

FORD OTOSAN



SUSTAINABILITY REPORT 2013 - 2014

www.fordotosan.com.tr



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ABOUT THE REPORT

As the pioneering force of the automotive sector in Turkey, the goal we have set for our studies is to generate value for our stakeholders while contributing to the efforts for the future generations to reach a more sustainable life standard. In that respect we undertake diverse operations, which we evaluate according to their social, environmental and economic aspects; and the related results are covered by the Ford Otosan Sustainability Report issued for the first time to make those results ea-

The portfolio for the sustainability issues defined through the materiality study completed in line with the GRI G4 Reporting Guidelines laid the 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 industry have also been mentioned regarding certain issues. In addition to that, the majority of the data



sily accessible in a transparent fashion to all our stakeholders, primarily our shareholders, investors, employees, suppliers, dealers and non-governmental organizations.

G4 Reporting Guideline Principles, the most up-to-date standard issued by the Global Reporting Initiative (GRI), are implemented in accordance with the core level application requirements in identifying the scope and binding elements for the 2013-2014 Ford Otosan Sustainability Report, as well as the constitution of the report's content structure, the calculation of the performance data besides shaping the statements made.

Basically the content of the report covers the operations conducted by Ford Otomotiv Sanayi A.Ş. and the performance data generated in return. Except for the financial data, the information regarding Ford Otosan affiliates is left out of the reporting scope since Ford Otosan has no executive influence over the operations of its affiliates.

sources used consisted of information regarding Ford Otosan corporate operations. As for certain material issues, the information derived from the studies undertaken by external stakeholders such as dealers and suppliers has been covered too.

Published for the first time, 2013-2014 Ford Otosan Sustainability Report covers a period of two years from 01.01.2013 to 31.12.2014 in terms of all the information disclosed in the report. With a view to enabling readers to compare different periods, the data from the years covered by the past reporting years are also used to explain certain performance data so that the performance development over the years could be shown. The same annual plan and standard practices are planned to be used in the reports to be issued in the reporting periods to come.

2013-2014 Ford Otosan Sustainability Report as well as detailed information regarding the company are available on www.fordotosan.com.tr.

CHAIRPERSON STATEMENT

Dear Stakeholders,

As Ford Otosan Chairperson of the Board, I take pride in having accomplished our first sustainability report publication, which is a practical indicator of the transparent and accountable approach of management we have adopted.

Ford Otosan, leading force of the Turkish automotive industry, celebrated its 55th year of establishment in 2014. During those years we have conducted myriad studies shedding light on the sustainable growth of our industry in many ways. The equalization of the shares of Ford Motor Company and Koç Holding in 1997 proved to be a significant cornerstone in our company's journey for further development. Thanks to the initiative we have taken for growth following that development, we have generated constantly increasing added value for our stakeholders without compromising our goals and principles thereby eventually turning into one of the flagships of the Turkish economy and automotive industry.

During those 17 years we have achieved a number of significant successes on the path to become an exemplary company not only through our commercial and financial performances but also through our environmental management principles and practices besides our approach to our workforce as well as our innovation capability. The course that we set today, is reaching our target of being the most preferred company of the market we operate in through our innovative, competitive and sustainable business model. In that vein, we aim that our studies will serve to future generations to have a sustainable life standard.

Our main shareholders, Ford Motor Company and Koç Group, are companies that have established comprehensive sustainability management models which we adhere, and which earn their stakeholders' approval with their success. Therefore, it is inevitable for Ford Otosan to adopt a similar understanding. Herein, in terms of steering its sustainability management activities in a way that will meet with stakeholder expectations and towards the most accurate areas, it is crucial for Ford Otosan to determine its sustainability priorities and to conduct managerial practices such as reporting.

In terms of Ford Otosan's sustainable growth, development of production capabilities has a strategic priority. We have completed our Yeniköy Factory investment which will play a pivotal role in that course, in a

record time of 16 months and opened for production. Being the only production center of our light commercial vehicle model Ford Courier worldwide, possess various new production technologies which are also employed for the first time in Ford world. Another particularity of Yeniköy Factory is being designed from scratch as a disabled-friendly.

During the reporting period, we have significantly improved our innovation capacity on which our sustainable growth rely on. We have enhanced our R&D leadership position in Turkish automotive sector by R&D investment of 366 million TL we realized in 2013, and 328 million TL in 2014. Through competencies obtained our R&D center became an innovation center exporting engineering, design and product licenses. In that context, we have broken another ground by exporting technology to China. In 2013 we have concluded a contract with the company JMC for production of Ecotorq engines in China which is the world's largest market for trucks, %100 of intellectual rights of which belong to Ford Otosan. In 2014 we have enlarged our cooperation with JMC by signing another licence agreement including technologies regarding chassis, cabins and related parts of current trucks. Hence the license agreement has expanded to cover the entire production of the trucks. Again in 2014 we signed a deal with the company Avtator for the joint production of our trucks in Russia. As a result of those aforementioned steps, we have come a long way in taking our business in the truck segment expanding on a global scale through our very own technologies.

Climate change problem, which is on the current agenda of the automotive industry due to product features as well as impact from production, is of great importance to the industry because of environmental management issues in addition to the increase in the expectations of society and sensitivity of the consumers, development of the related legal regulations and commercial aspects involved. For this reason, the goal of internalizing the phenomenon of climate change in terms of its product and operational aspects and turning it into a component of the business model affects not only the studies of Ford Otosan but also the entire Ford world in general. Therefore while coming up with more energy efficient, environment-friendlier and safer options with low emission for our consumers, we enhance our competitive edge further through the new technologies we develop.



During the reporting period, we also continued to develop the components of our sustainability program related to production processes. In that sense occupational health and safety is one of the main issues we prioritize. Moreover, we have supported our equitable and inclusive workplace that we have established over years with conducting various new practices, thus we have strengthened women and disabled friendly features of our workplace. We have continued employee development program which is the essential instrument of our development oriented talent management strategies.

With our strong faith held in Turkish economy and the future of the automotive industry, we continue our studies and investments for the sustainable development of not only our company but also for the sustainable development of the community we operate in and our consumers, whom we have taken to a global scale now. I would like to thank all those stakeholders, especially our employees, suppliers, dealers, customers, shareholders and investors for lending us the support in the success we have come to enjoy so far.

Ali Y. Koç
Chairperson of the Board of Directors

We have become one of the flagships of Turkish economy and automotive industry by generating ever-growing degree of added value for our stakeholders without compromising our principles and goals.

GENERAL MANAGER STATEMENT

Dear Stakeholders,

I would like to express the pride and excitement we have for addressing you through this very first sustainability report issued to share in a transparent fashion the path Ford Otosan has followed regarding sustainable development and the studies it has undertaken for that purpose.

Having left behind 2013-2014 activity years marked by uncertainty as well as economic and political volatility in the European and emerging markets, we managed to increase our sales revenue in 2013 to 11.4 billion TL and in 2014 to 11.9 billion TL hence

we continued our R&D studies focused on providing sustainable mobility solutions for our consumers. The investments we made in R&D played a significant role in achieving that level of success. In the last two years we have increased the budget we spare for innovation studies significantly and invested 694 million TL in R&D in total.

Due to the level of competence we have reached in design and engineering, we have turned into an automotive manufacturer exporting the know-how and technology it generates on its own. In that sense the license agreements we signed with JMC

Energy efficient vehicles and sustainable transport solutions that we provide our consumers play a significant role regarding our efforts against the climate change.



achieving a compound annual growth rate of 10% when compared with 2012 thanks to our flexible strategy and the success enjoyed by our new products despite the negative market developments and the process of introducing our new products. In the same period the compound annual growth rate amounted to as high as 14%.

In addition to the commercial success we enjoyed in the 2013-2014 period, we also proved to be successful in ensuring the development of our performance in social, environmental and economic areas. As a matter of fact, the studies we held in parallel with the strategy pursued by the Ford world in general regarding climate change, the most current problem faced by our sector, truly stood out. Besides developing our energy efficient engine technologies during the reporting period,

in 2013 and 2014 regarding the production of trucks equipped with Ecotorq engines, for which we own intellectual property rights entirely, as well as chassis, cab and parts technologies in the world's largest truck market, China, is of great importance.

Among the noteworthy successes we enjoyed during period was the fact that the Transit Custom and Tourneo Custom models, manufactured only at our Gölcük Plant in an integrated fashion in the world, achieved the highest vehicle safety performances in their segments in the safety tests held by Euro NCAP.

2013-2014 period was also a time when we enjoyed success for improving our efficiency performance during production processes. Thanks to the energy

efficiency projects undertaken, we have managed to save over 60 thousand GJ of energy in the last two years. The energy efficiency level we have reached led us to save over 7,500 tons of CO₂e as far as greenhouse gas emission amount is concerned. As far as water consumption is concerned, another aspect important about production we also improved our efficiency considerably. In the last two years we have enhanced our water recovery amount significantly and managed to recover over 240 thousand m³ of water.

Our human resources, one of our most important investment areas, assume an active role for the sustainable development of Ford Otosan. Through the human resources strategy and vision we have adopted, we seek to establish and keep developing a talent portfolio that will implement our future strategies.

In that respect we continued our training operations that focus on constant development of our human resources during the reporting period. While providing over 725 thousand man x hour training we also provided over 15 thousand man x hour training for the contractor company employees in two years. In an effort to develop our occupational health and safety performance, which is among the top prioritized areas among our workplace practices, we provided 82,912 man x hour training for our employees and 8,331 man x hour training for the contractor company employees.

One of the indispensable aspects of the Ford Otosan business culture is to be a corporate citizen contributing value to the community on a social level besides its products and operations. In that respect we continued our social responsibility studies undertaken for that purpose during the reporting period. In 2013 and 2014 we allocated 20.7 million TL in total for the community development projects, donations and sponsorship studies conducted in education, health, culture-arts and sports areas with the voluntary participation of our employees.



Taurus Production - 1985

When the economic, social and environmental situation of the world is taken into consideration along with the increasing needs and expectations of the growing population, it is predicted that the automotive industry will take on an important mission to develop our quality of life in the future and ensure sustainable development. In that respect we believe that the Turkish automotive sector will continue to develop in the period ahead and as Ford Otosan we seek to play a pioneering role regarding that development. Hence we shape our investments and strategies accordingly and place sustainable development in the center our business goals.

We would like to take this opportunity to thank all our stakeholders, especially our employees, investors, shareholders, dealers and suppliers for their contributions to and support for all that success we have come to enjoy up until now.

Our human resources, one of our most important investment areas, assume an active role for the sustainable development of Ford Otosan.

Haydar Yenigün
General Manager

FORD OTOSAN IN 2014

Vision

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

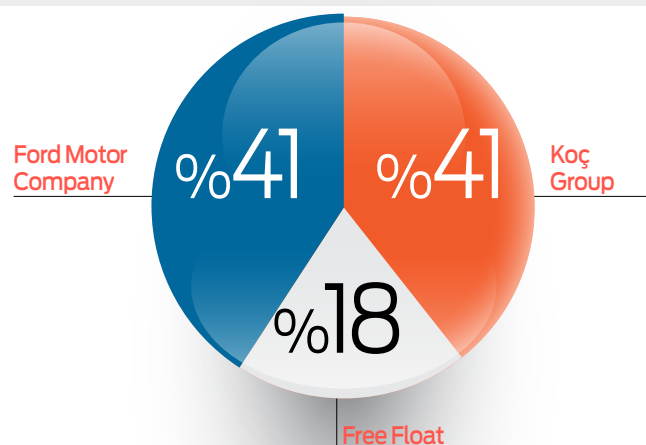
Mission

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 excellence in human resources processes and increasing benefits provided for employees.
- Customers: Being the leader automotive brand with regards to customer satisfaction in sales and after sales products and services.

The main purpose of the strategy we formulated is achieving the condition of a sustainable, innovative, competitive and the most preferred company while increasing our profitability by realizing our vision and mission in the next 5 years.



A Total of 205 Dealers

116 Sales Points
158 Authorized Dealers

56%
Share in commercial
vehicle production in
Turkey

62%
Share in commercial
vehicle exports of
Turkey

9,762
Total Number of Employees

328 million TL
R&D Expenditure

1,350
PD Engineers

3,756 m³
Fresh Water
Consumption per
Vehicle Manufactured

11%
Rate of Female Managers
at Mid-Level Management

33
Number of Patents

7.09 GJ
Energy Consumption per
Vehicle Manufactured

0.710 ton CO₂e
GHG Emissions per
Vehicle Manufactured

10%
Women Employee Rate

110
Patent Applications

468,918
person x hour
Employee Training

STRONG GOVERNANCE MODEL

Founded in 1959 as “Otosan A.Ş.”, Ford Otosan is Turkey’s first automotive company. The strong shareholder structure developed by Ford Motor Company and Koç Holding over the years constitutes the greatest strength of Ford Otosan. The legacy produced by this equal partnership is the most fundamental element playing a role in shaping the management mentality of Ford Otosan.

CORPORATE GOVERNANCE

The corporate governance structure of Ford Otosan was shaped in line with the principles of accountability, transparency, fairness and responsibility and in consideration of locally and internationally accepted principles. Compliance with the Corporate Governance Principles published by the Capital Markets Board is recognized as the fundamental guideline for the constitution and development of our current model. In this regard, we present our stakeholders with the most updated information regarding our governance model through our Corporate Governance Principles Compliance Report published annually.

In the governance model of Ford Otosan, the highest level decision making body organized 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 to ensure the administration of corporate operations on its behalf. Ford Otosan Board of Directors, which consists of 14 members elected for a determined period, includes 2 independent members in compli-

ance with the definition indicated in regulations of Capital Markets Board of Turkey; except the members executing the duties of General Manager and Deputy General Manager, no member of the Board of Directors participates in the execution. Apart from that, the duties of Chairman of the Board of Directors and General Manager are performed by different individuals.

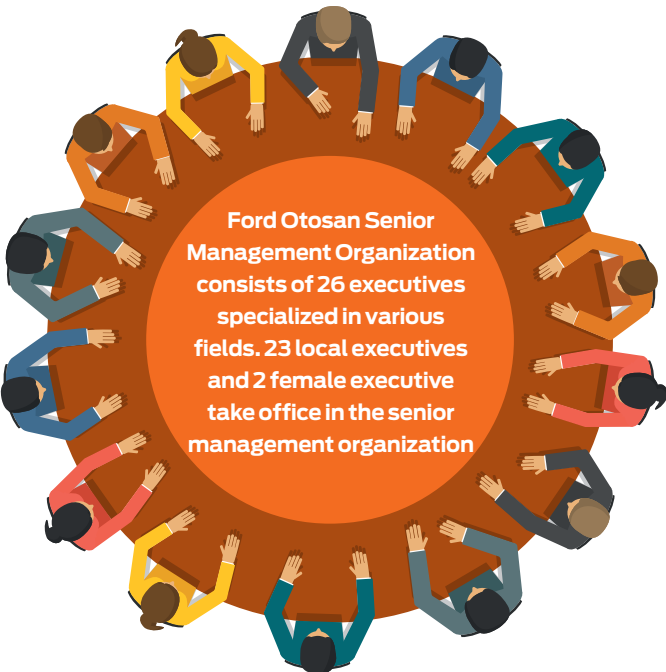
Ford Otosan Board of Directors is responsible for

- Determining the strategic targets of the company;
- Ensuring the operability of risk management and control systems, reliability of the internal control mechanism and compliance with corporate governance principles;
- Identifying corporate objectives and tracking related activities.

The efficiency of the activities of the Board of Directors is enhanced through specialty committees. In this regard, the Audit Committee, Corporate Governance Committee, Early Determination and Management of Risk Committee and Remuneration Committee operate under the Board of Directors. Corporate Governance Committee also performs the duties of a Nomination Committee.

The realization of strategic orientations, main decisions and corporate objectives identified by Ford Otosan Board of Directors is the responsibility of the General Manager and the senior management of the company. Ford Otosan Senior Management Organization consists of 26 executives specialized in various fields. 23 local executives and 2 female executives perform in the senior management organization.

You can reach information regarding the structure of the Board of Directors and its Subcommittees and the fundamentals of its operation on our corporate website www.fordotosan.com.tr and Ford Otosan Corporate Governance Principles Compliance Report.



SUSTAINABILITY MANAGEMENT

The strategic business plan of Ford Otosan is to achieve two fundamental objectives. These objectives are forming an excellent business model and generating sustainable value added. Therefore developing a sustainable value added generation approach is an integral part of our strategic business plan. For this purpose, we have carried out sustainability management improvement studies during this reporting period.

In order to constitute an effective sustainability management plan we have first formed a work group large enough to represent all our operations, with the participation of managers from various business units. We have identified the priority issues affecting our corporate activities with the participation of work group members. Besides the potential for risk and opportunity generation on our value chain, we have also used stakeholder expectation level as a base in identifying these issues.

Our main stakeholders, Ford Motor Company and Koç Holding, are companies that have constituted inclusive sustainability management models, to which we are also subject, and won the approval of their stakeholders with the successes they have achieved. For this reason, we also took care that our priority issue portfolio and subsequent works serve in compliance with the sustainability management models followed by our main stakeholders. We have run the results we obtained past our managers once more before finalizing.



Founding
an excellent
business model
and generating
sustainable value
are two main
objectives of our
business plan.

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

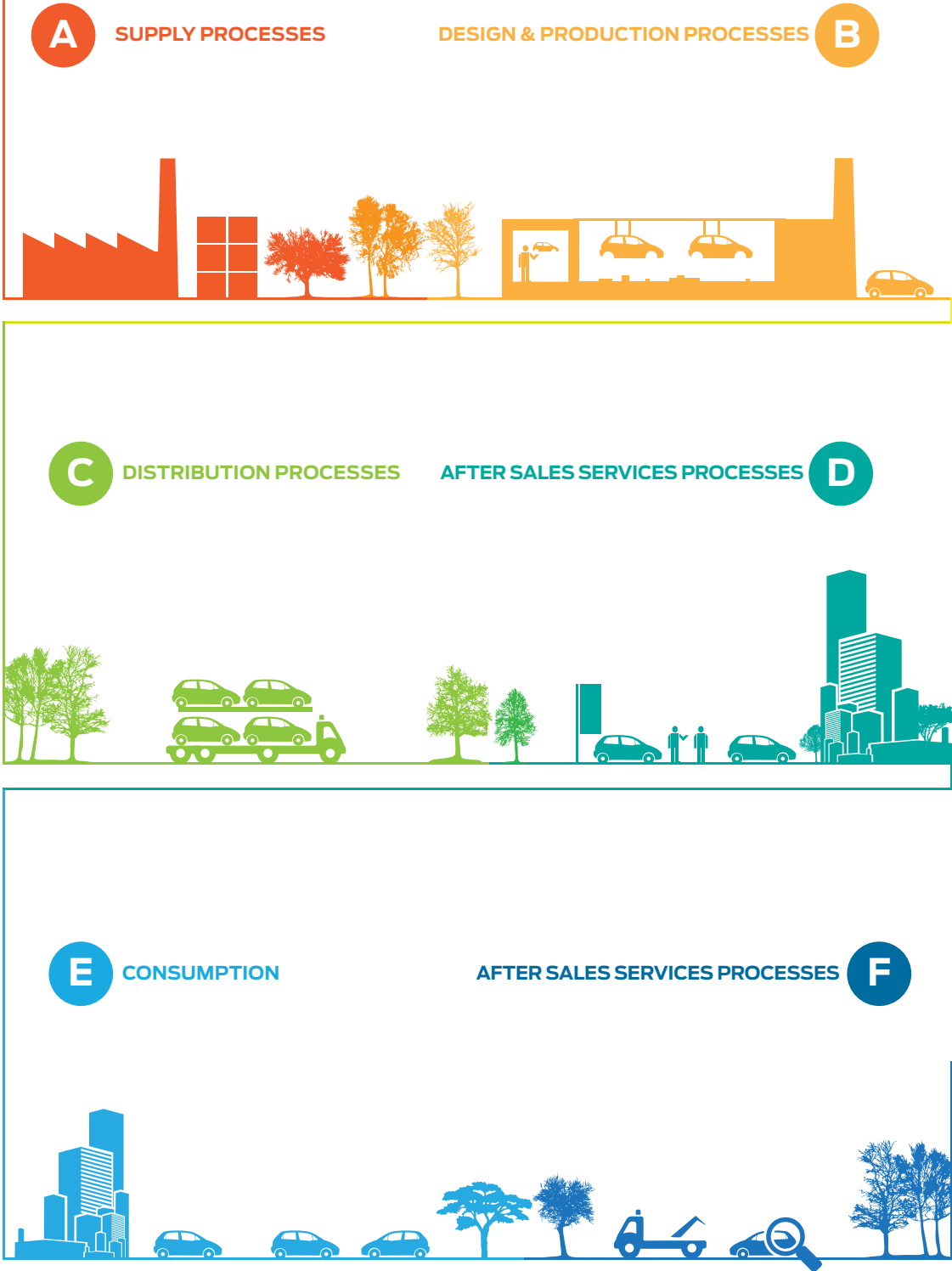
Energy Efficiency and Emissions	A	B	C			
Vehicle Fuel Consumption and Low-Emission Vehicle Strategy		B		D	E	

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				



BUSINESS ETHICS

We aim to be a symbol of trust, continuity and prestige before our stakeholders through our behavior as well as the quality of the products and services we offer. Ford Otosan Code of Conduct, which we regard as a guide in this direction, are binding for all our employees. Abiding by these principles, directing, warning our co-workers, and notifying relevant corporate bodies in all situa-



Kocaeli Plant

tions where a suspicion of violation arises following determined procedures is the responsibility of all Ford Otosan employees and managers.

In order for Ford Otosan Code of Conduct to be observed without exception, first, all company employees at all levels need to be informed about these principles. In order to ensure that the principles are understood correctly, an online test is also implemented. The informing and testing process continues until success is achieved. Alongside newly recruited employees, all Ford Otosan Employees undergo Working Principles Control Test annually. In this way all Ford Otosan employees and managers are informed and examined regarding business ethics principles. All our newly recruited employees declare they have read and accepted Ford Otosan Code of Conduct within the scope of the orientation program. Besides the intercorporate studies, Ford Anti-Corruption Training is also used to improve the knowledge and experience of our employees

in this field. In that respect All Ford Otosan managers and employees have been through this training program and been informed about the company procedures accordingly.

Ford Otosan Code of Conduct involves the norms in force for our relations with internal and external stakeholders and the prevention of conflicts



İnönü Plant

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 bribery and other similar unlawful, illegitimate acts. Ford Otosan Code of Conduct constitutes the general framework for the behavior commitment of all our employees. The supplementary to this commitment on a corporate level is the United Nations Global Compact (UNGC). The articles of UNGC, of which both Ford Motor Company and Koç Holding are signatories, are integral parts of Ford Otosan Code of Conduct.

It is the responsibility of the Exceptional Case Management Committee, which is constituted with the participation of the Human Resources Director, Chief Legal Counsellor and Internal Audit Manager, to ensure that the behaviour displayed in the whole of our activities is in compliance with

business ethics. It is all our employees' responsibility to make the due notice in case it is suspected that a situation against our working principles has arisen. When there is such a suspicion, employees make a notice to their first-degree superiors or related senior managers in written or by email. The manager who has received the notice reports the situation to the Exceptional Case Management



Sancaktepe Spare Parts Distribution Center

Committee. The committee conducts the necessary research and investigation works and reports the acquired result to the senior management. If the acquired result requires the disciplinary mechanism to be operated, the Disciplinary Committee, consisting of the General Manager, Deputy General Manager, Assistant General Manager-Financial Affairs, Human Resources Director and Assistant General Manager of the Relevant Unit, is set up and the necessary action identification and implementation is performed. Although it is standard for the notifying parties to share their identity and contact information, anonymous tips are also possible. However, the identity of the notifying party is definitely kept confidential.

Anti-corruption has an important place among our working principles. Accordingly, we do not tolerate any act of bribery, corruption or misconduct, on whatever scale it may be, whether for or against the company. We apply sanctions on employees or other stakeholders that engage in

such behaviour, within the framework of company procedures. Besides, no employee may be held responsible for any losses that the company may suffer on account of any behaviour in compliance with our ethical working principles.

As Ford Otosan, we are not a party to any political or ideological notion, tendency or organization. Ac-



Sancaktepe Engineering Center

cordingly 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 act in a transparent and responsible fashion when conducting our relations with public institutions. 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. In the case of requests of contribution for expressing problems of the industry and works of public policy making, we support studies where the industry is represented through platforms open to public participation, with no unfair competition. 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.



RISK MANAGEMENT and INTERNAL CONTROL

Predicting, managing, tracking potential risks that Ford Otosan might encounter in all spheres and preparing the action plans required with regards to risk and crisis management constitute the primary objectives of our risk management studies. The highest-level body responsible for achieving these objectives is Ford Otosan Board of Directors. Early Determination and Management of Risk Committee ensures that the duties and responsibilities of the Board of Directors regarding risk management are effectively fulfilled. Besides, the Audit Committee also constitutes an important component of risk management organization, as required by its area of activity, with the outputs it generates. While the committees constitute the senior level management components of the corporate risk management organization, the identification, tracking, elimination of risk elements and ensuring their reporting to these organs is the task of Risk Management specialization unit. In order for risk management perception to be disseminated among all agents

of action of the company and to benefit from the corporate common sense in risk management activities, the interdepartmental Risk Management Team was formed.

The Risk Management Team convenes monthly to determine issues that can potentially influence the activities of Ford Otosan under the groups of financial, operational, legal and strategic risks, renders them measurable, prioritizes them and prepares the action plans to be used in their management. The achieved results are reported to the Board of Directors through the senior management and the Early Determination and Management of Risk Committee.

Issues tackled within the framework of risk management involve sustainability risks and opportunities. Risk elements undertaken include issues within corporate activities, as well as matters that might arise all along the value chain, primarily supplier and dealer operations. In this way, it is ensured that risks and opportu-

nities that might affect Ford Otosan operations are evaluated with a holistic view.

Internal control activities have a significant place in testing the accuracy of corporate operations, primarily the development of risk management effectiveness, and in hereby establishing trust before our stakeholders. For this trust to be constituted, a reliable internal control mechanism needs to have been formed pre-emptively. The Audit Committee constituted for this aim periodically tracks the effectiveness of our internal control and internal audit activities in terms of process and outcomes and the compliance of financial reports, to report its findings and recommendations to the Board of Directors. The identified actions are swiftly implemented by the senior management. It is the responsibility of the Internal Control unit to realize internal control and audit activities and to feed the Audit Committee with the findings obtained. The Internal Control unit tests over 3,000 control points annually within the framework of the internal control plan involving all corporate operations. Besides, many components of our activities are subject to audits conducted at var-

ious intervals by several public institutions such as Ministry of Finance, Ministry of Environment, Ministry of Work and Social Security, Directorate General of Customs.

Sustainability issues are included in internal control processes as well as risk management processes. Control works are conducted in various components of the value chain besides intercorporate processes. Corruption is also subject to internal audit studies in that respect. In 2013 and 2014 our company was audited for corruption risks and no compromising positions were observed. As a result, there were no employees or business partners subject to any administrative or legal actions due to corruption during the reporting period. In the same way, our company operations were supervised against any human rights risks and no risk elements were found out while there were also no grievance conveyed to the company management through formal mechanisms against a human rights violation.

You may reach detailed information on our risk management and internal control practices at Ford Otosan Annual Reports regarding the terms 2013, 2014 and www.fordotosan.com.tr.



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The Internal Control unit tests over 3,000 control points annually within the framework of the internal control plan involving all corporate operations.
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STAKEHOLDER RELATIONS

We consider learning about the views and suggestions of our stakeholders within the large sphere of influence formed as a result of our operations and answering them effectively to be an important element of a responsible, accountable and transparent management. Accordingly, we first assure that our stakeholders are informed regarding our activities and the results we obtain accurately, completely and in time, within the scope generally outlined by Ford Otosan Information Policy. We determine the means to be used in communicating with our stakeholders and the frequency of application according to the expectations and characteristics of the target group. Meanwhile we also conduct joint projects with stakeholder groups with whom we meet around common principles and goals.

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

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.



Stakeholder Group	Practice Type and Frequency
Shareholders and Investors	Investor Presentations (monthly), One-to-one Interviews (on demand), Financial Statements (every quarter), Annual Report, 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), One-to-one Interviews (on demand), OHS Committees (monthly)
Employees	Ford Otosan Code of Conduct, Intranet Portal, Notice and Announcements, Training Works, Corporate Portal (continuous); Suggestion, Appreciation and Rewarding System (instant); OHS Committees, Working Groups and Committees, Surveys and Studies, Internal Publications, Social Activities (at various periodic intervals); Performance Management System, Annual Report, Sustainability Report, Employee Engagement Survey, Internal Communication Meetings (annual), 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 (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)
Media	Annual Report, Sustainability Report (annual), Interviews, Meetings and Interviews (on demand); Press Bulletins, Material Disclosures (in case of need)

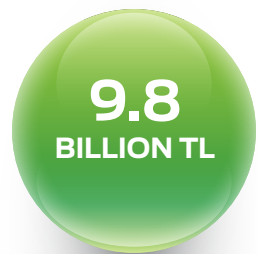
Strong Financial and Commercial Portfolio

The improvement of our commercial activities and accordingly of our financial portfolio is the most important propelling power enabling us to generate more added value. Ford Otosan has sustained its steady growth through its strong financial structure and proactive risk management understanding and it has transformed the economic value generated into investment and value for its stakeholders, since its establishment.

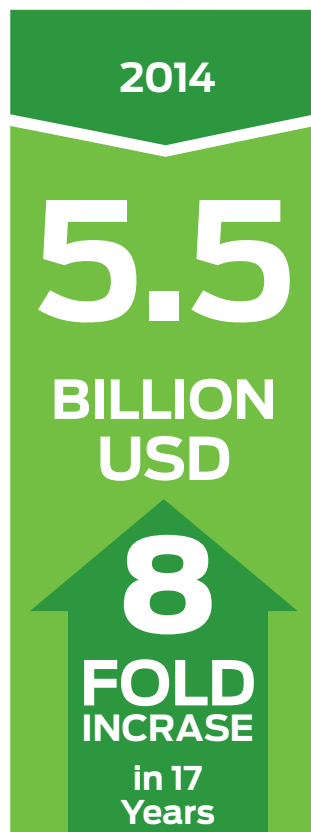




Investment
Expenditures in 2013
and 2014



Sales Revenues in
2014



STRONG FINANCIAL STRUCTURE and ECONOMIC VALUE GENERATION

The economic value generation and financial portfolio of Ford Otosan, which has realized a consistent development since its establishment in the year 1959 until now, have gained acceleration with the synergy brought about by the equal partnership with Ford Motor Company in the year 1997. During the last 17 years our export revenues were increased to 3.5 billion USD from 1.6 million USD, whereas our total turnover increased eightfold reaching the level of 5.5 billion USD. In the same period, the stock market value of our company increased from 1.1 billion USD to 4.9 billion USD.

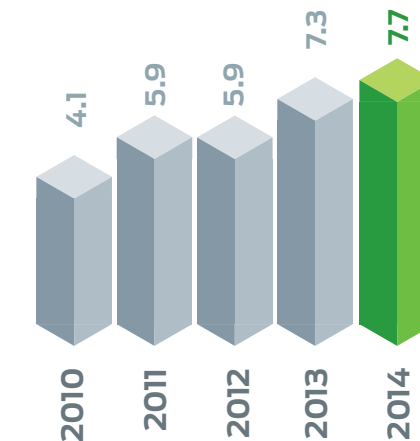
Investments that we have realized with a focus on production capacity and product diversification have significantly contributed to the growth we achieved. We continued these effort in 2013 and 2014, hereby realized fixed asset investment worth 2.2 billion TL in total.

Financial Highlights

	2014	2013	2012
Revenues (Million TL)	11,925	11,405	9,768
Gross Profit (Million TL)	1,131	1,128	1,087
Operating Profit (Million TL)	541	670	631
EBITDA (Million TL)	846	856	772
Profit Before Tax (Million TL)	390	452	654
Net Profit (Million TL)	595	641	685
Investment Expenditures (Million TL)	858	1,312	935
Financial Dept (Million TL)	2,350	2,291	1,260
Net Cash / (Dept) (Million TL)	(1,773)	(-2,053)	(-958)
Net Financial Dept / Tangible Equity	0.79	1.13	0.55
Gross Margin	%9.5	%9.9	%11.1
EBITDA Margin	%7.1	%7.5	%7.9
Opertating Margin	%4.5	%5.9	%6.5
Net Profit Margin	%5.0	%5.6	%7.0
Return on Equity	%21.6	%28.7	%34.3
Dividend Payment (Million TL)	175	300	579
Year-End Market Cap. (Billion USD)	4.9	3.7	4.2



Export Revenues (Billion USD)



Direct Economic Impact (million TL)

	2013	2014
Generated Economic Value	11,405	11,925
Net Sales	11,405	11,925
Distributed Economic Value	11,328	11,871
Operational Costs	10,277	10,794
Employee Wages	531.47	610.21
Dividends	300.03	175.46
Tax Payments	242.81	283.08
Social Investments	12.24	8.55





As the leading automotive manufacturer and the unchanging automotive export champion for the last four years, a large economic impact area is generated around our company. In this way, we generate direct economic value for our stakeholders situated in our value chain. 11.3 billion TL of the 11.4 billion TL worth

economic value we generated in the year 2013 and 11.9 billion TL part of the 11.9 billion TL economic value generated in 2014 were distributed across our value chain as supply costs, employee wages, dividends and tax payments, and social investments.

TURKISH AUTOMOTIVE INDUSTRY LEADER

As the first automotive manufacturer of Turkey, we have a leading place in the Turkish automotive industry with the firsts we have realized since the year 1959 until now. Only 7 seven years after our establishment, in 1966, we realized the production of ANADOL, the first passenger vehicle designed by Turkish engineers. In the year 1986, we developed ERK, the first diesel engine to be produced in Turkey. In 2003 we created Connect, the first Ford LCV while in 2009, we became



We have sold over 2 million Ford brand vehicles in the last 13 years

the first Turkish company to export vehicles to the USA, the heart of the automotive industry.

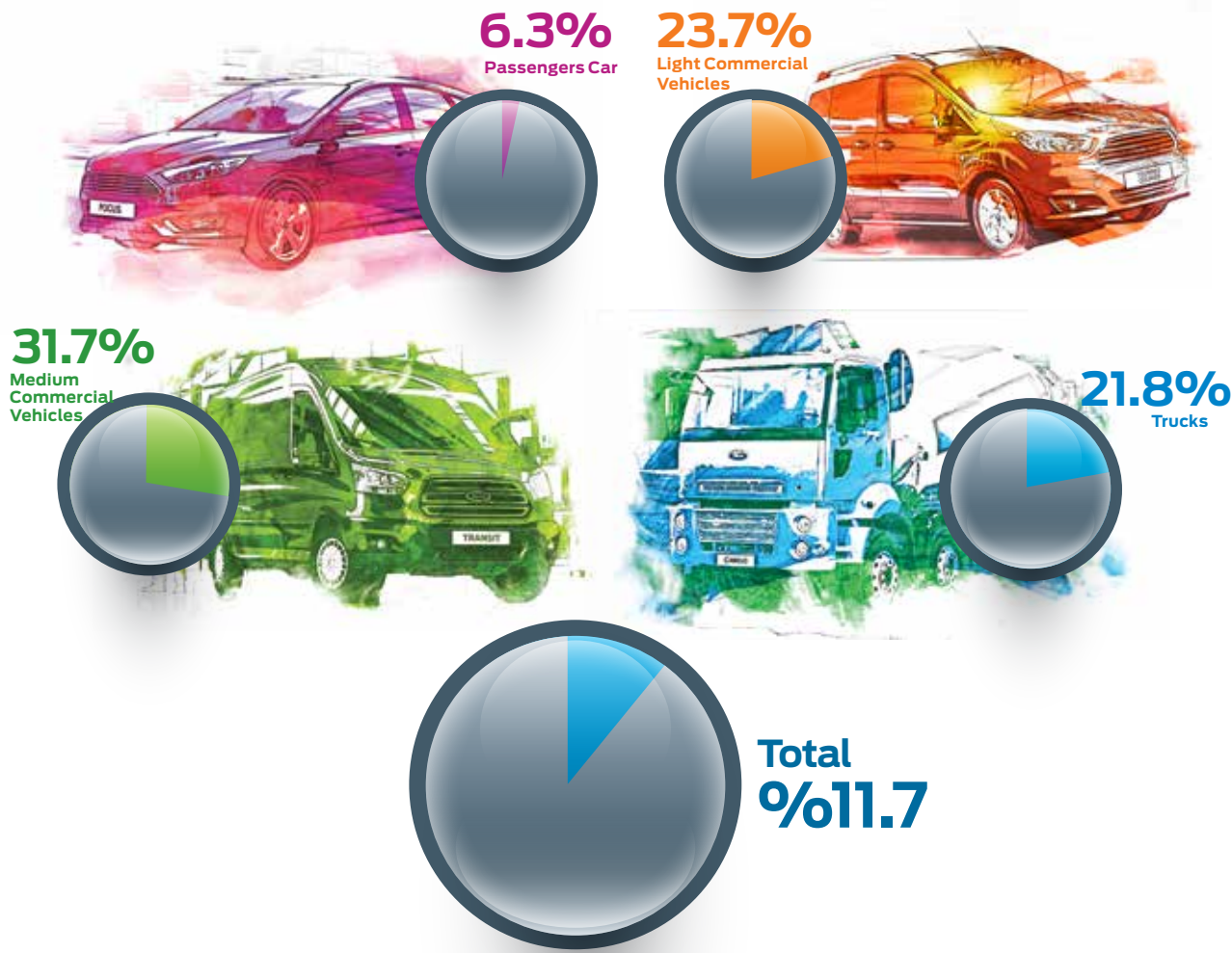
Thanks to our operational efficiency, constantly increasing production capacity and high capacity usage rate apart from our large distribution network, we have sold over 2 million Ford brand vehicles in the last 13 years. In 2014 we accounted for the 56% of Turkey's commercial vehicle production and 62% of the exports.

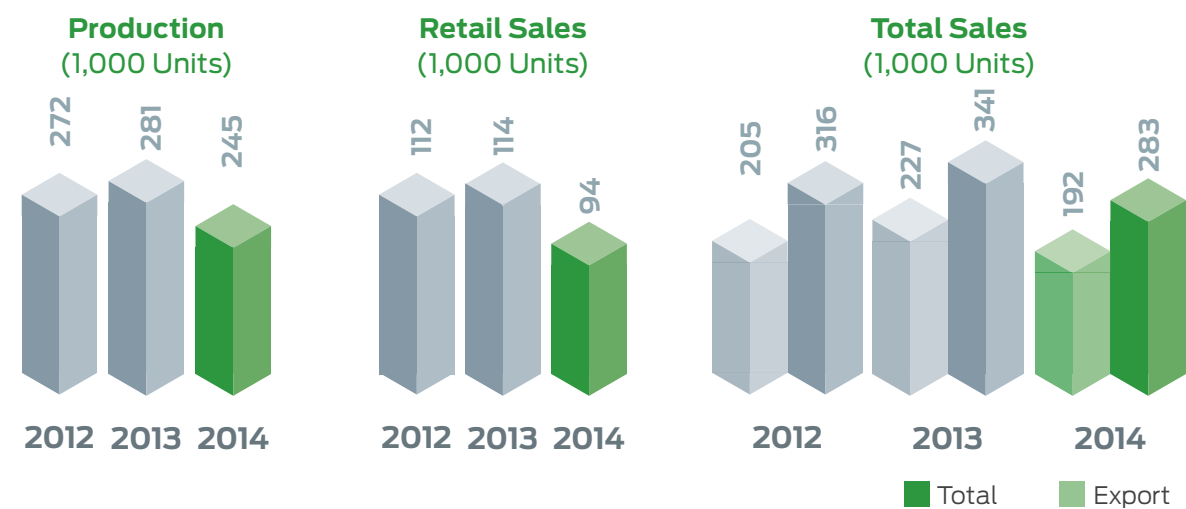
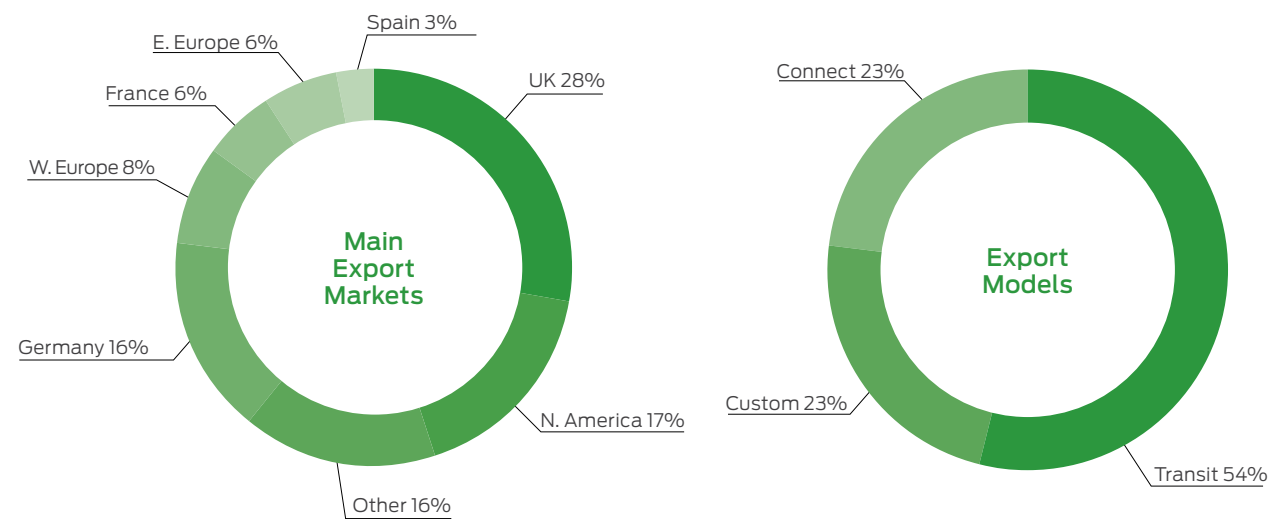
Ford Otosan Market Shares

Sagments	Turkish Automotive Industry	Ford Otosan Sales	Market Share (%)	Ranking
Passengers Cars	587,331	37,292	6.3	6
Light Commercial Vehicles	95,798	22,703	23.7	2
Medium Commercial Vehicles	84,552	26,838	31.7	1
Trucks	31,063	6,761	21.8	2
Total	803.089*	93,594	11.7	3

*Cover all heavy commercial vehicles excluding buses and midibuses

Market Shares (%) and Rankings





Thanks to our large product range and flexible strategy, we sold a total of 114 thousand vehicles in Turkey in 2013, achieving 12.9% market share while selling 94 thousand vehicles in 2014 and hence getting a market share of 11.7%.

Export operations constitute a significant part of our vehicle sales.



Number of exports in 2014

Despite the weak trend in the foreign markets, we increased our export numbers by 11% in the year 2013 to 226,671 pieces.

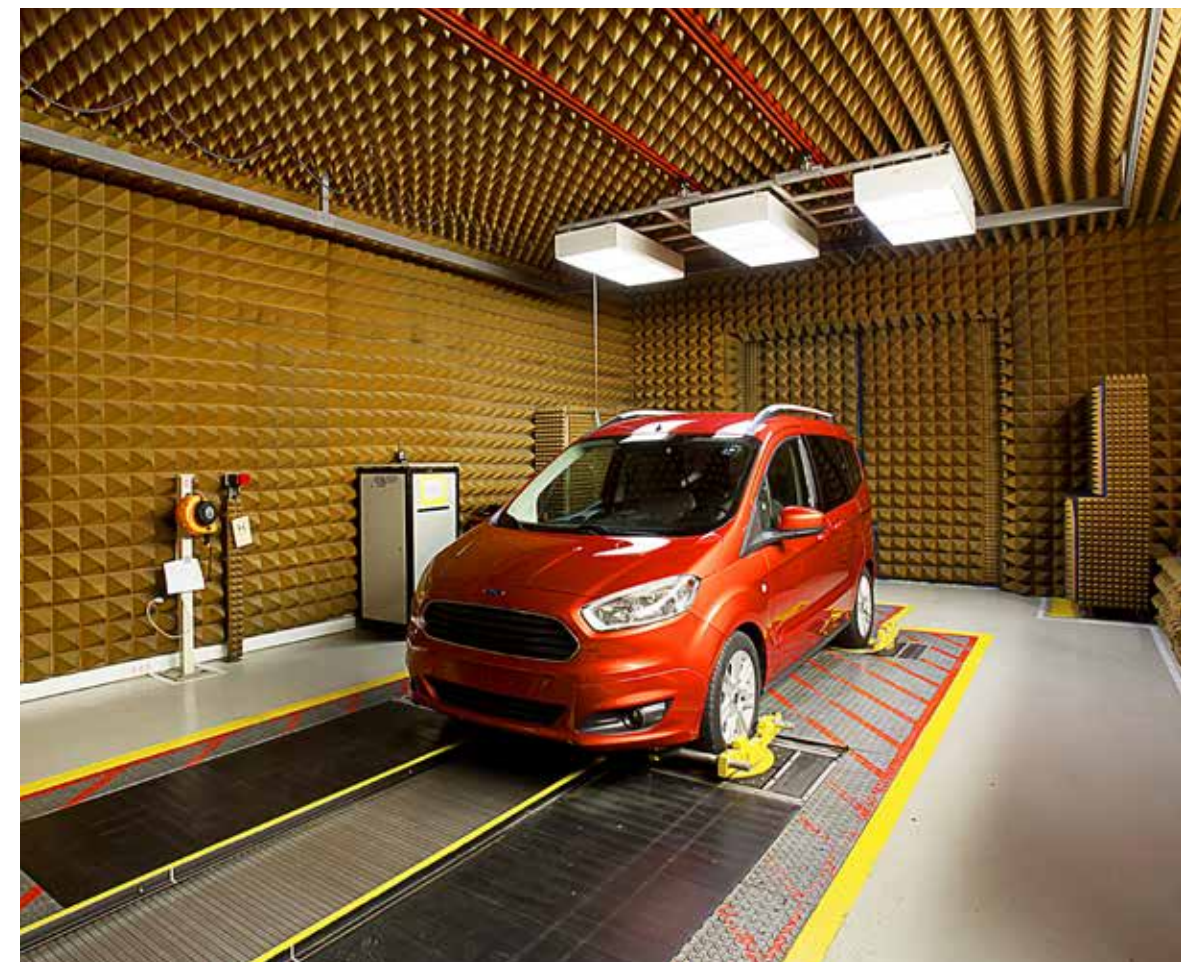
During the product portfolio renewal process in 2014, Ford Otosan's exports in pieces decreased by 15% when compared with 2013 and turned out to be 191,956 pieces.

While the contraction in exports was felt in the first quarter, the exports rose in the following quarters and eventually increased by 5% in the final quarter when compared with the same period in 2013. Thanks to that development, our export revenues for 2014 rose to 3.5 billion USD. Therefore we reached the highest export revenues level in our history and turned out to be the champion of automotive exports in Turkey for the fourth time in a row.

In our Transit model accounted for the largest share of our export operations in 2013 with 54% while in 2014 Custom stood out with a share of 56% percent after the updated

product portfolio. Meanwhile while our main export markets were the UK, Northern America and Germany respectively in 2014 the UK, Germany and Western European markets came to the foreground.

In 2013 we came to include Azerbaijan, Egypt, Mexico, Singapore and Taiwan in our export operations for vehicles and spare parts reaching 79 countries on 5 continents. During the period we expanded our dealer network abroad too, especially as far as the countries in the Middle East are concerned, and increased the number of countries we actively sell our products to 17 in total.





Ford Cargo in Gulf Countries

Benefiting from the opportunities presented by emerging markets by constituting the most appropriate vehicle model for customer expectations is an important component of our business strategy. For this purpose, our marketing specialists first identify all expectations and needs regarding target markets such as local legal regulations, geographical and climate characteristics, road features. After then, projects of vehicles appropriate for the target markets are undertaken by our R&D and product design teams.

In this context, following the trucks we developed and produced for Russia and the Northern countries, we completed our project regarding the performance enhancement of Ford Cargo models under the hot and dusty climate conditions of Gulf countries in the reporting period too. As part of the project, we have developed a hot climate package consisting of an amplified AC, filter and radiator and we tested it under the extreme conditions of Gulf countries during 2 years. We have launched our 1843T tow truck and 4135 mixer models where the hot climate package was implemented at the Saudi Motor Show, which is among the most important automotive expositions of the region.

As a result of the interest shown in our products, today Ford Cargos equipped with the hot climate package are exported to the Gulf countries, Middle East and Africa as well as other regions with a hot climate. These products we develop help increase the product range in these markets where Ford Otosan is entering for the first time.

CUSTOMER SATISFACTION and QUALITY

The first priority of Ford Otosan is to carry customer satisfaction to the highest level through product and service quality. In accordance with this aim, we conduct our activities in all stages of our value chain, from production to sales and after sales services, with a focus on excellence.

We approach customer satisfaction with an integrated perspective and start with production processes. In this context, our fundamental goal is to constitute total quality and excellence oriented business processes. Realizing this goal through constant improvement studies is the common responsibility of all our employees. Beside, we follow several international quality and management standards in order to achieve excellence in our business processes. In this regard, ISO 9001 Total Quality Management System Standard, ISO 10002, ISO 14001 Environmental Management System Standard, OHSAS 18001 Occupational Health and Safety System Standard, ISO 14064 Greenhouse Gases Accounting and Verification System Standard, and ISO 50001 Energy Management System Standard are standards we follow in production processes. We constantly track the requirements of these standards, make improvements and conduct periodical auditing and certification studies.

Our product processes are at the center of the quality and customer satisfaction we generate. Product quality and customer orientation, which also form the basis of the strategy of Ford Motor Company, are the basic understanding underlying all the activities we realize from product design to sales and after sales services. In this context, we design product models that completely fulfil customer expectations with their quality, usefulness,

technical features, performance and image. We aim for our vehicles, manufactured at high quality norms, to generate satisfaction not only during sales processes where they meet our customers, but also throughout their economic life. At this point, our dealer and authorized service network, which we regard as our main business partners, comes into play. As an extension of our sense of quality, we develop systems and business models to ensure that our customers are met with high quality services in dealer and authorized service activities.

Informing our customers accurately and comprehensively regarding our products is an important part of our work towards generating satisfaction. In this regard, our customers can acquire product information documents including the technical specifications of our products, instructions for use and other detailed information together with the product or through our websites. We also conduct information activities in order for dealer and service employees, who get in touch with our customers directly, to be equipped with accurate information. While the regulations set for product labelling and information studies are observed meticulously, no violations of the related regulations during the reporting period were noted. Meanwhile another important channel we provide information about our products and services for consumers is advertisements and promotional activities. We comply with the Regulation on Commercial Advertisements and Unfair Commercial Practices as well as the Advertising Self-Regulatory Board's decisions and regulations besides other related legal legislations and therefore refrain from using any elements that deceive, misguide, set a bad example for consumers, or are against ethical norms, reality and general safety rules.

Product quality and customer orientation, are the basic understanding underlying all the activities we realize from product design to sales and after sales services.

One of the basic tools we make use of in order to achieve excellence in customer satisfaction management is ISO 10002 Customer Complaints Management System Standard. We also perform many research and evaluation activities, regarding the processes of product quality, sales and after

sales services, executed within the company and by independent institutions. We make use of the results we obtain and customer demands as the basic input in our studies for the improvement of product quality and service processes.

Customer Satisfaction Researches

We periodically measure the satisfaction of our customers with the products and services we offer and conduct performance enhancing studies in line with the results we obtain.

In the customer satisfaction studies we have performed during the reporting period, our customers expressed satisfaction during sales processes at the rate of 88.7% in 2013, 87.6% in 2014 in the automotive segment, 87.3% in 2013, 85.6% in 2014 in the light commercial segment, and 82.6% in 2013, 81.4% in 2014 in the heavy commercial segment. In the same way, our customers expressed satisfaction at the rate of 81% in 2013, 88% in 2014 in the automotive and light commercial segment, 85% in 2013, 83% in 2014 in the heavy commercial segment regarding the reuse of our sales channel; and 64% in 2013, 76% in 2014 in the automotive segment, 66% in 2013, 72% in 2014 in the light commercial segment, 57% in 2013, 59% in 2014 in the heavy commercial segment about the quality of our vehicles.

We have obtained similar results from studies where we measured customer satisfaction at our authorized services during the reporting period. In this regard, our customers have expressed satisfaction with our authorized services at the rate of 75.3% in 2013, 73.7% in 2014 in the automotive segment, 75.5% in 2013, 75% in 2014 in the light commercial segment, and 77.6% in 2013, 76.9% in 2014 in the heavy commercial segment. Our customers also expressed that they will make use of our authorized services again at the rate of 78% in 2013, 77% in 2014 in the automotive segment, 82% in 2013, 81% in 2014 in the light commercial segment, and 77% in 2013, 78% in 2014 in the heavy commercial segment.

One of the most important factors for improving customer satisfaction is meeting the need of information of our customers as well as their problems during the product usage and service processes as soon as possible. For that purpose there are many channels available for our customers' access. Call centers are the most widely used ones among those channels. Our call centers deliver the complaints and information provided by the customers fast and ensure that the most appropriate reply is given in the shortest time possible. In that respect during the reporting period our customers made around an average of 117.300 calls on an annual basis during the reporting period. Those calls were resolved in an average of 3.91 days in 2013 and in an average of 4.84 days in 2014.



Product Recalling Strategy

Generating absolute customer satisfaction constitutes an important part of our business strategy. In this scope, our fundamental target is for our products to be produced according to superior quality and safety conditions that will meet the expectations of our customers. Therefore the quality of every vehicle we produce is guaranteed by the Ford brand and by Ford Otosan.

In line with this fundamental commitment, and as required by Ford Otosan and Ford Europe quality management procedures, we voluntarily contact our customers and call back our products in order to perform necessary software or hardware updates and modifications in cases determined by our quality managers or plant and service engineering teams and when considered necessary by the relevant articles of the Consumer Rights Law. These cases, which happen rarely, are closely evaluated and reported to the senior management. The experiences learned from the cases are used for the improvement of our production and quality processes.



SUPPLIER AND DEALER SUCCESS

The existence of a developed value chain constitutes the prerequisite of success for automotive manufacturers in many areas ranging from business continuity, quality and efficiency to customer satisfaction. Our suppliers and dealers, active within the value chain we have formed, have a significant share in the fulfilment of our success, which has continuously increased since our establishment. For this reason, the business success of our suppliers and dealers, whom we perceive as our main business partners, is critical for the improvement of sustainability in our business model.

The supply chain of the automotive industry is much more complex than most other industries. Automotive manufacturers rely on hundreds of suppliers to procure the raw materials, intermediate products, parts and services necessary for pursuing their activities. These suppliers, who usually serve more than one basic industry, also have sub-suppliers.

Our supply management activities conducted by units responsible for material procurement operations are categorized under two main ar-



eas. The first among these is material supply which is provided by Ford Motor Company. The other part of our supply operation is constituted by raw materials used in production, semi-products and all other service procurements provided by local suppliers. In that respect 64,954 purchase files in 2013 and 56,668 purchase files in 2014 were submitted. The total financial equivalent of this operation amounted to 1.4 billion euros in 2013 and 1.8 billion euros in 2014. While all of those purchases were made through local suppliers channels, out of our 296 suppliers Ford Otosan orders account for the main customer profile of our approximately 150 suppliers.

We establish long-termed business relations with our suppliers and we encourage them to develop systems and practices in primary sustainability fields such as quality, efficiency, human rights and working environment, and environmental performance. We include our expectations regarding these matters in our purchasing agreements and we conduct development and communication activities to ensure that our sustainability understanding is generalized, adopted and actively followed across our supply chain. Our supplier certification practice, which also includes training and auditing activities, plays an important role in this context. In this direction, as Ford Otosan, we implement Q1 quality management system certification adopted by Ford worldwide.

In this context, the certification by third parties that our suppliers work in accordance with standards such as ISO 14001 and OHSAS 18001 is one of the most fundamental issues. As of the reporting period, 80% of the 296 active suppliers we have been working with in this scope were determined to have accommodated all our environmental practice expectations including ISO 14001 and OHSAS 18001 certifications, and their system compliance certification were realized. On the other hand, we have implemented a training program involving the issues of human rights, social impact and working life to



214 supplier companies. 120 of these companies have realized the generalization of our training program in their operations. Among 123 suppliers, for whom an improvement action plan was determined during auditing activities, 120 performed all corrective activities. 3 companies are still undertaking these works. While the number of suppliers we have audited during this period has reached 21, we have completed the auditing of our 8 new suppliers.

We find the opportunity to realize our work for progress through the open and sincere communication medium we have developed with our suppliers over the years. We ensure the procurement of supplier expectations and opinions regarding the improvement of our progress program practices through supplier meetings, which we implement annually with the participation of all our suppliers. We also award our 10 best performing suppliers at these meetings, thereby supporting successful practices. Similarly, we ensure the participation of local manufacturers in Supplier Summit meetings organized by Ford Europe, continuing our support for the improvement of their business potential.

The business success of our dealers and authorized services has a significant positive impact on our activities, like our suppliers. For this reason, we emphasise to the development of our dealers in terms of management systems and working principles, as well as technical competence, capacity and knowledge. In this scope we conduct training and improvement studies intended for our dealers and authorized services, we develop projects for their continued development.

We form channels that will enable our dealers to support the company management with their knowledge and opinions. The most prominent among these applications is the Dealer Council consisting of representatives elected by our dealers. The Dealer Council, which convenes periodically, directs studies aimed at shaping our practices and generating mutual business success with the opinions and expectations they convey to company managers.

Social development and education grant studies, which we conduct together with our suppliers and dealers, account for a significant part of the relations we develop with them.

SUSTAINABLE MOBILITY SOLUTIONS

The need for mobility and transportation is increasing with a growing population gathering in cities. The rise of middle-income masses in emerging countries and the expectations of this new generation for prosperity, comfort, access and interaction increase the need for developing more advanced mobility technologies. Besides, climate problems that are becoming more evident and the share of mobility generated impacts in this issue increase the significance of environment-friendlier mobility technologies. This situation signals that affordability, efficiency, safety and communication technologies will come into prominence alongside quality and comfort in the development of the mobility technologies of the future.

We work for securing the increase in the commercial success of Ford Otosan in the future, as we do today, with internationally competitive vehicle models, through our design and innovation studies that we conduct by studying future trends accurately and in parallel with the product portfolio strategies of Ford Motor Company.

INNOVATION MANAGEMENT

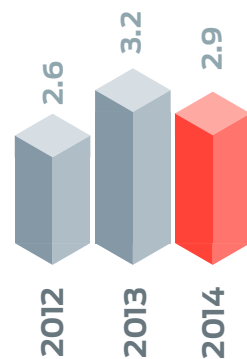
Developing high quality, environment-friendly products with superior design, that improve driving experience through their technology and are valued by our customers, has an important place in our business strategy. We focus our R&D capacity on advanced technology and product design studies that will carry us higher up in the global competition. For this purpose, we are enriching the tradition of innovation that we are carrying from the past into the present with our investments.

We are the most deeply rooted R&D organization of Turkish automotive industry. We have realized practices that have expanded the horizon of our industry such as the first local passenger vehicle developed in 1966, Anadol, and the first local diesel engine ERK developed in 1986. Today, Ford Otosan is one of the important engineering center in Ford Motor Company system and the largest engineering center of the Turkish automotive industry, with 1.350 PD engineers. Besides, our engineering center operates as the global design and engineering center of heavy commercial vehicles and related powertrain for Ford Motor Company.

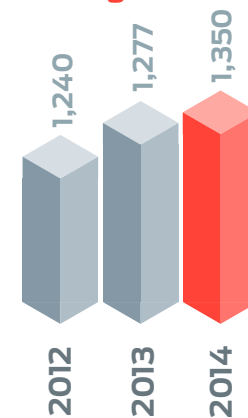
1,350

Number of PD
Engineers

R&D Expenditure as a
Percentage of Revenue (%)



Number of Engineering
Engineers



328
MILLION TL

R&D
Expenditure in
2014

Our intellectual capital is the most important asset that will carry us into the future. For this reason, we realize the management of our innovation processes with a holistic approach. Our innovation studies are executed under the leadership of the senior management. Strategic directions identified by the senior management are realized through the studies of our R&D centres, under the guidance and supervision of the Intel-

lectual Rights Committee. We revise our works at Discovery and Patent Evaluation Meetings organized within the company and the Global World of Ford. . However, innovation is more of a business manner for us, rather than being an administered process. Therefore our R&D studies are supported by the knowledge and suggestions of all our employees.

The key to success in most components of our main business strategy is our R&D

works. For this reason, the projects we realize are systematically managed and everyone is a part of the performance evaluation system including the senior management. Besides, innovation works are subject to controls conducted by our stakeholders and public institutions, as well as intercorporate audits.

We focus our innovation studies that we implement in accordance with global Ford Motor Company policies, our business strategy and R&D standards, on powertrain, interior and exterior design studies as well as developing analytical methods in fuel efficiency, emission optimization, driver assistance technologies and test processes for Ford Motor Company and Ford Otosan. In this regard we spared 366 million TL in 2013 and 328 million TL in 2014 to R&D studies.

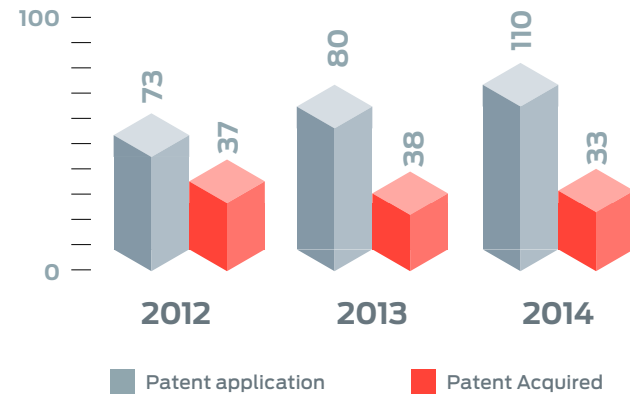
Due to the strategic importance we attribute to R&D studies we improve the human resources, technological abilities, intellectual accumulation and physical conditions of our engineering center every passing year. In this regard, we primarily increased the number of Engineering engineers, from 200 in 2000 to 1.350 as of 2014. Following Kocaeli Gölcük engineering Center, which was registered as an engineering Center by the Turkish Ministry of Science, Industry and Technology as well as Gebze TÜBİTAK Free Zone Engineering Center, we launched Sancaktepe Engineering Center, the largest engineering center of the Turkish automotive industry with a covered spaced of 38.000 m², in2014.



Ford Otosan receives 2013 International Automotive Test Technologies Award

NVH Room, located at Gölcük Production Center, which was designed in-house, was received 2013 Automotive Testing Technology International Award. Gölcük NVH (Noise Vibration Harshness) Room, which is cited worldwide as a best example of ensuring technical productivity in test environment with the realization of maximum equipment use in consequence of the innovative approach brought to the design of the vehicle engine test unit by the evaluation jury, Gölcük NVH Room is the first plant in Ford Group to receive 2013 Automotive Testing Technology International Award which is among significant indicators of R%D capacity in the automotive industry.

Patent Portfolio



Our intellectual property rights works, which transform these successful studies into economic value, are as important as the products and technologies we develop for our R&D studies. As a result of these studies conducted by our experts in line with our Intellectual Rights Strategy we made 80 patent applications and obtained 38 patent approvals in 2013. Accelerating up our studies in 2014, we applied for 110 more patents and acquired the patent rights for 33 of them. In addition to those, we also applied for 16 patents over Ford Motor Company in 2014. Hence the total number of patent applications we have submitted so far has reached 612 while the total number of patents we have been granted in the last 12 years has reached 229.

110

Number of Total Patent Applications in 2014

With a view to disseminating innovation culture throughout the company and encourage the R&D based studies by our employees, we held Ford Otosan Patent Awards Ceremony in 2014. Our employees that contributed to the patent portfolio development of Ford Otosan were awarded in the following categories at the ceremony: Patent Application Award, Patent Application to Abroad Award, Patent Registration Document Award, Inventor of the Year Award and Invention of the Year Award. Ford Otosan managers besides TÜBİTAK and Koç University representatives participated in the awards ceremony.



Support for R&D and Technical Training

Aware of the impact that the development of R&D and technical training has on the local economy, we conduct many social development studies every year. Besides these, we donate engines and gearboxes to relevant institutions in order to be used in the research and training studies performed at universities and vocational schools as well as the R&D studies conducted in automotive side industry companies. In this regard, we have donated engines and gearboxes to Yildiz Technical University, ITU Mechatronic Research Center, Atılım University, Manavgat Vocational High school and various industrial enterprises and supported their studies, in the year 2013. In 2014 we continued those practices and supported the studies of Marmara University, Yildiz Technical University, Kocaeli University and Uludağ University.



Ford Otosan Breaks a New Ground: Exporting Technology to China

Our capacity to design a final product from scratch amplifies our R&D Value. After providing design and consultancy services to Ford Europe and Ford Brazil Production Center we became an automotive company exporting engineering services that shifted us to the leadership position in R&D exportation in Turkey. In that vein, we broke new ground by signing a licence agreement with Jiangling Motor Corporation operating in China which is the world's largest truck market. Within the scope of this agreement Ecotorq engines, whose intellectual property rights belong entirely to Ford Otosan, began to be manufactured in China for the JMC brand trucks.

In 2014 we built further on top of this success and signed a new license agreement with the JMC for the chassis, cab and related parts of our current trucks. Consequently in China the production of the trucks whose intellectual property rights belong to Ford Otosan is now possible.

EFFICIENT AND LOW EMISSION VEHICLES

With the effects of climate change becoming more and more apparent, studies that need to be conducted on the issue of reducing greenhouse gases generated by vehicle use became a matter growing in importance for the automotive industry. Besides corporate responsibilities regarding the reduction of the impact of products in consumption processes, increasing social expectations and legal regulations also reinforce the significance of our studies in this area in order to strengthen our position in the global competition.

We acknowledge development of vehicle technologies with reduced environmental impact and which meet stakeholder expectations in our target markets as a main focus for our R&D Studies. In this direction and in pursuance of the global product strategy of Ford Motor Company, we continue our R&D studies aimed at developing many new engines, gearboxes, mechanic and electronic systems.

Investment in Environment Friendly Engine Systems

Our studies aimed at developing environment friendly engine systems have an important place in our R&D investment portfolio. Adding a new one to the studies we have developed in this scope, we have implemented the EU6 Exhaust Gas Filtering System investment, in 2013. Developed with a 7 million euro investment, this system comes to the fore not only for Ford Otosan but also for primary automotive manufacturers as a global good example of design with internal resources.

The Exhaust Emission Systems Test Center, which we have established at Gölcük Engineering Center with a 1.5 million euro investment as part of the project, is the first facility in the world within Ford Motor Company system serving in this field. Exhaust Emission Systems Test Center, which was built in consideration of the requirements of the light, medium and heavy commercial vehicles that we develop and manufacture, enables exhaust emission systems that reduce the emission of waste gases generated during the use of vehicles designed by Ford Otosan to pass to a superior level. Thanks to this facility we can manage the development of Ecotorq engines that meet Euro6 norms internally, thereby adding a new one to Ford Otosan R&D capabilities and achieving a considerable superiority for other vehicles to be developed in the future.

The total of the investment we have made to the vehicle and transfer organs test centers at İnegöl and Gölcük facilities together with the new facility has reached 21 million euros.





Ecotorq EU6: Technology Leader Local Engine and Engine Systems for the Global Market

In the reporting period, we have conducted studies for developing the New Generation Ecotorq Engine Family, which we have engineered 100%, and the Exhaust Gas Filtering System. We aim for our product that is expected to come onto the market in the following period to be the leader in its class.

Applying hundreds of new innovative ideas on the engine systems we have dealt with as part of the project; we made a total of 50 patent applications, of which 15 were abroad. Thanks to the innovative analytics development process that requires Super Computer and Condense Computer Supported Analysis and Optimization; our engine has ensured all technical targets since the first tests. The prototype tests we perform show that New Generation Ecotorq EU6 Engine Family and Exhaust Gas Filtering System offer the most advanced fuel saving and emission values.

The 'Smart Engine Management' system that works in interaction with the customer and the infrastructure that we designed as part of the project is the first example within Ford Motor Company on a global scale. We have developed our own unique electronic modules and software for this purpose.

Ecoboost 1.0L for Transit and Tourneo Courier

Efficient and powerful 1.0 liter EcoBoost gasoline engine was awarded as the "International Engine of the Year" for the third time in a row at the "International Engine of the Year" organization, with the votes of 87 jury member journalists from 35 countries around the world including Turkey. 1.0 liter EcoBoost engine, which offers low fuel consumption and adds up the features of direct fuel injection, turbo feed and variable valve adjustment, showed the success of receiving the award with the highest point in the 15 year long history of the organization.

1.0 liter EcoBoost engine, which was designed in Aachen and Merkenich R&D centers in Germany and Dunton Engineering center in England, manufactured in Cologne, Germany and Craiova, Romania.

We have realized vehicle integration studies of Ecoboost 1.0L engines which are small enough to fit in an overhead luggage rack of a passenger plane. Transit and Tourneo Courier models, engineered by Ford Otosan, were equipped with Ecoboost 1.0L engines. Thanks to EcoBoost 1.0L our Transit and Tourneo Courier models offer the lowest fuel consumption among gasoline engines offered in Europe in their category. The revolutionary new 1.0 liter 3 cylinder EcoBoost gasoline engine offers a level of performance normally expected from a 1.6 engine, consumes the fuel about 24% more efficiently and reduces greenhouse gas emissions by 25% with a level of 119 gr/km.





2.2 liter Duratorq Engines

Transit Custom and Tourneo Custom, “Official Vehicles of Commerce” which offer users best load capacity and best fuel saving in its class, as well as low utilization cost and high durability, get ahead of their competitors in their class with their elegant design and high technology. Front wheel drive Transit Custom and Tourneo Custom models, engineered by Ford Otosan and offered for sale with improved versions of the 2.2 Liter Duratorq TDCi diesel engine, offer the best fuel consumption value in their class with 6.5 liters in 100 kilometers thanks to the automatic Start/Stop system.



VEHICLE SAFETY

One of the most indispensable among our business objectives regarding our products is to develop vehicles that offer our consumers the most superior safe driving experience. For this purpose, we first ensure full compliance with all the legal regulations of the markets where our vehicles are used, Ford Vehicles Safety Design Guideline principles, as well as standards developed across the industry, in all the design work we conduct. In that respect during the reporting period no violations of the sector norms or of the laws regulating the safety conditions for the vehicles we produce were experienced.

The Ford brand has a long-standing past in developing vehicle safety technologies and practices. We equip our vehicles with the most advanced active and passive vehicle safety systems in light of consumer expectations, our R&D studies and the legacy offered to us

by the Ford brand, which has developed many modern safety technologies as well as being the first vehicle manufacturer to apply safety belts on ex-factory vehicles. By this means, our vehicles reach and go over the most advanced safety norms of their class in safety tests. In the reporting period, Transit and Tourneo Custom models succeeded in becoming the first commercial vehicle to be awarded the “Euro NCAP Advanced” prize and got 5 stars in the safety tests that were performed. Likewise, Transit and Tourneo Connect models passed Euro NCAP tests with 5 stars, realizing a first in their class. Courier models completed Euro NCAP tests with 4 stars, ranking among the highest safety performance examples of their class. Courier models achieved successful results in the tests regarding pedestrian safety, as well as vehicle safety.



Ford Otosan Smart Safety Systems

The use of Active Safety Systems in heavy commercial vehicles is extremely important for traffic safety. Accidents involving heavy commercial vehicles crushed from behind are amongst the most destructive accidents due to the weight of the vehicle. Therefore the prevention of this kind of accident has priority.

For this purpose, Ford Otosan started developing its own Smart Driver Support Systems to be used in its future trucks. These systems that will be put into use shortly will enable an increase in the reliability of the perception of physical objects, other vehicles and pedestrians within the driver's field of vision through sensor technologies that advance in parallel with the developments in braking technologies, as well as the applicability and adaptation of autonomous collision avoidance systems.

Advanced Emergency Braking Systems warn the driver in situations that constitute an accident risk and in case the driver does not maneuver as to prevent the accident they lighten any deadly accidents that might happen and even prevent them through automatic braking, with the support of braking and sensor technologies. Similarly, Lane Drift Warning System will sense the lanes on the road with the help of a camera enfolded in the windscreen and detect if the vehicle deviates from the lane; also in case the driver fails to use signal switches when shifting lanes or leaves the lane below a certain horizontal speed without using signal switches, it will pass into warning mode.



NCAP Success of Transit and Tourneo Custom Models

Ford is the first brand to be deemed worthy of the Euro NCAP Advanced award, given for advanced safety technologies installed on vehicles, in the commercial vehicles segment. Ford, which won the Euro NCAP Advanced award with the Lane Track Warning System on its Transit Custom model, is also the only vehicle manufacturer holding 7 Euro NCAP Advanced awards.

Transit Custom, which was manufactured at Ford Otosan Gölcük Plant and subjected to the new heavy vehicle crash test of Euro NCAP, achieved a performance of 90% in child protection, 84% in adult protection and 71% in the category of safety features. Transit Custom, which has hereby achieved a performance of 77% in the category of general protection, recorded the best scores of its class and became the first vehicle in its class to reach 5 stars. During the period, our Tourneo Custom model also qualified for 5 stars in the passenger transportation segment with its safety performance.

Transit Custom and Tourneo Custom models are being equipped with another Euro NCAP Advanced awarded safety technology, "SYNC System with Emergency Assistant". Lane Track Warning System makes the steering wheel vibrate and generates an indicator mark on the car dashboard in case it detects the vehicle has left the lane. The Emergency Assistant offered with the SYNC system helps passengers call local emergency help call centers in case of an accident. Transit Custom was designed to provide an extraordinary protection for those in the vehicle as well as pedestrians in any case of an accident. More than 40% of the vehicle body was manufactured from high-strength and ultrahigh-strength steel. Over 4,500 virtual collision simulations were performed in the development phase and more than 30 physical crash tests were implemented on the vehicle. Transit Custom, whose front part was equipped with a range of extensive features regarding pedestrian safety, is also the first Transit to have curtain airbags for front seat passengers.

NCAP Successes of Transit and Tourneo Connect Models

Tourneo Connect, which was engineered by Ford Otosan to a considerable extent, has become the first light commercial vehicle in its class to be deemed worthy of the Euro NCAP five-star safety level, achieving a performance of 94% in adult passenger protection and 83% in general safety in result of the tests performed by Euro NCAP.

The new Tourneo Connect that was designed to provide high protection for passengers and pedestrians in probable accidents, shares the same Ford global vehicle platform with other five starred vehicles such as Focus, C-MAX and the new Kuga. The vehicle that was subjected to over 100 full scale vehicle crash tests and over 10,000 computer simulated tests has a body made from 53% high-strength and ultrahigh-strength steel including 16% ultrahigh-strength boron steel.

Tourneo Connect has a comprehensive safety system including driver, passenger and side airbags in the front, as well as front and back curtain airbags. ISOFIX connection points on the two second row seats facing outwards received 100 points over a hundred from Euro NCAP as they facilitate the placing of child safety seats, proving the high security of the vehicle. The innovative designs applied on the vehicle body, windscreen and instrument panel to reduce the risk of injury in pedestrians is also among safety features. The technologies for increasing passenger safety that Tourneo Connect offers for the first time in its segment include Active Inner City Safety System, designed for drivers to avoid low speed collisions when the traffic stops or slows down, and SYNC, Ford's voice activated in-vehicle connection system. Thanks to SYNC that is equipped with Emergency Help Communication system, passengers can easily make a call for help in case of an accident.



Informing Drivers about Safe Driving

We put an utmost care for safe driving of vehicle that we manufacture. In that vein, we equip our vehicles with active and pasive safety features designed with a cutting-edge technology. However, vehicle properties account only for the first the step to a safe driving and a safe journey. The other important part is ensuring that the drivers and passengers use those capabilities. Hence we create activities focused on informing and creating awareness among our consumers as to driving safely and safety measures than can be taken. During the reporting period we continued our related studies enabling us to reach hundreds of thousands of people.

Ford Driving Academy has a special place among our basic practices informing our consumers on methods for driving safely. That study seeks to ensure that especially heavy commercial vehicle drivers are able to drive their vehicles in a way that makes them familiar with all the capabilities of their vehicles in addition to the measures and safe behaviour modes required for a safe journey. Thanks to this training drivers are equipped with the necessary information and skills to driver their vehicles in the safest way while they are also informed about the techniques that will provide them with great fuel economy besides low maintenance costs. Within the scope of the practices, fuel performance tests are held. In that respect in 2013, 290 drivers were trained and 13 fuel performance tests were held while in 2014, 153 drivers were trained and 10 fuel performance tests were held.

As of late 2014 we began a new practice that will continue into 2015 through radio and mobile applications. Within the scope of this practice, we seek to create awareness among drivers about the importance of driving safely, especially about the use of safety belts, and how to enjoy fuel economy. This study is expected to reach 1.8 million people all over Turkey.

SMART and ACCESSIBLE MOBILITY TECHNOLOGIES

The difficulties brought about by the city life cause consumer expectations to change. We predict that environment-friendly, efficient and safe products facilitating the life and producing added value will be trending in the future. Besides, with the rising life expectancy, accessibility will also come to prominence for several consumer groups when the needs of the aging population and disabled users are considered.

Our vision of transportation relies on an integrated perspective. In our opinion transportation will take on a very different dimension than today, in the coming years. The days when we will form transportation systems in constant communication with each other through global networks, blended with smart vehicle and infrastructure elements are not so far. The basic function of these systems is to provide a safer transportation where pedestrians, non-motorized vehicles, automobiles, commercial and public transportation vehicles move integrated with common smart nets, ensuring time and resource savings as well as reductions in greenhouse gas emissions.

In this direction, technologies are being developed for vehicles to be constantly in communication with each other and infrastructural elements and receive safe driving information, for drivers to be aware of traffic jams and emergency situations through intuitive in-vehicle mobile communication applications, digital maps and interfaces and for an easier and more enjoyable driving experience.

In line with the brand promise started by Ford in 2012, "Go Further", and our vision of being the leader automotive manufacturer in Turkey we direct our R&D activities to developing the transportation technologies of the future and offering our customers products with added value. Through the smart vehicle technologies and applications we develop for this purpose, we aim to offer all consumer groups, whether young, old or disabled, vehicles with reduced operating costs, fuel consumption and environmental impact that provide a safer and more comfortable driving and traveling experience.



C2C4 Project

Inter Vehicular Communication Technologies for Safe Traffic (C2X) Project, conducted with the participation of Ford Otosan, Koç Sistem, Tofaş, Galatasaray University, Okan University and Ohio State University, is a project aiming at developing electronic systems for increasing passenger and vehicle safety. With the technologies developed as part of the project, it is ensured that the vehicle's position, speed and direction information is interpreted and shared with other vehicles and smart environmental units, and that information relating to road situation is sensed by the vehicle through the smart sensors on the road. Besides, applications with

added value such as collision early warning systems, vehicle position and traffic status information communication systems, junction collision warning system, communication systems with traffic lights and dead spot warning system are also developed. With this project, we aim to take part in the development of European Union and international industry standards and thereby increase the competitive capacity of the Turkish automotive industry.



Removing the ergonomic obstacles to the access of disabled passengers to passenger transportation vehicles is critical for increasing the accessibility of transportation vehicles, as well as developing the positive social impacts of the products.

Accommodation of Transit Vehicles for Disabled Access

In this direction, we are continuing our studies for the accommodation of Ford Transit vehicles in M2 and M3 classes for disabled access. Our studies involve extensive in-vehicle alterations such as shifting the risers and making space for foldable chairs and wheelchairs.

With the project, Ford Transit vehicles will fulfil a critical function in eliminating the accessibility problems of shuttle and touristic transportation vehicles, while also supporting the early adaptation to probable legal obligations.



Filobil Fleet Management System

With the Filobil application developed for Ford Cargo vehicles with a collaboration between Ford Otosan, Vodafone Turkey and Filotürk, through modules installed on vehicles and making use of inter vehicular communication technologies, the tracking of vehicles, identification of mechanical issues, instant intervention against changing road situations and accidents are made possible and up to 20% fuel savings is achieved. Development studies went on for 1.5 years and the road

and electromagnetic adjustment tests for the system were performed in England.

Filobil Project was awarded in the Innovation category at the Global Telecoms Business Innovation Awards Business Solutions for the most innovative technology applications of the year.



GREENER 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. For this reason we support the green production approach, we work for reducing environmental impacts generated during production processes as well as the environmental impacts of our products through the environment-friendly approaches we develop.

ENVIRONMENTAL MANAGEMENT



Ford Otosan Environment and Energy Policy shapes our environmental management understanding formed in the direction of the objectives we have identified in our global environmental vision. This policy, which includes the principles constituting the basis of our environment and energy management works, states the corporate behaviours that must be developed in issues such as environment and energy management principles, legislative harmonization, energy and resource efficiency, emergency planning, waste management, environmental protection and biodiversity, greenhouse gases and climate change, environmental impact of products,

utilization of renewable energy sources, packaging optimization.

The implementation of the behavioural principles determined by our environmental policy in all our operations such as design, production, marketing and sales is the fundamental duty of every Ford Otosan employee. Yet the cohesiveness of our Environmental policy is not limited with the activities of Ford Otosan. We expect our supplier, contractor and other relevant business partners having a direct or indirect impact on our activities to comply with Ford Otosan Environment Policy in their operations. For this purpose, our commitments



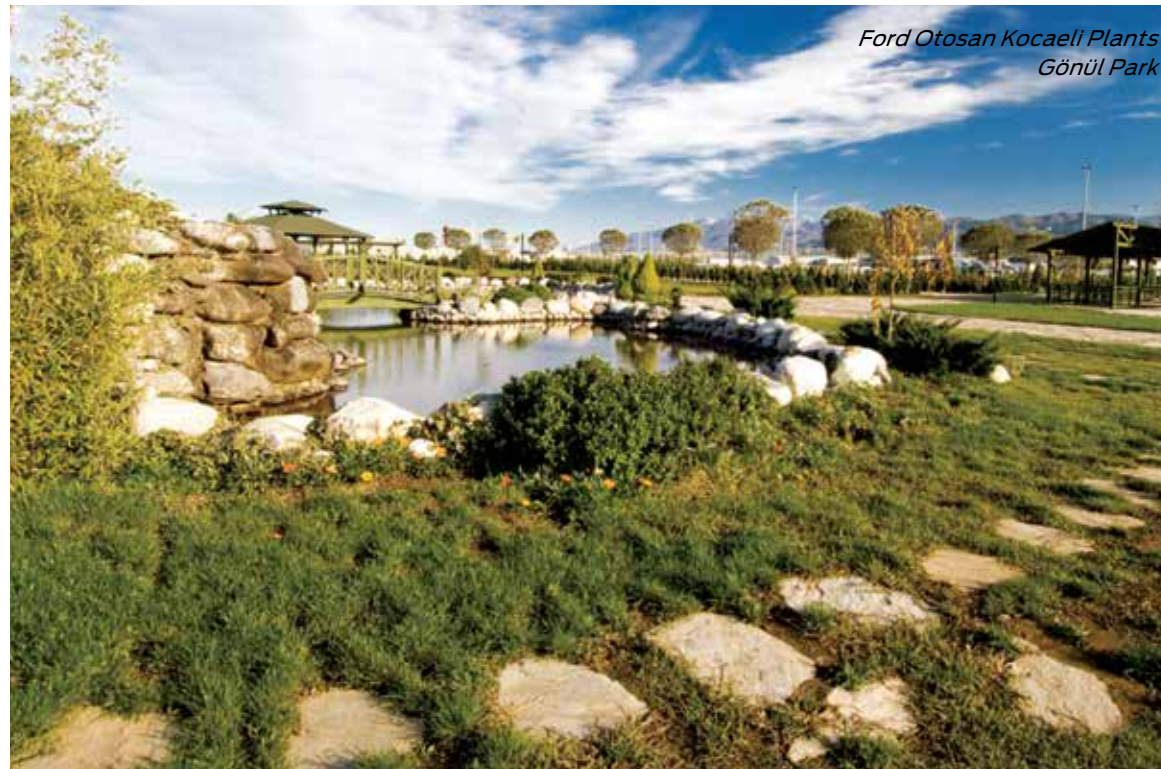
regarding the awareness raising, encouragement and education of our stakeholders about issues such as the responsibility to protect the environment and full compliance with regulations, the benefits of green economy and production and energy efficiency are included within the scope of our environmental policy.

You can reach details regarding Ford Otosan Environment Policy on our corporate website www.fordotosan.com.tr.

Issues regarding environment and energy management have a significant position among our working principles, business model and strategic targets. For this reason, in order to ensure the effective management of the environmental impacts caused by our operations and products, we follow a comprehensive environmental management model in compliance with internationally accepted standards and

Global Ford Motor Company and Koç Holding environmental management systems and standards, through a division of responsibility that emanates from the senior management to the whole organization. Within the framework of this model, the strategic orientations identified by the senior management are transformed into objectives based on time and determined performance and they are implemented by various organs of our field organization, primarily units responsible for environmental and energy issues. The performance expectation disseminated in the individual business objectives of our employees through the Scorecard application is also effective in the performance-based remuneration of employees at all levels.

Environmental management practices and their outcomes are shared with all our stakeholders through annual reports and sustainability reports.



ENERGY AND CLIMATE

We regard climate change as the most significant current global problem, considering the risks it will create in the social and economic life besides its physical dimension. When the increasing energy demand, the consequent current trend of greenhouse gas emissions, and its probable outcomes are considered it can be foreseen that the problem of climate change will pose much greater risks for our lives.

Climate change matters to the automotive industry more than it does to other sectors. Considering that more vehicles will be used in transportation in the future depending on the increasing population, it can be predicted that high efficiency engines, emission reduction technologies and the use of alternative fuels in vehicles will rise in prominence, as well as fuel types with lower emission values. On the other hand, it can also be predicted that tighter measures and even legal regulations will be imposed regarding the reduction of greenhouse gas emissions in products and production plants. Also, it can be predicted that, in the future, vehicle designs and characteristics, especially vehicle usage models will differ in relation to changing customer expectations and needs. Besides, the low carbon economy towards which we tend as a result of our actions against the climate change will engender various new opportunities for manufacturer. Apart from the competitive edge that vehicle manufacturers with capacity of developing innovative designs meeting with consumer expectations will acquire, carbon certificates will become a significant economic asset, energy efficiency investments will provide cost advantages with their short return on investment terms, hence favourable financing instruments uniquely designed for these activities will provide companies with vast opportunities in the future. Also, this new economic environment

that is being formed can be predicted to bring forth different lines of work and huge employment opportunities.

For all these reasons, we regard studies related to climate change not only as an obligation in order to secure our future quality of life and eliminate risks or as a cost increasing element, but rather as a way of seizing new and important opportunities. In this direction we approach the issue of climate change with an integrated and comprehensive approach.

Ford Motor Company and Koç Group climate change strategies, containing visions and principles in parallel to each other, constitute the main scheme directing our practices in this area. In light of these principles, our plan for dealing with climate change impacts is composed of 2 main groups of practices. The first is to develop sustainable mobility solutions and to reduce the amount of emission generated by vehicle use through alternative fuel vehicles and driving support technologies. In that vein, we continuously maintain our design studies in line with global product strategies of Ford Motor Company. Our responsibility in this area is on a global scale, since we are one of the most important engineering centers within Ford System and the global design and engineering center for heavy commercial vehicles and diesel engines.

Our activities aimed at reducing emissions generated by production constitute the second main sphere of activity of our scheme for dealing with climate change. We focus on activities such as increasing energy efficiency, reducing greenhouse gases and other emissions and taking the opportunity to employ alternative energy resources in production processes.

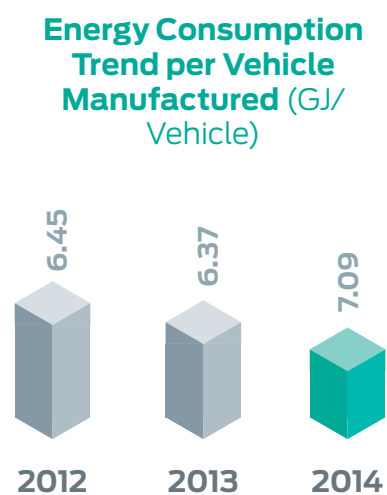
By virtue of being prioritized issues directly affecting the main constituents of our business strategy, we manage our works regarding energy and climate with a comprehensive management understanding. The leadership in the issues of energy and climate, which are evaluated within our risk management model, is performed by the company's senior management; the strategic orientations they identify are transformed into continuous improvement works by units responsible for energy management and Energy Committees organized in the plants.

We make use of many management systems in the management of the issues of energy and climate. The first among these is the Ford Global Environmental Management System Ford EOS. Within the scope of this system, the principles that must be observed, the works that must be implemented, the legal obligations that must be adhered, and the standard principles in the performance areas constituted in line with our strategic plans are evaluated and transformed into business objectives for several periods ranging from monthly plans to the 5 year strategic plan. These business objectives are disseminated into individual performance targets through a hierarchy extending from the senior management to all relevant employees. The performance in these areas is also a part of the performance based remuneration system. Besides Ford EOS, ISO 50001 Energy Management System Standard and ISO 14064 Greenhouse Gases Accounting and Verification System Standard are management standards we follow. Standard compliance is audited through independent periodical external audits that are performed, and certifications that are realized. Also, the works in the area of energy and greenhouse gases is subjected to the internal audit process implemented twice an-

nually. The performance results obtained are reported to the senior management through monthly reports, to the Ford Motor Company management through Ford Global Emission Management Database, to Koc Holding by way of annual reports and to all our stakeholders through sustainability reports.

Projects regarding energy efficiency and use of alternative energy resources in production constitute the basis for our performance enhancing studies against production process related energy and climate issues. As energy efficiency in production improves, greenhouse gas emission values reduce correspondingly. On the other hand, energy efficiency studies also generate positive impact on our competitiveness by significantly reducing energy inputs which constitute a substantial part of our operating costs. For that matter, we take energy efficiency as a continuous improvement area and conduct improvement studies in all our processes.

The basic indicator we use in monitoring energy consumption is energy consumption

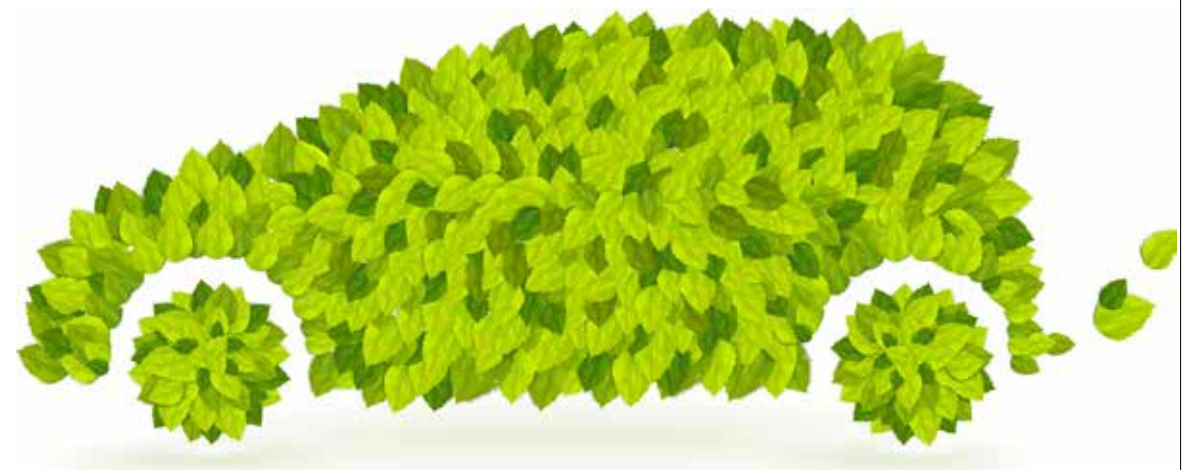


per produced vehicle. Through efficiency studies conducted during the reporting period, in 2013 we saved 30,179 GJ of energy, thus we kept our energy per vehicle manufactured at 6.37 GJ/vehicle. As a result of transforma-

tion of vehicle models produced in 2014, our energy consumption per vehicle manufactured increased to 7.09 GJ/vehicle despite of 30,830 GJ of energy saved.

Green Design

Our efforts to minimize the environmental impacts of products or processes start with the design phase. Through Ford Otosan Procedure for the Revision of New Projects Regarding Environment and Energy that we follow in design processes, we analyse the energy intensity and environmental impacts of our products or projects within the framework of the green design logic. Through our analyses, we ensure that our designs serve the protection of natural resources, ecological environment, biodiversity, air and water quality, soil and forests, as well as the economical use of energy, water and materials. Whenever we encounter any element of risk in our analyses in terms of these criteria, we switch to an alternative project and product design implementation. We also apply the same process in the admission and start-up phases of our projects.



Lighting Efficiency

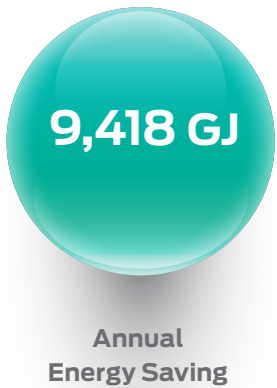
Production areas, which are wide and high buildings, need to be well-lit in order to ensure occupational safety and labour productivity. Yet, this necessitates a significant amount of energy consumption. The innovations realized in lighting technologies in the last years offer the opportunity to consume less energy without conceding from occupational safety and employee ergonomics. A significant part of the energy efficiency investments we realized in this direction is devoted to works for replacing the current systems with more efficient lighting luminaries.

With the first project we realized at Kocaeli Plant in 2013, we started using the active sunlight system, “Suntracker” application in the press workshop, instead of the existing lighting system which was continually online. The Suntracker application relies on solar powered systems, which were installed in place of the existing roof windows, tracking the movement of the sun through GPS and distributing the sunlight in inner spaces by way of mirrors. With this project that provides 688 GJ energy savings annually, we have succeeded in lighting the press workshop in accordance with labor ergonomics and in cancelling out the consequent greenhouse gas emission.

With another project we implemented in 2013, we replaced ceiling lighting luminaries used in welding and assembly shops with special high visibility luminaries, thereby ensuring 973 GJ energy savings annually. We achieved an energy saving of 1,269 GJ with a similar project we have implemented at İnönü Plant during the period. In 2014 the practice introduced to the Gölcük Plant saved 2,060 GJ of energy and 415 tons of CO₂ on an annual basis.

Waste Heat Recovery

The compressors that provide the pressurized air demand of the plant need to be cooled when they operate intensely and heat up. With the project we realized at İnönü Plant, we have integrated the waste heat lost in the process of cooling the compressors with the water heating system and started using it in space heating during winter months and in domestic water heating during summer months. In this way we have achieved an annual energy saving of 5,400 GJ. During the reporting period, we have achieved an annual energy saving of 4,018 GJ with the valve jacket, pressurized air and compressor projects implemented at İnönü Plant.



We also reduce our greenhouse gas emission levels as a result of our energy efficiency studies. In parallel with our energy consumption values that came about in consequence of the new production plant investments realized in 2013, our greenhouse gas emission per vehicle manufactured was realized as 0.647 ton CO₂/vehicle. We have also realized over 3,300 ton CO₂ of emission reduction through energy ef-

iciency projects we have actualized. The energy consumption increase experienced in 2014 due to the changes introduced about vehicle models has influenced our emission values too. That is why our emission value per vehicle turned out to be 0.710 tons of CO₂/vehicle. Our target is to achieve the energy consumption level of 0.65 ton CO₂/vehicle per vehicle manufactured by the year 2015.

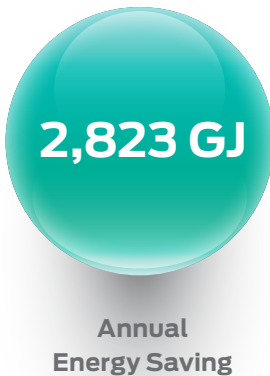


Alongside greenhouse gases, all other emission values generated by our production activities are within the scope of our control and improvement works. We measure contaminating emission values in all production locations in periods determined by legal regulations, and keep them far below the limit values determined by relevant legislations. Through our practices focused on reducing emission, we have come to enjoy significant declines when compared with the previous period according to all parameters.

We also conduct studies for the reduction of energy and greenhouse gas emission impacts generated by supply and logistics operations besides our production operations. In this regard we have actualized green logistics practices and conducted optimization studies. With the training and incentive practices we carry out before our supplier and contractor firms, we support the enhancement of energy efficiency and reduction of greenhouse gas emissions in these processes.

Stamping Bed Cushion Project

Within the scope of the Stamping Bed Cushion Project we have completed in the year 2013, we have designed frictionless pumps for the hydraulic unit, redesigning the hydraulic system instalment. Besides, we have ensured that the pumps are engaged as per tonnage. In this way, we realize the process of sheet forming during the same period and at the same quality, but consuming 50% less energy. By means of the project, we have succeeded in achieving an annual energy savings of 2,823 GJ and 930 tons of CO₂ greenhouse gas reduction.



Driver Application at Cooling Towers

A project we launched in 2013 enabled us to perform a driver application on cooling tower pump and fan engines, ensuring they work with automation. In this way, we have continuously controlled the tower pump, preventing it from working full capacity when it is not required. We have ensured that the tower fans work in accordance with the cooling need that varies with the water temperature, by including them in the automation system. By means of this revision we have realized in the cooling towers, we have achieved 6,788 GJ energy savings and 641 tons of CO₂ greenhouse gas reduction.

As a result of the drivers installed on the engines of the air-conditioning fans at the air-conditioning plant at our Kocaeli Plant, we saved over 4,116 GJ of energy on an annual basis and reduced greenhouse gas emission by 526 tons of CO₂e on an annual basis.



Economizer and O₂ Trim Application

In line with the project we actualized in the boiler rooms of Koceli Plant, we have realized economizer and O₂ trim applications in the boilers. With this implementation, we have achieved natural gas savings by using the waste heat in the boiler flue gas to pre-heat the boiler water. Besides, the system we established continually measures the O₂ level in the flue gas and keeps the combustion air flow at the optimum level. We have also achieved electricity savings by operating the system with automation over the fan, frequency converter. By means of these two implementations we have ensured 2,383 GJ energy savings and 398 tons of CO₂ greenhouse gas reduction annually.





Efficient Motor Modernization

The bulk of the energy consumption-taking place at production lines is caused by electric motors. With the investment project we have started in 2013 from this point of view, we have replaced 82 electric motors used at Kocaeli Plant with IE3 class high efficiency motors thereby ensuring 2,915 GJ energy savings and 401 tons of CO₂ reduction annually. In the same direction, we have started using FMDC welding guns at the new body production line, servo motor guns at robotic welding guns, high efficiency electric motors and lighting luminaries at Yenikoy Plant.



Green Logistics: Crainable Trailer

Logistics optimization works constitute a substantial portion of our implementations regarding the minimization of the environmental impacts generated by our operations, primarily the reduction of energy consumption and greenhouse gas emissions. The core principle of these implementations, which involve our efforts to form a greener supply chain, is the procurement of required materials from regions as close to the production location as possible and the use of low greenhouse gas emission generating means of transport in their transportation. In 2003, 60% of the shipments switched from road to rail with the implementation of unit train project. Herein, the intermodal logistics applications spreading nowadays provide significant advantages.

We carry out 8,000 shipments annually from our logistics consolidation center located in Köln, Germany to Gölcük. Until 2013, we dispatched 5,600 of these shipments by railway and we had to dispatch the remaining 2,400 by land. In this case 5,600 units passed only 220 km of the 2,750 km road between Köln- Gölcük by land, whereas 2,400 units went all the way by land. This situation caused traffic density and generated energy consumption and emission.



Thanks to the project we introduced as of 2013, based in the intermodal logistics understanding, the materials to be carried are loaded on trucks and carried to the railway station at a distance of 10 km by land. The trailers are carried until the Port of Trieste in Italy by railway and travel by sea to the port of Haydarpaşa in Istanbul, reaching Gölcük Plant by land. In this way, all our deliveries are carried by land only for 120 km. Thanks to this practice and unit train project we have shortened land deliveries by 6,8 million km on an annual basis and prevented 17 tons of hydrocarbon, 54.7 tons of CO₂, 130 tons of NO_x, and 2.6 tons of particle emissions.

ENVIRONMENTAL FRIENDLY PRODUCTION

In line with our green production principle, we attentively manage all environmental impacts regarding our operations such as water management, responsible material use, waste management, biodiversity as well as energy and climate issues. Through the studies we pursue in accordance with Ford Otosan Environment and Energy Policy we aim to enhance our performance in all the stages of our value chain, and not only in production operations. We improve the competences of our employees as well as those of contractor and supplier employees with training programs we organize in this regard and we conduct social awareness raising activities. Achieving full compliance with environmental legislation and even aiming for a performance beyond the principles indicated in the legislation with our practices is the fundamental principle set by Ford Otosan Environment and Energy Policy. For this reason, we regard legal regulations as a minimum-working standard in all related processes and we work to develop a performance far exceeding this.

The minimization of the environmental impacts generated by production is one of the most significant elements of our business strategy, and we evaluate the subheadings of water consumption, material consumption, waste management and biodiversity within our risk management model. Identified performance improvement points are periodically assessed under the leadership of the senior management, transformed into strategic targets and extended to individual targets within the framework of the scorecard application. In this way, these issues constituting our environmental performance also become a part of our performance based remuneration system.

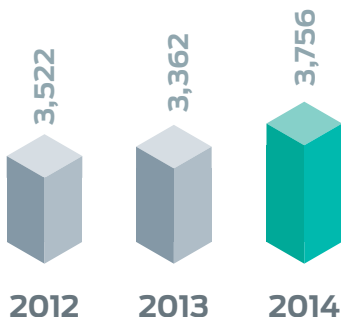
We report the studies we realize under the control and leadership of our units responsible for environmental management and of Environmental Committees organized at plants in the issue of environment friendly production, which we consider an area of continuous improvement, and the performance we achieve to the senior management on a monthly basis. The performance we achieve is also reported periodically to Ford Europe Regional Management and Koc Holding Environmental Management. These studies we realize in compliance with

Ford Environmental Management System Ford EOS and ISO 14001 Environmental Management System Standard are subjected to internal audits twice annually as well as independent auditing processes within the framework of ISO 14001 certification annually. Several environmental performance areas, primarily wastewater discharge and waste management are also subject to the audits of public authorities.

Today the issue of water consumption has become a critical issue with regards to the future for various reasons, particularly the increasing population and climate change. Aside the fact that it is one of the primary resources of industrial production, we consider it an important responsibility to ensure that access to clean water resources that are of primary significance to life is secured. In this regard, we primarily conduct studies to reduce our water consumption values, and to increase the amount of recycling and reusing.

With the studies we have conducted during the reporting period, we have reduced the amount of fresh water consumed per vehicle manufactured that was 3,522 m³/vehicle in 2012, to the level of 3,362 m³/vehicle in 2013. As a result of the impact of the changing of the models in 2014 on our water consumption values, our water consumption in 2014 turned out to be 3,756 m³/vehicle in 2014. In 2013 we recovered 141,153 m³ of water and 343,487 m³ of water in 2014. Hence we met 13% of our total water requirement from recovered water in 2013 while in 2014 that rate amounted to 27%. We aim to reduce the amount of fresh water used per vehicle manufactured by 2% in the forthcoming reporting period.

Fresh Water Consumption Trend
(m³/vehicle)



Reduction of Process Water and Waste Water in the 20 Minutes Water Test

The fact that it is a constantly decreasing resource in our day presents the necessity for all producers to be responsible regarding water consumption. In this scope, we develop processes as efficient as possible and we conduct studies regarding the reduction of fresh water consumption. In 2013, we have started a project in this scope in Yeniköy Plant Quality Assurance processes.

During the 20 minute water test implemented in the quality control process of vehicles, vehicles are sprayed with water through nozzles. The water consumed during the process is recovered and reassembled in the pool, but a significant amount of water overflows in this process becoming wastewater. The lost amount is completed with fresh water. With the practice that we conducted in 2014, we will ensure that the overflowing water is recovered and returned to the pool. In this way, we will both achieve fresh water savings and reduce wastewater amount.

We turn the wastewater generated during production processes back to production by recovering it at a maximum level. We discharge waste water that cannot be recycled to waste water channels to a large extent and some to the natural receiving water after having achieved values much lower than the pollution loads indicated by discharge licenses at waste water treatment facilities equipped with modern technologies. In this regard in 2013 we discharged 380,501 m³ and in 2014 305,339 m³ of wastewater after having reduced their pollution loads below the limit values determined by licenses at our treatment facilities. Meanwhile, we have also made improvement investments to increase wastewater discharge performance and to ensure 100% legal compliance, in the reporting period.



Treatment Facility Continuous Measurement System

In accordance with our environmental policy, we aim for full compliance with environmental regulations in all our activities and we work for ensuring the minimization of the environmental impacts of our activities. In the reporting period, with the new automation installed, we have transformed control studies which were being performed manually before, into a continuous practice. By this means, we can track the COD and pH values of the water exiting waste water facilities instantly and in case it exceeds legal limitations the discharge is automatically stopped and the wastewater is returned to the facility and retreated.

A substantial component of our environment friendly production performance is responsible material consumption. In this regard, we primarily conduct works aimed at reducing the amount of material consumed in production, evaluating recycling possibilities and preventing the use of hazardous chemicals.

Since our foundation until today, we have prevented in our plant paint shops the use of heavy metals, harmful for the environment and human health, through lead-free paint and Cr(+6) free passivation technology. In order to prevent the use of toxic chemicals in production we have re-designed our paint shops for water-based paint to be used in both binder and top coat painting for the first time in Turkey. With this implementation we have reduced chemical consumption as well as the amount of emission with pollution load.

Prior to the application, the exterior surface of metallic coloured vehicles were painted first by an electrostatic robot and then by another robot which applied pneumatic paint. In the pneumatic painting process we had 30% painting yield while we had to eliminate the rest as waste, emission and wastewater. With the implementation of painting by pneumatic robot we have actualized, we ensured that the paint in the ceiling area was applied with 70% of efficiency.

Another responsible material use project we have realized during the year is Firçamatik. With the

project which transforms two different tools ensuring that NVH materials used to achieve sound, vibration and insulation are applied and UBS used to increase the corrosion resistance in the underbody parts of the vehicles in the PVC cabin, into one unique tool with an innovative approach, we have reduced cleaning frequency, material consumption and the resulting wastes.

Through another project aimed at reducing sealer consumption, we have achieved improvements in the application process and removed the process of applying sealer on the points joined by welding at roof area of the vehicle. After trial vehicles re-



ceived the necessary test approvals, we have rendered the new process permanent. In this way we have eliminated both sealer consumption and the emission generated in the process.

1.5 layers of the outer diameter of the steel roll utilized in the stamping workshop blanking line was being scrapped in order avoid quality issues. With the new practice we have actualized during the period, we have reduced the amount of scrap to 1 layer without causing quality issues. In this way we have reduced energy and raw material consump-

tion in the process. With another new practice, we have reduced the transit engine hood inner panel width from 1.965 mm to 1.900 mm without experiencing quality issues, achieving less steel material consumption in the process. Also, by making improvements in the system that performs the quantification of sealer barrels used in the paint shop to prevent the water inlet of vehicles and to ensure insulation in floor areas, we have used the material more efficiently and prevented it from going to waste.

3 WET Process

The traditional paintshop process consists of 3 paint cabins and 3 paint drying ovens situated between these. Within the scope of the project we have started in 2012 and we completed in 2014, we launched the 3 WET Process, which has few examples worldwide and applied in Turkey for the first time. Through this process we have reduced number of paint cabins and ovens to one and totally eliminated binder and abrasives processes. This way, we significantly reduced electricity and natural gas consumption, industrial material and paint consumption, maintenance, cleaning, labour and waste costs. Thanks to the project, we have saved 5% on electricity consumption, 26% on natural gas consumption, 14% on industrial material usage and 17% on paint usage.

Dry-Type Blank Cleaning Unit

Within the scope of the Dry-Type Blank Cleaning Unit project we have started in 2012 and completed in the reporting period, we have designed a new dry blank washing machine drawing upon tree cleaning and existing blank cleaning units. We have redesigned the blank contact area and brush revolution speed of the brush system of the machine that performs oil-free washing, as distinct from existing systems, according to the cleaning system. Besides, we have also designed a jet nozzle for the brush to stay clean and a filtration system to separate from the process the dirty parts separated from the brush by this nozzle. Thanks to our new system that provides many advantages with its innovative aspects, we save 1,393 GJ of energy and 23,575 liters of oil annually.

The Dry-Type blank Cleaning Unit project we have actualized was deemed worthy of the 2012 Ford Environment Leadership Award conducted across the global Ford system.

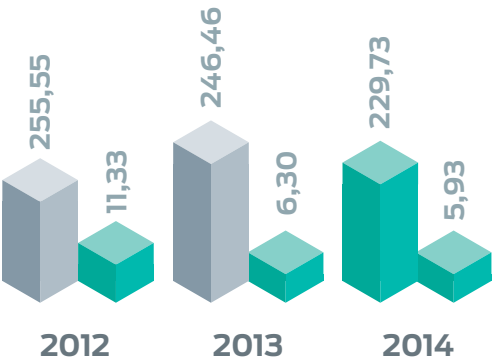
Green Purchasing

Industrial production relies on activities realized in a large supply chain. For this reason, a considerable part of the environmental impacts of product and production processes are generated in the supply chain. Green purchasing practices have an important place in the reduction of these impacts.

In case we need to use chemicals in the purchasing stage of the project we have designed, we define the Material Safety Data Sheets procured from the firms in the QDMS system and present it to the approval of environmental engineer, occupational health and safety engineer and workplace doctor. If the product contains material that is not appropriate in environmental, legal or ethical terms we demand the producer to use an alternative chemical. If we need support from a contractor for the product or the project, we require that the elected firm to fulfil all the articles in Contractor OHS, Environment and Energy General Specifications. Being ISO 14001 certified is an important criterion in contractor selection. All contractor personnel to take part in the project are provided trainings in the issues of environment, energy, occupational health and safety and it is ensured that they comply with our working norms.



Solid Waste Trend (kg/Vehicle)



As required by the principles of our environmental policy and ISO 14001, our basic guiding standard, we reduce solid wastes generated during production activities at its source, label them according to their type and ensure that they are recycled at the highest rate possible. We thereby reduce the amount of waste sent for landfill.

One of the most important studies we conduct regarding primarily the reduction of hazardous wastes is to dry the treatment sludge generated by wastewater facilities in drying units thereby reducing their volume. This way the increasing calorific value of the treatment sludge allows its use in energy recovery.

Packaging Optimization

The environmental impacts generated by packaging materials are basically formed during two processes, carrying materials, by-products or equipment to the plant and material shipments to dealer and manufacturers. We aim for minimizing consumption and for the material we use to have low environmental impact through the employment method and the characteristics of the packaging material preferred. In this context, we reduce packaging waste generation by preferring reusable and recyclable packaging materials.

We constantly review our packaging practices and conduct improvement projects. For instance, during the reporting period, we have observed that the packaging material used in the process of freight shipments to dealers and manufacturers could be reduced and we conducted improvement studies. The wooden pallets used in this process are secondary packaging materials suitable for reuse by virtue of their structure. But in practice, we observed that the wooden pallets were worn out on their return after the delivery and that their reuse was scarce. In 2013, we discontinued the use of wooden pallets in the material shipments we send to dealers and manufacturers and we started using iron baskets. In this way, we have actualized a returnable packaging practice that permits reuse. By means of the project, we have removed the need for 6,182 wooden pallets that we used in 2012 and which need to be renewed every time and we have switched to a practice with a much longer economic life.



Prevention of Acoustic Impacts

Production facilities also have acoustic impacts on the environment. As a result of the evaluations realized in the last years, it was determined that our production facilities were exempt from the noise evaluation indicated by the environmental legislation with regards to the level of noise they generate. Nevertheless we periodically track plant external environment noise levels with the measuring devices in our facilities. We prefer products with lower noise levels when selecting the equipment to be used in facilities. Besides, the modern insulation systems in the buildings and the trees planted around the facility act as noise barriers, significantly reducing the level of noise we let out to the external environment.

The minimization of the environmental impacts of our activities and the implementation of studies contributing to the environmental richness of the locations where we operate are the basic principles we adopt as part of Ford Otosan Environment and Energy Policy. For this reason, we display sensitivity regarding the protection of the biodiversity of the natural environment at our operation points and within their impact areas. Since our main operation location are in industrial zones and our wastewater discharges are not made in natural receiving water, there are no living spaces affected by our activities and put under protection for their biodiversity characteristics.

There is a 22,000 m² wide wetland area inside the facility territory. We have put this area, which is on the migration route of birds, under protection due to its importance for the biodiversity conservation of the region and isolated it from the area where production activities are realized. The fact that it is the only remaining area in the region of Izmit Bay due to the rapid increase in industrial areas has increased the significance of keeping this wetland under protection.

Our production facilities are set up on large territories and the spaces not used for production are being afforested. In cases when we use territory for our new investments, the trees on the territory are transplanted to suitable locations on the field. In this regard we have carried 2,352 trees that remained in the operational territory to other suitable locations on the field with the method of transplantation. We have planted 7,267 trees and 40,089 plants from various appropriate species in these areas, in addition to the trees that were carried. By using natural soil that came out of our construction earthworks in these processes we have also preserved the unique biodiversity characteristics of the territory. We have observed that a living population was formed as a result of the preferences made in tree species.

In consequence of the large scaled earthquake that happened on August 17, 1999 in Gölcük, a 34,780 m² large collapse area emerged in our plant field. We have also rehabilitated this area together with TEMA Foundation and turned it into a park for employees to benefit from. There are 14,920 plants and 3,200 trees in the area.

The 350,000 m² wild plant area situated on the plant field is also protected. Agricultural pesticides and similar materials are not used in these areas due to their proximity to water resources. Growing plants are reaped in order to reduce fire hazards.

With the improvement studies we have performed, a very large flora was formed with 9,619 trees in over 50 species and 50,337 plants in over 35 species that were preserved and planted in our facility.

Environmental Awareness Raising Studies

We form environmental training programs for raising environmental protection awareness for all our stakeholders in our value chain, primarily our employees, and for the adoption of responsible behavior across our corporate operations and the society hereby and we aim to keep awareness regarding environmental protection alive with the activities we organize. In this scope, we have provided 1,797 person x hour environmental management trainings to 1,432 Ford Otosan employees, 3,390 person x hour of training for 3,402 contractor firm employees and 275 person x hour environmental awareness improvement training for 205 participators from various segments of the society. By continuing those studies in 2014 we provided 1.706 person x hour training for 1.346 Ford Otosan employees, 2.690 person x hour training for contractor firm employees and 178 person x hour training for 178 people from different parts of the society.



Ford Otosan İnönü Plant



INCLUSIVE WORKPLACE

Our HR vision, which we form with the legacy we take over from Koç Holding who defines human resources as its most valuable wealth and Ford Motor Company which has implemented almost a century ago many globally accepted practices in the area of employee rights and business life such as limited working hours and weekend holidays, prescribes that we take the necessary steps to make Ford Otosan the most preferred company with high employee engagement. For this purpose, we provide our employees with a human-centered, development-oriented, inclusive workplace that values differences, adheres to business ethics principles and supports high performance. In that respect the studies we undertook won us the First Place in the Automotive Sector category of the 2014 Universum Turkey Ideal 100 Employers Survey held in 2014.

Issues such as occupational health and safety, human rights at the workplace, talent management and working performance are periodically included in the agenda of senior management since they play the most critical role in the realization of our business strategies. Senior management determines the strategic orientations regarding these issues while the decisions that are taken are implemented through the works of the HR Directorate and various specialization units and committees. We track the success achieved in workplace practices, which we manage through internationally accepted system standards, intercorporate management systems, and Ford system standards, by way of performance targets and indicators that we determine for several control notes ranging from short term to long term. In this way workplace practices are disseminated to individual performance expectations including the senior management and they become part of the remuneration system.

Workplace issues, which are also included within the risk management system, are subject to independent and public audits and the studies we perform and the results we acquire are periodically reported to the senior management, to Koç Holding and Ford Motor Company through various systems and to all our stakeholders by way of sustainability reports.

OCCUPATIONAL HEALTH AND SAFETY

Providing employees with a healthy and safe working environment is our highest priority responsibility towards our employees. Ford Otosan Occupational Health and Safety Policy, which frames the fundamental principles we follow in fulfilling this responsibility besides legal necessities, is binding for all our business processes, employees and related business partners. Ford Standards and OHSAS 18001 Occupational Health and Safety System Standard are themes that we follow in our studies. In OHS processes intended for company employees we follow Ford Global Health and Safety Management System FORD SOS. During the reporting period, we have formed the Contractor Safety Management System in order for OHS processes to be managed more efficiently.

The strategic orientations concerning the principles and practices identified in our OHS policy are determined by the senior management. These orientations are transformed into field applications by OHS unit managers and experts in charge at the plants and the acquired results are tracked. But when it comes to human life, every employee is responsible for all of us and every one of us. Within the scope of this responsibility sharing, there are Occupational Safety Committees at all our plants. These committees, where OHS studies are discussed and binding decisions are taken monthly, include employee representatives alongside OHS experts and related managers. Hereby the reports and suggestions of all employees are

evaluated in decisions related to OHS management. As of 2014 out of the 53 members on the 4 OHS Committees active in our facilities, 14 of them act as workplace representatives.

Continuous control and training is the key to constituting a healthy and safe working environment. For this reason, we have many control and information means that we implement periodically. For instance, our process coaches give the occupational safety approvals of their processes, our OHS experts and workshop chiefs perform occupational safety walks together every day. Our workshop managers perform their occupational safety walk weekly. In this way, unsafe situations are directly intervened.

Our plant occupational safety teams settle their findings and actions in weekly coordination meetings, while the current performances, practices and opinions of all country teams are shared at the Ford Europe Occupational Safety Teams Coordination Meeting, which is also held weekly. Thus a global experience pool is formed and many potentially unsafe situations are prevented before they arise. Alongside Occupational Safety Committee Meetings, plant scorecards and main operational plan review meetings, incident management meetings, ergonomics meetings, Picture Audit works, workplace doctor and health personnel workshop and social space health tours are among works we perform on a monthly basis.

Occupational Health and Safety Awards

The systems we have developed and the successful practices we have actualized in the field of occupational health and safety have won the appreciation of many of our stakeholders in the reporting period. We have achieved the global first place within the scope of the prestigious competition organized by Ford Motor Company on an international scale since 1999, President Health & Safety Awards (PHSA) in the category of Excellency in Occupational Safety Culture and Standards, while our contractor occupational safety management system was also deemed worthy of reward.

Our research and rescue team FOKE's activities during Van Earthquake, life saving response of paintshop employees during an accident, Kocaeli Health Center's reanimation of a contractor employee having a heart attack, Inönü Factory Health Center's reanimation of a Ford Otosan employee were rewarded with PHSA Rescue Award in 2013 and 2014. On the other hand, our former General Manager Nuri Otay whom we have lost recently, was appreciated with Roman Krygier Leadership in OHS award. Finally, our employee health development project was awarded as European finalist for Excellence in Health.

Health Services

Our basic philosophy in the health services we offer is to provide services intended to ensure the physical, psychological and social wellbeing of our employees with an integrated approach. For this purpose our fully equipped health centers with competent personnel, established in all our plants, serve our employees 24 hours 6 days a week. Emergency action and ambulance services stand ready 24/7.

Our occupational health services come under five areas;

- Emergency health services,
- Therapeutic medical services,
- Preventive medical services,
- Ergonomics and industrial hygiene works,
- Data record and health statistics.

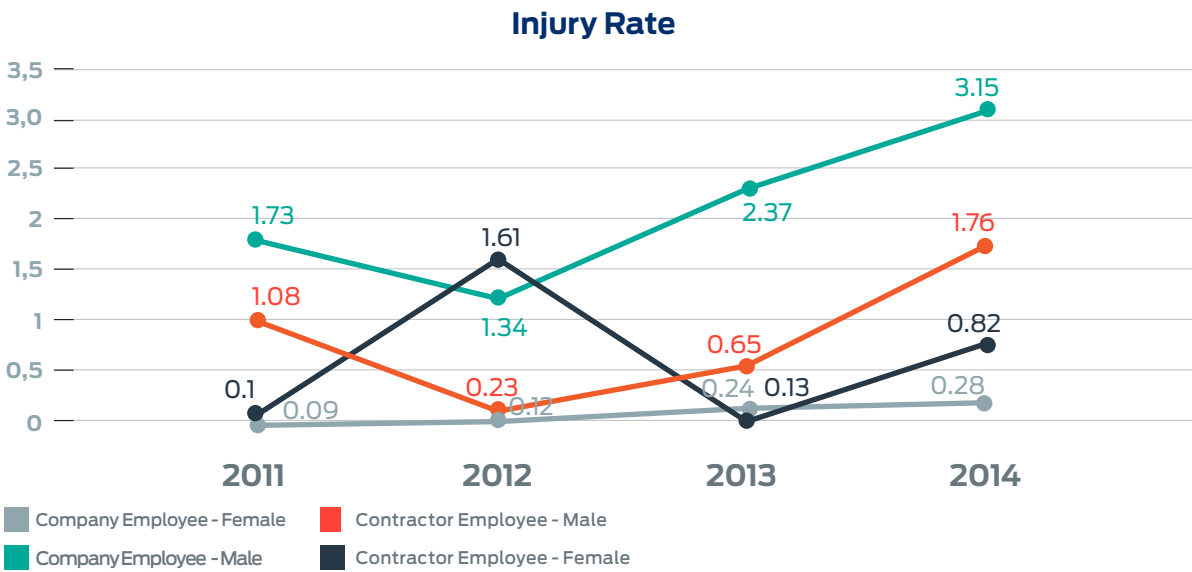
Our health center starts serving our employees with the comprehensive health examination performed during their recruitment. It offers services through activities devoted both to our employees and our environment such as effective, business and individual based periodical examination, evaluation of the job adaptation of employees, those with chronic illnesses, occupational diseases and those who had occupational accidents, case management, offering boutique polyclinic services, reducing obesity through nutrition and diet polyclinics, identification and improvement of stress factors with the psychosocial unit, individual and group psychotherapies, environmental health and auditing, water and food sanitation, services for our disabled, pregnant and women employees, ergonomics and hygiene committee works, follow-up of social responsibility projects such as blood donation and organ donation, disabled workshop, women employees workshop, scientific meetings and seminars such as occupational health and safety panel, health trainings, and providing healthy days bulletin and seminars to inform employees and their relatives.

Our health center provide all kinds of emergency support in case of need not only for our employees but for all our guests and neighboring industrial establishments with the knowledge, accumulation, service understanding, and equipment they have. In this regard, they were awarded prizes in the branch of lifesaving, which is among the most prestigious awards of Ford, many times.

Since our employees are a significant part of business life, OHS issues are included in the collective agreements we sign with unions. In this regard, occupational health and safety elements, occupational safety materials such as personal protective equipment, social safety elements and principles concerning which employee group can work at which kind of

hour and 2,845 contractor firm employees received 5,690 person x hour OHS training.

Our target for the prioritized issue of human health and safety is to have no accidents involving injury. In order to achieve this target, we perform practices such as Leadership in Occupational Safety applications, Safe Behaviour Scale Application, and Occupational



work and under which conditions are included in our collective agreements.

OHS trainings are important tools in keeping the OHS culture alive across all Ford Otosan and contractor employees. Besides all employees serving in production plants, all stakeholders who enter the plant undergo safety training. In this way, everyone on the field learns about our general OHS norms and expected behaviours in case of an emergency. Within this scope we have provided a total of 16,903 person x hour of OHS training to 3,473 of our employees and 2,641 person x hour training to contractor employees. The same studies went on in an increasing fashion in 2014. In that respect our 5.233 employees received 66.009 person x

Safety Theatre aimed at adopting the culture of occupational safety. Besides, in order to take lessons from accidents that occur and to prevent their recurring we also conduct case specific studies such as cutout and burr reduction works in the welding workshop, slippage, fall and trip preventing works in all our workshops. For our precautions to be adopted and implemented by our employees we ensure their issue specific participation through various activities. For instance, we have realized process improvements, training and informing studies against injuries which we determined to repeat during the reporting period, such as small scale cuts and crushes, as well as awareness raising practices such as banner and motto competitions.

As with environmental impact, we perform the control of the social impact of the products and services we offer across the value chain. As a part of this, we conduct control and improvement works aiming for the enhancement of occupational health and safety in supply and postproduction processes besides production processes. In this regard, we also evaluate OHS practices within the frame of the auditing of our suppliers, dealers and authorized services; we decide on improvement plans for cases we identify to be incompatible with the norms we have determined and we follow-up.

Logistics is one of the most critical elements of the automotive industry where vehicles manufactured by processing a wide range of raw materials and semi-products in a vast value chain are distributed worldwide. We support

82,912
man x hour

**Total OHS
Trainings Provided
for Employees
in 2013-2014**

high level safety requirements in our huge millions of kilometer long logistics operation which we carry out every year incessantly, both for the safety of our stakeholders and for the continuity of our operations. For this purpose, primarily we work with service providers who meet the criteria we have determined regarding vehicle and driver qualities, and we make compliance with these criteria a part of service agreements. We check compliance with the criteria during the service process and we track performance. In that respect the frequency of accidents that happened per every hundred thousand kilometres covered in 2013 declined by 23.4% to 0.28 while that rate went down further by 70% in 2014 and the accidents happened per hundred thousand kilometers turned out to be 0.08.



Emergency Preparedness and FOKE

Preparation works for fire, flood, earthquake and other emergency situations constitute an important part of our Occupational Health and Safety works. In this regard, besides preventive applications systems, equipment, and trained personnel are present in all our plants that will enable timely and effective intervention in emergency cases that might arise. We perform drills in various periods together with the Emergency and Health Centers located in our plants as a complement of these applications, thereby keeping our employees prepared for any emergency.

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. In this scope, all technical precautions regarding the securing of persons and our assets present in the plants in case of an earthquake are taken, they are constantly revised and necessary adjustments are made.

Ford Otosan Search & Rescue Team (FOKE), which was founded after the great earthquake we lived through in 1999 with the voluntary participation of Ford Otosan employees, provides support to search and rescue activities in cases of disaster. FOKE, consisting of 76 voluntary employees fully equipped with the knowledge, experience and equipment to perform light and heavy search & rescue operations, preserve their readiness to emergencies with continuous training and drills carried out twice a year.

HUMAN RIGHTS AT THE WORKPLACE

The strategic orientations of the components of human rights at the workplace, for which Ford Otosan Code of Conduct, HR Policy, and the UNGC of which Koç Holding is a signatory constitute the main framework, is determined by the company senior management. Our human rights practices, which are also evaluated within the scope of our business strategy, are carried out by experts in our HR management organization. We improve our practices through targets that we determine in short, mid and long term regarding human rights issues, which we perceive to be a field of constant improvement, we secure them through the internal control process. We periodically report the results we obtain to the senior management. In this way we provide our employees with a workplace where their rights are secured and they are offered equal and fair opportunities.

We provide our employees fair and equalitarian opportunities during their entire career at Ford Otosan, starting with the recruitment process. We believe that multiculturalism strengthens us; we regard our employees' differences as a value. For this reason age, gender, faith, ethnic origin, or any other personal quality of our employees that

might be perceived to be an element of discrimination are not decisive elements in our HR processes. We provide every employee who does the same work with equal wage and rights. Our employees have the opportunity to make an application through business ethics management tools, in case they feel they are exposed to any discriminatory practice. We closely deal with every application handed in and we do not tolerate discriminatory practices in our operations.

Besides, according to our principle of being an inclusive workplace, we develop supporting practices for female and disabled employees who can find less employment opportunities in our industry. In this regard, we have played a leading role in Turkish industry with our quality of being a women-friendly and disability-friendly workplace, which we have significantly improved, in the last years. As of 2014 we increased the number of female employees in our workforce by 16% when compared with 2012 to 1.261 female employees, 1,006 of those female employees are directly employed while 255 of them are contractor firm employees. Therefore we have become the company with the highest number of female employees in our industry.



Disabled Employees

The general process structure and working conditions at industrial plants complicate the employment of disabled employees. This creates a negative impact on the employability of disabled people who constitute a significant part of the society. In fact, it is possible to alter this situation by making changes within process design. We improve the employability of our disabled employees through innovations we realize in this direction. We continued these works in the reporting period and we renewed the structure of several of our processes in order to render them fit for disabled employment. Today we have a total of 286 disabled employees, of which 16 women and 270 men. Of these employees, 277 perform tasks in the blue-collar category and 9 in the white-collar category.



Leaders Without Barriers Project

In the reporting period, we have actualized the Leaders Without Barriers Project at the Body Production Field Directorate where many of our hearing impaired employees work. As part of the project, we have formed safe working stations for our hearing impaired employees working in the workshop. We have prepared training videos in sign language and we have designed a special orientation program that also includes Koç determining process in order to facilitate the adaptation of employees joining the plant recently.

We see that creativity, self-confidence and determination to success manifest as we eliminate barriers. Every success story that we experience encourages us to move even further. For instance in the reporting period we have all shared the pride of appointing a hearing impaired employee, who meets the necessary performance conditions, as working group leader for the first time.

No Barriers Project was deemed worthy of an award in the category of "Creating a Respectful and Inclusive Working Space" among nearly 90 projects in 5 different categories, in 2013, at the Chairman's Leadership Awards for Diversity organized by Ford Europe annually. The project also received "Creating a Respectful and Inclusive Environment" award as part of 2013 Global Diversity and Inclusion Awards.

Social Gender Equality

We believe that the opportunities of future generations will increase, economic growth and so- cial balance will be achieved by preventing gender discrimination in business life and we support female employment. We implement reverse discrimination in favour of women in recruitment and career planning policies; we actualize practices aimed at preventing gender discrimination and all kinds of inappropriate behaviour in our operations. In our company there are mecha- nisms that our employees may refer to about problems of social gender inequality and we do not tolerate behaviour and actions that violate company policies regarding gender discrimina- tion and prevention of harassment under any conditions.

We prioritize female employees in educational planning practices such as individual develop- ment, management, leadership and we empower our female employees for them to step up to upper management levels, through a potential female executive candidate pool.

The top reason for women to leave working life is having children. Practices that will support employees in maintaining work and family life balance need to be actualized in order to pre- vent this loss of talent. For this purpose we offer our female employees up to 1 year of unpaid leave after birth and nursing room service at the company, besides 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.

Social Gender Equality Award from the Ministry of Labour

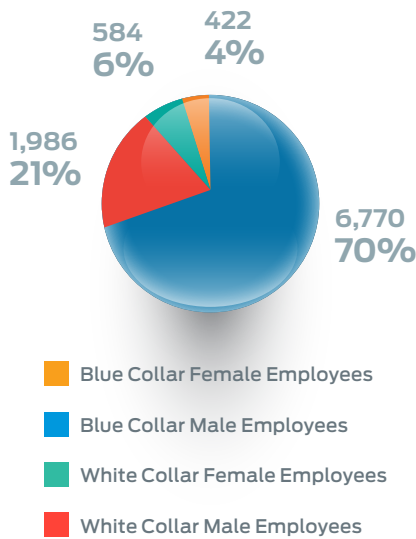
In 2013 and 2014 we were honored with the “Social Gender Equality in Working Life” first prize given by the Directorate General of Labour, Ministry of Labour and Social Security. Our ap- proach to gender discrimination in business and social life, our efforts to increase female employment and our positive discrimination policies were influential in our reception of this award as a result of the evaluations of the commission composed of employees, employers, academy and public institution representatives.

We show the same sensitivity that we dis- play with regards to supporting human rights and preventing discrimination in our operations about the issues of child labour

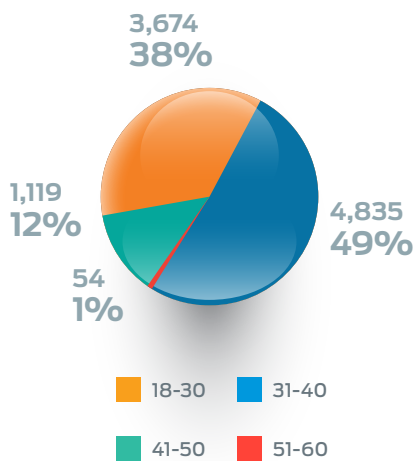
and compulsory labour prevention. These issues are also included in our corporate policies and subject to internal control pro- cesses.

2014 EMPLOYEE DEMOGRAPHICS

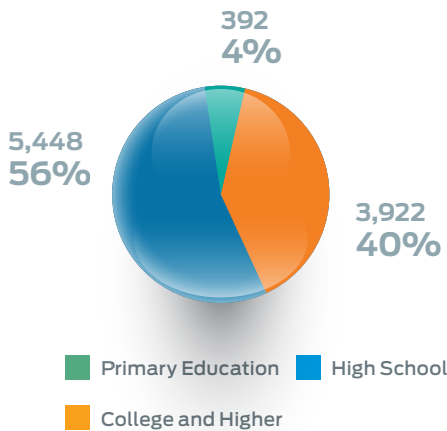
Employee Breakdown by Category



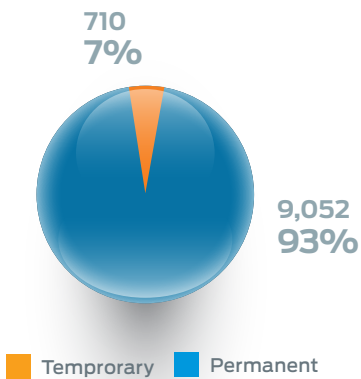
Employee Breakdown by Age Group



Employee Breakdown by Education Level



Employee Breakdown by Contract Type



Another condition for establishing an inclusive working environment is the adequate representation of our employees as a party in their relations with company management. The unions who assume this role are an indispensable part of industrial relations. Accordingly we assure that our employees can use their union rights freely, without any obstacles. We provide the unions of which our employees are members with the appropriate environment for them to perform their activities effectively and we establish healthy and close relationships. In that respect as of 2014 all of our 7.192 blue-collar employees are operating within the framework of the collective agreement we have signed with labour unions and our companywide unionization rate is over 74%. The dialogue atmosphere that we have formed with unions who are the interpreters of the expectations and opinions of our employees ensures that Ford Otosan employees labour under better conditions and create more value, which is a common goal for the both parties. Thanks to this understanding, we did not suffer any workforce or production loss due to industrial relations in the reporting period.

In order to enhance the living standards of our employees along with their families we provide them with many social benefits beyond the social security and rights determined by law. The most basic among these rights is the private health insurance offered to Koç Group employees and their families, KoçAilem intra group benefit program. Besides, our employees also benefit from a retirement fund provided by Koç Holding Retirement and Support

Fund Foundation to achieve more extensive financial security in their retirement. Our employees make payments amounting to around 6% of their income to the retirement fund. Ford Otosan also makes the same amount of payment to the fund. In this way the accumulations of employees is increased. In that regard Ford Otosan contributed 15.2 million TL to the fund in 2013 and 16.9 million TL in 2014. Besides these basic practices, we provide all our employees with financial support opportunities 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. All our employees including temporary and part time employees benefit equally from all these rights. We also offer opportunities such as extensive health check-ups, life insurance, company vehicle and fuel to our employees in executive positions.

Ford Otosan's view on human rights is not limited to corporate activities. We expect our suppliers and business partners to adopt a similar approach and to comply with these principles in their own operations. In order to consolidate the expectation in these issues, we expect our suppliers and business partners to adapt to our working principles and we ensure this by including these issues in service and investment agreements. 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.

Social Activity and Sport Clubs

Another platform we have established to bring our employees together in their social lives and support their activities in their areas of interest is social activity and sport clubs. These clubs, established by the voluntary initiative of our employees, provide an environment where individual talents and team spirit are improved.

Among the clubs the activities of which turned out to be hectic during the reporting period were Ford Otosan Photography Club FOTOSAN, Ford Otosan Underwater Ensemble FOSAT, Ford Otosan Bicycle Group FOBIG, Ford Otosan Cinema Club, Ford Otosan Sailing Club FOYE, Ford Otosan Turkish Classical Music Choir and Ford Otosan 6 Sigma Music Group.

Established to create a leading brand that will be exemplary through its corporate structure and diversity of activities, Ford Otosan Sports Club seeks to make sports a main part of the culture of our employees and enable our teams to be successful in the sportive activities within the scope of fair-play and amateurs spirit. Based on solid ground thanks to a strategic plan and corporate structure built in 2014, Ford Otosan Sports Club has 386 sportspeople active in 11 branches including football, bowling, basketball, volleyball, swimming, athletics, tennis, sailing, table tennis dragon and chess.



TALENT MANAGEMENT

Every employee is a talent. Talents only emerge when they find the right environment and they are accurately oriented. We aim for candidates having the competences we are looking for to be appropriately employed and to constantly develop their talents in order to achieve determined career targets through our talent management approach, which we form in line with our human resources perspective.

Our human resource plays a key role in achieving our strategic targets. For this reason, our talent management works are accomplished through the realization of strategic orientations developed at the board of directors and senior management levels, through proprietary systems and standards by specialized teams. The efficiency of our talent management program and the achieved performance is tracked through short, mid and long-term targets, since it is perceived to be an area of constant improvement. This process is managed by several specialized units of HR Directorate and the obtained results are tracked by high level governance organs such as HR Committee and HR Planning Committee, consequently operation according to strategic plans and intervention in necessary situations



are ensured. The success of the talent management program is included among corporate targets alongside individual performance targets of all other relevant administrative levels, also being integrated in the performance dependent remuneration system. The applications that are actualized are also controlled by intercorporate audits and as part of Koç Group Audit Process.

Ford Otosan Talent Management Model consists of 5 phases proceeding cyclically. Our aim in the first phase of the model is to draw talents that we need to the company. We choose the candidates whom we reach in consequence of this process, which is realized through indirect and direct HR communication works, through the Evaluation Center application in the selection and placement process, which is the second link of the chain, and we bring them into the Ford Otosan family. During the training phase that continues from the first day they start working until the sixth month, we introduce our new teammates to our corporate principles, working environment and business processes and we equip them with the knowledge they will need to perform their tasks.

We make use of orientation, professional and individual development training, performance and career management practices in order to determine the most right places where our employees can realize their potential, to equip them with the knowledge and qualities they need, and to encourage their development during the process of talent development. Our career management practices that start in the phase of talent development also constitute the basis for the process of keeping the talents in the company. The experiences that we acquire, needs and expectations that we identify thanks to this cycle are used in shaping our business strategies for future periods and the talent portfolio required by them, thereby feeding the process of attracting talents. By means of this system, we constantly keep our talents who will carry us into future periods alive and we support our team with young talents.

Vocational and Personal Development Trainings

Our training policy consists of providing high standard training opportunities that will meet the developmental requirements of our employees in compliance with the principle of equality, thereby increasing individual success and motivation as well as contributing to organizational development and success.

In this regard we have offered our employees individualized training programs during the reporting period too and we have increased the number and variety of our training and development opportunities matching our competences. In that respect we provided a total of 371,568 person x hour training for 9,444 people in 2013 and 468,918 person x hour training for 9,586 people in 2014 as far as employee trainings are concerned.

We do not only target our direct employees in our training works, but also contractor employees taking part in our operations. In that regard, we realized a total of 2,843 person x hour contractor firm employee trainings with the participation of 1,552 people, in 2013. In 2014 we continued our studies too and provided 12,560 person x hour training for 1,570 contractor firm employees.

Increasing professional training means more individuals with a profession. By this means we will have taken an important step towards solving the problem of unemployment. Thanks to professional trainings, the employability of employees is also enhanced. In this scope we have supported the Specialized Vocational Centers Project in 2013, providing employment for 310 people who have become professional specialists by means of the training they received as part of the project.

The main objective of our performance management system is to guide our employees to the right goals thereby revealing their true potentials. In this way we ensure that our corporate strategies are realized at the most perfect level and the contributions of our employees to this success are fairly and objectively appreciated. In this regard, feedback is provided about past term performance and individual targets for the new period are determined in an integrated way at the target determination interview our employees have with their managers at the start of every year. The performance realizations of all employees who have administrative duties are followed up in periods of six months; they are provided with feedback and amendatory precautions are taken in necessary situations. Alongside targets, competenc-

es also have an important place in the system. By this means, input is provided for employee development works and career management practices. We manage the preparation and competence development practices for the positions our employees may occupy in their future working lives through the career management system. In this scope, we present our employees with two interwoven and integrated development paths, that of leadership and specialization. Employees following the leadership path in their career may later switch to the path of specialization, and vice versa. We rely on Individual Development Plans to assure progress on these paths.

We determine our organizational and individual development works through the Individual Development Planning study we real-

ize annually. We take into consideration the knowledge, skills and behaviors employees will need in their current and future tasks, their strengths and areas open for improvement when forming plans. We constitute an individual roadmap with all the developmental priorities we determine and we plan individualized employee development practices. In that respect 89% of our white-collar employees and in 2014 95% of our white-collar employees received feedback as to their performances.

The improvement of employee satisfaction and engagement has an important place in the talent retaining phase of our talent management works. In this regard, we conduct employee engagement surveys annually by means of an independent institution. The feedbacks provided by our employees within the scope of the survey also constitute the source of our improvement activities. The communication practices that we develop for our employees to have a say in company management are other tools we make use of in this regard.

Employee Communication

According to our participatory management approach, our employees are directly informed about developments concerning the company; they can share their expectations and opinions with the senior management and follow individual and corporate successes. In this direction, we make use of internal communication channels such as open door meetings, leadership meetings, intranet portal, news bulletins, internal communication activities and Between Us Magazine, which we organize under the roof of the Human Resources Directorate.

We ensure that our employees share their views and opinions directly and in an open communication medium at the Open Door meetings where all employees, at every location of activity, come together with senior executives at half year and yearend. In order to ensure the more effective participation of our hearing impaired employees in the meetings, the talks are translated by our sign language tutors. Employees, who have realized successful works that make a difference yearlong, are awarded at the award ceremony organized during the Year-End Open Door Meeting. Employees with certain years of

seniority are also presented a service award at the yearend Open Door activity.

The awarding ceremony held in recent years for the employees that have reached a certain number of years at the company within the scope of the Open Door meetings has been developed further with a different concept during the reporting period and we introduced the Golden Trace Service Awards. Held for the first time in 2014, 1,000 Ford Otosan employees received certificates for their services.

The senior management gets together with the midlevel management team and shares the financial, operational state of the company, economic and political developments, strategic plans and targets related to HR practices at Leadership Meetings we organize at the end of every quarter. Information dissemination is ensured through the internal communication meetings that managers realize with their own teams. Another practice we implement for our employees to be aware of the agenda of the company's senior management is the periodically published News Bulletin. This bulletin that includes a message from the General Manager provides information about on-go-

Let Everyone Talk about You with Courier

We shared the pride of introducing the new Courier model during the reporting period. We asked our employees, who are the true builders of our success through their labour and creativity, to use the technical drawings of the Courier model and re-paint it with themes of nature, adventure, arts and love. As a result of the project we received 4,887 designs. For every drawing they did, our employees had a ticket to a lottery and at the Goodbye Summer Party held the lottery was drawn. 4 of our employees received Courier as a gift in the end.



ing and completed projects as well as current business processes.

Our current and retired employees, dealers and business partners have a chance to get acquainted with updated company information, employee news, social responsibility projects and marketing activities through Between Us magazine which we publish monthly.

We organize many social and cultural gatherings and congratulatory dinners on special oc-

casions in order to ensure that employees get together in social environments, for strengthening communication amongst employees.

We assure that our employees can follow financial developments, our investments, organizational changes, new assignments and social activities through our corporate intranet portal. Our employees get a chance to express their views and suggestions in various issues at the forum section of the portal.

SOCIAL RESPONSIBILITY

We contribute to Turkey's economic development and competitiveness at international level through the added value we create, R&D activities we perform and employment opportunities we offer in line with our leading role in the Turkish automotive industry. In accordance with our corporate citizenship approach we undertake many studies in various areas such as education, health, arts & culture and sports for achievement of sustainable development goals. Accordingly, we spared 12.2 million TL in 2013 and 8.5 million TL for the community development-oriented projects, donations and sponsorships practices with the voluntary participation of hundreds of employees.



EDUCATION

We believe that it is important to train individuals so that they can be successful professionals with a high level of scientific and technical capability plays an important role in the enhancement of the level of welfare of future generations. For this reason we conduct our activities in the field of education through vocational schools, widespread education activities to give future generations a scientific viewpoint and supports that are shaped according to the local needs of our stakeholders.

Support for Vocational Education

In 2013, we have established KOÜ VKV Ford Otosan Gölcük - İhsaniye Automotive Vocational High School in cooperation with Municipality of Gölcük, Vehbi Koç Foundation and Kocaeli University in order to meet the demand of the automotive industry for equipped workforce in design, production, marketing and sales. The school, which has laboratories, prototype workshop, library, administrative and social spaces, will serve in 13 classrooms with a capacity of 400 students. "Ford Otosan Application Workshop", which was prepared specifically for the school, was designed to simulate the automotive production plant. Students with the ability to produce prototype vehicles will have the opportunity to receive applied training at the workshop.

The school is also a disability friendly facility, which is significant since it allows for the vocational education of disabled students. Besides, as part of the Vocational School A Crucial Matter for the Nation Micro Project, we have also provided training during the reporting period for 10th and 11th grade students at Cargo Technical Training Center, which we had established within the body of İnönü Vocational and Technical High School.

Robot Training Workshop and Language Laboratory

We have continued our support for Hand in Hand to the Light Project of Uludağ Automotive Industry Exporters' Association in 2013. We have put into service the Robot Training Workshop and Language Laboratory in order to contribute to the development of students receiving education at OIB Technical and Industrial Vocational High School. In this way, students will have the opportunity to receive a complete foreign language education and learn about robot technology and programming at the laboratories.

Rear Window That Sheds Light on Education

Students need to be trained with knowledge and awareness, in fields that are fit for the latest trends in

the automotive industry at vocational high schools, which aim to train qualified personnel for the automotive industry. This need involves the technological infrastructure necessities for increasing specialization in technical issues as well as practices that will enhance the level of awareness of students about the issues of environment-friendly production and renewable energy which the industry is tending towards especially in the last years. The Rear Window Project, which was realized in cooperation with Automotive Industry Exporters' Association, also serves this purpose.

The foundation of the Rear Window Project was laid upon the request to produce the glass panels behind the driver's seat of Connect models that we export to the American continent. We wanted to recover the fiberglass panels which we produced as trial parts and make use of them for a purpose. We applied pictures in different themes, ranging from Atatürk portraits to classic automobile and old town photographs, on these panels with the support of the Ministry of National Education, Office of the Commander in Chief, Sadberk Hanım Museum, Rahmi M. Koç Museum and Erbak Uludağ A.Ş. 68 companies have donated a total of 131,400 TL for the 275 panels we have acquired. We have used this resource for the green building transformation and certification of Automotive Industry Exporters' Association Technical and Industrial Vocational High School.

As part of the green building transformation, many improvements were made on school campus such as solar energy panels, energy and water saving armatures, and waste collection spaces for recycling. In this way, we have achieved 421 GJ of annual savings in the energy consumption of the school, as well as 4,000 m³ of water savings. In consequence of the high performance that was achieved during the inspections, the school building received BREEAM In Use certificate, thereby also becoming the first public building and educational institution campus to have green building certification in Turkey.

The Rear Window Project won the second prize in the Environmental and Sustainability Management category of the 14th ISO Environment and Energy Awards held during the reporting period.

Support for Education through Training

We conduct training programs in several areas as part of the Support for Education through Training Project

which we have actualized based on the need to train employees who have recently entered our manufacturer network or started working in available sub-industry companies. Besides, we ensure that vocational education infrastructure is improved and that youth receiving vocational education are supported through the voluntary contributions of our suppliers, within the scope of Hand in Hand to the Light and Ford Otosan and Suppliers Educational Grant programs which we have developed as part of the project. By donating 150 thousand TL of revenue obtained from the trainings that were offered in the reporting period as part of the Hand in Hand to the Light Program to the Automotive Industry Exporters' Association, we have established an automatic production Training workshop for robot manufacturing and a foreign language education laboratory for the benefit of 720 students. 80 thousand TL of income that was generated as part of the project was donated to Turkish Education Foundation to constitute a 4-year education grant fund for 5 university students.

İTÜ Science Center Visits

We continue ITU Science Center visits which we organize with the voluntary initiative of our employees in order to bring a scientific viewpoint to children and to increase their knowledge about their relations with science, nature and the society. 124 primary school students from 7 centers of TEGV participated in the study organized by our employees in cooperation with TEGV. The students received information about physical principles and natural phenomena from museum staff and they had the opportunity to practice experiments personally. During the visits, students acquired scientific process competences and learned by revealing their creativity.

Education Sponsorships and Supports

We have provided material support for Koç University Racing Team (KURT) and Yıldız Technical University AE2 project teams who attended the first case solving competition to be organized at the student level in Turkey, Turkish Union of Industrial Engineering Associations Case Solving Competition (EMT-VAY) in 2013. Besides project teams, we have donated various educational tools and materials to educational institutions and universities in the vicinity of plants. Besides we have donated 70 computers to several primary schools, high schools, and vocational schools during the reporting period.

NO BARRIERS FOR MY COUNTRY

Our goal with the project that is conducted all across Koç Group is to support the improvement of the business and social life quality of disabled individuals, who make up 12.29% of Turkey's population, and to contribute to the constitution of social awareness and sensibility in this issue. We have focused on three main areas within the scope of the project, as Ford Otosan. With "Right Attitude Towards the Disabled" seminars we inspire practices that reinforce this awareness accurately among our employees and in corporate and dealer networks. We go one step beyond fulfilling the minimum physical standards and create a multiplying effect with the condition "Disability Friendly Workplace" which we add to the procedures for new dealers. Besides, we aim for schools to become "Disability Friendly Schools" to support the participation of disabled individuals in the educational life, and we design studies in this direction.

Our "Right Attitude Towards the Disabled" trainings provided within the scope of the project targeted first our company employees, contractor firm employees and shuttle bus drivers. After that we began to provide the training for primary school children with the goal of creating awareness among a larger population. As a result of 224 training studies we have held so far, over 12,000 participants have received "Right Attitude Towards the Disabled" training.

One of the most important problems for removing the barriers before the disabled people is about communication. Increasing the sign language capability will especially be a great leverage in eliminating the communication problem between the hearing-impaired people and their families. In that respect we provided 1st level sign language training for our 68 employees that are in communication with the hearing-impaired people while uploading Turkish sign language dictionary to all the computers of our employees. Moreover we provided videos on their screens at various hours of the day so that they can learn certain fundamental words.

With the same need on our minds, we collaborated with Koçtaş, Opet, Arçelik and Setur companies within the scope of the No Barriers for My Country

project in 2014 and launched a project to increase the sign language learning options for the hearing-impaired people and their families. Initiated in cooperation with the Association for the Hearing-Impaired and their Families besides Boğaziçi University, we provide sign language trainer training program option for the hearing-impaired young people whose native language is sign language. Once the program has been completed, those young people will be sign language trainers and will also be able to meet the sign language training needs of our company employees.

9 Disability Friendly Schools in 9 Provinces

As part of the project we have started with the motto "Try a Ford Renew a School for the Disabled", under the umbrella of "No Barriers for My Country" we have rendered primary schools in Konya, Şanlıurfa, Gaziantep, Sivas, Ordu, Çanakkale, Edirne and Muğla disability friendly. In Kocaeli, we have ensured that the playground of a private education practice center was rearranged for the use of disabled children. Within the scope of the project undertaken in an integrated fashion with the Fordshow marketing activity, we have not only informed the participants going out for a test drive and hence also provided 2,600 students in 9 provinces with the participation of employees volunteering for "For My Country" and Alternative Living Association (AYDER) trainers. With the number of people informed during the testing drive included, the total number of people we have reached rose over 5,000.



We have supported the "Blue Lid" campaign held throughout Turkey with the voluntary support from our employees. This way we have both created awareness about recycling and also donated wheel chairs that fit for the physical conditions for 12 people with the fund generated through the collection of the plastic bottle lids.



In an effort make the lives of disabled young people more colourful we undertook many studies during the reporting period. For instance we donated 12 bicycles assembled by the dealer employees participating in the Sales and Service Teams Meeting to the Private Gülen Gökyüzü Rehabilitation Center hearing-impaired students. Moreover, we broke a new ground worldwide by getting 11 hearing-impaired students from the same center to take part in the ceremony held for the opening of the football pitch before the UEFA Cup Galatasaray – Chelsea football game. Thus we provided our message of awareness creation to an international audience. We also participated in the Ford Otosan



Rally Team Races and the CourierBall activity with hearing-impaired individuals.

In cooperation with the Alternative Life Association (AYDER) we visited Autoshow Fair together with the disabled young people that are also into automobiles. Our employees gave voluntary trainings for the new software to be used by the side industries and the 30.000 TL revenue enjoyed from those trainings was donated so that the AYDER could start a Ford Otosan Library in Alternative Camp, Kaş. Our 16 employees worked voluntarily for 4 days at Alternative Camp.



Students from Peteğim Special Education School, which is affiliated with İzmit Association for the Mentally Challenged and Skills Development Association, planted the saplings they grew on the factory site with the participation of the Ford Otosan employees.

A majority of the studies undertaken within the scope of the No Barriers for My Country Project is composed of our disability-friendly workplace practices. In that respect we make infrastructure and superstructure investments to equip all our operational areas and dealer points with disability-friendly features. We prepare the conditions for our disabled employees to function with their other colleagues as a whole in their working and social life space. Our pioneering approach in that respect led us to break yet new ground by equipping our Yeniköy Plant, which we began production in 2014, with disability-friendly features from the scratch.

For My Country 2013 and 2014 First Prizes Go to Ford Otosan

Our employees volunteering for “For My Country” reached over 12,000 people through the trainings they realized with over 224 groups. Specific to this project, we were a source of inspiration for the communication works of our stakeholders across our entire operation network about this issue and we have supported their implementation. We were deemed worthy of the first prize at For My Country Project company practice for the year 2013 for all the works and projects organized by our dealers that create genuine awareness, such as “Try a Ford Renew a School for the Disabled”.

As a result of our studies that we continued in 2014 without ever slowing down with the participation of our dealers, we also received For My Country Project company practice for the year 2014 while we were happy to see that For My Country Malatya Envoy Ford Otosan Authorized Dealer Salim Ilıcak received the first prize in the provinces category for reaching 2,500 people with the Right Attitude Towards the Disabled People Training.



Support for Blood and Organ Donation

309 units of blood were donated to the Turkish Red Crescent in 2013, as a result of the blood and organ donation awareness campaigns we have conducted. Subsequent to the informing meetings that were performed within the scope of the organ donation campaign carried out jointly with Göl-cük State Hospital, 80 of our employees have donated their organs.

Yeniköy Plant: The Plant Eliminating Barriers

Our 4th production point in Turkey, Ford Otosan Yeniköy Plant, began production in May 2014, and stands out for an environmentally and disability friendly design besides the production technologies it boasts.

Breaking a new ground in Turkey thanks to its design enabling people with Down Syndrome and on wheel chair to be employed, all the space at Yeniköy Plant features ergonomically designed areas inside and outside. Thanks to its disability-friendly properties planned during the designing phase, Yeniköy Plant has made employees and visitors with disabilities to move around the entire plant without assistance. Boasting a special infrastructure system

for the sight-disabled, Yeniköy Plant's entire living space is disability friendly.

In order to make it easier for the disabled people to move around inside the plant, a modified shuttle vehicle operates while special elevators for the disabled are provided for them to change floors.

Boasting car park spaces complying fully with the global standards, Ford Otosan Yeniköy Plant features modified vehicles to facilitate mobility for the people with disabilities. What is more, the plant has signs written Braille alphabet besides assembly, final and trim lines suitable for the use of the individuals with Down Syndrome and physical disabilities apart from the provision of special protective gear for the people with orthopaedic disabilities.

As a result of its inclusive understanding embracing differences, Ford Otosan Yeniköy Plant has won the first prize in the “Appreciation of Workforce Diversity” category of the Chairman's Leadership Awards for Diversity (CLAD) organized annually by Ford.

Students aged between 16 and 20 from Peteğim Special Education School, which is affiliated with İzmit Association for the Mentally Challenged and Skills Development Association, planted the 3,000 flowers they had previously grown on the green areas with the participation of the Ford Otosan employees and hence contributed to making the garden of the Yeniköy Plant colourful.



ARTS & CULTURE



We attach great importance to the artistic and cultural development of people in habiting the regions where we operate. Through artistic organizations we have organized, we contribute to the meeting, protection and transmission of cultures.

VKV Ford Otosan Gölcük Culture and Social Life Center

We have actualized Vehbi Koç Foundation (VKV) Ford Otosan Gölcük Culture and Social Life Center's in 2011, in order to contribute to the social lives of Ford Otosan employees and the local community. The culture center, which has natural beauty and architectural finesse, includes an auditorium, fitness center, observation center, art workshops, restaurant and halls where social activities can be held. Providing 17 different events such as exhibitions, theatre plays, concerts, shows, education, health and environmental seminars for an average of 9.000 visitors on a monthly basis, VKV Ford Otosan Gölcük Culture and Social Life Center's one of the most popular event during the reporting period turned out to be underwater photographer Tahsin Ceylan's "You are (not) disabled" photography exhibition.

No Barriers Theatre Club

No Barriers Theatre Club is a project that was actualized for hearing-impaired and disadvantaged employees to meet with art. With the project we aim to ensure the participation of dis-

advantaged employees in social life and to create awareness in the society. The theatre group, consisting of 26 employees, has displayed 6 plays in 4 cities, reaching 1,575 viewers in 2013. Our theatre club was deemed worthy of the first



prize in the category of Adding Value to Life at Koç Holding Most Successful Koç competition, in 2013. Carrying on its activities in 2014, No Barriers Theatre Club reached more than 1,000 people with two plays that they staged.

No Barriers Music

In collaboration with Alternative Life Center (AYDER) and British Council, we brought together music groups such as Social Inclusion Band, Fish Police and Heart'n Soul, which are all composed of individuals with learning disabilities or other various disabilities, and helped them share their musical experiences in a multi-cultural environment while performing together through a joint repertoire.

SPORTS

With the faith we have in the contribution of sports in individual and social development, we provide significant gains for sports. Besides activities of our social and sports clubs, we conduct activities uniting sports with our awareness raising practices.

Every year, we support various local sports organizations in order to develop sportive activities in our regions of operation.



Kocaeli Sailing Races

Those That Know No Barriers Race

Lending their support for the No Barriers for My Country campaign, Ford Otosan employees carry the message of a disability-free society not only through their project studies but also in many other areas as well. A team of 16 members composed of Ford Otosan Athletics Team and Ford Otosan Pensioners ran in the Eurasia Marathon wearing the uniform for

the No Barriers for My Country while they also participated in the Indoor Cup Athletics Races held among corporations. During the reporting period we also raced in the Dragon Festival with the uniform No Barriers. Our No Barriers for My Country costume also won the first prize in the Best Social Message Category.

Crampons With No Barriers on the Field

By ensuring the participation of teams comprising employees with disabilities we sought to draw attention to the social integration of individuals with disabilities in the society as well as creating awareness regarding the issue.

PERFORMANCE DATA

Economical and Operational Indicators	2011	2012	2013	2014
Production (number)	295,850	272,099	281,287	244,682
Total Retail Sales (number)	140,680	111,011	113,971	91,038
Total Exports (number)	213,649	204,489	226,671	191,956
Capacity Utilization Rate (%)	90	83	86	59
Net Sales (million TL)	10,445	9,768	11,405	11,925
Domestic	4,591	3,832	4,106	4,238
Export	5,854	5,936	7,299	7,687
Profit Before Tax (million TL)	800	654	452	390
Net Profit (million TL)	662	685	641	595
EBITDA (million TL)	875	772	856	846
Economic Value Generated - Net Sales (million TL)	10,445	9,768	11,405	11,925
Economic Value Distributed (million TL)	10,497	10,019	11,328	11,871
Operating Costs	9,244	8,681	10,277	10,794
Employee Wages and Benefits	501.08	476.03	531.47	610.21
Dividend Payment to Shareholders	519.00	579.00	300.03	175.46
Government Taxes and Other Obligations	214.72	269.71	242.81	283.08
Community Investments	18.32	13.21	12.24	8.55
Economic Value Retained (million TL)	-51.63	-250.96	77.13	53.70
Total R&D Expenditure (thousand TL)	188,631	257,296	366,043	327,706
R&D Expenditures as a Percentage of Revenue (%)	1.8	2.6	3.2	2.8
Total Number of PD Engineers	1,024	1,240	1,277	1,350
Patent Applications	63	73	80	110
Total Number of Patents	43	37	38	33

Environmental Performance Indicators	2011	2012	2013	2014
Total Energy Consumption (GJ)	1,956,776	1,754,442	1,792,269	1,735,061
Direct Energy Consumption (GJ)	1,074,030	939,168	954,055	952,475
Natural Gas	1,051,431	921,134	931,953	896,721
Others	22,595	18,034	22,079	55,754
Indirect Energy Consumption (GJ) - Electricity	882,746	815,274	838,214	782,586
Energy Consumption per Vehicle Manufactured (GJ/vehicle)	6.61	6.45	6.37	7.09
Energy Saved Through Efficiency Projects (GJ)	45,429	56,105	30,179	30,830
GHG Emissions Reduction Through Efficiency Projects (Ton CO ₂ e)	3,399	4,912	2,843	4,597
Scope 1	353	1,968	204	399
Scope 2	3,046	2,944	2,639	4,198
Direct GHG Emissions (Scope 1) (Ton CO ₂ e)	78,070	68,937	71,687	70,910
Indirect GHG Emissions (Scope 2) (Ton CO ₂ e)	117,954	104,397	110,184	102,891
GHG Emissions per Vehicle Manufactured (Ton CO ₂ e/vehicle)	0.663	0.637	0.647	0.710
Total NO _x Emissions (ton)	199.96	190.06	181.79	168.10
Total SO _x Emissions (ton)	12.64	12.18	13.25	10.58

Total VOC Emissions (ton)	109.58	104.61	104.58	91.98
Others Emissions (ton)	195.12	186.28	185.78	75.18
Total Water Withdrawal (m ³)	1,079,984	958,342	945,723	919,036
Underground Water	1,076,099	953,137	940,469	915,685
Municipal Water	3,885	5,205	5,254	3,351
Fresh Water Consumption per Vehicle Manufactured (m ³ /vehicle)	3.650	3.522	3.362	3.756
Total Water Recovered (m ³)	170,726	138,824	141,153	343,487
Waste Water Discharge (m ³)	381,280	356,684	380,501	305,339
Sewage System	64,777	90,220	94,785	57,351
Natural Receiving Environment	316,503	266,464	285,716	247,988
Total Hazardous Wastes by Disposal Method (Ton)	4,423	3,830	4,580	5,294
Energy Recovery	323	946	2,077	3,217
Recovery	1,146	1,003	1,431	1,256
Landfill	1.31	1.91	3.16	3.95
Incineration	2,952	1,879	1,009	736
Other	0	0.15	60	81
Total Non-Hazardous Wastes by Disposal Method (Ton)	66,733	68,787	66,517	52,367
Energy Recovery	0	462	1,406	1,153
Recovery	64,855	67,124	64,411	50,585
Landfill	1,877	1,200	700	630
Incineration	0	0	0	0
Other	0	0	0	0
Waste Trend per Vehicle Manufactured (kg/vehicle)	240.5	266.9	252.8	235.7
Total Packaging Material Used (Ton)	2,933	3,212	2,676	4,335
Packaging Waste Recovery (Ton)	8,354	7,554	7,791	6,237
Environmental Trainings - Participation (number of participants)				
Direct Employees	1,620	2,902	1,432	1,346
Contractor Employees	827	4,198	3,402	3,099
For Social Responsibility	85	222	205	178
Environmenral Trainings - Total Hours (personxhours)				
Direct Employees	3,497	3,103	1,797	1,706
Contractor Employees	902	4,131	3,390	2,690
For Social Responsibility	43	222	275	178
Total Environmental Costs (TL)				
Investment Costs	562,023	2,856,761	1,091,863	244,770
Management Costs	4,289,439	4,041,390	4,024,334	4,861,232
Environmental Fines (number-TL)	0	0	0	0
Environmental Impact Grievances Received Through Formal Mechanisms	0	0	0	0

Social Performance Indicators	2011	2012	2013	2014
Employee Trainings - Participation (number of participants)	9,581	9,527	9,444	9,586
Blue Collar	7,414	7,069	6,926	7,052
White Collar	2,167	2,458	2,518	2,534
Female	800	844	899	1,005
Male	8,781	8,683	8,545	8,581
Employee Trainings - Total Hours (person x hour)	289,492	332,422	371,568	468,918
Blue Collar	244,503	217,692	296,208	399,827
White Collar	44,989	114,730	75,360	69,091
Female	82,074	32,063	34,470	30,096
Male	207,418	300,359	337,098	438,822
Average Hours of Trainings per Employee (hour/person)	30.2	34.9	39.3	48.0
Blue Collar	33.0	800.0	42.8	55.6
White Collar	20.8	46.7	29.9	26.9
Female	102.6	37.9	38.3	29.9
Male	23.6	34.6	39.5	50.1
Contractor Employee Trainings -Participation(number of participants)	1,452	1,535	1,552	1,570
Female	69	139	156	255
Male	1,383	1,396	1,396	1,315
Contractor Employee Trainings - Total Hours (person x hour)	2,704	2,808	2,843	12,560
Female	106	244	279	2,040
Male	2,598	2,564	2,564	10,520
Average Hours of Trainings per Contractor Employee (hour/person)	1.48	0.73	0.43	8.00
Female	0.88	1.01	0.63	8.00
Male	1.53	0.71	0.42	8.00
OHS Trainings - Participations (number of participants)				
Direct Employees	2,816	4,489	3,473	5,233
Contractor Employees	1,434	1,558	1,505	2,845
OHS Trainings - Total Hours (person x hour)				
Direct Employees	4,107	31,496	16,903	66,009
Contractor Employees	2,642	2,783	2,641	5,690
Injury Rate				
Direct Employees				
Female	0.09	0.12	0.24	0.28
Male	1.73	1.34	2.37	3.15
Contractor Employees				
Female	0.10	1.61	0.13	0.82
Male	1.08	0.23	0.65	1.76
Occupational Diseases				
Direct Employee				
Female	0	0	0	0
Male	0.02	0	0.05	0.01

Lost Day Rate				
Direct Employees				
Female	0.01	0	0.63	0
Male	0.91	0.24	0.89	3.10
Absenteeism Rate				
Direct Employees				
Female	2.16	0.20	1.97	6.12
Male	2.30	1.32	2.40	3.18
Fatalities	0	0	0	
Direct Employees	0	0	0	0
Contractor Employees	0	0	0	0
Number of Employees Involved in Activities with High Accident or Disease Risk	0	0	0	0
Number of OHS Committees	3	4	4	3
Total Number of Members Involved in OHS Committees	52	49	42	61
Total Number of Employee Representatives Involved in OHS Committees	14	14	14	5
Road Safety in Product Logistics				
Total Voyage for Product Distribution (km)	18,326,184	12,284,871	15,890,675	12,404,998
Total Traffic Accidents (number)	56	74	70	5
Traffic Accident Related Injuries (karşı taraf dahil adet)	1	2	1	2
Traffic Accident Related Fatalities (karşı taraf dahil adet)	-	-	1	1
Total Material Damage (product+asset) (TL)	963,000	776,641	833,000	171,500
Road Safety in Raw Material Logistics				
Total Voyage for Supply (km)	11,623,277	11,515,211	12,284,167	11,614,360
Total Traffic Accidents (number)	3	12	8	15
Traffic Accident Related Injuries (both parties-number)	0	1	4	2
Traffic Accident Related Fatalities (both parties-number)	0	0	0	2
Total Material Damage (product+asset) (TL)	5,462	5,204	16,262	14,138

Employee Demographics	2011	2012	2013	2014
Total Workforce (number)	11,402	13,371	15,993	11,332
Direct Employees	9,581	9,527	9,444	9,762
Female	800	845	900	1,006
Male	8,781	8,682	8,544	8,756
Contractor Employee	1,821	3,844	6,549	1,570
Female	120	241	443	255
Male	1,701	3,603	6,106	1,315
Employees by Contract Type (number)				
Permenant	9,403	9,469	9,170	8,773
Female	780	841	880	830
Male	8,623	8,628	8,290	7,943
Temporary	178	58	274	989
Female	20	4	20	176
Male	158	54	254	813
Employees by Category (number)				
Blue Collar	7,414	7,069	6,926	7,192
Female	366	346	342	422
Male	7,048	6,723	6,584	6,770
White Collar	2,167	2,458	2,518	2,570
Female	434	499	558	584
Male	1,733	1,959	1,960	1,986
Employees by type (number)				
Full-time	9,581	9,524	9,440	9,761
Female	800	844	899	1,005
Male	8,781	8,680	8,541	8,756
Part-time	0	3	4	1
Female	0	1	1	1
Male	0	2	3	0
Employees by Education Level (number)				
Primary	433	400	411	392
Secondary	5,604	5,356	5,245	5,448
University and Above	3,544	3,771	3,788	3,922
Employees by Age Group (number)				
18-30	4,514	3,983	3,551	3,663
31-40	4,271	4,635	4,785	4,835
41-50	737	853	1,049	1,210
51-60	59	56	59	54
Disabled Employees (number)				
Blue Collar	270	268	270	277
White Collar	6	6	6	9
Female	14	15	16	16
Male	262	259	260	270

Employee Demographics	2011	2012	2013	2014
Senior Management Structure (number)	21	25	24	26
by Gender				
Female	1	2	2	2
Male	20	23	22	24
by Age Group				
18-30	0	0	0	0
31-40	4	7	4	2
41-50	9	10	11	15
51-60	8	8	9	9
by Nationality				
TC Citizen	18	20	20	23
Expact	3	5	4	3
Mid-level Management Structure (number)	187	189	206	217
by Gender				
Female	19	20	24	24
Male	168	169	182	193
by Age Group				
18-30	0	1	0	1
31-40	111	107	111	107
41-50	61	69	83	97
51-60	15	12	12	12
Employees Covered by Collective Bargaining Agreement (number)	7,414	7,069	6,926	7,188
New Hires (number)	1,660	594	659	1,197
by Gender				
Female	259	111	123	206
Male	1,401	483	536	991
by Age Group				
18-30	1,529	538	603	1,049
31-40	120	53	47	138
41-50	10	3	7	9
51-60	1	0	2	1
Employees Left	1,096	903	975	1,228
by Gender				
Kadın	103	84	86	120
Erkek	993	819	889	1,108
by Age Group				
18-30	849	643	668	766
31-40	189	179	234	343
41-50	46	70	61	101
51-60	12	11	12	18

Corporate Memberships

Organization	Responsibility
Foreign Economic Relations Board	The U.S.-Turkey Business Council Executive Committee Membership
Eskişehir Chamber of Industry	Membership
İstanbul Chamber of Industry	Professional Committee Membership
İstanbul Chamber of Commerce	Professional Committee Membership
Kocaeli Chamber of Industry	Board of Directors, Assembly and Committee Memberships
The Technical Committee on Motor Vehicles	Technical Committee Presidency
Automotive Distributors Association	Board of Directors Membership
Automotive Manufacturers Association	Board of Directors Membership, Technical Committee Presidency, Logistics Workshop Group, Quality Committee, Foreign Trade Committee, Purchasing Committee Membership, Odette Supply Chain Committee Presidency
Automotive Technology Platform	Executive Board Membership
Automotive Technologies Research & Development Company	Board of Directors Membership
Authorized Automotive Dealers Association	Membership
Association of Advertising Agencies	Membership
Ministry of Science, Industry and Technology	Energy and Emissions Committee Presidency
Port Operators Association of Turkey	Membership
Turkish Industry and Business Association	Membership
Foreign Trade Association of Turkey	Membership
Turkish Human Management Association	Membership
Turkey Quality Association	Membership
Corporate Governance Association of Turkey	Membership
Technology Development Foundation of Turkey	Founders' Committee Membership
Uludağ Automotive Industry Exporters' Association	Presidency of Association
International Investors Association	Foreign Trade and Customs Working Group and Automotive and Automotive Supply Industry Working Group Memberships
Turkish Investor Relations Society	Membership

GRI G4 Content Index



Indicators	Description	External Assurance	Omissions
General Standard Disclosures			
G4-1	Chairperson Statement (p.4-5); General Manager Statement (p.6-7)	-	-
G4-2	Chairperson Statement (p.4-5); General Manager Statement (p.6-7); Sustainability Management (p.14-15)	-	-
G4-3	Contacts (inside back cover)	-	-
G4-4	www.ford.com.tr	-	-
G4-5	Contacts (inside back cover)	-	-
G4-6	Ford Otosan conducts its production activities in Turkey. Turkish Automotive Industry Leader (p.28)	-	-
G4-7	Ford Otosan in 2014 (p.8)	-	-
G4-8	Turkish Automotive Industry Leader (p.26-28)	-	-
G4-9	Strong Financial Structure and Economic Value Generation(p.24-26); Turkish Automotive Industry Leader (p.26-29); 2014 Employee Demographics (p.89); Performance Data (p.106, 110-111)	-	-
G4-10	No seasonal variations take place in Ford Otosan employee demographics. 2014 Employee Demographics (p.89); Performance Data (p.106, 110-111)	-	-
G4-11	Human Rights at Workplace (p.90)	-	-
G4-12	Supplier and Dealer Business Success (p.34-35)	-	-
G4-13	Chairperson Statement (p.4)	-	-
G4-14	Business Ethics (p.16); Risk Management and Internal Control (p.18-19); Customer Satisfaction and Quality(p.31);	-	-
G4-15	Business Ethics (p.16); Risk Management and Internal Control (p.18-19); Customer Satisfaction and Quality(p.31);	-	-
G4-16	Corporate Memberships (p.112)	-	-
G4-17	About the Report (p.3)	-	-
G4-18	About the Report (p.3); Sustainability Management (p.13-15)	-	-
G4-19	Sustainability Management (p.13-15)	-	-
G4-20	Sustainability Management (p.13-15)	-	-
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 sub-aspects, 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.3)	-	-
G4-23	About the Report (p.3)	-	-
G4-24	Stakeholder Relations (p.20-21)	-	-

Indicators	Description	External Assurance	Omissions
General Standard Disclosures			
G4-25	Stakeholder Relations (p.20-21)	-	-
G4-26	Stakeholder Relations (p.20-21)	-	-
G4-27	Customer Satisfaction and Quality (p.31-32); Social Activity and Sports Clubs (p.91); Employee Communication (p.94); Education (p.98-99); No Barriers for My Country (p.100-102); Culture & Arts (p.104); Sportss (p.105)	-	-
G4-28	About the Report (p.3)	-	-
G4-29	About the Report (p.3)	-	-
G4-30	About the Report (p.3)	-	-
G4-31	Contacts (inside back cover)	-	-
G4-32	About the Report (p.3); GRI Index (p.113); Legal Disclaimer (inside back cover)	-	-
G4-33	Legal Disclaimer (inside back cover)	-	-
G4-34	Corporate Governance (p.12); Sustainability Management (p.13)	-	-
G4-35	Corporate Governance (p.12); Sustainability Management (p.13)	-	-
G4-36	Corporate Governance (p.12); Sustainability Management (p.13)	-	-
G4-38	Corporate Governance (p.12); Employee Demographics (p.111)	-	-
G4-39	Corporate Governance (p.12)	-	-
G4-40	Corporate Governance (p.12)	-	-
G4-41	Ford Otosan Code of Conduct: http://www.fordotosan.com.tr/downloads/kurumsalyonetim/Code%20of%20Conduct_2014.pdf	-	-
G4-42	Corporate Governance (p.12); Sustainability Management (p.13); Ford Otosan 2014 Annual Report (p.75)	-	-
G4-43	Corporate Governance (p.12); Sustainability Management (p.13)	-	-
G4-45	Corporate Governance (p.12); Sustainability Management (p.13); Risk Management and Internal Control (p.18-19)	-	-
G4-46	Corporate Governance (p.12); Risk Management and Internal Control (p.18-19); Ford Otosan 2014 Annual Report (p.77-78)	-	-
G4-47	Corporate Governance (p.12); Risk Management and Internal Control (p.18-19); Ford Otosan 2014 Annual Report (p.77-78)	-	-
G4-48	Sustainability Management (p.13); Ford Otosan 2014 Sustainability Report, was published after review of Sustainability Work Group and approval of Ford Otosan General Manager.	-	-
G4-56	Business Ethics (p.16); Ford Otosan Code of Conduct: http://www.fordotosan.com.tr/downloads/kurumsalyonetim/Code%20of%20Conduct_2014.pdf	-	-

Indicators	Description	External Assurance	Omissions
General Standard Disclosures			
G4-57	Business Ethics (p.16); Ford Otosan Code of Conduct: http://www.fordotosan.com.tr/downloads/kurumsalyonetim/Code%20of%20Conduct_2014.pdf	-	-
G4-58	Business Ethics (p.16); Ford Otosan Code of Conduct: http://www.fordotosan.com.tr/downloads/kurumsalyonetim/Code%20of%20Conduct_2014.pdf	-	-
Spesific Standard Disclosures			
<i>Material Aspect: Economic Performance</i>			
G4-DMA	Not Material	-	-
G4-EC1	Performance Data (p.106)	-	-
G4-EC3	Human Rights at Workplace (p.90)	-	-
G4-EC4	Ford Otosan 2014 Annual Report (p.150)	-	-
<i>Material Aspect: Market Presence</i>			
G4-DMA	Not Material	-	-
G4-EC6	Performance Data (p.111)	-	-
<i>Material Aspect: Indirect Economic Impacts</i>			
G4-DMA	Not Material	-	-
G4-EC7	Social Responsibility (p.97); Education (p.98-99); No Barriers for My Country (p.100-102); Culture & Arts (p.104); Sports (p.105)	-	-
G4-EC8	Chairperson Statement (p.4-5); General Manager Statement (p.6-7); Supplier and Dealer Business Success(p.34-35); Innovation Management (p.38-41); Smart and Accessible Mobility Technologies (p.52-55); Human Rights at Workplace (p.86-89); Social Responsibility (p.97); Education (p.98-99); No Barriers for My Country (p.100-102); Culture & Arts (p.104); Sports (p.105)	-	-
<i>Material Aspect: Procurement Practices</i>			
G4-DMA	Supplier and Dealer Business Success (p.34-35)	-	-
G4-EC9	Supplier and Dealer Business Success (p.34-35)	-	-
<i>Material Aspect: Energy</i>			
G4-DMA	Environmental Management (p.58-60); Energy and Climate (p.61-69); Performance Data (p.106-107)	-	-
G4-EN3	Energy and Climate (p.62-63); Performance Data (p.106-107)	-	-
G4-EN5	Energy and Climate (p.62-63); Performance Data (p.106-107)	-	-
G4-EN6	Energy and Climate (p.62-64, 66-69); Performance Data (p.106-107)	-	-
G4-EN7	Efficient and Low Emission Vehicles (p.43-46)	-	-
<i>Material Aspect: Water</i>			
G4-DMA	Not Material	-	-
G4-EN8	Environment Friendly Production (p.70-73); Performance Data (p.107)	-	-

Indicators	Description	External Assurance	Omissions
General Standard Disclosures			
G4-EN9	Environment Friendly Production (p.70-71)	-	-
G4-EN10	Environment Friendly Production (p.70-71)	-	-
<i>Material Aspect: Biodiversity</i>			
G4-DMA	Not Material	-	-
G4-EN11	Environment Friendly Production (p.70-71)	-	-
G4-EN13	Environment Friendly Production (p.70-71)	-	-
<i>Material Aspect: Emissions</i>			
G4-DMA	Environmental Management (p.58-60); Energy and Climate (p.61-69); Performance Data (p.106-107)	-	-
G4-EN15	Energy and Climate (p.65); Performance Data (p.106-107)	-	-
G4-EN16	Energy and Climate (p.65); Performance Data (p.106-107)	-	-
G4-EN18	Energy and Climate (p.65); Performance Data (p.106-107)	-	-
G4-EN19	Energy and Climate (p.62-64, 66-69); Performance Data (p.106-107)	-	-
G4-EN21	Energy and Climate (p.65); Performance Data (p.106-107)	-	-
<i>Material Aspect: Effluents & Waste</i>			
G4-DMA	Not Material	-	-
G4-EN22	Environment Friendly Production (p.71-72); Performance Data (p.107)	-	-
G4-EN23	Environment Friendly Production (p.72-75); Performance Data (p.107)	-	-
G4-EN26	Environment Friendly Production (p.72, 76)	-	-
<i>Material Aspect: Products & Services</i>			
G4-DMA	Innovation Management (p.38-41); Efficient and Low Emission Vehicles (p.43-46); Environmental Management (p.58-60);	-	-
G4-EN27	Innovation Management (p.38-41); Efficient and Low Emission Vehicles (p.43-46);	-	-
<i>Material Aspect: Compliance</i>			
G4-DMA	Not Material	-	-
G4-EN29	Performance Data (p.108)	-	-
<i>Material Aspect: Transportation</i>			
G4-DMA	Not Material	-	-
G4-EN30	Green Logistics: Crainable Trailer (p.69)	-	-
<i>Material Aspect: Overall</i>			
G4-DMA	Not Material	-	-
G4-EN31	Performance Data (p.108)	-	-
<i>Material Aspect: Supplier Environmental Assessment</i>			
G4-DMA	Supplier and Dealer Business Success (p.34-35)	-	-
G4-EN32	Supplier and Dealer Business Success (p.34-35)	-	-
G4-EN33	Supplier and Dealer Business Success (p.34-35)	-	-
<i>Material Aspect: Environmental Grievance Mechanisms</i>			
G4-DMA	Environmental Management (p.58-60); Performance Data (p.108)	-	-

Indicators	Description	External Assurance	Omissions
General Standard Disclosures			
G4-EN34	Performance Data (p.108)	-	-
<i>Material Aspect: Employment</i>			
G4-DMA	Not Material	-	-
G4-LA1	Performance Data (p.110-111)	-	-
G4-LA2	As a general principle, Ford Otosan employees equally benefit all their rights in accordance with their contract. 4 part-time employees performed in Ford Otosan's workforce in 2013 and one in 2014.	-	-
G4-LA3	Performance Data (p.111)	-	-
<i>Material Aspect: Occupational Health and Safety</i>			
G4-DMA	Occupational Health and Safety (p.80-83)	-	-
G4-LA5	Occupational Health and Safety (p.80)	-	-
G4-LA6	Occupational Health and Safety (p.83); Performance Data (p.109)	-	-
G4-LA7	Performance Data (p.109)	-	-
G4-LA8	Occupational Health and Safety (p.83)	-	-
<i>Material Aspect: Training & Education</i>			
G4-DMA	Talent Management (p.92); Vocational and Personal Development Trainings (p.93)	-	-
G4-LA9	Vocational and Personal Development Trainings (p.93); Performance Data (p.108)	-	-
G4-LA10	Talent Management (p.92); Vocational and Personal Development Trainings (p.93)	-	-
G4-LA11	Talent Management (p.92-94);	-	-
<i>Material Aspect: Diversity and Equal Opportunity</i>			
G4-DMA	Human Rights at Workplace (p.86-89)	-	-
G4-LA12	Human Rights at Workplace (p.86-89); Performance Data (p.110-111)	-	-
<i>Material Aspect: Equal Remuneration for Women and Men</i>			
G4-DMA	Human Rights at Workplace (p.86-89)	-	-
G4-LA13	Human Rights at Workplace (p.86)	-	-
<i>Material Aspect: Supplier Assessment for Labor Practices</i>			
G4-DMA	Supplier and Dealer Business Success (p.34-35)	-	-
G4-LA14	Supplier and Dealer Business Success (p.34-35)	-	-
G4-LA15	Supplier and Dealer Business Success (p.34-35)	-	-
<i>Material Aspect: Nondiscrimination</i>			
G4-DMA	Human Rights at Workplace (p.86-89)	-	-
G4-HR3	Human Rights at Workplace (p.86-89). During reporting period, no case has been concluded as a discrimination practice.	-	-
<i>Material Aspect: Freedom of Association and Collective Bargaining</i>			
G4-DMA	Human Rights at Workplace (p.86, 88, 90); Performance Data (p.111)	-	-

Indicators	Description	External Assurance	Omissions
General Standard Disclosures			
G4-HR4	During the reporting period, no case has been witnessed throughout Ford Otosan operations that rights for organization and collective bargaining are at risk. Same principle applies to supplier audit process and no such risk aspect has been identified.	-	-
<i>Material Aspect: Child Labor</i>			
G4-DMA	Human Rights at Workplace (p.88)	-	-
G4-HR5	Human Rights at Workplace (p.88)	-	-
<i>Material Aspect: Forced or Compulsory Labor</i>			
G4-DMA	Human Rights at Workplace (p.88)	-	-
G4-HR6	Human Rights at Workplace (p.88)	-	-
<i>Material Aspect: Assessment</i>			
G4-DMA	Risk Management and Internal Control (p.18-19)	-	-
G4-HR9	Risk Management and Internal Control (p.18-19)	-	-
<i>Material Aspect: Supplier Human Rights Assessment</i>			
G4-DMA	Supplier and Dealer Business Success (p.34-35)	-	-
G4-HR10	Supplier and Dealer Business Success (p.34-35)	-	-
G4-HR11	Supplier and Dealer Business Success (p.34-35)	-	-
<i>Material Aspect: Local Communities</i>			
G4-DMA	Not Material	-	-
G4-SO2	Stakeholder Relations (p.20-21); Social Responsibility (p.97-98, 100, 103-105); During the reporting period, no case of negative impact on local communities due to company operations has been witnessed.	-	-
<i>Material Aspect: Anticorruption</i>			
G4-DMA	Business Ethics (p.16-17); Risk Management and Internal Control (p.18-19)	-	-
G4-SO3	Business Ethics (p.16-17); Risk Management and Internal Control (p.18-19)	-	-
G4-SO4	Business Ethics (p.16-17); Risk Management and Internal Control (p.18-19)	-	-
<i>Material Aspect: Public Policy</i>			
G4-DMA	Not Material	-	-
G4-SO6	Business Ethics (p.17)	-	-
<i>Material Aspect: Grievance Mechanisms for Impacts on Society</i>			
G4-DMA	Not Material	-	-
G4-SO11	Business Ethics (p.16-17)	-	-
<i>Material Aspect: Customer Health and Safety</i>			
G4-DMA	Vehicle safety (p.47-51); Smart and Accessible Mobility Technologies (p.52-54)	-	-
G4-PR1	Vehicle safety (p.47-51); Smart and Accessible Mobility Technologies (p.52-54)	-	-
G4-PR2	During the reporting period, no case of non-compliance with legal regulations regarding vehicle safety has been witnessed.	-	-
<i>Material Aspect: Product and Service Labeling</i>			

Indicators	Description	External Assurance	Omissions
General Standard Disclosures			
G4-DMA	Not Material	-	-
G4-PR3	Vehicle safety (p.47-51)	-	-
G4-PR4	Vehicle safety (p.47-51)	-	-
G4-PR5	Customer Satisfaction Researches (p.32)	-	-
<i>Material Aspect: Marketing Communications</i>			
G4-DMA	Not Material	-	-
G4-PR7	Customer Satisfaction and Quality(p.31)	-	-
<i>Material Aspect: Sustainability and Risk Management</i>			
DMA	Sustainability Management (p.13-15); Risk Management and Internal Control (p.18-19); Supplier and Dealer Business Success (p.34-35)	-	-
<i>Material Aspect: Innovation</i>			
DMA	Sustainable Mobility Solutions (p.37); Innovation Management (38-40);	-	-
<i>Material Aspect: Supplier and Dealer Business Success</i>			
DMA	Supplier and Dealer Business Success (p.34-35)	-	-
<i>Material Aspect: Product Recalling Management</i>			
DMA	Product Recalling Strategy (p.33)	-	-
<i>Material Aspect: Disaster and Emergency Preparedness</i>			
DMA	Emergency Preparedness and FOKE (p.85)	-	-
<i>Material Aspect: Work Life - Private Life Balance</i>			
DMA	Social Gender Equality (p.88); Social Activity and Sports Clubs (p.91)	-	-

Contacts

Ford Otomotiv Sanayi A.Ş.

Headquarter:

Kocaeli Plant

Denizevler Mah. Ali Uğar Cad.
No:53 41670 Gölcük/Kocaeli
T: +90 262 315 50 00

Sancaktepe Engineering Center

Akpınar Mah. Hasan Basri Cad. No: 2
34885 Sancaktepe/İstanbul
T: +90 216 664 90 90"

Sancaktepe Spare Parts

Distribution Center

Akpınar Mh. Hasan Basri Cd. No:2
34885 Sancaktepe/İstanbul
T: +90 216 564 71 00

İnönü Plant

Bozüyük – Kütahya Yolu Üzeri 26311
İnönü 186 Köprübaşı / Eskişehir
T: +90 222 213 20 00

Website

www.fordotosan.com.tr

To receive information about the report, and express opinions and suggestions;

surdurulebilirlik@ford.com.tr
T: +90 (262) 315 50 00

Nursel Ölmez Ateş
Human Resources Director
Ford Otomotiv Sanayi A.Ş.
noatesl@ford.com.tr
T: +90 262 315 52 00

Pelin Saçbükten
Internal Communication and Corporate Social Responsibility Specialist
Ford Otomotiv Sanayi A.Ş.
psacbuke@ford.com.tr
T: +90 262 315 52 83

Reporting Consultant

Kıymet-i Harbiye
info@kiymetiharbiye.com
T: +90 (212) 279 13 13

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