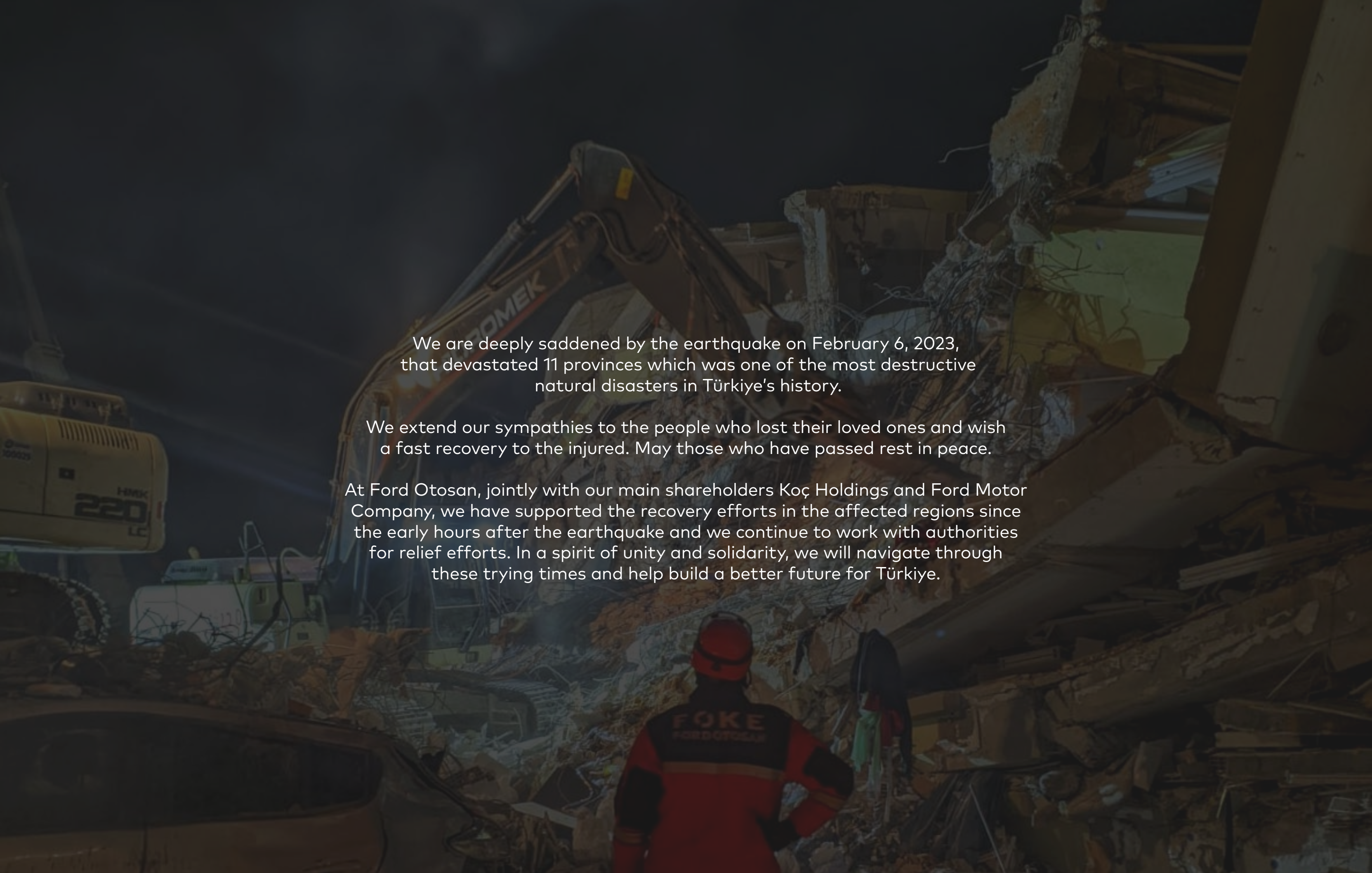


2022
Sustainability
Report

#Future.Now
For the Environment,
People, Community,
Technology and Innovation

FORD OTOSAN

A dark, somber photograph of a collapsed building. In the foreground, a yellow excavator with "HOMER" and "220" visible on its arm is positioned on the left. A rescue worker in a red and black uniform with "FOKE" and "FORD OTOSAN" on the back is seen from behind, standing amidst the rubble. The background shows the extensive damage to the building structure, with debris and twisted metal visible. The overall tone is one of tragedy and devastation.

We are deeply saddened by the earthquake on February 6, 2023,
that devastated 11 provinces which was one of the most destructive
natural disasters in Türkiye's history.

We extend our sympathies to the people who lost their loved ones and wish
a fast recovery to the injured. May those who have passed rest in peace.

At Ford Otosan, jointly with our main shareholders Koç Holdings and Ford Motor
Company, we have supported the recovery efforts in the affected regions since
the early hours after the earthquake and we continue to work with authorities
for relief efforts. In a spirit of unity and solidarity, we will navigate through
these trying times and help build a better future for Türkiye.

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ABOUT THE REPORT

Ford Otosan Sanayi A.Ş. is a signatory of *UN Global Compact* with its ongoing sustainability efforts and its fair, transparent and accountable management approach. We manage all our business processes to ensure that we contribute to the Sustainable Development Goals. We are listed in the Borsa Istanbul (BIST) Sustainability, FTSE4Good Emerging Markets and *Bloomberg Gender-Equality* (since 2021) indexes. We have also responded actively to the *Dow Jones Sustainability Emerging Markets Index* (DJSI) for the last four years. In addition, we respond to the *CDP's* climate and water programs. In 2022, we submitted our commitment to setting science-based targets and reducing our emissions to the *Science Based Targets initiative* (SBTi). We are also among the supporters of the *Task Force on Climate-Related Financial Disclosures (TCFD)*. (You can access the detailed TCFD table via page 36.)

This sustainability report for the period of January 1 - December 31, 2022, covers Türkiye and Romania operations provides an overview of Ford Otosan's sustainability performance, long-term environmental, social and governance-related targets announced in 2022, Future. Now strategy, strategic management approach, relations with stakeholders, and best practices. This report has been prepared in accordance with the GRI Standards.

For all your questions, feedback, and suggestions about the report, please write to esg@ford.com.tr



You can click on the icon to go to the link where the video is located.



By clicking on this icon, you can go to the relevant link for the image you see.



You can click on the *italicized text* throughout the report to go to the relevant link for the topic.



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CHAIRMAN'S MESSAGE



Dear Stakeholders,

On February 6, 2023, we were rocked with one of the worst natural disasters in our history. The earthquakes, with Kahramanmaraş at the epicenter, hit 11 provinces and caused unprecedented destruction. We all mourned our coworkers and tens of thousands of people who lost their lives, and we still do. Once again, I want to extend my sympathies to the people who have lost loved ones and wish a swift recovery to the injured.

As a nation, we went through some very tough times when we needed to stand together in unity and solidarity. And we still have to move forward hand in hand without putting the reality of the earthquake behind us. At Ford Otosan, we started to work in coordination with Koç Group from the early hours after the earthquake to support the region. I want to thank our people at Ford Otosan for volunteering to join us in all these efforts. We remain committed to

extending our support to the earthquake victims and meeting their shelter and social needs. We are currently building temporary housing, consisting of 5 thousand container homes for 20 thousand people in Adıyaman, Hatay, Kahramanmaraş and Malatya. And we are taking responsibility for creating centers as safe living spaces, especially considering the special needs of women, children, young people, the elderly and the disabled.

The world is facing uncertainties and going through environmental and social changes, while inclusive, balanced and innovative business processes emerge with future trends. As one of the most successful and long-lasting joint ventures of the global automotive industry, we, at Ford Otosan, manage our business by following the latest developments and transform the future of the industry in all our fields of operation.

Even though we saw the operational and financial conditions become increasingly challenging and complex for our industry in 2022, we remained focused on our next-generation projects and continued to make investments, maintaining a robust balance sheet and strong cash flow. We produced 471,700 vehicles in Türkiye, reaching the highest vehicle production capacity in Ford Otosan's history, and accounting for 28% of the total production volume and 69% of the commercial vehicle production in the Turkish market. And with the addition of our operations in Romania, our total

We are currently building temporary housing, consisting of 5,000 container homes for 20 thousand people in the affected regions by considering the needs women, children, youth, senior and disabled citizens as a priority.

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production capacity reached 721,700 vehicles. The automotive industry has a critical role to play in the global carbon transition, and lower-emission vehicles are a key part of this transformation. And we believe that the companies that invest in next-generation vehicles, work to build new value chain models, and improve their production capabilities will gain a competitive advantage in the industry.

Seizing the electrification trend as a key growth opportunity and following our mission to "lead the electrification transformation in the automotive industry," we acquired Ford's Craiova Plant in Romania in 2022. Bringing Ford Otosan's expertise and experience in commercial vehicles and electric vehicles in particular to the Craiova Plant will enable us to reinforce our title as Europe's largest commercial vehicle production hub and bolster our role in Ford's electrification strategy.

In 2022, we continued to implement our electrification plans step by step as promised: E-Transit, Ford's first all-electric commercial van rolled off the production line, and we launched the next-generation all-electric E-Transit Custom, which we will soon start to produce at our Kocaeli Plants.

Our colleagues continued to make us proud in the global markets throughout the year, shining with their engineering skills and R&D capabilities. Last year, we also marked an important milestone, drawing from the transformative

power of digitalization and made strides toward Ford Trucks' "zero-emission by 2040" target. Following the "Generation F" manifesto, we unveiled our first 100% electric truck, designed entirely by Ford Otosan engineers and slated for production in 2024 using zero-emission, connected and autonomous technologies, as well as our innovative technologies developed by our engineers, at the IAA Mobility in Hannover.

In all the activities we carry out to shape the future of our industry and the world, we believe that we grow together with the communities in which we exist. Therefore, aim to make far-reaching contributions to social development, starting with the regions where we operate, and prioritize quality education, reducing inequalities, and promoting gender equality.

Quality education forms a very important part of our social investment strategy. Therefore, we continue to partner with Vehbi Koç Foundation in many education projects that focus on supporting innovative research universities and schools that raise the talents of the future. We also combined two of our key social investment areas to offer the "Women Elevating Women" project in partnership with Young Guru Academy (YGA). With this project, designed for 1,000 female engineering students, we provided them with the opportunity to develop themselves in technology with online training programs.

Equality at Work is another important part of our sustainability program. Therefore, we

again prioritized spreading equal opportunity across our ecosystem, starting with encouraging women's participation in work life in 2022. As the leader of the automotive industry in terms of female employment, we continued to be included in the Bloomberg Gender-Equality Index with improved performance.

At Ford Otosan, we carry out our environmental, social and governance activities with prudence. In 2022, we combined our ESG projects and practices and launched Ford Otosan's long-term sustainability strategy with the motto, Future. Now. We are pleased to introduce our Future. Now strategy in this report, which also offers a look into our climate crisis and energy management, waste management and circular economy, water management, gender equality, and social benefit targets and efforts.

I am happy to report that we made significant progress toward the targets that guide our path in 2022. And I want to wholeheartedly thank our employees and their families, our suppliers and dealers, our customers, shareholders and all our stakeholders for helping us capture this level of success.

With warm regards,

ALİ Y. KOÇ
Chairman

With the addition of the Craiova Plant, we will offer an electric version of each vehicle we produce.

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FORD OTOSAN LEADER'S MESSAGE



Dear Stakeholders,

The earthquakes in early February with Kahramanmaraş at the epicenter caused major destruction in several provinces and became the largest disaster of this century for our country, as we all felt a deep sadness for the losses. At a time when we, as a nation, faced serious challenges and needed unity, solidarity and support, Ford Otosan immediately sprang into action and mobilized all available resources to meet the most pressing needs of the region. With the selfless contributions of our colleagues and dealers, and in coordination with the authorities, we focused our efforts on search and rescue operations, while striving to meet the region's essential needs such as shelter, healthcare, heating, food, and logistics. I want to express my gratitude to all the Ford Otosan employees and dealers for your efforts, dedication, and support. However, the real challenge begins now as we embark on a journey to recovery and try to heal and bring the affected region back to life over a long period.

As we navigate through a critical time, we are launching various initiatives to address some of the region's long-term needs that we have identified. At Ford Otosan, together with our main shareholders Koç Holding and Ford Motor Company, we have already started to extend our unwavering support to the region through projects that focus on the housing and social needs of women and children as a priority. And we will continue to do so as long as needed.

The year 2022 was marked by the Russian-Ukrainian conflict and the ongoing global economic volatility after the pandemic. On the other hand, despite the chip supply shortages and disruptions in logistics in the automotive industry, we were able to close the year with successful results. I should note that our collaborative work with our stakeholders, starting with our colleagues and suppliers, our flexible and efficient manufacturing processes, and agile work approach have played a major role in achieving this level of success.

On track with our investment plans, we finalized the acquisition of Ford's Craiova Plant in Romania in July 2022, becoming an international player with four plants in two countries, a total annual production capacity of nearly 722,000 vehicles, and more than 200,000 employees. With the addition of Ford Puma, Ford Europe's best-selling passenger car, to our production range, we extended our

We have identified the needs of areas affected by the earthquake and we are implementing long-term efforts to address them all.

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production and engineering capabilities into the passenger car segment.

The global targets set to improve air quality and reduce carbon emissions are driving the automotive manufacturers to produce more efficient and low-emission vehicles. Meanwhile, the automotive and energy sectors and the industry in general are going through a major transformation. Research and studies on new zero emission technologies, such as fuel cells have also gained momentum along with the development of next-generation electric and connected vehicles. With electrification, hydrogen, autonomous driving technologies, and connected vehicles rapidly advancing, we, at Ford Otosan, continue to lead the industry's transformation, particularly in the electrification of commercial vehicles.

In 2022, we set clear and achievable long-term sustainability targets in environmental, social, and governance aspects . We are fully owning these targets and opening a new chapter to meet the evolving sustainability expectations of our stakeholders. Our "Future. Now" vision is underpinned by the Ford Otosan employees, suppliers, dealer network, and business partners, which we will involve in our sustainability efforts as a key priority. We are making strides in leading transformation within the Ford Otosan ecosystem with strong, comprehensive and firm steps. And we say "Future. Now" for the Environment, for People, for Society, for Technology and Innovation.

To mitigate the negative effects of climate change, we set our targets to sell only: zero-emission passenger vehicles by 2030, light and medium commercial vehicles by 2035, and heavy commercial vehicles by 2040. We aim for all of our manufacturing sites and R&D centers in Türkiye to become carbon neutral by 2030. To support this target, we procure 100% of the electricity used on our campuses from renewable sources.

We realized our goal of becoming Türkiye's first and only integrated vehicle production facility with the launch of our battery assembly line at our Kocaeli Plants in 2022. In the second quarter of the year, we also started to produce E-Transit, Türkiye's and Ford's first all-electric commercial van at our Kocaeli Plants.

In 2022, we also introduced the new features and technologies of E-Transit Custom, the next-generation all-electric version of Transit Custom, which has long been the best-selling commercial van in Europe.

As you may remember, we had previously created major buzz at the IAA Hannover with our tractor truck. This year, we unveiled our first 100% electric tractor truck, fully engineered by us, and the innovations such as autonomous driving and remote control technology. I am proud to say that E-Truck, which we will produce at our Eskişehir Plant, is a testament to how far we have come in technological advancements.

In 2024, we will add the first all-electric versions of our next-generation Courier, designed, developed and engineered by Ford Otosan, and Puma, to our production line at the Craiova Plant. As a result, we will complete our electrification transformation and offer an electric version of each nameplate in our product range.

As a company with one of the largest supply chains in Türkiye, we are a pioneer in sustainability, accountability, and transparency practices in the countries where we operate. And as part of our carbon transition efforts, we aim to calculate the carbon emissions of our suppliers. To support our goal of 'working with a leading sustainable supply chain,' we are preparing more than 300 suppliers for carbon neutrality by 2035. Accordingly we published Ford Otosan's 'Supplier Sustainability Manifesto' in the first half of 2023 and laid out a clear roadmap toward this goal, and also shared it with all our suppliers. Furthermore, we are planning to complete the Net Zero Roadmap for the suppliers that manufacture our critical product groups by the end of 2023.

In addition, we aim for our logistics operations to become carbon neutral by 2035. Accordingly we started to use rail transport in some of our logistics operations between Hungary and Türkiye for lower emission levels. We plan to use rail transport more in 2023 to further reduce our emissions until the widespread

In 2022, we set clear and achievable long-term sustainability ambitions to meet the evolving expectations of our stakeholders.

use of electric and hydrogen fueled vehicles. Meanwhile, we are also working on using more electric commercial vehicles in our logistics activities and ensuring the future-readiness of the necessary infrastructures.

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%. I am pleased to note that we are making progress in 2023 in terms using a higher ratio of recycled plastics in Ford Otosan commercial vehicles.

We recognize the vital importance of water resources for continuity of life and carry out various activities for their conservation. With plans to launch water recovery projects at

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the Gölcük, Yeniköy, and Eskişehir Plants, we aim to reduce fresh water consumption per vehicle by 40% by 2030 compared to the 2019 baseline.

We believe that diversity and inclusion are key to transforming social welfare and the future. And we take great pride in being the automotive company with the highest female employment ratio. As we work toward our target of raising women’s representation in all management positions to 50% by 2030, we also increased the ratio of female members on the Board of Directors to 25% in 2022.

We have also committed to increasing the ratio of women in STEM (Science, Technology, Engineering, Mathematics) within the organization to 30% and doubling the current ratio within our dealer network. Meanwhile, we already reached a female employment ratio of 24% in the total workforce in 2022, and we continue to work in line with our commitment to further increasing this ratio. As a testament to our improved performance thanks to our gender-equality-focused projects, we were included in the Bloomberg Gender-Equality Index for the third time. And we are proud to be the first and only automotive company from Türkiye to be included in the index. We also disclose the results of the “Equal Pay Audit” conducted by an independent audit firm transparently in our reports.

In the aftermath of the earthquakes, we channeled all our efforts toward creating social benefit in the affected region. With the Ford Otosan My Dream Future Centers, which we plan to build in the container cities in Hatay, Adıyaman, and Kahramanmaraş, we aim to offer a wide range of activities and psychosocial support for the children, youth, and parents, and organize technology and science workshops.

Our efforts to create a more customer-centric and agile organization where all our colleagues may unlock their full potential have gained momentum in recent years. Guided by the common culture values and principles we call “Dynamic Balance,” we have accelerated the transformation process for nearly 2,900 employees and moved them to agile working as of year-end. In addition to making significant progress in improving the customer experience, we are also seeing positive change in costs, revenues, and productivity in our business outputs. And we plan to complete our agile transformation in 2023.

We recognize that collaborating with our stakeholders is of utmost importance to achieve our sustainability targets and improve our performance in line with our Future. Now strategy. To support this strategy, we hosted a workshop with external stakeholders in the second quarter of 2023. We will continue to listen to our stakeholders through such initiatives that provide invaluable insights into the present and future of Ford Otosan.

I am honored and proud to present our 2022 Sustainability Report, which provides a detailed overview of our performance and insights into how we advance our goals of reducing environmental impact, being a corporate citizen, and leading the ecosystem with transparency and accountability.

Güven Özyurt
Ford Otosan Leader

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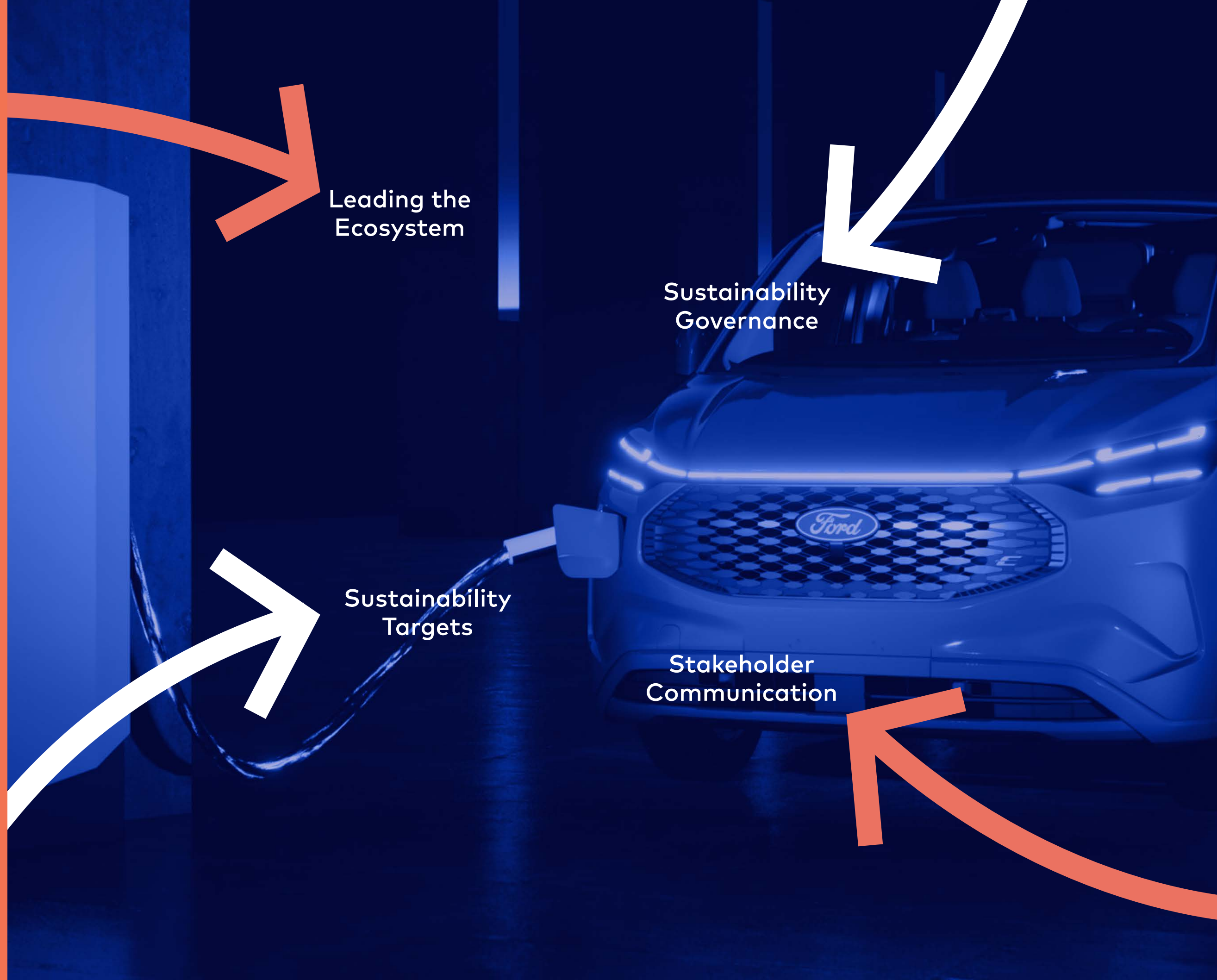
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Leading the
Ecosystem

Sustainability
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ABOUT FORD OTOSAN

VISION

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

MISSION

Providing innovative automotive products and services beneficial to the community.

UNIT PRODUCTION CAPACITY



721,700 VEHICLES



436,500 ENGINES



140,000 REAR AXLE



15,000 TRANSMISSION

TOTAL EMPLOYEES IN TÜRKİYE AND ROMANIA



20,911 EMPLOYEES



2,089 R&D EMPLOYEES

CRAIOVA PLANT

Puma



Ecosport



Fox Motor



YENİKÖY PLANT

Courier



GÖLCÜK PLANT

Custom



Transit



ESKİŞEHİR PLANT

Truck



Truck



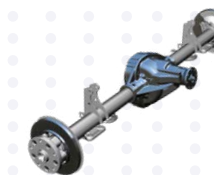
Ecotorq Engine



Panther Engine



Transit Rear Axle



Ecotorq Transmission



HIGHLIGHTS



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



USD 9.8 billion
market cap



Highest female
employment ratio among
Turkish automotive
manufacturing companies:
3,104 female employees



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



Türkiye's export leader for
the last **8** years



Europe's largest
commercial vehicle production
hub with an annual production
capacity of 721,700 units
(2 countries and 4 sites)



Romania's **2nd**
biggest exporter
(Based on latest industry data - 2021)



USD 8 billion¹
total export revenues in 2022



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

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HIGHLIGHTS



Increase in the rate of female employees who received a promotion to **76%**.



4 PERYÖN Awards in 2022



The institution that received the most funds in Türkiye from Horizon **2020** and European programs.



229,363 hours of OHS training



Being among the companies on the **"A-" list** in the CDP Climate Change Program.



An **"A"** grade in the CDP Supplier Engagement Rating (SER)



1,133,976 hours of training



Life cycle analysis conducted on **99.93%** of our products.



Investment of **260 million TRY** in donation, project, and sponsorship activities.



30,482,124 TRY spent on training

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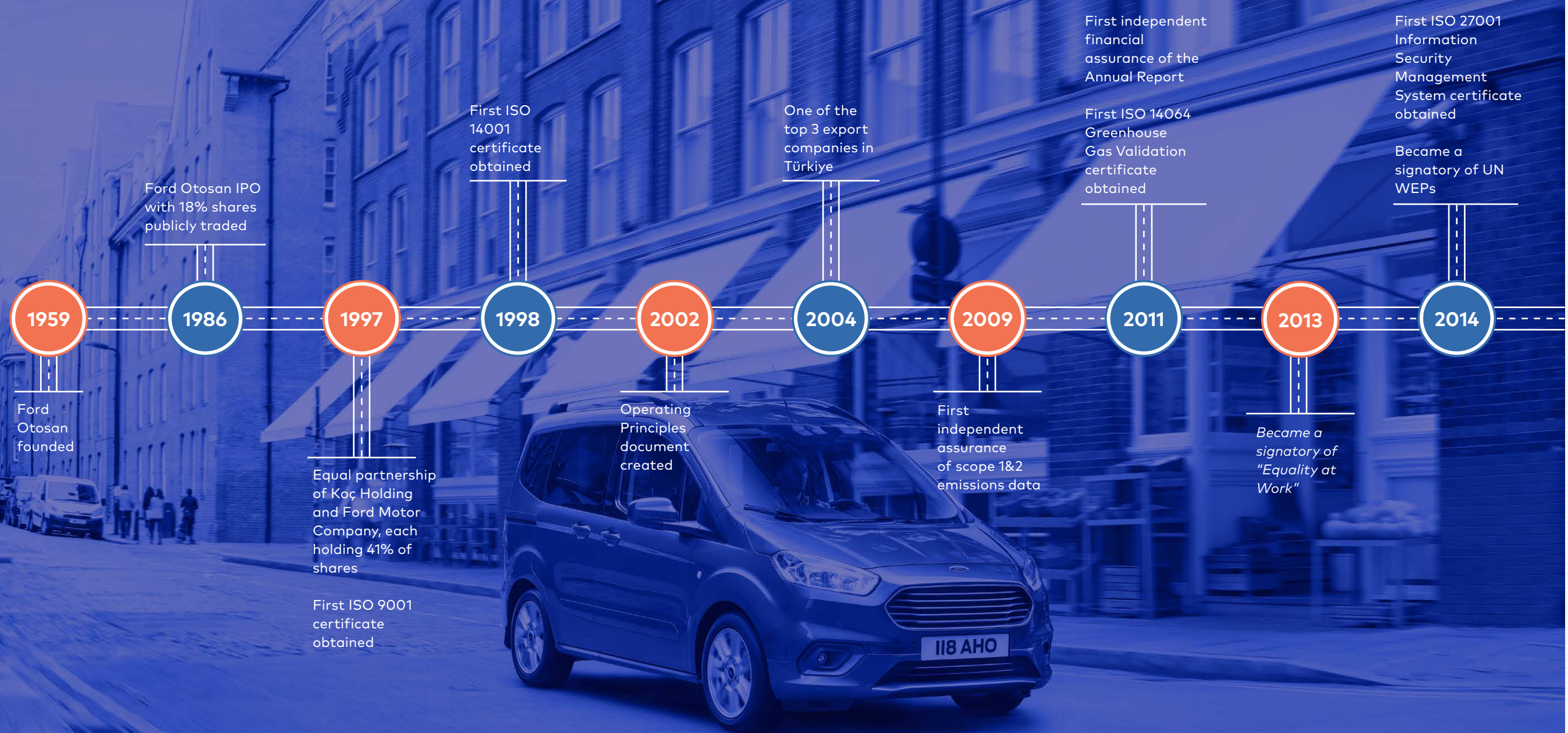
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FORD OTOSAN SUSTAINABILITY JOURNEY



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FORD OTOSAN SUSTAINABILITY JOURNEY

First ISO 50001 Energy Management System certificate obtained

Completed Yeniköy Plant investment as a disabled-friendly plant

Included in the BIST Sustainability Index

2015

2016

First CDP Climate Change and Water Security reporting

Gender Equality Program launched with the suppliers

First Digital Sustainability Report

2017

2018

Ethics Policy approved by the BoD and published
Ethics Coordinator position established
Whistleblowing Channels created and implemented
Included in S&P Global and MSCI indices

Started to actively respond Dow Jones Sustainability Emerging Market Index (DJSI)

Included in the Global Lighthouse Network

Diversity Policy published

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

2019

2020

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

Transit and Custom receive Euro NCAP Safety Award

First independent assurance of scope 3 emission, environmental and social datas

Became a signatory of UN Global Compact

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

Publication of Tax Strategy and Ethical Marketing guidelines

2021

2022

Long-term sustainability ambitions published

Guide to tackling domestic violence published

Supplier Code of Conduct published

Became a supporter of TCFD and published first TCFD Report

Published Human Rights Due Diligence Report

Equal Pay independent audit

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

Committed to SBTi (Science Based Targets Initiative)

First Supplier Sustainability assessment

First third party verification of environmental and social data of the Sustainability Report

Published Board Diversity Policy

Published Biodiversity Strategy

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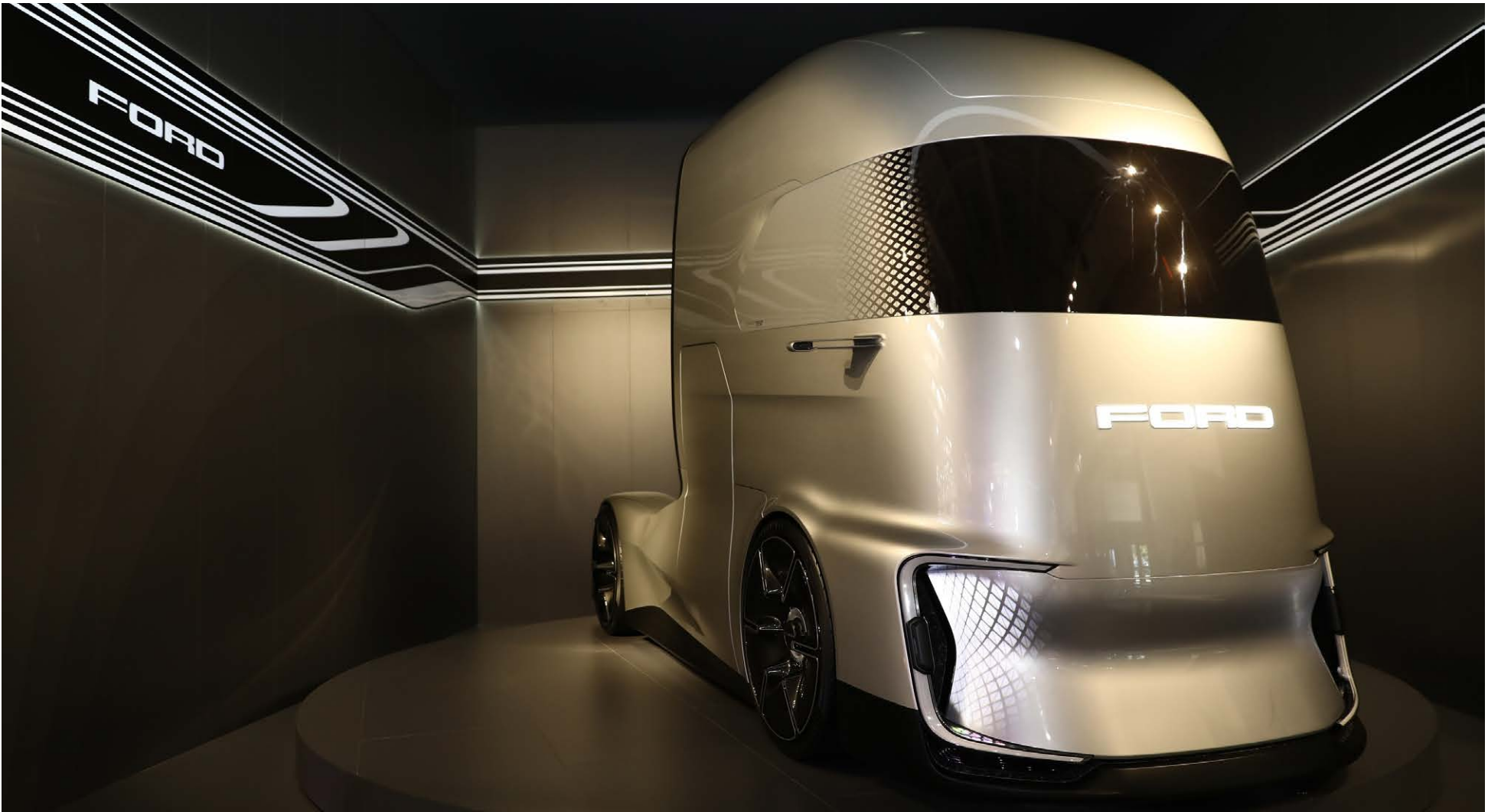
The serious global problems are forcing the whole world to change. We need sustainable approaches shaped by collective wisdom and solid actions more than ever. At Ford Otosan, we are working to lead the sustainability transformation in the Turkish automotive industry and successfully integrate the entire ecosystem, including ours and the country's, into the processes driven by the European Union Green Deal.

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

Our sustainability approach is built on reducing our environmental impact, being a corporate citizen, leading the ecosystem, and being transparent and accountable. Accordingly, we pioneer several sustainability, accountability and transparency practices in the automotive industries of the countries where we operate. We also strive to be among the first carbon neutral plants of Ford Europe and to rank among the automotive companies with the highest female employment ratio.

Therefore, we include sustainability into all the governance mechanisms at Ford Otosan, top to bottom. And we work to expand the scope of our reporting and improve our performance in the globally recognized sustainability indexes.

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



SUSTAINABILITY TARGETS

FUTURE.NOW

Ford Otosan Long-Term Sustainability Targets

CLIMATE CRISIS AND ENERGY MANAGEMENT

2030

- Carbon neutrality in production sites and R&D center in Türkiye
- Sell only zero emission passenger vehicles

2035

- Sell only zero emission commercial vehicles
- Carbon neutrality across the supply chain
- Carbon neutrality in logistics operations

2040

- Sell only zero emission heavy commercial vehicles

WASTE MANAGEMENT AND CIRCULAR ECONOMY

2030

- Reach zero-waste to landfill
- Completely eliminate single-use plastics from personal consumption
- Increase the ratio of recycled and renewable plastics in the plastic parts of the vehicles to 30%

WATER MANAGEMENT

2030

- Reduce the use of fresh water per vehicle at manufacturing sites by 40%

SOCIAL BENEFIT

2030

- Increase the ratio of volunteers participating in social projects to 35% **

GENDER EQUALITY

2026

- Increase the ratio of women employees in technology and innovation to 30%
- Double the ratio of women working in technology and innovation within the dealer network **
- Reach 100,000 women through social training, awareness and financial support projects
- Supporting start-ups where at least 50% of the management positions are held by women.

2030

- Increase the ratio of women in all management positions to 50%

*: compared to 2019 base year
**: compared to 2022 base year

SUSTAINABILITY TARGETS

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

At Ford Otosan, we also aim to achieve carbon neutrality in our manufacturing sites and the R&D center in Türkiye by 2030 and procure all the electricity used across our campuses from 100% renewable resources. As part of the carbon transition efforts, we calculate the carbon emissions of our suppliers, recognizing that the automotive industry is a very large ecosystem and aiming for more than 300 suppliers in our supply chain to become carbon neutral by 2035. We also target carbon neutrality across our logistics operations by 2035.

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

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

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

At Ford Otosan, we aim to create benefit for society and increase the ratio of volunteers participating in social projects to 35% by 2030.

We have announced our long-term sustainability targets in line with our "Future.Now" vision



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MATERIAL SUSTAINABILITY ISSUES

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

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

For the horizontal axis of the materiality matrix, we addressed the business priorities of Ford

Otosan and Ford Motor Company in our analysis, which included the following considerations:

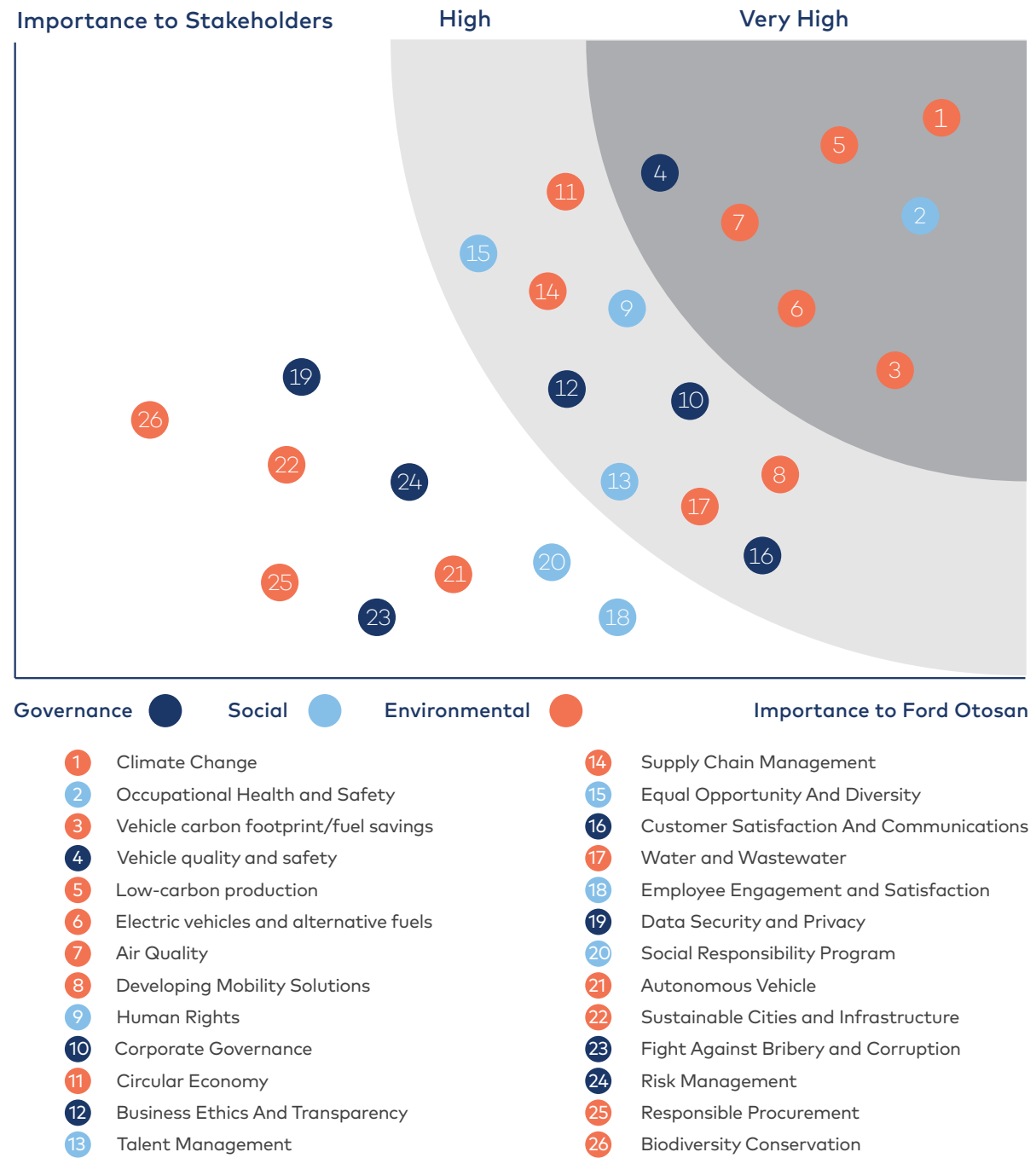
- Feedback was received from Ford Otosan senior management through an online questionnaire.
- Ford Otosan's and Ford Motor Company's focus areas in line with their business strategies and future goals were considered.
- We used the impact analysis methodology recommended by SASB to identify the material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

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
















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

For the vertical axis of the materiality matrix, we looked at the materiality of the priority issues for the stakeholders and found that

climate change, low-carbon production and vehicle quality and safety were the three highest priority issues.



MATERIAL SUSTAINABILITY ISSUES

Importance	Material Issue	Related SDGs	How We Manage?	Related Section
Very High Priority	Climate change		We define the climate change risks that may impact our operations and invest in renewable energy resources and the transportation technologies of the future to mitigate the effects of climate change and ensure compliance with the new climate conditions.	<i>For Environment</i>
	Occupational health and safety		We protect the physical and mental wellbeing of our employees across all business processes and organize training programs on the necessary precautions and the zero accident culture to spread these approaches wider.	<i>For Human</i>
	Vehicle carbon footprint / Fuel savings		We ensure that the fuel savings of all vehicles comply with the legal requirements and improve fuel consumption by investing in climate stabilization and sustainable materials. With R&D and innovation investments, we enhance the vehicles' performance by reducing air emissions.	<i>For Environment</i>
	Vehicle quality and safety		We design and manufacture vehicles with innovative driver assist technologies that meet (or exceed) all legal safety and quality requirements. We aim to play a pioneering role in vehicle safety and driver assist research and innovation. We organize briefings and training programs to spread safe driving techniques across wider audiences.	<i>For Human</i>
	Low carbon production		We focus on reducing carbon emissions during production through energy efficiency, energy management and renewable energy consumption practices.	<i>For Environment</i>
	Electric vehicles and alternative fuels		We invest in electric vehicles, the future of transportation, and work on alternative fuel vehicles to introduce to the industry.	<i>For Environment</i>
	Air quality		We develop new technologies and improve business processes for disposal of hazardous materials and improvement of air quality during operations.	<i>For Environment</i>
High Priority	Developing Mobility Solutions		We focus on connected vehicle technologies, which represent the interaction of vehicles with each other and the urban infrastructure as part of a wider transportation ecosystem, and promote mobility for all segments of society. We aim to raise awareness to create change in mobility behavior. We develop navigation systems, smart engines with mobile communication channels, and fleet management systems for a safer and more efficient driving experience.	<i>For Environment – For Technology and Innovation</i>
	Human rights		We protect human and employee rights across Ford Otosan's value chain and strive to eliminate all forms of discrimination. We also guarantee that all employees work under fair conditions.	<i>For Human</i>
	Circular Economy		We recycle and reuse production waste and collect and recycle the products at the end of their life cycles. We aim to transition to a circular economy model by adopting a zero waste approach.	<i>For Environment</i>
	Business ethics and transparency		We uphold business ethics and comply with local and international regulations regarding fairness, privacy and preventing conflict of interests. We recognize the importance of maintaining all stakeholder relationships within the framework of code of conduct and ethical rules, and disclosing the relevant activities transparently. We show zero tolerance to bribery and corruption.	<i>Corporate Governance</i>
	Corporate governance		We ensure that the company's corporate governance aligns with the interests of all the stakeholders (shareholders, customers, investors, suppliers, dealers, employees, etc.) in line with the fairness, transparency, accountability, and responsibility principles.	<i>Corporate Governance</i>
	Supply chain management		We monitor the economic, environmental, social and ethical conditions in all purchasing processes and audit the suppliers at regular intervals. We also strive to ensure that the minerals in the supply chain are sourced from conflict-free areas*.	<i>For Environment</i>
	Talent management		At Ford Otosan, we ensure to acquire and retain new talent. We also improve personal development and career planning practices for all employees.	<i>For Human</i>
	Equal opportunity and diversity		We prevent discrimination at the workplace by ensuring equality and diversity (without any discrimination against language, religion, race, gender and sexual orientation). We create equal opportunities to empower disadvantaged groups and women.	<i>For Human</i>
	Customer satisfaction and communication		We aim to improve customer satisfaction with the products and services we provide. Therefore, we increase the number of active customer communication channels and offer innovative products in line with the evolving consumer preferences and expectations.	<i>For Human</i>
	Water and Wastewater		We reduce water consumption in operations by recovering and treating water and protecting the water resources. We also work to determine the water risk across the value chain.	<i>For Environment</i>

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STAKEHOLDER COMMUNICATIONS

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

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

As part of the materiality analyses, we categorized our stakeholders into five groups and analyzed their priorities and expectations from Ford Otosan.

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

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STAKEHOLDER COMMUNICATIONS

STAKEHOLDER WORKSHOP 2023

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

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

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

inputs, specific actions were determined for each theme.

Regarding Sustainable Growth, the stakeholders came up with actionable suggestions for investing in new and clean technologies, starting with electric vehicles and batteries, inclusive product design, improving the employees' innovation skills, promoting open innovation by increasing industry and local partnerships, and digitalizing the value chain to achieve traceability.

Regarding Environmental Responsibility, the participants suggested that Ford Otosan could take more actions beyond its current activities and develop a digital product passport, involve the suppliers in the product traceability efforts, work on alternative fuels, recycle parts, and reduce emissions from its logistics operations.

Regarding Talent Management, the stakeholders proposed actions to build on the employees' competencies and for Ford Otosan to focus on data interpretation and analytics, software/programming, digital literacy, agility, sustainability, communication and persuasion skills, upskilling and reskilling, nanotechnology and artificial intelligence.

Regarding Social Benefit, we sought the opinions of the stakeholders on what to do to encourage volunteering among the employees in line with the relevant targets of Ford Otosan. Participants offered various

actionable suggestions, such as designing projects based on employee expertise, making individual donations, and encouraging the dealers to be more involved in volunteering projects.

Regarding Gender Equality, the actionable suggestions for Ford Otosan included doing more to improve women's competencies and employment in technology and innovation, providing training programs to raise awareness, supporting startups, growing the techno parks, developing dealer applications and supporting female students.

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



STAKEHOLDER COMMUNICATIONS

Stakeholder Groups	Communication Methods
Shareholders, investors, analysts	<ul style="list-style-type: none">Quarterly and annual earnings releasesQuarterly and annual financial statementsCorporate websiteInvestor and analyst presentationsMaterial disclosuresEarnings release evaluation meetingsOne-on-one meetingsGeneral Assembly meetingsPlant visitsAnnual Reports and Sustainability Report
Employees	<ul style="list-style-type: none">Ford Otosan Code of ConductInternal portalInternal TV streamingSuggestion, recognition and reward systemWorking groups and committeesInternal publications such as company magazine and general manager’s message, newsletters, announcements and postersSocial eventsPerformance Management SystemAnnual Report and Sustainability ReportEmployee engagement surveys and studiesOpen Door and Leadership Meetings
Media	<ul style="list-style-type: none">Annual Report and Sustainability ReportInterviews and special featuresMeetings and talksPress releasesMaterial disclosures
Vocational Schools, Universities, Academia	<ul style="list-style-type: none">Annual Report and Sustainability ReportAcademic conferences and seminarsArticles and publications, academic researchJoint projectsTraining programs and technical supportSponsorshipsMeetings and talks

Stakeholder Groups	Communication Methods
Dealers	<ul style="list-style-type: none">Annual Report and Sustainability ReportDealer meetings, Dealer Council and one-on-one meetingsDealer and customer satisfaction surveysInternal publicationsDealer training programs
Koç Group Companies	<ul style="list-style-type: none">Annual Report and Sustainability ReportWorking groupsJoint projects
Public Institutions	<ul style="list-style-type: none">Annual Report and Sustainability ReportAuditsMeetings and discussionsTraining programs
Suppliers and Subcontractors	<ul style="list-style-type: none">Annual Report and Sustainability ReportFord Otosan Code of ConductTraining programsAward ceremonyOne-on-one meetingsOHS Committees
NGOs	<ul style="list-style-type: none">Annual Report and Sustainability ReportWorking groups, Committee and Board MembershipsMembershipsJoint projects and initiativesMeetings and talks

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SUSTAINABILITY MANAGEMENT

Oversight of sustainability management at Ford Otosan is the responsibility of the Board of Directors, which has granted the executive board the executive authority to manage sustainability. Everything related to the company's sustainability is the responsibility of the Sustainability Committee, which is headed by the Ford Otosan Lead. 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. Ford Otosan Sustainability Committee is headed by the Ford Otosan Lead, who also serves as a member of this committee, reports the committee's progress toward the targets and development areas, and secures approval for the relevant investments from the Board of Directors.

The committee members include Operations and Investments Leader, Engineering and Technology Development Leader, Purchasing Leader, Finance Leader, Human Resources and Transformation Leader, Engineering Development Leaders, Corporate

Communications Leader, Investor Relations Leader, Occupational Health & Safety and Environment Leader, and External Affairs Leader. Corporate Communications Department is responsible for coordinating the activities of the committee, which convenes at least four times a year.

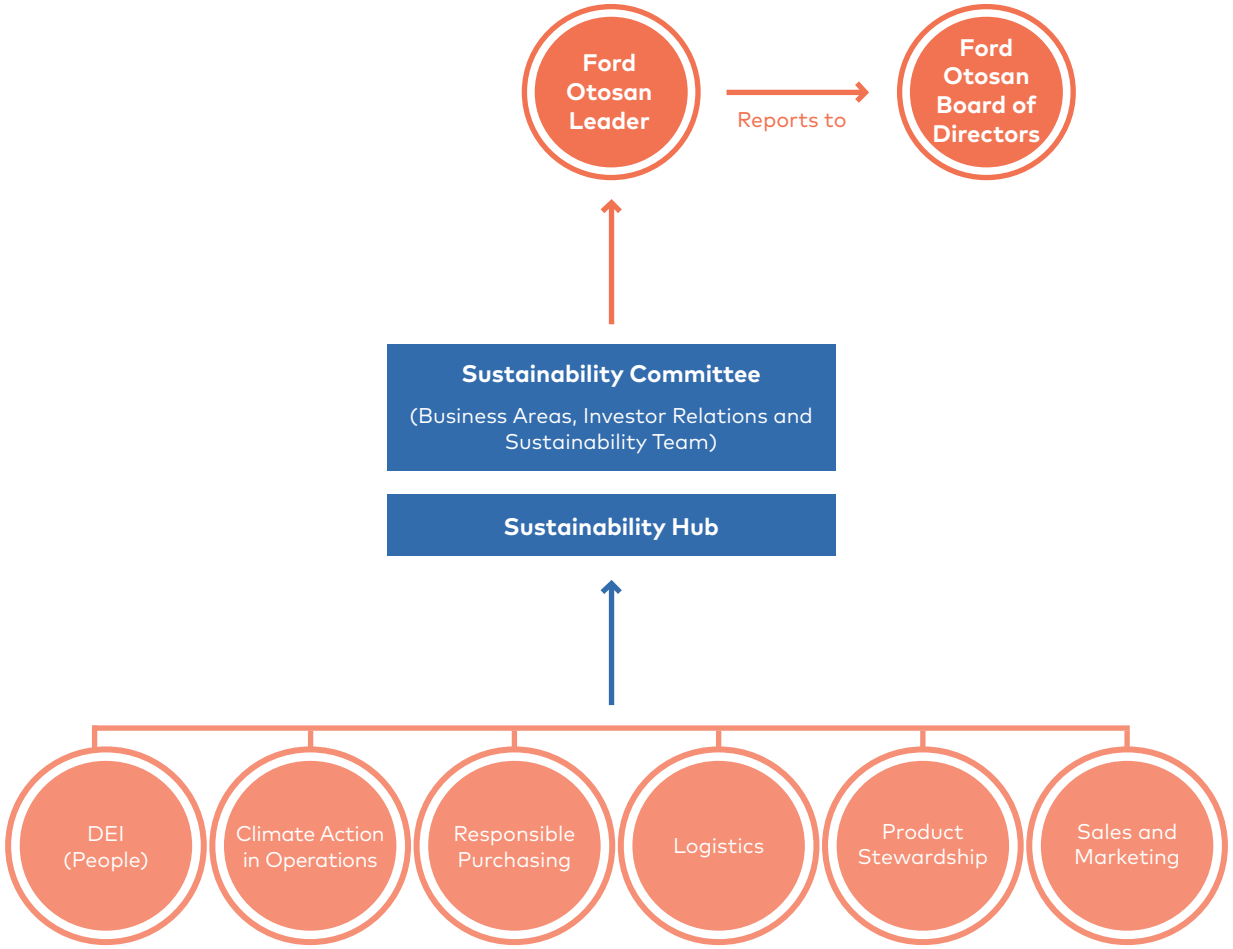
Sustainability Committee:

- It is the committee that defines Ford Otosan's sustainability strategy, objectives and actions.
- Monitors the management of risks with potential negative impact on Ford Otosan's reputation and activities in environmental, social and governance (ESG) areas.
- Determines the strategies and policies to improve company's ESG and sustainability performance, and ensures that they are implemented.
- Is responsible for providing the necessary strategic guidance, sharing expertise, and ensuring that the best practices to achieve the company's sustainability goals are spread across the organization.
- Monitors the progress toward the targets and actions defined in this strategy.
- Reviews the sustainability strategy and roadmap based on the latest changes in global and industry trends.
- Follows the international developments, new regulations and global sustainability trends, and offers improvement recommendations to the working groups as needed.

- Offers suggestions and approvals regarding the issues raised by the working groups.

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

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



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SUSTAINABILITY MANAGEMENT

Links to the United Nations Global Compact and the Equality at Work Declaration, to which we have committed to comply in accordance with Sustainability Policies, Ford Otosan Code of Conduct and Ethical Rules, Guidelines for Tackling Domestic Violence and Abuse, Ethical Marketing Guide, and the Donations and Sponsorships, Information Security, Disclosure, Conflict Minerals, Diversity, Environment and Energy, Gift and Entertainment, Human Rights, Occupational Health and Safety, Quality, Dividend Distribution, Protection and Processing of Personal Data, Customer Satisfaction, Competition Law Compliance, Anti-bribery and Anti-corruption, Water, Supply Chain Compliance, Compliance, Remuneration, and Sanctions and Export Controls are provided [here](#).

We are listed in several national and international sustainability indexes, which allow our sustainability efforts to be visible to existing and potential investors and stakeholders. With the sustainability work gaining momentum and thanks to our transparent and consistent reporting, we are also traded on the Borsa Istanbul Sustainability Index, Borsa Istanbul Sustainability 25 Index, and FTSE4Good Emerging Markets Index. Additionally, we have actively responded to CDP's climate and water programs, and to the S&P Global Corporate Sustainability Assessment for the last four years. In 2022, we improved our CDP climate change score from B to A-, while receiving a score of A in Refinitiv.

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



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

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CORPORATE GOVERNANCE

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- Ethics, Transparency, Internal Control and Internal Audit
- Risk Management



BOARD OF DIRECTORS AND COMMITTEES

We adopt a corporate governance approach that focuses on responsibility, fairness, transparency, and accountability for the entire Ford Otosan ecosystem, starting with the stakeholders and shareholders. Our governance model, which considers the interests and benefits of all stakeholders, plays a key role in ensuring the continuity of our strong financial performance.

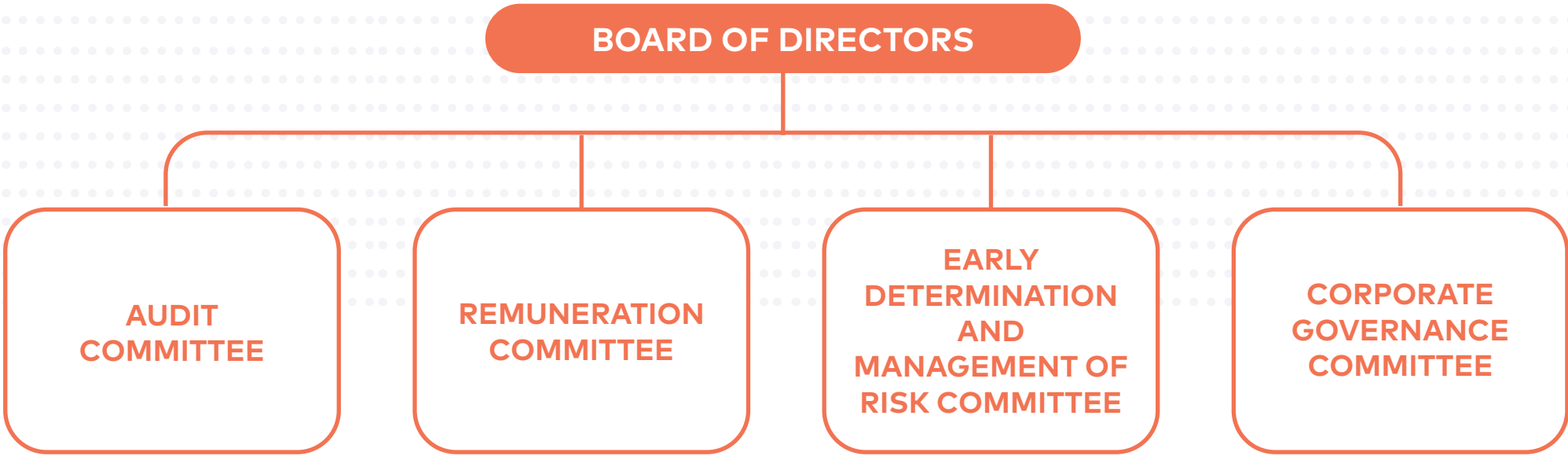
Ford Otosan’s Corporate Governance Principles Compliance Report is provided on page 128 of the *2022 Annual Report*.

We had our first *Corporate Governance Compliance* Rating this year and received a score of 9.42 out of 10.

BOARD OF DIRECTORS AND COMMITTEES
The Board of Directors at Ford Otosan consists of 12 members, including 2 independent members. Four female and eight male members serve on the Board. The duties of Chairman and Ford Otosan Leader are assumed by different individuals. Board members are elected for a term of 12 months, and 10 members do not serve in executive roles. The Board of Directors has four committees: Audit Committee, Remuneration Committee, Early Determination and Management of Risk Committee, and Corporate Governance Committee.

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.



BOARD OF DIRECTORS AND COMMITTEES

REMUNERATION POLICY

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 Ford Otosan Leader's performance scorecard* in line with the Future. Now sustainability strategy, implemented in line with the company strategy, and our long-term goals.

Ford Otosan Board Committees	Ratio of Non-executive Directors	Ratio of Independent Directors	Duties
Audit Committee	100%	100%	Overseeing the effective functioning of the company's accounting and reporting systems, disclosure of financial statements, and the independent audit and internal control system in compliance with the applicable laws and regulations.
Corporate Governance Committee	80%	40%	Determining whether compliance with corporate governance principles is achieved, the reasons for non-compliance, if any, and the conflicts of interest that may arise due to non-compliance; offering recommendations to the Board of Directors for improving corporate governance practices and acting as the Nomination Committee pursuant to the relevant Capital Markets Board's communiqué.
Early Determination and Management of Risk Committee	100%	33%	Submitting recommendations and suggestions to the Board of Directors regarding the following risk-related issues: early identification and assessment of all the strategic, operational, financial, legal and other risks that may threaten the existence, development and continuity of the company, and calculating their impact and probability; managing and reporting such risks in line with the company's corporate risk taking profile; implementing the measures needed to mitigate the identified risks and considering them in the decision-making mechanisms; and establishing and integrating effective internal control systems.
Remuneration Committee	100%	33%	a) Determining the remuneration principles for the Board members and senior executives by considering the company's long-term goals and monitoring their implementation. b) Defining the remuneration criteria based on the performance of the company and the executive board members. c) Submitting the proposed remuneration for the executive board members and senior executives based on the levels they meet such criteria to the Board of Directors.

For more information about Ford Otosan's Board Committees, please click [here](#).

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ETHICS, TRANSPARENCY, INTERNAL CONTROL, AND INTERNAL AUDIT

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

These principles that Ford Otosan has adopted since its establishment have been formalized with the Ethics Policy, which was approved by the Board of Directors in 2018. The Ethics Board, the Internal Audit and Ethics Committee, and the Ethics Assessment Board have been formed within the redesigned governance structure to ensure compliance with the Ethics Policy across the company. Furthermore, an Ethics Coordination Unit has been established to effectively address and follow through reported ethical violations.

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

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

To view Ford Otosan Ethics Policy, please click [here](#).

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

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

To ensure compliance with the Code of Conduct and Ethical Rules, the Board Members, the employees and representatives acting on behalf of Ford Otosan, as well as distribution network members and suppliers are regularly informed about these principles and rules. At Ford Otosan, we investigate alleged violations seriously and impose sanctions if such reports are confirmed, implement corrective actions, and updates, and improve the Code of Conduct and Ethical Rules depending on the requirements. The Company reviews the Code of Conduct

and Ethical Rules annually, informing the employees and training them. In addition, the Ethics Coordinator, supported by other relevant departments, works to raise awareness about ethics and compliance, and creates training content. As part of these efforts, we started to provide Fraud Awareness training for all management levels in 2022. We ensure that both our employees and also suppliers fully comply with Ford Otosan Code of Conduct and Ethical Rules. For this purpose, an online training is provided, in which Ford Otosan’s Supply Chain Compliance Policy, Code of Conduct and Ethical Rules are mentioned, as part of the sustainability assessment at the suppliers.

We are notified about all ethical violation and whistleblowing notifications through the Ethics Hotline (0850 305 50 10), the Ethics

We started providing Abuse Awareness training for all levels of management in 2022.

email address (etik@ford.com.tr) and the Ethics Contact Form at fordotosan.com.tr After diligently investigating the claims, we apply the necessary sanctions if a violation is confirmed and take corrective actions. We also review and expand the Code of Conduct and Ethical Rules depending on the changing needs. In 2022, we received 231 notifications via the ethics communication channels and confirmed that 43 were indeed violations as a result of the investigations.

Incident Types	Number of Incidents
Violation of Company Rules and Procedures	27
Bribery/Corruption	5
Discrimination or Abuse	3
Mobbing	5
Other	3
Total	43

ETHICS, TRANSPARENCY, INTERNAL CONTROL, AND INTERNAL AUDIT

The Ethics Assessment Board, positioned under Internal Audit and Ethics Committee, consists of representatives from the Human Resources and Transformation Leadership, Legal and Compliance Leadership, and Internal Audit Leadership. In all ethics processes, the identity of the individual reporting a violation is kept secret, and the investigation is conducted in confidentiality. During the investigation of the claims, the rights of the accused are respected. Hostility and retaliation toward the individual reporting a violation is strictly prohibited. When Internal Audit and Ethics Committee deems it necessary, the matter is escalated to the Disciplinary Committee.

ANTI-BRIBERY AND ANTI-CORRUPTION PRACTICES

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

As part of our efforts to tackle bribery and corruption, we regularly train our employees and inform them about our methods and processes. As of year-end 2022, 2,366 office workers completed their training programs. As a signatory to the UN Global

Compact, we ensure that all employees and business partners act in compliance with these principles, including the principle that businesses should work against corruption in all its forms. Accordingly, we ensure that our suppliers participate in Ford Otosan's Anti-Corruption Training.

COMPLIANCE PROGRAM

At Ford Otosan, we comply with applicable legislation, contractual commitments, organizational standards such as policies and procedures, ethical principles, and voluntary compliance commitments in line with our principles of integrity, honesty, respect, accountability and transparency. Therefore, we strive to fulfill our compliance obligations to the maximum, identify and prevent the related risks and take corrective actions.

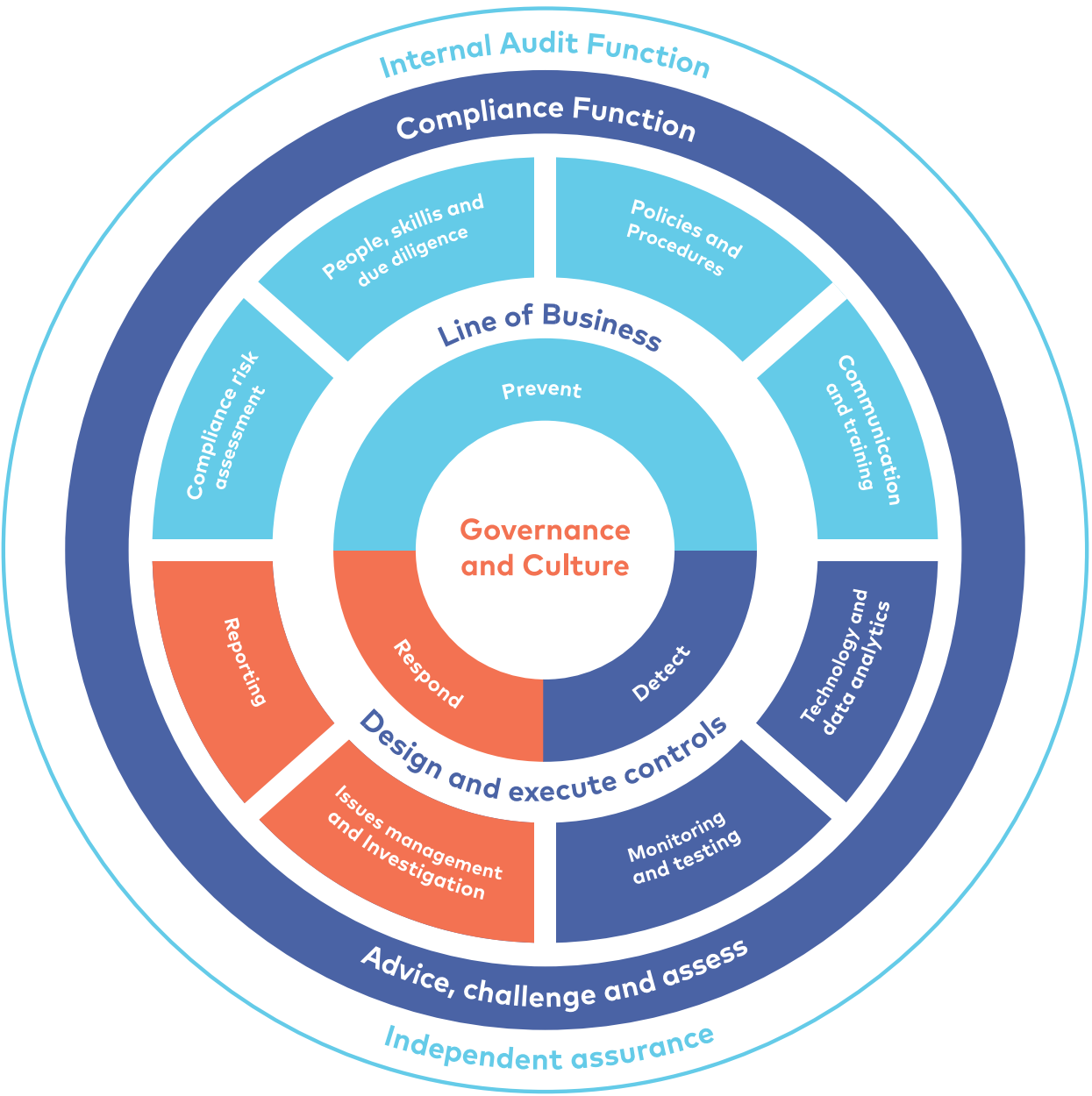
Accordingly, we have run a comprehensive Compliance Program since 2021 while reviewing and expanding the relevant policies. With these policies, approved by the Board of Directors, we aim to provide guidance for all Ford Otosan stakeholders. The Compliance Program is implemented by the Compliance Leadership and Compliance Officers under the Ford Otosan Legal and Compliance Leadership, which reports directly to the chief executive officer and indirectly to the Board of Directors through the Early Determination and Management of Risk Committee.

Ford Otosan Compliance Program consists of three core components: Prevention, Identification, Response.



As of the end of 2022, 2,366 office employees completed Anti-Bribery and Corruption training.

ETHICS, TRANSPARENCY, INTERNAL CONTROL, AND INTERNAL AUDIT



For the Compliance Policy and all other compliance policies, please click [here](#).

Within the scope of the Compliance Program, employees received training on a number of topics, including ethics, anti-bribery, protection of personal data, competition law, and sanctions regulations in 2022. In addition, 185 executives in team management roles participated in a training series covering Ford Otosan's corporate structure and compliance topics.

We conducted a comprehensive company-wide due diligence on Human Rights Compliance, one of the key compliance risks, and published a report about the results. To view the Ford Otosan 2022 Human Rights Due Diligence Process Report, please click [here](#).

INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT

At Ford Otosan, the Internal Control Leadership, which directly reports to the Finance Leader, coordinates the efforts to achieve the targets for operational effectiveness and efficiency, reliable financial reporting, compliance with legislation, policies and procedures at adequate levels. In addition to following the policies, procedures and guidelines included in process flows as key parts of the internal control system, we also apply an annual internal control plan that covers all the company operations. With this structure, nearly 1,300 check points are tested as an assurance to the Board of Directors and shareholders related to the accuracy of the company's operations.

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

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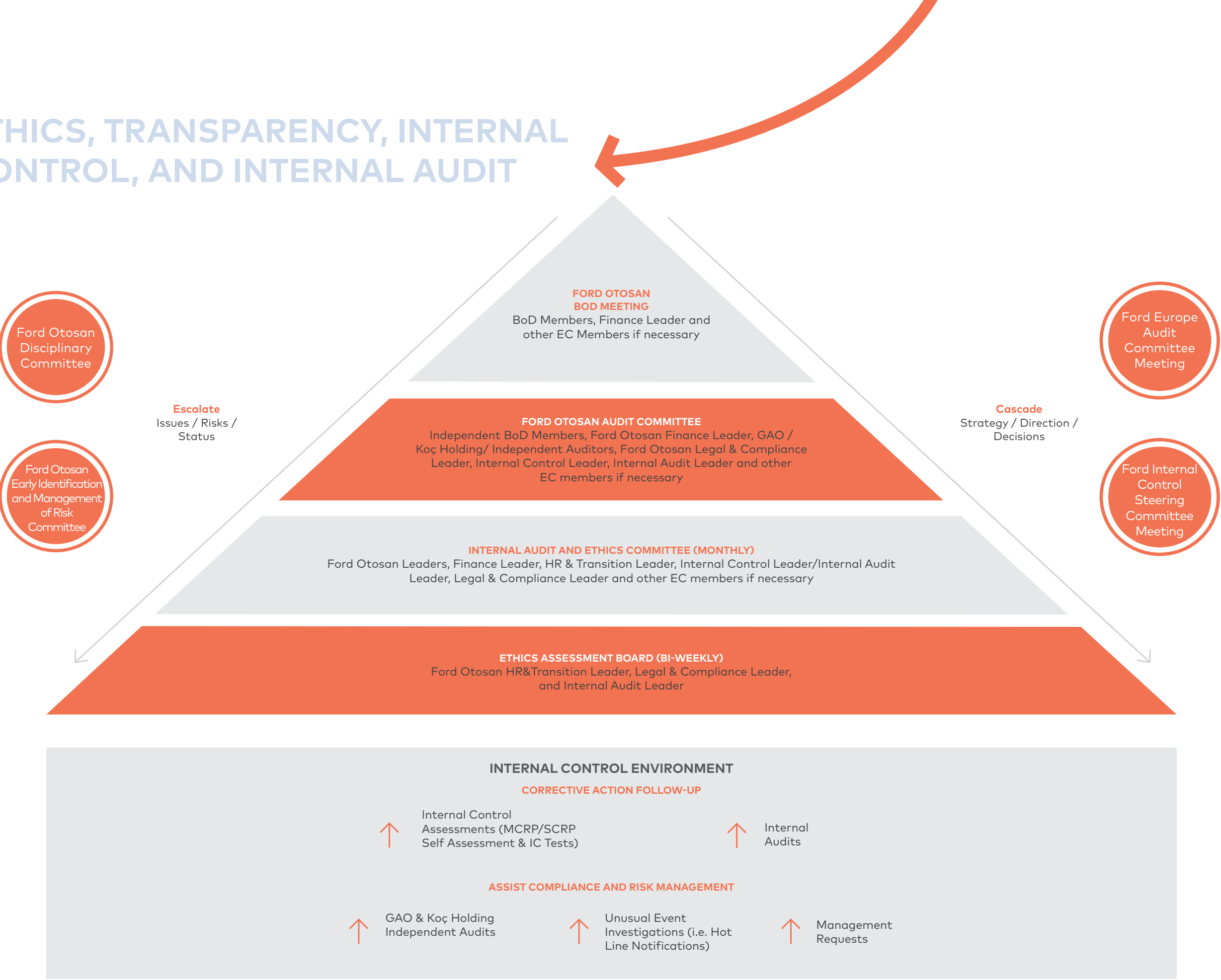
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RISK MANAGEMENT

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

The Early Determination and Management of Risk Committee was formed in 2012 pursuant to the provisions of the Capital Markets Board's Corporate Governance Principles to provide advice and recommendations to the Board of Directors to anticipate the risks, take necessary measures, and establish an effective risk management system.

Early Determination and Management of Risk Committee is tasked with:

- To evaluate the risk management system and risk reporting principles of Ford Otomotiv San. A.Ş.
- Reviewing the periodical risk reports.
- Submitting opinions regarding the measures for the issues that do not meet the limits set in the risk management system.
- Reviewing the risk management system and overseeing the implementation of the practices in the relevant departments responsible for risk management in accordance with the Committee resolutions.

The Committee, which convened six times in 2022, submits its reports, prepared according to the set principles, and evaluations at regular intervals to the Board of Directors.

Corporate Risk Management Leadership, reporting directly to the Financial Affairs Leadership, carries out activities such as the identification, management and monitoring of strategic, operational, financial, legal and external risks that may potentially affect the company, and submits its reports to the Risk Committee.

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

In 2022, senior management, all leaders and the risk coordinators of the relevant departments received practical risk management training to raise awareness and ensure that the risk culture is adopted and spread across the organization. To raise further awareness and encourage active participation, employees were offered the opportunity to directly report risk factors to a dedicated risk email address. The efforts

to spread awareness continued throughout the year with Risk Newsletter emails, prepared with the relevant departments, in which we address national and international risks, including environmental, social and governance (ESG) risks.

Risks are defined within the Risk Management system, created in accordance with the ISO 31000 Risk Management standard. Their root causes and impacts are analyzed, controls are determined, and actions are taken to mitigate potential effects and probabilities. We identify the opportunities within the company with a similar approach and take actions to implement them.



We increase risk awareness through training programs and internal Risk Newsletters.

RISK MANAGEMENT

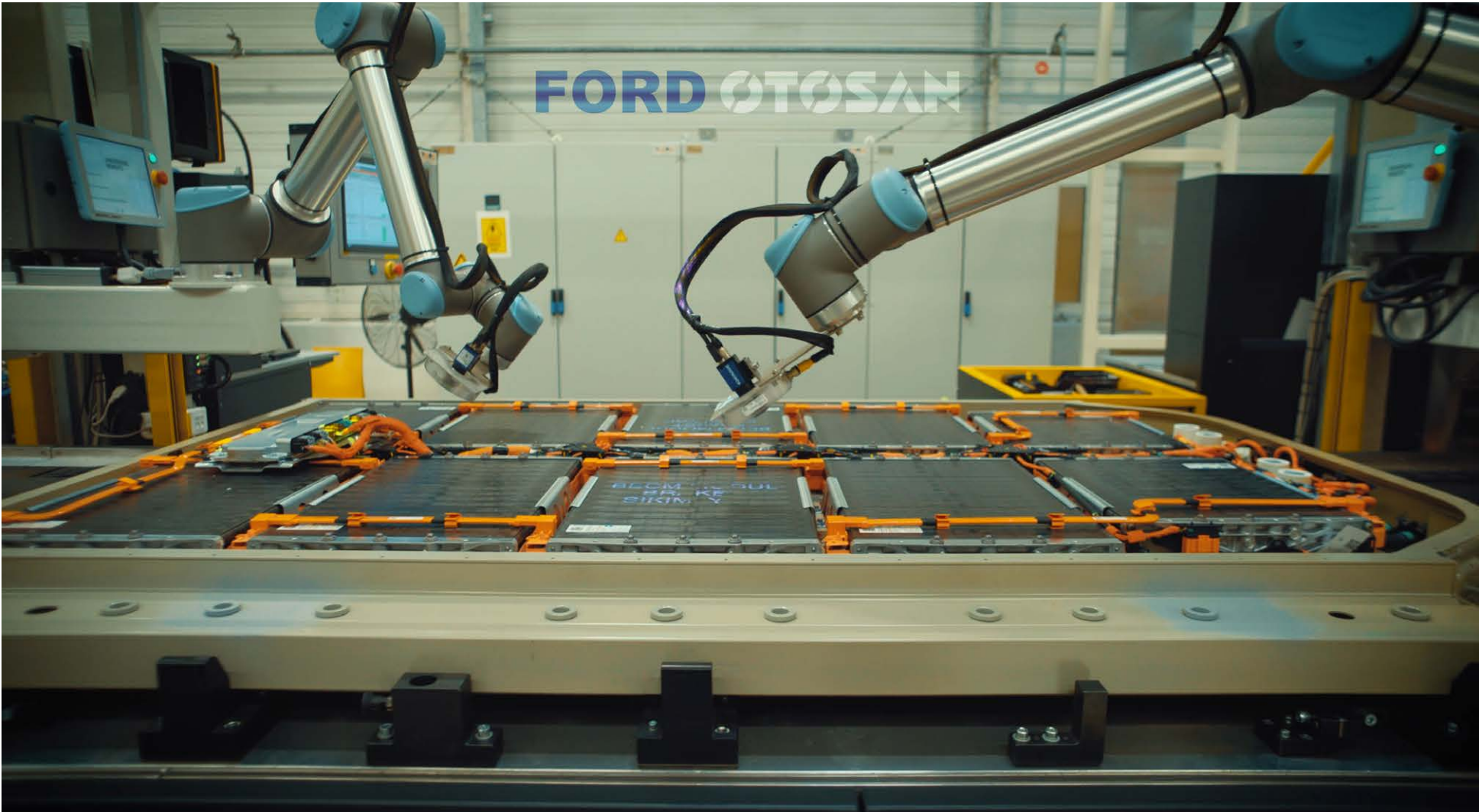
Regarding the Corporate Risk Management processes, we closely monitor national and international risks, identify the risks that may potentially impact the company, and plan prevention or mitigation actions. We recognize that six of the 10 key risks, specified in the World Economic Forum’s (WEF) Global Risks Report for the next 10 years are related to the environment. Accordingly, we identify the climate change risks with potential impact on our operations and invest in renewable energy resources and transportation technologies of the future to mitigate the effects of climate change and adapt to the changing climate conditions. We assess the risks that our operations may have on biodiversity and strive to reduce impact and protect the species in our locations.

Ford Otosan carries out its activities by addressing the sustainable development of society, its contributions to social wellbeing and the needs of future generations, while always considering environmental, social and governance (ESG) risks. Our current corporate risk management system is also used to manage climate change and other ESG-related risks. 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. Ford Otosan identifies the occupational health and safety risks of its activities in line with the ISO 45001 Occupational Safety and Health certification through the OHS committees, manages them

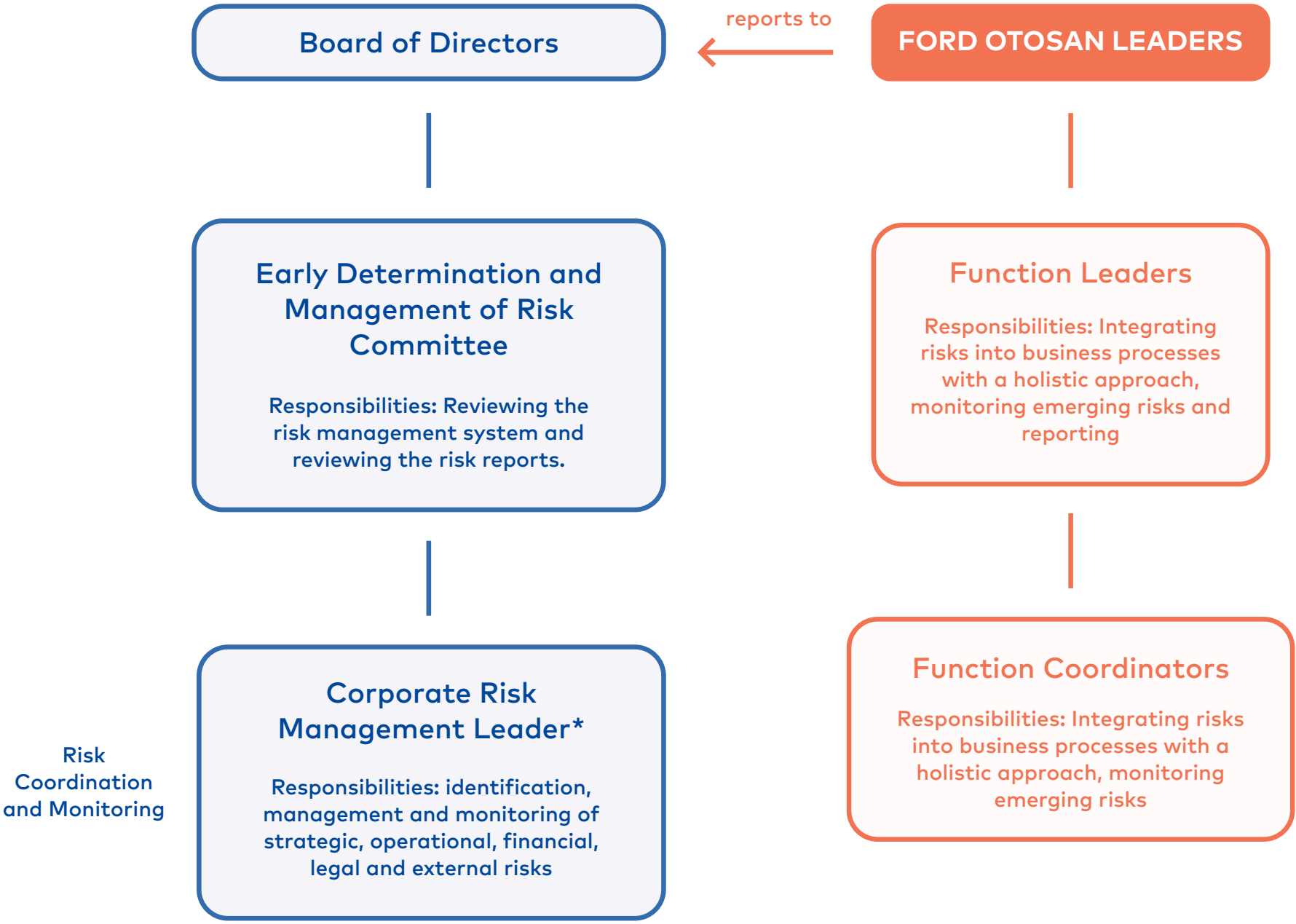
effectively and sets and reviews targets and programs to address such risks. ESG risks are included in senior management’s performance criteria to ensure they are adopted at the highest level. ESG risks are reported in detail to and reviewed by the Risk Committee.

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

Term	Period
Short-term	0-2 Years
Mid-term	2-5 Years
Long-term	5-30 Years



RISK MANAGEMENT



* Reports to Financial Affairs Leader.

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RISK MANAGEMENT

TCFD (TASK FORCE ON CLIMATE-RELATED FINANCIAL STATEMENTS) DESCRIPTIONS

Core Recommendation	Description	Ford Otosan's Gaps
Governance	Disclose the organization's governance around climate-related risks and opportunities.	Ford Otosan monitors TCFD risks among its material issues and regularly reviews them in the Risk Committee.
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	As part of our risk management approach, we mapped our climate change risks. During the reporting period, we started a study to measure climate-related risks. Progress is reported to the Early Determination and Management of Risk Committee.
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks.	Ford Otosan defines, evaluates and manages climate-related risks within the Corporate Risk Management system.
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	We set the relevant targets and performance tracking metrics. For more information, please see the Sustainability Targets – <i>2022 Performance section</i> .

Note: Our detailed risk and opportunity table is located between pages 111-126.

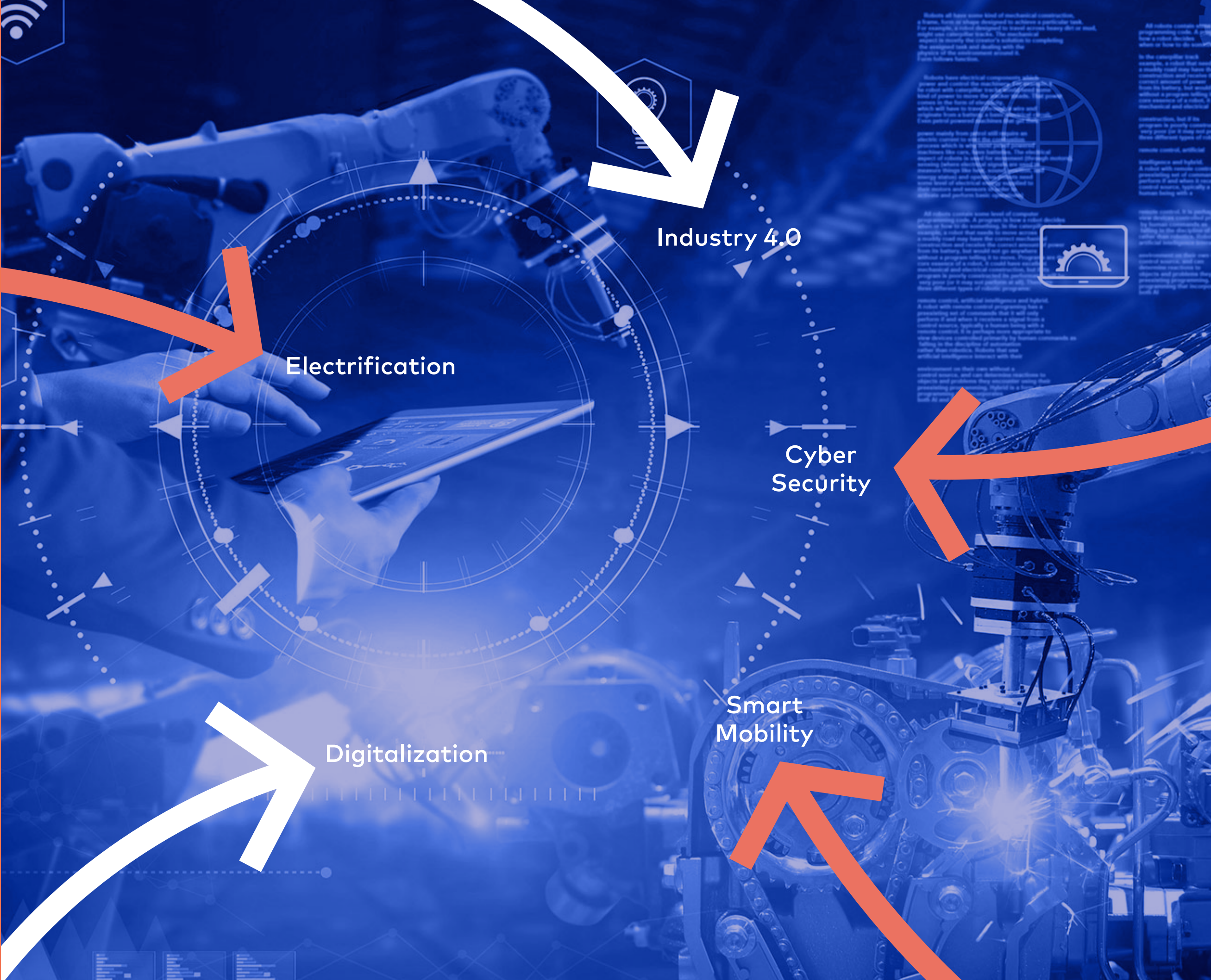
CLIMATE-RELATED RISKS

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

* Risk Periods are explained in page 35.

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- Innovation
- Digitalization
- Cyber Security

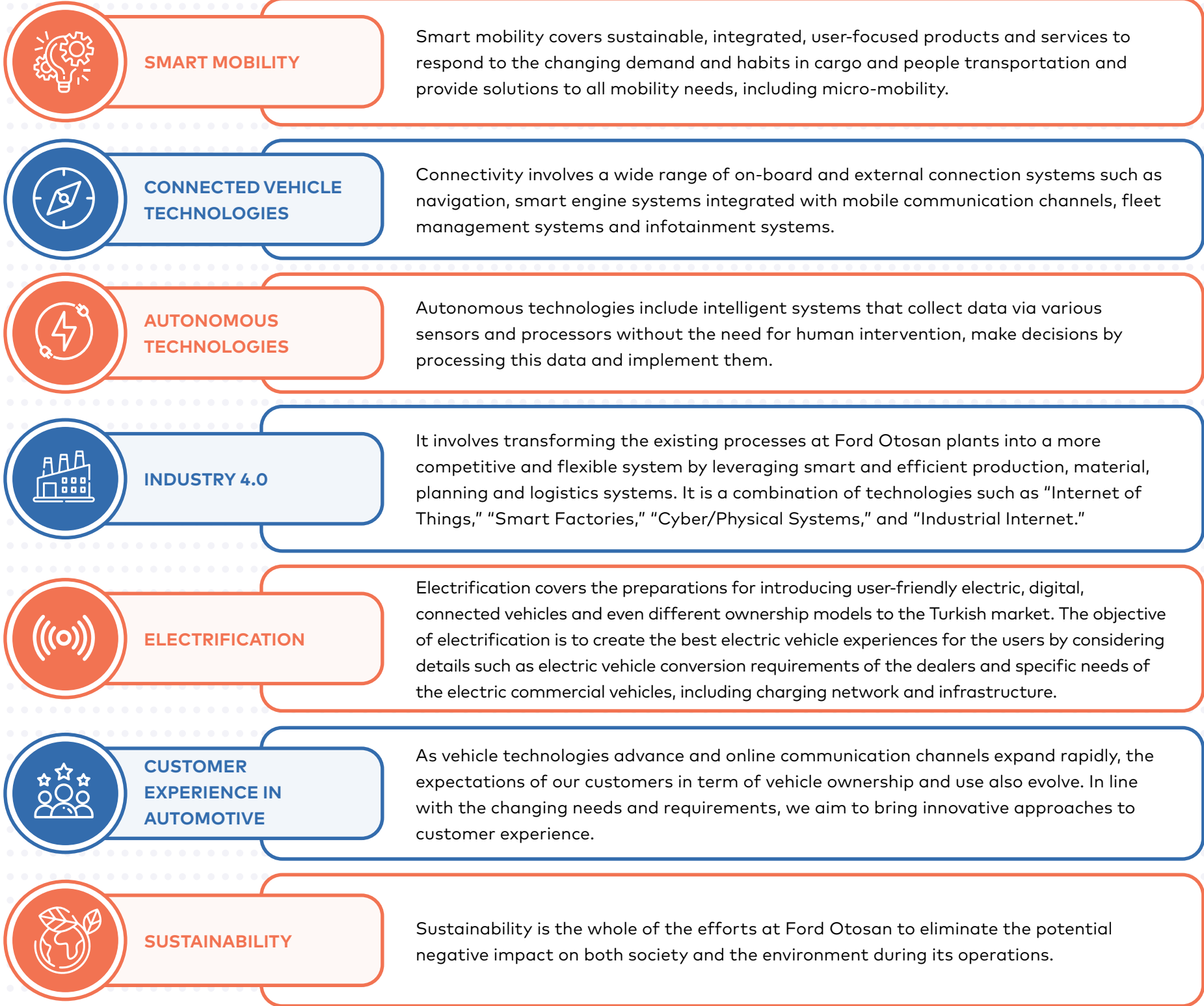


INNOVATION

At Ford Otosan, we aim to capture a greater market share and to maintain our competitiveness with innovative products, services and processes that meet customer expectations and needs by considering the rapidly changing global automotive trends. We regard innovation, entrepreneurship, change management and open innovation as cornerstones on the path toward our vision of Future. Now for technology and innovation.

We have defined seven innovation focus areas to support the company strategies.

In addition to developing innovation projects in our focus areas we also support intrapreneurship efforts and external startups.



INNOVATION

FORD OTOSAN INNOVATION PROGRAM

With the Ford Otosan Innovation Program, running since 2016, we promote intrapreneurship to build an innovation culture across the organization and to encourage the stakeholders to systematically generate new ideas and value. The program is a brand new innovation process where idea owners use design thinking approach and lean startup methods, test their ideas and personally implement their ideas.

Within the scope of Ford Otosan Innovation Program, we carried out nine major campaigns, and together with 230 intrapreneurs, we worked on 69 projects in total with the lean startup method. Five of these projects are already used within the company, three have been commercialized to external customers and three have moved to the scaleup phase.



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As part of the 2022 innovation program, we launched an innovation campaign titled "How to Reduce Our Carbon Footprint on the Road to Net Zero."

We gathered ideas from 80 employees who aspire to play an active role in tackling climate crisis by reducing our carbon footprint in the product, production, logistics and supply chain areas, and seven of these ideas passed the pre-selection stage. Then, 43 employees took the first step toward becoming intrapreneurs with the training program and mentoring provided at the innovation camp.

In 2022, we conducted an 'Innovation Culture Barometer' study with the Technology Development Foundation of Türkiye to strengthen the innovation and intrapreneurship concepts across the organization. The study was completed after we analyzed communications, leadership, partnership, work environment, development environment and employee engagement in depth. We are now working to implement the actions, identified as a result of the study conducted to analyze the perception of innovation within the company, identify our development areas, and encourage our employees to generate innovative ideas.

For the 'Talks Transforming the Future' webinar series launched in 2022, we host speakers, who are experts in blockchain, startup investing, lean entrepreneurship, etc.

In these webinars, we aim to raise awareness about the latest technology trends and innovation and increase the knowledge of the employees on topics of their interests.

Our 'Talks Transforming the Future' webinar series in 2022 brought together 800 participants, who were interested in topics such as blockchain, startup investing, lean entrepreneurship, Web 3.0, and innovation needs in a changing world.

FO AGV – Autonomous Guided Vehicle

The Autonomous Guided Vehicle (FO AGV) project, born from a Ford Otosan Innovation Program idea to bring autonomy to the material movements within the plants, has reached the scaleup and commercialization stage. Our goal is to sell these AGVs to other companies, starting with Ford Motor Company.

Currently, 25AGVs, featuring equipment and software designed and developed by Ford Otosan engineers, operate at various Ford Otosan locations, analyzing the site requirements with a customer-focused approach to identify the needs and offering an end-to-end logistics solution at our plants. We intend to use the data gathered from these vehicles to support the product development process. We also aim to minimize workplace accidents caused by human errors with these AGVs.

As the commercialization continued, four AGVs were delivered to Türk Traktör's Erenler plant in Sakarya and two AGVs to Ford NA in 2022.

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SMART MOBILITY

At Ford Otosan, we encourage intrapreneurship and innovation across the organization and emphasize the importance of increasing the innovative capacity of the rapidly evolving automotive ecosystem in line with the latest global trends. By prioritizing smart mobility as one of the most critical trends with the widest impact in our industry, we aim to create value for customers, reduce environmental impact and further improve safety.

In 2022, we launched a number of smart mobility projects and engaged in partnerships. We are developing new business models while also transforming our existing products and processes to capture future trends.

As our smart mobility activities continue, we also run projects regarding connected vehicle technologies and autonomous vehicles.

- We are working on a project to integrate Ford Otosan's CRM (Customer Relationship Management) systems with Ford's Global CRM systems, with the infrastructure set to be deployed by August 2023.
- We aim to commercialize autonomous (driverless) tractors with up to 22-23 hours of running time by 2028.

We also join forces with external smart mobility partners for various projects to offer innovative mobility solutions and support the startup ecosystem



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

Our long-term goal for this vehicle subscription model is to contribute to the circular economy by improving vehicle usage efficiency and supporting the efforts to reduce exhaust emissions.

As we work to grow the Flexper operation in 2023, we are also in the process of conducting a more comprehensive external pilot study.



Nemo, Ford Otosan's first micro-mobility sharing startup, is a micro-mobility subscription platform that offers customized personal electric bike, scooter and electric bike conversion kit rentals.

The startup also contributes to some of Ford Otosan's sustainability goals such as promoting the use of bicycles, reducing the number of owned vehicles, and encouraging electric solutions. Therefore, we believe that the startup will play an important role in spreading the "electric, shared micro-urban mobility" approach in Türkiye.

We place the health and safety of our users among our main focus areas on the Nemo platform, where we also offer free supplementary health packages consisting of Allianz 3rd Party Personal Injury Insurance, Liability Insurance, emergency assistance, helmets, safety locks and reflectors in addition to the packages the customers select.



We partnered with the Istanbul-based HOP! Scooters for a six-month project, focused on the last-mile delivery, electric mobility, connected mobility and shared mobility areas of micro-mobility.

As part of this partnership, electric motorbikes rented for 6 months in Kadıköy, one of the service areas of HOP!, were tracked to collect data such as reaching the end user, frequency of the user group and the duration of use. As a result, we obtained data on micro-mobility as a first at Ford Otosan. Our data team then analyzed the collected data to derive meaningful insights, which allowed us to monitor the carbon emissions prevented in certain time ranges and locations, and accelerate our micro-mobility studies within the scope of sustainability.

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DEVELOP YOUR CITY

In 2022, we launched the 'Develop Your City' project in partnership with Izmir Metropolitan Municipality, Izmir Entrepreneurship Center, Izmir Transportation Department, Ford Otosan, KWORKS and WRI Türkiye Sustainable Cities. The project was shaped around identifying the urban mobility needs, implementing the necessary action plans, and focusing on the interaction and information sharing between key stakeholders in the ecosystem. The project allowed us to gather sustainable ecofriendly solution proposals that would contribute to smart mobility, smart city applications, and people and cargo transportation. The process started by accepting applications in April 2022, continued with evaluation, mentoring and training steps, and ended on Demo Day on June 24.

As a result of the evaluations, six finalists, shortlisted among 56 ideas, presented their projects during the Demo Day event. The ideas and suggestions compiled at the end of the project were submitted to the investment committee at Ford Otosan. We are now in the process of implementing them.

Kanguru, the winner of the "Develop Your City" project, offers a sharing model with electric tricycles for short-distance mobility needs. Kanguru is a type of transportation mode that will also appeal to disabled or elderly users, and aims to make transportation easier and practical for all.

Mayna team, which won second place, offers a new segment of on-demand door-to-door public transportation system, which is faster and more comfortable than public buses and more affordable than taxis. They aim to achieve process efficiency by optimizing public transportation models.

Cyboard, the winner of third place, aims to take people from point A to point B, while providing an engaging and entertaining transportation service, drawing from the social media behaviors of Gen Y and Gen Z on platforms such as TikTok and Instagram.



Driventure

Driventure was founded in 2019 as the first and only venture capital company in the Turkish automotive industry with the mission of keeping the pulse of the startup ecosystem in Türkiye and worldwide, identifying opportunities and new technologies, introducing new business models and engaging in potential collaborations by ensuring the continuity of smart mobility investments.

Beyond being a manufacturer, Ford Otosan also aims to contribute to sustainability by investing in smart mobility in the evolving automotive ecosystem. Following actions, the mission of Driventure is to create a strategic competitive edge and gain knowledge and insights from the market.

Driventure will also work to improve organizational agility in terms of new business development and support intrapreneurship.

We expanded Driventure's focus areas with the addition of "sustainability" in 2022. We organized a sustainability-themed demo day in May in partnership with ITU Seed and KWorks. 10 different sustainability-focused startups were invited to this event to make presentations to Ford Otosan teams, dealers and suppliers.

Regarding the sustainability focus area, we aim to create strategic value for Ford Otosan by closely following the entrepreneurship ecosystems in Türkiye, Europe and Israel, building dynamic connections with startups that offer innovative solutions in our innovation focus areas, developing joint projects and making investments.

In 2022, Driventure became a stakeholder of ITU Seed, a leading incubation center, and participated in the startup selection process to follow and support the Turkish entrepreneurship ecosystem. As part of this relationship, Driventure supported some enterprises during the ITU Bigbang finale. As a first in Türkiye, we also evaluated the startups, whose founders consisted of at least 50% women, recommended by Ford Otosan, to extend our support to the women in the Turkish entrepreneurship ecosystem. Such evaluations also enable us to consider startups, which are engaged in Ford Otosan's

focus areas and that meet our investment criteria, in our Driventure investment processes and gaining access to more startups.

Driventure's investments in 2022 included: Bluedot, the smart mobility solution that connects electric vehicle drivers with charging stations; Optiyol, a next-generation route optimization solution; Delivers.AI, an AI solution that allows the development and production of robots for autonomous delivery of various products to the end-user; and Deepenai, which offers multi-sensor data labeling and calibration devices and services to accelerate computer image training for the autonomous truck. More information on Driventure's investments in 2022 is provided in the 2022 Annual Report, under the section titled Ford Otosan in 2022, Innovation and New Ventures.

In addition to the investments we make in startups, which Driventure introduces to us, we also support the intrapreneurship activities of various Koç Group companies. Accordingly, Ford Otosan made an investment in Koç Group's first private venture capital investment fund, set up and managed by Yapı Kredi Portfolio Management in 2022. By joining this fund, open only to Koç Group companies, we aim to connect with Turkish startups in seed and series A stages that operate in areas in Ford Otosan's focus.

In line with Ford Otosan's principles of equal opportunity and diversity, we strive to encourage women's employment and

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contribute to the development of women, especially in the automotive or technology sectors. Accordingly, we invested in the Arya Venture Capital Investment Fund, a partnership between Arya Women’s Investment Platform and Türkiye İş Bank to achieve gender equality in the investment system, create social and economic value and transform the world under the leadership of women. Through this investment, we aim to support early stage and Series A startups in Türkiye with at least one woman among their founders and who offer products/services that significantly improve the lives of women or girls and develop innovative applications and technologies.

Another venture capital investment fund in which Ford Otosan invested was Idacapital, the first Turkish investment fund focused on impact investment. This investment will allow us to connect with early stage startups with scalable business models that create social and environmental impacts.



einride

Einride partnership

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

As part of this collaboration, Ford Trucks, which designs its future strategies for zero-emission electric, connected, driverless vehicles, Ford will create the logistics solutions of the future together with Einride and contribute to reducing CO2 emissions in road transportation, lowering operating costs and improving fleet productivity.

BIG 2022

We organized BIG2022, the fourth edition of the BIG events, with the overarching theme of Sustainability. The event, promoted with the slogan Future. Now, featured conferences and webinars on End-to-End Supply Chain, Carbon Reduction, Women in Technology, Recycling, Mobility, Charging Stations, Sustainable Cities, Data Monitoring and Circular Economy. More than 1,000 participants, including employees, university students, supply industry companies and associations attended the 2-day event, which hosted many experts in these fields.

In 2022, Driventure established contact with 571 startups and collaborated with 16 startups in its primary investment areas, including Autonomous Technologies, Connected Vehicles, Electrification, Smart Mobility, Automotive Customer Experience in automotive, Industry 4.0, and Sustainability.



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We believe that digitalization plays a crucial role in terms of engaging more closely with our supply chain and customers, and responding to the changing consumer habits. Therefore, Ford Otosan’s digital transformation journey has continued at full speed since 2016. As of 2022, we manage digitalization in seven focus areas, which we previously addressed in five connected digitalization focus areas, by adding Data and Cyber Security as two essential topics of today. Data remains the focus of our digitalization journey, while we address cyber security as an essential part of each focus area.

1.

Connected Customer and Dealer

Regarding the connected customer, we offer personalized content and campaigns to our customers via our digital channels and introduce self-service options.
2.

Connected Manufacturing

We aggregate all available data on a single big data platform to process our IoT and production data more easily. We constantly and dynamically reprogram our production dynamically by considering all factors.
3.

Connected Product

In the process of designing new products, we use the analyses, drawn from customer feedback. We build connected vehicles and focus on value-added services using the collected data. In addition to simplifying the processes and migrating them to the digital environment, we also work to centralize company data for easier access.
4.

Connected Employees

We provide the necessary infrastructure for our employees to perform their tasks in a digital work environment and on mobile platforms. We aim to increase their happiness levels and improve our retention rates by analyzing employee data. We also work to automate routine tasks with low added value so that our employees can contribute creatively, effectively and efficiently.
5.

Connected Supply Chain

We connect our suppliers to our centralized data and management center to optimize our inventory orders. We also implement digitalization projects in the storage and logistics systems.
6.

Data

At Ford Otosan, we aim to build on the competencies of our employees by effectively implementing data management organization and processes and to create an exemplary data management system by enhancing our data-driven our technologies
7.

Cyber Security

As part of Ford Otosan’s agile transformation approach and digital journey, we constantly improve ourselves regarding cyber security to ensure that we provide all our internal and external stakeholders with safer products and services that comply with the applicable regulations and global standards.

DIGITALIZATION

DIGITAL TRANSFORMATION ACTIVITIES IN 2022

In line with our seven focus areas, we run numerous digital transformation programs for all our stakeholders in all our locations, starting with our facilities and plants. In 2022, we addressed digital transformation extensively by introducing several innovations and launched many projects in our focus areas:

We Created the Backbone of Digitalization:

We gathered our applications, many developed internally, on a single platform and connected all the objects at the plant. In addition to improving process efficiency in the production area, we also achieved more efficiency and higher quality in production with data-driven prediction and anomaly detection applications that use the data collected and instantly flowing on this platform.

We Built on our Digitalization Capabilities:

In light of the growing importance of software in vehicle technologies and the shortage of competent software developers in the industry, we formed Ford Otosan Software Academy to improve the software competencies of our teams and enable them to create value in our digitalization processes.

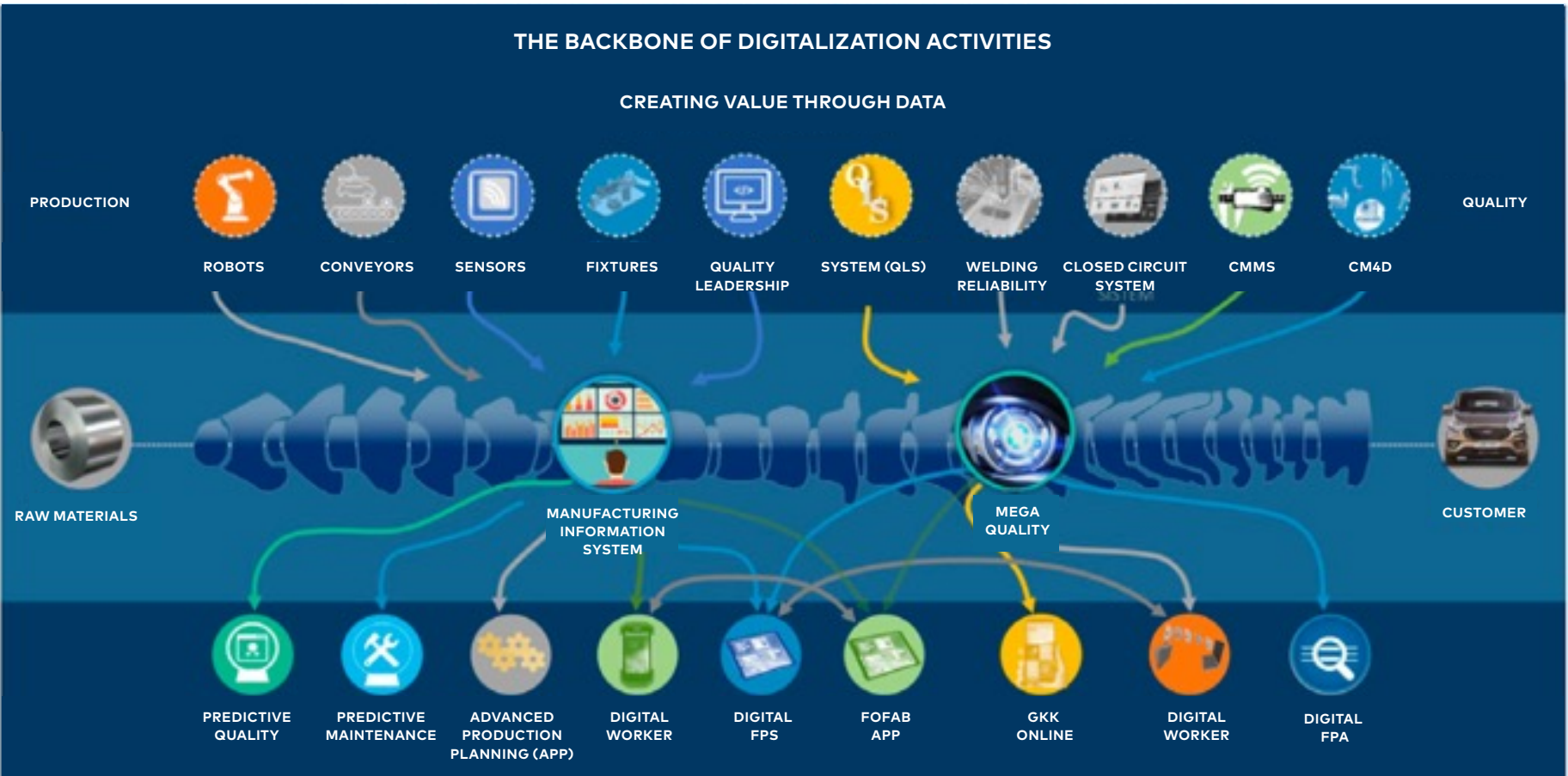
In 2022, we launched the “Web Software Development” program, the first pillar of Ford Otosan Software Academy, with 20 colleagues. We will continue to launch new programs at the Academy in 2023 to support and accelerate our digital transformation efforts, we will future-proof our teams’ competencies.

Digital Dealer Initiative Activities Continued at Full Speed:

At Ford Otosan, our dealers are the primary direct channel that enables communication with our customers. Therefore, we support the development and customer-centric transformation of our dealers to ultimately improve the customer experience across the Ford Otosan organization.

Our digitalization efforts also extend to the Ford Otosan dealers to improve customer communications and accelerate our support services through more efficient business processes. As part of these efforts, all our dealers switched to paperless digital applications, while we also deployed smart planning functions for the workshops.

The Dealer Reporting Portal, which provides access to all the reports and customer sales and after-sales metrics via a single interface, was opened to 375 dealers to support them in providing better customer service.



DIGITALIZATION

We Accelerated the Digitalization Efforts to Enhance Customer Experience:

As a company that aims for ultimate customer satisfaction, we recognize that accurately responding to the rapidly changing customer demands and needs on time is key. Offering solutions tailored to individual customer needs and keeping the active communication channels open lies at the heart of the customer experience we aim to create at Ford Otosan. Accordingly, we combined our digitalization efforts with customer experience and completed two major projects in 2022.

We Launched the Voice of Customer Platform:

We also launched the Voice of Customer Platform to monitor the entire customer experience end-to-end in all our processes. This platform enables us to receive more and instant feedback from the customers on these journeys and to intervene quickly to improve their experience.

We Deployed the My Ford App to Personalize the Customer Experience:

With My Ford, we offer our customers all the information and updates about the vehicles they do or want to own through a dedicated portal. My Ford enables us to manage customer requests rapidly while strengthening communication with our customers.

We Connected the Field Operations with the Digital Plant Application:

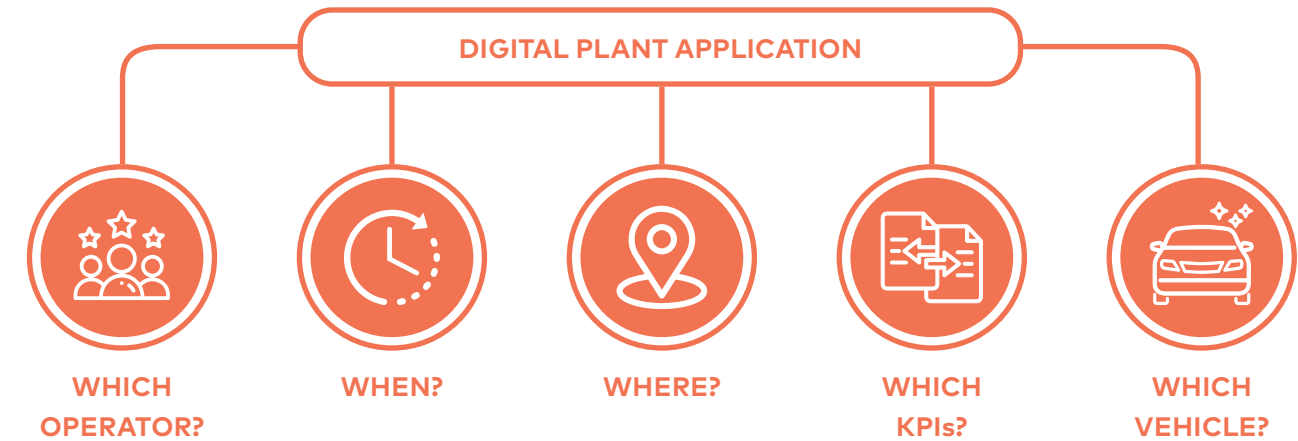
Using the Digital Plant Application, we connected the field operators with our digital processes and applications. This mobile app, used by all operators, especially those in the assembly areas, provided many benefits in the following areas and resulted in improved efficiency and quality in production:

- Matching the right operator with the right operation (Competence, Education, Health)
- Real-time traceability
- Data-driven performance monitoring
- Paperless production
- First Time Right

We Integrated the Customer Loyalty Teams into Digital Transformation:

We deployed digital systems to ensure that the Customer Loyalty Teams, the organizational structures of our company's agile transformation and customer-centric approach, operate efficiently. These digital solutions have accelerated interventions and solutions to the customer problems, allowing us to take preventive action on some issues with a proactive approach and offering a 360-degree view by visualizing the relevant data in a single point.

More information on the Digital Transformation activities in 2022 is provided in the 2022 Annual Report, under the section titled Ford Otosan in 2022, *Digital Transformation*.



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CYBER SECURITY

At Ford Otosan, we assess the risks in our agile transformation and digitalization journey, two of our key focus areas, and address cyber security as the framework of all our digitalization focus areas.

In line with Ford Otosan's agile transformation approach and digital journey, the Security and Risk CoE (Center of Excellence) function was restructured under the Digital Products and Services Platform Area (formerly Information Technologies) to deliver products and services to all our internal and external stakeholders more securely and in higher compliance with regulations and global standards. We integrate globally accepted standards and risk methodologies such as ITIL, CoBIT, and ISO 27001 into our cyber security approach by applying our risk management perspective more effectively in this new structure.

In line with the security principles followed by Koç Holding, Ford Motor Company and Ford Otosan, we carried out a number of activities to reinforce our cyber security in many areas, starting with data and connected vehicles.

- We designed a program, featuring training, announcements and webinars, to raise awareness about information security among all contractors, supply industry partners, dealers, and Ford Otosan users. As part of the program, we published regular announcements via the company's communication channels throughout the

year and performed phishing tests to train the users about information security.

- Today, data, supported by technologies such as digitalization, connected vehicles and artificial intelligence, is the most valuable asset. Therefore, we launched the Data Loss Prevention (DLP) system in 2022 to prevent potential data breaches and losses and took steps to enhance the security of all Ford Otosan processes. We disclosed our policies related to Competition, KVKK, and GDPR on the system, and as well as the guidelines for the protection of financial information and sensitive and confidential data, and put in place alert mechanisms.
- Ensuring cyber security is critical when it comes to connected vehicles, which are rapidly advancing in the automotive industry. Therefore, we follow the latest developments in global regulations closely. We also develop security solutions and processes in accordance with ISO 21434, UNECE R155 and UNECE R156 regulations.

As part of our digitalization approach, consisting of seven focus areas, we carry out a broad range of cyber security activities, starting with data security and including the security of the end-users, IoT, production systems, and then the security of the data transferred between connected vehicles and the data center.



CYBER SECURITY

DATA AND AUTOMATION

We consider data, added to our digitalization focus areas in 2022 and positioned at the core of all our digitalization efforts, as one of the most strategic assets of our company. At Ford Otosan, we are on a transformation journey, supporting our decision-making mechanisms with artificial intelligence and machine learning technologies, thanks to the insights we derive from data. This journey continued throughout the year as we carried out our activities in three main stages to position all Ford Otosan constituents, from our products and services to our employees.

We organize a range of events and publish regular data journals to raise awareness about data, analytics and automation across the organization and to future-proof Ford Otosan. We also participate actively in various career events to grow our talent.

1.

STAGE

1. We designed processes to facilitate value creation from data and analytics across Ford Otosan by integrating the data collect from various sources. We combined the data of our entire technological system, including the connected vehicles, through the open source-based Data Lake we created. We also deployed the "real time streaming" technology, which enables the data to be processed instantly, from the connected vehicles, and retransmitted to the vehicle quickly in case of enhancements.
2. We designed a Data Literacy program so that our employees understand and properly use the data we collect and integrate. With nearly 415 "Data Citizens" participating in the program, we aimed to build on their data competencies and future-proof them. Throughout the process, our employees supported each other through mentorships.

2.

STAGE

3. Our Data Citizens took intensive training on data interpretation, visualization, statistics, data storytelling, artificial intelligence and machine learning, and then developed more than 60 projects in their respective fields of expertise. These projects resulted in a financial impact equivalent to USD 12 million in 2022.
4. We also launched a Data Governance program in collaboration with Koç Holding and Koç Dijital to better manage our data.

3.

STAGE

5. The Robotic Process Automation project, deployed across the organization, delivered labor gains equivalent to USD 1.5 million in five years. We continue to automate processes that require repetitive and high effort by combining them with our efficiency, productivity and low error rate goals through robots.
 - a. In 2022, the data collected by 141 robots from the engines at the Gölcük Plant was used for the first time to perform the visual and manual checks, which the field teams would normally perform physically at the plant, with artificial intelligence and robotic process automation. This delivered an annual labor gain equivalent to nearly 1072 days.
6. We launched an intelligent document recognition project using the Optical Character Recognition (OCR) technology for the first time in production. This project enables the design specifications of certain parts to be scanned through the images uploaded to the system, and information such as size and raw material to be automatically identified.

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FUTURE.NOW FOR ENVIRONMENT

- Transition to Low Carbon Economy and Climate Risks
- Carbon Transition Program
- Product Sustainability
- Environmental Impact of Operations
- Value Chain Management

Science Based
Targets

Responsible
Purchasing

Climate Risk
Management

Eco
Design

Lean
Production

FOR ENVIRONMENT

World Economic Forum's (WEF) *2023 Global Risks Report* ranks climate-related risks at the top of the global risks estimated over a 10-year period. Six of the ten global risks which are the most important ones are listed as: failure to mitigate climate change, failure of climate-change adaptation, natural disasters and extreme weather events, biodiversity loss and ecosystem collapse, natural resource crises, and large-scale environmental damage incidents. Meanwhile, five of the top ten risks over a 2-year period are related to the environment. Failure to build effective partnerships and the lack of concerted progress on climate targets are noted as two of the most critical obstacles against achieving net zero.

At Ford Otosan, we take responsibility for leading the sector beyond simply contributing to the transformation in the automotive industry in tackling global climate change with our Future. Now vision. We are taking action to reach our carbon transition, waste, circular economy, and water targets already today with our mission, Future. Now for environment.

In 2022, we disclosed our long-term sustainability targets in the focus areas: Climate Crisis and Energy Management, Waste Management and Circular Economy, and Water Management.

CLIMATE CRISIS AND ENERGY MANAGEMENT

2030

- Carbon neutrality in production sites in Türkiye
- Zero- emission passenger vehicles

2035

- Zero- emission commercial vehicles
- Carbon neutrality across the supply chain
- Carbon neutrality in logistics operations

2040

- Zero- emission heavy commercial vehicles

WASTE MANAGEMENT AND CIRCULAR ECONOMY

2030

- Reach zero waste to landfills
- Eliminate single-use plastics for personal use
- Increase 30% renewable and recycled plastic use in vehicles

WATER MANAGEMENT

2030

- 40% less fresh water using per vehicle in each location



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TRANSITION TO LOW CARBON ECONOMY AND CLIMATE RISKS

We aim to minimize the negative environmental impacts of all of our operations, starting from the design stage of our products and services. Reducing emissions from vehicles and adopting a responsible production approach toward all operations rank among our key priorities. As we make progress on our targets, we encourage practices that address the entire value chain of Ford Otosan and prioritize cooperation with our stakeholders, starting with our suppliers. We regard digitalization and innovation as the most critical drivers of the transformation in the automotive industry. And we aim to launch electric versions of each nameplate we produce by investing in electrification. Since announcing that we would invest TL 20.5 billion in next-generation electric and connected commercial vehicles and battery assembly plant projects, we have made significant strides in 2022.

Carbon emissions from vehicles play a critical role in the automotive industry's net zero transformation. The European Green Deal has set a target to become carbon neutral by 2050, accelerating the automotive industry's efforts to transition to a low-carbon economy. Accordingly, we conducted an Impact Analysis at Ford Otosan.

Moving toward our Future. Now vision, we disclosed our long-term sustainability targets, which will also contribute to our Net Zero commitment in line with the 1.5°C goal, and our efforts continue in that direction.

ENVIRONMENTAL COMMITTEE AND ENERGY MANAGEMENT TEAM

Ford Otosan Environmental Committee consists of the environment and energy management representative, the head of the Environmental Committee and the environmental officers representing their respective departments. Meanwhile, the Energy Management Team consists of a management representative, an energy manager, and energy officers representing their respective departments.

MANAGING CLIMATE RISKS

We monitor the factors with short, medium and long-term impact as we assess the risks and seize the opportunities that may affect our products and activities. We ensure that actions are taken in advance by conducting in-depth analyses before risks and opportunities arise. And we work with both the Early Determination and Management of Risk Committee and the relevant departments for effective management of climate risks and opportunities.

In CDP's Climate Change Program, we ranked among the companies in the "A -" list with our 2022 performance, while we received a score of "B" in CDP's Water Security Program, maintaining our status. As we strive to improve the effectiveness of our efforts to reduce carbon and water footprints, we will continue to disclose our performance data fully and transparently.

Our submissions to CDP's Climate Change Programs include the actions we take on environmental issues, the total number of projects and initiatives undertaken in this area, their environmental benefits/savings and cost savings, and internal carbon pricing efforts.

Environmental Training	2020 TR	2021 TR	2022 TR	2022 RO
Number of Participants (Employees)	5,575	10,882	12,491	30
Number of Participants (Subcontractors)	1,834	6,996	12,463	1,433
Training Hours (person*hours) (Employees)	12,259	38,100	55,756	30
Training Hours (person*hours) (Subcontractors)	934	3,353	23,102	1,433



To view our 2022 CDP Climate Change and Water Security reports, please click [here](#).

We support the Task Force on Climate-Related Financial Statements (TCFD). We also continued with our *TCFD reporting* in 2022 after our first report in 2021.

Moving toward our Future. Now vision, we disclosed our long-term sustainability targets, which will also contribute to our Net Zero commitment in line with the 1.5°C goal.

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CARBON TRANSITION PROGRAM

In 2022, we declared our commitment to the Science-Based Targets initiative (SBTi) to set our short-term targets by adopting the approach to limiting global warming to 1.5°C as defined in the Paris Agreement. In addition to setting our short-term targets as a priority and moving to the assessment stage, we also work toward our long-term targets. All our calculations cover our locations in Türkiye and Romania.

With our short-term SBTi targets, we commit to:

- Reducing absolute Scope 1 and 2 GHG emissions by 78% by 2030 from a 2017 base year.
- Reducing Scope 3 GHG emissions from use of sold products 50% per vehicle kilometer by 2030 from a 2021 base year.

We continue to work towards presenting our long-term net zero goals by the end of 2023.

At Ford Otosan, we created our roadmap for transition to a low-carbon economy in three focus areas:

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

Deal, achieving compliance, and engaging in partnerships.

In line with our SBTi commitments, we are working on plans to achieve Net Zero Emissions. Accordingly, we aim:

- To sell only zero-emission vehicles: passenger vehicles by 2030, light and medium commercial vehicles by 2035, and heavy commercial vehicles by 2040.
- For the manufacturing sites and R&D center in Türkiye to become carbon neutral by 2030, and for more than 300 suppliers and the logistics operations to become carbon neutral by 2035.

As part of our efforts to decrease our carbon footprint, we are working to develop engine and vehicle technologies that will reduce the CO₂ emissions of the heavy commercial fleet by 15% by 2025 and by a further 15% by 2030 (compared to a 2019/2020 baseline) to align with the current EU Regulation on CO₂ emission standards for heavy-duty vehicles.

Meanwhile, our 100% electric truck, with a prototype already built and introduced in the heavy commercial vehicle segment that includes the Ford Trucks fleet, is currently in the testing phase in line with our carbon footprint reduction targets.

Ford Otosan signed ACEA's (European Automobile Manufacturers' Association) "Transition to zero-emission mobility" statement, demonstrating its commitment to transition to non-fossil fuel technologies in the heavy commercial fleet by 2040 and reducing its carbon footprint to zero by 2050 in compliance with the "Green Deal" strategy of the European Union.

During COP27 (the 27th Conference of the Parties) event organized by the United Nations in Sharm El-Sheikh, Egypt, Ford Otosan participated in the panel session on "Industrial Moving Forwards For The Sustainability" hosted by the Istanbul Chamber of Industry (ISO). We provided information about our sustainable production efforts and the broad range of sustainability activities and gave examples of the best practices in this field.

FIKIRHANE CARBON TRANSITION PROGRAM

In 2022, we launched an innovation campaign titled "How to Reduce Our Carbon Footprint on the Road to Net Zero." We gathered 80 ideas from our employees who aspire to play an active role in tackling climate crisis by reducing our carbon footprint in the product, production, logistics and supply chain areas. Seven of these ideas, gathered via our digital idea collection platform – Fikirhane – passed the pre-selection stage after the evaluations of the sustainability and innovation teams. Then, we formed innovation project teams with these idea owners, who started to test their ideas with a customer-centric approach using the design thinking and lean entrepreneurship methods by participating in the Ford Otosan Intrapreneurship Program.

In 2022, 43 employees took the first step toward becoming intrapreneurs with the training program and mentoring provided at the innovation camp. Next, we analyzed the results in six categories: communications, leadership, partnership, work environment, development environment and employee engagement. We now continue to implement actions based on the results of the analysis.

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PRODUCT SUSTAINABILITY

In line with our mission of leading the transformation in the automotive industry, we focus on designing innovative products and services and producing mobility technologies and vehicles for the smart cities of the future. Our R&D approach, shaped around this mission, informs our primary investment areas, which include conventional automotive products and services evolving with technological transformation, as well as fuel optimization, reducing CO2 emissions, developing connected and autonomous vehicles, manufacturing electric vehicles, electrification, and developing light vehicle technologies. The fact that we consider the latest global automotive trends and the environmental, social and governance (ESG) risks in our investment decisions places us in number one spot in terms of the highest R&D spending in the industry, which is currently undergoing a radical transformation.

At Ford Otosan, which ranks among the major product development hubs in the global Ford organization, we carry out a number of product R&D projects. The R&D spending on various product development projects in 2022 amounted to TL 3,411 million (2021: TL 1,376 million) before capitalization and TL 1,449 million (2021: TL 681 million) after capitalization.

With a growing product range following the acquisition of the Craiova Plant in Romania and diversification and upgrades with next-generation electric and connected vehicles,

we aim to contribute even more to the transformation in the automotive industry. Therefore, we plan to invest Euro 490 million in the next three years in facility and product enhancements at the Craiova Plant.

At Ford Otosan, we position sustainability as a business model for leaving a better world to future generations. And we follow the Design for Sustainability principle, which lies at the core of our R&D activities, to advance our sustainability approach. We spread our brand recognition as a company that values competitive advantage and sustainability among consumers and employees, starting with our R&D and design processes.

We follow the Design for Sustainability principle, which lies at the core of our R&D activities, to advance our sustainability approach.



¹ In the part-based impact assessments, the parts that make up half of the total quantity and the operations expected to deliver high carbon savings are addressed.

PRODUCT SUSTAINABILITY

RECUBE (RECYCLE, REUSE, REDUCE)

We continue to integrate the ReCube(Recycle, Reuse, Reduce) project, which follows the Design for Sustainability principle, and Ford Otosan’s sustainability approach into all the R&D activities.

Based on our studies, we have ascertained that internal combustion (ICE) vehicles create more than 80% of their carbon footprint across their life cycles, from production to use and eventually end of life. As the transition from ICE vehicles to electric vehicles gains momentum, emissions from use are expected to decrease, given that renewable energy sources are used. On the other hand, production of the batteries used in electric vehicles causes significant carbon emissions, resulting in higher emissions during the production stage of the life cycle.

At Ford Otosan, we aim to renew products through remanufacturing, extend their economic life, and conserve resources and energy. Choosing remanufacturing practices over building from scratch enables us to significantly reduce greenhouse gas (GHG) emissions. Also, we aim to cause less pollution by generating less waste with remanufacturing methods. In line with Ford Otosan’s net zero roadmap, we help suppliers and manufacturers contribute to the circular economy and deliver environment-friendly products at lower costs to the users. We calculated the approximate emission savings

of 21 different parts in passenger vehicles and commercial vehicles in the remanufacturing method. Remanufacturing of 7,104 parts per year has resulted in an emission reduction of nearly 41 tons. Furthermore, using the remanufacturing method generated TL 39.7 million in revenues in 2022.

We aim to expand the scope of the life cycle assessments to cover the entire life cycle of batteries and electric vehicles.

Our activities in 2022 included the use of 65% recycled plastics in radio/screen carrier brackets, biopolymers in truck components, and recycled plastic raw materials obtained from the waste of end-of-life vehicles in truck components. With a pilot program launched in Q2 2023, we aim to use 16 kg of recycled plastic material per vehicle and in 55 parts in total.

As part of the ReCube project, we produced a fan hood from recycled plastic material, marking a first for Ford Otosan. We also conducted a life cycle assessment of an automotive part produced from recycled plastics as a first in Türkiye.

BOXON PACKING PROJECT

The parts we source from Europe arrive at Ford Otosan packaged in plastic and reusable boxes. We currently work on reusing these boxes in local shipments within Türkiye and shipping the empty boxes to be returned to Europe by breaking them into smaller parts and packing them in bags. With such practices, we aim to reduce carbon emissions by saving on truck shipments and fuel consumption.

We completed the life cycle assessments for all internal combustion vehicles in all commercial segments, and 99.93% of all the products we manufactured and sold in 2022.



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PRODUCT SUSTAINABILITY

R&D ACTIVITIES

Within a broad range of R&D activities, we work on reducing the use of natural resources and waste generation, reusing waste materials as by-products/raw materials, and using secondary recycled materials, and design processes toward a circular economy. In addition to producing innovative clean energy vehicles and reducing emissions in the current vehicle range, we also carry out R&D activities to recover precious metals, develop AI-assisted autonomous vehicles and emission control systems, and use more recycled materials. We aim to shape the future of the automotive industry with a responsible and innovative approach to product and service design, and file applications to obtain national and international patents to register our intellectual property. We currently hold 126 patents, including 109 national and 17 international patents, that protect our intellectual rights as we contribute to technological advancement and academic knowledge. We are also a project partner of many European Union funded research projects, starting with the Horizon 2020 and Horizon Europe programs and our R&D activities also continue in areas such as automated dismantling, repair, second life applications and recycling of EV batteries within the scope of circular economy and eco-design.

The activities carried out at our R&D center also include software innovations, developing control systems for optimal emission in heavy-duty vehicles, vehicle weight reduction, researching the possibility of recovering the precious metals used in automotive production, modeling and testing electric vehicles and their components, developing autonomous vehicles and programmable systems for smart vehicles, automotive applications of visible light communication, and 5G technologies for collaborative, connected and autonomous mobility, all in partnership with some of the industry's leading teams.

Ford Otosan completed the Horizon 2020 program with 20 projects and Euro 7.7 million funding in total. With the acceptance of four more projects, Ford Otosan reached 10 projects within the scope of the Horizon Europe program and received a total funding of Euro 4.7 million.

Thirteen of these projects directly contribute to Ford Otosan's carbon reduction targets, and R&D activities in these areas are carried out with a total funding of Euro 5 million.

According to data provided on TÜBİTAK's Most Successful Turkish Industrial Organizations website, Ford Otosan is the highest funded organization in Türkiye with a total funding of Euro 12.4 million for 30 projects accepted to the Horizon 2020 and Horizon Europe programs.



PRODUCT SUSTAINABILITY

PEACOC

With PEACOC, a joint project with Turkish and European companies and leading universities and research institutions, we aim to create an opportunity to use more affordable precious metals through the cycling of precious metals. PEACOC is a continuation of the PLATIRUS project, which involved the development of low-cost recovery technologies for precious metals that the end-of-life catalysts contain. Our objective with the project is to develop an economical and environmentally suitable metallurgical method for the recovery of Platinum Group Metals, PGM in short, and to implement that method in a pilot project before moving to the commercialization stage.

We aim to observe how PGM, obtained through the technologies developed for this purpose, could be reused in automotive catalyst production, reducing the environmental impact as a result. With the project, we address the profit margin of these technologies compared to the current market and analyze environmental impact.

The environmental impact analyses we conducted showed us that the precious metals used in the products had high carbon density, so we started to study circularity. With the advancements in battery technologies and the rising trend toward alternative fuel vehicles, starting with electric vehicles, our R&D activities focus on reuse, remanufacturing and recycling to achieve circularity in the product.

Europe-funded projects such as BATRAW and RHINOCEROS support our work on designs that contribute to the circular economy model, particularly regarding the batteries. Under the umbrella of these projects, we ensure that precious metals such as cobalt, nickel and manganese found in the electric vehicle battery cells are reintroduced into the life cycle, and we monitor the entire supply chain transparently with the blockchain-based Battery Passport application.

ALBATROSS

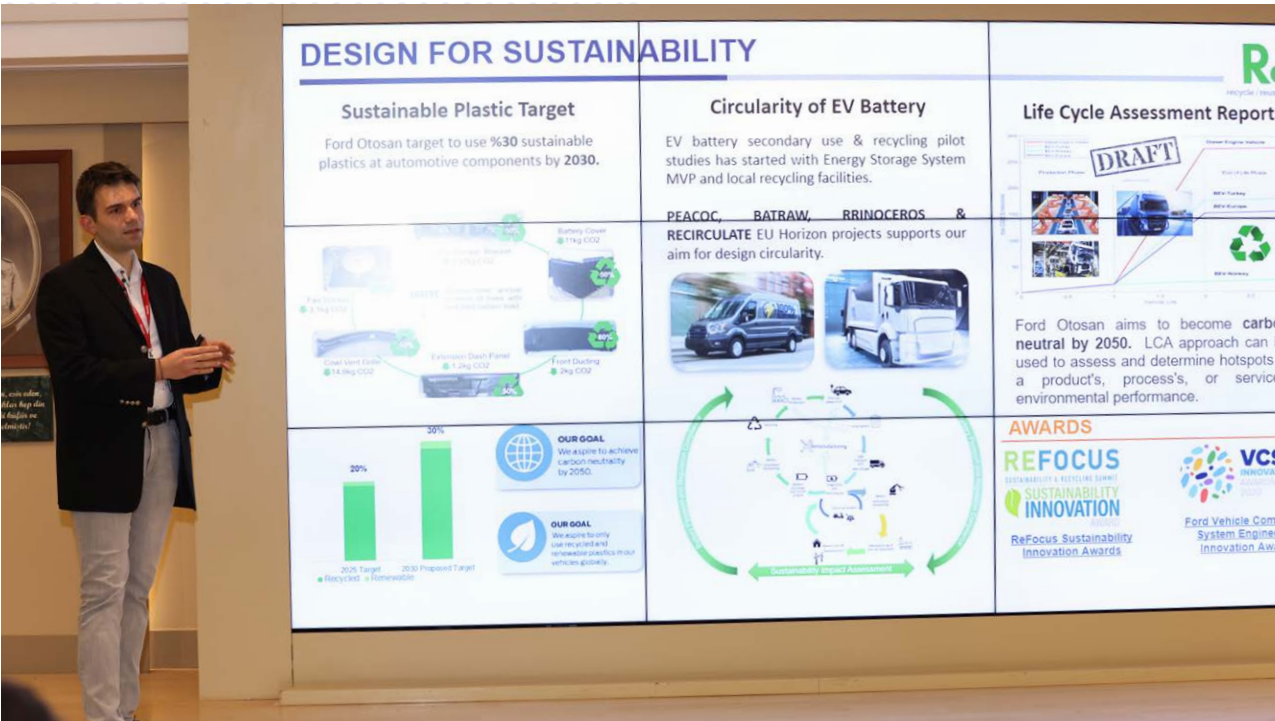
With Albatross, launched as a Horizon 2020 project, we are designing a modular battery pack - based on smart batteries combined with reduced weight designs - that can be tailored to light commercial and heavy commercial vehicles. The objective of the Albatross Project, carried out with 20 partners and a budget of nearly Euro 12 million, is to enable automotive OEMs (original equipment manufacturers) to reduce battery pack costs and improve their competitiveness by increasing the value of second life applications. The project also includes plans to support the process of reducing battery-production related emissions throughout their life to meet the global legal requirements. Through the project, we aim to increase energy density of the prototype battery by 50% compared to the existing battery pack, shorten charging time by 25%, reduce weight by 20%, and extend the total battery life.

Powered by alternative fuels such as electric, hybrid vehicles and related engine systems and powertrains, and the use of materials derived from lighter, renewable and recycled sources are some of the areas that we consider in our investment decisions.

At Ford Otosan, lower emission vehicles powered by alternative fuels such as natural gas, electric vehicles, hybrid vehicles and related engine systems and powertrains, and the use of materials derived from lighter, renewable and recycled sources are some of the areas that we consider in our investment decisions.

Ford Otosan Weight Reduction Efforts

At Ford Otosan, we place emphasis on reducing total vehicle weight to decrease emissions and improve efficiency, and we carry out activities with five working groups focused on high-strength steels, aluminum casting and extrusion, aluminum sheet panels, composites,



PRODUCT SUSTAINABILITY

and plastic derivatives. Through the work of these groups, we aim to optimize vehicle designs with new materials and production technologies, while improving Ford Otosan suppliers' infrastructures to adapt to the latest technologies.

Electrification

As we lead the automotive industry's transformation with our electric vehicle projects, we launched our battery assembly plant within the Kocaeli Plants on track toward becoming Türkiye's first and only integrated manufacturing site. In Q2 2022, we started the production of E-Transit, the first all-electric commercial van of Ford and Türkiye at the Kocaeli Plants. We also introduced the new features and technologies of E-Custom, the all-electric model of our next-generation 1 ton commercial van, slated for launch in 2023 at the Kocaeli Plants.

The first 100% truck, E-Trucks, which we will produce at the Eskişehir Plant, the next-generation Courier, planned to be manufactured at the Craiova Plant, and an all-electric version of Puma will be added to the product range in 2024. As a result, our electrification transformation will be completed with the addition of an electric version of each nameplate to our product range by 2025.

The 100% electric BEV (battery electric vehicle) road trucks, featuring connected and

autonomous technologies and currently being developed by Ford Trucks with plans to start production in 2024, play a key role in reaching our zero emission target for heavy commercial vehicles by 2040. We completed the design, software and production processes of the 100% electric road truck prototype in 2021 and unveiled E-Truck, the 100% electric Ford Trucks tractor in 2022 during the Hannover fair.

Long-term road tests are planned to see the actual usage performance of the vehicles being developed and gather customer feedback.

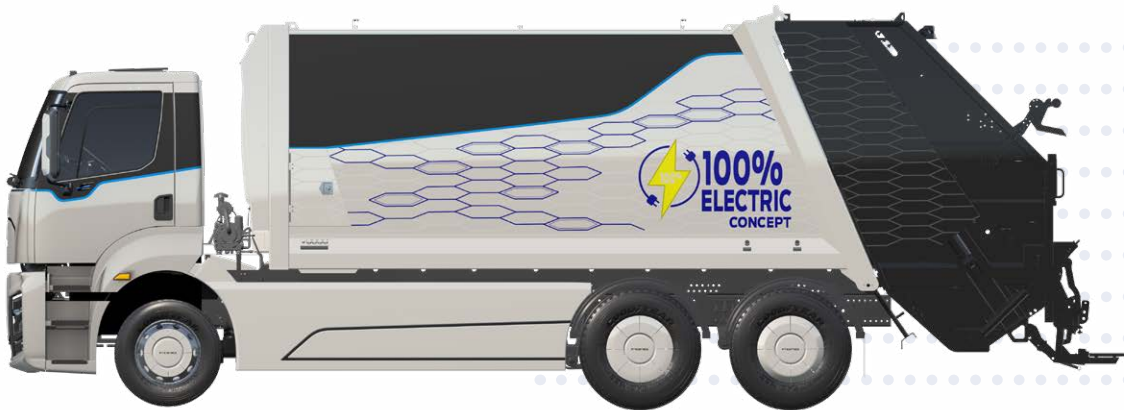
Hydrogen Technologies

In addition to diesel vehicle power units and the 100% electric truck (BEV), R&D work also continues on new carbon neutral technologies such as fuel cells to meet the zero emission targets.

Feasibility studies have also started for fuel cell power units to support the net zero roadmap in the heavy commercial vehicle segment. Accordingly, the application submitted in response to the European Union Horizon 2020 calls for a fuel cell electric tractor development and demo project was accepted.

Work is also ongoing with local and international stakeholders on high-pressure hydrogen tank technologies to significantly extend the range of hydrogen fueled vehicles.

The first all-electric Truck, E-Trucks, to be produced at the Eskişehir Plant, the next-generation Courier and all-electric Puma, to be manufactured at Craiova Plant, will be added to the product range in 2024.



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ENVIRONMENTAL IMPACT OF OPERATIONS

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

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

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

ENVIRONMENTAL MANAGEMENT

We manage all the products and services at all our plants in accordance with the ISO 14001:2015 Environmental Management System and ISO 50001 Energy Management System. In addition to the annual ISO 14064 greenhouse gas validations and verifications, we renew our certificates by having ISO 14001, ISO 50001 and ISO 14064 audits every

year. With the ISO 14064:2018 greenhouse gas verification audit for the 2021 data in 2022, we had our indirect emissions and direct emissions verified and validated for the first time. Meanwhile, the ISO 14064 harmonization is ongoing at the Craiova Plant in Romania. In 2022, we received our first validation and verification for the Craiova Plant’s greenhouse gas emissions. We aim to improve our environmental management system continuously by having annual audits in accordance with the Environmental Management System (EOS). In addition to Koç Group’s environmental audits every two years, we receive planned and unplanned audits from the Ministry of Environment, Urbanization and Climate Change and other relevant Ministries within the year. To date, we have not been imposed any non-compliance fines or penalties as a result of these inspections.

Ford Otosan Kocaeli Plants and Eskişehir Plant are subject to the “Regulation on Tracking Greenhouse Gas Emissions.” As is the case every year, the plants successfully passed the verification audits in 2022 and the relevant emission reports were submitted to the Ministry of Environment, Urbanization and Climate Change.

As part of our efforts to manage our indirect environmental impact, we require all our existing and prospective suppliers to hold ISO 14001:2015 Environmental Management certification as a prerequisite.

To view all the certificates we hold, please click [here](#).

In 2022, Ford Otosan’s total environmental investments and spending, including costs of measurements and analyses, waste disposal,

chemicals, personnel, certification and permits, consultancy and training, maintenance and repairs related to environmental management, amounted to TL 101,88 million.

Environmental Expenditure And Fines (Million TRY)	2020 TR	2021 TR	2022 TR	2022 RO
Environmental investments and expenditure	14.2	37.7	101.88	50.94
Environmental fines	0	0	0	0

MANAGEMENT SYSTEM CERTIFICATES

	Craiova	Eskişehir	Yeniköy	Gölcük	Sancaktepe
ISO 9001	✓	✓	✓	✓	✓
ISO 14064	✓	✓	✓	✓	✓
ISO 50001		✓	✓	✓	✓
ISO 27001				✓	✓
ISO 14001	✓	✓	✓	✓	✓
ISO 45001		✓	✓	✓	✓
ISO 10002					✓

TR: TÜRKİYE
RO: ROMANIA

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ENVIRONMENTAL IMPACT OF OPERATIONS

LEAN PRODUCTION

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

We completed the lean line layout and production system installation rapidly and effectively with our Ford Production Systems (FPS) applications. In addition to gaining the productivity and competitive advantage of lean production, we also implemented many practices to reduce the negative environmental impact of our operations.

At Ford Otosan, we carry out various process improvements and plant enhancements toward our vision of achieving carbon neutrality by 2030. As part of these activities, the paint shop ovens were re-designed for a more efficient curing process, and pneumatic to electrical paint pump transition projects and solvent-based to water-based wax material transition were kicked off.

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

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

We aim for the Yeniköy plant, which will grow from a closed area of 110,000 m² to 255,000 m², to become a standout facility with cutting edge technologies, high automation capability, smart layout solutions and effective environmental/energy applications in line with our sustainability targets. The Yeniköy Plant will also become the application center for all digital the solutions previously worked at Ford Otosan. The plant will be managed end-to-end

with real-time data and artificial intelligence support, becoming a smart, flexible and highly efficient facility.

With renewable energy investments, we reduce the energy consumption and costs at the Gölcük and Yeniköy Plants. We develop our energy management system on the Document Management System (DMP) platform and increase efficiency to meet our 10% efficiency target. In addition to the eco collector and solar wall projects launched in 2022, solar panels have also been ordered for electricity generation from solar energy.

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



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The assembly lines at the Eskişehir plant, upgraded with a new welding plant and paint shop to accommodate the production of the new F-MAX tractor, deliver effective, efficient and technologically advanced output. The massive line of welding robots installed on the welding line works with over 95% performance, contributing to production. Furthermore, the efficiency activities carried out in 2022 at the Eskişehir Plant resulted in a 10% improvement in energy consumption compared to the budget.

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

With improved ergonomics and enhancements, we aim to increase the ratio of manufacturing processes suited to female workers. We also work to increase female employment ratio to 25% and the ratio of disabled employees to 3% and to hire more visually impaired employees for the assembly workshop at the Yeniköy Plant. After reviewing the stations on the Transit and Custom lines in the assembly workshop, we revised 24 new processes for women, increasing the ratio of processes suited for female employees to 12.5%.

ENERGY AND EMISSIONS MANAGEMENT
At Ford Otosan, we procure the electricity used in all our facilities from 100% renewable resources to achieve our energy efficiency and GHG emission reduction targets. In line with our company strategy, we do not use fossil fuels or coal in our in Türkiye. We currently do not have short-term plans for carbon sequestration or carbon offsetting.

At Ford Otosan, we procure the electricity used in all our facilities from 100% renewable resources to achieve our energy efficiency and GHG emission reduction targets. In line with our company strategy, we do not use fossil fuels or coal in our operations. We currently do not have short-term plans for carbon sequestration or carbon offsetting.

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

Greenhouse Gas Emissions (ton CO ₂ e)	2020 TR	2021 TR	2022 TR	2022 RO	2022 Total (TR+RO)
Scope 1	80,098	88,051	92,464	22,460	114,924
Scope 2	32,386	1,792	0	36,406	36,406
Scope 3	-	76,923,524	78,263,847	12,962,446	91,226,293
Total (Scope 1, 2, 3)	112,484	77,013,367	78,356,311	13,021,312	91,377,623

In 2022, we made significant progress in all our facilities toward our energy and GHG reduction targets by implementing energy efficiency and renewable energy projects. We procured 1,035,149.74 GJ (Türkiye) renewable electricity in 2022, preventing 124,534.266 ton of CO₂e GHG emissions. We also obtained the internationally recognized I-REC certifications, confirming that all the energy used in our Gölcük, Yeniköy, Eskişehir and Sancaktepe plants is procured from 100% renewable sources.

Energy Consumption (GJ)	2020 TR	2021 TR	2022 TR	2022 RO
Direct renewable energy consumption	6,488	6,267.47	6,357.87	0
Direct non-renewable energy consumption	1,327,185.01	1,359,024.72	1,437,737.9	644,738.713
Indirect renewable energy consumption	651,171.59	946,317.59	1,035,149.74	386,314.243
Indirect non-renewable energy consumption	250,135.05	14,894.78	0	0
Total	2,234,979.65	2,326,504.56	2,479,245.51	1,031,052.96

We track the energy consumption and greenhouse gas emission performance for each vehicle produced.

Tracking Area	2020 TR	2021 TR	2022 TR	2022 RO	2022 Total (TR+RO)
Greenhouse gas emissions per vehicle produced (tonnes CO ₂ e/ vehicle)	0.34	0.26	0.25	0.30	0.27
Energy consumption per vehicle produced (GJ/vehicle)	4.81	3.95	3.85	3.30	3.66

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FLEXINDUSTRIES

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

As part of the project, we aim to develop a Dynamic Energy and Process Management Platform as a decision-making support tool, guided by multi-level decision intelligence (e.g. based on technical, economic and environmental criteria) to improve the process flexibility of energy-intensive industries.

We aim to optimize the energy-intensive processes and to increase the availability of renewable energy resources at Ford Otosan's Gölcük Plant. In this project, we are working on developing AI-assisted digital twins for the plant's body paint shop with the highest energy consumption and charging the electric vehicles via solar panels and the battery energy storage system (BESS).

With the FLEXIndustries project, Ford Otosan aims to achieve:

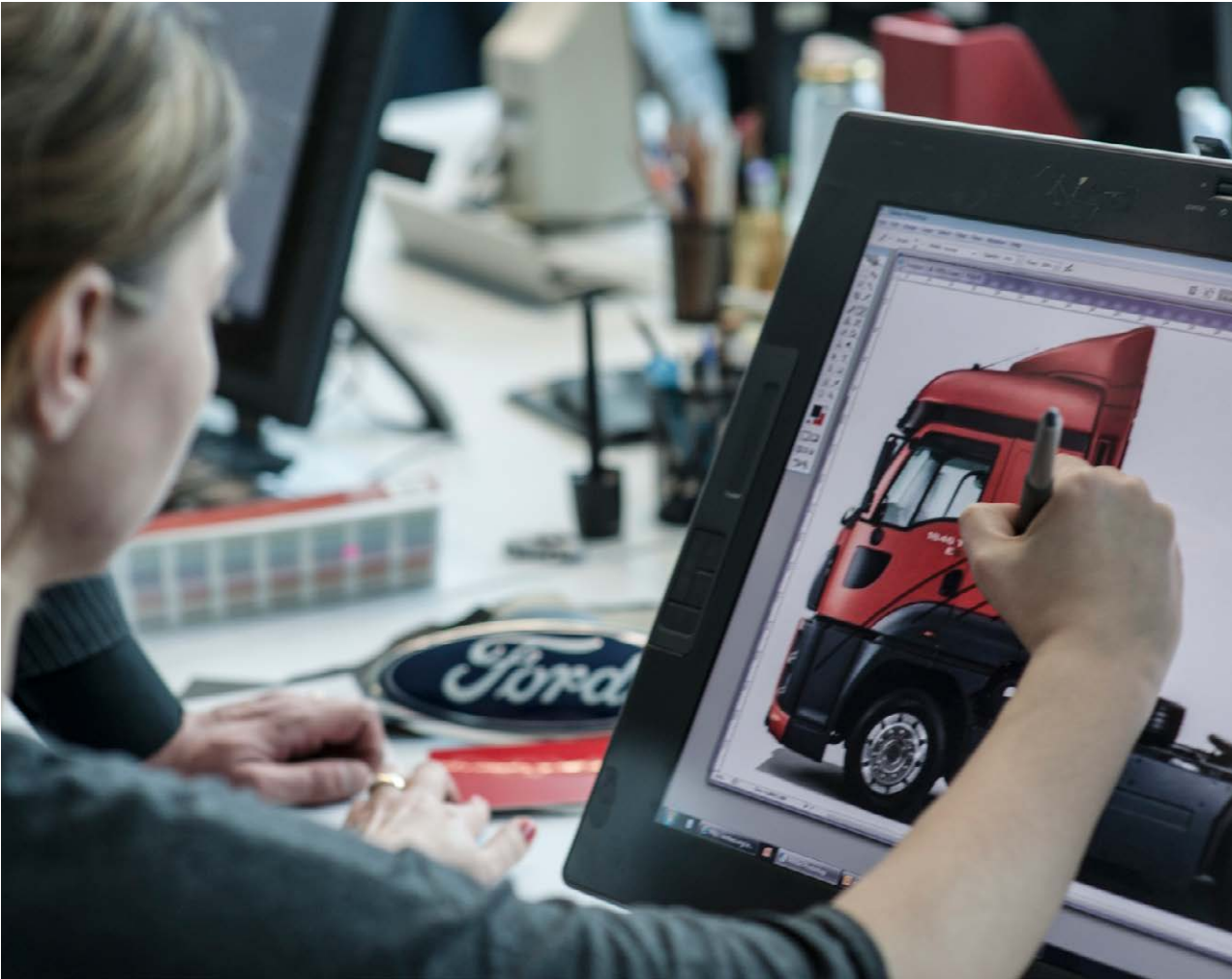
- 4% reduction in electricity consumption in the body paint shop.
- 400% increase in the use of renewable energy as primary energy source in production.
- 3.058 t equivalent reduction in CO2 emissions.
- 3.8% reduction in total energy costs.

AITOC

Artificial Intelligence supported Tool Chain in Manufacturing Engineering, or AITOC in short, is a EUREKA ITEA-funded project that aims to develop an integrated toolchain (AI-assisted software sets) for manufacturing engineering that supports decision-making from a very early phase.

As part of the project, which involves 28 partners from 4 countries, studies are conducted on an AI-assisted digital twin of the brake disc production line at Ford Otosan's Eskişehir plant. The digital twin, currently in the development phase, consists of Internet of Things (IoT) devices that derive real-time data from the machining benches on the production line and AI and simulation models that will optimize the production parameters in real time using real-time data.

To reduce the production cost of the brake disc with this digital twin, models that maximize cutting tool life and decrease energy costs will work in coordination with models that maximize brake disc quality. As a result, quality will not be compromised as the costs are reduced while an environment-friendly system will be developed with lower energy consumption and less cutting tool usage.



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Energy Savings and Greenhouse Gas Reduction Projects

We run a number of projects designed to reduce the energy consumed in our operations and to source renewable electricity. As such, we focus directly on renewable energy generation in all our plants through wind energy, Solarwall and solar power plants. The emission reductions resulting from some of the applications at our plants are summarized below:

- With the Solarwall and Process Air Heating project at the Eskişehir plant, we saved 1,616,000 kWh (5,817.60 GJ) of natural gas per year, while preventing the emission of 326,68 tons of CO₂e. As part of the body press maintenance team's work, we analyzed the operation of the hydraulic pump and identified when it did not need to be run. As a result, we cut the runtime of the hydraulic pump motor in half, saving 434,700 kW/year in energy consumption and extending the economic life of the equipment. We also reduced the air and electricity consumption by automating the compressed air use in the press and welding workshops through body press manufacturing engineering.
- With the Solarwall and Welding Workshop Ambient Air Heating project at the Gölcük plant, we saved 3,655,000 kWh (13,158 GJ) of natural gas per year and prevented 738.88 tons of CO₂e emissions.



- With the Solarwall and Process Air Heating in the Paint Shop Project at the Yeniköy plant, we saved 1,271,111 kWh (4,576 GJ) of natural gas and prevented 256.96 tons of CO₂e emissions. We also launched the Yeniköy Welding Building Façade and Roof SPP Projects to reduce carbon emissions and partially meet the energy requirement of the building from the electricity generated by solar panels. The Façade SPP project marks a first in terms of installing a façade SPP in an industrial building. We saved further 362,049 kWh of energy by using daylight as an alternative for illuminating the workshops in the welding

building at the Yeniköy Plant.

The digital compressed air management system deployed in 2021 was upgraded to control the compressed air lines based on production times, resulting in saving 400,000 kWh of electricity and preventing 173.24 tons of CO₂e emissions.

- With the Spare Parts Warehouse Solar Tube Project, we aim to use daylight via the rooftop solar tube to save energy. Since the solar tube has been installed, we have prevented the emission of nearly 11.8 tons of CO₂e by letting in daylight, which is

detected by daylight sensors that control the lighting fixtures, leading to less energy consumption.

- With the LED Conversion Project in the Sancaktepe Spare Parts Warehouse, we replaced the traditional fluorescent tubes with new generation LED luminaires and deployed a more efficient lighting system, preventing nearly 99.3 tons of CO₂e emissions.
- We started to work on reducing the temperature in the furnaces without compromising quality. We saved 614.906 kW of energy with the sealing furnace temperature reduction project, 1,209,600 kW of energy by shutting down the furnace cooling fans in the paint shop, and a total of 265,444 kW of energy (168,100 kW of electricity and 97,344 kW of natural gas) by starting the furnaces later on Sundays.
- At the Craiova Plant, we deployed roof vents to lower the oil mist levels within the facility. Installing the roof vents facilitated the exhaustion of oil mist, cutting the runtime of the heating, ventilation and cooling units by 30%. To prevent a layer of heat from forming between the floor and the ceiling within the plant, we installed an automatic fan at the roof height. We are currently working to install photovoltaic cells on the roof of the plant building to generate electricity independently from the existing grid.

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Readying the Dealers for Electric Vehicles

As we lead electrification in the automotive industry, we also involve our dealers in the electric transformation efforts. We plan to start this sustainability-focused transformation by raising awareness among our dealers. The activities we carried out in 2022 for this purpose included the following:

- We launched a physical transformation process to reduce the carbon footprint of our dealers. Meanwhile, we are also conducting feasibility studies on renewable energy applications such as solar panels and solar tubes at our dealers for more efficient use of electricity. In 2022, we completed the installation of Solar Power Plants (GES) at 11 dealers. We have dealers that plan to complete their SPP investments in 2023, while we also plan organize briefings to raise awareness about this topic among all our dealers. Furthermore, the installation of glass façades resulted in 20% less energy consumption, while the use of LED luminaires saved 80%.
- We are in the process of completing the electric vehicle infrastructure and installing charging stations for electric vehicles at our dealers. In 2022, we completed the electric vehicle infrastructure readiness work in 23 dealers. Our plan for 2023 is to invest more in the sales and aftersales services of electric vehicles at our dealers in stages.

WASTE MANAGEMENT

Even though recycling rates and recovery activities are regulated with legislation in the automotive industry, action is required for managing the waste generated during operations. At Ford Otosan, we develop projects and applications for minimizing waste at source, using resources more efficiently, researching the reuse of waste as part of a circular economy or as alternative raw materials and reducing the waste regularly sent to landfills to achieve financial savings.

We aim to reach zero-waste to landfill by 2030.

Waste Amount (Ton)	2020 TR	2021 TR	2022 TR	2022 RO
Recovered hazardous waste	6,966.3	8,786.188	9,678.689	2,484.314
Recovered non-hazardous waste	77,733.3	87,756.07	91,593.812	39,451.399
Hazardous waste – disposed	49.3	32.48	24.193	19.459
Non-hazardous waste – disposed	127.2	0	0.097	56.82
Hazardous waste – sent to interim storage	136.4	84.273	310.35	0
Non-hazardous waste – sent to interim storage	0.067	0	0.049	0
Total	85,012.56	96,659.011	101,607.190	42,011.992



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

As part of the solvent-based separation of waste project at the Yeniköy Plant, we separate and recover 85% of the clean solvents from waste solvents using the automated closed circuit distillation method. Our objective with the project is to generate less solvent waste while reducing the amount of clean solvents used as input and volatile organic compounds (VOC). The project has enabled us to save 63,000kg of solvents per year and record a decrease of 3.53 gr/m² in the VOC metric in the paint shop at the Yeniköy Plant. We also reduced the use of chemicals by 1.85 kg per vehicle by applying a monocoat painting to the white vehicles and recorded a decrease of 5.8 g/m² in the VOC metric.

We use an automatic solvent recycler at the Craiova Plant to recover the dirty solvents remaining after the paint processes. Reducing the amount of new solvents purchased also results in cost savings. Depending on the dirty solvent mixture, we capture an efficiency rate of 70-80% in the paint shop processes and recover 280-320 liters of clean solvent from the distillation cycle.

With the Chassis Press Line Hydraulic Oil Recovery project at the Eskişehir Plant, we recover the waste oil from the hydraulic oil leaks in the presses and extend the service life of the equipment. In 2022, we separated the scrapped waste oils and recovered some for reuse.

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 locations 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.

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WATER MANAGEMENT

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.

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.

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

Water Withdrawal (m³)	2020 TR	2021 TR	2022 TR	2022 RO
Underground Water	991,667	1,063,294	1,181,669	0
Municipal Water	6,917	6,595	7,597	322,122
Total	998,584	1,069,889	1,189,266	322,122

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 order to reach 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.

Recovered Water And Wastewater Amount (m³)	2020 TR	2021 TR	2022 TR	2022 RO
Recovered water	113,399	85,395	102,721	2,000
Total water discharge except rainwater and domestic waste	307,017	329,728	334,507.73	110,103
Total	420,416	415,123	437,228.73	112,103

This plan will enable us to reach the target already by 2024 at the Gölcük and Yeniköy Plants. We also aim to recover the industrial wastewater and domestic wastewater using the most advanced treatment methods such as activated carbon and reverse osmosis.

With the Kocaeli Plants water mapping project, we aim to perform water point mapping by considering all water consumption points, create a surface mass balance and water map of the areas where water is consumed and discharged, and evaluate the technical, operational and management aspects.

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%. 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.

To view our Water Policy, please click [here](#).

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BIODIVERSITY

We assess how our operations affect biodiversity and aim to minimize our impact and protect biodiversity.

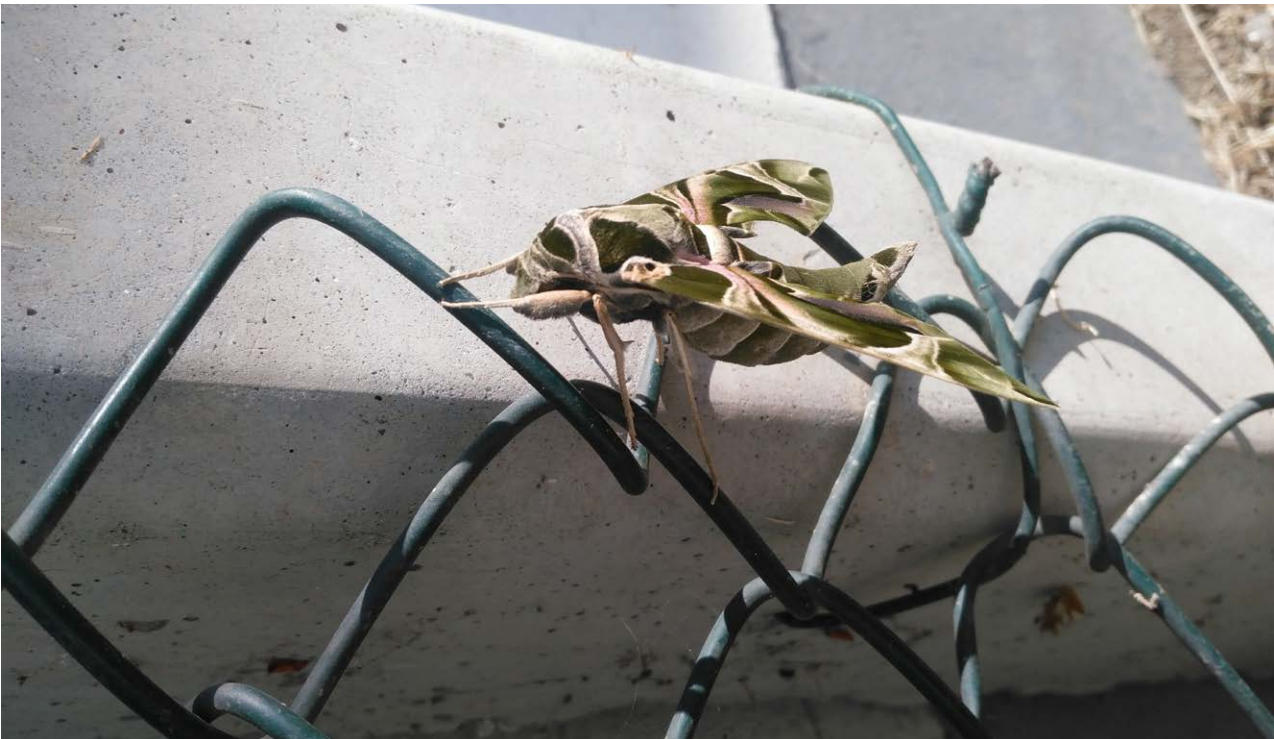
In an impact assessment conducted for the International Union for Conservation of Nature and Natural Resources (IUCN) in 2018, we found that species were not affected by our operations. In addition, we worked with the Nature Conservation Center to observe the wetlands, riverbanks, seashores and other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

Our environmental engineers from the Eskişehir Plant taught the ÇEV475 and ÇEV 476 Environmental Legislation courses at the Eskişehir Technical University Environmental Engineering Department in the fall and spring semesters of 2021-2022 academic year, respectively. The 14-week course that gave the students the opportunity to learn the applied national environmental legislation together with the theory of the automotive industry continued in the fall and spring semesters of the 2022-2023 academic year. The university included the course, which was previously

elective, in the required curriculum starting from 2021.

To mark June 5 World Environment Day, we teamed up with Turmepa and hosted a seminar titled "One Earth."

Click [here](#) to see Ford Otosan's Biodiversity Strategy.



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VALUE CHAIN MANAGEMENT

Collaborations with all our suppliers play a key role in our success in the automotive industry. Since there are processes in place to source the thousands of parts and components for the vehicles we manufacture, we support the development of our suppliers to maintain the Ford Otosan standards in our products. In line with our vision of ranking among the leading global supply chain organizations, we work in close cooperation with our suppliers to manage every step of the multi-stage and complex value chain, from raw material sourcing and manufacturing the products to delivering the vehicles to the customers and providing aftersales services in a controlled and systematic way.

PURCHASING AND LOGISTICS

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

- More than 300 suppliers in the supply chain to become carbon neutral by 2035.
- Performing on-site audits in 50% of the Tier 1 suppliers by 2030.
- Our logistics operations to become carbon neutral by 2035.

In 2022, we started to use rail transport in some of our logistics operations between Hungary and Türkiye for lower emission levels. We plan to use rail transport more in 2023 with the aim of further reducing our emissions until the widespread use of electric and hydrogen fueled vehicles . Meanwhile, our work

is ongoing to use more electric commercial vehicles in our logistics activities and ensure the future-readiness of the necessary infrastructures.

With preparations under way for the V710 model that will enter into serial production in 2023 at the Yeniköy Plant, we enhanced the sequential material delivery system by improving the operations of the ongoing projects. Increasing the signal time windows created more flexibility, resulting in the following:

- We removed the area restrictions and positioned the 10 suppliers tasked with sequential shipments in the vicinity of the plant.
- Once we positioned these 10 suppliers in proximity, all the preparations were completed for 36 product groups and 2,966 references in total to be delivered sequentially from the vicinity of the plant.
- Moving the production operations in nearby cities and districts, including Bursa, Adapazarı, Gebze, and Istanbul to the vicinity of the plant resulted in a significant reduction in our carbon footprint.

We started our work toward achieving carbon neutrality across the supply chain in 2022. Following the sessions organized to raise awareness, we carried out self-assessment and training at all the suppliers and audits at the critical suppliers. We aim to complete

the Net Zero Roadmap of our suppliers manufacturing the critical product groups by the end of 2023.

As of 2022, we work with 1,547 suppliers, including 422 local suppliers. Payments to local suppliers account for 85.3% of payments made to all the suppliers.

We also completed the pilot study of our Predictive Risk Management system, consisting of Financial Health, Quality, Supply and Submanufacturer Management as the other elements of sustainability. Building a corporate platform in 2023 will give us the opportunity to effectively predict and manage our potential risks.

With the acquisition of the Craiova Plant, our supplier network has expanded by 40%. We are working work to improve the effectiveness of our supply chain processes with various projects aimed at topics such as supplier management, supplier performance management, and analysis of material programs while also integrating them with Craiova.

Ford Otosan's performance related to the management, targets, Scope 3 Emissions and value chain relations – disclosed in response to the CDP Climate Change questionnaire - has earned the company the designation as a Supplier Engagement Rating Leader with a score of A, the highest ranking in the CDP Supplier Engagement Rating (SER).

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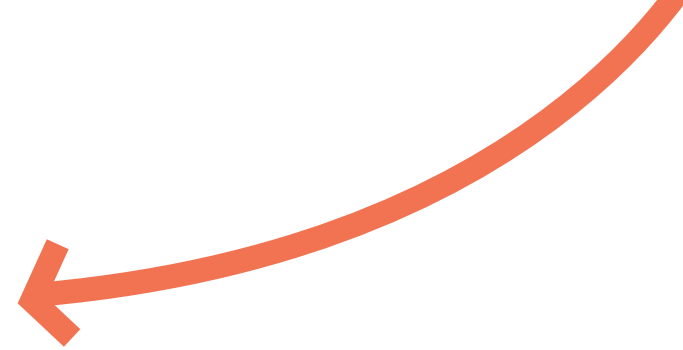
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Supplier Sustainability Assessment and Development Program

We published Ford Otosan Supply Chain Compliance Policy in 2022 to communicate our Sustainability Policy to the Suppliers.

To view our Supply Chain Compliance Policy, please click [here](#).

We launched the Supplier Sustainability Evaluation and Development Program in 2022 to support our long-term sustainability targets and organized online sustainability training for our suppliers, followed by a self-assessment questionnaire.

As part of the Supplier Sustainability Evaluation and Development process, we

continue to create carbon road maps with our suppliers, starting with the critical ones. We plan to categorize suppliers by product (metals, polymers, adhesives-paints, glass-organic materials, electronics, liquids, oils, fuels) and calculate raw-material-specific carbon emissions. As a priority, we aim to start with metal and plastics suppliers, which have the largest carbon footprint, and continue the process as planned in 2023.

We delivered a sustainability training on an online platform through an independent audit firm, and then asked our suppliers to respond to our surveys, which included data and strategic approach questions on labor, health and safety, environment, ethics and management systems. After categorizing the

suppliers with high strategic and financial impact as critical suppliers, we conducted data verification and on-site audits. In 2022, we conducted sustainability audits at 233 suppliers, including 18 critical suppliers. We identified the development areas of three suppliers that did not pass the audits and conducted follow-up audits three months later. Once those suppliers took the necessary actions, we ensured that all suppliers selected as pilots were successful at the end of the period. At the end of the audit process, we sent detailed reports about their results and development areas, and recognized the suppliers that scored 70 and higher with certificates of achievement.

In 2023, we expanded the scope of the supplier sustainability assessment questionnaire and also included more suppliers in the audit process. 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.

We launched the Supplier Sustainability Evaluation and Development Program in 2022 to support our long-term sustainability targets.

Supplier Sustainability Conference

On April 26, 2023, we hosted a Supplier Sustainability Conference with the participation of the suppliers that undergo Ford Otosan's sustainability audits. We aim to communicate our sustainability understanding to our business partners and to ensure that all the suppliers in our value chain align with Ford Otosan's sustainability approach. In line with our mission of 'working with the leading supply chain in sustainability,' we aim for more than 300 suppliers to prepare for becoming carbon neutral by 2035. And Ford Otosan Supplier Sustainability Manifesto, which is shared with all our suppliers, provides clear guidance about our roadmap toward our targets.

To view Ford Otosan Supplier Sustainability Manifesto, please click [here](#).



VALUE CHAIN MANAGEMENT

Conflict Minerals Management

At Ford Otosan, we follow a sustainable and transparent policy in our supply chain and strive to source the minerals used by the suppliers from conflict-free areas. To avoid any action that may contribute to the financing of conflicts, we require our suppliers to comply with the same principles. Accordingly, we expect them to adhere to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas standards and the applicable United Nations sanctions or local laws applying such resolutions. In addition to our efforts to implement these standards and regulations, we also published Ford Otosan Conflict Minerals Policy.

To view our Conflict Minerals Policy, please click [here](#).

Supplier Training

We offer a range of training programs on different topics to support the development of suppliers. We provide the supplier training via the Ford Otosan Supplier Network (FOSN), a platform featuring conferences, classroom and online courses. In 2022, 85 suppliers participated in total 108 hours of training. We also provided online sustainability training on environmental, social, and economic issues to 85 suppliers who participated in the Supplier Sustainability Assessment.

The training content included briefings about the MMOG/LE and Ford Portals (FOSN, Super G, Eddl). In total, 425 professionals from 217 suppliers participated in the training programs.

Ford Otosan Supplier Development team delivered 48 hours of training to 299 professionals from 158 suppliers on the Material Management Operations Guideline/ Logistics Evaluation (MMOG/LE), an international logistics standard. To prepare for the migration to the MMOG/LE Version 6 interface in 2023, Ford Otosan Supplier Development team worked with Odette to create training plans so that the users may easily perform their self-assessments on V6.

- In 2022, we delivered 6,200 person/hours of supplier training on how to use the Ford Global/Ford Otosan portals and MMOG/LE applications, our main source for supplier development.
- We have plans to offer further supplier training on using the Ford Portals and MMOG/LE in 2023. After MMOG/LE V6 was deployed in 2023, we completed the MMOG/LE training programs in May. To date, 219 professionals from 95 suppliers received 32 hours of training in total.
- For the V710 and V769 projects slated for launch in 2023, we will induct more than 150 new suppliers. Accordingly, we will support these suppliers with our technical field teams and training programs to prepare them.

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.

As part of our efforts to create social benefit with our suppliers, we make donations to NGOs in exchange for training programs. The donations of our suppliers who attend the training programs are channeled to the development of children with autism.

With the aim of working with a leading sustainable supply chain, we are preparing more than 300 suppliers to become carbon neutral by 2035.



FUTURE.NOW FOR PEOPLE

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Talent
Management

Occupational Health
and Safety

Transition,
Customer Experience

Diversity
Equity and
Inclusion

FOR PEOPLE

At Ford Otosan, we value the importance of providing a respectful and fair work environment for our employees and build our talent management on the principles of diversity, inclusion and equality. In addition to creating a healthy and safe work experience that constantly promotes development for all our employees, we also supply products and services by considering customer satisfaction, saying Future is Now for people.

We believe that our employees are our most important capital and operate with the mission of developing and implementing people-centric experiences. We also recognize that effective talent management and improving the competencies of our employees are key for the continuity of our company. Accordingly, we develop pioneering practices based on employee feedback by addressing all the touchpoints across the employee journey and aim to be the most preferred employer by aiming for excellence in employee experience.

The workforce at Ford Otosan consists of 15,560 people in total, made up of 73% field employees and 27% office employees. Women constitute 17% of our field employees and 29% of our office employees. We are continued by the mission of increasing female employment ratio in the automotive industry, and particularly in STEM (Science, Technology, Engineering, Mathematics). As a signatory of UN Women’s Empowerment Principles - WEPs since 2013, we aim to increase the female employment ratio in STEM within the entire

organization to 30% and double it within the dealer network by 2026, and raise the ratio of women in all management positions to 50% by 2030. Reaching 100,000 women is another target that we intend to achieve.

GENDER EQUALITY

2026

- Increase the female employment ratio in STEM within the entire organization to 30%
- Double the female employment ratio in STEM within the dealer network *

* 2022 value is 6%

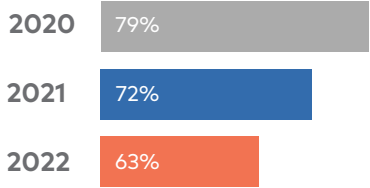
2030

- Raise the ratio of women in all management positions to 50%.

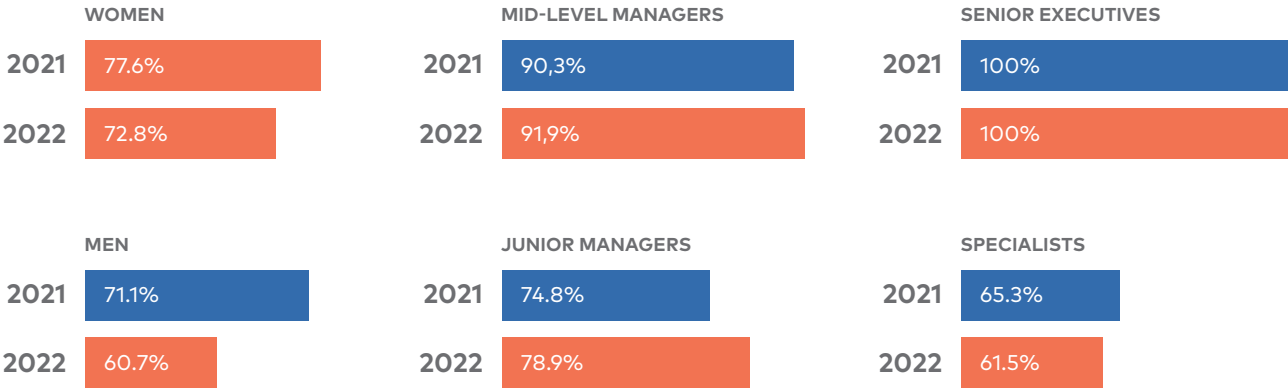
Agile Transformation, Culture and Leadership Transformation, and Human Capital Transformation are the three key transformation areas of Ford Otosan for the future.

As we work our way toward our targets, we recognize that we need a strong corporate culture to be successful. Therefore, we are working with our Human Resources and Transformation Leadership teams to create an agile, end-to-end, holistic transformation strategy in line with our company strategies and mission of designing Human Resources practices that ensure equal opportunity,

EMPLOYEE ENGAGEMENT SCORE (%)



EMPLOYEE ENGAGEMENT (%)



respect differences and ethical values, focus on development, and support high performance. With the collaborative work of these two departments, we consistently strive to elevate our performance in agile transformation and organizational, cultural and business continuity.

We recognize that our employees’ long years of loyalty to the company plays a critical role in our achievements. Therefore, we design our business processes by considering employee satisfaction and engagement and prioritizing employee engagement.

*According to the Kincentric - Ide Consulting 2021 Engagement Survey results, average employee engagement score in Türkiye was 63.

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EMPLOYEE AND HUMAN RIGHTS

Aiming to emphasize the importance of human rights for Ford Otosan, we published our Human Rights Policy on December 10, 2020, and integrated the human rights approaches and standards of Koç Group and Ford Motor Company into the policy.

FORD OTOSAN HUMAN RIGHTS POLICY

All Ford Otosan employees and executives are required to comply with the Human Rights Policy. Business partners are also expected to comply with this policy to the extent its terms are applicable.

Ford Otosan Human Rights Policy is primarily guided by the following international standards and principles:

- United Nations Guiding Principles on Business and Human Rights (2011).
- United Nations Global Compact (2000).
- ILO Declaration on Fundamental Principles and Rights at Work (1998).
- OECD Guidelines for Multinational Enterprises (2011).
- Women’s Empowerment Principles (2011).

We have declared 10 commitments in our Human Rights Policy. In line with these commitments, we adopt the principle of respecting the rights of our employees and customers.

1. Diversity and Equal Recruitment Opportunities
2. Non-Discrimination
3. Zero Tolerance to Child/Forced Labor
4. Freedom of Organization and Collective Agreement
5. Health and Safety
6. No Harassment and Violence
7. Working Hours and Compensation
8. Personal Development
9. Data Privacy
10. Political Activities

To view Ford Otosan Human Rights Policy, please click [here](#).

Guided by Ford Otosan Human Rights Policy and the Universal Declaration of Human Rights, we ensure that employee rights are protected across the board, including recruitment, promotion, career development, remuneration, benefits, and diversity. We respect the rights of all the employees to form and join NGOs of their choosing, and with all our business partners, we follow a zero-tolerance policy against forced labor, child labor, and discrimination and harassment of any kind.

We exercise due diligence in human rights and consider the opinions of our employees, who are the primary group that benefit from these rights. We conduct surveys and one-on-one interviews to seek the opinions of our employees on the human rights policies and activities. These efforts help us identify the human rights risks of Ford Otosan and develop risk prevention mechanisms.

We recognize the importance of creating the right conditions within our corporate culture to unlock the value creation potential of each individual in society, and engage in many projects and initiatives to break biases and to build more inclusive business processes.

- The programs we created to promote the employment and personal development of people with autism and Down’s syndrome in the hazardous work sector have marked a first in Türkiye and the world. We are proud to continue these programs.
- We carry out extensive activities and projects to empower women in technology and innovation.

We identify the human rights risks of Ford Otosan and develop risk prevention mechanisms.

You can access the Human Rights Due Diligence Report [here](#).

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DIVERSITY, EQUALITY, INCLUSION

Adopting a diversity and inclusion approach brings fresh perspectives to the business world, while also having a positive impact on the financial performance of companies. Given that the automotive industry is among the fastest growing sectors, prioritizing diversity and inclusion in the industry becomes *key* in terms of maintaining this growth rate. Global studies demonstrate that promoting diversity within the workforce, at the management level, and on the boards of directors delivers positive returns for organizations. According to *research*, companies with diverse management teams make higher profits and are better at competing in new markets.

At Ford Otosan, we build our human resources approach on the basis of creating an inclusive work environment where differences and ethical values are respected, and no discrimination is tolerated against gender, sexual orientation, ethnicity, age, marital status, faith and ideology, lifestyle and expression, and body differences. We do not accept any kind of sexist, homophobic, racist, discriminatory and stereotypical language in our work environment, and we take necessary actions in cases of violence, bullying and harassment in violation of our core principles. Our Diversity and Human Rights Policies published in 2019 guide us in our activities as we focus on human rights, healthcare, education, empowerment of disadvantaged groups, science and technology, and gender

equality. As a signatory of UN Women's Empowerment Principles and the Declaration of Equality at Work, we promote gender equality and carry out various activities to increase women's participation in business life and to ensure equality in the workplace.

We take responsibility for raising awareness among both our employees and also dealers, suppliers and society in general and we strive to spread our work in this area across the country. As part of our efforts to raise awareness among our suppliers, we encourage them to become signatories to the UN Women's Empowerment Principles by sending them a letter signed by the Ford Otosan Leader. We also continue to work with our suppliers to promote gender equality, as we have done for the last four years.

To view Ford Otosan Diversity Policy, please click *here*.

To view Ford Otosan Equality at Work Policy, please click *here*.

We have published our *Board Diversity Policy*, which we prepared with the awareness of the positive impact of diversity on the composition and dynamics of the board, and its effect on operations.

In line with our Diversity and Equality at Work Policies and our diversity and inclusion

targets, we became the first automotive company to support the Society of Women Engineers for Istanbul. We were also the first automotive company to obtain the Equal Opportunity Model Certification from the Women Entrepreneurs Association of Türkiye (KAGİDER). And we were included in the Bloomberg Gender-Equality Index in 2020 based on the evaluation of our performance according to several criteria in terms of providing equal opportunities to men and women, marking a first in the Turkish industry and the automotive sector.

We became the first and only automotive company from Türkiye to be included in the Bloomberg Gender-Equality Index.



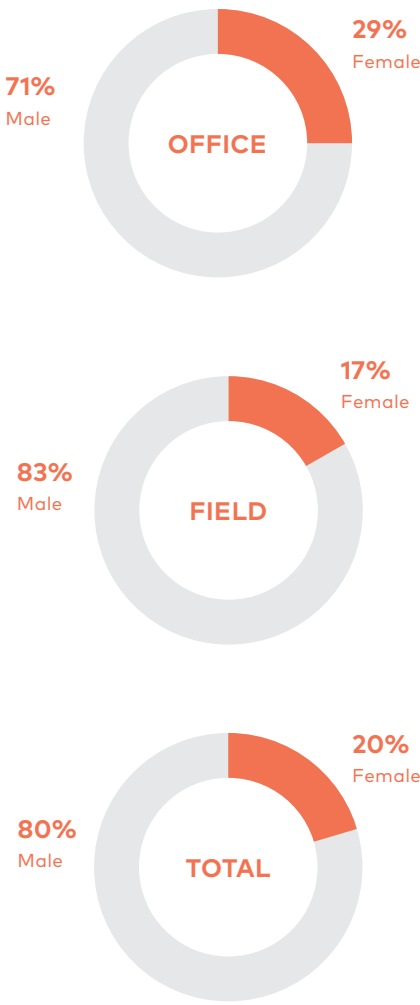
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DIVERSITY, EQUALITY, INCLUSION

In line with our principles of creating shared values and inclusion, we provide the conditions for every individual in society to feel supported, and we carry out various activities for this purpose. We analyze all of our business processes, including recruitment, by considering the different needs of various social groups and update our employment policies based on the results of our analyses to make them more inclusive.

In 2022, we ran a 12-month project in collaboration with our Yeniköy plant on Increasing the Number of Inclusive and Accessible Processes for women and disabled people to promote the employment of women and people with disabilities in the industry. As a result of this project, we increased female employment ratio to 25% and the ratio of disabled employees to 3% and hired visually impaired employees for our assembly workshop. Our target for 2023 is to make all our locations and dealers accessible workplaces.

FEMALE-MALE EMPLOYMENT RATIOS*

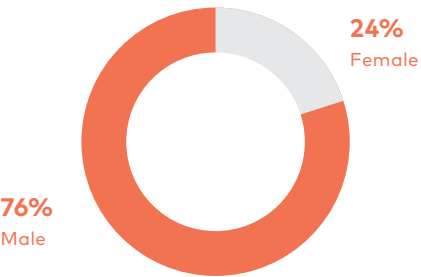


We increased our female employment ratio from 18% in 2021 to 20% in 2022.

Women constituted 26.62% of the newly hired employees and 21.14% of the positions filled internally. We aim to hire women for one out of every four field employees and one out of every two office employees to improve these rates further.

Women constitute 44% of the total workforce at Ford Otosan's Craiova Plant, where 36 disabled employees work in various departments and all employees are union members.

PROMOTIONS BY GENDER-2022



STEM EMPLOYEES BY GENDER



In 2022, the ratio of women in junior, mid-level and senior management roles was 20.6%. We plan to take the necessary steps to increase the ratio of women in all management positions to 25% and 50% by 2023 and 2030, respectively. Meanwhile, the ratio of women on our Board of Directors currently stands at 33%.

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DIVERSITY, EQUALITY, INCLUSION

In 2022, women in STEM constituted 25.5% of the office employees, 17.9% of the field employees, and 20% of the total workforce at Ford Otosan. Our target is to raise the total ratio to 22% next year and to 30% by 2026. We also have plans to create women's circles for four key groups, including university students, recent graduates, women who took a break from work, and working women and to provide them opportunities such as career coaching, university collaborations and women leader training programs. We will partner with Vehbi Koç Foundation, NGOs and academics to rapidly launch the programs to start hiring new talent for our team and attracting talent from among current employees. We also aim to double the ratio of women in STEM at our dealers from the current 11.54% by 2030 to spread our gender equality approach across our dealer network.

We plan to launch a number of projects in 2023 to achieve these targets, which include: reaching women in STEM who have taken a break from business life or just graduated, hosting awareness raising workshops at our dealers, encouraging the recruitment of women for technical positions at the dealers by delivering process training (paint, mechanics, etc.) through partnerships with NGOs and local administrations, and designing projects for female students in vocational high schools. In early 2023, we started to support female leadership positions through dealer recruitment incentives. We have plans to support this cause further by starting a scholarship program in 2023 for students at the vocational high schools that collaborate with our dealers. In 2023, we also started to deliver Women Leader Development Training courses at basic and intermediate levels with the goal of increasing the female employment ratio in technology and innovation. In addition to these projects, we are designing a career coaching program to help women unlock their potential. We also monitor the women leader appointments by departments and encourage the recruitment of experienced women as we proceed toward our targets.



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DIVERSITY, EQUALITY, INCLUSION

In order to rapidly adapt our operational procedures to the latest global developments, we design transformation processes to meet the identified needs. In 2022, we implemented new tools with an emphasis on clear and transparent communication, to drive our Agile Transformation strategy – ongoing since 2019 – forward. Aiming to review our common culture, Dynamic Balance, defined in 2017 within the scope of Culture and Leadership Transformation, and to strengthen the collaborative climate within the organization, we are taking significant steps in 2023 by seeking the opinions of our employees. We also started to work on developing and transforming the skills of our employees to align with future competencies within the scope of Human Capital Transformation.

The remote/hybrid working model, designed to integrate cultural transformation and improve work-life balance, is one of the key practices we implemented this year to enhance the employee experience. We also introduced a new generation rewarding and recognition model and built a system to reward individuals or teams in line with the agile transformation approach.

We aim for 2023 to be the year when we create a new roadmap for building our Common Culture on wide-scale employee engagement, measuring the maturity level through surveys and focus group studies, and ensuring the continuity of our culture.

We will continue to work toward improving employee engagement, strengthening our common culture, and implementing processes and projects that serve Ford Otosan's vision and mission and support our efforts with more activities that we will introduce in the years to come.

We are designing transformation processes based on the needs we have identified within the company, in order to adapt to global developments.



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AGILE TRANSFORMATION

With more than 60 years of experience, we adopt leading our industry as the key mission of Ford Otosan. And in line with our vision, we continue to work on digital transformation, innovation and lean processes. We recognize that the successful implementation of these processes can only be possible with a shared approach, values and principles. In 2017, we reviewed Ford Otosan's cultural values and principles and redefined them under the umbrella concept of "Dynamic Balance." And in late 2019, we launched our agile transformation journey to integrate the "Dynamic Balance" culture into our operating procedures and unlock our true potential with new service, product and business models as we moved toward our vision.

On Ford Otosan's agile transformation journey, we aim to create value for all our stakeholders, starting with our employees and customers. As we design our agile transformation process, we focus on key transformation areas, including organizational change, cultural and leadership transformation, employee experience, and work practices. Our core activities within this scope include reducing hierarchy and functional silos with the organization by assigning end-to-end responsibility, authority and autonomy to reinforced cross-functional teams. And in line with Ford Otosan's strategic goals, we empower teams to prioritize their tasks. We aim for our employees with in-

depth expertise to find meaning in their daily work and create value for all our stakeholders, starting with our customers. Our agile transformation efforts have so far delivered results such as better collaboration, teamwork and customer focus, improved quality indicators, acceleration in product design and delivery, optimization of vehicle costs, lower number of customer complaints, and faster solution development.

At Ford Otosan, more than 3,500 employees in more than 600 teams have currently adopted agile work. And we aim for all our office employees to move to agile work this year. The processes that we managed with nearly 100 agile roles within the organization last year are now managed with nearly 400 agile roles, including agile coaches, product owners, tribe leaders, chapter leaders, CoE leaders, and scrum masters.

We address talent management with a holistic approach and focus on retaining talent as well as attracting external talent. We focus our work on personal development, motivation, self-satisfaction, career opportunities, and transparency for our field and office employees. In addition to carrying out transparent promotion/appointment/rotation processes, we also create development plans to help our employees unlock their leadership qualities. Furthermore, we partner with universities and hold training programs and

events to attract talent, offering young people an opportunity to plan their careers. With programs such as Ford Otosan's Future Team and Power Team, the candidates learn more about production and R&D technologies, career and development opportunities. And we ensure that they go through a fair and impartial process at every stage of employment from recruitment to promotions.

On Ford Otosan's agile transformation journey, we aim to create value for all our stakeholders, starting with our employees and customers.



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CULTURE AND LEADERSHIP TRANSFORMATION

In 2022, we launched a review of our Common Culture to address "Dynamic Balance," the name of our common culture building efforts that we first started in 2017 with the objective of bringing our employees together around a shared purpose and meaning and improving employee engagement, and we wanted to reinforce the corporate culture and ensure its continuity. With this renewed effort, we aim to determine the actions that will enable us to keep the cultural values and principles that bring us around a shared meaning and purpose alive. We will seek the opinions of employees on all levels and carry out a participatory process, which we will follow with a development plan and actions that we will share with our employees.

We took the first steps toward cultural integration at the Craiova plant, acquired by Ford Otosan last year, with briefings and feedback workshops held with our leaders. In 2023, we will spread this approach across the organization and continue to shape the next steps on our journey with the contributions of the employees at all our locations.

In 2022, Ford Otosan took significant steps to strengthen the working climate within the organization in terms of culture and leadership transformation, alongside agile transformation. The restructuring of Human Resources and Transformation Leadership with agile transformation allowed Ford Otosan to take steps towards developing

expertise in this area, and sustainable new feedback tools were implemented in line with our principle of open communication and transparency. Our project planning has started for retaking a snapshot of our Joint Culture in 2023, using the Denison Survey to identify our strengths in cultural transformation for Türkiye and Craiova through global measurements.

In addition to training, steps have been taken to offer mentoring and coaching tools to all our leaders to support their development and transformation journey. We initiated the first step of our cultural integration efforts at our newly joined Craiova plant by conducting informative sessions with our leaders there. By expanding this touch across the organization in 2023, we will continue to shape the rest of our journey with the valuable contributions of all of our employees across all locations.



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EMPLOYER BRAND AND TALENT ACQUISITION

We shape our management style in line with our diversity and inclusion principles and manage our corporate culture and operational procedures according to these principles. In our diversity and value creation process, our employees and our customers, suppliers and stakeholders are all equally important to us. Therefore, we refrain from all kinds of discrimination in our recruitment activities offer equal opportunity, and place the right candidate in the right job at the right time. We support these processes with various activities and use different evaluation techniques and procedures depending on the role.

Furthermore, we continue to invest in retaining the existing talent and acquiring new talent. Meanwhile, we focus our efforts on upskilling our employees, supporting their career paths, fostering them to ensure their happiness, respecting their rights, offering equal opportunity, and promoting diversity. Therefore, we emphasize diversity and inclusion in our human resources strategy, designed to attract new talent while retaining our existing talents. In our recruitment processes, we aim to hire female employees for field and office jobs and offer psychosocial support for employees who start a gender affirmation process and therefore may face challenges in the work environment and in society.

We analyze our business processes in a way to address the differences and strive to recruit

people from disadvantaged groups for certain positions identified through the analyses. As an inclusive company, we also aim to increase the number of employees with disabilities, while we continue to spread accessibility to all our plants and offices. And beyond a legal obligation, we treat the recruitment process of disabled people that we carry out jointly with İŞKUR as an important social responsibility.

At Ford Otosan, we appreciate the invaluable role of our employees in ensuring that we realize our vision and strategies and in developing our culture further to drive us forward together and know that our prospective colleagues will help us continue to fulfill our responsibilities.

We know our needs, identified according to our strategic priorities, and aim to carry out activities that address them. Aware of our responsibilities, we collaborate with universities. And we also take extra care to engage in activities that support women's contributions to their self-development and the country as a reflection of the emphasis we place on women's employment.

We facilitate meetings between our experienced leaders and the students to create opportunities for the leaders to pass on their invaluable experiences to new generations and aim to support young professionals as they plan their career paths.

In addition to organizing activities that focus on women engineers and future competencies, we also host a biannual "Create Your Future Path" event to include new graduates as prospective candidates in Ford Otosan's recruitment processes.

We are also planning "Department Days" for next year to promote how individual departments function and explain the job descriptions of the engineers working in the respective departments as well as our operating procedures, aiming to help young engineers as they plan their career paths.



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TALENT MANAGEMENT

Young Talent Programs

In line with our talent management approach, we support the development of young talent. In addition to offering various internship programs for the students and new graduates to explore their interests and skills, we also engage in university - industry collaborations and organize different programs for young talent at the universities. We bring students together with our experienced leaders, who share their experiences by mentoring them. Our Power Team project, aimed at talented juniors and seniors from the engineering departments in Türkiye, enables the students to gain new experiences at Ford Otosan offices and plants. Through the Young Engineers Ready to Work project, we inform the students about the automotive industry and other sector practices. With these projects, we provided internship for 898 university juniors and seniors, consisting 20% of female students, in 2022.

Human Capital Transformation - HCT

We launched the Human Capital Transformation program with the objective of ensuring the continuity of our company's and employees' success and supporting our colleagues to unlock their potential. As part of the program, we defined the critical roles for Ford Otosan's future strategies and the competencies required for these roles. After determining the compatibility of our current employees with the defined roles, we identified the development activities they would need on their career journeys. We continue to design re-skilling programs within the company and support the employees in acquiring new competencies and skills with the help of our digital development library.



We launched the Human Capital Transformation program with the objective of ensuring the continuity of our company's and employees' success and supporting our colleagues to unlock their potential.

Learning and Development

With the "Unleash Your Potential" approach in line with company goals and strategies, we support the personal, leadership, technical and vocational development of all our employees. Our goal is for our employees to recognize their potential, maximize it with meaningful and purpose-driven roles, transform with a growth mindset, and reach their full potential. We believe that this approach will enable our employees to transform not only themselves but also the organization, culture, and how we operate.

In line with Ford Otosan Human Resources Strategies, we have long carried out various activities with our Learning and Development brand, "Invest in Your Development," and the "Discover, Develop, Transform" approach. Our objective with these activities, which are intended to serve the 'Sustainable Growth' and 'Talent Retention' strategies, is for our employees to take responsibility for their own development and transformation, plan their development by taking action, and continue to develop with the relevant activities. The "Discover, Develop, Transform" approach means that our employees 'Discover' their potential by constantly holding a mirror to themselves, 'Develop' continuously by deepening or diversifying their knowhow, skills and competencies, and 'Transform' by becoming the best versions and reaching their full potential.

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TALENT MANAGEMENT

During the Learning and Development Process, we offer “Personalized/Audience-Specific” development opportunities that address the development needs and expectations of all employee groups. New employees, team members, leaders, technical experts and field employees all benefit from the customized programs to continue their multidimensional development process.

We offer the programs, aimed at developing the basic competencies, leadership skills, technical knowhow, and vocational development that are critical for the company in seven main categories.

Future Fluent Leadership Program

We designed the Future Fluent Leadership Program to enable the Ford Otosan leaders to internalize the values and principles of the Dynamic Balance culture and our leadership manifesto, which draws from our culture, and to become role models for the organization with their exemplary behaviors. The program, attended by all leaders, features various learning opportunities such as creative coaching sessions, group coaching, leadership webinars, and classroom training.

We enabled our leaders to enhance their skills on empathy, communication, building trust, adaptability to change and competencies in their respective fields throughout the year with our Empowering Skills webinar series.

TRAINING TIME - 2022			
Employee Group	Training Hours	Employees	Training Hours/Employee
Office Employees	324,505.12	4,129	78.6
Field Employees	1,037,980.79	11,415	90.9
TOTAL	1,362,485.91	15,544	87,7

TRAINING TIME (HOURS)	2022		
	Women	Men	Total
Total training time	316,778.79	817,197.22	1,133,976.01
Total training time (incl. OHS)	364,478.52	998,007.39	1,362,485.91
Total training time per person	116.89	80.32	87.65
Total training time – office employees	92,815.74	231,689.38	324,505.12
Average training time per office employee	77.80	78.91	78.59
Total training time – field employees	271,662.78	766,318.01	1,037,980.79
Average training time per field employee	141.12	80.75	90.93
Leadership training time	6,543.65	14,951.45	21,495.10

Field Employee Competency Transformation Program

This program, designed specifically for nine competencies by identifying the future field employees’ skills and competencies in the automotive and manufacturing industry, was intended for the 1,587 Working Group Leaders, Workshop Team Leaders, and Team Leaders. The program, delivered in 175 groups, resulted in 100% completion and 4.90/5 satisfaction rates.

With talent transformation, we aim to design technical training and development programs in line with our company’s digitalization vision to ensure that our employees are equipped with the competencies of the future. We also design training and development programs for our employees to gain and develop skills, particularly in data science, electric vehicles and battery technologies, software development, and autonomous vehicles.

Data Science Training Program

We offer training programs for the employees to learn how to make sense of data to solve the problems they encounter, how to model the problem, and how to generate results with data mining and machine learning methods. With these programs, we aim to train Data Specialists who will combine field knowhow with the latest technologies and methods.

Our goal is to enable the participants to develop their digital skills, give them access to Ford Otosan technology, and help them develop projects that create value in their fields. We host training programs and workshops to provide information on technology, methodology and digital tools. We also encourage the participants to develop project ideas starting from the third week and support them with mentoring sessions during the process.

In 2022, 33 people completed the Data Analyst Program and 34 people the Data Scientist Program. We plan to continue the Data Scientist Program in 2023 and aim to have a total of 700 people complete the training.

Electric Vehicles and Battery Technologies Training Program

The Electric Vehicles and Battery Technologies Training was co-designed by Istanbul Technical University and Ford Otosan with the objective of advancing the company’s mission to lead electric transformation in the automotive

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industry, launching next-generation, connected electric commercial vehicle projects, and also leading the human resource transformation. With the training, we aim for the participants to gain expertise in the design and production processes of electric vehicles and battery systems, basics of electricity and electronics, motor/power electronics, testing and verification, and battery chemistry technologies. In 2022, 16 people took the first Electric Vehicles and Battery Technologies Training.

Digital Literacy and Digital Leadership Training Programs

In 2022, we provided digitalization training for field and office employees to inform them about one of the key requirements of this age and Human Capital Transformation. As part of our agreement with MEXT, we designed Digital Literacy Training course with rich content fully aligned with FO production systems for our field employees. By enabling the participation of 1,296 field employees in these training courses in 2022, we aimed to transform our current workforce and to create self-reliant and future-ready teams who have a strong command of the digital platforms and the skills to derive value from real-time data.

In total, 133 colleagues took the Digital Basics training for the office employees and the Digital Leaders Training designed for our junior and mid-level leaders, with both

training programs aimed at people working in integration with the field. These programs equipped the participants with knowledge about the environment, sustainability and technology at the macro level, the dynamics of digital transformation, next-generation technologies, and their application areas. As a result, the participants gained a strong command of the methods to lead themselves, their tasks and their teams toward wide-spread digitalization within the organization.

With the MEXT Digital Factory Tours, also made possible by MEXT, the employees who took the training courses, found the opportunity to experience the Digital Factory and reinforce their learnings with examples of image processing, simulation, and IoT use processes.

Master's Degree Education

At Ford Otosan, we support our colleagues who aspire to deepen their technical skills in an academic setting when they focus in topics that serve our company's strategic goals. This support extends to the Software Engineering and Automotive Engineering Programs at Boğaziçi University, Data Science, Cyber Security and Computer Science, and Engineering Programs at Koç University, and Automotive Engineering Program at Kocaeli University. In 2022, 27 employees started their master's education.



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CAREER MANAGEMENT

HUMAN RESOURCES PLANNING

Every year, we make career and resource plans for the Ford Otosan employees.

We carry out this planning process in three dimensions to develop medium- and long-term workforce plans in alignment with the strategy. We prioritize the retention of the workforce in key roles, while aiming to strengthen the prospective employees in the company's talent pool with strategic competencies. We also assume a playmaker role with competitive conditions to attract the talent we will need in the long term.

The resource planning, created according to Ford Otosan's talent criteria, also includes senior leaders. Accordingly, succession plans are in place for all senior leaders.

CAREER AND TALENT PLATFORM FOTALENTUP

We believe that in order for Ford Otosan to be agile both the business and the talent should be agile. This entails: quickly learn new skills with a continuous development mentality, growing by building on knowhow, skills and experience with fluid roles instead of classical career planning, using the acquired capabilities not only in a single department, but across the organization in line with the company strategy and individual growth targets. It also means – within the scope of this project – matching the right people in our company with the available positions when talent is needed for a part-time

or full-time role in agile teams, and ensuring the continuous development of knowhow, skills and experience through internal transfers and mobility instead of having static positions.

At this point, the concept of "Talent Marketplace" comes to the forefront. As a pioneer in this field, we have implemented the "Talent Marketplace" application at Ford Otosan.

FOTalentUP, our Talent Marketplace platform, allows us to monitor our existing talent, ensure the visibility of department-specific knowhow and skills, spread them across the organization, and enable the employees to plan fluid career path by serving in different roles. FOTalentUP also eliminates the barriers and offers visibility to the talent, knowledge, skills, experience, and opportunities in individual departments, allowing both the talent and the potential of the organization to shine through.

Currently, 3,595 people actively use this platform by participating in short-term projects in different roles or by investing in their development as a mentor/mentee. Our colleagues can quickly communicate with the mentors recommended by artificial intelligence based on their development needs and match with each other via the platform.

Meanwhile 191 colleagues continue to develop their skills and deepen their expertise by joining projects on areas different from their

current jobs. With all of these opportunities available, our colleagues allocated a total of 44,685 hours for their development. The visibility of talent in different teams on the Talent Marketplace increases people's access to diverse opportunities and supports the continuity of talent.

Currently, the mentoring sessions of 289 mentors and 269 mentees are ongoing.



We believe that in order for Ford Otosan to be agile both the business and the talent should be agile.

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PERFORMANCE MANAGEMENT

At Ford Otosan, we use a dynamic, dialogue-driven performance system called Koç Dialogue, which we developed after studying various global and local systems and receiving feedback from the employees. With this new performance management system, we aimed to facilitate the employees' adaptation to the evolving work conditions and priorities, aligning employees' performance with that of the company, and amplifying the voice of the employees. The system, monitored live throughout the year, enables the employees to receive healthy feedback on their development, revise their goals during the year, and connect their own goals with the company's.

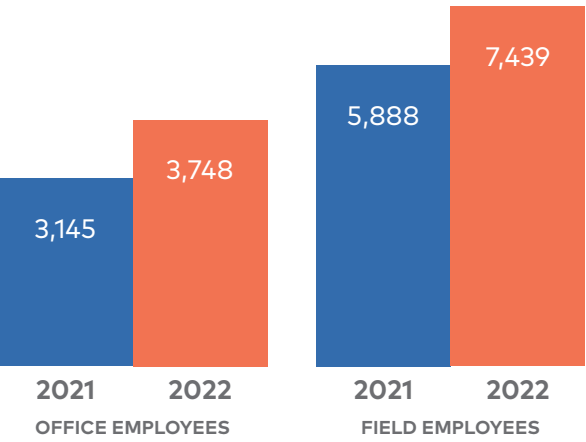
For performance management, we adopted a collective target approach instead of setting individual targets to also support our agile working method, and moved to an OKR (Objectives and Key Results) process, in which team members proceed toward a common goal. The OKR Performance System allows the employees to set their own targets, access training opportunities, and exchange feedback with their colleagues across the organization via the Exchange Ideas platform.

At Ford Otosan, all our employees are subjected to performance appraisal within the scope of the Koç Dialogue system.

All the monthly salaried employees, including the general manager, may see the others'

OKRs, which are kept up-to-date year round. The performance system, with a flexible OKR structure that can be adjusted according to the current dynamics and changes in the agenda, forms an integral part of our operating model. At the end of the year, the performance improvement results are shared with the employees through feedback on the whole year.

EMPLOYEES SUBJECTED TO PERFORMANCE APPRAISAL BY YEARS (TÜRKİYE)



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RECOGNITION, APPRECIATION AND REWARDING

We believe that recognition, appreciation and rewarding are keys for enhancing our employees' internal and external experiences. We determine the employee salaries and wages competitively by considering the practices in similar sectors and the local labor market and in accordance with the provisions of collective bargaining agreements, if any. We offer compensation, including benefits, in compliance with the applicable laws and regulations.

As part of our corporate culture, we value the importance of ensuring that the attitudes, behaviors and efforts of our colleagues, who take action for successful processes and results, and who contribute significantly to our work and communication, are recognized. To appreciate and reward such traits and behaviors, we have structured our recognition and rewarding processes in three key contexts:

- 1- Culture of Appreciation:** We clearly express our appreciation of our colleagues' contributions verbally, in person, via email, through the Yammer or Teams systems, and during team events.
- 2- Instant Rewards System:** In addition to appreciating the activities and actions that add value to our company and comply with our common culture values and principles, we also present instant rewards for the successful processes, at the discretion of our leaders.

3- Most Successful Ford Otosan employees: In the reward system that recognizes the projects and activities that deliver the highest cost, labor and time savings for our company, applications are received twice a year, and the winners are selected by a jury.

In 2022, as part of the Spring Festival, we organized a picnic event for Ford Otosan employees and their families at Eskişehir City Forest, Istanbul Ömerli, and Sakarya City Forest. In order to raise awareness among participating children, water bottles and caps were collected in exchange for seed pencils as part of the activities including competitions, concerts, and games. Thousands of caps collected were donated to the Turkish Spinal Cord Paralytics Association on behalf of Ford Otosan.

In addition to legal compensation, we offer our employees additional benefits and opportunities to support their development. The benefits we offer for our employees include: private pension contribution, Koç Foundation membership, holiday and fuel allowances during the year, meal vouchers for remote work days, discounts at companies owned by Koç Holding and partnering restaurants, retailers, gas stations, supermarkets, events, and hotels via the Koç Ailem app. The employees also benefit from company discounts when purchasing vehicles from Ford Otosan.

We bridge the previous and the following business days with the public holidays to give the employees extra vacation days. We also extend financial support in special circumstances such as weddings, funerals of close relatives, birth, and education requirements in addition to the legal leaves. We support our employees as they start their own families and ensure that their needs are met during the maternity and parental leaves. We also offer nursery services for the employees' children. Furthermore, we apply pay raises and bonuses concurrently for all employees to ensure that our colleagues taking maternity leave from their jobs at the campuses in Türkiye and Romania are not affected adversely from the changing economic conditions.



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RECOGNITION, APPRECIATION AND REWARDING

EQUAL PAY FOR EQUAL WORK

We address our equal pay for equal work approach from a gender equality perspective and disclose our performance in this area. Accordingly, we do not allow any discrimination within our operations and uphold the principle of equal pay and equal benefits for equal work. All of our employees benefit from the pay raises due to economic conditions. The employees received pay raises in both 2022 and 2023.

To view the Independent Auditor’s Report on our Equal Pay for Equal Work practices, please click [here](#).

REMUNERATION POLICY FOR SENIOR EXECUTIVES

We use a base salary plus a performance-based remuneration system for the general manager and deputy general manager. Fixed remuneration is paid to non-executive Board members.

All the other office employees are paid performance-based compensation.

To view the details of the remuneration policy, please click [here](#).

COMPENSATION BY LEVELS (TÜRKİYE) (Gender Pay Gap – over 1 in favor of men)		2022
Senior executives (only base salary)		1.05
Senior executives (base salary + other benefits)		1.01
Managers (only base salary)		0.90
Managers (base salary + other benefits)		0.86
Non-managerial (only base salary)		0.99
Non-managerial (base salary + other benefits)		0.99

We do not allow any discrimination within our operations and uphold the principle of equal pay and equal benefits for equal work.



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OCCUPATIONAL HEALTH AND SAFETY

We recognized that the automotive industry in which we operate is among the hazardous segments in terms of occupational health and safety. Therefore, we take our responsibilities very seriously to create a safe and healthy work environment by strictly adhering to all legal requirements and company guidelines on occupational health and safety in our offices and plants.

At Ford Otosan, the OHS risks of our operations on all our campuses are determined by the OHS committees, which consider the risks specified in the ISO 45001 Occupational Health and Safety certification. We also implement a rigorous risk management process that includes various targets and programs.

A team of 38 OHS experts is responsible for active risk assessment, site tours, OHS management according to legislative and administrative requirements, collecting data and reporting metrics from plants, and creating action plans based on these metrics.

Guided by Ford Otosan’s Occupational Health and Safety Policy, we prioritize creating a safe work environment and preventing accidents and losses. And we work with all our colleagues to prevent risky situations as occupational diseases, injuries and fire hazards that threaten the safety of life and property.

OHS Performance (Employees)	2020	2021	2022
Occupational Disease Rate	0.09	0.24	0.37
Injury Rate	5.81	4.75	4.30
OHS Training Time (employee*hours)	114.967	76.159	210.343

OHS Performance (Subcontractors)	2020	2021	2022
Injury Rate	0.09	0.24	0.36
OHS Training Time (employee*hours)	5.81	4.75	4.38

Since 2020, all our campuses hold ISO 45001 Occupational Health and Safety certification.



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OCCUPATIONAL HEALTH AND SAFETY

We conduct annual planned internal audits at our facilities and plants our audit representatives and the quality team.

To view Ford Otosan Occupational Health and Safety Policy, please click here.

We believe that the ultimate occupational health and safety performance can be achieved when the company and the employees take joint responsibility. In 2022, we provided 22,936 hours of OHS training to instill the OHS culture in all our employees and to let them take an active role in risk management. Extending the scope of our training programs beyond our own workforce, we also delivered 22,936 of OHS training for the employees of our suppliers to help them improve their OHS competencies.

WORKPLACE ERGONOMICS

At Ford Otosan, there are Ergonomics and Industrial Hygiene Committees in every workshop/area. The individuals who serve on these committees include the workshop/department ergonomics and hygiene responsible team member, line or section ergonomics and hygiene responsible team member, occupational physician, process team member, workshop team leader, human resources team member, and occupational safety team member. Committee members continuously receive ergonomics and industrial hygiene training to acquire knowledge, skills, and attitudes.

These committees identify possible health, hygiene, and ergonomic risks of the work by defining the work done in each department at the workplace, examining processes, materials, products, and by-products used, and creating a Hygiene Map to determine the levels of impact of these risks on employees.

Problems identified by the committee are solved within one month, and if they cannot be solved, the area manager is informed. Ergonomic and hygiene developments are presented monthly to the Occupational Health and Safety Committee.

In 2022, 448 employees, including Ergonomics Committee members, engineers, and technical experts, were trained in industrial hygiene and ergonomics. 58,900 processes, job structures, and employees were examined and approved.

OCCUPATIONAL HEALTH AND SAFETY AWARDS

At Ford Motor Company's annual "President's Health and Safety Award (PHSA)" competition, Ford Otosan won first prize in Europe for the following plants and projects:



- Gölcük Plant –Building an Occupational Safety Culture– Gölcük Plant –Spreading the OHS Culture project.



- Excellence Award in Occupational Health and Safety Industrial Hygiene - Project for the Use of New Type of Air Conditioning Filters Against COVID-19



- Eskişehir Plant – Ergonomic Innovation Award- Eskişehir Plant Automatic Fuel Pump projects

Eskişehir Plant also won the Saving Lives Award with the Heart Attack Intervention project.

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CUSTOMER EXPERIENCE AND DEALERS

At Ford Otosan, improving customer satisfaction and meeting the customer expectations by offering the best products and services lie at the heart of our business. Therefore, we increase the number of customer communication channels and offer innovative products and services in response to the evolving consumer preferences, expectations and demands. We work with our employees, dealers and suppliers to ensure that our customers access the best services and products, while building a collaborative culture across our value chain.

COMMON CULTURE MANAGEMENT AT DEALERS

We follow Ford Otosan’s “Dynamic Balance Common Culture” values and principles to connect with our customers using the right communication methods and offer the right services and products that best meet their needs. As a result of the cultural engagement studies conducted with our dealers, we named our common culture “When You Are Well, We Are All Well,” underpinned by our values of mutual trust and respect, valuing and loving one another, commitment to each other and the brand, openness to change and innovation. These values also form the basis of our relationships with our customers. We aim to make our customers brand ambassadors by offering unique experiences with integrity, expertise, and care.



OUR VALUES

- Mutual trust and respect
- Valuing and loving each other
- Commitment to each other and to the brand
- Openness to change and innovation



OUR CULTURAL PRINCIPLES

- Customer centricity and service spirit
- Making the seemingly impossible possible
- Collaboration for total benefit
- Dialogue and engagement
- Leadership that empowers and self-governance

Our employees also uphold the values and principles of our common culture approach of “When You Are Well, We Are All Well” as they perform their jobs.

The activities toward building a Common Culture involve the adoption of a collaborative work and business partnership instead of displaying detrimental behaviors and attitudes that lead to damaged and worn-out perceptions.

In 2022, we carried out extensive communication efforts to convey the values and principles of our Common Culture to all the dealer employees, clarify with examples and spread our ideal behaviors. We created e-learning content covering the four values and five principles and published them on our training portal based on four values and five principles. This e-learning content, available to all employees, is still included in our training program.

We conducted the second “Dealer Engagement Culture Survey” to measure our dealers’ satisfaction with the regional managers and HQ teams, and to identify their strengths and action areas, if any. We communicated the survey to 84 Ford Otosan dealers and 1,500 employees that work with Ford Türkiye business area. With the participation of all dealers and 1,012 employees, we obtained 856 successful survey responses.

Similarly, we conducted a survey with 26 Ford Trucks dealers and 276 employees working with Ford Trucks business area, and obtained 178 successful responses.

A comparison of 2021 and 2022 revealed a stable picture of the overall experience. We evaluated the data from the Common Culture study of the previous year together with the findings of the satisfaction surveys in 2021 and 2022. In late 2022, we also introduced the “With You – Culture Ambassadors program as the application field of the common culture project “When You Are Well, We Are All Well”.

The most important finding drawn from the responses of our dealers to the survey was the need to strengthen communication channels, especially between the HQ teams and our dealers. We clearly observed a need for our values and principles to be more visible and to implement more practices in work life.

“When You Are Well, We Are All Well”
At Ford Otosan, integrating our values and principles into our daily work routines, and creating positive impact on the experiences of our employees and customers, who are at the core of our partnership, rank among our key priorities.

We continued our Common Culture at Dealers activities, which we started in 2021 with the motto “When You Are Well, We Are All Well”, to raise awareness in 2022, with the Culture

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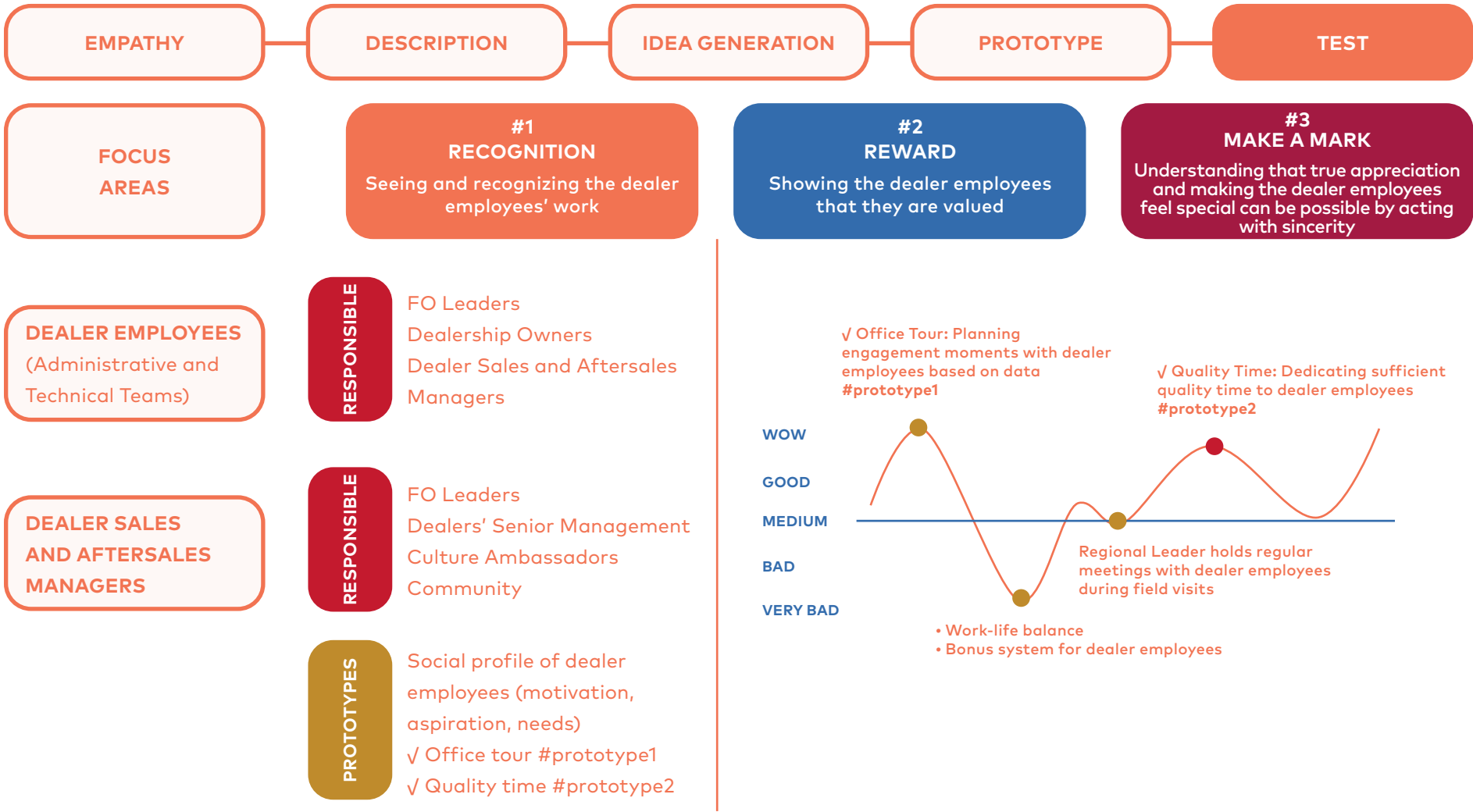
Ambassadors (With You) program and the first steps to set up the dealer employee recognition and rewarding system.

With You

Together with the members of the “With You” community, we intend to address all the practices that negatively affect the customer and employee experience in our business processes and hinder our efforts to implement the agreed values and principles. After introducing the project in late 2022, we held Onboarding Workshops for our volunteers and our community members. As Culture Ambassadors, we aim to meet our dealers more often and continue our work in 2023.

Recognition and Rewarding

One of the key results of the common culture efforts is the recognition and rewarding system, which now covers the dealer employees as well. We integrated the design thinking method into the recognition and rewarding processes for the dealer employees by forming a volunteer project team within the scope of “When You Are Well, We Are All Well.” And we started to work on prototypes to create our concept of recognizing and rewarding the dealer employees.



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CUSTOMER EXPERIENCE AND DEALERS

Efforts to Improve Dealer Employee Engagement

We have been conducting Dealer Employee Engagement and Experience surveys since 2018. In 2022, we reviewed the dealer action plans to improve employee engagement with the Ford Otosan Regional Leaders by taking a holistic look at the engagement data and other metrics. And we designed and implemented Employee Engagement Enhancement projects at our dealers that needed support in this area.

CX Maturity Assessment

Together with all our partners in the Ford Otosan value chain, we always strive to take the customer experience one step further. In 2022, the Customer Experience leadership conducted the second Customer Experience (CX) Maturity Assessment across the organization after the initial one in 2021. As a result of the assessment, we identified Ford Otosan’s customer experience maturity level and its status in 2022 based on the six pillars we defined.

As part of this project, we held 29 meetings with the Customer Experience Team, Head Office, Department, and stakeholders. We sent out a companywide maturity level survey with 54 questions on the six pillars of customer experience and received 90 successful responses. We also tested the 11 channels that Ford Otosan uses according to different scenarios. As a result of all the

interviews, surveys, evaluations and channel tests, we gained important insights on the current customer experience maturity level. We also observed a significant improvement in the perception of the customer experience year on year. We aim to elevate our customer experience maturity level further in 2023. Therefore, we created a roadmap and started working on actions.

As part of the project, we achieved the following:

- Analyzed Ford Otosan’s current customer experience status.
- Defined our development areas.
- Identified the critical and material focus areas.
- Created action plans by setting a target to improve Ford Otosan’s CX maturity.

Six pillars of customer experience:

- Customer Experience Strategy
- Voice of the Customer and Measurement
- Experience Design
- Management & Organizational Adaptation
- Customer-centric Culture
- Digital Experience and Transformation

CX Index – Sales (%)	2021	2022
Passenger vehicles	95.4	96.9
Commercial vehicles	95.4	96.3
Heavy commercial vehicles	97.6	98.3

CX Index – Aftersales Services (%)	2021	2022
Passenger vehicles	91.4	92.1
Commercial vehicles	90.7	91.5
Heavy commercial vehicles	96.2	97

CUSTOMER EXPERIENCE AND DEALERS

Voice of Customer Platform (VoC)

The Voice of Customer Platform allows us to closely monitor the customer journeys and receive instant feedback throughout the process. So, we are able to receive feedback from the dealers, aftersales service centers, call centers in the passenger car, commercial vehicle, fleet, truck, public and second-hand vehicle segments at every stage – online and on the mobile app – via a single central platform, thanks to full automation and integration 24/7. We then take action based on the feedback.

We monitor customer experience tracking indicators such as Net Promoter Score (NPS) and customer satisfaction (C-SAT) end-to-end through all the processes including dealers, call centers, and aftersales services, and continuously detect the general satisfaction and complaints within the organization. Furthermore, we complete the feedback loop by informing the relevant units within the organization in critical cases, assigning, and following development tasks. We deployed the machine learning-based analytical models on the platform in 2022 and made them available to all Ford Otosan and dealer employees in 2023.

Ford PRO: A Holistic Customer Experience

Ford Türkiye has brought Ford Pro, the innovative global business model dedicated to powering all commercial customers' efficiency and productivity, to Türkiye. With Ford Pro,

developed by focusing the expectations and needs of the commercial customers, we offer fully integrated and digital solutions such as vehicle, charging, software, services as a one-stop-shop.

- Ford Pro vehicles are commercial vehicles that can be upfitted to meet the needs of almost any business. E-Transit, launched in 2022, is the latest example of Ford's continuing commercial vehicle innovation.
- Ford Pro charging offers integrated and end-to-end solutions for home, public and depot charging for customers to make a seamless transition to electric vehicles.
- Ford Pro software includes business productivity tools that link gas, diesel and electric vehicles together to manage fleets holistically, on Ford or non-Ford vehicles, to improve uptime and cut costs.
- Ford Pro service is a new service approach, working towards 100% uptime for CV customers. Mobile vans for servicing on location, extended/managed maintenance intervals, smart maintenance and servicing guidance are among the new services planned to be introduced.

Ford Pro makes the transition to electric easy – providing ICE and electric vehicles seamlessly paired to intelligent telematics, charge management software, hardware, services and customer support that enables mixed fleets to operate without disruption.

Customer Experience Training Development Program (CX Academy)

With the Customer Experience (CX) Training Development Program, we aim to improve the customer experience competencies of Ford Otosan employees. In 2022, a total of 173 employees took the customer experience training. And in 2023, we started to plan and implement the full content of the CX Training Development Program. The CX Team completed the customer experience and design thinking training, while six groups consisting of head office employees completed the customer experience onboarding training.

CUSTOMER EXPERIENCE TRAINING & DEVELOPMENT PROGRAM



As part of the 2022 CX Training and Development Program, experiential training was provided to 173 Ford employees. The 2023 CX Academy Training and Development Program has been planned with all of its contents.

As a result of the evaluation survey conducted with respondents, including the head office employees, we were rated with a satisfaction score of 4.55 out of 5. We continue to provide training on customer experience and design thinking for agile teams, and on customer experience and its impact on business results for management teams.

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CUSTOMER EXPERIENCE AND DEALERS

Customer Journey Management

We design customer-centric work processes in line with our principle of closeness to the customer, a key factor in Ford Otosan's agile transformation process. We use the Customer Experience Maturity Assessment to set the direction of our work on this subject and continuously improve our performance.

We positioned Customer Journey Management as our strategy to ensure the continuity of all the processes at Ford Türkiye and Ford Trucks business units with a customer-centric focus. Viewing the processes from the outside through the eyes of the customer forms the basis of this strategy. We also prioritize identifying the steps that the customers take and determining the pain points and development areas. We are currently working to upgrade the processes and take actions based on the customer journeys, and to map these journeys and glean more insights to design products and services that meet customer needs.

We use the Voice of Customer (VOC) surveys to review the journeys from the perspective of our customers and employees and aim for continuous improvement.

With this approach, we aim to provide customers with a seamless, unique and consistent Ford Otosan experience in all channels, drawing from persona-based customer journeys.

Ford Digital Studio

Ford Digital Studio offers our customers the opportunity to access all information on Ford models, enabling them to shop without having to visit the physical dealer locations. Customers who log in to the Digital Studio by booking on www.ford.com.tr are able to have a realistic sales experience with answers supported by personalized storytelling. Our dedicated brand consultants, available from 12.00 p.m. to 10 p.m., introduce the Ford models based on the interests of customers and direct them to the nearest Ford dealer for sales transactions or test drives as needed. Many customers have tried the Digital Studio experience since 2020.

My Ford

Regarding the connected customer, we offer personalized content and campaigns to our customers via our digital channels and introduce self-service options. "My Ford" platform enables the owners of private vehicles to save their vehicle data on the mobile-compatible website and easily access the information any time anywhere. The customers may also use the platform to schedule their dealer, aftersales service and digital studio appointments and book test drives. We had launched the "My Ford" Customer Portal in 2021 as the primary customer platform. In 2022, we enhanced the portal with the most requested features by considering the feedback received from the customers. The key features include optional

vehicle-specific service calls and personalized campaigns and deals.

Ford Virtual Test Drive

As the penetration of electric vehicles in the market, especially in the automotive sector, is increasing day by day and with connected vehicle technologies making the digital experience of vehicles much more holistic and customer-focused, the digital weight in the customer experience in the vehicle purchasing process has significantly increased.

As a brand that places digital communication at the forefront of its brand strategy, we have launched an innovative application that offers our target audience customers the opportunity to test drive our All-Electric New Ford Explorer vehicle in a digital environment through a Virtual Test Drive, which carries the title of being a first in the industry.



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CUSTOMER EXPERIENCE AND DEALERS

DEALER TRANSFORMATION

Our primary objective with the sustainability-focused transformation of dealers is to raise awareness. In 2022, we focused on upskilling the dealer employees by defining the roles of our dealers. Some of the actions we took and their results are summarized below:

- As part of the activities to transform the dealer locations physically, we continue to work on reducing the carbon footprint. We also carry out feasibility studies regarding renewable energy investments such as installing solar panels and solar tubes at our dealers for more efficient use of electricity. In 2022, 11 dealers completed their Solar Power Plant (GES) installations. More dealers intend to complete their SPP investments in 2023, while we plan to hold briefings at dealers to raise awareness. Furthermore, glass facade installations resulted in 20% less energy consumption and LED luminaires delivered 80% energy savings.
- As we continue to complete the electric vehicle infrastructures in more dealers, we also install charging stations for electric vehicles at dealer locations. In 2022, the electric vehicle infrastructure work was completed at 35 dealers. In 2023, we plan to continue investing in sales and aftersales services of electric vehicles at dealer locations in a controlled and systematic way.
- In the aftermath of the earthquakes, we started the preliminary work for the

engineering and consulting services required to survey the current conditions in all dealer locations to ensure employee safety and business continuity and to inspect the buildings for earthquake safety.

- As part of the Vocational High Schools project, we started the preliminary work to form Ford classrooms in a Vocational and Technical Anatolian High School (MTAL) to be named in İzmir, İstanbul and Bursa. With a curriculum designed specifically for these Ford classrooms, we aim to offer internship and employment opportunities at Ford Otosan dealers for students who study in these classrooms. We also have long-term plans to eventually support all the students at the Vocational and Technical Anatolian High Schools, within the scope of the agreement between Ford Otosan and the Ministry of National Education, with scholarships through Vehbi Koç Foundation.
- In line with our target "to double the number of women in STEM at the dealers by 2026," we plan to host seminars to raise awareness on Gender Equality and STEM in our dealer network in 2023. We also aim to increase the number of female leaders at dealers within the scope of the 2023 dealer recruitment incentive program. Furthermore, we will ensure that female students at MTAL benefit from extra scholarships granted by Vehbi Koç Foundation.

- Aiming to raise awareness about sustainability, we hosted our first webinar for senior dealership management, including the owners and the sales and aftersales managers in 2023. Our objective with these webinars is to spread best practices across a wider dealer network. We also plan to offer webinars for dealer employees in 2023.

In 2022, electric vehicle infrastructure was established in 35 dealers.



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VEHICLE QUALITY AND SAFETY

All the vehicle safety activities related to our commercial vehicles, from our smallest model, Transit Courier, to the largest commercial van, Transit, are carried out by the Vehicle Safety teams at Ford Otosan Sancaktepe R&D Center. Our activities cover a broad product range and include both the existing models and the new versions.

We market Ford Transit and Tourneo commercial vans, developed by the Vehicle Safety team in accordance with the Ford Vehicle Safety Design Guidelines, across a vast geography spanning North America and Europe to China and Australia. Vehicles are required to comply with the applicable safety regulations of each country where they are sold; while the regulations may vary depending on the conditions of individual countries. In addition to the regulatory requirements, we also consider the market and customer expectations when determining the safety design criteria. Our Vehicle Safety team starts the design process with computer-assisted engineering work. In the process, we analyze the design and safety performance of the vehicle with computer simulations and study the front, side, rear collision, pedestrian collision, and overturn situations in different accident scenarios. As we proceed, we optimize and enhance the vehicle body and safety equipment such as seatbelts and airbags to meet the safety criteria. With the addition of electric vehicles to our product range in recent times, we started to perform

in-depth analyses to observe the behavior of high-voltage systems at the time of collision, in addition to the said factors. We transfer the vehicle safety design skills learned from internal combustion engine vehicles to the electric vehicles, and offer vehicle safety standards beyond legal obligations for our customers. Once all the design and virtual assessment processes are completed, we move to the test phase and verify the safety performance of the vehicle with physical tests. Our vehicle tests are conducted at the Ford test centers in the USA, Germany and the UK, and at independent test centers in Türkiye and China.

All the quality-related activities for the existing models and new programs in the Ford Otosan product range, starting from the initial design phases to the production, launch and aftersales warranty processes, fall within the purview of the Quality Platform Area leadership. As in Agile Structure, Quality Platform runs all end-to-end quality processes in our organization, which aims to maximize vehicle quality. We operate end-to-end quality processes throughout our organization, aiming to maximize vehicle quality in accordance with an agile approach. The ETD (engineering technology development) Quality Leadership is responsible for future models, while the Manufacturing Quality Leadership manages the processes related to all the existing products. After the products are delivered to the customers, the Warranty Leadership takes activities to support product quality until the end of the warranty period.



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VEHICLE QUALITY AND SAFETY

TD Quality Leadership employs agile processes and facilitates the transfer of innovative ideas to projects that will support the exploration of new markets and create high brand recognition at every stage of product development. On the other hand, ETD Quality Leadership plays an effective role in all processes from the development of products that meet and even exceed the expectations of our business partners and customers to the delivery of the safest, most comfortable and innovative products to the user. Accordingly, ETD Quality takes responsibility for identifying the failure modes by processing customer data derived from global and field surveys and for deploying preventive measures in new products. By identifying the failures in the early phases of the projects, customer satisfaction is enhanced related to new products, improve warranty spending, and minimize the problems that may emerge in the field. Furthermore, the ETD teams are coached about the global failure mode avoidance (FMA) module and campaign avoidance processes defined by Ford to ensure that the highest quality systems and features are introduced in new projects.

We continue to work for creating ultimate customer satisfaction and achieving operational excellence. In line with Ford Otosan's quality policy, it is aimed to: plan and implement quality, tools, processes, skills and approaches in all the organizational departments; align the quality metrics

between the campuses; determine the manufacturing quality standards of new and existing products; ensure and enhance production at the desired quality level; organize activities to build on knowhow, and allocate resources. Regarding production quality, the Leadership carries out activities and submits recommendations for Ford Otosan's product quality strategy for the future. It is also our responsibility to deploy quality systems, processes, and equipment for existing and new products.

The objective of the Warranty Leadership is to maximize customer satisfaction by providing excellent service during the warranty processes. The responsibilities of the Warranty Leadership include taking actions to enhance dealer service quality, providing training, establishing systems for identifying and solving problems in the customers' vehicles, and standardizing and overseeing the warranty procedures. The leadership also works to improve quality by analyzing and reporting complaints throughout the warranty process. The leadership designs processes to enhance service quality during warranty processes at the authorized aftersales service centers, sets related targets, and ensures continuity. The leadership is also tasked with renewing, manufacturing, and quality checking parts by leveraging the green production projects. The efforts of the Warranty Leadership have resulted in improving our carbon footprint by up to 85%.

The efforts of the warranty leadership have resulted in improving our carbon footprint by up to 85%.



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Social Gender
Equality

STEM
(Science, Technology,
Engineering, Math)

Social Impact
Analysis

Employee
Voluntary



FOR COMMUNITY

At Ford Otosan, as we work to shape the present and future of the automotive industry, we also prioritize creating social benefit in all our activities, believing that companies grow together with their communities. We call this mission, Future. Now for Community.

At Ford Otosan, we aim to reach 100,000 women through community-focused education, awareness and financial aid projects by 2026 and drive equality, diversity and inclusion beyond our current practices. As we proceed toward this target, we will strive to reach 25,000 women in 2023. At Ford Otosan, we value the importance of encouraging our employees to be involved in our activities and building an inclusive corporate culture. We not only urge our employees to volunteer for our activities but also support them with administrative leaves. Our 2030 target is to have 35% of the employees actively supporting community investments that can be monitored on the volunteering platform. In addition, we contribute to the transformation of the Turkish entrepreneurship ecosystem by supporting startups whose leadership teams consist at least 50% of women.

At Ford Otosan, we place sustainability at the core of our activities and aim to create higher value for our stakeholders and the environment, while contributing to social development on a wider scale. In line with our goal of creating social benefit, we take the United Nations Sustainable Development Goals as our guide for our corporate citizenship approach and carry out activities to create social benefits

in various areas. In 2022, we allocated more than TL 260 million for donations, projects and sponsorship activities within the scope of our community investments and launched several environment, education, health, culture projects and other activities.

Ford Otosan Community Investments Budget Allocation	
Vehbi Koç Foundation	250,775,600.00
Education	7,677,621.34
Health	242,400.00
Social Aid & Others	1,856,199.96

We prioritize creating social benefit in all our activities and call this mission, Future. Now for Community.



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FORD OTOSAN COMMUNITY INVESTMENT AREAS

At Ford Otosan, we make community investments in accordance with our Social Investment Policy.

Community Investment Principles:

- The community investments should be clearly linked to Ford Otosan’s activities and business strategy.
- The purposes of the community investments should be in alignment with the social and environmental objectives of the United Nations Sustainable Development Goals.
- The investment should be within the scope of Ford Otosan’s material sustainability issues.
- The investments’ objectives and outcomes should be measurable.
- The community investments should meet the needs and priorities of the regions where Ford Otosan operates.
- The investments should be designed in a such way that they could be scaled and deployed in different organizations and regions.
- The investments should allow for collaborations with institutions or individuals such as NGOs, international organizations and universities for viable solutions.



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PRIORITY COMMUNITY INVESTMENT AREAS

In Community Investments, our priority focus areas are: Climate Crisis, Equal Opportunity and Diversity, Mobility Solutions, and Vehicle Quality and Safety.

Priority Community Investment Area	Related Sustainability Development Goals	Our Approaches and Commitments
Climate Change	<div><div>6 CLEAN WATER AND SANITATION</div><div>13 CLIMATE ACTION</div><div>14 LIFE BELOW WATER</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>	<ul style="list-style-type: none">• We aim to instill a sense of responsibility and raise awareness about the environment and energy by organizing training activities for stakeholders.• We constantly engage with the stakeholders to raise awareness about responsible water consumption and to involve them in conserving and recycling water resources.• We are committed to supporting long-term projects through collaborations to develop solutions for the protection of water resources, tackling droughts, and joining forces for efficient use of water.
Equal Opportunity and Diversity	<div><div>4 QUALITY EDUCATION</div><div>5 GENDER EQUALITY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>10 REDUCED INEQUALITIES</div></div>	<ul style="list-style-type: none">• We support women in taking a more active role in professional life.• We aim to increase the ratio of women on the Board of Directors and in senior management roles.• We aim to create more and diverse jobs for people with disabilities.• We engage in activities to support women in technology and innovation.• We lead the way in increasing women’s employment in the automotive industry and encourage our dealers and suppliers to do the same.
Mobility Solutions	<div><div>4 QUALITY EDUCATION</div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div></div>	<ul style="list-style-type: none">• We develop mobility solutions to minimize environmental impact. We include vehicles and their components, and all modes of transportation, transportation infrastructures, and people’s mobility habits in our development efforts.• We aim to offer safer, smarter and more accessible mobility solutions.
Vehicle Quality and Safety	<div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>	<ul style="list-style-type: none">• We aim to take the lead in vehicle safety and driver assist technology R&D and innovation.• We continue to provide training programs to spread knowledge about safe driving techniques.

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2023 KAHRAMANMARAŞ EARTHQUAKE CAMPAIGN

The earthquake on February 6, 2023, with Kahramanmaraş at the epicenter, and the shocks that followed caused major destruction in 11 provinces in the region. Starting from the early hours on the morning of the earthquake, we joined forces with the Crisis Coordination Center of Koç Group and worked in coordination with AFAD to support the region and mobilized all our resources to meet the most urgent needs of the people.

From the early days, we delivered essential supplies to the people in need, including the dealer personnel and their families and the relatives of Ford Otosan employees in the affected region, with the support of our local dealers. We immediately dispatched the Ford Otosan Search and Rescue Team (FOKE) to assist with the rescue efforts. FOKE was stationed in Hatay, where they rescued 11 people from the debris. We contributed to building a field hospital, staffed with doctors and nurses, in Kahramanmaraş and dispatched an ambulance to provide healthcare services in Hatay.

We also dispatched seven tractor trailers filled with more than 1,000 boxes of essential supplies, including food, clothing, heating appliances, power generators and shelter, which were collected through our dealers and with the contributions of our colleagues, to the region. Many of our dealers in the affected cities opened their workplaces to nearly 3,000 earthquake victims until help arrived and

provided food and shelter. Many Ford Otosan volunteers traveled to the region by Ford Otosan vehicles to assist with the relief efforts under the coordination of AFAD and helped deliver the aid to the less accessible areas. We also supplied sleeping bags and tents with help from our international teams to be delivered to the people in need in coordination with the authorities.

In addition to free towing and roadside assistance for Ford and Ford Trucks branded vehicles, we also provided free repair and periodic maintenance services for critical vehicles such as ambulances, fire engines, tow trucks and heavy vehicles with special equipment operating in the disaster area. We delivered 210 container homes and essential equipment to the region for our dealer employees and their relatives in the region whose homes were completely destroyed, severely damaged or unstable. We recognize that recovery in the region will take a long time and require a massive undertaking. After delivering the essential needs, we now provide psycho-social help for our dealers' employees and their relatives. We are committed to working in the earthquake area with all our might to help with the recovery efforts and contribute to the normalization of life in the affected region with support from our main shareholders Koç Holding and Ford Motor Company.

My Future Dream Centers that we will establish in container cities to be built in Hatay, Adıyaman, and Kahramanmaraş with Koç Holding and group companies, we will carry out projects through social investment to provide both psycho-social support to children, youth, and families and also to support their development in areas they need.

We believe in the healing power of sports, and we will also support young people in this area by sponsoring volleyball schools in all container cities.





COMMUNITY INVESTMENT PROJECTS

As we set our target to reach 100,000 women through awareness activities and community projects, we took 2022 as the year of preparation. We started by designing personal and professional development, internship and employment projects and awareness raising activities for recent graduates looking for a job and women in the early stages of their professional careers and women who are on a break from work. However, we had to pause these efforts for a while due to the earthquake. But it did not keep us from diverting our work to the affected region where we continue to work as a priority, reaching many more women with our projects, supporting their development, increasing employee volunteering, and helping women entrepreneurs.

WOMEN ELEVATING WOMEN

The project titled Women Elevating Women, run in partnership with Young Guru Academy (YGA) and UpSchool, was designed for female engineering students in the prep, first and second years of Turkish universities who are determined to improve themselves in technology. In 2023, we delivered courses on various technology topics such as data science, machine learning and data analytics, robotic process automation (RPA), mobile app and web development, and introduction to social innovation to 1,000 participants from all corners of Türkiye for eight weeks. In addition, 24 volunteers in the program came together with girls from elementary schools in underserved areas and held science sessions. We also hosted YGA Double-Winged Success Together Training, live broadcasts and Q&A sessions with YGA

Dream Partners, and live broadcasts on gender equality. Now, we plan to include 10 students, who actively participated in and successfully completed the courses, in the YGA Global Impact University program to take part in a case study projects in the earthquake region. In addition, students with high potential selected among the 10 participants of the study will have the opportunity to be employed as long-term interns at YGA.

PARTNERSHIP WITH W-TECH WOMEN IN TECH ASSOCIATION

We teamed up with W-Tech Women in Tech Association to enable 100 female employees of Ford Otosan suppliers to receive technology-focused vision training, allowing them to become a part of the global technological transformation movement. As part of the project, 100 female field workers received digital literacy training on topics focused on effective device use, writing techniques at work, web search, career management in social networks, internet privacy and digital cyber security, while 40 female field workers completed the robotic process automation training.

IMPROVING VOCATIONAL EDUCATION

We donate all the vehicles used in the testing stages of the projects to the vocational high schools to support their motor and technical departments' practical education. Students of the motor and technical departments of the vocational high schools improve their practical knowledge by working on such equipment. To date, we have donated countless parts and more than 100 vehicles and we will continue to do so in 2023.

In 2022, Ford Otosan Vocational Education Academy accepted 211 interns from 32 Vocational and Technical Anatolian High Schools as interns for its three locations (Istanbul: 5, Kocaeli: 18, Eskişehir: 9). The students received on-the-job training three days a week during the academic year in various units of the plant based on their study areas. At the end of the training period, 24 students are currently on track to be employed full time at Ford Otosan, while we are following 50 students from the Class of 2022 who will soon be employed.

We also accepted 280 students from three Vocational Schools of Kocaeli University as trainees within the scope of the On-site Vocational Training Program. The students received on-the-job training three days a week during the academic year in various units of the plant based on their study areas. At the end of the training period, 103 students are currently on track to be employed full time at Ford Otosan, while 30 students who started their university education in 2022 will soon be employed. As a result, Ford Otosan not only provided on-the-job training for a total of 491 students but also offered them full-time employment at the company.

Furthermore, we conducted a seminar with experts from our plant and the industry on 12 topics to support the professional and personal development of Vocational School students. We also organized the "Industrial Robot Programmer" vocational training for 30

Vocational School students in response to the increasing demand in the industry.

I HAVE A JOB AND I HAVE HOPE

We launched the project titled "I have a job and I have hope" within the scope of the 2020 Social Development Support Program (SOGEP), introduced by the Directorate of National Education. With this project, we aim to include into business life seniors from vocational high schools and underserved communities such as unemployed youth and individuals who have lost their jobs during the COVID-19 pandemic or digitalization in the industry. As a part of the project, which we carry out in collaboration with the Kocaeli Chamber of Industry, Kocaeli Provincial Directorate of Labor and Employment Agency, and Kocaeli Provincial Directorate of Family and Social Services, we help underserved individuals gain professional skills. The 18-month project involves activities to help underserved communities integrate into social life and increase employment, particularly among females. We also organize activities to solve problems such as unemployment and social security concerns, societal issues, and social adaptation anxiety.

Our "I Have a Job and I Have Hope" project ranked 4th among the 30 participating projects. At the end of the 120-hour training we provided to 32 candidates, 12 women joined our workforce in 2022 to work in the field of Industrial Robot Programming.

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COMMUNITY INVESTMENT PROJECTS

EMPLOYEE VOLUNTEERING: MY HEAR IS WITH YOU

As part of our corporate citizenship approach, we offer our employees who want to voluntarily participate in our social activities an opportunity through our volunteering platform "Gönlüm Sende" (My Heart is With You). Even though these activities are on a voluntary basis, we still adopt a professional approach and carry out these activities in accordance with Ford Otosan Policies without creating any conflicts of interest. The employees use this platform to create projects with their ideas that contribute to the United Nations Sustainable Development Goals and submit them for consideration, while they may also volunteer for projects implemented by other employees or to work for NGOs. We work together to create social benefit, starting with the aid work in the earthquake region, and including the Adım Adım charity run and shelter support for stray animals.

TÜBİTAK 4004 NATURE EDUCATION AND SCIENCE SCHOOLS PROGRAM: "GREEN-COLLAR EMPLOYEES OF THE FUTURE PROJECT"

We partnered with Tübitak and Eskişehir Technical University Application and Research Center for Environmental Problems and launched the Green-Collar Employees of the Future Project to help primary school students learn more about what they could do to reduce their environmental footprint. The project, which included various activities such as environmental literacy presentations,

workshops and technical trips, helped the students gain a better awareness.

START-UPS AND SCHOLARSHIPS

As Ford Otosan, we attach importance to solidarity with young people from all over Türkiye for qualified education, socio-economic development, and socially beneficial new generation businesses. In 2022, Ford Otosan has invested in four startups, namely "DeliversAI, Deepenai, Bluedot, and Saha Robotik". By investing in the Arya Venture Capital Investment Fund, support has also been provided for new ventures. Last year, financial support was provided to three startups named "Evbee, Hebunk, and Werover" within the scope of the ITU Big Bang Startup Challenge Competition, which took place for the 11th time. Among the supported seven startups, two have a management team of 50% women, one has 40% women, and one has 25% women employees.

Anatolian Scholars: In line with our focus on equal opportunity in quality education, we aim to support young people from underserved regions in the country who prepared for the university with limited educational means and passed the placement exam with high scores. With this motivation, we grant scholarship to 19 female students studying in the STEM areas at Koç University to ensure that they don't lose this valuable education opportunity due to insufficient means.

Ford Otosan 'Let the Girls Attend School' Scholarship Fund

We collaborated with Turkish Education Foundation's (TEV) Kocaeli Branch and granted scholarships to 75 female students studying in the STEM areas. We added 25 female students from the earthquake region to the recipients to reduce disaster and gender-based inequalities in education.

TURMEPA FORD OTOSAN BOAT

The TURMEPA FORD OTOSAN boat helps protect the marine environment by collecting wastewater from yachts and tourist boats. By preventing this wastewater from mixing with the sea, it safeguards the well-being of sea creatures and preserves the marine habitat. Research shows that seas produce 50 to 70 percent of the oxygen essential for life. Thus, this project plays a crucial role in maintaining life in the sea and on land.

We are working together to create social benefit in many areas, especially in our aid efforts in disaster zones.



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FORD OTOSAN ROMANIA COMMUNITY INVESTMENTS

Mobile Oral and Dental Health Clinic: At Ford Otosan, we aim to raise awareness in the Oltenia Region of Romania by providing oral and dental health services for those in need. Within the scope of the project, we offer comprehensive oral health checks and free treatment at the mobile oral and dental health unit. We work with volunteering dentists to meet the needs of the people and communities in rural areas who have difficulty accessing dental examinations. We provide dental health services, including X-ray, dental cleaning, cavity filling and tooth extraction, for patients of all age groups in the fully equipped mobile clinic. Since the families in the region have a range of healthcare needs, we plan to add cardiovascular diseases to our services as we continue the mobile oral and dental health clinic in the future.

Hand in Hand for Health: The Craiova Hospital is the only hospital that serves the five provinces in the Oltenia Region, treating more than 48,000 patients every year. At Ford Otosan, we donated 45 new refrigerators to this critically important hospital of the region, where only one refrigerator is available per 50 patients. With support from our volunteering employees, we completed the logistics and installation processes and enabled the patients undergoing treatment to have access to fresh food.

Support for Special Needs Education: We installed a new interactive smart board and a computer at the Sf. Vasile Special Education School, where nearly 200 children with special needs and disabilities are educated. We also organized outdoor activities, which play an important role in child development, with our volunteering employees. As part of our support, we created green areas by repairing the playground and parks of the school, planted trees and flowers, and built new fences and benches.

Ford Resource and Engagement Center- FREC: The Ford Resource and Engagement Center (FREC) in Craiova was established as a partnership between Ford Fund/Global Giving, the not-for-profit organization Educol and the City of Craiova. At the Ford Resource and Engagement Center, the first in Europe, students and recent graduates of Craiova University design businesses focused on social and economic benefit and plan projects to create value in areas such as education, agriculture, healthcare, or upcycling. To date, we implemented 27 entrepreneurship projects, including three award-winning corporate social responsibility projects. With 240 volunteering students, 30 experts providing voluntary mentoring, and a total of 41,530 direct / 94,270 indirect beneficiaries, FREC Craiova continues to grow the impact of its social entrepreneurship projects every term.



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COMMUNITY INVESTMENT PROJECTS

VEHBI KOÇ FOUNDATION AND FORD OTOSAN'S JOINT ACTIVITIES

We have long partnered with Vehbi Koç Foundation, established in 1969 by Vehbi Koç, for projects that aim to create social benefit. In 2022, we continued to support the educational and cultural projects of Vehbi Koç Foundation. This year, we adopt a holistic social impact approach to education and prioritize scholarship programs that reach different audiences and projects in which support the infrastructure of schools in underserved regions. We aimed to create value in education in the country by contributing to the ongoing Model School and Teacher Network projects.

We also contributed to the development of various culture and arts projects by supporting the exhibitions "For My Friend" at the Sadberk Hanım Museum and "I-You-They: A Century of Artist Women" at MEŞHER.

Vehbi Koç Foundation Vocational and Technical High School

Within the scope of an agreement signed between the Ministry of National Education and Ford Otosan, we grant scholarships to female students studying at the Vehbi Koç Foundation Vocational Technical and Anatolian High School through Vehbi Koç Foundation. We recognize that creating socio-economic welfare and equal opportunity in education for children is key for the development of society. Therefore, we aim to increase the number of

our female scholars and to ensure that all the students in this high school benefit from Vehbi Koç Foundation scholarships in 2023.

Gölcük Cultural and Social Life Center

Vehbi Koç Foundation Ford Otosan Gölcük Culture and Social Life Center has contributed to the social and cultural development of the people in the region since it was established. In addition to providing a natural environment with gardens and an award-winning architectural building, we offer a rich selection of cultural events such as personal development activities, courses, exhibitions and performances.

We provide a creative space where arts inform, unify, and facilitate cultural exchanges. The center hosts a wide range of free events, including classical music concerts, jazz concerts, plays, children's performances, and art workshops, welcoming an average of 10,000 visitors and art fans every month. After a break during the pandemic, the events at the center resumed in 2022 with the interactive comedy show "Those Were the Days." The center also hosted Meltem Çömlekçioğlu's ceramic and tile exhibition titled "Hayriye."

Since its opening, the Vehbi Koç Foundation Gölcük Cultural and Social Life Center has contributed to the social and cultural development of the local community.



COMMUNITY INVESTMENT PROJECTS

IMPACT MEASUREMENT AND COMMUNICATIONS

We measure the impact of our community investment activities and conduct social impact assessments for sustainable community investment projects accessible to the beneficiaries. When deciding on whether to continue projects with social benefit, we evaluate the impact measurements and also consider stakeholder opinions. In 2022, we conducted an impact measurement for the Women Elevating Women project. The analysis demonstrated that all the targets set for the project were achieved, while the opinions of the participants were sought for the future. In light of the results, we decided to continue the project in 2023 and to expand its scope for wider positive impact. We plan to conduct a similar social impact assessment for the My Dream Future Center in 2023.

When deciding on whether to continue projects with social benefit, we evaluate the impact measurements and also consider stakeholder opinions.



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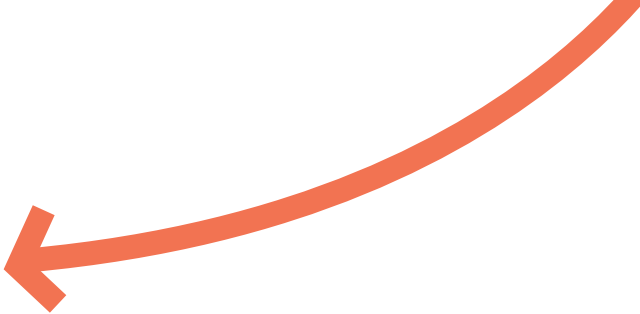
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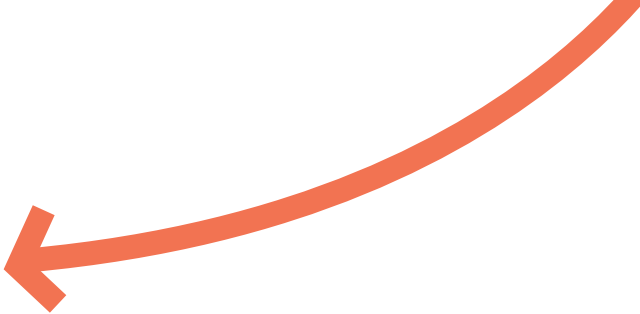


Organization (NGO)	Representation	Role	Contributions of Ford Otosan
HEAVY COMMERCIAL VEHICLE MANUFACTURERS ASSOCIATION (TAİD)	Board of Directors	Chair	Ford Trucks Western Europe Director has actively served in many roles, including Vice Chair, since 2017, in the Heavy Commercial Vehicle Manufacturers Association (TAİD), representing the association in local and international platforms, implementing the general assembly's resolutions, and developing and deploying projects related to the association's fields of operation. At the same time, the company supports the efforts of the association's member brands to promote the development of the sector on the national and international platforms to elevate the engineering, manufacturing, technological advancement and service standards.
FOREIGN ECONOMIC RELATIONS BOARD (DEİK)	Poland Business Council	Chair	DEİK's Türkiye – Poland Business Council consists of Bilateral Business Councils, Sectoral Business Councils and Special Purpose Business Councils. The council regularly convenes every year to assess the bilateral and multilateral cooperation opportunities, problems and current developments. The council also encourages researches to identify the policies, solutions and mechanisms needed to improve trade and economic relations.
AUTOMOTIVE DISTRIBUTORS ASSOCIATION (ODD)	Foreign Trade Committee	Chair	ODD Foreign Trade Committee, chaired by Ford Otosan Foreign Trade Lead, typically convenes four times a year to discuss the impact of the changes in regulations, laws and enactments on automotive industry processes and the necessary actions. The committee also visits the Ministry officials.
AUTOMOTIVE MANUFACTURERS ASSOCIATION (OSD)	Technical Legislation Committee	Chair	<p>Automotive Manufacturers Association (OSD) Technical Legislation Committee works on technical legislation topics, which are key for the competitiveness of the automotive industry.</p> <p>In 2022, Ford Otosan Safety and Sustainable Environment Lead supported the committee's work on monitoring the latest developments in international regulations closely and efforts to align them with local legislation. The committee has also carried out activities regarding the accurate and efficient implementation of the local legislation and formed a unified opinion of the industry.</p> <p>The committee participates in the international technical committee activities of OICA and ACEA to monitor the developments in global technical legislation and to update the local legislation in consultation and cooperation with public institutions.</p>
WOMEN IN TECHNOLOGY ASSOCIATION (WTECH)	Board of Directors	Vice Chair	<p>Women in Technology Association carries out activities related to gender equality in technology and develops training, research and measurement projects to eliminate gender gaps and grow the human resource in technology.</p> <p>Ford Otosan Digital Products and Services Leader serves as the sponsor of the Artificial Intelligence and Digital Transformation Committee.</p>
TURKISH QUALITY ASSOCIATION (KALDER)	Eskişehir Branch	Board member	Ford Otosan Ford Trucks Quality Leader, who is a Board member of KALDER, has participated in the activities to determine the mission, vision, values and ethical rules of the association in 2022 and to create the 2023-2024 strategic plan by considering the main strategies and sub-strategies.

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Organization (NGO)	Representation	FO's role in the organization
BATTERY AND RECYCLING MANUFACTURERS ASSOCIATION (AKÜDER)	General Assembly	Member
AMCHAM TÜRKİYE / ABFT	General Assembly	Member
U.S. CHAMBER OF COMMERCE U.S. – TÜRKİYE BUSINESS COUNCIL (USTBC)	General Assembly	Member
TURKISH MARINE ENVIRONMENT PROTECTION ASSOCIATION (TURMEPA)	General Assembly	Member
FOREIGN ECONOMIC RELATIONS BOARD (DEİK)	Germany Business Council	Member
FOREIGN ECONOMIC RELATIONS BOARD (DEİK)	USA Business Council	Member
FOREIGN ECONOMIC RELATIONS BOARD (DEİK)	France Business Council	Member
FOREIGN ECONOMIC RELATIONS BOARD (DEİK)	General Assembly	Member
FOREIGN ECONOMIC RELATIONS BOARD (DEİK)	British Business Council	Member
FOREIGN ECONOMIC RELATIONS BOARD (DEİK)	Italy Business Council	Member
FOREIGN ECONOMIC RELATIONS BOARD (DEİK)	Logistics Business Council	Member
FOREIGN ECONOMIC RELATIONS BOARD (DEİK)	Ukraine Business Council	Member
WORLD WILDLIFE FUND (WWF-TÜRKİYE)		Member
WORLD ECONOMIC FORUM (WEF)	Manufacturing and Shaping the Future of Production Platform	Member
ETHICS & REPUTATION SOCIETY (TEİD)	General Assembly	Member
EUROPEAN AUTOMOBILE MANUFACTURER'S ASSOCIATION (ACEA)	Commercial Vehicles Joint Commission	Member

Organization (NGO)	Representation	FO's role in the organization
EUROPEAN AUTOMOBILE MANUFACTURER'S ASSOCIATION (ACEA)	Commercial Vehicles Board of Directors	Member
INTERNATIONAL ASSOCIATION FOR THE PROTECTION OF INTELLECTUAL PROPERTY – (AIPPI TÜRKİYE)	General Assembly	Member
INTELLIGENT TRANSPORT SYSTEMS AND SERVICES - EUROPE (ERTICO)	General Assembly	Member
INTERACTIVE ADVERTISEMENT BUREAU (IAB TÜRKİYE)	General Assembly	Member
ISTANBUL FERROUS AND NON-FERROUS METALS EXPORTERS' ASSOCIATION (İDDMİB)		Member
ISTANBUL MINERAL AND METALS EXPORTERS' ASSOCIATION (IMMİB)	General Assembly	Member
ISTANBUL CHAMBER OF INDUSTRY (ISO)	Land Vehicles Main Industry and Vehicle Body Industry Professional Committee	Member
KOCAELI CHAMBER OF INDUSTRY (KOSANO)	Board of Directors	Member
CORPORATE COMMUNICATIONS ASSOCIATION (KİD)	General Assembly	Member
INTERNATIONAL CHAMBER OF COMMERCE TÜRKİYE NATIONAL COMMITTEE (ICC Türkiye)	Board of Directors	Member
CENTRAL ANATOLIAN EXPORTERS' ASSOCIATION (OAİB)		Member
AUTOMOTIVE DISTRIBUTORS ASSOCIATION (ODD)	IT and Technology Committee	Member
AUTOMOTIVE DISTRIBUTORS ASSOCIATION (ODD)	Legal Committee	Member
AUTOMOTIVE DISTRIBUTORS ASSOCIATION (ODD)	Sustainability Committee	Member
AUTOMOTIVE DISTRIBUTORS ASSOCIATION (ODD)	Board of Directors	Member
AUTOMOTIVE MANUFACTURERS ASSOCIATION (OSD)	Smart Mobility Systems Committee	Member

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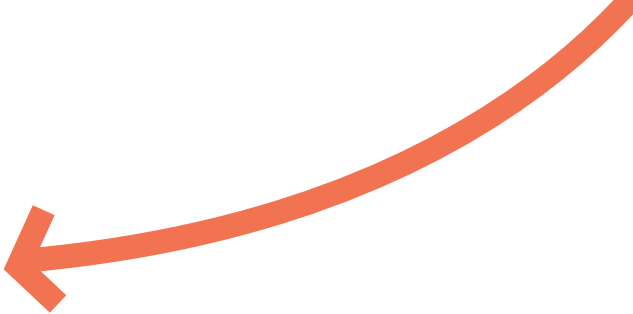
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AUTOMOTIVE MANUFACTURERS ASSOCIATION (OSD)	R&D Committee	Member
AUTOMOTIVE MANUFACTURERS ASSOCIATION (OSD)	Environment Committee	Member
AUTOMOTIVE MANUFACTURERS ASSOCIATION (OSD)	Training Working Group	Member
AUTOMOTIVE MANUFACTURERS ASSOCIATION (OSD)	Energy Committee	Member
AUTOMOTIVE MANUFACTURERS ASSOCIATION (OSD)	General Assembly	Member
AUTOMOTIVE MANUFACTURERS ASSOCIATION (OSD)	Legal Committee	Member
AUTOMOTIVE MANUFACTURERS ASSOCIATION (OSD)	Human Resources Committee	Member
AUTOMOTIVE MANUFACTURERS ASSOCIATION (OSD)	Occupational Health and Safety Committee	Member
AUTOMOTIVE MANUFACTURERS ASSOCIATION (OSD)	Logistics Committee	Member
AUTOMOTIVE MANUFACTURERS ASSOCIATION (OSD)	Public Affairs Committee	Member
AUTOMOTIVE MANUFACTURERS ASSOCIATION (OSD)	Aftersales Services Committee	Member
AUTOMOTIVE MANUFACTURERS ASSOCIATION (OSD)	Sustainability Working Group	Member
AUTOMOTIVE MANUFACTURERS ASSOCIATION (OSD)	Localization Committee	Member
AUTOMOTIVE MANUFACTURERS ASSOCIATION (OSD)	Board of Directors	Member
ADVERTISERS ASSOCIATION (RVD)	General Assembly	Member
PORTABLE BATTERY MANUFACTURERS AND IMPORTERS ASSOCIATION (TAP)	General Assembly	Member
TURKISH INDUSTRY AND BUSINESS ASSOCIATION (TÜSİAD)	EU Green Deal	Member
TURKISH INDUSTRY AND BUSINESS ASSOCIATION (TÜSİAD)	General Assembly	Member
TURKISH INFORMATICS FOUNDATION (TBV)	General Assembly	Member

Organization (NGO)	Representation	FO's role in the organization
FOREIGN TRADE ASSOCIATION OF TÜRKİYE (TURKTRADE)	General Assembly	Member
TEGEP LEARNING AND DEVELOPMENT ASSOCIATION	General Assembly	Member
TURKISH ELECTRICAL AND ELECTRONICS EXPORTERS' ASSOCIATION (TET)	Board of Directors	Member
TURKISH PEOPLE MANAGEMENT ASSOCIATION (PERYÖN)	General Assembly	Member
TURKISH QUALITY ASSOCIATION (KALDER)	General Assembly	Member
PORT OPERATORS ASSOCIATION OF TÜRKİYE (TÜRKLİM)	Board of Directors	Member
UNION OF CHAMBERS AND COMMODITY EXCHANGES TÜRKİYE (TOBB)	Automotive Industry Assembly	Member
FOUNDATION OF TECHNOLOGY DEVELOPING TÜRKİYE (TTGV)	General Assembly	Member
ULUDAĞ EXPORTERS' ASSOCIATION (UİB)	Board of Directors	Member
NATIONAL MOLD BUILDERS ASSOCIATION (UKUB)	General Assembly	Member
INTERNATIONAL COMPETITION RESEARCH INSTITUTE (URAK)	General Assembly	Member
INTERNATIONAL INVESTORS ASSOCIATION (YASED)	Foreign Trade Working Group	Member
INTERNATIONAL INVESTORS ASSOCIATION (YASED)	General Assembly	Member
INTERNATIONAL INVESTORS ASSOCIATION (YASED)	Legal Committee	Member
INTERNATIONAL INVESTORS ASSOCIATION (YASED)	Automotive and Supply Industry Working Group	Member
AUTOMOTIVE TECHNOLOGY PLATFORM		Member
TURKISH INVESTOR RELATIONS SOCIETY (TÜYİD)	Board of Directors	Member
30% CLUB	General Assembly	Member

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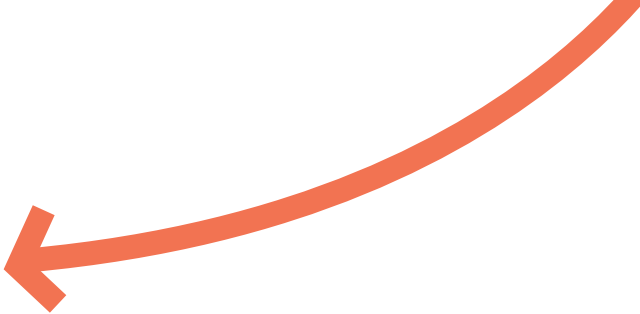
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Risk Category	Risk Definition And Description	Risk Impact	Risk Mitigation Strategy	Opportunities
Macroeconomic and Geopolitical Risks	COVID-19 Pandemic	<ul style="list-style-type: none">• Production and service disruptions.• Supply chain disruptions due to the pandemic.• Health problems with the employees and business partners.	<ul style="list-style-type: none">• Adopting a zero risk policy for the health of its employees, Ford Otosan followed the national and global developments related to the Covid-19 pandemic in 2022 and took the necessary measures to mitigate the risks.• The healthcare center's provisional activities to monitor, follow-up, evaluate and promote vaccination against potential biological agents in the future became permanent.• The healthcare center followed the upper respiratory tract infections and other infections as a separate metric in daily, three-day and ten-day frequencies.• Scenarios were created to simulate the pandemic's impact on production and appropriate actions were taken proactively.	<ul style="list-style-type: none">• A pandemic final declaration, including establishing an early warning system and the measures required for readiness against potential future pandemic risks, was drafted.• Following the most recent pandemic, the emergency response plan was updated.• Digital applications such as health surveys and QR codes, introduced during the latest pandemic, are active to be used in potential future emergencies.• The hybrid work system, introduced during the pandemic in response to the changing conditions, became permanent, positively affecting employee engagement.
	Changes in Energy Prices Electricity prices, in correlation with the oil and natural gas prices, rose for the first three quarters of the year, particularly due to the Russia-Ukraine war, and then started to decline in Q4. The volatility of the energy prices throughout the year reflected directly on Ford Otosan's energy costs and indirectly on procurements.	<ul style="list-style-type: none">• Negative impact on cash flow.• Failure to make healthy financial projections.	<ul style="list-style-type: none">• Energy efficiency projects such as efficient engines and LED conversion projects in manufacturing locations were prioritized to increase energy efficiency in production.• Investments were made in renewable energy resource investments such as solar panel installations and solar farms.	<ul style="list-style-type: none">• Reducing the energy consumption by implementing new projects will lead to a decrease in the carbon emissions from production.
	Raw Material Price Increase Risks	<ul style="list-style-type: none">• Disruptions in the global supply chain due to longer lead times for many materials such as sheet metal, plastics, aluminum, chemicals, rubber and similar materials used in automotive production.• Failure to reach profitability targets due to price increases.	<ul style="list-style-type: none">• In anticipation of price increases as a result of the Russia-Ukraine war, efforts to expand the supplier portfolio and negotiations with new suppliers continued in 2022.	<ul style="list-style-type: none">• Expanding the supplier portfolio improves our capability to quickly respond to sudden and unexpected changes in production and use our competitive advantage.

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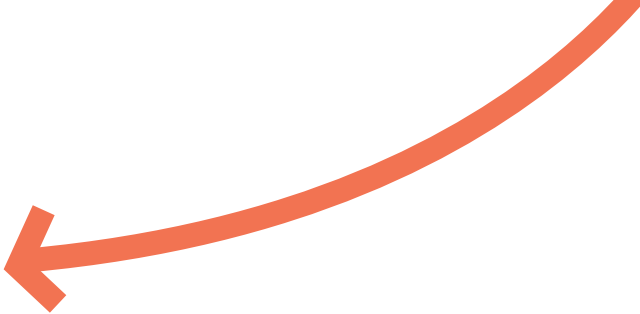
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Macroeconomic and Geopolitical Risks	Semiconductor Sourcing Risks	<ul style="list-style-type: none">• As a result of the heightened demand for microchips, which saw a disruption due to the Covid-19 pandemic, the supply problems continue in the delivery of onboard electronic components, which are used more intensively in the automotive industry in recent years. These problems may disrupt continuity of production at our company.• Failure to reach profitability targets.	<ul style="list-style-type: none">• We manage and monitor this risk in close contact and cooperation with Ford Motor Company and our suppliers and make changes in vehicle programs when needed to minimize production losses.	<ul style="list-style-type: none">• Our flexibility and adaptability to sudden and unexpected changes in production changes increased.
	Production Disruptions due to Vessel Availability Problems During the Covid-19 pandemic and the subsequent global chip shortage that led to disruptions in production, maritime brokers began to look for alternative markets to charter their idle capacity. With China’s vehicle exports to Europe increasing, maritime brokers allocated their available capacity to these regions at higher freight rates. This situation also triggered an occupancy problem at European ports, and the lack of sufficient number of equipment/drivers for distribution from ports to sales points exacerbated the congestions at the ports.	<ul style="list-style-type: none">• Negative impact on cash flow.• Disruption in continuity of production due to longer lead times and total turnaround times in port calls.• Inventory management problems due to higher vehicle stocks.	<ul style="list-style-type: none">• More vessels were chartered to create additional transportation capacity.• As a precaution against potential congestion at European ports, alternative transit ports were introduced to the routes to mitigate production disruption risks and preserve vessel capacity.• Additional storage areas and alternative loading ports were introduced to manage vehicle inventories.	<ul style="list-style-type: none">• Chartering more vessels and adding alternative ports improved increased our planning flexibility and allowed maritime brokers to tolerate potential disruptions.

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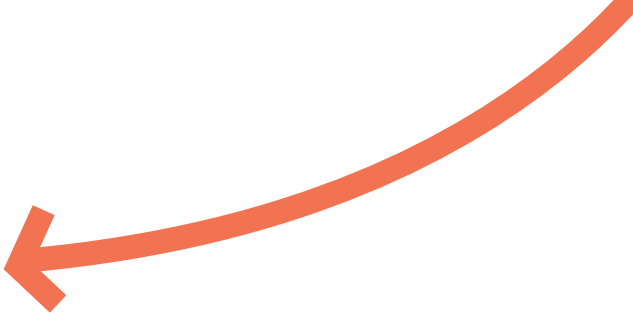
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Macroeconomic and Geopolitical Risks	Risks Related to Russia-Ukraine War	<ul style="list-style-type: none">• Disruptions in production continuity due to the local suppliers in the affected region.• Disruptions in production continuity due to the risks related to Russian gas supply.• Failure to reach profitability targets.	<ul style="list-style-type: none">• Ford Sollers was dissolved.• To ensure production continuity at Ford Otosan locations, we identified the suppliers directly and indirectly affected by the region, replaced them with alternative suppliers, and managed the process by effectively positioning critical materials between regions to support seamless production at Ford Otosan.• In anticipation of the gas supply risks from Russia to Europe in the winter of 2022 due to the ongoing war, critical suppliers were identified and necessary measures were put in place.• Thanks to these measures, no significant impact was observed on Ford Otosan operations and activities.	<ul style="list-style-type: none">• Work is ongoing for conversion to alternative energy sources at our plants to reduce dependence on natural gas.
Environmental Risks	Climate Change and Environmental Risks (Short-, Medium- and Long-term Risks)	<ul style="list-style-type: none">• Damages due to natural disasters and extreme weather events.• High maintenance and repair costs as a result of changing weather conditions.• Loss of biodiversity and resource crises due to the collapse of the ecosystem.• Slowing or halting production operations due to insufficient resources.• Reputation damage due to failure to reach long-term targets.• Decline in employees' trust in the company.	<ul style="list-style-type: none">• The risks and opportunities are identified in accordance with the ISO 14001 Environmental Management System standard within the Corporate Risk Management system, and actions are planned and managed by integrating them into all the processes in line with the company's strategies and targets.• At Ford Otosan, we not only contribute to the transformation in the automotive industry toward tackling climate change with our "Future. Now" vision but we also take responsibility for leading the industry. In line with our "Future. Now" vision, we have set long-term sustainability targets to support our Net Zero commitment to 1.5°C, while we are working on our short-term targets.• Regarding Climate Crisis and Energy Management, work is ongoing toward carbon neutrality at manufacturing sites, zero-emission vehicles, and net zero in all supply chain and logistics operations.• Regarding Waste Management and Circular Economy, activities are carried out on sending zero waste in landfills, eliminating single-use plastics for personal use, and using 30% renewable and recycled plastics in vehicles.• Regarding water management, we continue to work on reducing the use of clean water at all our locations.	<ul style="list-style-type: none">• We reduce energy consumption and related costs through the renewable energy investments in the plants.• We carry out various process improvements and plant enhancements toward our vision of carbon neutrality.• We develop projects for minimizing waste at source, researching the reuse of waste as part of a circular economy or as alternative raw materials and reducing the waste regularly sent to landfills to achieve financial savings.• 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 campuses.• Regarding biodiversity, we worked with the Nature Conservation Center to observe the wetlands, riverbanks, seashores and other areas within the factory territory and identified all plant and bird species in the area. The study revealed that eight of the bird species are facing extinction as they are globally vulnerable (VU) and near threatened (NT), and seven were identified as 'rare' species.

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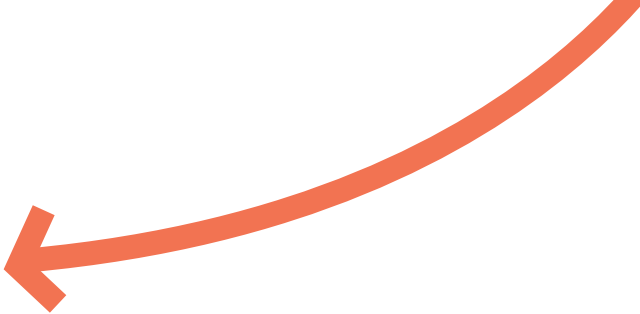
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Risk Category	Risk Definition And Description	Risk Impact	Risk Mitigation Strategy	Opportunities
People, Culture and Transformation Risks	Ethics Risks	<ul style="list-style-type: none">• Reputation damage.• Loss of employees' trust in the company.• Lower employee engagement.	<ul style="list-style-type: none">• Regular activities are carried out within the organization to raise awareness about Business Conduct and Code of Ethics, the Ethics Policy and all Compliance Policies and Procedures.• Training on Ethics, Compliance, Abuse, Harassment and Mobbing was delivered, and raised employee awareness and knowledge	<ul style="list-style-type: none">• Having a platform in place where employees may express themselves improves their trust in the company and satisfaction.• Employee performance and engagement is heightened.
	Inequality of Opportunity Risk	<p>The risk may result in:</p> <ul style="list-style-type: none">• Decline in employee satisfaction rates.• Higher employee turnover.• Failure to attract new talent.• Reputation damage.	<ul style="list-style-type: none">• We provide an inclusive work environment on the basis of equal opportunity and respect differences and ethical values.• We refrain from all kinds of discrimination in our recruitment processes, offer equal opportunity, and place the right candidate in the right job at the right time. We also aim to increase the number of disabled and female employees.• Our Diversity Policy has been in effect since 2019.• The programs we created to promote the employment and personal development of people with autism and Down's syndrome in the hazardous work sector have marked a first in Türkiye and the world, and still continue.• In the talent management processes, we strive to ensure a balanced distribution of age and gender to promote inclusion and consider candidates from different functions to improve representation.• With the "Field Leaders Development Program" run within the organization for women working in the field, we aim to increase female employment in production, contribute to the development of our employees, ensure equal representation for female candidates in the appointment/promotion processes.	<ul style="list-style-type: none">• Attracting the right people and placing them in the right roles contributes to improved business performance.
	Occupational Health and Safety Risks	<ul style="list-style-type: none">• Workforce loss.• Reputation damage.• Loss of employees' trust in the company.• Unrest and tension in the work environment.	<ul style="list-style-type: none">• Occupational health and safety risks, defined within the scope of ISO 45001 Occupational Safety and Health certification, are identified and managed effectively, and targets and programs related to these risks are set and reviewed.• OHS training programs are delivered to employees for them to internalize the OHS culture, manage risks, and work according to the safe zone requirements.• In addition to providing OHS training for our business partners, we also perform legal compliance audits.	<ul style="list-style-type: none">• Occupational health and safety activities, efforts to improve the work environment, and best practice awards enable us to elevate the employees' trust in the company and the work environment, while improving their performance and engagement by focusing on the work.

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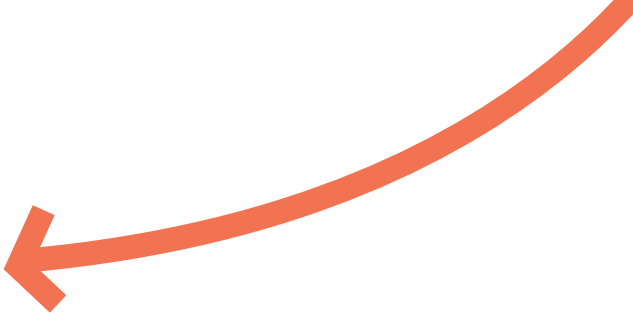
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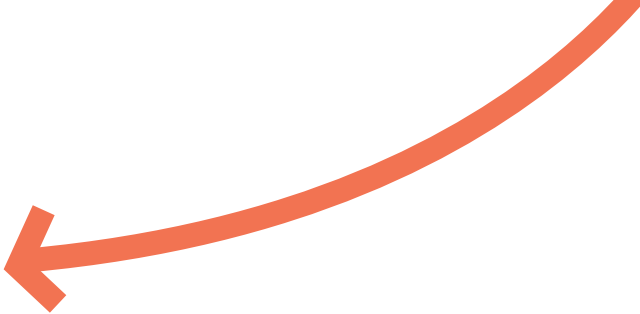
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Risk Category	Risk Definition And Description	Risk Impact	Risk Mitigation Strategy	Opportunities
People, Culture and Transformation Risks	Human Rights Risks	<ul style="list-style-type: none">• Administrative fines.• The company may suffer reputation loss in the eyes of the public.	<ul style="list-style-type: none">• We strive to prevent discrimination and potential human rights violations across the value chain and ensure that our employees work in fair conditions. In 2022, a risk assessment was conducted in coordination with the Compliance Leadership and the active participation of all business units to identify the human rights risks in our company. For this purpose, surveys, one-on-one interviews with employees, workshops and similar activities were carried out. As a result of these activities, the necessary corrective and preventive actions were planned. Regular compliance surveys are conducted with our suppliers, selected with the sampling method. Based on these activities, briefings and training programs were planned to raise awareness about the company's operations, promote the Ethics Line among the employees, regularly monitor overtimes to ensure that work-life balance is maintained, and advise and train the recruitment officers and the leaders of the relevant departments about job fit and competency. These activities and targets are also disclosed publicly on the corporate website.	<ul style="list-style-type: none">• We aim to elevate the company's prestige and value in the eyes of the public and investors and to become a preferred employer for candidates.
	Risks of Failure to Future-proof Talent	<ul style="list-style-type: none">• Delay in projects.• Loss of profitability.• Reputation damage.• Failure to attract new projects to the company.	<ul style="list-style-type: none">• We continued to work on improving employee experience with artificial intelligence and innovative software, and training and methods that employees would need for their development.• Through Technical Mentoring, our employees receive Python Programming and Data Analytics Training and technical mentoring support.• We support our employees with weekly newsletters and micro-learning activities such as webinars, articles, videos and podcasts on current trends and approaches, giving them an opportunity to create their unique learning experiences.• We host webinars, training programs and events with innovation and technology experts.• We designed master's programs on Automotive and Software Engineering in cooperation with Boğaziçi University for the employees who aspire to advance their automotive technical knowledge and look at the automotive industry from a more holistic perspective.• We support our employees who pursue MBA and Executive MBA degrees, which combine management and technical skills, preparing our company for the future.• Agile Training Catalogue offers an array of the best courses for senior leaders in key positions in terms of our company's transformation and employees, who are in critical roles in the agile transformation of teams. The essential training content is designed with partners such as Scrum.inc, McKinsey, BCG, All4Agile, etc. for our colleagues in critical agile roles.• We designed training and development programs with experts on four topics: Data, Software, Electric Vehicles, and Battery and Autonomous Vehicles. We also teamed up with ITU to design the Electric Vehicles and Battery Training program, a first in Türkiye.	<ul style="list-style-type: none">• We support employee development in different career areas and broaden our horizon and adapt quickly to employee turnover.• We design training programs for future-proofing our organization and aim to attract qualified workforce.• As our fields of expertise expand, we take more active roles in Ford projects.• We have succession plans in place for employees in critical roles and skills to ensure the continuity of the company's success.

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Risk Category	Risk Definition And Description	Risk Impact	Risk Mitigation Strategy	Opportunities
People, Culture and Transformation Risks	Talent Acquisition and Management Risks	<ul style="list-style-type: none">• Delay in projects.• Loss of profitability.• Reputation damage.• Decline in employee engagement and motivation.• Higher employee turnover.	<ul style="list-style-type: none">• We offer personal development and career planning opportunities for all our employees.• We have in place immediate, short-, medium- and long-term succession plans for all leadership positions.• With FO TalentUP platform, we enable our office employees to view all opportunities that match their skills with the help of an algorithm and to choose career paths and alternatives to be the happiest at Ford Otosan, and we aim to let them unlock their full potential.• As a result of the rotations (project-based, intergroup, at our international companies, interdepartmental, etc.) designed to contribute to employee development, 22% of our employees benefited from local and international rotation opportunities in 2022.• With the Reverse Mentoring Program, we aim to encourage two-way learning and development through knowledge exchange between the younger and older generations of executives and creating synergy.• Aiming to promote the automotive industry to the female students as a profession, we partnered with MESS and TAP (Turkish Family Health and Planning Foundation) to host “Professions Have No Gender” talks to raise awareness. The objective of the “MESS My Future” project is to design skill development programs for female employees to increase the number of talent in STEM.• With the “I Have a Job and I Have Hope” project, we aim to improve the employment chances of seniors from vocational high schools and disadvantaged groups such as unemployed youth and people who have lost their jobs due to COVID-19 or as a result of digitalization in the industry. At the end of the 120-hour training for 32 candidates, 12 women joined us to work in Industrial Robot Programming in 2022.	<ul style="list-style-type: none">• The activities and opportunities we offer improve employees' satisfaction and loyalty to the company.• We encourage our employees to develop in diverse fields and elevate the level of our qualified workforce.• As employee satisfaction increases, so do the production motivation and work performance.• As our fields of expertise expand, we take more active roles in Ford projects.

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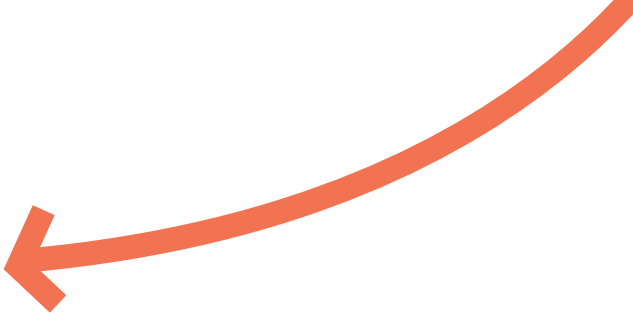
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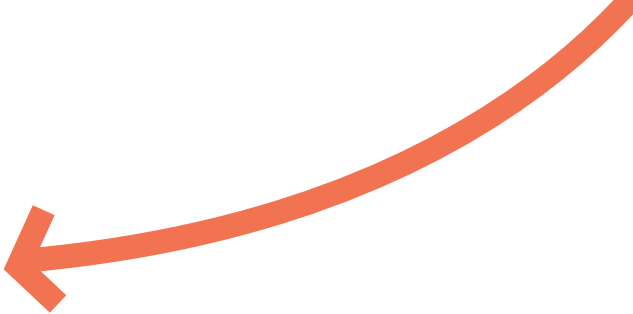
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Risk Category	Risk Definition And Description	Risk Impact	Risk Mitigation Strategy	Opportunities
Operational Risks	Information Security and Cyber Security Risks (Short-, Medium- and Long-Term Risks)	<ul style="list-style-type: none">Incidents that may occur due the information security and cyber security vulnerabilities in Ford Otosan systems may lead to disruptions in the company's critical business processes, penal sanctions, and financial loss and/or reputation damage.Cyber security vulnerabilities such as hardware, software or process control errors, unauthorized access, DDOS attacks, and fraud attempts may lead to disruptions and data leaks in the company networks and critical business processes (production, sales).Cyber security incidents may result in financial loss and reputation damage for the organization.Information security violations and cyber incidents as a result of violating the laws, regulations and standards may lead to the imposition of criminal sanctions on the company, financial lose, and brand and reputation damage.Ford Otosan is required to obtain a "Cyber Security Management System" certificate by July 2024 at the latest in order to continue selling vehicles in all countries subject to the UN-R155 "Cyber Security Management System" regulation. Since Ford Otosan must apply for new vehicle type approvals for Ford Trucks products before that deadline, the goal is to obtain this certificate by the end of 2023. Delays in this certification process may result in failure to apply for new vehicle type approvals and then the suspension of vehicle sales in the relevant countries.In addition to regulatory risks, operational risks may also occur in vehicles. These operational risks are addressed from the customer data privacy and financial risk perspectives.Failure to detect and prevent potential remote cyberattacks on customer vehicles may compromise vehicle security. Some onboard electronic systems may not function as intended, or there may be adverse effects such as the leak of some customer data stored on the vehicle.	<ul style="list-style-type: none">Digital Products and Services department, following Ford Otosan Information Security Policy and policy-related procedures and guidelines, works to ensure compliance with all legal regulations and policies of Ford Otosan, Ford Motor Company and Koç Holding, and to maintain maximum information security and cyber security for the products and services offered. The department aims to protect the information technologies infrastructure, products, data and services that perform the company's business operations against all internal and external threats, and to create, develop and maintain services that support the continuity of business operations.The company's activities are audited by Ford Motor Company General Auditor's Office, Koç Holding Audit team, and independent audit firms.Internal training programs are provided to raise awareness about cyber security.As required by ISO 27001 Information Security Management System certification, information technology process risks are managed with the relevant risk management approach.Cyber security risks are submitted to the Risk Committee in detailed reports.The security of operational technology (OT) and internet of things (IOT) systems that support the company's production processes as part of the digitalization efforts and the necessary actions are followed through by a dedicated committee.Maximum measures are taken to ensure the security of the end user, the data traffic between the connected vehicles and the Center, the cyber security of the vehicles and operational technologies, and KVKK.We have been working with consulting firm specialized in automotive electronics cyber security since April 4, 2022.A central security control unit will be deployed in all Ford Trucks vehicles to improve in-vehicle communication security.A vehicle security monitoring platform project is launched and ongoing to detect potential cyberattacks to which the Ford Trucks vehicles may be exposed in the field.A cyber security technical specifications set was created and introduced in October 2022 to apply to all electronic system providers that supply parts for Ford Trucks products.A "safe product development process" is currently in the design stage in line with Ford Global Product Development System processes to be used in Ford Trucks projects. And the first version of the process has been completed.	<ul style="list-style-type: none">In addition to meeting the information security requirements of the information systems with the new technologies and control processes, the company also improves productivity by saving time in manual checks and deployments, thanks to increased automation.As part of the efforts to comply with laws and regulations and management systems standards, training awareness raising activities are organized to upskill expert teams.We aim to involve all business units in enhancing cyber security raising awareness among all employees.With the newly introduced UN-R155 "Cyber Security Management System" regulation, Ford Otosan gains more in-depth technical knowledge about potential cyber risks in its existing vehicles. This will ensure regulatory compliance and also minimize operational risks related to vehicle cyber security.

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Risk Category	Risk Definition And Description	Risk Impact	Risk Mitigation Strategy	Opportunities
Operational Risks	Business Continuity Risks	<ul style="list-style-type: none">Disruption in production and service processesDecline in customer satisfaction.Disruption in cash flows.Decline in the employees' trust in the company due to the uncertainties in extraordinary situations.	<ul style="list-style-type: none">Business continuity plans are prepared to ensure production and operations continue seamlessly. The business plans include emergency response to disaster scenarios with predefined strategies and procedures in case in case of natural disasters such as earthquakes, fires, flash floods and hail, and risks such as machinery damages. All departments receive training on defined procedures and forms to raise awareness. The plans are tested for accuracy with annual drills.The natural disaster risks are identified for all our campuses, and regular activities are carried out to monitor and mitigate the impact of such risks. Furthermore, scenarios are studied to prepare for potential earthquake risks.We hold insurance policies with earthquake, fire, flash flood, etc. coverage.	<ul style="list-style-type: none">Strategies, process descriptions and the organizational structure are in place to be ready for adverse situations and minimize losses.
	Supply Chain Risks	<ul style="list-style-type: none">Failure to support complete and timely production.Disruptions in increasing production and new projects.Reputation damage due to quality and delivery issues with suppliers.	<ul style="list-style-type: none">Risks such as natural disasters, fires, and labor union disputes are followed closely with supplier visits as needed, and actions are taken to prevent possible risks.In addition to supplier risk management, a separate supplier risk assessment is conducted based on criteria such as deliveries, quality performance, capacity adequacy and financial status, and necessary actions are taken.We completed the investments to position the suppliers of certain product groups that may be cumbersome, especially in terms of logistics and storage, in proximity to the Gölcük and Craiova campuses, respectively, for timely and sequential delivery.We launched the Supplier Sustainability Assessment and Development Program, which will support our long-term sustainability goals, in 2022.The purchasing teams were restructured as cross-functional units to take end-to-end responsibility for the light, medium and heavy commercial vehicle projects carried out with our suppliers.	<ul style="list-style-type: none">We use a shared platform with our suppliers where review and consider commercial and technical efficiency ideas to stay ahead of the industry with innovative ideas and practices.We configure our projects as autonomous and fast decision-making structures that promote collaborative work between our suppliers and project teams.
	Dealer Employee Talent Transformation Risk Failure to retain competent and qualified dealer employees or to employ the number of staff required by Ford Otosan	<ul style="list-style-type: none">Failure to retain technical expertise, experience and knowledge as a result of the competent dealer employees leaving the company.Placing excess workload on the existing employees due to failure to employ the required number of staff; the employees leaving the dealer because of the excessive workload, decline in work quality and therefore in customer satisfaction.	<ul style="list-style-type: none">The employees with lesser educational qualifications are automatically assigned training to increase the opportunities for dealer employees to receive training.Offering the dealers support to employ qualified and competent staff.Promoting the employees based on competency interviews and technical knowledge tests.Informing the regional sales and aftersales leaders with reports containing instant and interactive visual content about the training need of the dealer employees.* Sharing the list of dealers' service/sales managers and employees who potentially need training.* Action teams are formed and coaching is ongoing for dealers, which have a lower than 50% training performance and therefore fail to align with the organizations, and which have room for improvement in metrics that affect customer satisfaction.	<ul style="list-style-type: none">We sign agreements with our dealers and the vocational high schools and colleges in their vicinities to support the recruitment of employees to work in the mechanical/body workshops.Opportunity to attract employees to our brand through the newly designed exemption assessment center application for mechanical workshop staff with experience in different companies in the industry.

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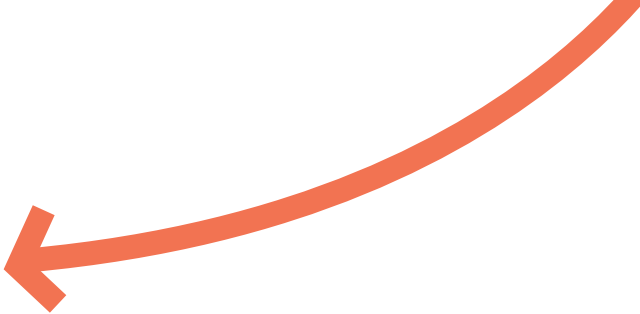
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Risk Category	Risk Definition And Description	Risk Impact	Risk Mitigation Strategy	Opportunities
Compliance Risks	General Compliance Risks	<ul style="list-style-type: none">• Administrative fines.• Imprisonment.• Revocation of certificates and permits.• The company may suffer reputation loss in the eyes of the public.• Negative impact on company financials.	<ul style="list-style-type: none">• The Legal and Compliance department regularly informs the independent Board members, the Audit Committee, and the Early Determination and Management of Risk Committee on key disputes and compliance risks to which the company is exposed, and ensures that legal and compliance risks are managed at the highest level.• The Board of Directors Diversity Policy and Disciplinary Policy were created and added to the Compliance Policies.• The company-wide "Leaders Orientation Training Program" was launched in 2022. The program features training for the leaders of today and the future on 18 essential topics such as the company's compliance policies, sustainability and corporate practices. These training programs are repeated in quarterly intervals.	<ul style="list-style-type: none">• Improving the company's reliability and reputation in the eyes of our employees and stakeholders.
	Bribery and Corruption Risks	<ul style="list-style-type: none">• Administrative fines.• Imprisonment.• Revocation of certificates and permits.• The company may suffer reputation loss in the eyes of the public.• Negative impact on company financials.	<ul style="list-style-type: none">• The Anti-Bribery and Corruption Training was assigned to 3922 employees and completed by 2366 office employees in 2022.• In addition to our employees, our suppliers also take the Ford Otosan Anti-Bribery and Corruption Training.• As part of Ford Otosan's Compliance Program, the Anti-Corruption Policy was revised as two separate policies: the Anti-Bribery and Corruption Policy and the Gifts and Entertainment Policy.• As part of the Compliance Program, a company-wide due diligence process was started regarding Anti-Bribery and Corruption. Following the surveys conducted with 1,200 people from all levels and working groups, the results of the surveys were evaluated with the Working Groups, and the risk perception and awareness of our employees was measured.	<ul style="list-style-type: none">• Improving the company's reliability and reputation in the eyes of our employees and stakeholders.
	Protection of Personal Data	<ul style="list-style-type: none">• Administrative fine or imprisonment.• The company may suffer reputation loss in the eyes of the public.	<ul style="list-style-type: none">• The KVK Committee, which convenes regularly with the participation of KVK officers from the relevant departments, monitors the company's operations where personal data is processed, and performs checks to ensure that the personal data processes are followed in accordance with the legislation through internal department audits.	<ul style="list-style-type: none">• Elevating the company's prestige and value in the eyes of the public and investors.• Becoming a trusted company preferred by the customers.
	Competition Law	<ul style="list-style-type: none">• Administrative fines or imprisonment.• The company may suffer reputation loss in the eyes of the public.	<ul style="list-style-type: none">• A comprehensive Competition Law training was introduced across the organization in late 2022.• A special Competition Law Training was introduced for the leaders who represent our company in various NGOs.	<ul style="list-style-type: none">• Elevating the company's prestige and value in the eyes of the public and investors.• Becoming a trusted company preferred by the customers.

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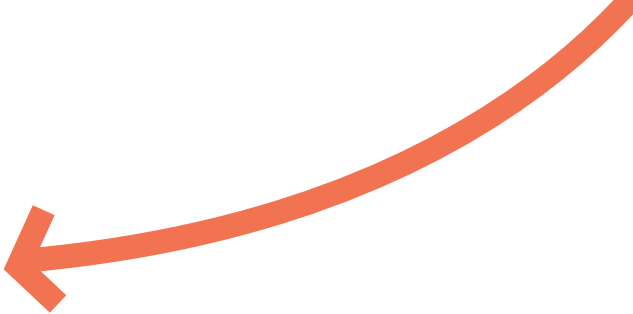
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Compliance Risks	Sanctions and Export Controls	<ul style="list-style-type: none">• Imprisonment or administrative fines imposed on Ford Otosan, the employees and/or Board members for violating certain sanctions• Reputation damage.• Business loss.• Termination of agreements.• Challenges in access international financing.• Recall of loans.• Seizure of Ford Otosan assets.	<ul style="list-style-type: none">• In 2022, our business partners, suppliers, dealers and all related third parties were regularly checked and reviewed for compliance with international sanctions and export control rules.• The Sanction Search Interface was introduced and made accessible to all the employees to use the sanction search screen.• We follow the sanction regulations closely share information through periodic sanctions newsletters.• Completion rates of training on sanctions and export controls were regularly monitored and training on sanctions was provided as part of the Leaders Orientation Training.	<ul style="list-style-type: none">• Elevating the company's prestige and value in the eyes of the public and investors, starting with the international business community.• Becoming a preferred company for international business partnerships and loan applications.
Regulatory Risks	Risks related to regulations restricting and prohibiting the use of harmful chemicals	<ul style="list-style-type: none">• Failure to sell vehicles.• Reputation damage.	<ul style="list-style-type: none">• Due to the PFAS restrictions currently negotiated within the scope of REACH regulation, both the AC systems that contain fluorinated refrigerants and chemicals used in vehicle parts impose certain risks. MAC systems' fluorinated refrigerants, R134a and R1234yf, are PFAS group chemicals, and their restriction is on the agenda. It is specified as 2027 for EV vehicles and 2032 for ICE vehicles. Meanwhile, PFAS group chemicals in vehicle components are being identified. The regulation is expected to come into effect in 2027. This risk is assessed for all product groups whose alternative product designs are affected.• Lead Restriction: Within the scope of REACH regulation, the inclusion of metallic lead in Annex 14 (authorisation) list and the restriction/prohibition of the use of Metal Lead are on the agenda for 2028. Alternative product designs are being considered for all affected product groups.• Adding the chemicals class of lithium salts (lithium carbonate, lithium chloride and lithium hydroxide) to the "reprotoxic substances" class is on the agenda. Regarding electric vehicle batteries, work is ongoing with OEMs and related NGOs for derogation.	<ul style="list-style-type: none">• Reducing carbon emissions.

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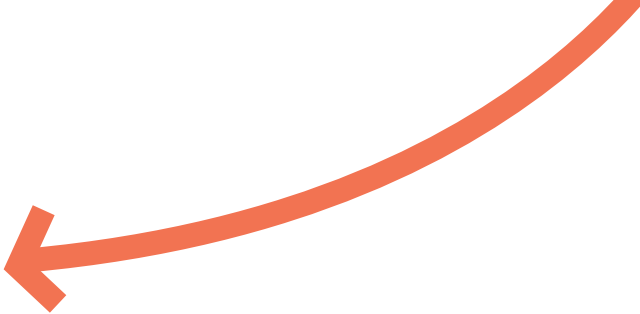
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Financial Risks	Credit Risks	<ul style="list-style-type: none">• Failure to collect receivables may lead to negative impact on our company's cash flow and profitability.	<ul style="list-style-type: none">• Most of the export sales are made to Ford Motor Company and its affiliates with an average term of 14 days.• Exports to parties other than Ford Motor Company are secured through letters of credit, guarantee letters, export receivable insurance, bank limits or advance payments.	<ul style="list-style-type: none">• Given that most of the export sales are made to Ford Motor Company (FMC) with an average term of 14 days, the liquidity management is generally strong. The FO business model itself contains an opportunity in terms of liquidity management (receivables risk).
	Liquidity Risk	<ul style="list-style-type: none">• It may lead to failure to continue operations.• Reputation damage may occur due to failure to honor payment obligations on time.	<ul style="list-style-type: none">• In order to manage the liquidity risk, the company holds cash, committed credit lines, and factoring capacity to meet the cash outflow of at least 21 days.• We have a committed credit line for Euro 100 million Euros with the banks and an equivalent factoring agreement for Euro 120 million Euros that can be utilized when needed.	
	Interest Rates Risks	<ul style="list-style-type: none">• Sharp interest rate hikes may have a negative impact on the profitability performance of the company due to the higher interest burden of variable rate loans.	<ul style="list-style-type: none">• Managing interest bearing assets and liabilities with natural hedges by balancing the maturities is essential. Interest bearing assets are utilized as short-term investment instruments.• According to policy, an equal split of 50%/50% between fixed and floating interest rate for long-term credits is targeted.	
	FX Risks	<ul style="list-style-type: none">• Due to the mismatch between the foreign currency (FX) liabilities and the volume of the foreign currency assets, the profitability of the company may be affected as a result of sharp spikes in exchange rates.	<ul style="list-style-type: none">• The ratio of the net foreign exchange position to equity is targeted within +/- 10% in the balance sheet.• FX risks due to some long-term Euro loans utilized to finance company investments are offset by export agreements with Ford Motor Company.• Investment loans are associated with purchases of fixed assets, and a portion of the exchange rate and interest amounts related to these loans is included in the asset costs.	
	Capital Risks	<ul style="list-style-type: none">• Actualization of financial risks may create capital risks.	<ul style="list-style-type: none">• In managing capital, Ford Otosan aims to continue providing maximum returns to shareholders, maintain an optimal capital structure to reduce the cost of capital and ensure sustainability.• The Company monitors the capital on the basis of "Net Financial Debt to EBITDA" ratio which targeted not to exceed 3.5.	

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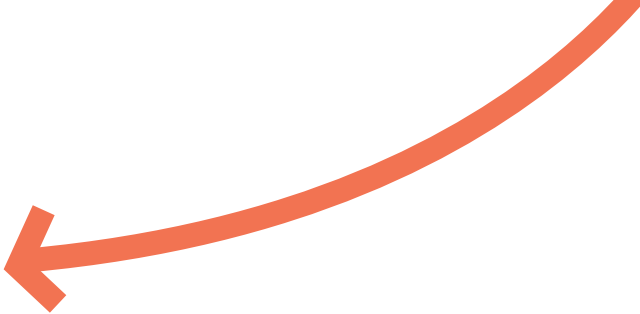
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Risk Category	Risk Definition And Description	Risk Impact	Risk Mitigation Strategy	Opportunities
Technology and Innovation Risks	The Risk of Failure to Keep up with the Pace of Innovation: Electric Vehicle, Connected Vehicle, Autonomous Vehicle Technologies, Smart Mobility, Digitalization	<ul style="list-style-type: none">• These risks may hinder our company's access to the latest technology trends and slow down its pace of following the global developments.• Delays in adapting to the transformation may slow down the company's and the employees' development.• Failure to fully meet changing customer expectations may negatively impact competitiveness and growth potential.	<ul style="list-style-type: none">• In response to the evolving customer behavior and transformation in the automotive industry, advanced R&D activities are carried out on a wide array of topics including connected vehicles, autonomous vehicles, electric vehicles, electrification, smart manufacturing methods, improving customer experience, digital transformation, and smart mobility solutions.• Fikirhane Workshops include activities to integrate the innovative ideas of our employees into our processes to spread the internal innovation culture, build on knowhow, and transfer the acquired experience.• We manufacture vehicles equipped with high quality and safety features by using advanced technologies and innovative materials in our vehicle design and production processes. We ensure maximum compliance with the applicable regulations and various safety standards.• To respond to the changes in regulatory requirements and to meet customer and investor expectations, we continue to launch projects related to light vehicle technologies, fuel economy, alternative fuels, and reduction of carbon and GHG emissions in our products and operations.• We develop connected vehicle technologies such as navigation, smart engines with mobile communication capabilities, fleet management systems and interaction of vehicles with each other and urban infrastructure for a safer and more efficient driving experience.	<ul style="list-style-type: none">• Each innovation project is seized as a growth opportunity. More information on the projects run in 2022 is provided in the report's for <i>Technology and Innovation</i> section.
	Loss of internal experience due to transfer of design processes to the manufacturers	<ul style="list-style-type: none">• Failure to build the knowhow through internal projects over time because the product development works, including new technologies, are outsourced, and the loss of the existing knowhow in the process.	<ul style="list-style-type: none">• Product development activities, including tractor transmissions, rear axle design, etc., which were periodically carried out by external manufacturers in the past, were brought into the company.	<ul style="list-style-type: none">• Reducing the cost of engineering work.• Flexibility in projects.• Trying new technologies and building on the company's knowhow.• Creating qualified engineering jobs that will attract new talent and improve the job satisfaction of existing employees.
	Dependence on future business from Ford Motor Company for the continuity of the talent pool	<ul style="list-style-type: none">• Most of the product development work in the Engineering and Technology Development department is carried out as part of the projects owned by Ford Europe (Transit, Custom, Courier), and Ford Otosan provides engineering and project management services for Ford Motor Company. Disruptions in Ford Motor Company's business may cause delays in the project flow.• Losing talent.	<ul style="list-style-type: none">• The fact that Ford Otosan is the owner of Ford Trucks vehicle projects, local internal combustion engine, local electric truck, local transmission and other powertrain projects, and that new internal product development projects such as electric motorcycle, etc. are ongoing, reduce this risk significantly.• Ford Otosan participates in many local and international projects as a coordinator or partner and leverages these opportunities to work on new technologies and innovative projects, while creating resources for its R&D activities. Ford Otosan is the highest funded Turkish corporation with 30 projects accepted to the Horizon 2020 and Horizon Europe programs that shape the future.	<ul style="list-style-type: none">• Certain projects not only enable internal engineering workflow but also create a revenue stream for our company.

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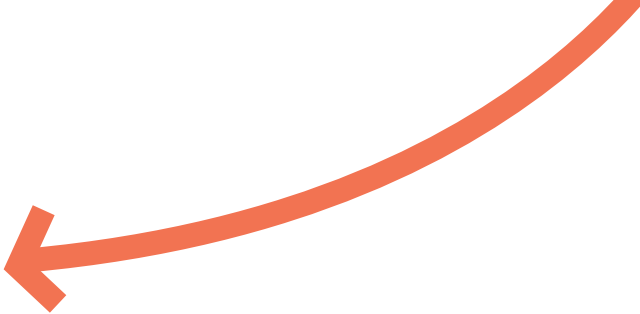
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RISKS AND OPPORTUNITIES (SHORT- AND LONG-TERM RISKS)				
Risk Category	Risk Definition And Description	Risk Impact	Risk Mitigation Strategy	Opportunities
Technology and Innovation Risks	Dependence on Ford Motor Company for electronic module engineering	<ul style="list-style-type: none">• Failure to build sufficient knowhow within the organization about new technology electronic modules would create dependence on large suppliers and/or Ford Motor Company and lead to loss of project flexibility.	<ul style="list-style-type: none">• Projects to develop and produce various electronic modules are carried out jointly cooperation with companies based or operating in Türkiye. These modules could be used in projects, fully executed by Ford Otosan, such as Ford Trucks and electric motorcycles, Transit, and other vehicles.	<ul style="list-style-type: none">• Building on the technological knowhow of local Turkish manufacturers and producing higher quality products.• Enhancing the existing technological competencies of Ford Otosan engineers and creating opportunities for them to build future technologies.• Adding new companies to the Turkish startup ecosystem.• Significant savings in product and investment costs with locally produced and original design products.
	Losing qualified technical personnel to international jobs and loss of knowhow due to high cost of living As we make strides in growing our business and launch new engineering projects, losing qualified employees to international jobs due to the high cost of living in the country, also affects our company.	<ul style="list-style-type: none">• Loss of talent and knowhow when employee turnover rate is higher than average.• Delays in launching our projects.• Excess workload placed on existing employees due to reduced workforce.• Decline in employee satisfaction.	<ul style="list-style-type: none">• We deployed a system that continuously records information to build a corporate memory and to minimize the loss of knowhow and experience.• Improvements are ongoing regarding the employees' personnel records and rights.• New and forward-looking projects to improve job satisfaction, internal career opportunities, training, mentoring and coaching activities are offered.	<ul style="list-style-type: none">• Improved employee engagement.• Efficient project processes.
	Intellectual Property Rights Infringement Risks	<ul style="list-style-type: none">• Criminal sanctions.• Sanctioning product sales.	<ul style="list-style-type: none">• We organize mandatory training programs and events to raise awareness about intellectual property rights among our employees and our stakeholders.• We conduct comprehensive studies on the Freedom to Operate regarding the latest emerging technologies.• The review of innovations at various stages of the projects is now standardized.	<ul style="list-style-type: none">• As we raise awareness about new technologies, we enable more inventions with high commercialization potential.

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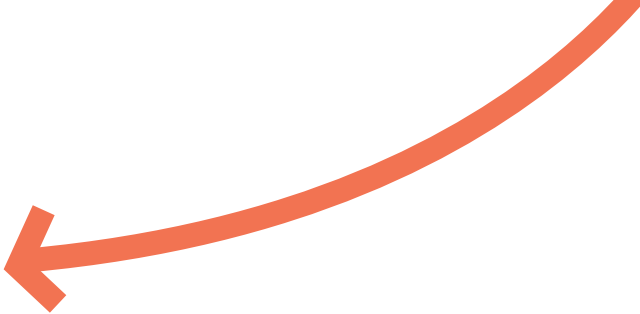
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EMERGING RISKS (LONG-TERM RISKS)				
Risk Category	Risk Definition And Description	Risk Impact	Risk Mitigation Strategy	Opportunities
Regulatory Risks	<p>Lack of a specific monitoring mechanism and strategy regarding the use of recycled raw materials in electric vehicle batteries and the absence of a plan for the recall of end-of-life batteries from the market.</p> <p>A closed-loop economy model for end-of-life or scrapped batteries in electric vehicles is not yet available. The 2006/66 EU draft Battery Regulation, expected to come into effect in 2023, proposes waste percentage targets and requirements for 2026 and 2030 regarding the use of minimum recycled content in products.</p>	<ul style="list-style-type: none">• Non-compliance with the OEM requirements proposed in the upcoming 2006/66 EU draft Battery Regulation: Compliance with EU regulations is essential for an exporter to stabilize its sales channels. Not taking actions compliant with the regulation may result in failure to export to all European countries where the regulation applies for the entire electric vehicle group produced according to the 2030 "All in electrical" target.• Non-compliance with APAK Regulation: Failure to be prepared for OEM requirements such as recovery, collection and follow through that will be included in the updated APAK regulation.	<ul style="list-style-type: none">• The Product Sustainability Team works with the Aftersales, Environment and Technical teams to plan the Battery Circular Economy Model. A study, led by the Product Sustainability Team, was conducted to consider recovery efficiency and secondary life alternatives. The study involved activities with the relevant teams to identify the amount of waste generated during the production processes and to monitor the output in the following years. The recovery efficiency and raw material input of the batteries were also studied with numerical results.• The legislative processes are executed under the leadership of the environmental unit, recycling efficiency studies are conducted by the Product Sustainability Team to send the scrap batteries formed during the production process at the plant to recycling. Work is ongoing with qualified companies that hold LIB recovery license/temporary operating certificate.• Ford Otosan participates in three Horizon Europe projects (BATRAW, Rhinoceros, Recirculate) that study the circular economy and eco-design of batteries. The BATRAW project uses blockchain technology to conduct involves extensive studies on the end-to-end monitoring of the battery in the production, usage and end-of-life processes.• The technical teams and Product Sustainability teams follow the EU 2006/66 draft regulation. Ford Otosan also contributed to the Industry Impact Analysis (IIA) within the scope of the Technical Support Project for Considering the Potential of Türkiye to Transition to a Circular Economy and submitted its opinion from a manufacturer's perspective. An opinion was also submitted regarding the Turkish APAK Regulation, which was updated under the leadership of the environmental unit, by considering its alignment with the EU 2006/66 draft regulation.	<p>Full monitoring of all purchased/used batteries in the production, usage and end-of-life processes and creating the Electric Vehicle Battery Circular Economy roadmap will provide the following opportunities:</p> <ul style="list-style-type: none">• Battery pack designs and cells will be selected according to eco-design criteria.• Eco-design will improve how waste management of end-of-life products are monitored.• Monitoring the life of the batteries in the vehicles will be possible.• The customers will be encouraged to return batteries. <p>The batteries that will be regenerated or sent to secondary use and recycling will be systematically identified once the test devices are procured to analyze the health of the batteries removed from the vehicles and the procedures are determined.</p> <ul style="list-style-type: none">• The raw material derived from the recycling process will be sold to battery manufacturers or create a raw material source that reduced dependence on imports for potential battery production.

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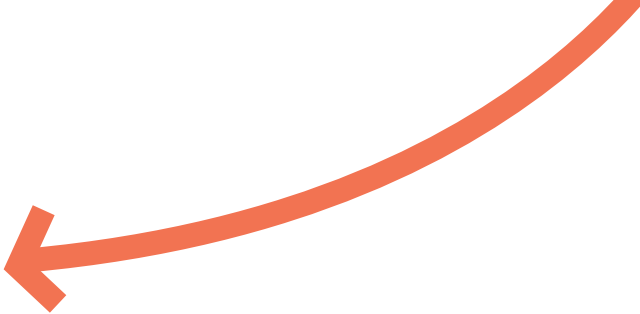
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Risk Category	Risk Definition And Description	Risk Impact	Risk Mitigation Strategy	Opportunities
Economic Risks	<p>Risk such as failure to meet the need for precious metals that comes with electrification due to natural resource scarcity, and finite and insufficient amount of resources are limited</p> <p>Electric vehicle batteries contain precious metals such as Li, Co, Mg, Ni. The resources of these precious metals are finite and nearly 90% of these metals are found in conflict zones. Besides, LI batteries are not only used in vehicles but also in the production of different technological equipment, creating a high demand for the material. According to estimates, resources need to increase by at least 2.5x to produce the volumes planned for launch on to market in 2030. However, such an increase in natural resources is not possible.</p>	<ul style="list-style-type: none">• Disruptions in battery and vehicle production due to less access to precious metals used in battery production and failure to meet global demand with the available production.• Disruptions in the supply chain.	<ul style="list-style-type: none">• Changes in battery chemistries Even though it is not within the purview of OEMs, we work with specific companies focused on battery technology and production. With plans to build a plant in Ankara, it will be possible to have a say in the development of battery production and chemicals and ensure the continuity of the supply chain.• With ongoing studies on different battery chemistries, it could be possible to develop and use batteries with less critical material requirements while meeting performance demands.	<ul style="list-style-type: none">• The precious metals used in electric vehicle batteries are not available in sufficient amounts and sustainable resources to meet the rising demand. This fact will highlight the need to recover precious metals from end-of-life products. Recycling will come to the forefront as a more viable option because sufficient supply will not be available.• Considering the high carbon footprint resulting from mining the precious metals, there is already a clear need for recycling and reusing these materials in production.• As electric vehicles and scrap batteries gradually increase in number, resources and opportunities emerge to recycle precious metals.• Recycling could deliver at least 22% of lithium and nickel and 65% of cobalt required for European electric vehicle battery production by 2035.

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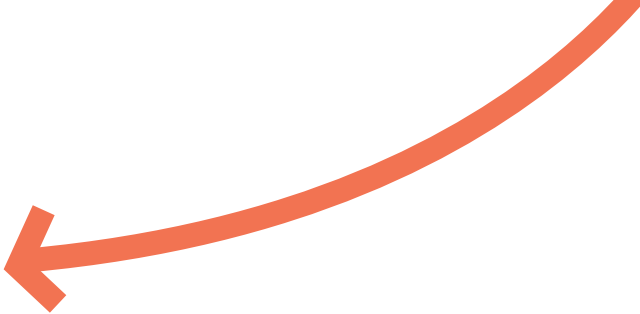
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Risk Category	Risk Definition And Description	Risk Impact	Risk Mitigation Strategy	Opportunities
Regulatory Risks	Failure to meet the recycling plastics use targets for 2030 in vehicles in line with the EU Circular Economy Action Plan; failure to meet the expectations for using specific ratios of recycled plastics in vehicles by 2030 and 2035 as per the ELV directive.	<ul style="list-style-type: none">• Non-compliance with future regulations.• Reputation damage.	<ul style="list-style-type: none">• The working groups (ACEA, etc.), which include the Technical Coordination team, follow the ELV Directive updates, while their impact on the design processes is monitored and implemented under the leadership of the Product Sustainability team.• 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. <p>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.</p> <p>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.</p>	<ul style="list-style-type: none">• Recycled plastics have a smaller carbon footprint compared to raw plastics due to lower in resource use. This supports the emission reduction efforts toward the Scope 3 targets.• Growth of the recycled and sustainable material market may deliver financial gains per unit product.• The prestige and market value of Ford Trucks products will increase in the European market.

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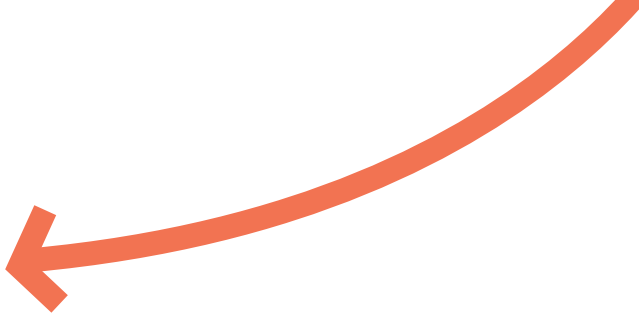
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ECONOMIC PERFORMANCE INDICATORS

Economic And Operational Indicators (TRY Million)	2020	2021	2022
SALES REVENUES	49,451	71,101	171,797
EBITDA	5,722	10,492	21,035
NET PROFIT	4,195	8,801	18,614
OPERATING COSTS	45,085	62,692	153,965
EMPLOYEE SALARIES AND BENEFITS	1,758	2,425	6,150
DIVIDENDS	1,095	3,576	6,562
TAXES AND LIABILITIES PAID TO THE GOVERNMENT DIRECTLY AS TAXPAYER	39	77	94
SOCIAL CONTRIBUTIONS	77,1	123,5	260,6
TOTAL R&D BUDGET	661	2,037	4,860
TOTAL SUPPLIER SPENDING	42,505	38,768	75,719
LOCAL SUPPLIERS SPENDING	19,627	9,250	64,587

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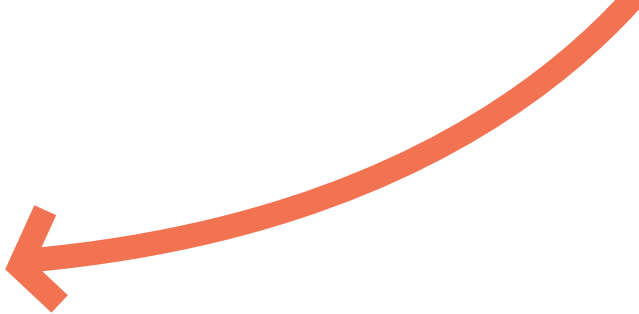
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ENVIRONMENTAL PERFORMANCE INDICATORS

Water Withdrawal (m³)	2020 TR	2021 TR	2022 TR	2022 RO
Underground Water	991,667	1,063,294	1,181,669	0
Municipal Water	6,917	6,595	7,597	322,122
Total	998,584	1,069,889	1,189,266	322,122

Waste Amount (Ton)	2020 TR	2021 TR	2022 TR	2022 RO
Recovered hazardous waste	6,966.3	8,786.188	9,678.689	2,484.314
Recovered non-hazardous waste	77,733.3	87,756.07	91,593.812	39,451.399
Hazardous waste – disposed	49.3	32.48	24.193	19.459
Non-hazardous waste – disposed	127.2	0	0.097	56.82
Hazardous waste – sent to interim storage	136.4	84.273	310.35	0
Non-hazardous waste – sent to interim storage	0.067	0	0.049	0
Total	85,012.56	96,659.011	101,607.190	42,011.992

Environmental Training	2020 TR	2021 TR	2022 TR	2022 RO
Number of Participants (Employees)	5,575	10,882	12,491	30
Number of Participants (Subcontractors)	1,834	6,996	12,463	1,433
Training Hours (person*hours) (Employees)	12,259	38,100	55,756	30
Training Hours (person*hours) (Subcontractors)	934	3,353	23,102	1,433

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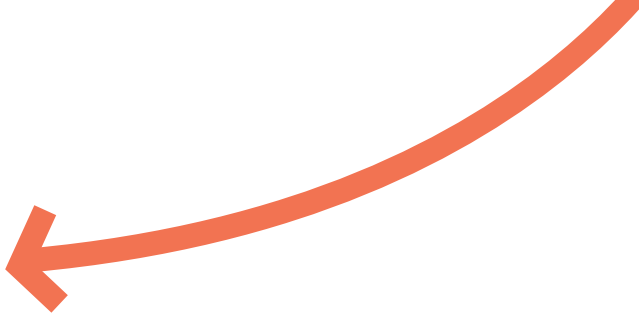
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Environmental Expenditures And Fines (Million TRY)	2020 TR	2021 TR	2022 TR	2022 RO
Environmental investments and expenditures	14.2	37.7	101.88	50.94
Environmental fines	0	0	0	0

Recovered Water And Wastewater Amount (m³)	2020 TR	2021 TR	2022 TR	2022 RO
Recovered water	113,399	85,395	102,721	2,000
Total water discharge except rainwater and domestic waste	307,017	329,728	334,507.73	110,103
Total	420,416	415,123	437,228.73	112,103

Energy Consumption (GJ)	2020 TR	2021 TR	2022 TR	2022 RO
Direct renewable energy consumption	6,488	6,267.47	6,357.87	0
Direct non-renewable energy consumption	1,327,185.01	1,359,024.72	1,437,737.9	644,738.713
Indirect renewable energy consumption	651,171.59	946,317.59	1,035,149.74	386,314.243
Indirect non-renewable energy consumption	250,135.05	14,894.78	0	0
Total	2,234,979.65	2,326,504.56	2,479,245.51	1,031,052.96

Tracking Area	2020 TR	2021 TR	2022 TR	2022 RO	2022 Total (TR+RO)
Greenhouse gas emissions per vehicle produced (tonnes CO ₂ e/vehicle)	0.34	0.26	0.25	0.30	0.27
Energy consumption per vehicle produced (GJ/vehicle)	4.81	3.95	3.85	3.30	3.66

Greenhouse Gas Emissions (ton CO ₂ e)	2020 TR	2021 TR	2022 TR	2022 RO	2022 Total (TR+RO)
Scope 1	80,098	88,051	92,464	22,460	114,924
Scope 2	32,386	1,792	0	36,406	36,406
Scope 3	-	76,923,524	78,263,847	12,962,446	91,226,293
Total (Scope 1, 2, 3)	112,484	77,013,367	78,356,311	13,021,312	91,377,623

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SOCIAL PERFORMANCE INDICATORS

SAFETY PERFORMANCE - Employees - TÜRKİYE	2020 TR	2021 TR	2022 TR
Occupational disease rate	0.09	0.24	0.37
Number of fatal accidents	0	0	0
Lost day rate	3.62	5.27	3.35
Incident rate	5.76	4.75	4.3
Total number of members in active OHS committees	104	121	170
Number of representatives in active OHS committees	19	17	36
Average OHS training time per employee (hours*person)	9.33	6.45	14.66
Total OHS training time (hours)	114,967	76,159	210,343

SAFETY PERFORMANCE - Subcontractors - TÜRKİYE	2020 TR	2021 TR	2022 TR
Occupational disease rate	0.05	0.26	0.36
Number of lost day incidents	5.69	3.4	5.75
Lost day rate	5.59	5.99	3.78
Number of fatal accidents	0	0	0
Incident rate	4.79	3.39	3.78
Total OHS training time (hours)	7,353	9,462	8,643

EMPLOYEE DEMOGRAPHICS - TÜRKİYE	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Number of employees	2,197	10,174	2,585	11,139	3,118	12,442
Total employees	12,517		13,724		15,560	
Number of subcontractors	326	834	513	1,350	642	1,798
Total subcontractors	1,160		1,863		2,440	

EMPLOYEES BY CATEGORY - TÜRKİYE	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Field employees	1,475	8,315	1,595	8,666	1,923	9,493
Office employees	722	1,859	990	2,473	1,195	2,949

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EMPLOYEES BY AGREEMENT TYPE - TÜRKİYE	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Permanent employment contract	1,742	8,892	2,368	10,372	2,759	11,605
Fixed-term employment contract	499	1,384	217	767	359	837
Employees covered by Collective Labor Agreement	9,913		12,957		11,363	

EMPLOYEES BY AGE GROUPS - TÜRKİYE	2020	2021	2022	
	Total	Total	Female	Male
30 and younger	4,617	4,792	1,655	4,695
30-50 years old	7,758	8,723	1,444	7,187
50 and over	142	209	19	560

EMPLOYEES BY EMPLOYMENT TYPE - TÜRKİYE	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Full-time employees	2,240	10,276	2,584	11,134	3,116	12,427
Part-time employees	1	0	1	5	2	15

EQUAL OPPORTUNITY - TÜRKİYE	2022	
	Female	Male
Board Members	3	9
Senior Executives	5	29
Mid-level Managers	52	229
First level Managers	162	484
Specialist	976	2,207
Number of employees in the STEM field	1,953	8,116
Number of Disabled Employees	70	369

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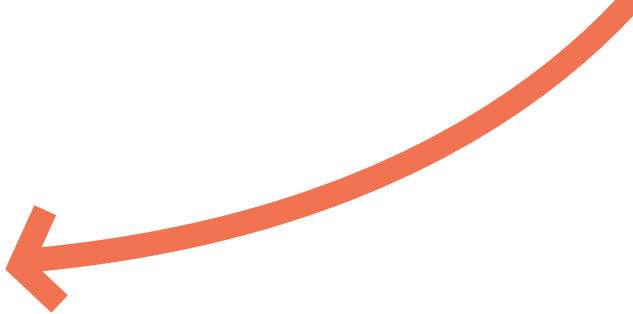
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NUMBER OF EMPLOYEES BY NATION - TÜRKİYE		2021	2022
Turkish		13,702	15,534
Other		22	26

PARENTAL PERMISSION - TÜRKİYE	2022	
	Female	Male
Number of employees on parental leave	131	524
Number of employees returning from parental leave	116	524
Return to Work from Parental Leave (Number of employees took parental leave since 2022 January and returning to work until 2023 June / total number of employees took parental leave)	100%	100%

EMPLOYEE TURNOVER - TÜRKİYE	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Number of new employees	587	263	628	1747	800	2205
Number of employees leaving	124	536	283	886	267	926
Number of employees leaving voluntarily	N/A	N/A	N/A	N/A	201	713
Number of employees leaving non voluntarily	N/A	N/A	N/A	N/A	66	213
Employee turnover	6.7%		9.3%		8.56%	7.44%
Promotion (*office employee)	N/A	N/A	N/A	N/A	76	242
Rotation	N/A	N/A	N/A	N/A	201	496

EMPLOYEES SUBJECT TO PERFORMANCE MANAGEMENT - TÜRKİYE		2020	2021	2022
Office employees		2,592	3,145	3,748
Field employees		9,976	5,888	7,439

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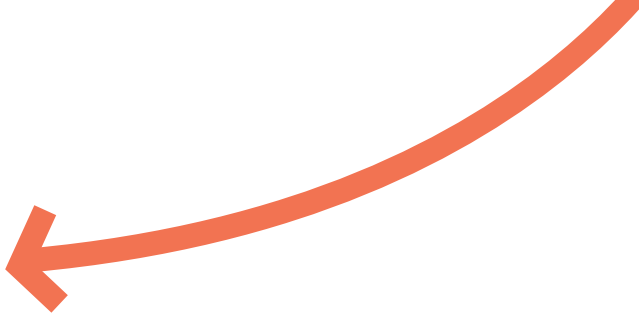
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EMPLOYEE ALLOWANCES (TRY)		2021	2022
Employee benefits paid to employees	2,425,000,000		322,490,379
Salary paid to employees			2,211,855,979

EMPLOYEE ENGAGEMENT (%) - TÜRKİYE		2021	2022
Total		72	63
Female		77.6	72.8
Male		71.1	60.7
Senior executives		100	100
Mid-level Managers		90.3	91.9
First level Managers		74.8	78.9
Specialists		65.3	61.5
Under 25 Years		N/A	73
25 - 29 years		N/A	62
30 - 34 years		N/A	61
35 - 44 years		N/A	60
45 - 54 years		N/A	67
Above 55 years		N/A	91

SALARY BY LEVELS (Ratio of Average Female's Salary to Male's Salary) out of 1 - TÜRKİYE		2022
Senior Manager (base salary only)		1,05
Senior Manager (base salary + other benefits)		1,01
Manager (base salary only)		0,9
Manager (base salary + other benefits)		0,86
Non-Manager (base salary only)		0,99
Non-Manager (base salary + other benefits)		0,99

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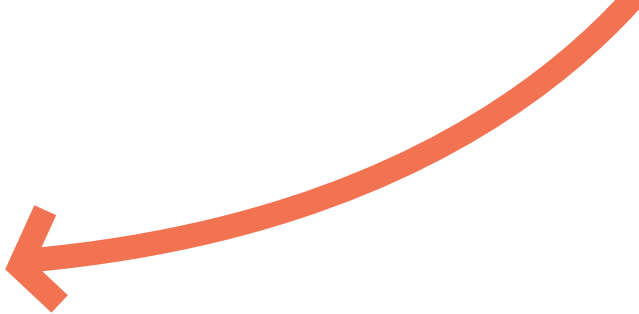
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TRAINING PROGRAMS - TÜRKİYE	2020		2021		2022		Total
	Female	Male	Female	Male	Female	Male	
Total training time (hours)	165,615	379,483	164,540	520,599	316,779	817,1972	1,133,976
Total training including OHS (hours)	668,457		194,366	659,400	364,479	998,007	1,362,486
Average training time per employee (person*hours)	53.4		62		116.89	80.32	87.65
Office employee training (hours)	34,198	78,268	68,856	156,493	92,816	231,689	324,505
Average training time per office employee (person*hours)	43.2		65		77.8	78.91	78.59
Field employee training (hours)	154,884	401,106	125,510	502,907	271,662.78	766,318.01	1,037,981
Average training time per field employee (person*hours)	56.1		61		141.12	80.75	90.93
Leadership training (hours)	2,683	8,971	2,461	7,895	6,543.65	14,951.45	21,495

TOTAL TRAINING EXPENDITURES - TÜRKİYE		2022
Expenditures made (TRY)		30,482,124

REPORTS REACHING ETHICAL COMMUNICATION CHANNEL - TÜRKİYE	2020	2021	2022
Total	68	109	231
Number of Substantiated Incidents	N/A	30	43
Violation of company rules and procedures	N/A	17	27
Mobbing	N/A	5	5
Harassment	N/A	4	3
Corruption, Theft	N/A	3	5
Other	N/A	1	3

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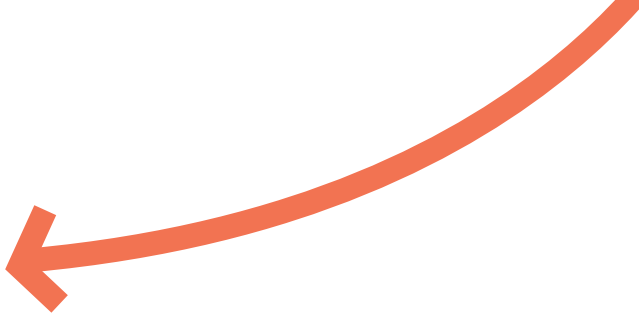
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NUMBER OF EMPLOYEES SUBJECT TO DISCIPLINARY SANCTIONS AS A RESULT OF REPORTED INCIDENTS - TÜRKİYE	2020	2021	2022
Total number	28	41	27

DONATION AMOUNT (TRY) - TÜRKİYE	2020	2021	2022
Total	77,167,000	123,446,000	260,551,821
Vehbi Koç Foundation	N/A	110,500,000	250,775,600
Education	N/A	N/A	7,677,621
Health	N/A	N/A	242,400
Social Aids and Other	N/A	N/A	1,856,199.96

CUSTOMER EXPERIENCE INDEX (%) - SALES - TÜRKİYE	2020	2021	2022
Passenger vehicles	94.9	95.4	96.9
Commercial vehicles	95.8	95.4	96.3
Heavy commercial vehicles	97.1	97.6	98.3

CUSTOMER EXPERIENCE INDEX (%) - SERVICE - TÜRKİYE	2020	2021	2022
Passenger vehicles	93.7	91.4	92.1
Commercial vehicles	93.9	90.7	91.5
Heavy commercial vehicles	95.9	96.2	97

* All 2022 Romania values cover only Q3 and Q4 periods.

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SOCIAL PERFORMANCE INDICATORS

SAFETY PERFORMANCE - Employees - ROMANIA		2022
Occupational disease rate	0	
Number of fatal accidents	0	
Lost day rate	0	
Incident rate	0	
Total number of members in active OHS committees	1	
Number of representatives in active OHS committees	11	
Average OHS training time per employee (hours*person)	3.75	
Total OHS training time (hours)	19,020	

EMPLOYEE DEMOGRAPHICS - ROMANIA	2022	
	Female	Male
Number of employees	2,409	3,036
Total employees	5,445	

EMPLOYEES BY CATEGORY - ROMANIA	2022	
	Female	Male
Field employees	2,243	2,586
Office employees	166	450

SAFETY PERFORMANCE - Subcontractors - ROMANIA		2022
Occupational disease rate	0	
Number of lost day incidents	0	
Lost day rate	0	
Number of fatal accidents	0	
Incident rate	0	
Total OHS training time (hours)	1,254	

EMPLOYEES BY AGREEMENT TYPE - ROMANIA	2022	
	Female	Male
Permanent employment contract	2,181	2,866
Fixed-term employment contract	228	170
Employees covered by Collective Labor Agreement	5,445	

EMPLOYEES BY AGE GROUPS - ROMANIA	2022	
	Female	Male
30 and younger	220	470
30-50 years old	1,360	1,418
50 and over	829	1,148

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EMPLOYEES BY EMPLOYMENT TYPE - ROMANIA	2022	
	Female	Male
Full-time employees	2,409	3,034
Part-time employees	0	2

EQUAL OPPORTUNITY - ROMANIA	2022	
	Female	Male
Board Members	2	4
Senior Executives	0	2
Mid-level Managers	4	8
First level Managers	8	48
Experts	24	115
Number of Disabled Employees	9	26

PARENTAL PERMISSION - ROMANIA	2022	
	Female	Male
Number of employees on parental leave	44	7
Number of employees returning from parental leave	4	1

NUMBER OF EMPLOYEES ACCORDING TO THE UNION AGREEMENT - ROMANIA		2022
Number of unionized employees		5,100

NUMBER OF EMPLOYEES BY NATION - ROMANIA		2022
Romanian		5,445
Other		5,100

EMPLOYEE TURNOVER - ROMANIA	2022	
	Female	Male
Number of new employees	5	24
Number of employees leaving	87	124
Number of employees leaving voluntarily	36	73
Number of employees leaving non voluntarily	102	
Employee turnover	36,12%	40,84%
Promotion (*office employee)	33	99
Rotation	35	94

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TOTAL TRAINING EXPENDITURE - ROMANIA		2022
Expenditure made (TRY)		990,912.87

TRAINING PROGRAMS - ROMANIA	2022		
	Female	Male	Total
Total training time (hours)	5,581	26,507	32,088
Total training including OHS (hours)	5,585	26,515	32,100
Average training time per employee (person*hours)	2.26	18.25	5.77
Office employee training (hours)	356	3,547	3,903
Average training time per office employee (person*hours)	2.22	8.11	6.53
Field employee training (hours)	5,229	22,968	28,197
Average training time per field employee (person*hours)	2.26	8.63	5.67
Leadership training (hours)	0	0	0

EMPLOYEES SUBJECT TO PERFORMANCE MANAGEMENT - ROMANIA		2022
Office employees		395
Field employees		5147

SALARY BY LEVELS (Ratio of Average Women's Salary to Men's Salary) out of 1 - ROMANIA		2022
Senior Manager (base salary only)		0
Senior Manager (base salary + other benefits)		0
Manager (base salary only)		1,14
Manager (base salary + other benefits)		1,14
Non-Manager (base salary only)		0,95
Non-Manager (base salary + other benefits)		0,96

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GRI INDEX



Statement of use	Ford Otosan has reported in accordance with the GRI Standards for the January–December 2022 period.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers	Additional information and reasons for omission
GRI 2: General Disclosures 2021	General disclosures		
	2-1 Organizational details	11, 12-13	-
	2-2 Entities included in the organization's sustainability reporting	4	-
	2-3 Reporting period, frequency and contact point	4	-
	2-4 Restatements of information	There is no restated information.	-
	2-5 External assurance	145-146	
	2-6 Activities, value chain and other business relationships	11, 66-68	-
	2-7 Employees	70	
	2-8 Workers who are not employees	129	
	2-9 Governance structure and composition	27-28	
	2-10 Nomination and selection of the highest governance body	27-28	-
	2-11 Chair of the highest governance body	2022 Annual Report	-
	2-12 Role of the highest governance body in overseeing the management of impacts	27, 33-36	-
	2-13 Delegation of responsibility for managing impacts	27, 33-36	-
	2-14 Role of the highest governance body in sustainability reporting	24-25	-
	2-15 Conflicts of interest	29-32	-
	2-16 Communication of critical concerns	29	-
	2-17 Collective knowledge of the highest governance body	27-28	-
	2-18 Evaluation of the performance of the highest governance body	28	-
	2-19 Remuneration policies	28, 84-85	-
	2-20 Process to determine remuneration	28, 84-85	-
	2-21 Annual total compensation ratio	84-85	-
	2-22 Statement on sustainable development strategy	16	-
	2-23 Policy commitments	24-25	-
	2-24 Embedding policy commitments	24-25	-
	2-25 Processes to remediate negative impacts	33-36, 110-125	-
	2-26 Mechanisms for seeking advice and raising concerns	19-20, 21-23	-
	2-27 Compliance with laws and regulations	29-32	-
	2-28 Membership associations	107-109	-
	2-29 Approach to stakeholder engagement	21-23	-
	2-30 Collective bargaining agreements	130, 135	-

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GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers	Additional information and reasons for omission
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	19-20	-
	3-2 List of material topics	19-20	-
	3-3 Management of material topics	24-25	-
Economic performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	38-47, 66-68, 88-95	-
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	38-47, 66-68, 88-95	-
	201-2 Financial implications and other risks and opportunities due to climate change	33-36, 110-125	-
	201-3 Defined benefit plan obligations and other retirement plans	2022 Annual Report	-
Procurement practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	66-68	-
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	66	-
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	29-32	-
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	29-32	-
	205-2 Communication and training about anti-corruption policies and procedures	29-32	-
	205-3 Confirmed incidents of corruption and actions taken	29-32	-
Anti-competitive behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics	29-32	-
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	29-32	-
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics	52-56	-
GRI 301: Materials 2016	301-2 Recycled input materials used	52-56, 62-63	-
	301-3 Reclaimed products and their packaging materials	53, 62-63	-

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GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers	Additional information and reasons for omission
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	61	-
GRI 302: Energy 2016	302-1 Energy consumption within the organization	128	-
	302-2 Energy consumption outside of the organization	128	-
	302-4 Reduction of energy consumption	61	-
	302-5 Reductions in energy requirements of products and services	128	-
Water and effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics	49, 64	-
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	64	-
	303-3 Water withdrawal	64	-
	303-4 Water discharge	64	-
	303-5 Water consumption	64	-
Biodiversity			
GRI 3: Material Topics 2021	3-3 Management of material topics	49, 65	-
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	65	-
	304-2 Significant impacts of activities, products and services on biodiversity	65	-
	304-3 Habitats protected or restored	65	-
	304-4 IUCN (International Union for Conservation of Nature) Red List species and national conservation list species with habitats in areas affected by operations	65	-
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	49, 59	-
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	50-51, 59	-
	305-2 Energy indirect (Scope 2) GHG emissions	50-51, 59	-
	305-3 Other indirect (Scope 3) GHG emissions	50-51, 59	-
	305-4 GHG emissions intensity	50-51, 59	-
	305-5 Reduction of GHG emissions	50-51, 59	

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GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers	Additional information and reasons for omission
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	49, 62-63	-
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	62-63	-
	306-2 Management of significant waste-related impacts	62-63	-
	306-3 Waste generated	62-63	-
	306-4 Waste diverted from disposal	62-63	-
	306-5 Waste directed to disposal	62-63	-
Supplier environmental assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	66-68	-
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	66-68	-
	308-2 Negative environmental impacts in the supply chain and actions taken	66-68	-
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	70-85	-
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	73	-
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	84	-
	401-3 Parental leave	84	-
Occupational health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	86-87	-
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	86-87	-
	403-2 Hazard identification, risk assessment, and incident investigation	33-36, 86-87, 113	-
	403-3 Occupational health services	86-87, 113	-
	403-4 Worker participation, consultation, and communication on occupational health and safety	71, 86-87, 113	-
	403-5 Worker training on occupational health and safety	86-87	-
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	86-87, 113	-
	403-8 Workers covered by an occupational health and safety management system	86	-
	403-9 Work-related injuries	86	-
	403-10 Work-related ill health	86	-

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GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers	Additional information and reasons for omission
Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics	71, 74, 77, 79-85	-
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	80	-
	404-2 Programs for upgrading employee skills and transition assistance programs	74-75, 79-82	-
	404-3 Percentage of employees receiving regular performance and career development reviews	75, 77, 83	-
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	71-75	Ford Otosan Human Rights Policy
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	73	-
	405-2 Ratio of basic salary and remuneration of women to men	85	-
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	71-75	Ford Otosan Human Rights Policy
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	29	-
Child labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	71	Ford Otosan Human Rights Policy
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	There is no operations and suppliers at significant risk for incidents of child labor.	-
Forced or compulsory labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	71	Ford Otosan Human Rights Policy
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	There is no operations and suppliers at significant risk for incidents of forced or compulsory labor.	-
Local communities			
GRI 3: Material Topics 2021	3-3 Management of material topics	97-105	-
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	97-105	-
	413-2 Operations with significant actual and potential negative impacts on local communities	There is no operations of the Company pose major negative impacts to local communities.	-

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GRI Standard	Disclosure	Location/ Page No, Source and/or Direct Answers	Additional information and reasons for omission
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	66-68	-
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	67-68	-
	414-2 Negative social impacts in the supply chain and actions taken	There is no complaints of such kind were received in the reporting year.	-
Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	46-47	-
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	There is no complaints of such kind were received in the reporting year.	-
Vehicle Quality and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	94-95	-
Electric Vehicles and Alternative Fuels			
GRI 3: Material Topics 2021	3-3 Management of material topics	52-56	-
Customer Satisfaction			
GRI 3: Material Topics 2021	3-3 Management of material topics	88-93	-
Developing Mobility Solutions			
GRI 3: Material Topics 2021	3-3 Management of material topics	40-42	-

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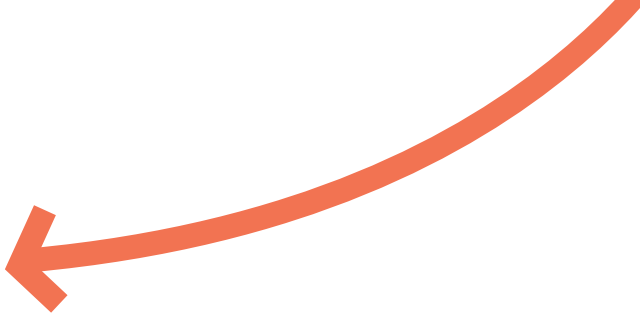
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INSTITUTIONS & ORGANIZATIONS

ACEA: European Automobile Manufacturers' Association
COP 27: United Nations Climate Change Conferences - 27th Conference of the Parties
EBRD: European Bank for Reconstruction and Development
FMC: Ford Motor Company
G-20: Group of 20, a forum of the twenty largest economies in the world, comprising 19 countries and the European Union.
GRI: Global Reporting Initiative
IFC: International Finance Corporation
ILO: International Labour Organization
IUCN: International Union for Conservation of Nature and Natural Resources
ISO: Istanbul Chamber of Industry
KAGIDER: Turkish Women Entrepreneurs Association
MESS: Turkish Employers' Association of Metal Industries
MTAL: Vocational and Technical Anatolian High School
OECD: Organisation for Economic Co-operation and Development
PERYÖN: People Management Association of Türkiye
SBTi: Science Based Targets initiative
SOGEP: Social Development Support Program
CMB: Capital Markets Board
TAP: Turkish Family Health and Planning Foundation
TEV: Turkish Education Foundation
UNGC: United Nations Global Compact

WEF: World Economic Forum
WRI: World Resources Institute

INDEXES

BIST: Borsa İstanbul Sustainability Index
Bloomberg GEI: Bloomberg Gender-Equality Index
DJSI: Dow Jones Sustainability Index
FTSE4Good: FTSE4Good Emerging Indexes
MSCI: Morgan Stanley Capital International Index
S&P: Standard & Poor's Indexes
SASB: Sustainability Accounting Standards Board

GLOBAL ACRONYMS & ABBREVIATIONS

UN: United Nations
3TG: Tin, tungsten, tantalum and gold; conflict minerals
R&D: Research & Development
CDP: CDP (formerly Carbon Disclosure Project)
CFO: Chief Financial Officer
CEM: Customer Experience Management
CRM: Customer Relationship Management
ESG: Environmental, Social and Governance
CX: Customer Experience
ETS: Emission Trading System
GHG: Greenhouse Gases
HR: Human Resources
IoT: Internet of Things
OHS: Occupational Health and Safety
BCP: Business Continuity Plans
KPI: Key Performance Indicators
KVKK: Turkish Personal Data Protection Law

OEM: Original Equipment Manufacturer
OKR: Objectives and Key Results
SCT: Turkish Special Consumption Tax
SDGs: Sustainable Development Goals
CBAM: Carbon Border Adjustment Mechanism
STEM: Science, Technology, Engineering, Mathematics
NGO: Non-Governmental Organization
TCFD: Task Force on Climate-Related Financial Disclosures
VOC: Volatile Organic Compound
VoC: Voice of Customer
BoD: Board Of Directors

TECHNICAL ACRONYMS & ABBREVIATIONS

RPA: Robotics Process Automation
AGV: Autonomous Guided Vehicle
AIToC: Artificial Intelligence supported Tool Chain in Manufacturing Engineering
BEV: Battery Electric Vehicle (vehicle powered only by battery and electric motor)
C-SAT: Customer Satisfaction
CAM: Connected Autonomous Mobility
CV: Commercial Vehicle
DACAMA: Data Capability Maturity Assessment
DDI: Development Dimensions International
DLP: Data Loss Prevention
DMP: Document Management Portal
ECM: Engine Control Module
EOS: Ford Environmental Operating System Programme
Euro NCAP: European New Car Assessment Programme
EV: Electric Vehicle

FCEV: Fuel Cell Electric Vehicle (electric vehicle powered by compressed hydrogen)
FOKE: Ford Otosan Search & Rescue Teams
FOSN: Ford Otosan Supplier Network
FREC: Ford Resource and Engagement Center
FPS: Ford Production Systems
SPP: Solar Power Plant
HCT: Human Capital Transformation
HCV: Heavy Commercial Vehicle
HEV: Hybrid Electric Vehicle (vehicle powered by an electric motor and internal combustion engine)
I-REC: International REC Standard
ICE: Internal Combustion Engine
LCV: Light Commercial Vehicle
MHEV: Mild Hybrid Electric Vehicle
NPS: Net Promoter Score
OCR: Optical Character Recognition
OT: Operational Technologies
PCCM: PC Control Module
PDI: Power Distance Index
PGM: Platinum Group Metals
PHEV: Plug-in Hybrid Electric Vehicle (vehicle powered by a battery, electric motor and internal combustion engine)
PP: Polypropylene
PV: Passenger Vehicle
REACH: Registration, Evaluation, Authorisation and Restriction of Chemicals
UN WEPS: United Nations Women's Empowerment Principles

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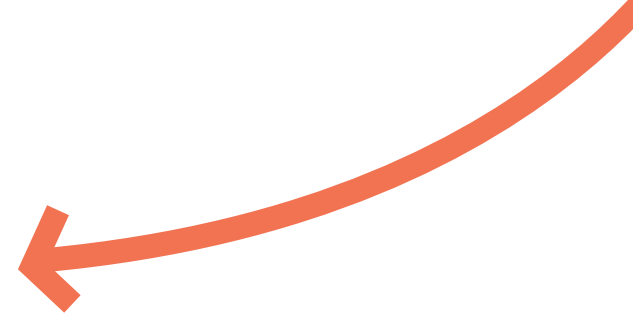
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KPMG Bağımsız Denetim ve
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Independent Limited Assurance Report

To the Board of Directors of Ford Otomotiv Sanayi A.Ş.

We were engaged by Ford Otomotiv Sanayi A.Ş. (hereinafter “Company” or “Ford Otosan”) to provide limited assurance on whether the “Selected Information” as defined in the Annexes of this Sustainability Report (hereinafter “the Report”) has been prepared by Ford Otosan for the year ended 31 December 2022.

The scope of our assurance is limited to the Selected Information listed and described below for the relevant activities carried out at Ford Otosan’s production facilities located in Turkey and Romania:

- Water consumption
- Recovered water
- Electricity consumption
- Hazardous waste, non-hazardous waste, recyclable waste
- Total number of employees
- Average OHS training time per employee
- Incident rate
- Total OHS training time
- Total number of incidents
- Total training time
- Average training time per employee
- Ratio of basic salary and remuneration of women to men, married to single
- Customer experience index rate



Management’s responsibilities

Management’s responsibilities Management is responsible for the preparation and presentation of the Report for the Selected Information in accordance with the Ford Otosan’s Reporting Guidance as described in Annex A.1 of the Report, and the information and assertions contained within it; for determining the Ford Otosan objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that Ford Otosan complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and the Selected Information are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

The firm International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Procedures performed

A limited assurance engagement on a Selected Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Selected Information.

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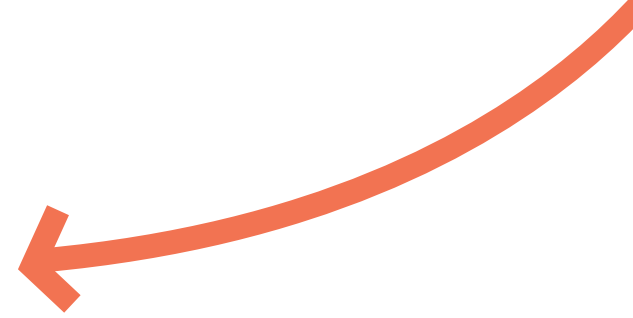
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•Comparing the information presented in the Selected Information to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Selected Information.

•Reading the information presented in the Selected Information to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Ford Otosan.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed.

Inherent limitations

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Selected Information may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Selected Information, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Selected Information as defined in the Annexes of the Report of Ford Otosan for the year ended 31 December 2022 is not presented, in all material respects, in accordance with Ford Otosan’s internally developed reporting criteria as explained in Annex A.1 of the Report.

In accordance with the terms of our engagement, this independent limited assurance report on the Selected Information has been prepared for Ford Otosan in connect with reporting to Ford Otosan and for no other purpose or in any other context.



Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Ford Otosan, for any purpose or in any other context. Any party other than Ford Otosan who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Ford Otosan for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Şirin Soysal,
Partner
İstanbul, 14 July 2023

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An aerial photograph of a two-lane road winding through a dense forest. The image is tinted with a deep blue color. Four large, thick arrows are overlaid on the image, pointing towards the center of the road. Two arrows are orange and two are white. The text 'FORD OTOSAN' is centered on the road.

FORD OTOSAN