With sustainable and innovative ideas,
We are renewing the future...

FORD OTOSAN

SUSTAINABILITY REPORT **2016**


SEN VARSAN
GELECEK BİZİM

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ABOUT THE REPORT

Through Ford Otosan 2016 Sustainability Report, we inform all our stakeholders, especially our investors, employees, suppliers, dealers and NGOs on the social, economic and environmental aspects of our operations we have undertaken in line with our goal for creating a sustainable value.

This report has been prepared in accordance with GRI Standards: Core option. The results from the materiality study conducted in the light of the GRI standards account for the fundamental content of this report. Besides the indicators featured by the GRI Standards, the UN Sustainable Development Goals (SDGs), BIST Sustainability Index indicators, Carbon Disclosure Project Climate and Water Programs principles and the data types accepted by the automotive sector in general are used to form the data employed while disclosing on the prioritized issues.

The data shared in this report is mainly derived from Ford Otosan's corporate data sources. Meanwhile the views of various stakeholders, especially those of dealers and suppliers as well as the operations undertaken by these groups, are covered regarding the related material issues. The information shared in this report covers an operating period of a year starting from 01.01.2016 and ending on 31.12.2016.

Through Ford Otosan 2016 Sustainability Report, we inform all our stakeholders, especially our investors, employees, suppliers, dealers and NGOs on the social, economic and environmental aspects of our operations we have undertaken in line with our goal for creating a sustainable value.

You may find Ford Otosan 2016 Sustainability Report and detailed information regarding the company on **www.fordotosan.com.tr**

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Esteemed Stakeholders,

As Ford Otosan, it is our pleasure to complete 2016 as a year of success. After 2015, this year as well, we achieved to be named as the export champion in Turkey with 3.96 billion US dollars of exportation. While consolidating our leadership in the commercial vehicles segment thanks to our market share of 30%, we, alone, accounted for 65% of Turkey's entire commercial vehicle exports. The number of the patents we obtained as a result of the R&D studies undertaken during the year strengthened our patent leadership in the Turkish automotive sector.

Today, the change is faster than ever before. Expectations and needs of our customers become more sophisticated and different. Today we see that new products, new business lines and new business models appear. Needless to say, this has changed the rules in the automotive sector, as in various other industries, and has begun to make an impact on the dynamics of transport requirements. The automotive sector, now gradually marked by a tougher competitive environment, has come to prioritize especially innovation, sustainability and climate change, driver and road safety. This new structure the sector has transformed into, increases the need for developing products and services beyond the traditional products.

> **Moreover, in line with Koç Innovation Program, as Ford Otosan, we began to restructure all our processes through a vision focusing on innovation and digitalization.**

Our long-established innovation tradition remains our fundamental ability to develop our competitive edge further in this new situation the sector has found itself in. Through our updated innovation model, we support entrepreneurs within our company and start-up undertakings. Our main shareholder Ford Motor Company positions itself as a mobility company beside being an automaker. They redefine the sector through this new strategy and business models developed on a global scale.

GRI 102-14

Moreover, in line with Koç Innovation Program, as Ford Otosan, we began to restructure all our processes through a vision focusing on innovation and digitalization. During 2016, when we implemented various best practices in that respect. The Innovation Committee and our new digital innovation platform "Fikirhane-Idea Factory" were among the new practices introduced for that purpose during the year.

We also speeded up our studies regarding sustainability, another priority for our sector, during the reporting period. While we continued to be listed on the Borsa Istanbul (BIST) Sustainability Index with an improved performance, our capacity for managing social, economic and environmental risks and creating positive values throughout our entire value chain developed significantly thanks to the studies carried out by the Sustainability Committee we launched in 2015. With the announcement of the UN Sustainable Development Goals, our operations focused on that direction too. In the periods ahead, we are determined to keep working in the light of these goals that have already yielded significant results for us. In that respect our greatest advantage remain our main shareholders, Koç Holding and Ford Motor Company, which both undertake exemplary sustainability management programs.

> **With the announcement of the UN Sustainable Development Goals, our operations focused on that direction too. In the periods ahead, we are determined to keep working in the light of these goals that have already yielded significant results for us.**

As an automotive industry company, climate change is an issue that we attach particular importance. The new product and production techniques we have developed, have a significant place in the fight against impacts of the climate change.

Our pioneering studies focused on ending gender inequality and getting the female labour enjoy its well-deserved place in business life constitute a significant part of our sustainability program. My beloved brother, whose sudden loss shook us in early 2016, was among the global leaders of HeforShe Campaign and had been making a significant effort on this issue which became a valuable part of his heritage we inherited. We are proud of the progress we made during the reporting period thanks to the studies completed for developing this heritage further so that the female labour could advance on the path to its well-deserved place fast both within the company and the sector in general through the women engineer generations educated. The results we came to enjoy, indicate that the employer brand developed by Ford Otosan in line with an inclusive understanding helps us turn into one of the most admired employers not only in the business life in general but also specifically for the female professionals.

Aimed at increasing our capacity for generating value for all our stakeholders with every passing year, our sustainability management studies will continue with determination in the periods ahead. On this occasion, I would like to thank all our stakeholders for their trust in our company and their support for our studies.

Respectfully,

Ali Y. Koç

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Dear Stakeholders,

We left the activity year 2016 behind with success where we maintained our momentum on our target for generating sustainable value for our stakeholders through our responsible management approach. We maintained our traditional leadership in commercial vehicles segment with 30% market share. We, on our own, realized 62% of total commercial vehicle production in Turkey and 65% of the exportation of the same. Hence, we increased sales revenues by 9% and net profits by 13%.

During the period we enjoyed successful results not only thanks to our studies undertaken in line with the international initiatives such as the UN Sustainable Development Goals but also with local practices such as the BIST Sustainability Index. We shape our company operations by monitoring the global and local agenda regarding the social, environmental and economic issues we focus on by evaluating the stakeholder expectations from a risk and opportunity perspective.

The essential factor enabling us to develop further our position of a leading company in an environment marked by tough competition at a time when our sector is undergoing a change is the fact that we have made R&D and innovation a part of our working culture and have focused on developing the product and production conditions of the future.

Developing mobility models offering highly safe, fuel efficient and low emission options in the smart cities of the future as well as establishing the infrastructure that will ensure the production of these technologies in a sustainable fashion constitute the foundations for our R&D and innovation studies.

> **We believe that our human resources are the key for our future success. It is extremely important for us that Ford Otosan becomes the employer of choice for talented, young professionals.**

In 2016, we conducted a broad range of digitalization practices from production operations to sales network, from suppliers to our employees. We consider digitalization practices in every spot of our business and acknowledge as an absolute requirement for the future.

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In 2016, we continued our improvement trend for managing our environmental impact. For instance, during the year we reduced energy consumption per vehicle from 6.16 GJ/vehicle in 2015 to 5.86 GJ/vehicle while also reducing the emission generated from 0.60 ton CO_2/vehicle to 0.58 ton CO_2/vehicle, and the fresh water consumed from 3.15 m^3/vehicle to 2.98 m^3/vehicle. In the periods ahead, we will continue to develop our performance for reducing the environmental impact from our production processes in line with our 2021 goals.

> **Meanwhile we continued to support the efforts for awareness raising regarding gender equality through the "HeForShe" and "I Support Gender Equality for My Country" studies.**

We believe that our human resources are the key for our future success. It is extremely important for us that Ford Otosan becomes the employer of choice for talented, young professionals. Hence, we develop our talent management program further and offer our employees an inclusive working environment that values creativity and equal opportunities. During the reporting period, we maintained our goal from the previous reporting period to make sure that one out of every 2 office employees, and one out of every 4 field employees should be female. In that respect the recruitment rate turned out to be 57% females for the office employees and 30% females for the field employees.

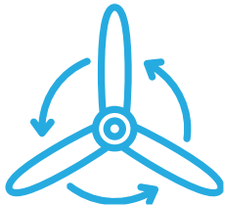
As a result, we increased the rate of female employees from 13% in the previous period to 14% in 2016, which made us proud for being the employer with the highest number of women employed in the industry in Turkey. Meanwhile we continued to support the efforts for awareness raising regarding gender equality through the "HeForShe" and "I Support Gender Equality for My Country" studies.

With our main social responsibility initiative Honey Bees Get to Be Engineers project, we seek to guide female students and support them to go for engineering careers so that the visibility of female engineers in our sector could increase in general. The project reached approximately 10 thousand students from 39 provinces in 2016 and we are excited to continue the project in 2017 too.

In line with our vision of "being the most valuable and the most admired industrial company in Turkey that creates sustainable value for the stakeholders", in the period ahead, we will continue our studies in the most enthusiastic fashion.

Respectfully,

Haydar Yenigün



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Our Vision

Being Turkey's most valuable and most preferred industrial company.

Our Mission

Providing innovative automotive products and services beneficial to the community.

Growth:

Organic and inorganic growth in new markets and existing business areas by developing new products.

Innovation:

Providing innovative products and services in all business processes by keeping creativity at the top.

Brand:

Being the most preferred brand in all segments by meeting customer needs and expectations.

Employees:

Being the most preferred workplace by aiming for excellence in human resources processes and increasing benefits provided for employees.

Customers:

Being the leading automotive brand with regards to customer satisfaction in sales and aftersales products and services.

FORD OTOSAN IN 2016

Share in Commercial Vehicle Production in Turkey
62%

Share in Commercial Vehicle Exports of Turkey
65%

Share in Automotive Production in Turkey
22%

Turkey's Exports Champion
3.96 Billion USD

Leader of Commercial Vehicle Market in Turkey
%29,9

Total Number of Dealers in Turkey and Abroad
255

Patent Champion of he Turkish Automotive Sector
178

R&D Expenditure
464 Million TL

1,370
R&D Engineers

Total Number of Employees
10,261

Rate of Female Executives at Senior Management
17%

Rate of Female Managers at Mid-Level Management
11%

Training per Employee
58,5 hours

Fresh Water Consumption per Vehicle Produced
(m^3/vehicle)
2.977

Energy Consumption per Vehicle Produced
(GJ/vehicle)
5.86

Saving Achieved Through Energy Efficiency Projects
(GJ)
83,094

6,781 tons
tons Equivalent of CO_2 Reduced

6,639 tons
of Hazardous Waste Recovered

373,100
M^3
of Water Recovered

Total Donations
22,131,962 TL

- European Bank for Reconstruction and Development (EBRD) **Gender Equality Award**
- **"Grand Prize for Technology"** in the 12th Technology Awards organized by TÜBİTAK, TTGV, TÜSİAD
- Ford Chairman's Occupational Health and Safety Awards Program **Appreciation and Participation Category Global First Prize, Innovation Category European First Prize, Award for Saving Lives**
- Ford Europe Chairman's Leadership Awards for **Diversity in Workforce Award and External Partnerships Development Award**


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ROBUST GOVERNANCE MODEL

As one of the most long-standing and successful partnerships of the global automotive industry, Ford Otosan shapes its management understanding in line with the heritage bestowed upon its main shareholders, namely Koç Holding and Ford Motor Company.

While the principles of transparency, accountability, fairness and responsibility underlie the spirit of our corporate governance understanding, its fundamental structure is shaped by the Corporate Governance Principles issued by the Capital Markets Board (CMB) besides the internationally or locally well-accepted governance norms. We present the main aspects of our governance model and our practices ensuring the reliability of this model to the attention of our stakeholders through our annually published Corporate Governance Principles Compliance Reports.

Bringing the shareholders and/or their representatives together at least once a year, the General Assembly remains the highest decision making body for Ford Otosan and also elects the Board of Directors, responsible for the company's administrative operations. Ford Otosan Board of Directors, which consists of 14 members elected for a determined period which ends with the Ordinary General Assembly to be gathered for the examination of accounts of the upcoming period, includes 2 independent members who meet the requirements indicated in regulations of Capital Markets Board of Turkey. Chairperson and General Manager duties are performed by different individuals. In addition to that, the 12 members of the Board of Directors other than the General Manager and Deputy General Manager are non-executive members. Featuring 2 female members, 7 members of the Board of Directors are Turkish Republic citizens while the rest of the members are foreign nationals. The main responsibilities of our Board of Directors include identifying and following up on the strategic goals for Ford Otosan; ensuring the validity of the risk management and control systems as well as the reliability of the internal audit mechanism and compliance with the corporate governance principles.

In line with the Capital Markets Board regulations, the following 4 committees are established for the Board to fulfil the aforementioned duties effectively. These committees are the Audit Committee, Corporate Governance Committee, Remuneration Committee, Early Determination and Management of Risk Committee. The Corporate Governance Committee also performs the duties of a Nomination Committee. While the committee members are elected amongst the Board members, both 2 members of the Audit Committee are independent members. Details regarding the working principles of the Board Committees are available on the corporate website.

Ford Otosan General Manager and the Senior Management are responsible for the implementation of the strategic orientations and corporate policies set by the Board of Directors. Ford Otosan senior management is composed of 23 managers specializing in various areas. 4 of these are female managers while 21 managers are locals.

For detailed information regarding Ford Otosan corporate governance structure, Corporate Governance Principles Compliance Reports besides Annual Reports, please go to our corporate website **https://www.fordotosan.com.tr/en/investors/financial-statements/annual-reports** .

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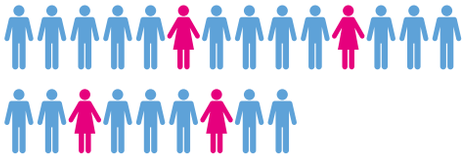
Board of Directors

2 Independent,
2 Female,
Total 14 Members

Senior Management



4 Female, 21 Local,
Total 23 Directors

SUSTAINABILITY MANAGEMENT

The main focus of our strategic business plan is developing an excellent business model for generating sustainable added value.

Established in 2015 with the participation of our senior and mid-level managers representing our operations in general, Ford Otosan Sustainability Committee seeks to actively implement the sustainability management of our company including the social, environmental, economic and ethical responsibilities while providing management, consulting and coordination activities the organization and stakeholders may need in that respect.

The committee informs the senior management on the measures for implementation of the sustainability principles, aspects that could offer opportunities and operation outcomes.

GRI 102-49

- Drawing up Ford Otosan's sustainability strategy and policy and taking actions as a part of the related responsibilities assigned during the process,

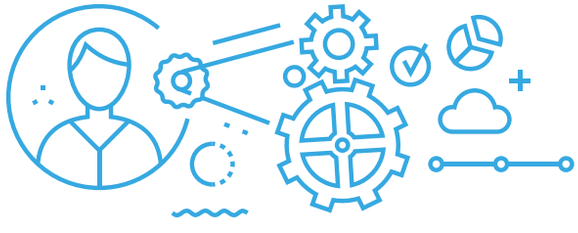
- Drawing up a "sustainability roadmap" compatible with the accepted strategy, and taking actions as a part of the related responsibilities assigned during the process,

- Monitoring whether the sustainability strategy, policy and goals and communication with all the stakeholders and their trainings are ensured besides the implementation of the all the necessary procedures, studies and practices and therefore reporting all the data in that respect.

- Preparing suggestions for updating the sustainability strategy, policy and goals and following up on the update studies, remain among the duties and responsibilities of the Ford Otosan Sustainability Committee.

- Formed with multi-stakeholder engagement and the use of systematic approaches, sustainability priorities are the basis for defining our sustainability management's strategic orientations. In 2016 we have updated the materiality process and determined the main issues we will focus on in the period ahead.

The materiality study conducted in 2016 featured a method of 2 stages. In the first stage, we held a workshop and discussed with over 40 Ford Otosan senior and mid-level managers 45 issues that could pose risks and opportunities on the sustainable business model of Ford Otosan. After that, we asked over 100 stakeholders including our dealers, suppliers, shareholders, representatives from the NGOs and local administrations in the light of similar criteria. We then consolidated the results reached with the assessments and views of our managers and thus set the Ford Otosan Sustainability Priorities.



Stakeholder Views:

It is a brand, speaking for itself. Ford Otosan is not only a leading automaker but also a series of inspiring business values. As EBRD, we have been working with Ford Otosan since we started investing in Turkey and at Ford Otosan, we witnessed the highest international corporate governance standards which are infused into the identity of the organization. Ford Otosan's sophisticated accounting, internal control and information transparency policies and procedures are compatible with industry best practices, yet Ford Otosan always desire for developing more.

Hande Islak
Regional Head, European Bank for Reconstruction and Development (EBRD)

Defined by the UN in 2015, 17 Sustainable Development Goals (SDGs) will last until 2030 and assign many duties to the companies. We have therefore included the SDGs in our materiality studies undertaken in order to ensure harmonization of these goals with our sustainability management operations. In that respect, both at the workshop held with our managers and in the process of receiving information from our external stakeholders, we identified which of the goals overlap more with the sustainability aspects of the Ford Otosan's operation areas and felt more material while understanding what the expectations of our stakeholders are regarding the specific goals. Therefore the Sustainability Development Goals we would prioritize as we planned our studies were finally identified. While setting the material sustainability issues, we also defined which of the 17 Sustainable Development Goals they referred to. This way our material issues could serve the Sustainable Development Goals.

The most effective way for our sustainability management practices and the actions taken in our material areas to be used is participating in the studies conducted through well-accepted methodologies. In that respect, we have been listed on the BIST Sustainability Index since it was first launched and have also participated in the Carbon Disclosure Project (CDP) climate and water programmes since last year. These studies not only enable our sustainability performance to be assessed and shared with investors but also provide us with reliable paths to develop our policy, strategy and practices further.

GRI 102-11 / GRI 102-12 / GRI 102-46 / GRI 102-47 / GRI 102-49

A SUPPLY PROCESSES

B DESIGN & PRODUCTION PROCESSES

C DISTRIBUTION PROCESSES

D SALES & MARKETING PROCESSES

E CONSUMPTION PROCESSES

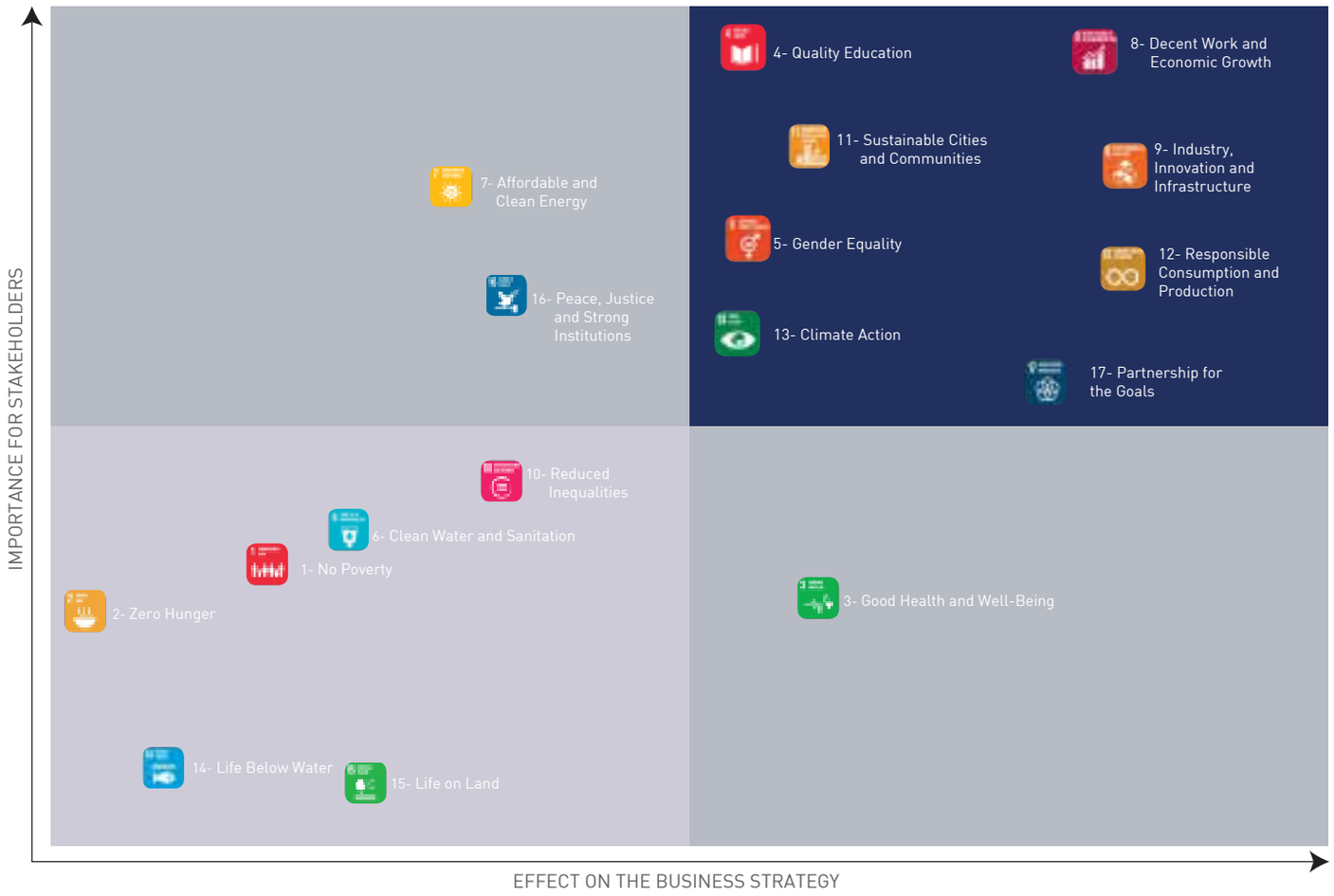
F AFTER SALES PROCESSES

FORD OTOSAN VALUE CHAIN AND SUSTAINABILITY PRIORITIES

ENVIRONMENTAL PRIORITIES	Related Value Chain Processes	Related SDGs
Energy Consumption and Emissions	A B C	
Vehicle Fuel Consumption and Emission Levels	B D E	
SOCIAL PRIORITIES		
Sustainability Risks Management	A B C D E F	
Inclusive Workplace Practices	A B C D F	
Vehicle and Traffic Safety	B D E	
ECONOMIC PRIORITIES		
Product, Process, Mobility Model Innovation and Digitalization	B	
Customer Satisfaction and Quality	D E F	
Business Success on the Value Chain	A D F	

GRI 102-11 / GRI 102-12 / GRI 102-46 / GRI 102-47 / GRI 102-49

FORD OTOSAN SDG PRIORITIES



GRI 102-11 / GRI 102-12 / GRI 102-46 / GRI 102-47 / GRI 102-49

Ford Otosan Board of Directors is the highest-level body responsible for predicting, managing and monitoring the risks in all Ford Otosan operation areas as well as ensuring the validity of the action plans required with regard to risk and crisis management and achievement of the goals in these areas. Early Detection and Management of Risk Committee has been established for enabling the Board of Directors to fulfil these responsibilities more effectively. The Committee is tasked with the early determination of risks that might endanger the existence, development and continuity of the company in addition to taking the necessary precautions regarding the identified risks, conducting studies to manage the risks and periodically reports the relevant outcomes obtained from these studies to the Board of Directors. The Audit Committee also plays a significant role in risk management and contributes to the risk management activities with the results from internal auditing processes conducted. Hence the Early Detection and Management of Risk Committee and the Audit Committee represent the risk management studies at the senior management level.

Risk Management Team identifies, monitors and eliminates the risk elements and reports its findings to senior management. Holding monthly meetings, the Risk Management Team identifies the financial, operational, strategic and legal risks faced by the company, prioritizes them by rendering the risks measurable first and monitors them on the risk management map drawn up.
Within the scope of the risk management studies, the aspects that could come up throughout the value chain in general are also taken into consideration for assessing the sustainability risks and opportunities too. For instance environmental issues such as climate change, energy and emissions, water consumption, material consumption; economy issues such as customer satisfaction, brand management, supplier and dealer success, innovation competency; social issues such as corruption and bribery, gender equality, OHS and human rights are addressed in this process to identify and manage the risk elements.

Effectiveness of the internal control and audit activities, which remain an important aspect of risk management, is among the responsibilities of the Board of Directors. Established in that respect, Audit Committee monitors the effectiveness of the internal control and audit operations besides the compliance of the financial reports regularly and submits its recommendations to the Board of Directors in the light of its findings from these studies.

GRI 102-11 / GRI 102-12

Internal Audit Unit plans and implements internal control and audit operations in the light of the feedback from the Audit Committee. Authorized to demand any kind of information and records regarding all company functions, the Internal Audit Unit tests over 3,000 control points in line with the control plan it prepares every year. Identified according to a risk-oriented approach, these control points also cover many sustainability issues from the fight against bribery and corruption to human rights and environmental issues apart from the financial, operational and legal risk points. In addition to the company operations, control and audit operations are also carried out for the other value chain elements such as dealers and suppliers with the participation of the related units.

In addition to the internal company audit functions implemented, Ford Otosan operations are also audited by the audit units from Koç Holding, Ford Motor Company besides many Government organizations including Ministry of Finance, Ministry of Environment and Urbanization, Ministry of Labour and Social Security, General Directorate of Customs and independent audit companies.

The findings and the measures taken as a result of these studies are reported to the Board of Directors through the Audit Committee, Early Detection and Management of Risk Committee. Apart from that, all these information are made public for our stakeholders through the Early Detection and Management of Risk Committee Activity Report chapter of the Annual Reports. The report informs readers on the risk elements assessed and internal audit studies conducted. Detailed information regarding our risk management and internal control studies is available in Ford Otosan Annual Report 2016 as well as the website **www.fordotosan.com.tr**

BUSINESS ETHICS

Binding for all Ford Otosan employees, managers, suppliers, dealers and business partners, Ford Otosan Code of Conduct, which is a guide outlining our business ethics approach and remains a conduct commitment for Ford Otosan Family. All our employees and managers are responsible with abiding by these principles, guiding their co-workers and related stakeholders in that direction as well as notifying certain corporate organs in line with the related procedures in case of a violation.

We regard the 10 principles of the UN Global Compact, signed by Ford Motor Company and Koç Holding, as well as the practices recommended by this initiative for informing the public in a transparent fashion and reporting as an indispensable part of our code of conduct. Ford Otosan Code of Conduct addresses a series of issues including the valid norms for our relations with internal and external stakeholders, prevention of conflict of interest, principles for occupational health and safety, environmental protection, product safety and quality, ban of political involvement, intellectual rights protection and confidentiality, personal data confidentiality, prevention of unfair competition besides the prevention of corruption, misconduct and any similar illegal, illegitimate actions.

In order to ensure the implementation of the Ford Otosan Code of Conduct, we inform company employees of all levels about these principles and get them to take online control tests. This information and test process continue until full success is achieved. The newly recruited employees are also informed on our code of conduct as part of the orientation program and declare in writing that they accept the code of conduct they have read. The process ensures that all the Ford Otosan employees and managers remain updated about our code of conduct.

GRI 102-16

Also covered by the UN Global Compact principles, the fight against bribery and corruption remain an indispensable element for Ford Otosan Code of Conduct. The main instrument we utilize for ensuring that our employees full comply with this important principle is the Ford Otosan Anti-Corruption Training, which is a training program informing all our managers and employees on the Ford Otomotiv Sanayi A.Ş. Anti-Corruption procedures. In that respect in 2016 we provided 1,303 Ford Otosan managers and employees with 651.5 hours training against bribery and corruption. Apart from our employees and managers, we also get all of our suppliers that need to comply with the Ford Otosan Code of Conduct pass the Ford Otosan Anti-Corruption Training. In that respect in 2016 we provided 244 participants in 122 supplier companies with 122 hours of anti-bribery and corruption training so that 100% of our suppliers have received the training.

We adopt 0 tolerance to acts of bribery, corruption and misconduct no matter whether they are for or against the company and regardless of their scale. Issued in the past period and also presented to all our stakeholders over our website, Ford Otomotiv Sanayi A.Ş. Anti-Corruption Policy remains the most important indicator for our uncompromising stand against bribery and corruption.

Forbidding acts of bribery, extortion, influence peddling, abetment, money laundering, trading with prohibited persons, facilitation payment, political donations, Ford Otomotiv Sanayi A.Ş. Anti-Corruption Policy regulates the issues of gifting and hosting too. All our employees and stakeholders are obliged to comply with the principles identified regarding these issues. Therefore our anti-corruption policy adopts the principle of "Non-Retaliation" as described by the article no.11 clause (a). In line with this principle, because of their acts complying with our ethical conduct and the anti-corruption policy, which is an extension of our ethical conduct- for instance refusing to participate in corruption and bribery, taking measures to prevent this from happening and filing the necessary reports regarding the situation- no employees are to be subjected to any maltreatment or retaliation even if the company suffers a loss from the employee's behaviour.

As clearly stated by our codes of conduct, we cannot hold sides in any political or ideological thoughts, tendencies or organizations nor can we lend support for political parties, politicians and candidates as well as their activities and campaigns whether it be in a direct or indirect fashion. We do not allow such activities take place in our working places, nor do we allocate company resources to such projects. The donations and sponsorship practices we conduct comply with our anti-corruption policy.

Upon requests made, we contribute to the processes for establishing public policies to resolve social, economic, environmental or sector-specific problems as a responsible corporate citizen by expressing our views in a way without leading to any unfair competition and on platforms open to public participation. In cases where public institutions are also our customers, we act in line with the legal regulations and in free competition principles.

In the comprehensive evaluation process about starting business partnerships, picking supplier and dealers, we look into the past practices of the related people or organizations as part of our code of conduct and anti-corruption policy and establish business relations with those people and organizations that comply. The employees or stakeholders acting in contrary of the code of conduct or anti-corruption policy face the sanctions stipulated by our company procedures. Whether it be through services-goods purchasing or representation, we do not establish business relations with the companies, agents or people revealed to have taken part in such contrary ways.

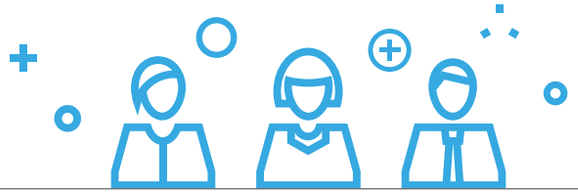
Formed with the participation of the Human Resources Director, Chief Legal Counsellor and Internal Audit Manager, the Exceptional Case Management Committee is tasked on behalf of the Board of Directors and its related committees with the responsibility of ensuring that the related legal regulations and business ethics principles are observed throughout the Ford Otosan value chain.

In line with Ford Otosan Code of Conduct and Ford Otomotiv Sanayi A.Ş. Anti-Corruption Policy, all Ford Otosan employees, suppliers, dealers and business partners are obliged to report through an easily accessed and reliable mechanism created according to the set procedures when they suspect incompliance. Whenever such a suspicion arises, the employees report of the case to their first line managers or to the senior managers while the external stakeholders report to the Internal Audit Directorate or the Exceptional Case Management Committee in writing or via e-mail.

The identities and communication of the informer can preferably be shared when reporting but the identities of the informers are absolutely kept secret.

The Exceptional Case Management Committee reports the findings of the investigation studies to primarily to the senior management and to the Audit Committee. If there is a case requiring to run the disciplinary mechanism, the Disciplinary Committee is composed of the General Manager, Deputy General Manager, Assistant General Manager of Financial Affairs, Human Resources Director and Assistant General Manager of unit non-relevant to the case, deals with each case separately in terms of legal regulations and Ford Otosan Code of Conduct and then decide on the necessary action plan in line with the company's disciplinary procedures.

Adopting a proactive approach regarding our studies against corruption and bribery, we undertake risk management and internal control studies apart from producing corporate policies, employee and stakeholder trainings, process development and active complaint mechanisms. The results from the assessments and audits completed by the Risk Management Unit, Internal Audit Unit and Human Resources Unit are reported to the company senior management through the Audit Committee, Early Detection and Management of Risk Committee as well as Corporate Governance Committee.



GRI 102-16

Within the scope of our internal audit studies adopting a risk-based methodology, we address the issue of anti-corruption and bribery once every year. In that respect, we have audited all the company units for corruption and bribery risks as we do every year while prioritizing the units that deal with the transactions involving customers and suppliers and take investment decisions according to their risk position. Meanwhile the supplier performances are monitored through the Purchasing Unit and the dealer performances are monitored through our Sales and After Sales Units.

During the reporting period, as part of the materiality study conducted to improve our reporting practices because of the prioritization of the anti-corruption and bribery issues in terms of reporting, we asked for the views of over 100 external stakeholders such as suppliers, dealers, NGOs, local administrations. Apart from our internal stakeholders. In the light of the results we obtained, we have upgraded the reporting elements regarding our anti-corruption and bribery policy from process statements to the reporting of the management approach and performance indicators. Therefore we have also developed further our reporting level regarding our anti-bribery and corruption performance.

Within the scope of the internal control and audit studies conducted during the reporting period, no significant case violating the legal regulations against bribery and corruption risks or corporate policies were discovered in our company operations. In the same way, there were no major risk elements of bribery or corruption encountered regarding our current dealer and supplier operations.

Processes related to the minor non-conformities and risk factors are examined carefully and corrective actions are planned and process revisions are made regarding closure of identified gaps, as well as additional control points are defined.

STAKEHOLDER RELATIONS

In line with our understanding of governance, we seek to establish long-term relations based on mutual trust with our stakeholders. The primary condition for this lies in being fair, transparent and accountable. Therefore, we provide accurate, complete and prompt information for our stakeholders regarding our operations and the performance results we have obtained in the light of the principles set by Ford Otosan Information Policy. The methods we use in our communication operations and the frequency of the communication is set according to the expectations of the related stakeholder group.

Collaborating with especially the NGOs and stakeholder groups that we share common goals and principles with, we undertake joint studies with them. We contribute efforts to resolve social or sector-specific issues by becoming member of occupational or professional organizations, participating in their management or their working groups.

You may reach Ford Otosan Information Policy on our corporate website **www.fordotosan.com.tr**

GRI 102-16 / GRI 102-40 / GRI 102-42 / GRI 102-43

Stakeholder Group	Type and Frequency of Communication Practices
Shareholders and Investors	Investor Presentations (monthly), One-to-One Meetings (on demand), Financial Tables, Annual Report (quarterly), General Assembly Meetings, Corporate Governance Compliance Report, Risk Management Report, Sustainability Report (annual), Material Disclosures (when needed), Corporate Website (continuous)
Dealers	Annual Report, Sustainability Report, Dealer Meeting, Dealer Satisfaction Survey, Customer Satisfaction Survey (once a year), Dealer Council, Internal Publications (at various periodic intervals), Dealer Trainings (continuous), One-to-One Meetings (on demand)
Supplier and Contractor Companies	Annual Report, Sustainability Report (annual), Ford Otosan Code of Conduct, Trainings (continuous), Awards Ceremony, One-to-One Meetings (on demand), OHS Committees (once a month)
Employees	Ford Otosan Code of Conduct, Intranet Portal, Notice and Announcements, Training Studies, Corporate Portal, Internal TV broadcasts (continuous); Suggestion, Appreciation and Rewarding System (instant); OHS Committees, Working Groups and Committees, Surveys and Studies, Internal Publications, Social Activities, General Manager's Message Bulletin, Internal Magazine Publication (at various periodic intervals), Performance Management System, Annual Report, Sustainability Report, Employee Engagement Survey, Open Door Meetings (twice a year), Leadership Meetings (four times a year)
End Users	Customer Satisfaction Survey, Annual Report, Sustainability Report, Exhibition Participations (annual), Product Labels and User Manuals, Marketing Communication Studies (continuous)
Local Community	Annual Report, Sustainability Report (annual), Social Projects, Donations and Sponsorships, Grievance Procedure (continuous), Information Meetings, News Bulletins (when needed)
Local Administrations	Annual Report, Sustainability Report (annual), Meetings and Interviews (on demand)
Public Institutions	Annual Report, Sustainability Report (annual), Information Reports, Auditing Practices (at various intervals), Meetings and Interviews, Product and Technical Trainings (on demand)
NGOs	Annual Report, Sustainability Report (annual), Working Groups, Committee and Board of Directors Memberships (periodical), Memberships (continuous), Joint Projects and Initiatives, Meetings and Interviews (on demand)
Other Ford Motor Company and Koç Holding Companies	Annual Report, Sustainability Report (annual), Working Group and Committee Meetings (at various periodical intervals), Project Partnerships (continuous)
Universities, Academics, Vocational High Schools and Ford Otosan Labs	Annual Report, Sustainability Report (annual), Academic Congress and Seminar Participation, Articles and Publications, R&D Project Partnerships, Internship Opportunities, Training and Technical Support (continuous), Sponsorships and Supports, Support for Academic Research and Publications, Meetings and Interviews (on demand)
Media	Annual Report, Sustainability Report (annual), Interviews and Commentaries, Meetings and Interviews (on demand), Press Releases, Material Disclosures (when needed)

GRI 102-40 / GRI 102-42 / GRI 102-43

STRONG FİNANCİAL AND COMMERCİAL PORTFOLİO

Having a robust financial and commercial portfolio is the fundamental condition for creating added value through a sustainable business model. Our steady growth, the economic value we generate, the investments we have made and our customer-focus principle are the aspects that develop the added value we produce for our stakeholders.

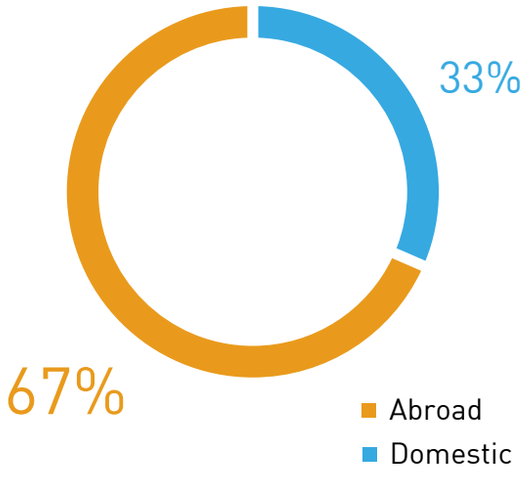
STRONG FINANCIAL STRUCTURE AND ECONOMIC VALUE GENERATION

During the reporting period, we have continued to improve the revenue rise we have enjoyed since the past periods and increased it to 18.3 billion TL. Therefore, our turnover has increased by 9% in the reporting period and by 87% in the last five years. In 2016 we have invested 602 million TL as part of our operations to increase production capacity and product diversification.

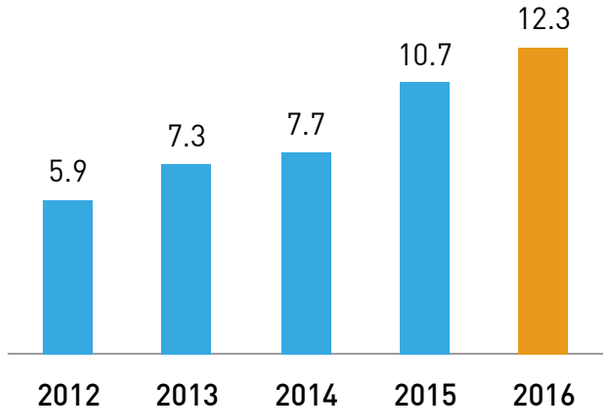
Financial Information	2016	2015	2014	2013
Sales Revenues (Million TL)	18,289	16,746	11,925	11,405
Gross Profit (Million TL)	2,086	1,860	1,131	1,128
Operating Profit (Million TL)	1,111	1,036	541	670
EBITDA (Million TL)	1,567	1,441	846	856
Profit Before Tax (Million TL)	970	866	390	452
Net Profit (Million TL)	955	842	595	641
Investment Expenditure (Million TL)	602	466	858	1,312
Financial Debt (Million TL)	2,852	2,561	2,350	2,291
Net Financial Debt (Million TL)	1,663	1,580	1,773	2,053
Net Financial Debts / Tangible Equity	0.64	0.63	0.79	1.13
Gross Margin	11.4%	11.1%	9.5%	9.9%
EBITDA Margin	8.6%	8.6%	7.1%	7.5%
Operating Profit Margin	6.1%	6.2%	4.5%	5.9%
Net Profit Margin	5.2%	5.0%	5.0%	5.6%
Return on Equity	30.2%	27.5%	21.6%	28.7%
Dividend Payment (Million TL)	663	400	175	300
Yearend Market Value (Billion USD)	3.1	3.6	4.9	3.7

GRI 102-7

Sales Revenues



Export Revenues (Billion TL)



The effective value chain we have created underlies our success for being the leading producer of the Turkish automotive sector, exports champion for Turkey in 2016 and the automotive exports champion for the last six years. As the main manufacturer of this value chain, we continue to create economic value for our stakeholders in parallel with our increasing success. During the reporting period out of the 18.3 billion TL worth economic value we have generated 17.5 billion TL has been distributed throughout the value chain in supply expenditures, employee wages, dividend and tax payments and social investments.

Direct Economic Impact (Million TL)	2016	2015	2014
Economic Value Generated	**18,289**	**16,746**	**11,925**
Net Sales	18,289	16,746	11,925
Economic Value Distributed	**17,510**	**15,799**	**11,283**
Operational Costs	15,933	14,583	10,487
Employee Wages	872	789	610
Dividends	663	400	176
Tax Payments	20	9	1
Donations, Sponsorships, CSR and Social Investments	22	18	9
Economic Value Retained	**778**	**947**	**642**

GRI 102-6 / GRI 102-7

LEADING FORCE OF TURKISH AUTOMOTIVE INDUSTRY

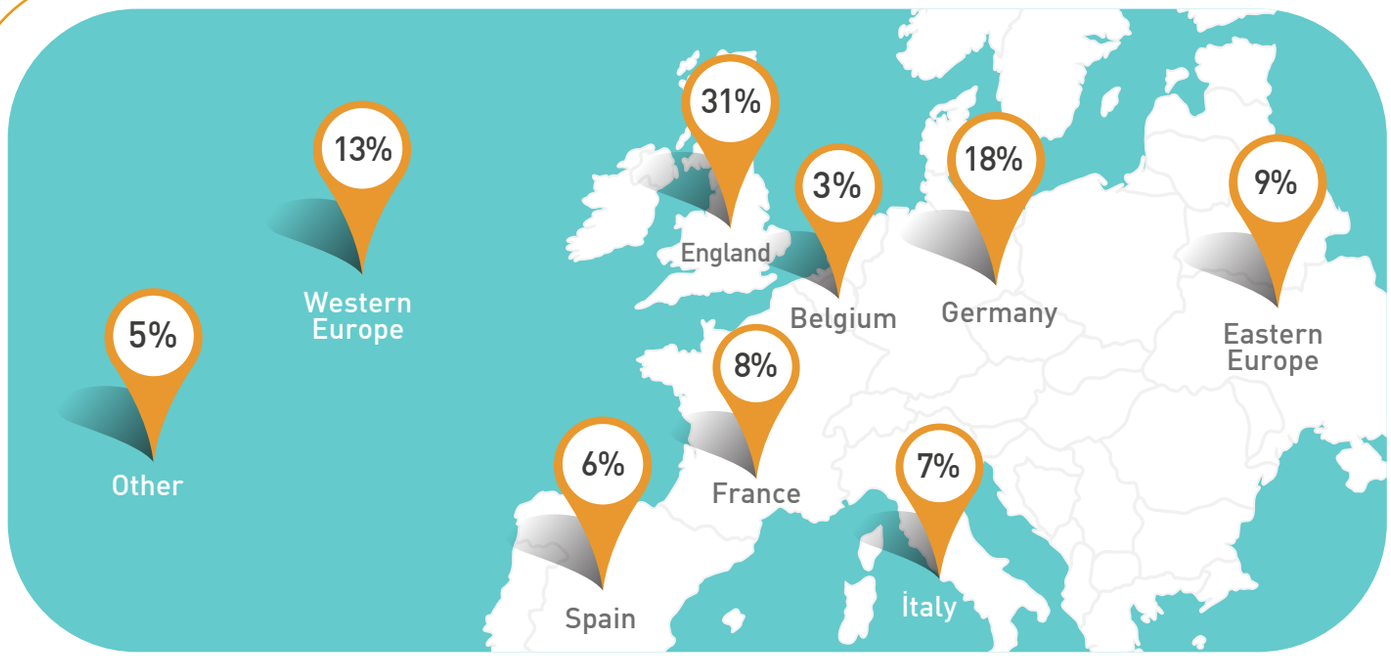
Our pioneering position as the first and leading producer of the Turkish automotive sector developed further in 2016 too and was crowned by R&D and exports championships. We produced 62% of the commercial vehicles and 22% of the total vehicles in the Turkish automotive industry. Our exports accounted for 65% of Turkey's commercial vehicle exports and 25% of the total motor vehicles exports.

Segments (number)	Turkish Automotive Market	Ford Otosan Sales	Market Share (%)
Passenger Cars	756,938	41,370	5.5%
Light Commercial Vehicles	121,620	31,911	26.2%
Medium Commercial Vehicles	105,162	36,323	34.5%
Trucks	18,482	5,199	28.1%
Total	**1,004,313**	**114,803**	**11.4%**

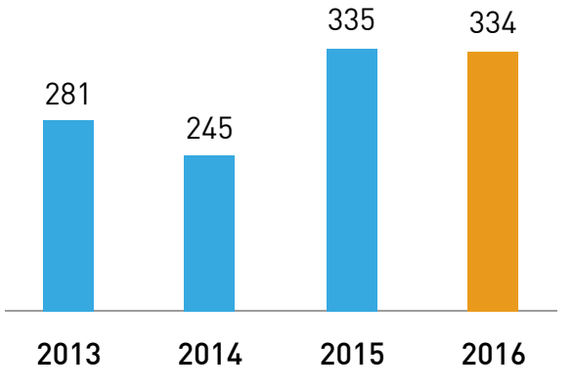
*Covers all heavy commercial vehicles except for buses and midibuses.

GRI 102-6 / GRI 102-7

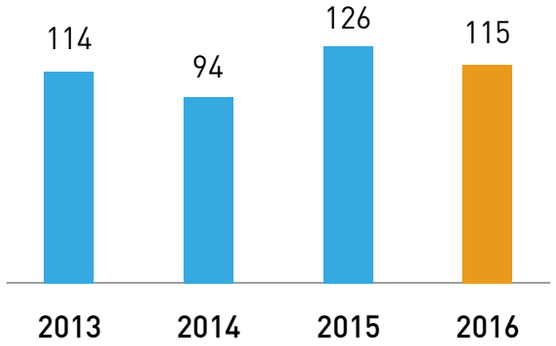
Main Export Markets



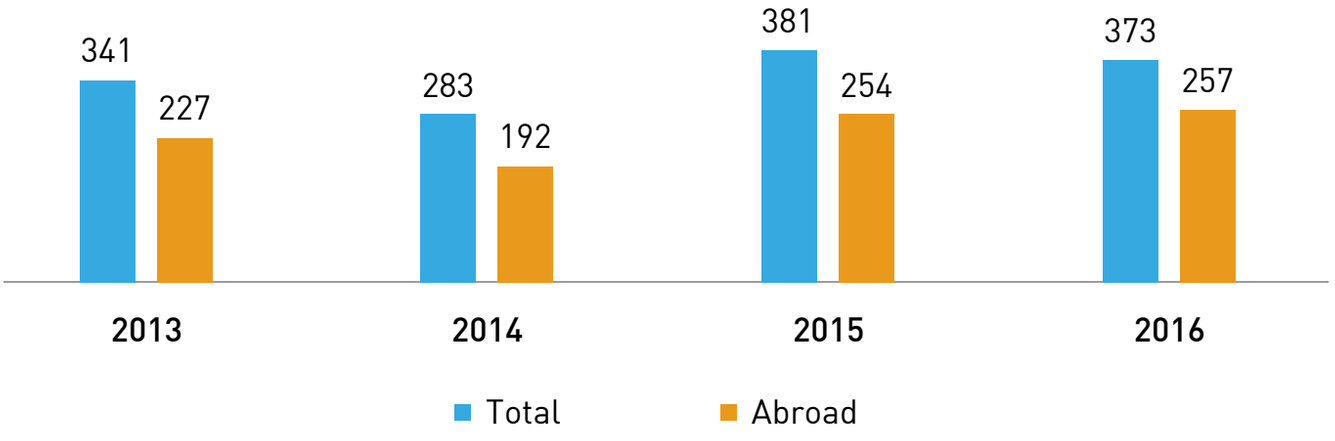
Production (Thousand Units)



Retail Sales (Thousand Units)



Total Sales (Thousand Units)



GRI 102-6 / GRI 102-7

FORD OTOSAN 2016

Produced **%62** of the commercial vehicles in the Turkish automotive industry and **22%** of the total vehicles.

FORD OTOSAN 2016

Accounted for **65%** of Turkey's commercial vehicle exports.

FORD OTOSAN 2016

Ranked top exporter of its sector and in Turkey with its **3.96 billion USD** exports revenue.

FORD OTOSAN 2016

Continued its innovative leadership of the automotive sector with its **1,370** R&D engineers and **2.5%** R&D expenditure rate.

Ford Otosan's primary priority remains maintaining customer satisfaction at the highest level. For that purpose, we seek to achieve excellence in all our business processes, products and services. As far as we are concerned, excellence represents a never-ending adventure of development. That is why it is the responsibility of all our employees to make the continuous improvement understanding as the basis of our operations.

In order for ensuring excellence and quality in our business processes, we comply with internationally recognized management system standards. While the main guideline we implement in that respect remains ISO 9001 Quality Management System, we comply with various system standards regarding various aspects of our operations. For instance, ISO 14001 Environmental Management System, ISO 10002 Customer Satisfaction Management System, ISO 14064 Greenhouse Gas Quantification and Verification System, ISO 50001 Energy Management System, OHSAS 18001 Occupational Health and Safety Management System and ISO 27001 Information Security Management System. Thanks to regularly conducted audit and certification studies, we ensure our compliance levels with these standards and carry out continuous improvement studies.

One of the most important conditions of achieving customer satisfaction is informing our customers fully and accurately on our products and services. Therefore, we establish channels for our customers to reach the information they might need easily. For example, our website and product information documents offer technical information as well as user instructions and information about how to access to communication lines. In addition to that, our dealers and service shops are also one-on-one communication channels enabling our customers to reach direct information. We therefore organize informative studies for dealer and service shop employees so that they can provide our customers in best and high quality norms. Our call centres, which the customers can access directly, are also channels that offer information for them as well as enabling them to convey their complaints and expectations.

Advertisement and promotion activities are also channels for our customers to access up-to-date information regarding our products and services. We act in line with Commercial Advertisement and Unfair Commercial Practices Regulation prepared by the Ministry of Customs and Trade and the Ministry of Industry, the decisions and regulations of Advertising Self-Regulatory Board, as well as other relevant legal regulations. We take much care not to use any elements that could deceive, misguide, set a bad example, or are against ethical norms, reality and general safety rules while preparing our advertisements and promotion materials. Thanks to our rigorous approach in the issue of product labelling and information, there were no cases of incompliance with legal regulations in the reporting period.

Customer Experience Surveys *

The most important information we use for improving our product and service quality is received from customer feedbacks and we obtain that information from customer experience studies conducted internally and by independent organizations.

*The percentages are net promoter scores.

According to the survey held in 2016, our customers assessed their experiences during the sales processes at the dealers as **90%** in the passenger car and commercial vehicle segment and as **87%** index in the heavy commercial vehicle segment.

In the 2016 survey results, our customers assessed maintenance-repair experiences at the dealers during the service processes as **81%** in the passenger car and commercial vehicle segment and as **86%** index in the heavy commercial vehicle segment.

GRI 102-44

SUPPLIER AND DEALER SUCCESS

Catagories:	Gold	Silver	Bronze	Encouragement
2016 Manufacturer Awards	Tı Otomotiv, Er-San Kaucuk San. Tic A.Ş. Nursan Kablo Donanım San. ve Tic. A.Ş.	Ototrim Panel San. ve Tic. A.Ş. Sakarya İz Reklam Ltd. Bosch Fren Sıstemleri San. ve Tic. A.Ş.	Ege Fren San. ve Tic. A.Ş. Kipsan Kalıp Im.Pres San.Ltd. Sisan San. ve Tic. Ltd. Şti.	Elatek Kaucuk San. Tic A.Ş.

A developed value chain is the first condition for enjoying success in many areas from business continuity to quality, from efficiency to customer satisfaction. The suppliers and dealers that have operated within our value chain have played an important part in our ever-increasing success starting from the day we were established. Therefore, the business success of our suppliers and dealers, which we regard as our main business partners, play a critical role for developing sustainability in our business model.

The supply chain for the automotive industry is much more complicated when compared with many other industries. The suppliers usually serving for more than one major industry have also sub-suppliers. Conducted by our units responsible for purchasing operations, our supply management operations are divided into two main areas. The first of these is the material supply provided by Ford Motor Company. The other part of our supply operation is composed of the raw materials, semi-finished products provided by 1,785 suppliers and all the other services and investment purchases, which we use in production.

Ford Otosan operations also account for the main customer portfolio of our 30 suppliers. In 2016, these operations reached as high as 56,700 purchase files and their scope reached 2.1 billion euros, 2 billion euros of which is local purchasing operations.

GRI 102-9

Encouraging our suppliers about developing innovative systems and practices regarding main sustainability management areas such as quality, efficiency, human rights and working environment as well as environmental performance, we include our expectations regarding these issues in our purchasing contracts and therefore take part in development and communication operations. In that respect, our supplier certification practice, which involves training and audit operations about the issue, play an important role. For that purpose, we implement the Q1 quality management system implemented by Ford Motor Company worldwide. Within the scope of this system, one of the critical issues for the direct purchasing suppliers is to get third parties to certify that they work in compliance with standards such as TS 16949, ISO 14001. During the reporting period, 90% of the 492 active suppliers we work had certifications.

Launched in 2016, our Supplier Risk Management approach helps us organize training, awareness increasing, development, certification, risk categorization and following up on the corrective actions besides sustainable purchasing and supply chain operations. During the period, we provided 29 trainings on human rights, gender quality and work-life, quality and system issues for 1,667 participants from our 122 supplier companies. Meanwhile the number of suppliers we audited for working conditions and environmental issues reached 54 and 47 of them completed all their corrective actions required of them while the related studies are underway for the 7 companies. As a result of the audits, there were no supplier companies whose purchasing contracts were terminated due to incompliance with the Ford Otosan criteria.

Gender Equality Supplier Extension Project

During the reporting period, our purchasing expert volunteering trainers began to provide gender equality trainings for our suppliers. In that respect, 350 participants from our 120 suppliers participated in the 3 training seminars held in Gebze, Bursa and İzmir. The project also won the Chairman's Leadership Awards for Diversity 2016 award from Ford Motor Company.

Supplier commitment is an important aspect for continuity and quality of our production and operations. In order to measure supplier commitment throughout the sector, Supplier Commitment Survey for Vehicle Manufacturers was held in collaboration with the Automotive Industrialists Association (OSD). We then held a Supplier Commitment Workshop with the participation of our 21 focus group suppliers in order to share the results from the survey with them, receive their feedback and create our action plan for that purpose.

We support the successful examples by awarding 10 suppliers showing the best performance among the direct purchasing suppliers at the Manufacturer Awards Ceremony we hold annually. In the same way, we ensure that the local manufacturers participate in the Supplier Summit meetings held by Ford Europe in order to support their business potentials development. In 2016 9 of our local suppliers participated in these meetings along with their senior managers.

GRI 102-9

Stakeholder Views:

As vehicle suppliers of Turkey, we have comprehensive cooperation extending to various fields and exceeding short limits of vendor-buyer relations. Ford Otosan supports our social responsibility projects, education activities and social conformity activities; respectively we follow, support and volunteer in similar initiatives of Ford Otosan. We will share same understanding and effort for sustainable growth and development today and in future as we did in the past. We are thankful to Ford Otosan for their support and contributions.

Alper Kanca
President of TAYSAD

Supplier Application Portal Project

With the aim for digitalizing our purchasing processes and reach operational excellence, we launched the Supplier Application Portal Project in 2016 as part of the Ford Otosan innovation strategy. Thanks to the project, our corporate website now hosts a Supplier Application Portal, which is an easy and fair online platform for the companies seeking to become a supplier for Ford Otosan.

Ford Otosan Supplier Network Update Project

Ford Otosan Supplier Network is the part of Ford Otosan system open to our suppliers. The system infrastructure of the online platform was developed further in 2016 in order to enable faster and more effective access by today's standards.

Stakeholder Views:

As Ovalı, a Ford Otosan dealer and reprensetative of 56 years, we believe in sustainability of the group and organization we belong to, furthermore we know that our future relies on that.

When defining sustainability, not only we understand economic and production aspects but also social and environmental aspects as well.

In terms of maintaining economic sustainability Ford Otosan allocates resources for new models, R&D, service quality, production processes as well as works for improving conditions in the country we live in and in the world. Over the years, they have been growing in terms of exports, production, market share and employees as a result of investments they made. While growing in economic terms, they also work in various economic, social, environmental fields for public benefit; encourages us, dealers, suppliers and employees in these aspects. Ford Otosan has been proven its sustainability through its visons for many years now and they will continue with this broad perspective. As a dealer, we will continue to support Ford Otosan during this process.

Osman Ovalı
Owner of Ovalı Dealer

During the reporting period, we continued our studies for ensuring business success and development of our authorized dealers and services, which constitute one of the most essential elements of our value chain. We seek to increase the technical competencies, management capacities and knowledge of our dealers and service shops. The Dealer Council practice we conduct help us receive feedback from the dealers so that we can improve our practices further. This way not only do we develop customer satisfaction but also support our authorized dealers and service shops to increase their business success.

Dealer Substitute Vehicle Project

We developed Dealer Substitute Vehicle Project in order to ensure that our customers could be provided with a substitute vehicle when their vehicles are in maintenance and service points. As part of the project, we placed 689 substitute vehicles in our dealers all around Turkey. While ensuring that the customers could access the substitute vehicles thanks to independent audits, we were planning to reach 75% usage rate per vehicle while in 2016 that rate turned out to be 79%. The customer satisfaction studies we conducted showed that our customers were satisfied by this practice by 93%.


Ford
SONY

SUSTAİNABLE MOBİLİTY SOLUTİONS

The socio-economic and environmental conditions the world has come to face increase the need for mobility and transportation while different and innovative solutions are required to be designed to address these needs. It is envisioned that the need for smarter, more efficient and more comfortable vehicles and models will increase even further as the climate problems surface, customer expectations begin to differ and smart city understanding develops.

Thanks to our innovation program, which is one of the most important focuses of our business strategy, we implement model, infrastructure, technology, design and product development studies that will help us develop Ford Otosan's competitive edge and continue our commercial success in the future in line with the product strategies set by Ford Motor Company.

Dating back to 1961, our R&D history has helped us play a leading role in the Turkish automotive sector so far. The fact that we are the only Turkish automotive company capable of designing an end product from the scratch including the engine, design and other components is a clear indicator of our superiority in the market. The studies we conducted in 2016 took our R&D championship, marked by our technical competence, infrastructure, R&D staff, investment and patent portfolio, to a whole new level. In addition to the products we produce, the fact that we are evolving to an automotive technology company exporting engineering makes us even more proud of being Turkey's exports champion. Another aspect that proves our global significance within the Ford ecosystem is that we are Ford Motor Company's global design and engineering centre for the heavy commercial vehicle and diesel engines as well as the main support centre for light commercial vehicle design and engineering.

Our innovation studies, which constitute one of the main components of the company's main business strategy, are conducted under the leadership of our senior management. The strategic orientations set by the senior management are implemented by our R&D centres in line with the plans made by the Intellectual Rights Committee. We assess the R&D studies we have conducted at the Invention and Patent Assessment Meetings held within the Global Ford World and Ford Otosan.

Evaluated at a level from the senior management to the entire R&D organization according to a performance management system, R&D studies are also addressed by the audit studies conducted by the internal control and shareholders.

We seek to make innovative thinking and being R&D-focused a part of our corporate culture. For that purpose, we provide innovation trainings for our employees with a scope that goes beyond our R&D personnel in an effort to ensure that the effective suggestions made by our employees could provide an input for our R&D studies. In that respect, we also establish an infrastructure that makes it easier for the ideas of the employees to mature into projects open for development. During the reporting time, "Fikirhane - Idea Factory" practice we completed remains an essential ground for this vision.

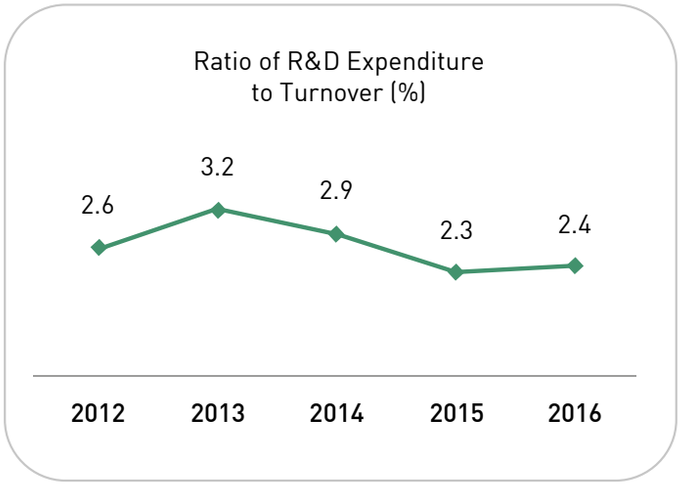
Our innovation studies are focused on three main aspects. These aspects are product development studies including the development of engine, powertrain, body, interior space besides fuel economy, emission optimization, driver assistance systems, new mobility systems development studies for meeting the future needs and finally process development studies to make Ford Otosan operations more efficient. Especially within the scope of the Industry 4.0 concept, the studies for increasing digitalization of the production operations remain an important position in our current innovation practices.

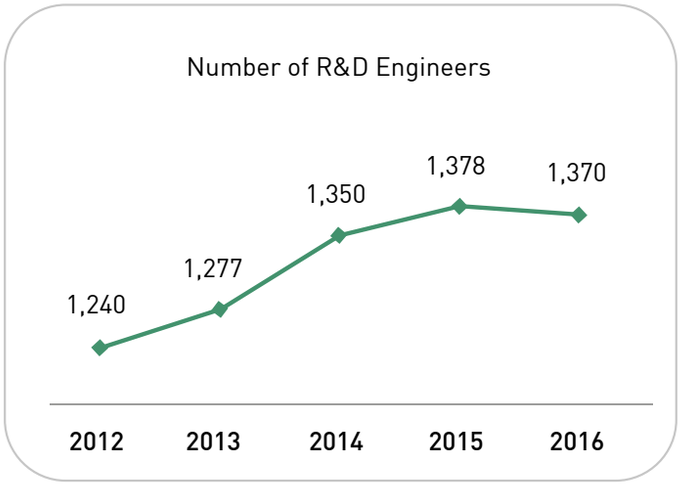
In that respect we spared 384 million TL for the R&D projects and investments we conducted in 2016. Therefore we have allocated 2.5% of our turnover on average for R&D, which is much higher than the average rate in Turkey. Moreover, we are a leader in Turkey in terms of R&D employment with our 1,370 R&D employees.

As a result of all that developed R&D capacity and our experience exceeding over 50 years, we have turned into an R&D exporter and exported 80 million USD worth engineering in 2016. In other words, the engineering exports we made since 2010 have reached 400 million USD.

Together with 187 new applications we made in 2016, total patent and utility model application made since 2003 by Ford Otosan reached to 899, 282 of which resulted in registration. Due to portfolio analyses and recent technological developments, Ford Otosan has decided not to keep some of the patents and utility models under protection anymore.

By the yearend 2016, Ford Otosan holds 110 patent documents as well as 1 utility model document in its portfolio. Turkish Patent Institute continues to review 614 patent and utility model applications.





	Patent Portfolio	Document Total in Portfolio	Application
2016	725	111	187
2015	545	102	137
2014	477	115	110
2013	429	141	80
2012	362	122	73

Product Development Test Track Project

Completed in 2016, İnönü Plant Product Development Test Track and Workshop Project enables us to carry out the product tests we used to perform in different locations abroad, within the plant. Thanks to the investment, we have saved 560 business days of travel time and costs. Moreover, we have prevented the economic and environmental impact stemming from the delivery of the products, testing materials and parts abroad for a number of times. However, the greatest benefit we have enjoyed from the project is the R&D experience we will gain from performing the tests in-house, shortened times for the test processes, ability to check and expand on the outcomes as well as offering these services to outside the company.
Meanwhile it is also important that the occupational safety risks have gone down besides the advantages gained from conducting the tests on the track, in a controlled environment instead of performing them on the roads open for general use in the past.

University – Industry Cooperation

University-industry cooperation plays an important role for speeding up development in fundamental sciences, increasing scientific research in these areas and translating the knowledge produced by the universities into technology by the industry. For that purpose, we undertake collaborative projects with various universities including Boğaziçi University, İstanbul Technical University, Middle East Technical University, Yıldız Technical University, Koç University, Kocaeli University, Okan University besides Tübitak Marmara Research Centre.

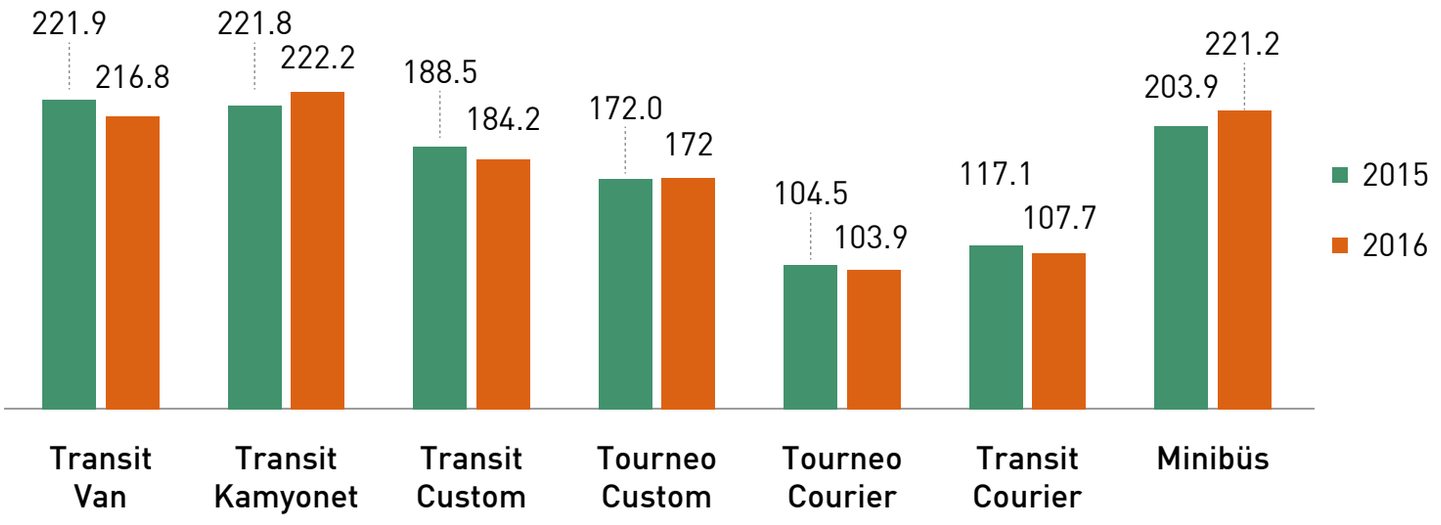
Apart from the joint projects conducted with universities, we also support the development of infrastructure in the universities. Some of the studies we have completed in that respect include Ford Otosan-İTÜ Cylinder Head Thermo-Mechanical Fatigue Testing Lab established within the scope of SANTEZ in İTÜ Chemistry-Metallurgy Faculty, Ford Otosan-Sakarya University Software Office, Koç University KÜFOTAL Engineering Office and Synthetic Gas Laboratory, Kocaeli University Ford Otosan İhsaniye Automotive Vocational High School.

EFFICIENT AND LOW EMISSION VEHICLES

Changes in the legal, environmental and demographic conditions lead to significant differences in consumer expectations. Due to these differences, global automotive sector is now also focused on developing new engines and systems for the sake of fuel efficiency and reduction of greenhouse gases stemming from vehicle fuel consumption.

As Ford Otosan, we implement various projects in line with Ford Motor Company product strategies for new engine, transmission, mechanical and electronic systems. Our studies reduce fuel consumption for vehicles while improving the emission values, which in turn decrease the environmental footprint of our products and also provide us with competitive advantage in the market thanks to consumers' appreciation.

Consolidated Emission Levels of Vehicle Families[1] (g CO_2/km)



[1] For calculating the consolidated greenhouse gas emission levels of the vehicle families, 2015 and 2016 sales amounts and on average unit emission levels are taken as basis.

optiTruck Project

Heavy commercial vehicles constitute the backbone of the logistics sector and are an important greenhouse gas source due to their emission levels and the frequency of the times they are used. Despite the improvements made in recent years, the European Council predicts that the greenhouse gas emissions stemming from heavy commercial vehicles will not change much unless more effective measures are taken.

In the light of this prediction, optiTruck project bringing 11 project partners from 7 European countries within the framework of Global Optimiser system began in 2016. The project seeks to utilize smart powertrain control systems and calibration methods as well as ITS and big data packages including transport mission, road topography, weather and road conditions so that the powertrains could reach maximum efficiency. The prototype to be produced as part of the project is planned to be over 20% more efficient when compared with the energy consumption of a heavy commercial vehicle in Euro 6 standards.

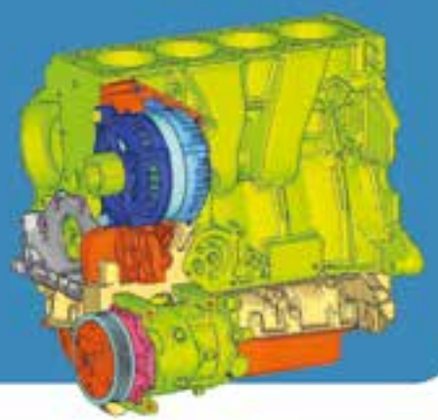
optiTruck

This project has received funding from the European Union's Horizon 2020 reseach and innovation programme under grant agreement No 713788.

DW10FP Engine Development Project

Completed after a product development process of 5 years, DW10FP Engine Development Project has been used on Mondeo, S-Max and Galaxy platforms and then in 2016 began to be implemented on the Edge platform, SUV vehicle offered to European market. Project has been completed with better results than expected in terms of fuel economy and emission performance.

Within the scope of the project, DW10FP is developed as the Ford's first diesel serial double turbo engine and is equipped with an exhaust system featuring LNT, DPF and pSCR so that it can comply with the Euro 6 emission levels. DW10FP also offers major high-tech innovations such as an electric thermostat, an oil pump with flexible volume, active front grill wings. At the end of the project, the engine output of DW10FP has been increased from 204 Ps to 210 Ps and comes with a considerably low level fuel consumption of 152 gr/km on NEDC combined fuel consumption basis.



Ranger Puma Eu6.1 Project

Thanks to the 2.2 and 3.2 TDCi Duratorq engines developed in 2015, Ranger and Everest vehicles reached Euro 5 emission levels, amounting to save 23% on fuel. In 2016 the Ranger vehicles were equipped with DOC, DPF and SCR exhaust systems to comply with the Euro 6 emission regulations. An engine software update has also been introduced to achieve lower emission values at the same fuel consumption values.

Transit ICA Ecoblue Engine Project

Switching to Euro 6 emission level with a project to integrate the 2.0 liter Euro 6 Ford EcoBlue diesel engine with 105 PS, 130 PS and 170 PS output power options, the project has led to saving 9% on fuel consumption and reducing 55% on NOx emissions as far as the Transit and Transit models are concerned. On top of the new engine series, these models now come out with advanced technology driving assistance systems such as side wind stabilization, traffic sign recognition system and accident prevention assistance with pedestrian/vehicle identification feature.

Project for Developing Air Controller Architecture for Heavy Vehicle Diesel Engines

Air controlling software controls dynamically the pressure and oxygen amount of the gas getting into the engine in order to meet the expected power/fuel consumption of the vehicles while also checking the chemical contents of the gases leaving the exhaust pipe and helping the diagnosis of the breakdowns of the elements accounting for the airway of the engine.

The current software used are imported from abroad as they are not implemented in Turkey and because their fundamental architecture is based on passenger vehicles, they do not support the equipment and driving conditions of heavy vehicles fully.

Implemented in order to build up Turkey's capacity for creating such software architectures and meet the needs that might rise because of Ford Otosan's future engine strategies through local resources, the project seeks to design, develop and implement the airway controlling software for Ecotorq diesel engines, whose intellectual property rights belong completely to Ford Otosan.

Conducted in collaboration with a university, local airway controlling software for heavy vehicles will be developed for the first time in Turkey and we will overcome the incompatibility of the current software with heavy vehicle technologies and come to own a flexible and easy to calibrate software.

New Generation Ford Transit Courier and Ford 1848T

Launched for consumers during the reporting period, new generation Ford Transit Courrier and Ford 1848T have achieved lower fuel consumption and emission levels than their competitors. New generation Ford Transit Courrier has reached 99 g/km emission level, 7 g/km than its closest competitor, thanks to its aerodynamic body, efficient 1,5L Duratorq TDCi engine and Start/Stop properties.

As for Ford 1848T, which boasts new generation 12,7 L Ecotorq Eu6 engine, improved aerodynamic body besides new technologies such as variable steering wheel pump, adjustable air compressor, comes with 8.5% fuel consumption advantage when compared with the 1846T from the previous generation.

VEHICLE SAFETY

The primary priority of our product development studies is to provide our customers with a driving experience of high safety norms thanks to high tech and innovative design and materials used. Therefore we ensure the compliance of all our products with the legal regulations of the markets they are launched in, Ford Vehicle Safety Design Guide and generally accepted safety standards. There are no incompliance cases for the vehicles we produced in 2016 regarding the legal norms identifying safety conditions.

We equip our vehicles with the most advanced active and passive driving safety technologies. Thanks to these practices, our vehicles rank among the safest vehicles of their classes not only according to the audits of the Ford test centres but also by passing many independent tests evaluating the vehicle and traffic safety norms such as Euro NCAP, US NCAP, AU NCAP with a high level of success.

Increasing in parallel with the growing population, the need for mobility calls for supporting the urban life, which offers limited physical conditions, with a smarter infrastructure. Especially today, the fact that individual access to the internet has become widespread to a great scale besides the fast-developing availability of the technologies, big data clusters in the cloud environment to be used in coordination with the city infrastructure and armatures calls in parallel with a growing need for equipping the vehicles, which remain an indispensible aspect of mobility, with smarter systems. The development of these technologies will lead to the production of safer, environmentally friendlier vehicles reducing the time spent in traffic, making life easier and creating added value for the consumers.

Therefore the demand from consumers will be directed to vehicles equipped with such capabilities.

As the vehicles get smarter, they will continuously communicate with each other and the infrastructure elements and will process big data clusters fast. Consequently they will process the real time safe driving, digital map, signalisation and emergency data instantly to decide for the most efficient and safest driving options, therefore making it possible to develop autonomous vehicles leaving the drivers with minimum need to intervene. Thanks to these properties, travel and driving experience will significantly increase while especially aged consumers and disabled users will be able to meet their individual mobility needs in a more efficient and safer fashion.

Network Connected and Prescient Vehicle Controlling System Development Project

Network connected vehicles and prescient vehicle controlling systems remain among the newest technologies for improving fuel consumption of heavy vehicles, reducing maintenance costs and providing added value services the customers. Besides GSM, Wi-Fi and GPS connection properties for the Cargo trucks, we plan to provide added value functions and services for our customers with the development of an electronic control unit and ADAS (Advance Driver Assistance System) featuring the topographic information regarding the roads. Within the scope of the project, not only are we working on the functions such as the controlling of the powertrain systems and prescient cruise control but also on supportive functions for evaluating driver behaviours, remote software update, data collection and error network connected diagnostics functions.

In addition to the benefits it will provide for our consumers, the project stands out as the first of its kind devised for serial production in this area and is the first stage for the roadmap of autonomous vehicle development. Therefore the project contributes a great deal to national know-how accumulation and technological development. The project is also noteworthy in terms of its potential to reduce CO_2 emission and the positive impact it will make on the environment.

Development of Vehicles fit for Disabled Access

The projects launched in the previous periods for making our vehicle platforms used for mass transportation to be fit for easy access of the disabled passengers continued during reporting period too. In that respect in 2016 our Sancaktepe R&D Centre completed the homologation and certification processes of our 10+2+1, 6+3+1 and 2+2+1 vehicles for disabled passenger transportation and fit for the use of hospitals, municipalities, nursing homes, physiotherapy centres and special disabled schools while providing them for the use of various organizations.

Our disabled access granting 16+1+1+2 minibuses designed for mass transportation to carry passengers both standing and the disabled are now working in various locations in Turkey including
Sakarya and Fethiye.

We have also completed the engineering studies for our 14+1+1 vehicles to act as disabled access granting service shuttles and school shuttles in 2016. We plan to introduce these vehicles in the second half of 2017.

Assume Project

Funded by the European Union EUREKA cluster program and various national organizations including TÜBİTAK within the framework of ITEA 3, Assume Project No. 14014 seeks to develop software tools in a low-cost fashion complying with the standards for developing, verifying and checking the software, which remains of critical importance in terms of ensuring safety and performance. An international consortium composed of various companies and universities implements the project. Within the scope of the project, Ford Otosan works on developing driver assistance systems such as automatic emergency braking, lane detection and warning systems as well as debugged software focused on vehicle dynamics such as air suspension level control and semi-active suspension control systems.


FİKİRHANE
Her şey bir fikirle başlar
fikirbazlar üretiyor
FİKİRKAZANI
Fikirler Fokurdasın
FİKİRBORSASI
Yenilikte Değer

FİKİRHANE
IDEA FACTORY

"Everything begins with an idea"

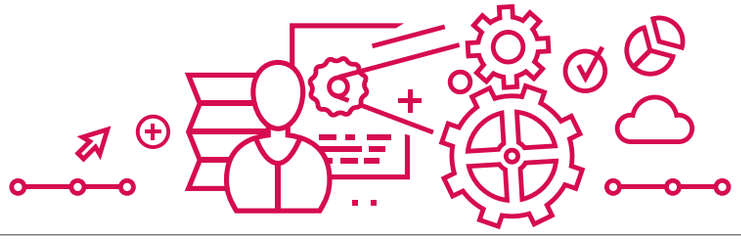
"Fikirhane – Idea Factory" is an in-house innovation platform allowing Ford Otosan employees with an entrepreneurial spirit to bring their ideas designing the future to maturity and implement. All the breakthrough innovations begin with a simple idea in life and then they flourish in a participatory environment marked by open minds, and eventually turn into products adding not only value to our lives but are also by then deemed essential for us.

Ford Otosan's internal entrepreneurs, whom we call "idea magicians (fikirbaz)", submit their new ideas on current products, services and business models to Suggestion System on the Fikirhane through desktop or mobile applications. Once implemented by the related units, the suggestions are evaluated within the scope of the Ford Otosan Suggestion System and the owners of the ideas are rewarded.

Capable of changing the structure of the current products, services and business models in the market, the semi-radical/radical ideas are submitted to the Fikirhane through campaigns started in various periods of the year. Once they have matured in Entrepreneurship Camps, prioritized ideas are evaluated the Innovation (INOVAK) Committee chaired by Ford Otosan General Manager Mr. Haydar Yenigün. Projects receiving favourable scores during project development phase are approved by Innovation Committee for commercialization.

The ideas prioritized by the Fikirhane are managed according to the "Lean Startup Methodology". The teams to implement the idea are given comprehensive trainings regarding the methodology while mentorship services provided by the Consulting companies specializing in this field. One of the most important expectations of the program is creating a Minimum Viable Product and testing it on customers. Minimum Viable Product is a product that is yet to be finalized but bears the fundamental properties of the value proposition presented to customers by a new product. It is used to learn the customer's views and ideas regarding the value offer and business model. They are used for understanding customer views on value proposition and business model. The teams can change the business model depending on the data from the meetings held with the customers.

As far as the ideas to be covered by Fikirhane are concerned, the innovation orientations to be implemented by Ford Otosan in the short and medium term are prioritized. These areas include Digital Transformation, Smart Factory, Customer Experience, Interactive Vehicles and Autonomous Truck Technologies. In that respect, the theme of the first idea campaign we have organized set as "Smart Mobility Solutions for a More Viable Mega City".



We have held the first startup camp preparations event, "Idea Magicians Meet", during the reporting period. 426 ideas shared with Fikirhane were evaluated in a preliminary process and then 8 projects were eventually prioritized. 40 participants including the idea owners met at the event. After that Ford Otosan's first Startup Camp was held. Currently the project teems keep working on 8 prioritized innovation projects.

Thanks to these studies we have undertaken, Ford Otosan has been elected as the Turkish leader of the Innovation Organization and Culture category in the İnovaLİG Project organized by Turkish Exporters Assembly (TİM) and A.T. Kearney.

Fikirhane remains an important milestone on the path to developing Ford Otosan R&D culture to meet the expectations of the future, and we are keen to evolve it into a significant platform for developing the entrepreneurship spirit within the company besides increasing open source and social innovation opportunities.

Stakeholder Views:

"Ford Otosan came first in the "Innovation Organization and Culture category of İnovaLİG 2016. Ford Otosan develops several initiatives with their suppliers from Turkey for increasing R&D collaborations besides conducting joint projects with universities, and public institutions under local and international programs. In 2015 Ford Otosan has also embedded R&D into its major strategies."

Turkish Exporters Assembly - TİM, 2017

TİM TÜRKİYE İHRACATÇILAR MECLİSİ

DIGITAL TRANSFORMATION, SUSTAINABLE FUTURE

Digital products and services gradually have bigger roles in every aspect of our lives. While the use of the internet increases fast, new products, services and technologies develop further, diversifying the possibilities offered by this infrastructure, which in turn shows that in the future digital technologies will be used in a much broader perspective and will determine our living standards.

Digitalization development trend has gone beyond the products and services for individual users. Especially the development of the internet of things technology infrastructure now enables the cyber-physical systems, also called Industry 4.0 today, to be employed in a more widespread fashion by the production facilities.

Combining the IT systems and conventional production systems, this new understanding of production makes it possible to produce at lower costs with systems offering efficiency regarding energy, materials and labour besides being environmentally and climate friendlier. In turn this development clears the path for an environmental friendlier operation extending from the supplies to the sales and service processes in a more error-free, reliable fashion with maximized occupational safety levels enjoyed. Thanks to high level of efficiency reached, consumers will pay more for R&D, innovation and added-value when they purchase a product while the cost for natural resources, materials, labour and other operations will decrease.

Monitoring this transformation in the industry closely, we undertake studies to increase digitalization of our production operations, which account for an important portion of our R&D operations as part of our business strategy. Identified in a risk and opportunity focused approach, these focus areas guide our aforementioned studies, which will help us switch our production plants to smart plant concept in a short period of time. As a result, not only will we make our production processes more efficient and error-free but will also minimize our environmental impacts such as climate change, energy and water consumption, material efficiency, greenhouse gas and air emissions, solid wastes and wastewater discharge.

In that respect, we decided to continue our digitalization and process improvement studies with 14 projects. Our approved projects include New Generation CRM (Customer Relationship Management), Information and Data Management, Smart Sales Estimation, Error Estimation, Process Optimization and Automation, RFID Use, Smart Supply Chain, Advanced Production Planning, Digitalization of the Purchasing Processes, Quality Root Cause Analysis, Increasing Prototyping Competence in Virtual Environment, and finally Customer Orientation and Employee Analytics.

New Generation CRM (Customer Relationship Management) system seeks to monitor customers (potential and long-term) through all channels online and offline for creating a data pool besides an independent campaign management for Ford Otosan, unique and uninterrupted "customer experience" on online and offline channels, use of area management and efficiency instruments by gamification, achieve customer segmentation with customized/customizable campaigns structure, constantly improve the campaign structure through research such as A/B testing and feedback from the dealers in addition to artificial intelligence, introduce an interactive customer interface besides issuing real time CRM reporting.

Smart Sales Estimating will enable us to plan the possible order estimates during the year beforehand thanks to analysing various structured and unstructured data in an analytical fashion such as order/sales detail data of the passenger, light and heavy commercial vehicle customers from the past besides the website traffic, online vehicle configuration information, vehicle stock, seasonal changes, political and economic factors and market estimates.

Within the scope of error estimating, new smart sensors and automation equipment will be set up besides planning maintenance operation estimates by collecting and analysing the current error data.

The first phase of introducing the RFID technology for material and container stock tracking digitalization will enable us to monitor the movements of the material carrying boxes between the plants and the first 15 suppliers real time so that the inventory management and operation processes could be digitalized. In later stages, the remaining suppliers will be included in the system and real time parts and containers tracking will be achieved between the suppliers and Ford Otosan.

Smart Supply Chain project seeks to monitor movements of the parts real time while increasing the production quality through inventory management thanks to cloud based data integration and analysis to be completed among the Ford Otosan material management, production systems, suppliers and logistics providers.

Within the scope of Advanced Production Planning, stock RFID and smart supply chain practices will be integrated in addition to advanced planning and programming techniques so that the vehicle production steps on the production line will be tracked real time and parts will be provided without shortcomings.

Digitalization of the Purchasing Processes will enable structuring of all the purchasing processes such as part supplier strategy, purchasing order management, equipment inventory management through digital instruments besides establishing a joint system platform with the suppliers.

Employee Analytics will enable engagement level of the employees to increase through artificial intelligence instruments used for planning the individual training need estimates and plans for a longer working life as well as guiding employees to the suitable, alternative positions for their career development in line with their skills and talents.

We launched projects and studies in order to improve product development process and to avoid time losses in repeating tasks. For these practices, that we call Process Quality Mapping, we conducted a survey to receive employee views and suggestions. With this practice, we aim for efficiency improvement in product development, leaner business processes, employee awareness raising and inclusion of first user reviews into the process.

We foresee that there will be a 65% improvement in request, approval and purchasing process time regarding the prototype part investment and serial production investment through Robotic Process Automation, the first study we have conducted in terms of process quality mapping. As a result of the first implementation step of the practice, we aim that virtual robots will take over 885 person*hour workload. We launched new projects to enable this practice to be embedded into available processes of various other departments. Hence, we aim to achieve a 60-70% saving in regular and repeating tasks.

Increasing Competences in Virtual Environment will enable us to conduct product verifications in online environments instead of physical prototypes, and we seek to be in a position to verify the products we developed in virtual environment in 2020.

The goal of the studies for Increasing Competences in Virtual Environment is to include the fast developing virtual reality and Hardware-in-the-Loop (HIL) technologies at a higher rate in our product development processes, develop our current computer supported engineering competences and reduce prototype vehicle use by 80% and material use by 30% in the long term.

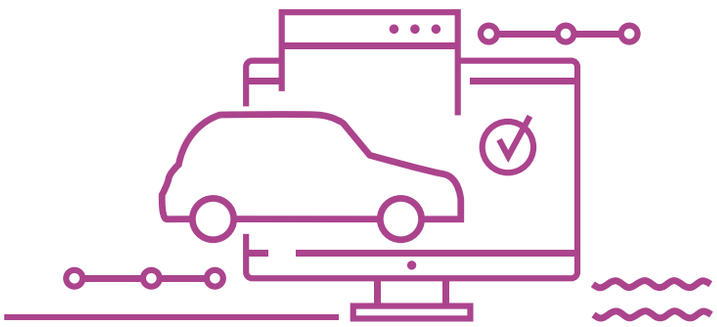
In the same way, we aim to reduce the prototype costs and test times for engine development too. For that purpose, we will first characterize in controlled testing environments the combustion and flow performance inside the engine, the vibration and endurance properties on part and system basis besides increasing the accuracy of the models used in computer-assisted simulation studies. The know-how to be acquired from these studies will get the virtual reality engineering studies to replace the test studies.

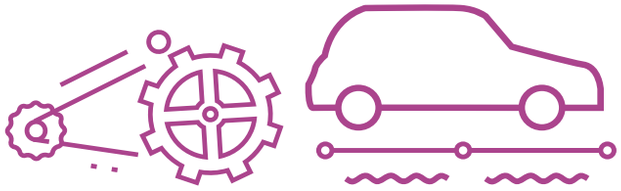
Therefore the time, costs and labour we save will be spared for innovative approaches that can take our product quality to improve further and we will be able to increase the efficiency of our product development processes.

Information and Data Management will help us get the product development databank accessible and sustainable.

For an engineering company, the most valuable resource is the know-how, data and experience it has created and gained. Information and Data Management project aims to make the files, drawings, information, analysis results and test data Ford Otosan generates in high numbers and amounts everyday, easily searchable, indexed and accessed fast by the required people when needed.

The project will first take all the files produced and used to an indexed via meta-data virtual server instead of keeping them in shared locations or personal computers.





Project will be launched first in Product Development and New Projects departments and until the year-end 2017, system entry for all units will be completed. Once this step has been completed, a system that can integrate the drawings of the Product Development, test data and analysis results will be put in use. We then plan to search for and introduce a system that compiles the know-how and project information created.

In terms of Customer Orientation, we intend to integrate customer expectations and needs with our projects entirely and design the vehicles according to customers' demands and needs from the start.

Views, demands, complaints, appreciation from our customers are delivered through various channels and guide our team developing our products. We are working on to consolidate the views and guidance from these various channels together with statistical data regarding our products in an easier way for our product development employees to access easier through a single digital interface. As the new needs or preferences our customers attach importance to received, they will get expanded on and be placed besides our current technical specifications management system as secondary, practical and living specifications and will thus be covered by our development processes fast.

Regular activities will be held in order to get the current customers and prospect customer to be closer to our product developers regarding the issues they are working on, and to strengthen our dialogue with sales and after-sales teams, dealers, dealer technicians, dealer sales employees. Our employees will be given the opportunity to experience our products on our test track closed to the traffic and gradually more and more of our employees will be able to look through the eyes of the customers so that they can comment on our products for their further development.

Digitalization in Purchasing Processes

During the purchasing processes, the data input of the new supplier company and inventory forms of our manufacturers used to be manually arranged. We have digitalized these processes with the new modules we implemented, which now saves us 12,800 A4 size paper sheets on average annually.


KUGA

ENVIRONMENTAL SUSTAINABILITY

The emphasis placed on environmental sustainability besides the pioneering steps taken regarding the issue remains one of the greatest strengths for Ford Otosan on its path to realize the goal of creating value for all our stakeholders in Turkey and abroad. While reducing our environmental impact on the natural resources by achieving the highest efficiency levels regarding our products and production processes, we also consider taking both our society and our company to the future in line with a sustainable development vision one of our fundamental responsibilities. Therefore, we conduct studies for developing our products and production processes in accordance with an "environmental ustainability" understanding.

Based on a series of guiding frameworks identified on global, national and plant scales, our Environmental and Energy Management is shaped in accordance with the Ford Motor Company Environmental Policy Letter No.17; environmental policy principles number #7, #8 and #9 of the UN Global Compact, of which we remain a party; as well as Koç Holding Environmental and Energy Policy and Koç Group Climate Change Strategy. Our Environmental and Energy Management approach set remains prioritized as far as our entire operations, managers and employees are concerned. Moreover, we expect the dealers, suppliers, contractors and our other related business partners to act in accordance with the Ford Otosan Environmental and Energy Management approach during their operations.

The main goal of the Ford Otosan Environmental and Energy Management is to ensure environmental sustainability at the highest level on our value chain from supplies to the sales. The policies developed in order to realize that goal include:

• Devising business strategies in harmony with our Environmental and Energy Management approach and under no circumstances compromising our environmental goals;

• Acting on the basis of the principle that the environment and ecosystem services provided are to be preserved and will only to be used to the extent of allowing them to be replenished;

• Prioritizing the development of vehicle technologies with low emissions and fuel efficiency so that the emissions stemming from our products could be reduced while contributing to the fight against the climate change;

• Evaluating any environmental impact and risk that our operations could pose beforehand and taking the necessary precautions;

• Reducing the leading pollution aspects (wastewater, solid waste, hazardous waste, air and noise pollution) as well as greenhouse gas emissions while enhancing efficiency to prevent pollution at the source;

• Providing all kinds of human resources, technological investments and financial resources for the efficient use of the natural resources;

• Ensuring full compliance with the entire related environmental and energy regulations, and in fact acting better than the regulation requirements whenever possible to show even better environmental performance;

• Establishing and developing collaboration with our suppliers, employees, customers and the other stakeholders for environmental sustainability; increasing the awareness of all our stakeholders regarding the issue;

• Increasing awareness in all segments of the society regarding environmental issues besides encouraging them to take steps to resolve the environmental problems on a both domestic and global scale.

Ford Motor Company and the UN Sustainable Development Goals

Following global sustainable development agenda closely and contributing to it, Ford Motor Company Ford Motor Company covered the UN Sustainable Development Goals (SDGs) in its Sustainability Report dated 2015 and announced that it would contribute to realizing those 17 goals while harmonizing its corporate sustainability vision with the SDGs. The report especially states that Ford is to take steps for relating with the SDGs its processes concerning its business processes directly as well as its ongoing efforts for various areas that include fighting climate change, sustainable communities and clean water. The aforementioned efforts will focus on areas such as reducing carbon emissions and water consumption, strengthening community and achieving high human rights standards. This strong commitment made by Ford Motor Company also sets an example to the other representatives in the business world for implementing the SDGs.

Periodically reviewed by the Environmental and Management Representative according to the new conditions and necessities coming up, Ford Otosan Environmental and Energy Policy is revised when needed and takes effect with the approval of the General Manager first and is then announced to the rest of the managers, employees, business partners and public.

You may visit our corporate website in order to read Ford Otosan Environmental and Energy Policy.

The entire environmental and energy management including the fight against climate change throughout Ford Otosan is implemented in line with the strategic orientations identified by the Board of Directors. The responsibility of translating the strategic orientations set by the Board into actions is extended from the company's senior management to the operation locations. Fighting climate change also remains a joint responsibility of our environmental and energy management organizations regarding its various aspects. Therefore, the fight against climate change has an important place in any risk assessment, strategy development, implementation, performance follow-up, monitoring, audit and reporting studies conducted by these organizations.

Within the framework of that line management organized on different scales and locations, Environmental and Energy Management approach is reviewed regularly and is assessed during the Management Review Meetings in light of the new conditions and necessities that have surfaced. Revised when needed, the Environmental and Energy Management approach takes effect with the approval of the General Manager and is then shared with the rest of the employees, stakeholders and public.

Our Environmental and Energy Management Goals

Conducting our studies regarding the environmental and energy management as well as the fight against climate change in a risk and opportunity oriented fashion, we transform the risks and opportunities identified by the related units during risk management processes into short, medium and long term goals that are objective and quantitative goals based on time and defined performance, which in turn allows us to develop ourselves constantly and our stakeholders to monitor the company's performance. Depending on the issue at hand, the goals set cover periods addressed through monthly plans to a five-year plan. However, the realization levels of those goals, which are disseminated in general through performance management system, is assessed on an annual basis. The realization levels of our goals pertaining to environmental, energy and the fight against climate change methods is placed on the scorecards of all our related employees including the senior managers as part of the remuneration system. In that respect, our goals set for every year for the next five years include:

- reducing energy consumption per vehicle produced by 2%
- reducing water consumption per vehicle produced by 6%
- reducing waste amount delivered to the waste landfill by 7%
- reducing volatile organic compound (VOC) emissions by 2% on gr/m^2 basis
- reducing CO_2 emissions by 2% per vehicle produced
- implementing the legal regulations regarding the environment with 100% compliance.

Goal Title	Current Status /Reference Year (2016) – (realized)	Strategic Goal (2021)	2016-2021 (Change %)
Greenhouse Gas Emission*	0.58 ton CO_2 / vehicle	0.52 ton CO_2 / vehicle	10.34
VOC Air Emission	41.68 gr / m^2	38 gr/m^2	8.83
Energy Consumption per Vehicle	5.86 GJ / vehicle	5.23 GJ / vehicle	10.75
Water Consumption per Vehicle	2.98 m3 / vehicle	2.41 m3 / vehicle	19.13

* Our long-term CO_2 emission reduction goal for the period 2010-2025 is 30%.

Goal Title	Current State/ Reference Year (2016) – (realized)
Wastewater per Vehicle	357.912 m^3
Total Waste Generated per Vehicle	248.73 kg / vehicle
Waste Disposed per Vehicle	1.21 kg / vehicle
Waste Recovered per Vehicle	247.52 kg / vehicle
Hazardous Waste per Vehicle	20.13 kg / vehicle

In that respect the main goals we have identified for the next five-year period,

Our Environmental and Energy Management System/Implementation Instruments

We benefit from international management system standards as we establish our management systems to ensure the efficiency of our environmental and energy management. In that respect, apart from the legal regulations, the foundations of our environmental and energy management systematics are shaped according to the requirements identified by the ISO 14001 Environmental Management System Standard, ISO 14064 Greenhouse Gases Calculation and Verification System Standard and finally ISO 50001 Energy Management System Standard. In addition to that, our environmental and energy management systematics also comply with the Ford Environmental Operation System (EOS) and Ford Energy Management Operation System (EMOS) requirements.

Prepared in order for this comprehensive management systematics to be implemented in all operations in an effective fashion, Ford Otosan Environmental and Energy Management Handbook and Greenhouse Gas Management ISO 14064 Handbook as well as all other related procedure documents are provided for our employees over the quality documentation system.

In order to guide our employees about the environmental management processes regarding their duties, Ford Otosan Environmental and Energy Management Handbook defines the main policy, intentions and goals, system requirements that need to be followed, legal compliance criteria, performance evaluation, internal control and audit procedures, procedures for dealing with incompliance, requirements for training, communication and reporting, forms of recording and management review methods.

Full compliance with the environmental management and related regulations remains the prioritized goal for our environmental management system. For that purpose, we monitor amendments to the regulations constantly and ensure that our practices comply with the amended regulations fast. We also monitor the Environmental Compliance Index (ECI) as one of our scorecard metrics. Our Legal Compliance Index performance is monitored globally both by Koç Holding and Ford Global Emissions Management (GEM) with the entries made into the database. Thanks to those studies, we maintained our 100% legal compliance levels in 2016. In parallel with this development, we neither faced any monetary or non-monetary fines due to an incompliance with the legal regulations nor suffered from any incompliance cases such as an accident. In the same way, there were no complaints conveyed to our environmental and energy management through our complaint management processes or call centre.

In 2016 Ford Otosan Kocaeli Plants Sustainable Environmental and Energy-Friendly Production System & EOS Environmental Production System ran in the finals of the EU Environment Awards 2016 Turkey Program management category.

Our environment and energy management system undergoes a comprehensive auditing procedure focused on risks. Apart from the internal audits held once a year, independent external audits ensure the compliance and certification of our management standards according to various standards set such as ISO 14001, ISO 50001 and ISO 14064.

In addition to that, as part of the EOS Environmental Management System, an independent external audit is held once a year on behalf of Ford Motor Company. Moreover, our system and processes undergoes an environmental audit by Koç Holding every two years. In 2016, İnönü and Kocaeli plants were subjected to 10 spot or scheduled audits by the Government institutions. The performance results obtained are submitted to our senior management through monthly reports, to Ford Motor Company management through Ford Global Emission Management Database, to Koç Holding through annual reports and to all our stakeholders through sustainability reports. Carbon Disclosure Project (CDP) Climate and Water Programs as well as BIST Sustainability Index are among the other channels we present our environmental and climate performance to our stakeholders. The conclusions reached by our stakeholders and their feedback in the light of the information we have released are used to further improve our system, processes and to develop our performance. In that respect, we evaluate our practices at the monthly meetings with the related departments of the Ford Motor Company first to seek ways for developing our performance. Koç Holding is one of our main stakeholders and Koç Holding Environmental Board, which is composed of managers from all the subsidiaries of Koç Holding responsible for environmental and climate management, remains a platform where the company practices are evaluated and the recommendations and best examples are discussed for improving legal compliance, implementation, control and reporting processes of the environmental and climate management.

Moreover the results we get from the CDP and BIST Sustainability Index are among the stakeholder feedbacks we use for improving our environmental and climate management performance. We support the public policy making processes through the sector-specific views provided by the Automotive Industry Association Environmental Committee studies.

Number of Audits			
Koç Holding	ISO 14001	EOS	Number of Official Insitutition Audits (Spot and Scheduled for 2016)
ce Every 2 Years	Once a Year	Once a Year	İnonü Plant: 6 Audits Kocaeli Plant: 4 Audits

The views we get as a result of the dialogue we have established with the NGOs also remain important inputs guiding our studies. On top of all these studies, "Environmental Guide for New Investments" and "New Investment Environmental and Energy Impact Evaluation Form", drawn up by Koç Group Environmental Board under the leadership of Ford Otosan, are used to analyse the impact of our new investments in terms of environment and energy.

Therefore when a project is still in a development process, the person responsible for the related project and the manager responsible for environment and energy evaluate the project at hand, analyse all the potential environmental impact meticulously, take the international and national legal requirements into account and finally decide whether to go forward with the project or not. As a result, we ensure that environmentally and energy friendly projects are formed and guided.

Composing the Ford Otosan Environmental Management System, these instruments are based on constant development and are implemented in an integrated fashion with the other management systems we apply such as quality and occupational safety.

In order for establishing an efficient environmental management and implementing performance increasing projects and practices we spent 6.9 million TL in 2016 on environmental management and investment. Apart from that, an important portion of our R&D spending is focused on improving the environmental performance of our products. With a view to increasing environmental and energy management efficiency and increasing environmental awareness, in 2016 we provided 1,851 person*hour training for our 1,522 employees, 640 person*hour training for 2,481 contractor employees, and finally 6,266 person*hour training for 6,266 participants within the scope of our social responsibility studies.

CONTRIBUTION TO THE FIGHT AGAINST CLIMATE CHANGE

International organization, scientists, states, business world and NGOs agree that, when the risks and impact caused by the climate change are taken into consideration, the world today faces one of the most important development and environmental problems ever encountered.

Due to the fast increase in population, growing cities, changing consumption needs and preferences will result in more and different vehicles to join the transportation network in the future while the expectations increase day by day for the aforementioned demand for vehicles to be met through a product profile marked by highly efficient engines and technologies supporting alternative fuel forms besides emission reduction. Meanwhile the increase in temperatures due to climate change and the changing of the antecedent precipitation will make it harder for many countries including Turkey to access water resources of sufficient amount and quality. A possible water shortage is regarded as an important risk factor for the production processes. Consequently, various legal instruments and regulations are developed and implemented on national and international levels in order to take the greenhouse gases causing climate change under control, reduce them and ensure compliance with their effect. In other words, on one hand it is predicted that not only the products but the production processes too will be shaped by the expectations and regulations more and more centred on reducing greenhouse gases, on the other hand, the low carbon economy formed to fight climate change will provide manufacturers with a competitive advantage stemming from their innovative designs and at the same time will also offer advantageous tools such as funding support received for green energy systems and low carbon technologies investments. In view of all these facts, Ford Otosan regards the fight against climate change with a responsibility principle for seeking a balance between economic growth and environmental protection while also taking the fight against climate change into consideration as an important aspect of its business strategy for ensuring the sustainability of its operations and competitive advantage in the market at the same time in terms of the risks and opportunities coming along with the fight against climate change. Therefore as far as Ford Otosan is concerned, climate change remains a top key element for its sustainability management and evaluates climate change in a comprehensive and integrated fashion in terms of its both environmental and risk management approaches.

In that respect an Action Plan for Fighting Climate Change has been drawn up with the contributions made by the related environment, energy, sustainability and risk management experts working for Ford Otosan. Devised in a compatible fashion with the Ford Motor Company and Koç Group Climate Change Strategy offering a joint vision and principles, our Action Plan for Fighting Climate Change is composed of two main focuses highlighting the fight against climate change in our products and production processes. The first of these focuses falls on reducing the emission amount stemming from vehicle use by developing highly efficient engines, vehicles running on alternative fuels besides driving assistance technologies within the scope of sustainable mobility solutions. The fact that we are the global design and engineering centre for heavy commercial and diesel engine of the Ford System takes our responsibility to a global scale.

Meanwhile the fact that more and more legal regulations are being introduced about the vehicle emission levels stands out an important factor among the risks surfacing due to climate change. We continue our vehicle and engine design and implementation studies with a goal of ensuring 100% legal compliance to eliminate these risks, which also constitutes one of the main aspects of Ford global product strategies. Especially our Euro 6 transformation studies conducted during the reporting period set an important example to such efforts.

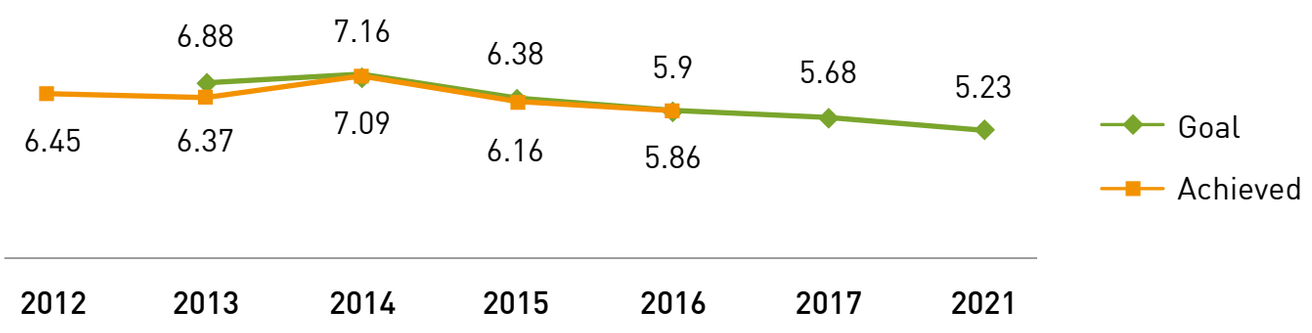
The other main focus of our studies to fight climate change is the steps we take to reduce the production-related emissions. For that purpose, the various studies we undertake include increasing energy efficiency and recovery, reducing greenhouse gas and other pollution emissions as well as evaluating the possibilities of using alternative energy resources in the production processes. In addition to that, our priorities include developing practices based on the 3R principle (Reduce/Reuse/Recycle) for the use of energy, water and other materials on all operation sites besides taking the necessary measures to make the operation sites more "resilient" against the impact (for instance the physical water risk) from climate change.

Ford Otosan also conducts studies about the both components to establish collaborations with the related Government institutions, universities, research organizations and NGOs; to monitor the global and domestic agenda about the climate change and sustainability; and to increase the awareness of all its stakeholders, especially of its suppliers and employees, regarding their capacities and awareness for climate change.

Also valid for the past reporting period, we have 7 goals to achieve in upcoming terms within the scope of the Ford Otosan Climate Change Action Plan:

- All legal regulations and standards within the context of the "Regulation Concerning the Tracking of Greenhouse Gas Emissions" and "Notification Concerning the Monitoring and Reporting of Greenhouse Gas Emissions" will continue to be implemented and complied with.
- Accounting, reporting and verification works within the context of "ISO 14064-1: Greenhouse Gas Emission Quantification and Reporting Standard" will be maintained.
- The scorecard metrics will continue to be controlled as part of the reduction of the greenhouse gas emissions of all production departments within short and long-term plans of Ford Otosan. Therefore, the reduction in the energy consumption (electricity & natural gas) of all production departments will also continue to be controlled through scorecard metrics.
- Energy efficiency projects will continue to be devised, hence maintaining the reduction in energy consumption per vehicle.
- Renewable energy investment studies will be prioritized.
- R&D studies for the products such as environmentally friendly engines reducing CO2 emission will go on.
- Feasibility studies for wastewater recovery projects will be continued as a measure against the diminishing water resources, a negative outcome of climate change.

Energy Consumption Trend per Vehicle Produced (GJ/Vehicle)



As a result of our continued energy efficiency projects, which constitute the main implementation area for our studies to fight climate change and have gone on during the reporting period, we have realized our goal for reducing the energy consumption value per vehicle, a goal that has been maintained since 2015, at a performance level much better than originally planned this year too. The energy efficiency studies completed led to saving 83,094 GJ on energy in 2016 as far as total energy consumption is concerned while the per vehicle energy consumption was reduced to 5.86 GJ/vehicle. Our goal is to reduce this value to 5.68 GJ/vehicle in 2017 and to 5.23 GJ/vehicle in 2021. Our long-term CO2 emission reduction goal for the period 2010-2025 remains 30%. During the reporting period, 6,647 GJ portion of our energy consumption was obtained from renewable energy resources.

Paint Shop Economizer, Driver and IE4 Engine Practices

The project implemented at Gölcük Plant enables generation of hot water through installing an exchanger system on the line generating exhaust flue gas from the paint shop. The hot water is then delivered to the bath lines for preheating, which has saved 30,210 GJ of energy and prevented 1,562 tons of CO_2 greenhouse gas emission annually.

Another project we have completed by connecting the engines of the spraying booth ventilation system to the frequency convertors has saved 20,090 GJ of energy and prevented 2,634 tons of CO_2 greenhouse gas emission on annual basis. Moreover, the replacement of the engines used in the paint shop area with new engines with IE4 efficiency levels has saved 4,725 GJ of energy and 620 tons of CO_2 greenhouse gas emissions

Yeniköy Paint Shop Spraying Booth Project for Saving Energy

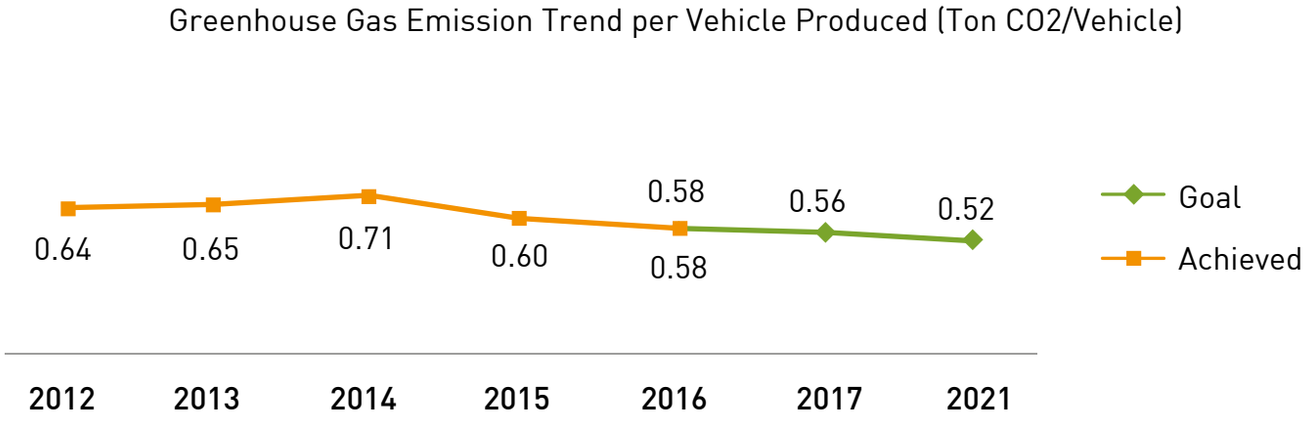
The spraying booth in the Yenköy Plant Paint Shop used to work in vehicle painting mode at times other than production due to maintenance and similar reasons. The project completed has ensured reducing the ventilation frequencies by 22%, turning the sprinkling pumps off and getting the Dry Scrubber mixers to operate at 50% less rate. As a result of the project, we have cut on the natural gas consumption by 53%, electricity consumption by 56% without changing the oxygen levels in the environment, which has in turn led to saving 9,380 GJ of energy and 1,113 tons of CO_2 emission annually.

Gölcük Plant Project for Saving Electric Power on Body Production Robots

Hundreds of robots working on our production processes used to run on 2 amperes of power even when their stations were idle. The study we have conducted in 2016 ensured that the engines in the stations that have been idle for 5 minutes are turned off, which has reduced the consumption to 0.8 amperes. Therefore we have saved 4,447 GJ of energy during without losing time during production.

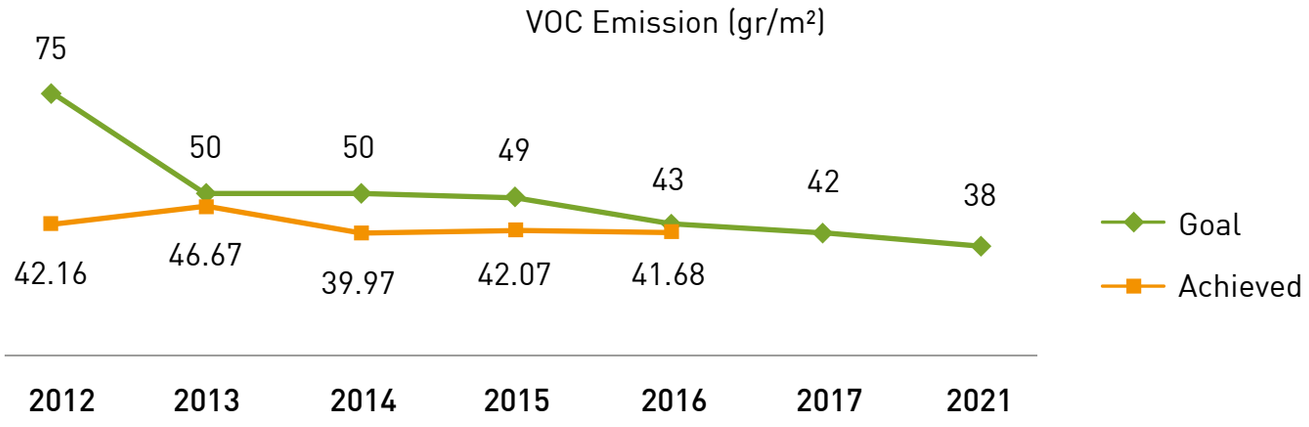
Reducing Compressor Energy Consumption

During the reporting period, the replacement of the thread compressors with turbo compressors of IE4 energy class has led to saving 5,884 GJ of energy and prevented 771 tons of CO2 greenhouse gas emission.



*2015 data was reported in Sustainability Report 2015 were not verified. This chart has been drawn with verified data.

In parallel with energy efficiency levels achieved, we have also reduced our greenhouse gas emission amounts significantly during the reporting period. In that respect, the energy projects we realized in 2016 reduced our total Scope 1 and Scope 2 emission amounts by 6,781 tons of CO_2 while this way we also reduced our emission amount generated per vehicle down to 0.58 ton CO_2/vehicle.



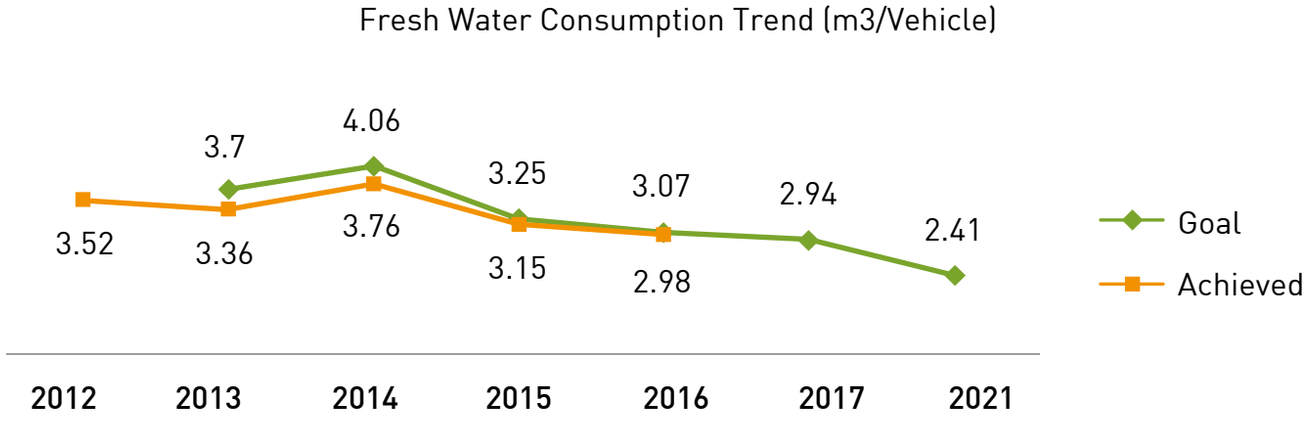
Undertaking studies for controlling and improving the air emission values generated during our production processes just like we do with the greenhouse gases, we measure the air emission values at all our production plants at intervals stated by the legal permits and keep them much lower than the limit values.

Apart from addressing the energy consumption during the production processes, we also conduct studies to reduce the environmental impact generated through raw material and material supply besides product deliveries. In that respect we organize trainings for suppliers and contractor company trainings in addition to incentives provided and joint projects conducted. Therefore we ensure running our supply and sale processes without disruption while also reducing the energy consumption and greenhouse gas emission amounts.

Sustainable Natural Resource Use And Waste Management

Within the scope of Ford Otosan Environment and Energy Management approach, not only do we address energy and emission management aspects but also regard issues such as water and wastewater management, responsible material consumption, solid waste management and biodiversity conservation as areas we intend to develop our related performance constantly.

Due to the increase in the demand and diminishing availability of the resources, responsible and reasonable use of water remains one of the most important environmental issues at hand today. As a result of this, we conduct studies focused on increasing efficiency and wastewater recovery to reduce the fresh water amount used in our operations. Our goal is to reduce the fresh water amount consumed per vehicle produced by 6% annually until the consumption reaches 2.41 m^3/vehicle by 2021.



During the reporting period, our fresh water consumption value per vehicle was cut down by 5% when compared with the previous year, which corresponds to a much higher performance than we aimed at, to 2.98 m^3/vehicle level. Meanwhile we recovered 373,100 m^3 of wastewater and met 27% of our water requirements in our production processes from recovered water.

Water Efficiency Project on the Phosphate Electrode Line

As part of the project seeking to reduce the water consumption by 10% on the Yeniköy Plant paint shop phosphate electrode line, we first cut the water spraying flow rate from 11 m^3 to 7 m^3 and then began to clean the magnetic rods every day instead of once every week. On top of that, we improved the polo filter mechanism and oil removal process, therefore reducing the dirt in the area. Due to these practices introduced, the phosphate line bath change period has eventually been optimized, which helped us the reduce the water consumption level, which was 1.15 m^3 in 2015, to 0.71 m^3 corresponding to a reduction rate of 38%, a performance level higher than originally targeted.

Our primary goal is to recover the wastewater, a natural outcome of using water during production, through our wastewater treatment facilities equipped with modern technologies while we discharge the wastewater that can no longer be recovered to the natural receiving environments stated on the legal licenses and municipal wastewater channels once we have reduced the pollution load of the wastewater to the values much lower than the limit values set. The automation system available at our wastewater facilities constantly checks the quality of the water discharged for diverse parameters. We have set our own control limit 10% below the legal limit as far as our standards are concerned so once the value has neared that rate, the discharging operation ceases and the wastewater is fed back into the plant to ensure that the wastewater is discharged only when it has reached the necessary values. During the reporting period 12% of the 357,912 m3 total wastewater discharge went to the natural receiving environment stated by the discharging licenses and the remaining 88% was discharged into the municipal wastewater channels in line with the legal regulations again.

Yeniköy Wastewater Treatment Facility Pollution Parameters Measuring and Automation Project

Thanks to this project implemented in 2016, we developed an automation system measuring the pollution parameters in the treatment facilities online so that the system automatically shuts down the discharging point when the wastewater has neared the control limit and feeds the wastewater back into the system to be treated again. As a result of this practice, we have begun to simultaneously monitor the changes of the pollution parameters, and therefore now have the opportunity to intervene fast whenever a problem comes up. This guarantees that we can treat the wastewater again back to the legal limits set if the wastewater discharging quality changes for the worse.

Responsible material consumption constitutes an important part of our environmentally friendly production understanding. In that respect, the studies we conduct seek to reduce the material amount used while increasing the material recovery amount. Moreover, we work with our suppliers and prevent the use of materials with hazardous chemicals, as we prefer the options produced with environmentally friendlier raw materials.

Green Purchasing

The studies seeking to reduce the environmental impact from our supplier operations constitute an important aspect of our purchasing process. If the use of chemicals is required for the production of the material we will purchase, the Material Safety Information Forms received from the production companies are fed into the eBA-QDMS to see whether the environmental engineer, occupational health and safety engineer, workplace doctor and emergency team leadership could issue their approvals. When the product contains materials that we find risky in terms of environment, law or ethics, we demand that our producer should substitute the risky raw materials used with safer raw materials.

In line with the REACH Directive and Ford Restrictive Materials List, we either ban or limit the use of the heavy metals and certain substances deemed to be harmful to the environment and health depending on their kind. The supplier operations regarding the substances we have limited the use of are monitored through the IMDS System.

What is more, while picking a contractor company we demand that they should meet all the conditions listed on the Contractor OHS, Environmental and Energy General Specifications besides ISO 14001 certification. Once the company has been selected, we ensure that they comply with our work norms through the environmental, energy, occupational health and safety trainings we provide for all the contractor company employees to work on the project.

Preventing heavy metal consumption in our paint shops thanks to lead-free paint and passivation technology that does not contain mercury, cadmium and Cr(+6), we use water-based paint both on the coat and the finishing in an effort to reduce chemical consumption as well as emission amount.

3 WET Project for Reducing Paint

Within the scope of the project completed in Yeniköy Plant paint shop, a model variant study was completed to determine the models that did not require paint at the bottom while the turning speed of the robots were increased from 350 m/minute to 500 m/minute, which led to saving 56.36 gr paint and reducing 72 gr waste per vehicle.

Metal Sheet Reduction Project for V363 Transit Vehicle

The project conducted in Gölcük Plant began with analysing the blanking metal sheet size of the transit vehicle according to the related operations, which revealed that the blanking metal sheet could be shortened by 10 mm on the outside panel of the sliding door. Once the tests carried out turned out to be positive, the implementation began and the weight of the part was reduced by 0.092 kg. Therefore 7.7 tons of metal sheet material was saved and 14.6 tons of CO_2 greenhouse gas emission was prevented.

Solvent Consumption Reduction in Yeniköy Paint Shop

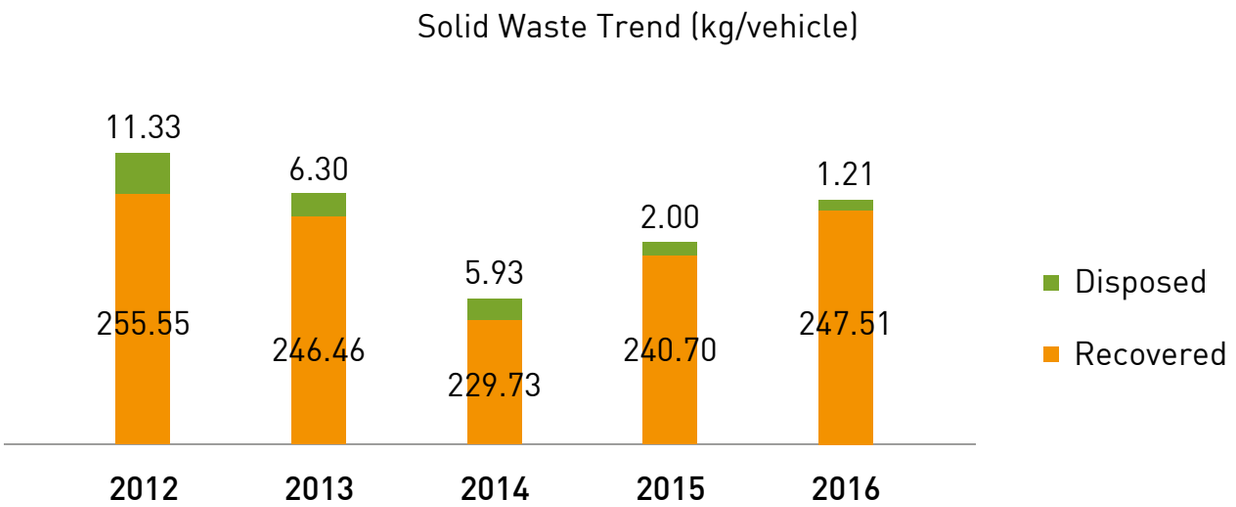
18.7 tons of waste was generated annually because of the solvent used to prevent congestion and contaminations on the paint lines. The analysis carried out revealed that the solvent used in the 2nd and 3rd cycles of this process composed of 3 cycles was clean enough to be used in the first cycle. As a result of the practice we introduced in 2016, we began to feed the solvent waste from the second and third cycles into the first cycle of the process to prevent congestion and contamination, therefore preventing 11.3 tons of solvent waste without compromising the process quality at all.

Reduction of Wax Consumption in Yeniköy Paint Shop

Having observed that the solvent-based wax material sprayed on the vehicle body against corrosion leads to waste by dripping during the implementation process. Due to a cycle optimization study completed during the reporting period in order to save on the use of this material consumed around 169 tons annually, we have managed to use 46 tons less wax in a year and reduced solvent consumption by 9.2 tons.

Reduction of Paint Film Thickness in Yeniköy Paint Shop

We were using 20 micron thick Electrocoat (EC) film in order to increase the body's resilience against corrosion. During the reporting period, we developed a new paint thanks to an R&D project completed in collaboration with the supplier company. The new material offers more covering properties without the need for solvent, which enables us to use 15 micron thick material instead of the 20 micron. It has enabled us to reduce material consumption significantly while helping us reduce CO2 emission since there is no longer solvent consumption in that respect.



Gölcük Paint Shop PVC Line Anti-Masking Project

Thanks to a project carried out, we have reduced the manual implementations by 85% on the implementation line for the PVC protective material spraying under the body. Because the PVC material is now implemented in a more sensitive fashion by the new equipment, the contaminated waste amount generated has been reduced by 66%.

Packaging Tests and Packaging Optimization

The packaging techniques and materials play an important role for the safe delivery of the products. In order to optimize the packaging creating an environmental impact because of the materials used, the question of how much packaging is needed for a certain design to keep the material transported safe from the external effects needs to be answered first. Launched during the reporting period for that very purpose, Packaging Testing Centre simulates the road conditions, conditions of falls/crashes, weather conditions and product weight in an effort to test the endurance of the packaging materials used. Therefore we ensure that every package to be transported will just use the right amount of packaging.

However, reduction of the amount used is not sufficient for the environmental impact stemming from the packaging. Recovery of the packaging materials once they have been used remains a significant practice both in terms of material efficiency and waste prevention. In that respect, we have recovered 10,433 tons of packaging waste in 2016.

Metal Sheet Material Wastage Rate Reduction on Cargo Vehicles

Within the scope of the project conducted in our İnönü Plant, the metal sheet material used on the under frame of the Cargo vehicle was analysed so that the size the supplier needs to manufacture could be optimized. As a result, the waste generated during the cutting process was prevented by 94% and the waste was reduced from 325 tons to 10 tons on an annual basis while also preventing 600 tons of CO2 greenhouse gas emission. Moreover, Ford Otosan has received the second prize in the Efficiency Project Awards 2016 organized by the Ministry of Science, Industry, Technology General Directorate.

Oil and Sealer Waste Reduction Projects

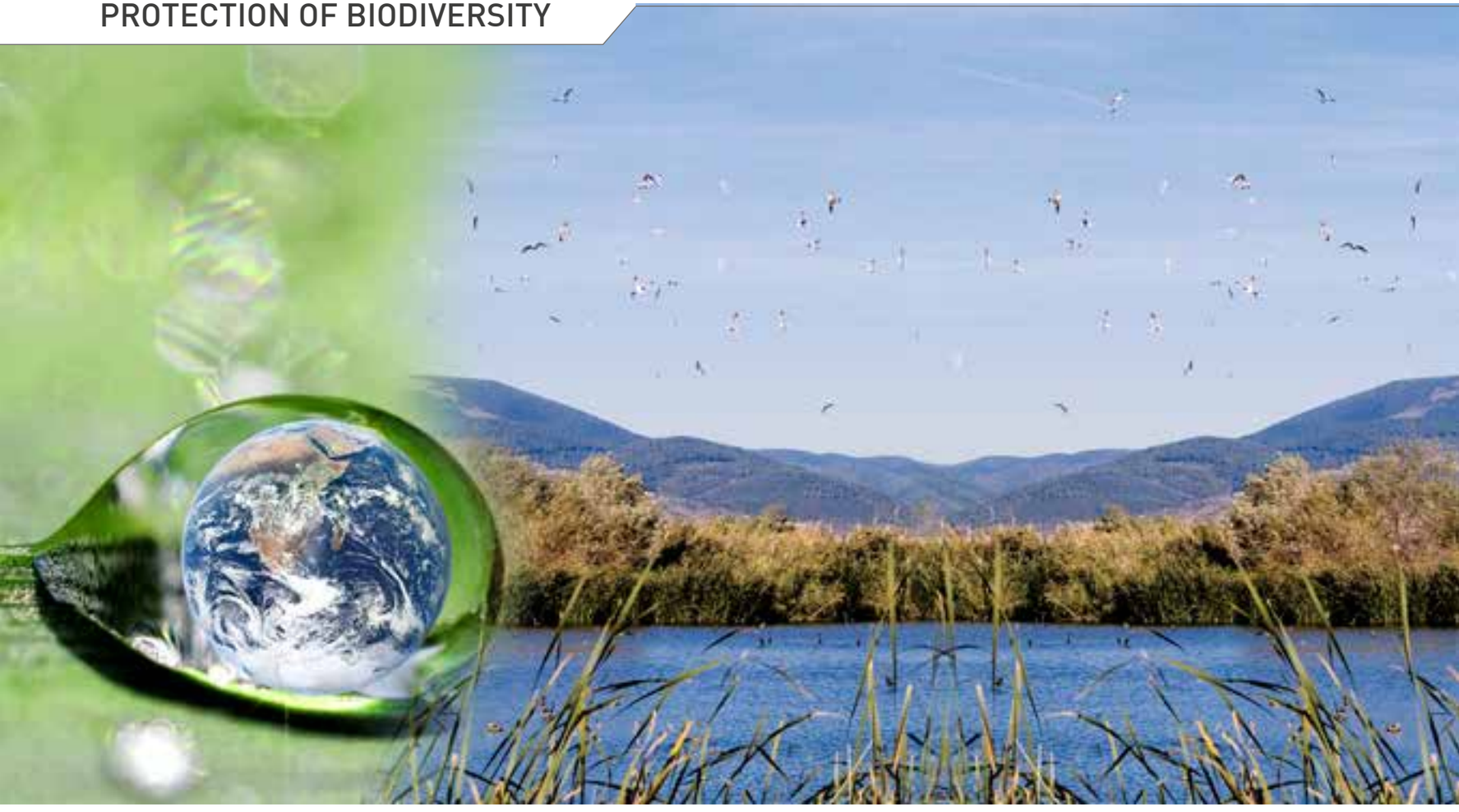
Implemented in the Gölcük Plant Forge Production Directorate, the project has resulted in preventing the leaks that contribute a great deal to the generation of oil waste. The improvements introduced for that purpose improved the waste amount generated per vehicle by 45% and reduced it from 0.091 kg/vehicle to 0.0505 kg/vehicle.

Another project conducted enabled the waste generated on the Gölcük Plant paint shop sealer lines to be sifted by the manufacturing company at the facility so that it can be used in production again. Hence the sealer waste is reduced by 2% and helped us recover 53 tons of waste. The implementation of the very same project in Yeniköy Plant ensured recovering 16 tons of waste for the production again.

COOPERATING WITH CIVIL SOCIETY

In the second half of 2016, we participated in the Green Office Program with our Sancaktepe R&D Centre and Marketing, Sales and After Sales Offices in collaboration with the World Wildlife Fund (WWF) – Turkey. Our goal was to create awareness among our employees about saving energy, more conscious use of the natural resources, sustainable lifestyle issues.

Having created a Green Office Team to carry out our studies in an active fashion, we met at weekly meetings and developed projects for reducing paper, energy and water consumption. We envision that the steps to be taken in 2016-2017 will reduce energy consumption by 3% and paper and water consumption by 4% in our offices in Sancaktepe location while we intend to extend these studies to our other locations as well. Thanks to our Green Office studies launched at our Sancaktepe location, we became the first automotive company from Turkey to participate in the WWF International Green Office Program.



Since our production facilities are located on industrial sites, there are no areas with conservation status interacting directly with our operations around our plant sites. Apart from that, so far no negative impact has been observed on the biodiversity values because of the water consumption of our production processes or our wastewater discharge in the impact areas. When we are constructing our production facilities or making a new investment as Ford Otosan, we always conduct all the technical studies required by the related regulations (including the biodiversity evaluations covered by the Environmental Impact Assessment directives), implement the necessary impact assessments and emphasize carrying out studies for the protection as well as the development of the natural heritage of the areas our operation locations interact with.

What is more, we establish exemplary collaborations with the NGOs specializing in environmental and natural protection. Our collaborations and projects carried out with the Nature Conservation Centre and TEMA Foundation remain among our significant studies in that respect.

(Parus Caeruleus)

(Buteo Buteo)

(Anas Crecca)

(Parus Major)

Although it is not a conservation site, our Kocaeli Plant site has gained an interesting quality in terms biodiversity thanks to the studies we have held. The plant site hosts a natural wetland of 22,000 m2 formed following an earthquake. Meanwhile our biodiversity study also covers a park of 34,780 m2 created years ago by the rehabilitation of a collapse site in a project completed with TEMA Foundation. Since we are located in a region marked by a high number of industrial facilities, this site has turned into the only place for the migrating birds to stop by around İzmit. Therefore thinking that the aforementioned site is important to be protected for its biodiversity value, we have isolated it from the production operation areas.

In 2016 we worked with Nature Conservation Centre, an expert NGO on the subject, and drew up a map for monitoring the biodiversity. In that respect, we launched plant and bird inventory studies on the plant site. The first bird research study we completed showed that 45 bird species were spotted on the plant areas. When compared with the 7 bird species listed by the Environmental Impact Assessment report, the number of bird species has definitely gone up now that the wetlands are under protection. The fact that one of these birds, namely Aythya farina, is listed on the IUCN Red List for endangered species has placed even more significance on our efforts for protection.

(Phoenicopterus Roseus)

(Podiceps Grisegena)


SEN
VARSAN
GÜÇ BİZİM

INCLUSIVE WORKPLACE

Defined by the motto "If you are in, we have the power", our human resources brand seek to provide our employees with an inclusive workplace centred around people and safe, based on equal opportunity, respectful of differences and ethical values, focused on development and supportive of high performance. Thanks to the innovative human resources practices implemented in that respect, we intend to turn Ford Otosan into a most preferred company with high employee engagement rates. Our goal is to be placed among the top 10 preferred companies in Turkey to work for, get to be the leading HR brand in Turkey through sustainable and innovative practices introduced and to ensure that we rank among the top 10 companies on the best employers of Turkey report according to the Employee Engagement Survey reports.

Covering the issues of occupational health and safety as well as human rights and talent management, our workplace practices are dealt with regularly by the senior management to identify our strategic orientations while it is the responsibility of the HR Directorate to implement these strategies.

The workplace practice areas are managed in line with the short, medium and long-term goals defined by the risk management system and our company strategies, and remain an important part of the internal audit, independent audit and public audit studies. We extend the seasonal goals we have set to the company employees starting with the senior managers hence including these goals in the individual performance evaluation system, which in turn makes the goal realization levels for workplace practices a component of the remuneration system. The results we have obtained are also submitted regularly to the Ford Otosan senior management besides the related units of Koç Holding and Ford Motor Company. As for our sustainability reports, they remain the main channel we use to announce our workplace practices, employee portfolio and the performance we have achieved to our remaining stakeholders.

OCCUPATIONAL HEALTH AND SAFETY

The most important and indispensable promise of our HR brand is to provide our employees, whom we regard as the source of our power, with a safe and reliable work environment. Issued in line with such an understanding, Ford Otosan Occupational Health and Safety (OHS) Policy covers the main principles guiding our practices for meeting all the legal and corporate working conditions fully as well as creating a safer, healthier work environment. Ford Otosan Occupational Health and Safety Policy is binding for our entire operation locations, business processes, employees in addition to all our business partners.

You may reach the full text of the Ford Otosan Occupational Health and Safety Policy over our corporate website.

Within the scope of the Ford Otosan OHS Policy, Ford Standards, NFPA Standards and OHSAS 18001 Occupational Health and Safety System Standard that shapes our business processes, we are committed to specifying and defining the likely occupational health and safety risks, forming goals and programs for eliminating these risks besides reviewing the related implementation and performance constantly. We pursue the Ford Global Health and Safety Management System as well as Ford SOS System designed in line with these guide policies for the management of the OHS processes for our employees.

Opinions of Stakeholders:

Today, when change is continuous and transformation is inevitable, as TEGEP, we believe that the power and value created by knowledge grow as they are shared.

We thank Ford Otosan, in line with its participation and sharing of TEGEP's best practices in corporate education and development, for being an institution to add value to the field and stakeholders that invests on training and development of its employee and having professional teams that produce in this field.

Gerçek Önal Çavuşoğlu
Secretary-General
TEGEP LEARNING AND DEVELOPMENT ASSOCIATION

We implement the Contractor Safety Management System during the processes involving contractor company employees. Moreover we ensure compliance with the legal regulations and all these aforementioned systems and standards through internal control and independent audit studies held annually, and get the system standards to be certified.

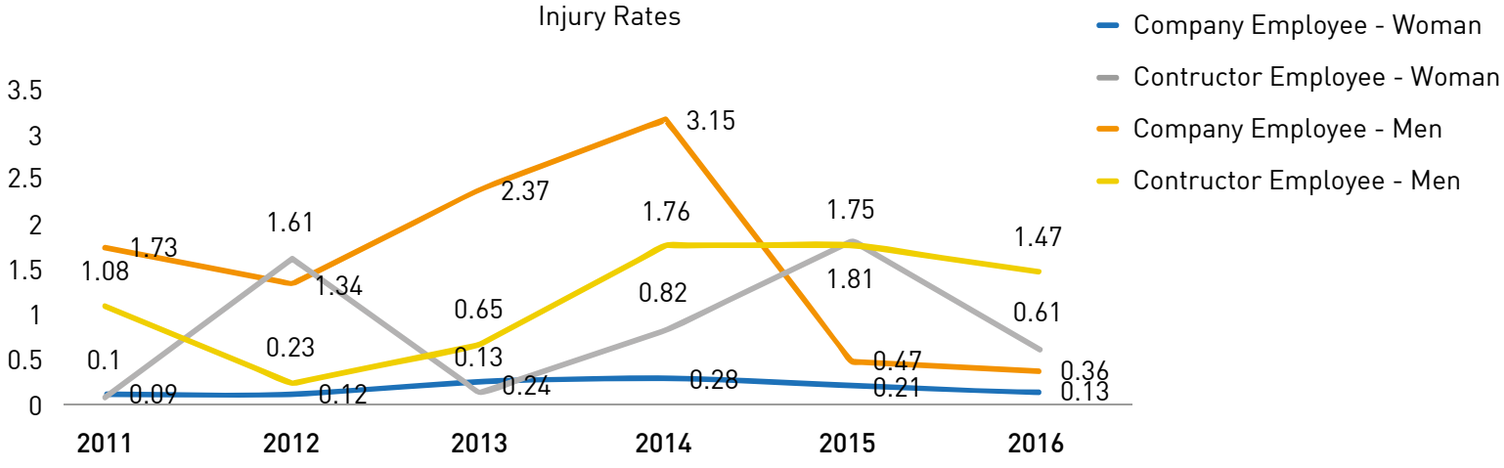
Occupational Health and Safety is an important part of our working culture, therefore any OHS studies are conducted with a collective awareness as part of a direct and common responsibility of our all managers and employees. OHS risk perception, implementation and performance aspects are regularly placed on the agenda of the senior management through the senior management representative responsible for this area.

Occupational Health and Safety Emergency Coordination Directorate Managers and the experts assigned to the facilities implement the practices required for introducing the OHS strategies in addition to following up on the performance results. All of our facilities host 5 OHS Boards composed of OHS experts, plant management and employee representatives. The OHS Boards have 146 members in total, 14 of whom are employee representatives, and these boards discuss the studies realized besides the results achieved and take binding decisions.

We undertake daily, weekly, monthly and annually planned control and audit studies for specifying and averting the OHS risks. Apart from the weekly meetings held by our occupational safety teams in our facilities, the performances, practices and views of all the countries' teams are shared at the weekly Ford Europe Occupational Safety Teams Coordination Meeting too. What is more, Occupational Health Board meetings, facility scorecard and core operation plan review meetings, case management meetings, ergonomics meetings, Picture Audit studies, workshop and social area health tours with the workplace doctor and healthcare staff are among the other practices we asses our OHS risks through.

Occupational health and safety is among the main issues we deal within the scope of the performance management system. Occupational health indicators remain among the individual goals set for all our managers including the senior management, hence promoting the development of the occupational health and safety through the remuneration system too. Our main goals regarding the occupational and safety performance include eliminating accident with injury cases completely, reducing occupational accident rate by 10% annually and finally realizing new practices and projects for improving our OHS performance.

Collective bargaining agreements remain among the main sources regulating our occupational health and safety practices for they include provisions related to the issue. In that respect, our collective bargaining agreement in effect cover provisions regarding occupational health and cleaning materials, leaves about social insurances, which employee group are to work under what kind of works and conditions besides various procedural rules about occupational health and safety. Strengthening occupational health and safety culture is important for preventing risky cases and behaviours. For that purpose, we undertake training studies for our company employees and contractor company employees, and do not let any employee into the operation site before they have been through these trainings. This way we ensure that all the employees working in our production facilities are trained about our OHS policy and norms, main practices and what needs to be done in case of emergencies. In that respect in 2016, 5,442 Ford Otosan employees received 68,000 man x hour OHS training while 2,372 company employees received 3,445 man x hour OHS training.



Hunting for Risks – Write down Your Risk, Keep Your Finger on Project

During the reporting period, the project we implemented in İnönü Plant sought to prevent accidents of jamming fingers, which happen in many processes of the production operations. Held with the participation of all the İnönü Plant employees, the project ensured that everyone could review their risks of jamming fingers in their own processes so that the overlooked or unidentified risks could be revealed and preventive measures could be suggested. Since the launch of the project specifying eventually 1,392 finger jamming risks, no accidents of that kind have happened since.

Opinions of Stakeholders:

Ford European Organizational Safety Office has been working with Ford Otosan Team since 2000 which is a privilege. Since then, the approach of Ford Otosan team towards "Organizational Health and Safety Change" is even beyond being impressive.
In case "From Cohesion to Commitment" can be defined as a long journey, the organization of Ford Otosan can be used as role model today.

-A visible commitment at Organizational Health and Safety
-A continuous development in organizational safety metrics
- The number of best practices shared with presentations sent to Ford Global Presidency Award are only few indicators for "Organizational Safety Climate and Culture" developed by Ford Otosan leadership at every level.

Uwe Gawel
Ford Europe Manager, Organizational Health and Safety & Ergonomy

Occupational Health and Safety Awards

Our occupational health and safety studies conducted in 2016 won awards in various contests held by many organizations. One of these events turned out to be the Ford President Health and Safety Awards (PHSA), in which we enjoyed success in many categories. Our "Did Dad Come Home? OHS Film" we prepared within the scope of the program won the global first prize while the "A New Approach to ECPL Trainings" project won us the Ford Europe first prize in the innovation category.

"Did Dad Come Home?" Video Link:
https://www.youtube.com/watch?v=a6oFLfrMOKk

Moreover, Life Saving Award went to those Gölcük Plant workers that gave first aid to the injured after a traffic accident happened outside the plant. Safe Behaviour Management System Project also won the Recommended Practice Award in the Mess Golden Glove Contest while the MESS Golden Recommendation Award went to the Collaborative Tyre Loading System Project.

All our operation facilities offer healthcare services including emergency healthcare services, therapeutic medical services, preventive healthcare services, ergonomics and industrial hygiene studies, data records and healthcare statistics not only for ensuring the safety of our employees but also for looking after their physical and psychological health. Our healthcare centres remain open as long as production goes on at the operation points while emergency care and ambulance services on standby for 7/24 to respond to any cases that might come up.

Each and every one of our employees undergoes a comprehensive examination in our healthcare centres when they are recruited for the first time. After that our healthcare centres keep the health status of our employees under control through periodical examinations that are based on their occupational and health risks. Our healthcare centres also keep a tab on the employees with chronic diseases, assess whether those that have suffered from an occupational accident or a disease are fit for their positions; fight against obesity, provide support for environmental health audits, ergonomics and hygiene, water and food sanitation, and help our disabled, pregnant and women employees. Our healthcare centres issue psychosocial services to identify and improve the stress factors, provide psychotherapy services, follow up on social projects such as blood and organ donation, organize various awareness meetings, seminars for a number issues including especially the health of the disabled people and women; organize healthy life trainings and finally issue healthy days bulletins. Apart from our employees, our healthcare centres offer their emergency support services for all our guests and the industrial organizations nearby when needed.

Besides our production operations, we also conduct improvement services for reducing the occupational health and safety risks in the supply and after production processes of our value chain. At the heart of these studies lie the audit studies during which we evaluate the OHS practices of the suppliers, authorized dealers and services. Once we have noted any case of incompliance, we draw up improvement plans and monitor the implementation of that plan.

Delivering of the raw and semi-finished products to the production facilities and then taking our products to the consumers all over the world require a giant logistics operation of millions of kilometres. We seek to ensure safety and the continuity of the operation during these processes. In that respect, we work just with the service providers meeting our vehicle, driver and business criteria, and monitor their compliance with our criteria and related performance constantly. Within the scope of this approach, reducing traffic accident risks has a prioritized place. The development trend we have enjoyed in recent years thanks to the measures we have introduced has continued during the reporting period too. As a result, we reduced the number of accidents, which was 0.07 per hundred thousand kilometres, declined to 0.03 in 2016.

Let Smiling Eyes Grow up Safely

Launched by the Kocaeli Plants in 2016, the project seeks to create an awareness of occupational health and safety among children starting from a young age, to improve the behaviour of our employees through their children so that the number of accidents caused by unsafe behaviours could be reduced.

The project covers theoretical and practical trainings in two main areas. The first of these is the OHS trainings and the other is the health education. In the first year of the project, which we intend to conduct until 2019, we reached 2,500 primary school children from 10 primary schools.

HUMAN RIGHTS AT THE WORKPLACE

Shaped in line with our HR brand promise that we will provide a working environment committed to ethical values, respectful of differences, supporting equal opportunities and centred on people, our human rights approach's fundamental principles are guided by the Ford Otosan Code of Conduct and HR Policy. We seek to comply fully with the UN Global Compact, which underlies these principles and also signed by Ford Motor Company and Koç Group. Just like all the human resource issues, our HR managers implement the strategic orientations set by the senior management in line with our main policies. We identify short, medium and long-term goals in order to develop practices for fundamental rights valid in the working environment, especially about the promotion of equal opportunity, diversity and women's employment, and then assess the results through internal audit processes and submit the results to the senior management regularly.

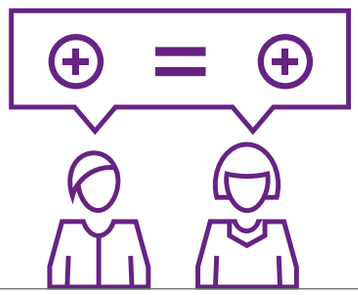
Diversity remains the most significant value enriching our organization and corporate capacity. Therefore as far as our HR processes are concerned, the aspects of age, gender, belief or ethnic origins do not determine the outcome. Adopting equal pay for equal work and equal rights approach, we do not allow any kind of discrimination during our operations.

Despite the measures taken, should our employees believe that they have been discriminated against, they are able to convey their complaints through the mechanisms established. Each complaint received is dealt meticulously by the related bodies and concluded accordingly.

We continued our studies for employing women and disabled people during the reporting period too. As a result, we maintained our position of employing the highest number of women and name for being a disabled-friendly workplace. Our women's employment rate rose from 13% to 14% when compared with the previous year, therefore the number of women employees in our workforce rose to 1,776 in total, 1,384 of whom are directly employed and 392 of whom are contractor company employees.

Regarding collective bargaining right and right to association as a fundamental employee right, we hence consider trade unions as important stakeholders, and establish regular and productive relations with them. As of 2016 all of our 7,561 site employees and 74% of all Ford Otosan employees work under a collective bargaining agreement.

We expect our suppliers and business partners to adopt a similar approach about the human rights, and to act in line with our principles during their operations. Therefore we state our working principles in our services and investment contracts we sign with our supplier and business partners, and ensure compliance in that regard. Due to our preventive approach, during the reporting period there were no suppliers or business partners that we obtained information that they were putting human rights issues at risk, and in the same way there were no complaints made to us regarding the issue either.



Gender Equality

We take measures to prevent gender discrimination in working life, prioritize developing women employees' competence and undertake studies to clear the path for the women to take part in senior management.

Having a child is one of the most influential reasons for our women employees to quit working, so we are introducing measures to ensure that having a child is no longer a barrier to women's career. In that respect we provide our women employees with extended leave rights going much beyond the legal limits, lactorium service, pregnancy healthcare services besides childcare and daycare support so that the women employees can establish a balance between their careers and their private lives. Thanks to these opportunities provided, 98% of our employees that had taken a maternity leave during the reporting period came back to work.

In 2016 Ford Otosan won the second prize in the Gender Equality in Working Life Awards, which is organized by the Ministry of Labour and Social Security every year in order to increase awareness and sensitivity regarding all areas of working life.

GRI 102-41

UN Women's Empowerment Principles and Equality at Work Studies

We are working with great enthusiasm in order to overcome the inequalities created by the gender patterns in the automotive sector. In line our sustainable development goals, we support women's employment and their participation in the economy to take on a transformative role. Specifying policies in all areas for ensuring gender equality for women and supporting equal representation of women and men, we devise policies to empower women in society and implement equal opportunity principle in recruitment.

In order for them to show the way for our gender equality policy and practices, we participate in local and international initiatives and adopt the principles they present. In line with this understanding during the reporting period, we continued our practices for supporting the women's labour in the business world within the scope of the "Declaration on Equality at Work", which we signed back in 2013, and the "HeForShe" platform. What is more, in 2016 we signed the "Women's Empowerment Principles" (WEP), which was launched by the UN Women for promoting the gender equality on a global scale, hence building further on our commitments in that aspect. As a result of the positive discrimination policy we adopted last year, we continued to implement the principle that one out of every two people recruited for the offices and one out of every four people recruited for the sites are to be women. We introduced the obligation that 50% of the office employees are to be women besides 25% women's employment obligation among our production employees. Back in 2013 the recruitment of women employees for our offices was 25% while this rate has gone up to 30% today. Again in 2013, the rate of women employees recruited for the production sites was only 7% and in 2016 that rate reached 16%.
Ford Otosan turned out to be the first automotive company to receive the Equal Opportunity Model (FEM) Certificate, which is developed by the Women Entrepreneurs Association (KAGİDER) and granted to the companies implementing gender equality approach for the processes including recruitment, training and career planning.

Destekliyoruz
HeForShe
UN Women Cinsiyet Eşitliği için Dayanışma Hareketi

Disabled Employees

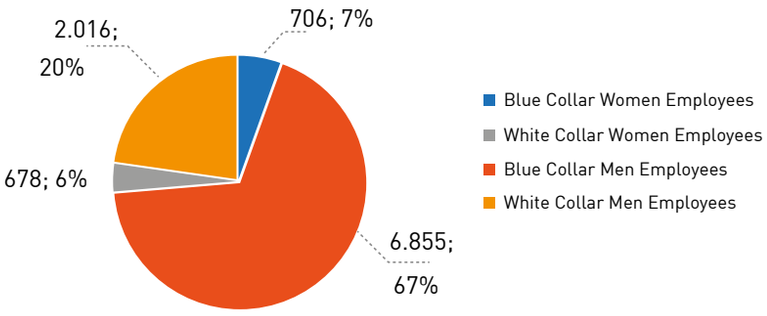
Our exemplary studies to transform our operational facilities into disabled-friendly workplaces continue. As of 2016, there are 288 disabled employees, 23 women and 265 men, working in our facilities as employees. 279 of these employees work on the site while 9 of them are office employees.

TALENT MANAGEMENT

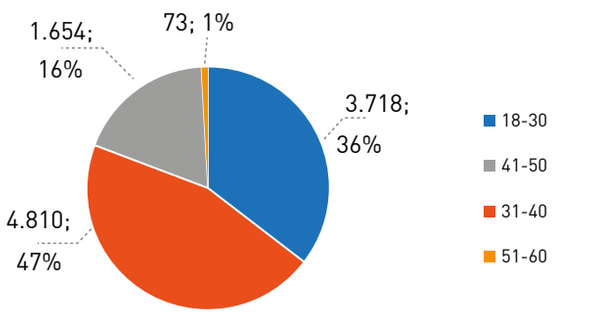
Creating a work environment centred on development and promoting high performance is one of the fundamental duties of our human resources management. In that respect Ford Otosan talent management mainly seeks to develop the talents of our employees and assign the right people to the right duties.

2016 WORKFORCE STATISTICS

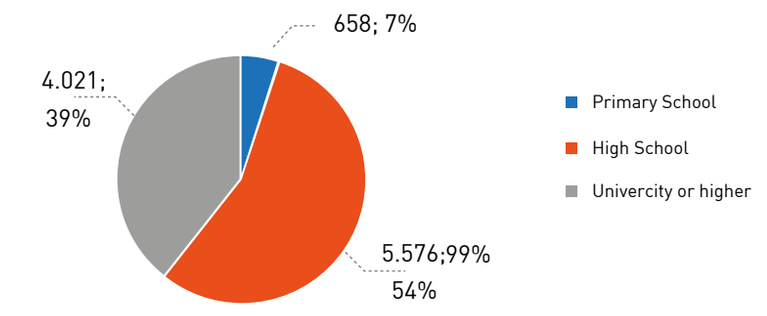
Employee Breakdown by Category



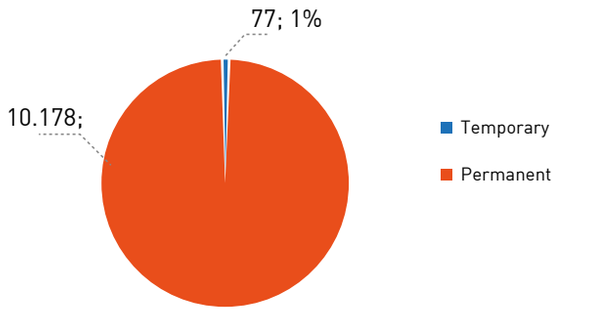
Employee Breakdown by Age Group



Employee Breakdown by Education Levels



Employee Breakdown by Contract Type



Just like we stress with our HR brand, creating a work environment centred on development and promoting high performance is one of the fundamental duties of our human resources management. In that respect Ford Otosan talent management mainly seeks to develop the talents of our employees and assign the right people to the right duties.

Our talent management studies are conducted by our expert teams through the internal system and standards identified in line with the strategic plan set by the Board of Directors and senior management. We also monitor the efficiency and the outcome of these practices we implemented with the short, medium and long term goals we specified. The results we obtained are then followed up on by the bodies such as the HR Committee and the HR Planning Committee, which in turn determine the actions to be taken after assessing the compliance of these results with the strategic plans.

These goals we follow also influence the remuneration system as they get to be a part of our managers' individual goals. Besides our internal control studies, Koç Group audit processes also address our talent management practices.

Ford Otosan Talent Management is composed of 5 stages: First we reach the most suitable candidates and attract them to our company. Our Evaluation Centre practice gets the most right candidates to join the Ford Otosan family. We help our new team members to be oriented in their work for 6 months, introduce them to our corporate principles, working environment and business processes and equip them with the knowledge they will need. During the employment process too we come up with the right points for our employees to realize their potentials fully and support them with trainings for developing their knowledge base and competence apart from the performance and career management practices. Finally, we strive to keep this talent portfolio that have taken a long time and investment to obtain within the company.

Our rotation practices help our employees gain management and expertise experience regarding different areas so that our employees could take up the skill of assessing our business processes through a different perspective. Based on fair and objective criteria, our performance management system identifies our level of achieving the company goals besides the level our employees have contributed to this success.

The results we have obtained are then used for drawing up development and career plans for our employees. Comprising the most important content of our corporate development studies, the suggestion system also develops the motivation and commitment of our employees. During the reporting period, we implemented 129 of the 2,918 suggestions made by our employees. Moreover our success awarding system allows us to award the successful studies as well as the suggestions that have made a positive impact on the company performance within the scope of programs created on the spot, annually or around certain themes.

Professional and Personal Development Trainings

We offer our employees ways to increase their personal, professional and technical know-how in line with the company goals and strategies so that we can increase individual success and motivation while achieving organizational development. During the reporting period, we continued our studies in that respect and gave 606,189 man x hour training in areas of leadership, personal development, technical and professional development etc.

With a view to helping Ford Otosan's future manager generations to develop, we organize leadership training, mentorship and coaching studies. In that respect in 2016 we held 9,481 man x hour leadership training in total. During the year, 110 of our employees used our mentorship services while 13 of our employees used our coaching services.

For our employees to develop their skills of innovation, new technologies and creative thinking skills, we encourage them to participate in educational programs such as Boğaziçi University Automotive Master's Program besides Tech MBA and Executive MBA programs devised in collaboration with Koç University.

Employee Communication

We establish diverse communication channels for our employees to be informed on current developments regarding the company and for them to convey their expectations and views to the senior management so that they could support the management processes. Open Door Meetings, Leadership Meetings, Intranet Portal Communication, General Manager's Message Bulletin, company events, "Aramızda" Magazine, "Aramızda" TV, SMS and mass e-mail communication channels remain among the instruments we use for that purpose. We also organize events outside work for the employees to socialize outside work and to strengthen their communication with their colleagues and managers.

Social Activities and Sports Clubs

Our social activity and sports clubs play an important role in helping our employees' self development besides their social lives and communication with their teammates. Established by our volunteering employees and boasting a corporate structure, these clubs bring our employees together in various events held in diverse branches. Through these sports clubs, our employees make sports a part of their lives and enjoy the benefit of having a nice individual health. All of these clubs operate under the sponsorship of a senior manager. It is the responsibility of the sponsoring managers to provide the necessary environment, equipment and support for the clubs to function.


Vehbi Koç Vakfı
Gönlüm Senle
Tiyatro Kulübü
Kadın Emeği
Bal Arıları
Huzurevi Sakinleri
Spor Kulübü
Kan Bağışı
Gülen Yüzler
Bilinçli Toplum
Öğrenci Bursları
Cinsiyet Eşitliği
Ülkem İçin
Bir Çocuk

SOCIAL RESPONSIBILITY

We lend our support for Turkey's efforts to reach its sustainable goals through our corporate social responsibility studies conducted in many areas including education, health, culture & arts and sports with voluntary participation of our employees. In 2016 we spared over 22 million TL for the projects, donation and sponsorship activities focused on social development.

HONEY BEES GET TO BE ENGINEERS

"Honey Bees Get to Be Engineers" is a social responsibility project we have conducted in order to set an example to the studies for ensuring the equal representation of women and men in working life. As a result of our observations and research into the gender inequality in Turkey, we plan to develop a project for employing women engineers so that we can create a pioneering and transformative impact both on our company and the automotive sector. The basic vision of our project lies in the fact that the number of women students going to the engineering departments needs to go up in order to increase women's employment in our sector. In that respect, our goal with this project is to encourage women students to think outside the framework of the gender norms and create awareness among them to pick the engineering areas they are skilled at instead of keeping themselves limited to the traditional occupations imposed on them by the society.

Within the scope of the project, we reach 81 provinces of Turkey and try to organize gender awareness trainings for students in their first or second years in one public high school in every province.

We collaborate with the Ministry of Education and "Uçan Süpürge Association", an NGO specializing in gender equality, for the project. Accompanied by Uçan Süpürge gender experts as well as Turkish PDR Association psychological guidance and counselling experts, women and men engineers from Ford Otosan participate in the project reaching out to all four corners of Turkey to show women students that engineering is not a profession exclusively reserved for men.

In the first stage of the project, we called on Ford Otosan engineers and identified our volunteering role models of 214 people composed of men and women. After that Uçan Süpürge gender experts and trainers held Gender Workshops with our volunteering engineers so that the volunteering Ford Otosan engineers got prepared for their duties and the field application of the project, the "Comb Day". Having held the pilot scheme in Kocaeli Anatolian High School, we started the project. So far we have reached 12,064 students, 7,096 of who were women, in 55 provinces. In 2017 we plan to reach 81 provinces. We provide internship opportunities when the women students participating in the project go on to enrol in the engineering departments at the university. Moreover, we donated 414, 000 TL to Uçan Süpürge Women's Communication Association within the scope of the project.

Our project, which enjoys a leading place in the sector, won many awards in 2016 too. The project won the International Corporate Social Responsibility Award given by JCI Culture, CLAD-Appreciation of Diversity at Workplace Award given by Ford of Europe, Ford Global Diversity and Inclusiveness Award, Koç Group Most Successful Koç Members Contributing to the Society and Environment Award, Corporate Social Responsibility Contribution Award by Corporate Social Responsibility Association and Best Practice Award given by TİSK.

For My Country I Support Gender Equality

''For My Country'' corporate social responsibility project seeks to get the Koç Group employees and dealers to bring out their individual entrepreneurship for social responsibility areas while bridging the individuals, companies and society in terms of responsibility. Ford Otosan has supported the activities organized under the umbrella of "For My Country" with its employees and dealers through projects supporting local initiatives against various social problems.

Taking action within the scope of the "I Support Gender Equality" main theme set for the ''For My Country" project for the 2015-2017 period, Ford Otosan has drawn attention to the gender discrimination issue, which leads to diverse deprivations for both women and women both in social and working life.

In that respect a voluntary team of 27 people from within the company was set up willing to support actively in organizing Gender Equality Awareness projects. We provided gender quality seminars for all our employees through volunteering trainers. Our volunteering trainers continue to give seminars to Koç Group dealers and group companies.

My Heart is with You Volunteering Platform

Volunteers at Ford Otosan accept to fulfil tasks on their own to contribute to the society and environment without expecting a return or a benefit for themselves.

We have established a new platform combining the Ford Otosan employees' requests to participate in the social responsibility projects besides the calls for volunteers for the studies that are sensitive to the environment and seek public benefit. Started to make the volunteering approach our corporate culture has introduced to us in a systematic fashion, the platform is called "My Heart is with You". Thanks to the project, Ford Otosan members seeking to do good share their social responsibility projects they wish to implement with the Ford Otosan CSR team and they implement it together. Some of the projects implemented in that respect include Turkey's Winter Children project delivering aid to 19 schools in Turkey, Our Sheltering Boxes project providing over 1400 pieces of clothing for the shelters, Hope Car project raising money for LÖSEV, and a project organized in collaboration with the Foundation for the Support of Women's Work.

Raise Awareness of a Kid, Let the Society Change

Implemented by Ford Otosan Kocaeli Plants Maintenance and Environmental Engineering Directorate, "Raise Awareness of a Kid, Let the Society Change" project continued in 2016 too. Calling out attention to the sea pollution, the project seeks to increase awareness among children. For that purpose, the volunteers from the Ford Otosan Kocaeli Plants were trained by Turmepa, an NGO specializing in the protection of the sea, and then provided comprehensive trainings for the primary and secondary school students regarding sea pollution and its effects. As part of the project, in 2016 6,096 children were trained and it total 8,060 children have received the training so far.

Let Smiling Faces Grow up Safe

Implemented with the support of Kocaeli Gölcük Borough Ministry of Education Directorate, the project has given trainings for the primary school children around Gölcük regarding safety at home, school and in traffic besides personal hygiene. As part of the project, so far we have reached 1,000 children first graders at primary schools in Gölcük.

Certificate of Equal Opportunities Model from KAGİDER to Ford Otosan

Ford Otosan has become the first automotive company to qualify for the Certificate of Equal Opportunities Model developed in 2016 by Women Entrepreneurs Association with the support of World Bank and awarded to companies having a gender equality approach in processes such as recruitment, training, career planning.

Student Scholarship Programs

Within the scope of our scholarship programs, we support educational expenses of the students studying in many schools. In 2016 we provided scholarships for 45 students through Turkish Education Foundation, 12 students studying in Koç University and 11 students from Ford Otosan family amounting to over 900,000 TL given in scholarships.

Ford Otosan Diving Club

FOSAT- Established by Ford Otosan employees as a social event group, Ford Otosan Underwater Society is supervised and supported by Ford Otosan Human Resources Directorate. Ford Otosan Underwater Society seeks to enable the employees to participate in social, cultural, educational and sportive activities outside their professional lives. As of 2016, Ford Otosan Underwater Society has 453 registered members. In 2014 36 people and in 2015 41 people completed their diving trainings and became professional divers.

Ford Otosan Nature Mountaineering and Winter Sports

Established with a view to enable the employees interested in mountaineering and winter sports to perform sports in line with the discipline and principles specific to these areas, Ford Otosan Nature, Mountaineering and Winter Sports (FODAK) also conducts studies to increase the interest of the employees in mountaineering and winter sports while enhancing the social satisfaction principle.

Ford Otosan Search & Rescue Club

Established by employees that wish to contribute to the community and ensure common sense in case of any disasters, the Ford Otosan Search & Rescue Club (FOKE) provides various trainings for its members in an effort to minimize the casualties suffered when struck by natural or human disasters.

Vehbi Koç Foundation Ford Otosan Gölcük Culture and Social Life Centre

Vehbi Koç Foundation Ford Otosan Gölcük Culture and Social Life Centre offers a rich cultural life for the people in the region not only through its natural environment, garden and award-winning architecture, but also with personal development and fine arts courses, exhibitions, performing arts and musical activities.

Offering events from classical music concerts to jazz, from theatre plays to children's shows and art workshops, the centre organizes a broad range of activities and welcomes around 9,000 visitors and art lovers every month on average. Free and open to public, the centre serves people from all walks of life and Ford Otosan donated 2 million TL to the centre so that it can continue its activities.

Established on a land of 27,000 square meters with 4,700 square meters of closed space, the centre boasts an exhibition centre, auditorium, sports hall, watch tower, art workshops, social event halls, a garden and a restaurant.

The facility has a healthy life centre including a fitness hall, dance workshop and a sports hall of 300 seats serving also Ford Otosan employees while it also hosts Ford Otosan's sports clubs, Gölcük Municipality's sports clubs as well as the basketball and volleyball games of the school teams in the regions.

Hosting Retirement Home Dwellers

Vehbi Koç Foundation Ford Otosan Gölcük Culture and Social Life Centre hosts Gölcük Retirement Home dwellers' social events. Our guests came to the centre once every week and practiced in the choir and gave a concert at the end of their practice.

Vehbi Koç Foundation Ford Otosan Gölcük Culture and Social Life Centre children's theatre hosts a number of children taken care of Social Services Children's Protection Institution every month. The centre also invites the students from the village schools to the exhibitions changing every month at the centre so that it can act as a bridge between the children and fine arts.

Foundation for the Support of Women's Work

Within the scope of the "Your Hands are My Dream Society" project, the products from the Foundation for the Support of Women's Work were sold at the stands established in Yeniköy, Gölcük, İnönü Plants and Sancaktepe campus and over 7,000 TL were raised in donations.

Blood Drive

Ford Otosan employees continued to support blood drive campaigns in 2016 too like they do every year. During the reporting period, 1,301 Ford Otosan employees donated their blood in collaboration with the Red Crescent.

Ford Otosan Disability Defiant Theatre Club

Ford Otosan Disability Defiant Theatre Club has staged dances and musicals for the last six years in order to make sign language more widespread and motivate our socially disadvantaged employees with art. The training given two days every week helps us strengthen our communication with them, and we get them to find themselves in new theatre plays and art activities after a busy day at work.

İstanbul and Antalya Runatolia Marathons

Within the scope of the "There is Hope in This Step" donation campaign organized by the Turkish Education Foundation during the İstanbul Marathon, we donated 33,000 TL as the corporate company that participated in with the highest number of participants, 1,107. Moreover, in the Antalya Runanatolia Marathon, we donated 42,000 TL to the Mother and Child Education Foundation's "Tell Me a Tale Dad" donation campaign, as the corporate company with the highest number of donors and the highest amount of donation.

Ford Otosan Bridge Club

Ford Otosan Bridge Club (BRIFO) is established to bring the bridge fans together in the same environment for sport, make bridge popular among the employees and get the bridge sport to be included in the sport competitions. BRIFO organizes competitions, courses, conferences and similar activities for the members.

Ford Otosan Makers

Established in line with the Maker philosophy described as "Doing something physical, producing something tangible is much more satisfactory than producing something intangible or theoretical, Makers intends to bring out the creative ideas and get people to feel the joy of achievement from carrying out these creative ideas.

Ford Otosan Gastronomy Club

Ford Otosan Gastronomy Club (FOGASRO) is a society bringing the members interested in learning about different food cultures as well as local and modern cooking techniques. FOGASRO organizes events for the members to acquire new tastes, participate in cooking classes and recipes in addition to promotion of many cuisines.

Ford Otosan Motorsports Club

Established in order to bring together the employees with a passion to get rid of the monotony of everyday life as well as a passion for speed and motorsports, Ford Otosan Motorsports Club (FOMOST) seeks to promote automobile sports, monitor and organize related events.

Expert Opinion:

By managing business stress well and dealing with our emotions, we may have a healthy physical and psychological life. As Ford Otosan Sports Club established with these purposes, we aim our employees to feel better and save time for themselves. In this way, employees are able to actively carry out their hobbies in their work life, thus making them happier individuals and having the opportunity to be in a more social environment. When we invite employees to enjoy life more, we serve individuals' well-being.

Semih Uzuner
Ford Otosan Social and Sportive Activities
Senior Expert

Ford Otosan Photography Club

Ford Otosan Photography Club (FOTOSAN) seeks to enable the Ford Otosan employees to participate in social, cultural and training activities outside of their professional lives. FOTOSAN intends to help the members acquire the skill of noticing the objects we come across in everyday life with an artistic perspective.

Ford Otosan Dance Club

Established in March 2015 as a social club, Ford Otosan Dance Club (FODans) intends to bring together all our employees interested in any kinds of dance under our organization. For that purpose, the club organizes dance courses. The courses introduce the employees to various dances including Salsa, Bachata and Merenge.

Ford Otosan Sailing Club

Established in 2013 by our colleagues from Ford Otosan involved in sailing, Ford Otosan Sailing Team (FOYE) basically intends to introduce our colleagues, their close friends and families to the sport of sailing and marine culture. Our goal is also to participate in the sailing races held in Turkey as Ford Otosan Sailing Team and win significant scores and collect trophies.

Ford Otosan Cinema Club

The goal of Ford Otosan Cinema Club is to produce short films with teams composed of company employees so that the company could be represented in the short film festivals.

Ford Otosan Book Club

Established in order to bring the Ford Otosan employees that love reading to read the same book in certain periods, discuss about it and get involved in social, cultural, training activities outside the professional life, Ford Otosan Book Club (FOKK) also seeks to stress the importance of reading and showing that the professional life is not a barrier to reading on.

Ford Otosan Cycling Club

The club is composed completely of volunteering members and seeks to inform our community on the benefits of cycling regarding health, sports, fun, transportation and environmental health and get more people to like cycling while collaborating with similar organizations. The club continues its studies at the Vehbi Koç Foundation Ford Otosan Gölcük Cultural and Social Life Centre.

Ford Otosan Classical Turkish Music Club

Ford Otosan Classical Turkish Music Club began its studies on 22 October 2014 and crowned these efforts with a concert titled "Tangos and Cantos at the Vehbi Koç Foundation Ford Otosan Gölcük Cultural and Social Life Centre.

Performance Data
GRI Index

Performance Data	2012	2013	2014	2015	2016
Economical and Operational Indicators					
Production (number)	272,099	281,287	244,682	334,622	333,749
Total Retail Sales (number)	111,011	113,971	91,038	126,468	114,803
Total Export (number)	204,489	226,671	191,956	253,644	257,246
Capacity Utilization Rate (%)	83	86	59	81	82
Net Sales (million TL)	9,768	11,405	11,925	16,746	18,289
Domestic	3,832	4,106	4,238	6,023	6,002
Export	5,936	7,299	7,687	10,723	12,287
Profit Before Tax (million TL)	654	452	390	866	970
Net Profit (milyon TL)	685	641	595	842	955
EBITDA (million TL)	772	856	846	1,441	1,567
Economic Value Generated - Net Sales (million TL)	9,768	11,405	11,925	16,746	18,289
Economic Value Distributed (million TL)	9,839	11,125	11,283	15,799	17,510
Operating Costs	8,681	10,277	10,487	14,583	15,933
Employee Wages and Benefits	476.03	531.47	610	789	872
Dividend Payment to Shareholders	579.00	300.03	176	400	663
Government Taxes and Other Obligations	89.92	3.89	1	9	20
Community Investments	13.21	12.24	9	18	22
Profit Before Tax (million TL)	-71	280	642	947	779
Total R&D Expenditure (million TL)	257	366	328	388	464
R&D Expenditures to Revenue Ratio (%)	2.63	3.21	2.8	2.26	2.4
Total Number of R&D Engineers	1,240	1,277	1,350	1,378	1,370
Patent Application	73	80	110	137	187
Number of Documents in the Patent Portfolio	122	141	115	102	111
Environmental Performance Indicators					
Total Energy Consumption (GJ)	1,754,442	1,792,267	1,735,061	2,067,943	1,947,885
Direct Energy Consumption (GJ)	939,168	954,032	952,475	1,150,346	1,071,807
Natural Gas	921,134	931,953	896,721	1,150,137	1,071,303
Other	18,034	22,079	55,754	209	504
Indirect Energy Consumption (GJ) - Electricity	815,274	838,214	782,586	917,597	876,077
Energy Consumption per Produced Vehicle (GJ/vehicle)	6.45	6.37	7.09	6.16	5.86
Energy Saved Through Efficiency Projects (GJ)	56,105	30,179	30,830	83,627	83,094

Performance Data	2012	2013	2014	2015	2016
GHG Emissions Reduction Through Efficiency Projects (Ton CO2e)	4,912	2,843	4,597	4,723	6,781
Scope 1	1,968	204	399	4,047	2,573
Scope 2	2,944	2,639	4,198	676	4,208
Direct GHG Emissions (Scope 1) (Ton CO2 e)	68,937	71,687	70,910	70,336	56,783
Indirect GHG Emissions (Scope 2) (Ton CO2 e)	104,397	110,184	102,891	120,308	115,734
GHG Emissions per Produced Vehicle (Ton CO2 e/vehicle)	0.64	0.65	0.71	0.60	0.58
Total NOx Emissions (ton)	190.06	181.79	168.10	158.54	201.09
Total SOx Emissions (ton)	12.18	13.25	10.58	9.51	12.84
Total VOC Emissions (ton)	104.61	104,579	91.98	258.30	258.01
Others Emissions (ton)	186.28	185.78	75.18	149.11	197.04
Total Water Withdrawal (m3)	958,342	945,723	919,036	1,052,555	993,536
Underground Water	953,137	940,469	915,685	1,029,704	975,638
Municipal Water	5,205	5,254	3,351	22,851	17,898
Fresh Water Consumption per Produced Vehicle (m3 /vehicle)	3.52	3.36	3.75	3.15	2.98
Total Water Recovered (m3)	138,824	141,153	343,487	437,158	373,100
Waste Water Discharge (m3)	356,684	380,501	305,339	331,385	357,912
Waste Water Canal	90,220	94,785	57,331	260,161	293,052
Natural Receiving Environment	266,454	285,716	247,988	71,224	64,860
Total Hazardous Wastes by Disposal Method (Ton)	3,830	4,580	5,294	6,012	6,718
Energy Recovery	946	2,077	3,217	1,358	1,260
Recovery	1,003	1,431	1,256	4,583	5,405
Landfill	1.91	3.16	3.95	1.73	2.10
Incineration	1,879	1,009	736	69	49
Other	0.15	60	81	0.26	1.30
Total Non-Hazardous Wastes by Disposal Method (Ton)	68,787	66,517	52,367	77,519	76,296
Energy Recovery	462	1,406	1,153	1,078.36	0.00
Recovery	67,124	64,411	50,585	75,842	75,944
Landfill	1,200	700	630	598	328
Incineration	0.00	0.00	0	0	24
Other	0.00	0.00	0	0	0

Performance Data	2012	2013	2014	2015	2016
Waste Trend per Produced Vehicle (kg/vehicle)	266.9	252.8	235.7	249.6	248.7
Total Packaging Material Used (Ton)	3,212	2,676	4,335	2,250	2,525
Packaging Waste Recovery Ratio (Ton)	7,554	7,791	6,237	10,398	10,433
Environmental Trainings - Participation (number of participants)					
Direct Employees	2,902	1,432	1,346	5,976	1,522
Contractor Employees	4,198	3,402	3,099	1550	2481
For Social Responsibility	222	205	178	2,018	6,266
Environmental Trainings - Total Hours (man x hour)					
Direct Employees	3,103	1,797	1,706	10,632	1851
Contractor Employees	4,131	3,390	2,690	415	639
For Social Responsibility	222	275	178	2,018	6,266
Total Environmental Costs (TL)					
Investment Costs	2,856,761	1,091,863	244,770	438,416	1,053,176
Management Costs	4,041,390	4,024,334	4,861,232	6,520,612	5,886,873
Environmental Regulations (number-TL)	0	0	0	0	0
Environmental Impact Grievances Received Through Formal Mechanisms (number)	0	0	0	0	0
Social Performance Indicators					
OHS Trainings - Participations (number of participants)					
Direct Employees	4,489	3,473	5,273	8,823	5,442
Contractor Employees	1,558	1,505	2,845	1,681	2,372
OHS Trainings - Total Hours (man x hour)					
Direct Employees	31,496	16,903	66,009	97,135	68,000
Contractor Employees	2,783	2,641	5,690	2,039	3,445
Injury Rate					
Direct Employees					
Female	0.12	0.24	0.28	0.21	0.13
Male	1.34	2.37	3.15	0.47	0.36
Contractor Employees					
Female	1.61	0.13	0.82	1.81	0.61
Male	0.23	0.65	1.76	1.75	1.47

Performance Data	2012	2013	2014	2015	2016
Occupational Diseases					
Direct Employees					
Female	0	0	0	0	0
Male	0	0,5	0,01	0,07	0,06
Lost Day Rate					
Direct Employees					
Female	0	0,63	0	0,2	0,86
Male	0,24	0,89	3,10	5,5	6,15
Absenteeism Rate					
Direct Employees					
Female	0,20	1,97	6,12	5,78	5,03
Male	1,32	2,40	3,18	5,78	5,03
Fatalities	0	0	0	0	0
Direct Employees	0	0	0	0	0
Contractor Employees	0	0	0	0	0
Number of Employees Involved in Activities with High Accident or Disease Risk	0	0	0	0	0
Number of OHS Committees	4	4	3	5	5
Total Number of Members Involved in OHS Committees	49	42	61	61	146
Total Number of Employee Representatives Involved in OHS Committees	14	14	5	6	14
Road Safety in Product Logistics					
Total Voyage for Product Distribution (km)	12,284,871	15,890,675	12,404,998	19,825,328	25,375,990
Total Traffic Accidents (number)	74	70	5	23	6
Traffic Accident Related Injuries (both parties-number)	2	1	2	3	8
Traffic Accident Related Fatalities (both parties-number)	-	1	1	0	0
Total Material Damage (product+asset) (TL)	776,641	833	171,500	250,753	798,911
Road Safety in Raw Material Logistics					
Total Voyage for Supply (km)	11,515,211	12,284,167	11,614,360	15,364,679	46,373,305
Total Traffic Accidents (number)	12	8	15	3	12
Traffic Accident Related Injuries (both parties-number)	1	4	2	0	16
Traffic Accident Related Fatalities (both parties-number)	0	0	2	0	0
Total Material Damage (product+asset) (TL)	5,204	16,262	14,138	60,000	308,000

Employee Demographics	2012	2013	2014	2015	2016
Total Workforce (number)	13,371	15,993	11,332	12,318	12,074
Direct Employees	9,527	9,444	9,762	10,676	10,255
Female	845	900	1,006	1,346	1,384
Male	8,682	8,544	8,756	9,330	8,871
Contractor Employees	3,844	6,549	1,570	1,642	1,819
Female	241	443	255	341	392
Male	3,603	6,106	1,315	1,301	1,427
Employees by Contract Type (number)					
Permanent Contract	9,469	9,170	8,773	10,407	10,178
Female	841	880	830	1,321	1,361
Male	8,628	8,290	7,943	9,086	8,817
Temporary Contract	58	274	989	269	77
Female	4	20	176	25	23
Male	54	254	813	244	54
Employees by Category (number)					
Field Workers	7,069	6,926	7,192	7,944	7,561
Female	346	342	422	679	706
Male	6,723	6,584	6,770	7,265	6,855
Office Employees	2,458	2,518	2,570	2,732	2,694
Female	499	558	584	667	678
Male	1,959	1,960	1989	2,065	2,016
Employees by type (number)					
Full-time	9,524	9,440	9,761	10,675	10,255
Female	844	899	1,005	1,346	1,384
Male	8,680	8,541	8,756	9,330	8,871
Part-time	3	4	1	1	0
Female	1	1	1	1	0
Male	2	3	0	0	0
Employees by Education Level (number)					
Primary	400	411	392	727	658
Secondary	5,356	5,245	5,448	7,231	5,576
University and Above	3,771	3,788	3,922	2,718	4,021
Employees by Age Group (number)					
18-30	3,983	3,551	3,663	4,202	3,718
31-40	4,635	4,785	4,835	4,979	4,810
41-50	853	1,049	1,210	1,426	1,654
51-60	56	59	54	69	73
Disabled Employees (number)					
Field Workers	268	270	277	283	279
Office Employees	6	6	9	8	9
Female	15	16	16	21	23
Male	259	270	270	270	265

Employee Demographics	2012	2013	2014	2015	2016
Executive Management Structure (number)	25	24	26	25	23
by Gender					23
Female	2	2	2	2	4
Male	23	22	24	23	19
by Age Group					
18-30	0	0	0	0	0
31-40	7	4	2	1	1
41-50	10	11	15	13	14
51-60	8	9	9	11	8
Uyruk					23
TC Citizen	20	20	23	23	21
Expat	5	4	3	2	2
Mid-level Management Structure (number)					
by Gender	189	206	217	230	235
Female	20	24	24	26	25
Male	169	182	193	204	210
by Age Group	189	206	217	230	235
18-30	1	0	1	0	0
31-40	107	111	107	106	94
41-50	69	83	97	106	120
51-60	12	12	12	18	21
Employees Covered by Collective Bargaining Agreement (number)	7,069	6,926	7,188	7,944	7,561
New Hires (number)	594	659	1,197	3015	672
by Gender					
Female	111	123	206	548	185
Male	483	536	991	2,467	705
by Age Group					
18-30	538	603	1,049	2,534	775
31-40	53	47	138	455	100
41-50	3	7	9	18	12
51-60	0	2	1	8	3
Employees Left (number)	903	975	1,228	2,138	1,341
by Gender					
Female	84	86	120	213	149
Male	819	889	1,108	1,925	1,192
by Age Group					
18-30	643	668	766	1,533	770
31-40	179	234	343	489	423
41-50	70	61	101	101	123
51-60	11	12	18	15	25

Corporate Memberships

Organization	Responsibility
U.S.-Turkey Business Council	Membership
Heavy Commercial Vehicle Association	Membership
The American Business Forum (ABFT-AmCham)	Membership
Foreign Economic Relations Board	Membership
Eskişehir Chamber of Industry	Membership
Eskişehir Turkish Red Crescent	Membership
İstanbul Chamber of Commerce	Professional Committee Membership
Kocaeli Chamber of Industry	Board of Directors Membership
Chamber of Mechanical Engineers	Membership
Automotive Distributors Association	Technical Committee Membership
Automotive Manufacturers Association	Board of Directors Membership
Automotive Technology Platform	Executive Board Membership
Foreign Trade Association of Turkey	Membership
Turkish Human Management Association	Advisory Board Membership
Turkey Quality Association	Membership
Port Operators Association of Turkey	Membership
Turkish Employers' Association of Metal Industries	Human Resources Committee Membership
The Union of Chambers and Commodity Exchanges of Turkey	Turkey Automotive Industry Council Membership
Technology Development Foundation of Turkey	Founders' Committee Membership
Turkey Investor Relations Society	Membership
The International Organization of Motor Vehicle Manufacturers	Membership
International Investors Association	Board of Directors Membership

GRI Content Index

Indicators	Descriptions and Page Numbers	Omissions
GRI 101: Foundation		
GRI 102: General Disclosures		
Corporate Profile		
102-1	Contacts (p.118)	-
102-2	www.ford.com.tr	-
102-3	Contacts (p.118)	-
102-4	About the Report (p.5)	-
102-5	www.fordotosan.com.tr/en/investors/corporate-governance/shareholder-structure	-
102-6	Strong Financial and Commercial Portfolio (p.29)	-
102-7	Strong Financial and Commercial Portfolio (p.28-31); Performance Data (p.108, 112)	-
102-8	Performance Data (p.112)	-
102-9	Supplier and Dealer Success (p.36)	-
102-10	No significant change has been occured neither in company's operational or financial structure nor supply chain;	-
102-11	Sustainability Management (p.16-19); Vehicle Safety (p.49); Environmental and Energy Management (p.64); Human Rights at the Workplace (p.91)	-
102-12	Sustainability Management (p.16-19); Vehicle Safety (p.49); Environmental and Energy Management (p.64); Human Rights at the Workplace (p.91)	-
102-13	Corporate Memberships (p.114)	-
Strategy		
102-14	Chairperson Statement (p.6-7); General Manager Statement (p.8-9)	-
Ethics and Integrity		
102-16	Business Ethics (p.21-24)	-
Governance		
102-18	Governance (p.14)	-
Stakeholder Engagement		
102-40	Stakeholder Relations (p.16-17)	-
102-41	Human Rights at the Workplace (p.90)	-
102-42	Stakeholder Relations (p.16-17)	-
102-43	Stakeholder Relations (p.16-17)	-
102-44	Customer Satisfaction Surveys (p.35)	-
Reporting Practices		
102-45	About The Report (p.5)	-
102-46	About The Report (p.5); Ford Otosan Value Chain and Sustainability Priorities (p.16-19)	-
102-47	Ford Otosan Value Chain and Sustainability Priorities (p.16-19)	-
102-48	No significant restatements made in information given in previous reports.	-
102-49	Ford Otosan Value Chain and Sustainability Priorities (p.15-19)	-
102-50	About The Report (p.5)	-
102-51	About The Report (p.5)	-
102-52	About The Report (p.5)	-
102-53	Contacts (p.118)	-
102-54	About The Report (p.5)	-
102-55	GRI Content Index (p.115-117)	-
102-56	Legal Disclaimer (p.119)	-

Material Issues			
Standards	Indicators	Descriptions and Page Numbers	Omissions
Management of Sustainability Risks			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.15-19); Environmental and Energy Management (p.64-65, 69-71)	-
	103-2 The management approach and its components	Environmental and Energy Management (p.64-65, 69-71)	-
	103-3 Evaluation of the management approach	Environmental and Energy Management (p.64-65, 69-71)	-
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Performance Data (p.108-109)	-
	302-3 Energy intensity	Performance Data (p.108-109)	-
	302-4 Reduction of energy consumption	Performance Data (p.108-109)	-
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Performance Data (p.108-109)	-
	305-2 Energy indirect (Scope 2) GHG emissions	Performance Data (p.108-109)	-
	305-4 GHG emissions intensity	Performance Data (p.108-109)	-
	305-5 Reduction of GHG emissions	Performance Data (p.108-109)	-
Vehicle Fuel Consumption and Emission Level			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.15-19); Sustainable Mobility Solutions (p.42)	-
	103-2 The management approach and its components	Sustainable Mobility Solutions (p.42-43)	-
	103-3 Evaluation of the management approach	Sustainable Mobility Solutions (p.42-43)	-
GRI 302: Energy 2016	302-5 Reductions in energy requirements of products and services	Sustainable Mobility Solutions (p.45-48)	-
Management of Sustainability Risks			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.15-19)	-
	103-2 The management approach and its components	Robust Governance Model (p.15-21)	-
	103-3 Evaluation of the management approach	Robust Governance Model (p.20-21)	-
Inclusive Workplace Practices			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.15-19); Inclusive Workplace (p.83-84)	-
	103-2 The management approach and its components	Inclusive Workplace (p.83-84, 89-90)	-
	103-3 Evaluation of the management approach	Inclusive Workplace (p.94-95)	-
GRI 401: Employment	401-1 New employee hires and employee turnover	Performance Data (p.113)	-
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management–worker health and safety committees	Performance Data (p.111)	-
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Performance Data (p.111)	-
	403-3 Workers with high incidence or high risk of diseases related to their occupation	Performance Data (p.86)	-
	403-4 Health and safety topics covered in formal agreements with trade unions	Inclusive Workplace (p.57)	-
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Corporate Governance (p.14); Performance Data (p.112-113)	-

Material Issues			
Standards	Indicators	Descriptions and Page Numbers	Omissions
Vehicle and Traffic Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.15-19); Vehicle Safety (p.49)	-
	103-2 The management approach and its components	Vehicle Safety (p.49)	-
	103-3 Evaluation of the management approach	Vehicle Safety (p.49)	-
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Vehicle Safety (p.49)	-
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Vehicle Safety (p.49)	-
Product, Process, Mobility Model Innovation and Digitalization			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.15-19); Sustainable Mobility Solutions (p.41-43)	-
	103-2 The management approach and its components	Sustainable Mobility Solutions (p.41-43); Digital Transformation, Sustainable Future (p.57-61)	-
	103-3 Evaluation of the management approach	Sustainable Mobility Solutions (p.41-43)	-
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and service supported	Sustainable Mobility Solutions (p.41-43); Fikirhane – Idea Factory (p.54-55); Digital Transformation, Sustainable Future (p.57-61)	-
	203-2 Significant indirect economic impacts	Sustainable Mobility Solutions (p.41-43); Fikirhane – Idea Factory (p.54-55); Digital Transformation, Sustainable Future (p.57-61)	-
Customer Satisfaction and Quality			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.15-19); Customer Satisfaction and Quality (p.34)	-
	103-2 The management approach and its components	Customer Satisfaction and Quality (p.34-35)	-
	103-3 Evaluation of the management approach	Customer Satisfaction and Quality (p.35)	-
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability Management (p.15-19); Supplier and Dealer Success (p.36-39)	-
	103-2 The management approach and its components	Supplier and Dealer Success (p.36-39)	-
	103-3 Evaluation of the management approach	Supplier and Dealer Success (p.36-39)	-
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Supplier and Dealer Success (p.37)	-
	308-2 Negative environmental impacts in the supply chain and actions taken	Supplier and Dealer Success (p.37)	-
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Supplier and Dealer Success (p.37)	-
	414-2 Negative social impacts in the supply chain and actions taken	Supplier and Dealer Success (p.37)	-

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