

FORD OTOSAN

**SUSTAINABILITY
REPORT
2015**



SEN VARSAN* GELECEK BİZİM



*IF YOU ARE IN, WE HAVE THE FUTURE

We remain deeply saddened by the untimely death of Koç Holding Chairman Mustafa V. Koç.

Mustafa V. Koç leaves behind a substantial, highly successful and proud legacy from his 32-year professional career, which included 13 years as Chairman of Koç Holding.

During his tenure as Chairman, groundbreaking investments were undertaken with determination. The Holding's position in the domestic market was reinforced through successful acquisitions. Koç corporate banner was planted in new countries and our international operations expanded. The Holding's and nation's overseas revenues significantly increased through large-scale export projects. Mustafa V. Koç's global vision turned the Holding into one of the world's leading corporations and Koç Holding achieved the honor of being the only Turkish firm on the Fortune 500 list.

During his life, Mustafa V. Koç was committed to the motto of Holding founder Vehbi Koç, "I exist as long as my country exists and prospers". He was not only a leader who took on ambitious business ventures, but also a pioneer in social responsibility projects, which he wholeheartedly embraced to contribute to the nation's social advancement.

Always a firm believer in Turkey's bright future, Mustafa V. Koç leaves behind a permanent mark with his vision, philanthropy, leadership and most important of all, humanitarian values. He was truly a man of the people. A leader who energized and supported his employees, he was also a source of inspiration with his global perspective, determination, values and business ethics.

Going forward, we shall transform Koç Holding from a company with international operations into a truly global company in line with his values, broad vision and dynamism...

We will remember him with respect, affection and gratitude.

KOÇ GROUP



Mustafa V. Koç
(1960-2016)

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About the Report

As the innovation leader of the automotive sector in Turkey, Ford Otosan both realizes record production and growth performance and takes firm steps towards its objective of creating sustainable value for its stakeholders.

As the innovation leader of the automotive sector in Turkey, Ford Otosan both realizes record production and growth performance and takes firm steps towards its objective of creating sustainable value for its stakeholders. For this reason, we carefully handle the social, environmental and economic dimensions of the activities we execute, we offer the results we achieve to the information of our shareholders, investors, employees, supplier and dealers, nongovernmental organizations and all other stakeholders. This year, we are publishing the second sustainability reporting study we undertake for this purpose.

As in the previous period, Ford Otosan 2015 Sustainability Report was preapred "in accordance" with the GRI G4 Guidelines, option "core", in identifying the scope and binding elements of the 2015 Ford Otosan Sustainability Report, as well as forming the content structure, calculating performance data and shaping disclosures.

The content of the report addresses the operations conducted by Ford Otosan A.Ş. with their social, economic and environmental dimensions and includes performance data in these areas. Information regarding Ford Otosan affiliates is excluded from the scope of this report since Ford Otosan has no executive influence on them. Yet, financial data regarding Ford Otosan constitute an exception to this case due to the principle of sharing uniform information about the company and for the purpose of presenting a complete portrait of the corporate commercial portfolio.

The Ford Otosan sustainability priority portfolio determined in consequence of the prioritization study we conducted in compliance with GRI G4 Guidelines was taken as basis for the reporting content. While making statements about these issues, the indicators identified by the GRI G4 Guidelines are primarily used, although the data types acknowledged in general by the automotive industry have also been mentioned in the constitution of the data being presented. The majority of the information collected in order to prepare the report consisted of data formed by the outputs of Ford Otosan's corporate systems. In some priority issues, information originating from operations conducted by external shareholders, primarily dealers and suppliers, were also included.

The information shared in the report covers a period of one-year between the dates 01.01.2015 and 12.31.2015. It is aimed for an identical one-year plan and standard practice to be used in reports to be published in the forthcoming periods.

You can access the **2015 Ford Otosan Sustainability Report** as well as detailed information regarding the company at www.fordotosan.com.tr



Chairperson Statement

Considering the record-level results we achieved in R&D capacity and patent applications, we can proudly say that we are the indisputable leader of the Turkish automotive industry.

Esteemed Stakeholders,

Following a reporting period when we realized record successes, we were deeply saddened by the loss of the Chairman of the Board of Directors of Koç Holding, my elder brother Mustafa V. Koç, earlier in 2016. Mr. Mustafa has accomplished many substantial and successful works to be proud of on behalf of Koç Group and our country during his 32-year professional career, including 13 years as Chairperson. In the forthcoming period, we will work to further advance our Group and company by adopting his legacy in line with His vision and values.

The year 2015 was an operating cycle, when we obtained the results of the huge investments we made in the last period of the year, and achieved success above and beyond. Considering the record-level results we achieved in production capacity and usage rate, export and sales figures, employee number, R&D capacity and patent applications, we can proudly say that we are the indisputable leader of the Turkish automotive industry.

Our Yeniköy Plant which became fully operational in 2014 and and Sancaktepe R&D Center in 2015, rendered us stronger, facilitating the achievement of this success. Yet, these two investments are also of symbolic value to enlighten the future of Ford Otosan. The opportunities we obtained with the engagement of these facilities have carried Ford Otosan to a position where it can design a vehicle from scratch with all its components, perform the required tests and produce it to support global markets, even export the technology and engineering experience it produces. This is a success without precedent in the Turkish automotive industry.

Ford Otosan is among the pioneering companies of its industry with its business principles, ethics understanding, and approach towards the management of social, economic and environmental risks, responsible, accountable and transparent management understanding, as well as the commercial and operational successes it has achieved. A significant indicator of this is that we were entitled for listing in the Istanbul Stock Exchange Sustainability Index we were involved within the year. I fully believe that we will achieve even greater successes by developing our sustainability management capacity in the forthcoming periods. The most important examples we have in this field are Koç Holding and Ford Motor Company who execute leading and successful sustainability management programs.

One of the primary developments realized in the field of sustainability during the reporting period was the fruition of the solution seeking that has been going on for long



years before international organizations and states in the issue of combating climate change. The achievement of an agreement at COP21 Paris Conference is crucial even though it brought about discussions. Although climate change is a problem of environmental character at first, the economic and social risks it will generate are as vital as the environmental ones. As a company operating in the automotive industry, we closely follow developments both on the national and international planes; we work towards reducing the impacts of our products and operational processes on climate change. In this regard, our innovation works aimed at developing fuel-efficient vehicle technologies with low emission levels come into prominence.

One of the problems preventing development in our day is social gender inequality and the failure to adequately taking place of women labor in business life. In the reporting period, we joined the HeForShe initiative, aimed at consolidating women la-

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bor both within our company and in the business world in general, facilitating equal career opportunities for women and for women to get more involved in executive management levels, are becoming more prominent. We quickly started to see the positive results of these works. I believe these works will have effective results on the future of the automotive industry where women labor is particularly not prevalent.

Our objective is to ensure the capacity of Ford Otosan to produce added value for its stakeholders through a transparent, accountable and responsible sustainability management model where impacts and opportunities are evaluated in their social, environmental and economic dimensions. In this regard, I fully trust that we will increasingly continue in the forthcoming periods the successes we achieved during the reporting period. On this occasion, I would like to extend my thanks for their support to all our stakeholders who contributed to our success, primarily our employees, shareholders, suppliers, dealers, supporting industry and unions.

Respectfully,
Ali Y. KOÇ



General Manager Statement

Our invariable objective is to produce sustainable value for our stakeholders. We believe the first condition for realizing this objective is to follow a transparent, accountable and responsible management understanding based on superior business ethics understanding and stakeholder participation.

Esteemed Stakeholders,

We are deeply saddened by the sudden departure of the Chairman of the Board of Directors of Koç Holding Mustafa V. Koç. Mustafa V. Koç, who has very important contributions in Ford Otosan's development journey, was a great value for our country and Koç Group. He had a special place among the folk, as well as us, thanks to his modest, tolerant and charitable personality that allowed him to establish good relations with people from all walks of life. I believe the Turkish people will always remember this valuable son with gratitude, love and blessing; I offer my condolences to the Koç Family and the Turkish people. I express my gratitude towards all our stakeholders who shared our pain by standing by us during this period.

The year 2015, a year of significant success for the Turkish automotive industry, was also a period when we achieved record successes in many areas ranging from production to sales, to export to employment, as Ford Otosan. Thanks to the investments we realized in the past years, we came to own the youngest and widest product range of our sector, while also obtaining leadership in engineering export. By virtue of all successes we achieved in 2015, we grew beyond our objectives and increased our turnover by 40%, our pre-tax profits by 112% and our net profit by 42% as against the previous period. As we did last year, we will continue contributing to our sustainable development by producing new projects in areas such as digitalization, innovation and new business development in subsequent periods. I fully believe that we will add new ones in subsequent years to the success stories achievements we produced in this period throughout our value chain from supplier operations to production, logistics and sales processes.

Our invariable objective is to produce sustainable value for our stakeholders. We believe the first condition for realizing this objective is to follow a transparent, accountable and responsible management understanding based on superior business ethics understanding and stakeholder participation. For this reason, we care as much about how we achieve something as what we achieve. In accordance with these principles that shape our sustainability management understanding, we are sharing the performance we achieve through sustainability reports we have been publishing starting in the previous period. I would like to share with you the pride of having been listed as part of the Istanbul Stock Exchange Sustainability Index, which we joined for the first time last year, with the sustainability understanding we adopted.

The second step of the activities we realize towards the objective of sustainable value production is the multi-dimensional evaluation of risk and opportunities. In this regard, we evaluate the steps we take while shaping our future not only with their commercial and financial dimensions but also with their environmental, legal, economic, social and ethical dimensions.



Producing fuel-efficient vehicles with low emission levels, high security norms and ready to take their place on the streets of "smart" cities constitutes one of the primary objectives of our strategy for combating climate change. As part of the works we conducted during the year, we both developed new technologies in accordance with this objective and significantly enhanced our R&D capacity. These activities have gained significant momentum particularly with our Sancaktepe R&D Center, which is the largest R&D Center at one location in the Turkish automotive industry, starting its studies during the year. In this regard, as of the year 2015 we have realized the largest R&D personnel employment in Turkey with 1,378 people.

In the reporting period, we also achieved significant successes regarding the management of environmental impacts. In result of the efficiency works conducted, as well as the scale benefits provided by the increase in our production capacity, we have reduced the energy consumption per produced vehicle, which was 7.09 GJ/vehicle in 2014, to the level of 6.16 GJ/vehicle. Similarly, we reduced the emission amount from the level of 0.710 Ton CO₂/vehicle to the level of 0.570 Ton CO₂/vehicle and water consumption from the level of 3.75 m³/vehicle to the level of 3.15 m³/vehicle. We achieved 83,627 GJ of energy savings and prevented 4,723 Ton CO₂ of greenhouse gas emission through the energy efficiency projects we realized during the year.

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Our most effective asset is our human resource that will carry over the Ford Otosan tradition to future generations. Protecting and reinforcing this asset is of vital importance to our sustainable development. In the reporting period, we achieved the greatest figures of employment for our sector and raised our employee number to 10,676 with an increase of 9.4%. In consequence of our objectives about supporting women employment, identified in parallel with our social gender equality works, we increased our number of women employees by 33.8%. On the other part, we have conducted around 900 thousand man x hour of training activity aimed at our employees. While 78.04 hours of training per person was offered to our men employees, the average training provided to our women employees is 118.45 hours per person.

Projects for promoting women employment in large segments of society, primarily in our sector, constituted a significant part of the social responsibility works we realized during the year. We believe that these works will contribute significantly to the increase of women employment in our sector in the forthcoming period.

I believe that Ford Otosan will also be achieving exemplary successes and producing value for its stakeholders in the future by working all together and with dedication. The architects of these successes will be our employees, shareholders, suppliers, dealers, supporting industry and unions in the future, as they were in the past. I extend them my gratitude for their support on this occasion.

Respectfully,
Haydar YENİGÜN



Our Vision

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

Our Mission

Providing innovative automotive products and services beneficial to the community.

Our Strategy



Growth:

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



Innovation:

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



Brand:

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



Employees:

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



Customers:

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



Ford Otosan in 2015

Share in commercial vehicle production in Turkey

59%

Share in total commercial vehicle exports

65%

Export Champion

3.9

Billion Dollars

Second in Total Market Share

12.6%

A Total of Dealers

192

The automotive company with the highest market value on Istanbul Stock Exchange

Leader in the Motor Land Vehicles Manufacture sector according to the Accenture Digitalization Index study identifying the most digitalized companies of Turkey

"What Van Commercial Vehicle of the Year" award for Transit Courier in the category of light commercial vehicle

Patent Applications

137

Patents Obtained

31

Patent Champion with

677

Patents obtained to date

R&D Expenditure

383

million TL

R&D Engineers

1,378

Total Number of Employees

10,676

Women Employee Rate

34%

Rate of Female Managers at Mid-Level Management

11%

Employee Training

887,561

person x hour

Fresh Water Consumption per Vehicle Manufactured (m³/vehicle)

3,146

Energy Consumption per Vehicle Manufactured (Gj/vehicle)

6.16

Savings Achieved Through Energy Efficiency Projects (Gj)

83,626.97

CO₂ equivalent GHG emission savings

4,723

Hazardous waste recovered *

5,941.13

Tons

water was recovered and reused in production.

437,159

m³

Total amount of donation

17,948,323

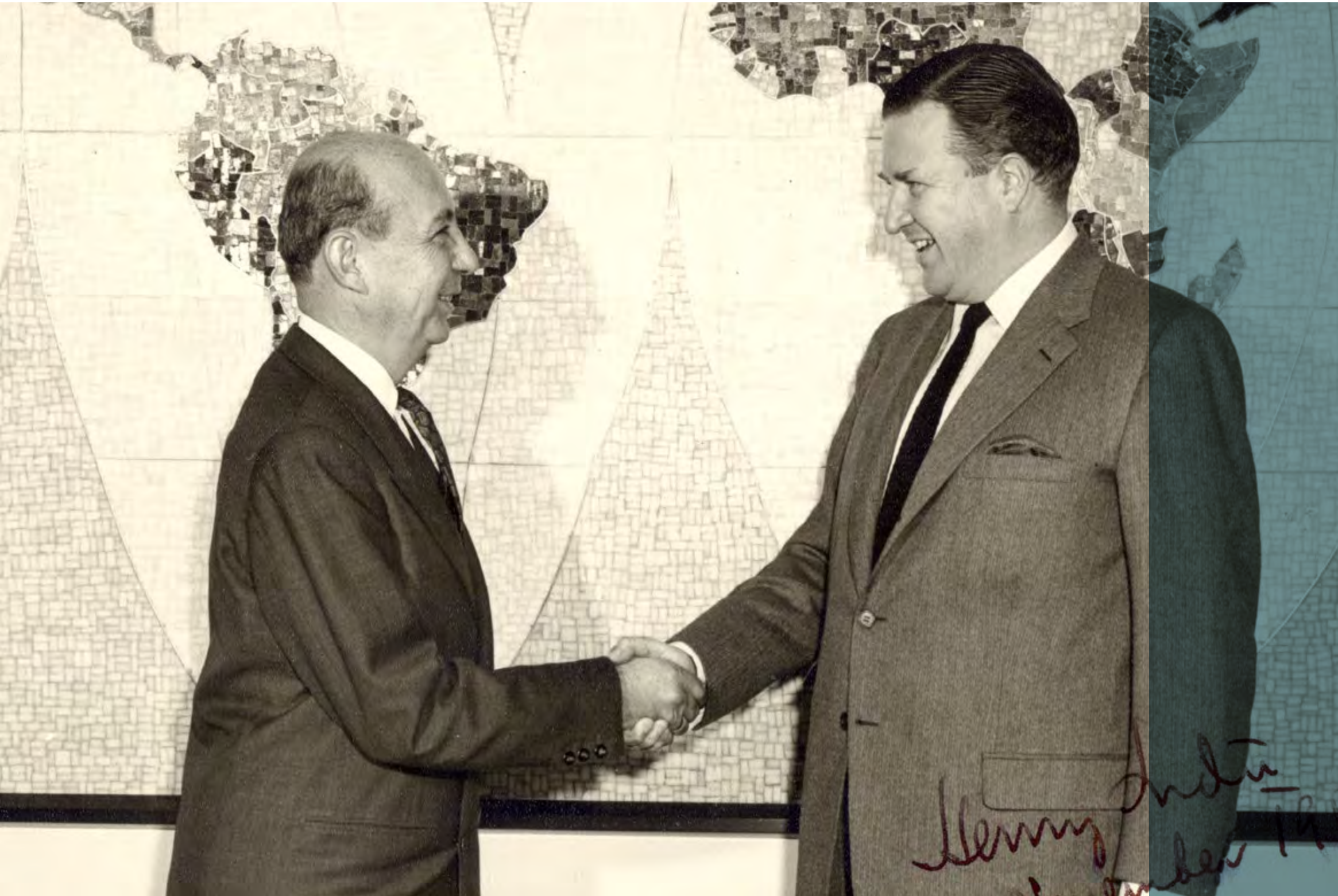
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"Grand Prize" for the "Disabled-Friendly Plant" project by Ford Otosan Yeniköy plant at TISK "Corporate Social Responsibility" organization.

Two awards for Ford Otosan at the Occupational Health and Safety award ceremony organized for the first time this year by Turkish Metal Industrialists Union (MESS): "MESS Golden Glove OHS Best Practice", "Mess Golden Suggestion – Blue Collar Employee OHS".

Jury's Special Award for Ford Otosan's "Discover Yourself, Manage Your Potential" project as part of "Chairman's Leadership Awards for Diversity" 2015 awards organized by Ford Europe.

*This figure includes the hazardous waste recovery of Kocaeli (Gölcük and Yeniköy), İhönü and Sancaktepe locations.



Strong Governance Model

The synergy brought about by the strong partnership structure of Koç Holding and Ford Motor Company is the basis of the strong governance model of Ford Otosan, the first automotive company of Turkey. The governance understanding of Ford Otosan was shaped by the legacy taken on from both institutions.



Corporate Governance

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Transparency,
accountability, fairness
and responsibility are the
fundamental principles of
our corporate governance
structure
”

Transparency, accountability, fairness and responsibility are the fundamental principles of our corporate governance structure. We observe compliance with local and internationally accepted principles and regard the Corporate Governance Principles published by the Capital Markets Board as our main guideline in the development of our governance structure. We share updated information regarding our governance model with our stakeholders through our Corporate Governance Principles Compliance Report published annually.

The highest level decision making body of Ford Otosan is the General Assembly, which is formed every year by the convention of shareholders and/or their representatives. The General Assembly elects a Board of Directors responsible for the administration of corporate operations. Ford Otosan Board of Directors, which consists of 14 members elected for a determined period, includes 2 independent members in compliance with the norms indicated in regulations of Capital Markets Board of Turkey. Two women members take office in the Board of Directors, where no member, except those executing the duties of General Manager and Assistant General Manager, participates in the execution. At Ford Otosan, different individuals perform the duties of Chairman of the Board of Directors and that of General Manager.

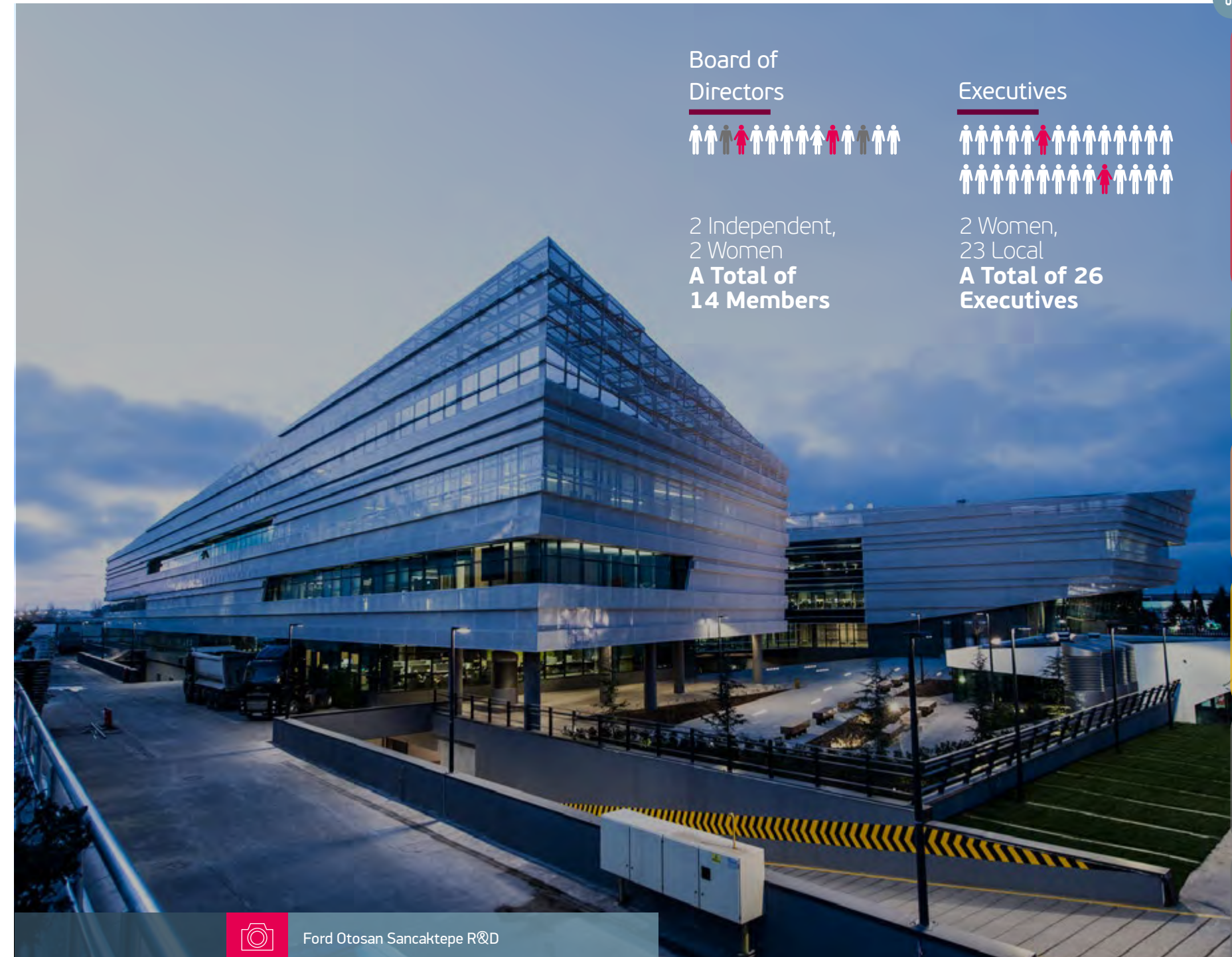
Ford Otosan Board of Directors is responsible for identifying the strategic targets of the company; ensuring the operability of risk management and control systems, the reliability of the internal control mechanism and compliance with corporate governance principles; identifying corporate objectives and tracking related activities.

There are 4 committees operating under the Board of Directors, namely the Audit Committee, Corporate Governance Committee, Remuneration Committee, Early Determination and Management of Risk Committee; the Corporate Governance Committee also performs the duties of a Nomination Committee.

The realization of strategic orientations identified by the Board of Directors is the responsibility of the General Manager and the executive management of the company. 26 executives specialized in various fields, of which 23 local and 2 female¹ executives, take office in the executive management of Ford Otosan.

You can reach information regarding the structure of Board of Directors and its Sub-committees and the fundamentals of its activities and Ford Otosan Corporate Governance Principles Compliance Report given in the Annual Report on our corporate website www.fordotosan.com.tr

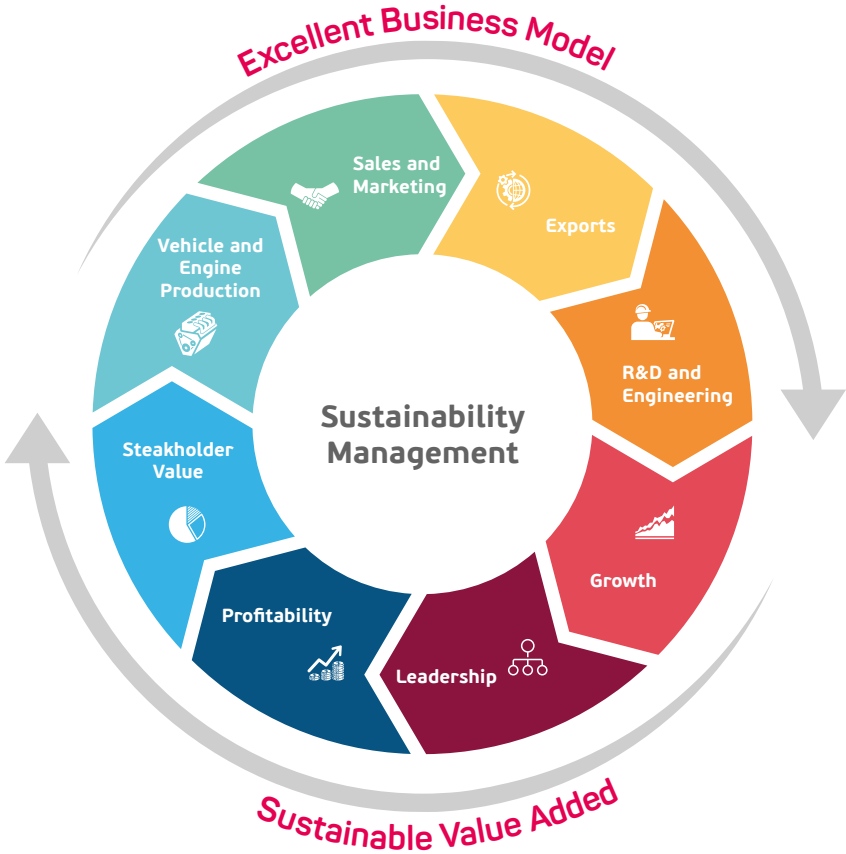
¹ As of February 1, 2016 the number of women members of Executive Management increased to 3.



Sustainability Management

Forming an excellent business model and generating sustainable value added are the two most important objectives of our strategic business plan. We work towards developing an effective sustainable value generation approach when constituting our business strategies.

We designed our sustainability management plan through the agency of the work group we constituted with the participation of executives from various business units representing all of our operations. As part of sustainability works, we identified prioritized issues that have an impact on our corporate operations. We considered the potential for producing risk and opportunity in the value chain and stakeholders' level of expectation regarding the issue in the identification of prioritized issues. We have ensured the compliance of our prioritized issues portfolio and other works to be realized afterwards with the extensive sustainability management models of our main shareholders, Koç Holding and Ford Motor Company. We finalized the results we achieved in consequence of these works by offering them to the views of our executives once again. During the reporting period, we have revised our sustainability priorities.



Ford Otosan Value Chain and Sustainability Priorities

Governance Priorities	
Business Ethics&Anti Corruption	A B C D E F
Sustainability and Risk Management	A B C D E F
Management of Sustainability Risks in the Value Chain	A B C D E F
Environmental Priorities	
Energy Efficiency and Emissions	A B C
Vehicle Fuel Consumption and Low-Emissions Vehicle Strategy	B D E
Economic Priorities	
Product and Service Quality	A B D E F
Customer Satisfaction	D E F
Innovation	B
Supplier and Dealer Business Success	A D F
Product Recall Management	B D E F
Social Priorities	
Occupational Health and Safety	A B C
Talent Management and Vocational Training	B D F
Human Rights at Workplace	A B C D F
Work-Life Balance	B
Vehicle Safety	B D E
Disaster and Emergency Preparedness	B

A Supply Processes

B Design&Production Processes

C Distribution Processes

D After Sales Services Processes

E Consumption

F After Sales Services Processes

Business Ethics

We aim to be a symbol of trust, continuity and prestige before our stakeholders. We regard Ford Otosan Code of Conduct, which is binding for all our employees, as a guide in our business ethics approach. All Ford Otosan employees and managers are responsible with abiding by these principles, directing and warning their co-workers and notifying relevant corporate organs in case of a violation.

Company employees of all levels are informed regarding Ford Otosan Code of Conduct. Following each informing process, an online control test is implemented to ensure that the principles are understood correctly. The informing and testing process continues until success is achieved. Newly recruited employees declare that they have read and accepted Ford Otosan Code of Conduct during the orientation program. All company employees also need to pass the Code of Conduct Control Test every year. In this way, all Ford Otosan employees and managers are informed regarding business ethics principles and the freshness of their information is ensured.



Ford Otosan Kocaeli Plant

Another tool we make use of to improve the knowledge and experience of our employees in the issue of business ethics is Ford Otosan Fight Against Corruption Training. All of our managers and employees are informed about corporate procedures through trainings provided in this regard. On the other part, all supplier companies are also provided with training against the risks of bribery and corruption. In this scope, a total of 534 hours of fight against bribery and corruption training was offered in 267 supplier companies in 2015.

Ford Otosan Code of Conduct involves the norms in force for our relations with internal and external stakeholders and the prevention of conflicts of interest, the principles of occupational health and safety, protection of the environment, product safety and quality, prohibition of political activities, protection of intellectual rights and confidentiality, as well

as issues related to the prevention of corruption, exploitation, bribery and other simi-



lar unlawful, illegitimate acts. We regard Ford Otosan Code of Conduct as the basis of our employees' behavioral commitment and the 10 Principles of the United Nations Global Compact, of which Ford Motor Company and Koç Holding are signatories, as an integral part of our working principles and their supplement at the corporate level.

It is the responsibility of the Exceptional Case Management Committee, constituted with the participation of the Human Resources Director, Chief Legal Counselor and Internal Audit Manager, to ensure that the behavior displayed within the scope of our activities is in compliance with business ethics. It is the responsibility of all our employees to make the due notice in case it is suspected that a situation against our working principles has arisen and the procedures they need to follow have been determined. When there is such a suspicion, employees make a notice to their first-degree superiors or related executive managers in written or by email. After the manager who has received the notice reports the situation to the Exceptional Case Management Committee, the committee reports the acquired results of the necessary research and investigation works to the executive management. If the situation requires the disciplinary mechanism to be operated, the Disciplinary Committee is set up. The Disciplinary Committee, which consists of the General Manager, Head Assistant General Manager, Assistant General Manager of Financial Affairs, Human Resources Director and Assistant General Manager of the Relevant Unit, decides on the necessary course action. The notifying parties can share their identity and contact information if they wish to. However, the identity of the notifying party is definitely kept confidential.

Fight against corruption is one of the most important components of our working principles. We do not tolerate any act of bribery, corruption or misconduct, on whatever scale it may be, whether for or against the company. The most serious indicator of our attitude against acts of corruption is Ford Otosan

Policy for Fighting Against Corruption that we published in the reporting period. The policy is binding for all Ford Otosan operations, managers and employees, suppliers, dealers and all business partners. The policy defines the expectation of Ford Otosan from its relevant stakeholders with regard to the fight against corruption; it forbids the acts of bribery, extortion, influence peddling, abetment, money laundering, and trade with prohibited persons, facilitation payment and political donation;

it regulates the issues of gifting and hosting. As per this policy, we do not establish business relations with persons known to engage in such actions and we implement enforcements foreseen by our corporate procedures on our employees or other stakeholders who attempt such actions. Besides, no employee may be held responsible for any losses that the company may suffer on account of any behavior in compliance with our ethical working principles.

As required by our working principles, we are not a party to any political or ideological notion, tendency or organization. Accordingly, we do not support political parties, politicians and candidates, their works or campaigns directly or indirectly. We do not allow such works in our working places, nor do we allocate company resources to such works. We ground our relations with public institutions on transparent and responsible conduct. We respond to their requests of information and remark regarding our company and industry. We do not engage in

lobbying activities for the private benefit of the company whether directly or indirectly, nor do we provide support for persons or institutions engaging in such activities. We contribute to the solution of economic or industry-specific problems as well as to public policy making regarding these issues without any unfair competition; we express our views on platforms open to public participation. In cases where public institutions are our customers, we act in total compliance with legal regulations and in accordance with open competition conditions.

You can reach Ford Otosan Code of Conduct on our corporate website www.fordotosan.com.tr.

We regard Ford Otosan Code of Conduct as the basis of our employees' behavioral commitment and the 10 Principles of the United Nations Global Compact, of which Ford Motor Company and Koç Holding are signatories, as an integral part of our working principles and their supplement at the corporate level.



Risk Management and Internal Control

“...not only issues within the scope of corporate activities, but also other potential issues that might arise across the value chain, primarily supplier and dealer operations, are also included among risk elements.”

Predicting, managing and tracking potential risks in all areas and preparing action plans required with regard to risk and crisis management constitute the primary objectives of our risk management studies; the highest-level body responsible for risk management and achieving these objectives is Ford Otosan Board of Directors. Early Determination and Management of Risk Committee ensures the early determination of risks that might endanger the existence, development and continuity of the company, takes necessary precautions regarding the identified risks, conducts works to manage the risks and periodically reports the outcomes it obtains to the Board of Directors. The Audit Committee, which plays a significant role in risk management, supports risk management activities with the results it obtains from internal auditing processes.

While the Early Determination and Management of Risk Committee and the Audit Committee ensure the representation of risk management processes at the senior level management, the identification, tracking, elimination of risk elements and their reporting to these organs are the tasks of the Risk Management Directorate. The Risk Management Team works across units to popularize risk management awareness throughout the organization and to form a risk management oriented corporate common sense. The team identifies the financial, operational, strategic and legal risks of Ford Otosan, prioritizes them by rendering the risks measurable and outlines the risk management map of Ford Otosan with monthly held meetings. Risk elements collected in the Risk Optimization Map by the Risk Manager are tracked through this table. The conducted works are reported to the Board of Directors through the agency of the Early Determination and Management of Risk Committee.

Sustainability risks and opportunities are also treated within the framework of Ford Otosan risk management systematic. For the purpose of constituting an integrated point of view, not only issues within the scope of corporate activities, but also other potential issues that might arise across the value chain, primarily supplier and dealer operations, are also included among risk elements.

We aim for risk management efficiency to be improved, the accuracy of corporate operations to be verified and hereby building trust before our stakeholders, through our internal control works. The Audit Committee, which was established in accordance, periodically tracks the efficiency of internal control and internal audit activities in terms of process and outcomes, as well as the compliance of financial reports, and offers its suggestions to the Board of Directors. It has the authority to demand and examine all kinds of information within the scope of the examinations conducted by the Internal Audit Unit. The executive management actualizes projected action plans. In this regard, the Internal Audit Unit ensures that the feedbacks of



the Audit Committee are evaluated within the process by implementing internal control and auditing activities. The Internal Audit Unit applies an internal control plan involving all corporate operations every year. Through this structure, over 3,000 control points are tested every year.

Besides auditing practices conducted by Koç Holding, Ford Motor Company and the corporate internal auditing organization, our activities are also audited at various intervals by several public institutions such as the Ministry of Finance, Ministry of Environment and Urbanization, Ministry of Work and Social Security, Directorate General of Customs.

Sustainability issues are included in internal control processes. Control works are also conducted across the value chain, besides intercorporate processes.

Ford Otosan adopts the principle of zero tolerance against acts of bribery and corruption in the business and transactions of its employees and business partners in relation to Ford Otosan. For this reason, the issue of bribery and corruption constitutes an important leg of internal auditing works. In the reporting period, all of our corporate operations were audited against the risks of bribery and corruption and no compromising cases were encountered. As a result, there were no employees or business partners subjected to any administrative or legal actions due to corruption during the reporting period. In the same way, our company operations were also supervised against any human rights risks and no significant risk elements were found out.

You may reach detailed information regarding our risk management and internal control practices at 2015 Ford Otosan Annual Report and www.fordotosan.com.tr.



Ford Otosan İnönü Plant

Stakeholder Relations

“
...we inform our stakeholders regarding our activities and performance results accurately, completely and timely.
”

Establishing a transparent, accountable and responsible relationship based on trust with our stakeholders, developing methods to learn about our stakeholders' views and suggestions constitute an important component of our strong governance structure. Accordingly, we inform our stakeholders regarding our activities and performance results accurately, completely and timely, within the scope generally outlined by Ford Otosan Information Policy.

We take into consideration the expectations and characteristics of the relevant stakeholder group when determining the methods and frequency of communication with our stakeholders. We cooperate and conduct joint works with stakeholder groups with whom we meet around common principles and goals. In this regard, we act together with civil society organizations that we regard as a driving force in the solution of professional and social development issues. We contribute to the solution of social problems by becoming members of institutions active in occupational and professional fields, taking part in their management or in working groups.

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

Ford Otosan Sancaktepe R&D

Ford Otosan İnönü Fabrikası



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





Strong Financial and Commercial Portfolio

A strong financial and commercial portfolio is one of the most important factors enabling us to generate more value added. We continuously pursue our investments with the economic value we have created by maintaining our consistent growth since our foundation, we provide added value for our stakeholders.



Strong Financial Structure And Economic Value Generation

We continue to reinforce our financial structure and to generate economic value for our country since 1959 with the power we draw from the equal partnership of Ford Motor Company and Koç Holding. In the reporting period, we exhibited a performance surpassing the targets we projected at the beginning of the year in our budget and we achieved a turnover of 16.7 billion TL. In the same period, we made 466 million TL worth of investment as part of production capacity increase and product diversification activities.

Financial Highlights

	2015	2014	2013
Sales Revenues (Million TL)	16,746	11,925	11,405
Gross Profit (Million TL)	1,860	1,131	1,128
Operating Profit (Million TL)	1,036	541	670
EBITDA (Million TL)	1,441	846	856
Profit Before Tax (Million TL)	866	390	452
Net Profit (Million TL)	842	595	641
Investment Expenditures (Million TL)	466	858	1,312
Financial Debts (Million TL)	2,561	2,350	2,291
Net Cash / (Debt) (Million TL)	(1,580)	(1,773)	(2,053)
Net Financial Debt / Tangible Equity	0.63	0.79	1.13
Gross Margin	11.1%	9.5%	9.9%
EBITDA Margin	8.6%	7.1%	7.5%
Operating Profit Margin	6.2%	4.5%	5.9%
Net Profit Margin	5%	5%	5.6%
Return on Equity	27.5%	21.6%	28.7%
Dividend Payment (Million TL)	400	175	300
Yearend Market Value (Billion USD)	3.6	4.9	3.7



Ford Otosan in 2015

Manufactured
59%
of commercial vehicles

25%
of total vehicles
in the Turkish
automotive industry

Realized
65%
of commercial vehicle exports

25%
of total vehicle exports
of Turkey

Became both the industry
export leader and the Turkish
export leader with
3.9 Billion
US dollars in export
revenues.

Maintained its innovative leader-
ship in the automotive industry
with

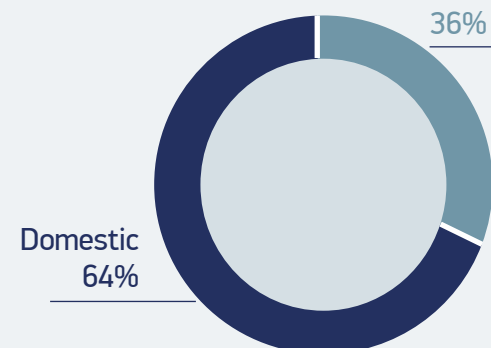
1,378
R&D engineers and an R&D ex-
penditure share of over 2%.



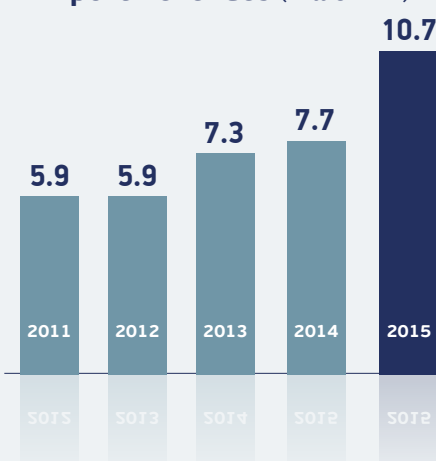


Sales Revenues

International
36%



Export Revenues (Billion TL)



As the leading producer of the Turkish automotive industry and the export champion of the last five years, we also generate economic value for our stakeholders in our large value chain. 15.8 billion TL of the 16.7 billion TL worth of economic value generated in the reporting period was distributed across the value chain through procurement expenditures, employee wages, dividend and tax payments, social investments.

Direct Economic Impacts (Million TL)

	2015	2014
Generated Economic Value	16,746	11,925
Net Sales	16,746	11,925
Distributed Economic Value	15,799	11,589
Operational Costs	14,582	10,794
Employee Wages	789.41	610.21
Dividends	400.03	175.46
Tax Payments	8.96	0.71
Donation, Sponsorship, CSR and Social Investments	17.95	8.55



Leading Force of Turkish Automotive Industry

As the first automotive manufacturer of Turkey, we continue to realize firsts and preserve our leading place in the industry. We maintain our works on advanced technologies to be able to offer products that can compete not only in Turkey, but also in all export markets including Europe and North America.

In 2015, we have reached the highest level of our history in total sales figures, export figures, production and sales income as a result of positive market conditions and the strong demand for our new vehicles. We produced 59% of the commercial vehicles and 25% of all vehicles in the Turkish automotive sector. We realized 65% of our country's commercial vehicle export and 25% of all vehicle exports.

As a result of the persistence of the growth in the European commercial market and the high demand for our new products, our export numbers increased by 32% reaching

Ford Otosan Market Shares

Segments	Turkish Automobile Industry	Ford Otosan Sales	Market Share (%)
Passengers Cars	130,286	33,708	25.9%
Light Commercial Vehicles	725,596	47,158	6.5%
Medium Commercial Vehicles	112,135	37,774	33.7%
Trucks	33,656	7,828	23.3%
Total	1,005,850*	126,468	12.6%

*Cover all heavy commercial vehicles excluding buses and midibuses.

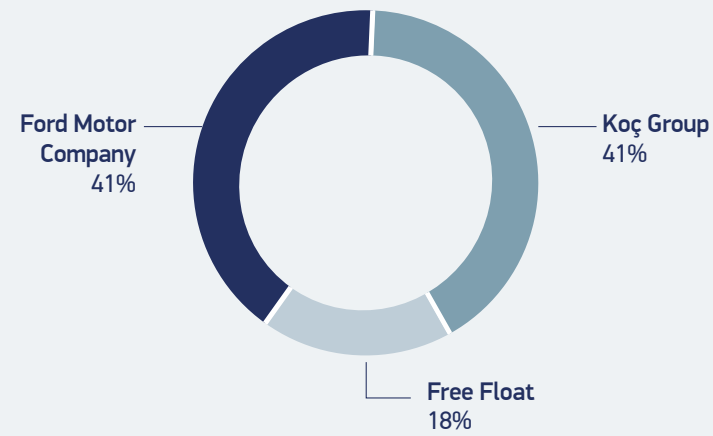


Product Strategy in Emerging Markets

One of the most important components of our business strategy is to create the most appropriate vehicle model befitting customer expectations, thereby benefiting from opportunities presented by emerging markets. In accordance, we identify expectations and needs regarding target markets, such as local legal regulations, geographical and climate characteristics and road conditions, through the agency of our marketing experts. Subsequently, we actualize appropriate vehicle projects for target markets through the works of our R&D and product design teams.



Partnership Structure



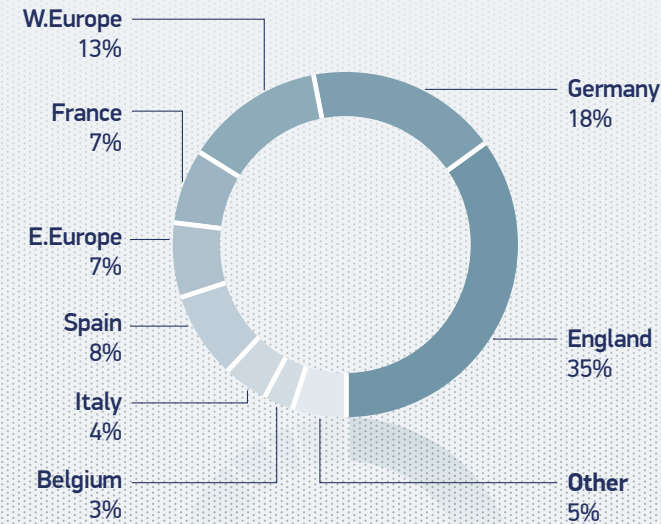
a record level of 253,644. In consequence of this, our export leadership in the sector that continued for the last 4 years in a row was turned into first place in Turkey as of 2015. In the reporting period, we reinforced our exporter status by realizing 10.7 billion TL worth of export.

As Ford Otosan, we are exporting vehicles and parts to 82 countries on five continents, as of 2015. In 2015, our Custom model had the largest share in our export operation with 51%. In the same period, while England, North America and Germany constituted our main export markets; England, Germany and Western Europe ranked in the first three places.

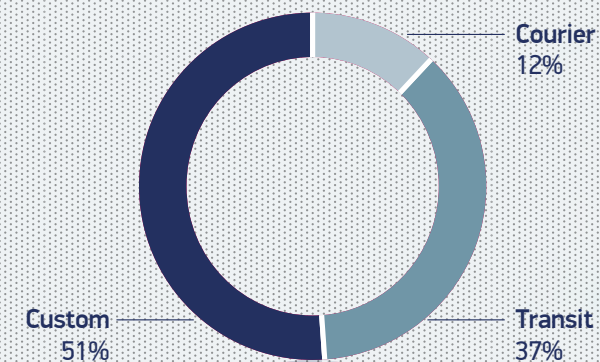
We are the only production center in the world for Custom and Courier models, and the only one in Europe for the Transit model. In 2015, Ford Otosan produced 73% of the commercial vehicles, and 81% of Transit vehicles, sold by Ford Motor Company in Europe.

We are the only production center in the world for Custom and Courier models, and the only one in Europe for the Transit model.

Our Main Export Markets



Our Export Models



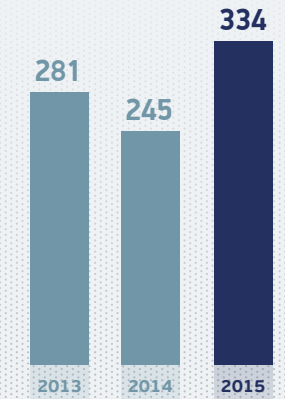
We are exporting vehicles and parts to

82 Countries
5 Continents

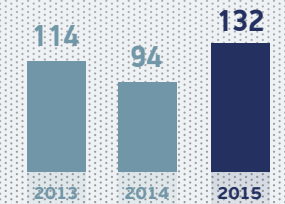
3.9 Billion Dolar
Export Revenues in 2015



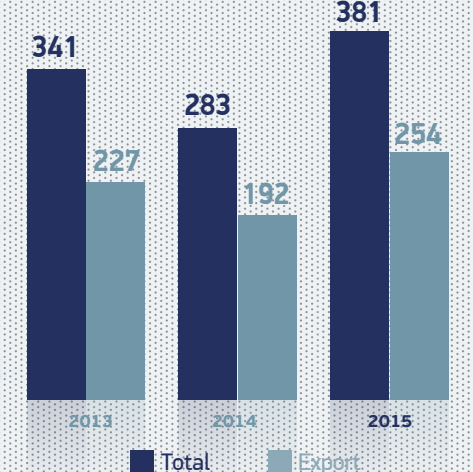
Production (Thousand Units)



Retail Sales (Thousand Units)



Total Sales (Thousand Units)





Ford Trucks

Ford Otosan is one of the two production centers for Ford Trucks. It is projected for Ford Trucks produced at İnönü Plant to be exported to 65 countries on three continents, once the product portfolio is completed in subsequent years. For this purpose, we also continue our works for improving domestic and foreign sales and service points. In this regard, as of 2015 we have mostly completed our sales and service structuring in Turkey with 27 facilities; while we have reached 19 facilities in 15 countries abroad. We aim to continue our dealer and service network development works in subsequent years to reach 50 countries and export a third of our production by 2020.

In 2015, Ford Trucks increased the market share of Turkey by 1.5% points with its proactive approach and consolidated its position. Despite challenging competitive conditions in the road and construction segment, the market share was increased. As for the tow truck segment, the market share was increased by introducing the 1846T model for large fleets, while developments in the Southeastern region had a negative impact on the sales of the 1838T model.



Customer Satisfaction and Quality

“
...we act with the principle of excellence in all our activities from production to sales and aftersales services to ensure customer satisfaction.
”

Keeping our customers' satisfaction at the highest level through the quality of our products and services is among our main priorities. For this reason, we act with the principle of excellence in all our activities from production to sales and aftersales services to ensure customer satisfaction. In accordance with our objective of constituting total quality and excellence oriented business processes, we conduct continuous improvement activities. To achieve this objective through improvement works is the common responsibility of all our employees.

We follow international quality and management standards in order to achieve excellence in our business processes. The guide for the constant improvement of Ford Otosan in relation to quality and customer satisfaction is ISO 9001 Quality Management System. In addition, ISO 14001 Environmental Management System, ISO 10002 Customer Satisfaction Management System, ISO 14064 Greenhouse Gas Quantification and Verification System, ISO 50001 Energy Management System, ISO 18001 Occupational Health and Safety Management System, and ISO 27001 Information Security Management System are other standards we follow. We continuously track the requirements of these standards through regularly conducted auditing and certification works and we carry out improvement works.

In accordance with our product quality and customer orientation understanding that also constitutes the basis for the strategy of Ford Motor Company, we ensure the



satisfaction of our customers through quality, usefulness, technical qualities and performance. Besides, we aim to generate customer satisfaction not only in the production and sales processes, but also throughout the economic life of the product. We develop systems and models to ensure that our customers meet our vehicles at our dealers and services with an understanding of high quality service.

The accurate and complete information of our customers regarding our products is an important component of our customer satisfaction understanding. In accordance, product information documents provided with product sale or accessible through our website, containing the technical characteristics of our products, instructions for use and many detailed information, are the primary sources prepared for the information of our customers. We realize information trainings aimed at dealer and service employees who are in direct contact with our customers.

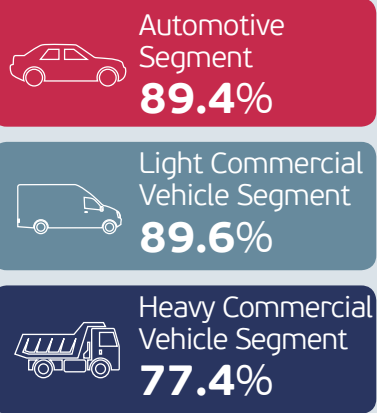
We conduct our advertisement and promotion activities, another channel through which we inform our customers about our products and services, in compliance with the Commercial Advertisement and Unfair Commercial Practices Regulation prepared by the Ministry of Customs and Trade and the Ministry of Industry, the decisions and regulations of Advertising Self-Regulatory Board, as well as other relevant legal regulations. We refrain from using any elements that deceive, misguide, set a bad example for consumers, or are against ethical norms, reality and general safety rules in these channels. Thanks to our rigorous approach in the issue of product labeling and information, there were no cases of incompliance with legal regulations in the reporting period.

One of the most significant components in enhancing the satisfaction of our customers is solving problems encountered by our customers during product use and service processes as soon as possible and providing them with information. Thanks to our open call centers easily accessible by our customers, the complaints and information conveyed by our customers are transferred to relevant persons within the shortest time and the most appropriate answer is promptly provided.



Customer Satisfaction Surveys

our customers expressed satisfaction during sales processes.



We measure the level of satisfaction of our customers with our products and services through surveys conducted internally and by independent institutions. We make use of the results we obtain in our studies devoted to enhancing our product quality and service processes.

According to customer satisfaction studies we conducted during the reporting period, our customers expressed satisfaction during sales processes at the rate of 89.4% in the automotive segment, 89.6% in the light commercial vehicle segment, and 77.4% in the heavy commercial vehicle segment.

According to studies where we measured satisfaction at our authorized services, our customers expressed satisfaction at the rate of 79.8% in the automotive segment, 82.5% in the light commercial vehicle segment, and 80.7% in the heavy commercial vehicle segment.



Product Recalling Strategy

Producing our products in compliance with superior quality and safety norms that exceed our customers' expectations is among our primary strategies. The quality of every vehicle we produce is guaranteed by the Ford brand and by Ford Otosan. In cases identified by our quality managers, plant and service engineering teams as required by Ford Otosan and Ford Europe quality management procedures, it is required to take voluntary remedial action as part of the Voluntary Recalling procedure regulated by the Ministry of Science, Industry and Technology Market Surveillance and Control Regulations. When deemed necessary we voluntarily contact our customers to recall our products and perform necessary software or hardware update and alterations. In such cases that occur rarely, cases are carefully evaluated and reported to the executive management. The experiences learned from these cases are used for improving our production and quality processes.



Customer Satisfaction Workshop

In the reporting period, we realized a Passenger, Commercial and Heavy Vehicle Sales and Aftersales Customer Experience Workshop. At the workshop, the most frequently encountered problems at dealers were identified and ideas were exchanged on these issues together with the relevant participants of Ford Otosan. Works were conducted regarding possible solutions for the problems and potential points of improvement. Actions deemed necessary were implemented.



Supplier and Dealer Business Success

We constantly contribute to enhancing the business success of our dealers and suppliers for a sustainable business model.

For automotive manufacturers, the prerequisite for business continuity, quality, efficiency and customer satisfaction is the existence of a developed value chain. Our suppliers and dealers play an important role in our large value chain. We constantly contribute to enhancing the business success of our dealers and suppliers for a sustainable business model.

In the automotive industry, which has a more complex supplier chain compared to most industries, producers conduct their operations with a multitude of suppliers. These suppliers, which usually serve more than one main industries, also have sub-suppliers.

Our purchasing organization is gathered under the two main groups of production purchasing and nonproduction purchasing. As of 2015, of the 1,040 active suppliers we work together, 296 are devoted to serial production and their orders constitute 90% of the purchasing turnover.

Our supply management for serial production is executed in two main areas namely, material supply provided by Ford Motor Company and raw material, semi-product and other service procurements provided by local suppliers. In the reporting period, 53,977 purchase files were opened; the financial equivalent of this operation is at the level of 2.3 billion Euros. All of our purchases are provided from local suppliers.

We work to disseminate our sustainability understanding throughout our supply chain. We encourage our suppliers to develop systems and practices in primary sustainability fields such as quality, efficiency, human rights, working environment and environmental performance. We include these expectations in our purchasing agreements and ensure their active monitoring. All our supply chain processes are conducted by Purchasing Assistant General Management and Material Planning and Logistics Assistant General Management units. Processes are carried out within a model based on strategic objectives at the level of responsible directors reporting to these units. Obtained performance results are reported to executive management.

We conduct the supplier certification practice that involves training and auditing activities, in order for sustainability issues to be adopted by our dealers and suppliers. In this way, we are implementing the Q1 quality management system certification im-



Ford Otosan 2015 Manufacturers' Summit

**Award Winners in 2015
Manufacturers' Summit**

Gold Star Awards
Mutlu Akü, Norm Civata, Pressan

Silver Star Awards
Hema, Tredin, Yazaki

Bronze Star Awards
Elring Klinger, Şahince, Martur

Incentive Award
Opsan

plemented by Ford Motor Company worldwide. As part of the certification, we require that the operations of our suppliers are documented to be in conformity with standards such as ISO 14001, OHSAS 18001 by independent third parties. As of 2015, 80% of the 296 active suppliers for serial production we work together were determined to comply with our environmental practice expectations, which also include ISO 14001 and OHSAS 18001 certifications, and were accordingly certified.

In the reporting period, 267 supplier companies were provided with a training program involving the issues of human rights, social impact and business life. While the number of suppliers we audited during the period reached 54; 37 of them completed all corrective actions and 17 companies are still carrying them out.

We carry out our supplier development works on open and sincere communication platforms. We learn about the expectations and views of our suppliers through the meeting we realize annually with the participation of all our suppliers for serial production and we reward 10 suppliers that exhibit the



Dealer Websites

We aim to enhance customer experience by transferring the Ford service physically offered by dealers to the digital world through the standardization of dealer websites. With the engagement of dealer websites as the first step of digital transformation projects, we carried the Ford Otosan brand in the digital world that has become the first reference point of customers to a point where it gives the same communication message and provides a common customer experience at high standards.



best performance, also within the context of these meetings. In addition, we encourage the participation of local manufacturers in the Supplier Summit meetings organized by Ford Europe thereby contributing to the enhancement of their business potential. In the reporting period, nine of our local suppliers attended these meetings with their senior executives.

The business success of our 192 dealers and authorized services is significant for the sustainability of our operations, as that of our suppliers. We contribute to the enhancement of their technical competences, capacities and level of knowledge through training programs we design for our dealers. We learn about the information and views of our dealers through the Dealer Council we organize with periodical intervals. We take steps to improve our practices in line with the views and expectations received from our dealers. Also within the scope of our works aimed at enhancing dealer business success, we carry out the Ford Notice Wizard System practice. Thanks to this practice, dealers can easily prepare their communication works over the system and swiftly start communication.



Customer Satisfaction and Spare Part Dealer Workshops

We identified points that are open to development in dealer processes and developed action plans through the Passenger, Commercial and Heavy Commercial Vehicles Sales and Aftersales Customer Experience Workshop we realized during the reporting period. At the workshop that was organized with the participation of 60 Dealer Sales and Service Managers and 50 employees from the relevant units of Ford Otosan, a schedule was also formed regarding the implementation of action plans.

In 2015, we also conducted a similar practice with our spare part dealers. At the workshops, we discussed how dealers could contribute to our joint works, several campaigns and incentive practices devoted to dealer personnel.



Ford Otosan 2015 Bayi Toplantısı





Sustainable Mobility Solutions

In parallel with the increase in urban population around the world, the need for mobility and transportation is also growing. On the other hand, climate issues that are gradually becoming more evident increase the need for more efficient, climate friendly transportation solutions. In face of this situation, it is foreseen that the need for safer, more environmentalist and affordable transportation vehicles and models that will answer the comfort, interaction and mobility expectations of the new generation will rise.

We work to ensure that Ford Otosan is mentioned with its strong models in the global competition and that it sustains its commercial success in the future, through our design and innovation works which we conduct in accordance with the product strategies of Ford Motor company that grasp the needs of the future.



Innovation And R&D Management

We focus the innovation an R&D works on developing products that will surpass their peers environmentally and receive appreciation from customers with their design, high quality, technology and the driving experience they offer.

The primary objective of our innovation and R&D works is to carry Ford Otosan further up in the global competition and rise to the position of a company remembered for its engineering export and innovation skill through advanced technology and product design works. We focus the innovation and R&D works that we carry out in this direction on developing products that will surpass their peers environmentally and receive appreciation from customers with their design, high quality, technology and the driving experience they offer. We develop the tradition of innovation offered to us by our R&D studies that we started in 1961, as a first in the Turkish automotive industry, with investments.

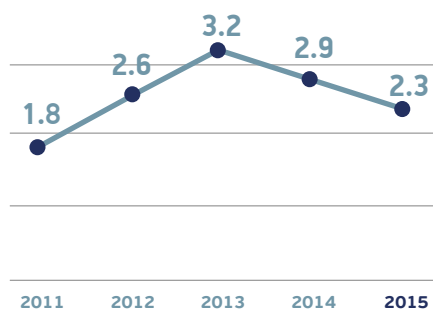
We carried our identity as the most rooted R&D organization of the Turkish automotive industry to a much higher point over the years. At the point we have achieved today, we have the largest R&D employment and patent portfolio in the Turkish automotive industry. With the R&D infrastructure and engineering capacity that we have, we are also one of the numbered R&D centers in the Ford Motor Company system. The most basic indicator of the importance of our R&D center in the Ford Motor Company ecosystem is that we operate as the global design and engineering center for heavy commercial vehicles and diesel engines and the primary support center for the design and engineering of light commercial vehicles.

Our innovation works are executed with an integral approach under the leadership of our executive management. Strategic orientations identified by the executive management are actualized through the works of our R&D centers under the direction and supervision of the Intellectual Rights Committee. The suggestions of our employees are one of most valuable inputs for our R&D studies, which we have transformed into a business manner for all Ford Otosan employees. We revise our works through Discovery and Patent Evaluation Meetings organized internally and at the level of Global Ford Realm. Innovation works that play a part in the performance evaluation system including the executive management are subjected to auditing works conducted by our shareholders and public institutions as well as internal audits.

We focus our innovation works on engine, drivetrain, body and interior space development works for Ford Motor Company and Ford Otosan, besides enhancing fuel economy, emission optimization, driver support systems, test processes and analytical methods. In 2015, we transferred 383 million TL worth of funds to the projects and investments we realized in this regard.

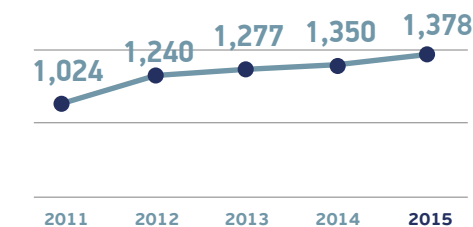
The basic factor that enables us to be the R&D champion of the Turkish automotive industry is our works aimed at enhancing our R&D personnel as well as the techno-

Ratio of R&D Expenditure to Revenue (%)



Ford Otosan Sancaktepe R&D

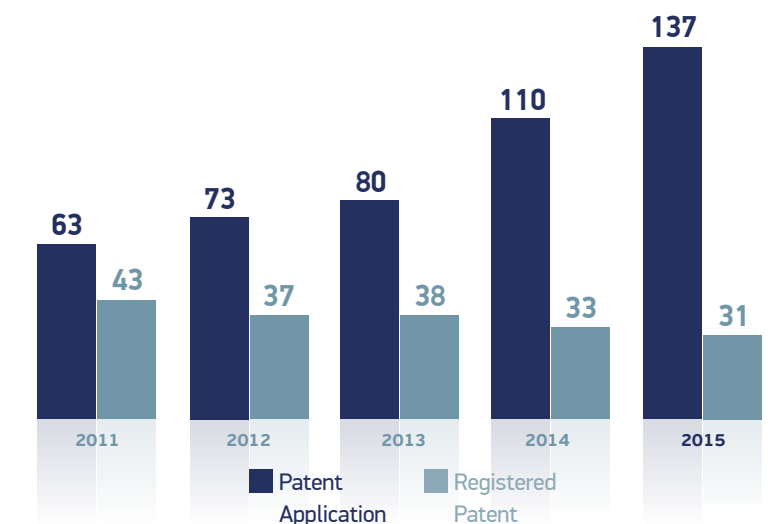
Number of R&D Engineers



logical capabilities, physical conditions and intellectual accumulation of our centers based on the significance we accord to R&D works. In this regard, our R&D employees constitute the most prioritized area of development. We have increased our number of R&D personnel, which was 200 in the year 2000, to 1,378 as of 2015. Sancaktepe Research and Development Center, which was opened in 2014 following our Kocaeli Gölçük and Gebze TÜBİTAK Free Zone R&D Centers, which are registered as R&D Centers by the Turkish Ministry of Science, Industry and Technology, and started its activities during the reporting period, has greatly reinforced our innovation capacity. Sancaktepe R&D Center, which was registered by the Turkish Ministry of Science, Industry and Technology as an R&D center, is the largest R&D center of the Turkish automotive industry with an indoor area of 38,000 m² and home to many firsts in Turkey. Virtual Reality (CAVE) Laboratory and Embedded Systems and Software Development (HIL) Laboratory are some of our opportunities that will enable the development of advanced technologies. Thanks to the facilities offered by Sancaktepe R&D Center, Ford Otosan acquired the quality of being the only company capable of designing a whole vehicle from scratch including its engine, internal and external visual design in the Turkish automotive industry. Another characteristic of Sancaktepe R&D Center is that it is an energy efficient building largely benefiting from natural light.

Intellectual property protection works are of critical importance for the transformation of innovation activities into economic value. In accordance, we realized 137 patent applications and 31 patent approvals in 2015. In this way, the number of patent applications we made until now reached 749 and the number of patents we registered in the last 13 years reached 260. With the patent portfolio we achieved we are in second position in all of Turkey and in first position in the automotive industry.

Patent Portfolio



Engineering Export to China



Being a company that brands with its innovation capacity and comes into prominence with its engineering exportation is an important component of our R&D vision. The engineering and counseling services we offered to Ford Europe and Ford Brazil in

the previous periods have carried Ford Otosan to a leading position in the R&D exportation of Turkey.

Our success that reinforced this leadership is the licensing agreement we signed in 2013 with Jianling Motor Corpo-

ration operating in China. As part of the agreement, Eco-torq engines, whose intellectual rights belong 100% to Ford Otosan, are to be manufactured in China to be used in JMC brand trucks. In 2014, we extended the scope of our agreement and signed a new licensing agreement about the chassis, cabin and part technologies of our existing trucks. In this way, trucks whose intellectual rights are owned by Ford Otosan can be completely produced in China. Thanks to the agreement, we also had the opportunity to export engineering and engagement services to JMC. As part of the project being conducted, Ford Otosan engineers are working together with JMC employees for the localization of existing parts, their adaptation to the Chinese market conditions and engagement.

Support for R&D and Technical Training

Besides corporate capacity, the existence of a developed innovation environment in the operational geography is also very influential in achieving global success in the area of innovation. This is only possible through generations with high technical skills who have grasped the philosophy of innovation and institutions that make these possible. At this point, the works conducted at universities are of vital importance. For this reason we support studies conducted in universities, vocational high schools and automotive supporting industry companies. In this regard, we have donated one vehicle each to Marmara University, Yıldız Technical University, Gebze Technical University and Uludağ University to be used in their studies, in 2015.

In 2015, we have also started a TÜBİTAK supported project aiming for emission reduction in diesel engines together with Özyeğin University. As part of the project, Özyeğin University and Ford Otosan engineers will work together on various technologies and perform the design and tests of several parts.

We materialized the Exhaust Catalyzer Test Laboratory conducted in cooperation with Koç University. This project allows for the creation of fully-controlled virtual exhaust and the testing of catalyzers under full control.

The Cylinder Head Test Laboratory, supported by the Ministry of Science, Industry and Technology within the scope of SANTEZ program, which we conduct in cooperation with Istanbul Technical University, ensures a significant reduction of 75% in testing duration and of 95% in costs, in comparison with standard dynamometer tests. Besides, when compared to the same tests, this laboratory uses only 20 m³/hour of natural gas, as opposed to standard dynamometer tests that consume 70 l/hour of diesel fuel.

In consequence of the cooperation between Ford Otosan and Istanbul Technical University:

- Engineering support was received from Ford Motor Company.
- The project was deemed worthy of the Engineering Excellence Award by Ford Motor Co.
- It was held up as an exemplary project for university-industry cooperation and received full point within the context of the Ford Otosan audit conducted by officials from European Bank for Reconstruction and Development (EBRD), a credit institution.

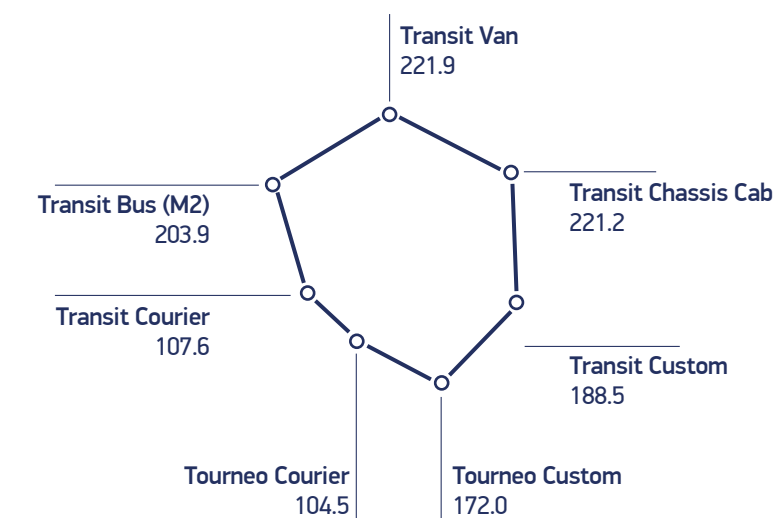
As part of the Computer Assisted Engineering Center cooperation project started together with Sakarya University, it was aimed to reduce the resource costs of high-cost CAE modelling works that Ford Otosan gets done through external sources and to contribute to the enhancement of students' professional competences.

Efficient and Low Emission Vehicles

In our day, the most basic area on which innovation works are focused in the automotive industry is fuel efficiency and the development of new technologies aiming at reducing greenhouse gases caused by vehicle use. Increasing social expectations and legal regulations with the effects of climate change becoming increasingly evident brings works in this area to the forefront to have a say in the automotive industry of the future.

We position the development of vehicle technologies with reduced environmental impacts, which also constitutes an important dimension of the global product strategy of Ford Motor Company, at the center of our R&D and innovation works. In this direction, we are conducting many projects devoted to the development of new engine, transmission, mechanical and electronic systems. In consequence of the improvements we realize in vehicles, the amount of greenhouse gas emission during the consumption process is decreasing with each passing period.

Consolidated Emission Level of Vehicle Families² (g CO₂/km)



² 2015 sales amount and unit emission level on the basis of models were taken as basis for the calculation of the consolidated greenhouse gas emission level of vehicle families.

Ecotorq Engine Family: Local Engine Design Technology Leader in the Global Market

In the reporting period, we completed development works for the new generation Ecotorq engine family, compatible with Euro 6 emissions, to be used in Ford Cargo trucks and tow trucks. The Ecotorq engine family, which is the product of almost four years of work, has an innovative architecture, meets the Euro 6 emission level, is ready for Euro 7 emission level, competitive for world markets and leading in its class. The engine, which we started mass-producing in July 2015, meet with consumers in Turkey starting April 1st 2016 with the new Ford Trucks.

We actualized a practice that will keep the polluting gas emission under Euro 6 legal limits in the Ecotorq 2016MY EU6 engine by implementing a new optimization process to adjust the fuel and airway reference maps that will ensure the lowest fuel consumption for the general user drive profile. Following the optimization, whose engineering works were all performed by Ford Otosan, an average of 8.54% improvement was achieved in fuel consumption; we also ensured it acts as a muffler by reducing the noise through the design of the exhaust emission system.

Ecoboost 1.0L for Transit and Tourneo Courier

The efficient and powerful 1.0 liter EcoBoost gasoline engine was deemed worthy of the “International Engine of the Year” award for the fourth time in a row at the “International Engine of the Year” organization in 2015. Ecoboost 1.0L engines, which we use in our Transit and Tourneo Courier models that we engineer ourselves, have transformed our vehicles into options offering the lowest fuel consumption in its category among gasoline engine options available in Europe. The revolutionary 1.0 liter 3 cylinder EcoBoost gasoline engine provides power at a level you would expect from a classic 1.6 engine, while it consumes the fuel about 24% more efficiently and reduces greenhouse gas emission by 25% with a level of only 119 gr/km.

Synthetic Gas Bench (SGB) - Catalyst Testing and Modelling Laboratory

Ford Otosan calibration projects involve at least one exhaust gas purification system. These systems cleanse the harmful gases and materials exiting the engine. The chemical behavior of the catalyst used in this process directly influence emission and calibration. The catalyst Testing and Modelling Laboratory that was established in cooperation with Koç University in the reporting period provided the opportunity to constitute an innovative approach in the subject of catalyst modelling and selection. In this way, fully-controlled virtual exhaust is created and catalyzers can be tested and modelled under full control. The testing process that was hereby virtualized ensured an annual reduction of 113 Ton CO₂e in greenhouse gas emissions.

Vehicle Safety

Providing our consumers with the most excellent safe drive experience is among the fundamental priorities of our product development activities. In this regard, we first ensure the compliance of our vehicle designs with all the legal regulations of the markets where they are used, Ford Vehicle Safety Design Guideline principles and safety standards developed across the industry. In consequence of the control works we conducted, there were no cases of noncompliance with legal and industrial norms regulating the safety conditions of the vehicles we produced in 2015.



We do not limit ourselves to legal and industrial norms in the issue of vehicle safety; we equip our vehicles with the most advanced active and passive drive safety systems. We conduct constant improvement and innovation works in this field. By this means, our vehicles pass safety tests by achieving the most advanced safety norms of their class.

Besides development and homologation tests performed by our Vehicle Safety Team, independent test institutions also test our vehicles and evaluate their safety performances. Tourneo Connect was both tested by Euro NCAP in Europe and by US NCAP in the US and was given five stars, which is the highest ranking in these tests. Transit Custom also was evaluated with five stars by Euro NCAP in Europe and by AU NCAP in Australia. Tourneo Courier was evaluated with four stars by Euro NCAP and Transit was evaluated with four stars by US NCAP, taking part among the safest vehicles of their class with these rankings.



Ford Otosan Vehicle Safety Works



We extended the Vehicle Safety works, conducted by our Vehicle Safety Team taking office at Sancaktepe R&D Center, that we started with Transit Connect and Courier models to include all the Transit/Tourneo family in the last two years. The vehicles that are developed by the team according to Ford Safety Vehicle Design Guideline Principles meet with users in a large geography and comply with changing safety regulations. Through our works we are actualizing safety design criteria that exceed these legal requirements and meet market and customer expectations.

In the first stage of the works the design and safety performance of the vehicle is examined in the computer environment in test modes befitting the scenarios of frontal, side and rear collision. In this practice, which recently came to include pedestrian safety, low speed collision tests performed for insurance companies and overturning tests, the body of the vehicle and safety components in the vehicle such as belt, airbag are improved and optimized to ensure safety criteria. In the second stage of the works, the safety performance of the vehicle is verified with physical tests. In this regard, tests are conducted at Ford Test Centers in the US, Germany and England, as well as independent test centers in Turkey and China.



Safe Drive Training and Ford Driving Academy



We produce the vehicles we manufacture in accordance with the most advanced design and technology elements to offer high safety norms. Yet, paying regard to the human element and equipping drivers with the information to make use of the opportunities offered by vehicles most appropriately are as important as vehicle qualities to increase drive safety. For this purpose, we conduct activities to inform our consumers regarding safe drive and safety precautions.

Ford Driving Academy project, which has been conducted by Ford Motor Company since 2013, was realized for the first time in Turkey in the reporting period. As part of the activity, over 300 young drivers were provided with a training consisting of 4 stages. Due to the fact that traffic accidents are the primary cause of death among the age group of 18-24 in Europe, in addition to skills development trainings such as danger recognition, handling, speed and distance management, the dangers of distracting activities such as texting and taking photos while driving and of driving drunk were also demonstrated theoretically and practically.



Advanced Emergency Braking System and Lane Departure Warning System

As of 2016, we have concentrated our works regarding our driver support systems called Advanced Emergency Braking System and Lane Departure Warning System, which we began developing in 2014, on all heavy commercial vehicles to receive the new type approval; we produced innovative solutions to problems we encountered during our works.

Thanks to the Advanced Emergency Braking System, which identifies any danger of collision with stopping or moving vehicles ahead instantaneously with the help of advanced technology sensors, drivers are verbally and visually warned. In case the driver does not react to the warning, the vehicle automatically performs partial braking. If the driver still does not take action after the partial braking, the vehicle goes into the emergency braking phase thereby reducing the severity of and even preventing accidents. As part of the works during the reporting period we also worked on various probable scenarios. In accordance with customer views, sit-

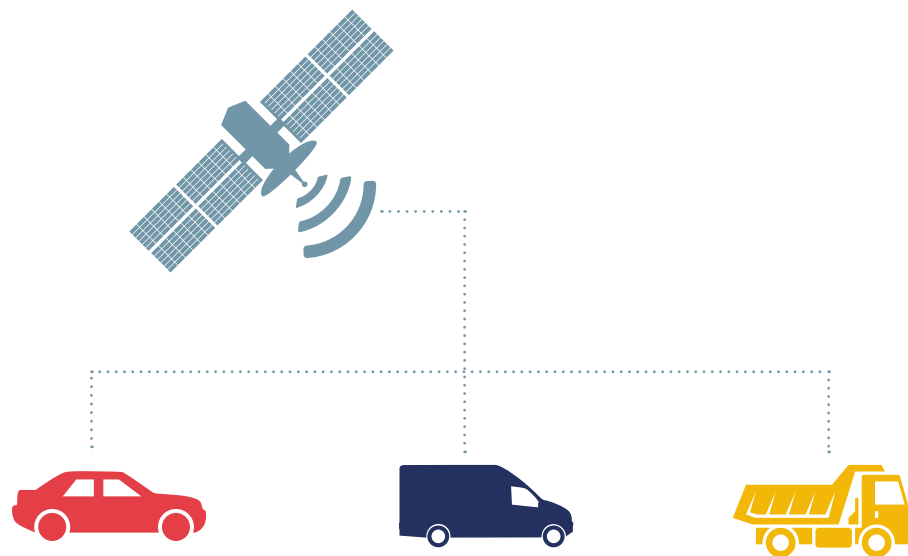
uations when the vehicle should not give a warning such as encounters with parked vehicles on roadsides or parking lots and those where the vehicle needs to give a warning such as approaching a slowing vehicle or a vehicle in a different lane were processed into the algorithm.

With the Lane Departure Warning System, which was designed to constantly track the lane lines on the road with the help of a front view camera mounted on the windshield, drivers are verbally and visually warned in case they involuntarily deviate from the lane. Enhancements were performed for the system to sense the voluntary lane changes made by the driver at high speeds within legal limits and not give unnecessary warnings; the confirmation of these enhancements were included within the scope of studies organized by engineers within the body of Ford Otosan to subjectively evaluate the vehicle from the customer's point of view.

Smart And Accessible Mobility Technologies

As a result of modern life and advancing technologies, a speedy transformation is experienced in urban life. Particularly advancements in mobile communication and Internet technologies, communication technologies among devices and the popularization of computer supported information systems that generate instant responses by processing large data coils are developments that will radically transform our lives in the short run. At this point, smart networks, smart city and infrastructure solutions are also increasingly coming into prominence. For this reason, we project the demand for convenient, value added generating, environmentalist, efficient and safe products to rise in the future. Besides, in consideration of the rising life expectancy and the needs of the aging population and disabled users, the accessibility of products by various consumer groups will also gain significance. In accordance, technologies aimed at vehicles to receive safe drive information by keeping in constant communication with each other and infrastructural components, drivers to be notified about traffic jams and emergency situations through intuitional onboard mobile communication applications, digital maps and interfaces, and ensuring an easier and more enjoyable driving experience are being developed.

We aim to offer vehicles with reduced operational costs, fuel consumption and environmental impacts that provide a safer and more comfortable driving and traveling experience for all consumer groups, young, old or disabled, through the smart vehicle technologies and applications we develop.



Tailoring of Transit Vehicles for Disabled Access

With the work we started at Sancaktepe R&D Center in 2014, we aimed for Transit vehicles to be tailored for disabled access. In the reporting period, we mounted necessary equipment such as lift, aluminium floor, wheelchair attachment equipment, folding chair, and communication devices on ex-factory Ford Transit vehicles aiming to collect information and conduct research and we transformed these vehicles into disabled transportation vehicles and disabled accessible service vehicles. We aim for these products to be provided at the first stage for the use of disabled personnel taking office in Koç Group companies.

The development of the Low-Deck Transit product in accordance with the legislation, which will be enforced in 2018 and will deny the licensing of non-accessible vehicles for public transportation, constitutes the second phase of the project. The application, which will increase the access of passengers with other movement restrictions such as old, pregnant, visually impaired and stroller accompanied passengers, in addition to transporting passengers in wheelchairs, aims both to create a competitive product for the market and to actualize an important practice in the field of product responsibility.



Clean Air Conditioning Refrigerant Application for Transit Courier

The European Union Mobile Air Conditioning Directive, which was published by the European Parliament and Council and entered into force in 2006, was also legislated as of 2008. Accordingly, the use of R134a was prohibited with the restriction enforced regarding the refrigerants that can be used in the air conditioning systems of M1 and N1 class vehicles, starting January 1, 2011 for vehicles with model year alteration and starting January 1, 2017 for newly designed vehicles. In addition, the new refrigerant to be used will be allowed to have a GWP (Global Warming Potential) value of 150 and lower.

When compared to its competitors in Turkey, Ford Transit Courier will be one of the first vehicles to switch from the R134a gas (GWP: 1430) to the R1234YF gas (GWP:4) within the scope of combating climate change and in order to meet the enforced legal requirements. In addition, the pollution load of the R1234YF gas is twice as low as that of the R134a gas. Works for switching to the new refrigerant in Ford Transit Courier vehicles were completed and the switch is to be realized in the second half of 2016.





Environment Friendly and Efficient Production

We regard the environment as a precious treasure and we believe it must be protected in the best way for future generations. In accordance with our environment friendly production understanding, which we perceive to be a significant part of our sustainable development, we work for reducing environmental impacts in our production processes, as well as our products. In this regard, issues such as water, responsible material consumption, waste management and biodiversity, besides the matters of energy, greenhouse gas and airborne emissions constitute the areas where we aim to improve environment friendly and efficient production, thereby reducing negative impacts. You can access Ford Otosan Environmental and Energy Policy on the corporate website www.fordotosan.com.tr



Environmental Management

Through Environmental and Energy Policy, Ford Otosan takes on responsibilities on consciousness-raising of its suppliers and other stakeholders as well as its operations.

The basis of our understanding of environmental management is constituted by principles stated in Ford Otosan Environment and Energy Policy. This policy, compatible with Koç Holding Environment Policy, company targets, conditions of Ford Motor Company Environmental Policy Letter No.17 and international standards, is binding for all our operations. On the other hand, we expect our suppliers, contractors and other related business partners to display behaviours compatible with Ford Otosan Environment and Energy Policy.

Our environmental and energy management systematic was designed according to the requirements of ISO 14001 Environmental Management System Standard, ISO 14064 Greenhouse Gases Quantification and Verification System Standard and ISO 50001 Energy Management System Standard. The constituted management systematic was outlined in Ford Otosan Environmental and Energy Management Handbook and Greenhouse Gas Management Handbook and offered to the information of employees. We also make use of Ford Global Environmental Operation System (EOS) besides ISO 14001 Environmental Management System. Through this system, the principles that we need to follow, the works we need to implement, legal necessities we need to abide and standard guidelines in the performance areas formed in accordance with our strategic plans are evaluated and transformed into business targets of varying periods, ranging from monthly plans to the 5-year strategic plan. These business targets are disseminated throughout individual performance targets within a hierarchy reaching from the executive management to all relevant employees, they are also accepted as part of the remuneration system. The compliance and certification of the management standards we follow, such as ISO 14001, ISO 50001 and ISO 14064 (obtaining certification for emission quantification studies based on IPCC Guidelines), are ensured by means of independent external audits that are conducted. Within the scope of EOS Environmental Operation System, independent external audits are conducted, as well as audits by teams arriving from abroad. Besides, ISO 14001, ISO 50001, ISO 14064 management standards are subjected to the internal audit process conducted annually and to environmental audits conducted by Koç Holding every two years. The achieved performance results are reported to the executive management through monthly reports, to Ford Motor Company management by means of Ford Global Emission Management Database, to Koç Holding through annual reports and to all our stakeholders by means of sustainability reports.



As part of the Environmental and Energy Policy;

Ford Otosan Environmental and Energy Policy is reviewed by the Environmental and Energy Management Representative, is updated with their own approval and that of the General Manager in cases where it needs to be revised, and announced to all employees, stakeholders and the public.

The Environmental Committee consists of the Environmental and Energy Management Representative, Environmental Committee Chair and environmental supervisors from each department assigned to represent their departments. Whereas the Energy Management Team consists of the administration representative, energy manager and energy supervisors from each department assigned to represent their departments.

Within the context of EOS Environmental Operating System, the executive management is provided with information in environmental subjects at the weekly OCM meetings. In addition, relevant managers and the executive management are informed regarding internal audits conducted through the agency of Ford Production System Board of Directors (FPS BD), audit results and necessary actions.

We commit to regularly review the Environmental and Energy Policy.

We commit to make use of environment and energy friendly materials, equipment and production processes in all processes within the scope of the lifecycle, starting with raw material until the completion of product lifecycle.

We have strategies in relation to environment and energy within the context of a sustainable management system. While a new project is still in the design stage, the New Project Environment and Energy Compliance Form is evaluated by the project supervisor, environmental engineer and energy manager. According to the evaluation results, it is decided whether to materialize the project or not. In this way, it is ensured that environment and energy friendly projects are constituted and directed. Our strategies for combating climate change were drawn by Ford Otosan Climate Change Action Plan.





Within the scope of Environmental Management Systems;

Ford Otosan defines water consumption, waste water discharge, responsible material consumption, waste management as significant impacts besides the subjects of energy consumption, greenhouse gas and airborne emissions. All defined targets also have quantitative data. All of our operations, which include 5 locations, namely, Gölcük Plant, Yeniköy Plant, İnönü Plant, Sancaktepe Part Distribution Center and Sancaktepe R&D Center, have ISO 14001 certification.

As per our environmental management model, strategic orientations identified by the executive management are transformed into targets based on time and determined performance. These targets are realized by various organs of our organization, starting with units responsible for environmental and energy management. Environmental targets are transformed into individual business targets through the scorecard practice and the achieved performances influence the performance based remuneration of employees of all levels. The primary targets we have adopted in compliance with Ford Global Environmental Operating System – EOS are to approximately reduce energy consumption per vehicle by 1.3%, water consumption by 2%, amount of eliminated waste by 7%, amount of VOC emission by 2% in g/m² every year in comparison with the previous year and to achieve these targets by complying 100% with legal regulations.

Full compliance with environmental regulations and related laws is among our environmental management principles. In this regard, our expert employees constantly track legislation changes and proactively render our implementations compatible with changing conditions. Environmental Compliance Index (ECI) scorecard is monitored as one of our metrics. At the same time, the data is also checked in the Global Emissions Manager (GEM) as part of EOS, enabling its global monitoring. Ford Otosan legal compliance index is also monitored by Koç Holding. In this regard, like every year, 100% legal compliance

was achieved this year. In 2015, Ford Otosan did not involve in any violation of the rules within the context of environmental regulations, nor did it incur any penalties or accidents.

We pursue projects and investment activities for both ensuring these improvements and developing our environmental performance. Permits are not eligible for contractor employees without receiving plant presentation, environment and organizational health and safety trainings provided by Ford Otosan. In this scope, we allocated 438 thousand TL for environmental management works and more than 6.5 million TL for performance enhancing investment activities in 2015. The equipment of our employees and relevant stakeholders with the necessary knowledge is of great significance for ensuring performance in environmental management. We both develop the environmental management skills of our employees and business partners and work for raising environmental awareness among large segments of society through the environmental training practices we carry out in this regard. In this context, we provided 10,632 man x hour of environmental training for 5,976 employees and 415 man x hour of training for 1,550 subcontractor employees in 2015. During the year, we also realized 2,018 man x hour of environmental training with the participation of 2,018 people as part of social responsibility works.

We also contributed to our stakeholders' environmental management systems with the audits we conducted in hazardous waste elimination facilities and the views we provided. We cooperated with Turmepa to receive "Sınırsız Mavi" (Limitless Blue Training) from Turmepa. In 2015, Ford Otosan volunteers, who received this training, started offering comprehensive trainings to primary and middle school students regarding the importance and benefits of water and the seas, marine animals, marine pollution and its results. The trainings are to be continued in 2016.



At the organization realized within the scope of the "World Environment Day" celebrations organized by the Governorship of Kocaeli and the Metropolitan Municipality of Kocaeli in 2015, around 1000 puzzles were shared with children arriving from nearby districts, with Ford Otosan's support. The puzzles, figuring images of Ford Otosan production tools, attracted great interest from the children.

Energy And Climate

Climate change is one of the most important global problems of our day that has the potential to create risks in the social and economic life besides the physical environment. Considering the rising trend in energy need and greenhouse gas emissions, we can predict that climate change has the potential to generate much greater risks.

Climate change is managed with a strategic approach whereby risks and opportunities are evaluated, extending from Koç Holding to group companies. In addition, the coordination of the issue of climate change is performed by Koç Group Environmental Board, the highest level decision making body in environmental management, which is formed with the participation of environmental, energy and sustainability experts. In consequence of the SWOT analysis realized with the participation of group companies, including Ford Otosan, the basic foundation for the management of climate change was constituted with Koç Group Climate Change Strategy. Group companies draw action plans by integrating this strategy in their own business processes and taking into consideration the necessities of the industries in which they operate. The 2015 theme for the 'Environment Day' activity of Koç Group was determined as "Climate Change". It was ensured for Group senior executives and Environmental Board members to come together with leading academicians in the subject and Ministry administrators.

Climate change bears a different meaning for the automotive industry, compared with other industries. When we consider that in the future there will be more transportation vehicles in the market in parallel with the rising population, we can foresee that the demand for vehicles with more efficient engines and fuels with lower emission values will increase, emission-reducing measures in products and production processes will gain importance, and legal regulations will be tightened. For this reason, we evaluate works for combating climate change not only as a necessity that will increase the quality of life in the future or for the elimination of risks, but also as a significant method for reducing operational costs and ensuring competitive advantage in the economic life of the future. At this point, the Climate Change Strategies published by Ford Motor Company and Koç Group are the themes directing our works. Within the compass of the Ford Otosan Climate Change Action Plan, which was prepared in the context of these strategies; We attended the opening meeting for the "Project for Determining the Compliance States and Requirements of Automotive Production Facilities Subject to Integrated En-

Green Design

We begin our efforts for reducing the environmental impacts of products or processes with product design processes. We evaluate the energy intensities and environmental impacts of our products or projects within the framework of the green design logic through Ford Otosan Procedure for the Revision of New Projects Regarding Environment and Energy. We ensure that our designs serve the preservation of natural resources, ecological environment, biodiversity, climate, air and water quality and the efficient use of water and materials. When any element of risk in relation to these determined criteria is encountered in our examinations, we switch to an alternative project or product design practice. We also implement the same process in the admission and start-up phases of our projects.



- All legal regulations and standards within the context of the "Regulation Concerning the Tracking of Greenhouse Gas Emissions" and "Notification Concerning the Monitoring and Reporting of Greenhouse Gas Emissions" will continue to be implemented and complied with.
- Accounting, reporting and verification works within the context of "ISO 14064-1: Greenhouse Gas Emission Quantification and Reporting Standard" will be maintained.
- The scorecard metrics will continue to be controlled as part of the reduction of the greenhouse gas emissions of all production departments within short and long termed plans of Ford Otosan. Therefore, the reduction in the energy consumption of all production departments will also continue to be controlled through scorecard metrics.
- Energy Efficiency Projects will continue to be constituted, maintaining the decrease in energy consumption per vehicle.
- Renewable energy investment works will be prioritized.
- R&D works for the production of "Environment Friendly Engines", etc. reducing CO₂ emission will be sustained.
- Feasibility works for wastewater recovery projects will be maintained as a precaution against the diminishment of water resources, a negative consequence of climate change.

Environmental Permit (EÇİ)" organized jointly by the Ministry of Environment and Urbanization and Yıldırım Beyazıt University, in 2015. The purpose of the project, which encompasses facilities producing motor vehicles with an organic solvent consumption capacity above 150 kg/hour or 200 tons/year, is to ensure the determination of the compliance level of automotive production facilities with the requirements of the current mandates of the Industrial Emissions Directive and the constitution of the necessary technical, corporate and administrative infrastructure for the sector, following the adaptation of the directive to internal legislation. Within the context of the project, the Ministry and university project team will ensure the preparation of Industry-Specific MET Control Lists, inventory and visit studies, preparation of solvent management guideline and training programs, in order to constitute a "National MET Sector Guideline for the Automotive Industry" and in the end prepare a Final Report. Within the scope of the directive, we aim to participate in visit, inventory and solvent management plan guideline formation works and to provide support for this process with our current data, inventory, solvent management plan and our experiences as Ford Otosan, in 2016.

Besides product development works, such as developing vehicles with high fuel efficiency, our works aimed at reducing emission generated by production constitute the second main area of activity of our plan for combating climate change. In this context, we engage in activities such as increasing energy efficiency, reducing greenhouse gas and other pollutant emissions and seizing on opportunities to use alternative energy resources in production processes.

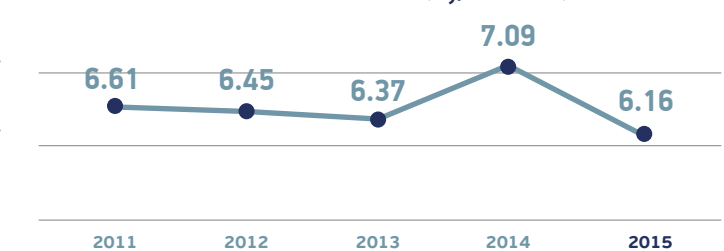
The company executive management executes the leadership

in the issues of energy and climate that are considered within our risk management model; the strategic orientations they identify are transformed into continuous improvement works by units responsible for energy management and Energy Committees organized at plants.

Energy efficiency and reduction of greenhouse gas emissions works constitute the most important part of our activities for combating climate change. These works both reduce the amount of emission and support our competitive capacity with the cost advantage they provide. For this reason, we regard energy efficiency as an area of constant improvement and we conduct reformatory project activities in every process of our operations.

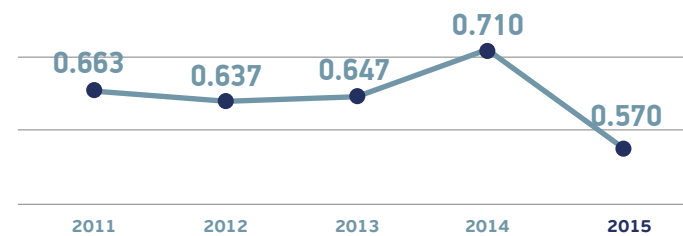
Despite the impact of the record increase in production during the reporting period, we reduced the value of our energy consumption per vehicle to the level of 6.16 GJ/vehicle in consequence of our works devoted to limiting energy consumption. As a result of the energy efficiency works we actualized, we achieved 83,627 GJ in energy savings.

Energy Consumption Trend per Produced Vehicle (Gj/Vehicle)



The energy consumption target of Kocaeli Plants and İnönü Plant was determined as 5.99 GJ/vehicle for the year 2015 and it was realized as 5.81 GJ/vehicle. The energy consumption for all locations, including Sancaktepe campus, was realized in total as 6.16 GJ/vehicle.

Greenhouse Gas Emission Trend per Produced Vehicle (ton CO₂/Vehicle)



Exhaust Gas Waste Heat Recovery Project

Through the project, we recovered almost **3,240 Gj**

Prevented CO₂ emission annually. **560 Ton**

As part of the project implemented at Ford Otosan İnönü Facilities in 2015, we ensured that the amount of heat released through the exhaust gas is reduced following the exchanger and discharged into the environment at all engine test centers, energy plants, vehicles and all areas where there is need for both heating and cooling at the same time. With the project, we ensured that the heating need of sites and the rest room is met through the running of existing engines, thereby minimizing the need for electric and gas consumption as well as ensuring energy efficiency and emission reduction. Through the project, we recovered almost 3,240 Gj and prevented 560 tons of CO₂ emission annually.

Paintshop Oven Waste Heat Energy Recovery

Through the project, we recovered almost **68,382 Gj**

Prevented CO₂ emission annually. **3,536 Ton**

The waste heat of the Paintshop Oven at Gölcük Plant, one of Ford Otosan Kocaeli Plants, was recovered, thereby ensuring the heating of paintshop bath lines with the recovered heat. With this project, an annual energy saving of 68,382 Gj was obtained and 3,536 ton CO₂ of greenhouse gas emission was prevented.



Waste Energy Recovery

Within the context of the project realized in the boiler rooms of Kocaeli Plants in 2015, we achieved 9.432 Gj in energy savings and reduced greenhouse gas emissions by 487 ton CO₂ annually, by applying a flow equalizer magnetic bracket on natural gas lines.

Through the project, we recovered almost **9,432 Gj**

Prevented CO₂ emission annually. **487 Ton**

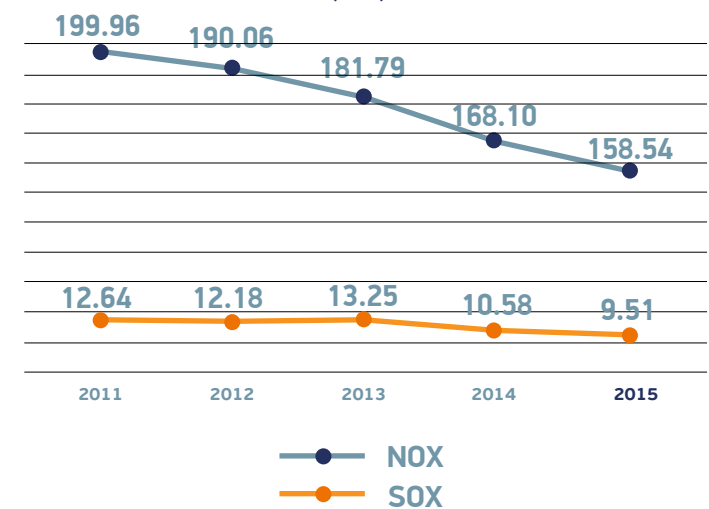
We actualized a significant practice ensuring the recovery of the waste energy generated during engine tests, with the project we started at İnönü Facilities R&D Test Center in the reporting period. As part of the project aiming to provide optimum profit from the large amount of fuel used during tests, energy savings will be ensured and carbon emission will be minimized by producing electricity from the waste energy generated during tests with the new facility infrastructure started to be built. The project that is to be completed in 2017 is expected to ensure 5.045 Gj of energy and 3.138 Ton CO₂e of emission savings annually.

In parallel with energy efficiency works and the decrease in energy consumption, there was also a significant decrease in our greenhouse gas emission amount in the reporting period. In this context, our emission amount per produced vehicle in 2015 was realized as 0.570 ton CO₂/vehicle. Over 4,723 ton CO₂ of emission reduction was achieved through the energy efficiency projects we implemented.

Like greenhouse gases, all other air emission levels generated during our production process are also included within the scope of our control and improvement works. We measure air emission values at periods determined in licenses at all production locations and keep them much lower than limit values. In the reporting period, we improved our performance compared with the previous year also in the NOx and SOx emission groups. During the year, the air quality of the environment was enhanced within the context of the project that was started to draw and discharge the generated smoke by adding suction systems to structurally fuming processes such as sealer welds and robotic lines in body production processes at Yeniköy Plant. The implementation of the project, which aims for improvement in a total of 10 phases, was completed in 8 phases and the works for the remaining two phases are projected for completion in 2016.

We also conduct works for reducing energy and greenhouse gas emission impacts generated by our supply and logistics operations in addition to our production operations. In this context we actualize green logistics practices and conduct optimization works. Through the training and incentive practices we conduct before our suppliers and subcontractors, we support the enhancement of energy efficiency and reduction of greenhouse gas emissions in these processes.

Other Emissions (ton)



The greenhouse gas emission target of Kocaeli Plants was determined as 0.44 ton CO₂/vehicle for the year 2015 and it was realized as 0.42 ton CO₂/vehicle. The greenhouse gas emission for all plants, including İnönü Plant and Sancaktepe campus, was realized in total as 0.57 ton CO₂/vehicle.



Lighting Luminaires Transformation Project

Through the project,
we recovered almost
3,948 Gj

Prevented CO₂
emission annually.
504 Ton

At Gölcük Plant of Ford Otosan Kocaeli Plants, 3,948 Gj of energy was saved and 504 ton CO₂ of greenhouse gas emission was prevented in 2015 through the replacement of the lighting luminaires of the Compound area with LED systems. As part of the project, similar projects are also implemented at our other plants.



Driver and Efficient Engine Application on Cooling Towers

Through the project,
we recovered almost
324,844 kWh

Prevented CO₂
emission annually.
142 Ton

As part of the project we realized at Yeniköy Plant, we applied drivers and IE4 class efficient engines on cooling towers, achieving 324,844 kWh of energy savings annually. Owing to the decreasing energy consumption, 142 tons CO₂ of greenhouse gas emission is also prevented annually.



Oxygen Trim Project

Through the project,
we recovered almost
5,875 Gj

The manually operated boilers of İnönü Plant hot water systems were equipped with an automation system, thereby achieving more efficient combustion and lower emission values. 5,785 Gj of energy saving was achieved with the project implemented in 2015.



Environmentalist Packaging Project

20,942
trees were saved
from being cut down

produced
6,282 Ton
of oxygen.

In the process of manufacture parts shipments to Ford plants abroad, parts collected from suppliers are packaged and shipped. While in previous periods wooden crates were used in shipments, the scope of the Environmentalist Packaging Project started in 2010 for low volume shipments to Brazil was extended to include shipments to the USA and Russia. In this regard, wooden crates were replaced with metal ones. Thanks to the wooden material saving achieved with the implementation of the project in 2015, 20,942 trees were saved from being cut down and produced 6,282 Tons of oxygen.



Efficiency in Logistics

One of the processes throughout Ford Otosan operations where a significant amount of energy consumption occurs is logistics operation. We strive to actualize a more efficient supply chain operation by making innovations in the supply chain flow design in relation to these processes which involve the transportation of raw materials and semi-products required for production to production fields, and that of the product to places of consumption. The most significant among these works is the intermodal logistics practice we implemented in the previous periods. We reduced our rate of land transportation significantly by giving weight to the safer and more environmentalist seaway and railway transportation through this method, which relies on transporting the load between various points with different modes of transportation without altering the load. Besides works such as more efficient packaging, loading and handling, route and load planning also ensure that we conduct a more environmentalist logistics operation.

Due to our sales figures reaching record levels with the engagement of our Yeniköy Plant in the reporting period, there was an increase in the amount of consumed energy and by extension in the amount of CO₂ emission in our product lo-

Thanks to the project, we ensured a significant decrease in the shipping driver service operation, as well as an annual decrease of around

36 Thousand km in the service distance thereby achieving almost
3 Thousand liters in the service distance thereby achieving

gistics operations. Yet, through efficient logistics practices a significant reduction was achieved in the energy consumption and emission amount per sold vehicle.

By means of the milkrun system Ford Otosan uses to conduct local material supply operations daily, a reduction of 32% was realized in the total transportation distance, 80% in the amount of inventory and 60% in logistics costs; a significant decrease was ensured in the vehicular traffic within the plants and more environmentalist packaging practices, such as the use of recyclable cases, were facilitated.

The project for vehicle addressing through RFID technology that we realized at Yeniköy Port in the reporting period is also among our works for ensuring the enhancement of logistic efficiency. As part of the project, we achieved an increase by 25% in the number of vehicles shipped with the establishment of 42 access points, 2,800 location addressing labels and 20,000 in-cabin RFID labels. Thanks to the project, we ensured a significant decrease in the shipping driver service operation, as well as an annual decrease of around 36 thousand km in the service distance thereby achieving almost 3 thousand liters of fuel savings annually.





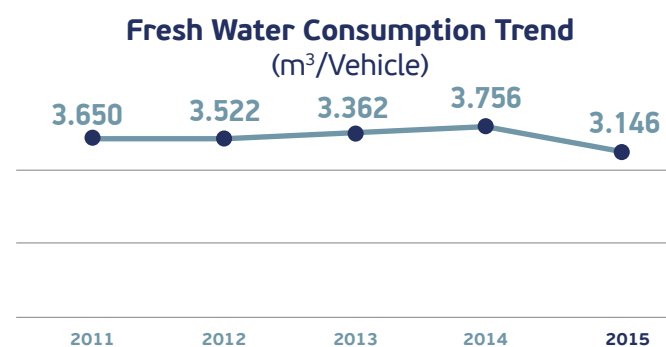
Ford Otosan Kocaeli Plant

Environment Friendly Production

Besides the issues of energy and environment, we also earnestly track other impacts generated across our operations and actualize impact reducing works within the context of our environment friendly production understanding. Therefore issues such as water management, responsible material consumption, waste management, and biodiversity are approached within the scope of the management of the environmental impacts of our operations, also as part of our risk management model, pursuant to Ford Otosan Environment and Energy Policy.

We report the works we conduct regarding environment friendly production, which we regard as an area of continuous improvement, under the control and leadership of our units responsible for environmental management and Environmental Committees organized at plants and the performance we obtain to the executive management on a monthly basis.

In our day, water confronts us as a primary environmental issue alongside energy and climate. Particularly considering that the need for clean water resources will increase in relation to the increasing population in coming years, the efficient use of water resources is a matter both of responsible corporate citizenship and of prudent management understanding. In accordance, as Ford Otosan, we primarily strive to reduce our water consumption amount and in parallel to reduce our need for fresh water resources by increasing the amount of recycling and reusing.



We reduced the water consumption per produced vehicle by about 16% as against the previous year, to the level of 3.146 m³/vehicle, by means of the works we conducted in the reporting period and the scale advantages provided by the increase in our production amount. In parallel, in 2015 we ensured the recovery of 437,159 m³ of water, returning it to production. In this way, we have met 29% of our water need for our production operations during the year with the water we recovered. Practices involving the treatment of wastewater to the maximum extent, recovering

and returning it to production have a considerable share in this success. Yet, it is not possible to fully recover the wastewater feeding the treatment process. At wastewater treatment facilities equipped with modern technology that will maximize this rate, we achieve values much lower than the pollution loads determined by discharge licenses in the wastewater that cannot be recovered and we discharge it largely to wastewater channels and a small amount to the natural receiving environment. For instance, we instantly monitor the pH and COD values of the water leaving our wastewater facilities prior to discharge through an automation system and we cease discharge the moment a value over the legal limit occurs, feeding the wastewater back to the treatment facility and ensuring its treatment. In 2015, we have discharged 331,385 m³ of wastewater after reducing their pollution loads below the limits determined by licenses. Following

The water consumption target of Kocaeli Plants and İnönü Plant was determined as 3.16 m³/vehicle for the year 2015, and was realized as 2.89 m³/vehicle. The water consumption for all locations, including Sancaktepe campus, was realized in total as 3.146 m³/vehicle.



Reducing Solvent Use

As part of a work aimed at reducing the amount of solvent used in the cleaning process of RPO and SVO lines utilized for preparing paint at the paintshop of Yeniköy Plant, the solvent used for the second and third rounds of the cleanup of a line was reused for the first round of cleanup of another line. In this way, solvent consumption was reduced by almost a quarter, saving 5,640 kg of solvent.



RUP Weight Reduction Project

Within the context of RUP Weight Reduction Project realized during the reporting period, works were conducted to reduce the weight of RUP in Cargo heavy commercial vehicles by minimizing the number of subparts. Through innovative solutions that also facilitated the publication of many academic articles, vehicles became 20 kg lighter and complexity was reduced by 33%.



Green Purchasing

Activities realized within our supply chain have a significant impact on the fulfillment of our production operations. For this reason, part of the environmental impacts of product and production processes is generated in the supply chain. Works aimed at reducing these impacts constitute an important aspect of our purchasing process.

In case the material to be purchased necessitates the use of chemicals, we define the Material Safety Information Forms procured from companies on the eBA-QDMS system and provide them for the approval of an environmental engineer, an occupational health and safety engineer and a workplace doctor. If the product contains materials environmentally, legally or ethically deemed inappropriate for use, we demand our manufacturer to use an alternative substance.

In accordance with the REACH Directive, we prevent or delimit the use of heavy metals and other substances that have a detrimental effect on the environment in the long term, according to type. These materials are included in Ford Restricted Materials List. We control supplier practices regarding the use of restricted materials through the IMDS System. IMDS System is a system we use to manage the collection of the contents of all produced parts, the traceability of all locations where parts are manufactured and used, the monitoring of contents and the auditing of banned or restricted materials.

For works requiring subcontractor support, we demand the selected company to meet all the articles included in the Subcontractor OHS, Environment and Energy General Conditions. While holding the ISO 14001 certificate is an important criteria for subcontractor selection, we provide all subcontractor personnel with trainings in the issues of environment, energy, occupational health and safety, ensuring their compliance with our business norms.

the success we achieved in water management performance in 2015, we will continue our improvement works in subsequent periods. Our general target in this direction is to reduce the amount of fresh water used per vehicle produced by 2% in the forthcoming period.

Our responsible material consumption performance constitutes a significant part of our environment friendly production works. In this context, we conduct works aimed at consuming less material, recovering and reusing the used material, in addition to preventing the use of materials containing hazardous chemicals and opting for materials produced with environment friendly methods.

From its establishment until now, we have prevented the consumption of heavy metals that are harmful for the environment and human health through unleaded paint and Cr(+6) free passivation technology in our facility paintshops. In order to prevent the use of toxic chemicals in production, we redesigned our paintshops to make use of water-based paint both in primers and in topcoat. Through this application we have also reduced the amount of emission with pollution load, besides chemical consumption.



Packaging Optimization

As part of Ford Otosan İnönü Plant packaging optimization works in 2015, corrugated cardboard use was reduced by 0.15 m² and wooden wedge use by 750 cm³ per vehicle thanks to a special supporting stand for the front bumper bracket. With the renewal of the front casting stand design, a reduction of 32% was ensured in the amount of exhaust emission based on transportation efficiency. By means of the flywheel housing special separator, corrugated cardboard use was reduced by 1.6 m² per vehicle. Through works for increasing the use of recyclable packaging for all parts dispatched to the plant, an improvement of 30% was ensured in shipments made with cardboards.

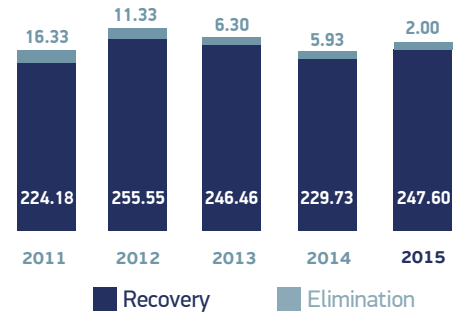


Implementation of New Projects

As required by our Procedure for the Revision of New Projects Regarding Environment and Energy, before engaging a new project, environmental impacts need to be evaluated and approved to ensure that entirely sustainable, environment and energy friendly systems are implemented from the design stage of the project until its final acceptance, that there are no negative impacts on biodiversity and all laws and liabilities are complied with. In the context of the evaluation we conduct when deciding on projects, any legal requirements about environment and energy regarding the project topic, requirements for compliance with ISO 14001, ISO 50001 and ISO 14064 standards, and the priority ranking of the project in accordance with issues such as its contribution to environmental protection, recovery, energy savings and waste minimization are determined.

The study conducted within Koç Group Environmental Board to determine the examinations and evaluations that need to be conducted regarding environmental issues before deciding on going forward with new investments of Group companies was performed with the leadership of Ford Otosan. As a result of the study, "Environmental Guide for New Investments" and "New Investment Environmental and Energy Impact Evaluation Form" were constituted. The examination of current environmental impacts of the location of the investment and its impact area, identification of the major environmental impacts of the project and the measures to be taken, determining the requirements of national and international regulations, the revision of new projects with regards to environment and energy, examination of energy identity file and identification of standard documents are issues dealt with as part of environmental examinations and evaluations.



Solid Waste Trend (kg/Vehicle)

As per Ford Otosan Environment and Energy Policy and ISO 14001 principles, we reduce the solid wastes generated by our operations at the source, label them according to their characteristics and ensure their recovery. In this way, we reduce the amount of eliminated waste. Our general objective regarding waste management is to reduce the amount of eliminated waste per produced vehicle by 7% every year. In 2015, we reduced this amount by 66%.

One of the practices that come to the forefront in relation to reducing hazardous wastes is the dehydration of the treatment sludge exiting wastewater facilities and ensuring its use for energy recovery.

During the construction and operation of our production facilities, we pay attention to the evaluation and minimization of their environmental impacts and the implementation of studies contributing to the environmental richness of the locations where we operate, in order to form facilities that will set an example on the national and international scale with

their environmentalist quality. We show great sensitivity for the protection of the biodiversity of natural environments located within our operation points and their impact areas. Since our main locations of operation are situated in industrial zones and we do not discharge wastewater in environments with high biodiversity value, there are no habitats affected by our operations that have been officially put under protection for their biodiversity qualities. However, there is a 22,000-m² wetland area within the Kocaeli Plants territory. Due to being a location where industrial facilities have rapidly increased in the last years, this land is the only place where migratory birds can stop over in the Gulf of İzmit region. For this reason, we isolated the land from production operation areas and put it under protection, considering it to be of significance for the biodiversity value of the region. Besides, we rehabilitated the 34,780-m² collapse area formed in the factory site as a result of the earthquake together with TEMA Foundation and built a park for the enjoyment of employees. We also annually conduct afforestation works in parts of our facilities that are not used for production. In 2015, we planted 4,138 trees of appropriate species in these areas.

We show great sensitivity for the protection of the biodiversity of natural environments located within our operation points and their impact areas.

Control of Hazardous Waste

The hazardous waste target of Kocaeli Plants and İnönü Plant was determined as 12.41 kg/vehicle for the year 2015, and was realized as 12.61 kg/vehicle. The reason for the increase in the amount of hazardous waste are the hazardous wastes that were regularly generated notwithstanding the increase in production capacity and number of vehicles in 2015, following the engagement of Yeniköy Plant in 2014. Detailed works devoted to reducing wastes will also be maintained in 2016. The target for wastes sent to sanitary landfills from Kocaeli Plants and İnönü Plant was determined as 3.43 kg/vehicle for the year 2015, and was realized as 2.49 kg/vehicle.



Ford Otosan İnönü Plant





Ford Otosan Employees

Inclusive Workplace

Our HR vision that we shape with the legacy we take over from Koç Holding and Ford Motor Company is to position Ford Otosan as the most preferred workplace with the highest employee engagement through sustainable and innovative Human Resources practices. Therefore we offer our employees a development-oriented, inclusive workplace that is based on equality of opportunity, respects differences and ethical values and supports high performance.

Issues that we manage within the scope of Human Resources, such as occupational health and safety, human rights at the workplace and talent management, are periodically included in the agenda of executive management, while the executive management also determines strategic orientations regarding these issues. The implementation of the decisions taken on the administrative level is the responsibility of the HR Directorate and relevant specialization units and committees.

We manage our human resources processes in accordance with short, medium and long-term targets identified in conformity with corporate strategies. These targets are disseminated throughout our employees starting with senior executives and included in the individual performance evaluation system. Consequently targets regarding workplace practices also become a component of the remuneration system.

Workplace issues are also part of our risk management system. These issues are subject to internal controls, independent audits and public audits being conducted. The performance results that we obtain regarding HR processes are periodically shared with the executive management, with Koç Holding and Ford Motor Company through various systems and with all our stakeholders by way of sustainability reports.



Occupational Health and Safety

We follow Ford Otosan Occupational Health and Safety (OHS) Policy in order to meet all legal and corporate working conditions regarding occupational health and safety at our workplaces and form a healthy working environment. This policy, which frames our OHS principles, is binding for all our business processes and employees as well as relevant business partners.

Ford Otosan Occupational Health and Safety Policy

As Ford Otosan Management, we will constitute a safe and healthy working environment by meeting all relevant legal and corporate working conditions regarding occupational health and safety at our workplaces.

We will strive for continuous improvement aiming to eliminate all hazards that endanger security of life and property, such as disease, injury, fire.

We will protect employees against losses incurred by working accidents. We can achieve this objective through the common work and participation of the management and employees.

The prevention of accidents and losses is the direct and joint responsibility of the management and employees.

Production and support divisions operate within the framework of this policy in the design, operation and maintenance of all facilities and equipment. Also, all employees precisely observe existing occupational safety rules and procedures.

We believe employees and the management will show a maximum effort and meticulousness to comply with this policy. Ford Otosan commits to identify and define the occupational health and safety risks of its operations and to constitute and revise targets and programs regarding these risks.

This policy, which is guaranteed and implemented by Ford Otosan, is to be announced to all our employees, as well as all individuals working on behalf of our company, and it is open to the access of the public and of third parties.



Within the scope of Ford Otosan OHS Policy, we commit to identify and define occupational health and safety risks in our processes, to form objectives and programs regarding these risks and to continuously review implementation and performance. We manage our OHS works with processes designed in accordance with Ford Standards and OHSAS 18001 Occupational Health and Safety System Standard. We follow Ford Global Health and Safety Management System and Ford SOS System in OHS processes devoted to employees, and Subcontractor Safety Management System in processes devoted to subcontractor employees.

At Ford Otosan, the prevention of accidents and losses is the direct and joint responsibility of the management and employees. In accordance, occupational health and safety works are managed with an understanding of responsibility that reaches to employees of all levels starting with the executive management. There is a senior level manager responsible for monitoring occupational health and safety practices and performance. The strategic orientations determined by the executive management are transformed into field practices by OHS Emergency Coordination Directorate managers and experts serving at facilities and performance

results are monitored. In our facilities, there are committees formed by our OHS experts, relevant executives and employee representatives where OHS works are discussed and binding decisions are taken. As of 2015, 5 OHS Committees are functioning at our facilities with 61 members, of which 6 employee representatives.

The efficiency of OHS processes is guaranteed through periodically conducted control and information works. In this regard, our process coaches give the occupational safety approval of our processes and our workshop supervisors and workshop managers conduct occupational safety walks in order to directly intervene to unsafe situations.

In addition to weekly held meetings by our occupational safety teams in our facilities, the performances, practices and views of all country teams are shared at Ford Europe Occupational

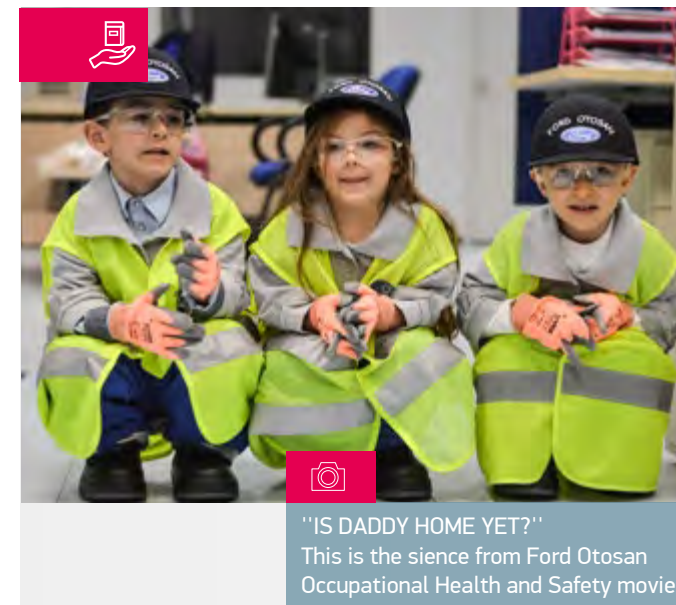
Safety Teams Coordination Meeting that is also held weekly. On this platform, where different experiences and practices are shared, we gain insight about probable unsafe situations and take the necessary precautions. We evaluate our OHS practices through monthly Occupational Safety Committee meetings, plant scorecards and main operation plan review meetings, case management meetings, ergonomics meetings, Picture Audit works, workplace doctor and health personnel workshop and social space tours works.

We manage our OHS works with processes designed in accordance with Ford Standards and OHSAS 18001 Occupational Health and Safety System Standard.

Occupational Health and Safety Awards

Ford Otosan was deemed worthy of two awards at once at the Occupational Health and Safety Competition organized by Turkish Metal Industrialists Union (MESS). Ford Otosan Gölcük Body Production Directorate's "Hayatımız Elimizde" (Our Life is in Our Hands) Project for reducing accidental cuts that contributed to the improvement of occupational health and safety was rewarded in the category of MESS Golden Glove OHS Best Practice. Tyre and Rim Loading Project realized with the suggestion of Gölcük Field Directorate maintenance employees was considered worthy of the MESS Golden Suggestion award in the category of Blue-Collar Employee.

Besides, we were awarded in three separate branches at Ford Motor Company's traditional Occupational Health and Safety Awards organization. The movie shot by our Yeniköy plant employees with employee children in order to draw attention to work safety was considered worthy of the Global First Prize. The European First Prize was received with works for "New Approach in Energy control – Power lock (ECPL) training" implemented at Gölcük Plant. Whereas the Life Saving Award was received for the intervention of our employees in an accident they ran into on their way to work in a shuttle vehicle.



"IS DADDY HOME YET?"
This is the sience from Ford Otosan Occupational Health and Safety movie.

Health Services

Our primary objective in the issue of occupational health and safety is no accidents with injury. In this direction, we work to disseminate occupational safety culture through practices such as Leadership in Occupational Safety, Safe Behavior Scale and Occupational Safety Theater.

Health services are offered in all our plants to preserve the physical and emotional health of our employees. Our occupational health services are collected in five areas; namely, emergency health services, therapeutic medical services, preventive health services, ergonomics and industrial hygiene works, data recording and health statistics. Our health centers that are always open during working and production hours and our emergency and ambulance services available 24/7 are always ready to intervene in cases that might arise.

Our health centers start serving our employees with an extensive health examination performed at recruitment. Our centers provide services with activities devoted to both our employees and our environment by offering work and individual based periodic examinations, evaluating the working compatibility of employees, those with chronic illnesses, occupational diseases and those who had working accidents, case management, providing boutique polyclinic services, combating against obesity through nutrition and diet polyclinic, identification and improvement of stress factors with the psychosocial unit, individual and group psychotherapies, environmental health and control, water and food sanitation, services devoted to disabled, pregnant and women employees, ergonomics and hygiene committee works, pursuing social responsibility projects such as blood donation and organ donation, organizing disabled workgroups, women employees workgroups, scientific meetings and seminars such as occupational health and safety panels, health trainings, healthy days bulletin and seminars for informing employees and their families. Our health centers provide emergency support for all our guests and for nearby industrial institutions when required, besides our employees.

In 2015, 305 blue-collar women employees at our plants were provided training at Women Workshops started by the psychosocial unit of our health center. As part of the trainings, firstly the position of women in the world and in Turkey, the woman profile in our production facilities, the problems that women may encounter both in social and private life and in business life were discussed supported by real life stories of women. The trainings conducted in the context of the workshops also provide women with information on how to take action against difficulties they may experience specifically due to their gender, particularly on where they can appeal in our facilities.

Emergency Communication Program

The “Emergency Communication Program” that was realized by Ford Otosan Health Center in the reporting period aims to acquire knowledge regarding the psychological reactions of employees from the highest level to the lowest in emergencies and the bursts of anger that arise in these situations, as well as to ensure that communication channels are kept open as a way of eluding these states. The project, which was carried out for 80% of company employees from several levels, in the first stage, was implemented with trainings provided by 10 expert psychologists besides the company psychologist.



Family Training Program

The Family Training Program, conducted with the co-operation of the Ministry of Family and Social Policies, Kocaeli Governorate, Golcuk District Governorate and Ford Otosan, aims to enhance the family life quality of employees by functionalizing domestic processes, and for families to benefit more efficiently from services in the fields of education, law, economics, media and health. As part of the program, 1,627 people were reached by 2015.

Occupational health and safety practices are also included in the collective labor agreements we enter into with unions. Occupational health and safety components, occupational safety materials such as protective equipment, social security issues and principles regarding which employee group can be employed under which conditions and for what kinds of work are included within the scope of these agreements.

We attach great importance to the generalization of OHS culture among our employees and subcontractor employees. It is ensured that individuals taking office at production facilities and our stakeholders who will enter the facility also undergo safety training. In this way, everyone on the field learns about our OHS norms and the behaviors to display in case of emergencies. In the reporting period, 8,823 employees were provided with 97,135 man x hour, and 1,681 subcontractor employees with 2,039 man x hour of OHS training.

Our primary objective in the issue of occupational health and safety is no accidents with injury. In this direction, we work to disseminate occupational safety culture through practices such as Leadership in Occupational Safety, Safe Behavior Scale and Occupational Safety Theater. We take lessons from accidents that occur and take the necessary precautions to prevent recurrences. We conduct various activities aiming for our preventions to also be adopted and practiced by employees.

The objective of our Unsafe Behavior Controls practice that was started in 2014 and continued in the reporting period is to create awareness regarding the prevention of employees’

unsafe behaviors in production processes. Within the scope of this practice, the unsafe behaviors of workshop employees are identified and evaluated daily by OHS experts and monthly by OHS Office and department managers. The results acquired through the practice are monitored by the factory executive management.

Another work we realized in 2015 for reducing working accidents is the observation of newly recruited production operators by the workshop team leader throughout the process, which is then recorded in a record form. Observations are conducted for every new recruit during 6 months, at least once every month, and the on-the-job training observation process is restarted in cases when there is a location or task reassignment within 3 months.



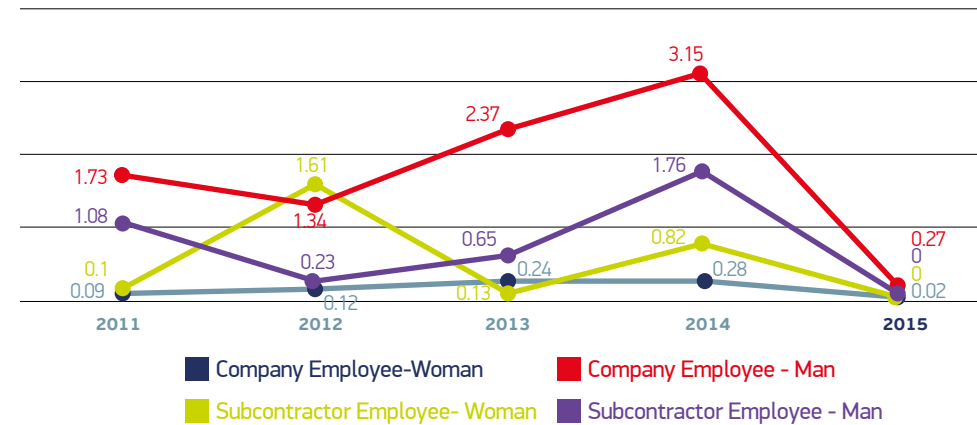
Unsafe Behaviors Banner Competition



In 2015, we organized the Unsafe Behaviors Banner and Slogan Competition aimed at our employees, with the purpose of contributing to the development of occupational health and safety culture. 94 Ford Otosan employees participated in the competition with 143 works. By means of the competition, besides rewarding the highest ranking employees, all participating employees developed ideas concerning occupational health and safety culture.



Injury Rates



We attach importance to the control of the social impacts of our products and services in our value chain. In accordance, we also conduct improvement works aimed at enhancing occupational health and safety in supply and post-production processes. Within the context of the audits we perform, we evaluate the OHS practices of our suppliers, dealers and authorized services, we form recovery plans in case of any incompliance and monitor the implementation process of the plan.

Logistics operations are of critical importance for the automotive industry where raw materials and semi-products are procured from various places and the produced vehicles are distributed around the world. In our huge logistics operation covering millions of kilometers, we keep safety conditions at the highest level in order to ensure the safety of our stakeholders and the continuity of our operations. For this purpose, we work with providers that meet the criteria we identify regarding vehicle and driver qualities and we constantly track compliance with criteria and performance during the service process. Thanks to our sensitivity in this area, in 2015 we reduced the number of accidents per hundred thousand kilometers traveled from 0.08 to 0.07.



One Second to Meet Your Loved Ones

We aim to minimize the risk of injury in case of probable service accidents by enhancing the awareness of employees about safe travel, with the practice we realized during the reporting period. As part of the practice, leaflets were distributed aiming at enhancing the awareness level of personnel who drive service vehicles and banners were put up on billboards. In addition, within the context of the practice, Social Affairs teams conduct periodical controls regarding safety belt use and speed enforcement.

Emergency Preparedness and FOKE

Preparedness for fire, flood, earthquake and other emergency situations constitute an important part of our Occupational Health and Safety works. Preventive applications are conducted in all our plants and systems, equipment and trained personnel are assigned that will enable timely and effective intervention in emergency cases that might arise. In addition, the Emergency and Health Centers also located in our plants perform drills in various periods to keep the preparedness of our employees at the highest level.

Due to the proximity of our production plants to active fault lines, preparation for large-scale earthquakes has an important place in our risk management and emergency scenarios. All technical precautions are taken regarding the securing of persons and our assets present in the plants in case of an earthquake, they are constantly revised and necessary adjustments are made.

Ford Otosan Search & Rescue Team (FOKE), which was founded with voluntary participation within the body of the company after the 1999 earthquake, provides voluntary support to search and rescue activities in cases of disaster. FOKE, which conducts joint works with other Search & Rescue teams within the body of Koç Holding, has increased its number of volunteers to 100 and continues its trainings regularly in order to preserve their constant readiness for emergencies.



Human Rights At The Workplace

“We believe that variety and multiculturalism enrich our organization; we perceive differences as value.”

We manage our human rights approach within the framework of Ford Otosan Code of Conduct, HR Policy and the UNGC, of which Koç Holding is a signatory; we aim for 100% compliance with UNGC principles. The strategic orientations identified by the company executive management are realized by experts taking office in the HR management organization.

We act in accordance with the principle of “respecting differences and ethical values by putting emphasis on equality of opportunity” in all Human Resources processes and practices. We regard the issue of human rights as an area of constant improvement and we act in the direction of the short, medium and long-term targets we set. We evaluate the performance results we obtain through internal audit processes and periodically offer them to the executive management. We promise our employees a fair and egalitarian business life where their rights are guaranteed.

We believe that variety and multiculturalism enrich our organization; we perceive differences as value. The age, gender, belief, ethnic origin or any other personal quality of our employees that might be considered to be an element of discrimination are not decisive elements in our HR processes. We adopt the understanding of equal wage and rights for equal work; we do not tolerate any discriminatory practices in our operations. Grievance mechanisms are available for employees to appeal in case they feel they are exposed to any discriminatory practice. We evaluate meticulously every transmitted complaint.

As a result of our support practices for women and disabled employment which we started in the previous reporting period and maintain in accordance with our understanding of human rights and egalitarianism, we are not only the company to provide the most employment for women in our sector, but also a disabled friendly workplace. In the reporting period, we increased the share of women employment in our total number of employees by 34% and the number of women employees to 1,687, of which 1,346 direct and 341 subcontractor employees.

We regard unions, the representatives of our employees, as a significant stakeholder,

Ford Otosan is a member of Turkish Metal Industrialists' Union (MESS), as employer union, whereas Turkish Metal Union is entitled to represent our employees. In the reporting period, 35 employees took charge in Turkish Metal Union. The Collective Labor Agreement covering the period between September 1, 2014 and August 31, 2017 was signed between MESS and Turkish Metal Union on December 15, 2014. The collective labor agreement includes principles provided by OHS regulations, besides working conditions and benefits offered to employees.

we establish regular and productive relations in line with our corporate policies, and we ensure that our employees across our operations can use their right to collective agreement and association. As part of the collective agreements we enter into, we regulate social rights offered to employees, OHS practices and other basic workplace practices. As of the reporting period, all of our 7,944 blue-collar employees are pursuing their activities within the scope of the collective labor agreement we have signed with unions, and the rate of unionization throughout the company is over 74%.

As a part of our human rights understanding, we do not allow any forced or compulsory labour, child labour practices within our operations. We also expect our suppliers and business partners to adopt a similar approach regarding human rights issues and to comply with these principles in their own operations. For this purpose, we ensure their compliance in this issue by including our working principles in the service and investment agreements we execute with our suppliers and business partners. In accordance with our preventive approach, there were no supplier or business partner operations where human rights issues were under risk to our knowledge, nor were there any official complaints conveyed to us in this regard during the reporting period.



Flexible Vested Benefits

The Flexible Vested Benefits Program is a system that allows every employee to modify their vested benefits such as annual leave, festival and fuel supports according to their individual and household needs (for instance; discounted shopping checks, advantaged technology products, and the like). Employees access this system through the portal online at www.kocflextra.com and manage their vested benefit budgets by making their selections within the framework of determined rules.



We also expect our suppliers and business partners to adopt a similar approach regarding human rights issues and to comply with these principles in their own operations.



Basic Vested Benefits

We offer many opportunities that exceed legal rights in an effort to raise the living standards of our employees and their families. Besides the opportunity for our employees to benefit from KoçAilem Group-wide advantage program offered to Koç Group companies and the health insurance offered to Group employees together with their families, they can also benefit from the retirement fund provided by Koç Holding Retirement and Support Fund Foundation to achieve more extensive financial security in their retirement. As part of this fund, our employees make payments amounting to around 6% of their income to the retirement fund and Ford Otosan also makes the same amount of payment to the fund as employer contribution share. In this context, 20.8 million TL worth of resources were allocated for the fund in 2015. Besides these, we provide all our employees with financial supports such as marriage support, military service support, death benefit, festival, annual leave and fuel support, child benefit at birth, education and day-care support for all our employees with children. Our temporary or part-time employees can also benefit from these rights as befits their working models like all our employees. We offer opportunities such as extensive health check-ups, life insurance, company vehicle and fuel to our employees in executive positions.

Social Gender Equality

“ We prioritize the development of the individual competences of women employees and we conduct practices aiming for women to take office at the executive level by forming a potential women executive candidate pool. ”

We work to prevent gender discrimination in business life and we support women employment. We believe economic growth and social balance can only be achieved by this means. In accordance with our approach of positive discrimination for women, we ensure that gender discrimination and inappropriate behaviors are prevented throughout all our human resources processes, starting with recruitment.

There are mechanisms that our employees can refer to about problems of social gender inequality and we do not tolerate behavior and actions that violate company policies regarding gender discrimination and prevention of harassment under any conditions. We prioritize the development of the individual competences of women employees and we conduct practices aiming for women to take office at the executive level by forming a potential women executive candidate pool.

In order to prevent our women employees from leaving working life due to having children, we support them in maintaining work and family life balance. For this purpose, we offer our women employees up to 1 year of unpaid leave after birth and nursing room service at the company, in addition to the rights prescribed by law. Among other opportunities we provide is the paid leave practice during pregnancy in summer and winter months, when outside temperature exceeds 35°C or falls below zero, and a women's health and pregnancy care specialist serving 24 hours, 6 days at the corporate health center. Besides, we provide day-care support up to 66 months to help employees coming back to work after their maternity leave with their children's care. Thanks to our supportive and facilitating approach in this area, during the reporting period 92% of our employees who took a maternal leave returned to their positions. We were honored with the first prize for “Social Gender Equality in Business Life” by the Ministry of Labor and Social Security, Directorate General of Labor in the years 2013 and 2014. Our approach towards gender discrimination in business life and social life, our works to increase women employment and our positive discrimination policies were influential in our election for this prize in result of the evaluations of a commission consisting of employee, employer, academy and public institution representatives.



Ford Otosan Employees

Equality at Work Activities

We approach all our employees with the essential principle of equality. In this regard, we continue to add value to Ford Otosan employees individually and socially through activities we conduct within the scope of the Equality at Work Declaration signed in 2013. Combating against Social Gender Inequality, we emphasize the significance of the equality of women and men in all intercorporate activities including recruitment processes. We work for these steps we take in order to consolidate the place of women in the business world to be held up as an example across the sector.

“In accordance with our policy of positive discrimination in employment that was implemented in 2015, we aimed in our white-collar recruitments for 1 in every 2 people and in our blue-collar recruitments for 1 in 4 people to be a woman.”




* Equality

In accordance with our policy of positive discrimination in employment that was implemented in 2015, we aimed in our white-collar recruitments for 1 in every 2 people and in our blue-collar recruitments for 1 in 4 people to be a woman. Our performance that was monitored by the executive management was realized as 36% in the first year. We plan to maintain our works in the direction of the same target in the forthcoming period.

In the reporting period, we worked for the distribution of a booklet encouraging girl students to get more involved in business life with the cooperation of Social Issues Research and Development Association (TOKAGEDER). Within the booklet, information regarding Equality at Work practices on production fields and the working positions of women engineers were offered. We were deemed worthy of the Young Women and Employment World Best Practice Award with our booklet practice as part of Equality at Work activities.

Disabled Employees

 Total
291
Disabled Employees

As a giant industrial facility, we facilitate disabled employment through innovations we realize in process design; we work to contribute to the employability of the handicapped. In the reporting period, we maintained our practices aimed for working environment to accommodate disabled employment that we started in the previous periods. As of 2015, we have a total of 291 disabled employees, of which 21 women and 270 men, in our facilities. 283 of these employees take office in blue-collar and 8 of them in white-collar categories.

Our Kocaeli Plant was considered worthy of the Disabled Staff Employment Surplus Disabled Personnel Recruiting Award by the Ministry of Labor and Social Security Turkish Employment Agency Provincial Directorate for the fourth time in the reporting period. 100% Disabled Friendly Plant Project that was implemented at our Yeniköy Plant gained the right to receive the grand prize at the Corporate Social Responsibility organization traditionally held by TİSK (Turkish Confederation of Employer Associations) for meeting all the criteria of inclusiveness, effectiveness, good practice, innovation and sustainability.



Ford Otosan Yeniköy Plant

Talent Management

“
The accurate evaluation
of our employees' talents
and revealing their
potentials are the main
objectives of our talent
management system.”
”

Our talent management approach is based on enhancing the competences of our employees and evaluating them at the right points. We aim to direct talents accurately and to contribute to the advancement of our employees' careers through the programs we conduct and practices we develop.

Our human resource has a significant position among our strategic targets. For this reason, we conduct our talent management activities using systems and standards specific to the company in the direction of strategic orientations identified by the board of directors and executive management through specialized units, we monitor the efficiency of the works in line with short, medium and long term targets. Senior level governance organs, such as the HR Committee and HR Planning Committee, monitor the results obtained at the end of the process managed by several specialty units of the HR Directorate, evaluate them for compliance with strategic plans and necessary actions are taken. The targets identified within the context of talent management are a part of corporate and individual targets and thereby of the remuneration system. Talent management practices are subjected to internal audits and Koç Group auditing processes.



We rely on Ford Otosan Talent Management System to reveal the potential of newly recruited employees, identify aspects that are open to development and further their potential each passing day. Our cyclically working talent management model contains 5 phases:



The experiences that we acquire, needs and expectations that we identify thanks to this cycle constitute the basis of our strategies for future periods and they feed the process of attracting talents, which is the first stage, enabling us to constantly keep our talents alive.

The rotation system, one of the primary components of our Career Management process, is regarded as a significant method for in-company dynamism as well as career and talent development. Through rotation practices, we aim for our employees to gain management and specialty experience with different tasks and thereby to enhance in-company empathic capability and develop different points of view. With this practice, we support our employees' personal and professional development, we prepare them for positions that will rise in the future. The variety of opportunities provided also contributes positively to employee engagement and motivation, supporting the development of corporate performance.

The accurate evaluation of our employees' talents and revealing their potentials are the main objectives of our talent management system. For this purpose, we conduct a fair and objective performance management process. Individual targets for the new period are determined at the target determination meetings our employees have with their managers at the beginning of every year, in consideration of corporate targets. Performance realizations are evaluated every 6 months, providing employees with feedback and taking corrective measures. In this regard, in 2015, 95% of our white-collar employees were provided feedback regarding their performance during the year.

The development of our employees' competences also has an important place in our performance management system. In this context, we support our employees' competences relating to their future positions through development and career management practices. We offer our employees two intertwined and integrated development paths; namely, the paths of leadership and specialty.

In order to enhance the impact of training and development activities on business results and performance, we conduct detailed need and expectation analyses. We aim for both

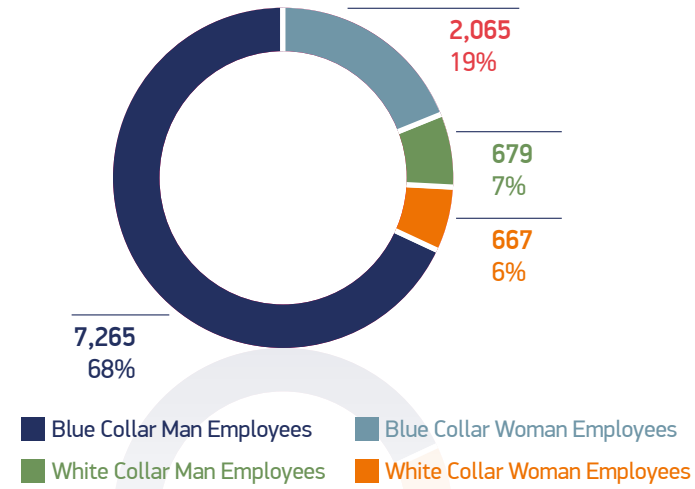


organizational and personal development through Personal Development Plans regularly implemented every year. By means of development plans, we identify the knowledge, skills and behavior necessitated by the employee's current and future position, their strong aspects and areas open to improvement and we form a road map accordingly. In this scope, in 2015, development planning was implemented at the rate of 99.6% across the company and the plans were completed at the rate of 96%. 95% of white-collar employees completed their 360-degree competence evaluations, while a total of 23,190 evaluations were performed.

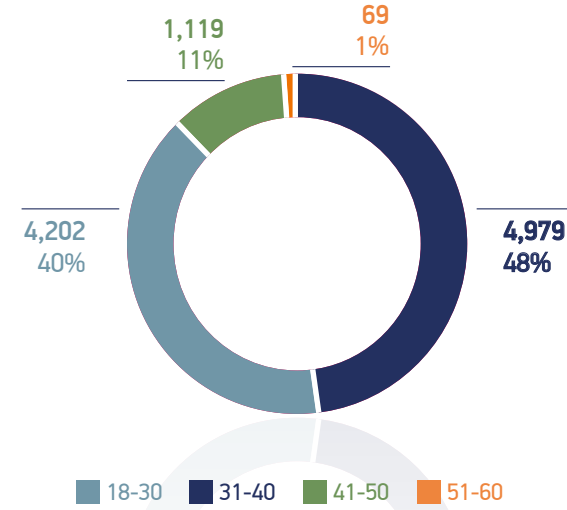
Ensuring employee satisfaction and engagement plays a significant role in talent retention. For this reason, we conduct employee engagement surveys through an independent institution every year and we shape our practices in line with the feedbacks we receive as part of the survey. Among other tools we make use of to receive the feedbacks of our employees are communication practices we have developed. In the reporting period, the Let's Advance Together (BYA) process, which takes a novel approach on employee engagement, emphasizes the significance of employee engagement, encompasses all integral works related to this issue and surpasses them, was designed and engaged. As Human Resources, with BYA, we provide our managers with a platform where they can come together with their employees creating a positive atmosphere, enhancing the awareness of strong areas and ensuring the development of suggestions with regard to engagement categories. In 2015, Let's Advance work groups, where department managers share Employee Engagement results with their teams using the positive inquiry method and actions are planned, achieved a completion rate of 91%.

2015 Workforce Statistics

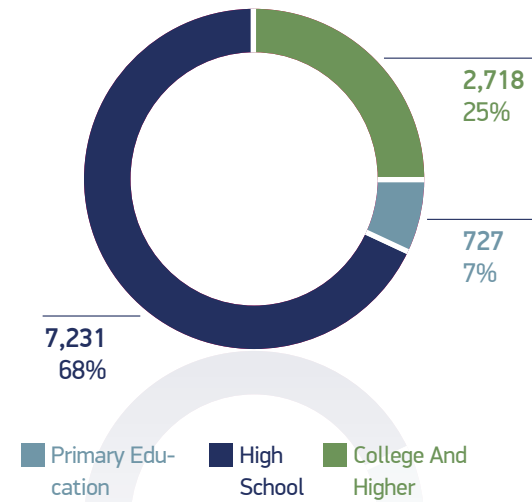
Employee Breakdown by Category



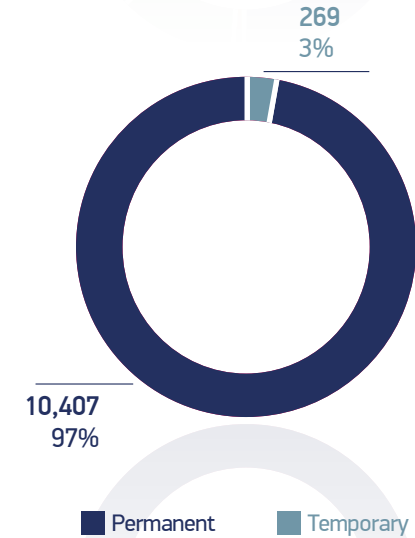
Employee Breakdown by Age Group



Employee Breakdown by Education Level



Employee Breakdown by Contract Type



Ford Otosan Employees

Success Rewarding System

Ford Otosan Success Rewarding System, whose scope, responsibilities and operating procedures have been determined by intercorporate procedures, aims to reward distinctive, successful works that support our common values and vision and to create a working environment where employees are happy and proudly participate.

Ford Otosan Success Rewarding System consists of various reward programs carried out throughout the year and of 3 different subprocesses. Rewards given out on an annual basis constitute the first subprocess of Ford Otosan Success Rewarding System. In this process, Ford Otosan employees are rewarded within the scope of different programs, processes and project groups such as the Stars of Ford Otosan, 6 Sigma Projects, Social Responsibility Projects, Graduation and Jubilee Awards, Outstanding Success Special Assignment, Tolerance for Differences, OHS, Presidency Awards. Another rewarding process is carried out in relation to the Suggestion and Improvement System. By means of this practice, the contributions of our employees to corporate performance with their creativity and participation are evaluated. The last sub-process of the Success Rewarding System is instant rewarding. Within the context of this process, the exemplary activities of our employees are appreciated and shared with other employees without waiting for the yearend. Employees found to be successful as part of instant rewarding can make their own selection from an immense gift catalogue.



Suggestion and Improvement Systems

There are two distinct systems across our plant, whereby the ideas of our employees are evaluated and rewarded; namely, the Suggestion and Improvement Systems. These systems aim particularly for our employees to generate creative and innovative ideas that will ensure quality and efficiency enhancement in the processes where they work. In the reporting period, 1,290 suggestions were provided in this scope and 454 of these suggestions were put into practice. While the implementation of 836 suggestions is still in process, the number of improvements realized has exceeded 91 thousand. In the reporting period, 538 employees were rewarded for the suggestions they offered.

Ford Otosan Employer Brand: "If You Are In, We Have the Power"

SEN VARSAN GÜÇ BİZİM

SEN VARSAN BAŞARI BİZİM **SEN VARSAN GELECEK BİZİM** **SEN VARSAN HAYAT BİZİM**

Our employer brand "If You Are In, The Force is Ours" that we realized in 2015 aims to carry Ford Otosan's objective of becoming the most preferred company in employment to the next level. We call out to our current and potential employees with the main brand "If You Are In, The Force is Ours" that was determined with the participation of employees from different levels and groups under the leadership of the Human Resources Directorate, besides the slogans "If You Are In, Success is Ours", "If You Are In, The Future is Ours", "If You Are In, Life is Ours". With our new employer brand, we tell of the force constituted by a good team locked in on the same target with the same dreams, we aim to carry Ford Otosan much further by switching to a model that will have us all feel this force more.



Vocational and Personal Development Trainings

Our training and development policy prescribes enhancing individual success and motivation and contributing to organizational development by offering various development activities that will meet the personal, professional and technical needs of employees in accordance with corporate targets and strategies. From the day they start working, employees benefit from development programs designed specifically for their positions. In the reporting period, we continued to increase the number and variety of our training and development opportunities. In this regard, we carried out 887,561 man x hour of training activity with the participation of 10,750 people. As part of our leadership, personal development, technical and professional development trainings, we realized 887,561 man x hour of training activity with the participation of 10,750 people.

We support the Tech MBA and Executive MBA programs developed together with Boğaziçi University Automotive Master's Program and Koç University in order to develop our employees' skills of innovation and thinking new technologies creatively, besides their areas of expertise. In this scope, 28 employees have attended these programs as of 2015.

The development of vocational education constitutes an important component of combating against unemployment by leading to an increase in qualified workforce and employability. In this regard, we provided support for the Specialized Vocational Centers Projects and employment for 310 people who were trained in their professional specialization as part of the project.

Civil society provides an important impetus in the resolution of every developmental problem, whether professional or societal. This synergy formed around nongovernmental organizations renders development, which is hard to achieve individually or corporately, possible. For this reason, we act together with nongovernmental organizations active in several fields. We participate in studies for producing solutions especially by becoming members of technical and professional institutions, taking part in their management or in working groups.



"Explore Yourself To Lead Potentials" Seminar



Open Schools

We seize every opportunity to support the development of the education level of our employees and our country. In this context, we support our employees, who did not have a chance to obtain middle school and high school diplomas, in completing their education through Open Schools. In this regard, we not only reimburse their registration and examination costs but also support them in issues such as course selection and we reward our graduated employees. In the 2014-2015 school year 311 and in the 2015-2016 school year 497 employees have attended middle school or high school equivalent Open School programs.



Vocational Education Cooperation Protocol with Kocaeli University



In 2015, we brought together Kocaeli University Ford Otosan Ihsaniye Vocational School of Higher Education and Ford Otosan Vocational Training Academy to sign a cooperation protocol within the framework of Business Oriented Vocational Education Model. As part of the protocol, works are carried out, such as forming and updating curriculums, developing and implementing joint vocational training programs, internship mobility, organizing seminars, participation to in-plant workshop practices, developing vocationally directed projects.



Discover Yourself, Manage the Potential



"Kendini Keşfet, Potansiyeli Yönet" Proses Koçu Eğitimleri

In the reporting period, the 'Discover Yourself, Manage the Potential Program' was developed to ensure that process coaches achieve a common management understanding in order to support employees in producing products with high quality standards by working in a happy and peaceful workplace. The program, attended by 166 process coaches in 8 groups and continued for about 6 months, aims to improve the management skills of process coaches at production facilities with a wide variety of products, operations and operators, for them to lead their employees more efficiently.

As part of the program, attendants participated in 5 training modules organized primarily under the headlines of management skills, human nature and emotional intelligence, team management, time management and scheduling, relation management and interaction. The performance of participants was evaluated according to clearly and transparently indicated criteria and success was rewarded at follow-up meetings organized by the manager who undertakes the sponsorship of each group, following the training. A total of 10,795 man x hour of training was carried out within the scope of the program. In result of these works, 41.5% increase was achieved in the number of improvements and 75% reduction in the number of errors. Based on the successful results obtained, the program is projected to be realized with working group leaders in the forthcoming period.

Employee Communication

We offer various environments for our employees to receive information regarding all developments about the company, to share their expectations and views with the executive management and to track individual and corporate successes. We conduct our employee communication activities through channels organized under our Human Resources Directorate, such as Open Door Meetings, Leadership Meetings, Intranet Portal Communication, General Manager message bulletin, in-company activities, Aramizda (Between Us) Magazine, Aramizda TV, SMS and mass e-mail communication. We act in accordance with the principles of fairness, transparency, accountability and responsibility in the implementation of our communication activities.

We share corporate news, activities of employees, our practices and activities with Aramizda Magazine. We send our current employees, retired employees, dealers and business partners the magazine published monthly in print and through the mobile. Through the broadcasts of Aramizda TV, which was constituted dedicatedly for the company, news about the activity and social agenda of the company, educative information, sections from daily life and entertaining videos are conveyed to employees at contact points such as cafeterias and communication areas.

Our employees can follow internal announcements, organizational changes, social activities, and financial developments through our corporate intranet portal, internal communication screens, General Manager message bulletin, SMS and mass e-mail posts.

Internal meetings have an important share in our employee communication practices. We periodically organize internal meetings in order to inform employees about the general condition of the company, and our position in the automotive industry. Midlevel management teams are informed regarding the general state of the company and the sector through Leadership Meetings organized twice a year. Open Door Meetings, held twice a year, aim for employees to come together with the management and executive management and share their views and opinions on an open communication platform. Employees are informed regarding the general processes and state of the departments with Department Open Meetings that are realized monthly; Skip Level Meetings enable employees to meet with executive management one on one and convey their remarks.

In addition to ensuring communication with employees, we ensure that our employees also come together in social environments besides work in order to reinforce their communication with their colleagues and managers amongst themselves. In this scope, we have organized various social and cultural activities.

Events We Performed in 2015



Golden Trace Jubilee Ceremony

1,200 employees were rewarded within the context of their service years at the Golden Trace Jubilee Ceremony, which we organized for the second time in 2015.



Stars of Ford Otosan

We presented our appreciation and thanks to 89 employees, who were exemplary with their outstanding success and discipline, at the Stars of Ford Otosan Award Ceremony we organized for the 4th time.



Patent Awards Ceremony

Employees who contributed to innovative approaches, new products, innovation and R&D ideas and who filed patent applications were rewarded.



International Women's Day Celebration

At the celebration attended by all women and men employees with purple clothes on March 9th, International Women's Day, social gender equality was addressed and the importance of women employment was emphasized.



Traditional Circumcision Feast

As part of the traditional Ford Otosan Circumcision Feast organized for the 13th time, 62 children whose parents work at Ford Otosan İnönü Plant, and 264 children whose parents work at Kocaeli Plants were circumcised. The children and their families were entertained by plays, shows and live music, each more colorful than others.



Today I am FOsocial

We presented the activities of all our social clubs to our employees with the applied promotion festival.



Digital Competitions

We conducted motivational activities by organizing mini competitions through the intranet portal and social media within the context of special days, seasons changes and various projects. We offered employees fun gifts such as concert, movie and theatre tickets, caricatures.



Open Door Meetings

Ford Otosan employees, working diligently during the year for the company's sustainability and success, met up at our Open Door Meetings for sharing forward-looking information and proposals.

Social Activity and Sports Clubs

Our sports and social clubs are other platforms we provide to bring our employees together in their social lives, support their activities in their areas of interest and their personal development, as well as develop their teamwork competences.

Our social activity clubs, established with the voluntary initiatives of our employees and whose organizational structures were institutionalized during the reporting period, offer exciting, dynamic, instructive and constructive activities in 14 different hobby fields for all employees. We aim to make sports into a lifestyle for our employees with Ford Otosan Sports Clubs. As part of the sports clubs structuring we implemented in 2015, each branch was appointed a sponsor from the executive management. Sponsors meet the basic needs of our athletes consisting of Ford Otosan members, and they form a healthy field with which they can concern themselves besides work. The sponsors and athletes of our 34 teams in 13 branches participated in intercorporate and other competitions together. Our teams won a total of 18 cups, with 11 first places, 3 second places and 4 third places, at the 26th Koç Olympics, organized in the reporting period.





Social Responsibility

We contribute to the development and competitiveness of our country on an international scale with the added value we create and we support Turkey in achieving its sustainable development through our corporate social responsibility works. In accordance, we undertake works in many areas such as education, health, culture & arts and sport, also with the voluntary participation of our employees. During the reporting period, we have allocated around 18 million TL worth of resources for social development oriented project, donation and sponsorship activities.



For My Country I Support Social Gender Equality



2015

Rate of women employment in the recruitment process (office employee)

%39
Target %50

Rate of women interns in internship programs

%50,7

Rate of training attendance among volunteer directors in manager trainings provided by Koç Holding and AÇEV

%100

Rate of women employment in the recruitment process (production employee)

%18,9
Target %25

Women employee promotion rate

%14
Target %20

"For My Country" is a roof project which aims to promote social responsibility among Koç Group companies, employees, dealers and suppliers. Within the scope of the project, having themes changing every two years, we aim developing a more participative attitude towards social problems and realizing projects that will improve the standard of living by supporting local development.

We mobilize for an egalitarian society and world through the new period theme of the "For My Country" project for 2015-2017 determined as "I Support Social Gender Equality". We tackle the issue of gender discrimination which affects both women and men in social life and working life. In this context, we formed a 27-person volunteer team in the reporting period to actively support the performance of Social Gender Equality awareness projects within the company. Our volunteer trainers, provided 4,683 employees with awareness trainings, will provide this training for all of our employees by the end of May 2016.

As well as awareness trainings, we support the project also with our corporate responsibility activities and sustainable human resources practices emphasizing on equality at work.



Ford Otosan Volunteers



HeForShe

At the start of 2014, UN Women called on men to take the lead in advocating social gender equality and women's rights. The project started under the name HeForShe created a tremendous impression around the world. We shared that we stand together with the communication campaign of Koç Holding, which supports UN Women in the application of this global project in Turkey, and our belief in the content of the project as Ford Otosan at the March 8 celebrations we held in all our locations. HeForShe movement aims at mobilizing men against the inequalities suffered by women and girls in the last years, within the context of the pursuit of gender equality that arose as a struggle carried out by women and for women in the beginning.



Honey Bees Become Engineers

Within the scope of For My Country I Support Social Gender Equality Project, we started the Honey Bees Become Engineers project in 2015. Honey Bees Become Engineers is a social responsibility project shaped with the dream of equal representation of women and men in business life. The main objective of the project, which we conduct in cooperation with the Ministry of National Education and Flying Broom Women Communication and Research Association, is to create awareness for girl students to overcome social gender patterns in choosing profession and for them to choose professions that befit their skills, other than those deemed appropriate for them. We predict that qualified women employment in our sector will increase with the rise in the number of girl students opting for the engineering profession.

As part of the project, we aim to reach out to all 81 provinces of Turkey and conduct social gender awareness programs aimed at 9th and 10th grade students at one school in every province. The field application of the project is carried out by Flying Broom Guidance and Counseling experts and 164 volunteering Ford Otosan engineers, with the support of Provincial Directorates for National Education and Ford dealers. We aim to emphasize the importance of equality of opportunity for women and men and to increase the rate of girl students choosing the engineering profession by creating awareness regarding choice of profession through the trainings provided within the context of the project.

In the reporting period, Flying Broom Social Gender experts and trainers provided Gender Workshops training for our volunteering engineers. In this way, volunteering Ford Otosan engineers were prepared for their tasks and the field application of the project, Hive Day. The pilot practice of the Honey Bees Become Engineers project was implemented at Kocaeli Anatolian High School in December. Subsequently, 9 Anatolian High School were visited in Istanbul, reaching a total of 1.202 girl students. Within the context of the project, it is planned to visit all 81 provinces of Turkey and to reach out to 8100 girl students as part of the implementation of the awareness program.

Following the project that will proceed for two years with awareness trainings, we plan to implement a joint monitoring program by Ford Otosan and Flying Broom during 5 years to ensure sustainability. At the end of the project, girl students who choose engineering departments at college will enjoy internship opportunities at Ford Otosan.



Honey Bees Become Engineers Seminars



Özgecan's Dreams Will Live Through Other Hopes!

Ford Otosan Athletics Team ran for keeping Özgecan Aslan's dreams alive through other hopes at Istanbul Half Marathon which it participated.

40 employees, who took their steps for awareness, invited participants and viewers of the marathon to donate to Turkish Education Foundation's Özgecan Aslan Scholarship Fund, to support the education of successful girl students who want to study despite impossibilities, just as Özgecan did.



We Are One, We Are Equal!

On March 8th, the International Women's Day, all women and men Ford Otosan employees wore purple exhibiting an act of awareness regarding social gender equality. On the same date, Ford Otosan provided aid-in-kind for Ford Otosan Purple Roof association on behalf of each women employee.



Tell Another Tale Father

In cooperation with AÇEV, 59 Ford Otosan runners ran to raise awareness about father-child relations at the 37th Istanbul Marathon. We supported Father Support Program of AÇEV aimed to help fathers with children between the ages of 3-11 realize their significance in the lives of their children. We worked to create a more equal family environment where fathers also contribute to the development and care of the child through trainings also involving issues such as social gender equality, domestic violence, child protection, respecting differences and peace.



Everybody Reads Books

The library at Ford Otosan İnönü Campus that was established on the basis of volunteerism for employees to make good use of their free time rapidly expanded in a short time. The library, which currently holds more than 4,500 books, provides a reading opportunity for employees during lunch break. The library, which was founded by employees donating the books they don't read, later maintained its growth with the support of NGOs and several publishing houses.

Ford Otosan İnönü Plant Book Club volunteers, who took action to get children to adopt reading habits and to popularize this habit among more people, exhibited an exemplary behavior by organizing a campaign to equip schools in their vicinity with books. About 1,000 books were collected for the campaign that attracted a great deal of attention among Plant employees.



Raise Awareness in One Child, Let the Society Change

Ford Otosan Kocaeli Plants Maintenance and Environmental Engineering started the 'Raise Awareness in One Child, Let the Society Change' project in 2015 aiming at raising awareness about marine pollution among children.

Ford Otosan volunteers, who completed the Limitless Blue Training offered by Turmepa (Turkish Marine Environment Protection Association), a nongovernmental organization leading in its field that undertakes a significant responsibility about the protection of Turkey's seas and waterways, started offering comprehensive trainings to primary and middle school students about the formation of water and its significance, the importance and benefits of seas, marine animals, marine pollution and its results. Ford Otosan volunteers will continue the trainings they provide in 2016.



Every Education is a Hope

The attendance prices of Material Management System trainings conducted for our local suppliers were donated to the "Every Education is a Hope" project that emerged from collaboration of our Material Planning and Logistics Department with TEV. 284 participants from 157 supplier companies supported the project with their donations.



Donation for Yahya Kaptan Orphanage

We made a donation to the Orphanage located in Kocaeli Yahya Kaptan with the Sacrifice Festival social responsibility project we realized under the leadership of Ford Otosan Quality Assurance Directorate. As part of the project voluntarily supported by 341 employees, 98 orphans were provided with clothing aid and the children were taken to the theater.



Hope Car

Ford Otosan family organized the Hope Car activity in 2015 to help children with leukemia. The donations collected at the activity that was voluntarily attended by 1,800 Otosan employees were transferred to the Health and Education Foundation for Children With Leukemia (LÖSEV). In this way, Ford Otosan employees experienced the joy of contributing to the construction of Lösante Oncology Hospital that provides free treatment and education for children with leukemia.

In the reporting period, we undertook the maintenance of LÖSEV's Ford brand 18-wheeler carrying materials they need, such as food, clothing, furniture, cleaning materials, to the children and their families.



Love, Share, Keep Alive!

We continued our blood, organ and stem cell donations, which we realize every year in collaboration with the Turkish Red Crescent. Our employees donated 44 stem cells and 335 units of blood.



Ford Otosan Employees are Planting Sapling for a Life without Barriers

Our Tool & Die Senior Management and Total Quality Directorate realized the sapling planting activity for a future without barriers that they traditionalized for the fourth time.

Ford Otosan employees planted sapling at the event held in Word Disability Week May 10th and 16th, with the motto “a future without barriers” and “a planted seedling for every individual for healthy living”.



We Took a Step for Help

Ford Otosan Sancaktepe location employees provided a great support for children with Cerebral Palsy, known as the most prevalent physical deficiency condition. Ford Otosan employees also supported Cerebral Palsy patients by both taking a step for them and collecting donations. Our 11 volunteer teams who joined the project in 2015 took a total of 3,629,717 steps between September 2nd and 30th.



Healthy Living Through Healthy Grains

Ford Otosan members experienced the joy of producing an organic product by planting non-GMO corn grains in the soil and took a major step for practicing natural nourishment.



There is Much to Teach

Ford Otosan employees share their experiences and knowledge with students of KOU Ford Otosan İhsaniye Automotive Vocational School (FOİMYO) through our Internal Trainer Program.

KOU Ford Otosan İhsaniye Automotive Vocational School we initiated in 2014, is a vocational education area for 500-600 people. We provide Mechanical Drawing Construction and Industrial Diesinking, Motor Vehicles, Automotive Technologies, Car Paint and Body trainings under the main branches of Mechanical Metal Technologies and Motor Vehicles and Transportation Technologies. Ford Otosan employees participating in the program to be internal instructors, give trainings in the field of their expertise. 17 trainers, involving also managers, are determined as a result of “Internal Trainer Selection and Training Process” in line with assessments received from both themselves and their directors. The internal trainers participating in the program on a voluntary basis are appointed as lecturer by Kocaeli University as long as they give lessons.

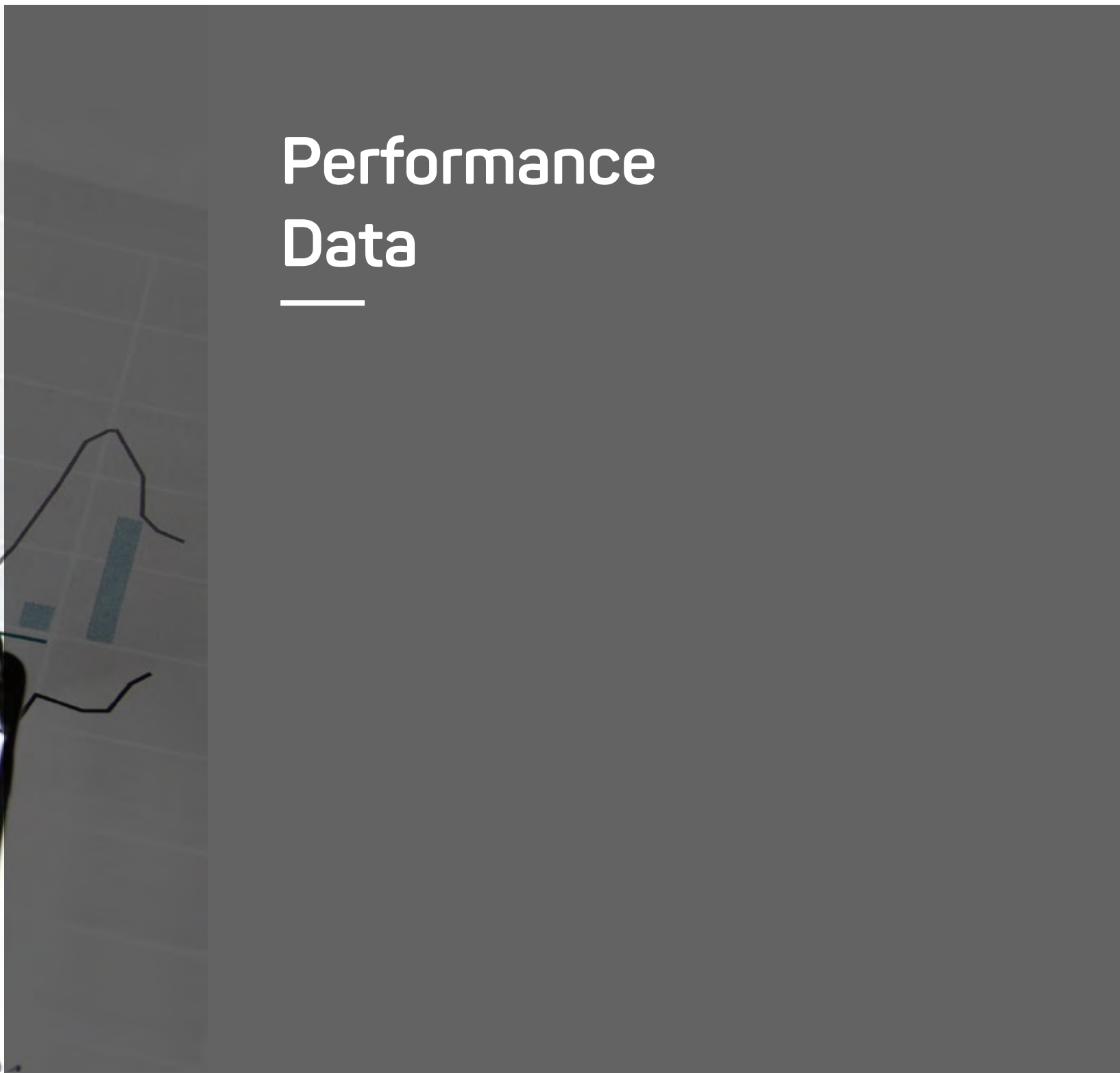


Relay For Life Turkey

As part of the social responsibility project organized by Pink Lady Cancer Patients and Relatives Solidarity Association, of which we were the main sponsor, our employees supported the challenging struggle of cancer patients by walking.



Performance Data



Economical and Operational Indicators					
	2011	2012	2013	2014	2015
Production (number)	295,850	272,099	281,287	244,682	334,622
Total Retail Sales (number)	140,68	111,011	113,971	91,038	380,742
Total Export (number)	213,649	204,489	226,671	191,956	253,644
Capacity Utilization Rate (%)	90	83	86	59	81
Net Sales (million TL)	10,445	9,768	11,405	11,925	16,746
Domestic	4,591	3,832	4,106	4,238	6,023
Export	5,854	5,936	7,299	7,687	10,723
Profit Before Tax (million TL)	800	654	452	390	866
Net Tax (million TL)	662	685	641	595	842
EBITDA (million TL)	875	772	856	846	1,441
Economic Value Generated - Net Sales (million TL)	10,445	9,768	11,405	11,925	16,746
Economic Value Distributed (million TL)	10,451	9,839	11,125	11,589	15,799
Operating Costs	9,244	8,681	10,277	10,794	14,582
Employee Wages and Benefits	501,08	476,03	531,47	610,21	789,41
Dividend Payment to Shareholders	519,00	579,00	300,03	175,46	400,03
Government Taxes and Other Obligations	168,78	89,92	3,89	0,71	8,96
Community Investments	18,32	13,21	12,24	8,55	17,95
Economic Value Retained (million TL)	-6	-71	280	336	947
Total R&D Expenditure (thousand TL)	189	257	366	328	383
R&D Expenditures to Revenue Ratio (%)	1,81	2,63	3,21	2,8	2,26
Total Number of R&D Engineers	1,024	1,240	1,277	1,350	1,378
Patent Applications	63	73	80	110	137
Total Number of Patents	43	37	38	33	31

Environmental Performance Indicators					
	2011	2012	2013	2014	2015
Total Energy Consumption (GJ)	1.956.776	1.754.442	1.792.269	1.735.061	2.067.943,83
Direct Energy Consumption (GJ)	1.074.030	939.168	954.055	952.475	1.150.347
Natural Gas	1.051.431	921.134	931.953	896.721	1.150.137
Others	22.595	18.034	22.079	55,754	209,09
Indirect Energy Consumption (GJ) - Electricity	882.746	815.274	838.214	782.586	917.597,33
Energy Consumption per Produced Vehicle (GJ/vehicle)	6,61	6,45	6,37	7,09	6,16
Energy Saved Through Efficiency Projects (GJ)	45.429	56.105	30.179	30.830	83.626,97
GHG Emissions Reduction Through Efficiency Projects (Ton CO ₂ e)	3.399	4.912	2.843	4.597	4.723
Scope 1	353	1.968	204	399	4.047,10
Scope 2	3.046	2.944	2.639	4.198	676,00
Direct GHG Emissions (Scope 1) (Ton CO ₂ e)	78.070	68.937	71.687	70.910	70.336
Indirect GHG Emissions (Scope 2) (Ton CO ₂ e)	117.954	104.397	110.184	102.891	120.308
GHG Emissions per Produced Vehicle (Ton CO ₂ e/vehicle)	0,663	0,637	0,647	0,710	0,570
Total NOx Emissions (ton)	199,96	190,06	181,79	168,10	158,54
Total SOx Emissions (ton)	12,64	12,18	13,25	10,58	9,51
Total VOC Emissions (ton)	109,58	104,61	104,58	91,98	258,30
Others Emissions (ton)	195,12	186,28	185,78	75,18	149,11
Total Water Withdrawal (m³)	1.079.984	958.342	945.723	919.036	1.052.555
Underground Water	1.076.099	953.137	940.469	915.685	1.029.704
Municipal Water	3.885	5.205	5.254	3.351	22.851
Fresh Water Consumption per Produced Vehicle (m³/vehicle)	3,65	3,52	3,36	3,75	3,146
Total Water Recovered (m³)	170.726	138.824	141.153	343.487	437.158,45
Waste Water Discharge (m³)	381,280	356,684	380,501	305,339	331,385
Waste Water Canal	64.777	90.220	94.785	57.331	260.161
Natural Receiving Environment	316.503	266.454	285.716	247.988	71.224
Total Hazardous Wastes by Disposal Method (Ton)	4.423	3.830	4.580	5.294	6.012
Energy Recovery	323	946	2.077	3.217	1.357,86
Recovery	1.146	1.003	1.431	1.256	4.583,27
Landfill	1,31	1,91	3,16	3,95	1,73
Incineration	2.952	1.879	1.009	736	69
Other	0,00	0,15	60	81	0,26
Total Non-Hazardous Wastes by Disposal Method (Ton)	66.733	68.787	66.517	52.367	77.519
Energy Recovery	0,00	462	1.406	1.153	1.078,36
Recovery	64.856	67.124	64.411	50.585	75.842
Landfill	1.877	1.200	700	630	598

Environmental Performance Indicators					
	2011	2012	2013	2014	2015
Incineration	0,00	0,00	0,00	0	0
Other	0,00	0,00	0,00	0	0
Waste Trend per Produced Vehicle (kg/vehicle)	240,5	266,9	252,8	235,7	249,6
Total Packaging Material Used (Ton)	2.933	3.212	2.676	4.335	2.249,75
Packaging Waste Recovery Ratio (Ton)	8.354	7.554	7.791	6.237	812,82
Environmental Trainings - Participation (number of participants)					
Direct Employees	1.620	2.902	1.432	1.346	5.976
Contractor Employees	827	4.198	3.402	3.099	1550
For Social Responsibility	85	222	205	178	2.018
Environmental Trainings - Total Hours (man x hour)					
Direct Employees	3.497	3.103	1.797	1.706	10.631,6
Contractor Employees	902	4.131	3.390	2.690	415
For Social Responsibility	43	222	275	178	2.018
Total Environmental Costs (TL)					
Investment Costs	562.023	2.856.761	1.091.863	244.770	438.416
Management Costs	4.289.439	4.041.390	4.024.334	4.861.232	6.520.612
Environmental Regulations (number-TL)	0	0	0	0	0
Environmental Impact Grievances Received Through Formal Mechanisms	0	0	0	0	0

Social Performance Indicators					
	2011	2012	2013	2014	2015
Employee Trainings - Participation (number of participants)					
Blue Collar	7.414	70.569	6.926	7.069	7.985
White Collar	2.167	2.458	2.518	2.534	2.765
Female	800	844	899	1.005	1.390
Male	8.781	8.683	8.545	8.581	9.360
Employee Trainings - Total Hours (man x hour)					
Blue Collar	244.503	217.692	296.208	399.827	815.691
White Collar	44.989	114.730	75.360	69.091	71.870
Female	82.074	32.063	34.470	30.095	159.438
Male	207.418	300.359	337.098	438.822	728.123
Average Hours of Trainings per Employee (hour/man)					
Blue Collar	33,0	800,0	42,8	55,6	102,68
White Collar	20,8	46,7	29,9	26,9	26,31
Female	102,6	37,9	38,3	29,9	118,45
Male	23,6	34,6	39,5	50,1	78,04
OHS Trainings - Participations (number of participants)					
Direct Employees	2.816	4.489	3.473	5.273	8.823
Contractor Employees	1.434	1.558	1.505	2.845	1.681
OHS Trainings - Total Hours (man x hour)					
Direct Employees	4.107	31.496	16.903	66.009	97.135
Contractor Employees	2.642	2.783	2.641	5.690	2.039
Injury Rate					
Direct Employees					
Female	0,09	0,12	0,24	0,28	0,21
Male	1,73	1,34	2,37	3,15	0,47
Contractor Employees					
Female	0,10	1,61	0,13	0,82	1,81
Male	1,08	0,23	0,65	1,76	1,75
Occupational Diseases					
Direct Employee					
Female	0	0	0	0	0
Male	0,02	0	0,5	0,01	0,07
Lost Day Rate					
Direct Employees					
Female	0,01	0	0,63	0	0,2
Male	0,91	0,24	0,89	3,10	5,5

Social Performance Indicators					
	2011	2012	2013	2014	2015
Absenteeism Rate					
Direct Employees					
Female	2,16	0,20	1,97	6,12	5,78
Male	2,30	1,32	2,40	3,18	5,78
Fatalities	0	0	0	0	0
Direct Employees	0	0	0	0	0
Contractor Employees	0	0	0	0	0
Number of Employees Involved in Activities with High Accident or Disease Risk	0	0	0	0	0
Number of OHS Committees	3	4	4	3	5
Total Number of Members Involved in OHS Committees	52	49	42	61	61
Total Number of Employee Representatives Involved in OHS Committees	14	14	14	5	6
Road Safety in Product Logistics	18.326.184	12.284.871	15.890.675	12.404.998	19.825.328
Total Voyage for Product Distribution (km)	56	74	70	5	23
Total Traffic Accidents (number)	1	2	1	2	3
Traffic Accident Related Injuries (both parties-number)	-	-	1	1	0
Traffic Accident Related Fatalities (both parties-number)	963	776.641	833	171.500	250.752,88
Total Material Damage (product+asset) (TL)					
Road Safety in Raw Material Logistics	11.623.277	11.515.211	12.284.167	11.614.360	15.364.679
Total Voyage for Supply (km)	3	12	8	15	3
Total Traffic Accidents (number)	0	1	4	2	0
Traffic Accident Related Injuries (both parties-number)	0	0	0	2	0
Traffic Accident Related Fatalities (both parties-number)	5.462	5.204	16.262	14.138	60.000
Total Material Damage (product+asset) (TL)					

Employee Demographics					
	2011	2012	2013	2014	2015
Total Workforce (number)					
Direct Employees	9.581	9.527	9.444	9.762	10.676
Female	800	845	900	1.006	1.346
Male	8.781	8.682	8.544	8.756	9.330
Contractor Employee	1.821	3.844	6.549	1.570	1.642
Female	120	241	443	255	341
Male	1.701	3.603	6.106	1.315	1.301
Employees by Contract Type (number)					
Permanent	9.403	9.469	9.170	8.773	10.407
Female	780	841	880	830	1.321
Male	8.623	8.628	8.290	7.943	9.086
Temporary	178	58	274	989	269
Female	20	4	20	176	25
Male	158	54	254	813	244
Employees by Category (number)					
Blue Collar	7.414	7.069	6.926	7.192	7.944
Female	366	346	342	422	679
Male	7.048	6.723	6.584	6.770	7.265
White Collar	2.167	2.458	2.518	2.570	2.732
Female	434	499	558	584	667
Male	1.733	1.959	1.960	1.989	2.065
Employees by type (number)					
Full-time	9.581	9.524	9.440	9.761	10.675
Female	800	844	899	1.005	1.346
Male	8.781	8.680	8.541	8.756	9.330
Part-time	0	3	4	1	1
Female	0	1	1	1	1
Male	0	2	3	0	0
Employees by Education Level (number)					
Primary	433	400	411	392	727
Secondary	5.604	5.356	5.245	5.448	7.231
University and Above	3.544	3.771	3.788	3.922	2.718
Employees by Age Group (number)					
18-30	4.514	3.983	3.551	3.663	4.202
31-40	4.271	4.635	4.785	4.835	4.979
41-50	737	853	1.049	1.210	1.426
51-60	59	56	59	54	69

Employee Demographics						
		2011	2012	2013	2014	2015
Disabled Employees (number)						
	Blue Collar	270	268	270	277	283
	White Collar	6	6	6	9	8
	Female	14	15	16	16	21
	Male	262	259	270	270	270
Executive Management Structure (number)		21	25	24	26	25
by Gender						
	Female	1	2	2	2	2
	Male	20	23	22	24	23
by Age Group						
	18-30	0	0	0	0	0
	31-40	4	7	4	2	1
	41-50	9	10	11	15	13
	51-60	8	8	9	9	11
by Nationality						
	TC Citizen	18	20	20	23	23
	Expat	3	5	4	3	2
Mid-level Management Structure (number)						
	by Gender	187	189	206	217	230
	Female	19	20	24	24	26
	Male	168	169	182	193	204
	by Age Group	187	189	206	217	230
	18-30	0	1	0	1	0
	31-40	111	107	111	107	106
	41-50	61	69	83	97	106
	51-60	15	12	12	12	18
Employees Covered by Collective Bargaining Agreement (number)		7,414	7,069	6,926	7,188	7,944
New Hires (number)		1,660	594	659	1,197	3,015
by Gender						
	Female	259	111	123	206	548
	Male	1,401	483	536	991	2,467
by Age Group						
	18-30	1,529	538	603	1,049	2,534
	31-40	120	53	47	138	455
	41-50	10	3	7	9	18
	51-60	1	0	2	1	8

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



GRI G4 Content Index

Indicators	Description	External Assurance	Omissions
General Standard Disclosures			
G4-1	Chairperson Statement (p.8-9); General Manager Statement (p.10-11)	-	-
G4-2	Chairperson Statement (p.8-9); General Manager Statement (p.10-11); Sustainability Management (p.18-19)	-	-
G4-3	Contacts (p.126)	-	-
G4-4	www.ford.com.tr	-	-
G4-5	Contacts (p.126)	-	-
G4-6	Ford Otosan conducts its production activities in Turkey. Leading Force of Turkish Automotive Industry (p.31)	-	-
G4-7	Leading Force of Turkish Automotive Industry (p.32)	-	-
G4-8	Leading Force of Turkish Automotive Industry (p.32)	-	-
G4-9	Strong Financial Structure and Economic Value Generation (p.28); Leading Force of Turkish Automotive Industry (p.31-33); 2015 Employee Demographics (p.90); Performance Data (p.112, 117)	-	-
G4-10	No seasonal variations take place in Ford Otosan employee demographics. 2015 Employee Demographics (p.90); Performance Data (p.117)	-	-
G4-11	Human Rights at Workplace (p.81)	-	-
G4-12	Supplier and Dealer Business Success (p.38-39)	-	-
G4-13	Chairperson Statement (p.8-9)	-	-
G4-14	Business Ethics (p.20-21); Risk Management and Internal Control (p.22-23); Customer Satisfaction and Quality (p.35-36)	-	-
G4-15	Human Rights at Workplace (p.80)	-	-
G4-16	Corporate Memberships (p.119)	-	-
G4-17	About the Report (p.7)	-	-
G4-18	About the Report (p.7); Sustainability Management (p.18)	-	-
G4-19	Sustainability Management (p.19)	-	-
G4-20	Sustainability Management (p.19)	-	-
G4-21	During the materiality process, scopes of performance indicators and aspects boundaries were also set. While company information is employed in all material aspects; with limitation to related subaspects, information regarding logistics suppliers are employed in energy efficiency and emissions issues; regarding suppliers and business partners in product and service quality, customer satisfaction, supplier and dealer business success, OHS, talent management ve vocational education, human rights issues; regarding suppliers, dealers and services in business ethics ve anti-corruption issues.	-	-
G4-22	About the Report (p.7)	-	-
G4-23	About the Report (p.7)	-	-
G4-24	Stakeholder Relations (p.25)	-	-

GRI G4 Content Index

Indicators	Description	External Assurance	Omissions
G4-25	Stakeholder Relations (p.24)	-	-
G4-26	Stakeholder Relations (p.25)	-	-
G4-27	Customer Satisfaction and Quality (p.35-36); Social Activity and Sports Clubs (p.98); Employee Communication (s.96); For My Country I Support Social Gender Equality (p.102); Honey Bees Become Engineers (p.105)	-	-
G4-28	About the Report (p.7)	-	-
G4-29	About the Report (p.7)	-	-
G4-30	About the Report (p.7)	-	-
G4-31	Contacts (p.126)	-	-
G4-32	About the Report (p.7); GRI G4 Content Index (p.120); Legal Disclaimer (p.127)	-	-
G4-33	Legal Disclaimer (p.127)	-	-
G4-34	Corporate Governance (p.16); Sustainability Management (p.18)	-	-
G4-35	Corporate Governance (p.16); Sustainability Management (p.18)	-	-
G4-36	Corporate Governance (p.16); Sustainability Management (p.18)	-	-
G4-38	Corporate Governance (p.16); Employee Demographics (p.118)	-	-
G4-39	Corporate Governance (p.16)	-	-
G4-40	Corporate Governance (p.16)	-	-
G4-41	Ford Otosan Code of Conduct: http://www.fordotosan.com.tr/downloads/kurumsalyonetim/codeofconduct2016.pdf	-	-
G4-42	Corporate Governance (p.16); Sustainability Management (p.18); Ford Otosan 2015 Annual Report (p.93-95)	-	-
G4-43	Corporate Governance (p.16); Sustainability Management (p.18)	-	-
G4-45	Corporate Governance (p.16); Sustainability Management (p.18); Risk Management and Internal Control (p.22-23)	-	-
G4-46	Corporate Governance (p.16); Risk Management and Internal Control (p.22-23); Ford Otosan 2015 Annual Report (p.96-97)	-	-
G4-47	Corporate Governance (p.16); Risk Management and Internal Control (p.22-23); Ford Otosan 2015 Annual Report (p.96-97)	-	-
G4-48	Sustainability Management (p.18) Sustainability Report, was published after review of Sustainability Work Group and approval of Ford Otosan General Manager.	-	-
G4-56	Business Ethics (p.20-21); Ford Otosan Code of Conduct: http://www.fordotosan.com.tr/downloads/kurumsalyonetim/codeofconduct2016.pdf	-	-
G4-57	Business Ethics (p.20-21); Ford Otosan Code of Conduct: http://www.fordotosan.com.tr/downloads/kurumsalyonetim/codeofconduct2016.pdf	-	-
G4-58	Business Ethics (p.20-21); Ford Otosan Code of Conduct: http://www.fordotosan.com.tr/downloads/kurumsalyonetim/codeofconduct2016.pdf	-	-
Spesific Standard Disclosures			
Material Aspect: Economic Performance			
G4-DMA	Not Material	-	-
G4-EC1	Performance Data (p.112)	-	-
G4-EC2	Chairperson Statement (p.8-9); General Manager Statement (p.10-11); Environmental Management (s.57)	-	-
G4-EC3	Human Rights at Workplace (p.81)	-	-
G4-EC4	Ford Otosan 2015 Annual Report (p.177)	-	-

GRI G4 Content Index

Indicators	Description	External Assurance	Omissions
Material Aspect: Market Presence			
G4-DMA	Not Material	-	-
G4-EC6	Performance Data (p.118)	-	-
Material Aspect: Indirect Economic Impacts			
G4-DMA	Not Material	-	-
G4-EC7	Social Responsibility (p.101); For My Country I Support Social Gender Equality (p.102); Honey Bees Become Engineers (p.105)	-	-
G4-EC8	Chairperson Statement (p.8-9); General Manager Statement (p.10-11); Supplier and Dealer Business Success (p.38-39); Innovation an R&D Management (p.44-46, 48)); Smart and Accessible Mobility Technologies (p.52-53); Social Responsibility (p.101); For My Country I Support Social Gender Equality (p.102); Honey Bees Become Engineers (p.105)	-	-
Material Aspect: Procurement Practices			
G4-DMA	Supplier and Dealer Business Success (p.38-39)	-	-
G4-EC9	Supplier and Dealer Business Success (p.38)	-	-
Material Aspect: Energy			
G4-DMA	Environmental Management (p.56-59); Energy and Climate (p.60-65)	-	-
G4-EN3	Energy and Climate (p.61-62); Performance Data (p.113)	-	-
G4-EN5	Energy and Climate (p.61-62); Performance Data (p.113)	-	-
G4-EN6	Energy and Climate (p.61-62, 64); Performance Data (p.113)	-	-
G4-EN7	Efficient and Low Emission Vehicles (p.47)	-	-
Material Aspect: Water			
G4-DMA	Not Material	-	-
G4-EN8	Environment Friendly Production (p.67); Performance Data (p.11)	-	-
G4-EN9	Environment Friendly Production (p.67)	-	-
G4-EN10	Environment Friendly Production (p.67); Performance Data (p.11)	-	-
Material Aspect: Biodiversity			
G4-DMA	Not Material	-	-
G4-EN11	Environment Friendly Production (p.70)	-	-
G4-EN13	Environment Friendly Production (p.70)	-	-
Material Aspect: Emissions			
G4-DMA	Environmental Management (p.56-59); Energy and Climate (p.60-65)	-	-
G4-EN15	Energy and Climate (p.62); Performance Data (p.113)	-	-
G4-EN16	Energy and Climate (p.62); Performance Data (p.113)	-	-
G4-EN18	Energy and Climate (p.65); Performance Data (p.113)	-	-
G4-EN19	Energy and Climate (p.62-64); Performance Data (p.113)	-	-
G4-EN21	Energy and Climate (p.65); Performance Data (p.113)	-	-
Material Aspect: Effluents & Waste			
G4-DMA	Not Material	-	-
G4-EN22	Performance Data (p.113)	-	-
G4-EN23	Environment Friendly Production (p.69-70); Performance Data (p.113-114)	-	-
G4-EN26	Environment Friendly Production (p.67, 70)	-	-
Material Aspect: Products & Services			
G4-DMA	Innovation and R&D Management (p.44-46); Efficient and Low Emission Vehicles (p.47-48); Environmental Management (p.57)	-	-

GRI G4 Content Index

Indicators	Description	External Assurance	Omissions
G4-EN27	Innovation and R&D Management (p.44-46); Efficient and Low Emission Vehicles (p.47-48)	-	-
Material Aspect: Compliance			
G4-DMA	Not Material	-	-
G4-EN29	Performance Data (p.114)	-	-
Material Aspect: Transportation			
G4-DMA	Not Material	-	-
G4-EN30	Efficiency in Logistics (p.65)	-	-
Material Aspect: Overall			
G4-DMA	Not Material	-	-
G4-EN31	Performance Data (p.114)	-	-
Material Aspect: Supplier Environmental Assessment			
G4-DMA	Supplier and Dealer Business Success (p.38-39)	-	-
G4-EN32	Supplier and Dealer Business Success (p.38-39)	-	-
G4-EN33	Supplier and Dealer Business Success (p.38-39)	-	-
Material Aspect: Environmental Grievance Mechanisms			
G4-DMA	Not Material	-	-
G4-EN34	Performance Data (p.114)	-	-
Material Aspect: Employment			
G4-DMA	Not Material	-	-
G4-LA1	Performance Data (p.118)	-	-
G4-LA2	As a general principle, Ford Otosan employees equally benefit all their rights in accordance with their contract. 1 part-time employee performed in Ford Otosan's workforce in 2015.	-	-
G4-LA3	Social Gender Equality (p.82)	-	-
Material Aspect: Occupational Health and Safety			
G4-DMA	Occupational Health and Safety (p.74-79)	-	-
G4-LA5	Occupational Health and Safety (p.75)	-	-
G4-LA6	Occupational Health and Safety (p.79); Performance Data (p.115-116)	-	-
G4-LA7	Performance Data (p.116)	-	-
G4-LA8	Health Services (p.77)	-	-
Material Aspect: Training & Education			
G4-DMA	Talent Management (p.87-89); Vocational and Personal Development Trainings (p.94-95)	-	-
G4-LA9	Vocational and Personal Development Trainings (p.94); Performance Data (p.115)	-	-
G4-LA10	Talent Management (p.87-89); Vocational and Personal Development Trainings (p.94-95)	-	-
G4-LA11	Talent Management (p.89)	-	-
Material Aspect: Diversity and Equal Opportunity			
G4-DMA	Human Rights at Workplace (p.80-81); Social Gender Equality (p.82); Equality at Work Activities (p.84); Disabled Employees (p.86)	-	-
G4-LA12	Human Rights at Workplace (p.84); Performance Data (p.118) Material Aspect: Equal Remuneration for Women and Men	-	-
G4-DMA	Human Rights at Workplace (p.80); Equality at Work Activities (p.84)	-	-
G4-LA13	Human Rights at Workplace (p.80)	-	-

GRI G4 Content Index

Indicators	Description	External Assurance	Omissions
Material Aspect: Supplier Assessment for Labor Practices			
G4-DMA	Supplier and Dealer Business Success (p.38-39)	-	-
G4-LA14	Supplier and Dealer Business Success (p.39)	-	-
G4-LA15	Supplier and Dealer Business Success (p.39)	-	-
Material Aspect: Nondiscrimination			
G4-DMA	Human Rights at Workplace (p.80-81); Social Gender Equality (p.82); Equality at Work Activities (p.84)	-	-
G4-HR3	"Human Rights at Workplace (p.80). During reporting period, no case has been concluded as a discrimination practice."	-	-
Material Aspect: Freedom of Association and Collective Bargaining			
G4-DMA	Human Rights at Workplace (p.80-81)	-	-
G4-HR4	During the reporting period, no case has been witnessed throughout Ford Otosan or supplier operations that rights for organization and collective bargaining are at risk.	-	-
Material Aspect: Child Labor			
G4-DMA	Human Rights at Workplace (p.81)	-	-
G4-HR5	During the reporting period no breach or signifiant risk is identified throughout Ford Otosan or supplier operations regarding child labor.	-	-
Material Aspect: Forced or Compulsory Labor			
G4-DMA	Human Rights at Workplace (p.81)	-	-
G4-HR6	During the reporting period no breach or signifiant risk is identified throughout Ford Otosan or supplier operations regarding forced or compulsory labor.	-	-
Material Aspect: Assessment			
G4-DMA	Risk Management and Internal Control (p.23)	-	-
G4-HR9	Risk Management and Internal Control (p.23)	-	-
Material Aspect: Supplier Human Rights Assessment			
G4-DMA	Supplier and Dealer Business Success (p.39)	-	-
G4-HR10	Supplier and Dealer Business Success (p.39)	-	-
G4-HR11	Supplier and Dealer Business Success (p.39)	-	-
Material Aspect: Local Communities			
G4-DMA	Not Material	-	-
G4-SO2	During the reporting period, no case of negative impact on local communities due to company operations has been witnessed.	-	-
Material Aspect: Anticorruption			
G4-DMA	Business Ethics (p.21); Risk Management and Internal Control (p.23)	-	-
G4-SO3	Business Ethics (p.21); Risk Management and Internal Control (p.23)	-	-
G4-SO4	Business Ethics (p.21); Risk Management and Internal Control (p.23)	-	-
Material Aspect: Public Policy			
G4-DMA	Not Material	-	-
G4-SO6	Business Ethics (p.21)	-	-
Material Aspect: Grievance Mechanisms for Impacts on Society			
G4-DMA	Not Material	-	-
G4-SO11	Business Ethics (p.20-21)	-	-
Material Aspect: Customer Health and Safety			
G4-DMA	Vehicle safety (p.49-51); Smart and Accessible Mobility Technologies (p.52-53)	-	-



GRI G4 Content Index

Indicators	Description	External Assurance	Omissions
G4-PR1	Vehicle safety (p.49-51); Smart and Accessible Mobility Technologies (p.52-53)	-	-
G4-PR2	During the reporting period, no case of non-compliance with legal regulations regarding vehicle safety has been witnessed.	-	-
Material Aspect: Product and Service Labeling			
G4-DMA	Not Material	-	-
G4-PR3	Customer Satisfaction and Quality (p.36)	-	-
G4-PR4	Customer Satisfaction and Quality (p.36)	-	-
G4-PR5	Customer Satisfaction Researches (p.36)	-	-
Material Aspect: Marketing Communications			
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