Welcome to your CDP Water Security Questionnaire 2023

W0. Introduction

W0.1

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

Ford Otosan (Ford Otomotiv Sanayi A.Ş.) is a publicly traded (18%) company, where Ford Motor Company (41%) and Koç Holding (41%) have equal shares. Ford Otosan, being one of the top 3 exporting companies of Turkey since 2004, has achieved 11 consecutive years automotive industry championship and is Turkey's export champion for 7 years in a row. A total of $8 billion export revenue, was achieved of which $6.2 billion was exports from Turkey. Ford Otosan, operates in 4 main centers: the Gölcük and Yeniköy Plants in Kocaeli, the Eskişehir plant in Eskişehir, the Sancaktape R&D Center and Spare Parts Warehouse in İstanbul, and the Craiova Plant in Romania. The company employs 20,911 people.

In 2022, Ford Otosan completed the acquisition of Ford's Craiova Plant in Romania. The plant has enabled Ford Otosan to expand its manufacturing operations to the international arena. With a market cap of $9.8 billion, Ford Otosan ranked as the most valuable automotive company and fifth overall among BIST companies.

With 2,089 R&D employees, including 1,655 engineers Ford Otosan has the biggest and most capable R&D organisation of the Turkish automotive industry in Turkey. Ford Otosan R&D Center is the global hub for heavy commercial vehicles and related power trains and also global spoke for light commercial vehicle development and diesel power train engineering.

Ford Otosan, established in 1959, with its production capacity of 721,700 commercial vehicles and 436,500 engines and 140,000 power trains by the end of 2022, is the biggest commercial vehicle production center of Ford in Europe. Within the evaluation carried among the plants of Ford Motor Company, Kocaeli and Eskişehir plants are shown as one of the "Best Vehicle Production Centers". Ford Otosan Parts Distribution Center, Turkey's largest parts distribution center with a warehouse covering an indoor area of 35,000 m2 is the depot where all of the Company's spare parts, marketing, and sales and after sales operations are managed.

Sancaktepe R&D Center was registered as an R&D Center in December 2014 by the Ministry of Science, Industry, and Technology, becoming Ford Otosan's second R&D Center following Gölcük. Ford Otosan holds 126 patents, including 109 in Turkey and 17 internationally by the end of 2022.

We aim to reduce fresh water use per vehicle by 40% by 2030 through the water recovery projects implemented at the Gölcük, Yeniköy and Eskişehir Plants. Besides the issues of energy and environment, we also track other impacts generated across our operations and

actualize impact reducing works within the context of our environment friendly production understanding. Therefore, issues such as water management, responsible material consumption, waste management and biodiversity are approached within the scope of the management of the environmental impacts of our operations, also as part of our risk management model, pursuant to Ford Otosan Environment and Energy Policy. At Ford Otosan, we recognize the preservation of water resources through efficient management as one of our key responsibilities. Therefore, we address water risks as a key factor of sustainability management. We recognize that fresh water resources are vital for continuity of life and we engage in various activities in this field. In accordance, we primarily strive to reduce our water consumption amount and in parallel to reduce our need for fresh water resources by increasing the amount of recycling and reusing. We monitor our water consumption in line with our targets. With Green Office practices, we introduce measures such as reducing the flow rate of the sensorless faucets and the amount of water in the toilet cisterns. As a result, we reduced fresh water consumption per person by 35% and 25% in 2021 at the Yeniköy and Gölcük Plants, respectively.

A project, designed to reduce the water volume of the sludge formed during the collection of paint particles in the paint shop at the Craiova Plant, resulted in a minimum water efficiency of 45% The water withdrawal per produced vehicle in Turkey 3.19 m3/vehicle and in Romania 1.65 m3/vehicle in the reporting year. Total (Turkey and Romania) water withdrawal per produced vehicle is 2.66 m3/vehicle. Ford Otosan's target of reducing fresh water consumption per vehicle by 40% by 2030, we plan to reduce fresh water consumption per vehicle at the Gölcük Plant from 2.4m3 /vehicle to 1.44 m3 /vehicle and at the Yeniköy Plant from 1.8 m3 /vehicle (water consumption will be 2.28 m3 /vehicle with the launch of the V710 project) to 1.36 m3 /vehicle.

W0.2

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

	Start date	End date
Reporting year	January 1, 2022	December 31, 2022

W0.3

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

Romania

Turkey

W0.4

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

USD

W0.5

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

Companies, entities or groups over which operational control is exercised

W0.6

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

No

W0.7

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

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, an ISIN code	TRAOTOSN91H6 TREFRTO00011 TREFRTO00029

W1. Current state

W1.1

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

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

			same. We also expect that importance of the fresh water availability for use in our in-direct operations will not change since core manufacturing processes of our suppliers are expected to remain the same. Pollution or salinization of the water resources may pose some risks in water availability causing increases in the operational costs. For this reason, in our operations we prefer using water efficiently. Reducing water usage by monitoring water quantity and quality is always in our concern during our activities. We recognize that fresh water resources are vital for continuity of life and plan to launch recycling projects at the Gölcük, Yeniköy and Eskişehir plants to reduce the use of fresh water per vehicle in these facilities by 40% by 2030. Total Water Withdrawal (m3): 1,511.39 Fresh Water Consumption per Produced Vehicle (m3/vehicle): 2.66
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	Recycled water is important for our facility to reduce water scarcity risk and to ensure that there is enough water for all needs. For current conditions, there is no any urgent need for recycled or produced water both for direct and indirect use. For future conditions; quality and quantity of fresh water may be affected by pollution or salinization, which may increase the importance of recycled water availability in both direct and indirect operations of ours. For this reason, we prefer to use water efficiently in our operations. We enable the recovery of wastewater through water management. To this end, we have performed feasibility work for the recycle/reuse of the wastewater at wastewater treatment facility for our production processes in Gölcük Factory. The wastewater recovery projects were launched to reduce fresh water consumption, and as a result of the efforts to reduce the consumption of natural resources at the offices. Wastewater treatment performance has a great importance during our operations. Total Water Withdrawal (m3): 1,511.39 Total Recycled Water (m3): 104,721

			Fresh Water Consumption per Produced Vehicle (m3/vehicle): 2.66 For future conditions we are planning to assess indirect use of water for our supply chain.

W1.2

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

	% of sites/facilities/operations	Frequency of measurement	Method of measurement	Please explain
Water withdrawals – total volumes	100%	Continuously	Water withdrawals are measured and monitored constantly 100% by flow meters and cross-checked by bills monthly.	In Eskişehir and Kocaeli Plants, almost 100% of total withdrawals are from underground extraction wells in our locations. In Sancaktepe plant we withdrawal 73 % of water from wells and the rest is from municipality.
Water withdrawals – volumes by source	100%	Continuously	In our facilities, we can easily measure and monitor the amount of water withdrawn from wells at all times. The water withdrawn from the municipality in our Sancaktepe Facility is also monitored via monthly billings.	Water is vital for our operations and we have a company-wide target set out for water withdrawal covering all of our operations in the facilities which are located in Marmara and Sakarya basins. We reduce water consumption in operations by recovering and treating water and protecting the water resources. We also work to

				determine the water risk across the value chain. We prefer to identify water stress areas by using WRI Aqueduct “Global Water Risk Mapping Atlas” which enables to map future water risks. The study by TruCost shows that the water risk is among our physical risks and we are in the high-risk category in terms of Water Management. We make preventive efforts in this regard.
Water withdrawals quality	100%	Monthly	The quality parameters analysed of water withdrawn are TDS, conductivity, Mn, Fe, NH3.	The process water used in production must meet operational quality standards, for this reason it is measured and analysed monthly in the labs of Ford Otosan facilities.
Water discharges – total volumes	100%	Continuously	100% of discharged total volumes is monitored by continuous flow meters, it is cross-checked by the bills.	Wastewater is discharged into the treatment plants in our facilities, then ending by either water media directly or the municipal treatment plant. The data is entered monthly

				into a corporate database, to evaluate consumption trends and reduction targets.
Water discharges – volumes by destination	100%	Continuously	Discharges are monitored 100% by continuous flow meters.	Wastewater is discharged into the treatment plants in our facilities, then ending by either water media directly or the municipal treatment plant.. Discharges from municipal treatment plants to water medias monitored by municipalities and they are conforming to standards.
Water discharges – volumes by treatment method	100%	Continuously	Discharges by treatment method are monitored 100% by continuous flow meters.	We make sure that wastewater generated in our production processes is treated before discharge. We currently have four treatment plants, one each at Gölcük, Yeniköy, Eskişehir and Romania Plants. In Turkey plants, which have a total installed capacity of 3,836 m3, we treat substances such as acid, alkaline, oil, paint, and wastewater. In

				Craiova, there is a wastewater treatment plant with a capacity of 36.67 m3/h. Water discharged from industrial operations and from domestic use are monitored and treated separately. Treatment methods for industrial wastewater: Coagulation, neutralization, sedimentation and filtration. After Primary treatment, effluent is further treated in activated sludge process together with domestic wastewater. All wastewater was treated according to Water Pollution Control Legislation.
Water discharge quality – by standard effluent parameters	100%	Continuously	We have in place an online system that continuously measures various pollution parameters such as COD, pH, TSS, and fluoride in industrial wastewater and domestic wastewater at the discharge points of the plants.	We make sure that wastewater generated in our production processes is treated before discharge. We currently have four treatment plants, one each at Gölcük, Yeniköy, Eskişehir and Romania Plants. In Turkey plants,

				which have a total installed capacity of 3,836 m3, we treat substances such as acid, alkaline, oil, paint, and wastewater. In Craiova, there is a wastewater treatment plant with a capacity of 36.67 m3/h. According to Water Pollution Control Legislation, discharge limits have been defined in Table 18-2 and Table 20-7, 21-1 for the Sector "Manufacturing of Road Transport Vehicles" Plant effluent has been examined by an authorized external company and the results have been formally reported to the Legal Authority.
Water discharge quality – emissions to water (nitrates, phosphates, pesticides, and/or other priority substances)	Not relevant			N/A
Water discharge quality – temperature	100%	Monthly	This is measured and monitored by the authorities monthly.	By the National Legislation, it is stated that discharges to

				sewage systems the temperature of the water should be less than 40 degrees. As Ford Otosan, we meet this requirement in all of our facilities.
Water consumption – total volume	100%	Continuously	Water consumption is 100% monitored by continuous flow meters.	Water consumption is 100% monitored by continuous flow meters, in divisions to assess consumption trends and reduction targets.
Water recycled/reused	100%	Continuously	Water recycled/reused is monitored with flowmeters constantly.	Water recycled/reused is monitored with flowmeters constantly. 104,721 m3 of treated water effluent was reused in processes at 2022.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Continuously	WASH services are monitored 100% by continuous flow meters to ensure the fully functioning.	Our Code of Human Rights, Basic Working Conditions, and Corporate Responsibility requires Ford Otosan to provide a safe and healthy work environment for all employees at 100% of our sites. At existing facilities, human rights assessments are performed, and these include

				checking on the provision of WASH services to all workers. Human rights assessments are completed on four facilities per year.

W1.2b

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

	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Please explain
Total withdrawals	1,511.39	Higher	Mergers and acquisitions	Lower	Investment in water-smart technology/process	Water management process and water withdrawal values are publicly available in our 2022 Sustainability Report (*In the Report water withdrawal is also referred as water consumption). On track with our investment plans, we finalized the acquisition of Ford's Craiova Plant in Romania in July 2022. Therefore our water withdrawal

						in 2022 is higher compared to 2021. Aiming to conserve the water resources, we carry out various projects to reduce fresh water consumption in our operations. We recycle the water in the cooling towers at the Gölcük and Yeniköy Plants and with reverse osmosis at the Yeniköy Plant. We also reuse the water at the Eskişehir Plant with the help of closed-loop cooling towers. With the Wastewater Recovery System at the Gölcük and Yeniköy Plants, we aim to recover the effluents from the existing treatment and backwashing processes and the domestic wastewater while reducing fresh water withdrawal by nearly 40%. In 2021, total withdrawal (Turkey and

						Romania) was 1,344.18 megaliter/year. Water withdrawal during the reporting period has increased by 12.44 % compared to previous year. The reason for this increase is mainly by the increase in the vehicle production and increase in employee numberaccording to previous year. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".
Total discharges	470.03	Higher	Mergers and acquisitions	Lower	Investment in water-smart technology/process	Water discharge values of industrial waste water are publicly available in our 2022 Sustainability

						Report (*In the Report water discharge is referred to as Total water discharge). Here the term “water discharge” refers to industrial wastewater amount in Kocaeli, Eskişehir and Craiova Facilities and industrial&domestic discharge from Sancaktepe Facility. Ford Otosan's wastewater treatment plants to the municipal sewer system or a freshwater destination from the boundaries of the organization. In 2021, total discharge (Turkey and Romania) was 435.85 megaliter/year. The amount of total water discharge has increased by 7.84 % in the reporting period compared to previous year. Year-to-year changes of less than 5% were considered as

						"about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".
Total consumption	1,041.36	Higher	Mergers and acquisitions	Lower	Investment in water-smart technology/process	Here the term “water consumption” calculated as the difference of “water withdrawal” and "water discharges" which is defined as “the sum of all water drawn into the boundaries of the organization from all sources and not discharged to the outside of the facilities but consumed.” In 2021, total consumption (Turkey and Romania) was 908.34 megaliter/year. Water total consumption during the reporting period has increased by

						14.64% compared to previous year. The change is mainly due to increase in production of vehicle and employee number. With Green Office practices, we introduce measures such as reducing the flow rate of the sensorless faucets and the amount of water in the toilet cisterns. As a result, we reduced fresh water consumption per person by 35% and 25% in 2021 at the Yeniköy and Gölcük Plants, respectively. Following the Sancaktepe Campus, the Eskişehir Plant and Kocaeli Plants also received the Green Office Diploma. As such, three campuses now hold a Green Office Diploma. With Green Office practices,

						we introduce measures such as reducing the flow rate of the sensorless faucets and the quantity of water in the toilet cisterns. Reduction was achieved by preventing groundwater leaks. The depths, pipe properties, filling materials, pipe diameters of our factory-wide underground water lines were examined and our ongoing risks with the new system were checked. Systems that can be used other than manual detectors were investigated, trials were made and a completely digital leak detection device with GPS communication was investigated. We expect the values to remain about the same in the coming years. Year-to-year changes of less than 5% were considered

						as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress, provide the proportion, how it compares with the previous reporting year, and how it is forecasted to change.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Identification tool	Please explain
Row 1	Yes	100%	Higher	Mergers and acquisitions	Lower	Investment in water-smart technology/process	WRI Aqueduct	We prefer to identify water stress areas by using WRI Aqueduct “Global Water Risk Mapping Atlas” which enables to map future water risks. It is a recommended tool by TCFD. Our

								TCFD report is embodied in 2022 Sustainability Report.The study by TruCost shows that the water risk is among our physical risks and we are in the high risk category in terms of Water Management. We make preventive efforts in this regard. In addition to that tool, by using the results and country wide knowledge, (ref: General Directorate of State Hydraulic Works- DSI Turkey) we determined that all of our facilities are located in water stressed areas. Standards and water risks are

								being studied also for all Koç Holding Companies. Ford Otosan's all facilities are located in Marmara, Sakarya and Jiu Water Basins. Marmara basin where the Kocaeli and Sancaktepe facilities are located is in serious water stress the Baseline Water Stress defined as "4. High (40-80%), Sakarya basin where the Eskişehir facility is located is in partially water stress, the Baseline Water Stress defined as "5. Extremely High (>80%)". According to WRI Aqueduct,

								the proportion 100% has not changed. We define water stressed area for overall water risk; as having above medium to high risks (2-3 out of 5). Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower". Turkey is not a rich country in terms of existing water

								potential. Turkey is water stress country according to annual volume of water available per ca pita. (Rich: 8,000-10,000 m3-year/ca pita. Water Stress:<2,000 m3-year/ca pita. Poor:<1,000 m3-year/ capita). The annual exploitable amount of water has recently been approximatel y 1,500 m3 per capita according to DSI (General Directorate For State Hydraulic Works) data. So, the annual available amount of water per capita will be about 1,000 m3 by 2030. The current population

								and economic growth rate will alter water consumption patterns.

W1.2h

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant				
Brackish surface water/Seawater	Not relevant				
Groundwater – renewable	Relevant	1,181.67	Higher	Mergers and acquisitions	The direct use of water resources is vital for our operations' continuity such as vehicle painting in manufacturing processes, machining of power train components, cooling towers & wash services. In 2021, total groundwater withdrawal (Turkey and Romania) was 1,063.29 megaliter/year. Groundwater -

					renewable withdrawal during the reporting period has increased 11% compared to previous year. The reason for this increase is mainly by the increase in the vehicle production and increase in employee number according to previous year In the coming years we expect the amount of water withdrawal from renewable ground water to remain about the same because even the production amount increases, water used per vehicle is predicted to decrease in line with our water targets. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as “higher"/"lower". Year-to-year changes over 15% were considered as "much

					higher"/"much lower".
Groundwater – non-renewable	Not relevant				
Produced/Entrained water	Not relevant				
Third party sources	Relevant	329.72	Higher	Mergers and acquisitions	The third-party source is the municipality where our Sancaktepe Facility is located. The source of water provided by the municipality is in serious water stress according to WRI. Baseline Water Stress of the location is defined as “4. High (40-80%). In 2021, total withdrawal from third party sources (Turkey and Romania) was 280.89 megaliter/year. Third party sources withdrawal during the reporting period has increased by 17.38 % compared to previous year. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as"higher"/"lower".

					Year-to-year changes over 15% were considered as "much higher"/"much lower".

W1.2i

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water	Relevant	52.75	Lower	Mergers and acquisitions	Gölcük, Yeniköy, Eskişehir and Romania Plants have wastewater treatment plants. The treated wastewater at the Eskişehir Plant is discharged to the receiving environment. Wastewater is discharged in compliance with the reference values specified in the Regulation on Water Pollution Control and the Regulation on Wastewater Discharge into Sewage. Compliance with limit values is measured and ensured through regular tests. In

					2021, total discharge to fresh surface water (Turkey and Romania) was 60.33 megaliter/year Fresh surface water discharge during the reporting period has decreased by 12.56 % compared to 2021. Year-to year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".
Brackish surface water/seawater	Not relevant				We don't discharge water into this type of destination.
Groundwater	Not relevant				We don't discharge water into this type of destination.
Third-party destinations	Relevant	417.28	About the same	Investment in water-smart technology/process	Our Gölcük, Yeniköy, Eskişehir and Craiova Plants have wastewater

					treatment plants. The treated wastewater at the Kocaeli Plants is discharged to the sewage. Wastewater is discharged in compliance with the reference values specified in the Regulation on Water Pollution Control and the Regulation on Wastewater Discharge into Sewage. Compliance with limit values is measured and ensured through regular tests. In 2021, total discharge to third party sources (Turkey and Romania) was 375.52 megaliter/year. Third-party destinations discharge during the reporting period has increased by 11.12 % compared to previous year. Year-to-year changes of less than 5% were considered as "about the

					same". Year-to-year changes between % and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower".

W1.2j

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

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	Primary reason for comparison with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Relevant	470.03	Higher	Mergers and acquisitions	100%	Our Gölcük, Yeniköy, Eskişehir and Craiova Plants have wastewater treatment plants. The treated wastewater from the Wastewater Treatment Plants at the Gölcük

						and Yeniköy Plants is discharged to the sewage system and the treated wastewater from the Eskişehir Plant's Wastewater Treatment Plant is discharged to the receiving environment. Wastewater is discharged in compliance with the reference values specified in the Regulation on Water Pollution Control and the Regulation on Wastewater Discharge into Sewage. Compliance with limit

						values is measured and ensured through regular tests. We make sure that wastewater generated in our production processes is treated before discharge. We currently have three treatment plants, one each at Gölcük, Yeniköy, and Eskişehir Plants. In these plants, which have a total installed capacity of 3,836 m3, we treat substances such as acid, alkaline, oil, paint, and wastewater. We also have in

						place an online system that continuously measures various pollution parameters such as COD, pH, TSS, and fluoride in industrial wastewater and domestic wastewater at the discharge points of the plants. The value includes the discharged wastewater from processes.
Secondary treatment	Relevant	0	About the same	Mergers and acquisitions	100%	Our Gölcük, Yeniköy, Eskişehir and Craiova Plants have wastewater treatment plants. The treated wastewater from the Wastewate

						r Treatment Plants at the Gölcük and Yeniköy Plants is discharged to the sewage system and the treated wastewater from the Eskişehir Plant's Wastewater Treatment Plant is discharged to the receiving environment. Wastewater is discharged in compliance with the reference values specified in the Regulation on Water Pollution Control and the Regulation on Wastewater Discharge

						into Sewage. Compliance with limit values is measured and ensured through regular tests. We make sure that wastewater generated in our production processes is treated before discharge. The wastewater is treated as tertiary as final.
Primary treatment only	Relevant	0	About the same	Mergers and acquisitions	100%	Our Gölcük, Yeniköy, Eskişehir and Craiova Plants have wastewater treatment plants. The treated wastewater from the Wastewater Treatment Plants at

						the Gölcük and Yeniköy Plants is discharged to the sewage system and the treated wastewater from the Eskişehir Plant's Wastewater Treatment Plant is discharged to the receiving environment. Wastewater is discharged in compliance with the reference values specified in the Regulation on Water Pollution Control and the Regulation on Wastewater Discharge into Sewage. Compliance

						e with limit values is measured and ensured through regular tests. We make sure that wastewater generated in our production processes is treated before discharge. The wastewater is treated as tertiary as final.
Discharge to the natural environment without treatment	Not relevant					
Discharge to a third party without treatment	Not relevant					
Other	Not relevant					

W1.3

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

	Revenue	Total water withdrawal	Total water withdrawal efficiency	Anticipated forward trend

		volume (megaliters)		
Row 1	10,400,000,000	1,511.39	6,881,082.9765977	In 2022, Ford Otosan completed the acquisition of Ford's Craiova Plant in Romania. In 2022 , revenue increased by 30% compared to the previous year. It is expected to increase in the coming years.

W1.4

(W1.4) Do any of your products contain substances classified as hazardous by a regulatory authority?

	Products contain hazardous substances	Comment
Row 1	No	None of our products contain substances classified as hazardous by a regulatory authority.

W1.5

(W1.5) Do you engage with your value chain on water-related issues?

	Engagement
Suppliers	Yes
Other value chain partners (e.g., customers)	Yes

W1.5a

(W1.5a) Do you assess your suppliers according to their impact on water security?

Row 1

Assessment of supplier impact

Yes, we assess the impact of our suppliers

Considered in assessment

Other, please specify

Water consumption (m3)

Number of suppliers identified as having a substantive impact

250

% of total suppliers identified as having a substantive impact

1-25

Please explain

To date, we have audited 250 suppliers, including 40 critical suppliers. In addition to the self-assessment survey, we also added environmental, energy, greenhouse gas and conflict minerals data tracking forms to the audit process. Furthermore, we added questions on workforce, health and safety, environment, ethics and management systems to the detailed business ethics audits we conduct at the critical suppliers.

W1.5b

(W1.5b) Do your suppliers have to meet water-related requirements as part of your organization's purchasing process?

	Suppliers have to meet specific water-related requirements	Comment
Row 1	No, but we plan to introduce water-related requirements within the next two years	

W1.5d

(W1.5d) Provide details of any other water-related supplier engagement activity.

Type of engagement

Information collection

Details of engagement

Collect water quantity information at least annually from suppliers (e.g., withdrawal and discharge volumes)

% of suppliers by number

1-25

% of suppliers with a substantive impact

1-25

Rationale for your engagement

We are collecting water consumption data from our suppliers and we are planning to include water-related requirements in our supplier contracts.

Impact of the engagement and measures of success

We are collecting water consumption data from our suppliers and we are planning to include water-related requirements in our supplier contracts.

Comment

W1.5e

(W1.5e) Provide details of any water-related engagement activity with customers or other value chain partners.

Type of stakeholder

Other, please specify

Dealers

Type of engagement

Education / information sharing

Details of engagement

Run an engagement campaign to educate stakeholders about your water-related performance and strategy

Rationale for your engagement

The communication method with our dealers are: 1-Dealer meetings, Dealers Council and personal meetings 2- Dealer and customer satisfaction surveys 3- Internal publications 4- Dealer training. In our dealer meetings, we share the latest environmental information with our dealers. In the reporting year, we have informed and trained our dealers about climate change. The importance of data gathering about water use and energy consumption was shared.

Impact of the engagement and measures of success

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

W2. Business impacts

W2.1

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

No

W2.2

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

	Water-related regulatory violations	Comment

Row 1	No	Ford Otosan was not subject to any fines, enforcement orders and/or other penalties for water-related regulatory violations in the reporting year.

W3. Procedures

W3.1

(W3.1) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

	Identification and classification of potential water pollutants	How potential water pollutants are identified and classified
Row 1	Yes, we identify and classify our potential water pollutants	We also have in place an online system that continuously measures various pollution parameters such as COD, pH, TSS, and fluoride in industrial wastewater and domestic wastewater at the discharge points of the plants

W3.1a

(W3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.

Water pollutant category

Oil

Description of water pollutant and potential impacts

Our Wastewater Treatment facilities collect samples and conduct analyses according to the Water Pollution and Control Regulation at least once a month with the assistance of authorized companies, providing us with reports. We also perform daily, weekly, and monthly analyses in our treatment plant laboratories. By establishing control limits beyond compliance with regulatory requirements, we aim to deliver higher-quality wastewater to the receiving environment or sewage system. Furthermore, we have developed projects to recycle these wastewaters, intending to reduce our water consumption. For the treatment of oily wastewater, we utilize units such as acid cracking and ultra-filtration (UF) to efficiently separate oil from water and enable the recovery of the oil as waste. At the discharge outlets of Gölcük and Yeniköy Wastewater Treatment facilities, we have online equipment that continuously measures control parameters such as Chemical Oxygen Demand (COD) and pH. If these parameters approach the control limits, the system is automatically shut down and taken offline, prompting a reapplication of the treatment process.

Value chain stage

Direct operations

Actions and procedures to minimize adverse impacts

Beyond compliance with regulatory requirements

Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements

Please explain

Wastewater is discharged in compliance with the reference values specified in the Regulation on Water Pollution Control and the Regulation on Wastewater Discharge into sewage. Compliance with limit values is measured and ensured through regular tests.

W3.3

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

Yes, water-related risks are assessed

W3.3a

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

Value chain stage

Direct operations

Coverage

Full

Risk assessment procedure

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

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market

Other

Tools and methods used

WRI Aqueduct

Nation specific databases, tools, or standards

Other, please specify

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

Contextual issues considered

Water availability at a basin/catchment level
Water quality at a basin/catchment level
Implications of water on your key commodities/raw materials
Water regulatory frameworks

Stakeholders considered

Customers
Employees
Investors
Local communities
NGOs
Regulators
Suppliers
Water utilities at a local level
Other water users at the basin/catchment level

Comment

We are committed to supporting long-term projects through collaborations to develop solutions for the protection of water resources, tackling droughts, and joining forces for efficient use of water.
The water withdrawal per produced vehicle in Turkey 3.19 m3/vehicle and in Romania 1.65 m3/vehicle in the reporting year. Total (Turkey and Romania) water withdrawal per produced vehicle is 2.66 m3/vehicle. we aim to recover the effluents from the existing treatment and backwashing processes and the domestic wastewater while reducing fresh water withdrawal by nearly 40%. In order to reach Ford Otosan's target of reducing fresh water consumption per vehicle by 40% by 2030. We recycle/reuse 104,721 m3 water within the production cycle in 2022 at our Kocaeli, Eskişehir and Craiova Plants.

Value chain stage

Supply chain

Coverage

Partial

Risk assessment procedure

Other, please specify

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

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Databases

Tools and methods used

Regional government databases

Contextual issues considered

Water availability at a basin/catchment level
Water quality at a basin/catchment level
Implications of water on your key commodities/raw materials
Water regulatory frameworks
Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers
Employees
Investors
Local communities
NGOs
Regulators
Suppliers
Water utilities at a local level
Other water users at the basin/catchment level

Comment

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

W3.3b

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

	Rationale for approach to risk assessment	Explanation of contextual issues considered	Explanation of stakeholders considered	Decision-making process for risk response
Row 1	In our risk procedure, we try to act by using the best available techniques in accordance with pollution prevention principle based upon Basin Management	Ford Otosan reviewed its operations by using Global Water Tool, Aqueduct for the purpose to determine the facilities status in basin context. Selected contextual issue will be	The information on contextual and stakeholder issues are collected by meetings, joint projects and initiatives, working groups, committee and board of directors'	The decisions are made based on water strategy. Ford Otosan takes into account internal knowledge through monthly meetings with Koç Group

	Approach. In the risk process; performing projects priority areas are determined by analyzing the current water resources. Then, studies aiming reduction at source, reuse or recovery are carried out. Waste management, water and waste water management and related legal issues are identified, classified and differed from other risks by The Risk Management Team at asset level. The ED&MR Committee evaluates and prioritizes asset level corporate risks and opportunities; at the end of this process company level R&O are then identified. Risk and opportunity identification, determination and prioritization methods have been defined by this team and published internally. ED&MR Committee integrates the water related risks and opportunities base on Ford Otosan Risk and Opportunity Scoring Methodology. The risks and opportunities are scored (1-5 points) covering strategic, legal/ compliance, financial, reputation,	relevant, always included in our risk management, as we set-up water intensity targets. We use tools and methods offering the strongest basis for establishing such targets and prioritizing challenges facing local water resources. With the variables we are able to develop future risk profiles. In reference WRI - Aqueduct Risk Atlas, we are located in a region having a profile from medium to high-risk exposure. We use also the data generated from Turkish State Hydraulic Water Works Administration Determining the requirements of national and international regulations, the revision of new projects with regards to environment and energy, examination of energy identity file and identification of standard documents are issues dealt with as part of environmental examinations and evaluations identifying, assessing, and responding to water-related risks within our direct operations.	memberships. The top management has the responsibility of oversight on water related actions, the financial allocations. The follow-ups are performed in regular ECM meetings where the decisions are taken and/or revised due to risk minimization bringing about to meet business objectives.	Companies. FMC water strategy lead us also to prioritize addressing water use, supplier water use and community water issues in the water-stressed regions for the long-term time horizon.

	operational, technology / innovation and other external factors determined in the Risk Categories Table. Enumerated Impact points are represented by impact description. All risks are evaluated according to impact and probability criteria. The risk (R) and opportunity (O) points are scored by multiplying frequency (P) and impact point (I) for prioritization (O=P*I).			

W4. Risks and opportunities

W4.1

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

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

W4.1a

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

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

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

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

W4.1b

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

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	5	100	There are Ford Otosan Kocaeli Plants (Gölcük and Yeniköy Plants) and Sancaktepe R&D Center and Spare Part Distribution Center at Marmara Basin. Eskişehir Plant is located in Sakarya Basin and Craiova Plant is located in Jiu Water Basin.

W4.1c

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

Country/Area & River basin

Turkey

Other, please specify

Marmara Basin

Number of facilities exposed to water risk

3

% company-wide facilities this represents

51-75

% company's total global revenue that could be affected

Less than 1%

Comment

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

Country/Area & River basin

Turkey

Sakarya

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

Less than 1%

Comment

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

Country/Area & River basin

Romania

Other, please specify

Jiu Water Basin

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

Less than 1%

Comment

Craiova Plant is located in Jiu Water Basin.

W4.2

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

Country/Area & River basin

Turkey

Other, please specify

Marmara and Sakarya Basins

Type of risk & Primary risk driver

Acute physical

Other, please specify

Increased water stress

Primary potential impact

Reduction or disruption in production capacity

Company-specific description

At Ford Otosan, we recognize the preservation of water resources through efficient management as one of our key responsibilities. Therefore, we address water risks as a key factor of sustainability management. If the water scarcity increases in our water basin; the local authority could supply water to urban zone rather than industrial zone. In the production phases, Ford Otosan uses well water. In case of any water scarcity triggered by this risk driver, groundwater availability problem may occur. The control of potential extreme weather events in our sites is our first concern to ensure our business continuity. If the scarcity occurs in the regions where Ford Otosan operates, the utilities department may procure good quality water by providing treated wastewater through treatment system for Kocaeli- Gölcük Plant.

Timeframe

More than 6 years

Magnitude of potential impact

Medium-high

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2,203,242

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

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

Primary response to risk

Amend the Business Continuity Plan

Description of response

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

Cost of response

0

Explanation of cost of response

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

Country/Area & River basin

Turkey
Other, please specify
Marmara Basin

Type of risk & Primary risk driver

Acute physical
Other, please specify
Increased water stress

Primary potential impact

Other, please specify
Water Supply Disruption

Company-specific description

Water is the primary medium through which we will feel the effects of climate change. Water availability is becoming less predictable in many places, and increased incidences of flooding threaten to destroy water withdrawal points, sanitation facilities and contaminate water sources. In some regions, droughts are intensifying water scarcity and thereby negatively impacting people's health and productivity.
With the existing climate change scenario, by 2030, water scarcity in some arid and semi-arid places will displace between 24 million and 700 million people. If the water scarcity increases in our water basin the local authority could supply water to urban zone rather than industrial zone.

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

Timeframe

More than 6 years

Magnitude of potential impact

Medium-high

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

4,546,147

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

Purpose of the Project:
*Wastewater treatment plant effluents, cooling towers blow down waters and water center sand filter backwash water are treated and recycled.
*The recovered wastewater is converted into external water in the deionized (external) water production system, and the dye house wastewater is planned to be reused in production
If the waste water is discharged into ISU sewer system without any treatment and recovery process the cost will be 5.15 million USD. This figure was calculated by taking into account the cumulative price increase rate of ISU for discharge water.
The expected life time of this project is 20 years.
Project Goal:
The need for alternative water resources as wells are not allowed to be drilled in Kocaeli Plants
* We recognize that fresh water resources are vital for continuity of life and plan to launch recycling projects at the Gölcük, Yeniköy and Eskişehir plants to reduce the use of fresh water per vehicle in these facilities by 40% by 2030
* Fulfillment of Ford EU Global Water Target and Koç Group Environmental Strategic Water Targets

Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

Description of response

Climate Change Strategies published by Ford Motor Company and Koç Group are the themes directing our works. Feasibility works for wastewater, rainwater and greywater recovery projects will be maintained as a precaution against the diminished water resources.
A budget study of $2,737,895 was carried out for wastewater, rainwater and greywater recovery.
This project includes water auditing, consultant and wastewater recovery turnkey project.
A 720 m3 / day recovery facility is planned. The recovery rate is 30%.
There will be 1,130-1,200 m3 / day wastewater input to the facility and 720 m3 / day will be recovered.

Cost of response

2,737,895

Explanation of cost of response

Feasibility studies for waste water recovery project is in progress.
Cost of obtaining clean water from wastewater is our priority.

Country/Area & River basin

Turkey
Other, please specify
Marmara Basin

Type of risk & Primary risk driver

Acute physical
Other, please specify
Increased water stress

Primary potential impact

Reduction or disruption in production capacity

Company-specific description

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

Timeframe

More than 6 years

Magnitude of potential impact

Medium-high

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,000,000

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

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

Primary response to risk

Secure alternative water supply

Description of response

A feasibility study on reverse osmosis (RO) and ultra-filtration (UF) system has completed sea water withdrawal, treatment by RO and UF, storage, distribution to process & utilities divisions could be implemented to secure alternative water supply. We recycle the water in the cooling towers at the Gölcük and Yeniköy Plants and with reverse osmosis at the Yeniköy Plant.

Cost of response

1,200,000

Explanation of cost of response

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

W4.2a

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

Country/Area & River basin

Turkey

Other, please specify

Marmara and Sakarya Basins

Stage of value chain

Supply chain

Type of risk & Primary risk driver

Acute physical

Other, please specify

Increased water stress

Primary potential impact

Other, please specify

Water Supply Disruption in our value chain: suppliers

Company-specific description

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

Timeframe

4-6 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

0

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

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

In 2022, we made 265 visits to our suppliers for purposes such as performance improvement, new supplier preparation and induction audits, capacity analyses, and risk management, and 10 visits for Q1 certification. The Q1 Certification is awarded to Ford suppliers who demonstrate excellence in meeting the global supply chain requirements

and customer expectations. We worked on auditing and performance development based on certain criteria by identifying suppliers that are open to improvement through Ford Motor Company global system. We have taken actions to prevent possible risks in areas such as natural disasters, fire and other climate related risks by visiting suppliers.

Primary response to risk

Supplier engagement

Work with supplier to engage with local communities

Description of response

Alignment of public policy positions with water stewardship goals

Cost increase management through regulated tariff-setting process

Engagement with community

Engagement with other stakeholders in the river basin

Cost of response

0

Explanation of cost of response

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

Country/Area & River basin

Turkey

Other, please specify

Marmara

Stage of value chain

Use phase

Type of risk & Primary risk driver

Acute physical

Other, please specify

Increased water stress

Primary potential impact

Reduction or disruption in production capacity

Company-specific description

Current Situation: In the water production process, during the production of water from the Iron Manganese and Ultra filtration units, the waste water generated during the backwash and rinsing process is transferred to the treatment center and disposed of. Purpose of the Project: Recycling of backwash and rinsing waters, discharging them in the raw water tank and transferring them into water production. With the Wastewater Recovery System at the Gölcük and Yeniköy Plants, we aim to recover the effluents from the existing treatment and backwashing processes and the domestic wastewater while reducing fresh water withdrawal by nearly 40%.

Timeframe

More than 6 years

Magnitude of potential impact

Medium

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

77,798

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

Wastewater Recovery Project: In each cycle, 125 m3 of wastewater is being collected in the wastewater tank. The water passes through the installed ultrafiltration unit and is recovered with 95.2% efficiency. It is then transferred to the raw water tank, which represents the first stage of water production.
The project saves 15,880 m3 of water annually, resulting in annual savings of $19,230. The calculation estimation is based on a ten-year period, and the figure stands at $77,798.

Primary response to risk

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

Description of response

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

Cost of response

36,865

Explanation of cost of response

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

W4.3

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

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

W4.3a

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

Type of opportunity
Efficiency

Primary water-related opportunity
Improved water efficiency in operations

Company-specific description & strategy to realize opportunity
The main concern of Ford Otosan is to reduce water consumption in the production process. For this purpose, we fulfilled different measures such as:
1- Increase of cooling water capacity & maintenance activities
2- Elimination of water leakages by equipment maintenance
3- Internal audits and implementation of various efficiency projects with awareness raising
4- Cleaning procedure improvements
5- Renovations in WASH activities
6- Oil-retaining bacteria project

Estimated timeframe for realization
More than 6 years

Magnitude of potential financial impact
High

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
37,692

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact
We monitor our water consumption in line with our targets.
As disclosed in the Water Policy published in 2021, we are committed to:
• Reducing fresh water consumption per vehicle in operational processes,
• Prioritizing innovative and sustainable water management systems in new investments and projects, and
• Focusing on water management as a priority in plants faced with water stress

according to regional situation assessments. Accordingly, we recycle the water in the cooling towers of the Gölcük and Yeniköy Plants and with reverse osmosis at the Yeniköy.
With Green Office practices, we introduce measures such as reducing the flow rate of the sensorless faucets and the amount of water in the toilet cisterns. As a result, we reduced fresh water consumption per person by 35% and 25% in 2021 at the Yeniköy and Gölcük Plants, respectively.
The financial impact is calculated with multiplying the decrease of water withdrawals and the approximate cost for treatment services per m3 of wastewater.

Type of opportunity

Markets

Primary water-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

We participated in the Green Office Program in collaboration with WWF - Turkey in the second half of 2016 with the purpose of raising awareness of energy conservation, efficient use of natural resources and sustainable lifestyle and speeding up the dissemination of sustainability approach within the company. We supported the program with over 1,600 employees from Sancaktepe R&D Centre and Marketing, Sales and After Sales Offices. Thus, we became the organisation participating in the program in Turkey with the highest number of employees at a single location.
We made improvements in various areas such as reduction of paper, water and electricity use by e-signature method as part of the works that were led by Green Office Team that we had established within the company. Furthermore, we were the first automotive company taking part in WWF - Turkey's Green Office Network and set a leading example for our sector. The Kocaeli and Eskişehir campuses have been integrated to Turkey Green Office Network in 2019 by expanding the extent of the project. At the end of the Green Office Project, it has been received the Green Office Diploma along with the right to use the Green Office logo from WWF (World Wildlife Fund for Nature). Following the Sancaktepe Campus, the Eskişehir Plant and Kocaeli Plants also received the Green Office Diploma. As such, three campuses now hold a Green Office Diploma. This diploma shows that the company is environmentally sensitized and committed. In addition to holding Green Office Diploma and Zero Waste Certificates for all our plants, we also implemented a number of projects to reduce natural resource consumption in all three campuses with the Green Office Program, run in partnership with WWF Türkiye. In 2022, we continued to work on our targets for zero waste, material and waste reduction, and elimination of single-use plastics. As a result of these efforts, we were recognized with the Zero Waste Sustainability Award at the 3rd Zero Waste Summit and Awards Ceremony for all Ford Otosan plants.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,398.37

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

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

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

At Ford Otosan, we see the effective management of water risks as a key element of achieving environmental sustainability and ensuring business continuity. As disclosed in the Water Policy published in 2021, we are committed to:

• Reducing fresh water consumption per vehicle in operational processes,

• Prioritizing innovative and sustainable water management systems in new investments and projects, and

• Focusing on water management as a priority in plants faced with water stress according to regional situation assessments.

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

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

364,313.57

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

With the wastewater recovery project, the discharged wastewater will be recycled and given to the external water production as raw water and will be given to the dyehouse as external water.
Therefore, water savings are expected to be 30%. This will lead to an approximately $ 364,313.57 annually.

W5. Facility-level water accounting

W5.1

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

Facility reference number

Facility 1

Facility name (optional)

Gölcük Plant (from Kocaeli Plants)

Country/Area & River basin

Turkey

Other, please specify

Marmara

Latitude

40.717352

Longitude

29.851182

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

755.26

Comparison of total withdrawals with previous reporting year

Higher

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

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

755.26

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0

Total water discharges at this facility (megaliters/year)

230.68

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

230.68

Total water consumption at this facility (megaliters/year)

524.58

Comparison of total consumption with previous reporting year

Much higher

Please explain

Our Gölcük Plant is located in Marmara Basin and we withdrawal water from wells located near. Water withdrawal amount is monitored via flowmeters constantly on the site. Water discharge is the amount of water discharged from treatment plant to municipality system. The consumption amount is calculated with the difference of these two values. Total water consumption at this facility during the reporting period has increased by 19.24 % compared to previous year. The only discharge destination is third party destination for this facility. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower.

Facility reference number

Facility 2

Facility name (optional)

Yeniköy Plant (from Kocaeli Plants)

Country/Area & River basin

Turkey

Other, please specify

Marmara

Latitude

40.717352

Longitude

29.851182

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

169.7

Comparison of total withdrawals with previous reporting year

Higher

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

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

169.7

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0

Total water discharges at this facility (megaliters/year)

51.08

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

51.08

Total water consumption at this facility (megaliters/year)

118.62

Comparison of total consumption with previous reporting year

About the same

Please explain

Our Yeniköy Plant is located in Marmara Basin and we withdrawal water from wells located near. Water withdrawal amount is monitored via flowmeters constantly on the site. Water discharge is the amount of water discharged from treatment plant to municipality system. The consumption amount is calculated with the difference of these two values. Total water consumption at this facility during the reporting period has increased by 1.45 % compared to previous year. The only discharge destination is third party destination for this facility. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower.

Facility reference number

Facility 3

Facility name (optional)

Sancaktepe R&D Center and Spare Part Distribution Center

Country/Area & River basin

Turkey

Other, please specify

Marmara

Latitude

40.974679

Longitude

29.23206

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

28.24

Comparison of total withdrawals with previous reporting year

Much higher

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

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

20.64

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

7.6

Total water discharges at this facility (megaliters/year)

25.42

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

25.42

Total water consumption at this facility (megaliters/year)

2.82

Comparison of total consumption with previous reporting year

Much higher

Please explain

Our Sancaktepe Plant is located in Marmara Basin and we withdrawal water from wells located near and municipality. Water withdrawal amount is monitored via flowmeters and billings constantly on the site. Water discharge is the amount of water discharged from treatment plant to municipality system and assumed to be 90% of the total withdrawals. The consumption amount is calculated with the difference of these two values. The only discharge destination is third party destination for this facility. Total water consumption at this facility during the reporting period has increased by 41.6 % compared to previous year. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower.

Facility reference number

Facility 4

Facility name (optional)

Eskişehir (old name is İnonu Plant)

Country/Area & River basin

Turkey
Sakarya

Latitude

39.842081

Longitude

30.121566

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

236.07

Comparison of total withdrawals with previous reporting year

Higher

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

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

236.07

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0

Total water discharges at this facility (megaliters/year)

52.75

Comparison of total discharges with previous reporting year

Lower

Discharges to fresh surface water

52.75

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

0

Total water consumption at this facility (megaliters/year)

183.32

Comparison of total consumption with previous reporting year

Higher

Please explain

Our Eskişehir Plant is located in Sakarya Basin and we withdrawal water from wells located near. Water withdrawal amount is monitored via flowmeters constantly on the site. Water discharge is the amount of water discharged from treatment plant to fresh surface water. The consumption amount is calculated with the difference of these two values. Total water consumption at this facility has decreased by 12.21 % compared to previous year. The only discharge destination is third party destination for this facility. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower.

Facility reference number

Facility 5

Facility name (optional)

Craiova

Country/Area & River basin

Romania

Other, please specify

Jiu Water Basin

Latitude

44.56454

Longitude

23.90432

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

322.12

Comparison of total withdrawals with previous reporting year

Higher

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

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

322.12

Total water discharges at this facility (megaliters/year)

110.1

Comparison of total discharges with previous reporting year

Much higher

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

110.1

Total water consumption at this facility (megaliters/year)

212.02

Comparison of total consumption with previous reporting year

Higher

Please explain

Our Craiova Plant is located in Jiu Water Basin and we withdrawal water from municipality. Water withdrawal amount is monitored via flowmeters and billings constantly on the site. Water discharge is the amount of water discharged from treatment plant to municipality system. The consumption amount is calculated with the difference of these two values. Total water consumption at this facility during the reporting period has increased by 13.91% compared to previous year. Year-to-year changes of less than 5% were considered as "about the same". Year-to-year changes between 5% and 15 % were considered as "higher"/"lower". Year-to-year changes over 15% were considered as "much higher"/"much lower.

W5.1a

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

Water withdrawals – total volumes

% verified

76-100

Verification standard used

Invoice and counter verification- 1,511.39 m3. Sustainability report total water data was audited by KPMG company.

Water withdrawals – volume by source

% verified

76-100

Verification standard used

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

Water withdrawals – quality by standard water quality parameters

% verified

Not verified

Please explain

Water discharges – total volumes

% verified

76-100

Verification standard used

Invoice and counter verification- 470.03 m3. Sustainability report total water discharge data was audited by KPMG company.

Water discharges – volume by destination

% verified

76-100

Verification standard used

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

Water discharges – volume by final treatment level

% verified

76-100

Verification standard used

Invoice and counter verification – 444.61 m3. Sustainability report total treatment water discharge data was audited by KPMG company.

Water discharges – quality by standard water quality parameters

% verified

Not verified

Please explain

Water consumption – total volume

% verified

76-100

Verification standard used

Invoice and counter verification- 1,041.36 m3 . Sustainability report total water data was audited by KPMG company.

W6. Governance

W6.1

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

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

W6.1a

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

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Commitment to align with international frameworks, standards, and widely-recognized water initiatives Commitment to reduce water withdrawal and/or	Ford Otosan has a corporate water policy and strategy covering all operations and stakeholders The policy states a commitment to global and local coherence in the approximation to water security. In this policy the commitments are beyond regulatory compliance. Ford Otosan has water targets and goals for its own operations, to reduce negative impact on environment. The efficient solutions based on best available technologies are the tools to act as a pioneer in environmental and energy issues to other sectors and

		consumption volumes in direct operations Commitment to stakeholder education and capacity building on water security Commitments beyond regulatory compliance Other, please specify Ensure access to clean and safe water for all our employees	suppliers. In this policy providing the most advanced level of Emergency and Environmental Risk Management was highlighted with the prioritization of environmental protection and energy efficiency. Basin level stewardship has a high importance for Ford Otosan: Reducing the effects of climate change on issues affecting future generations such as biodiversity and ecosystem protection is managed with action plans. There is a commitment about to be active in the life cycle approach by encouraging our suppliers and all business stakeholders on environmental performance and green economy issues such as" green procurement". It is also committed to raise awareness of responsibility in the field of environment and energy by organizing training activities for the employees, stakeholders and community, and ensuring their awareness of the policy. It is embedded in Ford Otosan's Environmental and Energy Policy and Risks And Opportunities (Short- And Long-Term Risks) Identification Table.

W6.2

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

Yes

W6.2a

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

Position of individual or committee	Responsibilities for water-related issues
Director on board	Board of Directors' Responsibilities in the Sustainability Organization: - Improving the company's ESG performance. - Reviewing the strategic plan from a holistic perspective together with the energy, environment and product R&D activities. - Including sustainability and climate issues in resource disbursement. Oversight of sustainability management at Ford Otosan is the responsibility of the Board of Directors, which has granted the executive board the executive authority to manage sustainability. Everything related to the company's sustainability is the responsibility of the Sustainability Committee, which is headed by the Ford Otosan Lead (Ford Otosan CEO). The strategy determined by the committee and approved by the Board of Directors is implemented by the core sustainability team, which is positioned under corporate communications which coordinates the

	sustainability working groups. The Sustainability Committee is responsible for determining, implementing and overseeing the sustainability strategy at Ford Otosan to improve our sustainability performance in the social, environmental, economic and governance areas and planning and executing the relevant activities with a systematic approach.
Chief Executive Officer (CEO)	Ford Otosan Sustainability Committee is headed by the CEO, who also serves as a member of this committee, reports the committee's progress toward the targets and development areas, and secures approval for the relevant investments from the BoD. Oversight of sustainability management at Ford Otosan is the responsibility of the BoD, which has granted the executive board the executive authority to manage sustainability. Everything related to the company's sustainability is the responsibility of the Sustainability Committee. All BoD are responsible from the economic performance of the company and incorporate climate-related issues by resource allocation when deciding on the strategic plan with the economic performance of the company. Some of the decisions made by the CEO in this field is that we declare our commitment to reducing water consumption per product in operational processes, prioritizing innovative and sustainable water management systems in new investments and projects, and focusing primarily on water management in campuses experiencing water stress as a result of regional situation assessments. Accordingly, we recycle the water in the cooling towers of the Gölcük and Yeniköy Plants and with reverse osmosis at the Yeniköy Plant, and reuse the water at the Eskişehir Plant with the help of closed-loop cooling towers. With Green Office practices, we introduce measures such as reducing the flow rate of the sensorless faucets and the quantity of water in the toilet cisterns. We aim to reduce fresh water use per vehicle by 40% by 2030 through the water recovery projects implemented at the Gölcük, Yeniköy and Eskişehir Plants. As a result, we reduced fresh water consumption per person by 35% and 25% in 2021 at the Yeniköy and Gölcük Plants, respectively. A project, designed to reduce the water volume of the sludge formed during the collection of paint particles in the paint shop at the Craiova Plant, resulted in a minimum water efficiency of 45%.

W6.2b

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

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing acquisitions,	The Board is reviewing and guiding strategy, major plans of action, risk management policy, annual budget, business plans, setting performance objectives, monitoring implementation and performance of objectives, overseeing major capital

		mergers, and divestitures Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation/R&D priorities Setting performance objectives	expenditures, acquisitions and divestitures, monitoring and overseeing progress against goals and targets for addressing climate-related issues as scheduled. The Board chair incorporates climate related issues including risks and opportunities on most strategic product-based company level decisions. The broader commitment to sustainable business including climate related strategy is debated and decided by the executive committee (EC) led by CEO who is a member of the BoD. The CEO briefs the BoD about asset level executions. The EC Meetings realize in weekly periods. Other EC core members who are the Assistant General Managers (COO) report their performances on energy, water, wastes and other environment/climate related risks&opportunities to the CEO in weekly meetings. Sustainability&Energy Committee leaders brief the EC and EDRM Committee members about the R&O's that may have impact on the Risk Management Policy of the organization. Progress towards water-related goals is also monitored during the Risk Detection and Management Committee meetings held every three months. In addition to our long-term targets, we have short-term and annual water consumption targets monitored by Ford Global. The assessment of our target status is reviewed by the relevant location's Factory Manager and Operations Manager on a monthly basis. The Factory Manager conducts Risk & Opportunities assessments on a monthly basis. At Ford Otosan, we see the effective management of water risks as a key element of achieving environmental sustainability and ensuring business continuity. We published our Water Policy in 2021. We declare our commitment to reducing water consumption per product in operational processes, prioritizing innovative and sustainable water management systems in new investments and projects, and focusing primarily on water management in campuses experiencing water stress as a result of regional situation assessments. We recycle the water in the cooling towers of the Gölcük and Yeniköy Plants and with reverse osmosis at the Yeniköy Plant, and reuse the water at the Eskişehir Plant with the help of closed-loop cooling towers. We

			aim to reduce fresh water use per vehicle by 40% by 2030 through the water recovery projects implemented at the Gölcük, Yeniköy and Eskişehir Plants. As a result, we reduced fresh water consumption per person by 35% and 25% in 2021 at the Yeniköy and Gölcük Plants, respectively. A project, designed to reduce the water volume of the sludge formed during the collection of paint particles in the paint shop at the Craiova Plant, resulted in a minimum water efficiency of 45%.

W6.2d

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

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues
Row 1	Yes	We believe that having members on the Board of Directors who possess a diverse range of competencies, knowledge and experience strengthens the Board's functioning and benefits decision-making processes. During the nomination process for Board of Directors members, we consider the necessary knowledge, experience and competencies required for the position in accordance with the principles stated in our Board Diversity Policy, and we prioritize having a Board composed of members with diverse experiences and skills. We believe that diversity on the Board of Directors is a key factor for elevating the company's success in the eyes of its shareholders and other stakeholders. Therefore, the different competencies of the Board members also play an important role in driving the company's performance. Of the 12 members of the Ford Otosan Board of Directors, five are experienced and experts in finance, nine in automotive, six in risk management, seven in organizational management, six in sustainability, eight in strategy, nine in stakeholder relations, and seven in human resources. - Our policies, targets and risks & opportunities regarding water are reviewed at regular meetings.

W6.3

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

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

Chief Executive Officer (CEO)

Water-related responsibilities of this position

Assessing water-related risks and opportunities
Managing water-related risks and opportunities
Setting water-related corporate targets
Monitoring progress against water-related corporate targets

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

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

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

Chief Operating Officer (COO)

Water-related responsibilities of this position

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

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The Executive Committee core members who are the Assistant General Managers (COO) report their performances on energy, water, wastes and other environment related risks & opportunities to the CEO in weekly meetings. Progress towards water-related goals is also monitored during the Risk Detection and Management Committee meetings held every three months. In addition to our long-term targets, we have short-term and annual water consumption targets monitored by Ford Global. The assessment of our target status is reviewed by the relevant location's Factory Manager and Operations Manager on a monthly basis. The Factory Manager conducts Risk & Opportunities assessments on a monthly basis.

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

Risk committee

Water-related responsibilities of this position

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

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The primary goal of Ford Otosan in risk management are to foresee, manage, monitor the potential risks in each area and to prepare action plans for risk and crisis management in advance. The Board of Directors, Early Determination and Management of Risk Committee, Audit Committee, Executive Management of the Company and Sustainability Committee are regularly informed about the risks, including water related ones. Our current corporate risk management system is also used to manage climate change and other ESG-related risks. Accordingly, extensive studies are carried out on topics such as climate change, employee engagement and development, diversity, equality and inclusion while concurrently taking actions to mitigate risks. ESG risks are included in senior management's performance criteria to ensure they are adopted at the highest level. ESG risks are reported in detail to and reviewed by the Risk Committee.

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

Environmental, health, and safety manager

Water-related responsibilities of this position

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

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

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

W6.4

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

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	At Ford Otosan, the remuneration system for the Board members and senior executives is determined according to the Remuneration Policy.

		While the fixed salaries of the Board members are approved by the General Assembly, the salaries of the senior executives consist of two components: fixed and performance based. Fixed salaries of the senior management are determined in alignment with international standards and legal obligations by considering the macroeconomic conditions, market practices, the company's scale and long term targets, and the respective positions of the individuals. Performance-based bonuses consist of three components: bonus base, company performance, and individual performance. We believe that the relevant targets should be integrated into the performance scorecards of the senior management for the company to implement its long-term strategies and achieve the annual targets. Therefore, we added the ESG KPIs to CEO's performance scorecard in line with the "Future.Now".

W6.4a

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

	Role(s) entitled to incentive	Performance indicator	Contribution of incentives to the achievement of your organization's water commitments	Please explain
Monetary reward	Chief Executive Officer (CEO)	Other, please specify Implementing Ford Otosan's carbon neutral plan	Key indicators for 2023, which serve Ford Otosan Leader's (CEO) goal of pioneering sustainability, accountability and transparency in the countries where we operate in the automotive sector, are listed below: • Implementing Ford Otosan's carbon neutral plan (quarterly reviews) • Completing the action steps resolved by the Corporate Governance Committee by year-end 2023 • Developing the diversity, equality and inclusion roadmap and	As Ford Otosan, we added ESG indicators to Ford Otosan Leader's (CEO) performance card in line with our sustainability strategy and long-term goals, in line with the company strategy.

			achieving the 2023 targets • Implementation of social investment projects to support women in the field of technology and innovation	
Non-monetary reward	Other, please specify All Employees	Other, please specify The Objectives and Key Results Performance System	At Ford Otosan, we recognize the preservation of water resources through efficient management as one of our key responsibilities. Therefore, we address water risks as a key factor of sustainability management.	Presents have been given to our employees as non-monetary reward for coherent and inclusive proposals. The OKR (Objectives and Key Results) Performance System that we launched in 2020 provides an opportunity for the employees to set their own goals. The system supports them toward expanding their horizons with the help of several training opportunities to improve themselves throughout the year. The scorecards of managers, team leaders, engineers and experts include targets related to climate change. Pay scale is determined according to these achievements in Scorecard scoring.

W6.5

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

Yes, direct engagement with policy makers

W6.5a

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

Water is managed with a strategic approach whereby risks and opportunities are evaluated, extending from Koç Holding to group companies. In addition, the coordination of water related activities is performed by Koç Group. Ford Otosan engaged in contributing in the issuance of water regulation by actively cooperating with Koç Group Environmental Board which has a direct mission to ensure that our engagement is consistent with our own priorities and policy. Comments on Water Use Control Regulation were shared with the specialists of Ministry of Environment, Urbanisation and Climate Change.
Moreover, Ford Otosan is the member of Turkish Automotive Manufacturers Association (OSD), Turkish partner of ACEA (The European Automobile Manufacturers Association) and has presented its legislative proposals on water regulation to policy makers through OSD. OSD meetings realizes in monthly periods. We proposed to revise any regulation which is related to water and to investigate “best and worst cases” on this issue. We also attend the working groups of ISO & KSO (Istanbul, Kocaeli Chamber of Industry) where we can share our comments with policy makers, in order to follow up regulatory and other activity developments related with water policy. If an inconsistency is detected we communicate our arguments and provide a solution to sustain our engagement to be consistent with our water policy.

W6.6

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

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

Ford Otosan Assurance Report -ENG_2022_signed.pdf

Ford_Otosan_2022_Annual_Report.pdf

FordOtosan_2022_Sustainability_Report.pdf

W7. Business strategy

W7.1

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

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	We at Ford Otosan are committed to protecting and conserving water resources in our operations through management practices and governance systems, leading towards effective water stewardship. A project, designed to reduce the water volume of the sludge formed during the collection of paint particles in the paint shop at the Craiova Plant, resulted in a minimum

			water efficiency of 45%. We use some of the rainwater collected from the roof drainage system in various non-production processes. And the solar panels installed at the plant provide hot water for non-production needs, helping us save energy.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	To achieve our goals and commitments in water related issues, we are committed to reduce the amount of water consumption per product resulting from operational processes as well as the amount of water consumption per person and minimize the impact on water sources. We are prioritizing innovative and sustainable water management systems in new investments and projects. We aim to reduce fresh water use per vehicle by 40% by 2030 through the water recovery projects implemented at the Gölcük, Yeniköy and Eskişehir Plants. We are promoting alternative water supply practices such as rainwater harvesting, wastewater and grey water recycling and setting targets to reduce the water footprint. The rainwater harvesting system is being implemented. The system is basically a tank placed underground and rainwater is collected in the tank.
Financial planning	Yes, water-related issues are integrated	5-10	Achieving the targets set and investing in water efficient systems, the financial planning phase is vital. In the rainwater harvesting project, it was estimated to have a cost of approximately 7000USD. These values are calculated with all the OPEX and CAPEX costs related to the project.

W7.2

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

Row 1

Water-related CAPEX (+/- % change)

74.02

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

17.3

Water-related OPEX (+/- % change)

2.09

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

10

Please explain

Capex includes the investments in the water related expenditures like equipments and improvements in the treatment plants. Opex includes all the water related services purchased in 2022 such as Wastewater analyzes and Conservation of biodiversity and landscape. We expect 10% increases in Opex expenditures in accordance with the increase of water services annually and we expect 17% increase in Capex.

W7.3

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

	Use of scenario analysis	Comment
Row 1	Yes	We prefer to identify water stress areas by using WRI Aqueduct “Global Water Risk Mapping Atlas” which enables to map future water risks. It is a recommended tool by TCFD. We published our TCFD report in our 2022 sustainability report. By using the results and internal knowledge & regional local data, we determined that all of our facilities are located in water stressed areas. The proportion 100% has not changed. We define water stressed area for overall water risk; as having above medium to high risks (2-3 out of 5).

W7.3a

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

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

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

W7.4

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

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

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

W7.5

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

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

W8. Targets

W8.1

(W8.1) Do you have any water-related targets?

Yes

W8.1a

(W8.1a) Indicate whether you have targets relating to water pollution, water withdrawals, WASH, or other water-related categories.

	Target set in this category	Please explain
Water pollution	No, but we plan to within the next two years	We don't have water pollution related target but we plan to within two years.
Water withdrawals	Yes	
Water, Sanitation, and Hygiene (WASH) services	No, but we plan to within the next two years	We don't have Water, Sanitation and Hygiene related target but we plan to within two years.
Other	No, but we plan to within the next two years	

W8.1b

(W8.1b) Provide details of your water-related targets and the progress made.

Target reference number

Target 1

Category of target

Water withdrawals

Target coverage
Company-wide (direct operations only)

Quantitative metric
Reduction in withdrawals per product

Year target was set
2022

Base year
2019

Base year figure
3.01

Target year
2030

Target year figure
1.91

Reporting year figure
3.19

% of target achieved relative to base year
-16.3636363636

Target status in reporting year
New

Please explain
The water withdrawal per produced vehicle in Turkey was 3.19 m3/vehicle in 2022. In 2022, the number of production (Turkey) increased by 10.8% compared to the previous year. We aim to reduce fresh water use per vehicle by 40%
by 2030 through the water recovery projects.

W9. Verification

W9.1

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

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Water consumption figures are verified by ISAE 3000 standard.	ISAE 3000	All water consumption figures are verified by an independent 3rd party verifier.
W1 Current state	Water recovery figures are verified by ISAE 3000 standard.	ISAE 3000	All water recovery figures are verified by an independent 3rd party verifier.

W10. Plastics

W10.1

(W10.1) Have you mapped where in your value chain plastics are used and/or produced?

	Plastics mapping	Value chain stage	Please explain
Row 1	Yes	Direct operations Other, please specify Personal Use	Regarding waste and circular economy, we have committed to reducing waste sent to landfills to zero by 2030 by following a zero waste policy. Our targets also include eliminating single-use plastics from personal use completely, and increasing the ratio of recycled and renewable plastics used in the plastic parts of the vehicles we produce to 30%.

W10.2

(W10.2) Across your value chain, have you assessed the potential environmental and human health impacts of your use and/or production of plastics?

	Impact assessment	Value chain stage	Please explain
Row 1	Yes	Direct operations Supply chain	Ford Motor Company and Ford Otosan have set their 2025 and 2030 targets for the use of recycled plastics. • The Waste Import Implementation Circular in force in our country imposes restrictions on importing some recycled plastic material groups that we use and plan to use in our vehicles. Therefore, Ford Otosan's recycling plastic use targets are affected. Therefore, Ford Otosan came together with other automotive manufacturers and the Automotive Industry Association to draft a report about the planned production capacity and volumes of recycled plastic materials for 2025 and 2030, and the recycled

			plastic product groups with special technical specifications that are not yet produced in our country. This report was submitted to the suppliers of parts and raw materials, the Union of Chambers and Commodity Exchanges of Türkiye, and the relevant ministries. Furthermore, all the involved parties expressed their shared opinion and requested the import restrictions specified in the Waste Import Implementation Circular to be amended in a way to impose specific restrictions and conditions for recycled plastic raw materials such as PP, PA, ABS, PC-ABS. Following this request, the Waste Import Implementation Circular was amended with a communiqué published by the Ministry of Commerce and the Ministry of Environment, Urbanization and Climate Change in December 2022.

W10.3

(W10.3) Across your value chain, are you exposed to plastics-related risks with the potential to have a substantive financial or strategic impact on your business? If so, provide details.

	Risk exposure	Value chain stage	Type of risk	Please explain
Row 1	Yes	Direct operations	Regulatory	Risk impact: • Non-compliance with future regulations. • Reputation damage. We have assed “failure to meet the recycling plastics use targets for 2030 in vehicles in line with the EU Circular Economy Action Plan” and “failure to meet the expectations for using specific ratios of recycled plastics in vehicles by 2030 and 2035 as per the ELV directive” as a regulatory risks in our risk assessment process.

W10.4

(W10.4) Do you have plastics-related targets, and if so what type?

	Targets in place	Target type	Target metric	Please explain
Row 1	Yes	Plastic goods	Eliminate single-use plastic goods Increase the proportion of post-consumer recycled content in plastic goods	Ford Otosan will completely eliminate single use plastics from personal consumption and increase the rate of recycled and renewable plastics in the plastic parts of the vehicles produced at our plants to 30% by 2030. Our activities in 2022 included use of different recycled plastics applications such as radio/screen brackets (65% recycled content), biopolymers in truck

				components, and recycled plastic raw materials obtained from waste of end-of-life vehicles in truck components.

W10.5

(W10.5) Indicate whether your organization engages in the following activities.

	Activity applies	Comment
Production of plastic polymers	No	
Production of durable plastic components	No	
Production / commercialization of durable plastic goods (including mixed materials)	No	
Production / commercialization of plastic packaging	No	
Production of goods packaged in plastics	No	
Provision / commercialization of services or goods that use plastic packaging (e.g., retail and food services)	No	

W11. Sign off

W-FI

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

For more on sustainability at Ford Otosan you can visit:
https://www.fordotosan.com.tr/en/sustainability/sustainability-approach
Ford Otosan Annual Report-2022: https://www.fordotosan.com.tr/en/investors/financial-statements/annual-reports
Ford Otosan Sustainability Report 2022:
https://www.fordotosan.com.tr/en/sustainability/sustainability-reports
Ford Otosan Environmental & Energy Policy:
https://www.fordotosan.com.tr/en/sustainability/sustainability-policies
Ford Otosan Water Policy: https://www.fordotosan.com.tr/en/sustainability/sustainability-policies
Ford Otosan Physical Risk Assessment
Ford Otosan Climate Risk Assessment
Ford Otosan Assurance Report
ACEA Joint Statement the Transition to Zero-Emission Road Freight Transport

Ford Otosan Assurance Report -ENG_2022_signed.pdf

Ford Otosan Physical Risk Presentation.rev1.pdf

Ford Otosan Climate Risk Asssessment.rev1.pdf

ACEA-P~1.PDF

Ford_Otosan_2022_Annual_Report.pdf

water_policy.pdf

FordOtosan_2022_Sustainability_Report.pdf

ford-otosan-cevre-ve-enerji-politikasi-EN.pdf

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	HR and Transformation AGM	Director on board

Submit your response

In which language are you submitting your response?

Please confirm how your response should be handled by CDP

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

Please indicate your consent for CDP to share contact details with the Pacific Institute to support content for its Water Action Hub website.

Please confirm below

I have read and accept the applicable Terms