to launch the Dealer Employee KoçAilem Membership process, which we believe will have a direct positive impact on employee experience. We aim to launch the KoçAilem Membership process in January 2024, to cover all our dealer employees. We plan to complete the final preparations of the project, which we started to communicate, in November - December. In August 2023, after completing our integration and system infrastructure preparations, we reached out to our People & Culture Committee, Dealer Sales and After-Sales Committee Members and started KoçAilem memberships to receive their feedback and test the process. OUR HEARTS ARE WITH YOU - Cultural ambassadors program, the field implementation plan of the “When You Are Well, We Are All Well” common culture project that we launched in 2022, continues to grow stronger with voluntary participation in 2023.

WHEN YOU ARE WELL, WE ARE ALL WELL

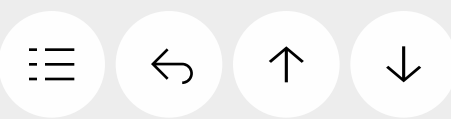
In the Common Culture endeavors that we launched in 2021 with the motto, “When You Are Well, We Are All Well,” we implemented multiple recognition and rewarding projects. KoçAilem membership project stood out with the its solid results.

OUR HEARTS ARE WITH YOU

Sendeyiz (Our Hearts are With You) Cultural Ambassadors Community, for which the methodology and preparation were completed in early 2023, started to work in March 2023. Dealers in Regions 1 and 2 were included in the system as a pilot region. Regional leaders (managers), sales and after-sales (service) managers participated in the process as natural member cultural ambassadors. Volunteer cultural ambassadors from different regions and positions also participated in the process on a voluntary basis. Ford Otosan (FO) employees are also included in the group. FO employees serve in core teams formed as cultural ambassadors in different positions and departments.

- Cultural Ambassadors orientation workshops were held for FO Regional Leaders and Dealer Natural members, Sales and Service Managers, and 1st and 2nd Region dealers in March.
- Seminars were held for PA volunteers in April and May.
- A hybrid meeting open to general participation was held in June, where the 1st and 2nd Region core teams explained their project work.
- Cooperation meetings were held with the People & Culture Committee. The work is carried out in a coordinated manner.
- In line with the goals of Sendeyiz, as a part of our common cultural work until the end of the year, meetings were held in Izmir on October 16 – 17, in Diyarbakır on November 20 - 21 November, and in Ankara on November 23 - 24 November.

In total, 17 core teams were formed during the orientation workshops. Six core teams actively continue their project work.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW FOR
PEOPLE

[Employee and Human Rights](#)

[Occupational Health and Safety](#)

[Agile and Cultural Transformation](#)

[Employee Engagement](#)

[Talent and Career Management](#)

[Recognition, Appreciation and Rewarding](#)

[Customer Experience and Dealers](#)

[Vehicle Quality and Safety](#)

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

RECOGNITION AND REWARDING

As an output of the **Dealer Recognition and Rewarding** project we carried out with the motto “When You Are Well, We Are All Well” within the scope of our **Dealer Common Culture** endeavors, in 2023, we developed a system, which we shaped with the opinions of the Regional Leaders, to enable dealer employees to access their birthday, employment and termination data.

As part of the “Regional leaders can plan interaction moments with dealer employees, based on data,” an action specified in the project, we prioritized the action of “ensuring that dealer employees can access birthday, employment and termination data” with the joint decision during the workshop with the Regional Leaders Responsible for Training. For this purpose, we completed the development on the Dealer Human Resources System. Accordingly, the birthdays of the dealer employees in each regional leader’s territory are sent as agenda invitations

on the last business day of each month, along with their name, position, dealer name and phone number information. In addition, information about those who were hired and left that month is sent to the relevant regional leaders via a weekly automated e-mails. We observe, through the feedback we receive, that Ford Otosan Regional Leaders’ calls to dealer employees on their birthdays and when they start work are highly appreciated.

As part of Dealer Recognition and Rewarding, we made an enhancement to enable historical data regarding seniority year celebrations at Ford Authorized Dealers to be entered into the system. By announcing this to our dealers and simultaneously completing the process design for awarding seniority periods (5 - 10 - 15 - 20 years) at Ford Authorized Dealers based on data entry, we aim to implement the practice of awarding plaques according to seniority periods.

Regarding sustainability, in alignment with Ford Otosan’s goals, we started awareness seminars with our dealers to ensure that our stakeholders comply with our sustainability targets in environmental, social and governance aspects. In the seminars attended by 350 dealer employees, we communicate our sustainability vision, goals and achievements to the dealers. To complete the sustainable value chain, we conveyed our expectations from our dealers to invest in renewable energy, sort their waste, and support the employment of disadvantaged groups.

With the Gender Equality seminar, we delivered content on the importance of women’s employment in our dealers as our key stakeholders. In addition, content has been prepared to answer the question of what STEM (Science, Technology, Engineering and Mathematics) is and to increase women’s employment in STEM and awareness.



DEALER TRANSFORMATION

We strive to contribute to the sustainability-focused transformation of dealers, who are an integral part of our ecosystem, and to support them in this process. As we spearhead the electrification in the automotive industry toward **electric vehicles**, we also include our dealers in this transformation.

We aim to start with raising awareness about sustainability-focused transformation among our dealers. Some of the activities we started in 2023 include the following:

- We started the **physical transformation** process to reduce the carbon footprint of dealers. For efficient electricity use, we conduct feasibility studies on renewable energy applications such as solar panels and solar tubes at our dealers. In 2023, 19 of our dealers completed their **Solar Power Plant (SPP)** installations. We have dealers who plan to complete their solar power investments in 2024, and we plan to carry out informative activities and pilot practices that will raise awareness in all dealers. In addition, the physical transformation at the facilities continues within the scope of the dealer investments. In the facilities, most of which have been completed, we achieved 20% less energy consumption with glass façade installations and 80% energy savings with the use of LED fixtures.
- We complete the **electric vehicle infrastructure** installations and activate **charging stations** for electric vehicles at our dealers. We aimed to complete electric vehicle infrastructure preparations in 69 of our dealerships by the end of 2023. We plan to continue our investments in sales and service of electric vehicles at our Ford Trucks dealerships gradually in 2024.

DEALER EVENTS

We hosted sustainability awareness and gender equality seminars for our dealers. Posters highlighting the sustainability policy and garbage bins aiming to ensure correct waste separation were sent to all our dealers. Installations for of Solar Power Systems were carried out in some of our dealers.

We raised awareness and provided information about the operations on electric vehicles by training 35 people working in the Istanbul Metropolitan Municipality fire department and 39 people working in SVE (Special Vehicle Engineer) superstructures on electric vehicles.

We delivered on-demand training to the drivers of companies that added our electric van, E-Transit, to their vehicle fleets, including the correct use of our E-Transit vehicle and information about product features.

We explained the detailed vehicle specifications and provided economical driving training to the drivers of the companies that added Ford Trucks vehicles to their fleets, in line with their demands.



We hosted the Blue Light Test Days event with the participation of 68 people, educating the employees from the sales and after-sales departments of the dealership about the technologies of the vehicles and safe driving techniques.

We renewed the agreement between the **Turkish Ministry of National Education and Ford Otosan for the vocational high schools**. With the new agreement, Veysel Karani Vocational High School in Bursa and Şehit İdari Ateşe Ünal Çağlar Vocational High School in Izmir were included in the scope, increasing the number of schools within the protocol to seven. In May, the Ford classroom at Borsa Istanbul Başakşehir Vocational High School was completed and opened for education and training. Additionally, installation work started for the Ford class, featuring both passenger and truck workshops, at Bursa Veysel Karani Vocational High School. The classroom is planned to open for education and training in December.

As part of this agreement, a scholarship program was launched for students studying in Ford classes through the Vehbi Koç Foundation.

A welcome package consisting of T-shirts, hoodies, bags and thermos was prepared for our students studying in vocational high schools and delivered in December.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

[Employee and Human Rights](#)

[Occupational Health and Safety](#)

[Agile and Cultural Transformation](#)

[Employee Engagement](#)

[Talent and Career Management](#)

[Recognition, Appreciation and Rewarding](#)

[Customer Experience and Dealers](#)

[Vehicle Quality and Safety](#)

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

VEHICLE QUALITY AND SAFETY

At Ford Otosan, we pay utmost attention to **Vehicle Safety** in our commercial vehicles. Therefore, we conduct security studies on our entire product range, from the smallest commercial vehicle to the largest, with our Vehicle Safety teams at the Ford Otosan Sancaktepe R&D Center. In addition to our work on vehicle safety, we also continue to diversify our product range and introduce new vehicle models.

In 2024, the EU plans to enact the second phase of the General Safety Regulations (GSR Batch 2). Therefore, we aim to add many new safety featured to the vehicles engineered at Ford Otosan, both for updates and new models. Our goal is to ensure that the new features are not limited only to regulatory requirements, but also to introduce many improvements for customers that will increase vehicle safety further. The updates and improvements to be introduced for different vehicles are summarized in the table on right.

The performance of each of our vehicles is governed by the ECE standards. All the vehicles manufactured by Ford Otosan are subject to the EU’s ECE regulations. Therefore, our vehicles are tested according to regulations applicable for their respective classes. These include ECE 94/137 front collision, ECE 95/135 side collision, and ECE153 rear collision regulations. Electric vehicles are additionally subject to ECE100 regulations.

Our all-new Transit / Tourneo Courier and Custom models have completed their tests and received approval in 2023. Testing of our transit vehicle is ongoing and slated for completion in 2024, when the regulation comes into effect. Ford F-Max, our heavy commercial model, has completed the ECE29 crash tests for heavy commercial vehicles in 2023 and renewed its certificate. Apart from legal obligations, our vehicles are also assessed according to the “**Ford Vehicle Safety Design Guide**”, and tested for additional scenarios not defined in the regulation and based on safety criteria beyond those specified in the regulation.

Transit	With the enactment of GSR Batch 2, accident prevention systems such as automatic braking, lane keeping system and cruise control will become standard equipment. Accordingly, camera/radar systems will be defined as standard equipment in Transit vehicles. In addition, curtain and side airbags will be provided as standard in people carrier variants that fall within the scope of crash safety.
Transit/Tourneo Custom	Within the scope of GSR Batch 2, Transit and Tourneo Custom were redesigned and camera/radar, passenger, curtain and side airbags were defined as standard equipment in the new models. The people carrier variants additionally feature double pre-tensioner driver seat belts, pre-tensioner rear seat belts, and as a segment-first, a central airbag to prevent head-on impact in the front row seats in the event of a side collision. In accident prevention systems, wide-angle cameras and blind spot warning systems that perform above regulatory expectations have also been added to vehicle equipment.
Transit/Tourneo Courier	Transit and Tourneo Courier, like Custom, have also been redesigned and collision safety and accident prevention systems equivalent to the Custom have been added to the new models.
Ford Trucks	Camera/radar packages have been added to our vehicles in the heavy commercial segment to comply with GSR Batch 2, and option packages that demonstrate safety performance above the regulations have been defined to meet customer expectations.

Euro NCAP is among the global vehicle safety tests that our vehicles undergo. The people carrier variants of Tourneo Courier and Custom were tested by Euro NCAP in 2012 and 2014, and the tests of our new models are planned for 2024. The commercial versions of Transit Courier and Custom were tested within the Euro NCAP commercial vehicle protocol in 2023. **Transit Courier received the Platinum rating, the highest in the Euro NCAP commercial vehicle evaluation**, and also **the highest score (93%) ever granted for a commercial vehicle**. The tests of Transit Custom have been completed; however, the Euro NCAP evaluation is ongoing as of this report’s publication, and therefore, the official announcement by Euro NCAP will be made in early 2024.

Since Ford Otosan does not have a crash test center for our vehicles, they are tested at Ford’s test center in Germany. Our test center in Germany is an accredited test center and the tests here are carried out in compliance with **European - ECE, North America - FMVSS, Gulf Countries - GCC and China - GB standards**.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

Employee and Human Rights

Occupational Health and Safety

Agile and Cultural Transformation

Employee Engagement

Talent and Career Management

Recognition, Appreciation and Rewarding

Customer Experience and Dealers

Vehicle Quality and Safety

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

QUALITY MANAGEMENT

As the Quality Platform, we aim to exceed our customers’ quality expectations in the design, production and after-sales services of our products.

We work at all our locations to ensure the continuity of our company’s management system certification. We apply management systems principles across all our processes throughout the journey of our products, from design to production and after sales. Accordingly, we successfully completed the audits this year.

The annual **Quality Summit**, which Koç Group companies attend to share best quality practices and discuss quality-related trends, was organized on October 19, 2023 at the Tüpraş Aliğa - İzmir refinery, where we represented our company.

Engineering & Technology Development (MTD) Quality Leadership, with its agile way of working practices, involved in the engineering and development stages of our products, integrates innovative ideas into projects to create a strong brand image by participating in every stage of product development. The department also

Management System Certifications					
	Craiova	Eskişehir	Yeniköy	Gölcük	Sancaktepe
ISO 9001	x	x	x	x	x
ISO 14064	x	x	x	x	x
ISO 50001		x	x	x	x
ISO 27001				x	x
ISO 14001	x	x	x	x	x
ISO 45001		x	x	x	x
ISO 10002					x

plays an important role in the development of products beyond the expectations of our business partners and customers. This process aims to offer users the safest, most comfortable and most innovative products.

Our responsibilities include identifying failure modes and taking preventive actions in new products using information obtained from global surveys and customer data from the field. When these determinations are made in the early stages of projects, customer satisfaction can be enhanced with new products, warranty costs can be reduced and potential problems in the field can be minimized.

With the global Failure Mode Avoidance (FMA) module determined by Ford Otosan, we guide MTD teams and assure that the systems and features in new projects are deployed at the highest quality level.

As part of these processes, we ensure that products and services reach **high quality standards by integrating innovative topics such as PQE (Proactive Quality Excellence), RM (Risk Mitigation), DT (Design Thinking) and Learning Agility into our work.**

The digitalization projects we implemented enable us maximize the efficiency of our existing businesses. This year, we migrated our existing process to online with our next-generation Critical Errors Management module. We also digitalized our Preventive Action (PAC) processes, enabling the steps to be followed independently of human intervention. With our **Quality Customer Experience Portal (QUXP)** project, we created an information library that we can use to shape our future vehicle models by collecting the user experience data we receive from our customers on a single platform.

We aim for excellence in quality operations at every stage of our manufacturing processes. To accelerate the human resources and operational dynamics of Manufacturing Quality Leadership with more flexibility and agility, we enhance the quality and customer focus on all facilities. Accordingly, we started to develop strategies that will enable us to succeed better in the long term compared to our competitors by driving continuous development opportunities with the competitive advantage of elevated customer satisfaction.

In 2023, we expanded our stakeholder maps by working with data analysis teams and focused on identifying potential development areas in business processes, creating action plans and setting new targets. We identify opportunities to improve our quality management systems by developing new collaborations with the increasing number of stakeholders we engage. We also analyze the requirements on standards and procedures and present our goal of increasing application areas for quality to our stakeholders with agile methods.

Working with the Digital Platform and Services (DPnS) Leadership, we developed the **Mega Quality Platform**, which provides quick and easy access to all the quality data of the vehicle. We also created a solution bank on this platform and ensured that all knowledge was disseminated among employees. In 2023, we started to use the Mega Quality Platform for our new model vehicles.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

Employee and Human Rights

Occupational Health and Safety

Agile and Cultural Transformation

Employee Engagement

Talent and Career Management

Recognition, Appreciation and Rewarding

Customer Experience and Dealers

Vehicle Quality and Safety

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

With the Ford Production System (FPS) applied in our factories, we effectively implemented lean production methods for our new model vehicles in 2023. This year, we also joined the development of the lean production system with Ford Global. As a result of these endeavors, we started to deploy the newly developed Ford Operating System (FOS).

We streamlined and simplified our approval flows in the Document Management System (QDMS) in 2023 to align with our agile way of working structure.

As the Warranty Leadership, we resort to methods of reintroducing the faulty parts of our vehicles into the system by passing them through special production processes within the scope of **Warranty Cost Reduction** efforts. These activities contribute to reducing warranty costs and carbon footprint. At Ford Otosan, we adopt special production methods by focusing on our material sustainability targets. With this approach, we re-use our products, extend their economic life, and save resources and energy. Choosing remanufacturing practices allows us to significantly reduce greenhouse gas (GHG) emissions and environmental pollution by minimizing waste generation. On Ford Otosan’s journey toward net zero, we support suppliers and manufacturers to contribute to circular economy and offer environmentally friendly, cost-effective products to users. Through special production methods, we also eliminate transport-related emissions since importing the parts from their origin country is no longer required. **In 2023, the special production method reduced the carbon footprint through the reuse of 47 different parts in total in passenger and commercial vehicles, delivering TL 117.7 million TL in savings.**

We also aim to enhance our life cycle assessments to include the entire life cycle of batteries and electric vehicles. At the Service Returns Review Center (SIMIM), we collect parts replaced under warranty from dealers and reuse these parts in various ways to prevent misuse. We meet with the engineering teams regarding the collected parts to examine

In 2023, the special production method reduced the carbon footprint through the reuse of 47 different parts in total in passenger and commercial vehicles, delivering TL 117.7 million TL in savings.

the quality defects in the parts and support the recycling of all collected plastic and metal parts through recycling companies given the heightened sensitivity for sustainability. We also work on sourcing parts for special production projects that save energy and costs.

The **Warranty Analysis** project, with the first phase launched in 2023, allows us to proactively identify the parts that are replaced in high numbers for each vehicle model at dealers and conduct **root cause** analyses with problem solving teams. Following the actions taken, we enhance customer satisfaction by minimizing our end-customers’ visits to the dealer due to part quality.

We also manage the after-sales warranty processes of our Ford Trucks products in the international markets. We support these processes with the Customer Loyalty Teams, the warranty arm in spare parts, service engineering and customer relations operations, and streamline our end-to-end operations. Furthermore, we enhance these operations, carried out through distributors in 45 different countries, with training and field visits, and identify and implement innovations to streamline the process for both distributors and our service centers. These operations, from the beginning of the warranty approval process to replacement parts control and scrapping, are inspected by an auditor or service warranty officer. On the other hand, field visits and participation in committee meetings increase engagement with our stakeholders in different markets and help us identify needs.



We have in place continuous control processes to minimize errors that may occur in vehicles during production and in use. Our first priority is to make **Voluntary Recalls** for our vehicles and ensure that the vehicle meets superior quality and high technical standards. This is why we decide to make voluntary recalls and upgrades.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

Employee and Human Rights

Occupational Health and Safety

Agile and Cultural Transformation

Employee Engagement

Talent and Career Management

Recognition, Appreciation and Rewarding

Customer Experience and Dealers

Vehicle Quality and Safety

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

FUTURE. NOW FOR COMMUNITY



- › FORD OTOSAN COMMUNITY INVESTMENT AREAS —158
- › COMMUNITY INVESTMENT PROJECTS —159

FOR COMMUNITY

At Ford Otosan, as we work to shape the present and future of the automotive industry, we also prioritize creating social benefit in all our activities, believing that companies grow together with their communities. We call this mission, **Future. Now For Community.**

We aim to optimize the impact of our social investment initiatives and strive for a higher Social Return on Investment (SROI). To achieve this, we have initiated comprehensive social impact analyses for our projects. By the end of 2026, our goal is to **reach 100,000 women by providing them with awareness programs, training sessions and mentorship opportunities**, thereby empowering them to take active roles in technology and innovation. Moreover, we prioritize our contribution to the Turkish startup ecosystem by extending support to startups where at least half of the leadership team comprises women.

At the core of our activities lies a commitment to societal integration and fostering a culture of participation within our company. We actively engage our employees in our social endeavors, encouraging their involvement in volunteer work and providing administrative support through leaves. By 2030, our target is to have 35% of our workforce actively engaged in social investment activities on various volunteering platforms. In 2023, **1,170 employees actively participated in volunteering initiatives.**

At Ford Otosan, we are committed to continually **creating higher value** for our **stakeholders and society at large**, while **contributing to social development on a wider scale**. In line with our goal of creating **social benefit**, we take the United Nations Sustainable Development Goals as our guide for our **corporate citizenship approach** and carry out activities to create social benefits in various areas. In 2023, we allocated **more than TL 576.9 million** for donations, projects and sponsorship activities within the scope of our community investments in environmental, education, healthcare, culture projects and other activities to drive positive change within our communities.

FORD OTOSAN COMMUNITY INVESTMENTS BUDGET ALLOCATION (TL)

Vehbi Koç Foundation
354,055,837

Education
10,653,631

Healthcare
431,797

Social Aid & Other
211,787,739

Total
576,928,004

(corresponding to TL 825,984,458
based on the buying power on
December 31, 2023)

1,170
employees actively
participated in volunteering
initiatives



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW FOR
COMMUNITY

[Ford Otosan Community
Investment Areas](#)

[Community Investment
Projects](#)

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

Target	Performance Indicator	Base Year	2024 Target	2026 Target	2030 Target	2022 Base Value	2023 Performance	Progress Toward the Target	Description
Increasing the ratio of volunteering employees who participate in social work to 35% among the total workforce	Ratio of volunteering employees (%)	2022	1,500		35% (~7,500 people)		1,170	↗	<p>In 2023, “Gönlüm Senle” (My Heart is With You) platform was migrated to the FO portal for all employees to access.</p> <p>In October, donations were raised for the disabled children in the earthquake-affected region through the “İyilik Var” charitable movement.</p> <p>Employees volunteered to help the Hope Cities.</p> <p>Working with 38 volunteer trainers, we reached 850 people through the Kindness Map Volunteer Training Platform, which went live in 2023. Mindfulness and self-compassion trainings, meditation series, sign language, etc. trainings were organized.</p> <p>Several employees ran the Istanbul Marathon to raise funds for NGOs.</p> <p>Tree planting activities were organized in Gölcük and Eskişehir, and a coastal cleanup took place in Eskişehir.</p> <p>High school students benefited from mentoring through the project “Otosan Engineers Here to Mentor You.”</p> <p>In 2023, the Social Butterflies Project was launched in partnership with Elele Education and Culture Association to provide equal opportunity for children.</p>
Reaching 100,000 women through community training, awareness and financial support projects	Number of women reached	2022	37,000	100,000	–		1,000	↗	<p>The project titled Women Elevating Women, run in partnership with Young Guru Academy (YGA) and UpSchool, reached 1,00 female engineering students in the prep, first and second years of Turkish universities.</p> <p>Anatolian Scholars and Ford Otosan ‘Let the Girls Attend School’ Scholarship Fund continued in 2023.</p> <p>Female employees began to receive mentoring support.</p>
Supporting startups with at least 50% women in leadership teams	Number of supported startups with at least 50% women in leadership teams	2022	–	50%	–	2 / 7 startups	4 / 20 Startups	↘	<p>Technology-focused startups typically employ fewer women, who face challenges in finding jobs in this area. Therefore, we aim to create change in the ecosystem through actions such as providing gender equality training for startups and increasing funding for women entrepreneurs.</p>

FORD OTOSAN COMMUNITY INVESTMENT AREAS

At Ford Otosan, we make community investments in accordance with our **Community Investments Policy**, which can be accessed [here](#).

COMMUNITY INVESTMENT PRINCIPLES

- The community investments should be clearly linked to Ford Otosan’s activities and business strategy.
- The purposes of the community investments should be in alignment with the social and environmental objectives of the United Nations Sustainable Development Goals.
- The investments should be within the scope of Ford Otosan’s material sustainability issues.
- The investments’ objectives and outcomes should be measurable.
- The community investments should meet the needs and priorities of the regions where Ford Otosan operates.
- The investments should be designed in a such way that they could be scaled and deployed in different organizations and regions.
- The investments should allow for collaborations with institutions or individuals such as NGOs, international organizations and universities for viable solutions.



PRIORITY COMMUNITY INVESTMENT AREAS

In our Community Investment initiatives, we primarily focus on **Climate Crisis, Equal Opportunity and Diversity, Mobility Solutions, and Vehicle Quality and Security**.

Priority Community Investment Area	Related SDGs	Our Approaches and Commitments
Climate Change		<ul style="list-style-type: none">• We aim to instill a sense of responsibility and raise awareness about the environment and energy by organizing training activities for stakeholders.• We constantly engage with the stakeholders to raise awareness about responsible water consumption and to involve them in conserving and recycling water resources.• We are committed to supporting long-term projects through collaborations to develop solutions for the conservation of water resources, tackling droughts and joining forces for efficient use of water.
Equal Opportunity and Diversity		<ul style="list-style-type: none">• We support women in taking a more active role in professional life.• We aim to increase the ratio of women on the Board of Directors and in senior management roles.• We aim to create more and diverse jobs for people with disabilities.• We engage in activities to support women in technology and innovation.• We lead the way in increasing women’s employment in the automotive industry and encourage our dealers and suppliers to do the same.
Mobility Solutions		<ul style="list-style-type: none">• We develop mobility solutions to minimize environmental impact. We include vehicles and their components, all modes of transportation, transportation infrastructures, and people’s mobility habits in our development efforts.• We aim to offer safer, smarter and more accessible mobility solutions.
Vehicle Quality and Safety		<ul style="list-style-type: none">• We aim to take the lead in vehicle safety and driver assist technology R&D and innovation.• We continue to provide training programs to spread knowledge about safe driving techniques.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW FOR
COMMUNITY

[Ford Otosan Community
Investment Areas](#)

[Community Investment
Projects](#)

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

COMMUNITY INVESTMENT PROJECTS

In 2023, our focus on social investment activities was greatly influenced by the massive **earthquake** that devastated 11 provinces, leaving a trail of destruction and ongoing challenges. During the immediate aftermath of the earthquake, our priorities included deploying search and rescue teams, delivering vital emergency supplies, and dispatching medical personnel and on-site service teams for heavy commercial vehicles and passenger cars. As the situation evolved, our support shifted to providing essential living materials, tents, and containers to sustain those displaced until they could transition to permanent housing. Additionally, we implemented psycho-social support practices to aid in the emotional recovery of earthquake survivors. In the subsequent phases, our commitment persisted with the establishment of **My Dream Future Centers within the Hope Cities in Hatay, Kahramanmaraş and Adıyaman**, made possible with the contributions of group companies under the coordination of Koç Holding with AFAD. The assistance also extended to volleyball schools and building computer rooms in Kahramanmaraş as part of the ongoing support to the affected communities.

While our dedication to earthquake relief remains a priority, we also extend our reach to empower women through various projects aimed at their development. We also continue our to foster employee volunteering and women entrepreneurs. Our goals is to reach **100,000 women** through initiatives such as **educational programs, awareness campaigns and financial support projects**. In 2023, we successfully reached **1,000 women**, and we anticipate this number to grow significantly to **37,500** by the end of 2024. Through these endeavors, we are committed to fostering resilience, empowerment, and sustainable progress within our communities.

TL 215,124,898 of our community investments was allocated for earthquake relief efforts.

We aim to reach **100,000** women through educational programs, awareness campaigns and financial support projects

MY DREAM FUTURE CENTERS

We recognize the lasting impact of the earthquake on the affected regions, understanding that the road to recovery will be a long journey. Therefore, as we continue to lend our support to the container cities built by Koç Holding, in collaboration with group companies and in coordination with AFAD. At Ford Otosan, we established **Dream Future Centers in Hatay, Kahramanmaraş and Adıyaman** to assist the affected people in transitioning to life within the **container cities** and resuming their former normal routines. For this project, we partnered with organizations such as the Vehbi Koç Foundation, Otokoç Otomotiv, Elele Education and Culture Association’s Coordination Center and the Innovative Solutions for Sustainable Development Association.



Our efforts extend to providing comprehensive support to approximately 350 children and young adults aged 5 to 24, as well as 65 female residents of Hope Cities in Hatay, Kahramanmaraş, and Adıyaman. Through psycho-social support, diverse training activities, and workshops, we aim to empower individuals to reclaim their lives and restore a sense of normalcy. In 2023, we further bolstered our support by establishing the **Ford Otosan Computer Room** within the Hope City in Kahramanmaraş. Recognizing the **healing power of sports**, we are supporting the volleyball schools in the container cities in Hatay, Kahramanmaraş and Adıyaman for a years. Additionally, our collaborative efforts with the El Ele Education and Culture Association have led to the implementation of the ‘**Unlock Your Potential**’ project in the Hope City in Hatay. This initiative leverages technology-driven psycho-social interventions to aid children aged 7-14 in coping with trauma and fostering resilience. Through **group work and therapies, play-based therapies, art therapies, family training sessions, and psychological support groups** conducted within the educational unit of the El Ele Association, we strive to facilitate the adaptation and healing process for children and families affected by the earthquake.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
 - [Ford Otosan Community Investment Areas](#)
 - [Community Investment Projects](#)
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

GRANTS AND SCHOLARSHIPS

We are committed to standing in **solidarity with young people** across the country, supporting **quality education**, contributing to **socioeconomic development** and pioneering next-generation businesses focused on **social benefit**. In line with our equal opportunity and diversity principles, we prioritize **gender equality** as one of our material sustainability issues. We strive to foster **women’s employment**, especially in the automotive or technology industries, working to empower women. Moreover, we aim to support startups with at least 50% women in leadership teams and undertake various endeavors for this purpose. We started by investing in **Arya Venture Capital Investment Fund**, founded in partnership with the Arya Women’s Investment Platform and Türkiye İş Bank, to ensure gender equality in investment and transform the world under **women’s leadership** by creating social and economic value. Through our investment in early-stage and Series A rounds, we are supporting startups, based in Türkiye and having at least one female cofounder, that offer **products/ services that significantly improve the lives of women or girls** and develop innovative applications and technologies. We held meetings with these startups to discuss **potential collaboration, mentoring and investment opportunities**. We also actively considered the opportunities to support **women entrepreneurs** by participating as a sponsor and jury in the Arya Retreat event organized by the Arya Women’s Investment Platform.

We continued to contribute to transforming the Turkish startup ecosystem and engage in different platforms. We also supported the **Big Bang Startup Challenge**, the

largest startup event in the country, as a **‘Golden Stakeholder’** and pledged a total grant of TL 300,000 We realized this pledge by granting TL 150,000 each to two startups - ‘Wyseye’ and ‘AcademicSight’ – that develop mobility solutions. In addition, at the Take-Off Entrepreneurship Summit organized by the T3 Foundation, the Presidential Investment Office and the Ministry of Industry and Technology, we assessed the mobility-focused startups with at least 50% women as cofounders and pledged to grant TL 150,000 to a selected startup. The “Best Female Entrepreneur” award worth **TL 150,000** was granted to the “From Your Eyes” startup, which makes a difference in mobility and in the lives of visually impaired individuals with next-generation technologies.

However, despite our efforts, we recognize a persistent gender disparity against female founders and female employees within the entrepreneurial landscape. In 2023, we saw that only four of the 20 startups we supported by investing in the funds in the Driventure portfolio had a 50% female senior management rate. In response, we are doubling down on our commitment to **gender equality**, pledging to provide training on its importance, increasing funding for female entrepreneurs, and actively engaging with platforms that empower women for entrepreneurship. Furthermore, we plan to create supportive environments that encourage women to start ventures, thereby driving transformative change within the ecosystem. Collaborating with our partners, we will also organize acceleration training programs to nurture and empower a new wave of women entrepreneurs.

► **Anatolian Scholars**

In line with our focus on **equal opportunity in quality education**, we aim to support young people from underserved regions in the country who prepared for the university with limited educational means and passed the placement exam with high scores. As the support we extend to the Anatolian Scholars program continued in 2023, we granted scholarship to **19 female students** studying in the STEM areas at Koç University.

► **Ford Otosan Let the Girls Attend School Fund**

We collaborated with Turkish Education Foundation’s (TEV) Kocaeli Branch and granted scholarships to **75 female students** studying in the STEM areas. We added **25 female students** from the **earthquake region** to the recipients to reduce disaster- and gender-based inequalities in education.

► **Women Elevating Women**

The project titled Women Elevating Women, run in partnership with Young Guru Academy (YGA) and UpSchool, was designed for female engineering students in the prep, first and second years of Turkish universities who are determined to improve themselves in technology. In 2023, we delivered courses on various technology topics such as **data science, machine learning and data analytics, robotic process automation (RPA), mobile app and web development** to 1,000 students. We also hosted YGA Double-Winged Success Training, live broadcasts and Q&A sessions with YGA Dream Partners, and live broadcasts on gender equality. In 2023, ten students who actively participated in and successfully completed the courses took part in a case study. Among these ten participants, six students with high results joined the YGA Sites and connected with 166 children affected by the earthquake. Two of these students were accepted to YGA as interns.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

[Ford Otosan Community Investment Areas](#)

[Community Investment Projects](#)

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

► **Enhancing Vocational Education**

We donate all the vehicles and equipment used in the testing stages at the plants to the vocational high schools and vocational junior colleges to support **high quality vocational education**. Students of the motor and technical departments of the vocational high schools improve their practical knowledge by working on such equipment. To date, we have donated **countless parts and vehicles for educational purposes**.

As part of our efforts to enhance vocational education, the number of schools we support after renewing the agreement between the Ministry of National Education and Ford Otosan reached seven in 2023. More information about the project is provided in the [Customer Experience and Dealers](#) section.



In 2023, Ford Otosan Vocational Education Academy accepted 421 seniors from 37 Vocational and Technical Anatolian High Schools as interns for its three locations. The students received on-the-job training three days a week during the academic year in various units of the plant based on their study areas. At the end of the training, 35 students were employed for the 2022-2024 period. We donated various educational materials to four Vocational High Schools within the scope of the **Master Compensation Program**. These materials included a printers, smart boards, office furniture, six laptops, 12 asynchronous motors for PLC training sets, a mixing tank for the chemistry laboratory, exterior paint and renovation materials, air conditioning and automatic sliding doors. We also accepted 309 students from four Vocational Schools of Kocaeli University and Eskişehir Technical University

as trainees within the scope of the **On-site Vocational Training Program**. The students received on-the-job training three days a week during the academic year in various units of the plant based on their study areas. At the end of the training, 50 students were employed for the 2022-2024 period. As a result, Ford Otosan not only provided on-the-job training for a total of 730 students but also offered them full-time employment at the company. Furthermore, we hosted seminars with experts on 14 topics to support the professional and personal development of Vocational School students. We also organized the **“Industrial Robot Programmer”** vocational training for Vocational School students in response to the increasing demand in the industry.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
 - [Ford Otosan Community Investment Areas](#)
 - [Community Investment Projects](#)
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

» [Ford Driving Academy](#)

Ford Driving Academy - Driving Skills For Life, a social responsibility project initially developed by Ford Motor Company in the US and ongoing since 2003, returned for the fifth time in Türkiye in December 2022 after a two-year hiatus due to the pandemic. The program aimed to raise awareness among young drivers aged 18-24 about safe driving practices. Driving safety training was delivered by our expert teams and actual driving tests were performed. 256 students from 18 universities attended the Driving Academy. Turkish rally champion Murat Bostancı was among the instructors. With the training provided in four stages, young drivers became aware of **driving safety** and improved their driving skills. In addition, safe driving techniques such as steering control, speed and distance management were explained both theoretically and practically to ensure young drivers travel safer in traffic. After the training, students who participated were presented 'Ford Driving Academy' certificates.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
 - [Ford Otosan Community Investment Areas](#)
 - [Community Investment Projects](#)
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

EMPLOYEE VOLUNTEERING: MY HEART IS WITH YOU

As part of our corporate citizenship approach, we offer our employees who want to voluntarily participate in our social activities an opportunity through our volunteering platform “**Gönlüm Senle**” (**My Heart is With You**). Even though these activities are on a voluntary basis, we still adopt a professional approach and carry out these activities in accordance with Ford Otosan Policies without creating any conflicts of interest. The **employees** use this platform to create projects with their ideas that contribute to the **United Nations Sustainable Development Goals** and submit them for consideration, while they may also volunteer for projects implemented by other employees or work for NGOs.

In the early days of the earthquake, we served in the affected region with volunteer activities such as collecting, classifying and packing aid materials in three locations, and providing operational support in the opening of container cities.



› İyilik Haritası (Kindness Map)

İyilik Haritası (Kindness Map) provides a platform that brings together our volunteer Ford Otosan trainers, who want to share their knowledge and skills with our colleagues and their families.

In addition to personal development activities such as meditation, mindfulness, self-compassion, somatic experiencing, breath awareness, the power of the subconscious provided by volunteer instructors, the platform also offers training on Ancient Rome to Ottoman history, urban living by bicycles, Formula 1, engineering, German language, natural life, design, communication, non-violent communication, gastronomy, adolescence, men’s and women’s health and diseases, delivered by our colleagues in their respective areas of expertise. We also provide training such as origami and mathematics for our employees’ children.



For more information on the Kindness Map Program, please click [here](#).

The volunteering activities included: planting trees in Gölcük and Eskişehir, coastal cleanup in Eskişehir, training for Ford Otosan employees and their relatives within the scope of the “İyilik Haritası” (Kindness Map) initiative, running for charity, mentoring high school students through the “Otosan Engineers Here to Mentor You” project, and workshops for disadvantaged students at Istanbul Modern with the Social Butterflies Project.



Social Butterflies Project

In 2023, in partnership with Elele Education and Culture Association, we launched the Social Butterflies Project to create equal opportunities for children. The project involved various activities to foster children’s cultural and social development. Many children found the opportunity to visit current exhibitions at Istanbul Modern and participate in an educational program at the Eco Art Lab, where they made art pieces from waste paper.

Otosan Engineers Here to Mentor You

With the ‘Otosan Engineers Here to Mentor You’ project, launched in 2023, we set out to pass on the professional experiences of Ford Otosan volunteers to students soon to start their university education. More than 200 students attended the first event at the pilot school selected for the project. We plan to visit schools in Istanbul, Ankara and Manisa in the coming period to expand our reach.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY

[Ford Otosan Community Investment Areas](#)

[Community Investment Projects](#)

- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

“Ekim’de İyilik Var”

In partnership with **Cerebral Palsy Türkiye**, dedicated volunteers organized donation campaigns for the **disabled children in the earthquake-affected** regions, leveraging various activities such as yoga, meditation, and painting classes to raise funds. Additionally, donations were collected through special messages and refreshment services at our Türkiye facilities.



FORD OTOSAN ROMANIA COMMUNITY INVESTMENT PROGRAMS

Mobile Oral and Dental Health Clinic: At Ford Otosan, we aim to raise awareness in the **Oltenia Region of Romania** by providing **oral and dental health services** for those in need. Through the project, we offer comprehensive oral health checks and free treatment at the mobile oral and dental health unit. We work with volunteering dentists to meet the needs of the people and communities in rural areas who have difficulty accessing dental examinations. We provide dental health services, including X-ray, dental cleaning, cavity filling and tooth extraction, for patients of all age groups in the fully equipped mobile clinic. Since the families in the region have a range of healthcare needs, we plan to add cardiovascular diseases to our services as we continue the mobile oral and dental health clinic in the future.



Hand in Hand for Health: The **Craiova Hospital** is the only hospital that serves the five provinces in the Oltenia Region, treating more than 48,000 patients every year. At Ford Otosan, we donated **90 new TV systems** to this critically important hospital of the region to help with the recuperation of the patients. By donating TV sets to this hospital where some 48,000 patients are treated every year, we aimed to support patients and their caregivers during their stays, connect with the outside world or get away from the problems they face for a while.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW FOR
COMMUNITY

[Ford Otosan Community
Investment Areas](#)

[Community Investment
Projects](#)

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

VEHBI KOÇ FOUNDATION AND FORD OTOSAN’S CONTRIBUTIONS

We have long partnered with **Vehbi Koç Foundation**, established in 1969 by Vehbi Koç, for projects that aim to create social benefit. In 2023, we continued to support the **educational, cultural and healthcare** projects of Vehbi Koç Foundation.

This year, we again adopted a **holistic social impact approach** to education and prioritized scholarship programs that reach different audiences and projects in which support the infrastructure of schools in underserved regions.



Education:
► **Renovation and Fortification Work at the Schools donated by Vehbi Koç Foundation**

In 1998, on the occasion of the Republic’s 75th anniversary, Vehbi Koç Foundation built 13 schools in provinces across Anatolia to support the eight-year primary education system. After the construction works were completed, these schools were handed over to the Ministry of Education based on the principle of “Build, Transfer, Support.” With the addition of more schools between 2006 – 2019, the number of schools rose to 21. In 2023, renovation and fortification work was initiated to renew the physical facilities of Bağlar Middle School and Kayapınar Middle School in Diyarbakır and Koç Primary and Middle School in Şanlıurfa. Renovated and reinforced, the three school buildings were reopened at the start of the academic year in September.

► **Koç University: A Top-Notch Research University**
Koç University ranks among the most prominent research universities in Türkiye and the region. In 2023, Koç University maintained its leading position in Türkiye in the rankings of various evaluation organizations. As relations with national and international funds and private companies continue to strengthen and support R&D activities, faculty members have been recognized with multiple national and international awards.

- During the 2023 university student placement process, 201 students were included in the Anatolian Scholarship program.
- Professor Ayşe Zarakol, a researcher in International Relations at Cambridge University and Political Science at Emmanuel College, was awarded the Rahmi Koç Science Medal.
- According to the latest university rankings announced in 2023, Koç University climbed up from 477th to 432nd place in the QS world rankings, while maintaining its first place in the URAP Türkiye rankings. In the Times Higher Education world ranking, Koç University rose from the 401-500 levels to the 351-400 levels.



► **Koç Group Scholarships**
Koç Group aims to support the children of employees with scholarships and continues to foster the eligible students studying at universities, junior colleges, vocational high schools and colleges, and private schools. In the 2022-2023 academic year, scholarships were granted to a total of 793 students, including 380 at vocational high schools and 413 at state universities, for the children of Koç Group employees with annual gross income lower than TL 300,000.

► **Vehbi Koç Foundation Vocational and Technical High School**
We recognize that creating socio-economic welfare and equal opportunity in education for children is key for the development of society. Pursuant to an agreement signed between the Ministry of National Education and Ford Otosan, we grant scholarships to **female students** studying at the **Vehbi Koç Foundation Vocational Technical and Anatolian High School** through Vehbi Koç Foundation.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

[Ford Otosan Community Investment Areas](#)

[Community Investment Projects](#)

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

Culture:

► Gölcük Cultural and Community Center

Vehbi Koç Foundation Ford Otosan Gölcük Cultural and Community has contributed to the **social and cultural development** of the people in the region since it was established. In addition to providing a natural environment with gardens and an award-winning architectural building, we offer a rich selection of cultural events such as personal development activities, courses, exhibitions and performances.

We provide a creative space where arts inform, unify, and facilitate cultural exchanges. The center hosts a wide range of **free events**, including classical music concerts, jazz concerts, plays, children’s performances, and art workshops, welcoming an average of **10,000** visitors and art fans every month.



► Sadberk Hanım Museum (SHM)

Sadberk Hanım Museum hosted two exhibitions to mark the centennial of the Republic. “Elegance from Past to Future: Women’s Costume from the Late Ottoman Period to the Early Years of the Turkish Republic” exhibition, housed in the building that was formerly Abdülmecid Efendi’s summer mansion, opened on October 29, 2023. The other exhibition - “Adorable & Precious - Children’s Costumes in the Sadberk Hanım Museum Collection” – featuring a selection of children’s garments and accessories opened on November 23, 2023. SHM also launched the 2023-2024 learning program for primary and middle school students in September. Sadberk Hanım Museum’s “Welcome to the Museum! Discover, Learn, Enjoy” educational program begins with an introductory session with museum instructors giving the children an overview of culture, cultural heritage, conservation, the role of museums and the social sciences. Next, they tour the museum and through archaeological objects and works of art in the collection, they learn about important periods, events and peoples in the cultural history of the Anatolian region over thousands of years. From January 1 through December 3, 2023, a total of 16,097 people visited SHM, while 916 students in total participated in the Learning Program in October and November. On the other hand, 21,356 people visited the Elegance from Past to Future in the Abdülmecid Efendi Mansion between October 29 and December 3, 2023.

► Meşher

Meşher’s latest exhibition “Istanbul as Far as the Eye Can See: Views across Five Centuries” opened on September 20, 2023. The exhibition is accompanied by a book and workshops inspired by the showcased works of art. Receiving approximately 216 visitors every day, the exhibition has been visited by 15,334 people since its opening.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW FOR
COMMUNITY

[Ford Otosan Community
Investment Areas](#)

[Community Investment
Projects](#)

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

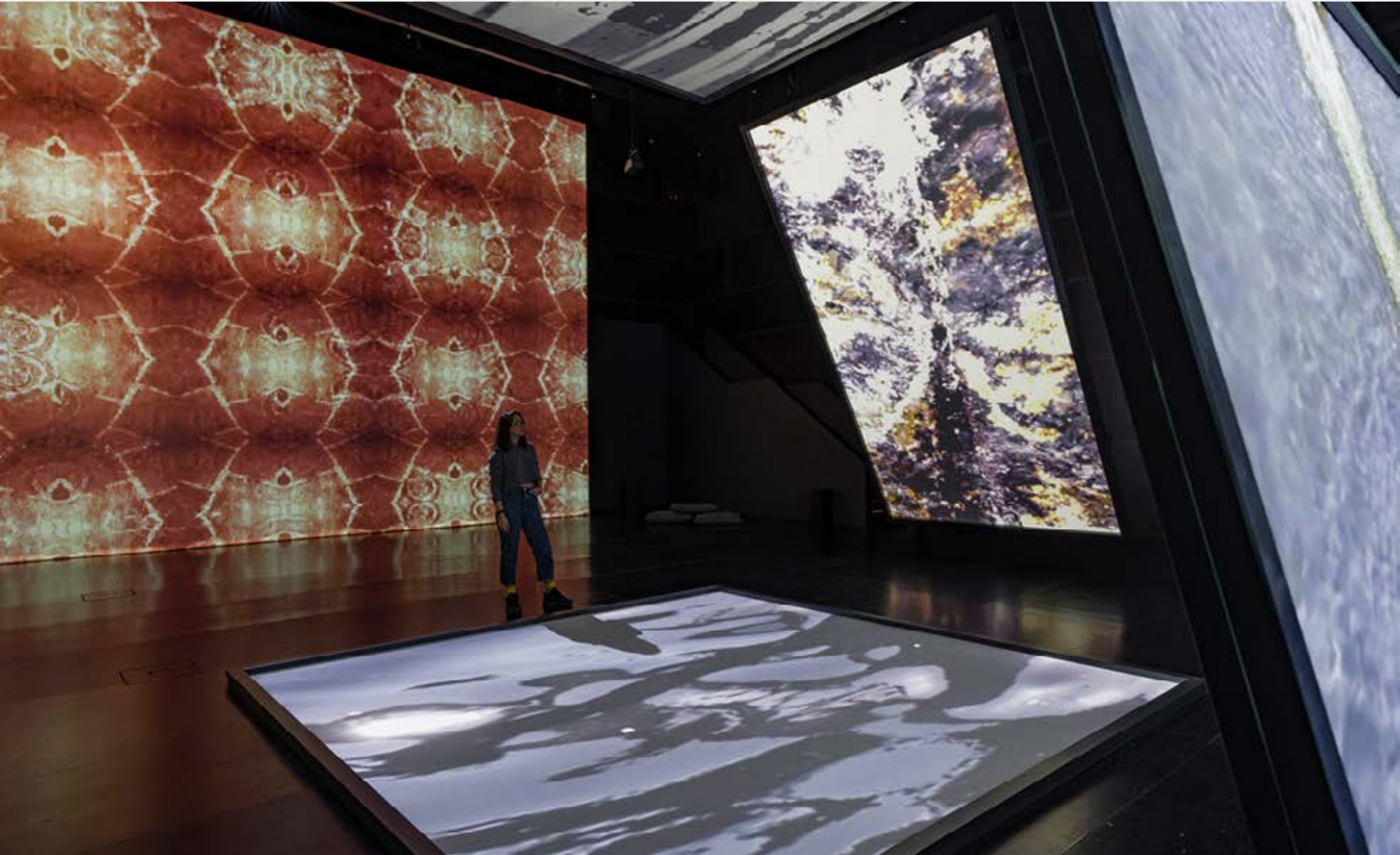
CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

► **Arter**

Arter is a sustainable, vibrant cultural hub, offering a broad range of programs accessible to everyone. Bringing together artists and audiences through celebration of today’s art in all its forms and disciplines in its building in Dolapdere, Arter hosted six new exhibitions in 2023 with works from its own collections and external contributions. In addition to the exhibitions, Arter also hosts music and film festivals and learning programs throughout the year, enriching Istanbul’s cultural and arts scenes. The last exhibition of the year - “In The Shadow” - opened on October 19, 2023.



Healthcare:

► **Nursing Student Dorm Construction**

While Koç University School of Nursing continues its educational activities, Semahat Arsel Nursing Education and Research Center (SANERC) provides graduate education, project support and publications. The applied courses are held at Topkapı Health Sciences Campus, Rahmi M. Koç Advanced Interventional Medicine, Training and Simulation Center laboratories and Koç University Hospital. Meanwhile, the construction work started to build a new dorm for nursing students on the Topkapı Health Sciences Campus. The dorm, slated for opening in January 2024, will accommodate 1,000 students studying health sciences.

MEASURING AND COMMUNICATING IMPACT

We are dedicated to measuring and evaluating the impact of our **community investment** initiatives, ensuring that our projects contribute effectively to sustainable development and are accessible to those they aim to benefit. Through social impact assessments, we analyze the outcomes of our projects and gather feedback from stakeholders to inform our decisions on project continuation. When deciding on whether to continue projects with social benefit, we evaluate the **impact measurements** and also consider stakeholder opinions. In this context, we started to analyze the impact of the Dream Future Centers (DFC), which aim to empower young people affected by the earthquake individually and socially. First, the activities carried out at the centers to date and the focus group discussions were examined. Next, a Change Theory for DFCs was prepared based on the data. According to the Change Theory, we mapped the ultimate objective of DFCs, the targeted changes in young people, and the actions needed to create those changes. Then, we determined the metrics to measure these changes and the tools to collect these metrics. Preliminary tests, one of the first impact measurement tools we developed, were conducted with young people before the Psycho-social Support Group Studies started. Impact measurement tools for other social, cultural and skill building activities are under development and slated for implementation by the end of December 2023.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW FOR
COMMUNITY

[Ford Otosan Community
Investment Areas](#)

[Community Investment
Projects](#)

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

GENERAL ASSEMBLY



- AGENDA OF FORD OTOMOTİV SANAYİ A.Ş. —169
- INDEPENDENT AUDITOR’S REPORT ON THE BOARD OF DIRECTORS’ ANNUAL REPORT —170
- 2024 GUIDANCE —171
- DIVIDEND DISTRIBUTION POLICY —172
- DIVIDEND DISTRIBUTION PROPOSAL —172
- REMUNERATION POLICY FOR THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES —173
- BOARD OF DIRECTORS MEMBER CANDIDATES —173
- ORDINARY GENERAL ASSEMBLY INFORMATION DOCUMENT —174

1. Opening and election of Chairmanship Panel,
2. Reading, discussion and approval of the Annual Report of year 2023 prepared by the Board of Directors,
3. Reading of the summary report of the Independent Audit Firm of 2023 Fiscal Period,
4. Reading, discussion and approval of the Financial Statements of 2023 Fiscal Period,
5. Release of the members of the Board of Directors separately for year 2023 activities,
6. Approval of the changes to be made in the Company’s “Dividend Distribution Policy” for 2024 and the following years, in accordance with the Capital Markets Board regulations.
7. Approval, or approval with amendments or refusal of the Board of Directors’ proposal for profit distribution for the year 2023 and the distribution date which prepared in accordance with the Company’s Profit Distribution Policy,
8. Determination of the number and the term of duty of the members of the Board of Directors and election of the members base on the determined number, election of the Independent Board Members,
9. As per the Corporate Governance Principles, informing the shareholders regarding the “Remuneration Policy” for members of the Board of Directors and the senior executives and payments made under this policy and approval of the “Remuneration Policy” and related payments,
10. Determination of the annual gross fees to be paid to the members of the Board of Directors,
11. As per the regulations of the Turkish Commercial Code and Capital Markets Board, approval of the Board of Directors’ election for the Independent Audit Firm,
12. Giving information to the shareholders regarding the donations made by the Company in 2023 and determination of an upper limit for donations to be made in 2024,
13. In accordance with the Capital Markets Board regulations, presentation to the shareholders of the securities, pledges and mortgages granted in favor of the third parties in the year 2023 and of any benefits or income thereof,
14. Under Articles 395 and 396 of the Turkish Commercial Code, authorizing: shareholders with management control, members of the Board of Directors, senior executives and their spouses and relatives related by blood or affinity up to the second degree; and informing the shareholders regarding the transactions made in this extent in 2023 pursuant to the Capital Markets Board’s Communiqué on Corporate Governance,
15. Wishes and opinions.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

[Agenda of Ford Otomotiv
Sanayi A.Ş.](#)

[Independent Auditor’s
Report on the Board of
Directors’ Annual Report](#)

[2024 Guidance](#)

[Dividend Distribution Policy](#)

[Dividend Distribution
Proposal](#)

[Remuneration Policy for
the Board of Directors and
Senior Executives](#)

[Board of Directors Member
Candidates](#)

[Ordinary General Assembly
Information Document](#)

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

[Agenda of Ford Otomotiv Sanayi A.Ş.](#)

[Independent Auditor's Report on the Board of Directors' Annual Report](#)

[2024 Guidance](#)

[Dividend Distribution Policy](#)

[Dividend Distribution Proposal](#)

[Remuneration Policy for the Board of Directors and Senior Executives](#)

[Board of Directors Member Candidates](#)

[Ordinary General Assembly Information Document](#)

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

To the General Assembly of Ford Otomotiv Sanayi A.Ş.

1. Opinion

We have audited the annual report of Ford Otomotiv Sanayi A.Ş. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the 1 January - 31 December 2023 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group’s position in the Board of Directors’ Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the “TSA”) adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities in the Audit of the Board of Directors’ Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA and the regulations of the Capital Markets Board and other relevant legislation that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor’s report dated 5 March 2024 on the full set consolidated financial statements for the 1 January - 31 December 2023 period.

4. Board of Director’s Responsibility for the Annual Report

Group management’s responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code (“TCC”) No. 6102 and Capital Markets Board’s (“CMB”) Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (the “Communiqué”) are as follows:

a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;

- b) to prepare the annual report to reflect the Group’s operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) to include the matters below in the annual report:
- events of particular importance that occurred in the Company after the operating year,
 - the Group’s research and development activities,
 - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5. Independent Auditor’s Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited[consolidated] financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Ediz Günsel, SMMM

Independent Auditor

İstanbul, 8 March 2024

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

Agenda of Ford Otomotiv Sanayi A.Ş.

Independent Auditor's Report on the Board of Directors' Annual Report

2024 Guidance

Dividend Distribution Policy

Dividend Distribution Proposal

Remuneration Policy for the Board of Directors and Senior Executives

Board of Directors Member Candidates

Ordinary General Assembly Information Document

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

		2023 Actual		2024 Guidance
Total Industry Volume		1 Million 278 Thousand		800-900 Thousand
Retail Sales Volume		114 Thousand		100-110 Thousand
Total Export Volume	Türkiye: 312 thousand Romania: 180 thousand	492 Thousand	350-380 thousand 210-230 thousand	560-610 Thousand
Wholesale Volume		610 Thousand		660-720 Thousand
Total Production Volume	Türkiye: 399 thousand Romania: 191 thousand	590 Thousand	400-430 thousand 250-270 thousand	650-700 Thousand
CAPEX (fixed assets)	General: € 96 million Product: € 766 million	€ 900 Million	€ 170-190 million € 730-810 million	€ 900-1,000 Million

DIVIDEND DISTRIBUTION POLICY

Our Company conducts a dividend policy within the framework of the provisions of the Turkish Commercial Code, Capital Markets Legislation, Tax Regulations and other relevant legislation as well as the provisions of the Articles of Association governing the distribution of profits. In distribution of profit, a consistent and balanced policy is followed between shareholders and Company requirements in line with Corporate Governance Principles. In principle, subject to be covered by the resources existing in legal records, and subject to the decision of the Ordinary or Extraordinary General Assembly Meeting, excluding periods of large investment or severe economic downturn, by taking into consideration other legislation, financial and market conditions, long-term strategy, investment and financing policies, profitability and cash position, minimum 50% of



the distributable profit for the period calculated within the framework of the Capital Markets Legislation is distributed in the form of cash or stock. There is no concession in the distribution of dividends. The dividend shall be distributed equally to all existing shares as of the date of distribution, regardless of their issuance and acquisition dates. The dividend distribution date is determined by General Assembly and targeted to be within one month after General or Extraordinary Assembly Meeting date. General Assembly, or if authorized Board of Directors, could decide to pay dividend in installments within the framework of Capital Markets Legislation. According to Company’s Articles of Association, Board of Directors can distribute advance dividend with the condition of being authorized and compliant with Capital Markets Legislation.

DIVIDEND DISTRIBUTION PROPOSAL

At its meeting dated March 6,2024, Board of Directors has decided; as per the Profit Distribution Proposal which prepared in accordance with the CMB’s regulations, Article No.19 of the Articles of Incorporation of the Company and the investment and financing policies as stated in the updated Dividend Distribution Policy and considering the cash flow position it’s resolved to present:

- Not allocating the statutory legal reserves of 5% required by Article 519 of the Turkish Commercial Code for the year 2023, since the amount of statutory legal reserves available in the Tax Procedure Law records as of 31.12.2023 has reached the limit of 20% of the capital.
- b. The distribution of dividends with a cash payment of TL 15,194,403,000 to the shareholders and allocation of TL 1,517,685,750 to the statutory legal reserves for the year 2023.
- c. If the above profit distribution proposal is accepted by the General Assembly, the total amount of dividend to be paid to the shareholders, which is TL 15,194,403,000 and the amount of statutory Legal Reserves, which is TL 1,517,685,750, will be covered from the current year’s profits prepared according to both TFRS and Tax Procedure Law.
- d. Following the profit distribution, transferring TL 32,343,580,400 to retained earnings in the financial statements prepared according to TFRS, and leaving the remaining amount to be subjected to inflation adjustment according to the Tax Procedure Law as of 31.12.2023 in the sub-breakdown of Past Year Profits/Losses account.
- e. Paying a cash dividend of TL 43.30 gross/net for each share with a nominal value of TL 1.00 to full taxpayers and non-resident corporate shareholders obtaining dividends through a permanent establishment or representative office in Turkey, and paying a cash dividend of TL 43.30 gross (4,330% gross) and TL 38.97 net (3,897% net) for each share with a nominal value of TL 1.00 to other shareholders.
- f. Determining the dividend distribution date as April 8, 2024.

to the General Assembly’s approval,

- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
 - Agenda of Ford Otomotiv Sanayi A.Ş.
 - Independent Auditor’s Report on the Board of Directors’ Annual Report
 - 2024 Guidance
 - Dividend Distribution Policy
 - Dividend Distribution Proposal
 - Remuneration Policy for the Board of Directors and Senior Executives
 - Board of Directors Member Candidates
 - Ordinary General Assembly Information Document
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

REMUNERATION POLICY FOR THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

This policy document describes the remuneration system and applications of the Board of Directors and the Senior Executives who have administrative responsibilities, pursuant to the Capital Markets Board (CMB) regulations.

The fixed salaries to be valid for all the Members of the Board of Directors are determined every year at the Ordinary General Assembly Meeting of the Company. Executive Board Members are compensated as per the Remuneration Policy for Senior Executives, detailed below.

Performance - based compensation or stock option plans cannot be used to determine the remuneration of independent Board Members. Members of the Board of Directors are paid according to the principle of per diem deduction taking into consideration their term of service. Costs borne by the members of the Board of Directors due to their contributions to the company (transportation, telephone, insurance etc. expenditures) can be met by the Company.

Remuneration of Senior Executives consist of two components: Base salary and performance based bonus. Base salaries of Senior Executives are determined in accordance with international standards and legal responsibilities, taking into consideration macro-economic data within the market, the remuneration policies in the market, size and long-term goals of the company, and positions and efficiency levels of the individuals. Performance - Based Bonus of Senior Executives are calculated according to company performance and individual performance. Relevant criteria is summarized below:

BONUS BASE

Bonus bases are updated at the beginning of each year and vary according to the workload of the executives’ positions. When updating bonus bases, senior management bonus policies within the market are taken into consideration.

COMPANY PERFORMANCE

Company performance is obtained through the calculation at period ends of the financial and operational goals (market share, exports, foreign activities, efficiency etc.) given to the company at the beginning of each year. When determining company goals, sustainability and improvements with respect to the previous years are taken into consideration as important principles.

INDIVIDUAL PERFORMANCE

For the determination of individual performance, employee, customer, process, technology and long-term strategy-related goals are taken into consideration, together with the company goals. For the calculation of individual performance, the long-term sustainability improvement principle is observed also, outside the financial spheres, as is the case for company performance. The total remuneration amount determined according to these principles, and paid to the Senior Executives and the Members of the Board of Directors during the year, is submitted for the information of the partners in the subsequent General Assembly Meeting, in accordance with the regulations.

BOARD OF DIRECTORS MEMBER CANDIDATES

- MUSTAFA RAHMİ KOÇ
- YILDIRIM ALİ KOÇ
- JAMES KIERAN VINCENT CAHILL
- WILLIAM RICHARD PERIAM
- HAYDAR YENİGÜN
- JOHAN EGBERT SCHEP
- LEVENT ÇAKIROĞLU
- KATJA WINDT
- FATMA FÜSUN AKKAL BOZOK
- GÜVEN ÖZYURT
- JOSEPHINE MARY PAYNE

Another member of the Board of Directors will be determined and appointed in the coming days.

Resumes are available in the [Appendix](#).

Sustainability targets followed in the performance of senior management are provided in the [Remuneration Policy](#) section.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

[Agenda of Ford Otomotiv Sanayi A.Ş.](#)

[Independent Auditor's Report on the Board of Directors' Annual Report](#)

[2024 Guidance](#)

[Dividend Distribution Policy](#)

[Dividend Distribution Proposal](#)

[Remuneration Policy for the Board of Directors and Senior Executives](#)

[Board of Directors Member Candidates](#)

[Ordinary General Assembly Information Document](#)

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

ORDINARY GENERAL ASSEMBLY INFORMATION DOCUMENT



1. INVITATION TO THE 03 APRIL 2024 ORDINARY GENERAL ASSEMBLY MEETING

Ford Otomotiv Sanayi A.Ş.'s Ordinary General Assembly Meeting shall be convened on 03 April 2024 Wednesday at 14:00 at the address of “Divan İstanbul Hotel - Asker Ocağı Caddesi No:1 34367 Şişli / İstanbul (Tel: +90 212 315 55 00, Faks: +90 212 315 55 15)”. At the meeting, the activities of the Company for the fiscal year 2023 will be reviewed, the following agenda will be discussed, and a resolution regarding the agenda will be reached.

In accordance with the legal requirements, 2023 Financial Statements, the Independent Auditor's Report, the Corporate Governance Compliance Report, and the Board of Directors' Annual Report, including the dividend distribution proposal of the Board of Directors, along with the following agenda and the Memorandum containing the information required by Capital Markets Board regulations shall be made available to the shareholders at Company Headquarters in Sancaktepe İstanbul, Kocaeli Gölcük Plant, Eskişehir Plant, on the Company's corporate website at www.fordotosan.com.tr , and in the Electronic General Meeting System of the Central Registry Agency (CRA) three weeks prior to the meeting.

Shareholders unable to attend the meeting in person, save for the rights and obligations of the ones participating electronically via the Electronic General Assembly System, shall prepare their proxy documents as per the legislation, or shall obtain a proxy sample form from Yapı Kredi Yatırım Menkul Değerler A.Ş. (Yapı Kredi Plaza / Levent-İstanbul), our Company, or from the corporate website at www.fordotosan.com.tr and shall submit to the Company the notarized proxy documents issued in accordance with the requirements of

the Communiqué No. II-30.1, Use of Proxy Vote and Proxy Collection through Invitation, enacted on 24 December 2013 and published in Official Gazette No. 28861. A proxy document is not required from a proxy appointed electronically through the Electronic General Meeting System. The proxy documents which do not comply with the requirements of the aforementioned Communiqué, and the sample form attached within the invitation to the general assembly meeting document shall not be accepted, given our legal liability.

Shareholders intending to vote via the Electronic General Meeting System are requested to obtain information from the Central Registry Agency, our Company's website at www.fordotosan.com.tr or from the Company Headquarters (Tel: 0 216 564 71 00) to ensure that they comply with the provisions of the by-laws for the Electronic Shareholders Meeting.

Pursuant to Paragraph 4 of Article 415 of Turkish Commercial Code No. 6102 and Paragraph 1 of Article 30 of the Capital Markets Law, the right to attend the General Assembly and voting rights shall not be conditional on depositing the share certificates. Accordingly, shareholders participating in the General Assembly do not need to block their shares.

At the Ordinary General Assembly Meeting, the voters shall use open voting system by raising hands, without prejudice to the provisions of electronic voting regarding the voting of each item on the agenda.

In accordance with the Law No.6698 on Protection of Personal Data, you can access detailed information on processing of your personal data by our Company in Ford Otomotiv Sanayi A.Ş. Policy on the Protection and Processing of Personal Data published at www.fordotosan.com.tr.

All right holders and stakeholders as well as the press are invited to the General Assembly Meeting.

Pursuant to the Capital Markets Law, shareholders holding registered shares that are traded on the stock exchange will not receive a separate registered invitation letter for the meeting.

All rights and stakeholders and media organs are invited to our General Assembly meeting.

It is submitted to the shareholders with due respect.

FORD OTOMOTİV SANAYİ A.Ş. BOARD OF DIRECTORS

Company Address: Akpınar Mah. Hasan Basri Cad. No:2 34885 Sancaktepe /İstanbul
Trade Registry and Number: İstanbul / 73232-0
Mersis ID Number: 0649002036300014

2. ADDITIONAL EXPLANATIONS IN VIEW OF CMB REGULATIONS

The additional explanations required pursuant to Capital Markets Board (CMB) Corporate Governance Communiqué No. II-17.1, enacted 3 January 2014, are made in the related articles of the agenda below. Other mandatory general explanations are provided in this section.

2.1. Capital Structure and Voting Rights:

There is no privilege in Company's Articles of Incorporation regarding voting rights. The voting rights of our shareholders, are provided in the following table:

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

[Agenda of Ford Otomotiv Sanayi A.Ş.](#)

[Independent Auditor's Report on the Board of Directors' Annual Report](#)

[2024 Guidance](#)

[Dividend Distribution Policy](#)

[Dividend Distribution Proposal](#)

[Remuneration Policy for the Board of Directors and Senior Executives](#)

[Board of Directors Member Candidates](#)

[Ordinary General Assembly Information Document](#)

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

2.2. Managerial and Operational Changes in Our Company or our Subsidiaries’ which may Significantly Affect the Activities of our Company:

There are no managerial or operational changes that has or that will substantially affect the Company’s activities in the previous accounting period, or planned for the upcoming accounting periods. Material disclosures made by our company within the scope of the relevant legislation can be accessed at www.kap.org.tr.

2.3. Information regarding demands of shareholders for placing an article on the agenda:

No such request is made for the Ordinary General Assembly Meeting for 2023 activities.

3. ANNOUNCEMENTS PERTAINING TO THE AGENDA
ARTICLES OF THE ORDINARY GENERAL ASSEMBLY MEETING
DATED 3 APRIL 2024

1. Opening and election of Chairmanship Panel,
Within the framework of the provisions of “Turkish Commercial Code (TCC) no. 6102” and “The Regulation of the Ministry of Customs and Commerce regarding Principles and Procedures of General Assembly Meetings of Joint Stock Companies and Representatives of the Ministry of Customs and Commerce to be Present in these Meetings” (“Regulation” or “General Assembly Regulation”), and General Assembly Principles Article 7, a Chairman shall be elected to chair the General Assembly meeting. Within the framework of the General Assembly Principles, at least one person will be appointed as Secretary. The Chairman may also appoint adequate number of vote-collectors.

2. Reading, discussion and approval of the Annual Report of year 2023 prepared by the Board of Directors,
Within the framework of the TCC, the Regulation and the Capital Markets Law and related regulations, information shall be given on the 2023 Annual Report that includes the Corporate Governance Compliance Report, which has been announced at the Headquarters of our Company, on the

Shareholding Structure	Share Group	Amount of Share (TL)	Percentage of Share (%)	Vote	Percentage of Vote (%)
Koç Holding A.Ş.	B	135,631,304	38.65%	13,563,130,447	38.65%
Temel Ticaret ve Yatırım A.Ş.	B	2,355,885	0.67%	235,588,500	0.67%
Vehbi Koç Foundation	A	2,880,501	0.82%	288,050,137	0.82%
Koç Holding Pension and Assistance	A	3,259,202	0.93%	325,920,232	0.93%
Ford Deutschland Holding GmbH	C	143,997,037	41.04%	14,399,703,676	41.04%
Publicly Held	A	62,786,071	17.89%	6,278,607,008	17.89%
Total		350,910,000	100.00%	35,091,000,000	100.00%

Electronic General Assembly portal of the Central Registry Agency and on the corporate website of the Company at www.fordotosan.com.tr for review of our shareholders three weeks before the General Assembly meeting and it shall be presented for perusal and approval of our shareholders.

3. Reading of the summary report of the Independent Audit Firm of 2023 Fiscal Period,
Independent Audit Report created as per TCC, Regulation and Capital Markets Board legislation and made available at Company Headquarters, Electronic General Assembly Portal of the CRA and Company website www.fordotosan.com.tr, three weeks prior to the General Assembly meeting, will be submitted to the information of our shareholders in General Assembly meeting.

4. Reading, discussion and approval of the Financial Statements of 2023 Fiscal Period,
Information about our financial statements and legal statutory accounts, which, pursuant to the TCC, bylaws and Capital Markets Law are posted three weeks prior to the General Assembly meeting at our Company Headquarters, on the Electronic General Assembly Portal of the CRA, and on the Company website www.fordotosan.com.tr for review of our shareholders, shall be provided to our shareholders for their evaluation and approval.

5. Release of the members of the Board of Directors separately for year 2023 activities,
Pursuant to the TCC and Bylaws, the release of our Board of Directors members for the activities, transactions and accounts for the year 2023 shall be submitted to the General Assembly for its approval.

6. Approval of the changes to be made in the Company’s “Dividend Distribution Policy” for 2024 and the following years, in accordance with the Capital Markets Board regulations.
The dividend distribution policy of our Company in Appendix 1 will be submitted to the approval of the General Assembly and has also been announced at our Company’s Headquarters, on the Electronic General Assembly portal of the MKK and on the corporate website at www.fordotosan.com.tr for three weeks before the General Assembly meeting.

7. Approval, or approval with amendments or refusal of the Board of Directors’ proposal for profit distribution for the year 2023 and the distribution date which prepared in accordance with the Company’s Profit Distribution Policy,
According to our financial statements, prepared by our Company within the framework of the Turkish Commercial Code and Capital Markets Law and related regulations in compliance with Turkish Financial Reporting Standards and



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
 - [Agenda of Ford Otomotiv Sanayi A.Ş.](#)
 - [Independent Auditor’s Report on the Board of Directors’ Annual Report](#)
 - [2024 Guidance](#)
 - [Dividend Distribution Policy](#)
 - [Dividend Distribution Proposal](#)
 - [Remuneration Policy for the Board of Directors and Senior Executives](#)
 - [Board of Directors Member Candidates](#)
 - [Ordinary General Assembly Information Document](#)
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi covering the accounting period between 01.01.2023 – 31.12.2023; net profit amount of TL 49.055.669.150 has been obtained. The dividend payment proposal drawn up in accordance with the Dividend Distribution Table format provided in the Dividend Communiqué numbered II-19.1 and the Dividend Manual announced in accordance with the said Communiqué, and taking into account the Company’s Dividend Distribution Policy, long-term strategy, investment and financing policies, profitability and liquidity, is provided in Appendix 2.

8. Determination of the number and the term of duty of the members of the Board of Directors and election of the members based on the determined number, election of the Independent Board Members,

The number of members on the Board of Directors and their terms of office shall be designated in accordance with CMB regulations, TCC and Bylaws and the principles governing the selection of members of the Board of Directors in the Articles of Incorporation. New members will be elected to replace Board members whose terms of office have expired. In addition, Independent Members of the Board of Directors shall be elected in compliance with the CMB’s Corporate Governance Communiqué No. II-17.1.

According to Article 10 of the Company’s Articles of Incorporation, Company is managed by a Board of Directors with an even number of members and consisting of at least 8 members, elected by the General Assembly for a 3 year period in line with the TCC regulations. General Assembly may decide on the renewal of the Board of Directors even if their terms of office have not expired. 2 of the elected Board members are required to meet the independence criteria as defined in the CMB’s mandatory Corporate Governance Principles.

The Board of Directors, upon receipt of the proposal of Corporate Governance Committee, has designated Mrs. Katja Windt and Mrs. Fatma Füsün Akkal Bozok as the Independent Members

of the Board of Directors by Board of Directors’ 01.02.2024 resolution and has submitted to the opinion of CMB, In its letter dated 28.02.2024, CMB stated that it has decided not to express a negative opinion about the Independent Members of the Board of Directors candidates due to the exception specified in the 5th paragraph of the 6th article of the communiqué.

The CVs of the members of the Board of Directors and the declarations of independence and resumes of the independent member candidates are presented in Appendix 3.

9. As per the Corporate Governance Principles, informing the shareholders regarding the “Remuneration Policy” for members of the Board of Directors and the senior executives and payments made under this policy and approval of the “Remuneration Policy” and related payments,

According to CMB’s mandatory Corporate Governance Principle No. 4.6.2, the principles for the remuneration of Board of Directors’ members and senior management shall be made available in writing and included as a separate article on the General Assembly Meeting agenda to enable the shareholders to share their opinions on the same. Remuneration Policy created for this purpose is attached as Appendix 4. As specified by footnote No. 27 of 2023 Financial Statements, benefits were provided for senior management of Ford Otomotiv Sanayi A.Ş. in 2023.

10. Determination of the annual gross fees to be paid to the members of the Board of Directors,

The annual gross remuneration to be paid to the members of the Board of Directors in 2024 shall be determined by the shareholders as per our Remuneration Policy submitted for the approval the shareholders as per item 9 of the agenda.

11. As per the regulations of the Turkish Commercial Code and Capital Markets Board, approval of the Board of Directors’ election for the Independent Audit Firm,

In accordance with the Turkish Commercial Code and Capital Markets Board regulations, and taking into consideration

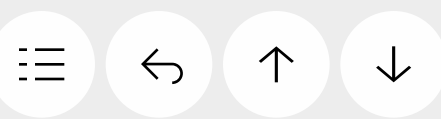
the opinion of the Audit Committee, the Board of Directors resolved at their 25 May 2023 meeting to have Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi serve as the independent auditors of the Company’s financial reports for the financial year 2024 and to let it conduct the other activities that fall within its purview within the context of the regulations. This decision shall be submitted to the General Assembly for ratification.

12. Giving information to the shareholders regarding the donations made by the Company in 2023 and determination of an upper limit for donations to be made in 2024,

Pursuant to Article 6 of the CMB’s Communiqué on Dividends No. II-19.1, the limit of donations to be made must be determined by the General Assembly, in cases not specified in the Articles of Incorporation, and information concerning the donations and payments made must be provided to shareholders at the General Assembly. The total amount of donations made to foundations and associations in 2023 is 576,928,004 TL based on nominal amounts. (The total amount calculated according to the purchasing power on December 31, 2023 is 825.984.458 TL). Of this nominal amount, TL 354.055.837 was made to the Vehbi Koç Foundation, TL 195.340.498 was made for earthquake aid, and the balance TL 27.531.669 was made to various other institutions and organizations of TL or less, 10 Mils TL each of which was not important information for investors. The upper limit of donations to be made in 2024 shall be decided by the General Assembly. In addition, the Donation and Sponsorship Policy, which is currently being worked on by our Company’s Board of Directors, will be submitted to the approval of the General Assembly.

13. In accordance with the Capital Markets Board Regulations, presentation to the shareholders of the collaterals, pledges, mortgages and sureties granted in favor of the third parties in the year 2023 and of any benefits or income,

Pursuant to Article 12 of the Capital Markets Board Corporate Governance Communiqué No. II-17.1, income or benefits



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
 - [Agenda of Ford Otomotiv Sanayi A.Ş.](#)
 - [Independent Auditor’s Report on the Board of Directors’ Annual Report](#)
 - [2024 Guidance](#)
 - [Dividend Distribution Policy](#)
 - [Dividend Distribution Proposal](#)
 - [Remuneration Policy for the Board of Directors and Senior Executives](#)
 - [Board of Directors Member Candidates](#)
 - [Ordinary General Assembly Information Document](#)
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES

derived by our Company and/or its subsidiaries from collaterals, pledges, mortgages and sureties against third parties must be stipulated in a separate article of the agenda of the General Assembly. This is indicated in footnote No. 14 of our financial statements dated 31 December 2023.

14. Under Articles 395 and 396 of the Turkish Commercial Code, authorizing: shareholders with management control, members of the Board of Directors, senior executives and their spouses and relatives related by blood or affinity up to the second degree; and also informing the shareholders regarding the transactions made in this extent in 2023 pursuant to the Capital Markets Board’s Communiqué on Corporate Governance,

The members of the Board of Directors can do business only with the approval of the General Assembly, as stipulated in the first subsection of Articles 395 and 396 of the TCC entitled Competition Ban and Ban on doing Business with the Company and Borrowing for the Company.

Pursuant to the Capital Markets Board Mandatory Corporate Governance Principles No. 1.3.6, the General Assembly shall be informed in the event that shareholders having managerial control, shareholder board members, senior management and relatives up to the second degree of blood or affinity engaged in a significant business transaction creating a conflict of interest with the Company or its subsidiaries, competed with the company in the same line of business on their own behalf or on the behalf of others, or was involved in the same business as that of the Company as unlimited partner in another company. Information about said transactions must be included as a separate article on the agenda and recorded into the minutes of the General Assembly. To fulfill the requirements of these regulations, permission shall be sought from the shareholders at the General Assembly and the shareholders shall be informed that no such transaction took place in 2023 in this respect.

To fulfill the requirements of these regulations, permission shall be sought from the shareholders at the General Assembly. Some of the shareholders having managerial control, shareholder board members, senior management and relatives up to the second degree of blood or affinity are also board members at several Koç Group and Ford Group companies including those with similar operations to our Company. In 2023, there has not been any material transaction which requires notification in accordance with Corporate Governance Principle No. 1.3.6 of the Corporate Governance Communique.

15. Wishes and opinions.

APPENDICES:

Appendix 1
Dividend Distribution Proposal

Appendix 2
The Proposal of the Board of Directors on the Distribution of Profits for 2023 and the Proposed Dividend Distribution Table

Appendix 3
CVs of Board of Directors and Independence Declarations of Independent Board Member Candidates

Appendix 4
Remuneration Policy for Board of Directors and Executive Management

APPENDIX 1 - DIVIDEND DISTRIBUTION PROPOSAL *

Our Company conducts a dividend policy within the framework of the provisions of the Turkish Commercial Code, Capital Markets Legislation, Tax Regulations and other relevant legislation as well as the provisions of the Articles of Association governing the distribution of profits.

In distribution of profit, a consistent and balanced policy is followed between shareholders and Company requirements in line with Corporate Governance Principles.

In principle, subject to be covered by the resources existing in legal records, and subject to the decision of the Ordinary or Extraordinary General Assembly Meeting, excluding periods of large investment or severe economic downturn, by taking into consideration other legislation, financial and market conditions, long-term strategy, investment and financing policies, profitability and cash position, minimum 50% of the distributable profit for the period calculated within the framework of the Capital Markets Legislation is distributed in the form of cash or stock.

There is no concession in the distribution of dividends. The dividend shall be distributed equally to all existing shares as of the date of distribution, regardless of their issuance and acquisition dates.

The dividend distribution date is determined by General Assembly and targeted to be within one month after General or Extraordinary Assembly Meeting date. General Assembly, or if authorized Board of Directors, could decide to pay dividend in installments within the framework of Capital Markets Legislation.

According to Company’s Articles of Association, Board of Directors can distribute advance dividend with the condition of being authorized and compliant with Capital Markets Legislation.

* The update is underlined.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

[Agenda of Ford Otomotiv Sanayi A.Ş.](#)

[Independent Auditor’s Report on the Board of Directors’ Annual Report](#)

[2024 Guidance](#)

[Dividend Distribution Policy](#)

[Dividend Distribution Proposal](#)

[Remuneration Policy for the Board of Directors and Senior Executives](#)

[Board of Directors Member Candidates](#)

[Ordinary General Assembly Information Document](#)

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

RISKS AND OPPORTUNITIES



RISKS AND OPPORTUNITIES (SHORT- AND LONG-TERM RISKS)				
RISK CATEGORY	RISK DEFINITION AND DESCRIPTION	RISK IMPACT	ACTIONS TAKEN IN 2023 IN LINE WITH RISK MITIGATION STRATEGY	OPPORTUNITIES
Macroeconomic and Geopolitical Risks	Pandemic risks due to biological risk factors	<ul style="list-style-type: none"> Production and service disruptions. Supply chain disruptions due to the pandemic. Health problems with the employees and business partners. 	<ul style="list-style-type: none"> Adopting a zero risk policy for the health of its employees, Ford Otosan follows the national and global developments related to the pandemics and takes the necessary measures to mitigate the risks. The healthcare center's provisional activities to monitor, follow-up, evaluate and promote vaccination against potential biological agents in the future became permanent. The healthcare center follows the upper respiratory tract infections and other infections as a separate metric in daily, three-day and ten-day frequencies. Scenarios are created to simulate pandemics' impact on production and appropriate actions are taken proactively. 	<ul style="list-style-type: none"> A pandemic final declaration, including establishing an early warning system and the measures required for readiness against potential future pandemic risks, was drafted. Following the most recent pandemic, the emergency response plan was updated. Digital applications such as health surveys and QR codes, introduced during the latest pandemic, are active to be used in potential future emergencies. The hybrid work system, introduced during the pandemic in response to the changing conditions, became permanent, positively affecting employee engagement.
	Volatility in Energy Prices The exchange rate spikes in the middle of the year also led to an increase in natural gas and electricity prices. Moreover, the Israel-Palestine war triggered an upward movement in natural gas spot prices again. The volatility of the energy prices throughout the year reflected directly on Ford Otosan's energy costs and indirectly on procurements.	<ul style="list-style-type: none"> Negative impact on cash flow. Failure to make healthy financial projections. 	<ul style="list-style-type: none"> Energy efficiency projects such as efficient engines and LED conversion projects in manufacturing locations were prioritized to increase energy efficiency in production. Investments were made in renewable energy resource investments such as solar panel installations, solar wall and solar farms. Energy efficiency projects are monitored monthly through ZBB workshops. 	Reducing the energy consumption by implementing new projects will lead to a decrease in the carbon emissions from production.
	Raw Material Price Increase Risks	<ul style="list-style-type: none"> Failure to reach profitability targets due to price increases. 	<ul style="list-style-type: none"> The supplier portfolio is expanded and diversified by introducing new suppliers with the launch of new projects to mitigate the negative effects of market price volatilities. 	<ul style="list-style-type: none"> Expanding the supplier portfolio improves our capability to quickly respond to sudden and unexpected changes in production and use our competitive advantage.

RISKS AND OPPORTUNITIES (SHORT- AND LONG-TERM RISKS)				
RISK CATEGORY	RISK DEFINITION AND DESCRIPTION	RISK IMPACT	ACTIONS TAKEN IN 2023 IN LINE WITH RISK MITIGATION STRATEGY	OPPORTUNITIES
Macroeconomic and Geopolitical Risks	Semiconductor Sourcing Risks	<ul style="list-style-type: none">▸ As a result of the heightened demand for microchips, which saw a disruption during the Covid-19 pandemic, the supply problems continue in the delivery of onboard electronic components, which are used more intensively in the automotive industry in recent years. These problems may disrupt production continuity at our company.▸ Failure to reach production and profitability targets.▸ Even though the impact of this risk was high in the first three quarters, it was mitigated with the actions taken and the recovery in global markets in the last quarter.	<ul style="list-style-type: none">▸ We manage and monitor this risk in close contact and cooperation with Ford Motor Company and our suppliers and make changes in vehicle programs when needed to minimize production losses. In parallel, we replace the critical chips in the suppliers to address the problems.	<ul style="list-style-type: none">▸ In the face of sudden and unexpected changes in production, we operate with improved flexibility and adaptability.▸ New models have emerged for managing global constraints (production priorities, global allocation models, etc.).
	Production Disruptions due to Vessel Availability Problems During the Covid-19 pandemic and the subsequent global chip shortage that led to disruptions in production, maritime brokers began to look for alternative markets to charter their idle capacity. With China’s vehicle exports to Europe increasing, maritime brokers allocated their available capacity to these regions at higher freight rates. This situation also triggered an occupancy problem at European ports, while the lack of sufficient number of equipment/ drivers for distribution from ports to sales points exacerbated the congestions at the ports.	<ul style="list-style-type: none">▸ Negative impact on cash flow.▸ Inventory management problems due to higher vehicle stocks.	<ul style="list-style-type: none">▸ More vessels were chartered to create additional transportation capacity. Partnering carriers and providers increased their capacities.▸ As a precaution against potential congestions at European ports, alternative transit ports were introduced to the routes to mitigate production disruption risks and preserve vessel capacity.▸ Additional storage areas and alternative loading ports were introduced to manage vehicle inventories.	<ul style="list-style-type: none">▸ Chartering more vessels and adding alternative ports improved our planning flexibility and allowed maritime brokers to tolerate potential disruptions.
	Risks Related to Russia- Ukraine War	<ul style="list-style-type: none">▸ Failure to reach profitability targets.	<ul style="list-style-type: none">▸ Ford Sollers was dissolved.▸ To ensure production continuity at Ford Otosan locations, we identified the suppliers directly and indirectly affected by the region, replaced them with alternative suppliers and managed the process by effectively positioning critical materials between regions to streamline production at Ford Otosan.▸ In anticipation of the gas supply risks from Russia to Europe in the winter of 2023 due to the ongoing war, critical suppliers were identified and necessary measures were put in place.▸ Thanks to these measures, no significant impact was observed on Ford Otosan operations and activities. There was no loss of production.	<ul style="list-style-type: none">▸ Work is ongoing for conversion to alternative energy sources at our plants to reduce dependence on natural gas.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

RISKS AND OPPORTUNITIES (SHORT- AND LONG-TERM RISKS)				
RISK CATEGORY	RISK DEFINITION AND DESCRIPTION	RISK IMPACT	ACTIONS TAKEN IN 2023 IN LINE WITH RISK MITIGATION STRATEGY	OPPORTUNITIES
Environmental Risks	Climate Change and Environmental Risks	<ul style="list-style-type: none"> Natural disasters and extreme weather events causing damages. High maintenance and repair costs as a result of changing weather conditions. Loss of biodiversity and resource crises due to the collapse of the ecosystem. Slowing or halting production operations due to insufficient resources. Reputation damage due to failure to reach long-term targets. Decline in employees' trust in the company. 	<ul style="list-style-type: none"> The risks and opportunities are identified in accordance with the ISO 14001 Environmental Management System standard within the Corporate Risk Management system, and actions are planned and managed by integrating them into all the processes in line with the company's strategies and targets. We set short- and long-term targets by considering SBTi and net zero commitments to limit global warming to 1.5°C according to the Paris Agreement. Regarding Climate Crisis and Energy Management, work is ongoing toward carbon neutrality at manufacturing sites, zero-emission vehicles and carbon neutrality in all supply chain and logistics operations. Regarding Waste Management and Circular Economy, activities are carried out on sending zero waste to landfills, eliminating single-use plastics in personal use and using 30% renewable and recycled plastics in vehicles. Regarding water management, we continue to work on reducing the use of clean water at all our locations. We created a Water Supply Action Plan against drought risks. We identified the water stress risk values of our locations using the WRI Aqueduct "Global Water Risk Mapping Atlas," which maps future water risks. We conducted a preliminary risk assessment study using two tools, SBTN (Science Based Targets for Nature) and IBAT (Integrated Biodiversity Assessment Tool), specifically for Ford Otosan's locations. We also introduced Ford Otosan's Biodiversity Strategy. 	<ul style="list-style-type: none"> We reduce energy consumption and related costs through the renewable energy investments at the plants. We carry out various process improvements and plant enhancements toward our net zero vision. We develop projects for minimizing waste at source, 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. Leveraging the biodiversity strategy, we aim to prepare for TNFD based on preliminary risk assessments, create policies and achieve compliance. We aim to reduce fresh water withdrawal with our plan to launch water recovery plants that recover up to 40% of wastewater at each site in Türkiye. Craiova plant is categorized as low (<10%) in terms of water risks. The measures implemented at the plant included: current situation analysis of the basins where Ford Otosan sites are located, groundwater projection studies, legal authority statements against risks and short-medium-long term five-year water supply plans, in particular to address the five-year drought risks, starting from the summer of 2023.
People, Culture and Transformation Risks	Ethics Risks	<ul style="list-style-type: none"> Reputation damage. Loss of employees' trust in the company. Lower employee engagement. 	<ul style="list-style-type: none"> Regular activities are carried out within the organization to raise awareness about the Code Of Conduct and Ethical Rules, the Ethics Policy and all Compliance Policies and Procedures. Training programs on Ethics, Compliance, Abuse, Harassment and Mobbing were delivered (digital, online and classroom sessions), increasing employee awareness and knowledge. Work is ongoing to integrate these training programs into the Craiova plant in Romania. The notification channels that Ford Otosan established for all stakeholders to report ethics violations were upgraded in 2023 to enable whistleblowing in internationally-recognized standards (notifications are received by an independent third party and forwarded to Ford Otosan for review). The system was also integrated into the Craiova plant in Romania. 	<ul style="list-style-type: none"> Having a platform in place where employees may express themselves improves their trust in the company and satisfaction. Employee performance and engagement is heightened. Regularly increasing employee awareness contributes to preventing ethics violation risks.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

RISKS AND OPPORTUNITIES (SHORT- AND LONG-TERM RISKS)				
RISK CATEGORY	RISK DEFINITION AND DESCRIPTION	RISK IMPACT	ACTIONS TAKEN IN 2023 IN LINE WITH RISK MITIGATION STRATEGY	OPPORTUNITIES
People, Culture and Transformation Risks	Inequality of Opportunity Risk	<p>The risk may result in:</p> <ul style="list-style-type: none"> ▸ Decline in employee satisfaction rates. ▸ Higher employee turnover. ▸ Failure to attract new talent. ▸ Reputation damage. 	<ul style="list-style-type: none"> ▸ We provide an inclusive work environment, where equal opportunities are offered, differences and ethical values are respected. ▸ We do not tolerate any form of discrimination in our recruitment processes, offer equal opportunity and place the right candidate in the right job at the right time. We also aim to increase the number of disabled and female employees. ▸ We published the Board of Directors Diversity Policy in 2023. ▸ The programs we created to promote the employment and personal development of people with autism and Down’s syndrome in the hazardous work sector have marked a first in Türkiye and the world, and still continue. ▸ In talent management, we strive to ensure a balanced distribution of age and gender while making succession plans to promote inclusion and consider candidates from different functions to improve representation. ▸ We organize Inclusive Leadership Training programs for leaders. We also host workshops to help leaders avoid acting with unconscious biases in recruitment. ▸ Reverse Mentoring: The objective of the Reverse Mentoring program, running for the last five years, is to adopt a development-driven management approach through the exchange of intergenerational experiences by ensuring that the voice of each generation is heard equally. The program allows us to prevent ageist discrimination and listen to young people equitably. It also paves the way for young people to observe our leaders in individual sessions, question from an inclusive leadership perspective and give feedback. ▸ We engage in activities for young people and disadvantaged groups as part of our efforts to create social benefit and increase our chances as an employer of choice. ▸ We also started a scholarship program with the Vehbi Koç Foundation (VKV) to promote engineering as an attractive field for advancement among female students at Vocational High Schools. ▸ We recognize the importance of being aware of differences and disabilities. Therefore, we run programs, the first of their kind in Türkiye and the world, to support the employment and personal development of people in the autism spectrum, with Down’s syndrome or are visually impaired in the hazardous work sector. ▸ Ford Otosan Vocational Education Academy actively accepts students from Vocational and Technical Anatolian High Schools as interns for its three locations: Istanbul, Kocaeli and Eskişehir. ▸ Ford Otosan ‘Let the Girls Attend School’ Scholarship Fund: We collaborated with Turkish Education Foundation’s (TEV) Kocaeli Branch and granted scholarships to 75 female students studying in the STEM areas. ▸ We partnered with Young Guru Academy (YGA) and delivered courses on various technology topics and introduction to social innovation for 1,000 female students in the first and second years of universities across Türkiye. ▸ My Future Dream centers are youth centers that we built in Kahramanmaraş and Adıyaman to provide the young people affected by the earthquake resources to recover, feel empowered, learn, have fun and socialize. In addition to regular personal and social development activities, the centers also offer a wide range of opportunities, from individual sessions and group therapy with a psychologist to one-time psychological education workshops and regular psychosocial support programs. 	<ul style="list-style-type: none"> ▸ Attracting the right people and placing them in the right roles contributes to improved business performance. ▸ We participated in the Universium survey, which measures performance in terms of being an employer of choice among universities, to better identify our priorities. ▸ We defined the female employment ratio in STEM that we aim to reach in all functions and formed teams to follow the issue closely. ▸ We studied the reasons for leaving the company in detail and formed Human Experience (HX) teams to work one-on-one with individual functions to monitor employee experience. ▸ To promote work-life balance, we launched a well-being platform to inform our employees about health and parenting issues.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

RISKS AND OPPORTUNITIES (SHORT- AND LONG-TERM RISKS)				
RISK CATEGORY	RISK DEFINITION AND DESCRIPTION	RISK IMPACT	ACTIONS TAKEN IN 2023 IN LINE WITH RISK MITIGATION STRATEGY	OPPORTUNITIES
People, Culture and Transformation Risks	Occupational Health and Safety Risks	<ul style="list-style-type: none"> • Workforce loss. • Reputation damage. • Loss of employees’ trust in the company. • Unrest and tension in the work environment. 	<ul style="list-style-type: none"> • Occupational health and safety risks, defined within the scope of ISO 45001 Occupational Safety and Health certification, are identified and managed effectively, and targets and programs related to these risks are set and reviewed. • OHS training programs are delivered to employees to help them internalize the OHS culture, manage risks and work according to the safe zone requirements. • In addition to providing OHS training for our business partners, we also perform legal compliance audits. • Through the Kindness Map Volunteer Training Platform that was launched 2023, we organize regular weekly mindfulness and self-compassion training and meditation sessions. • Using the Copenhagen Psychosocial Risk Assessment Questionnaire we apply to all employees, we aim to better identify the functions, lines and shifts where problems occur. • We identify process and/or function-based problems with the Industrial Hygiene and Ergonomics committees in our facilities, report the issues to the OHS Board and strive to resolve them within one month at most. 	<ul style="list-style-type: none"> • Occupational health and safety activities, efforts to improve the work environment and best practice rewards enable us to elevate the employees’ trust in the company and the work environment, while improving their performance and engagement by focusing on the work.
	Human Rights Risks	<ul style="list-style-type: none"> • Administrative fines. • The company may suffer reputation loss in the eyes of the public. • Damage to Employer Brand. 	<ul style="list-style-type: none"> • We strive to prevent discrimination and potential human rights violations across the value chain and ensure that our employees work in fair conditions. • In 2023, a risk assessment was conducted in coordination with the Compliance Leadership and the active participation of all business units to identify the human rights risks within the organization. For this purpose, surveys, one-on-one interviews with employees, workshops and similar activities were carried out. To encourage employee participation, we regularly measure the experiences of our colleagues through annual employee engagement surveys. The pulse surveys, which included a mid-year survey for the first time in 2023, enable us to gain an overview of the human rights experiences and take actions on issues that may pose human rights risks. As a result of these activities, the necessary corrective and preventive actions are planned. In addition, we continue to gather insights through skip level meetings, dynamic balance meetings and employee experience field champions. Regular compliance surveys are conducted with our suppliers, selected with the sampling method. • The outcomes of these activities include: increased awareness about company policies and enhanced knowledge about the Ethics Line among the employees; regular monitoring of overtime to ensure work-life balance; the recruitment officers and the relevant functions leaders are advised about job fit and competencies; and the employees who have received disciplinary sanctions are not appointed as leaders and are included in the training and development programs throughout the year. Moreover, our human rights approach is addressed during the audits conducted by Koç Holding and Ford. These activities and targets are disclosed publicly on the corporate website. https://www.fordotosan.com.tr/documents/Documents/Surd_Raporlari/human-rights-due-diligence-report.pdf 	<ul style="list-style-type: none"> • We aim to elevate the company’s prestige and value in the eyes of the public and investors and maintain our position as an employer of choice for candidates.

RISKS AND OPPORTUNITIES (SHORT- AND LONG-TERM RISKS)				
RISK CATEGORY	RISK DEFINITION AND DESCRIPTION	RISK IMPACT	ACTIONS TAKEN IN 2023 IN LINE WITH RISK MITIGATION STRATEGY	OPPORTUNITIES
People, Culture and Transformation Risks	Risks of Failure to Futureproof Talent	<ul style="list-style-type: none"> • Delays in projects. • Loss of profitability. • Reputation damage. • Failure to attract new projects to the company. 	<ul style="list-style-type: none"> • We continued to work on improving employee experience through artificial intelligence and innovative software as well as training and methods that employees would need for their development. • We support our employees with weekly newsletters and micro-learning activities such as webinars, articles, videos and podcasts on current trends and approaches, giving them an opportunity to create their unique learning experiences. • We host webinars, training programs and events with innovation and technology experts. • We designed master’s programs on Automotive and Software Engineering in cooperation with Boğaziçi University for the employees who aspire to advance their automotive technical knowledge and look at the automotive industry from a more holistic perspective. Moreover, a mechatronics master’s degree program was added to the offering. • Agile Training Catalogue offers an array of the best courses for senior leaders in key positions in terms of our company’s transformation and employees, who are in critical roles in the agile transformation of teams. The essential training content is designed with partners such as Scrum.inc, McKinsey, BCG, All4Agile, etc. for our colleagues in critical agile roles. • We designed training and development programs with experts on four topics: Data, Software, Electric Vehicles (EV), and Battery and Autonomous Vehicles. We also teamed up with ITU to design the Electric Vehicles and Battery Training program, a first in Türkiye. Through these programs, we aim to deepen the expertise of employees working on EVs and educate the people who are new to this field. Moreover, training content has been created to increase the awareness of the entire organization about electric vehicles and batteries. • A low-code no-code hackathon was hosted to help the employees learn coding logic easily. • We also created training and development sharepoints to support talent transformation, giving the employees quick access to the presentations and content. 	<ul style="list-style-type: none"> • We support employee development in different career areas and broaden our horizon, quickly adapting to employee turnover. • We design training programs for future-proofing our organization and aim to attract qualified workforce. • As our fields of expertise expand, we take more active roles in Ford projects. • We have succession plans in place for employees in critical roles and skills to ensure the continuity of the company’s success.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

RISKS AND OPPORTUNITIES (SHORT- AND LONG-TERM RISKS)				
RISK CATEGORY	RISK DEFINITION AND DESCRIPTION	RISK IMPACT	ACTIONS TAKEN IN 2023 IN LINE WITH RISK MITIGATION STRATEGY	OPPORTUNITIES
People, Culture and Transformation Risks	Talent Acquisition and Management Risks	<ul style="list-style-type: none"> ▸ Delays in projects. ▸ Loss of profitability. ▸ Reputation damage. ▸ Decline in employee engagement and motivation. ▸ Higher employee turnover. 	<ul style="list-style-type: none"> ▸ We design and offer personal development and career planning opportunities for all our employees. ▸ We have in place immediate, short-, medium- and long-term succession plans for all leadership positions. ▸ With the FO TalentUP platform, we enable our office employees to view all opportunities that match their skills with the help of an algorithm and to choose career paths and alternatives to be the happiest at Ford Otosan, and we aim to support them in unlocking their full potential. ▸ As a result of the rotations (project-based, intergroup, at our international companies, cross-functional, etc.) designed to contribute to employee development, several employees benefited from local and international rotation opportunities. ▸ With the Reverse Mentoring Program, we aim to encourage two-way learning and development through knowledge exchange between the younger and older generations of executives and create synergy. ▸ Aiming to promote the automotive industry as a profession to the female students, we partnered with MESS and TAP (Turkish Family Health and Planning Foundation) to host “Professions Have No Gender” talks to raise awareness. The objective of the “MESS My Future” project is to design skill development programs for female employees to increase the number of talent in STEM. ▸ The Ford Otosan Vocational Training Model (FOMEM) was launched in 2023. Using FOMEM, a talent development ecosystem was created to advance the critical skills of field employees and to maintain production capabilities for a continuously learning organization. Furthermore, the “Vocational Training in Businesses” protocols were expanded with the addition of the Ministry of Education’s Vocational High Schools and the Junior Vocational Colleges of Kocaeli University and Eskişehir Technical University. 	<ul style="list-style-type: none"> ▸ The activities and opportunities we offer improve the employees’ satisfaction levels and loyalty to the company. ▸ We encourage our employees to develop in diverse areas and elevate the level of our qualified workforce. ▸ As employee satisfaction increases, so does the motivation to produce and work. ▸ As our fields of expertise expand, we take more active roles in Ford projects. ▸ The training programs we provide to prepare for the future attract talent to our qualified workforce. ▸ Through FOMEM, we continuously support the organization. FOMEM allows us to meet our upskilling priorities and strategies, fill skill gaps and attract the talent we need. We also empower our employees with effective reskilling and upskilling efforts, launch new products for rapid growth and tolerate workforce loss due to early retirement.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

RISKS AND OPPORTUNITIES (SHORT- AND LONG-TERM RISKS)				
RISK CATEGORY	RISK DEFINITION AND DESCRIPTION	RISK IMPACT	ACTIONS TAKEN IN 2023 IN LINE WITH RISK MITIGATION STRATEGY	OPPORTUNITIES
Operational Risks	Information Security and Cyber Security Risks (Short-, Medium- and Long-Term Risks)	<ul style="list-style-type: none"> • Cyber security vulnerabilities such as hardware, software or process control errors, unauthorized access, DDOS attacks and fraud attempts in Ford Otosan’s Information Technologies (IT) and Operational Technologies (OT) systems may lead to disruptions and data leaks in the company networks and critical business processes (production, sales), resulting in financial loss and reputation damage to the brand. • Information security breaches and cyber incidents as a result of violating the laws, regulations and standards may lead to the imposition of criminal sanctions on the company, financial loss and reputation damage to the brand. • Cyber security incidents may result in financial loss and reputation damage for Ford Otosan. • Ford Otosan is required to obtain “Cyber Security Management System” certification by July 2024 at the latest to continue selling vehicles in all countries subject to the UN-R155 “Cyber Security Management System” regulation. Since Ford Otosan must apply for new vehicle type approvals for Ford Trucks products before that deadline, the goal is to obtain this certificate by the end of 2023. Delays in this certification process may result in failure to apply for new vehicle type approvals and then the suspension of vehicle sales in the relevant countries. • In addition to regulatory risks, operational risks may also occur in vehicles. These operational risks are addressed from the customer data privacy and financial risk perspectives. • Failure to detect and prevent potential remote cyberattacks on customer vehicles may compromise vehicle security. Some onboard electronic systems may not function as intended, or there may be adverse effects such as the leak of some customer data stored on the vehicle. 	<ul style="list-style-type: none"> • The Digital Products and Services department, following Ford Otosan’s Information Security Policy and policy-related procedures and guidelines, works to ensure compliance with all laws, regulations and the policies of Ford Otosan, Ford Motor Company and Koç Holding to maintain maximum information security and cyber security for the products and services offered. The department aims to protect the information technologies infrastructure, products, data and services that perform the company’s business operations against all internal and external threats and to create, develop and maintain services that support the continuity of business operations. • The company’s activities are audited by Ford Motor Company General Auditor’s Office, Koç Holding Audit team and independent audit firms. • Internal training programs are provided to raise awareness about cyber security. • As required by ISO 27001 Information Security Management System certification, information technology process risks are managed with the relevant risk management approach. • Cyber security risks are submitted to the Risk Committee in detailed reports. • A cyber security risk assessment questionnaire for suppliers was created in 2023. A cyber security risk assessment will be conducted for critical suppliers. A supplementary cyber security agreement will be signed with the suppliers. • Aiming to mitigate the cyber security risks related to the suppliers of electronic modules used in Ford Trucks vehicles: <ul style="list-style-type: none"> • The critical electronic modules are analyzed for cyber security at the start of each vehicle program. • The work of these suppliers and the outputs are documented by following the steps specified in the “safe product development” procedure across the Ford Global Product Development System process. • Threat and risk analyses, implementation of cyber security requirements, cyber security tests and reporting are carried out for suppliers of electronic modules. • The security of operational technologies (OT) and Internet of Things (IoT) systems that support the company’s production processes and introduced as part of the digitalization efforts along with the necessary actions are followed through by a dedicated committee. • Maximum measures are implemented to ensure the security of the end user, the data traffic between the connected vehicles and the Center, the cyber security of the vehicles and operational technologies, and GDPR. • We currently work with a consulting firm specialized in automotive electronics cyber security. • A central security control unit will be deployed in all Ford Trucks vehicles to improve in-vehicle communication security. • A vehicle security monitoring platform project is launched and ongoing to detect potential cyberattacks to which the Ford Trucks vehicles may be exposed in the field. • A cyber security technical specifications set was created and introduced to apply to all electronic system providers that supply parts for Ford Trucks products. • A “safe product development process” is currently in the design stage in line with Ford Global Product Development System processes to be used in Ford Trucks projects. The first version of the process has been completed. 	<ul style="list-style-type: none"> • In addition to meeting the information security requirements for the information systems through new technologies and control processes, the company also improves productivity by saving time in manual checks and deployments, thanks to increased automation. • As part of the efforts to comply with laws and regulations and management systems standards, training programs and awareness raising activities are organized to upskill expert teams. • We aim to involve all business units in enhancing cyber security by increasing awareness among all employees. • With the newly introduced UN-R155 “Cyber Security Management System” regulation, Ford Otosan gains more in-depth technical knowledge about potential cyber risks in its existing vehicles. This will ensure regulatory compliance and also minimize operational risks related to vehicle cyber security.

ABOUT THE REPORT	185
ABOUT FORD OTOSAN	186
INDUSTRY OVERVIEW AND TRENDS	187
VALUE CREATION JOURNEY	188
CORPORATE GOVERNANCE	189
FUTURE. NOW FOR TECHNOLOGY AND INNOVATION	190
FUTURE. NOW FOR ENVIRONMENT	191
FUTURE. NOW FOR PEOPLE	192
FUTURE. NOW FOR COMMUNITY	193
GENERAL ASSEMBLY	194
RISKS AND OPPORTUNITIES	195
PERFORMANCE INDICATORS	196
CORPORATE STATEMENTS	197
FINANCIAL STATEMENTS	198
ANNEXES	199

RISKS AND OPPORTUNITIES (SHORT- AND LONG-TERM RISKS)				
RISK CATEGORY	RISK DEFINITION AND DESCRIPTION	RISK IMPACT	ACTIONS TAKEN IN 2023 IN LINE WITH RISK MITIGATION STRATEGY	OPPORTUNITIES
Operational Risks	Business Continuity Risks	<ul style="list-style-type: none"> Disruption in production and service processes Decline in customer satisfaction. Disruption in cash flows. Decline in the employees' trust in the company due to the uncertainties in extraordinary situations. 	<ul style="list-style-type: none"> Business continuity plans are prepared to streamline production and operations. These plans include emergency response to disaster scenarios with predefined strategies and procedures in case of natural disasters such as earthquakes, wild fires, flash floods and hail, and risks such as machinery damages. All departments receive training on defined procedures and forms to raise awareness. The plans are tested for accuracy with annual drills. The natural disaster risks are identified for all our facilities. The impact of such risks is regularly monitored and mitigated. In 2023, various risk scenarios were analyzed for earthquake probabilities. Work is ongoing at our plants and sites to resume all operations as 1 shift in 1 week and 3 shifts in 3 weeks. Disaster Recovery plans were prepared for the Eskişehir Plant as the alternative site against the risk of infrastructure systems supporting critical IT applications suffering damage at the main site and becoming unusable. Radio links are currently being reinforced against network damage risks. We hold insurance policies with extensive coverage against the potential losses that earthquakes, fires, flash floods, etc. may cause. 	<ul style="list-style-type: none"> Pre-defined strategies, process descriptions and the organizational structure are in place to be prepared for adverse situations and minimize losses.
	Supply Chain Risks	<ul style="list-style-type: none"> Failure to support complete and timely production. Disruptions in increasing production and new projects; negative financial impact due to supply issues. Reputation damage due to quality and delivery issues with suppliers. Risk of regulatory non-compliance due to failure to attain long-term targets. 	<ul style="list-style-type: none"> Risks such as natural disasters, fires and labor union disputes are followed closely with supplier visits as needed, and measures are implemented to prevent possible risks. In addition to supplier risk management, a separate supplier risk assessment is conducted based on criteria such as deliveries, quality performance, capacity adequacy and financial status, and necessary actions are taken. The suppliers of certain product groups that may be cumbersome, especially in terms of logistics and storage, completed their investments in locations in proximity to the Gölcük and Craiova plants for timely and sequential delivery. We launched the Supplier Sustainability Assessment and Development Program to support our long-term sustainability goals. The purchasing teams were restructured as cross-functional units to take end-to-end responsibility for the light, medium and heavy commercial vehicle projects carried out with our suppliers. 	<ul style="list-style-type: none"> We use a shared platform with our suppliers where we review and consider commercial and technical efficiency ideas to stay ahead of the industry with innovative ideas and practices. We configure our projects as autonomous and fast decision-making structures that promote collaborative work between our suppliers and project teams.
	Dealer Employee Talent Transformation Risk Failure to retain competent and qualified dealer employees or to employ the number of staff required by Ford Otosan	<ul style="list-style-type: none"> Failure to retain technical expertise, experience and knowledge as a result of the competent dealer employees leaving the company. Placing excess workload on the existing employees due to failure to employ the required number of staff; the employees leaving the dealer because of the excessive workload, leading to decline in work quality and consequently in customer satisfaction. 	<ul style="list-style-type: none"> Supporting the dealers for employing qualified and competent staff. Promoting the employees based on competency interviews and technical knowledge tests. Informing the regional sales and aftersales leaders through reports containing instant and interactive visual content about the training needs of the dealer employees. Action teams are formed and coaching is ongoing for dealers, which have a lower than 50% training performance and therefore fail to align with the organization, and which have room for improvement in metrics that affect customer satisfaction. 	<ul style="list-style-type: none"> We sign agreements with our dealers and the vocational high schools and colleges in their vicinities to support the recruitment of employees to work in the mechanical/body workshops. Opportunity to attract employees to our brand through the newly designed exemption assessment center application for mechanical workshop staff with experience in different companies in the industry.

RISKS AND OPPORTUNITIES (SHORT- AND LONG-TERM RISKS)				
RISK CATEGORY	RISK DEFINITION AND DESCRIPTION	RISK IMPACT	ACTIONS TAKEN IN 2023 IN LINE WITH RISK MITIGATION STRATEGY	OPPORTUNITIES
Compliance Risks	General Compliance Risks	<ul style="list-style-type: none"> Administrative fines. Imprisonment. Revocation of certificates and permits. Reputation loss in the eyes of the public. Negative impact on company financials. 	<ul style="list-style-type: none"> The Board of Directors Diversity Policy, Disciplinary Policy, Ethics and Whistleblowing Policy, Personal Data Protection and Processing Policy, Anti-Retaliation Policy, Community Investment Policy and Disclosure Policy were put into effect in 2023 with the approval of the Board of Directors were added to the Compliance Policies and became effective in 2023 with the approval of the Board of Directors. The company-wide “Leaders Orientation Training Program” was launched in 2022. The program features training for the leaders of today and the future on 21 essential topics such as the company’s compliance policies, sustainability and corporate practices. These training programs are repeated in quarterly intervals. Ford Otosan Romania started to introduce compliance policies in 2023. To date, the Code of Conduct, Anti-Bribery and Corruption Policy, Gifts and Entertainment Policy, Sanctions and Export Controls Policy, Conflict Minerals Policy, Human Rights Policy, Supply Chain Policy and Competition Law Compliance Policy have been approved and become effective. 	<ul style="list-style-type: none"> Improving the company’s reliability and reputation in the eyes of our employees and stakeholders.
	Bribery and Corruption Risks	<ul style="list-style-type: none"> Administrative fines. Imprisonment. Revocation of certificates and permits. Reputation loss in the eyes of the public. Negative impact on company financials. 	<ul style="list-style-type: none"> The Anti-Bribery and Corruption Training was completed by 3,661 employees in 2023. The Compliance Leadership regularly tracks the training completion rates. In addition to our employees, our suppliers also take the Ford Otosan Anti-Bribery and Corruption Training. As part of Ford Otosan’s Compliance Program, the Anti-Corruption Policy was revised as two separate policies: the Anti-Bribery and Corruption Policy and the Gifts and Entertainment Policy. As part of the Compliance Program, a company-wide due diligence process was started regarding Anti-Bribery and Corruption. Following the surveys conducted with 1,200 people from all levels and working groups, the results of the surveys were evaluated with the Working Groups, and the risk perception and awareness of our employees was measured. 	<ul style="list-style-type: none"> Improving the company’s reliability and reputation in the eyes of our employees and stakeholders.
	Protection of Personal Data	<ul style="list-style-type: none"> Administrative fines or imprisonment. Reputation loss in the eyes of the public. 	<ul style="list-style-type: none"> The GDP Committee, which convenes regularly with the participation of GDP officers from the relevant departments, monitors the company’s operations where personal data is processed and performs checks to ensure that the personal data processes are followed in accordance with the legislation through internal department audits. In 2023, Ford Otosan’s Personal Data Protection and Processing Policy was updated with the approval of the Board of Directors. An application, designed to display the GDP Information and Consent notifications electronically, is currently in the testing phase and set to be deployed by the end of 2023. 	<ul style="list-style-type: none"> Elevating the company’s prestige and value in the eyes of the public and investors. Becoming a trusted company preferred by the customers.
	Competition Law	<ul style="list-style-type: none"> Administrative fines or imprisonment. Reputation loss in the eyes of the public. 	<ul style="list-style-type: none"> A comprehensive online Competition Law training was introduced across the organization in late 2022. As of December 2023, the completion rate of the training was 50% with 2,349 people. The Compliance Leadership regularly monitors the training completion rates. In November 2023, detailed employee training completion lists were sent to the respective Department Leaders, with reminders to complete the training. A special Competition Law Training was launched in 2023 for the Leaders who represent the company in various NGOs. A Competition Law training specific to the Türkiye Business Area, Ford Trucks Business Area and HR Departments was also planned for 2023. 	<ul style="list-style-type: none"> Elevating the company’s prestige and value in the eyes of the public and investors. Becoming a trusted company preferred by the customers.

RISKS AND OPPORTUNITIES (SHORT- AND LONG-TERM RISKS)				
RISK CATEGORY	RISK DEFINITION AND DESCRIPTION	RISK IMPACT	ACTIONS TAKEN IN 2023 IN LINE WITH RISK MITIGATION STRATEGY	OPPORTUNITIES
Compliance Risks	Sanctions and Export Controls	<ul style="list-style-type: none"> ▸ Imprisonment or administrative fines imposed on Ford Otosan, the employees and/or Board members for violating certain sanctions ▸ Reputation damage. ▸ Business loss. ▸ Termination of agreements. ▸ Challenges in access to international financing. ▸ Recall of loans. ▸ Seizure of Ford Otosan assets. 	<ul style="list-style-type: none"> ▸ In 2023, our business partners, suppliers, dealers and all related third parties were regularly checked and reviewed for adherence to international sanctions and export control rules. ▸ The Sanction Search Interface was introduced and made accessible to all the employees to use the sanction search screen. ▸ We follow the sanction regulations closely and share information through periodic sanctions newsletters. ▸ We regularly track the completion rates of training on sanctions and export controls, which is also part of the Leader Orientation. ▸ At the Craiova plant in Romania, all suppliers are entered into Ford Otosan's electronic system and sanction checks are performed through the "Sanction Search Interface" like the other FO organizations. The Compliance Leadership checks the suppliers in Romania for potential sanctions. 	<ul style="list-style-type: none"> ▸ Elevating the company's prestige and value in the eyes of the public and investors, starting with the international business community. ▸ Becoming a preferred company for international business partnerships and loan applications.
Regulatory Risks	Risks related to regulations restricting and prohibiting the use of harmful hazardous chemicals	<ul style="list-style-type: none"> ▸ Non-compliance with regulations / Incompatibility of Materials ▸ Failure to sell vehicles., ▸ Reputation damage 	<ul style="list-style-type: none"> ▸ To ensure product/component compatibility pursuant to applicable legislation, we follow the national and international regulations on hazardous chemicals (REACH, POPs, ELV, CLP, ROHs, BPR, Turkish REACH - KKDIK, F-gas EU - Regulation on Fluorinated Greenhouse Gases). ▸ To meet the obligations applicable for existing products and materials, the prohibited/restricted classifications of chemicals are determined and any non-conformities are resolved. ▸ The products and materials are reviewed with respect to the upcoming ban/restriction requirements, and the designs are modified in partnership with the suppliers when required for products and materials. 	<ul style="list-style-type: none"> ▸ Enhancing carbon emission reduction efforts.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

RISKS AND OPPORTUNITIES (SHORT- AND LONG-TERM RISKS)				
RISK CATEGORY	RISK DEFINITION AND DESCRIPTION	RISK IMPACT	ACTIONS TAKEN IN 2023 IN LINE WITH RISK MITIGATION STRATEGY	OPPORTUNITIES
Financial Risks	Receivables Risks	<ul style="list-style-type: none"> Failure to collect receivables may negatively impact the company's cash flow and profitability. 	<ul style="list-style-type: none"> Most of the export sales are made 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, guarantee letters, export receivable insurance, bank limits or advance payments. 	<p>Given that most of the export sales are made to Ford Motor Company (FMC) with an average term of 14 days, the liquidity management is generally strong. The FO business model itself contains an opportunity in terms of liquidity management (receivables risk).</p>
	Liquidity Risks	<ul style="list-style-type: none"> May disrupt continuity of operations. Reputation damage due to failure to honor payment obligations on time. 	<ul style="list-style-type: none"> In order to manage the liquidity risk, the company holds cash, committed credit lines and factoring capacity to meet the cash outflow of at least 21 days. We have a committed credit line for Euro 100 million with the banks that can be utilized when needed. As of December 31, 2023, net loans amounted to TL 60,531 million. 	
	Interest Rate Risks	<ul style="list-style-type: none"> Sharp interest rate hikes may have a negative impact on the profitability performance of the company due to the higher interest burden of variable rate loans. 	<ul style="list-style-type: none"> Managing interest bearing assets and liabilities with natural hedges by balancing the maturities is essential. Interest bearing assets are utilized as short-term investment instruments. According to policy, an equal split of 50%/50% between fixed and floating interest rate for long-term credits is targeted. 	
	FX Risks	<ul style="list-style-type: none"> Due to the mismatch between the foreign currency (FX) liabilities and the volume of the foreign currency assets, the profitability of the company may be affected as a result of sharp spikes in exchange rates. 	<ul style="list-style-type: none"> The ratio of the net foreign exchange position to equity is targeted within +/- 10% in the balance sheet. FX risks due to some long-term Euro loans utilized to finance company investments are offset by export agreements with Ford Motor Company. Investment loans are associated with purchases of fixed assets, and a portion of the exchange rate and interest amounts related to these loans is included in the asset costs. As of December 31, 2023, net FX position stands at negative TL 4,166 million. In 2023, total exports amounted to TL 219,087 million, and imports to TL 150,723 million. 	

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

RISKS AND OPPORTUNITIES (SHORT- AND LONG-TERM RISKS)				
RISK CATEGORY	RISK DEFINITION AND DESCRIPTION	RISK IMPACT	ACTIONS TAKEN IN 2023 IN LINE WITH RISK MITIGATION STRATEGY	OPPORTUNITIES
Technology and Innovation Risks	Risk of Failure to Keep up with the Pace of Innovation: Electric Vehicle, Connected Vehicle, Autonomous Vehicle Technologies, Smart Mobility, Digitalization	<ul style="list-style-type: none"> ▸ These risks may hinder our company's access to the latest technology trends and slow down its pace of following the global developments. ▸ Delays in adapting to the transformation may slow down the company's and the employees' development. ▸ Failure to fully meet changing customer expectations may negatively impact competitiveness and growth potential. 	<ul style="list-style-type: none"> ▸ In response to the evolving customer behavior and transformation in the automotive industry, advanced R&D activities are carried out on a wide array of topics including connected vehicles, autonomous vehicles, electric vehicles, electrification, smart manufacturing methods, improving customer experience, digital transformation, and smart mobility solutions. ▸ Fikirhane Workshops include activities to integrate the innovative ideas of our employees into our processes to spread the internal innovation culture, build on know-how and transfer the acquired experience. ▸ We manufacture vehicles equipped with high quality and safety features using advanced technologies and innovative materials in our vehicle design and production processes. We ensure maximum compliance with applicable regulations and various safety standards. ▸ To respond to the changes in regulatory requirements and to meet customer and investor expectations, we continue to launch projects related to light vehicle technologies, fuel economy, alternative fuels and reduction of carbon and GHG emissions in our products and operations. ▸ We develop connected vehicle technologies such as navigation, smart engines with mobile communication capabilities, fleet management systems and interaction of vehicles with each other and urban infrastructure for a safer and more efficient driving experience. 	<ul style="list-style-type: none"> ▸ Each innovation project is seized as a growth opportunity. ▸ We also created a strategy hub within the business unit to identify the latest trends early on and start initiatives.
	Loss of internal experience due to transfer of design processes to the manufacturers	<ul style="list-style-type: none"> ▸ Failure to build the know-how through internal projects over time because the product development works, including new technologies, are outsourced; the loss of the existing know-how in the process. 	<ul style="list-style-type: none"> ▸ Product development activities, including tractor transmissions, rear axle design, battery design, etc., which were previously undertaken by external manufacturers, were brought into the company. 	<ul style="list-style-type: none"> ▸ Reducing the cost of engineering work. ▸ Flexibility in projects. ▸ Trying new technologies and building on the company's know-how. ▸ Creating qualified engineering jobs to attract new talent and improve the job satisfaction of existing employees.
	Dependence on future business from Ford Motor Company for maintaining the talent pool	<ul style="list-style-type: none"> ▸ Most of the product development work in the Engineering and Technology Development department is carried out as part of the projects owned by Ford Europe (Transit, Custom, Courier), while Ford Otosan provides engineering and project management services for Ford Motor Company. Disruptions in Ford Motor Company's business may cause delays in the project flow. ▸ Losing talent. 	<ul style="list-style-type: none"> ▸ Given that Ford Otosan is the owner of Ford Trucks vehicle projects, local internal combustion engine, local electric truck, local transmission and other powertrain projects, and that new internal product development projects such as electric motorcycle, etc. are ongoing, this risk is reduced significantly. ▸ Ford Otosan participates in several local and international projects as a coordinator or partner and leverages these opportunities to work on new technologies and innovative projects, while creating resources for its R&D activities. Ford Otosan is the highest funded Turkish corporation with 30 projects accepted to the Horizon 2020 and Horizon Europe programs that shape the future. 	<ul style="list-style-type: none"> ▸ Certain projects not only enable internal engineering workflow but also create a revenue stream for our company.

RISKS AND OPPORTUNITIES (SHORT- AND LONG-TERM RISKS)				
RISK CATEGORY	RISK DEFINITION AND DESCRIPTION	RISK IMPACT	ACTIONS TAKEN IN 2023 IN LINE WITH RISK MITIGATION STRATEGY	OPPORTUNITIES
Technology and Innovation Risks	Dependence on Ford Motor Company for electronic module engineering	<ul style="list-style-type: none"> Failure to build sufficient know-how within the organization about high tech electronic modules would create dependence on large suppliers and/or Ford Motor Company and lead to loss of project flexibility. 	<ul style="list-style-type: none"> Projects to develop and produce various electronic modules are carried out jointly with companies based or operating in Türkiye. These modules could be used in projects, fully executed by Ford Otosan, such as Ford Trucks and Rakun electric motorcycles, Transit, and other vehicles. 	<ul style="list-style-type: none"> Building on the technological know-how of local Turkish manufacturers and producing higher quality products. Enhancing the existing technological competencies of Ford Otosan engineers and creating opportunities for them to build future technologies. Adding new companies to the Turkish startup ecosystem. Significant savings in product and investment costs with locally produced and original design products.
	Losing talent to international jobs/ Human capital flight As we make strides in growing our business and launch new engineering projects, losing qualified employees to international jobs due to the sociocultural developments in the country, also affects our company.	<ul style="list-style-type: none"> Loss of qualified talent and know-how. Excess workload placed on existing employees due to temporary workforce shortage. 	<ul style="list-style-type: none"> We deployed a system that continuously records information to build a corporate memory and to minimize the loss of knowhow and experience. Improvements are ongoing regarding the employees’ personnel records and rights. Employees in software positions work 100% remotely. We adopt a people-centric talent approach strategy, centered on employee experience. The reward and recognition system was developed and introduced. With the introduction of the new employer brand, we aim to attract the best talent to the company and retain existing talent. By supporting rotation, we provide career opportunities for our people to increase their knowledge and experience. The FO Talent-up career platform allows for individual career planning. Career development teams have been formed to provide coaching for the employees to advance their careers. 	<ul style="list-style-type: none"> Improved employee engagement. Increase in job efficiency.
	Intellectual Property Rights Infringement Risks	<ul style="list-style-type: none"> Criminal sanctions. Sanctioning product sales. 	<ul style="list-style-type: none"> We organize mandatory training programs and events to raise awareness about intellectual property rights among our employees and our stakeholders. We conduct comprehensive studies on the Freedom to Operate regarding the latest emerging technologies. The review of innovations at various stages of the projects is now standard procedure. <p>Activities completed in 2023:</p> <ul style="list-style-type: none"> As part of the Freedom to Operate activities related to newly emerging technologies, procedures and forms were developed for patents and designs. The review of innovations at various stages of the projects became a standard procedure. As of the end of Q1 2023, intellectual property rights requirements have been added to all job descriptions on iso.ford.com.tr., Intellectual Property Rights training, now a mandatory training program, was prepared in video format. As of the end of Q1 2023, Intellectual Property Rights Training has been provided for local suppliers. 	<p>As we raise awareness about new technologies, we enable more inventions with high commercialization potential.</p>

RISKS AND OPPORTUNITIES (SHORT- AND LONG-TERM RISKS)				
RISK CATEGORY	RISK DEFINITION AND DESCRIPTION	RISK IMPACT	ACTIONS TAKEN IN 2023 IN LINE WITH RISK MITIGATION STRATEGY	OPPORTUNITIES
Regulatory Risks	<p>A closed-loop economy model for end-of-life or scrapped batteries in electric vehicles is not yet available. Lack of a specific monitoring mechanism and strategy regarding the use of recycled raw materials in electric vehicle batteries and the absence of a plan for the recall of end-of-life batteries from the market.</p> <p>The 2023/1542 EU Battery Regulation, which became effective on July 28, 2023, defines the waste percentage targets and requirements for 2026 and 2030 regarding the use of minimum recycled content in products.</p>	<p>Non-compliance with the OEM requirements specified in the 2023/1542 EU Battery Regulation, which became effective on July 28, 2023: compliance with EU regulations is essential for an exporter to stabilize its sales channels. Failure to take actions compliant with the regulation may result in the inability to export to all European countries where the regulation applies for the entire electric vehicle group produced according to the 2030 “All in electrical” target.</p> <p>Non-compliance with APAK Regulation: failure to be prepared for OEM requirements such as recovery, collection and follow through that will be included in the updated APAK regulation.</p>	<ul style="list-style-type: none"> ▸ The Product Sustainability Team works with the Aftersales, Environment and Technical teams to plan the Battery Circular Economy Model. A study, led by the Product Sustainability Team, was conducted to consider recovery efficiency and secondary life alternatives. The study involved activities with the relevant teams to identify the amount of waste generated during the production processes and to monitor the output in the years to come. The recovery efficiency and raw material input of the batteries were also studied with results expressed in numbers. ▸ The environmental department leads the legislative processes, while the Product Sustainability Team conducts recycling efficiency studies to send the scrap batteries from the production process at the plant to recycling. We work with qualified companies that hold LIB (lithium-ion battery) recovery license/ temporary operating certificate. ▸ Ford Otosan participates in three Horizon Europe projects (BATRAW, Rhinoceros, Recirculate) that study the circular economy and eco-design of batteries. The BATRAW project uses blockchain technology to conduct extensive studies on the end-to-end monitoring of the battery in the production, usage and end-of-life processes. ▸ The technical teams and Product Sustainability teams follow the EU Battery Regulation. Ford Otosan also contributed to the Industry Impact Analysis (IIA) within the scope of the Technical Support Project for Considering the Potential of Türkiye to Transition to a Circular Economy and submitted its opinion from a manufacturer's perspective. An opinion was also submitted regarding the Turkish APAK Regulation, which was updated under the leadership of the environmental unit, by considering its alignment with the EU Battery Regulation. 	<p>Full monitoring of all purchased/used batteries in the production, usage and end-of-life processes and creating the Electric Vehicle Battery Circular Economy roadmap will provide the following opportunities:</p> <ul style="list-style-type: none"> ▸ Battery pack designs and cells will be selected according to eco-design criteria. ▸ Eco-design will improve how waste management of end-of-life products are monitored. ▸ Monitoring the life of the batteries in the vehicles will be possible. ▸ The customers will be encouraged to return batteries. ▸ The batteries that will be regenerated or sent to secondary use and recycling will be systematically identified once the test devices are procured to analyze the health of the batteries removed from the vehicles and the procedures are determined. ▸ The raw material derived from the recycling process will be sold to battery manufacturers or create a raw material source that reduce dependence on imports for potential battery production.

RISKS AND OPPORTUNITIES (SHORT- AND LONG-TERM RISKS)				
RISK CATEGORY	RISK DEFINITION AND DESCRIPTION	RISK IMPACT	ACTIONS TAKEN IN 2023 IN LINE WITH RISK MITIGATION STRATEGY	OPPORTUNITIES
Regulatory Risks	Failure to meet the 2030 targets for the use of recycled plastics in vehicles in line with the EU Circular Economy Action Plan; failure to meet the 2030 and 2035 expectations stated in the ELV directive for the use of recycled plastics at specific ratios.	<ul style="list-style-type: none"> Non-compliance with upcoming regulations. Reputation loss. 	<ul style="list-style-type: none"> The working groups (ACEA, etc.), including the Technical Coordination team, follow the ELV Directive updates, while the Product Sustainability team leads the efforts to monitor the impact on design processes. Ford Motor Company and Ford Otosan have set targets for using recycled plastics by 2025-2030. The Waste Import Implementation Circular in force in our country imposes restrictions on importing some of the recycled plastic material groups that we use and plan to use in our vehicles. This impacts Ford Otosan's targets for using recycled plastics. We worked jointly with various automotive manufacturers and the Automotive Manufacturers Association and identified the recycled plastics groups, which have yet to be produced in Türkiye. After considering the planned production capacity of recycled plastic materials for 2025 and 2030, the volumes that would be needed and their technical specifications, we complied our determinations in a report, which was submitted to parts and raw material suppliers, the Union of Chambers and Commodity Exchanges of Türkiye and relevant ministries. All the parties reached a consensus and requested an amendment to the Waste Import Implementation Circular regarding the restriction imposed on the importation of recycled plastic raw materials such as PP, PA, ABS, PC-ABS, subject to certain limitations and conditions. Further to this request for amendment, the Waste Import Implementation Circular was updated, as announced in a communiqué by the Ministry of Commerce and the Ministry of Environment, Urbanization and Climate Change in December 2022. 	<ul style="list-style-type: none"> Recycled plastics have a lower carbon footprint compared to raw plastics because they consume less resource. This supports emission reduction efforts toward Scope 3 targets. The growth of the recycled and sustainable materials market may bring higher financial gains per unit product. Ford Trucks products will gain more prestige and higher market value in Europe.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

PERFORMANCE INDICATORS



- ECONOMIC PERFORMANCE INDICATORS —196
- ENVIRONMENTAL PERFORMANCE INDICATORS —197
- SOCIAL PERFORMANCE INDICATORS —199

ECONOMIC PERFORMANCE INDICATORS

Economic and Operational Indicators (TL million)	2022	2023
Sales Revenues	322,556	411,906
EBITDA	34,630	50,730
Net Profit	27,730	49,056
Operating Costs	240,485	367,889
Employee Salaries and Benefits	12,087	20,343
Dividends	13,722	18,424
Taxes and Liabilities Paid Directly to the State as a Taxpayer	217	2,740
Social Investments	260.6	593.9
Total R&D Budget	4,860	5,315
Total Supplier Expenditure	75,719	107,889
Total Local Supplier Expenditure	64,587	92,562

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

[Economic Performance Indicators](#)

[Environmental Performance Indicators](#)

[Social Performance Indicators](#)

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

ENVIRONMENTAL PERFORMANCE INDICATORS

Environmental Training Programs	2021 TR	2022 TR	2022 RO	2023 TR	2023 RO
Number of Participants (Employees)	10,882	12,491	30	8,571	1,475
Number of Participants (Subcontractors)	6,996	12,463	1,433	1,769	1,698
Training Hours (person*hours) (Employees)	38,100	55,756	30	19,692	737.5
Training Hours (person*hours) (Subcontractors)	3,353	23,102	1,433	885	425

Environmental Expenditures And Fines (TL million)	2021 TR	2022 TR	2022 RO	2023 TR	2023 RO
Environmental investments and expenditures	37.7	101.88	50.94	166.43	88.153
Environmental fines	0	0	0	0	0

Greenhouse Gas Emissions (tonCO ₂ e)	2021 TR	2022 TR	2022 RO	2022 Total (TR+RO)	2023 TR	2023 RO	2023 Total (TR+RO)
Scope 1	88,051	92,464	22,460	114,924	108,011	23,780	131,791
Scope 2	1,792	0	36,406	36,406	0	34,900	34,900
Scope 3	76,923,524	78,263,847	12,962,446	91,226,293	91,902,566	16,194,587	108,097,153
Total (Scopes 1, 2 and 3)	77,013,367	78,356,311	13,021,312	91,377,623	92,010,577	16,253,267	108,263,844
Türkiye and Romania facilities’ Scope 1, 2 and 3 emissions in 2023 (shown in this table) are verified by Türk Loydu in accordance with the ISO 14064 standard.							

Energy Consumption (GJ)	2021 TR	2022 TR	2022 RO	2023 TR	2023 RO
Direct renewable energy consumption	6,267.47	6,357.87	0	0	0
Direct non-renewable energy consumption	1,359,024.72	1,437,737.90	644,738.71	1,679,004.12	656,548.08
Indirect renewable energy consumption	946,317.59	1,035,149.74	386,314.24	1,240,909.26	398,099.15
Indirect non-renewable energy consumption	14,894.78	0	0	0	0
Total	2,326,504.56	2,479,245.51	1,031,052.96	2,919,913.38	1,054,647.23

TR: Türkiye / RO: Romania

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

[Economic Performance Indicators](#)

[Environmental Performance Indicators](#)

[Social Performance Indicators](#)

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

Tracking Area	2021 TR	2022 TR	2022 RO	2022 Total (TR+RO)	2023 TR	2023 RO	2023 Total (TR+RO)
GHG emissions per vehicle produced (tons CO ₂ e/vehicle)	0.26	0.25	0.30	0.27	0.27	0.31	0.28
Energy consumption per vehicle produced (GJ/vehicle)	3.95	3.85	3.30	3.66	4.21	3.44	3.96

Waste Amount (Tons)	2021 TR	2022 TR	2022 RO	2023 TR	2023 RO
Hazardous waste – recovered	8,786.19	9,678.69	2,484.31	12,107.52 ✓	2,421 ✓
Non-hazardous waste – recovered	87,756.07	91,593.81	39,451.40	101,693.36 ✓	40,694 ✓
Hazardous waste – disposed	32.48	24.19	19.46	1.54 ✓	102.95 ✓
Non-hazardous waste – disposed	0	0.097	56.82	0 ✓	28.45 ✓
Hazardous waste – sent to interim storage	84.273	310.35	0	321.22	0
Non-hazardous waste – sent to interim storage	0	0.049	0	0	2,084
Total	96,659.01	101,607.19	42,011.99	114,124.63	45,330.40

Recovered Water and Waste Water (m³)	2021 TR	2022 TR	2022 RO	2023 TR	2023 RO
Recovered water	85,395	102,721	2,000	199,661	55,657
Total water discharge except rainwater and domestic waste	329,728	334,508	110,103	300,278	112,228
Total	415,123	437,229	112,103	499,939	167,885

Water withdrawal (m³)	2021 TR	2022 TR	2022 RO	2023 TR	2023 RO
Underground water	1,063,294	1,181,669	0	1,313,453 ✓	0 ✓
Municipal water	6,595	7,597	322,122	9,498 ✓	503,372 ✓
Total	1,069,889	1,189,266	322,122	1,322,951	503,372

Sustainable Product	2021 TR + RO	2022 TR + RO	2023 TR + RO
Sustainable products and services (number)	-	-	16,638
Revenues from sustainable products and services (TL thousand)	-	-	19,234,716
Ratio of revenues from sustainable products and services to total revenues (%)	-	-	4.70

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

[Economic Performance Indicators](#)

[Environmental Performance Indicators](#)

[Social Performance Indicators](#)

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

SOCIAL PERFORMANCE INDICATORS

OHS Performance (Employees)	2021 TR	2022 TR	2022 RO	2023 TR	2023 RO
Occupational disease rate	0.24	0.37	0	0.27 ✓	0 ✓
Number of accidents *	N/A	N/A	N/A	184 ✓	5 ✓
Number of fatal accidents	0	0	0	4**	0
Lost day rate	5.27	3.35	0	4.68 ✓	0.1 ✓
Incident rate	4.75	4.38	0	4.95 ✓	1.42 ✓
Total members in active OHS committees	121	170	1	179	22
Employee representatives in active OHS committees	17	36	11	20	11
OHS training hours per employee	6.45	14.66	3.75	32.82***✓	0.99 ✓
Total OHS training hours	76,159	210,343	19,020	478,904****✓	6,264 ✓
<div>*Reporting started in 2023.</div> <div>**Accidents have occurred during transportation outside the company boundaries.</div> <div>***The increase is related to the legal and process-based OHS training provided to the employees who were rotated due to the opening of the Yeniköy plant.</div> <div>****Training programs such as legal, process-based OHS training, fire and chemicals management are included.</div>					

OHS Performance (Subcontractors)	2021 TR	2022 TR	2022 RO	2023 TR	2023 RO
Occupational disease rate	0.26	0.36	0	0 ✓	0
Number of accidents *	N/A	N/A	N/A	22 ✓	0
Number of fatal accidents	0	0	0	1**✓	0
Lost day rate	5.99	3.78	0	4.42 ✓	0
Incident rate	3.39	3.78	0	4.42 ✓	0
Total OHS training hours	9,462	8,643	1,254	32,563 ✓	0
<div>*Reporting started in 2023.</div> <div>**The individual collapsed at the workplace because of existing health conditions and died at the healthcare facility due a hospital-acquired infection.</div>					

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

Economic Performance Indicators

Environmental Performance Indicators

Social Performance Indicators

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

OHS Performance (Employees + Subcontractors)	2021 TR	2022 TR	2022 RO	2023 TR	2023 RO
Number of accidents*	N/A	N/A	N/A	206	5
Lost day rate (Total)*	N/A	N/A	N/A	4.65	0.1
Incident rate*	N/A	N/A	N/A	4.89	1.42
* Reporting started in 2023.					

Employee Demographics	2021 TR		2022 TR		2022 RO		2023 TR		2023 RO	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Number of employees	2,585	11,139	3,118	12,442	2,409	3,036	3,914	13,465	2,905	3,417
Total number of employees	13,724		15,560*		5,445*		17,379		6,322	
Number of subcontractor employees	513	1,350	642	1,798	0	0	711	1,455	N/A	N/A
Total number of subcontractor employees	1,863		2,440		0		2,166		1,698	
* Total number of employees revised following the independent assurance during the publication period of the 2022 sustainability report.										

Employees by Category	2021 TR		2022 TR		2022 RO		2023 TR		2023 RO	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Field employees	1,595	8,666	1,923	9,493	2,243	2,586	2,525	10,175	2,721	2,942
Office employees	990	2,473	1,195	2,949	166	450	1,389	3,290	184	475

Employees by Agreement Type	2021 TR		2022 TR		2022 RO		2023 TR		2023 RO	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Permanent employment contract	2,368	10,372	2,759	11,605	2,181	2,866	3,735	12,553	2,229	2,859
Fixed-term employment contract	217	767	359	837	228	170	179	912	676	558
Employees covered by collective labor agreement	12,957		11,363		5,445		12,698		6,322*	
* All employees at the Romania site are covered by collective labor agreement.										

Unionized Employees		2022 TR	2022 RO	2023 TR	2023 RO					
Number of unionized employees		11,363	5,100	12,700	5,832					
Employees by Age Groups - Number of Employees	2021 TR	2022 TR		2022 RO		2023 TR		2023 RO		
	Total	Female	Male	Female	Male	Female	Male	Female	Male	
30 and younger	4,792	1,655	4,695	220	470	2,110	5,999	275	551	
30-50	8,723	1,444	7,187	1,360	1,418	1,786	7,173	1,600	1,594	
50 and over	209	19	560	829	1,148	18	293	1,030	1,272	
Employees by Employment Type - Number of Employees	2021 TR	2022 TR		2022 RO		2023 TR		2023 RO		
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Full-time employees	2,584	11,134	3,116	12,427	2,409	3,034	3,914	13,458	2,905	3,412
Part-time employees	1	5	2	15	0	2	0	7	0	5
Equal Opportunity - Number of Employees	2022 TR	2022 RO		2023 TR		2023 RO				
	Female	Male	Female	Male	Female	Male	Female	Male		
Board members	3	9	2	4	3	8	3	8		
Senior executives	5	29	0	2	6	28	0	2		
Mid-level managers	52	229	4	8	117	456	5	10		
First-level managers	162	484	8	48	141	344	8	52		
Specialists	976	2,207	24	115	1,125	2,462	105	273		
Employees in STEM field	1,953	8,116	N/A	N/A	3,455	12,472	2,721*	2,942*		
Employees with disabilities	70	369	9	26	70	351	13	33		
Employees in revenue generating functions**	N/A	N/A	N/A	N/A	3,252	12,454	2,426	2,582		
* Reporting for Romania started in 2023.										
** Reporting started in 2023. R&D, production, sales & marketing are defined as revenue generating functions										

Number of Employees by Nation	2021 TR	2022 TR	2023 TR
Turkish	13,702	15,534	17,341
Other nationalities	22	26	38

Number of Employees by Nation	2022 RO	2023 RO
Romanian	5,445	6,318
Other nationalities	5,100	4

Parental Leaves	2022 TR		2022 RO		2023 TR		2023 RO	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of employees on parental leave	131	524	44	7	141	547	56	12
Number of employees returning from parental leave	116	524	4	1	143	547	31	11
Return to work rate from parental leave	100%	100%	N/A	N/A	87.8%	94.8%	100.0%	100.0%

Employee Turnover	2021 TR		2022 TR		2022 RO		2023 TR		2023 RO	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Number of new employees	628	1,747	800	2,205	5	24	1,215	3,397	818	646
Number of employees leaving	283	886	267	926	87	124	418	2,371	267	303
Number of employees leaving (voluntary)	N/A	N/A	201	713	36	73	257	910	45	81
Number of employees leaving (involuntary)	N/A	N/A	66	213	51	51	161	1,461	222	222
Employee turnover	9.3%		8.56%	7.44%	36.12%	40.84%	10.68%	17.61%	9.19%	8.87%
Total	9.3%		N/A		N/A		16.05%		9.02%	
Employee turnover (voluntary)*	N/A	N/A	N/A	N/A	N/A	N/A	6.57%	6.76%	1.55%	2.37%
Total	N/A		N/A		N/A		6.72%		1.99%	
Employee turnover (involuntary)*	N/A	N/A	N/A	N/A	N/A	N/A	4.11%	10.85%	7.64%	6.50%
Total	N/A		N/A		N/A		9.33%		7.02%	

* Reporting in this level of detail started in 2023.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

[Economic Performance
Indicators](#)

[Environmental
Performance Indicators](#)

[Social Performance
Indicators](#)

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

Promotions and Rotations	2021 TR		2022 TR		2022 RO		2023 TR		2023 RO	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Promotions (number of office employees)	N/A	N/A	76	242	33	99	54	126	71	135
Number of employees in rotation	N/A	N/A	201	496	35	94	136	260	71	135
Newly opened positions*	N/A	N/A	N/A	N/A	N/A	N/A	4,612		1,443	
Positions filled with internal candidates *	N/A	N/A	N/A	N/A	N/A	N/A	2,690	1,266	71	135
Rate of opened positions filled with internal candidates *	N/A	N/A	N/A	N/A	N/A	N/A	85.78%		14.28%	
* Reporting in this level of detail started in 2023.										

Employees Subject to Performance Management	2021 TR	2022 TR	2022 RO	2023 TR	2023 RO
Office employees	3,145	3,748	395	4,469	641
Field employees	5,888	7,439	5,147	8,939	639

Employee Allowances (TL)	2021 TR	2022 TR	2023 TR	2023 RO
Benefits paid to employees	2,425,000,000	322,490,379	1,345,301,698	422,097,133
Salary paid to employees		2,211,855,979	5,418,881,616	2,445,735,974

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

Economic Performance Indicators

Environmental Performance Indicators

Social Performance Indicators

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

Employee Engagement (%)	2021 TR	2022 TR	2023 TR
Total	72.2	62.8	51.4
Female	77.6	72.8	60.6
Male	71.1	60.7	49.0
Senior executives	100.0	100.0	100.0
Mid-level managers	90.3	91.9	86.5
First-level managers	74.8	78.9	75.3
Specialists	65.3	61.5	58.1
25 and younger	N/A	73.0	52.2
25-29	N/A	62.0	49.6
30-34	N/A	61.0	51.6
35-44	N/A	60.0	49.4
45-54	N/A	67.0	59.5
55 and over	N/A	91.0	94.3

Employee Tenure (years)	2023 TR		2023 RO	
	Female	Male	Female	Male
Average tenure of senior executives	16	21	0	35
Average tenure of mid-level managers	13	15	25	24
Average tenure of first-level managers	10	10	25	24
Average tenure of specialists	4	6	19	19

Gender Pay Gap by Positions (Ratio of Average Women’s Pay to Average Men’s Pay) 1	2022 TR	2022 RO	2023 TR	2023 RO
Senior executives (base salary)	1.05	0	1.01	0*
Senior executives (base salary + benefits)	1.01	0	0.91	0*
Managers (base salary)	0.90	1.14	0.89	1.21
Managers (base salary + benefits)	0.86	1.14	0.86	1.21
Non-managerial positions (base salary)	0.99	0.95	0.99	0.91
Non-managerial positions (base salary + benefits)	0.99	0.96	0.99	0.91
* Romania site has only two male senior executives.				

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

[Economic Performance Indicators](#)

[Environmental Performance Indicators](#)

[Social Performance Indicators](#)

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

Training Programs	2021 TR		2022 TR		2022 RO			2023 TR			2023 RO			
	Female	Male	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Total training time (hours)	164,540	520,599	316,779	817,197	1,133,976	5,581	26,507	32,088	625,238	1,376,395	2,001,633	26,452	66,682	93,134
Total training time, including OHS (hours)	194,366	659,400	364,479	998,007	1,362,486	5,585	26,515	32,100	748,841	1,753,571	2,502,412	29,892	69,506	99,398
Total training time per employee (person*hours)	62		116.89	80.32	87.65	2.26	18.25	5.77	191.4	130.3	144.1	10.29	20.34	14.73
Total training time (hours) – office employees	68,856	156,493	92,816	231,689	324,505	356	3,547	3,903	115,428	218,570	333,998	2,896	7,727	10,623
Average training time (person*hours) – office employees	65		77.80	78.91	78.59	2.22	8.11	6.53	83.1	66.4	71.3	15.74	16.27	16.12
Total training time (hours) – field employees	125,510	502,907	271,663	766,318	1,037,981	5,229	22,968	28,197	633,413	1,535,000	2,168,413	26,996	61,779	88,775
Average training time (person*hours) – field employees	61		141	80.75	90.93	2.26	8.63	5.67	251.0	151.0	170.9	9.92	21.0	15.68
Leadership training (hours)	2,461	7,895	6,544	14,951	21,495	0	0	0	9,047	26,816	35,863	176	1,232	1,408

Total Training Expenditures (TL)	2022 TR	2022 RO	2023 TR	2023 RO
Total expenditures	30,482,124	990,912.87	62,021,823	1,609,126

Employees Subjected to Disciplinary Sanctions Upon Investigation of Reported Violations	2021 TR	2022 TR	2023 TR + RO
Total Employees	41	27	33

TR: Türkiye / RO: Romania

Reports Reaching Ethical Communication Channel	2021 TR	2022 TR	2023 TR + RO
Total incidents	109	231	378
Total incidents – confirmed	30	43	82
Violation of company rules and procedures	17	27	57
Mobbing	5	5	4
Harassment/discrimination	4	3	8
Fraud/theft/bribery	3	5	5
Other	1	3	8

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

[Economic Performance
Indicators](#)

[Environmental
Performance Indicators](#)

[Social Performance
Indicators](#)

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

Social Investment Budget Allocations (TL)	2021 TR	2022 TR	2023 TR
Total	123,446,000	260,551,821	576,928,003
Vehbi Koç Foundation	110,500,000	250,775,600	354,055,837
Education	N/A	7,677,621	10,653,631
Healthcare	N/A	242,400	431,797
Social Aid and Other	N/A	1,816,200	211,787,738

Net Promoter Score (NPS)* (%) - Passenger and Commercial Vehicles	2023 TR
Türkiye	84.0 ✓
Sales	89.2 ✓
Service	78.9 ✓
* As of 2023, customer experience, previously measured as customer experience index, is monitored with Net Promoter Score (NPS).	

Net Promoter Score (NPS)* (%) - Heavy Commercial Vehicles	2023 TR
Türkiye	78 ✓
Sales	88 ✓
Service	68 ✓
* As of 2023, customer experience, previously measured as customer experience index, is monitored with Net Promoter Score (NPS).	

Romania operations are limited to production, and the domestic market, sales and after-sales customer activities are managed centrally by the Ford brand. Customer satisfaction is monitored by Ford Europe.

TR: Türkiye

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

[Economic Performance
Indicators](#)

[Environmental
Performance Indicators](#)

[Social Performance
Indicators](#)

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

CORPORATE STATEMENTS



- **CORPORATE GOVERNANCE COMPLIANCE REPORT** —208
- **CORPORATE GOVERNANCE INFORMATION FORM** —213
- **CORPORATE GOVERNANCE COMPLIANCE REPORT** —220
- **SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT** —226
- **LEGAL DISCLOSURES** —239
- **REPORT ON RELATED PARTY TRANSACTIONS FOR 2023** —242
- **STATEMENT OF RESPONSIBILITY** —242
- **DECLARATION OF INDEPENDENCE** —243

CORPORATE GOVERNANCE COMPLIANCE REPORT

DECLARATION OF COMPLIANCE

Ford Otosan has adopted the Corporate Governance Principles, which were first announced by the Capital Markets Board (CMB) in July 2003, and applied them to a great extent. Ford Otosan has adhered to the mandatory Corporate Governance Principles within the scope of “II-17.1 Corporate Governance Communiqué” applicable in 2023 and compliance for the remaining principles has been mostly attained.

In its activities, the Company adheres to the equality, transparency, accountability and responsibility principles that underpin corporate governance and spends utmost effort to diligently comply with the secondary provisions of the Capital Markets Law and Capital Markets Board regulations and resolutions.

In 2023, a Corporate Governance Compliance Rating assessment was conducted, addressing the main criteria of Shareholders, Public Disclosure and Transparency, Stakeholders, and Board of Directors. On June 21, 2023, the Company’s Corporate Governance Rating score was announced as 9.42 (94.2%) out of 10 (100%). As a result, Ford Otosan was included in the BIST Corporate Governance Index.

Although utmost effort is spent to align with the non-mandatory Corporate Governance principles, full compliance target has yet to be achieved due to the challenges encountered in the implementation of some principles, the ongoing debates both in domestic and international platforms regarding compliance with certain principles and failure of the current structure to meet such principles appropriately. The Company continues to work on the principles that have not been put into practice and implementation will be considered in terms of contributing to efficient management after the analysis of administrative, legal and technical infrastructure.

We do not have plans for the near future to make any changes in the management practices within the framework of the corporate governance principles. Should any changes occur, they will be disclosed publicly as soon as possible.

In 2023, corporate governance-related activities were carried out in line with the Capital Markets Law, which includes the new regulations regarding the CMB’s Corporate Governance principles, and the Communiqués pursuant to this Law.

The Board of Directors and Board Committees have been established in accordance with the provisions of the Corporate Governance Communiqué. The candidates for independent Board membership were nominated, publicly disclosed and selected according to the legislation before the General Assembly Meeting. The Committees formed under the Board of Directors actively carry out their duties. The company held its Ordinary General Assembly Meeting on March 9, 2023 and an Extraordinary General Assembly Meeting on October 26, 2023. The General Assembly Information Document, and other documents providing information, as required by the principles, about privileged shares, voting rights, organizational changes, résumés of the Board membership candidates, remuneration policy for the Board members and senior executives, reports on related party transactions, and other mandatory documents were made available for the investors to review three weeks prior to the General Assembly Meeting. Furthermore, the corporate website and annual report have been reviewed and revised for full compliance with the principles.

According to Article 6 of the Communiqué, acceptance of Ford Otosan as a joint venture and determination of the number of independent board members as two was

acknowledged by the CMB. Candidates for Board membership were approved by the General Assembly following the CMB’s confirmation.

The non-mandatory Corporate Governance Principles that have yet to be complied with are briefly explained below. More information on the topic is provided in the relevant sections of the Integrated Annual Report. There is no conflict of interest within the company due to non-compliance with non-mandatory principles.

Principle 1.3.10 - A separate item is reserved on the general assembly agenda for the donations and the highest donation amounts are stated in the general assembly information document. Other donations that are not mentioned in detail consist of payments made to various organizations and do not represent material significance for the investors. Amounts lower than TL 9,345,747.93 are not monitored by our investors. We plan to maintain a similar threshold value for disclosing donations in the years to come.

Principle 1.5.2 - No minority rights have been defined for shareholders holding less than one twentieth of capital in the Articles of Incorporation and such rights are only granted within the general framework of regulations. A request about this subject has not been received from investors. Best practices are monitored and an amendment is not planned in the short term.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
 - [Corporate Governance Compliance Report](#)
 - [Corporate Governance Information Form](#)
 - [Corporate Governance Compliance Report](#)
 - [Sustainability Principles Compliance Statement](#)
 - [Legal Disclosures](#)
 - [Report on Related Party Transactions for 2023](#)
 - [STATEMENT OF RESPONSIBILITY](#)
 - [Declaration of Independence](#)
- FINANCIAL STATEMENTS
- ANNEXES

Principle 1.7.1 - The rules about transfer of shares are defined in Article 8 of Articles of Incorporation. Restrictions apply for the transfers between Group B and Group C shares, which are not traded on the stock exchange. However, there are no preventive regulations or restrictions concerning the free transfer of Group A shares. Since current restrictions are related to the transfer of privileged shares closed to public, an amendment is not foreseen in the future.

Principle 4.2.8 - The potential damages that the Board members may cause to the Company through their own fault during the execution of their duties is covered by umbrella Executive Liability insurances taken out separately by Koç Holding and Ford Motor Company. Given the Company’s high capital, the current insurance coverage is deemed sufficient in terms of foreseeable risks, while coverage limits are reviewed regularly. The umbrella insurance coverage may be increased if need be in the times to come.

Principle 4.4.7 - Considering their significant contributions to the Board with their business experience and industry knowledge, the Board members are not restricted in terms of assuming external duties. The résumés of all Board members are provided in the Integrated Annual Report on pages **320 and 321** Given the effective functioning of the Board, no changes to the current practices are anticipated in the near future as no negativity has been observed in terms of corporate governance.

Principle 4.5.5 - Committee appointments are decided by considering the relevant Board members’ expertise and experience in compliance with applicable regulations, while some Board members serve on multiple committees. However, the said members facilitate communication and support cooperation opportunities between committees addressing related issues. Considering the efficient works of the Board members with their knowledge and experience, the current committee structure allows for effective operations, and therefore no changes are anticipated in the near future.

Principle 4.6.5 - Remunerations provided to the Board members and executives with administrative responsibilities are specified in the notes to the financial statements and presented during the General Assembly meeting as a total amount, which is also publicly disclosed in accordance with the general practices. Given the sensitivity and privacy of personal data, market practices are followed with plans to act in line with widely adopted approaches.

There is no conflict of interest within the company due to non-compliance with non-mandatory principles. 2023 Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF), prepared per CMB regulation No:2/49 dated 10.01.2019 and approved by the Board of Directors, are available in the Integrated Annual Report (**pages 208 through 213**) and also accessible in the corporate governance section of Ford Otomotiv Sanayi A.Ş. on the Public Disclosure Platform (www.kap.org.tr).

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

Corporate Governance Compliance Report

Corporate Governance Information Form

Corporate Governance Compliance Report

Sustainability Principles Compliance Statement

Legal Disclosures

Report on Related Party Transactions for 2023

STATEMENT OF RESPONSIBILITY

Declaration of Independence

FINANCIAL STATEMENTS

ANNEXES

BOARD OF DIRECTORS’ ACTIVITIES

Except for two members (Ford Otosan Leaders Güven Özyurt and Josephine M. Payne) out of 11, all other members of the Board of Directors are **non-executives** as defined in the CMB’s Corporate Governance Principles. The résumés of the Board members are provided in the Integrated Annual Report on pages [320 and 321](#).

The list of the Board of Directors as of 31.12.2023 is presented below.						
BoD Member Full Name	Independence	Election/ Appointment Date	Term	Membership in Board Committees	External Engagements	
M. Rahmi Koç	No	09.03.2023	12 months		Honorary Chairman - Koç Holding	
Y. Ali Koç	No	09.03.2023	12 months		Vice Chairman - Koç Holding	
J. Kieran V. Cahill	No	09.03.2023	12 months	• Remuneration Committee	Executive - Ford Motor Co.	
Johan Egbert Schep	No	09.03.2023	12 months		Executive - Ford Motor Co.	
William R. Periam	No	09.03.2023	12 months	• Corporate Governance Committee • Early Determination and Management of Risk Committee	Executive - Ford Motor Co.	
Levent Çakıroğlu	No	09.03.2023	12 months		Board Member & CEO - Koç Holding	
Haydar Yenigün	No	09.03.2023	12 months	• Early Determination and Management of Risk Committee • Corporate Governance Committee • Remuneration Committee	Automotive Group President - Koç Holding	
F. Füsun Akkal Bozok	Yes	09.03.2023	12 months	• Audit Committee • Early Determination and Management of Risk Committee - Chair • Corporate Governance Committee – Chair • Remuneration Committee – Chair	Independent Board Member – Bizim Toptan, Tat Gıda Sanayi, and Gözde Venture Capital	
Prof. Dr. Katja Windt	Yes	09.03.2023	12 months	• Audit Committee • Corporate Governance Committee	Board member – CDO, Düsseldorf SMS Group GmbH; Supervisory Board member, Deutsche Post AG and Fraport AG	
Güven Özyurt	No	09.03.2023	12 months		–	
Josephine M. Payne	No	07.07.2023	12 months		–	



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

[Corporate Governance
Compliance Report](#)

[Corporate Governance
Information Form](#)

[Corporate Governance
Compliance Report](#)

[Sustainability Principles
Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party
Transactions for 2023](#)

STATEMENT OF
RESPONSIBILITY

[Declaration of
Independence](#)

FINANCIAL STATEMENTS

ANNEXES

Duties of the Chairman and Ford Otosan Leader are assumed by different individuals. The Board members allocate adequate time for the company-related activities and they are not restricted in terms of assuming external duties. Especially considering the business and industry experience that the independent members bring to the Board, such a restriction is not deemed necessary. The résumés of all Board members and the external positions, if any, they hold are made available for the shareholders to view. Achieving diversity on the Board of Directors in terms of know-how, experience and perspective is seen as a positive contribution to the Company’s operations and effective functioning of the Board.

As stated in the **Board of Directors Diversity Policy** published in 2023, only the know-how and experience of the candidates are considered as criteria in the **Board membership nomination process**, and having members with different expertise and talents serve on the Board is valued. Accordingly, achieving diversity on the Board of Directors is seen as a positive contribution to the company’s operations and the effective functioning of Board, which currently reflects this view in its structure. In the nomination process for Board members, female candidates are favored among candidates with the same qualifications in terms of know-how, experience and competence. In principle, the goal is to maintain a minimum ratio of 25% for female members on the Ford Otosan Board of Directors at all times. Currently, **female representation** on the Ford Otosan Board of Directors stands at **27%**.

The working principles of the Board of Directors have been set out in Articles 10,11 and 12 of the Articles of Incorporation and explained in detail in the internal **“Board of Directors’ Working Principles”** document. In summary, the Board of Directors is authorized to reach resolutions on all matters other than the procedures that require the General Assembly’s resolution according to the Turkish Commercial Code and the provisions of the Articles of Incorporation.

The Board of Directors convenes regularly at least three times or more if needed to review the Company’s activities. During the meetings, the recent developments are addressed and operational strategies are considered.

The Chairman, Vice Chairman or the executive members may set the agenda of the Board meetings. Regarding the regular meetings, the agenda and the relevant information note are communicated to all Board members one week before the meeting date.

All Board resolutions passed in between regular Board meetings are communicated to the Board members one week before the next regular meeting date in an information note that contains the resolution date and number and the relevant agenda topic.

The agenda topics are discussed openly and broadly at the Board meetings.

The **Board of Directors convenes** with the majority of the members in attendance. At least one non-independent member, nominated and elected separately by Group B and Group C shareholders, must also be present at the meeting.

The quorum for resolutions is the simple majority of the members in attendance. However, the resolutions require the ‘aye’ votes of the majority of non-independent members nominated and elected by Group B shareholders present at the meeting and the majority of non-independent members nominated and elected by Group C shareholders present at the meeting is required.

If the Board members fail to reach a resolution due to a tie in votes, the matter is postponed to the next meeting for a decision.

Pursuant to the applicable provisions of the Turkish Commercial Code and the Company’s Articles of Incorporation, the Board of Directors may pass resolutions in meetings, unless one Board member requests deliberation, or by obtaining the written agreement of the other members on a motion submitted by one member on a specific topic. Such resolutions are passed with the written approval of the majority of all members. Furthermore, such a resolution requires the written agreement of at least one non-independent member nominated by Group B shareholders and at least one non-independent member nominated by Group C shareholders. The same motion must be submitted to all Board members in order for the resolution to pass.

In the 2023 calendar year, the Board of Directors passed 40 resolutions, including 30 resolutions (circulars) reached without physically convening.

The Board Secretary is responsible for organizing and coordinating the Board meetings. Finance and Accounting Leader - CFO serves as the secretary at the Board meetings.

Since no member has opposed to resolutions passed in the meetings in recent years, no opposition note has been mentioned in the minutes and therefore no such note has been reported to the auditors.

In overseeing the Company’s operations, the Board of Directors considers potential **conflicts of interest**, assesses their consequences for the company if such conflicts exist and reaches resolutions to ensure acting in the company’s interests. The Board of Directors also monitors regulatory compliance in related party transactions, considers fraud risks and addresses related party transactions prudently.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
 - [Corporate Governance Compliance Report](#)
 - [Corporate Governance Information Form](#)
 - [Corporate Governance Compliance Report](#)
 - [Sustainability Principles Compliance Statement](#)
 - [Legal Disclosures](#)
 - [Report on Related Party Transactions for 2023](#)
- STATEMENT OF RESPONSIBILITY
 - [Declaration of Independence](#)
- FINANCIAL STATEMENTS
- ANNEXES

The agenda of the regular Board meetings is drafted by the Board secretary by considering previous resolutions and matters that require resolutions and by consulting with the Board members. Agendas for other meetings are informed by matters that need the Board’s decisions as required by law.

The **Corporate Governance Committee** has been formed to enhance the corporate governance practices within the company and to provide recommendations to the Board of Directors. The Corporate Governance Committee, which also assumes the responsibilities of the Nomination Committee, as specified in the Communiqué, consists of five members: Füsün Akkal Bozok (Chair), Haydar Yenigün, Prof. Dr. Katja Windt, William Richard Periam, and Saibe Gül Ertuğ. The committee’s working principles are laid out in writing. In 2023, the committee convened twice and effectively fulfilled its duties.

In 2023, two independent candidates for Board of Directors were submitted to the Corporate Governance Committee. The candidate declarations and résumés of the two independent members were reviewed and confirmed on January 5, 2023 by the Corporate Governance Committee and on January 6, 2023 by the Board of Directors, which approved their nominations as independent members. All the independent board members have submitted their declarations of independence to the Corporate Governance Committee and no condition that could void independency has been observed in 2023. The declarations of independence by these members are provided on page [243](#) of the Integrated Annual Report.

The **Audit Committee**, comprising Fatma Füsün Akkal Bozok and Katja Windt, convenes before the regular Board meetings or as needed to discuss matters per regulations. The Audit Committee reviews the quarterly earnings releases and submits its opinion to the Board of Directors. The committee’s working principles are laid out in writing. Duties of the Audit Committee include monitoring the company’s financial status, independent audits and all internal control and internal audit activities, reviewing and approving the annual audit plans

and presenting all views and draft resolutions to the Board of Directors. The Committee convened four times in 2023 and effectively fulfilled its duties.

The **Early Determination and Management of Risk Committee**, comprising three members, has been formed to advise the Board of Directors on early identification of the potential risks that the company may be exposed to and establishing an effective risk management system. Fatma Füsün Akkal Bozok is the Chair, and Haydar Yenigün and William Richard Periam are members of the Early Determination and Management of Risk Committee, which convened four times in 2023. The committee’s working principles are laid out in writing.

The **Remuneration Committee**, which consists of three members, has been formed to submit recommendations and proposals to the Board for determining the remunerations to be provided to the Board of Directors and senior executives. Fatma Füsün Akkal Bozok has been named the chair of the Remuneration Committee and Haydar Yenigün and James Kieran Vincent Cahill as members. The committee’s working principles are laid out in writing.

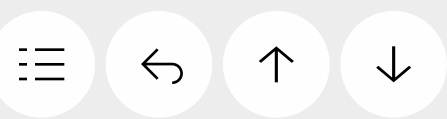
The duties, working principles, and members of the Board committees have been announced through a Material Event Disclosure and published on the corporate website.

The executive members of the Board have not served on the abovementioned committees.

In the internal audits, no cases of fraud or corruption were identified.

RISK MANAGEMENT AND INTERNAL CONTROL

In risk management, Ford Otosan’s primary objectives are to anticipate, manage, mitigate and monitor the potential risks in each area and to prepare action plans for risk and crisis management in advance. The Board of Directors, Early Determination and Management of Risk Committee, Audit Committee and Executive Management of the Company are regularly advised about the risks. Detailed information on Risk Management and Internal Control systems can be found in the Risk Management section on pages [66 through 74](#) of the Integrated Annual Report.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

[Corporate Governance Compliance Report](#)

[Corporate Governance Information Form](#)

[Corporate Governance Compliance Report](#)

[Sustainability Principles Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party Transactions for 2023](#)

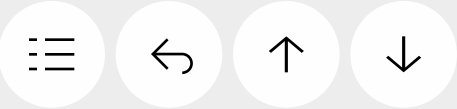
STATEMENT OF RESPONSIBILITY

[Declaration of Independence](#)

FINANCIAL STATEMENTS

ANNEXES

CORPORATE GOVERNANCE INFORMATION FORM



1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	10 Roadshow&Conference / 350 Meeting
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	-
The number of special audit requests that were accepted at the General Shareholders' Meeting	-
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/1113041
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Presented.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transaction.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no such transaction.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	https://www.kap.org.tr/tr/Bildirim/1256109
The name of the section on the corporate website that demonstrates the donation policy of the company	It is available on our corporate website under Corporate - About Ford Otosan - Compliance Policies: https://www.fordotosan.com.tr/documents/Kurumsal_Politikalar/fo_donation_and_sponsorship_policy.pdf The PDP link: https://www.kap.org.tr/en/Bildirim/918522
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	The PDP link related to the General Shareholder's Meeting where the upper limit for donations and grants is determined: https://www.kap.org.tr/tr/Bildirim/1011801
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 15
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	The General Assembly was held publicly, including stakeholders and media, without the right to speak
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	Although there is no voting privilege in accordance with our articles of association, the shares of our company, which is a joint venture, consist of groups with the privilege of nominating candidates.
The percentage of ownership of the largest shareholder	41,04%

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

[Corporate Governance Compliance Report](#)

[Corporate Governance Information Form](#)

[Corporate Governance Compliance Report](#)

[Sustainability Principles Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party Transactions for 2023](#)

[STATEMENT OF RESPONSIBILITY](#)

[Declaration of Independence](#)

FINANCIAL STATEMENTS

ANNEXES

1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	-
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	It is available on our corporate website under Corporate - About Ford Otosan - Compliance Policies. https://www.fordotosan.com.tr/documents/Documents/yatirimci_iliskileri/Dividend_Policy_en.pdf
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	Dividend is distributed.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-

General Assembly Meetings	
General Meeting Date	09.03.2023 (Ordinary) / 26.10.2023 (Extraordinary)
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	-
Shareholder participation rate to the General Shareholders' Meeting	88% (Ordinary) / 88% (Extraordinary)
Percentage of shares directly present at the GSM	0.01% (Ordinary) / 0.02% (Extraordinary)
Percentage of shares represented by proxy	88% (Ordinary) / 88% (Extraordinary)
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	It is available on our corporate website under Investors - Announcements - General Assembly. https://www.fordotosan.com.tr/en/investors/announcements/general-assembly
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	It is available on our corporate website under Investors - Announcements - General Assembly. https://www.fordotosan.com.tr/en/investors/announcements/general-assembly
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	-
The number of declarations by insiders received by the board of directors	0
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/en/Bildirim/1122321 https://www.kap.org.tr/en/Bildirim/1210401

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Corporate Governance - Board of Directors, Executive Team, Policies, Shareholder Structure, Code of Conduct, Articles of Incorporation, Corporate Governance Reports, Trade Registry; Announcements - Material Disclosures, General Assembly, Financial Announcements
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	It is available on our corporate website under Investors -Corporate Governance - Shareholder Structure https://www.fordotosan.com.tr/en/investors/corporate-governance/shareholder-structure
List of languages for which the website is available	Turkish and English
2.2. Annual Report	
<p>The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.</p> <p>a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members</p> <p>b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure</p> <p>c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings</p> <p>ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation</p> <p>d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof</p> <p>e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest</p> <p>f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%</p> <p>g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results</p>	<p>a) “Board of Directors and Committees” and “Declaration of Independence”</p> <p>b) “Board of Directors and Committees”</p> <p>c) “Board of Directors and Committees”</p> <p>ç) “Material Developments Regarding Company Operations”</p> <p>d) “Material Developments Regarding Company Operations”</p> <p>e) “Material Developments Regarding Company Operations”</p> <p>f) “Material Developments Regarding Company Operations”</p> <p>g) “Future.Now. For People”, “Talent and Career Management” and “Future.Now. For Community”</p>

3. STAKEHOLDERS	
3.1. Corporation’s Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	https://www.fordotosan.com.tr/documents/Politikalar/compensation-policy-decision-paper_2023_06_09_exec_web.pdf
The number of definitive convictions the company was subject to in relation to breach of employee rights	38
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Internal Audit Leader, HR and Transformation Leader, Legal Leader, Company Ethics Coordinator
The contact detail of the company alert mechanism	https://www.fordotosan.com.tr/en/corporate/about-ford-otosan/ethics https://secure.ethicspoint.eu/domain/media/en/gui/109880/index.html

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	There is no public link to internal regulations.
Corporate bodies where employees are actually represented	Both unionized and non-unionized colleagues participate in the management with different methods and share their views. With the Employee Engagement Survey conducted every year, the opinion of each of our colleagues is taken anonymously in the form of questionnaires and open-ended responses. Information about the company is shared with employees, dealers and other stakeholders through various communication meetings and questions and comments of these stakeholders are also taken.
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	A succession plan is created for all key management positions. This Succession Plan is finalized by submitting it to the approval of the Chairman of the Board of Directors, following the approval of the Ford Otosan Leader (General Manager). The Board of Directors checks that this function is carried out effectively.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Information regarding the Succession Plan is included in the Career Management section of the Integrated Annual Report.
Whether the company provides an employee stock ownership programme	It is available on our corporate website under Corporate - About Ford Otosan - Compliance Policies - Declaration on Equality at Work. https://www.fordotosan.com.tr/documents/Documents/Surd_Raporlari/FO_DECLARATION_ON_EQUALITY_AT_WORK.pdf
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	There is not an employee stock ownership programme.
The number of definitive convictions the company is subject to in relation to health and safety measures	It is available on our corporate website under Corporate - About Ford Otosan - Compliance Policies - Code of Conduct and Ethical Rules. https://www.fordotosan.com.tr/documents/Kurumsal_Politikalar/calisma-lkeleri-ve-etik-kurallari.pdf
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	It is available on our corporate website under Corporate - About Ford Otosan - Compliance Policies - Code of Ethics. https://www.fordotosan.com.tr/documents/Kurumsal_Politikalar/Code_of_Ethics_EN.pdf
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	It is available on our corporate website with the titles of “Compliance Policies” and “Sustainability”. https://www.fordotosan.com.tr/documents/Documents/Surd_Raporlari/ford-otosan-cevre-ve-enerji-politikasi-EN.pdf https://www.fordotosan.com.tr/en/sustainability/sustainability-reports
Any measures combating any kind of corruption including embezzlement and bribery	It is available on our corporate website with the titles of Corporate - About Ford Otosan - Compliance Policies - “Anti-Bribery and Corruption Policy” and “Gifts and Entertainment Policy”. https://www.fordotosan.com.tr/documents/Kurumsal_Politikalar/anti-bribery-and-corruption-policy.pdf https://www.fordotosan.com.tr/documents/Kurumsal_Politikalar/gifts-and-entertainment-policy.pdf

4. BOARD OF DIRECTORS-I	
Activity of the Board of Directors	
Date of the last board evaluation conducted	29.12.2023
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	All board members are released form their duties.
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	No delegation has been made among the members of the Board of Directors.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	8
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Internal Control System & Internal Audit
Name of the Chairman	Ali Y. Koç
Name of the CEO	Güven Özyurt
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	In Article 10 of the Diversity Policy, it is stated that "We consider only the knowledge and expertise of the board members in the nomination process. We attach importance to the diversity of experiences and talents of the board members. We aim for a minimum of 25% female membership on the Ford Otosan Board of Directors. https://www.fordotosan.com.tr/en/investors/corporate-governance/policies?page=2
The number and ratio of female directors within the Board of Directors	3 (27%)

Composition of Board of Directors							
Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Declaration of Independence	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years’ Experience On Audit, Accounting And/Or Finance Or Not
Ali Y. KOÇ	Non-executive	Not independent director	7/24/1997				
Rahmi M. KOÇ	Non-executive	Not independent director	2/11/1961				
William R. PERIAM	Non-executive	Not independent director	9/11/2013				
Johan Egbert SCHEP	Non-executive	Not independent director	11/15/2019				
Haydar YENİGÜN	Non-executive	Not independent director	2/15/2012				
James Kieran Vincent CAHILL	Non-executive	Not independent director	3/21/2022				
Levent ÇAKIROĞLU	Non-executive	Not independent director	3/21/2022				
Güven ÖZYURT	Executive	Not independent director	3/21/2022				
Josephine M. Payne	Executive	Not independent director	3/9/2023				
Katja WINDT	Non-executive	Independent director	6/1/2022	https://www.kap.org.tr/en/Bildirim/1256108	Considered	No	No
Fatma Fusun AKKAL BOZOK	Non-executive	Independent director	3/19/2018	https://www.kap.org.tr/en/Bildirim/1256108	Considered	No	Yes

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical or electronic board meetings in the reporting period.	10
Director average attendance rate at board meetings	76%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	The agenda and related briefing note for periodic meetings are communicated to all Board members one week before the Board meeting.
The name of the section on the corporate website that demonstrates information about the board charter	The working principles of the Board of Directors are an internal regulation of the company and are not published on the Corporate Website.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no upper limit set on this matter, but it is expected that the Board of Directors allocate sufficient time for company affairs, attend Ford Otosan's Board of Directors meetings regularly, ask questions and make suggestions at these types of meetings, and make dissenting opinions when they believe the decisions taken are not in the best interests of Ford Otosan.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	Board of Directors and Committees
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/en/Bildirim/1132248 The working principles are also available on our website's Board Committees page. https://www.fordotosan.com.tr/en/investors/corporate-governance/board-committees

Composition of Board Committees-I			
Names Of The Board Committees	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	Fatma Füsün Akkal Bozok	No	Board member
Audit Committee	Katja Windt	No	Board member
Corporate Governance Committee	Fatma Füsün Akkal Bozok	Yes	Board member
Corporate Governance Committee	Haydar Yenigün	No	Board member
Corporate Governance Committee	William R. Periam	No	Board member
Corporate Governance Committee	Saibe Gül Ertuğ	No	Not board member
Early Determination and Management of Risk Committee	Fatma Füsün Akkal Bozok	Yes	Board member
Early Determination and Management of Risk Committee	Haydar Yenigün	No	Board member
Early Determination and Management of Risk Committee	William R. Periam	No	Board member
Remuneration Committee	Fatma Füsün Akkal Bozok	Yes	Board member
Remuneration Committee	Haydar Yenigün	No	Board member
Remuneration Committee	James Kieran Vincent Cahill	No	Board member



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

[Corporate Governance Compliance Report](#)

[Corporate Governance Information Form](#)

[Corporate Governance Compliance Report](#)

[Sustainability Principles Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party Transactions for 2023](#)

[STATEMENT OF RESPONSIBILITY](#)

[Declaration of Independence](#)

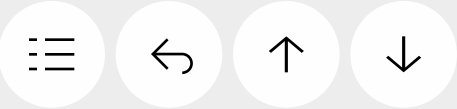
FINANCIAL STATEMENTS

ANNEXES

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is available on our corporate website under Investors - Corporate Governance - Board Committees. https://www.fordotosan.com.tr/documents/komite/audit_committee_working_principles_2020.pdf In our integrated annual report the respective information is under Board of Directors and Committees section
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is available on our corporate website under Investors - Corporate Governance - Board Committees. https://www.fordotosan.com.tr/documents/komite/corporate_governance_committee_working_principles_2020(1).pdf The relevant section is included in Our Integrated Annual Report under the section “Board of Directors and Committees”.
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Its duties are fulfilled by the Corporate Governance Committee.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is available on our corporate website under Investors - Corporate Governance - Board Committees. https://www.fordotosan.com.tr/documents/komite/risk_committee_working_principles_2020.pdf The relevant section is included in Our Integrated Annual Report under the section “Board of Directors and Committees”.
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	It is available on our corporate website under Investors - Corporate Governance - Board Committees. https://www.fordotosan.com.tr/documents/komite/remuneration_committee_working_principles_2020.pdf The relevant section is included in Our Integrated Annual Report under the section “Board of Directors and Committees”.
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Board of Directors' Report, Chairman's Message, Ford Otosan Leader's Message
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	It is available on our corporate website under Corporate - About Ford Otosan - Compliance Policies. https://www.fordotosan.com.tr/documents/Documents/yatirimci_iliskileri/RemunertionPolicy.pdf
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Remuneration Policy for the Board of directors and Senior Executives Notes to the Financial Statements - Note 27 (n)

Composition of Board Committees-II				
Names Of The Board Committees	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Audit Committee	100%	100%	4	4
Corporate Governance Committee	80%	40%	2	2
Early Determination and Management of Risk Committee	100%	33%	4	6
Remuneration Committee	100%	33%	1	1

CORPORATE GOVERNANCE COMPLIANCE REPORT



	COMPANY COMPLIANCE STATUS					
	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company’s activities in order for these transactions to be presented at the General Shareholders’ Meeting.					X	There is no such a process notification.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders’ Meeting.	X					
1.3.10 - The agenda of the General Shareholders’ Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				A separate agenda item was included in the general assembly agenda for donations made, and details of high-amount donations were explained in the general assembly information document. The remaining amount, which is not detailed in the information document, consists of various donations made to various institutions and organizations, each of which is below 10 million TL, and which are not considered important information for investors. Donations below this amount are not monitored by our investors, and it is planned to continue making disclosures in the following years with the materiality limit to be determined according to current conditions.
1.3.11 - The General Shareholders’ Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders’ Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	Ford Otomotiv San. A.Ş does not have any financial asset (shareholding) relationship which brings domination.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

[Corporate Governance Compliance Report](#)

[Corporate Governance Information Form](#)

[Corporate Governance Compliance Report](#)

[Sustainability Principles Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party Transactions for 2023](#)

STATEMENT OF RESPONSIBILITY

[Declaration of Independence](#)

FINANCIAL STATEMENTS

ANNEXES

	COMPANY COMPLIANCE STATUS					
	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Minority rights are not granted to those who have shares less than one twentieth of the capital by the articles of association, and in parallel with general practices, minority rights are provided within the framework of the general provisions in the regulations. It is not foreseen that there will be any changes in this regard in the near future.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders’ Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	Dividends are distributed.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.		X				Transfer of unlisted shares and some regulations about the usufruct rights’ of shares are regulated in the Company’s articles of association (rule number 8) which is also accessible from the corporate website. There are no provisions that complicate or restrict the transfer of Group A shares traded on the stock exchange.
2.1. CORPORATE WEBSITE						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company’s activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

[Corporate Governance
Compliance Report](#)

[Corporate Governance
Information Form](#)

[Corporate Governance
Compliance Report](#)

[Sustainability Principles
Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party
Transactions for 2023](#)

[STATEMENT OF
RESPONSIBILITY](#)

[Declaration of
Independence](#)

FINANCIAL STATEMENTS

ANNEXES

	COMPANY COMPLIANCE STATUS					
	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					Information regarding the succession plan can be accessed in the Career Management section.
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

Corporate Governance Compliance Report

Corporate Governance Information Form

Corporate Governance Compliance Report

Sustainability Principles Compliance Statement

Legal Disclosures

Report on Related Party Transactions for 2023

STATEMENT OF RESPONSIBILITY

Declaration of Independence

FINANCIAL STATEMENTS

ANNEXES

	COMPANY COMPLIANCE STATUS					
	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				The faults of the board members during their duties and the damage they may cause to the company are secured by separate umbrella Managerial Liability insurances commissioned by Koç Holding and Ford Motor Company.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

[Corporate Governance
Compliance Report](#)

[Corporate Governance
Information Form](#)

[Corporate Governance
Compliance Report](#)

[Sustainability Principles
Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party
Transactions for 2023](#)

[STATEMENT OF
RESPONSIBILITY](#)

[Declaration of
Independence](#)

FINANCIAL STATEMENTS

ANNEXES

	COMPANY COMPLIANCE STATUS					
	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					Our current rate of female members in YK is 27%. We aim for a minimum of 25% female members on the Ford Otosan Board of Directors. https://www.fordotosan.com.tr/documents/Politikalar/yonetim-kurulu-cesitlilik-politikasi_exec_tr.pdf
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attended the majority of the board meetings in person or electronically.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					The agenda of the Board of Directors meetings may be determined by the Chairman of the Board of Directors, Vice Chairman of the Board of Directors, or the executive members of the Board of Directors. In periodic meetings, the Agenda and related information note are communicated to all Board of Directors members one week prior to the Board of Directors meeting
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	Even though expressing an opinion in writing is possible, Board members who were unable to attend the meetings have not communicated such a request.
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					In our company, how board of directors meetings should be conducted are specified in the internal regulations called “Board of Directors Working Principles”
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director’s dissenting opinions if any.					X	
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members’ external commitments at the General Shareholders’ Meeting.		X				Although there is no upper limit on the outside responsibilities of board members, it is expected that they allocate sufficient time for company affairs, attend Ford Otosan board meetings regularly, ask questions and make suggestions at such meetings, and issue a dissenting opinion if they believe that the decisions taken are not in the best interests of Ford Otosan. Our annual report includes the resumes of our board members.

	COMPANY COMPLIANCE STATUS					
	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board’s committees.			X			Committees are formed in accordance with the relevant regulations, taking into account the knowledge and experience of our board members, and some of our board members are assigned to more than one committee. Members serving in more than one committee ensure communication between committees working on related issues and increase cooperation opportunities. Considering the efficient work of the board members with the contribution of their knowledge and experience, it is seen that the current committee structure allows effective work and no need for change is foreseen in the near future.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					According to the working principles of committees, it is possible for committees to benefit from independent expert opinions on the issues they deem necessary for their activities. However, there was no such need expressed by committee members last year
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	The committees did not receive any consultancy services.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			Payments made to the members of the Board of Directors and senior managers are disclosed to the public in bulk at the Ordinary General Assembly and in our financial statement footnotes, in line with general practices. Market practices are closely monitored regarding the issue, which is considered important in terms of the confidentiality of personal information, and it is envisaged to act in parallel with the common practice.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

Corporate Governance Compliance Report

Corporate Governance Information Form

Corporate Governance Compliance Report

Sustainability Principles Compliance Statement

Legal Disclosures

Report on Related Party Transactions for 2023

STATEMENT OF RESPONSIBILITY

Declaration of Independence

FINANCIAL STATEMENTS

ANNEXES

SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

Ford Otosan follows the best sustainability practices, including those specified in the Capital Markets Board’s (CMB) Sustainability Principles Compliance Framework and works to align its activities with the widely accepted best practices in this field. Several topics that Ford Otosan manages as part of its sustainability efforts are already in compliance with the Sustainability Principles Compliance Framework, introduced by the CMB in 2020. Accordingly, Ford Otosan is in compliance with the majority of the non-mandatory principles within the Sustainability Principles Compliance Framework that the CMB has issued on a “comply or explain” basis. However, full compliance has yet to be achieved due to a number of reasons, including the challenges in implementing some of these principles, the overall uncertainties in national and international arena, misalignment between some principles and the company’s current organizational structure, and pending the findings of the ongoing work. The materiality analysis was revised in 2021 in light of the recent developments in sustainability and stakeholder expectations to drive the company’s success in this field and the key findings of this analysis were disclosed to the public and the long-term goals were announced. Ford Otosan’s sustainability practices that comply with those stated in the CMB’s Sustainability Principles Compliance Framework are described in detail in the Integrated Annual Report and CDP reporting. Information regarding some of the key principles that currently lack full compliance is provided below. The company monitors the impact on environmental and social risk management due to lack of full compliance with the non-mandatory principles and considers such impact in its sustainability-related work.

- A procedure has been initiated to enable the Board of Directors to pass a resolution regarding all policies. The Board of Directors has already decided on the Human Rights, Ethics, Dividend Distribution, Disclosure, Protection and Processing of Personal Data, Code of Conduct and Ethical Rules, Remuneration, Competition Law Compliance, Anti-bribery and Anti-corruption, Gifts and Entertainment, Compliance, Sanctions and Export Controls, Conflict Minerals, Supply Chain Compliance, Donations and Sponsorship, Information Security, Diversity, and Water policies. In 2023, the Board of Directors Diversity, Disciplinary, Whistleblowing, Protection and Processing of Personal Data, Anti-retaliation, Community Investment, and Disclosure Policies were approved by the Board of Directors and published. The process is ongoing to finalize the Environment, Energy, Quality, and Occupational Health and Safety policies, which will be disclosed publicly upon completion.
 - Ford Otosan has been following key ESG Performance Indicators since 2011, and the set of indicators is reviewed in line with the latest trends and expectations by researching best local and international practices. Accordingly, the changes over the last three years are included in the data sets. However, the disclosed indicators do not include any local or international industry benchmarks yet.
 - In 2023, Ford Otosan continued to receive assurance from independent third parties in terms of the environmental and social indicators to improve the reliability of the sustainability data it discloses. Furthermore, the scope of the metrics has been expanded.
 - Ford Otosan partially discloses how it manages operational environmental, social, and governance issues across the value chain and how it integrates its dealers, suppliers, and customers into its strategies. The company has plans to provide information in more detail on this matter in future reporting.
- In the reporting period, there were no accumulated or purchased carbon credits. At Ford Otosan, we strive to reduce our carbon footprint through R&D activities as well as projects implemented in the plants. Our goal is to reduce the impact of climate change by minimizing our carbon footprint and to promote safe and sustainable production and consumption. The details of the projects carried out for this purpose and the shift toward zero-emission products in our offering are described in the “Sustainability in Products” section of the Integrated Annual Report.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
 - [Corporate Governance Compliance Report](#)
 - [Corporate Governance Information Form](#)
 - [Corporate Governance Compliance Report](#)
 - [Sustainability Principles Compliance Statement](#)
 - [Legal Disclosures](#)
 - [Report on Related Party Transactions for 2023](#)
- STATEMENT OF RESPONSIBILITY
 - [Declaration of Independence](#)
- FINANCIAL STATEMENTS
- ANNEXES

	KAP TEMPLATE	COMPANY COMPLIANCE STATUS				DISCLOSURE RECOMMENDATIONS & REMARKS FOR FORD OTOSAN, POSSIBLE RESPONSES	RELATED REPORT/LINK	RELEVANT SECTION OF 2023 ANNUAL REPORT, PAGE NUMBER
		YES	NO	PARTIAL	N/A			
	A. General Principles							
	A1. Strategy, Policy and Goals							
A1.1	The Board of Directors should determine a Corporation Strategy in compliance with ESG policies, risks and opportunities.	X				Ford Otosan identifies its material sustainability issues by conducting a materiality analysis and seeking the opinions of its internal and external stakeholders. The company monitors the risks and opportunities related to these issues throughout the year.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Material Sustainability Issues, Risks and Opportunities
	Should determine ESG policies, (such as. Environment Policy, Energy Policy, Human Rights Policy, etc.) and disclose publicly available.	X				Ford Otosan Sustainability Committee determines the company’s sustainability policies in ESG areas and ensures their implementation. The process is ongoing to have all the policies approved by the Board of Directors. The published policies are available on the corporate website.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports https://www.fordotosan.com.tr/en/corporate/about-ford-otosan/compliance-policies	2023 Integrated Annual Report, Sustainability Management
A1.2	Should determine and publicly disclose its short- and long-term goals in line with its ESG policies.	X				Ford Otosan’s short- and long-term targets for ESG policies are determined with the approval of the Board of Directors. The Sustainability Hub team and agile teams monitor them monthly and report the progress to the Sustainability Committee every quarter. The Sustainability Committee is headed by Ford Otosan Leader. Ford Otosan determined its long-term goals in 2022 in line with its “Future. Now” vision. These are categorized into the main headings of “Climate Crisis and Energy Management,” “Waste Management and Circular Economy,” “Water Stewardship,” “Social Benefit” and “Gender Equality.” Progress regarding these goals and short-term targets are disclosed through the Integrated Annual Report.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports https://www.fordotosan.com.tr/en/media/press-kits/ford-otosan-commits-to-long-term-sustainability-goals-with-its-future-now-vision	2023 Integrated Annual Report, Sustainability Management For People For Community For Environment

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

[Corporate Governance Compliance Report](#)

[Corporate Governance Information Form](#)

[Corporate Governance Compliance Report](#)

[Sustainability Principles Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party Transactions for 2023](#)

[STATEMENT OF RESPONSIBILITY](#)

[Declaration of Independence](#)

FINANCIAL STATEMENTS

ANNEXES

	KAP TEMPLATE	COMPANY COMPLIANCE STATUS				DISCLOSURE RECOMMENDATIONS & REMARKS FOR FORD OTOSAN, POSSIBLE RESPONSES	RELATED REPORT/LINK	RELEVANT SECTION OF 2023 ANNUAL REPORT, PAGE NUMBER
		YES	NO	PARTIAL	N/A			
A2. Implementation/Monitoring								
A2.1	Should publicly disclose committees and/or units responsible for the execution of ESG policies and the most senior responsible persons and their duties in the partnership regarding ESG issues.	X				<p>Ford Otosan Sustainability Hub Team and Agile Teams are responsible for publishing and updating policies. The Sustainability Committee determines the company’s sustainability policies in ESG areas and ensures their implementation.</p> <p>The Committee consists of the Operations and Investments Leader, Engineering and Technology Development Leader, Purchasing Leader, Finance Leader, Human Resources and Transformation Leader, Engineering and Technology Development Leaders, Corporate Communications Leader, Investor Relations Leader, Occupational Health and Safety & Environment Leader and the Public Affairs Coordinator. The Sustainability Committee is headed by the Ford Otosan Leader and coordinated by the Central Sustainability Department.</p> <p>The process is ongoing to have all the policies approved by the Board of Directors. The published policies are available on the corporate website.</p> <p>Sustainability Department under the Corporate Communications Leader, who reports to the Ford Otosan Leader, is responsible for implementing the ESG strategy and coordination with different functions within the organization.</p>	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Sustainability Management
	Committees/units in charge should report the activities carried out under the policies to the Board of Directors at least once a year and in any case.	X				<p>The Sustainability Committee convenes at least four times a year. As the chair of the Sustainability Committee, Ford Otosan Leader is responsible for reporting the company’s sustainability performance, the current status with regard to the strategy, and the global sustainability agenda developing during the year to the Board of Directors.</p> <p>The Board of Directors is advised about the Sustainability Principles Compliance efforts through the Corporate Governance Committee and the Early Determination and Management of Risk Committee.</p>	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	
A2.2	Should formulate and publicly disclose the implementation and action plans in line with the short- and long-term goals determined as above.	X				<p>Ford Otosan determined its long-term goals in 2022 in line with its “Future. Now” vision. These are categorized into the main headings of “Climate Crisis and Energy Management,” “Waste Management and Circular Economy,” “Water Stewardship,” “Social Benefit” and “Gender Equality.” Progress regarding these goals and short-term targets are disclosed through the Integrated Annual Report.</p> <p>With the issue of combating climate crisis gaining prominence for the stakeholders and European Green Deal, Ford Otosan has set its target as achieving net zero emissions by 2050. A company-wide Carbon Transition Program was launched to draw a roadmap and define action plans for transitioning to a lower carbon economy, which will be needed to achieve this goal.</p>	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Sustainability Management For People For Community For Environment

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

[Corporate Governance Compliance Report](#)

[Corporate Governance Information Form](#)

[Corporate Governance Compliance Report](#)

[Sustainability Principles Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party Transactions for 2023](#)

[STATEMENT OF RESPONSIBILITY](#)

[Declaration of Independence](#)

FINANCIAL STATEMENTS

ANNEXES

	KAP TEMPLATE	COMPANY COMPLIANCE STATUS				DISCLOSURE RECOMMENDATIONS & REMARKS FOR FORD OTOSAN, POSSIBLE RESPONSES	RELATED REPORT/LINK	RELEVANT SECTION OF 2023 ANNUAL REPORT, PAGE NUMBER
		YES	NO	PARTIAL	N/A			
A2.3	Should determine ESG Key Performance Indicators (KPIs) and declare them comparatively on an annual basis.	X				Ford Otosan determined its long-term goals in 2022 in line with its “Future. Now” vision. These are categorized into the main headings of “Climate Crisis and Energy Management,” “Waste Management and Circular Economy,” “Water Stewardship,” “Social Benefit” and “Gender Equality.” Progress regarding these goals and short-term targets are disclosed through the Integrated Annual Report. The progress regarding these targets and the key ESG performance indicators that the company has monitored for over a decade are disclosed in the scope of Türkiye and Romania in the Integrated Annual Report, including the changes in the last three years.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Sustainability Management For People For Community For Environment
A2.4	Should declare innovation activities aimed to improve the sustainability performance in relation with business processes or products and services.	X				Innovation activities to improve the sustainability performance of business processes or products and services are disclosed to the public along with best practices through the integrated annual reports.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, For Environment Recube Occupational Health and Safety Vehicle Quality and Safety
A3. Reporting								
A3.1	Should report and publicly disclose its sustainability performance, goals and actions in an understandable, accurate and sufficient manner at least once a year. Should provide information about its sustainability activities within its annual report.	X				Ford Otosan reports and publicly discloses its sustainability performance, targets and actions at least once a year. Information on sustainability activities is provided within the Integrated Annual report. Ford Otosan disclose its actions and plans for each sustainability targets in the relevant sections of this report. Detailed information related to sustainability performance is provided in the Annexes.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Performance Tables
A3.2	Should provide information as to with which of the United Nations (UN) 2030 Sustainability Development Goals its activities are related.	X				Ford Otosan discloses each Sustainable Development Goal impacted by its activities defined in the Integrated Value Creation Model through the Integrated Annual Report. The relationship between the community investment principles and the UN SDGs is also shared in this report.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Value Creation Model Community Investment Areas
A3.3	Should disclose information about lawsuits filed and/or completed against it in environmental, social and corporate governance issues.	X				Ford Otosan provides information regarding the lawsuits filed and/ or concluded against the company in environmental, social and corporate governance issues within the Integrated Annual Report.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Performance Tables Material Developments Regarding Company Operations
A4. Verification								
A4.1	If verified by independent third parties (independent sustainability assurance providers), it should disclose its sustainability performance measures, and should endeavor to increase said verification actions.	X				All key ESG performance indicators that Ford Otosan discloses to the public are assured by an independent third party.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Assurance Statement

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

[Corporate Governance Compliance Report](#)

[Corporate Governance Information Form](#)

[Corporate Governance Compliance Report](#)

[Sustainability Principles Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party Transactions for 2023](#)

STATEMENT OF RESPONSIBILITY

[Declaration of Independence](#)

FINANCIAL STATEMENTS

ANNEXES

	KAP TEMPLATE	COMPANY COMPLIANCE STATUS				DISCLOSURE RECOMMENDATIONS & REMARKS FOR FORD OTOSAN, POSSIBLE RESPONSES	RELATED REPORT/LINK	RELEVANT SECTION OF 2023 ANNUAL REPORT, PAGE NUMBER
		YES	NO	PARTIAL	N/A			
	B. Environmental Principles							
B1	Should declare its policies and practices, action plans, and environmental management systems (known as ISO 14001 standard) and programs.	X				Ford Otosan has in place an Environment and Energy Policy, Biodiversity Strategy, and Water Policy. Ford Otosan manages all its products and services within the framework of the ISO 14001:2015 Environmental Management System. All its facilities are ISO 14001 certified. Environmental management policy, ISO 14001 environmental management system certification and other certifications confirming compliance with environmental laws and other applicable regulations are also disclosed on the corporate website.	https://www.fordotosan.com.tr/en/sustainability/sustainability-policies https://www.fordotosan.com.tr/en/corporate/about-ford-otosan/certificates https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, For Environment
B2	Should disclose limitations to the environmental report that will be prepared under the Sustainability Principles, reporting period, reporting date, data collection process and restrictions in reporting conditions.	X				Ford Otosan discloses information regarding environmental management in the Integrated Annual Report, which also includes the reporting period, scope and limitations. In CDP reporting, the company also shares reporting scope, period, conditions and limitations along with information on environmental management.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports https://www.fordotosan.com.tr/en/sustainability/cdpcarbon-disclosure-project-reports	2023 Integrated Annual Report, About the Report 2023 CDP Climate Change, pages: 2,3 2023 CDP Water Security, page: 2
B3	Provided in A2.1.	X						
B4	Should disclose the incentives it offers for management of environmental issues, including the achievement of goals.	X				In line with our Future. Now sustainability strategy and long-term goals that we have implemented at Ford Otosan, we are adding ESG metrics to the performance scorecards of Ford Otosan Leaders and senior management. Information about the addition of targets to improve efforts to tackle the Climate Crisis in 2023 is provided in the Integrated Annual Report. Furthermore, the scorecards of the Sustainability Hub members include the target of developing a roadmap for their respective fields in line with Ford Otosan’s sustainability targets. Ford Otosan focuses on four primary environmental sustainability targets: carbon neutral production in operations by 2030, reducing the use of clean water per vehicle by 40% by 2030, and eliminating single-use plastics from personal consumption, and zero waste to landfills. These targets are also disclosed in publicly accessible reporting, websites, press releases, and indices such as SBTi and DJSI.	https://www.fordotosan.com.tr/en/sustainability/sustainability-approach https://www.fordotosan.com.tr/en/sustainability/sustainability-reports https://www.fordotosan.com.tr/en/media/press-kits/ford-otosan-commits-to-long-term-sustainability-goals-with-its-future-now-vision https://sciencebasedtargets.org/companies-taking-action#dashboard	2023 Integrated Annual Report, Sustainability Management Remuneration Policy for Senior Management Ford Otosan Long-Term Sustainability Targets
B5	Should disclose how environmental issues are integrated into business objectives and strategies.	X				Ford Otosan discloses the outputs, strategies and targets related to its environmental issues in its Integrated Value Model. Additionally, we include a table in the Integrated Annual Report to demonstrate how we manage the very high and high priority issues identified as a result of the materiality analysis.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, For Environment Value Creation Model Material Sustainability Issues

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

[Corporate Governance Compliance Report](#)

[Corporate Governance Information Form](#)

[Corporate Governance Compliance Report](#)

[Sustainability Principles Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party Transactions for 2023](#)

[STATEMENT OF RESPONSIBILITY](#)

[Declaration of Independence](#)

FINANCIAL STATEMENTS

ANNEXES

	KAP TEMPLATE	COMPANY COMPLIANCE STATUS				DISCLOSURE RECOMMENDATIONS & REMARKS FOR FORD OTOSAN, POSSIBLE RESPONSES	RELATED REPORT/LINK	RELEVANT SECTION OF 2023 ANNUAL REPORT, PAGE NUMBER
		YES	NO	PARTIAL	N/A			
B6	Provided in A2.4.	X				Ford Otosan includes its sustainability performance regarding its business processes or products and services and its activities to improve this performance within the Integrated Annual Report, along with examples of its best practices.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, For Environment Recube Occupational Health and Safety Vehicle Quality and Safety
B7	Should disclose how it manages environmental issues and integrates suppliers and customers into its strategies, not only in terms of direct operations, but also along the corporation value chain.	X				Ford Otosan discloses how it manages environmental issues and integrates suppliers and customers into its strategies, not only in terms of direct operations, but also across the value chain within the Integrated Annual Report	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Value Chain Management
B8	Should disclose whether it is included in the policy formulating processes on environmental issues, as well as associations it is a member of, its environmental cooperation initiatives entered into with related institutions and non-governmental organizations.	X				Ford Otosan discloses in its Integrated Annual Report whether it is involved in policy formulating processes on environmental issues (sectoral, regional, national and international) and provides information on memberships in environmental organizations, partnerships with relevant associations and NGOs, and its duties, if any, in such organizations, and the activities it promotes. The active roles that Ford Otosan leaders took in COP28 and in the associations they chair are disclosed in detail in the Integrated Annual Report and CDP reporting.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports https://www.fordotosan.com.tr/en/sustainability/cdpcarbon-disclosure-project-reports	2023 Integrated Annual Report, Memberships and Affiliations 28th Conference of the Parties of the UN Framework Convention on Climate Change (COP 28) 2023 CDP Climate Change Reporting page: 169, 170
B9	Should periodically report in a comparable manner, information about environmental effects in the light of environmental indicators [Greenhouse gas emissions {Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)11}, air quality, energy management, water and waste water management, waste management, biodiversity effects].	X				All carbon emission measurements at Ford Otosan are assured by an independent third party in accordance with ISO 14064-1 and disclosed to the public. Similarly, energy consumption is verified by an independent third party in accordance with ISO 50001 and disclosed with comparative figures.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Environmental Performance Indicator Assurance Statement
B10	Should disclose details in relation to standards, protocols, methodologies and base year employed for collection and calculation of its data.	X				Ford Otosan discloses the details of the standards, protocols, methodologies and base year employed to collect and calculate its data.	https://www.fordotosan.com.tr/en/sustainability/cdpcarbon-disclosure-project-reports https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Abbreviations 2023 CDP Climate Change Reporting, page: 122
B11	Should declare the status of environmental indicators for the reporting year in comparison with past years (increase or decrease).	X				Ford Otosan declares the status of environmental indicators for the reporting year compared to previous years (increase or decrease).	https://www.fordotosan.com.tr/en/sustainability/cdpcarbon-disclosure-project-reports https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Environmental Performance Indicators For Environment

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

Corporate Governance Compliance Report

Corporate Governance Information Form

Corporate Governance Compliance Report

Sustainability Principles Compliance Statement

Legal Disclosures

Report on Related Party Transactions for 2023

STATEMENT OF RESPONSIBILITY

Declaration of Independence

FINANCIAL STATEMENTS

ANNEXES

	KAP TEMPLATE	COMPANY COMPLIANCE STATUS				DISCLOSURE RECOMMENDATIONS & REMARKS FOR FORD OTOSAN, POSSIBLE RESPONSES	RELATED REPORT/LINK	RELEVANT SECTION OF 2023 ANNUAL REPORT, PAGE NUMBER
		YES	NO	PARTIAL	N/A			
B12	Should determine and disclose short and long-term goals for reduction of its environmental impact. If an improvement is detected in the reporting year over the previously determined goals, it should provide information thereabout.	X				The long-term targets for reducing the company’s environmental impact were determined in 2022. The short-term targets and progress toward the long-term terms are disclosed within the Integrated Annual Report.	https://www.fordotosan.com.tr/en/media/press-kits/ford-otosan-commits-to-long-term-sustainability-goals-with-its-future-now-vision https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, For Environment Ford Otosan Long-Term Sustainability Targets
B13	Should disclose its strategy and actions for fight against climate crisis.	X				Ford Otosan discloses its strategy and actions to tackle climate crisis and transition to lower carbon economy within the Integrated Annual Report.	https://www.fordotosan.com.tr/en/sustainability/cdpcarbon-disclosure-project-reports https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, For Environment 2023 CDP Climate Change Reporting, pages: 1, 2, 10, 46
B14	Should disclose its programs or procedures aiming to prevent or minimize the potential negative effects of its products and/or services, and should also declare the actions of third parties aiming to reduce greenhouse gas emissions.	X				Ford Otosan discloses the programs or procedures to prevent or minimize the negative impact of its products in the relevant sections of the Integrated Annual Reports. The company also declares the actions of third parties to reduce greenhouse gas emissions. Ford Otosan has conducted Life-Cycle Assessments for 99.99% of its products.	https://www.fordotosan.com.tr/en/sustainability/cdpcarbon-disclosure-project-reports https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report 2023 CDP Climate Change Reporting, pages: 151, 152, 178, 179
B15	Should declare the total number of actions taken, projects implemented and initiatives entered into for reduction of its environmental impact, as well as their environmental benefits and cost savings.	X				Ford Otosan publicly discloses the actions taken, projects and initiatives implemented to reduce its environmental impact along with their environmental benefits and cost savings through the Integrated Annual Report and CDP reporting.	https://www.fordotosan.com.tr/en/sustainability/cdpcarbon-disclosure-project-reports https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Value Creation Model For Environment 2023 CDP Climate Change Reporting, page: 45, 46, 99
B16	Should report total energy consumption data (with the exception of raw materials), and disclose its energy consumptions as Scope-1 and Scope-2.	X				As part of the sustainability efforts, Scope 1 and Scope 2 greenhouse gas emissions are calculated regularly, assured by an independent third party in accordance with ISO 14064-1 and disclosed to the public. Similarly, energy consumption data is reported by “renewable/ non-renewable” energy categories to meet the expectations of international sustainability indices.	https://www.fordotosan.com.tr/en/sustainability/cdpcarbon-disclosure-project-reports https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Performance Tables
B17	Should provide information about electricity, heat, steam and cooling produced and consumed in the reporting year.	X				Ford Otosan discloses information about the electricity, heat, steam and cooling generated and consumed each year.	https://www.fordotosan.com.tr/en/sustainability/cdpcarbon-disclosure-project-reports https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Performance Tables

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

[Corporate Governance Compliance Report](#)

[Corporate Governance Information Form](#)

[Corporate Governance Compliance Report](#)

[Sustainability Principles Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party Transactions for 2023](#)

[STATEMENT OF RESPONSIBILITY](#)

[Declaration of Independence](#)

FINANCIAL STATEMENTS

ANNEXES

	KAP TEMPLATE	COMPANY COMPLIANCE STATUS				DISCLOSURE RECOMMENDATIONS & REMARKS FOR FORD OTOSAN, POSSIBLE RESPONSES	RELATED REPORT/LINK	RELEVANT SECTION OF 2023 ANNUAL REPORT, PAGE NUMBER
		YES	NO	PARTIAL	N/A			
B18	Should carry out and disclose works on increasing the use of renewable energy sources, and transition to zero or low carbon electricity.	X				<p>With the issue of combating climate crisis gaining prominence for the stakeholders and European Green Deal, Ford Otosan has set its target as achieving net zero emissions by 2050. A company-wide Carbon Transition Program was launched to draw a roadmap and define action plans for transitioning to a lower carbon economy, which will be needed to achieve this goal.</p> <p>The company works on increasing the use of renewable energy and transitioning to net zero emission production and discloses these activities to the public through Annual and Sustainability reports, along with detailed targets.</p> <p>All the electricity used in all Ford Otosan sites in Türkiye is procured from 100% renewable energy sources. The innovative Yeniköy Plant, which features ‘Solar Tracking Systems’ and ‘Solar Wall’, was opened in 2023.</p>	https://www.fordotosan.com.tr/en/sustainability/cdpcarbon-disclosure-project-reports https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Energy and Emissions Management
B19	Should disclose its renewable energy generation and consumption data.	X				Ford Otosan discloses its renewable energy generation and consumption data.	https://www.fordotosan.com.tr/en/sustainability/cdpcarbon-disclosure-project-reports https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Performance Tables 2023 CDP Climate Change Reporting, page: 6
B20	Should conduct energy efficiency projects, and disclose the resulting reduction in energy consumption and emission due to its projects.	X				Ford Otosan carries out energy efficiency projects both in its own operations and across the value chain and discloses the resulting energy consumption and emission reduction figures.	https://www.fordotosan.com.tr/en/sustainability/cdpcarbon-disclosure-project-reports https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Energy and Emissions Management Performance Tables 2023 CDP Climate Change Reporting, page: 99
B21	Should report quantities, sources and procedures of water extracted from underground or ground waters, used, recycled and discharged.	X				Ford Otosan reports the quantities, sources and procedures regarding underground or ground water, used, recycled and discharged water (Total water withdrawal by resource, water sources affected by water withdrawal, percentage and total volume of recycled and reused water, etc.).	https://www.fordotosan.com.tr/en/sustainability/cdpcarbon-disclosure-project-reports https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Performance Tables 2023 CDP Water Security Reporting, pages: 5-8
B22	Should disclose whether its operations or activities are included in any carbon pricing system or not (Emission Trade System, Cap & Trade or Carbon Tax).	X				As part of its Corporate Risk Management System, Ford Otosan assesses and manages the financial and non-financial risks by developing scenario analyses and tests, including the carbon pricing scenario under the 1.5°C target, foreign currency fluctuations, SCT, parts availability, the impact of fuel price increases on the market and sales, changes in the Turkish economy, raw material availability, and volatility in loan rates.	https://www.fordotosan.com.tr/en/sustainability/cdpcarbon-disclosure-project-reports https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 CDP Climate Change Reporting For Environment
B23	Should disclose its carbon credit data accumulated or bought in the reporting period.	X				Data regarding the carbon credit accumulated or purchased in each reporting period is disclosed to the public through the Integrated Annual Report and CDP reporting.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, For Environment

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

[Corporate Governance Compliance Report](#)

[Corporate Governance Information Form](#)

[Corporate Governance Compliance Report](#)

[Sustainability Principles Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party Transactions for 2023](#)

[STATEMENT OF RESPONSIBILITY](#)

[Declaration of Independence](#)

FINANCIAL STATEMENTS

ANNEXES

	KAP TEMPLATE	COMPANY COMPLIANCE STATUS				DISCLOSURE RECOMMENDATIONS & REMARKS FOR FORD OTOSAN, POSSIBLE RESPONSES	RELATED REPORT/LINK	RELEVANT SECTION OF 2023 ANNUAL REPORT, PAGE NUMBER
		YES	NO	PARTIAL	N/A			
B24	If carbon pricing is applied in the corporation, it should disclose details relating thereto.	X				As part of the Shift to Lower Carbon Economy and Climate Risks approach, information on carbon pricing is disclosed to the public through the Integrated Annual Report and CDP reporting.	https://www.fordotosan.com.tr/en/sustainability/cdpcarbon-disclosure-project-reports https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, For Environment 2023 CDP Climate Change Reporting, pages: 161-163
B25	Should disclose all mandatory and voluntary platforms where its environmental data are disclosed.	X				Ford Otosan discloses all mandatory and voluntary platforms where it discloses its environmental data through the Integrated Annual Report.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, About the Report
C. Social Principles								
C1. Human Rights and Employee Rights								
C1.1	Should establish a Corporate Human Rights and Employee Rights Policy covering its commitment of full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey, and legal framework and legislation regulating human rights and labor issues in Turkey. Should disclose the aforesaid policy and the roles played and responsibilities assumed in the implementation of the policy.	X				Ford Otosan takes the Universal Declaration of Human Rights as a global guide for providing a professional and healthy work environment for all its employees and making it sustainable. Ford Otosan and all its partners adopt a zero-tolerance policy against slavery and human trafficking in accordance with the conventions and recommendations of the International Labor Organization, the Universal Declaration of Human Rights and UN Global Compact.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports https://www.fordotosan.com.tr/documents/Sertifikalar/antetli_human-rights-policy.pdf https://www.fordotosan.com.tr/documents/Kurumsal_Politikalar/antetli_calisma-lkeleri-ve-etik-kurallari(1).pdf	2023 Integrated Annual Report, Ethics
C1.2	Should provide equal opportunities in recruitment processes. Includes fair labor, improvement of working standards, employment of women and social inclusion issues (such as nondiscrimination towards women, men, religious beliefs, language, race, ethnical origin, age, disablement, refugees, etc.) in its policies by also considering the supply and value chain effects.	X				At Ford Otosan, human and employee rights are protected across the entire value chain. Discrimination is strictly prohibited. In addition, Ford Otosan guarantees fair work conditions for all employees. Guided by the Human Rights Policy and the Universal Declaration of Human Rights, Ford Otosan protects employee rights in recruitment, promotion, career development, wages, benefits and diversity. Together with all our business partners, we adopt a zero tolerance policy against forced labor, child labor, and all kinds of discrimination and harassment.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports https://www.fordotosan.com.tr/documents/Sertifikalar/antetli_human-rights-policy.pdf https://www.fordotosan.com.tr/documents/Kurumsal_Politikalar/2022_diversity_policy.pdf https://www.fordotosan.com.tr/documents/Kurumsal_Politikalar/antetli_supply-chain-compliance-policy(1).pdf	2023 Integrated Annual Report, Ethics

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

[Corporate Governance Compliance Report](#)

[Corporate Governance Information Form](#)

[Corporate Governance Compliance Report](#)

[Sustainability Principles Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party Transactions for 2023](#)

[STATEMENT OF RESPONSIBILITY](#)

[Declaration of Independence](#)

FINANCIAL STATEMENTS

ANNEXES

	KAP TEMPLATE	COMPANY COMPLIANCE STATUS				DISCLOSURE RECOMMENDATIONS & REMARKS FOR FORD OTOSAN, POSSIBLE RESPONSES	RELATED REPORT/LINK	RELEVANT SECTION OF 2023 ANNUAL REPORT, PAGE NUMBER
		YES	NO	PARTIAL	N/A			
C1.3	Should disclose measures taken along the value chain for the sake of supervision and protection of rights/ equal opportunities for minorities or certain population segments vulnerable to particular economic, environmental and social factors (low-income segments, women, etc.).	X				<p>In line with its diversity and inclusion approach, Ford Otosan places its Equality at Work, Diversity Policy and Human Rights policy, all created by considering its corporate culture and values to provide a work environment based on equal opportunity, respectful of differences and ethical values, at the core of its activities.</p> <p>According to UN Women’s Empowerment Principles Declaration of Equality at Work, signed in 2013, the company is committed to tackling gender inequality.</p> <p>Ford Otosan’s diversity, equity and inclusion efforts are focused on human rights, health, education, empowerment of disadvantaged groups, science and technology and gender equality.</p> <p>The results of the Independent Audit on Equal Pay for Equal Work practices and the Human Rights Due Diligence Report are also published publicly.</p>	<p>https://www.fordotosan.com.tr/documents/Documents/Surd_Raporlari/FO_DECLARATION_ON_EQUALITY_AT_WORK.pdf</p> <p>https://www.fordotosan.com.tr/en/sustainability/sustainability-reports</p> <p>https://www.fordotosan.com.tr/documents/Documents/Surd_Raporlari/human-rights-due-diligence-report.pdf</p> <p>https://www.fordotosan.com.tr/documents/Documents/ford-otosan-assurance-report-final-eng-hr_2022.pdf</p>	2023 Integrated Annual Report, Diversity, Equity and Inclusion Equal Pay for Equal Work Policy
C1.4	Should report developments relating to applications aiming to prevent and correct discrimination, inequality, breaches of human rights and forced labor, and disclose its regulations and measures aiming to prevent employment of child labor.	X				<p>Ford Otosan reports on developments regarding practices to eliminate and remedy discrimination, inequality, human rights violations, and forced labor. The company also discloses its regulations to prevent the use of child labor.</p> <p>Ford Otosan’s diversity, equity and inclusion efforts are focused on human rights, health, education, empowerment of disadvantaged groups, science and technology and gender equality.</p> <p>The results of the Independent Audit on Equal Pay for Equal Work practices and the Human Rights Due Diligence Report are also published publicly.</p>	<p>https://www.fordotosan.com.tr/documents/Kurumsal_Politikalar/antetli_calisma-lkeleri-ve-etik-kurallari(1).pdf</p> <p>https://www.fordotosan.com.tr/en/sustainability/sustainability-reports</p> <p>https://www.fordotosan.com.tr/documents/Documents/Surd_Raporlari/human-rights-due-diligence-report.pdf</p> <p>https://www.fordotosan.com.tr/documents/Documents/ford-otosan-assurance-report-final-eng-hr_2022.pdf</p>	2023 Integrated Annual Report, Diversity, Equity and Inclusion Equal Pay for Equal Work
C1.5	Should disclose its policies regarding investments in employees (training and development policies), compensations, fringe benefits, unionization rights, work/ life balance solutions and talent management.	X				<p>Ford Otosan expressly states in its policies that it acts in accordance with global ethical principles in matters such as recruitment, promotions, career development, wages, benefits and diversity, offers its employees opportunities to develop their skills and potential, and ensures that the employees take regular breaks and leaves and establish a productive work-life balance.</p>	<p>https://www.fordotosan.com.tr/documents/Sertifikalar/antetli_human-rights-policy.pdf</p> <p>https://www.fordotosan.com.tr/documents/Kurumsal_Politikalar/antetli_calisma-lkeleri-ve-etik-kurallari(1).pdf</p>	

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

Corporate Governance Compliance Report

Corporate Governance Information Form

Corporate Governance Compliance Report

Sustainability Principles Compliance Statement

Legal Disclosures

Report on Related Party Transactions for 2023

STATEMENT OF RESPONSIBILITY

Declaration of Independence

FINANCIAL STATEMENTS

ANNEXES

	KAP TEMPLATE	COMPANY COMPLIANCE STATUS				DISCLOSURE RECOMMENDATIONS & REMARKS FOR FORD OTOSAN, POSSIBLE RESPONSES	RELATED REPORT/LINK	RELEVANT SECTION OF 2023 ANNUAL REPORT, PAGE NUMBER
		YES	NO	PARTIAL	N/A			
C1.5	Should determine dispute resolution processes through the establishment of mechanisms for resolution of employee complaints and disputes, and determine its dispute resolution processes.	X				<p>Ford Otosan does not tolerate any action in violation of the Code of Conduct and Ethical Rules or relevant policies, or behavior (mobbing, harassment and sexual harassment, etc.), that may endanger the safe and peaceful working environment. The ethics reporting received via the Ethics Line is carefully investigated, and if violation are detected, the necessary sanctions are imposed and corrective measures are implemented.</p> <p>The Ethics Coordinator is tasked with overseeing the implementation of the Whistleblowing Policy to the maximum, evaluating the decisions and actions of the Internal Audit and Ethics Committee, communicating their opinions, requests and suggestions to the Internal Audit and Ethics Committee, and advising the Board of Directors as needed.</p> <p>Ford Otosan’s Compliance Program and Disciplinary Committee are other tools deployed to ensure our employees’ compliance with company policies and procedures.</p>	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Ethics, Transparency, Internal Control and Internal Audit
C1.5	Regularly declares its activities aimed at employee satisfaction.	X				<p>Ford Otosan measures the maturity level of employee engagement and works on a new roadmap through surveys and focus group studies.</p> <p>Information on activities aimed at elevating employee satisfaction through programs such as social clubs, department-specific outdoor activities, and mindfulness club, etc. is disclosed in the Integrated Annual Report.</p>	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Employee Experience
C1.6	Should formulate and disclose its occupational health and safety policies.	X				<p>Ford Otosan identifies and monitors OHS risks and implements corrective measures in accordance with ISO 45001 Occupational Health and Safety certification.</p>	https://www.fordotosan.com.tr/documents/Documents/Surd_Raporlari/OccupationalPolicy.pdf https://www.fordotosan.com.tr/documents/Kurumsal_Politikalar/antetli_supply-chain-compliance-policy(1).pdf	2023 Integrated Annual Report, Occupational Health and Safety
	Should disclose actions and measures taken for protection of health and against occupational accidents, and occupational accident statistics.	X				<p>Ford Otosan identifies and monitors OHS risks and implements corrective measures in accordance with ISO 45001 Occupational Health and Safety certification. OHS incident statistics encompassing its employees and subcontractors are disclosed in the Integrated Annual Report.</p>	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	
C1.7	Should formulate and disclose to public its personal data protection and data security policies.	X					https://www.fordotosan.com.tr/documents/Politikalar/antetli_ford-otosan_personal-data-protection-and-processing-policy(1).pdf https://www.fordotosan.com.tr/documents/Kurumsal_Politikalar/information-security-policy.pdf	2023 Integrated Annual Report, Compliance Program

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

Corporate Governance Compliance Report

Corporate Governance Information Form

Corporate Governance Compliance Report

Sustainability Principles Compliance Statement

Legal Disclosures

Report on Related Party Transactions for 2023

STATEMENT OF RESPONSIBILITY

Declaration of Independence

FINANCIAL STATEMENTS

ANNEXES

	KAP TEMPLATE	COMPANY COMPLIANCE STATUS				DISCLOSURE RECOMMENDATIONS & REMARKS FOR FORD OTOSAN, POSSIBLE RESPONSES	RELATED REPORT/LINK	RELEVANT SECTION OF 2023 ANNUAL REPORT, PAGE NUMBER
		YES	NO	PARTIAL	N/A			
C1.8	Should formulate and disclose its ethics policy.	X				<p>Ford Otosan does not tolerate any action in violation of the Code of Conduct and Ethical Rules or relevant policies, or behavior (mobbing, harassment and sexual harassment, etc.), that may endanger the safe and peaceful working environment. The ethics reporting received via the Ethics Line is carefully investigated, and if violation are detected, the necessary sanctions are imposed and corrective measures are implemented.</p> <p>The Ethics Coordinator is tasked with overseeing the implementation of the Whistleblowing Policy to the maximum, evaluating the decisions and actions of the Internal Audit and Ethics Committee, communicating their opinions, requests and suggestions to the Internal Audit and Ethics Committee, and advising the Board of Directors as needed.</p> <p>Ford Otosan's Compliance Program and Disciplinary Committee are other tools deployed to ensure our employees' compliance with company policies and procedures.</p>	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports https://www.fordotosan.com.tr/documents/Kurumsal_Politikalar/antetli_ethics-and-whistleblowing-policy.pdf	2023 Integrated Annual Report, Ethics, Transparency, Internal Control and Internal Audit
C1.9	Should disclose initiatives focused on social investment, social responsibility, financial inclusion and access to finance.	X				<p>Ford Otosan works to shape the automotive industry and its future, while focusing on creating social benefit as a key objective with the belief that businesses thrive with their communities. Accordingly, the company has strived since its inception to create increasing value for its stakeholders since and to contribute to social development on a large scale, especially in the regions where it operates.</p>	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports https://www.fordotosan.com.tr/documents/Politikalar/community-investment-policy_exec_eng.pdf	2023 Integrated Annual Report, Community Investment Areas Community Investment Projects
C1.10	Should organize information meetings and training programs for employees with respect to ESG policies and applications.	X				<p>We regularly share our sustainability principles with our employees through mandatory training and other communications. Moreover, at the online Ford Otosan Leaders Meeting in 2023 open to all employees, the company's strategic priorities were discussed, emphasizing the strategic significance of sustainability for Ford Otosan.</p> <p>The internal Sustainability Ambassadors program was launched to elevate the knowledge levels and skills of Ford Otosan employees on sustainability.</p>	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Sustainability Management
C2. Stakeholders, International Standards and Initiatives								
C2.1	Should conduct its activities in sustainability field by taking into consideration the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public administrations, shareholders, communities and non-governmental organizations, etc.).	X				<p>With the Integrated Value Creation Model, Ford Otosan focuses on creating value for stakeholder groups in all its activities and seeks their opinions when determining its business strategy.</p> <p>Ford Otosan works in collaboration and partnership with various stakeholder groups, including investors, employees, dealers, public institutions, NGOs, and international organizations to create value in the social, environmental and sectoral fields. Dealers and suppliers are included in the corporate social responsibility projects as part of community investments. Appropriate communication methods are determined for each stakeholder group, which are reached as frequently as needed.</p>	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports https://www.fordotosan.com.tr/documents/Politikalar/community-investment-policy_exec_eng.pdf	2023 Integrated Annual Report, Community Investment Areas Value Creation Model

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

[Corporate Governance Compliance Report](#)

[Corporate Governance Information Form](#)

[Corporate Governance Compliance Report](#)

[Sustainability Principles Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party Transactions for 2023](#)

[STATEMENT OF RESPONSIBILITY](#)

[Declaration of Independence](#)

FINANCIAL STATEMENTS

ANNEXES

	KAP TEMPLATE	COMPANY COMPLIANCE STATUS				DISCLOSURE RECOMMENDATIONS & REMARKS FOR FORD OTOSAN, POSSIBLE RESPONSES	RELATED REPORT/LINK	RELEVANT SECTION OF 2023 ANNUAL REPORT, PAGE NUMBER
		YES	NO	PARTIAL	N/A			
C2.2	Should formulate and disclose its customer satisfaction policy dealing with management and resolution of customer complaints.	X				Within the scope its Customer Satisfaction Management policy, Ford Otosan has declared its commitment to providing its customers with free processes to communicate their problems, offering 24/7 accessible channels to express their opinions, ensuring that their personal information will not be used for purposes other than their intended purposes, and generating effective to the issues they have asked to be resolved.	https://www.fordotosan.com.tr/documents/Kurumsal_Politikalar/musteri_memnuniyeti_politikasi_en.pdf	
C2.3	Should handle stakeholder communications continuously and transparently, and disclose with which stakeholders, for which purposes, on which issues and in which frequency it communicates.	X					https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Stakeholder Communications
	Should disclose international reporting standards it has adopted.	X					https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, About the Report
C2.4	Should disclose the international organizations or principles it has signed or enrolled in.	X					https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, About the Report
C2.5	Should concretely endeavor to be included in the Borsa İstanbul Sustainability Index and international sustainability indices.	X				Ford Otosan endeavors to be included in the leading national and global sustainability indices, including Borsa İstanbul, or improve its performance therein, and discloses the indices in which it is listed.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, About the Report Sustainability Milestones
D. Corporate Governance Principles								
D.1	Should consult with stakeholders in determination of measures and strategies in sustainability field.	X				Ford Otosan has included the global trends concerning the automotive industry and the company's business strategy in its materiality analysis. As a result of the analysis, the material sustainability areas that Ford Otosan will focus on in the coming period have been identified. The Integrated Value Creation Model published in 2023 has been explained the Integrated Annual Report.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Material Sustainability Issues Value Creation Model
D.2	Should endeavor to raise awareness on sustainability and the importance thereof through social responsibility projects, awareness activities and trainings.	X				Ford Otosan works in collaboration and partnership with all stakeholder groups, including investors, employees, dealers, public institutions, NGOs, and international organizations to carry out social responsibility projects, awareness raising activities, and training programs to promote the topic of sustainability and its importance. Ford Otosan organizes Leader Webinars to elevate the knowledge levels and skills of its employees on sustainability and runs the Sustainability Ambassadors program. Ford Otosan also hosts a Sustainability Conference and online training sessions for its dealer and supplier business partners, disclosing this information in the Integrated Annual Report.	https://www.fordotosan.com.tr/en/sustainability/sustainability-reports	2023 Integrated Annual Report, Sustainability Management Supplier Sustainability Conference Dealer Culture

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

[Corporate Governance Compliance Report](#)

[Corporate Governance Information Form](#)

[Corporate Governance Compliance Report](#)

[Sustainability Principles Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party Transactions for 2023](#)

[STATEMENT OF RESPONSIBILITY](#)

[Declaration of Independence](#)

FINANCIAL STATEMENTS

ANNEXES

LEGAL DISCLOSURES

A. CAPITAL

Paid-in/Issued Capital:
TL 350,910,000

Registered Capital Ceiling:
TL 500,000,000

B. SHAREHOLDER STRUCTURE

Shareholder’s Title	Group	Number of Shares	Total Amount (TL)	Share in Capital (%)	Type of Privilege	Publicly Traded
Vehbi Koç Foundation	A	288,050,137	2,880,501	0.82%	–	No
Koç Holding Pension and Assistance Foundation	A	325,920,231	3,259,202	0.93%	–	No
Free Float	A	6,278,607,009	62,786,070	17.89%	–	Yes
A GROUP TOTAL		6,892,577,377	68,925,773	19.64%	–	
Koç Holding A.Ş.	B	13,563,130,447	135,631,304	38.65%	Management Privilege	No
Temel Ticaret ve Yatırım A.Ş.	B	235,588,500	2,355,885	0.67%	Management Privilege	No
B GROUP TOTAL		13,798,718,947	137,987,189	39.32%		
Ford Motor Company*	C	14,399,703,676	143,997,037	41.04%	Management Privilege	No
C GROUP TOTAL		14,399,703,676	143,997,037	41.04%		
TOTAL		35,091,000,000	350,910,000	100%		
* Ford Deutschland Holding GmbH: 100% owned by Ford Motor Company.						
The company does not grant privileged voting rights to any shareholders, while Group B and Group C shares have the privilege to nominate members to the Board of Directors. The relevant conditions are regulated in paragraph 15.3 of the Articles of Incorporation, available on the corporate website.						

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

[Corporate Governance Compliance Report](#)

[Corporate Governance Information Form](#)

[Corporate Governance Compliance Report](#)

[Sustainability Principles Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party Transactions for 2023](#)

STATEMENT OF RESPONSIBILITY

[Declaration of Independence](#)

FINANCIAL STATEMENTS

ANNEXES

List of Other Exchanges or Organized Markets where the Company’s Capital Market Instruments are Listed or Traded				
Type of Traded Instrument	First Trading Date	Country	Stock Exchange	Market
Stock	13/01/1986	Türkiye	Borsa İstanbul A.Ş.	Stars Board – Group 1
Ford Otosan Shares Listed in These Indices:				
BIST SUSTAINABILITY / BIST KOCAELİ / BIST METAL PRODUCTS, MACH. / BIST 30 / BIST 50 / BIST 100 / BIST ALL / BIST INDUSTRIALS / BIST STARS / BIST DIVIDEND / BIST DIVIDEND 25 / BIST CORPORATE GOVERNANCE				

D. ORGANIZATIONAL CHANGES IN THE REPORTING PERIOD

Pursuant to the resolution approved at the Ordinary General Assembly Meeting on March 9, 2023 regarding the election of the Board members, the Board roles were assigned at the Board of Directors meeting on March 10, 2023. Accordingly, Yıldırım Ali Koç was named the Chairman and James Kieran Vincent Cahill the Vice Chairman of the Board of Directors, effective March 10, 2023. The appointments were announced with a [material even disclosure](#) on March 10,2023.

Following the appointment of Serhan Turfan, who has served as Ford Trucks Leader since 2018, to a new position within Koç Group effective March 23, 2023, the Board of Directors resolved to appoint Ercan Emrah Duman, the Ford Trucks Tribe Leader (International), as Ford Trucks Leader effective March 23, 2023. The appointment was announced with a [material even disclosure](#) on March 17,2023.

Pursuant to the Capital Markets Board’s Corporate Governance Communiqué II-17.1., The Board of Directors resolved to make the following Committee appointments: Fatma Füsün Akkal Bozok ve Katja Windt as members in the Audit Committee; Fatma Füsün Akkal Bozok as Chair and Haydar Yenigün, William Richard Periam, Katja Windt and

Saibe Gül Ertuğ as members in the Corporate Governance Committee, which is also tasked with the duties of the Nomination Committee; Fatma Füsün Akkal Bozok as Chair and Haydar Yenigün and William Richard Periam as members in the Early Detection and Identification of Risk Committee; Fatma Füsün Akkal Bozok as Chair and Haydar Yenigün and James Kieran Vincent Cahill as members in the Remuneration Committee. The appointments were announced with a [material even disclosure](#) on April 5,2023.

Following the appointment of David Joseph Cuthbert Johnston, who has served as Ford Otosan Leader since 2019, to the position of Ford Otosan Leader (Batteries and Partnerships), responsible for managing the collaborations between Ford Motor Company and Ford Otomotiv Sanayi A.Ş., battery integration processes, and the growth strategies of Ford Otomotiv Sanayi A. Ş, effective May 1, 2023, Josephine Mary Payne, General Manager at Ford Otosan Romania S.R.L., was appointed as Ford Otosan Leader to replace him, effective the same date. The appointments were announced with a [material even disclosure](#) on April 14,2023.

Ian Robert Foston, the Vehicle Programs Tribe Leader in the Engineering and Technology Development Hub, was appointed as Engineering and Technology Development Leader, effective July 1, 2023 due to the incumbent Hasan

Kazım Burak Gökçelik’s retirement as of June 30, 2023. The appointment was announced with a [material even disclosure](#) on June 2,2023.

Subject to the approval of the first upcoming General Assembly, Ford Otosan Leader Josephine Mary Payne was appointed to Board of Directors membership, vacated by David Joseph Cutbert Johnston, serving as a Board member since his approval at the Ordinary General Assembly Meeting on March 9, 2023, who would be leaving his role on the Board due to a change of position within the Ford Motor Company organization, effective July 7, 2023. The appointment was announced with a [material even disclosure](#) on July 7, 2023.

Fikri Onur Sarıkaya, Quality Platform Area Leader, was appointed as Material Planning and Logistics Leader and Pınar Topçu, the Commercial Vehicles Project Leader, as Material Planning and Logistics Leader, both effective September 30, 2023. The appointments were announced with a [material even disclosure](#) on September 22, 2023.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

[Corporate Governance Compliance Report](#)

[Corporate Governance Information Form](#)

[Corporate Governance Compliance Report](#)

[Sustainability Principles Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party Transactions for 2023](#)

STATEMENT OF RESPONSIBILITY

[Declaration of Independence](#)

FINANCIAL STATEMENTS

ANNEXES

E. COMPANY ACTIVITIES AND MATERIAL DEVELOPMENTS
IN COMPANY OPERATIONS

Lawsuits with Material Impact on the Company’s Financial
Position and Activities and Their Potential Consequences

No lawsuits that could materially affect the company’s financial position and activities, including environmental, social and corporate governance practices, were filed against the Company within the reporting period.

Some Legislative Changes with Material Impact on the
Company’s Activities

There were no legislative changes that could materially impact the company’s activities within the reporting period.

Information on the transactions of the Members of
the Board of Directors with the Company on behalf of
themselves or others and their activities subject to the
Competition Ban

No such transaction has taken place.

Information on Special Audits of Public Audits within the
Reporting Period

The right to request a Special auditor is regulated by Article 438 of the Turkish Commercial Code. The article stipulates that every shareholder may request the General Assembly to clarify certain events – even if they are not included in the agenda – by way of a special audit, if doing so is necessary for exercising shareholders’ rights, provided that the right to obtain information or review has been previously exercised. To date, shareholders have not put in such a request. Furthermore, the Company has not undergone any public audits within the reporting period.

Conflicts of Interest Between the Company and Service Providers

The Company does not procure investment consultancy services from any firm. There has been no conflict of interest with the rating services firm.

Amendments to the Articles of Incorporation within
the reporting period

There were no amendments to the Articles of Incorporation in 2023.

Information on Subsidiaries and Affiliates with more
than 5% Direct Equity

Gembox Teknoloji Girişimleri A.Ş was established with 100% Ford Otosan capital to carry out research, development, consultancy, engineering and incubation activities and invest in companies and startups operating in these areas.

Ford Otosan Netherlands BV was founded with 100% Ford Otosan capital for the management of the Company’s Ford Trucks operations’ export market organization.

Rakun Mobilite A.Ş. was established with %100 Ford Otosan capital to develop and sell mobility products, technologies and solutions.

A memorandum of understanding has been signed to transfer the intellectual property and assets of Rakun Mobilite, including brand name, technology, equipment and all electric motorcycle operations, to a new company that will be established by Altınay Elektromobilite ve Enerji Teknolojileri Anonim Şirketi, Letven Capital, Devinno A.Ş. and Gembox A.Ş., a Ford Otosan subsidiary.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

[Corporate Governance
Compliance Report](#)

[Corporate Governance
Information Form](#)

[Corporate Governance
Compliance Report](#)

[Sustainability Principles
Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party
Transactions for 2023](#)

[STATEMENT OF
RESPONSIBILITY](#)

[Declaration of
Independence](#)

FINANCIAL STATEMENTS

ANNEXES

Investments in subsidiaries as of December 31, 2023 are listed below:				
	31 December 2023		31 December 2022	
Investments in subsidiaries	Ownership ratio (%)	Amount	Ownership ratio (%)	Amount
Gembox Teknoloji Girişimleri Anonim Şirketi	100	60,234	100	60,234
Rakun Mobilite A.Ş.	100	65,203	100	5,833
		125,437		66,067
These investments are carried at cost and are not included within the scope of consolidation since their financial statements do not have material impact on the financial statements of the Company. Ford Otosan Netherlands BV, a wholly-owned subsidiary of Ford Otosan, has been included within consolidation as of 2022 due to its acquisition of Ford Romania SRL on July 1.				

REPORT ON RELATED PARTY TRANSACTIONS FOR 2023

FORD OTOMOTİV SANAYİ A.Ş. BOARD OF DIRECTORS’ 2023 REPORT
ON RELATED PARTY TRANSACTIONS PREPARED PER ARTICLE 199 OF
THE TURKISH COMMERCIAL CODE

CONCLUSION

Pursuant to Article 199 of the Turkish Commercial Code no. 6102 (“TCC”), enacted on July 1, 2012, Ford Otomotiv Sanayi A.Ş. Board of Directors is obligated to annually prepare an affiliation report stating the relationship between the company and the parent company and other subsidiaries of that parent company in the first quarter of the year. The necessary explanations about all of the transactions of Ford Otomotiv Sanayi A.Ş., made with the relevant parties, are cited in note 27 to the financial statements. The Report prepared by Ford Otomotiv Sanayi A.Ş. Board of Directors on March 8, 2023 states, “In all transactions made between Ford Otomotiv Sanayi A.Ş. and the parent company and other subsidiaries of that parent company in 2023, it has been concluded that, in the event that the transactions were made, or the measures were taken or not taken, a counter action was applied to each transaction. There were no measures taken or not taken that caused losses to the company, and there were no transactions made or measures taken that required compensation within this frame.”

To access the Related Party Transactions Report, which provides information on the common and continuous transactions specified in CMB’s Corporate Governance Communiqué, please click here.

STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY PREPARED PER CMB’S FINANCIAL REPORTING
COMMUNIQUE SERIES NO: II-14.1., ARTICLE 9

BOARD OF DIRECTOR’S RESOLUTION REGARDING THE ANNUAL REPORT
RESOLUTION DATE: 08/03/2024
RESOLUTION NUMBER: 2024/08

As per CMB regulations; attached Annual Report for 2022 , prepared by Company management and audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. , that has been prepared under Turkish Code of Commerce and CMB’s Communiqué Series No: II.14.1 “Communiqué On Principles of Financial Reporting in Capital Markets” (“Communiqué”)

Within the framework of the information we have in our field of duty and responsibility in our company, Annual Report for 2023 which includes The Corporate Governance Compliance Report and the Corporate Governance Information Form and the explanations within the scope of the CMB’s Sustainability Principles Compliance Framework;

- Has been analyzed,
- To the best of our knowledge and in line with our Company roles and responsibilities, in all material respects, does not contain any untrue representations or any omissions that would lead to misleading conclusions as at disclosure date,
- To the best of our knowledge and in line with our Company roles and responsibilities, the Annual report prepared in line with the Communiqué, fairly reflect the Company’s progress and performance, financial position and possible significant risk and uncertainty,

and we hereby represent and state that we are responsible over the disclosures.

Best Regards,

FORD OTOMOTİV SANAYİ A.Ş.

Fatma Füsün Akkal Bozok
Audit Committee Member
(Independent Member)

Katja Windt
BoD Member
(Independent Member)

Saibe Gül Ertuğ
Finance Leader-CFO



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

[Corporate Governance
Compliance Report](#)

[Corporate Governance
Information Form](#)

[Corporate Governance
Compliance Report](#)

[Sustainability Principles
Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party
Transactions for 2023](#)

[STATEMENT OF
RESPONSIBILITY](#)

[Declaration of
Independence](#)

FINANCIAL STATEMENTS

ANNEXES

DECLARATION OF INDEPENDENCE

I hereby declare that I am a candidate for independent board membership at the Board of Di-rectors of Ford Otomotiv Sanayi A.Ş. (“Company”) under related regulations, Articles of Association of the Company and the criteria stated in Capital Markets Board’s (“CMB”) Com-muniqué on Corporate Governance. In that regard I also confirm that;

1. In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordi-nary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders.
2. In the last five years, I am not or have not been employed by as an executive having signif-icant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or ser-vices were provided,
3. My CV indicates that I have skills, knowledge and expertise relevant to the Company’s business and extensive experience to fulfill my duties as an independent board member,
4. After my election I will not work full time in a Turkish governmental or public institution, ex-cept for the faculty membership under relevant regulations,
5. I am a resident in Turkey under the Revenue Tax Law No.193 (“RTL”) dated December 31, 1960.
6. I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
7. I will dedicate enough time to follow up the activities of the Company and for the duly fulfill-ment of my responsibilities,
8. I will not be a candidate for the year 2024 at Tat Gıda, where I currently serve as an inde-pendent board member. Instead, for 2024, I will be a candidate for Otokar, Gözde Girişim Sermayesi Y.O., and Kocaer Çelik. Furthermore, if the public offering application is ap-proved, I will also be a candidate for Lila Kağıt San. ve Tic. A.Ş. Additionally, I will consider candidacy for Ford Otosan if my application for the seventh year is deemed appropriate by the CMB.I will not serve as an independent board member in more than three companies where either the company itself or the controlling shareholders holding management control of the company hold management control and serve as an independent board member in more than five companies traded on the stock exchange in total.
9. I am not registered in the name of any legal entity elected as a board member.

Fatma Füsün Akkal Bozok

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Ford Otomotiv Sanayi A.Ş. (“Company”) under related regulations, Articles of Association of the Company and the criteria stated in the Capital Markets Board’s Communique on Corporate Governance, except for the criteria of “qualifying as a Turkish resident under the Income Tax Law” and “not been on the board of the Company for more than six years within last ten years”. In that regard I also confirm that;

1. In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders.
2. In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided,
3. My CV indicates that I have skills, knowledge and expertise relevant to the Company’s business and extensive experience to fulfill my duties as an independent board member,
4. After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations,
5. I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
6. I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities,
7. In the last 10 years, I have not served as the Independent Board Member of Ford Otomotiv Sanayi A.Ş. more than 6 years.
8. I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul in total.
9. I am not registered in the name of any legal entity elected as a board member.

Katja Windt



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

[Corporate Governance Compliance Report](#)

[Corporate Governance Information Form](#)

[Corporate Governance Compliance Report](#)

[Sustainability Principles Compliance Statement](#)

[Legal Disclosures](#)

[Report on Related Party Transactions for 2023](#)

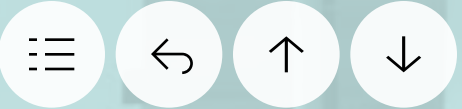
STATEMENT OF RESPONSIBILITY

[Declaration of Independence](#)

FINANCIAL STATEMENTS

ANNEXES

FINANCIAL STATEMENTS





To the General Assembly of Ford Otomotiv Sanayi A.Ş.

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Ford Otomotiv Sanayi A.Ş. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the “Ethical Rules”) the ethical requirements regarding independent audit in regulations issued by the POA; the regulations of the Capital Markets Board; and other relevant legislation are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor’s
Report](#)

ANNEXES

Key Audit Matters	How the key audit matter was addressed in the audit
Application of TAS 29 - Financial Reporting in Hyperinflationary Economies (Note 2.1)	
<p>The Group prepared the consolidated financial statements for the year ended as of 31 December 2023 in accordance with the announcement made by the Public Oversight Authority on 23 November 2023, applying TMS 29 “Financial Reporting in Hyperinflationary Economies” standard.</p> <p>TAS 29 requires financial statements to be restated into the current purchasing power at the end of the reporting period. Therefore, transactions in 2023 and non-monetary balances at the end of the period with prior year statements with comperative information were restated to reflect a price index that is current at the balance sheet date as of 31 December 2023. The implementation of TAS 29 leads to a change in several of the Company’s(Group’s) control activities pervasively related to financial reporting. The impact of TAS 29 is reliant upon a number of key judgements such as the relevant line items in the inventories were restated on a average basis depending on the level of fluctuation of the underlying transactions and rate of inflation. The preparation of financial statements using a current purchasing power approach requires a complex series of procedures and reconciliations to ensure accurate results.</p> <p>We considered the application of TAS 29 to be a key audit matter due to judgement applied in the restatement, high degree of complexity in calculation and the risk of the data used in the restatement being incomplete or inaccurate.</p>	<p>We obtained an updated understanding of the Group’s processes and accounting policies(and accounting for consolidated entities with different functional currencies,</p> <p>We gained an understanding and evaluated the relevant controls designed and implemented by management resulting from implementation of TAS 29,</p> <p>We determined whether the segregation of monetary and non-monetary items made by the management is in accordance with TAS 29,</p> <p>We obtained detailed listings of non-monetary items, and tested the original cost and dates of acquisition with supporting documentation, historical costs and purchase dates were tested with supporting documents, and the mathematical accuracy of the indexation was checked by sample-based and analytical methods,</p> <p>We evaluated the reasonableness of judgements used by management by comparing them with recognised practices and applying our industry knowledge and experience. We also checked if the judgements were used consistently in all periods,</p> <p>We tested the restatement of non-monetary items, the other comprehensive income, changes in equity and preparation of the cash flow with recognition of inflationary effects by checking the methodology and general price index rates used.</p>

Key Audit Matters	How the key audit matter was addressed in the audit
Cash Flow Hedge Accounting (Notes 2.3, 18 and 29)	
<p>Based on the manufacturing agreements with Ford Motor Company, the Group associates sales of specific models of commercial vehicles subject to export by the end of 2030 with long term loans denominated in Euros and borrowed for investments related to the manufacturing of such vehicles. Sales subject to the agreement are denominated in Euro and are affected by TRY/EUR exchange rate fluctuations. The Group hedges the foreign exchange rate risk against borrowings obtained in the Euro currency. Vehicle profit margins and sales volumes, which are the basis of the forward budget estimates used by the Group, affect cash flow risk hedge accounting.</p> <p>The cash flow hedge losses classified under equity as of 31 December 2023 amount to TRY18,700,475 thousand. This amount is material in terms of the consolidated financial statements. Cash flow hedge accounting is structurally complex, and its audit requires professional expertise. Calculation and recognition mistakes that might occur related to this subject could significantly affect the consolidated financial statements. Calculations made when testing the effectiveness of the Group’s cash flow hedges take into account important judgments and management estimations such as vehicle profits and sales volumes.</p> <p>Therefore, cash flow hedge accounting is a key matter for our audit.</p>	<p>We understood the recognition process of cash flow hedge transactions.</p> <p>With the support of our internal experts we tested the official definition and documentation of the risk management target and strategy, which causes the Group to hedge against cash flow risk, and vehicle profit margins and sales amounts, which are the basis of the forward-looking budget estimates used in the efficiency test, by comparing them with past performance and independent data sources.</p> <p>We checked the recovery probability of the Group’s future revenues for the loans that form the basis of cash flow hedging by comparing it with performance in previous years.</p> <p>We checked the sales numbers and prices of the vehicles subject to the cash flow hedge by comparing them with the budget approved by management.</p> <p>We reviewed repayment plans for the borrowings denominated in Euros by reviewing the loan agreements and obtaining bank confirmations. We checked to what extent monthly borrowing payments cover monthly sales.</p> <p>We assessed the sufficiency of the consolidated financial statement disclosures related to the cash flow hedge accounting in terms of TFRS.</p>



Key Audit Matters	How the key audit matter was addressed in the audit
Warranty Provisions (Notes 2.3 and 14)	
<p>The Group has warranty provisions amounting to TRY2,001,745 thousand as of 31 December 2023.</p> <p>The Group calculates the current period warranty provision based on the actual warranty expense per vehicle in the previous period and possibilities of return within warranty. The warranty cost per vehicle and possibilities of return is approved twice a year by management and is calculated for each vehicle model, based on the technical department’s experience and warranty claims in the past.</p> <p>This issue has been determined as a key audit matter since deviations in future estimates in the warranty provision calculation cause significant changes in the consolidated financial statements and significance of the provision amount.</p>	<p>We assessed and tested the effectiveness of the controls in the process of warranty provisions calculation.</p> <p>We confirmed that unit managers approve the unit cost estimations per vehicle. Using a sampling method, we tested unit costs with detailed tests.</p> <p>To test the data on which the estimations are based, the number of vehicles sold were compared to the sales reports. Sales reports were reconciled with the sale accounts.</p> <p>We tested warranty provisions, that became expenses during the period using the sampling method.</p> <p>We assessed the reasonableness of the actual warranty expenses considering the warranty provisions set aside in previous periods.</p> <p>We assessed the sufficiency of the consolidated financial statement disclosures related to warranty expenses in terms of TFRS.</p>

4. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

5. Auditor’s responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor’s report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.



Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor’s report on the early risk identification system and committee was submitted to the Company’s Board of Directors on 5 March 2024.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Ediz Günsel, SMMM
Independent Auditor

Istanbul, 5 March 2024

CONTENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	249
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS	251
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME	252
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	253
CONSOLIDATED STATEMENT OF CASH FLOWS	254
NOTES TO THE FINANCIAL STATEMENTS	255
NOTE 1. ORGANIZATION AND NATURE OF THE OPERATIONS	255
NOTE 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	255
NOTE 3. BUSINESS COMBINATIONS	272
NOTE 4. SEGMENT REPORTING	274
NOTE 5. CASH AND CASH EQUIVALENTS	274
NOTE 6. FINANCIAL INVESTMENTS	274
NOTE 7. FINANCIAL LIABILITIES	275
NOTE 8. TRADE RECEIVABLES AND PAYABLES	278
NOTE 9. OTHER RECEIVABLES AND PAYABLES	280
NOTE 10. INVENTORIES	281
NOTE 11. PROPERTY, PLANT AND EQUIPMENT	282
NOTE 12. INTANGIBLE ASSETS	284
NOTE 13. PREPAID EXPENSES	285
NOTE 14. PROVISION, CONTINGENT ASSETS AND LIABILITIES	286
NOTE 15. COMMITMENTS	288
NOTE 16. EMPLOYEE BENEFITS	289
NOTE 17. OTHER CURRENT ASSETS	290
NOTE 18. EQUITY	291
NOTE 19. REVENUE AND COST OF SALES	294
NOTE 20. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING EXPENSES, GENERAL ADMINISTRATIVE EXPENSES	295
NOTE 21. EXPENSES BY NATURE	296
NOTE 22. OTHER OPERATING INCOME/(EXPENSES)	296
NOTE 23. FINANCIAL INCOME	297
NOTE 24. FINANCIAL EXPENSES	297
NOTE 25. TAX ASSETS AND LIABILITIES	297
NOTE 26. EARNINGS PER SHARE	302
NOTE 27. RELATED PARTY DISCLOSURES	302
NOTE 28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT	309
NOTE 29. CASH FLOW HEDGE OPERATIONS	314
NOTE 30. INCOME AND EXPENSES FROM INVESTING ACTIVITIES	315
NOTE 31. DEFERRED INCOME	315
NOTE 32. OTHER NON-CURRENT LIABILITIES	315
NOTE 33. RIGHT OF USE ASSETS	316
NOTE 34. GOVERNMENT INCENTIVES AND GRANTS	316
NOTE 35. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND AFFILIATED COMPANIES	317
NOTE 36. ASSETS ARISING FROM CUSTOMER CONTRACTS	318
NOTE 37. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITORS	318
NOTE 38. SUBSEQUENT EVENTS	318



ABOUT THE REPORT
ABOUT FORD OTOSAN
INDUSTRY OVERVIEW AND TRENDS
VALUE CREATION JOURNEY
CORPORATE GOVERNANCE
FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
FUTURE. NOW FOR ENVIRONMENT
FUTURE. NOW FOR PEOPLE
FUTURE. NOW FOR COMMUNITY
GENERAL ASSEMBLY
RISKS AND OPPORTUNITIES
PERFORMANCE INDICATORS
CORPORATE STATEMENTS
FINANCIAL STATEMENTS
Financial Statements and Independent Auditor’s Report
ANNEXES

CONSOLIDATED STATEMENT
OF FINANCIAL POSITION AS AT
31 DECEMBER 2023 AND
31 DECEMBER 2022

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

	Notes	Current period audited 31 December 2023	Previous period audited 31 December 2022
Assets			
Current Assets		102,969,262	91,321,074
Cash and cash equivalents	5	15,224,502	16,666,305
Trade receivables			
- Due from related parties	27	25,257,720	30,740,214
- Due from third parties	8	20,331,968	11,855,162
Other receivables			
- Due from related parties	27	1,194,171	275,853
- Due from third parties	9	252,126	191,308
Assets arising from customer contracts	36	1,132,678	-
Inventories	10	29,352,289	23,274,992
Prepaid expenses	13	1,923,237	2,012,790
Other current assets	17	8,270,221	6,054,362
Derivative financial instruments	28,29	30,350	-
Current period tax related assets	25	-	250,088
Non-current assets		114,037,767	82,986,064
Financial investments	6	299,125	240,473
Trade receivables			
- Due from third parties	8	16,691	25,843
Other receivables			
- Due from related parties	27	9,875,598	1,899,969
Property, plant and equipment	11	57,197,468	47,915,268
Intangible assets			
- Other intangible assets	12	17,959,055	13,533,487
- Goodwill	3	819,059	830,359
Right of use assets	33	975,599	330,337
Prepaid expenses	13	13,400,547	12,626,944
Deferred tax assets	25	13,013,365	4,886,703
Investments in subsidiaries, joint ventures and affiliated companies	35	125,437	66,067
Derivative financial instruments	28,29	355,823	630,614
Total Assets		217,007,029	174,307,138

Financial statements for the period ended 1 January - 31 December 2023 were approved for issue by the Board of Directors on 5 March 2023. Financial statements will be finalized after the approval at the General Assembly.

The accompanying notes form an integral part of these consolidated financial statements.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor's
Report](#)

ANNEXES

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION AS AT
31 DECEMBER 2023 AND
31 DECEMBER 2022

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

	Notes	Current period audited 31 December 2023	Previous period audited 31 December 2022
Liabilities			
Current liabilities		94,133,906	76,202,568
Short-term borrowings			
- Bank borrowings	7	19,643,464	12,397,102
Short-term portion of long-term borrowings			
- Bank borrowings	7	14,146,163	9,258,827
- Lease liabilities	7	174,227	124,760
Trade payables			
- Due to related parties	27	9,849,195	7,463,230
- Due to third parties	8	42,715,846	42,209,644
Other payables			
- Due to related parties	27	625,617	120,563
- Due to third parties	9	1,003,574	1,091,104
Deferred income	31	585,395	317,295
Short-term provisions			
- Other short-term provisions	14	1,273,769	948,946
Employee benefit liabilities	16	4,042,846	2,069,031
Current tax liabilities	25	73,810	-
Derivative financial liabilities	28,29	-	202,066
Non-current liabilities		49,865,578	46,962,929
Long-term borrowings			
- Bank borrowings	7	30,440,768	29,947,565
- Lease liabilities	7	690,138	193,796
- Other long-term borrowings	7	10,660,273	10,557,194
Long-term provisions			
- Provision for employment termination benefits	16	1,843,046	3,114,599
- Other long-term provisions	14	1,374,942	1,296,493
Deferred income	31	3,759,095	908,708
Other non-current liabilities	32	-	8,962
Deferred tax liability	25	934,123	935,612
Derivative financial liabilities	28,29	163,193	-
Equity	18	73,007,545	51,141,641
Paid-in capital		350,910	350,910
Inflation adjustments on capital		5,820,922	5,820,922
Share premium		8	8
Other comprehensive income/(loss) not to be reclassified under profit or loss			
- Losses on remeasurements of defined benefit plans		(1,335,671)	(1,419,229)
Other comprehensive income/(loss) to be reclassified under profit or loss			
- Gains from financial assets measured at fair value through other comprehensive income		112,776	100,105
- Losses on cash flow hedges		(18,700,475)	(9,982,397)
- Foreign exchange risk differences		(617,602)	44,536
Restricted reserves		5,882,436	5,364,241
Retained earnings		32,438,572	23,132,618
Net profit for the period		49,055,669	27,729,927
Total liabilities and equity		217,007,029	174,307,138

The accompanying notes form an integral part of these consolidated financial statements.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor's
Report](#)

ANNEXES

CONSOLIDATED STATEMENTS
OF PROFIT OR LOSS
FOR THE YEARS ENDED
31 DECEMBER 2023 AND 2022

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

	Notes	Current period audited 1 January - 31 December 2023	Previous period audited 1 January - 31 December 2022
Continuing operations			
Revenue	19	411,905,593	322,556,451
Cost of sales (-)	19	(356,657,683)	(285,957,542)
Gross profit		55,247,910	36,598,909
Marketing expenses (-)	20	(6,863,905)	(5,246,165)
General administrative expenses (-)	20	(6,429,489)	(3,715,849)
Research and development expenses (-)	20	(5,308,883)	(2,851,293)
Other income from operating activities	22	15,853,675	6,476,919
Other expenses from operating activities (-)	22	(8,482,467)	(3,991,431)
Profit from operating activities		44,016,841	27,271,090
Income from investing activities	30	2,874,131	37,066
Expenses from investing activities (-)	30	(74,075)	(67,028)
Operating income before financial income/(expense)		46,816,897	27,241,128
Financial income	23	14,977,681	13,310,137
Financial expenses (-)	24	(29,924,999)	(21,411,810)
Net monetary position gains		15,558,754	6,307,616
Profit from continuing operations before tax		47,428,333	25,447,071
Tax income/(expense) from continuing operations		1,627,336	2,282,856
Tax expenses for the period (-)	25	(2,739,929)	(216,612)
Deferred tax income	25	4,367,265	2,499,468
Profit for the period		49,055,669	27,729,927
Earnings per share with a nominal value Kr	26	139.80 Kr	79.02 Kr



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor’s
Report](#)

ANNEXES

CONSOLIDATED STATEMENTS OF
OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED
31 DECEMBER 2023 AND 2022

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

	Notes	Current period audited 1 January - 31 December 2023	Previous period audited 1 January - 31 December 2022
Profit for the period		49,055,669	27,729,927
Other comprehensive income/(expense)			
Other comprehensive income not to be reclassified to profit or loss			
(Losses)/gains on remeasurements of defined benefit plans	18	104,448	(1,774,038)
Other comprehensive income taxes not to be reclassified to profit or loss			
Taxes relating to remeasurements of defined benefit plans	18	(20,890)	354,809
Other comprehensive income to be reclassified to profit or loss			
Gains/(losses) from financial assets measured at fair value through other comprehensive income	18	13,338	105,373
Other comprehensive income/(expense) relating to cash flow hedges	18,29	(12,852,506)	(1,792,830)
Exchange differences on translation	18	(662,138)	44,536
Other comprehensive income taxes to be reclassified to profit or loss			
Taxes relating to gains/(losses) from financial assets measured at fair value through other comprehensive income	18	(667)	(5,268)
Taxes relating to cash flow hedges	18,29	4,134,428	448,207
Other comprehensive income/(loss)		(9,283,987)	(2,619,211)
Total comprehensive income		39,771,682	25,110,716



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

Financial Statements and
Independent Auditor’s
Report

ANNEXES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS 31 DECEMBER 2023 AND 2022

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

	Other comprehensive income not to be reclassified in profit or loss			Other comprehensive income to be reclassified in profit or loss				Retained earnings			
	Paid in capital	Inflation adjustments on capital	Share premium	Gainss/(losses) on remeasurements defined benefit plans	Gain/(losses) from financial assets measured at fair value through other comprehensive income	Cash flows hedge reserves	Foreign exchange risk differences	Restricted reserves	Accumulated profit	Net profit	Total equity
Balances at 1 January 2022	350,910	5,820,922	8	-	-	(8,637,774)	-	4,029,207	14,034,815	23,821,859	39,419,947
Profit for the period	-	-	-	-	-	-	-	-	-	27,729,927	27,729,927
Other comprehensive income/(loss)	-	-	-	(1,419,229)	100,105	(1,344,623)	44,536	-	-	-	(2,619,211)
Total comprehensive income	-	-	-	(1,419,229)	100,105	(1,344,623)	44,536	-	-	27,729,927	25,110,716
Transfers	-	-	-	-	-	-	-	1,001,560	22,820,299	(23,821,859)	-
Dividends	-	-	-	-	-	-	-	333,474	(13,722,496)	-	(13,389,022)
Balances at 31 December 2022	350,910	5,820,922	8	(1,419,229)	100,105	(9,982,397)	44,536	5,364,241	23,132,618	27,729,927	51,141,641
Balances at 1 January 2023	350,910	5,820,922	8	(1,419,229)	100,105	(9,982,397)	44,536	5,364,241	23,132,618	27,729,927	51,141,641
Profit for the period	-	-	-	-	-	-	-	-	-	49,055,669	49,055,669
Other comprehensive income/(loss)	-	-	-	83,558	12,671	(8,718,078)	(662,138)	-	-	-	(9,283,987)
Total comprehensive income	-	-	-	83,558	12,671	(8,718,078)	(662,138)	-	-	49,055,669	39,771,682
Transfers	-	-	-	-	-	-	-	-	27,729,927	(27,729,927)	-
Dividends	-	-	-	-	-	-	-	518,195	(18,423,973)	-	(17,905,778)
Balances at 31 December 2023	350,910	5,820,922	8	(1,335,671)	112,776	(18,700,475)	(617,602)	5,882,436	32,438,572	49,055,669	73,007,545

The accompanying notes form an integral part of these consolidated financial statements.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and Independent Auditor’s Report](#)

ANNEXES

CONSOLIDATED STATEMENT OF
CASH FLOWS FOR THE YEARS ENDED
31 DECEMBER 2023 AND 2022

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

	Notes	Current period audited 31 December 2023	Previous period audited 31 December 2022
Cash flows generated from/(used in) operating		50,572,807	34,249,071
Net profit for the period		49,055,669	27,729,927
Adjustments to reconcile profit or loss		12,985,144	14,829,967
Adjustments for depreciation and amortisation expense	11, 12, 33	6,064,701	7,195,807
Adjustments for impairment loss of inventories	10	13,331	1,052
Adjustments for provisions related with employee		2,394,203	1,307,269
Adjustments for lawsuit and/or penalty provisions	14	94,143	94,303
Adjustments for warranty provisions	14	2,779,558	2,431,552
Adjustments for other provisions		295,265	(149,917)
Adjustments for dividend income	30	-	(9,034)
Adjustments for interest income	23	(3,277,477)	(1,238,078)
Adjustments for interest expense	24	5,641,892	1,959,951
Adjustments for tax expenses	25	(1,987,414)	(2,518,872)
Adjustments for unearned financing income	22	(4,010,617)	(1,472,421)
Adjustments for deferred financing expense	22	5,055,329	2,594,690
Adjustments for loss on sales of property, plant and equipment	30	64,552	38,996
Unrealized foreign currency translation differences	22	(1,202,480)	(2,125,562)
Other adjustments for which cash effects are investing or financing cash flow		10,633,656	12,812,021
Adjustments for monetary (gain)/loss		(9,573,498)	(6,091,790)
Changes in working capital		(6,992,075)	(5,548,011)
Increase/(decrease) in trade receivables		(3,439,237)	(7,567,720)
Increase/(decrease) in inventories		(6,090,628)	(2,389,744)
Increase/(decrease) in prepaid expenses		152,955	(1,013,642)
Increase/(decrease) in trade payable		3,192,191	8,751,788
Increase/(decrease) in other assets		(2,991,896)	(517,001)
Increase/(decrease) in other liabilities		2,184,540	(2,811,692)
Cash flows generated from operations		55,048,738	37,011,883
Interest paid		(4,601,252)	(2,520,225)
Interest received		3,710,593	1,278,104
Payments related with provisions for employee benefits	16	(458,119)	(70,389)
Payments related with other provisions		(1,423,185)	(1,191,210)
Taxes paid		(1,703,968)	(259,092)
Cash flows used in investing activities		(32,071,503)	(34,199,262)
Proceeds from sales of property, plant and equipment		885,329	9,935
Purchase of property, plant and equipment		(26,743,460)	(11,437,876)
Purchase of intangible assets		(5,316,997)	(1,733,185)
Cash advances given and payables		(837,005)	(7,872,105)
Dividends received	30	-	9,034
Cash outflows for payments to acquire control of subsidiaries	3	-	(13,153,976)
Cash outflows from capital increase/share purchase of subsidiaries		(59,370)	(21,089)
Cash flows (used in)/generated from financing activities		(8,570,744)	(6,342,711)
Proceeds from borrowings	7	29,759,166	42,342,286
Cash outflows related to borrowings	7	(18,445,446)	(34,567,093)
Dividends paid	18	(18,423,973)	(13,722,496)
Interest paid		(4,505,046)	(1,658,299)
Interest received		3,255,141	1,412,922
Cash outflows on debt payments from leasing agreements	7	(210,586)	(150,031)
Net (decrease) / increase in cash and cash equivalents before the effect of currency translation differences		9,930,560	(6,292,902)
Effect of monetary (loss) on cash and cash equivalents		(11,894,749)	(15,272,078)
Effect of foreign currency translation differences on cash and cash equivalents		500,050	41,266
Net (decrease)/increase in cash and cash equivalents		(1,464,139)	(21,523,714)
Cash and cash equivalents at the beginning of the period		16,657,928	38,181,642
Cash and cash equivalents at the end of the period	5	15,193,789	16,657,928

The accompanying notes form an integral part of these consolidated financial statements.



ABOUT THE REPORT
ABOUT FORD OTOSAN
INDUSTRY OVERVIEW AND TRENDS
VALUE CREATION JOURNEY
CORPORATE GOVERNANCE
FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
FUTURE. NOW FOR ENVIRONMENT
FUTURE. NOW FOR PEOPLE
FUTURE. NOW FOR COMMUNITY
GENERAL ASSEMBLY
RISKS AND OPPORTUNITIES
PERFORMANCE INDICATORS
CORPORATE STATEMENTS
FINANCIAL STATEMENTS
Financial Statements and Independent Auditor's Report
ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

1. ORGANIZATION AND NATURE OF THE OPERATIONS

Ford Otomotiv Sanayi A.Ş. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) is incorporated and manufactures, assembles and sells motor vehicles, primarily commercial vehicles, imports and sells passenger cars and manufactures and imports and sells spare parts of those vehicles. The company was established in 1959 and currently operates under the joint management and control of Koç Group and Ford Group companies. The Group is listed on the Borsa İstanbul (“BİST”) where 17.89% of its shares are currently quoted. The registered office address of the Group is Akpınar Mahallesi, Hasan Basri Cad. No: 2 Sancaktepe, İstanbul.

In its Kocaeli compound; the Group has a Gölcük plant in which the Transit and Transit Custom vehicles are manufactured and a Yeniköy plant in which the Transit Courier vehicle is manufactured and in its Eskişehir İnönü compound; a Ford Trucks truck and engines and powertrain plant which manufactures for trucks and Transit vehicles and Romania Craiova factory in which produces Puma and Ecosport model vehicles and Ecoboost engines. Holding activities related to foreign structuring are carried out in the partnership of the Group with Ford Otosan Netherlands BV in the Netherlands.

Additionally, the Group has a spare part distribution warehouse, sales and marketing departments and a research and development (R&D) centre located in Sancaktepe, İstanbul.

The number of the personnel employed with respect to categories by the Group as of period ends are as follows:

	Average		Period End	
	2023	2022	2023 December	2022 December
Hourly	17,558	13,223	18,363	16,144
Salaried	4,881	4,029	5,338	4,767
	22,439	17,252	23,701	20,911

As of 31 December 2023, research and development operations which are also subject to service export is conducted with 2,298 employees (31 December 2022: 2,089).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial reporting standards

The Group maintain its legal books of account and prepare their statutory financial statements (“Statutory Financial Statements”) in accordance with accounting principles set by the CMB issued by the Turkish Commercial Code (“TCC”) and tax legislation.

The financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards, (“TFRS”) and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) in line with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board of Turkey (“CMB”) on June 13, 2013 which is published on Official Gazette numbered 28676.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

Financial Statements and
Independent Auditor’s
Report

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

Subsidiaries operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations applicable in the countries in which they operate. The condensed consolidated financial statements have been prepared on the historical cost basis, except for the revaluations arising from the differences between the book value and the fair value of the derivative instruments and financial investments that are expressed at fair value, and tangible and intangible assets that arise during business combinations.

Financial reporting in hyperinflationary economy

The Group has prepared its consolidated financial statements for the year ended December 31, 2023 in accordance with the provisions of TAS 29 “Financial Reporting in Hyperinflation Economies,” based on the announcement made by the Public Oversight, Accounting and Auditing Standards Authority (POA) on November 23, 2023, and the “Implementation Guide on Financial Reporting in Hyperinflation Economies” published by POA. According to this standard, financial statements prepared in the currency of a high inflationary economy are stated in terms of the purchasing power of that currency at the balance sheet date and comparative information of the previous period financial statements is also presented in the current measurement unit at the end of the reporting period for comparison purposes. Therefore, the Group has presented its consolidated financial statements as of December 31, 2022 based on the purchasing power as of December 31, 2023.

In accordance with the decision numbered 81/1820 dated December 28, 2023 by the Capital Markets Board of Turkey (CMB), it has been decided to apply inflation accounting by applying the provisions of TAS 29 starting from the annual financial reports of issuers subject to the financial reporting regulations applying Turkish Accounting/Financial Reporting Standards and capital market institutions for the fiscal periods ending December 31, 2023.

The adjustments made in accordance with TAS 29 were made using the adjustment coefficients derived from the Consumer Price Index (“CPI”) published by the Turkish Statistical Institute (“TSI”). As of December 31, 2023, the indices and adjustment coefficients used in the adjustment of consolidated financial statements are as follows:

Date	Index	Correction Coefficient	Three-Year Compound Inflation Rate
31 December 2023	1,859.38	1.00000	%268
31 December 2022	1,128.45	1.64773	%156
31 December 2021	686.95	2.70672	%74

The main elements of the adjustment process carried out by the Group for financial reporting in hyperinflation economies are as follows:

- Consolidated financial statements for the current period prepared in Turkish Lira (TRY) are stated in terms of the purchasing power at the balance sheet date, and the amounts for previous reporting periods are also adjusted to reflect the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are already stated in terms of the current purchasing power at the balance sheet date. When the inflation-adjusted values of non-monetary items exceed their recoverable amounts or net realizable values, the provisions of TAS 36 and TAS 2 are applied accordingly.
- Non-monetary assets and liabilities, as well as equity items not stated in terms of the current purchasing power at the balance sheet date, are adjusted using the respective adjustment coefficients.
- All items in the comprehensive income statement, excluding those affecting non-monetary items in the balance sheet, have been indexed using coefficients calculated based on the periods in which income and expense accounts were initially recognized in the financial statements.

The impact of inflation on the Group’s net monetary asset position for the current period is recorded in the consolidated income statement under the account of net monetary position loss.

Functional Currency and Financial Statement Presentation Currency

Each item in the financial statements of the companies within the group is accounted for using the currency that is functional in the basic economic environment in which the companies operate (“functional currency”). Consolidated financial statements are represented in Ford Otomotiv San. A.Ş.’s current financial statement presentation currency of the Group, Turkish Lira.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor’s
Report](#)

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

Financial Statements of Subsidiaries Operating in Foreign Countries

Financial statements of Subsidiaries operating in foreign countries have been prepared in accordance with TAS/TFRS published by POA, reflecting the necessary adjustments and classifications in order to make the correct presentation. The assets and liabilities of the related foreign partnerships are translated into Turkish Lira using the foreign exchange rate, income and expense average exchange rate at the balance sheet date. Currency differences resulting from the use of closing and average exchange rates are accounted for under the foreign currency translation differences item in shareholders’ equity.

Consolidation Principles

- (a) Consolidated financial statements are prepared by the parent company Ford Otomotiv San. A.Ş. and its Subsidiaries, prepared according to the principles set forth in items (b) to (d) below. During the preparation of the financial statements of the companies included in the consolidation, necessary adjustments and classifications were made in terms of compliance with the TAS/TFRS, which was put into effect by the POA in accordance with the provisions of the Communiqué Serial II, No. 14.1, and compliance with the accounting policies and presentation formats applied by the Group.
- (b) Subsidiaries, Ford Otomotiv San. A.Ş. means companies in which it is exposed to or has rights to variable returns due to its relationship with the investee, and over which it has control because it has the ability to affect these returns through its power over the investee.
- (c) Subsidiaries are included in the scope of consolidation from the date on which control over their operations is transferred to the Group and are excluded from the scope of consolidation on the date that control ceases.

Financial position statements and profit or loss statements of Subsidiaries are consolidated using the full consolidation method and Ford Otomotiv San. A.Ş.’s registered values and shareholders’ equity of the Subsidiaries are mutually offset. Intra-group transactions and balances between the Group and Subsidiaries are deducted during consolidation. The book values of the shares owned by the Group and the dividends arising from them have been netted off from the related equity and profit or loss statement accounts.

As of 31 December 2023 and 31 December 2022, Ford Otomotiv San. A.Ş.’s direct and indirect voting rights and effective shareholding ratios (%) and functional currencies according to the countries of operation are shown below:

	Financial currency	31 December 2023		31 December 2022	
		Suffrage	Effective partnership rate	Suffrage	Effective partnership rate
Ford Romania SRL(Note3)	Romanian Leu	100.00	100.00	100.00	100.00
Ford Otosan Netherlands BV (Not 35)	EUR	100.00	100.00	100.00	100.00

- (d) Financial assets at fair value through other comprehensive income for which the Group has less than %20 of the total voting rights or for which the Group has no significant influence and which have quoted market prices in active markets and whose fair value can be reliably calculated. are reflected in the consolidated financial statements at their fair values.

Going concern

The consolidated financial statements of the Group are prepared on the basis of a going concern assumption.

Comparatives of prior periods’ financial statements

The financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. The statement of financial position of the Group at 31 December 2023 has been provided with the comparative financial information of 31 December 2022 and the statement of profit or loss, the statement of other comprehensive income, the statement of cash flows and the statement of changes in equity for the interim period between 1 January - 31 December 2023 have been provided with the comparative financial information, for the period between 1 January - 31 December 2022.

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Amendments and interpretations in the standards

The new standards, amendments, and interpretations

The Group has applied the new and revised standards and interpretations issued by the POA as of 1 January 2023 and related to its own activity.

a. Standards, amendments, and interpretations applicable as of 31 December 2023

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. This change has no impact on the financial position and performance of the Group.

Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction; effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. This change has no impact on the financial position and performance of the Group.

Amendment to IAS 12 - International tax reform; The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. This change has no impact on the financial position and performance of the Group.

IFRS 17, ‘Insurance Contracts’; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts. This change has no impact on the financial position and performance of the Group.

Additionally, in the letter dated 06.04.2023 sent by the Public Oversight, Accounting and Auditing Standards Authority (POA) to the Association of Insurance, Reinsurance and Pension Companies of Turkey, it was stated that the application of IFRS 17 in the consolidated and individual financial statements of insurance and reinsurance companies, pension companies, banks with investments in these companies, and other companies with investments in these companies, starting from 01.01.2024 would be appropriate. This change does not have an impact on the Group’s financial position and performance.

b. Standards, amendments, and interpretations applicable as of 31 December 2023

Amendment to IFRS 16 – Leases on sale and leaseback; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. This change has no impact on the financial position and performance of the Group.

Amendment to IAS 1 – Non-current liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. This change has no impact on the financial position and performance of the Group.

Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements; effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis. This change has no impact on the financial position and performance of the Group.

Amendments to IAS 21 - Lack of Exchangeability; effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. This change has no impact on the financial position and performance of the Group.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor’s
Report](#)

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Amendments and interpretations in the standards (Continued)

IFRS S1, ‘General requirements for disclosure of sustainability-related financial information’; effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.This change has no impact on the financial position and performance of the Group.

IFRS S2, ‘Climate-related disclosures’; effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

According to Board Decision of Public Oversight, Accounting and Auditing Standards Authority (POA) published in the Official Gazette dated December 29, 2023, it has been announced that certain enterprises will be subject to mandatory sustainability reporting as of January 1, 2024. Within the scope of the “*Board Decision on the Scope of Application of Turkey Sustainability Reporting Standards (TSRS) Implementation,*” dated January 5, 2024, businesses falling under the scope of sustainability reporting are identified. This change does not have an impact on the Group’s financial position and performance.

2.3 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents include cash on hand, deposits at banks and highly liquid short-term investments, with maturity periods of less than three months, which has insignificant risk of change in fair value (Note 5).

Trade receivables, provision for impairment and expected credit losses

Trade receivables as a result of providing goods or services by the Group directly to a debtor are carried at amortized cost. Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant. Foreign exchange gain/loss and credit finance income of trade receivables are classified under “*other operating income/expense*”.

The Group uses a provisioning matrix to measure the expected credit losses on trade receivables. Depending on the number of days the maturities of trade receivables are exceeded, certain maturity ratios are calculated, and these ratios are reviewed at each reporting period and revised where necessary. In the calculation of expected credit losses, the Group takes into account past credit loss experience as well as forecasts for the future. Expected credit losses are accounted for under “*other income / expense from operating activities*” in the income statement.

The Group measures the allowance for trade receivables at an amount equal to the “*expected life-time credit losses*” (except for realized impairment losses) where the trade receivables are not impaired for some reason. Expected credit losses are a weighted estimate of the likelihood of credit losses over the expected life of a financial instrument

The Group collects receivables arising from domestic vehicles and spare parts sales through the “*Direct Debit System*” (DDS). Within this system which is also named as Direct Collection System; the contracted banks warrant the collection of the receivables within the limits granted to the dealers. Trade receivables are transferred by the contracted banks to the Group’s bank accounts at the due dates (Notes 8 and 27).

Inventories

Inventories are valued at the lower of cost or net realizable value. The cost of inventories is determined on the moving monthly average basis. Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads and exclude the cost of borrowing. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Idle time expenses arising from the ceases in production other than planned in the factory’s annual production plan are not associated with inventories and are recognized as cost of sales (Note 10).



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor’s
Report](#)

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Trade payables

Trade payables are recognized at initial cost and subsequently measured at amortized cost using effective interest rate method (Notes 8 and 27). Foreign exchange gain/loss and credit finance charges of trade payables are classified under “other operating income/expense”.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets.

The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

Land improvements	14,5- 30 years
Buildings	14,5- 36 years
Machinery and equipment	5- 25 years
Moulds and models	Project Lifetime
Furniture and fixtures	4- 14,5 years
Motor vehicles	9- 15 years

Land is not depreciated as it is deemed to have an indefinite useful life.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in income/expense from investing activities. Repair and maintenance expenses are charged to the statement of profit or loss as they are incurred. Repair and maintenance expenditures are capitalized if they result in an enlargement or substantial improvement of the respective asset (Note 11).

Intangible assets

Intangible assets comprise computer software, rights, leasehold improvements and development costs.

Intangible assets are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over a period depending on the project’s lifetime.

Development costs, comprising of engineering design incurred for the production of new commercial vehicles, are capitalized as discussed in Note 2 Research and development expenses (Note 12).

The estimated useful lifetimes of such assets are as follows:

Rights	3- 5 years
Capitalized improvement expenses	Project Lifetime
Other intangible assets	5 years
Customer contracts	22 years



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

Financial Statements and
Independent Auditor’s
Report

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Impairment of long-lived assets

All assets are reviewed for impairment losses including property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset’s net selling price and value in use.

Impairment losses are recognized in the statement of profit or loss. Impairment losses are recognized in the statement of profit or loss. Impairment losses on assets can be reversed, to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded.

Financial assets

Classification and Measurement

The Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value though other comprehensive income, financial assets carried at fair value though profit of loss, Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

“Financial assets carried at amortized cost”, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost.

The Group’s financial assets carried at amortized cost comprise “trade receivables” and “cash and cash equivalents” in the statement of financial position. The aforementioned assets are initially measured at fair values and measured at amortized cost using the effective interest rate method in subsequent reporting Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in the income statement.

“Financial assets carried at fair value through profit or loss”, they consist of financial assets that are measured at amortized cost and whose fair value changes are reflected in other comprehensive income. Gains and losses arising from the valuation of such assets are recognized in the income statement.

“Financial assets carried at fair value through other comprehensive income”, are the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on the related financial assets are recognized in other comprehensive income, except for impairment losses or gains or losses. If the assets whose fair value difference is recognised under consolidated other comprehensive income statement are sold, valuation differences classified under consolidated other comprehensive income statement are classified under “Retained Earnings/(Losses)”

The group, at initial recognition, an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument. If an entity makes the election, it shall recognize in profit or loss dividends from that investment.

Share premium

Share premium represents differences resulting from the sale of the Group’s subsidiaries and associates’ shares at a price exceeding the face values of those shares or differences between the face values and the fair value of shares issued for acquired companies.

Share capital and dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which they are declared. Dividends payable is recognized as an appropriation of profit in the period in which they are declared (Notes 18 and 30).



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor’s
Report](#)

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Taxes on income

The tax liability on profit or loss for the period includes current tax and deferred tax.

Current period income tax

Current year tax liability consists of tax liability on the taxable income calculated according to currently enacted tax rates and to the effective tax legislation as of statement of financial position date.

Deferred tax

Deferred income tax is provided, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax bases of assets and liabilities comprise of the amounts that will affect the future period tax charges based on the tax legislation. Currently enacted tax rates, which are expected to be effective during the periods when the deferred tax assets will be utilized or deferred tax liabilities will be settled, are used to determine deferred income tax.

Deferred tax liability is calculated on all taxable temporary differences whereas deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporarily differences can be utilized. Carrying values of deferred tax assets are decreased to the extent necessary if future taxable profits are not expected to be available to utilize deferred tax assets partially or fully.

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities (Note 25).

Current and deferred tax

Current and deferred taxes except those which are either related to the items directly recognized in the equity as receivable or payable (which, in such cases, the deferred tax regarding the related items is also recognized directly in the equity) or those which result from the initial recognition of an enterprise merger are recognized as income or loss in the income statement.

Revenue recognition

The Group adopted which proposes a five-step model framework mentioned below for recognizing the revenue.

- Identification of customer contracts,
- Determination of performance obligations in contracts,
- Determination of transaction price in the contract
- Allocating the transaction price to the performance obligations in the contracts,
- Recognition of revenue when the performance obligations are fulfilled.

The Group recognized revenue from its customers only when all of the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- Group can define the rights of each party regarding the goods or services to be transferred,
- Group can identify the payment terms for the goods or services to be transferred,
- The contract has commercial substance,
- It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

Financial Statements and
Independent Auditor’s
Report

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Goods & services sales

Revenue comprises the invoiced value for the sale of goods and services. Revenues are recognized on an accrual basis at the fair values incurred or to be incurred when the goods are delivered, the risks and rewards of ownership of the goods are transferred, when the amount of revenue can be reliably measured, and it is probable that the future economic benefits associated with the transaction will flow to the entity.

For domestic vehicle and spare parts sales, significant risk and rewards are transferred to the buyer when goods are delivered and received by the buyer or when the legal title is passed to the buyer. But if the Group makes a sales agreement with buyback commitment, which shall most likely be applied, the sales made in this scope are not recognized as revenue and monitored under “Other Non-Current Liabilities” (Note 32). Sales, which are subject to buyback commitment, are evaluated as operating lease and monitored as deferred income through allocating the difference between the price paid by the customers and their buyback price to leasing period (Note 31).

The revenue recognised on lease revenue for the periods over 1 year is recognized as “Long-term deferred revenue” (Note 31).

The vehicles with repurchase commitments are classified in tangible assets (Note 11). The vehicles are amortised during the repurchase commitment period. For export sales significant risk and rewards in foreign vehicle sales to Ford Motor Company are transferred to the buyer on FAS, “Final Assignment to Ship” terms. Revenue is recorded when the vehicles ready for sale are matched with ship shipments and invoices. Exported service sales are recorded when the service is delivered and the amount of revenue can be measured reliably.

Net sales represent the invoiced value of goods shipped less sales returns. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on an accrual basis (Notes 19, 22).

When another party is involved in providing goods or services to a customer, the group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself or to arrange for the other party to provide those goods or services. The Group is a principal if it controls a promised good or service before the Group transfers the good or service to a customer. When a Group that is a principal satisfies a performance obligation, it recognizes as revenue the gross amount of consideration which it expects to be entitled to in exchange for those goods or services. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party.

Grup, edim yükümlülüğü belirlenmiş mal veya hizmetin diğer taraflarca temin edilmesine aracılık etmekse ise vekil durumundadır ve söz konusu edim yükümlülüğü için hasılatı finansal tablolara yansıtmaz.

Grup, performans sonuçları doğrultusunda bayilerine kota ve teşvik prim ödemeleri yapmaktadır. Bu ödemeler için bilanço tarihi itibarıyla hesaplanan tutarlar bilançoda diğer borçlar hesabına, kâr veya zarar tablosunda satış indirimleri olarak hasılat hesabına kaydedilmektedir.

Ürünler ile birlikte Grup’un müşterilerine verdiği, satılan araca göre süreleri 2-3-4 yıl arası değişen yasal garanti taahhütleri vardır. Bu yasal garanti taahhütleri kanunlar tarafından zorunlu kılınan, üründen bağımsız olarak bir fiyatı olmayan ve bağımsız olarak satılamayan taahhütler olup ürün satışından ayrı bir ürün veya hizmet olarak değerlendirilmemektedir.

Revenue from extended warranty and maintenance package

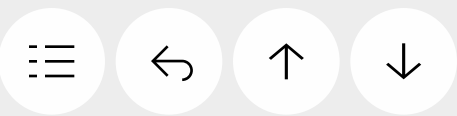
The Group sells extended warranty to its customer for the period after the termination of legal warranty provided for all goods. The price of extended warranty and maintenance package are determined separately from the price of the goods and it is a separate performance obligation in the contract. Therefore, the Group treats the service that will be provided due to the sale of extended warranty as a separate performance obligation.

The Group determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. The Group delivers the control of services related to the sale of extended warranty and maintenance packages over time and it fulfills the performance obligation of those over time. Therefore, Group measures the delivery status of its performance obligation and recognize revenue in the consolidated financial statements accordingly.

Dividend and interest income

Dividend income from the stock investments are recorded when the stockholders become entitled to receive a dividend.

Interest income is realized on a time period basis and the accrued income is determined by taking into account the valid interest rate and the interest rate that is to be effective until its maturity date.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor’s
Report](#)

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Foreign currency transactions and balances

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TRY at the Central Bank of Turkey exchange rates prevailing at the statement of the financial position dates. Foreign currency exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized under the other operating income/expenses and financial income/expense in the statement of profit or loss (Note 22, 23, 24 ve 28).

Financial instruments and financial risk management

Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. All trade receivables are due mainly from dealers and related parties. The Group has established effective control procedures over its dealers and the credit risk arising from transactions with such dealers is regularly monitored by management and the aggregate risk to any individual counterparty is limited. The Group covered its credit risk from domestic vehicle sales to dealers by setting credit limits for dealers through arranged banks and collects its trade receivables from banks at the due date through the use of Direct Debit System. The use of DDS for receivables from dealers is an effective way to decrease the credit risk.

Bank letters of collaterals received from dealers for the exceeding part of DDS limit, regarding domestic vehicle sales and spare part sales is another method in the management of the credit risk (Note 8).

Most of the foreign sales are made to Ford Motor Company and its subsidiaries. Conditions are specified in the business agreements with Ford Motor Company. Receivables from Ford Motor Company and its subsidiaries are collected in 14 days, Ford Romania SRL is 30 days for export vehicle sales regularly. Receivables from Ford Motor Company and its subsidiaries, except vehicle sales, are collected in 45 days in average. The collection of receivables resulting from export sales to customers other than Ford Motor Company is secured with letter of credit, letter of guarantee or cash payment.

Price risk

The Group is exposed to equity securities price risk because of investments classified on the statement of financial position as financial assets at fair value through other comprehensive income. The Group limits the financial assets at fair value through other comprehensive income in order to manage the price risk arising from investments in equity securities.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The risk of funding current and future debt requirements is managed by having an adequate number of quality loan providers constantly available. The Group management keeps cash, credit commitment and factoring capacity to maintain 21 days cash outflows to manage the liquidity risk. The Group maintains a credit commitment amounting to EUR100 million and factoring agreement amounting to EUR120 million in case a requirement for use arises.

Interest rate risk

Management uses short-term interest bearing financial assets to manage the maturities of interest bearing assets and liabilities The Group makes limited use of interest rate swaps, to hedge its floating rate borrowings, if needed.

Capital risk management

The Groups’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the “*net financial debt to earnings before interest tax and depreciation*”. This ratio is calculated as net financial debt divided by EBITD (earnings before interest tax and depreciation) of four quarters. Net financial debt is calculated as total short and long-term borrowings minus cash and cash equivalents. Group management, this ratio is expected not to exceed 3.5.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

Financial Statements and
Independent Auditor’s
Report

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

	31 December 2023	31 December 2022
Net financial debt	60,530,531	45,812,939
EBITDA (*)	50,729,839	34,630,127
Net financial debt / EBITDA (*)	1.19	1.32

(*) EBITDA (Earnings before tax depreciation and interest) covering the last four quarters). The EBITDA amount also includes the straight-line expenses of the fixed assets that the Group rented to Ford Motor Company under financial leasing method in accordance with TFRS 16 and classified from its tangible assets to other receivables from related parties.

Fair value of financial instruments

The Group measures derivatives and financial assets whose fair value changes reflected into other comprehensive income at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Financial assets

Foreign currency balances are translated into TRY at the exchange rates prevailing at the balance sheet date. These balances are estimated to be close to the book value. Certain financial assets, including cash and cash equivalents, are carried at cost and are considered to approximate their respective carrying values due to their short-term nature. The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

Financial liabilities

Bank borrowings are recorded over their fair value of which the transaction costs are discounted. In the following periods, they are evaluated and recognized with their discounted costs by using the effective rate of interest method. The fair values of other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor’s
Report](#)

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Cash flow hedge accounting

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group.

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as “hedging reserves”. Where the forecasted transaction or firm commitment results in the recognition of a non-financial asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the income statement in the period in which the hedged firm commitment or forecasted transaction affects the income statement. If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

The Group has entered into swap transactions in order to manage its interest rate risk. Swap transactions are initially recognized at fair value on the date the derivative contract is entered into and subsequently remeasured at fair value. The fair value of interest swap contracts is determined by using valuation methods based on observable data in the market.

Derivative instruments are initially recognized at the transaction cost reflecting the fair value at the date of the contract is entered into and are subsequently measured at fair value. Derivative financial instruments are recognized as assets if the fair value is positive and as liabilities when the fair value is negative. The fair value differences of the Group are reflected in derivative financial instruments and consist of forward foreign currency purchase and sale contracts. Fair value is determined using valuation methods based on observable market data.

Borrowings and borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortized cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings (Note 7). With respect to assets which take long time to get ready for use and sale, borrowing costs related to production or construction are integrated to the cost of the asset. The borrowing costs include other costs incurred due to borrowing and interest.

Provision for employee benefits

a) Defined benefit plan

Provision for employee benefits represent the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees or reasons except for resignation and behaviours stated in labour law, calculated in accordance with the Turkish Labour Law (Note 16). According to the amendments on TAS 19 “Employee Benefits”, the actuarial (gain)/loss of employee benefits are recognized under other comprehensive income.

b) Defined contribution plan

The Group is obliged to pay social insurance contributions to the Social Security Institution. No other obligation exists as long as the Group pays these premiums. These premiums are reflected to the personnel expenses when they are accrued (Note 16).

c) Other employee benefit

Long- term provisions for employee benefits” are composed of the unused vacation days accrued in the period incurred and if the impact is material, it is also discounted.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

Financial Statements and
Independent Auditor’s
Report

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the provision amount decreases, in the case of an event occurring after the provision is accounted for, the related amount is classified as other income in the current period.

Provisions for sales premium

Provision for dealer stock sales premium expenses is accounted based on the last approved sales premium programme (Note 14).

Warranty provisions

Warranty expenses are recognized on an accrual basis for amounts estimated based on prior periods’ realization. The Group has reclassified warranty reserves to be expected to be realized in one year as current provision (Note 14).

Research and development expenses

Research expenditure is recognized as an expense as incurred. Costs, except for listed below are classified as development expenditures and recognized as expense as incurred:

- If the cost related to the products can be defined and only if the cost can be measured reliably,
- If the technological feasibility can be measured
- If the good will be sold or will be used within the Group,
- If there’s a potential market or can be proved that it is used within the Group,
- If necessary technological, financial and other resources can be provided to complete the project.

Development costs previously recognized as expense are not recognized as an asset in a subsequent period. Development costs that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis over the project lifetime. Impairment test for the assets is performed annually within the recognition period of the development expenditures in progress (Note 12).

Related parties

Parties are considered related to the group (reporting entity) if;

(a) A person or close member of thats person’s family is related to a reporting entity:

If that person,

- (i) has control or joint control over the reporting entity,
- (ii) has significant influence over the reporting entity or,
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

Financial Statements and
Independent Auditor’s
Report

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

- (b) An entity is related to a reporting entity if any of the following condition applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party,
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.,
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The Group defines its key management personnel as board of directors’ members, general managers, assistant general managers and directors reporting directly to the general manager (Note 27).

Earnings per share

Earnings per share disclosed in the statement of profit or loss are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related year concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“*bonus shares*”) to existing shareholders from retained earnings and the revaluation surplus. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year (Note 26).

Reporting of cash flows

In the statement of cash flows, cash flows during the period are classified under operating, investing or financing activities.

The cash flows raised from operating activities indicate cash flows due to the Group’s operations.

The cash flows due to investing activities indicate the Group cash flows that are used for and obtained from investments (investments in property, plant and equipment and financial investments).

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment. Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and highly liquid assets with less than three months to maturity (Note 5).

Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the financial statements and treated as contingent assets or liabilities (Note 14).

Subsequent events

Subsequent events and announcements related to net profit or even declared after other selective financial information has been publicly announced; include all events that take place between the statement of financial position date and the date when the statement of financial position is authorized for issue. In the case that events requiring an adjustment to the financial statements occur subsequent to the statement of financial position date, the Group makes the necessary corrections on the financial statements (Note 38).

Offsetting

Financial assets and liabilities are offset when there is a legal basis, intention to disclose net amount of related assets and liabilities or obtaining an asset that follows the settlement its liability.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor’s
Report](#)

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Government grants and incentives

Government grants and incentives are recognized at fair value when there is assurance that these grants and incentives will be received and the Group has met all conditions required. Government grants and incentives regarding the capitalized projects, costs are recognized by netting from costs of property, plant and equipment and intangible assets. Incentives which are not subject to assets are shown as other income in the income statement (Note 34).

Leases

Group - As Lessor

If the Group transfers substantially all the risks and rewards of ownership of an underlying asset, it is classified as a finance lease. Whether a lease is a finance lease depends on the substance of the transaction rather than the form of the contract. At the commencement date of the lease, the Group recognizes a receivable equal to the net lease investment in the statement of financial position instead of the assets granted as finance leases. The implicit interest rate on the lease is used to measure the net lease investment. The Group recognizes financing income over the lease term on a basis that reflects a constant periodic rate of return on the net lease investment. The effective interest rate approach is utilised to measure subsequent recognition at amortised cost.

Group - As a Lessee

At inception of a contract, the Group shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group shall assess whether, throughout the period of use, the customer has both of the following:

- The contract includes an identified asset (identification of an asset in a clear or implicitly specified form in the contract),
- A capacity portion of an asset is an identified asset if it is physically distinct and represents substantially all of the capacity of the asset (the asset is not an identified asset if the vendor has a fundamental right to substitute the asset for the duration of its use and obtain an economic benefit from it),
- The Group has the right to obtain almost all of the economic benefits that will be derived from the use of the identified asset.
- The right to direct the use of the identified asset. The Group has the right to direct the use of an identified asset throughout the period of use only if either:
 - a) The Group has the right to direct how and for what purpose the asset is used throughout the period of use
 - b) The relevant decisions about how and for what purpose the asset is used are predetermined and:
 - i. The Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions or
 - ii. The Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

The Group recognizes right of use asset and lease liability at the start date of lease after evaluation of aforementioned criterias.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor’s
Report](#)

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Right of use asset

At the commencement date, the Group shall measure the right-of-use asset at cost (Note 33). The cost of the right-of-use asset shall comprise:

- a) The amount of the initial measurement of the lease liability
- b) Any lease payments made at or before the commencement date, less any lease incentives received
- c) Any initial direct costs incurred by the Group,
- d) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

To apply a cost model, the Group shall measure the right-of-use asset at cost:

- a) Less any accumulated depreciation and any accumulated impairment losses and
- b) Adjusted for any remeasurement of the lease liability.

The Group shall apply the depreciation requirements in TAS 16 Property, Plant and Equipment in depreciating the right-of-use asset.

The Group shall apply TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease liability

At the commencement date, the Group shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined incremental borrowing interest rate shall be used for discounting.

At the commencement date, Group’s the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) Fixed payments, less any lease incentives receivable;
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or Rate as at the commencement date,
- c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group shall measure the lease liability by:

- a) Increasing the carrying amount to reflect interest on the lease liability,
- b) Reducing the carrying amount to reflect the lease payments made and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments. The Group reflects the remeasurement amount of the lease liability as an adjustment to the right-of-use asset in its consolidated financial statements.

Extension and early termination options

The lease liability is determined by considering the extension and early termination options in the contracts. Most of the extension and early termination options included in the contracts are composed of the options that are jointly applicable by the Group and the lessor.

The Group determines the lease term by the extension of the lease, if such extension and early termination options are at the Group’s discretion and the use of the options is reasonably certain. If there is a significant change in the circumstances, the evaluation is reviewed by the Group.

Variable lease payments

Lease payments arising from some of the Group’s lease agreements consist of variable rent payments. These variable lease payments, which are not included in TFRS 16, are recorded as rent expense in the related period in the income statement.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

Financial Statements and
Independent Auditor’s
Report

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Practical expedient

Contracts for short-term lease agreements with a rental period of less than 12 months and information technology equipment leases (mainly printers, laptops, mobile telephones, etc.), which are determined as low value by the Group, have been evaluated under the exception of the TFRS 16 Leases Standard and these payments are recognized as an expense in the period in which they are incurred.

Business combinations and goodwill

A business combination is an event or transaction in which the acquirer gains control of one or more businesses. Business combinations realized by the Group are accounted for using the purchase method within the scope of TFRS 3 “Business Combinations” standard. In this method, the acquisition cost includes the fair value of the assets given at the acquisition date, the equity instruments issued, the liabilities assumed or incurred at the date of the exchange, and the additional costs attributable to the acquisition. If the business combination agreement includes provisions that the cost can be adjusted depending on future events; If the adjustment is probable and its value can be determined, it is included in the merger cost at the acquisition date. The difference between the acquisition cost of a business and the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business is accounted for as goodwill in the consolidated financial statements. Goodwill arising in a business combination is not amortized, but is instead tested for impairment annually (as of 31 December) or more frequently when circumstances indicate impairment. Impairment losses calculated on goodwill are not associated with the profit or loss statement in the following periods, even if the said impairment disappears.

Goodwill is associated with cash-generating units during impairment testing. If the acquirer’s share in the fair value of the acquired identifiable assets, liabilities and contingent liabilities exceeds the business combination cost, the difference is associated with the consolidated statement of profit or loss.

2.4 Significant accounting estimates and decisions

The preparation of financial statements require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

- (a) In calculation of the employee benefit provision actuarial assumptions relating to turnover ratio, discount rate and salary increase are used. The details regarding the calculation are disclosed under provision for employee benefit (Note 16).
- (b) In determination of the impairment of trade receivables, the factors such as debtor credibility, historical payment performance and debt restructuring is considered. The expected credit loss of trade receivables has been measured and no significant effect has been found (Note 8).
- (c) Discounted inventory price list is used to calculate inventory impairment. Where the sales price cannot be predicted, technical personnel’s opinion and inventory waiting time is considered. If expected net realizable value is less than cost, the Group should allocate provisions for inventory impairment (Note 10).
- (d) In determination of the legal case provisions, the possibilities of losing the case and the liabilities that will arise if the case is lost is evaluated by the Group’s Legal Counsellor and by the Management team taking into account expert opinions. The Group management determines the amount of the provisions based on the best forecasts.
- (e) In calculation of the warranty provision, the Group considers the historical warranty expenses incurred addition to planned technical and financial improvements to estimate the possible warranty expense per vehicle. Provision calculations are realistically performed and based on vehicle quantity, warranty period and historical claims (Note 14).
- (f) Deferred tax assets are recognized when the occurrence of taxable profit is probable in the forthcoming years. Deferred tax asset is calculated over any temporary differences in cases when the occurrence of taxable profit is probable, taken into consideration of tax advantages obtained within the context of investment incentive certificates. Deferred tax asset is recorded as of 31 December 2023 and 31 December 2022 since presumptions that the Group will have taxable profit in the forthcoming periods are found to be sufficient (Note 25).
- (g) The Group recognizes depreciation and amortization for its property, plant and equipment and intangibles by taking into account their useful lives that are stated in Note 2 (Notes 11 and 12).
- (h) The Group capitalizes ongoing development expenditures and evaluates whether there is an annual depreciation of these capitalized assets. As of 31 December 2023 and 31 December 2022, there is no impairment of capitalized development expenses (Note 12).



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
 - Financial Statements and Independent Auditor’s Report
- ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

3. BUSINESS COMBINATIONS

The Group has purchased all of Ford Romania SRL shares on 1 July 2022. Ford Romania SRL manufactures cars and engines at its Craiova factory.

Pursuant to the contract, the purchase price calculated as TRY13,223,416 (406 million Euros) after adjusting the net working capital and investment amount for the Next Generation Courier project, considering cash and debt-like assets based on the estimated financial statements dated 30.06.2022. The first installment has been paid on 30 June 2022. After the calculations made on the balance sheet amounts of Ford Romania SRL dated 30.06.2022, an additional payment of TRY475,648 (13 million Euros) was made on 30 December 2022. 196 million Euros including interest will be paid in June 2025, and 23 million Euros including interest will be paid in December 2028. In addition, an additional payment of up to 140 million Euros including interest will be made, depending on the capacity utilization rate of the Romanian plant for the years 2028-2034.

Contingent and deferred acquisition costs amounting to TRY10,209,090 (as of 31 December , 2023 shown as TRY10,660,273 under “*other long-term borrowings*”) calculated by the Group management as of July 1, 2022, were included in the purchase price, and taken into consideration in goodwill calculation in accordance to acquisition accounting. As of 31 December 2023, the total value calculated by the Group management according to the best estimates is TRY23,908,154.

Within the scope of TFRS 3, the differences that will occur due to operational results in the following period in the amount accounted as contingent payment will be recognized in the consolidated statement of profit or loss. The Group has provisionally accounted for the difference between the total amount of the acquisition and the net assets acquired for the said purchase in accordance with the provisions of TFRS 3 “*Business Combinations Standard*”. The purchase price and the fair values of the acquired assets and liabilities used provisionally within the scope of TFRS 3 are summarized in the table below.

Purchase price-cash	13,699,064
Total contingent and deferred purchase price	10,209,090
Total purchase price	23,908,154
Cash and cash equivalents	545,088
Trade receivables	4,151,375
Other receivables	717,641
Inventories	6,531,795
Prepaid expenses	273,193
Other current assets	821,035
Property, plant and equipment (Note 11)	17,002,844
Right of use assets	58,759
Intangible assets (Note 12)	6,007,509
Trade payables and other payables	(10,316,535)
Deferred tax liability	(907,578)
Other non-current liabilities	(1,797,626)
Value of total identifiable net assets	23,087,500
Goodwill	820,654
Total purchase price	23,908,154

The details of the cash outflow from the acquisition are as follows:

Total purchase price - cash	13,699,064
Cash and cash equivalents - acquired	(545,088)
Cash outflow from the acquisition (net)	13,153,976

With this acquisition, the Group aims to expand its fields of activity by starting production abroad. In addition to production and supply agreements with Ford Motor Company and related Ford Group Companies for Courier, Puma, EcoSport models, engines and spare parts, the Group has signed technology and production license agreements with Ford Motor Company for these products.

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

3. BUSINESS COMBINATIONS (Continued)

Currently, Puma and EcoSport passenger car models and 1.0 liter Ecoboost gasoline engines are produced at the Craiova Facility, and EcoSport production has ended as of the end of 2022 in accordance with the Supply Conditions; the production of the Puma model will continue and it is planned to start the production of the fully electric version as of 2024. In addition, the Van (Transit Courier) and combi (Tourneo Courier) versions of the New Generation Courier vehicle model, whose design and engineering will be developed by Ford Otosan, are expected to be produced at Craiova Facilities in order to replace the Courier vehicle whose production will end in 2023 at the Yeniköy plant. It is expected that the internal combustion engine versions of the New Generation Courier model will start production in 2023 and the fully electric versions in 2024. Agreements covering the main supply conditions, technical details and investment commitments for the New Generation Courier for the vehicles and engines to be produced at the facility, including the New Generation Courier, were mutually signed with Ford.

Within the scope of these agreements, Craiova Factory’s vehicle production capacity will increase to a total of 272 thousand units per year. The engine production capacity was determined as 350 thousand units. In addition, within the scope of the supply agreements, 490 million Euros of investment and engineering expenditure is foreseen for the production of the New Generation Courier, which will start in 2023, within three years after the material event announcement made on July 1, 2022.

It is envisaged that a significant portion of the vehicles to be produced will be sold to Ford Motor Company or its subsidiaries, priced with the cost plus method of sales, and the investment costs will be transferred to Ford Motor Company through sales.

Revenue and profit contribution

Ford Romania SRL contributed TRY84,610,971 of revenue, (TRY566,707) of net profit and 1,412,012 EBITDA to the Group in the 2023 accounting period, excluding IFRS 3 adjustments.

Key estimate: contingent price

According to Ford Romania SRL’s expected capacity utilization rates for the period 2028-2034, an additional payment of EUR112,677 thousand in cash can be made on 31 December 2028. This contingent consideration is accounted for as a financial liability. The possible undiscounted amount to be paid within the scope of the agreement is EUR122,920 thousand for 80% capacity and above, EUR102,434 thousand if the capacity ratio is between 65% and 80%, EUR40,973 thousand if the capacity ratio is between 55% and 65% and below the 55% capacity ratio is set to be zero. The fair value of the contingent consideration of EUR112,677 thousand has been estimated with the probabilities created by the current capacity utilization rates of all production facilities.

Key estimate: customer contracts

During the acquisition, the Group management evaluated the production and supply contracts of Ford Romania SRL with Ford Motor Company and other Ford Group companies as a single contract and accounted for a “customer contract” amounting to TRY6,007,509 for intangible assets.

It is assumed that the life of the related contracts (11 years) will be extended by one more contract life (22 years) and the fair value of the customer contracts is calculated in this way.

The Group management also used discounted cash flow projections based on reliable estimates of the future cash flows of the related contracts in calculating the fair value of customer contracts. Discounted cash flow projections include estimated profitability rates and pre-tax discount rate (13%). If these estimates had been negative by 10 basis points, Customer Contracts would have been TRY738,528 lower and goodwill higher by the same amount. At the same time, depreciation expense for the period of 31 December 2023 would have been TRY17,174 lower.

Deferred purchase price

EUR195,715 thousand including interest payable in June 2025 and EUR23,307 thousand, including interest payable in December 2028, are discounted with the 2% interest rate determined in the purchase agreement and accounted for a total of EUR204,918 thousand, which is the fair value on the date of purchase.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
 - Financial Statements and Independent Auditor’s Report
- ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

4. SEGMENT REPORTING

The Group, has primary operation of manufacturing, assembling, importing and selling motor vehicles and spare parts. The Group’s operating segments, nature and economic characteristics of products, nature of production processes, classification of customers in terms of risk for their products and services and methods used to distribute their products are similar. Furthermore, the Group structure has been organized to operate in one segment rather than separate business segments. Consequently, the business activities of the Group are considered to be in one operating segment and the operating results, resources to be allocated to the segment and assessment of performance are managed in this respect.

5. CASH AND CASH EQUIVALENTS

The maturity period of time deposits is up to three months and there is no blockage/restriction on cash and cash equivalents. The weighted average interest rate for foreign currency denominated time deposits is 1.96% (31 December 2022: 0.68%) and the weighted average interest rate for the TRY time deposits is 39.66% (31 December 2022: 20.88%).

	31 December 2023	31 December 2022
Banks – Foreign currency time deposits	8,802,956	7,876,561
Banks - TRY time deposits	5,403,197	7,067,228
Banks - TRY demand deposits	561,955	366,195
Banks - foreign currency demand deposits	425,681	1,347,944
Cash and cash equivalents in the cash flow statement	15,193,789	16,657,928
Interest income accrual	30,713	8,377
	15,224,502	16,666,305

6. FINANCIAL INVESTMENTS

	31 December 2023		31 December 2022	
	Ownership rate (%)	Amount	Ownership rate (%)	Amount
Financial assets at fair value through other comprehensive income				
Otokar Otomotiv ve Savunma Sanayi A.Ş. (Otokar) (*)	0.59	299,125	0.59	240,473
		299,125		240,473

(*) The Group’s shareholding in Otokar was stated at market value on 31 December 2023 and 31 December 2022 which is assumed to approximate its fair value.

- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
 - Financial Statements and Independent Auditor’s Report
- ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

7. FINANCIAL LIABILITIES

Short-term financial liabilities

Bank borrowings

	31 December 2023		31 December 2022	
	Effective interest rate (%)	Amount	Effective interest rate (%)	Amount
- TRY	44.97	6,437,873	21.18	9,067,171
- EUR	7.03	13,205,591	3.49	3,329,931
		19,643,464		12,397,102

Short-term portion of long-term financial liabilities

Bank borrowings

- TRY	47.35	2,157,305	-	-
- EUR	5.56	11,988,858	2.37	9,258,827
		14,146,163		9,258,827

Lease liabilities

- TRY	39.47	93,548	25.34	68,377
- EUR	7.29	80,679	4.70	52,340
- USD	-	-	1.95	3,813
- Other	-	-	-	230
		174,227		124,760
		14,320,390		9,383,587
Total short-term financial liabilities		33,963,854		21,780,689

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

7. FINANCIAL LIABILITIES (Continued)

Long-term financial liabilities

Bank borrowings

	31 December 2023		31 December 2022	
	Effective interest rate (%)	Amount	Effective interest rate (%)	Amount
- EUR	8.92	30,440,768	3.08	29,947,565
		30,440,768		29,947,565

Lease liabilities

	31 December 2023		31 December 2022	
	Effective interest rate (%)	Amount	Effective interest rate (%)	Amount
- TRY	46.73	376,251	25.63	147,025
- EUR	7.46	313,887	3.74	36,568
- USD	-	-	-	10,203
		690,138		193,796

Other long-term financial liabilities

	31 December 2023		31 December 2022	
	Effective interest rate (%)	TRY amount	Effective interest rate (%)	TRY amount
- EUR	2.00	10,660,273	2.00	10,557,194
		10,660,273		10,557,194
Total long-term financial liabilities		41,791,179		40,698,555

The amount classified under other long-term payables consists of the contingent and deferred acquisition costs that the Group has to pay in 2025 and 2028 when it acquired Ford Romania SRL’s shares on 1 July 2022. This amount has been determined according to the best estimation of the Group management as of 31 December 2023.

- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
 - Financial Statements and Independent Auditor’s Report
- ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

7. FINANCIAL LIABILITIES (Continued)

The payment schedules of long-term bank borrowings as of 31 December 2023 and 31 December 2022 are as follows:

Payment Period	31 December 2023	31 December 2022
2024	-	10,161,755
2025	13,459,347	7,135,814
2026	9,610,091	6,721,745
2027	3,355,507	2,489,692
2028	2,948,256	2,341,080
2029	568,615	574,875
2030	498,952	522,604
	30,440,768	29,947,565

The letters of bank guarantee given to financial institutions in connection with borrowings amounts to TRY1,967,760 (31 December 2022: TRY4,456,722) (Note 14).

The payment schedules of other long-term bank borrowings as of 31 December 2023 and 31 December 2022 are as follows:

Payment Period	31 December 2023	31 December 2022
2025	6,190,368	6,130,511
2028	4,469,905	4,426,683
	10,660,273	10,557,194

The movement of financial liabilities as of 31 December 2023 and 2022 is as follows:

	2023	2022
1 January	51,922,050	51,579,871
Cash inflows from borrowing	29,759,166	42,342,286
Cash outflows from borrowing	(18,445,446)	(34,567,093)
Cash outflows related to debt payments arising from lease agreements	(210,586)	(150,031)
Unrealised foreign exchange differences	24,814,227	14,283,775
Change in accrual of interest	1,136,846	301,652
New lease agreements/impact of contract changes	713,505	161,771
Monetary gain/(loss)	(24,595,002)	(22,030,181)
31 December	65,094,760	51,922,050

As disclosed on the Public Disclosure Platform, the Group has obtained a debt instrument issuance limit up to a total amount of EUR 500,000,000 or equivalent foreign currency amount with a validity date of September 20, 2024. Furthermore, the Group has obtained a debt instrument issuance limit up to a TL 8 billion in debt instruments denominated in Turkish Lira may be issued by the Capital Markets Board in one or more instances, in a variety of orders and maturities, within a year (the validity date is October 12, 2024). These instruments will be traded in the relevant market of Borsa Istanbul A.Ş., without a public offering in the domestic market, through allocation and/or sale to qualified investors, and in a manner that will not result in a public offering.

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

8. TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	31 December 2023	31 December 2022
Trade receivables	20,875,462	12,022,884
Doubtful receivables (*)	520,590	378,367
Less: provision for doubtful receivables	(520,590)	(378,367)
Less: unearned credit finance income	(543,494)	(167,722)
	20,331,968	11,855,162

(*) The portion of TRY370,968 of the doubtful receivables amount is related to the dealers involved in the fraud process on 2021.

The average turnover of receivables related to vehicle sales to domestic distributors is 30 days (31 December 2022: 30 days), domestic sales of spare parts turnover is 70 days (31 December 2022: 70 days) and discounted by 3.18% monthly effective interest rate (31 December 2022: 1.65%).

The collection of receivables from export sales other thşan Ford Motor Company kept under guarantee with letter of credit, letter of guarantee, export credit insurance, Ford credit limit or upfront cash collection.

Long-term trade receivables	31 December 2023	31 December 2022
Deposits and guarantees given	16,691	2,775
Trade receivables	-	23,068
	16,691	25,843

Trade payables	31 Aralık 2023	31 Aralık 2022
Trade payables	43,286,973	42,500,610
Less: unearned credit finance expense	(571,127)	(290,966)
	42,715,846	42,209,644

The Group’s average turnover of trade payables is 60 days (31 December 2022: 60 days) and discounted by 3.18% monthly effective interest rate (31 December 2022: 1.65%).



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor’s
Report](#)

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

8. TRADE RECEIVABLES AND PAYABLES (Continued)

The maximum exposure of the Group to credit risk as of 31 December 2023 and 31 December 2022 is as follows:

31 December 2023	Trade receivables		Other receivables		Deposit in bank
	Related party	Other	Related party	Other	
The maximum of credit risk exposed at the reporting date (Notes 5, 8, 9, 27)	25,257,720	20,348,659	11,069,769	252,126	15,193,789
- The maximum of credit risk covered by guarantees	5,133,809	20,348,659	-	-	-
Net book value of the financial assets that are neither overdue not impaired	24,794,398	20,066,728	11,069,769	252,126	15,193,789
Net book value of financial assets that are overdue but not impaired	463,322	281,931	-	-	-
- Amount of risk covered by guarantees	-	281,931	-	-	-
Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	-	520,590	-	-	-
- Provision for impairment (-)	-	(520,590)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

31 December 2022	Trade receivables		Other receivables		Deposit in bank
	Related party	Other	Related party	Other	
The maximum of credit risk exposed at the reporting date (Notes 5, 8, 9, 27)	30,740,214	11,881,005	2,175,822	191,308	16,657,928
- The maximum of credit risk covered by guarantees	3,027,384	11,881,005	-	-	-
Net book value of the financial assets that are neither overdue not impaired	29,731,518	11,820,573	2,175,822	191,308	16,657,928
Net book value of financial assets that are overdue but not impaired	1,008,696	60,432	-	-	-
- Amount of risk covered by guarantees	-	60,432	-	-	-
Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	-	378,367	-	-	-
- Provision for impairment (-)	-	(378,367)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

8. TRADE RECEIVABLES AND PAYABLES (Continued)

The aging schedule of receivables that are overdue but not impaired is as follows:

31 December 2023	Trade receivables	
	Related party	Other
1- 30 days overdue	214,093	223,413
1- 3 months overdue	75,253	9,397
3- 12 months overdue	171,899	35,329
1- 5 years overdue	2,077	13,792
	463,322	281,931
Risk covered by guarantees	-	281,931

Group’s overdue receivables from related parties result from long-term engineering service invoices and parts export receivables from Ford Motor Company.

31 Aralık 2022	Trade receivables	
	Related party	Other
1- 30 days overdue	156,442	34,689
1- 3 months overdue	304,846	1,944
3- 12 months overdue	533,131	16,701
1- 5 years overdue	14,277	7,098
	1,008,696	60,432
Risk covered by guarantees	-	60,432

9. OTHER RECEIVABLES AND PAYABLES

Other receivables	31 December 2023	31 December 2022
Other miscellaneous receivables	252,126	191,308
	252,126	191,308
Other payables	31 December 2023	31 December 2022
Taxes and funds payable	488,734	414,096
Sales premium accruals	186,464	197,869
Other	328,376	479,139
	1,003,574	1,091,104

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

10. INVENTORIES

	31 December 2023	31 December 2022
Raw materials	14,267,399	15,365,775
Finished goods	5,661,639	3,997,648
Import vehicles	3,740,863	19,132
Goods in transit	2,359,583	1,630,893
Vehicle spare parts	1,882,895	1,448,208
Spare parts	499,899	302,228
Other	993,648	551,414
	29,405,926	23,315,298
Less: provision for impairment of finished goods and vehicle spare parts	(53,637)	(40,306)
	29,352,289	23,274,992

Fixed production costs on the product are allocated according to the normal capacity of the production facilities.

The Group classifies the expenses arising from the impairment of inventory under cost of sales. The movement in the balance of this account within the year is as follows:

	2023	2022
1 January	40,306	34,218
Acquisitions	-	3,445
Change within the period	29,175	14,441
Exchange differences on translation	(3,258)	(99)
Monetary gain/(loss)	(12,587)	(11,699)
31 December	53,637	40,306

The Group has provided a provision for impairment on the inventories when their net realizable values are lower than their costs or when they are classified as slow-moving inventories. The reversal of provisions has been accounted under cost of sales (Note 18).



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
 - Financial Statements and Independent Auditor’s Report
- ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

11. PROPERTY, PLANT AND EQUIPMENT

1 January 2023	Land	Land improvements	Buildings	Machine and equipment	Models and moulds	Fixture and furniture	Vehicles	Constructions in progress	Total
Cost	510,539	3,447,899	16,254,240	43,927,882	32,112,975	5,277,293	112,764	7,859,171	109,502,763
Accumulated depreciation	-	(1,880,471)	(9,124,244)	(19,766,289)	(26,994,227)	(3,769,485)	(52,779)	-	(61,587,495)
Net book value	510,539	1,567,428	7,129,996	24,161,593	5,118,748	1,507,808	59,985	7,859,171	47,915,268
For the period ended 31 December 2023									
Opening net book value	510,539	1,567,428	7,129,996	24,161,593	5,118,748	1,507,808	59,985	7,859,171	47,915,268
Additions	107,625	85,794	357,653	5,038,479	9,443,921	1,174,751	32,007	10,503,230	26,743,460
Transfers	-	145,630	2,336,258	4,702,261	193,194	4,632	-	(7,445,414)	(63,439)
Disposals (*)	-	-	(15,169)	(6,989,777)	(6,646,425)	(445,998)	(8,929)	-	(14,106,298)
Exchange differences on translation	-	(12,542)	(61,070)	(154,666)	-	-	-	166,220	(62,058)
Depreciation charge	-	(74,151)	(438,030)	(2,947,753)	(895,931)	(303,636)	(10,687)	-	(4,670,188)
Disposals from accumulated depreciation	-	-	14,176	1,315,816	6,240	100,320	4,171	-	1,440,723
Closing net book value	618,164	1,712,159	9,323,814	25,125,953	7,219,747	2,037,877	76,547	11,083,207	57,197,468
31 December 2023									
Cost	618,164	3,666,781	18,871,912	46,524,179	35,103,665	6,010,678	135,842	11,083,207	122,014,428
Accumulated depreciation	-	(1,954,622)	(9,548,098)	(21,398,226)	(27,883,918)	(3,972,801)	(59,295)	-	(64,816,960)
Net book value	618,164	1,712,159	9,323,814	25,125,953	7,219,747	2,037,877	76,547	11,083,207	57,197,468

(*) The Group has classified certain fixed assets in the disposal group as other receivables from related parties by leasing specific fixed assets at Kocaeli and Craiova factories to Ford Motor Company under financial leasing according to TFRS 16.

The Group has compared the borrowing costs related to the foreign currency investment loans it has received with the TRY denominated market loan interest rates. According to the cumulative method within the scope of TAS 23, there is no interest expense capitalized for the period ending as of 31 December 2023 (31 December 2022:None).

There is no collateral, pledge or mortgage on tangible assets as of 31 December 2023 and 2022.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and Independent Auditor's Report](#)

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

1 January 2022	Land	Land improvements	Buildings	Machine and equipment	Models and moulds	Fixture and furniture	Vehicles	Constructions in progress	Total
Cost	503,002	2,491,975	12,631,905	33,213,829	30,672,267	5,128,153	111,724	2,317,746	87,070,601
Accumulated depreciation	-	(1,828,236)	(8,880,466)	(22,661,019)	(24,032,469)	(3,950,241)	(58,048)	-	(61,410,479)
Net book value	503,002	663,739	3,751,439	10,552,810	6,639,798	1,177,912	53,676	2,317,746	25,660,122
For the period ended 31 December 2022									
Opening net book value	503,002	663,739	3,751,439	10,552,810	6,639,798	1,177,912	53,676	2,317,746	25,660,122
Acquisitions	-	807,731	2,995,944	10,481,505	-	-	-	797,752	15,082,932
Additions	7,537	45,626	143,362	6,012,260	1,447,631	575,193	34,841	5,091,337	13,357,787
Transfers	-	2,210	101,894	(1,763,361)	2,844	3,352	-	(481,081)	(2,134,142)
Disposals	-	(13,226)	(34,210)	(5,220,191)	(9,767)	(429,405)	(33,801)	(5,907)	(5,746,507)
Exchange differences on translation	-	113,583	415,345	1,203,840	-	-	-	139,324	1,872,092
Depreciation charge	-	(63,062)	(275,499)	(2,279,934)	(2,969,841)	(245,529)	(9,031)	-	(5,842,896)
Disposals from accumulated depreciation	-	10,827	31,721	5,174,664	8,083	426,285	14,300	-	5,665,880
Closing net book value	510,539	1,567,428	7,129,996	24,161,593	5,118,748	1,507,808	59,985	7,859,171	47,915,268
31 December 2022									
Cost	510,539	3,447,899	16,254,240	43,927,882	32,112,975	5,277,293	112,764	7,859,171	109,502,763
Accumulated depreciation	-	(1,880,471)	(9,124,244)	(19,766,289)	(26,994,227)	(3,769,485)	(52,779)	-	(61,587,495)
Net book value	510,539	1,567,428	7,129,996	24,161,593	5,118,748	1,507,808	59,985	7,859,171	47,915,268

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

Financial Statements and Independent Auditor’s Report

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

12. INTANGIBLE ASSETS

1 January 2023	Rights	Development cost	Development cost in progress	Other	Total
Cost	1,263,139	9,962,284	3,690,075	6,108,092	21,023,590
Accumulated amortisation	(851,201)	(6,466,414)	-	(172,488)	(7,490,103)
Net book value	411,938	3,495,870	3,690,075	5,935,604	13,533,487
For the period ended 31 December 2023					
Opening net book value	411,938	3,495,870	3,690,075	5,935,604	13,533,487
Additions	148,792	1,932,294	3,171,699	832	5,253,617
Transfers	34,184	3,245,899	(3,272,784)	56,141	63,440
Disposals	(434)	(127)	-	-	(561)
Exchange differences on translation	-	281,836	-	8,858	290,694
Amortisation charge	(212,611)	(785,172)	-	(184,341)	(1,182,124)
Disposals from accumulated depreciation	375	127	-	-	502
Closing net book value	382,244	8,170,727	3,588,990	5,817,094	17,959,055
31 December 2023					
Cost	1,445,681	15,422,186	3,588,990	6,173,923	26,630,780
Accumulated amortisation	(1,063,437)	(7,251,459)	-	(356,829)	(8,671,725)
Net book value	382,244	8,170,727	3,588,990	5,817,094	17,959,055

There are no fully depreciated intangible assets as of 31 December 2023. As of 31 December 2023, there is no capitalized interest cost and foreign exchange difference in accordance with TAS 23 (31 December 2022: None).

The cost of the “*Contracts with Customers*”, which is classified under “*Other*” by the Group and in Ford Romania SRL acquisition accounting, is TRY6,007,509 and the current period depreciation is TRY276,662.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
 - Financial Statements and Independent Auditor’s Report
- ANNEXES

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

12. INTANGIBLE ASSETS (Continued)

1 January 2022	Rights	Development cost	Development cost in progress	Other	Total
Cost	1,077,258	8,956,109	2,470,596	36,328	12,540,291
Accumulated amortisation	(670,387)	(5,539,604)	-	(35,855)	(6,245,846)
Net book value	406,871	3,416,505	2,470,596	473	6,294,445
For the period ended 31 December 2022					
Opening net book value	406,871	3,416,505	2,470,596	473	6,294,445
Acquisitions	-	-	-	5,329,159	5,329,159
Additions	185,881	-	2,258,722	-	2,444,603
Transfers	-	1,006,175	(1,006,175)	-	-
Disposals	-	-	(33,068)	-	(33,068)
Exchange differences on translation	-	-	-	742,605	742,605
Amortisation charge	(180,814)	(926,810)	-	(136,633)	(1,244,257)
Disposals from accumulated depreciation	-	-	-	-	-
Closing net book value	411,938	3,495,870	3,690,075	5,935,604	13,533,487
31 December 2022					
Cost	1,263,139	9,962,284	3,690,075	6,108,092	21,023,590
Accumulated amortisation	(851,201)	(6,466,414)	-	(172,488)	(7,490,103)
Net book value	411,938	3,495,870	3,690,075	5,935,604	13,533,487

13. PREPAID EXPENSES

Short-term prepaid expenses	31 December 2023	31 December 2022
Advances given for inventories	1,577,013	1,433,257
Other prepaid expenses	346,224	579,533
	1,923,237	2,012,790
Long-term prepaid expenses	31 December 2023	31 December 2022
Advances given for investments (*)	13,272,985	12,435,980
Other prepaid expenses	127,562	190,964
	13,400,547	12,626,944

(*) Advances given for investments are related to the Group’s new vehicle investments. TRY6,555,127 (31 December 2022: TRY9,263,532) is given to domestic vendors as advance payment on mould purchases and TRY6,717,858 (31 December 2022: TRY3,172,448) is the advance given for the new project investments.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor’s
Report](#)

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

14. PROVISION, CONTINGENT ASSETS AND LIABILITIES

The Group recognizes 2, 3 and 4 years of warranty provision for the vehicles sold by dealers for malfunctions described in the sales agreements. Warranty expense provision is estimated by considering vehicles under warranty as of the balance sheet date and warrant y claims of vehicles sold in previous years on a model basis.

Short-term provisions

	31 December 2023	31 December 2022
Warranty expense provision	889,214	822,303
Provisions for sales premium (*)	341,176	45,911
Provisions for lawsuits	16,648	14,566
Other short-term provisions	26,731	66,166
	1,273,769	948,946

(*) Provisions for sales premium is composed of expense accruals related with dealer vehicle stock at the reporting date (Note 2).

Long-term provisions

	31 December 2023	31 December 2022
Warranty expense provision	1,112,531	1,034,593
Provisions for lawsuits	175,743	193,971
Other long-term provisions	86,668	67,929
	1,374,942	1,296,493

The movement of provisions for lawsuits during the period is as follows:

	2023	2022
1 January	208,537	237,073
İktisaplar	-	5,835
Dönem içinde ödenen	(28,312)	(32,780)
Dönem içindeki artış	94,143	88,468
Yabancı para çevrim farkı	5,622	929
Parasal kazanç/(kayıp)	(87,599)	(90,988)
31 December	192,391	208,537



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
 - Financial Statements and Independent Auditor’s Report
- ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

14. PROVISION, CONTINGENT ASSETS AND LIABILITIES (Continued)

A movement in the warranty expense provision during the period is as follows:

	2023	2022
1 January	1,856,896	1,749,199
Paid during the period	(1,394,873)	(1,158,430)
Additions during the period (Note 20)	2,779,558	2,431,552
Monetary gains/(losses)	(1,239,836)	(1,165,425)
31 December	2,001,745	1,856,896

Letters of guarantee and letters of credit	31 December 2023	31 December 2022
Letters of guarantee given to financial institutions due to bank loans	1,967,760	4,456,722
Letters of guarantee given to customs	330,258	336,031
Letters of guarantees given to other parties	327,296	505,727
	2,625,314	5,298,480

Letters of guarantee given

	31 December 2023		31 December 2022	
	Original currency	TRY amount	Original currency	TRY amount
TRY	322,491	322,491	4,345,301	4,345,301
EURO	68,996	2,247,469	29,018	953,179
Romanian Leu	8,500	55,346	-	-
		2,625,306		5,298,480

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

14. PROVISION, CONTINGENT ASSETS AND LIABILITIES (Continued)

The allocation of collaterals, pledges and mortgages as of 31 December 2023 and 31 December 2022 as follows:

Collaterals, pledges and mortgages given by the Group	31 December 2023	31 December 2022
A. Total amount of collaterals/pledges/mortgages given for its own legal entity	2,617,552	5,286,015
B. Total amount of collaterals/pledges/mortgages given for participations included in entire consolidation	-	-
C. Total amount of collaterals/pledges/mortgages given to assure debts of third parties, for the purpose of conducting the business activities (*)	7,762	12,465
D. Total amount of other collaterals/pledges/mortgages given		
i. Total amount of collaterals/pledges/mortgages	-	-
ii. Total amount of collaterals/pledges/mortgages given for other related companies that do not fall into B and C sections	-	-
iii. Total amount of collaterals/pledges/mortgages given for third parties that do not fall into C section	-	-
	2,625,314	5,298,480

(*) Relevant amounts are related to CPCs (non-cash loans) given by the Group in favor of its domestic dealers within the scope of warranty obligations.

Letters of guarantee taken

	31 December 2023		31 December 2022	
	Original currency	TRY amount	Original currency	TRY amount
TRY	5,858,043	5,858,043	5,370,652	5,370,652
EUR	212,029	6,906,611	151,941	4,990,857
USD	1,469	43,245	1,158	35,678
Romanian Leu	-	-	8,500	56,110
		12,807,899		10,453,297

Other

The long-term bank borrowing agreements related to the investments require the Group to comply with certain financial ratios. Such financial ratios are met by the Group as of 31 December 2023 and 31 December 2022.

15. COMMITMENTS

None.

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

16. EMPLOYEE BENEFITS

Liabilities for employee benefit obligations

	31 December 2023	31 December 2022
Salaries and social charges payable	2,070,618	675,513
Income tax withholdings payable	1,344,162	835,437
Social security premiums payable	582,802	516,946
Other	45,264	41,135
	4,042,846	2,069,031

Long-term provision for employee benefits

	31 December 2023	31 December 2022
Provision for employment termination benefits	1,525,738	2,846,215
Provision for unused vacation pay liability	317,308	268,384
	1,843,046	3,114,599

Provision for employee benefits:

There are no agreements for pension commitments other than the legal requirement as explained below.

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month’s salary limited to a maximum of full TRY23,489.83 for each year of service as of 31 December 2023 (31 December 2022: Full TRY15,371.40).

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

TFRS requires actuarial valuation methods to be developed to estimate the Group’s obligation under defined benefit plans, accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	31 December 2023	31 December 2022
Net discount rate (%)	2.90	0.55
Turnover rate to estimate the probability of retirement (%)	94.56	95.22

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Group calculates the reserve for employee benefits once a year, the maximum amount of full TRY35,058.58 which was effective as of 1 January 2024 (1 January 2023: Full TRY19,982.83) has been used in the calculations.

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

16. EMPLOYEE BENEFITS (Continued)

Movements in the provision for employee benefits during the year are as follows:

	2023	2022
1 January	2,846,215	1,331,522
Acquisition	-	66,189
Interest cost	233,669	212,529
Current year service cost	195,361	79,109
Paid during the period	(628,197)	(83,587)
Actuarial gains	(114,963)	1,800,783
Exchange differences on translation	57,664	4,667
Monetary gain/(loss)	(1,064,011)	(564,997)
31 December	1,525,738	2,846,215

The sensitivity analysis of the assumptions which was used for the calculation of provision for employee benefits as of 31 December 2023 is below:

Sensitivity level	Net discount rate		Turnover rate related to the probability of retirement	
	0.5% base decrease	0.5% base increase	0.5% base decrease	0.5% base increase
Rate (%)	(2.4)	(3.4)	94.1	95.1
Change in provision for employee benefits	105,810	(96,709)	(34,974)	36,557

17. OTHER CURRENT ASSETS

	31 December 2023	31 December 2022
VAT to be deducted (*)	7,590,952	5,618,097
Prepaid taxes and withholding	139,143	93,402
Other	540,126	342,863
	8,270,221	6,054,362

(*) VAT to be deducted includes export VAT receivables related to November and December 2022. VAT return for November amounting to TRY1,327,810 has been collected in January 2023.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor’s
Report](#)

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

18. EQUITY

The composition of the Group’s paid-in capital as of 31 December 2023 and 2022 is as follows:

Shareholders	Share group	31 December 2023	Shareholders percentage (%)	31 December 2022	Shareholders percentage (%)
Koç Holding A.Ş.	B	135,631	38.65	135,631	38.65
Temel Ticaret ve Yatırım A.Ş.	B	2,356	0.67	2,356	0.67
Ford Deutschland Holding Gmbh	C	143,997	41.04	143,997	41.04
Vehbi Koç Vakfı	A	2,881	0.82	2,881	0.82
Koç Holding Emekli ve Yardım Sandığı Vakfı	A	3,259	0.93	3,259	0.93
Other (Public)	A	62,786	17.89	62,786	17.89
Paid in capital		350,910	100	350,910	100
Inflation adjustment to share capital		5,820,922		5,820,922	
Inflation adjusted paid in capital		6,171,832		6,171,832	

According to the articles of association, half of the members to be elected to the Board of Directors are selected from among the candidates nominated by the B group and the other half by the C group shareholders. The General Assembly is authorized to determine the number of the members of the Board of Directors and to elect the members. One of the candidates nominated by the B and C group shareholders must have the independent qualifications defined in the CMB regulations.

Adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share.

There are 35,091,000,000 unit of shares (31 December 2022: 35,091,000,000 unit) with a nominal value of Kr 1 each

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (“TCC”). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group’s paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital, Under the TCC; the legal reserves can be used only to offset losses, unless legal reserve does not exceed at the rate of 50% of the paid-in capital.

In accordance with CMB Financial Reporting Standards, the Group classified the above mentioned reserves under “*Restricted reserves*”, the amount of restricted reserves is TRY5,882,436 as of 31 December 2023 (31 December 2022: TRY 5,364,241).

In accordance with Communiqué numbered II-14.1 “*Communiqué on the Principles of Financial Reporting In Capital Markets*” (“*the Communiqué*”) announced by the Capital Markets Board of Turkey (“CMB”) on 13 June, 2013 which is published on Official Gazette numbered 28676, “*Share Capital*”, “*Restricted Reserves*” and “*Share Premiums*” shall be carried at their statutory amount. The valuation differences shall be classified as follows:

- ““*The difference arising from the “Paid-in Capital*” and not been transferred to capital yet, shall be classified under the “*Inflation Adjustment to Share Capital*”
- The difference due to the inflation adjustment of “*Restricted reserves*” and “*Share premium*” and the amount has not been utilized in dividend distribution or capital increase yet, shall be classified under “*Retained earnings*”.

Other equity items shall be carried at the amounts calculated based on TAS. Adjustment to share capital has no use other than being transferred to paid-in share capital.

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from 1 February, 2014. Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on year-end financial statements of the Group.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

18. EQUITY (Continued)

In accordance with the Ordinary General Assembly Meeting dated as of March 9, 2023, the Group decided to distribute cash dividends totaling 6,592,837 TL, equivalent to gross 18.79 Turkish Liras (net 16.91 Turkish Liras) per full TRYshare from the profit of the year 2022. This represented a gross rate of 1.879% (net 1.691%) per share. The dividend payment was made in March 2023. Additionally, in accordance with the Extraordinary General Assembly Meeting dated as of October 26, 2023, the Group decided to distribute cash dividends totaling 11,312,941 TL, equivalent to gross 32.24 Turkish Liras (net 29.01 Turkish Liras) per full TRYshare from the profit of the year 2023. This represented a gross rate of 3.224% (net 2.901%) per share. The dividend payment was made in November 2023.(Note: In March 2022, cash dividends totaling 10,054,264 TL, equivalent to gross 28.65 Turkish Liras (net 25.79 Turkish Liras) per full TRYshare, representing a gross rate of 2.865% (net 2.579%) per share were distributed. In November 2022, cash dividends totaling 3,334,758 TL, equivalent to gross 9.50 Turkish Liras (net 8.55 Turkish Liras) per full TRYshare, representing a gross rate of 950% (net 855%) per share were distributed.).

In accordance with Communiqué No: II-14.1 “*Communiqué on the Principles of Financial Reporting in Capital Markets*”, equity schedule at 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Issued capital	350,910	350,910
Inflation adjustments on capital	5,820,922	5,820,922
Share premium	8	8
Gains from financial assets measured at fair value through other comprehensive income	112,776	100,105
Losses on cash flow hedge	(18,700,475)	(9,982,397)
Losses on remeasurements of defined benefit plans	(1,335,671)	(1,419,229)
Exchange differences on translation	(617,602)	44,536
Restricted reserves	5,882,436	5,364,241
- Legal reserves	5,882,436	5,364,241
Retained earnings (*)	32,438,572	23,132,618
- Inflation adjustment to equity	24,631,219	18,503,532
- Extraordinary reserves	7,807,353	4,629,086
Net income for the period	49,055,669	27,729,927
Total equity	73,007,545	51,141,641

The adjusted values of the items shown above with their historical values and the equity inflation adjustment differences as of the end of 2003 are as follows as of 31 December 2023 and 31 December 2022:

31 December 2023	Historical values	Adjusted values	Equity inflation adjustment differences
Issued capital	350,910	6,171,832	5,820,922
Legal reserves	1,720,112	5,882,436	4,162,324
Extraordinary reserves	7,807,353	32,437,349	24,629,996
Share premium	8	1,087	1,079
Other reserves	-	136	136
	9,878,383	44,492,840	34,614,457

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and Independent Auditor’s Report](#)

ANNEXES

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

18. EQUITY (Continued)

31 December 2022	Historical values	Adjusted values	Equity inflation adjustment differences
Issued capital	350,910	6,171,832	5,820,922
Legal reserves	1,420,763	5,364,241	3,943,478
Extraordinary reserves	4,629,086	23,131,395	18,502,309
Share premium	8	1,087	1,079
Other reserves	-	136	136
	6,400,767	34,668,691	28,267,874

Inflation adjustment difference in equity can be utilized in issuing bonus shares and in offsetting accumulated losses; the carrying amount of extraordinary reserves.

Otokar shares which are publicly traded in BIST are valued at their closing price as of 31 December 2023 and 31 December 2022. As of 31 December 2023, fair value change amounting to TRY12,671 net of deferred tax, (31 December 2022: TRY100,105) is shown in statement of comprehensive income.

The net of tax effects of the changes in the statement of other comprehensive income and the effects of the changes in accumulated income and expense under equity are as follows:

	2023	2022
1 January	(11,256,985)	(8,852,238)
Gains/(losses) from financial assets measured at fair value through other comprehensive income	12,671	100,105
Actuarial gains/(losses)	83,558	(1,419,229)
Gains/(losses) on cash flow hedges	(8,718,078)	(1,344,623)
Exchange differences on translation	(662,138)	259,000
31 December	(20,540,972)	(11,256,985)



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor’s
Report](#)

ANNEXES

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

19. REVENUE AND COST OF SALES

	2023	2022
Export sales (*)	301,627,630	251,011,128
Domestic sales	118,096,911	75,927,129
Other sales	2,463,724	2,113,638
Less: discounts	(10,282,672)	(6,495,444)
	411,905,593	322,556,451

(*) Foreign sales and foreign sales figures include the Group’s exports as well as the sales of Ford Romania SRL.

Units of vehicle sales

	2023			2022		
	Domestic sales	Export sales	Total sales	Domestic sales	Export sales	Total sales
Puma	6,760	176,890	183,650	1,583	74,241	75,824
Transit	29,034	148,445	177,479	21,395	116,068	137,463
Custom	5,902	139,353	145,255	5,354	149,319	154,673
Courier	36,502	19,884	56,386	39,403	24,476	63,879
Other Passenger vehicles	25,248	21	25,269	4,509	-	4,509
Ford Trucks (Truck)	11,699	7,384	19,083	8,957	7,585	16,542
Ranger	1,744	-	1,744	956	6	962
New Transit Connect	561	6	567	372	-	372
Ecosport	8	99	107	2,113	19,116	21,229
Rakun	124	-	124	268	-	268
	117,582	492,082	609,664	84,910	390,811	475,721

Summaries of cost of production as of 31 December 2023 and 2022 are as follows:

	2023	2022
Cost of raw material	(243,357,295)	(206,008,573)
Production overhead costs	(24,544,518)	(19,909,872)
Amortization expenses (Notes 11, 12 and 33)	(5,775,237)	(6,937,982)
Changes in finished goods	4,892,663	1,699,074
Total production cost	(268,784,387)	(231,157,353)
Cost of trade goods sold	(87,873,296)	(54,800,189)
Total cost of sales	(356,657,683)	(285,957,542)



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

Financial Statements and
Independent Auditor’s
Report

ANNEXES

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

20. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

Research and development expenses	2023	2022
Project costs	(2,566,667)	(1,133,307)
Personnel expenses	(2,250,852)	(1,289,958)
Mechanization expenses	(304,156)	(254,639)
Depreciation and amortization expenses (Notes 11, 12 and 33)	(57,282)	(57,724)
Other	(129,926)	(115,665)
	(5,308,883)	(2,851,293)
Marketing expenses	2023	2022
Warranty expenses (Note 14)	(2,779,558)	(2,431,552)
Vehicle transportation expenses	(1,281,624)	(837,367)
Personnel expenses	(972,378)	(768,926)
Advertising expenses	(529,273)	(412,074)
Spare parts transportation and packaging expenses	(270,589)	(285,809)
Export expenses	(236,289)	(244,948)
Mechanization expenses	(137,211)	(113,788)
Depreciation and amortization expenses (Notes 11, 12 and 33)	(37,057)	(56,995)
Dealer and service development expenses	(26,610)	(15,651)
Other	(593,316)	(79,055)
	(6,863,905)	(5,246,165)
General administrative expenses	2023	2022
Personnel expenses	(3,094,611)	(1,678,662)
Grants and donations	(825,984)	(565,320)
Mechanization expenses	(740,260)	(352,135)
Legal, consulting and auditing expenses	(437,936)	(401,113)
New project administrative expenses	(409,296)	(224,641)
Depreciation and amortization expenses (Notes 11, 12 and 33)	(195,125)	(143,106)
Organization expenses	(108,207)	(69,936)
Transportation and travel expenses	(96,630)	(92,128)
Duties, taxes and levies expenses	(77,763)	(48,869)
Repair, maintenance and energy expenses	(58,320)	(64,855)
Other	(385,357)	(75,084)
	(6,429,489)	(3,715,849)



ABOUT THE REPORT
ABOUT FORD OTOSAN
INDUSTRY OVERVIEW AND TRENDS
VALUE CREATION JOURNEY
CORPORATE GOVERNANCE
FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
FUTURE. NOW FOR ENVIRONMENT
FUTURE. NOW FOR PEOPLE
FUTURE. NOW FOR COMMUNITY
GENERAL ASSEMBLY
RISKS AND OPPORTUNITIES
PERFORMANCE INDICATORS
CORPORATE STATEMENTS
FINANCIAL STATEMENTS
Financial Statements and Independent Auditor's Report
ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

21. EXPENSES BY NATURE

The classification of expenses by nature for the periods ended at 31 December 2023 and 2022 is as follows:

	2023	2022
Raw material cost	(243,357,295)	(206,008,573)
Cost of trade goods sold	(87,873,296)	(54,800,189)
Financial expenses	(29,924,998)	(21,411,810)
Personnel expenses	(20,343,400)	(12,087,139)
Other operational expenses	(11,994,972)	(7,817,936)
Other production overhead costs	(10,518,959)	(11,560,279)
Other expenses from operating activities	(8,482,467)	(3,991,431)
Depreciation and amortization expenses	(6,064,701)	(7,195,807)
Changes in inventories	4,892,663	1,699,074
Expenses from investing activities	(74,075)	(67,028)
Total expenses	(413,741,500)	(323,241,118)

22. OTHER OPERATING INCOME/(EXPENSES)

Other operating income	2023	2022
Foreign exchange gains related to trade receivables and payables	10,778,949	4,421,114
Financial income from forward sales	4,010,617	1,472,421
Price difference and claim recovery	179,640	44,007
Rent income	111,823	61,500
Commission income	35,705	49,309
License income	31,600	73,013
Provisions no longer required	7,260	23,209
Other	698,081	332,346
	15,853,675	6,476,919
Other operating expenses	2023	2022
Unearned financial expense	(5,055,329)	(2,594,690)
Foreign exchange losses related to trade receivables and payables	(2,645,630)	(1,311,454)
Other	(781,508)	(85,287)
	(8,482,467)	(3,991,431)

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor's
Report](#)

ANNEXES

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

23. FINANCIAL INCOME

	2023	2022
Foreign exchange gains	11,589,631	11,736,398
Interest income	3,277,477	1,238,078
Other	110,573	335,661
	14,977,681	13,310,137

24. FINANCIAL EXPENSES

	2023	2022
Foreign exchange losses	(23,738,143)	(19,423,355)
Interest expenses	(5,641,892)	(1,959,951)
Other	(544,964)	(28,504)
	(29,924,999)	(21,411,810)

25. TAX ASSETS AND LIABILITIES

Corporate Tax Law was amended by the Law No, 5520 dated 13 June 2006. Law No, 5520 came into force as of 21 June 2006, but many of the provisions came into force effective from 1 January, 2006. Accordingly, the corporate tax rate for the fiscal year 31 December 2023 is 25% (31 December 2022: 23%). The corporate tax rate for the fiscal year 31 December 2023 is 16% in Romania (31 December 2022: 16%). Corporate tax is payable on the total income of the Group after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment incentive, etc.) and corporate income tax deductions (e.g. research and development expenditures deduction). No further tax is payable unless the profit is distributed.

Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Dividend payments made to individuals and institutions other than these are subject to 10% withholding tax. Addition of profit to capital is not considered as profit distribution.

The temporary tax paid during the year belongs to that year and is deducted from the corporation tax that will be calculated over the tax declaration of the institutions to be given in the following year. If the temporary tax amount paid remains in spite of the indictment, this amount can be refunded or any other financial debt to the state can be deducted.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax declarations to the Tax Office within the 25th of the fourth month following the close of the financial year. Authorities authorized for tax inspection can carry out accounting records inspections for five years retrospectively and change tax amounts due to tax assessment if erroneous transactions are detected.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods. Similarly, the Romanian tax legislation allows deducting the financial losses shown on the declaration from the corporate income for the period, provided that it does not exceed 7 years.

There are many exceptions to the Institutions Tax Law. These exceptions to the Group are explained below:

Dividend gains from shares in capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) are exempt from corporate.

The Group capitalizes the R&D expenses made within the scope of the Code no 5746 in its legal books. According to the provisions of the same Code, the Group makes calculation within the framework of the related legislation over the R&D expenses incurred, and utilizes R&D deduction exemption at the rate of 100% for the portion of expenses allowed by the Code.

- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
 - Financial Statements and Independent Auditor’s Report
- ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

25. TAX ASSETS AND LIABILITIES (Continued)

As of 31 December 2023 the Group utilised R&D incentive exemption amounting of TRY4,342,655 (31 December 2022: TRY5,549,517) in return for the legal tax.

As of the reporting date, TRY4,541,034 (31 December 2022: TRY4,541,034) under the Large-Scale Investment Incentive Certificate, completed and investment in progress, TRY 11,114,581 (31 December 2022: TRY9,840,941) within the scope of Priority Investment Incentive Certificates and TRY23,923,617 (31 December 2022: TRY11,223,182) within the scope of Project Based State Aid investment expenditure was made.

The Group utilized discounted corporate taxation amounting to TRY7,104,894 (31 December 2022: TRY 5,322,758) in the current year and this amount has been deducted from the total deferred tax asset.

Tax Advantages Obtained within the Scope of Investment Incentive System

Gains obtained from the investments of the Group, which are subject to the incentive certificate, are subject to corporate tax at reduced rates from the accounting period in which the investment is started to be operated partially or completely, until it reaches the amount of contribution to the investment. In this context, as of 31 December 2023, the tax advantage amounting to TRY12,041,072 (31 December 2022: TRY7,144,570) that the Group will benefit from in the foreseeable future is reflected in the consolidated financial statements as a deferred tax asset. As a result of recognizing the mentioned tax advantage as of 31 December 2023, deferred tax income amounting to TRY4,896,502 (current period effect of 1 January-31 December 2023) has occurred in the consolidated profit or loss statement for the period 1 January - 31 December 2023.

Periods in which deferred tax assets arising from investment incentives are expected to be used:

As of the balance sheet period, the Group has associated the reduced corporate tax advantage it has achieved through investment expenditures with the tax base. It defines the amount of incentive that the Group can benefit from in this process for the next 10 year period, which the management team has determined as the foreseeable future, as deferred tax asset. In this context, as of 31 December 2023, the Group has 17.7 Billion TRY of investment incentive assets. As a result of the estimations it has prepared, the Group has accounted for 12 billion TRY as a deferred tax asset for the relevant period.

The periods during which the deferred tax assets arising from investment incentives are expected to be used/recovered are as follows:

	31 December 2023	31 December 2022
0-5 year	10,775,141	6,683,610
5-10 year	1,265,931	460,961

Deferred tax assets are recognized when it is determined that taxable income is likely to occur in the coming years. In cases where taxable income is likely to occur, deferred tax assets are calculated over deductible temporary differences, tax losses and tax advantages vested in indefinite-lived investment incentives that allow reduced corporate tax payments. In this context, the Group bases the reflection of deferred tax assets arising from investment incentives in the consolidated financial statements on long-term plans, and evaluates the recoverability of deferred tax assets related to these investment incentives as of each balance sheet date, based on business models that include taxable profit estimations. These deferred tax assets are expected to be recovered within 10 years from the balance sheet date.

In the sensitivity analysis carried out as of 31 December 2023, when the inputs (such as growth rate and profitability) in the basic macroeconomic and sectoral assumptions that make up the business plans are evaluated by increasing/decreasing 10%, the amount of deferred tax assets related to investment incentives and the recovery periods foreseen as 10 years are significantly increased. there has been no change.

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
1 JANUARY - 31 DECEMBER 2023

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

25. TAX ASSETS AND LIABILITIES (Continued)

The Group’s net tax position as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Current year corporate tax expense	(2,739,929)	(216,612)
Prepaid tax and withholding	1,855,745	405,321
Monetary gain / (loss)	810,374	61,379
Current tax related assets/(liabilities)	(73,810)	250,088
Deferred tax assets	13,013,365	4,886,703
Deferred tax liabilities	(934,123)	(935,612)
Net deferred tax asset	12,079,242	3,951,091

The taxation on income for the periods ended 31 December 2023 and 2022 are as follows.

	2023	2022
Current year corporate tax expense	(2,739,929)	(216,612)
Current year tax effect of cash flow hedge (*)	(4,134,428)	(1,249,187)
Other deferred tax	8,501,693	3,748,655
Deferred tax income	4,367,265	2,499,468
Continuing operations tax (income)/(expense)	1,627,336	2,282,856

(*) The amount represents the tax effect of the reclassification made between the statement of income and other comprehensive income relating to the cash flow hedge transactions.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
 - Financial Statements and Independent Auditor’s Report
- ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

25. TAX ASSETS AND LIABILITIES (Continued)

Calculation of the tax expense reconciliation using the current period tax expense in the statement of profit or loss as at 31 December 2023 and 2022 and current tax ratio based on income before tax is as follows:

	31 December 2023	31 December 2022
Income before tax	47,428,333	25,447,071
Effective tax rate	%25	%23
Current year tax expense	(11,857,083)	(5,852,826)
Research and development deductions	1,085,664	1,276,389
Investment incentive exemption	14,809,957	10,028,994
Monetary gain / (loss)	(3,457,965)	(2,713,094)
Effect of inflation accounting according to TPL (*)	5,087,735	-
Additional tax impact due to earthquake (**)	(2,629,881)	-
Other	(1,411,091)	(456,607)
	1,627,336	2,282,856

(*) It consists of the effect of adjustments related to inflation accounting in accordance with the Communiqué No: 32415 (2nd Repeated) of the Tax Procedure Law dated 30 December 2023.

(**) The amount accrued by the Company for the relevant tax in addition to the 2023 corporate tax is TRY2,629,881 thousand. The first installment of the tax was paid in May 2023 and the second installment was paid in August 2023.

The Group calculates deferred income tax assets and liabilities by taking into account the effects of temporary differences arising from the different assessments between TFRS and statutory financial statements.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor’s
Report](#)

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

25. TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities as at 31 December 2023 and 31 December 2022 using the current enacted tax rates is as follows:

	Cumulative Temporary differences		Deferred tax assets/(liabilities)	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Deferred tax assets				
Investment incentive tax asset (Note:34)	(27,317,091)	(23,365,843)	12,041,072	7,144,570
Expense accruals and other provisions	(4,815,833)	(3,794,948)	1,321,394	740,587
Employee benefits provision	(1,525,738)	(2,846,215)	376,762	567,408
Warranty expense provision	(2,001,745)	(1,856,896)	500,436	371,379
Inventories	(563,023)	100,501	142,729	(21,258)
Accumulated losses	(1,476,396)	(1,847,522)	244,198	295,608
	(37,699,826)	(33,610,923)	14,626,591	9,098,294
Deferred tax liabilities				
Tangible and intangible assets	3,145,707	26,160,384	(91,496)	(4,902,075)
Income accruals and other	10,415,367	1,147,018	(2,455,853)	(245,128)
	13,561,074	27,307,402	(2,547,349)	(5,147,203)
Net deferred tax asset			12,079,242	3,951,091

The deferred tax movement table of 31 December 2023 and 31 December 2022 are presented below:

	2023	2022
1 January	3,951,091	1,655,955
Charged to statement of profit or loss as income/(expense)	4,367,265	2,499,468
Acquisitions (Note 3)	-	(907,578)
Charged to comprehensive income statement as income/(expense)	4,112,871	797,748
Exchange differences on translation	(351,985)	(94,502)
1 January	12,079,24	3,951,091

- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
 - [Financial Statements and Independent Auditor’s Report](#)
- ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

26. EARNINGS PER SHARE

	2023	2022
Net profit for the year (TRY)	49,055,669	27,729,927
Weighted average number of shares with nominal	35,091,000,000	35,091,000,000
Earnings per share with nominal value of Kr 1 each	139.80 Kr	79.02 Kr

27. RELATED PARTY DISCLOSURES

Related party can be defined according to whether one of the companies has control over the others or has significant effect on its financial and administrative decisions. The Group is controlled by Koç Holding A.Ş. and Ford Deutschland Holding GmbH, a subsidiary of Ford Motor Company. In the financial statements, shareholder companies, shareholders and financial fixed assets and other group companies’ assets are shown as related parties.

The related party balances at 31 December 2023 and 31 December 2022 and the transactions with related parties during the year are as follows:

a) Receivables from related parties

i) Trade receivable from related parties

	31 December 2023	31 December 2022
Due from shareholders		
Ford Motor Company and subsidiaries	20,881,759	26,813,095
	20,881,759	26,813,095
Due from group companies (*)		
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	4,473,373	3,960,184
Other	36,430	22,472
	4,509,803	3,982,656
Less: Unearned credit finance income	(133,842)	(55,537)
	25,257,720	30,740,214

(*) The Group’s shareholders’ subsidiaries and affiliate.

Export sales mainly consist of sales to Ford Motor Company. Payments terms and conditions are specified in the business agreements with Ford Motor Company. Group’s export vehicle receivables from the Ford Motor Company sales made from Turkey are due in 14 days and sales made from Romania are 30 days, these receivables are collected regularly.

Per the domestic dealership agreement between Ford Otomotiv Sanayi A.Ş. and Otokoç Otomotiv Ticaret ve Sanayi A.Ş., the Companies have a vehicle and spare parts trade connection. As mentioned in Note 8, the Group’s vehicle sales receivables from Otokoç Otomotiv Ticaret ve Sanayi A.Ş. is due in 30 days on average and sales of spare parts is due in 70 days on average.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor’s
Report](#)

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

27. RELATED PARTY DISCLOSURES (Continued)

ii) Other receivables from related parties (*)

	31 December 2023	31 December 2022
Due from shareholders		
Ford Motor Company and subsidiaries	1,194,171	275,853
	1,194,171	275,853

iii) Long-term other receivables from related parties (*)

	31 December 2023	31 December 2022
Due from shareholders		
Ford Motor Company and subsidiaries	9,875,598	1,899,969
	9,875,598	1,899,969

(*) All of the amounts shown in other receivables from related parties consist of receivables arising from the Group’s accounting by leasing certain fixed assets in Kocaeli and Craiova factory to Ford Motor Company in accordance with TFRS 16.

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

27. RELATED PARTY DISCLOSURES (Continued)

b) Payables to related parties

i) i) Trade payables to related parties

	31 December 2023	31 December 2022
Due to shareholders		
Ford Motor Company and subsidiaries	7,495,467	5,833,325
	7,495,467	5,833,325
Due to group companies (*)		
Zer Merkezi Hizmetler ve Ticaret A.Ş.	1,020,745	747,931
Ram Dış Ticaret A.Ş.	546,830	180,097
Ark İnşaat A.Ş.	196,550	267,731
Setur Servis Turistik A.Ş.	136,707	53,297
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	78,429	81,881
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	72,170	55,830
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	62,236	45,075
Ram Sigorta Aracılık Hizmetleri A.Ş.	58,898	16,151
INGAGE Dijital Pazarlama Hizmetleri	38,677	40,977
Opet Petrolcülük A.Ş.	35,098	32,719
Divan Turizm İşletmeleri A.Ş.	30,451	8,970
Koçtaş Yapı Marketleri Sanayi ve Ticaret A.Ş.	10,241	10,176
Other	117,061	107,636
	2,404,093	1,648,471
Less: Unearned credit finance expense	(50,365)	(18,566)
	9,849,195	7,463,230

(*) The Group’s shareholders’ subsidiaries and affiliate.

ii) Other payables to related parties

	31 December 2023	31 December 2022
Yapı ve Kredi Bankası A.Ş.	345,211	-
Koç Holding A.Ş.	155,285	113,649
Koç Finansman A.Ş.	125,121	6,914
	625,617	120,563

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

27. RELATED PARTY DISCLOSURES (Continued)

c) Sales to related parties

	2023	2022
Ford Motor Company (*)	282,652,469	237,806,955
Otokoç Otomotiv Tic. ve San. A.Ş. (**)	26,830,752	17,437,952
Other	78	8,923
	309,483,299	255,253,830
Less: Unearned credit finance income	(999,808)	(369,975)
	308,483,491	254,883,855

(*) The Group, exports vehicle, spare parts and engineering service to Ford Motor Company.
(**) The Group has a vehicle and spare parts trade in accordance with domestic dealer agreement with Otokoç Otomotiv Ticaret ve Sanayi A.Ş.

d) Material, service and fixed asset purchases from related parties

	2023			
	Material	Service	Fixed assets	Total
Domestic purchases				
Zer Merkezi Hizmetler ve Ticaret A.Ş.(*)	286,508	4,188,997	5,016	4,480,521
Ark İnşaat Sanayi ve Ticaret A.Ş(**)	-	-	1,491,403	1,491,403
Eltek Elektrik Enerjisi İth. İhr. ve Toptan Tic. A.Ş.	-	825,206	-	825,206
Ram Dış Ticaret A.Ş.	687,186	-	-	687,186
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	365,981	-	365,981
Setur Servis Turistik A.Ş.	-	294,418	-	294,418
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	196,941	78,117	275,058
Koç Holding A.Ş. (***)	-	251,187	-	251,187
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	32,879	202,314	235,193
Opet Petrolcülük A.Ş.	220,673	-	-	220,673
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	180,030	-	-	180,030
Ingage Dijital Pazarlama A.Ş.	-	122,272	-	122,272
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	41,093	-	-	41,093
Koçtaş Yapı Marketleri Ticaret A.Ş.	31,527	-	417	31,944
Other	15,338	174,103	90,206	279,647
	1,462,355	6,451,984	1,867,473	9,781,812
Less: Unearned credit finance expense	(101,591)	-	-	(101,591)
	1,360,764	6,451,984	1,867,473	9,680,221

- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
 - [Financial Statements and Independent Auditor's Report](#)
- ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

27. RELATED PARTY DISCLOSURES (Continued)

	2022			
	Material	Service	Fixed assets	Total
Domestic Purchases				
Zer Merkezi Hizmetler ve Ticaret A.Ş. (*)	271,788	3,441,103	1,312	3,714,203
Ark İnşaat Sanayi ve Ticaret A.Ş. (**)	-	-	2,138,627	2,138,627
Eltek Elektrik Enerjisi İth. İhr. ve Toptan Tic. A.Ş.	-	1,252,426	-	1,252,426
Ram Dış Ticaret A.Ş.	1,159,976	-	-	1,159,976
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	411,405	160,290	571,695
Opet Petrolcülük A.Ş.	273,261	-	-	273,261
Koç Holding A.Ş. (***)	-	233,180	-	233,180
Setur Servis Turistik A.Ş.	-	212,153	-	212,153
Opet Fuchs Madeni Yağ Sanayi ve Ticaret A.Ş.	163,840	-	-	163,840
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	149,157	-	149,157
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	-	124,427	14,752	139,179
Ingage Dijital Pazarlama A.Ş.	-	86,217	-	86,217
Koçtaş Yapı Marketleri Ticaret A.Ş.	44,334	-	68	44,402
AKPA Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.	32,581	-	-	32,581
Other	450	144,775	162,150	307,375
	1,946,230	6,054,843	2,477,199	10,478,272
Less: Unearned credit finance expense	(51,988)	-	-	(51,988)
	1,894,242	6,054,843	2,477,199	10,426,284

(*) The Group’s central purchasing function from Zer Merkezi Hizmetleri ve Ticaret A.Ş. operates mainly for service purchases for the group.
(**) The Group’s purchases from Ark İnşaat are related to the mechanical, civil and electrical works related to the new project investments of Kocaeli Plants.
(***) Koç Holding A.Ş., including personnel and senior management expenses, in return for the services provided by Koç Holding A.Ş., includes the service fee invoiced to our Group as a result of the distribution of the expenses incurred in connection with the companies rendered services within the framework of the “11- Intra-Group Services” regulation of the General Communiqué No.1 on Disguised Profit Distribution via Transfer Pricing.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor’s
Report](#)

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

27. RELATED PARTY DISCLOSURES (Continued)

Material, vehicle and service purchases from abroad

	2023	2022
Ford Motor Group and subsidiaries	125,366,668	137,203,096

e) License fees paid to Ford Motor Group included in cost of sales

	2023	2022
	2,025,001	1,487,567

f) License fee received from Jiangling Motors Corporation, a subsidiary of Ford Motor Company included in other income

	2023	2022
	31,599	74,606

g) Donations to related parties, establishments and foundations, included in general administrative expenses

	2023	2022
	453,003	485,851

h) The details of deposits in related banks and loans obtained from related banks

Deposits in related banks	31 December 2023	31 December 2022
Yapı ve Kredi Bankası A.Ş.		
- Foreign currency time deposits	3,256,065	6,213,522
- TRY time deposits	1,000,713	121,069
- TRY demand deposits	221,347	158,629
- Foreign currency demand deposits	43,576	6,588
	4,521,701	6,499,808

i) Related bank loans

	31 December 2023	31 December 2022
Yapı ve Kredi Bankası A.Ş.	-	673,241
	-	673,241

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

27. RELATED PARTY DISCLOSURES (Continued)

i) Other long-term payables

	31 December 2023	31 December 2022
Ford Motor Company and its subsidiaries (Note 7)	10,660,273	10,557,194
	10,660,273	10,557,194

j) Commission income

	2023	2022
Yapı ve Kredi Bankası A.Ş.	29,591	36,228
Koç Finansman A.Ş.	6,137	12,838
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	182	-
	35,910	49,066

k) Commission expense

	2023	2022
Yapı ve Kredi Bankası A.Ş.	527,596	125,050
Koç Finansman A.Ş.	263,246	117,739
	790,842	242,789

Commissions paid to Koç Finansman A.Ş. and Yapı ve Kredi Bankası A.Ş. are credit commissions related to sales to end user customers by dealers and are recorded as sales discounts in the statement of profit or loss.

l) Interest income

	2023	2022
Yapı ve Kredi Bankası A.Ş.	324,436	127,489

m) Dividend income

	2023	2022
Otokar Otomotiv ve Savunma Sanayi A.Ş.	-	9,034

n) Compensation of key management personnel

The Group defines its key management personnel as board of directors’ members, general manager, assistant general managers and directors reporting directly to the general manage.

Compensation of key management personnel includes salaries, premiums, Social Security Institution employer’s contribution, employer’s contribution of unemployment insurance and the attendance fees.

The total amount of compensation given to key management personnel of the Group with the purchasing power at 2023 is TRY 369,710 (31 December 2022: TRY 238,593). All of this amount consists of short-term benefits.

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The table below summarizes the Group’s exposure to foreign currency exchange rate risk at 31 December 2023 and 31 December 2022. The carrying amount of the Group’s foreign currency denominated assets and liabilities, categorized by currency have been presented below:

31 December 2023	TRY equivalent (Functional currency)	USD	EUR	Other
1. Trade receivables	28,115,158	9,716	854,336	2
2. Monetary financials assets (including cash and cash equivalents)	9,198,054	1,547	279,850	4,691
3. Other	4,436,890	-	136,186	20
4. Current assets (1 + 2 + 3)	41,750,102	11,263	1,270,372	4,713
5. Monetary financial assets	1,754,790	-	53,871	-
6. Non-current assets (5)	1,754,790	-	53,871	-
7. Total assets (4 + 6)	43,504,892	11,263	1,324,243	4,713
8. Trade payables	19,512,949	83,157	493,652	26,933
9. Financial liabilities (*)	25,275,130	-	775,932	-
10. Other monetary liabilities	361,919	126	10,996	-
11. Short-term liabilities (8 + 9 + 10)	45,149,998	83,283	1,280,580	26,933
12. Financial liabilities (*)	30,754,655	-	944,150	-
13. Other	13,453,428	205	412,827	-
14. Long-term liabilities (12+13)	44,208,083	205	1,356,977	-
15. Total liabilities (11 + 14)	89,358,081	83,488	2,637,557	26,933
16. Net foreign currency (liabilities)/assets position (7 - 15)	(45,853,189)	(72,225)	(1,313,314)	(22,220)
17. Net monetary foreign currency (liabilities)/assets (1 + 2 + 5 - 8 - 9 - 10 - 12)	(36,836,651)	(72,020)	(1,036,673)	(22,240)

(*) The Group’s net foreign exchange position is mainly due to long-term EUR denominated loans obtained to fund its investments. The Group is hedging for the foreign currency exchange risk arising from its EUR denominated long-term loans with export agreements signed with Ford Motor Company. The TRY equivalent of such loans amount to TRY36,341,915 as of 31 December 2022 (31 December 2022: TRY21,090,392). As of 31 December 2023, the Group has a total of TRY5,345,503 (31 December 2022: TRY760,240) of the product to be issued.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and Independent Auditor’s Report](#)

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2022	TRY equivalent (Functional currency)	USD	EUR	Other
1. Trade receivables	25,769,509	4,073	780,573	115
2. Monetary financials assets (including cash and cash equivalents)	9,149,019	4,694	273,452	9,049
3. Other	2,375,193	11,182	61,837	7
4. Current assets (1 + 2 + 3)	37,293,721	19,949	1,115,862	9,171
5. Monetary financial assets	2,329,819	-	70,929	-
6. Non-current assets (5)	2,329,819	-	70,929	-
7. Total assets (4 + 6)	39,623,540	19,949	1,186,791	9,171
8. Trade payables	15,906,701	111,871	350,744	46,622
9. Financial liabilities (*)	12,645,138	124	384,844	-
10. Other monetary liabilities	312,001	-	9,467	28
11. Short-term liabilities (8 + 9 + 10)	28,863,840	111,995	745,055	46,650
12. Financial liabilities (*)	29,994,336	331	912,833	-
13. Other	10,557,194	-	321,402	-
14. Long-term liabilities (12+13)	40,551,530	331	1,234,235	-
15. Total liabilities (11 + 14)	69,415,370	112,326	1,979,290	46,650
16. Net foreign currency (liabilities)/assets position (7 - 15)	(29,791,830)	(92,377)	(792,499)	(37,479)
17. Net monetary foreign (liabilities)/assets (1 + 2 + 5 - 8 - 9 - 10 - 12)	(21,609,829)	(103,559)	(532,934)	(37,486)

Foreign exchange risk

The Group is exposed to foreign exchange risk primarily against EUR and partly against USD. The foreign exchange risk of the Group arises from long-term EUR investments.

31 December 2023	Profit/(loss) before taxation	
Appreciation/depreciation in foreign currency	(Increase by 10 (%))	Decrease by 10 (%)
Change in USD against TRY		
USD net assets/(liabilities)	(212,617)	212,617
USD net hedged amount	-	-
USD net- gain/(loss)	(212,617)	212,617
Change in EUR against TRY		
EUR net assets/(liabilities)	(4,277,976)	4,277,976
EUR net hedged amount	3,634,191	(3,634,191)
EUR net- gain/(loss)	(643,785)	643,785
Change in other foreign currency against TRY		
Other foreign currency denominated net (liabilities)/assets	(94,724)	94,724
Other foreign currency denominated- hedged amount	-	-
Other foreign currency denominated net - (loss)/gain	(94,724)	94,724

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

Financial Statements and
Independent Auditor’s
Report

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2022	Profit/(loss) before taxation	
Appreciation/depreciation in foreign currency	Increase by 10 (%)	Decrease by 10 (%)
Change in USD against TRY		
USD net assets/(liabilities)	(284,612)	284,612
USD net hedged amount	-	-
USD net- gain/(loss)	(284,612)	284,612
Change in EUR against TRY		
EUR net assets/(liabilities)	(2,603,145)	2,603,145
EUR net hedged amount	3,475,127	(3,475,127)
EUR net- gain/(loss)	871,982	(871,982)
Change in other foreign currency against TRY		
Other foreign currency denominated net (liabilities)/assets	(91,426)	91,426
Other foreign currency denominated- hedged amount	-	-
Other foreign currency denominated net - (loss)/gain	(91,426)	91,426

The comparative amounts for total export and import amounts for the year ended 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Total export amount	219,086,831	218,917,885
Total import amount	150,722,654	130,449,167

The Group’s net assets are exposed to foreign exchange risk which arises from export sales.

To minimize its foreign currency risk, the Group follows a balanced foreign currency position policy. The Group manages the currency exposure arising from foreign currency denominated borrowings and trade payables with its foreign currency assets.

Interest rate risk

The Group’s interest rate sensitive financial instruments are as follows:

	31 December 2023	31 December 2022
Fixed interest rate financial instruments		
Financial assets	14,206,153	14,943,789
Financial liabilities	40,637,254	35,430,762
Floating interest rate financial instruments		
Financial liabilities	35,117,779	27,048,482

If the interest rates of floating interest-bearing EUR denominated borrowings were 100 basis points higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TRY 92,886 at 31 December 2023 (31 December 2022: TRY 33,956) due to higher/lower interest expense.

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

The table below shows the liquidity risk arising from financial liabilities of the Group:

31 December 2023	Book value	Total contractual cash outflow	3 months	3 - 12 months	1-5 yıl years	5 years
Non-derivative financial instruments						
Financial liabilities	64,230,395	73,168,859	5,499,127	31,914,768	34,125,714	1,629,250
Other long-term borrowings	10,660,273	11,283,124	-	-	11,283,124	-
Lease liabilities	864,365	1,369,379	86,302	258,905	953,792	70,380
Trade payables						
- Related party	9,849,195	9,899,560	9,899,560	-	-	-
- Other	42,715,846	43,286,971	43,286,971	-	-	-
Other liabilities						
- Related party	625,617	625,617	625,617	-	-	-
- Other	1,003,574	1,003,574	1,003,574	-	-	-
Derivative financial liabilities						
Derivative financial instruments	163,193	163,193	-	163,193	-	-
31 December 2022	Book value	Total contractual cash outflow	3 months	3 - 12 months	1-5 yıl years	5 years
Non-derivative financial instruments						
Financial liabilities	51,603,494	57,515,245	1,808,020	21,384,047	29,133,185	5,189,994
Other long-term borrowings	10,557,194	11,398,327	-	-	6,437,997	4,960,330
Lease liabilities	318,556	437,275	27,558	82,675	304,568	22,473
Trade payables						
- Related party	7,463,230	7,481,798	7,481,798	-	-	-
- Other	42,209,644	42,500,610	42,500,610	-	-	-
Other liabilities						
- Related party	120,563	120,563	120,563	-	-	-
- Other	1,091,104	1,091,104	1,091,104	-	-	-
Derivative financial liabilities						
Derivative financial instruments	202,066	202,066	-	-	202,066	-

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and Independent Auditor's Report](#)

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Fair value hierarchy table

The Group classifies the fair value measurement of financial instruments reported at fair value according to their source of valuation inputs, using the three-level hierarchy, as follows.

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques that includes direct or indirect observable inputs

Level 3: Valuation techniques that does not contain observable market inputs

As of 31 December 2023 and 31 December 2022, the Group’s hierarchy table for its assets and liabilities recorded at fair value are as follows:

31 December 2023	Level 1 (*)	Level 2 (**)	Level 3
Assets at fair value			
Derivative financial assets	-	386,173	-
Financial assets at fair value through OCI - Otokar	299,125	-	-
Total assets	299,125	386,173	-
Liabilities at fair value			
Derivative financial liabilities	-	163,193	-
Total liabilities	-	163,193	-
31 December 2022	Level 1 (*)	Level 2 (**)	Level 3
Assets at fair value			
Derivative financial assets	-	630,614	-
Financial assets at fair value through OCI - Otokar	240,473	-	-
Total assets	240,473	630,614	-
Liabilities at fair value			
Derivative financial liabilities	-	202,066	-
Total liabilities	-	202,066	-

(*) Fair value is calculated at market prices per the Stock Exchange market at the reporting date.
(**) Fair value is calculated from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. , as prices) or indirectly (i.e. , derived from prices).

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

[Financial Statements and
Independent Auditor’s
Report](#)

ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

29. CASH FLOW HEDGE OPERATIONS

The Group uses long-term floating rate foreign currency loans from international markets. The Group hedges interest rate risk by securing a portion of the floating rate loans from international markets through long-term swap transactions.

As of 31 December 2023, the Group has hedged the interest rate risk arising from the cash flows of the loan amounting to EUR150,000,000 with a maturity of 16 December 2030, by using interest swaps. The critical conditions of the swap contract, such as maturity, payment and interest change dates, are in line with the critical conditions of the TRY loan, which is the subject of financial protection as of 31 December 2023. The fair value of the said swap transaction as of 31 December 2023 is TRY113,164 and it is shown under long-term liabilities in the statement of financial position.

As of 31 December 2023, the Group has hedged the interest rate risk arising from the cash flows of the loan amounting to EUR100,000,000 with a maturity of 21 August 2028, by interest swap. The critical conditions of the swap contract, such as maturity, payment and interest change dates, are in line with the critical conditions of the foreign currency loan, which is the subject of financial protection as of 31 December 2023. As of 31 December 2023, the fair value of the said swap transaction is TRY50,029 and is presented under non-current assets in the statement of financial position.

Derivative financial instruments

	31 December 2023	31 December 2022
Derivative financial liabilities	163,193	202,066
	163,193	202,066

As of 31 December 2023, the Group bears the interest risk arising from the cash flows of the loans used, amounting to EUR100,000,000 with a maturity of 5 November 2026 and EUR100,000,000 with a maturity of 5 November 2028, has been subject to financial protection with interest ceiling (cap) options. The critical conditions of the swap contract, such as maturity, payment and interest change dates, are in line with the critical conditions of the foreign currency loan that is the subject of financial protection as of 31 December 2023. The fair value of the related swap transaction as of 31 December 2023 is TRY355,823 and is presented under non-current assets in the financial position statement.

As of 31 December 2023, the Group bears the interest risk arising from the cash flows of the loans used, amounting to EUR150,000,000 with a maturity of 23 May 2024 has been subject to financial protection with interest ceiling (cap) options. The critical conditions of the swap contract, such as maturity, payment and interest change dates, are in line with the critical conditions of the foreign currency loan that is the subject of financial protection as of 31 December 2023. The fair value of the related swap transaction as of 31 December 2023 is TRY 19,578 and is presented under non-current assets in the financial position statement.

	31 December 2023	31 December 2022
Derivative financial assets	386,173	630,614
	386,173	630,614

There is an effective foreign currency cash flow hedge relationship between foreign currency long-term financial borrowings related with investment expenditures (non-derivative hedging instrument) and highly probable forecast transaction export sales receivables (hedged item). In the frame of the manufacturing agreement signed with Ford Motor Company, the Group will associate a portion of estimated export revenue from 1 April 2013 to November 2030 with long-term financial borrowings.

Cash flow hedge reserve	31 December 2023	31 December 2022
Amount recognized in other comprehensive income	19,095,744	7,830,790
Amount recycled from other comprehensive income to statement of profit or (loss)	(6,243,238)	(6,037,960)
	12,852,506	1,792,830

- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
 - Financial Statements and Independent Auditor’s Report
- ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

30. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities	2023	2022
Foreign exchange gain (*)	2,864,608	-
Gain on sale of property, plant and equipment	9,523	28,032
Dividend income	-	9,034
	2,874,131	37,066
Expense from investing activities	2023	2022
Loss on sale of property, plant and equipment	(74,075)	(67,028)
	(74,075)	(67,028)

(*) The Group’s receivables consist of valuations arising from financial leasing arrangements with Ford Motor Company under TFRS 16.

31. DEFERRED INCOME

	31 December 2023	31 December 2022
Short-term deferred revenue (*)	443,555	215,676
Advances received	141,840	101,619
	585,395	317,295

(*) TRY 318,513 of short-term deferred revenue is from the sales of extended warranty and maintenance packages.

	31 December 2023	31 December 2022
Advances received	2,777,088	-
Other non-current liabilities (*)	982,007	908,708
	3,759,095	908,708

(*) TRY 714,824 of long-term deferred revenue is from the sales of extended warranty and maintenance packages.

32. OTHER NON-CURRENT LIABILITIES

	31 December 2023	31 December 2022
Other non-current liabilities (*)	-	8,962
	-	8,962

(*) The Group makes a part of its fleet truck with buyback commitments and sales made within this scope are followed under “Other Non-Current Liabilities”. The buyback commitments are 3 years on average

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

33. RIGHT OF USE ASSETS

The right of use assets and expenses of depreciation and amortization as of 31 December 2022 and 2021 are as follows:

	Buildings	Machinery and equipments	Vehicles	Total
As of 1 January 2023	92,961	94,241	143,135	330,337
For the period ended 31 December 2023				
Additions	210,833	459,683	216,240	886,756
Disposals	-	(2,464)	-	(2,464)
Exchange differences on translation	-	(26,641)	-	(26,641)
Period depreciation and amortization expenses	(6,186)	(103,128)	(103,075)	(212,389)
As of 31 December 2023	297,608	421,691	256,300	975,599
	Buildings	Machinery and equipments	Vehicles	Total
As of 1 January 2022	16,875	72,471	96,548	185,894
For the period ended 31 December 2022				
Acquisitions (Note 3)	-	52,124	-	52,124
Additions	108,460	8,796	77,338	194,594
Disposals	-	(527)	-	(527)
Exchange differences on translation	-	6,906	-	6,906
Period depreciation and amortization expenses	(32,374)	(45,529)	(30,751)	(108,654)
As of 31 December 2022	92,961	94,241	143,135	330,337

34. GOVERNMENT INCENTIVES AND GRANTS

It is realized with incentives within the scope of “Decisions of the Council of Ministers on State Aids in Investments”.

The investment projects for which the Group has completed their investment processes and continue to benefit from the deserved investment contribution amounts are as follows;

- An investment of TRY4,541,034 has been made between 2010 and 2013 for the Transit and Transit Custom model investments at Kocaeli Gölcük Plant. The investment contribution rate of this project is 30%.
- An investment of TRY 7,386,032 has been made between 2013 and 2017 at Kocaeli Gölcük Plant for Transit expenditures. The investment contribution rate of this project is 50%.
- Investment expenditure of TRY5,074,057 was made between 2013 and 2016 for the new model Transit Courier investment, which started production with the establishment of the Yeniköy Plant in Kocaeli. The investment contribution rate of this project is 40%.
- In the Eskişehir Plant, an investment of TRY588,717 was made between 2013 and 2019 for the new 6- and 4- cylinder engine production was invested. The investment contribution rates of these projects are 40%.
- An investment of TRY2,235,669 was made between 2014 and 2019 for the E6 emission truck manufacturing expansion investment at the Eskişehir Plant. The investment contribution rate of this project is 40%.
- Between 2016 and 2021, an investment of TRY6,724,489 was made for the renovation and factory modernization investments made at the Gölcük and Yeniköy Plants for the Transit, Transit Courier and Transit Custom models, which are still being produced at the Kocaeli Plants. The investment contribution rate of this project is 40%.

ABOUT THE REPORT
ABOUT FORD OTOSAN
INDUSTRY OVERVIEW AND TRENDS
VALUE CREATION JOURNEY
CORPORATE GOVERNANCE
FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
FUTURE. NOW FOR ENVIRONMENT
FUTURE. NOW FOR PEOPLE
FUTURE. NOW FOR COMMUNITY
GENERAL ASSEMBLY
RISKS AND OPPORTUNITIES
PERFORMANCE INDICATORS
CORPORATE STATEMENTS
FINANCIAL STATEMENTS
Financial Statements and Independent Auditor’s Report
ANNEXES

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

34. GOVERNMENT INCENTIVES AND GRANTS (Continued)

The Group’s project which has ongoing investment process and continues to benefit from the investment contribution is as follows;

- Renewal investments of machinery and equipment used for the manufacturing and assembly of F-Trucks (trucks, tractors), Transit and Transit Custom vehicles manufactured in Eskişehir Factories, Brake Disc and Front Layout that will be started to be produced for use in Transit vehicles. An investment incentive certificate amounting to TRY500,640 was obtained on 30 March 2020 for machinery and equipment investments to be made locally to manufacture the gearbox of F-Trucks, which is a product in the heavy commercial vehicle segment, as well as line installation investments for its complex manufacturing. The contribution rate of this project to investment is 40%.
- Project Based Incentive in total amounting to TRY20,501,206 for product diversification and expansion investments covering the production of new generation commercial vehicles and batteries at Kocaeli Plants was published in the Official Gazette with the Presidential Decision dated 04.12.2020 and numbered 3273. The contribution rate to the investment to be utilized for this project is 100%.

As of the balance sheet period, the Group has associated the reduced corporate tax advantage it has obtained regarding to its investment expenditures with the tax base. It defines the amount of incentive that the group can benefit from in this process for the next 10-year period, which the management team has determined as the foreseeable future, as deferred tax asset. In this context, the group has a well-deserved investment incentive asset of TRY 17,7billion for 2023. The Group has estimated this amount as TRY12 billion as a deferred tax asset for the related period as a result of the estimations it has prepared.

35. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND AFFILIATED COMPANIES

Gembox Teknoloji Girişimleri A.Ş was established with 100% Ford Otosan capital in order to carry out research and development, consultancy, engineering and incubation activities, and to invest in companies established in these fields and initiatives carried out.

Ford Otosan Netherlands BV was established with 100% Ford Otosan capital in order to centrally manage the Group’s Ford Trucks export market structures.

Rakun Mobilite A.Ş. was established with 100% Ford Otosan capital to develop and sell products, technologies and solutions in the field of mobility.

Investments in subsidiaries as of 31 December 2023 and 31 December 2022 are as follows:

31 December 2023	Ownership rate (%)	Amount
Investment in subsidiaries		
Gembox Teknoloji Girişimleri Anonim Şirketi	100	60,234
Rakun Mobilite A.Ş.	100	65,203
		125,437
31 December 2022	Ownership rate (%)	Amount
Investment in subsidiaries		
Gembox Teknoloji Girişimleri Anonim Şirketi	100	60,234
Rakun Mobilite A.Ş.	100	5,833
		66,067

These investments are carried at cost and are not included in the scope of consolidation since their financial statements do not have a significant effect on the financial statements of the Group. Ford Otosan Netherlands BV, a 100% subsidiary of Ford Otosan, has been included in the scope of consolidation as of 2022, since it acquired Ford Romania SRL as of July 1st.

(Amounts are expressed in thousands of Turkish Lira (“TRY”), unless otherwise stated, with the purchasing power of the Turkish Lira as of 31 December 2023.)

36. ASSETS ARISING FROM CUSTOMER CONTRACTS

	31 December 2023	31 December 2022
Contract assets arising from sales of goods and services	1,132,678	-
	1,132,678	-

37. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITORS

The explanation regarding the fees for the services rendered by the independent audit firms, which was prepared pursuant to the POA’s Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which were based on the letter of the POA dated August 19, 2021 are as follows:

	2023(*)	2022(*)
Independent audit fees for the reporting period	3,758	4,942
Fees for tax advisory services	3,208	2,099
Fee for other assurance services	-	53
Fees for services other than independent auditing	227	105
	7,193	7,199

(*) The fees above have been determined by including the statutory audit and other related service fees of all subsidiaries.

38. SUBSEQUENT EVENTS

There are no disclosures that arise from the balance sheet date to the reporting date.

ANNEXES



- **BOARD OF DIRECTOR'S CURRICULUM VITAE** —320
- **EXECUTIVE TEAM'S CURRICULUM VITAE** —322
- **MEMBERSHIPS AND AFFILIATIONS** —324
- **ASSURANCE STATEMENT FOR NON-FINANCIAL DATA** —330
- **REPORTING PRINCIPLES** —333
- **LIFE CYCLE ASSESSMENT RESULTS** —343
- **ABBREVIATIONS** —346
- **GRI CONTENT INDEX** —348

BOARD OF DIRECTOR'S CURRICULUM VITAE



RAHMI M. KOÇ

Honorary Chairman
Honorary Chairman of Koç Holding A.Ş.

Mr. Rahmi M. Koç earned a Bachelor’s Degree in Business Administration from Johns Hopkins University (USA). Rahmi M. Koç started his active career at Otokoç Ankara in 1958. He then became Chairman of the Executive Committee of Koç Holding in 1970, Vice President of the Board in 1975, and Chairman of the Managing Committee in 1980. He was elected as Chairman of Koç Holding in 1984. He handed over his position to Mustafa V. Koç on 4 April 2003. Rahmi M. Koç has remained a Board Member and assumed the title of Honorary Chairman. Koç, who has been a Member of the Ford Otosan Board of Directors since 1961 and Chairman of the Board since 1972, is currently Honorary Chairman of the Ford Otosan Board of Directors since 10 December 2012. Rahmi M. Koç is or has been affiliated with many institutions and organisations including: The Metropolitan Museum of Art, New York City, Honorary Trustee / Former President of the International Chamber of Commerce / Co-Chairman of the Business Advisory Council for South East Europe / Vice Chairman of the Board of Trustees of the Vehbi Koç Foundation / Honorary Chairman of the Board of Trustees of the Koç University / Founder and Chairman of the Board of the Rahmi M. Koç Museum and Cultural Foundation / Chairman of the Board of the Vehbi Koç Foundation American Hospital / Honorary Chairman and Founding Member of TURMEPA, The Turkish Marine and Environment Protection Association / Honorary Chairman of the Advisory Board of the Turkish Industrial and Business Association / Member of the Advisory Board of the Turkish Employers Association / Founding Chairman of the Global Relations Forum / Former President of the Turkish Greek Business Council / Former Member of the Allianz Aktiengesellschaft International Advisory Board / Former Member of the JP Morgan International Council / Former Member of the International Advisory Board of the US Council on Foreign Relations. Honorary Doctorate Degrees: Johns Hopkins University, Eskisehir Anadolu University, İzmir Ege University, Ankara Bilkent University, Constanta Ovidius University and Aydın Adnan Menderes University. Merits and Degree: “Outstanding Service Award” by the President of Turkey, “Grosses Verdienst Kreuz” (Germany Great Service) by the German government, “Order of High Merit of the Italian Republic” by Italy, “the Order of Merit” by the Presidency of the Republic of Austria, Hadrian Award by the World Monuments Fund, Carnegie Medal of Philanthropy, BNP Paribas Philanthropy Award, “Outstanding Service Award in Decorative Arts” at “Iris Foundation Awards”, “(Honorary) Commander of the Most Excellent Order of the British Empire (CBE)”, “Responsible Capitalism Lifetime Achievement Award” from FIRST, “Officier dans L’Ordre National de la Legion D’Honneur” which is the most prestigious order of French government and medal of the US-based Foreign Policy Association.

ALİ YILDIRIM KOÇ

Chairman
Vice Chairman - Koç Holding A.Ş.
Board of Directors

Mr. Ali Y. Koç capped his undergraduate studies at the Management Faculty of Rice University (USA) with an MBA from Harvard Business School. He started his career at American Express Bank as a Management Trainee and continued as an Investment Analyst at Morgan Stanley Investment Bank. Mr. Ali Y. Koç joined Koç Holding in 1997 and held senior-level positions until 2010 including new business development and information technologies. He was the President of Corporate Communications and IT Group. He has been serving as a Board Member at Koç Holding since 2008 and was elected as Vice Chairman in February 2016. Ali Y. Koç has been serving on the Board of Directors at Ford Otosan since 1997 and was elected as Chairman on 10 December 2012. Currently, Ali Y. Koç is the Chairman of Ark İnşaat, Bilkom, Digital Panorama, Koç Financial Services, Koçtaş, Otokar, Otokoç, Setur and Yapı Kredi Bank. Ali Y. Koç also contributes to the country’s social and economic development at Fenerbahçe as Chairman, URAK – National Competition Research Association as President, Executive Board Member of European Club Association, Endeavor Association and TUSİAD, Foreign Economic Relations Board as Board Member. He is member of the Global Advisory Council of Bank of America, Harvard University and CFR. He is also consultant of Chatham House and representative of Turkey at Confederation of British Industry.

KIERAN CAHILL

Vice Chairman
Vice President – Industrial Operations Europe and IMG, Ford Blue

Mr. Cahill has a Bachelor of Engineering degree in Mechanical and Automotive Engineering from the University of Hertfordshire, and a Master of Science degree in Automotive Engineering, Design and Management from the same university. Cahill has held a number of other senior management roles in Ford of Europe, including director, Powertrain Operations, from 2016 to 2018. He has also led the Powertrain Manufacturing Engineering and European FPS organizations and held several plant operational senior leadership positions. In 2020, Mr. Cahill was Director, Manufacturing, Strategic Projects, Ford of Europe and was Director, Manufacturing, U.K. and Romania. Mr. Cahill was vice president, Manufacturing, Ford of Europe, and he was named Board Chair for Ford Motor Company Limited. Mr. Cahill currently has been serving as vice president, Industrial Operations Europe & IMG, effective March 2022. Mr. Cahill is a Member of the Board of Directors of Ford Otosan since March 21, 2022. He has also been serving as the member of the Remuneration Committee since December 1, 2022.

JOHAN EGBERT SCHEP

Member
General Manager – Ford Pro Europe

Mr. Schep earned a master’s degree in Industrial Engineering and Management Science from Eindhoven University of Technology. Mr. Schep joined Ford in 1995 and his experience at Ford includes roles as Regional Director of European Sales Operations – responsible for Marketing, Sales and After-Sales in North, Central and Eastern Europe, North Africa and Central Asia – and as Managing Director, Ford Netherlands. He served as Director, Product Marketing, Ford of Europe, beginning in February 2015. Mr. Schep was General Manager, Commercial Vehicles, Ford of Europe between 2016 and 2021 and in this role, he was responsible for leading Ford’s Commercial Vehicles business line in Europe. Currently, he is General Manager of Ford Pro Europe, the global business and brand within Ford dedicated to delivering the most comprehensive solutions to commercial customers. Mr. Schep was appointed as Ford Otosan Board Member on December 1, 2022.

WILLIAM R. PERIAM

Member
CFO - Ford of Europe

Mr. Periam earned a bachelor’s degree in Management Sciences from Manchester University (UK) and is a Fellow of the Chartered Institute of Management Accountants. He joined Ford as an Investment Analyst in the United Kingdom in 1989. He has held multiple senior management positions at Ford in the Finance, Credit, Business Development and Business Strategy departments in the USA, Germany, Brazil and China. He was appointed Deputy General Manager and a Member of the Board of Directors of Ford Otosan from September 2013 until August 2016. Mr. Periam was appointed as the Chief Financial Officer of Ford of Europe as of August 1, 2016 and remains a member of the Board Directors at Ford Otosan.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director's Curriculum Vitae](#)

[Executive Team's Curriculum Vitae](#)

[Memberships and Affiliations](#)

[Assurance Statement for Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment Results](#)

[Abbreviations](#)

[GRI Content Index](#)

LEVENT ÇAKIROĞLU
Member
Koç Holding Board Member, CEO

Levent Çakiroğlu graduated from Ankara University Faculty of Political Sciences, Business Administration Department and received his master's degree from University of Illinois. He started his career as an Assistant Auditor at the Ministry of Finance in 1988, where he worked as a Senior Auditor between 1991 and 1997. He was appointed as Assistant Manager of Financial Crimes Investigation Board between 1997 and 1998, meanwhile he taught as a Part Time Instructor at Bilkent University. Çakiroğlu, joined Koç Group in 1998 as Koç Holding Financial Group Coordinator. He was the General Manager of Koçtaş between 2002 and 2007 and the CEO of Migros between 2007 and 2008. He was assigned as the CEO of Arçelik in 2008 and also became President of the Durable Goods Group of Koç Holding in April 2010. Çakiroğlu has been appointed as the CEO of Koç Holding in April 2015 and currently serves as the CEO of Koç Holding. Levent Çakiroğlu who has been a Koç Holding Board Member since April 2016, has been assigned as the Member of the Board of Directors at Ford Otosan on March 21, 2022. He is also Chairman of the Board of Directors of Arçelik-LG and TürkTraktör, the Vice Chairman of Yapı Kredi Bank and Otokar and Member of the Board of Directors at various Koç Holding companies.

HAYDAR YENİGÜN
Member
Automotive Group President - Koç Holding

Haydar Yenigün graduated from Yıldız Technical University in Mechanical Engineering and joined Ford Otosan in 1987. He served to the Company in many different departments in production and worked as a Project engineer between 1992 and 1997. Once Ford Motor Company and Koç Holding decided to equalize the shares in Ford Otosan, he continued serving in different positions during the initiation of the Kocaeli Plant. In 1998, he was appointed as Project Leader for the Kocaeli Plant. He worked as Body Construction Area Manager in the Kocaeli Plant between 1999 and 2007 and served as Kocaeli Plant Manager and Assistant General Manager from 2007 to 2012. He was appointed as Ford Otosan General Manager and Board Member in 2012. He was assigned as the President of Automotive Group of Koç Holding as of April 1, 2022. Currently, Mr. Yenigün is a member of the Istanbul Chamber of Industry (ISO), a member of the Turkish Industry and Business Association (TUSIAD), and Vice Chairperson of the Turkish-American Business Council Executive Committee (TAIK). Besides, he served as the Chairperson of the Automotive Manufacturers Association (OSD) Board of Directors between March 2018 and March 2022 and a member of the European Automobile Manufacturers' Association (ACEA) Board of Directors between 2020 and 2022.

FÜSUN AKKAL BOZOK
Independent Member

Mrs. Bozok earned a Bachelor's Degree in Business Administration from Istanbul University. She also holds an MBA from Boğaziçi University and a PhD in Business Administration from İstanbul University. She started her career as an Auditor at Arthur Andersen in 1980. In 1983, she joined Koç Holding as an auditor at the Internal Audit Department. After serving as an Audit Coordinator between 1992 and 2003, she was appointed Finance Director in 2003. Bozok also worked as a Project Manager between 1995 and 1996 under Koç Group's MIS Project. Bozok continued her career at Koç University between 2006 and 2008 as a member at the Faculty of Computer Systems Supervision and International Finance. She was a member of the Sabancı University International Finance and Auditing Faculty between 2008 and 2020. Füsün Bozok was a Board Member at Yapı Kredi Bankası between 2004 and 2018, at Akış GYO between 2017 and 2021, at İzocam between 2018 and 2021. She was appointed as an Independent Board Member at Bizim Tiptan in 2017 and at Tat Gıda Sanayi, and Ford Otosan in 2018 and at Gözde Girişim Sermayesi in 2020. Bozok also holds CMB CreditRating, Corporate Governance, Advanced Level and Derivative Licenses.

Prof. Dr. KATJA WINDT
Independent Member

Mrs. Windt earned her diploma degree in Mechanical Engineering in 1995 from Leibniz University of Hannover and her Doctorate Degree from the same university at the Institute of Production Systems and Logistics (IFA) with distinction in 2000. She was appointed as Associate Professor of Global Production Logistics in 2009 and as Full Professor of Global Production Logistics in 2018 from Constructor University (previously named Jacobs University Bremen). Mrs Windt served as Provost and Acting President at Jacobs University between 2013-2014 and served as President at Jacobs University between 2014-2018. She has been working as a member of the Managing Board and Chief Digital Officer (CDO) of SMS Group GmbH, Düsseldorf since 2018. Also, she has been a member of Supervisory Board of Deutsche Post AG since 2011, Supervisory Board of Fraport AG since 2012 and an independent member of Board of Directors at Ford Otosan since June 2022.

GÜVEN ÖZYURT
Member
Ford Otosan Leader

Mr. Özyurt graduated from the Mechanical Engineering Department of Istanbul Technical University in 1989 and completed an MBA at Istanbul University in 1990. In the same year, he joined Ford Otosan as a Method Engineer. After taking on various positions in the fields of Product Development, Service and Quality Engineering, Export and Sales Planning, he became a Project Engineer in the Kocaeli Plant Project Team in 1997. He worked as Project Leader of the same team from 1998 to 1999. In 2000, he was appointed Material Planning Manager. He was appointed as Assistant General Manager - Material Planning and Logistics in 2010 and as Assistant General Manager – Purchasing on June 1, 2014. He served as Assistant General Manager - Operations between 2019 and 2022. He has been appointed as Ford Otosan Leader as of April 1, 2022. He has been serving as corporate coach at Koç Group since 2013 and he is a member of the Board of Directors at Ford Otosan since March 21, 2022.

JOSEPHINE M. PAYNE
Member
Ford Otosan Leader

Payne joined Ford Otosan as Ford Otosan Craiova President after the transfer of ownership of the Craiova Plant from Ford of Europe to Ford Otosan in 2022. She graduated from the University of Southampton's Electronic Engineering Department, and she received her master's degree in Electronic Engineering from the University of Karlsruhe. She joined Ford of Europe in 1996 and, through 2013, held many manufacturing responsibilities in Liverpool, Cologne and Dunton. She served as Global Powertrain Assembly Manager in Ford North of America between 2013 and 2017. She returned to Ford of Europe as Production Area Manager (Dagenham) in 2017. Payne, who was appointed as Craiova Engine Plant Manager in 2018, held the positions of Assistant Plant Manager - Craiova Vehicle Operations and Ford Romania President & Craiova Site Director in Ford Romania between 2018-2022. As of May 1, 2023; she is the Deputy General Manager of Ford Otosan.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director's
Curriculum Vitae](#)

[Executive Team's
Curriculum Vitae](#)

[Memberships and
Affiliations](#)

[Assurance Statement for
Non-Financial Data](#)

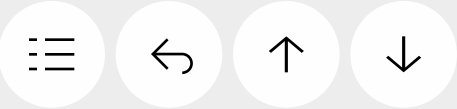
[Reporting Principles](#)

[Life Cycle Assessment
Results](#)

[Abbreviations](#)

[GRI Content Index](#)

EXECUTIVE TEAM'S CURRICULUM VITAE



GÜVEN ÖZYURT
Ford Otosan Leader
Member Board of Directors

Mr. Özyurt graduated from the Mechanical Engineering Department of Istanbul Technical University in 1989 and completed an MBA at Istanbul University in 1990. In the same year, he joined Ford Otosan as a Method Engineer. After taking on various positions in the fields of Product Development, Service and Quality Engineering, Export and Sales Planning, he became a Project Engineer in the Kocaeli Plant Project Team in 1997. He worked as Project Leader of the same team from 1998 to 1999. In 2000, he was appointed Material Planning Manager. He was appointed as Assistant General Manager - Material Planning and Logistics in 2010 and as Assistant General Manager – Purchasing on June 1, 2014. He served as Assistant General Manager - Operations between 2019 and 2022. He has been appointed as Ford Otosan Leader as of April 1, 2022. He has been serving as corporate coach at Koç Group since 2013 and he is a member of the Board of Directors at Ford Otosan since March 21, 2022.

JOSEPHINE M. PAYNE
Ford Otosan Leader
Member Board of Directors

Ms. Payne joined Ford Otosan as Ford Otosan Craiova President after the transfer of ownership of the Craiova Plant from Ford of Europe to Ford Otosan in 2022. She graduated from the University of Southampton's Electronic Engineering Department, and she received her master's degree in Electronic Engineering from the University of Karlsruhe. She joined Ford of Europe in 1996 and, through 2013, held many manufacturing responsibilities in Liverpool, Cologne and Dunton. She served as Global Powertrain Assembly Manager in Ford North of America between 2013 and 2017. She returned to Ford of Europe as Production Area Manager (Dagenham) in 2017. Payne, who was appointed as Craiova Engine Plant Manager in 2018, held the positions of Assistant Plant Manager - Craiova Vehicle Operations and Ford Romania President & Craiova Site Director in Ford Romania between 2018-2022. As of May 1, 2023; she is the Deputy General Manager of Ford Otosan.

A. SERDAR KAYHAN
Legal and Compliance Leader

Mr. Kayhan graduated from Ankara University Faculty of Law in 1995. He joined Otosan Pazarlama A.Ş. in 1996 as Legal Consultant. He continued his career at Ford Otosan, after Otosan Pazarlama A.Ş. merged into Ford Otosan. He was appointed as Chief Legal Advisor in 2008 and Legal and Compliance Leader as of December 1, 2021.

BAŞAK ÇALIKOĞLU AKYOL
Human Resources and Transformation Leader

Mrs. Akyol graduated from the Mechanical Engineering Department of Middle East Technical University in 1999. In the same year, she joined Ford Otosan as a Quality Engineer. She earned a master's degree in Financial Economics from Bahcesehir University in 2012. After taking on various positions in the Quality Assurance, she worked as a Quality and Vehicle Evaluation Manager at Yeniköy Plant between 2013-2015. She was appointed as the Quality Manager in 2016 and between 2018-2019 she served as Human Resources and Industrial Relations Manager of Kocaeli Plants. She served as Total Quality Director between 2020 and 2021 and she has been appointed as Assistant General Manager - Human Resources and Transformation as of March 1, 2022.

CEM TEMEL
Operations and Investments Leader

Mr. Temel graduated from İstanbul Technical University in 1991 and completed a Masters degree at İstanbul University in 1992. He joined Ford Otosan in 1993 as an engineer in Quality department. He worked on launching the Press Area between 1998-2008 and served as Press and Tool & Die Group Manager between 2008-2012. He became Gölcük Assistant Plant Manager in 2012 and Gölcük Plant Manager in 2013. Mr. Temel was Assistant General Manager – Kocaeli Plants and New Projects from 2016 to 2019 and he served as Assistant General Manager – New Projects between 2019 and 2022. He has been assigned as Industrial Operations and Investments Leader as of April 1, 2022.

DAVE JOHNSTON
Battery and Partnerships Leader

Mr. Johnston joined Ford Otosan in 2019 as Ford Otosan Deputy General Manager. He earned both his bachelor's degree in Economics and Master's degree in Manufacturing Leadership from Cambridge University. He also holds a CIMA accountancy qualification. He joined Ford of Britain in 1995, and through 2003 held a variety of Finance positions in Manufacturing, Product Development, Profit Analysis, and Marketing and Sales. From 2003-2010, he held many managerial responsibilities in Ford's Premier Automotive Group, before serving as Product Development Controller for Medium and Large Cars, Asia Pacific. Before returning to Europe in 2013, he spent two years as CFO of ASEAN region in Bangkok. He served as the European PD Controller, and the European Manufacturing Controller and then performed the role of Global Vehicle Program Controller in Germany. He performed as CFO, Ford Asia Pacific based in Shanghai between 2017 and 2018. Before assigning as Ford Otosan Deputy General Manager and the member of Board of Directors, effective as of 1st August 2019, he was CFO, Ford China, between 2018 and 2019. Dave Johnston, was appointed as the Deputy General Manager - Battery and Partnerships, effective as of May 1st, 2023. In his new role Johnston is responsible for Ford Otosan's growth strategy as well as managing battery integration and partnerships between Ford Otosan and Ford Motor Company to ensure Ford's and Ford Otosan's transition to an electrified future.

EMRAH DUMAN
Ford Trucks Business Area Leader

Mr. Duman graduated from Istanbul Technical University Mechanical Engineering Department in 1997. After completing his master's degree in the same department in 2001, he graduated the Koç University Executive MBA Program in 2004 and Harvard Universtiy Advanced Management Program in 2023. After joining Ford Otosan in 1997, he took on various positions in units such as service engineering, export and business development manager, truck operations manager and then managed various directorship positions between 2014-2023. He was appointed as Ford Trucks Business Area Leader as of March 2023, following his latest position as Ford Trucks International Markets Director.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

Board of Director's Curriculum Vitae

Executive Team's Curriculum Vitae

Memberships and Affiliations

Assurance Statement for Non-Financial Data

Reporting Principles

Life Cycle Assessment Results

Abbreviations

GRI Content Index

ERHAN KÖSEOĞLU
Growth and Smart Mobility Business Area Leader

Mr. Köseoğlu graduated from Yıldız Technical University with a bachelor's degree in Electronics and Telecommunications Engineering in 2003, and later completed his master's degree in Engineering Management at Marmara University in 2007. He has been actively involved in the industry since 2004, gaining extensive experience in various leadership roles in the telecommunications sector, as well as in FMCG, white goods, and automotive sectors. He has served in performance and quality management, IT operations, transformation programs, and coaching in various companies. Most recently, Erhan Köseoğlu managed transformation programs at Ford Otosan, achieving significant success in IT transformation, solution and application leadership, CRM, and digital transformation throughout his career. Additionally, he has specialized in individual coaching, design thinking coaching, and corporate transformation coaching.

GÜL ERTUĞ
Finance and Accounting Leader - CFO

Ms. Ertuğ graduated from Boğaziçi University, Engineering Faculty, Industrial Engineering Department in 1997. In the same year, she started working in Ford Otosan MP&L Production Planning Department. She earned her MBA degree from Bosphorous University in 2000, Executive MBA degree from Koç University in 2006 and PLDA degree from Harvard Business School in 2019. In her Ford Otosan career, she worked in several different functions in the positions of MP&L Team Leader (CMMS3 Launch and R/C Coordination), Technical Assistant to General Manager, PD Finance Manager and Senior Manager, Ford Asia Pacific Finance Controller for CD Car & Lincoln (Shanghai) and Business Strategies Finance Manager. She served as Innovation and New Ventures Director between 2019 and 2021. She has been appointed as Assistant General Manager - Finance and Accounting (CFO) of Ford Otosan as of April 1, 2022.

HAYRİYE KARADENİZ
Digital Products and Services Leader

Mrs. Karadeniz graduated from the Computer Science Engineering Department of Istanbul University in 1995 and completed Marmara University Education and Charity Foundation and Contemporary Management Techniques program in 1996-1997. Before graduated from the university, she started her career at Ford Otosan as a long-term intern in 1994. She served in different roles at Information Technology Department. During the period of 2011-2012, she managed Cargo Business Processes. In 2012, she was assigned as the Information Technologies Director. She was appointed as the CDO (Chief Digital Officer), was responsible for the Company's Digital Transformation in 2016, and became "Turkey's first assigned CDO". Hayriye Karadeniz currently works as Digital Transformation and Information Technology Leader at Ford Otosan. Since 2013, she has been serving as Corporate Coach at Koç Community and taking part in Transformation and Agile Coaching Teams. In line with the aim of giving support to new developing technological approaches and being a part of those organizations, she has been a member of Blockchain Turkey, Turkey Artificial Intelligence, and Turkish Artificial Intelligence Initiative (TRAI).

IAN R. FOSTON
Engineering and Technology Development Leader

In 1994, Mr. Foston completed his undergraduate education in the Engineering Management department at the University of Hertfordshire. In 2000, he also completed the Master's program in Quality Management at Nottingham Trent University. Ian is a chartered engineer in three disciplines in two continents. During his career, he received 2 recognition awards for his contribution to the business. He is an experienced Senior Executive and subject-matter-expert in off-road, pick-up & SUV new product development and has gained a wide range of experience during his career working in product creation as well as manufacturing, quality, purchasing, Finance and Sales & Marketing. He was appointed as Engineering and Technology Development Lead as of 1st July, 2023 in Ford Otosan.

MURAT SENİR
Purchasing Leader

Mr. Senir graduated from the Mechanical Engineering Department of Bogazici University in 1989. He joined Ford Otosan as a Purchasing Engineer in 1992. After taking on various positions in the Purchasing Department, he worked as a New Projects Purchasing Manager from 2002 to 2008 and as an Ongoing Projects Purchasing Manager from 2008 to 2014. He was appointed as Purchasing Director in 2014. He was assigned as Purchasing Leader as of July 1, 2019.

ÖZGÜR YÜCETÜRK
Ford Türkiye Business Area Leader

Mr. Yücetürk graduated from Mechanical Engineering Department at Boğaziçi University in 1995, completed his Executive MBA degree at Koç University in 2002 and completed AMP of Harvard University in 2018. He joined Ford Otosan Marketing Department in 1995 as a Product Specialist. After holding various positions in Marketing & Sales departments as Marketing Strategy Manager, Passenger Car Brand Manager and Sales Support Manager, he served as the Technical Assistant to the General Manager. He was appointed as Marketing Manager in 2002. He worked as the European Sales Operations Coordinator at Ford of Europe in 2006. He returned to Ford Otosan in 2007 as Marketing Director and became the Sales and After Sales Field Operations Director in 2009. He has been serving as the Assistant General Manager of Marketing, Sales and Aftersales since October 1, 2014.

PINAR KILINÇ TOPÇU
Quality Platform Area Leader

Mrs. Topçu graduated from the Middle East Technical University's Department of Mechanical Engineering in 2010 and completed the Koç University Executive MBA program in 2022. In 2010, she began her career as a Design Quality Engineer at Ford Otosan. Following her successful contributions in Engineering & Technology Development, Ford Otosan Leadership, and Next-Generation Manufacturing Leadership, she was appointed as the Quality Platform Area Leader as of October 2023.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director's
Curriculum Vitae](#)

[Executive Team's
Curriculum Vitae](#)

[Memberships and
Affiliations](#)

[Assurance Statement for
Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment
Results](#)

[Abbreviations](#)

[GRI Content Index](#)

ORGANIZATIONS WITH FORD OTOSAN IN MANAGEMENT LEVEL ROLES

Organization	Representation	Ford Otosan’s Contributions
HEAVY COMMERCIAL VEHICLE MANUFACTURERS ASSOCIATION (TAİD)	Board of Directors / Chair	<p>Ford Trucks Western Europe Leader currently as the President of the Heavy Commercial Vehicle Manufacturers Association (TAİD). TAİD hosted a panel session on sustainability at the Heavy Vehicles Summit in 2023. TAİD also decided and took action to form a sustainability committee within the Association to contribute to our country and the sector in this area.</p> <p>At a press conference in July 2023, the Association provided to the national media to enlighten the public about industry-related matters.</p> <p>The Association actively participated in the Development Plan meetings organized by the Presidential Strategy Office during the year. The members were also advised through online events about the problems regarding cruise control support systems and maps to be used in vehicles and the applicable regulations in Türkiye. As of year-end 2023, the Association started to release sales reports for electric vehicles.</p>
FOREIGN ECONOMIC RELATIONS BOARD (DEİK)	Poland Business Council/ Chair	<p>DEİK’s Türkiye – Poland Business Council consists of Bilateral Business Councils, Sectoral Business Councils and Special Purpose Business Councils. The council regularly convenes every year to assess the bilateral and multilateral cooperation opportunities, problems and current developments. The council also encourages research to identify the policies, solutions and mechanisms needed to improve trade and economic relations.</p> <p>In 2023, Türkiye-Poland Business Council Energy Sector Delegation, with the contributions of the Ford Trucks Leader, convened to work on developing commercial relations between the energy sectors of the two countries.</p>
AUTOMOTIVE MANUFACTURERS ASSOCIATION (OSD)	Technical Legislation Committee/Chair	<p>Automotive Manufacturers Association (OSD) Technical Legislation Committee, headed by Ford Otosan Safety and Sustainable Environment Leader, convenes monthly and works on technical legislation topics, which are key for the competitiveness of the automotive industry, and efforts for aligning national regulations with EU legislation.</p> <p>In 2023, the committee followed the latest developments in international regulations such as new general safety regulations, implementation legislation for type approval framework regulations, local implementation regulations on vehicle registration, new environmental regulations and evaluated the potential effects of the regulatory changes on products and national legislation. As a member of NGOs such as the International Organization of Motor Vehicle Manufacturers (OICA) and the European Automobile Manufacturers Association (ACEA), OSD also stayed abreast of these organizations’ activities related to technical legislation and contributed its expertise when needed. The Association also cooperates with public institutions to ensure that its unified opinion is reflected on the regulations.</p>
WOMEN IN TECHNOLOGY ASSOCIATION (WTECH)	Board of Directors / Chair	<p>Women in Technology Association works to promote gender equality in technology and develops education, research and measurement projects to eliminate gender gaps and grow the human resource in technology. Ford Otosan Digital Products and Services Leader serves as the President of the Association and also heads the Artificial Intelligence and Digital Transformation Committee. The Association decided to organize an annual Artificial Intelligence Summit starting in 2023.</p>
TURKISH QUALITY ASSOCIATION (KALDER)	Eskişehir Branch/Vice Chair	<p>Ford Otosan Ford Trucks Assembly Leader serves as a Board Member of KALDER and contributes their support in various activities, including the Association’s planning for 2023, creating content for the Technology Symposium and Quality Symposium, evaluating new memberships and the KALDER Quality Festival and organizing a seminar to inform the stakeholders on sustainability and quality lifestyle. Ford Otosan supported the Quality Festival as a platinum sponsor.</p>

Organization (NGO)	Representation	FO's role in the organization
HEAVY COMMERCIAL VEHICLE MANUFACTURERS ASSOCIATION (TAİD)	Board of Directors	Chair
BATTERY AND RECYCLING MANUFACTURERS ASSOCIATION (AKÜDER)	General Assembly	Member
AMCHAM TURKEY / ABFT	General Assembly	Member
U.S. CHAMBER OF COMMERCE U.S. – TURKEY BUSINESS COUNCIL (USTBC)	General Assembly	Member
TURKISH MARINE ENVIRONMENT PROTECTION ASSOCIATION (TURMEPA)	General Assembly	Member
FOREIGN ECONOMIC RELATIONS BOARD (DEİK)	USA Business Council	Member
	Germany Business Council	Member
	General Assembly	Member
	British Business Council	Member
	Poland Business Council	Chair
	Italy Business Council	Member
	Logistics Business Council	Member
	France Business Council	Member
	Ukraine Business Council	Member
WORLD WILDLIFE FUND (WWF-Turkey)		Member
WORLD ECONOMIC FORUM (WEF)	Shaping the Future of Advanced Manufacturing and Production	Member
ETHICS & REPUTATION SOCIETY (TEİD)	General Assembly	Member

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director's Curriculum Vitae](#)

[Executive Team's Curriculum Vitae](#)

[Memberships and Affiliations](#)

[Assurance Statement for Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment Results](#)

[Abbreviations](#)

[GRI Content Index](#)

Organization (NGO)	Representation	FO's role in the organization
EUROPEAN AUTOMOBILE MANUFACTURER'S ASSOCIATION (ACEA)	Commercial Vehicle Joint Committee	Member
	Commercial Vehicle Board of Directors	Member
INTERNATIONAL ASSOCIATION FOR THE PROTECTION OF INTELLECTUAL PROPERTY –(AIPPI TURKEY)	General Assembly	Member
INTELLIGENT TRANSPORT SYSTEMS AND SERVICES - EUROPE (ERTICO)	General Assembly	Member
INTERACTIVE ADVERTISEMENT BUREAU (IAB TURKEY)	General Assembly	Member
ISTANBUL FERROUS AND NON-FERROUS METALS EXPORTERS' ASSOCIATION (İDDMİB)		Member
ISTANBUL MINERAL AND METALS EXPORTERS' ASSOCIATION (IMMIB)	General Assembly	Member
ISTANBUL CHAMBER OF INDUSTRY (ISO)	Land Vehicles Main Industry and Vehicle Body Industry Professional Committee	Member
KOCAELI CHAMBER OF INDUSTRY (KOSANO)	Board of Directors	Member
CORPORATE COMMUNICATIONS ASSOCIATION (KİD)	General Assembly	Member
INTERNATIONAL CHAMBER OF COMMERCE TURKEY NATIONAL COMMITTEE (ICC Turkey)	Board of Directors	Member
CENTRAL ANATOLIAN EXPORTERS' ASSOCIATION (OAİB)		Member
AUTOMOTIVE DISTRIBUTORS ASSOCIATION (ODD)	Sustainability Committee	Member
	IT and Technology Committee	Member
	Legal Committee	Member
	Board of Directors	Member
	Foreign Trade Committee	Member

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director's Curriculum Vitae](#)

[Executive Team's Curriculum Vitae](#)

[Memberships and Affiliations](#)

[Assurance Statement for Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment Results](#)

[Abbreviations](#)

[GRI Content Index](#)

Organization (NGO)	Representation	FO's role in the organization
AUTOMOTIVE MANUFACTURERS ASSOCIATION (OSD)	R&D Committee	Member
	Legal Committee	Member
	Localization Committee	Member
	Occupational Health and Safety Committee	Member
	Energy Committee	Member
	Smart Mobility Systems Committee	Member
	Sustainability Working Group	Chair
	Board of Directors	Member
	Human Resources Committee	Member
	Technical Legislation Committee	Chair
	Logistics Committee	Member
	Public Affairs Committee	Member
	Aftersales Services Committee	Member
	Environment Committee	Member
	General Assembly	Member
	Training Working Group	Member
ADVERTISERS ASSOCIATION (RVD)	General Assembly	Member
PORTABLE BATTERY MANUFACTURERS AND IMPORTERS ASSOCIATION (TAP)	General Assembly	Member
WOMEN IN TECHNOLOGY ASSOCIATION (WTECH)	Board of Directors	Chair
TURKISH INDUSTRY AND BUSINESS ASSOCIATION (TÜSİAD)	General Assembly	Member
	European Green Deal	Member

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director's Curriculum Vitae](#)

[Executive Team's Curriculum Vitae](#)

[Memberships and Affiliations](#)

[Assurance Statement for Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment Results](#)

[Abbreviations](#)

[GRI Content Index](#)

Organization (NGO)	Representation	FO's role in the organization
TURKISH INFORMATICS FOUNDATION (TBV)	General Assembly	Member
FOREIGN TRADE ASSOCIATION OF TURKEY (TURKTRADE)	General Assembly	Member
TEGEP LEARNING AND DEVELOPMENT ASSOCIATION	General Assembly	Member
TURKISH ELECTRICAL AND ELECTRONICS EXPORTERS' ASSOCIATION (TET)	Board of Directors	Member
TURKISH PEOPLE MANAGEMENT ASSOCIATION (PERYÖN)	General Assembly	Member
TURKISH QUALITY ASSOCIATION (KALDER)	General Assembly	Member
	Eskişehir Branch	Vice Chair
PORT OPERATORS ASSOCIATION OF TURKEY (TÜRKLİM)	Board of Directors	Member
UNION OF CHAMBERS AND COMMODITY EXCHANGES TURKEY (TOBB)	Automotive Industry Assembly	Member
FOUNDATION OF TECHNOLOGY DEVELOPING TURKEY (TTGV)	General Assembly	Member
ULUDAĞ EXPORTERS' ASSOCIATION (UİB)	Board of Directors	Member
TURKISH INVESTOR RELATIONS SOCIETY (TÜYİD)	Publications, Legislation and Training Working Group	Member
NATIONAL MOLD BUILDERS ASSOCIATION (UKUB)	General Assembly	Member
INTERNATIONAL COMPETITION RESEARCH INSTITUTE (URAK)	General Assembly	Member
INTERNATIONAL INVESTORS ASSOCIATION (YASED)	Legal Committee	Member
	General Assembly	Member
	Automotive and Supply Industry Working Group	Member
	Technology and Innovation Working Group	
	Foreign Trade Working Group	Member
30% CLUB	General Assembly	Member

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director's Curriculum Vitae](#)

[Executive Team's Curriculum Vitae](#)

[Memberships and Affiliations](#)

[Assurance Statement for Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment Results](#)

[Abbreviations](#)

[GRI Content Index](#)

MEMBERSHIP FEES PAID TO THE ASSOCIATIONS

Top 5 membership fees paid to associations in 2023

	Turkish Employers Association of Metal Industries (MESS)	4,684,500 TL
	Automotive Manufacturers Association (OSD)	3,775,931.7 TL
	European Automobile Manufacturers Association (ACEA)	1,706,804.04 TL
	Foreign Economic Relations Board (DEİK)	249,000 TL
	Automotive Distributors Association (ODMD)	180,000 TL

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director's
Curriculum Vitae](#)

[Executive Team's
Curriculum Vitae](#)

[Memberships and
Affiliations](#)

[Assurance Statement for
Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment
Results](#)

[Abbreviations](#)

[GRI Content Index](#)



Limited Assurance Report
to the Board of Directors of Ford Otomotiv Sanayi A.Ş.

We have been engaged by the Board of Directors of Ford Otomotiv Sanayi A.Ş. (the “Company”) to perform a limited assurance engagement in respect of the Selected Sustainability Information (the “Selected Information”) stated in the Ford Otosan 2023 Integrated Annual Report (“2023 Integrated Annual Report”) for the year ended 31 December 2023 and listed below.

Selected Information

The scope of the Selected Information for the year ended 31 December 2023, which is subject to our limited assurance work, set out in the pages between 196 and 206 of the 2023 Integrated Annual Report with the sign “✔” is summarized below:

Environmental Indicators

- Energy Consumption (GJ)
 - Direct non-renewable energy consumption
 - Indirect renewable energy consumption
- Water withdrawal (m3)
 - Municipal water
 - Underground water
- Waste Amount (Tons)
 - Hazardous waste – recovered
 - Non-hazardous waste – recovered
 - Hazardous waste – disposed
 - Non-hazardous waste – disposed
- Environmental Training Programs (Employees and Subcontractors)
 - Number of Participants
 - Training Hours (person*hours)
- Environmental investments and expenditures (TL million)
- Environmental fines (TL million)

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Kılıçlı Paşa Mah. Meclis-i Mebusan Cad. No:8 İç Kapı No:301 Beyoğlu/İstanbul
T: +90 212 326 6060, F: +90 212 326 6050, www.pwc.com.tr Mersis Numaramız: 0-1460-0224-0500015



Social Indicators

- OHS Performance
 - Occupational disease rate (Employees and Subcontractors)
 - Number of accidents (Employees and Subcontractors)
 - Lost day rate (Employees and Subcontractors)
 - Incident rate (Employees and Subcontractors)
 - OHS training hours per employee (Employees)
 - Total OHS training hours (Employees and Subcontractors)
- Employee Demographics
 - Number of employees (female)
 - Number of employees (male)
 - Number of subcontractor employees (female) (Türkiye locations)
 - Number of subcontractor employees (male) (Türkiye locations)
- Employees by Category (female and male)
- Employees by Agreement Type (female and male)
- Employees covered by collective labor agreement (female and male)
- Employees by Age Groups (female and male)
- Employees by Employment Type (female and male)
- Equal Opportunity (female and male) (number of employees)
 - Senior executives
 - Mid-level managers
 - First-level managers
 - Specialists
 - Employees in STEM field
 - Employees with disabilities
- Number of Employees by Nation
- Parental Leaves (female and male)
 - Number of employees on parental leave
 - Number of employees returning from parental leave
 - Return to work rate from parental leave

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director’s
Curriculum Vitae](#)

[Executive Team’s
Curriculum Vitae](#)

[Memberships and
Affiliations](#)

[Assurance Statement for
Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment
Results](#)

[Abbreviations](#)

[GRI Content Index](#)



- Employee Turnover (female and male)
 - Number of new employees
 - Number of employees leaving
 - Employee turnover
- Employees Subject to Performance Management
- Training Programs (female and male)
 - Total training time (hours)
 - Total training time, including OHS (hours)
 - Total training time per employee (person*hours)
 - Total training time (hours) – office employees
 - Average training time (person*hours) – office employees
 - Total training time (hours) – field employees
 - Average training time (person*hours) – field employees
 - Leadership training (hours)
 - Total Training Expenditures (TL)
- Net Promoter Score (Türkiye locations)

Our assurance was with respect to the Selected Information marked with “✅” in the in the 2023 Integrated Annual Report, and we have not performed any procedures with respect to earlier periods or any information other than Selected Information marked with “✅” in the 2023 Integrated Annual Report and, any other elements included in the 2023 Integrated Annual Report and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by the Company to prepare the Selected Information is set out in section 2023 Integrated Annual Report – Reporting Principles (the “Reporting Principles”) on pages between 333 and 342 of the 2023 Integrated Annual Report.



The Company’s Responsibility

The Company is responsible for the content of the 2023 Integrated Annual Report and the preparation of the Selected Information in accordance with the Reporting Principles. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Principles.

In particular, the conversion of different energy measures to megawatt-hour (MWh) and energy used to carbon emissions is based upon, inter alia, information and factors generated internally and/or derived by independent third parties as explained in the Reporting Principles. Our assurance work did not include examination of the derivation of those factors and other third-party information.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

Board of Director’s Curriculum Vitae

Executive Team’s Curriculum Vitae

Memberships and Affiliations

Assurance Statement for Non-Financial Data

Reporting Principles

Life Cycle Assessment Results

Abbreviations

GRI Content Index



Our Responsibility

Our responsibility is to form a limited assurance, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Principles. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*', and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised) and ISAE 3410. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of the persons responsible for the Selected Information;
- understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- evaluated the source data used to prepare the Selected Information and re-performed selected examples of calculation;
- performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Company and
- undertook analytical procedures over the reported data.

Limited Assurance Conclusion

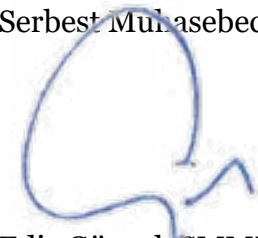
Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information of the Company for the year ended 31 December 2023, is not properly prepared, in all material respects, in accordance with the Reporting Principles.



Restriction of use

This report, including the conclusion, has been prepared for the Board of Directors of the Company as a body, to assist the Board of Directors in reporting Company’s performance and activities related to the Selected Information. We permit the disclosure of this report within the 2023 Integrated Annual Report for the year ended 31 December 2023, to enable the Board of Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Ford Otomotiv Sanayi A.Ş. as a body and Ford Otomotiv Sanayi A.Ş. for our work or this report save where terms are expressly agreed and with our prior consent in writing.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.



Ediz Günsel, SMMM
Independent Auditor

Istanbul, 3 April 2024



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director’s
Curriculum Vitae](#)

[Executive Team’s
Curriculum Vitae](#)

[Memberships and
Affiliations](#)

[Assurance Statement for
Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment
Results](#)

[Abbreviations](#)

[GRI Content Index](#)

REPORTING PRINCIPLES

ANNEX-1: FORD OTOSAN 2023 INTEGRATED REPORT – REPORTING PRINCIPLES

This reporting principles (the “Principles”) provides information on the data preparation and reporting methodologies of indicators within the scope of the limited assurance in Ford Otosan 2023 Integrated Report (“2023 Integrated Report”) of Ford Otomotiv Sanayi A.Ş. (“Company”).

The indicators include social indicators and environmental indicators. It is the responsibility of the Company’s management to ensure that appropriate procedures are in place to prepare the indicators mentioned above in line with, in all material respects, the Principles.

The data included in this guideline is for the fiscal year ending on December 31, 2023, and as detailed in the “Key Definitions and Reporting Scope” section comprises the Eskişehir, Yeniköy and Gölcük factories in Türkiye, the Sancaktepe R&D center, Spare Parts Warehouse campuses, and the Craiova factory in Romania, which are all under the responsibility of Ford Otomotiv Sanayi A.Ş. The indicators in which contractor companies are included in the scope are specified in the “Basic Definitions and Reporting Scope” section, and contractor companies are not included in the indicators that are not specified.

General Reporting Principles

In preparing this guidance document, consideration has been given to following principles:

- Information Preparation – to highlight to users of the information the primary principles of relevance and reliability of information; and
- Information Reporting – to highlight the primary principles of comparability / consistency with other data including prior year and understandability / transparency providing clarity to users.

Key Definitions and Reporting Scope

For the purpose of this report, the Company defines:

Type	Indicator	Scope
	Energy Consumption (GJ)	
Environmental	Direct Non-Renewable Energy Consumption (GJ)	This indicator refers to the sum of the following consumptions in GJ units within the scope of direct non-renewable energy consumption for the Company’s Türkiye and Romania operations during the reporting period, followed by invoices and internal meters: Stationary Combustion (Natural Gas (Sm³); Diesel (L); LPG (kg); Propane (kg); Methanol (kg) and Mobile Combustion (Diesel (L); Gasoline (L), Stationary Air Conditioning Leaks (HFC-134a, HFC-407C, R-410A etc. (kg), Mobile Air Conditioner Leaks (HFC-134a, 1234YF (kg)), Welding and Fire Extinguishing Cylinders Leaks (HB 212, HB 220, HB 205, CO₂, CO₂ Fire Extinguishers (kg), Greenhouse Gas Emissions from Process Gases Oil Vapor (Opet Fuchs Anticorit RP, cutting fluid, lapping oil, washer fluid, heat treatment fluid & oil, degreasing (kg) and VOC (kg). The data includes Türkiye and Romania operations.
	Indirect Renewable Energy Consumption (GJ)	This indicator refers to the sum of Electricity (MWh) and Steam (MWh) consumption in GJ units, which are tracked with invoices within the scope of indirect renewable energy consumption for the Company’s Türkiye and Romania operations during the reporting period. Türkiye locations purchase 100% renewable electrical energy (I-REC). The Romania location also provides its electricity supply from 100% renewable energy. The data includes Türkiye and Romania operations.

Type	Indicator	Scope
Environmental	Water Withdrawal (m³)	
	Municipal Water	This indicator refers to the amount of municipal water consumed during the reporting period, which is tracked from the invoices received by the Company from service providers (12 months) and can be mapped with financial reporting systems. The data includes Türkiye and Romania operations.
	Underground Water	This indicator refers to the underground water consumption amount reported monthly, monitored by the Company's internal meters during the reporting period. The data includes Türkiye operations.
	Total	This indicator refers to the total of the Company's municipal water and underground water consumption amounts during the reporting period.
	Waste Amount (tons)	
	Recovered Hazardous Waste	This indicator refers to the amount of hazardous waste recovered by licensed waste processing facilities with the code “R” during the reporting period, which is declared to the Integrated Environmental Information System of the Ministry of Environment, Urbanization and Climate Change of the Republic of Türkiye with the Waste Declaration for the Company's Türkiye operations, and to the relevant unit at the Romanian Trade Registry Office for its Romania operations. The data includes Türkiye and Romania operations.
	Recovered Non-Hazardous Waste	This indicator refers to the amount of non-hazardous waste recovered by licensed waste processing facilities with the code “R” during the reporting period, which is declared to the Integrated Environmental Information System of the Ministry of Environment, Urbanization and Climate Change of the Republic of Türkiye with the Waste Declaration for the Company's Türkiye operations, and to the relevant unit at the Romanian Trade Registry Office for its Romania operations. The data includes Türkiye and Romania operations.
	Hazardous Waste – Disposed	This indicator refers to the amount of hazardous waste subjected to recycling by the Company during the reporting period, which is declared to the Integrated Environmental Information System of the Ministry of Environment, Urbanization and Climate Change of the Republic of Türkiye and followed by the "R" and "D" recycling codes determined by the Ministry of Environment from the invoices received from licensed waste processing facilities for the Company's Türkiye operations, and to the relevant unit at the Romanian Trade Registry Office for its Romania operations. The data includes Türkiye and Romania operations.
	Non-Hazardous Waste – Disposed	This indicator refers to the amount of non-hazardous waste subjected to recycling by the Company during the reporting period, which is declared to the Integrated Environmental Information System of the Ministry of Environment, Urbanization and Climate Change of the Republic of Türkiye and followed by the “R” and “D” recycling codes determined by the Ministry of Environment from the invoices received from licensed waste processing facilities for the Company’s Türkiye operations, and to the relevant unit at the Romanian Trade Registry Office for its Romania operations. The data includes Türkiye and Romania operations.
	Environmental Training	
	Number of Participants (Employees)	This indicator refers to the number of participants who participated in environmental trainings attended by Company employees, which are monitored and recorded on the Company's training tracking platform of Human Resources during the reporting period. The data includes Türkiye and Romania operations.
	Number of Participants (Subcontractors)	This indicator refers to the number of participants who participated in environmental trainings attended by subcontractor employees, which are monitored and recorded on the Company's training tracking platform of Human Resources during the reporting period. The data includes Türkiye operations.
	Training Hours (person*hours) (Employees)	This indicator refers to the total environmental training hours attended by Company employees, which are monitored and recorded on the Company's training tracking platform of Human Resources during the reporting period. The data includes Türkiye and Romania operations.
	Training Hours (person*hours) (Subcontractors)	This indicator refers to the total environmental training hours attended by the Company's subcontractor employees, which are monitored and recorded on the Company's training tracking platform of Human Resources during the reporting period. The data includes Türkiye operations.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director’s
Curriculum Vitae](#)

[Executive Team’s
Curriculum Vitae](#)

[Memberships and
Affiliations](#)

[Assurance Statement for
Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment
Results](#)

[Abbreviations](#)

[GRI Content Index](#)

Type	Indicator	Scope
Environmental	Environmental Expenditures and Fines (Million TRY)	
	Environmental Investments and Expenditures	This indicator refers to the expenses related to the measurement and analysis for environmental management, waste disposal, chemical substance disposal, personnel expenses, certification and permit expenses, consultancy and training expenses, maintenance and repair expenses, contract fees with service provider companies, and investments and expenses to protect the environment during the reporting period, which can be mapped with the Company's financial reporting systems. The data includes Türkiye and Romania operations.
	Environmental Fines	This indicator refers to the total amount of environmental penalties in TL, which can be mapped by the Company's financial reporting systems during the reporting period, fined and forwarded to the company by the Ministry of Environment, Urbanization and Climate Change of the Republic of Türkiye for its operations in Türkiye, and transmitted to the European Commission for its Romania operations. The data includes Türkiye and Romania operations.
Social	SAFETY PERFORMANCE (Employees & Subcontractors)	
	Occupational Disease Rate	This indicator refers to the ratio of the number of Company and subcontractor employees who fall within the definition of "occupational disease" within the scope of the Occupational Health and Safety Law No. 6331 and are followed up with notifications made to the Social Security Institution, to the total working hours of the reporting period. Data regarding Türkiye operations are reported separately as employees and subcontractors. For the Romanian operation, only employee data is reported.
	Number of Accidents	This indicator refers to the number of lost time accidents caused by injuries that occurred to Company and subcontractor employees during a work-related activity and prevented them from coming to the workplace on the next shift or the next working day, and are tracked by notifications made to the Social Security Institution during the reporting period. Data regarding Türkiye operations are reported separately as employees, subcontractors and total. For the Romanian operation, only employee data is reported.
	Lost Day Rate	This indicator refers to the ratio of the number of lost time accidents caused by injuries that occur to company and subcontractor employees during a work-related activity and prevent them from coming to the workplace on the next shift or the next working day, and are tracked by notifications made to the Social Security Institution during the reporting period, to the total working hours. Data regarding Türkiye operations are reported separately as employees, subcontractors and total. For the Romanian operation, only employee data is reported.
	Incident Rate	This indicator refers to the ratio of the number of injury incidents that occurred to Company and subcontractor employees during a work-related activity and prevented them from coming to the workplace on the next shift or the next working day, and are tracked by notifications made to the Social Security Institution during the reporting period, to the total working hours. Data regarding Türkiye operations are reported separately as employees, subcontractors and total. For the Romanian operation, only employee data is reported.
	Average OHS Training Time per Employee	For Türkiye locations, the indicator refers to the ratio of the total number of compulsory or non-compulsory Occupational Health and Safety training hours to the total number of participants, which are monitored by Human Resources on the Company's training tracking platform, attended by Company employees, and given according to hazard class within the scope of the Occupational Health and Safety Law No. 6331. As for the Romania location, the indicator refers to the ratio of total environmental training hours to the total number of employees at the end of the year. Subcontracted employees are not included.
	Total OHS Training Time	The indicator refers to the total number of hours of Occupational Health and Safety training, compulsory or non-compulsory, provided by the Company's employees according to the hazard class within the scope of the Occupational Health and Safety Law No. 6331, in which the Company's employees participate, and which is monitored on the training tracking platform of the Company by Human Resources during the reporting period. Subcontracted workers are not included. Data regarding Türkiye operations are reported separately as employees and subcontractors. For the Romanian operation, only employee data is reported.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director's
Curriculum Vitae](#)

[Executive Team's
Curriculum Vitae](#)

[Memberships and
Affiliations](#)

[Assurance Statement for
Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment
Results](#)

[Abbreviations](#)

[GRI Content Index](#)

Type	Indicator	Scope
Social	Employee Demographics	
	Total Number of Employees	The indicator refers to the total number of employees, broken down into male and female, who are followed up by the Company's Human Resources data platform and who submitted an Employment Declaration to the Social Security Institution during the reporting period. Interns are not included in the total number of employees. The data includes Türkiye and Romania operations.
	Total Number of Subcontractor Employees	The indicator refers to the total number of the Company's contractor company employees, broken down into male and female, for the Company's Türkiye operations during the reporting period, which is tracked with the Human Resources Subcontractor company employee list and matched with the Employment Declaration submitted to the Social Security Institution of the service provider institution. Interns are not included in the total number of subcontractor employees. The data includes Türkiye operations.
	Employees by Category	This indicator refers to the total number of office and field employees, broken down by male and female, who are followed up with the Company's Human Resources data platform and submitted an Employment Declaration to the Social Security Institution during the reporting period. Interns are not included in the number of employees by category. The data includes Türkiye and Romania operations.
	Employees by Agreement Type	This indicator refers to the total number of employees broken down into male and female with permanent and fixed-term contracts, tracked by the Company's Human Resources data platform, defined in the Labor Law No. 4857 for Türkiye operations and No. 53/2003 for Romanian operations, classified according to the definition of Fixed-Term Employment Contract and Permanent Employment Contract in the Company. Interns are not included in the number of employees based on agreement type. The data includes Türkiye and Romania operations.
	Employees Covered by Collective Labor Agreement	The indicator refers to field employees who are monitored through the Company's Human Resources platform and tracked together with Unions during the reporting period. Interns are not included. The data includes Türkiye and Romania operations.
	Employees by Age Groups	The indicator refers to the number of employees of the Company, who are followed up by the Company's Human Resources data platform and whose Employment Declaration has been submitted to the Social Security Institution during the reporting period, according to age groups under 30 years of age, between 30-50 years of age, over 50 years of age, and by gender, male and female. Interns are not included. The data includes Türkiye and Romania operations.
	Employees by Employment Type	This indicator refers to the number of employees working in the Company broken down into male and female, classified according to the definition of Full Time and Part Time, as defined in the Labor Law No. 4857 for Türkiye operations and No. 53/2003 for Romania operations, followed up by the Company's Human Resources data platform during the reporting period. Interns are not included in the number of Full-Time and Part-Time employees. The data includes Türkiye and Romania operations.
	Equal Opportunity	
	Senior Executives	This indicator refers to the number of employees, male and female, in director and above positions, tracked by the Company's Human Resources data platform, during the reporting period. The data includes Türkiye and Romania operations.
	Mid-level Managers	This indicator refers to the number of employees, male and female, in manager and assistant manager positions, tracked by the Company's Human Resources data platform during the reporting period. The data includes Türkiye and Romania operations.
	First Level Managers	This indicator refers to the number of employees, male and female, in team leader positions, tracked by the Company's Human Resources data platform during the reporting period. The data includes Türkiye and Romania operations.
	Specialists	This indicator refers to the number of office employees, male and female, who are not working in managerial positions and are tracked by the Company's Human Resources data platform during the reporting period. The data includes Türkiye and Romania operations.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director's Curriculum Vitae](#)

[Executive Team's Curriculum Vitae](#)

[Memberships and Affiliations](#)

[Assurance Statement for Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment Results](#)

[Abbreviations](#)

[GRI Content Index](#)

Type	Indicator	Scope
Social	Number of Employees in the STEM Field	This indicator refers to the number of employees who carry out analysis studies in accordance with the definition of STEM (Science, Technology, Engineering, Maths) in their job descriptions, monitored by the Company's Human Resources data tracking platform, during the reporting period. The data includes Türkiye and Romania operations.
	Number of Disabled Employees	This indicator refers to the number of employees who are defined as disabled in the Law No. 5378 on Disabled Persons for the Company's Türkiye operations and in the Law No. 448/2006 on the Protection and Development of Disabled Rights for its Romania operations during the reporting period. The data includes Türkiye and Romania operations.
	Number of Employees by Nation	This indicator refers to the total number of employees of Turkish, Romanian and other nationalities who are followed by the Company's Human Resources data platform and who made an Employment Declaration to the Social Security Institution during the reporting period. Interns are not included in the number of employees by nationality. The data includes Türkiye and Romania operations.
	Parental Leave	
	Number of Employees on Parental Leave	This indicator refers to the number of female employees who went on maternity leave within the scope of the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave for the Company's Türkiye operations during the reporting period, and the number of male employees who went on paternity leave within the scope of the Company's Labor Law No. 4857. For the Company's Romania operations, the indicator refers to the number of female employees on maternity leave and the number of male employees on paternity leave within the scope of the Labor Law No. 53/2033.
	Number of Employees Returning from Parental Leave	This indicator refers to the number of female employees returning from maternity leave within the scope of the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave for the Company's Türkiye operations during the reporting period, and the number of male employees returning from paternity leave within the scope of the Company's Labor Law No. 4857. For the Company's Romania operations, the indicator refers to the number of female employees returning from maternity leave and the number of male employees returning from paternity leave within the scope of the Labor Law No. 53/2033.
	Return to Work Rate from Parental Leave	This indicator refers to the number of employees tracked through the Company's Human Resources platform who returned to work after parental leave and met the 12-month working condition during the reporting period.
	Employee Turnover	
	Number of New Employees	This indicator refers to the number of male and female employees recruited by the Company for its Türkiye operations during the reporting period and declared to the Social Security Institution and the relevant Ministry for Romania operations with the Employment Declaration during the reporting year. Interns are not included in the number of employees hired. The data includes Türkiye and Romania operations.
	Number of Employees Leaving	This indicator refers to the number of voluntary and non-voluntary male and female employees recruited by the Company for its Türkiye operations during the reporting period and declared to the Social Security Institution and the relevant Ministry for Romania operations with a Declaration of Termination during the reporting year. Interns are not included in the number of employees who left their jobs.
	Employee Turnover	This indicator refers to the ratio of the number of employees who left their jobs voluntarily and non-voluntarily, declared by the Company to the Social Security Institution with the Declaration of Termination during the reporting period, to the Total Number of Female and Male Employees. It is followed by gender and voluntary/non-voluntary breakdown. Interns are not included in the number of employees who left their jobs.
	Employees Subject to Performance Management	This indicator refers to the number of reported employees, male and female, for whom the performance evaluation process was carried out for employees who met the criteria determined by the management during the reporting period, and who were followed through the Human Resources platform for the Company's Türkiye and Romania operations. Interns are not included in the number of employees who left their jobs.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director's Curriculum Vitae](#)

[Executive Team's Curriculum Vitae](#)

[Memberships and Affiliations](#)

[Assurance Statement for Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment Results](#)

[Abbreviations](#)

[GRI Content Index](#)

Type	Indicator	Scope
Social	Trainings	
	Total Training Time (hours)	This indicator refers to the total training hours, excluding OHS, attended by Company employees, which are monitored and recorded on the Company's training tracking platform of Human Resources during the reporting period. Interns are not included. The data includes Türkiye and Romania operations.
	Total Training including OHS (hours)	This indicator refers to the total training hours during the reporting period, including the OHS trainings attended by the Company's employees, which are tracked and recorded on the Company's training tracking platform of Human Resources. Interns are not included. The data includes Türkiye and Romania operations.
	Average Training Time per Employee (person*hours)	This indicator refers to the ratio of the total training hours, including OHS, attended by the Company's employees, which are monitored on the Company's training tracking platform of Human Resources during the reporting period, to the Total Number of Employees. Interns are not included. The data includes Türkiye and Romania operations.
	Office Employee Training (hours)	This indicator refers to the total training hours, including OHS, attended by the Company's office employees, which are monitored on the Company's training tracking platform of Human Resources during the reporting period. Interns are not included. The data includes Türkiye and Romania operations.
	Average Training Time per Office Employee (person*hours)	This indicator refers to the ratio of the total training hours, including OHS, attended by the Company's office employees, which are monitored on the Company's training tracking platform of Human Resources during the reporting period, to the Total Number of Office Employees. Interns are not included. The data includes Türkiye and Romania operations.
	Field Employee Training (hours)	This indicator refers to the total training hours, including OHS, attended by the Company's field employees, which are monitored on the Company's training tracking platform of Human Resources during the reporting period. Interns are not included. The data includes Türkiye and Romania operations.
	Average Training Time per Field Employee (person*hours)	This indicator refers to the ratio of the total training hours, including OHS, attended by the Company's field employees, which are monitored on the Company's training tracking platform of Human Resources during the reporting period, to the Total Number of Field Employees. Interns are not included. The data includes Türkiye and Romania operations.
	Leadership Training (hours)	This indicator refers to the total training hours provided for first-level and above managers to develop Leadership and Management Skills during the reporting period. Interns are not included. The data includes Türkiye and Romania operations.
	Total Training Expenditure (TL)	
	Expenditure Made	This indicator refers to the Company's expenses that are mapped as training expenses in the accounting record system and followed up with invoices during the reporting period.
	Net Promoter Score (%)	
	NPS Score (Heavy Commercial, Passenger and Commercial)	This indicator refers to the satisfaction rate, which is shared with all customers receiving sales and service for passenger, commercial and heavy commercial products, and calculated in line with the answers received from the customers, which the Company follows through the survey tracking system during the reporting period.

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director's Curriculum Vitae](#)

[Executive Team's Curriculum Vitae](#)

[Memberships and Affiliations](#)

[Assurance Statement for Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment Results](#)

[Abbreviations](#)

[GRI Content Index](#)

DATA PREPARATION

1. Environmental Indicators

Water Withdrawal - Total (m³)

Formula:
Water Withdrawal - Total (m³) =
Municipal Water (m³) + Underground Water (m³)

Energy Consumption (GJ)

Direct Non-Renewable Energy Consumption
Within the scope of the Company’s direct non-renewable energy consumption in Türkiye and Romania, Stationary Combustion (Natural Gas (Sm³); Diesel (L); LPG (kg); Propane (kg); Methanol (kg) and Mobile Combustion (Diesel (L); Gasoline (L)), Fixed Air Conditioner Leaks (HFC-134a, HFC-407C, R-410A etc. (kg)), Mobile Air Conditioner Leaks (HFC-134a, 1234YF (kg)), Welding and Fire Extinguishing Cylinders Leaks (HB 212 , HB 220, HB 205, CO₂, CO₂ Fire Extinguishers (kg), Greenhouse Gas Emissions from Process Gases Oil Vapor (Opet Fuchs Anticorit RP, cutting fluid, lapping oil, washer fluid, heat treatment fluid & oil, degreasing (kg)) and VOC consumption amount (kg) are calculated.

Within the scope of the Company’s direct non-renewable energy consumption, natural gas consumption and emissions from mobile combustion are reported as primary fuel sources.

GWP coefficients and emission factors are calculated with reference to the IPCC 5th assessment document.

Natural gas data are converted from cubic meters to gigajoules (GJ) according to the Intergovernmental Panel on Climate Change (IPCC) 2006 National Greenhouse Gases Inventory Guidelines. After natural gas consumption is obtained from the invoices as sm³, it is converted to TJ value by multiplying it with the density (kg/m³) and lower calorific value (TJ/kg) that the locations receive from their natural gas providers, and then converted to GJ unit by unit conversion.

After diesel consumption from stationary combustion is withdrawn from the system as L, it is converted to TJ value by multiplying it with density (kg/L) and lower calorific value (TJ/kg), and from there it is calculated by converting it to GJ unit using unit conversion.

After LPG consumption from stationary combustion is withdrawn from the system as L, it is converted to TJ value by multiplying it with density (kg/L) and lower calorific value (TJ/kg), and from there it is calculated by converting it to GJ unit using unit conversion.

After Propane consumption from stationary combustion is withdrawn from the system as L, it is converted to TJ value by multiplying it with density (kg/L) and lower calorific value (TJ/kg), and from there it is calculated by converting it to GJ unit using unit conversion.

After Methanol consumption from stationary combustion is withdrawn from the system as L, it is converted to TJ value by multiplying it with density (kg/L) and lower calorific value (TJ/kg), and from there it is calculated by converting it to GJ unit using unit conversion.

After Diesel consumption from stationary combustion is withdrawn from the system as L, it is converted to TJ value by multiplying it with density (kg/L) and lower calorific value (TJ/kg), and from there it is calculated by converting it to GJ unit using unit conversion.

After Gasoline consumption from stationary combustion is withdrawn from the system as L, it is converted to TJ value by multiplying it with density (kg/L) and lower calorific value (TJ/kg), and from there it is calculated by converting it to GJ unit using unit conversion.

DIRECT GREENHOUSE GAS EMISSIONS GREENHOUSE GAS EMISSIONS FROM STATIONARY COMBUSTION					
Fuel Type	Density Conversion Coefficient	Lower Calorific Value	Emission Factor - CO ₂	Emission Factor - CH ₄	Emission Factor - N ₂ O
	kg/lt - kg/m³	TJ/kg	ton/TJ	ton/TJ	ton/TJ
Diesel (lt)	0.830	0.000043	74.100	0.003	0.0006
Fuel Oil No:6 (lt)	0.940	0.000040	77.400	0.003	0.0006
LPG (kg)	N/A	0.000047	63.100	0.001	0.0001
Natural Gas (Sm³)	Kocaeli-0.726297260273972 Eskişehir-0.732 Sancaktepe-0.735 Romanya-0.77	0.000048	56.100	0.001	0.0001
Propane (kg)	NA	0.000047	63.100	0.001	0.0001
Methanol (kg)	NA	0.000027	70.800	0.003	0.0006



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES
 - Board of Director's Curriculum Vitae
 - Executive Team's Curriculum Vitae
 - Memberships and Affiliations
 - Assurance Statement for Non-Financial Data
 - Reporting Principles
 - Life Cycle Assessment Results
 - Abbreviations
 - GRI Content Index

DIRECT GREENHOUSE GAS EMISSIONS GREENHOUSE GAS EMISSIONS FROM MOBILE COMBUSTION					
Fuel Type	Density Conversion Coefficient	Lower Calorific Value	Emission Factor - CO ₂	Emission Factor - CH ₄	Emission Factor - N ₂ O
	kg/lt	TJ/kg	ton/TJ	ton/TJ	ton/TJ
Kocaeli Assembly Line – Diesel (lt)	0.830	0.000043	74.100	0.0039	0.0039
Assembly Line – Gasoline (lt)	0.735	0.000044	69.300	0.025	0.0080
Kocaeli Port fuel filling - Diesel (lt.)	0.830	0.000043	74.100	0.0039	0.0039
Port fuel filling - Gasoline (lt.)	0.735	0.000044	69.300	0.025	0.0080
Kocaeli Facility Vehicles Internal Filling - Diesel (lt)	0.830	0.000043	74.100	0.0039	0.0039
Kocaeli Facility Vehicles Internal Filling - Gasoline (lt)	0.735	0.000044	69.300	0.025	0.0080
Kocaeli Facility Vehicles External Filling (Otobil) - Diesel (lt)	0.830	0.000043	74.100	0.0039	0.0039
Kocaeli Facility Vehicles External Filling (Otobil) - Gasoline (lt)	0.735	0.000044	69.300	0.025	0.0080
Eskişehir Assembly Line - Diesel (lt)	0.830	0.000043	74.100	0.0039	0.0039
Eskişehir Facility Vehicles Internal Filling - Diesel (lt)	0.830	0.000043	74.100	0.0039	0.0039
Eskişehir Facility Vehicles Internal Filling - Gasoline (lt)	0.735	0.000044	69.300	0.0250	0.0080
Eskişehir Facility Vehicles External Filling (Otobil) - Diesel (lt)	0.830	0.000043	74.100	0.0039	0.0039
Eskişehir Facility Vehicles External Filling (Otobil) - Gasoline (lt)	0.735	0.000044	69.300	0.0250	0.0080
Sancaktepe Facility Vehicles Internal Filling - Diesel (lt)	0.830	0.000043	74.100	0.0039	0.0039
Sancaktepe Facility Vehicles Internal Filling - Gasoline (lt)	0.735	0.000044	69.300	0.025	0.0080
Sancaktepe Facility Vehicles External Filling (Otobil) - Diesel (lt)	0.830	0.000043	74.100	0.004	0.0039
Sancaktepe Facility Vehicles External Filling (Otobil) - Gasoline (lt)	0.735	0.000044	69.300	0.025	0.0080
Craiova - Diesel for first filling	0.830	0.000043	74.100	0.004	0.0039
Craiova - Gasoline for first filling	0.735	0.000044	69.300	0.025	0.0080
Craiova - company cars - Diesel	0.830	0.000043	74.100	0.004	0.0039
Craiova - company cars - Gasoline	0.735	0.000044	69.300	0.025	0.0080

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director's Curriculum Vitae](#)

[Executive Team's Curriculum Vitae](#)

[Memberships and Affiliations](#)

[Assurance Statement for Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment Results](#)

[Abbreviations](#)

[GRI Content Index](#)

Indirect Renewable Energy Consumption

Electricity (MWh) and Steam (MWh) are calculated within the scope of the Company’s indirect renewable energy consumption in Türkiye and Romania. Türkiye locations purchase 100% renewable electrical energy (I-REC). The Romania location also provides its electricity supply from 100% renewable energy.

Electricity and steam are reported as primary fuel sources within the scope of the Company’s indirect renewable energy consumption.

After electricity consumption is obtained from electricity bills and I-REC and other renewable energy certificates in MWh, it is first converted to kWh and then to GJ. (1 GJ: 277,77778 kWh; 1kWh: 0,0036 GJ)

Energy Resource	kg CO ₂ e/kWh	Reference
Electricity	0.4331	IEA
Steam	0.4107	IEA

2. Social Indicators

Employee Demographics

The total number of employees refers to the total number of employees employed by the companies as of the end of the reporting year and based on the information in their human resources systems as of December 31, 2023.

The following definitions and formulas are used in the calculation of occupational health and safety indicators.

Formulas:

Average Training Time per Employee = Total Training Time including OHS / Total Number of Employees

Average Training Time per Office Employee (person*hours) = Total Training Time including OHS / Total Number of Office Employees

Average Training Time per Field Employee (person*hours) = Total Training Time including OHS / Total Number of Field Employees

Number of Employees in the STEM Field

Within the Company’s Türkiye operations, employees working in the “Growth & Smart Mobility Business Area, Digital Products and Services Leadership, Factory Leadership (Eskişehir), Finance Platform Area Leadership, Finance-Accounting, Finance-Accounting Deputy General Manager, Ford Trucks Business Area, Quality Platform Area, Engineering and Technology Development, Supply Chain Platform Area and Commercial Vehicle Product Leadership” directorates and employees whose position descriptions are included in the definitions given below, are reported as working in the STEM field.

Employees in the STEM field are defined as follows for the Company’s Türkiye operations:

Among field employees, it includes employees whose position descriptions include one or more of the following duties: For the definition of Science, measurement techniques and instruments, basic data analysis, material science, business management; for the definition of technology, computer technologies, vehicle technologies, machine technologies, manufacturing/assembly technologies, automation; for the definition of Engineering (Engineering), quality control,

maintenance, lean manufacturing, total quality management, tool and mold work, work-process flow management, OHS, drawing, 3D solid modeling (CAD), electric vehicles, battery; for the definition of Mathematics, it includes problem solving and root cause analysis, logic, basic statistics, statistical process control and FMEA.

Among office employees, it includes employees whose position descriptions include one or more of the following duties: For the definition of Science, data science, data analysis, business analysis, business management, finance, accounting, health and medicine; for the definition of Technology, computer technologies, machine technologies, manufacturing and assembly technologies, automation; for the definition of Mathematics, it includes problem solving and root cause analysis, logic, statistics and FMEA.

Rate of return to work after maternity leave

Formula:

Number of employees who returned from maternity leave in the previous reporting year and continued to work for 12 months / Number of employees who returned from maternity leave in the previous reporting year * 100

Employee Turnover

The number of employees leaving their jobs is tracked as voluntary and non-voluntary. The number of employees who leave voluntarily is defined as undesirable exits by the Company, and people who leave their jobs due to resignation, underage retirement and marriage are reported. The number of employees who leave involuntarily is defined as the expected exits by the Company, and cases of retirement, death, military service, Koç Group transfer, resignation with performance evaluation result of “should be better” or whose 9box score is 1 are reported.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES
 - Board of Director’s Curriculum Vitae
 - Executive Team’s Curriculum Vitae
 - Memberships and Affiliations
 - Assurance Statement for Non-Financial Data
 - Reporting Principles
 - Life Cycle Assessment Results
 - Abbreviations
 - GRI Content Index

Employee Turnover (Voluntary) (%)

Formula:

Number of Female Employees Who Left Voluntarily /
Total Number of Female Employees in 2023

Number of Male Employees Who Left Voluntarily /
Total Number of Male Employees in 2023

Employee Turnover (Non-Voluntary) (%)

Formula:

Number of Female Employees Who Left Involuntarily /
Total Number of Female Employees in 2023

Number of Male Employees Who Left Involuntarily /
Total Number of Male Employees in 2023

Customer Net Promoter Score (%)

NPS (Net Promoter Score) Customer Recommendation score is calculated based on vehicle segments on a five-point scale, in line with the answers of sales and service customers to the question of recommending services to others.

3,2,1 - Customer who does not recommend
4 - Neutral
5 - Customer who recommends

Formula: (Ratio of customers who gave 5 points to total customers) – (Ratio of customers who gave 1-2-3 points to total customers) * 100

Occupational Health and Safety Indicators

The following definitions and formulas are used in the calculation of occupational health and safety indicators.

The work accidents recorded during the reporting period, fatal cases in these accidents, and the number of employees reported as occupational diseases are evaluated.

Number of accidents means the total number of work accidents. It was tracked and calculated with the table listing SSI notifications. The following ratios are calculated and reported according to the KTS 4.1 Occupational Health and Safety Performance Indicators Standard shared by Koç Holding.

Lost Day Rate

Formula – TR (Employees – Subcontractors)
(Number of Lost Time Accidents * 1,000,000) /
Total Working Hours

Formula – RO (Employees)
(Number of Lost Time Accidents * 200,000) /
Total Working Hours

Incident Rate

Formula – TR (Employees – Subcontractors) & RO (Employees)
(Total Number of Accidents * 1,000,000) / Total Working Hours

Occupational Disease Rate

Formula – TR & RO (Employees – Subcontractors)
(Total Occupational Disease Incidents * 1,000,000) /
Total Working Hours

Average OHS Training Time per Employee

Formula:

TR - Total OHS Training Hours / Total Number of Participants

RO – Total OHS Training Hours / Total Number of Employees

RESTATEMENT

The measuring and reporting of sustainability-related data inevitably involves a degree of estimation. Restatements are considered where there is a change in the data of greater than 5 percent at the Group level.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES
 - Board of Director's Curriculum Vitae
 - Executive Team's Curriculum Vitae
 - Memberships and Affiliations
 - Assurance Statement for Non-Financial Data
 - Reporting Principles
 - Life Cycle Assessment Results
 - Abbreviations
 - GRI Content Index

F-MAX LIFE CYCLE ASSESSMENT RESULTS

Introducing the F-MAX, a masterpiece of a haulage vehicle, thoughtfully designed and expertly manufactured by Ford Otosan engineers. It holds the title of the most spacious commercial vehicle in the Ford Trucks range, seamlessly combining a capacious cab with advanced technology, a robust engine and unmatched efficiency.

Safety and comfort are prioritised with features such as emergency braking, lane departure warning, predictive cruise control and telematics to enhance the driving

experience. At the heart of F-MAX is the ECOTORQ engine, which sets new standards for performance and fuel efficiency in all conditions, in line with its environmental commitment.

Winner of the prestigious 2019 International Truck of the Year award, the F-MAX is a demonstration of the dedication of Ford Otosan engineers, blending innovation and engineering expertise together perfectly. It redefines excellence in the truck industry and reflects Ford Otosan’s commitment to enhancing the driving experience.

Life cycle assessment (LCA) is an approach to the evaluation of the environmental performance of a product, process or service. With this LCA methodology all the inputs and outputs of the entire life cycle of vehicle are considered, and environmental impact is determined. The ISO14040 (2006) and ISO 14044 (2006) standards (general guidelines for all sectors) standardize critical points of LCA methodology.

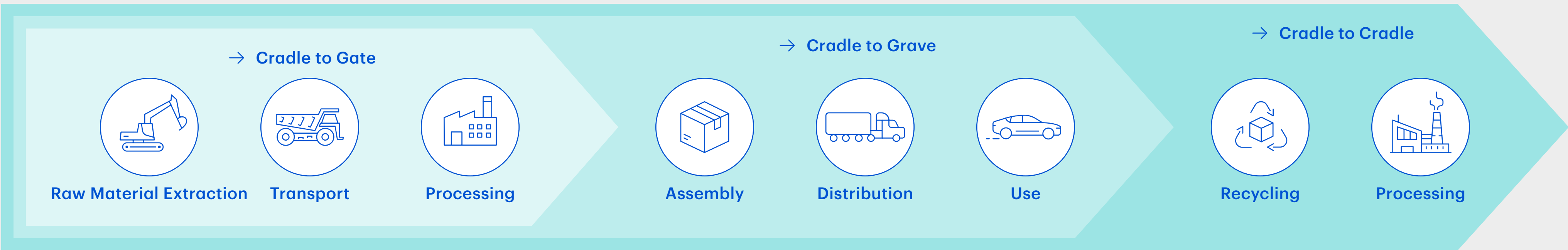


Sharing the load

In today’s world, the transportation sector is one of the main contributors to GHG emissions. The contribution of HCVs to carbon emissions cannot be overlooked, especially when considering their life cycle and material distribution.

The following report presents the results of a LCA study conducted on a heavy-duty vehicle, F-MAX. The purpose of this LCA is to evaluate the environmental impact associated with the entire life cycle of the vehicle, including raw material extraction, manufacturing, use phase, and end-of-life treatment.

This report presents the results of a LCA of the F-max heavy-duty truck. The primary objective of the LCA is to analyse the environmental impact of the F-max over its entire life cycle and it has been validated by **TÜV Rheinland**. The certification confirms that the LCA is based on reliable data and that the methodology meets the criteria set out in ISO standards 14040 and 14044. The study provides insight into environmental performance, informs potential improvements, raises awareness and educates the public upon publication. The SimaPro 9.3.0.3 software and the Ecoinvent 3.9 database have been used for the calculations.



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES
 - [Board of Director's Curriculum Vitae](#)
 - [Executive Team's Curriculum Vitae](#)
 - [Memberships and Affiliations](#)
 - [Assurance Statement for Non-Financial Data](#)
 - [Reporting Principles](#)
 - [Life Cycle Assessment Results](#)
 - [Abbreviations](#)
 - [GRI Content Index](#)

In this LCA study, vehicles with Euro 6d and 6e emission levels were taken into consideration and calculations were carried out for 2 different calibration levels. The verification process has been completed for vehicles at both emission levels and the environmental footprint of the Euro 6e F-max is included in this report.

The study comprehensively assesses the environmental impact of the F-max and underpins decision-making and improvement initiatives in line with Ford OTOSAN’s goal of achieving net-zero emissions based on SBTi commitments. Following the impact analysis, data was evaluated using the most suitable data set to compare different impact categories, resulting in outcomes in 11 environmental impact categories. In line with Ford OTOSAN’s “Future. Now” vision to sell only zero-emission heavy commercial vehicles by 2040, an environmental impact assessment mainly focusing on the identification of global warming as pivotal impact categories highlights the industry to adopt sustainable practices and mitigate its environmental footprint.

The study follows a cradle-to-grave approach, covering production, use and end-of-life. It examines raw material extraction, component manufacturing, vehicle assembly, transport, fuel production and consumption, maintenance and end-of-life treatment. The functional unit of the assessment is defined as one F-max operating for a total distance of 1,000,000 kilometres over a lifespan of 10 years.

The LCI phase of the F-max LCA study was carried out with great dedication. The aim was to obtain as much primary data as possible, while ensuring high data quality and reliability. Key input data for the F-max LCA includes raw material properties, weights, component production methods, energy consumption, scrap rates and tailpipe emissions. This data was obtained from a variety of sources - R&D teams, suppliers, International Material Database System (IMDS), technical data sheets - and then synthesised to provide a comprehensive inventory of inputs and outputs throughout the vehicle’s lifecycle.

The results of this study provide a relative assessment of the F-max, depending on the quality of the inventory compiled, the assumptions made, and the inputs and outputs included. The focus is within a defined framework, evaluating emissions without extrapolating to category endpoints, thresholds, safety margins or risks.

The inventory data collected is assessed for potential environmental impacts. The total life cycle greenhouse gas emissions of the F-max are 1410.91 tonnes CO₂ equivalent for a functional unit of one F-max operating for 1,000,000 kilometres over its 10-year lifetime.



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

Board of Director's Curriculum Vitae

Executive Team's Curriculum Vitae

Memberships and Affiliations

Assurance Statement for Non-Financial Data

Reporting Principles

Life Cycle Assessment Results

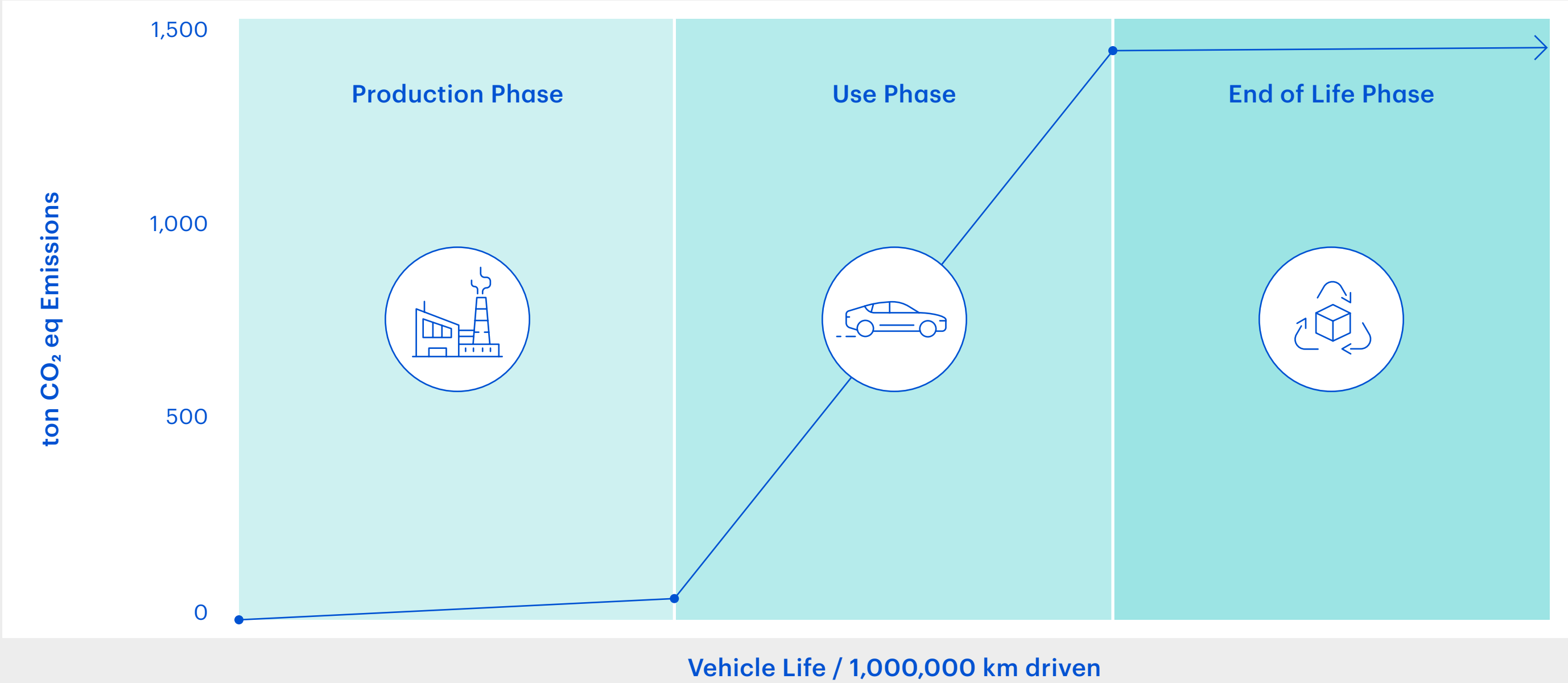
Abbreviations

GRI Content Index

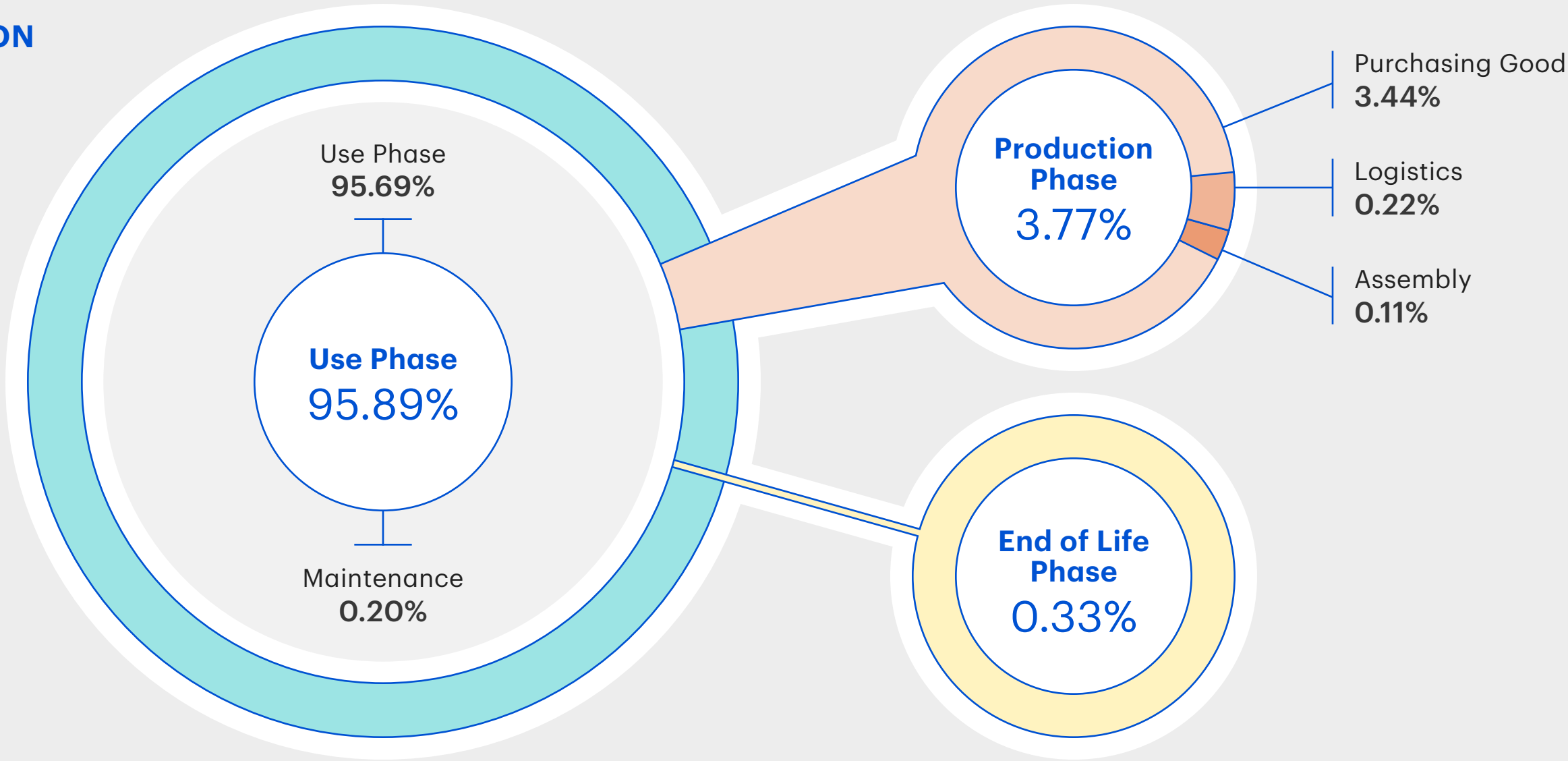
The LCA results, calculated according to ISO 14040/44 and verified by TÜV Rheinland, are thoroughly analysed and interpreted to provide meaningful insights. As explained, the analysis focuses on GWP. In particular, the use phase contributes significantly to emissions through fuel consumption and associated greenhouse gas emissions. In addition, the manufacturing phase plays a significant role in emissions. Opportunities for improvement include refining fuel efficiency, exploring alternative fuels and materials, and using recycling and recovery technologies to reduce waste generation. This report assists decision makers in design, manufacturing and end-of-life management by identifying areas for improvement and supporting informed decisions to reduce the environmental impact of the F-max.

In summary, the interpretation phase of this LCA report provides a holistic view of the environmental impacts associated with the product or system being evaluated. Hotspots and comparative analysis provide valuable insights into critical areas, potential for improvement and overall sustainability performance. It's important to consider study limitations and uncertainties when interpreting results and integrating them into decision-making processes.

- Carbon emissions (GWP) for one F-max operating for a total distance of 1,000,000 kilometres over a lifespan of 10 years is 1410.91 kg CO₂eq.
- The use phase accounts for 95.9% of total lifetime CO₂ emissions.



F-MAX'S CARBON FOOTPRINT DISTRIBUTION ACROSS THE PRODUCT LIFE CYCLE



- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES
 - [Board of Director's Curriculum Vitae](#)
 - [Executive Team's Curriculum Vitae](#)
 - [Memberships and Affiliations](#)
 - [Assurance Statement for Non-Financial Data](#)
 - [Reporting Principles](#)
 - [Life Cycle Assessment Results](#)
 - [Abbreviations](#)
 - [GRI Content Index](#)

ABBREVIATIONS

ORGANIZATIONS AND INSTITUTIONS

EU: European Union

ACEA: European Automobile Manufacturers’ Association

COP 28: 28th Conference of the Parties to the UN Framework Convention on Climate Change

ECE: Economic Commission for Europe

FMC: Ford Motor Company

GCC: Gulf Cooperation Council

GRI: Global Reporting Initiative

ILO: International Labour Organization

IPCC: Intergovernmental Panel on Climate Change

ISO: Istanbul Chamber of Industry

IUCN: International Union for Conservation of Nature and Natural Resources

KAGİDER: Turkish Women Entrepreneurs Association

MESS: Turkish Employers’ Association of Metal Industries

MTAL: Vocational and Technical Anatolian High School

OECD: Organisation for Economic Co-operation and Development

PERYÖN: People Management Association of Türkiye

SBTi: Science-based Targets initiative

SBT-N: Science Based Targets Network

CMB: Capital Markets Board

TAYSAD: Automotive Suppliers Association of Türkiye

TEV: Turkish Education Foundation

UNGC: United Nations Global Compact

VRF: Value Reporting Foundation

WEF: World Economic Forum

WRI: World Resources Institute

INDICES

BIST: Borsa İstanbul Sustainability Index

Bloomberg GEI: Bloomberg Gender-Equality Index

DJSI: Dow Jones Sustainability Index

FTSE4Good: Financial Times Stock Exchange

MSCI: Morgan Stanley Capital International Index

S&P: Standard & Poor’s Index

SASB: Sustainability Accounting Standards Board

GLOBAL ABBREVIATIONS

UN: United Nations

R&D: Research & Development

CDP: Carbon Disclosure Project (formerly)

CFO: Chief Financial Officer

CEM: Customer Experience Management

CRM: Customer Relationship Management

DEI: Diversity, Equity and Inclusion

ESG: Environmental, Social and Governance

CX: Customer Experience

ETS: Emission Trading System

GB: National Standards of the People’s Republic of China

GHG: Greenhouse Gas

IAA: IAA Transportation - Germany

IoT: Internet of Things

HR: Human Resources

IR: Integrated Reporting <IR> Framework

OHS: Occupational Health and Safety

BCP: Business Continuity Plans

KPI: Key Performance Indicators

GDPR: Personal Data Protection Law

NT: Near Threatened

OEM: Original Equipment from Manufacturer

OKR: Objectives and Key Results

SCT: Special Consumption Tax

RCP: Representative Concentration Pathways

SDGS: Sustainable Development Goals

CBAM: Carbon Border Adjustment Mechanism

SROI: Social Return on Investment

STEM: Science, Technology, Engineering, Mathematics

NGO: Non-Governmental Organization

TCFD: Task Force on Climate-Related Financial Disclosures

TNFD: Task Force on Nature-related Financial Disclosures

VOC: Volatile Organic Compound

VoC: Voice of Customer

VU: Vulnerable (species)

BOD: Board Of Directors

TECHNICAL ABBREVIATIONS

AVAS: Acoustic Vehicle Warning System

AGV: Autonomous Guided Vehicle

AIToC: Artificial Intelligence-supported Tool Chain in Manufacturing Engineering

BESS: Battery Energy Storage System

BEV: Battery Electric Vehicle

IT: Information Technologies

CAE: Computer-Aided Engineering

C-SAT: Customer Satisfaction

CES: Customer Effort Score

CoE: Center of Excellence

CV: Commercial Vehicle



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director’s Curriculum Vitae](#)

[Executive Team’s Curriculum Vitae](#)

[Memberships and Affiliations](#)

[Assurance Statement for Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment Results](#)

[Abbreviations](#)

[GRI Content Index](#)

ECA: Environmental Certification and Accreditation

DOC: Diesel Oxidation Catalyst

DPnS: Digital Platform and Services

DT: Design Thinking

ECM: Engine Control Module

EPE: Electrified Powertrain

EoL: End of Life

EOS: Ford Environmental Operating System

ESS: Energy Storage System

Euro NCAP: European New Car Assessment Programme

EV: Electric Vehicle

EMP: Employee Value Proposition

FCEV: Fuel Cell Electric Vehicle

FMA: Failure Mode Analysis

FMVSS: Federal Motor Vehicle Safety Standards

FOKE: Ford Otosan Search and Rescue Teams

PSE: Phosphate-Selective Electrode

FOSN: Ford Otosan Supplier Network

FREC: Ford Resource and Engagement Center

FPS: Ford Production Systems

GCM: Governance and Compliance Manager

SPP: Solar Power Plant

GSR Batch 2: European Union General Safety Regulation Batch 2

GVM: Gross Vehicle Mass

GWP: Global Warming Potential

HCT: Human Capital Transformation

HCV: Heavy Commercial Vehicle

HDV: Heavy-Duty Vehicle

HEV: Hybrid Electric Vehicle

HPV: Harbor Hours Per Vehicle

I-REC: International REC Standard

ICE: Internal Combustion Engine

LCA: Life-Cycle Assessment

LCI: Life Cycle Inventory

LCV: Light Commercial Vehicle

LLS: Lower Leg Stiffener

MCV: Medium Commercial Vehicle

MHEV: Mild Hybrid Electrical Vehicle

MTG: Engineering and Technology Development

NextETRUCK: Efficient and Low-Cost Logistics with Next-Generation Zero Emission Electric Trucks

NPI: Net Positive Impact

NPS: Net Promoter Score

PAC: Preventive Action Closure

PDI: Power Distance Index

PGM: Platinum Group Metals

PHEV: Plug-in Hybrid Electrical Vehicle

PP: Polypropylene

PQE: Proactive Quality Excellence

PV: Passenger Vehicle

RM: Risk Mitigation

RPA: Robotic Process Automation

RSL: Restricted Substances List

SAYEM: Industry Innovation Network Mechanism

SF: SuccessFactors

SRRC: Service Returns Review Center

SVE: Special Vehicle Engineering

UN WEPs: United Nations Women’s Empowerment Principles

WBG: Wide Band Gap

ZEFES: Zero Emission Freight EcoSystem



ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director’s
Curriculum Vitae](#)

[Executive Team’s
Curriculum Vitae](#)

[Memberships and
Affiliations](#)

[Assurance Statement for
Non-Financial Data](#)

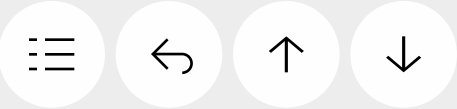
[Reporting Principles](#)

[Life Cycle Assessment
Results](#)

[Abbreviations](#)

[GRI Content Index](#)

GRI CONTENT INDEX



Statement of use	Ford Otosan has reported in accordance with the GRI Standards for the January–December 2023 period.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers	Additional information and reasons for omission
General disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	13-24	
	2-2 Entities included in the organization’s sustainability reporting	4	
	2-3 Reporting period, frequency and contact point	4	
	2-4 Restatements of information	148	<p>In the process of shifting to the Integrated Business Model, Customer Experience score has been replaced by Net Promoter Score, and annual targets for NPS have been set. NPS is now monitored and reported by segments and sales/ service.</p> <p>Employee turnover rate, previously calculated as the number of employees who left/average number of employees in the reporting period, is now calculated as the number of employees who left/number of employees at the end of the reporting period.</p>
	2-5 External assurance	332	
	2-6 Activities, value chain and other business relationships	8, 21-22, 46-47	
	2-7 Employees	123-124	
	2-8 Workers who are not employees	200	
	2-9 Governance structure and composition	61-63	
	2-10 Nomination and selection of the highest governance body	60-62, 211	
	2-11 Chair of the highest governance body	60	
	2-12 Role of the highest governance body in overseeing the management of impacts	40, 60-64, 71-72	
	2-13 Delegation of responsibility for managing impacts	39, 60-64, 71-72	

- ABOUT THE REPORT
- ABOUT FORD OTOSAN
- INDUSTRY OVERVIEW AND TRENDS
- VALUE CREATION JOURNEY
- CORPORATE GOVERNANCE
- FUTURE. NOW FOR TECHNOLOGY AND INNOVATION
- FUTURE. NOW FOR ENVIRONMENT
- FUTURE. NOW FOR PEOPLE
- FUTURE. NOW FOR COMMUNITY
- GENERAL ASSEMBLY
- RISKS AND OPPORTUNITIES
- PERFORMANCE INDICATORS
- CORPORATE STATEMENTS
- FINANCIAL STATEMENTS
- ANNEXES
- [Board of Director’s Curriculum Vitae](#)
- [Executive Team’s Curriculum Vitae](#)
- [Memberships and Affiliations](#)
- [Assurance Statement for Non-Financial Data](#)
- [Reporting Principles](#)
- [Life Cycle Assessment Results](#)
- [Abbreviations](#)
- [GRI Content Index](#)

GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers	Additional information and reasons for omission
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	39-40	
	2-15 Conflicts of interest	62, 66-69, 211	Code Of Conduct and Ethical Rules Compliance Policy Prevention of Retaliation Policy
	2-16 Communication of critical concerns	66-67	
	2-17 Collective knowledge of the highest governance body	60-61, 65, 211	
	2-18 Evaluation of the performance of the highest governance body	60-61, 65, 145, 173	
	2-19 Remuneration policies	65, 144-145, 169, 173	Remuneration Policy For The Board of Directors And Executive Management
	2-20 Process to determine remuneration	65, 144-145, 173	
	2-21 Annual total compensation ratio	145, 203	
	2-22 Statement on sustainable development strategy	42-47, 57-58, 158	
	2-23 Policy commitments	41	Code Of Conduct and Ethical Rules
	2-24 Embedding policy commitments	39, 41, 66-69, 120, 181	Compliance Policy
	2-25 Processes to remediate negative impacts	50, 71-72, 179-194	Ethics And Whistleblowing Policy Disciplinary Policy
	2-26 Mechanisms for seeking advice and raising concerns	48-51, 66-67	Ethics And Whistleblowing Policy Disciplinary Policy
	2-27 Compliance with laws and regulations	66-69, 73, 186-190, 193-194	
	2-28 Membership associations	324-328	
	2-29 Approach to stakeholder engagement	48-51	
	2-30 Collective bargaining agreements	10, 200	

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director's Curriculum Vitae](#)

[Executive Team's Curriculum Vitae](#)

[Memberships and Affiliations](#)

[Assurance Statement for Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment Results](#)

[Abbreviations](#)

[GRI Content Index](#)

GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers	Additional information and reasons for omission
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	56-58	
	3-2 List of material topics	56-58	
	3-3 Management of material topics	52-55, 57-58	
Economic performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	44-45	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	15-16, 18-20, 44-45	
	201-2 Financial implications and other risks and opportunities due to climate change	71-74, 181	
	201-3 Defined benefit plan obligations and other retirement plans	132, 239	
Procurement practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	114-117	Supply Chain Compliance Policy
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	115-116	
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	67	Anti-Bribery and Corruption Policy Code Of Conduct and Ethical Rules
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	40, 188	
	205-2 Communication and training about anti-corruption policies and procedures	67-68, 188	
	205-3 Confirmed incidents of corruption and actions taken	67	

GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers	Additional information and reasons for omission
Anti-competitive behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics	66, 68, 188	Competition Law Compliance Policy
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	67	
Tax			
GRI 3: Material Topics 2021	3-3 Management of material topics	172	Ford Otosan Tax Strategy
GRI 207: Tax 2019	207-1 Approach to tax	10-11, 41, 172	
	207-2 Tax governance, control, and risk management	10-11, 73	
	207-3 Stakeholder engagement and management of concerns related to tax		
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics	110	Environmental And Energy Policy
GRI 301: Materials 2016	301-2 Recycled input materials used	42-43, 54, 95, 99-105, 110-111	
	301-3 Reclaimed products and their packaging materials	99-101, 198	
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	52-53, 93-94, 106-107	Environmental And Energy Policy
GRI 302: Energy 2016	303-2 Management of water discharge-related impacts	107, 197	
	303-3 Water withdrawal	107, 197	
	303-4 Water discharge	98, 107, 197-198	
	303-5 Water consumption	27, 98, 107	

GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers	Additional information and reasons for omission
Water and effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics	54, 58, 95, 112	Water Policy
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	54, 95, 112	
	303-3 Water withdrawal	112, 198	
	303-4 Water discharge	112, 198	
	303-5 Water consumption	112, 198	
Biodiversity			
GRI 3: Material Topics 2021	3-3 Management of material topics	71, 113, 175	Biodiversity Strategy
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	113	
	304-2 Significant impacts of activities, products and services on biodiversity	71, 113	
	304-3 Habitats protected or restored	113	
	304-4 IUCN (International Union for Conservation of Nature) Red List species and national conservation list species with habitats in areas affected by operations	113	

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director's
Curriculum Vitae](#)

[Executive Team's
Curriculum Vitae](#)

[Memberships and
Affiliations](#)

[Assurance Statement for
Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment
Results](#)

[Abbreviations](#)

[GRI Content Index](#)

GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers	Additional information and reasons for omission
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	93-94, 105-110	Environmental And Energy Policy
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	96-98, 107	
	305-2 Energy indirect (Scope 2) GHG emissions	96-98, 107	
	305-3 Other indirect (Scope 3) GHG emissions	96-98, 107, 197	
	305-4 GHG emissions intensity	96-98, 107	
	305-5 Reduction of GHG emissions	96-98, 107, 197	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	107, 110, 197	
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	53, 56,58, 94-95, 110-111	Environmental And Energy Policy
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	110-111, 181	
	306-2 Management of significant waste-related impacts	110-111, 181	
	306-3 Waste generated	110-111, 198	
	306-4 Waste diverted from disposal	110-111, 198	
	306-5 Waste directed to disposal	110-111, 198	
Supplier environmental assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	114-117	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	114-117	
	308-2 Negative environmental impacts in the supply chain and actions taken	114-117	

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director’s
Curriculum Vitae](#)

[Executive Team’s
Curriculum Vitae](#)

[Memberships and
Affiliations](#)

[Assurance Statement for
Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment
Results](#)

[Abbreviations](#)

[GRI Content Index](#)

GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers	Additional information and reasons for omission
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	119-124, 130-145	Code Of Conduct and Ethical Rules
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	123-124, 202	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	132-133	
	401-3 Parental leave	132, 202	
Occupational health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	125-129	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	125-126, 153	
	403-2 Hazard identification, risk assessment, and incident investigation	125, 199-200	
	403-3 Occupational health services	125-126	
	403-4 Worker participation, consultation, and communication on occupational health and safety	120, 125-126	
	403-5 Worker training on occupational health and safety	125, 183, 199	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	125-126, 183	
	403-8 Workers covered by an occupational health and safety management system	125	
	403-9 Work-related injuries	125, 200	
	403-10 Work-related ill health	125, 200	

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW
AND TRENDS

VALUE CREATION
JOURNEY

CORPORATE
GOVERNANCE

FUTURE. NOW
FOR TECHNOLOGY
AND INNOVATION

FUTURE. NOW
FOR ENVIRONMENT

FUTURE. NOW
FOR PEOPLE

FUTURE. NOW
FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND
OPPORTUNITIES

PERFORMANCE
INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director's Curriculum Vitae](#)

[Executive Team's Curriculum Vitae](#)

[Memberships and Affiliations](#)

[Assurance Statement for Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment Results](#)

[Abbreviations](#)

[GRI Content Index](#)

GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers	Additional information and reasons for omission
Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics	137-142	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	140, 205	
	404-2 Programs for upgrading employee skills and transition assistance programs	139-142	
	404-3 Percentage of employees receiving regular performance and career development reviews	128,129, 137, 139-142, 203	
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	50, 119-124, 160, 182	Human Rights Policy Code Of Conduct and Ethical Rules Declaration on Equality at Work
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	41, 60, 121-124, 145, 211, 201	Board of Directors Diversity Policy
	405-2 Ratio of basic salary and remuneration of women to men	145, 204	
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	119-124	Human Rights Policy Code Of Conduct and Ethical Rules
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	67	

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director's Curriculum Vitae](#)

[Executive Team's Curriculum Vitae](#)

[Memberships and Affiliations](#)

[Assurance Statement for Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment Results](#)

[Abbreviations](#)

[GRI Content Index](#)

GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers	Additional information and reasons for omission
Child labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	120	Human Rights Policy Supply Chain Compliance Policy
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	There is no operations and suppliers at significant risk for incidents of child labor.	
Forced or compulsory labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	120	Ford Otosan Human Rights Policy Diversity Policy Supply Chain Compliance Policy
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	There is no operations and suppliers at significant risk for incidents of forced or compulsory labor.	
Local communities			
GRI 3: Material Topics 2021	3-3 Management of material topics	50, 114-115, 156-167	Community Investment Policy
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	156-167	
	413-2 Operations with significant actual and potential negative impacts on local communities	There is no operations of the Company pose major negative impacts to local communities.	

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director's Curriculum Vitae](#)

[Executive Team's Curriculum Vitae](#)

[Memberships and Affiliations](#)

[Assurance Statement for Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment Results](#)

[Abbreviations](#)

[GRI Content Index](#)

GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers	Additional information and reasons for omission
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	50, 114-117	Supply Chain Compliance Policy Conflict Mineral Policy
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	115-116	
	414-2 Negative social impacts in the supply chain and actions taken	There is no negative social impacts in the supply chain have taken place in the reporting year.	
Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	87, 186-188	Policy On The Protection and Processing of Personal Information Code Of Conduct and Ethical Rules
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	There is no complaints of such kind were received in the reporting year.	
Vehicle Quality and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	152-154	Quality Policy
Electric Vehicles and Alternative Fuels			
GRI 3: Material Topics 2021	3-3 Management of material topics	76-80, 81, 102-104	
Customer Satisfaction			
GRI 3: Material Topics 2021	3-3 Management of material topics	146-149, 187, 206	Customer Satisfaction Management Policy
Developing Mobility Solutions			
GRI 3: Material Topics 2021	3-3 Management of material topics	76, 79-81	

ABOUT THE REPORT

ABOUT FORD OTOSAN

INDUSTRY OVERVIEW AND TRENDS

VALUE CREATION JOURNEY

CORPORATE GOVERNANCE

FUTURE. NOW FOR TECHNOLOGY AND INNOVATION

FUTURE. NOW FOR ENVIRONMENT

FUTURE. NOW FOR PEOPLE

FUTURE. NOW FOR COMMUNITY

GENERAL ASSEMBLY

RISKS AND OPPORTUNITIES

PERFORMANCE INDICATORS

CORPORATE STATEMENTS

FINANCIAL STATEMENTS

ANNEXES

[Board of Director's Curriculum Vitae](#)

[Executive Team's Curriculum Vitae](#)

[Memberships and Affiliations](#)

[Assurance Statement for Non-Financial Data](#)

[Reporting Principles](#)

[Life Cycle Assessment Results](#)

[Abbreviations](#)

[GRI Content Index](#)



TRADE NAME

Ford Otomotiv Sanayi A.Ş.

TRADE REGISTRY NUMBER

73232

MERSİS

0649002036300014

REGISTERED CAPITAL

500,000,000 TL

PAID-IN CAPITAL

350,910,000 TL

LOCATIONS

Kocaeli Plants

Denizevler Mah. Ali Uçar Cad. No: 53
41670 Gölcük/Kocaeli
T: 0262 315 50 00

Kocaeli Yeniköy Plant

Yeniköy Sepetlipınar Mah.
Derya Cad. No: 1/1
41275 Başiskele/Kocaeli
T: 0262 315 50 00

Eskişehir Plant

Yenice Mah. Ford Otosan Fabrika Sahası
Küme Evler No: 1-1
26670 İnönü/Eskişehir
T: 0222 213 20 20

Sancaktepe Spare Parts Distribution Center

Akpınar Mah. Hasan Basri Cad. No: 2
34885 Sancaktepe/İstanbul
T: 0216 564 71 00

Sancaktepe Engineering Hub

Akpınar Mah. Hasan Basri Cad. No: 2
34885 Sancaktepe/İstanbul
T: 0216 664 90 90

Craiova Plant

Strada Henry Ford 29 Craiova/Romania
T: +40 372 373 673

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