

# Welcome to your CDP Water Security Questionnaire 2022

## W0. Introduction

### W0.1

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

Ford Otosan (Ford Otomotiv Sanayi A.Ş.) is a publicly traded (18%) company, where Ford Motor Company (41%) and Koç Holding (41%) have equal shares. Ford Otosan, being one of the top 3 exporting companies of Turkey since 2004, has achieved 10 consecutive years automotive industry championship and is Turkey's export champion for 6 years in a row. The leadership also continued in 2019 by the export of vehicles and spare parts worth 6.3 billion USD. Ford Otosan, operating in 3 main centers with its Gölcük and Yeniköy Plants in Kocaeli, Eskişehir plant in Eskişehir, Sancaktepe R&D Center and Spare Parts Warehouse in İstanbul, employs almost 13,724 people. Ford Otosan is the most valuable automotive company in Borsa İstanbul. As of year-end 2021, Ford Otosan is the seventh most valuable company on BIST with a market cap of \$6.3 billion.

Ford Otosan has the biggest and most capable R&D organisation of the Turkish automotive industry in Turkey with its R&D engineer staff of 1,688 people. Ford Otosan R&D Center is the global hub for heavy commercial vehicles and related power trains and also global spoke for light commercial vehicle development and diesel powertrain engineering. We were honored to be recognized as the "Private Company with the Highest R&D Spending" in Turkishtime's survey on "R&D 250, Turkey's Top 250 Companies with Highest R&D Expenditures". Ford Otosan, established in 1959, with its production capacity of 455,000 commercial vehicles and 70,000 engines and 140,000 powertrains by the end of 2021, is the biggest commercial vehicle production center of Ford in Europe. Within the evaluation carried among the plants of Ford Motor Company, Kocaeli and Eskişehir plants are shown as one of the "Best Vehicle Production Centers".

In 2021, we filed five applications with Turkish Patent and 22 with international institutions. Together with these applications, Ford Otosan currently holds 126 patents, including 109 in Turkey and 17 internationally.

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

Our primary target we have adopted in compliance with Ford Global Environmental Operating System EOS is 30% reduction in water use per vehicle produced by 2021, as compared to base year of 2015 and to achieve these targets by complying 100% with legal regulations. Besides the issues of energy and environment, we also earnestly track other impacts generated across our operations and actualize impact reducing works within the context of our environment friendly production understanding. Therefore, issues such as water management, responsible material consumption, waste management and biodiversity are approached within the scope of the management of the environmental impacts of our operations, also as part of our risk management model, pursuant to Ford Otosan Environment and Energy Policy. In our days, water confronts us as a primary environmental issue alongside energy and climate. Particularly considering that the need for clean water resources will increase in relation to the increasing population in coming years, the efficient use of water resources is a matter both of responsible corporate citizenship and of prudent management understanding. In accordance, we primarily strive to reduce our water consumption amount and in parallel to reduce our need for fresh water resources by increasing the amount of recycling and reusing. We monitor our water consumption in line with our targets. In 2021, With Green Office practices, we introduce measures such as reducing the flow rate of the sensorless faucets and the quantity of water in the toilet cisterns. As a result, we reduced water consumption per person by 35% and 25% at the at the Yeniköy and Gölcük Plants, respectively. The water withdrawal per produced vehicle 3.07 m<sup>3</sup>/vehicle in the reporting year. Our target is to reduce this value to 2.41 m<sup>3</sup>/vehicle in 2023.

Gölcük Plant, with its Industry 4.0 focused activities, named a “Lighthouse Factory” by World Economic Forum (WEF), in the reporting year.

As a result of our successful sustainability performance, we are listed in Borsa Istanbul Sustainability Index, one of the significant indexes consisting of responsible investors, and FTSE 4Good Emerging Indexes. Furthermore, we disclose our performance to the public by participating in climate and water programs of Carbon Disclosure Project (CDP).

## W0.2

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

	Start date	End date
Reporting year	January 1, 2021	December 31, 2021

## W0.3

**(W0.3) Select the countries/areas in which you operate.**

Turkey

## W0.4

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

USD

## W0.5

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

Companies, entities or groups over which operational control is exercised

## W0.6

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

No

## W0.7

**(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?**

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

## W1. Current state

### W1.1

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

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Important	Water quality and quantity has a vital importance for our direct operations. The direct use of water resources is vital for our operations' continuity such as vehicle painting in manufacturing processes, machining of power train components, cooling towers, wash services. As a large purchaser of parts, materials, components, the indirect use of water has an importance for operations and services performed by our suppliers in current and future conditions. As Ford Otosan we do not expect any change in the importance of sufficient fresh water availability since our core manufacturing systems will be the same. We also expect that importance of the fresh water availability for use in our in-direct operations

			<p>will not change since core manufacturing processes of our suppliers are expected to remain the same.</p> <p>Pollution or salinization of the water resources may pose some risks in water availability causing increases in the operational costs. For this reason, in our operations we prefer using water efficiently. Reducing water usage by monitoring water quantity and quality is always in our concern during our activities. Total Water Withdrawal (m3): 1,069,889 Fresh Water Consumption per Produced Vehicle (m3/vehicle) : 3.07</p>
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	<p>Recycled water is important for our facility to reduce water scarcity risk and to ensure that there is enough water for all needs. For current conditions, there is no any urgent need for recycled or produced water both for direct and indirect use.</p> <p>For future conditions; quality and quantity of fresh water may be affected by pollution or salinization, which may increase the importance of recycled water availability in both direct and indirect operations of ours.</p> <p>For this reason, we prefer to use water efficiently in our operations. We enable the recovery of wastewater through water management. To this end, we have performed feasibility work for the recycle/reuse of the waste water at wastewater treatment facility for our production processes in Gölcük Factory. Wastewater treatment performance has a great importance during our operations Total Water Withdrawal (m3): 1,069,889 Fresh Water Consumption per Produced Vehicle (m3/vehicle): 3.07 For future conditions we are planning to assess indirect use of water for our supply chain.</p>

## W1.2

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

	% of sites/facilities/operations	Please explain
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Water withdrawals – total volumes	100%	In Eskişehir and Kocaeli Plants, almost 100% of total withdrawals are from underground extraction wells in our locations. In Sancaktepe plant we withdrawal 62% of water from wells and the rest is from municipality. Water withdrawals are measured and monitored constantly 100% by flow meters and cross-checked by bills monthly.
Water withdrawals – volumes by source	100%	In our facilities, we can easily measure and monitor the amount of water withdrawn from wells at all times. The water withdrawn from the municipality in our Sancaktepe Facility is also monitored via monthly billings. Water is vital for our operations and we have a company-wide target set out for water withdrawal covering all of our operations in the facilities which are located in Marmara and Sakarya basins. We prefer to identify water stress areas by using WRI Aqueduct “Global Water Risk Mapping Atlas” which enables to map future water risks. The study by TruCost shows that the water risk is among our physical risks and we are in the high risk category in terms of Water Management. We make preventive efforts in this regard.
Water withdrawals quality	100%	The process water used in production must meet operational quality standards, for this reason it is measured and analysed monthly in the labs of Ford Otosan facilities. The quality parameters analysed of water withdrawn are TDS, conductivity, Mn, Fe, NH3.
Water discharges – total volumes	100%	Wastewater is discharged into the treatment plants in our facilities, then ending by either water media directly or the municipal treatment plant. 100% of discharged total volumes is monitored by continuous flow meters, it is cross-checked by the bills. The data is entered monthly into a corporate database, to evaluate consumption trends and reduction targets.
Water discharges – volumes by destination	100%	Wastewater is discharged into the treatment plants in our facilities, then ending by either water media directly or the municipal treatment plant. Discharges are monitored 100% by continuous flow meters. Discharges from municipal treatment plants to water medias

		monitored by municipalities and they are conforming to standards.
Water discharges – volumes by treatment method	100%	We make sure that wastewater generated in our production processes is treated before discharge. We currently have three treatment plants, one each at Gölcük, Yeniköy, and Eskişehir Plants. In these plants, which have a total installed capacity of 3,836 m <sup>3</sup> , we treat substances such as acid, alkaline, oil, paint, and wastewater. Discharges by treatment method are monitored 100% by continuous flow meters. Water discharged from industrial operations and from domestic use are monitored and treated separately. Treatment methods for industrial wastewater: Coagulation, neutralization, sedimentation and filtration. After Primary treatment, effluent is further treated in activated sludge process together with domestic wastewater. All wastewater was treated according to Water Pollution Control Legislation.
Water discharge quality – by standard effluent parameters	100%	We make sure that wastewater generated in our production processes is treated before discharge. We currently have three treatment plants, one each at Gölcük, Yeniköy, and Eskişehir Plants. In these plants, which have a total installed capacity of 3,836 m <sup>3</sup> , we treat substances such as acid, alkaline, oil, paint, and wastewater. We also have in place an online system that continuously measures various pollution parameters such as COD, pH, TSS, and fluoride in industrial wastewater and domestic wastewater at the discharge points of the plants. According to Water Pollution Control Legislation, discharge limits have been defined in Table 18-2 and Table 20-7, 21-1 for the Sector "Manufacturing of Road Transport Vehicles" Plant effluent has been examined by an authorized external company and the results have been formally reported to the Legal Authority.
Water discharge quality – temperature	100%	By the National Legislation, it is stated that discharges to sewage systems the temperature of the water should be less than 40 degrees. As Ford Otosan, we meet this requirement in all of

		our facilities. This is measured and monitored by the authorities monthly.
Water consumption – total volume	100%	Water consumption is 100% monitored by continuous flow meters, in divisions to assess consumption trends and reduction targets.
Water recycled/reused	100%	Water recycled/reused is monitored with flowmeters constantly. 85,395 m3 of treated water effluent was reused in processes at 2021
The provision of fully-functioning, safely managed WASH services to all workers	100%	Our Code of Human Rights, Basic Working Conditions, and Corporate Responsibility requires Ford Otosan to provide a safe and healthy work environment for all employees at 100% of our sites. At existing facilities, human rights assessments are performed, and these include checking on the provision of WASH services to all workers. Human rights assessments are completed on four facilities per year. WASH services are monitored 100% by continuous flow meters to ensure the fully functioning.

## W1.2b

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

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	1,069.89	Higher	Water management process and water withdrawal values are publicly available in our 2021 Sustainability Report (*In the Report water withdrawal is referred to as water consumption). In 2021, we reduced our water consumption by 3,53% compared to 2019 with the water efficiency projects before pandemic condition. In addition, we aim to implement projects that will reduce natural resource consumption in all our factories. Waste water recycling project and prevention of underground leakages at Yeniköy Water Center is one of these projects carried out last years. The wastewater recovery facility at Gölcük Wastewater Treatment Plant will be put into practice until 2023. We expected the values



			to increase slightly when pre-pandemic conditions occur in production again. Compared to the previous view, the total water usage increased 7%. Water withdrawal during the reporting period has increased by 7.14% compared to previous year. The reason for this increase is mainly by the increase in the vehicle production after the pandemic. In 2021, employee number increased around 10% and vehicle number increased around 6% according to previous year. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".
Total discharges	347.68	Higher	Water discharge values of industrial waste water are publicly available in our 2021 Sustainability Report (*In the Report water discharge is referred to as Total water discharge). Here the term “water discharge” refers to industrial wastewater amount in Kocaeli and Eskişehir Facilities and industrial&domestic discharge from Sancaktepe Facility. Ford Otosan's wastewater treatment plants to the municipal sewer system or a freshwater destination from the boundaries of the organization. The amount of total water discharge has increased by 6.9% in the reporting period compared to previous year. We expected the values to slightly increase when pre-pandemic conditions occur in production again. Compared to the previous view, the total water usage increased 7%. In 2021, employee number increased around 10% and vehicle number increased around 6% according to previous year. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".
Total consumption	722.21	Higher	Here the term “water consumption” calculated as the difference of “water withdrawal” and "water discharges". which is defined as “the sum of all water drawn into the boundaries of the



			<p>organization from all sources and not discharged to the outside of the facilities but consumed. Water total consumption during the reporting period has increased by 7.21% compared to previous year. The change is mainly due to increase in production of vehicle and employee number. We run the Green Office program in partnership with WWF Turkey. As part of the program, we implement projects to reduce natural resource consumption at all the plants. Following the Sancaktepe Campus, the Eskişehir Plant and Kocaeli Plants also received the Green Office Diploma. As such, three campuses now hold a Green Office Diploma. With Green Office practices, we introduce measures such as reducing the flow rate of the sensorless faucets and the quantity of water in the toilet cisterns. Reduction was achieved by preventing groundwater leaks. The depths, pipe properties, filling materials, pipe diameters of our factory-wide underground water lines were examined and our ongoing risks with the new system were checked. Systems that can be used other than manual detectors were investigated, trials were made and a completely digital leak detection device with GPS communication was investigated. We expect the values to remain about the same in the coming years. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".</p>
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## W1.2d

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

Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain

Row 1	Yes	100%	Higher	WRI Aqueduct	<p>We prefer to identify water stress areas by using WRI Aqueduct “Global Water Risk Mapping Atlas” which enables to map future water risks. It is a recommended tool by TCFD. Our TCFD report was first published in the Sustainability Report in 2021. The study by TruCost shows that the water risk is among our physical risks and we are in the high risk category in terms of Water Management. We make preventive efforts in this regard. In addition to that tool, by using the results and country wide knowledge, (ref: General Directorate of State Hydraulic Works- DSI Turkey) we determined that all of our facilities are located in water stressed areas. Standards and water risks are being studied also for all Koç Holding Companies. Ford Otosan’s all facilities are located in Marmara and Sakarya basins. Marmara basin where the Kocaeli and Sancaktepe facilities are located is in serious water stress the Baseline Water Stress defined as “4. High (40-80%), Sakarya basin where the Eskişehir facility is located is in partially water stress, the Baseline Water Stress defined as “5. Extremely High (&gt;80%)”. According to WRI Aqueduct, the proportion 100% has not changed. We define water stressed area for overall water risk; as having above medium to high risks (2-3 out of 5). Year-to-year changes of less than 5% were considered as</p>
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					<p>"about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower". Turkey is not a rich country in terms of existing water potential. Turkey is water stress country according to annual volume of water available per ca pita. (Rich: 8,000-10,000 m3-year/ca pita. Water Stress:&lt;2,000 m3-year/ca pita. Poor:&lt;1,000 m3-year/capita). The annual exploitable amount of water has recently been approximately 1,500 m3 per capita according to DSI (General Directorate For State Hydraulic Works) data. So, the annual available amount of water per capita will be about 1,000 m3 by 2030. The current population and economic growth rate will alter water consumption patterns.</p>
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## W1.2h

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant			We do not withdrawal water from fresh surface water.
Brackish surface water/Seawater	Not relevant			We do not withdrawal water from brackish surface water.
Groundwater – renewable	Relevant	1,063.29	Higher	The direct use of water resources is vital for our operations' continuity such as

				<p>vehicle painting in manufacturing processes, machining of power train components, cooling towers &amp; wash services.</p> <p>Groundwater - renewable withdrawal during the reporting period has increased 7.2% compared to previous year. In 2021, employee number increased around 10% and vehicle number increased around 6% according to previous year after pandemic condition. This is the one of the reasons for the increase in the water withdrawal from groundwater. In the coming years we expect the amount of water withdrawal from renewable ground water to remain about the same because even the production amount increases, water used per vehicle is predicted to decrease in line with our water targets. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".</p>
Groundwater – non-renewable	Not relevant			We do not withdrawal water from groundwater – non-renewable sources.
Produced/Entrained water	Not relevant			We do not use water produced.
Third party sources	Relevant	6.6	Lower	The third-party source is the municipality where our Sancaktepe Facility is located. The source of water

				<p>provided by the municipality is in serious water stress according to WRI. Baseline Water Stress of the location is defined as "4. High (40-80%). Third party sources withdrawal during the reporting period has decreased by 4.69% compared to previous year. The reasons for this decrease is; water consumption efficiency projects in all facilities in addition to decrease in working hours due to pandemic. In the coming years we expect the amount of water withdrawal from third-party sources to increase slightly due to going back to pre-pandemic conditions. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".</p>
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## W1.2i

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Relevant	60.33	Much higher	Our Gölcük, Yeniköy, and Eskişehir Plants have wastewater treatment plants. The treated wastewater at the Eskişehir Plant is discharged to the receiving environment. Wastewater is

				<p>discharged in compliance with the reference values specified in the Regulation on Water Pollution Control and the Regulation on Wastewater Discharge into Sewage. Compliance with limit values is measured and ensured through regular tests. Fresh surface water discharge during the reporting period has increased by 47.5% compared to 2020. The reason of the change is related to production increase in Eskişehir. The discharge of the industrial ww treatment plant of Eskişehir factory is done to Sakarya Basin. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".</p>
Brackish surface water/seawater	Not relevant			We don't discharge water into this type of destination.
Groundwater	Not relevant			We don't discharge water into this type of destination.
Third-party destinations	Relevant	287.35	About the same	<p>Our Gölcük, Yeniköy, and Eskişehir Plants have wastewater treatment plants. The treated wastewater at the Kocaeli Plants is discharged to the sewage. Wastewater is discharged in compliance with the reference values specified in the Regulation on Water Pollution Control and the Regulation on Wastewater Discharge into Sewage. Compliance with limit values is measured and ensured through regular tests. Third-party destinations discharge during the reporting period has increased by</p>

				1.17 % compared to previous year. The reason of change is disruptions in production due to the pandemic. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between % and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".
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## W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Relevant	347.68	Higher	100%	Our Gölcük, Yeniköy, and Eskişehir Plants have wastewater treatment plants. The treated wastewater from the Wastewater Treatment Plants at the Gölcük and Yeniköy Plants is discharged to the sewage system and



					<p>the treated wastewater from the Eskişehir Plant's Wastewater Treatment Plant is discharged to the receiving environment .</p> <p>Wastewater is discharged in compliance with the reference values specified in the Regulation on Water Pollution Control and the Regulation on Wastewater Discharge into Sewage. Compliance with limit values is measured and ensured through regular tests. We make sure that wastewater generated in</p>
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					<p>our production processes is treated before discharge. We currently have three treatment plants, one each at Gölcük, Yeniköy, and Eskişehir Plants. In these plants, which have a total installed capacity of 3,836 m3, we treat substances such as acid, alkaline, oil, paint, and wastewater. We also have in place an online system that continuously measures various pollution parameters such as COD, pH, TSS, and fluoride in industrial wastewater and</p>
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					domestic wastewater at the discharge points of the plants. The value includes the discharged wastewater from processes.
Secondary treatment	Relevant	0	About the same	100%	Our Gölcük, Yeniköy, and Eskişehir Plants have wastewater treatment plants. The treated wastewater from the Wastewater Treatment Plants at the Gölcük and Yeniköy Plants is discharged to the sewage system and the treated wastewater from the Eskişehir Plant's Wastewater Treatment Plant is discharged to the receiving

					<p>environment . Wastewater is discharged in compliance with the reference values specified in the Regulation on Water Pollution Control and the Regulation on Wastewater Discharge into Sewage. Compliance with limit values is measured and ensured through regular tests. We make sure that wastewater generated in our production processes is treated before discharge. The wastewater is treated as</p>
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					tertiary as final.
Primary treatment only	Relevant	0	About the same	100%	<p>Our Gölcük, Yeniköy, and Eskişehir Plants have wastewater treatment plants. The treated wastewater from the Wastewater Treatment Plants at the Gölcük and Yeniköy Plants is discharged to the sewage system and the treated wastewater from the Eskişehir Plant's Wastewater Treatment Plant is discharged to the receiving environment .</p> <p>Wastewater is discharged in compliance with the reference values specified in</p>

					the Regulation on Water Pollution Control and the Regulation on Wastewater Discharge into Sewage. Compliance with limit values is measured and ensured through regular tests. We make sure that wastewater generated in our production processes is treated before discharge. The wastewater is treated as tertiary as final.
Discharge to the natural environment without treatment	Not relevant				
Discharge to a third party	Not relevant				

without treatment					
Other	Not relevant				

### W1.3

**(W1.3) Provide a figure for your organization's total water withdrawal efficiency.**

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	71,101,000,000	1,069.88	66,456,985.8301866	In 2021, revenue increased by 43.8% compared to the previous year. It is expected to increase in the coming years.

### W1.4

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

Yes, our suppliers

Yes, our customers or other value chain partners

### W1.4a

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

Row 1

**% of suppliers by number**

51-75

**% of total procurement spend**

51-75

**Rationale for this coverage**

When it is necessary to review and update the Ford Otosan Environmental and Energy Policy, it is updated with the work of the Environmental and Energy Management Representative and the approval of the General Manager and announced to all employees, stakeholders and the public.

Through Environmental and Energy Policy, Ford Otosan takes on responsibilities on awareness-raising of its suppliers and other stakeholders as well as its operations. First of all, we monitor the compliance of our suppliers with the quality and operational standards through comprehensive audits. We contribute to the development of our



suppliers with five different audits and field visits. In 2020, we conducted Manufacturing Site Assessments (MSA) with 165 of our vehicle parts suppliers. We also visited 287 suppliers and made 51 Q1 certification assessments to improve delivery performance and support serial production.

### **Impact of the engagement and measures of success**

We perform training and development activities and realize joint projects with our suppliers in areas such as quality, supply, efficiency, human rights and the working environment, gender equality and environmental performance. We provide training to our employees as well as our subcontractors' employees on environment in order to achieve the goals we set for ourselves in terms of environment and continuously improve our performance. In the programs that started in 2020, we provided 176 hours of training to 380 people from 203 suppliers.

In 2020 all related inspections were completed.

And also, suppliers need to improve their consumption figures every year in order to continue to keep Q1 certification

### **Comment**

We continue providing training to our suppliers through different channels such as conferences, in class and online training. We follow Supplier Commitment Survey in which Automotive Industry's Main Companies are assessed by the suppliers via a survey conducted by Automotive Manufacturers Association every year. We regularly organize Supplier Commitment Workshops in order to share the survey results with suppliers and create action plans with regard to feed backs.

## **W1.4b**

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

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### **Type of engagement**

Other

### **Details of engagement**

Other, please specify

Dealer Information Meetings

### **% of suppliers by number**

51-75

### **% of total procurement spend**

51-75

### **Rationale for the coverage of your engagement**

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

### **Impact of the engagement and measures of success**

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

### **Comment**

The communication method with our dealers are:

- 1-Dealer meetings, Dealers Council and personal meetings
- 2- Dealer and customer satisfaction surveys
- 3- Internal publications
- 4- Dealer training.

## **W1.4c**

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

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

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

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

obtain a higher quality production with less time and energy and with more qualified human resources by reorganizing our resources.

## W2. Business impacts

### W2.1

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

No

### W2.2

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

No

## W3. Procedures

### W3.3

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

Yes, water-related risks are assessed

### W3.3a

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

---

**Value chain stage**

Direct operations

**Coverage**

Full

**Risk assessment procedure**

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

**Frequency of assessment**

Annually

**How far into the future are risks considered?**

More than 6 years

**Type of tools and methods used**

Tools on the market

Other

### **Tools and methods used**

WRI Aqueduct

Nation specific databases, tools, or standards

Other, please specify

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

### **Contextual issues considered**

Water availability at a basin/catchment level

Water quality at a basin/catchment level

Implications of water on your key commodities/raw materials

Water regulatory frameworks

### **Stakeholders considered**

Customers

Employees

Investors

Local communities

NGOs

Regulators

Suppliers

Water utilities at a local level

Other water users at the basin/catchment level

### **Comment**

The water withdrawal per vehicle was 3.07 m<sup>3</sup> in 2021. Our goal for 2023 is 2.41 m<sup>3</sup>/vehicle. For the purpose to reach this goal, we develop projects in order to reduce and recycle the amount of water we use as part of water management. We recycle/reuse 85,395 m<sup>3</sup> water within the production cycle in 2021 at our Kocaeli and Eskişehir Plants.

---

### **Value chain stage**

Supply chain

### **Coverage**

Partial

### **Risk assessment procedure**

Other, please specify

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

### **Frequency of assessment**

Annually

**How far into the future are risks considered?**

More than 6 years

**Type of tools and methods used**

Databases

**Tools and methods used**

Regional government databases

**Contextual issues considered**

Water availability at a basin/catchment level

Water quality at a basin/catchment level

Implications of water on your key commodities/raw materials

Water regulatory frameworks

Access to fully-functioning, safely managed WASH services for all employees

**Stakeholders considered**

Customers

Employees

Investors

Local communities

NGOs

Regulators

Suppliers

Water utilities at a local level

Other water users at the basin/catchment level

**Comment**

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

---

**Value chain stage**

Other stages of the value chain

**Coverage**

Partial

**Risk assessment procedure**

**Frequency of assessment**

Not defined

**How far into the future are risks considered?**

Unknown

**Type of tools and methods used**

## Tools and methods used

## Contextual issues considered

## Stakeholders considered

## Comment

Other stages of value chain will be assessed in 5 years

## W3.3b

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

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

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

In our risk procedure, we try to act by using the best available techniques in accordance with pollution prevention principle based upon Basin Management Approach. In the risk process; performing projects priority areas are determined by analyzing the current water resources. Then, studies aiming reduction at source, reuse or recovery are carried out. The examination of current environmental impacts of the location of the investment and its impact area, identification of the major environmental impacts of the project and the measures to be taken are carried out. Energy, emissions and target management, material consumption, waste management, water and waste water management and related legal issues are identified, classified and differed from other risks by The Risk Management Team at asset level. The

ED&MR Committee evaluates and prioritizes asset level corporate risks and opportunities; at the end of this process company level R&O are then identified. Risk and opportunity identification, determination and prioritization methods have been defined by this team and published internally. ED&MR Committee integrates the water related risks and opportunities base on Ford Otosan Risk and Opportunity Scoring Methodology. The risks and opportunities are scored (1-5 points) covering strategic, legal/ compliance, financial, reputation, operational, technology / innovation and other external factors determined in the Risk Categories Table. Enumerated Impact points are represented by impact description. All risks are evaluated according to impact and probability criteria. The risk (R) and opportunity (O) points are scored by multiplying frequency (P) and impact point (I) for prioritization ( $O=P*I$ ). The information on contextual and stakeholder issues are collected by meetings, joint projects and initiatives, working groups, committee and board of directors' memberships. The top management has the responsibility of oversight on water related actions, the financial allocations. The follow-ups are performed in regular ECM meetings where the decisions are taken and/or revised due to risk minimization bringing about to meet business objectives. Determining the requirements of national and international regulations, the revision of new projects with regards to environment and energy, examination of energy identity file and identification of standard documents are issues dealt with as part of environmental examinations and evaluations identifying, assessing, and responding to water-related risks within our direct operations.

## W4. Risks and opportunities

### W4.1

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

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

### W4.1a

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

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



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

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

## W4.1b

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

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

## W4.1c

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

### Country/Area & River basin

Turkey

Other, please specify

Marmara Basin

### Number of facilities exposed to water risk

3

### % company-wide facilities this represents

51-75

### % company's total global revenue that could be affected

Less than 1%

### Comment

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

---

**Country/Area & River basin**

Turkey  
Sakarya

**Number of facilities exposed to water risk**

1

**% company-wide facilities this represents**

1-25

**% company's total global revenue that could be affected**

Less than 1%

**Comment**

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

## W4.2

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

---

**Country/Area & River basin**

Turkey  
Other, please specify  
Marmara and Sakarya Basins

**Type of risk & Primary risk driver**

Acute physical  
Other, please specify  
Increased water stress

**Primary potential impact**

Reduction or disruption in production capacity

**Company-specific description**

In some regions, droughts are intensifying water scarcity and thereby negatively impacting people's health and productivity.  
With the existing climate change scenario, by 2030, water scarcity in water stressed areas will displace between 24 million and 700 million people. If the water scarcity increases in our water basin; the local authority could supply water to urban zone rather than industrial zone. In the production phases, Ford Otosan uses well water. In case of

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

**Timeframe**

More than 6 years

**Magnitude of potential impact**

Medium-high

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

2,203,242

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial impact**

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

**Primary response to risk**

Amend the Business Continuity Plan

**Description of response**

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

Infrastructure investment  
Infrastructure maintenance

**Cost of response**

0

**Explanation of cost of response**

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

---

**Country/Area & River basin**

Turkey  
Other, please specify  
Marmara Basin

**Type of risk & Primary risk driver**

Acute physical  
Other, please specify  
Increased water stress

**Primary potential impact**

Other, please specify  
Water Supply Disruption

**Company-specific description**

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

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

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

**Timeframe**

More than 6 years

**Magnitude of potential impact**

Medium-high

### Likelihood

Likely

### Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

### Potential financial impact figure (currency)

4,546,147

### Potential financial impact figure - minimum (currency)

### Potential financial impact figure - maximum (currency)

### Explanation of financial impact

Purpose of the Project:

\*Wastewater treatment plant effluents, cooling towers blow down waters and water center sand filter backwash water are treated and recycled.

\*The recovered wastewater is converted into external water in the deionized (external) water production system, and the dye house wastewater is planned to be reused in production

If the waste water is discharged into ISU sewer system without any treatment and recovery process the cost will be 5.15 mio \$. This figure was calculated by taking into account the cumulative price increase rate of ISU for discharge water.

The expected life time of this project is 20 years.

Project Goal:

The need for alternative water resources as wells are not allowed to be drilled in Kocaeli Plants

\*Achieving 30% water saving target per vehicle until 2030

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

### Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

### Description of response

Climate Change Strategies published by Ford Motor Company and Koç Group are the themes directing our works. Feasibility works for wastewater recovery projects will be maintained as a precaution against the diminished water resources.

A budget study of 1,127,100 \$ was carried out for wastewater recovery.

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

A 720 m<sup>3</sup> / day recovery facility is planned. The recovery rate is 30%.

There will be 1,130-1,200 m<sup>3</sup> / day wastewater input to the facility and 720 m<sup>3</sup> / day will be recovered

### Cost of response

1,127,000

### **Explanation of cost of response**

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

---

### **Country/Area & River basin**

Turkey  
Other, please specify  
Marmara Basin

### **Type of risk & Primary risk driver**

Acute physical  
Other, please specify  
Increased water stress

### **Primary potential impact**

Reduction or disruption in production capacity

### **Company-specific description**

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

### **Timeframe**

More than 6 years

### **Magnitude of potential impact**

Medium-high

### **Likelihood**

Likely

### **Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

### **Potential financial impact figure (currency)**

1,000,000

### **Potential financial impact figure - minimum (currency)**

### **Potential financial impact figure - maximum (currency)**

### **Explanation of financial impact**

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

### **Primary response to risk**

Secure alternative water supply

### **Description of response**

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

### **Cost of response**

1,200,000

### **Explanation of cost of response**

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

## **W4.2a**

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

---

### **Country/Area & River basin**

Turkey

Other, please specify

Marmara and Sakarya Basins

### **Stage of value chain**

Supply chain

### **Type of risk & Primary risk driver**

Acute physical

Other, please specify

Increased water stress

### **Primary potential impact**

Other, please specify

Water Supply Disruption in our value chain: suppliers

### **Company-specific description**

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



**Timeframe**

4-6 years

**Magnitude of potential impact**

Medium

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

0

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial impact**

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

In 2020, we carried out our main audits through the Q1 - Number One in Quality certification system within the scope of Ford Motor Company global capacity audits. We conducted field visits to resolve any problems and challenges suppliers face during production. We worked on auditing and performance development based on certain criteria by identifying suppliers that are open to improvement through Ford Motor Company global system. We have taken actions to prevent possible risks in areas such as natural disasters, fire and other climate related risks by visiting suppliers.

**Primary response to risk**

Supplier engagement

Work with supplier to engage with local communities

**Description of response**

Alignment of public policy positions with water stewardship goals

Cost increase management through regulated tariff-setting process

Engagement with community

Engagement with other stakeholders in the river basin

**Cost of response**

0

**Explanation of cost of response**

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

**Country/Area & River basin**

Turkey  
Other, please specify  
Marmara

**Stage of value chain**

Use phase

**Type of risk & Primary risk driver**

Acute physical  
Other, please specify  
Increased water stress

**Primary potential impact**

Reduction or disruption in production capacity

**Company-specific description**

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

**Timeframe**

More than 6 years

**Magnitude of potential impact**

Medium

**Likelihood**

Very likely

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

77,798

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial impact**

Wastewater Recovery Project to be started:  
In each cycle, 125 m3 wastewater will be collected in the wastewater tank, water will be passed through the ultra filtration unit to be installed and recovered with 95.2% efficiency. It will be transferred to the raw water tank, which is the first stage of water production.

15,880 m3 of water will be saved annually. Annual savings is 19,230 \$.  
Calculation estimation was realized for ten years. The figure is 77,798 \$

#### **Primary response to risk**

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

#### **Description of response**

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

#### **Cost of response**

36,865

#### **Explanation of cost of response**

36,865 \$ represents the investment cost of the project.

### **W4.3**

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

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

### **W4.3a**

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

---

#### **Type of opportunity**

Efficiency

#### **Primary water-related opportunity**

Improved water efficiency in operations

#### **Company-specific description & strategy to realize opportunity**

The main concern of Ford Otosan is to reduce water consumption in the production process. For this purpose we fulfilled different measures such as:

- 1- Increase of cooling water capacity & maintenance activities
- 2-Elimination of water leakages by equipment maintenance
- 3- Internal audits and implementation of various efficiency projects with awareness raising
- 4- Cleaning procedure improvements
- 5- Renovations in WASH activities
- 6-Oil-retaining bacteria project

#### **Estimated timeframe for realization**

More than 6 years

**Magnitude of potential financial impact**

High

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

37,692

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact**

We monitor our water consumption in line with our targets.

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

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

The financial impact is calculated with multiplying the decrease of water withdrawals and the approximate cost for treatment services per m3 of wastewater.

---

**Type of opportunity**

Markets

**Primary water-related opportunity**

Increased brand value

**Company-specific description & strategy to realize opportunity**

We participated in the Green Office Program in collaboration with WWF - Turkey in the second half of 2016 with the purpose of raising awareness of energy conservation, efficient use of natural resources and sustainable lifestyle and speeding up the dissemination of sustainability approach within the company. We supported the program with over 1,600 employees from Sancaktepe R&D Centre and Marketing, Sales and After Sales Offices. Thus, we became the organisation participating in the program in

Turkey with the highest number of employees at a single location.

We made improvements in various areas such as reduction of paper, water and electricity use by e-signature method as part of the works that were led by Green Office Team that we had established within the company. Furthermore, we were the first automotive company taking part in WWF - Turkey's Green Office Network and set a leading example for our sector. The Kocaeli and Eskişehir campuses have been integrated to Turkey Green Office Network in 2019 by expanding the extent of the project. At the end of the Green Office Project, it has been received the Green Office Diploma along with the right to use the Green Office logo from WWF (World Wildlife Fund for Nature). Following the Sancaktepe Campus, the Eskişehir Plant and Kocaeli Plants also received the Green Office Diploma. As such, three campuses now hold a Green Office Diploma. This diploma shows that the company is environmentally sensitized and committed.

**Estimated timeframe for realization**

1 to 3 years

**Magnitude of potential financial impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

1,398.37

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact**

Within the scope of Green Office Project, the usage of water has been decreased by 4% by lowering toilet reservoir volumes, reducing tap flow rates, and placing labels on toilet reservoir about awareness. 3,528 cubic meters of utility water was saved. The financial impact figure calculated with the amount of water saved from initiatives and the approximate cost for treatment services per m3 of wastewater.

---

**Type of opportunity**

Efficiency

**Primary water-related opportunity**

Improved water efficiency in operations

**Company-specific description & strategy to realize opportunity**

At Ford Otosan, we see the effective management of water risks as a key elements of achieving environmental sustainability and ensuring business continuity. With Ford

Otosan Water Policy, which we published in 2021, we declare our commitment to reducing water consumption per product in operational processes, prioritizing innovative and sustainable water management systems in new investments and projects, and focusing primarily on water management in campuses experiencing water stress as a result of regional situation assessments.

A feasibility study was conducted in 2020 for the wastewater recovery project in our Gölcük Plant. Capex studies were carried out in 2021 and an order was placed in 2022. The work is planned to be completed by March 2023. The cost of investment was found to be about 1,127,100 USD in 2022.

**Estimated timeframe for realization**

1 to 3 years

**Magnitude of potential financial impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

364,313.57

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact**

With the wastewater recovery project, the discharged wastewater will be recycled and given to the external water production as raw water and will be given to the dyehouse as external water.

Therefore, water savings are expected to be 30%. This will lead to an approximately 364,313.57 USD Annually.

## W5. Facility-level water accounting

### W5.1

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

---

**Facility reference number**

Facility 1

**Facility name (optional)**

Gölcük Plant (from Kocaeli Plants)

**Country/Area & River basin**

Turkey

Other, please specify

Marmara

**Latitude**

40.717352

**Longitude**

29.851182

**Located in area with water stress**

Yes

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

677.1

**Comparison of total withdrawals with previous reporting year**

Higher

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

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

677.1

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

0

**Total water discharges at this facility (megaliters/year)**

237.18

**Comparison of total discharges with previous reporting year**

About the same

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

237.18

**Total water consumption at this facility (megaliters/year)**

439.92

**Comparison of total consumption with previous reporting year**

Much higher

**Please explain**

Our Gölcük Plant is located in Marmara Basin and we withdrawal water from wells located near. Water withdrawal amount is monitored via flowmeters constantly on the site. Water discharge is the amount of water discharged from treatment plant to municipality system. The consumption amount is calculated with the difference of these two values. Total water consumption at this facility during the reporting period has increased by 18% compared to previous year. The only discharge destination is third party destination for this facility. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".

---

**Facility reference number**

Facility 2

**Facility name (optional)**

Yeniköy Plant (from Kocaeli Plants)

**Country/Area & River basin**

Turkey

Other, please specify

Marmara

**Latitude**

40.717352

**Longitude**

29.851182

**Located in area with water stress**

Yes



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

149.14

**Comparison of total withdrawals with previous reporting year**

Much higher

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

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

149.14

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

0

**Total water discharges at this facility (megaliters/year)**

32.22

**Comparison of total discharges with previous reporting year**

Much higher

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

32.22

**Total water consumption at this facility (megaliters/year)**

116.92

**Comparison of total consumption with previous reporting year**

Much higher

**Please explain**

Our Yeniköy Plant is located in Marmara Basin and we withdrawal water from wells located near. Water withdrawal amount is monitored via flowmeters constantly on the site. Water discharge is the amount of water discharged from treatment plant to municipality system. The consumption amount is calculated with the difference of these two values. Total water consumption at this facility during the reporting period has increased by 17.1% compared to previous year. The only discharge destination is third party destination for this facility. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".

---

**Facility reference number**

Facility 3

**Facility name (optional)**

Sancaktepe R&D Center and Spare Part Distribution Center

**Country/Area & River basin**

Turkey

Other, please specify

Marmara

**Latitude**

40.974679

**Longitude**

29.23206

**Located in area with water stress**

Yes

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

19.95

**Comparison of total withdrawals with previous reporting year**

About the same

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

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

13.35

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

6.6

**Total water discharges at this facility (megaliters/year)**

17.95

**Comparison of total discharges with previous reporting year**

About the same

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

17.95

**Total water consumption at this facility (megaliters/year)**

2

**Comparison of total consumption with previous reporting year**

About the same

**Please explain**

Our Sancaktepe Plant is located in Marmara Basin and we withdrawal water from wells located near and municipality. Water withdrawal amount is monitored via flowmeters and billings constantly on the site. Water discharge is the amount of water discharged from treatment plant to municipality system and assumed to be 90% of the total withdrawals. The consumption amount is calculated with the difference of these two values. The only discharge destination is third party destination for this facility. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".

---

**Facility reference number**

Facility 4

**Facility name (optional)**

Eskişehir (old name is Inonu Plant)

**Country/Area & River basin**

Turkey  
Sakarya

**Latitude**

39.842081

**Longitude**

30.121566

**Located in area with water stress**

Yes

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

223.7

**Comparison of total withdrawals with previous reporting year**

Lower

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

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

223.7

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

0

**Total water discharges at this facility (megaliters/year)**

60.33

**Comparison of total discharges with previous reporting year**

Much higher

**Discharges to fresh surface water**

60.33

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

0

**Total water consumption at this facility (megaliters/year)**

163.37

**Comparison of total consumption with previous reporting year**

Much lower

**Please explain**

Our Eskişehir Plant is located in Sakarya Basin and we withdrawal water from wells located near. Water withdrawal amount is monitored via flowmeters constantly on the site. Water discharge is the amount of water discharged from treatment plant to fresh surface water. The consumption amount is calculated with the difference of these two values. Total water consumption at this facility has decreased by 17.9% compared to previous year. The only discharge destination is third party destination for this facility. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".

## W5.1a

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

### Water withdrawals – total volumes

---

**% verified**

76-100

**Verification standard used**

Invoice and counter verification- 1,069,889 m3 . Sustainability report total water data was audited by KPMG company.

### Water withdrawals – volume by source

---

**% verified**

76-100

**Verification standard used**

Invoice and counter verification. Sustainability report total water data was audited by KPMG company.

### Water withdrawals – quality by standard water quality parameters

---

**% verified**

Not verified

**Please explain**

### Water discharges – total volumes

---

**% verified**

76-100

**Verification standard used**

Invoice and counter verification- 347,682 m3. Sustainability report total water discharge data was audited by KPMG company.

### Water discharges – volume by destination

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**% verified**

76-100

**Verification standard used**

Invoice and counter verification. Sustainability report total water discharge data was audited by KPMG company.

### Water discharges – volume by final treatment level

---

**% verified**

76-100

**Verification standard used**

Invoice and counter verification - 329,728 m3. Sustainability report total treatment water discharge data was audited by KPMG company.

### Water discharges – quality by standard water quality parameters

---

**% verified**

Not verified

**Please explain**

### Water consumption – total volume

---

**% verified**

76-100

### Verification standard used

Invoice and counter verification- 1,069,889 m3 . Sustainability report total water data was audited by KPMG company.

## W6. Governance

### W6.1

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

Yes, we have a documented water policy that is publicly available

#### W6.1a

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

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

	Other, please specify Incorporated within group environmental	training activities for the employees, stakeholders and community, and ensuring their awareness of the policy. It is embedded in Ford Otosan's Environmental and Energy Policy and Risk Identification Table.
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## W6.2

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

Yes

### W6.2a

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

Position of individual	Please explain
Chief Executive Officer (CEO)	<p>The CEO as a member of the Board and leader of EC has a direct executive decision responsibility on behalf of the Executive Committee (EC).</p> <p>In the EC Meetings, the CEO has an assessing and managing responsibility on Sustainability Committee's performance that Water Security related issues are embedded in economic, environmental, energy and social performance indicators. The CEO supports also the Board Chair with the help of the Board– Level Committees; Audit Committee, Corporate Governance Committee, Remuneration Committee, Early Detection and Management of Risks Committee and Sustainability Committee. The last one consists of three board members ensuring to manage strategic, operational, financial and all other climate and water related risks and opportunities. All members of the Board are responsible from the economic performance of the company and incorporate water related issues by resource allocation when deciding on the strategic plan with the economic performance of the company.</p> <p>Some of the decisions made by the CEO in this field is that we declare our commitment to reducing water consumption per product in operational processes, prioritizing innovative and sustainable water management systems in new investments and projects, and focusing primarily on water management in campuses experiencing water stress as a result of regional situation assessments. Accordingly, we recycle the water in the cooling towers of the Gölcük and Yeniköy Plants and with reverse osmosis at the Yeniköy Plant, and reuse the water at the İnönü Plant with the help of closed-loop cooling towers. With Green Office practices, we introduce measures such as reducing the flow rate of the sensorless faucets and the quantity of water in the toilet cisterns. As a result, we reduced water consumption per person by 35% and 25% at the at the Yeniköy and Gölcük Plants, respectively.</p>

### W6.2b

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



	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	<p>Monitoring implementation and performance</p> <p>Overseeing acquisitions and divestiture</p> <p>Overseeing major capital expenditures</p> <p>Providing employee incentives</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding strategy</p> <p>Reviewing and guiding corporate responsibility strategy</p>	<p>The Board is reviewing and guiding strategy, major plans of action, risk management policy, annual budget, business plans, setting performance objectives, monitoring implementation and performance of objectives, overseeing major capital expenditures, acquisitions and divestitures, monitoring and overseeing progress against goals and targets for addressing water-related issues as scheduled.</p> <p>The Board chair incorporates climate &amp; water related issues including R&amp;O's on most strategic product-based company level decisions. The broader commitment to sustainable business including water related strategy is debated and decided by the executive committee (EC) led by CEO who is a member of the Board of Directors. The CEO briefs the Board of Directors about asset level executions.</p> <p>The Executive Committee Meetings realize in weekly periods. Other EC core members who are the Assistant General Managers (COO) report their performances on energy, water, wastes and other environment related risks &amp; opportunities to the CEO in weekly meetings.</p> <p>Sustainability &amp; Energy Committee leaders brief the EC and EDRM Committee members about the R&amp;O's that may have impact on the Risk Management Policy of the organization. The interaction between the R&amp;D Policy and Company's Sustainability Strategy is discussed in EC meetings by considering global water &amp; climate related issues, legal issues, governmental relations and other corporate responsibility matters.</p> <p>Actualization of reporting years' water related targets are presented and evaluated in weekly "Operating Committee Meetings (OCM)" where the next years' water related targets are set up and R&amp;O's are assessed. All the results are reported to EC.</p> <p>At Ford Otosan, we see the effective management</p>

			<p>of water risks as a key elements of achieving environmental sustainability and ensuring business continuity. With Ford Otosan Water Policy, which we published in 2021, we declare our commitment to reducing water consumption per product in operational processes, prioritizing innovative and sustainable water management systems in new investments and projects, and focusing primarily on water management in campuses experiencing water stress as a result of regional situation assessments. Accordingly, we recycle the water in the cooling towers of the Gölcük and Yeniköy Plants and with reverse osmosis at the Yeniköy Plant, and reuse the water at the İnönü Plant with the help of closed-loop cooling towers. With Green Office practices, we introduce measures such as reducing the flow rate of the sensorless faucets and the quantity of water in the toilet cisterns. As a result, we reduced water consumption per person by 35% and 25% at the at the Yeniköy and Gölcük Plants, respectively.</p>
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## W6.2d

**(W6.2d) Does your organization have at least one board member with competence on water-related issues?**

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues
Row 1	Yes	General Manager, who is also a committee member, leads the Sustainability Committee. The Committee comprising of Operations Assistant General Manager (AGM), Product Development AGM, Purchase AGM, Finance-Accounting AGM, Human Resources Director, Engineering Development Directors, Corporate Communication Manager, Investor Relations Manager, Occupational Health, Safety and Environment Manager and Foreign Affairs Coordinator is coordinated by the Corporate Communication Unit. Our policies, targets and risks & opportunities regarding water are reviewed at regular meetings.

## W6.3

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

---

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

Chief Executive Officer (CEO)

**Responsibility**

Assessing water-related risks and opportunities  
Managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Quarterly

**Please explain**

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

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

Chief Operating Officer (COO)

**Responsibility**

Assessing water-related risks and opportunities  
Managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Quarterly

**Please explain**

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

---

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

Risk committee

**Responsibility**

Assessing water-related risks and opportunities  
Managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Quarterly

**Please explain**

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

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

Environmental health and safety manager

**Responsibility**

Assessing water-related risks and opportunities  
Managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Quarterly

**Please explain**

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

**W6.4**

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

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	EC core members who are the Assistant General Managers (COO) report their performances on energy, water, wastes and other environment related risks & opportunities to the CEO in weekly meetings. The CEO has responsibility to oversight the corporate water strategy, which covers company-wide operations and supply chain activities.

**W6.4a**

**(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?**

	Role(s) entitled to incentive	Performance indicator	Please explain
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Monetary reward	Board/Executive board Corporate executive team Other, please specify All Employees	Reduction in consumption volumes	<p>Ford Otosan has started restructuring all its processes using a new perspective that puts innovation and digitization right at the center. We have established an Innovation Committee within our company and a digital innovation platform called the “Idea Factory.” We offer employees who work with this platform the opportunity to share innovative thoughts and turn them into reality, transforming themselves into corporate entrepreneurs in the process. In addition , within the scope of Green Office Project, the green office tab has been added to the idea factory as the idea category to allow all employees to share their savings ideas in the office environment.</p> <p>The proposals on product improvement and on actions related with energy and water efficiency and possible GHG emissions reduction have been provided by our employees. Presents have been given to our employees as non-monetary reward for coherent and inclusive proposals.</p> <p>The OKR (Objectives and Key Results) Performance System that we launched in 2020 provides an opportunity for the employees to set their own goals. The system supports them toward expanding their horizons with the help of several training opportunities to improve themselves throughout the year. The scorecards of managers, team leaders, engineers and experts include targets related to climate change. Pay scale is determined according to these achievements in Scorecard scoring</p>
Non-monetary reward			

## W6.5

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

Yes, direct engagement with policy makers

## W6.5a

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

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

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

## W6.6

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

Yes (you may attach the report - this is optional)

 ford21\_annual\_report\_eng\_3005\_opt.pdf

## W7. Business strategy

### W7.1

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

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	We at Ford Otosan are committed to protecting and conserving water resources in our operations through management practices and governance systems, leading towards effective water stewardship. One of the projects that is being implemented is the rainwater

			harvesting system that will provide approximately 300 tons of rainwater per year. The aim here is reducing the amount of water drawn from underground water wells within the scope of reducing natural resource consumption. Rainwater collected will be used in production.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	To achieve our goals and commitments in water related issues, we are committed to reduce the amount of water consumption per product resulting from operational processes as well as the amount of water consumption per person and minimize the impact on water sources. We are prioritizing innovative and sustainable water management systems in new investments and projects. We are promoting alternative water supply practices such as rainwater harvesting, wastewater and grey water recycling and setting targets to reduce the water footprint. The rainwater harvesting system is being implemented. The system is basically a tank placed underground and rainwater is collected in the tank.
Financial planning	Yes, water-related issues are integrated	5-10	Achieving the targets set and investing in water efficient systems, the financial planning phase is vital. In the rainwater harvesting project, it was estimated to have a cost of approximately 7000USD. This values are calculated with all the OPEX and CAPEX costs related to the project.

## W7.2

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

Row 1

**Water-related CAPEX (+/- % change)**

1.13

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

1

**Water-related OPEX (+/- % change)**

3.32

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

12



### Please explain

Capex includes the investments in the water related expenditures like equipments and improvements in the treatment plants. Opex includes all the water related services purchased in 2021 such as Wastewater analyzes and Conservation of biodiversity and landscape. We expect a %12 increase in Opex expenditures in accordance with the increase of water services annually. We do not anticipate any great changes in water related capex expenditures in the coming year.

## W7.3

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

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

## W7.3a

### (W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization’s business strategy.

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Water-related Climate-related Other, please specify Scenario Analysis : Physical Risks	60% major global companies have at least one asset at high risk of physical risk under the high impact climate change scenario in 2050. High Climate Change Scenario (RCP 8.5): Continuation of business as usual with emissions at current rates. This scenario is expected to result in warming in	Overall, Ford Otosan faces a high physical risk with greatest exposure to water stress. The physical exposure to is similar across the low, moderate and high scenarios. On average the physical risks scores are also relatively stable over the time horizon assessed. The average composite physical risk exposure is similar when weighted by revenue.	In a moderate (above 2 centigrade scenario) Ford Otosan's highest revenue generating facilities Gölcük, Yeniköy and Eskişehir, are exposed to a high level of physical risk. This is mainly driven by exposure to water stress.



		<p>excess of 4 degrees Celsius by 2100. Moderate Climate Change Scenario (RCP 4.5): Strong mitigation actions to reduce emissions to half of current levels by 2080. This scenario is more likely than not to result in warming in excess of 2 degrees Celsius by 2100.</p> <p>Low Climate Change Scenario (RCP 2.6): Aggressive mitigation actions to halve emissions by 2050. This scenario is likely to result in warming of less than 2 degree Celsius by 2100. Time periods are 2020 (Baseline), 2030, 2050</p>		
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## W7.4

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

Row 1

**Does your company use an internal price on water?**

No, but we are currently exploring water valuation practices

**Please explain**

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

## W7.5

**(W7.5) Do you classify any of your current products and/or services as low water impact?**

	Products and/or services classified as low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	No, but we plan to address this within the next two years	Important but not an immediate business priority	Important but not an immediate business priority.

## W8. Targets

### W8.1

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

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

### W8.1a

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

**Target reference number**

Target 1

**Category of target**

Water withdrawals

**Level**

Company-wide

**Primary motivation**

Reduced environmental impact

**Description of target**

Ford Otosan (Ford Otomotiv Sanayi A.Ş.) is a publicly traded company, where Ford Motor Company and Koç Holding have equal shares. Ford Motor Company has a worldwide target of 30% reduction in water use per vehicle produced by 2021, as compared to base year; 2015.

As Ford Otosan, our target is fully in line with the target of our parent organization. This target is intended to spur further aggressive actions related to water reductions.

Ford Otosan will achieve this target by complying 100% with legal regulations.

Water management process and water withdrawal values are publicly available in our 2021 Sustainability Report (\*In the Report water withdrawal is referred to as water consumption).

**Quantitative metric**

% reduction per product

**Baseline year**

2015

**Start year**

2015

**Target year**

2021

**% of target achieved**

5

**Please explain**

In 2015, Ford Otosan withdrew 3.24 m3 of water per vehicle produced. In 2021, Ford Otosan withdrew 3.07 m3 of water per vehicle produced. In 2021, the number of production increased by 6% compared to the previous year, and the number of employees increased by 10%.

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

## W8.1b

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

**Goal**

Improve wastewater quality beyond compliance requirements

**Level**

Company-wide

**Motivation**

Reduced environmental impact

**Description of goal**

Improving wastewater quality will provide us the opportunity to increase the use of recycled/reused water. As improving production processes may also increase the wastewater quality, the cost of reuse and recycle the wastewater will decrease. This will help with the reduction of freshwater use in production lines. This serves directly to our main water target as a sub-target.

**Baseline year**

2018

**Start year**

2018

**End year**

2021

**Progress**

In 2021, Ford Otosan recycled/reused 85,395 m<sup>3</sup> of water in the processes. This helped with the amount of water withdrawal and the water discharge which lead to slightly less impact on Environment. At some of our facilities, the investments have been realized related to recycled/reused water in 2021.

At some of our facilities, the investments has been realized related to recycled/reused water in 2021. At Ford Otosan, we see the effective management of water risks as a key elements of achieving environmental sustainability and ensuring business continuity. With Ford Otosan Water Policy, which we published in 2021, we declare our commitment to reducing water consumption per product in operational processes, prioritizing innovative and sustainable water management systems in new investments and projects, and focusing primarily on water management in campuses experiencing water stress as a result of regional situation assessments. Accordingly, we recycle the water in the cooling towers of the Gölcük and Yeniköy Plants and with reverse osmosis at the Yeniköy Plant, and reuse the water at the İnönü Plant with the help of closed-loop cooling towers. With Green Office practices, we introduce measures such as reducing the flow rate of the sensorless faucets and the quantity of water in the toilet cisterns. As a result, we reduced water consumption per person by 35% and 25% at the Yeniköy and Gölcük Plants, respectively.

## W9. Verification

### W9.1

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

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

## W10. Sign off

### W-FI

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

For more on sustainability at Ford Otosan you can visit

<https://www.fordotosan.com.tr/en/sustainability/sustainability-approach;>

Ford Otosan Annual Report-2021: [ford21\\_annual\\_report\\_eng\\_3005\\_opt.pdf](#) ;

Ford Otosan Climate Change Action Plan-2021:

[FordOtosanClimateChangeActionPlan2020EN.pdf](#) ;

Ford Otosan Environmental & Energy Policy : [ford-otosan-cevre-ve-enerji-politikasi-EN.pdf](#) ;

Ford Otosan Water Policy: [water\\_policy.pdf](#) ;


Ford Otosan Sustainability Report: 2021\_surdurebilirlik\_rapor\_en.pdf ;

Ford Otosan Risk Identification Form: [CRDF-RISK-G\\_4\\_Ford Otosan Risk Identification Form.xlsx](#)


 [CRDF-RISK-G\\_4\\_Ford Otosan Risk Identification Form.xlsx](#)

 [ford21\\_annual\\_report\\_eng\\_3005\\_opt.pdf](#)

 [FordOtosanClimateChangeActionPlan2020EN.pdf](#)

 [water\\_policy.pdf](#)

 [2021\\_surdurebilirlik\\_rapor\\_en.pdf](#)

 [ford-otosan-cevre-ve-enerji-politikasi-EN.pdf](#)

### W10.1

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

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

## W10.2

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

No

## Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

**Please confirm below**

I have read and accept the applicable Terms