



**WE ARE PROUD AND THRILLED TO BE ADVANCING FOR
A CENTURY ON THE PATH LED BY THE GREAT LEADER
ATATÜRK, IN THE LIGHT OF THE REPUBLIC.**

As Koç Group, we believe that the best way to celebrate our Republic is through work, production and the achievement of excellence.

We continue, with the same determination, to serve with love and devotion for our country, to protect and defend the Republic entrusted to us by Atatürk, along with its principles and values, acting with the responsibility of carrying the values of the Republic to future generations.



Our Founder



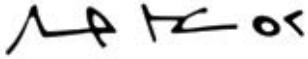
I live and prosper with my country.

As long as democracy exists and thrives, so do we.

We shall do our utmost to strengthen our economy.

As our economy prospers, so will democracy and our standing in the world.

Vehbi Koç



Arçelik

A global company

Active in the manufacture of durable consumer goods and electronics since 1955, Arçelik today is a global company boasting a portfolio of 14 brands and employing over 40,000 people in 82 subsidiaries in 53 countries and 31 production facilities in 9.

A network of 28 R&D and design centers & offices in 9 countries gives Arçelik the ability to innovate and develop its own technology.

As one of the world's leading white goods manufacturers, Arçelik strengthens its global presence through strategic partnerships and mergers & acquisitions in markets with significant growth potential.

Arçelik conducts its operations in line with its overarching "In Touch Technology" sustainability approach that embraces the precepts of "In Touch with Our Planet" (technology that reduces its environmental footprint while also helping to conserve natural resources), "In Touch with Human Needs" (technology that addresses society's needs), and "In Touch with Business" (technology that integrates sustainability into business processes consistent with being an innovative global citizen).

**INSPIRE SUSTAINABLE LIVES
IN EVERY HOME**

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Ordinary General Assembly Meeting Agenda

AGENDA OF ARÇELİK A.Ş.'S ORDINARY GENERAL ASSEMBLY MEETING TO BE HELD ON 4 APRIL 2024

1. Opening and election of the Chairman of the Meeting,
2. Reading, discussing and approving the 2023 Annual Report prepared by the company Board of Directors,
3. Reading the Summary of Independent Auditor's Report for the 2023 accounting period,
4. Reading, discussing and approving the Financial Statements related to the 2023 accounting period,
5. Release of each member of the Board of Directors in relation to the activities of the company in 2023,
6. Approval, amendment, or rejection of the Board of Directors' proposal regarding the distribution of the profits for the year 2023 within the framework of the company's profit distribution policy, and determination of the profit distribution date.
7. Informing shareholders about the existing buyback program, discussing, and reaching a decision,
8. Determination of the number and term of duty of the Members of the Board of Directors, making elections in accordance with the determined number of members, selecting the Independent Members of the Board of Directors,
9. Informing the Shareholders on and approval of the "Remuneration Policy" for Members of the Board of Directors and Top-Level Managers and the payments made within the frame of such policy as required by Corporate Governance Principles,
10. Determining annual gross remunerations of the Members of the Board of Directors,
11. Approval of the Independent Auditing Institution selected by the Board of Directors in accordance with the Turkish Commercial Code and the Capital Markets Board regulations,
12. Informing the Shareholders about the donations made by the company in 2023 and resolution of an upper limit for donations to be made for 2024 as per the "Donation and Sponsorship Policy",
13. Informing the Shareholders about the collaterals, pledges, mortgages and surety granted in favor of third parties and the income and benefits obtained in 2023 by the company and subsidiaries in accordance with Capital Markets Board regulations,
14. Authorizing the Shareholders holding management capacity, the Members of the Board of Directors, top managers and their spouses and relatives by blood and marriage up to the second degree within the framework of the articles 395th and 396th of Turkish Commercial Code and informing shareholders about transactions performed within the scope during 2023 as per the Corporate Governance Communiqué of Capital Markets Board,
15. Providing shareholders with information about the activities carried out in 2023 as part of the company's transition plan to a low-carbon economy,
16. Wishes and Opinions.

Independent Auditor's Report on the Board of Directors' Annual Report



CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Arçelik A.Ş.

1. Opinion

We have audited the annual report of Arçelik A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2023 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA and the regulations of the Capital Markets Board and other relevant legislation that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 1 March 2024 on the full set consolidated financial statements for the 1 January - 31 December 2023 period.

4. Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- to include the matters below in the annual report:
 - events of particular importance that occurred in the Company after the operating year,
 - the Group's research and development activities,
 - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited [consolidated] financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Sertu Tali, SMMM
Independent Auditor

Chair's Statement



Rahmi M. Koç
Chair of the Board of Directors

Arçelik has contributed to the growth and development of Turkey, along with that of every other country where it operates.

Dear shareholders,

I greet you all with respect and extend my sincere gratitude for joining us at our 69th annual general meeting. I offer my best wishes for the meeting, where we will evaluate the results of 2023.

The global economy demonstrated stronger performance than anticipated last year. However, growth in the home appliances industry lagged worldwide, particularly in Europe, a core market for our organization. Developed economies have begun to see the benefits of their tight monetary policies, aimed at controlling

post-Covid inflation. On the other hand, several developing nations, including Turkey, are yet to witness the desired outcomes.

Inflation is expected to remain a global concern throughout 2024, prompting monetary authorities to keep interest rates high until significant decreases in inflation are achieved. Interest rates in developed countries are forecasted to begin a downward trend in the latter half of 2024, particularly benefiting European economies. The global economic outlook is also anticipated to drive growth in the global household sector.

Mounting geopolitical risks have underscored the strategic advantage held by companies with international production capacity.

In addition, the rise of protectionism and the restructuring of supply chains have gained prominence in the post-Covid era. Mounting geopolitical risks, exacerbated by the war in Ukraine and Israel's intervention in Gaza, have underscored the strategic advantage held by companies with international production capacity. Turkey, integrated with the European Union, a global economic powerhouse, faces the imperative to manage those risks effectively, creating positive ripple effects for the region. In an effort to thrive in this dynamic landscape, our company continued its investments last year.

The strategic decision to establish a new partnership with Whirlpool in Europe was the highlight of last year, bringing our organization closer to global leadership. This new business, Beko Europe, will be formed by the transfer of both Whirlpool's and our European manufacturing, distribution, and sales subsidiaries. The transaction

will be completed in April, and we intend to harness its potential to bolster our leadership in the European market and accelerate the Koç Group's global growth trajectory.

We initiated the construction of two new factories in Egypt and Bangladesh last year. These investments will not only create substantial employment opportunities but will also contribute significantly to regional economies. To enhance our positive social and economic impact, we aim for these factories to become operational in 2024.

The global economic and political developments have certainly influenced Turkey last year. However, the national agenda was initially dominated by earthquakes early in the year and then by general elections. Following the elections, anti-inflationary measures and economic policy decisions have taken precedence.

Chair's Statement

Arçelik's foremost priority has always been, and will be, creating value for our stakeholders by enhancing its global presence and operational capabilities.

Despite the implementation of a low-interest-rate policy, access to credit remained challenging, mainly due to measures taken in the first half of the year. Following the parliamentary elections, a newly appointed administration reverted to more rational policies to alleviate economic imbalances. In order to restore investor confidence in the Turkish economy, the Central Bank of the Republic of Türkiye (TCMB) raised its policy rates, eased restrictions on access to credit, and loosened its grip on markets. While inflation has not yet fallen to the desired levels, the effective management of inflation is highly likely, contingent upon maintaining current policies and restoring economic balances throughout the year.

In 2023, we were immensely saddened by the catastrophic earthquakes that struck Turkey. The tragic disaster has negatively impacted our national economy and its repercussions are certain to persist for years to come. The unity and solidarity demonstrated by our nation in the aftermath of the disaster have been paramount. Guided by the statement of our founder Vehbi Koç, "I live and prosper with my country," the Koç Group has tirelessly mobilized all its resources to aid those in the affected areas. I would like to extend my heartfelt appreciation to every member of the Koç Group for their invaluable contribution to the aid efforts.

Last year, celebrating the 100th anniversary of the Republic, Turkey embarked upon its second century with immense joy. In the next century, we will remain committed to upholding the values and objectives entrusted to our nation by Mustafa Kemal Atatürk.

Esteemed shareholders,

Arçelik has been a source of pride for the Koç Group since its foundation and has contributed to the growth and development of Turkey, along with that of every other country where it operates. Arçelik's foremost priority has always been, and will be, creating value for our stakeholders by

Arçelik has also reaffirmed its reputation as an industry leader in sustainability.

enhancing its global presence and operational capabilities.

In 2023, Arçelik has successfully advanced its global growth journey through strategic acquisitions and mergers while achieving its strategic objectives. In light of these developments, Arçelik grew its market share and recorded a turnover of TL 257 billion in 2023.

Arçelik has also reaffirmed its reputation as an industry leader in sustainability. In a world where sustainability is becoming increasingly crucial, Arçelik remains at the forefront, pioneering exemplary practices ranging from circular economy solutions and energy-efficient products to resource efficiency in production and green financing across its value chain.

As I conclude my remarks, I would like to express my gratitude to the blessed memory of our founder, Vehbi Koç, and to all our valued business partners, employees, dealers, and service providers, as well as to our loyal customers and esteemed shareholders who have always accompanied us on our journey to today.

I extend my warmest regards to you all and wish you good health and happiness.

Rahmi M. Koç
Chair of the Board of Directors

Independent Auditor's Report on the Financial Statements (Opinion)

1. Our opinion

We have audited the accompanying consolidated financial statements of Arçelik A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

(1) For the full Independent Auditor's Report, see [page 307-314](#)

Consolidated Financial Tables

(TL million)	2023	2022
Income Statement		
Net Sales	257,104	257,172
Gross Profit	75,378	68,671
Operating Profit ⁽¹⁾	11,361	8,235
Profit Before Tax	7,158	7,239
Net Profit	8,395	7,008
Net Profit (Attributable to: Equity holders of the parent)	7,667	6,285
Effective Tax Rate	-17%	3.2%
Depreciation and Amortization	8,715	8,063
Balance Sheet		
Period End Cash and Cash Equivalents	48,792	40,418
Inventories	47,449	50,870
Current Assets	171,322	153,998
Tangible Assets	47,007	44,323
Total Assets	258,138	232,422
Short-Term Liabilities	137,801	130,880
Total Liabilities	198,575	174,383
Minority Shareholder	6,393	5,250
Shareholders' Equity	59,563	58,039
Cash Flow		
Cash Flows from Operating Activities	-8,642	- 2,897
Cash Flow from Investing Activities	-14,414	-7,795
Cash Flow from Financing Activities	-23,056	- 10,692
Dividend Paid	-3,229	-3,657
Investment Expenditures	13,857	10,706
Share-Based Data		
Year-End Market Value	86,831	75,817

⁽¹⁾ To ensure the consistency of presentation from one period to the next, the operating profit is calculated by adding gains and losses from fixed asset sales and deducting foreign exchange gains and losses on accounts receivable and accounts payable, gains and losses from credit sales, and early payment discounts.

2024 Board of Directors



Rahmi M. Koç
Chair



Ömer M. Koç
Vice Chair



Semahat S. Arsel
Member



Fatih K. Ebiçlioğlu
Member



Hakan Bulgurlu
Member



Kâmil Ömer Bozer
Independent Member



Ali Y. Koç
Member



Levent Çakıroğlu
Member



Robert Sonman
Member



Gülay Barbarosoğlu
Independent Member



Ahmet Turul
Independent Member



Tuğrul Fadılloğlu
Independent Member

For the CVs, see “Board of Directors CVs” section ([page 264-271](#)).

For information about the Board of Directors and executive management members’ transactions on behalf of themselves or someone else within the framework of the permission granted by the General Assembly, and their operations within the scope of the competition ban, see the agenda item description numbered 14 in the “General Assembly Information Document” section ([page 407](#)).

The key management of Arçelik A.Ş. is identified as the Chair and members of the Board of Directors, the CEO, and Assistant General Managers and Directors reporting directly to the CEO. For the information on total key management compensation incurred by Arçelik A.Ş. in 2023 see note 33 of “Financial Information” ([page 383](#)).

Profit Distribution Policy

Our company carries out dividend distribution within the framework of the Turkish Commercial Code, Capital Markets Board Regulations, Tax Regulations, other related regulations and respective articles under our Articles of Association. In profit distribution, a well-balanced and consistent policy shall be followed concerning the benefits of the shareholders and company benefits in pursuance of Corporate Governance Principles.

In principle, if respective regulations and financial facilities permit and if satisfied from existing resources in our legal records, a minimum 50% of distributable period profit calculated within the framework of Capital Markets Board Regulations shall be distributed in cash and/or as no-par shares, by considering market expectations, our long-term company strategy, investment and finance policies, profitability and cash position.

Profit Distribution is intended to be completed within one month at the latest following the General Meeting and the date of profit distribution shall be decided at the General Meeting. The General Assembly and, if authorized, the Board of Directors may decide on profit distribution by instalments, in accordance with Capital Markets Board Regulations.

According to the company's Articles of Association, the Board of Directors may distribute profit share advance payments, provided that the Board of Directors be so authorized by the General Assembly and comply with Capital Markets Board Regulations.

Profit Distribution Proposal

In accordance with the Capital Markets Board's (CMB) Communiqué on Principles Regarding Financial Reporting in the Capital Markets (Communiqué II-14.1) and the Principle Decision on Inflation Accounting Practices dated December 28, 2023, our company's consolidated financial statements for the fiscal period 01.01.2023-31.12.2023, which were prepared in accordance with the Turkish Financial Reporting Standards (TFRS) and the formats determined by the CMB, and independently audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., reveal a Consolidated Net Income of **TL 8,395,410,118.44**, a Net Income attributable to the parent company of **TL 7,667,335,809.37**, and an additional TL 246,597,741.96 donation, calculated based on the purchasing power as of December 31, 2023. The total of these amounts, TL 7,919,933,551.33, forms the first dividend base. In accordance with the Tax Procedure Law (VUK) records, the post-tax net income is TL 9,283,212,750.33 (following the inflation adjustment of the balance sheet as of December 31, 2023, tracked under the Prior Years Profits account). Decisions made regarding the 2023 fiscal year include:

- a) The 5 % portion of legal reserves which has to be allocated according to Turkish Commercial Code Article 519, will not be allocated for 2023 since legal reserves amount as of 31.12.2023 according to Tax Procedure Law reached 20% of the capital.
- b) According to Capital Markets legislation and Article 18 of the Company's Articles of Association, and the Dividend Distribution policy approved at the General Assembly on March 27, 2014, considering the current economic conditions and takes into account the company's investment and financing policies, aiming to increase free cash and strengthen liquidity, optimize financial expenses, and further solidify the balance sheet structure, we propose not to distribute dividend this year,
- c) Leaving the amount of TL 9,283,212,750.33, calculated according to VUK records, in the Prior Year Profits account due to the inflation adjustment of the current year's profit; transferring the net income of **TL 7,667,335,809.37** in the financial statements prepared in accordance with TAS/TFRS principles to the Prior Years Profits.

These matters will be presented to our shareholders for approval at the Ordinary General Assembly meeting scheduled to be held in April to discuss the results of the company's activities in 2023.

Dividend Distribution Table

ARÇELİK A.Ş. 2023 Dividend Distribution Proposal Table (TL)

1 Paid-in/Issued Capital*		675,728,205.00
2 Total Legal Reserves (According to Tax Book) **		886,232,495.10
If there is dividend privilege in the Articles of Association, information regarding this privilege: No		
	According to CMB	According to Tax Book
3 Current Period Profit	7,158,458,393.15	9,435,282,551.79
4 Taxes Payable (-)	1,236,951,725.29	152,069,801.46
5 Net Current Period Profit (=)	7,667,335,809.37	9,283,212,750.33
6 Losses in Previous Years (-)	0.00	0.00
7 Primary Legal Reserves (-)	0.00	0.00
8 NET DISTRIBUTABLE CURRENT PERIOD (=)	7,667,335,809.37	9,283,212,750.33
9 Donations Made during the Year (+)	246,597,741.96	
10 Donation-Added Net Distributable Current Period Profit on which First Dividend is Calculated	7,913,933,551.33	
11 First Dividend for Shareholders	0.00	0.00
Cash	0.00	0.00
Stock		
Total	0.00	
12 Dividend Distributed to Owners of Privileged Shares	0.00	
13 Other Dividend Distributed	0.00	
To the Members of the Board of Directors		
To the Employees		
To Non Shareholders		
14 Dividend to Owners of Redeemed Shares	0.00	
15 Second Dividend for Shareholders	0.00	0.00
16 Secondary Legal Reserves	0.00	0.00
17 Statutory Reserves	0.00	0.00
18 Special Reserves	0.00	0.00
19 EXTRAORDINARY RESERVES	7,667,335,809.37	9,283,212,750.33
20 Other Distributable Resources	0.00	0.00
Retained Earnings		
Extraordinary Reserves	0.00	0.00
Other distributable reserves in accordance with the Law and the Articles of Association	0.00	0.00
Legal Reserves from Other Distributable Resources	0.00	0.00

* The amount is the registered nominal capital amount, and there is a capital inflation adjustment difference of TL 14,951,267,807 in the records prepared in accordance with VUK.

** The amount is the nominal general legal reserves amount, and there is an inflation adjustment difference of TL 7,154,827,486 regarding the legal reserves in the records prepared in accordance with the Tax Procedure Law after the inflation accounting application.

ARÇELİK A.Ş. 2022 Dividend Distribution Proposal Table (TL)

SHARE GROUP	DIVIDEND AMOUNT		TOTAL DIVIDEND AMOUNT (TL)/ NET DISTRIBUTABLE CURRENT PERIOD PROFIT	DIVIDEND TO BE PAID FOR SHARE WITH PAR VALUE OF TL 1	
	CASH (TL)	STOCK (TL)		AMOUNT (TL)	RATE (%)
NET *	0.00	0.00	0.00	0.0000000	0.00
TOTAL	0.00	0.00	0.00	0.0000000	0.00

(*) There is no privileged share group in the profit.

2024 Board of Directors Candidates

Rahmi M. Koç

Ömer M. Koç

Semahat S. Arsel

Ali Y. Koç

Levent Çakıroğlu

Robert Sonman

Fatih K. Ebiçlioğlu

Hakan Bulgurlu

Ayşe Canan Ediboğlu (Independent)

Galya Frayman Molinas (Independent)

Ahmet Turul (Independent)

Tuğrul Fadillioğlu (Independent)

For the CVs of Ms. Ayşe Canan Ediboğlu and Ms. Galya Frayman Molinas, see "General Assembly Information Document" Annex/2 ([link page 409](#)), and for the other CVs see "Board of Directors" ([link page 264-271](#)).

Remuneration Policy for Board Members and Senior Executives

This Policy document defines the remuneration system and practices for senior executives consisting of the Chair and Members of the Board of Directors, General Manager, Assistant General Managers and Directors directly reporting to the General Manager.

In accordance with the Turkish Commercial Code and Article 12 of the Arçelik Articles of Association, a fixed fee is determined each year at the ordinary General Assembly meeting, valid for all members of the Board of Directors, for their membership function on the Board of Directors.

A payment shall be made to a Board member having executive powers within the scope of the policy whose details are indicated below and which is determined regarding senior executives.

It is possible to offer a separate benefit apart from the fixed rate determined by the General Assembly, upon approval from the Corporate Management Committee, for those members who have been assigned to manage certain functions with the aim of contributing to the company's operations, due to the function they take on other than being a Board member.

As a link between the Board of Directors and the administrative structure, the Chair and Members of the Executive Committee who give effective support to the company's Board of Directors in all respects concerning the company's operation may be provided benefits in the amount determined by the Board of Directors by considering the contribution they make, their participations in meetings and their functions, and within the framework of opinion of the Corporate Governance Committee. If payment is made to Executive Committee members within this scope during the year, this payment amount shall be deducted from the amount determined at the end of the year.

For payments made to independent Board members, company performance does not apply.

All expenses (such as transportation, telephone, insurance expenses etc.) incurred by Board Members in relation to their role may be covered by the company.

Senior Executive wages comprise two components - fixed and performance-based. Salary and additional benefits are determined within the scope of the remuneration policy and should be fair, objective, appreciating high performance, competitive, rewarding and motivating.

Senior Executive fixed fees are determined in accordance with international standards and legal obligations, taking into account the macroeconomic data in the market; the wage policy applicable in the market; company size; long-term targets; and individuals' positions.

The remuneration policy is designed to attract well-qualified employees, to increase the motivation and loyalty of employees, which will ensure the achievement of the company's strategic business goals, while balancing internal wage bills and competitiveness in the market.

Senior executive bonuses, on the other hand, are calculated according to the bonus base, company performance, and individual performance, aiming to fulfil and exceed the company's business goals, and encourage superior performance by rewarding sustainable success. Information with respect to the criteria is summarized below:

Premium/Bonus Basis: Premium bases are updated at the start of every year and vary according to the workload of the executives. Senior management policies in the market are considered when updating premium bases.

Corporate Performance: Company performance is calculated through measuring financial and operational (market share, exportation, foreign operations, productivity, etc.) objectives given to the company at the start of every year, at the end of the period. When determining the company's objectives, sustainability and year-on-year improvements are taken into account.

Individual Performance: When determining individual performance, what is taken into consideration is the individual and collective objectives that Senior Managers determine with their own teams and managers, as well as key performance indicators. In personal performance measurement, long-term and sustainable improvement as well as Environmental, Social and Governance policy principles are considered in addition to the financial aspects. If a senior executive leaves the company, a post-employment premium may be paid by taking into account the total period of time worked, the period of time worked as a senior executive, the contribution provided by the senior executive, the last target premium prior to the ending date of employment, and information concerning the salary and premium paid during the last year.

Total amounts determined in accordance with the above-mentioned principles and paid to Board Members shall be submitted for information and/or approval of the shareholders in subsequent general meetings, in accordance with the legislation.

1955

Establishment

Strengthening the economy

2023

Global manufacturer

A global technology manufacturer

2050

Target

Commitment to Become Net Zero



Arçelik at a Glance

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CEO's Message



Hakan Bulgurlu
CEO, Arçelik

**Our New Corporate
Brand**

Beko

On our path towards becoming a truly global player, we have decided to make Beko our new corporate brand.

Dear shareholders, business partners, and colleagues,

We left behind another challenging year, marked by geopolitical tensions, global inflation, high interest rates, and supply chain disruptions. Global uncertainty persisted throughout 2023, negatively impacting both businesses and consumers alike.

Despite signs of improvement in the global economy, key economic indicators fell short of expectations. In an attempt to curb inflation, the Federal Reserve (Fed) and several other central banks maintained a tight monetary policy stance. While these efforts somewhat alleviated global inflation, they have not yet succeeded in stabilizing it. The persistent increases in interest rates have made accessing financing increasingly challenging, resulting in correspondingly high borrowing costs.

According to the International Monetary Fund (IMF), global growth in 2023 stood at 3.1%, with a similar projection for 2024. Global inflation is projected to reach 5.8% in 2024. The positive developments implemented, particularly in the second half of last year, appear to have mitigated the risk of a 'hard landing.' Nevertheless, I believe it is crucial to maintain a cautious approach in the days ahead.

While the war in Ukraine entered its third year, tensions in the Middle East also escalated. In 2024, countries representing nearly half of the world's population—including the US, several EU members, Russia, and India—will hold elections for new governments, with their outcomes expected to shape the global landscape significantly. Furthermore, supply chain disruptions, geopolitical tensions,

We reached a significant milestone in our global growth journey by signing a strategic agreement with Whirlpool.

and the economic fallout from extreme weather events are poised to remain dominant factors on the global agenda.

Amid sluggish consumer demand, the global white goods market experienced a 3% year-on-year decline in turnover, settling at USD 225 billion. Despite significant inflation, the domestic white goods sector in Turkey remained robust, witnessing a growth of 14%. However, exports saw a decline of 10%, while sales reached 32 million units.

Consumer demand also shrank across our core European markets, with the UK down by 4.8%, Germany by 8.7%, and France by 6.3%. Consequently, the Western European market contracted by 5.5%, primarily influenced by the decline in Germany, while Eastern European markets, except for Ukraine, witnessed an overall increase of 1.2%. Despite these challenges, Beko maintained its leadership position in Europe. We seized opportunities to strengthen

our position in the built-in market and expand our share with energy-efficient products.

In South Africa, another key market for us, we observed a 6.6% contraction. Since joining forces with Hitachi in the Asia-Pacific region, we have made substantial investments in enhancing productivity and performance. In Pakistan, our Dawlance brand retained market leadership, with significant gains in share across various product categories, notably cooling and washing machines. In Bangladesh, our new sales strategy contributed to an impressive 182% EUR-based surge in online sales last year.

A landmark in our global growth journey

In January, we reached a significant milestone in our global growth journey by signing a strategic agreement with Whirlpool to establish a partnership in Europe. This business, Beko Europe, will

be created through the transfer of manufacturing, distribution, and sales subsidiaries from both Whirlpool and our company. Beko Europe, in which we hold the majority stake, is starting operations in April. This strategic move will not only elevate Beko as the world's second-largest home appliance manufacturer in unit terms but also expand our brand portfolio, reinforce our presence in Europe, and enhance our global influence as a leader in sustainability and innovation.

Our solar panel manufacturing plant in Istanbul became operational last year, marking a significant milestone for our organization. With an annual average production capacity of 550,000 solar panels and effective utilization of highly automated production technologies, this advanced facility plays a pivotal role in the transition to clean energy. We will continue to invest in solar power plant projects in the near future.

CEO's Message

As a leader in our industry, we consider it our responsibility to inspire sustainable lives in every home.

Last year, our primary focus in R&D was on the development of energy-efficient and eco-friendly technologies. We conducted 374 energy-efficiency projects and successfully reduced the average annual energy consumption per unit produced by 11%.

With an ample focus on resource efficiency, we developed EnergySpin—a technology that reduces energy consumption by up to 35% on the most frequently used washing programs—and AI Sense—a technology that utilizes on-board smart sensors to automatically optimize detergent, water, and energy use by identifying fabric type, load size, and soil level. We also inaugurated a new R&D center in Islamabad, dedicated to improving our software technologies.

The use cases of artificial intelligence (AI) have long been proliferating rapidly. Last year, we

prioritized developing AI-based projects to boost revenues, improve efficiency, and reduce costs. We created over 20 AI applications designed to provide deeper insights into consumer behavior and streamline our sales processes.

In 2023, we continued to tap new financing resources to improve our financial resilience and issued a USD 500 million eurobond—the first eurobond issuance by a private company in Turkey in nearly two years—underscoring the enduring investor confidence in our company.

Our 2023 year-end financial results contain audited financial information prepared according to Turkish Accounting/Financial Reporting Standards by application of IAS 29 inflation accounting provisions. Accordingly, our 2023 consolidated revenues remained flat at TL 257 billion. International

operations accounted for 63% of our sales. Our EBITDA margin was 7.8%, while our net profit increased by 20% to approximately TL 8.4 billion.

We maintained our position as a sustainability leader

The year 2023 was the hottest year on record, with global temperatures temporarily exceeding 1.5°C above pre-industrial levels. As a result, the world experienced several weather extremes, fueled by the irreversible changes the climate crisis is causing throughout the ecosystem. Today, it is more essential than ever to decarbonize the global economy.

Sustainability has long been incorporated in our business model, and as a leader in our industry, we

Looking ahead to 2024, our commitment to an ambitious growth strategy remains solid.

consider it our responsibility to inspire sustainable lives in every home. In 2023, Arçelik once again received the highest score (86/100) in the Household Durables category of the Dow Jones Sustainability Index, the gold standard of corporate sustainability indexes, marking the fifth year in a row.

In addition, at the 2023 TCG Retail Summit, a premier international platform for the consumer electronics industry, our organization was honored with the Sustainability Award and the Leadership Award for the first time.

We firmly believe in the imperative of fostering climate crisis awareness among the younger generation. To this end, we introduced 'DOMINO: The Little One'—our very first game designed to draw attention to environmental challenges through an immersive experience.

Distinguished shareholders,

Looking ahead to 2024, our commitment to an ambitious growth strategy remains solid.

Amidst ongoing global uncertainty, we will prioritize financial discipline and efficient resource management, maintaining our focus on delivering premium-quality products.

Our top priority for the year ahead will be ensuring the seamless integration for Beko Europe. This strategic move is the precursor of a major transformation in our organization and will enable us to grow our momentum while strengthening our presence across all markets.

Our new factories in Egypt and Bangladesh are set to start operations in 2024. Creating significant employment opportunities in dynamic geographies with developing economies, we will be growing our manufacturing capacity. With stronger local supply chains and arising export opportunities, these investments will allow us to serve consumers worldwide more efficiently.

CEO's Message

We worked to ensure that the 'Hope City' container cities at five different locations were ready for occupancy.

In 2024, we expect our sales revenues in Turkey to remain flat. We aim to grow our international sales by about 2%. We will work towards an EBITDA margin of around 8%, while our investments are anticipated to reach a total of EUR 300 million.

On our path towards becoming a truly global player, we have decided to make Beko our new corporate brand. This strategic shift will enable us to cultivate a shared corporate culture and identity, uniting all our employees and operations all over the world. Leveraging the strong visibility of the Beko in Europe, a core market, we will enhance our corporate reputation, advance towards becoming a global leader, and establish our organization as one of the world's best places to work globally.

We recently embarked on a major cultural transformation journey across our entire organization. Through over 600 workshops conducted last year, we engaged with over 10,000 employees to ensure widespread understanding and acceptance of our corporate values, crafted collaboratively by our employees across the world. We provided training aimed at diversifying our talent pool and nurturing an inclusive culture that not only embraces but also celebrates differences. Looking ahead, we will focus mainly on upskilling our workforce, attracting diverse talents, and ensuring a future-ready organization.

Last year, we experienced a tragedy with the earthquakes that devastated 11 provinces. In response, we mobilized our entire ecosystem, from employees and

business partners to authorized dealers, to aid in the region's recovery from the very onset of the disaster.

We worked to ensure that the *Hope City* container cities at five different locations, under the coordination of Koç Holding, were ready for occupancy as soon as possible. We set up two call centers to provide employment opportunities in the aftermath of the disaster. The Arçelik Volunteers Club regularly visited the affected areas to assist with the resettlement efforts.

Recovering from this devastating disaster will take time. Therefore, we are committed to providing ongoing support in the future.

With our long-standing history and exceptionally skilled workforce, we are well-positioned to lead change and maintain our competitive advantage.

Esteemed shareholders,

We have been managing several major transformation projects. While ensuring the seamless progress of these initiatives, we will also continue to meet our consumers' expectations and make quality the enduring touchstone of our operations. Looking ahead, the impacts of AI will continue to expand, encompassing areas from content generation to process management. With our long-standing history and exceptionally skilled workforce, we are well-positioned to lead change and maintain our competitive advantage.

The climate crisis looms on the horizon as a major threat for the business community. For years, we have been actively engaged in various initiatives to raise awareness about the climate crisis and strengthen our organization's leadership in sustainability. Over the years, our commitment has led us to conquer summits of the world, from Aconcagua and Elbrus to Kilimanjaro and Everest.

Last December, our mission led us to Antarctica, where we drew attention to the continent's melting glaciers. Rapidly melting glaciers and rising sea levels are among the most prominent risks we need to be prepared for in the years ahead. In 2024, we will continue to raise awareness by remaining steadfast in our sustainability vision.

With our devoted and talented workforce, I am confident that we will continue to raise the bar even higher and achieve greater milestones in the future.

I would like to thank our shareholders and business partners for always believing in us as we navigate complexity, and to our colleagues for their dedication and hard work.

Hakan Bulgurlu
CEO, Arçelik

Arçelik in Brief

■ Founded in 1955, Arçelik AŞ is active in the areas of R&D, manufacturing, marketing, and after-sales support services provision in the consumer durables and consumer electronics business lines. The company is the hub of an international network of 82 subsidiaries in 53 countries, 31 production facilities in nine countries, and more than 40,000 employees worldwide, all supplying products and services under the brands of Altus, Arctic, Arçelik, Beko, Blomberg, Dawlance, Defy, Elektrabregenz, Flavel, Grundig, Hitachi¹, Leisure, Singer¹ and VoltasBeko.

40.000+
Employees

14
Global brands

86/100
The highest score
Industry's highest score in DJSI for the 5th year in a row

Arçelik dynamically engages in every aspect of the innovative goods that it makes from their initial concept and design to production and distribution. Employing more than 2,200 research personnel in 28 R&D and design centers and offices around the world, the company has filed more than 3,500 patent applications and has been awarded patents in every business line in which it is active.

In 2023 - and for the fifth year in a row - Arçelik achieved the highest score in the DHP Household Durables Industry (2023 S&P Global Corporate Sustainability Assessment - 86/100 points based on October 2023 results) in the Dow Jones Sustainability Index family of indices evaluating the sustainability performance of publicly traded companies.

Arçelik's washing machine plant in Ulmi, Romania, and Eskişehir refrigerator plant in Turkey have been selected for the "Global Lighthouse Network", a community of manufacturers who are identified as exemplars in the adoption of Fourth Industrial Revolution technologies. In addition, Arçelik's efforts on behalf of sustainability practices in water and energy management earned its Ulmi washing machine plant in Romania a place among the World Economic Forum Global Lighthouse Network's 10 Sustainability Lighthouses.

Striving to be a source of inspiration and in line with its "Respecting The World, Respected Worldwide" vision, Arçelik deploys its technological and human resources and its production might for the sake of a more sustainable future.

¹ Licensee limited to certain jurisdictions.



CONSOLIDATED REVENUES

TL 257.1 billion
(EUR 8 billion)

While Arçelik's consolidated revenues reached TL 257.1 billion (EUR 8 billion) in 2023, the share of its revenues outside Turkey was 63%.

■ Insourced R&D and Technology Development Competencies

Arçelik is a global technology producer with 28 R&D and design centers and offices based in Turkey, UK, China, Taiwan, Romania, Thailand, India, South Africa, Pakistan, and Russia.

Arçelik dynamically engages in every aspect of the innovative goods that it makes from their initial concept and design to production and distribution. In the conduct of its R&D operations, Arçelik focuses on such issues as conserving energy and water through the use of more sustainable, eco-aware technologies and reducing operational noise and vibration while also exploring opportunities for incorporating sensor, IoT, smart-home, polymer, metal and surface-coating, hygiene, water and air-filtration, air-quality, and inverter motor drive technologies into its products.

■ Production Capability Diversification

By means of its investments and acquisitions, Arçelik expands the geographical footprint of its production resources while also diversifying its production-capability portfolio.

Arçelik is the center of a global network of 31 production facilities located in Turkey, Romania, South Africa, India, Bangladesh, Russia, China, and Thailand.

In 2022 work began on building a new production facility based in Egypt. Undertaken at an investment cost of about USD 100 million, the plant is slated for completion in 2024.

■ Robustly Positioned in European National Markets

Goods made by Arçelik are available in Western Europe under the Beko brand, and in Eastern Europe under the strong presence of both Arctic and Beko brands. In 2023, Arçelik achieved a turnover of EUR 3.1 billion in Europe.

As well as being Turkey's leading producer of smart-home technologies, the company is in the unique position of having nearly 3,000 Arçelik and Beko dealerships, providing fast service and smart solutions to meet consumers' changing needs and expectations. With more than 600 authorized service outlets, Arçelik's after-sales services network has the broadest reach of any in Turkey, which ensures a smooth customer service-request experience.

■ Strong Growth in International Markets

Arçelik strengthens its presence by increasing its activities in markets that have growth potential through strategic partnerships and acquisitions. For example, its acquisition of the Dawlance brand in Pakistan in 2016, its partnership with Voltas in India in 2017, and its acquisition of the Singer Bangladesh brand in Bangladesh in 2019 continue to power Arçelik's growth in those national markets. By joining forces with Hitachi in 2021, Arçelik has further strengthened its presence in global markets. The aggregate turnover outside Turkey, including Africa, America, Asia-Pacific, Europe and the Middle East, amounts to EUR 5 billion.



THE LARGEST AFTER-SALES SERVICE NETWORK

Our Global Footprint



Production Facilities

Dhaka, Bangladesh	Refrigerator Plant
Dhaka, Bangladesh	TV, A/C and Washing Machine Plant
Shanghai, China ¹	Arçelik Hitachi Washing Machine Plant
Gujarat, India ¹	Voltbek Refrigerator Plant
Hyderabad, Pakistan	Refrigerator Plant
Karachi, Pakistan	Refrigerator and TV Plant
Karachi, Pakistan	Washing Machine, A/C and Cooking Appliances Plant
Gaești, Romania	Arctic Refrigerator Plant
Ulmi, Romania	Arctic Washing Machine Plant
Kirzhach, Russia	BEKO LLC Refrigerator and Washing Machine Plant
Lipetsk, Russia	IHP Appliances JSC Refrigerator Plant
Lipetsk, Russia	IHP Appliances JSC Washing Machine Plant
Ezakheni, South Africa	Refrigerating Appliances Plant
Jacobs, South Africa	Defy Cooking Appliances, Dryer and Washing Machine Plant
Cabin Buri, Thailand ¹	Arçelik Hitachi Refrigerator Plant
Cabin Buri, Thailand ¹	Arçelik Hitachi Washing Machine Plant
Rayong, Thailand	Refrigerator Plant

¹ Joint Venture Plants



Production Plants



R&D Centers and Offices



Subsidiaries and Branches



Partners

Production Facilities

Ankara, Turkey	Dishwasher Plant
Bolu, Turkey	Cooking Appliances Plant
Bolu, Turkey	Cooking Appliances Plant - Plant-2
Eskişehir, Turkey	Refrigerator Plant
Eskişehir, Turkey	Plant-6
Eskişehir, Turkey	Compressor Plant
Gebze, Turkey ¹	Arçelik LG
İstanbul, Turkey	Washing Machine Plant
İstanbul, Turkey	Solar Panel Plant
Manisa, Turkey	Refrigerator Plant
Manisa, Turkey	Washing Machine Plant
Tekirdağ, Turkey	White Goods Engine and Small Home Appliances Plant
Tekirdağ, Turkey	Tumble Dryer Plant
Tekirdağ, Turkey	Electronics Plant

¹ Joint Venture Plants



CAPACITIES OF PRODUCTION FACILITIES

01 ▲
82 subsidiaries
in **53** countries

02 ▲
31 production facilities
in **9** countries

03 ▲
28
R&D and design centers and offices



Our Global Footprint



R&D and Design Centers and Offices

Wuxi, China	Arch R&D Office
Gujarat, India ¹	VoltasBeko R&D Office
Hyderabad, Pakistan	Dawlance R&D Office
Islamabad, Pakistan	Dawlance NUST R&D Office
Karachi, Pakistan	Dawlance R&D Office
Gaești, Romania	Arctic R&D Office
Ulmi, Romania	Arctic R&D Office
Kirzhach, Russia	Beko LLC R&D Office
Lipetsk, Russia	IHP Appliances R&D Office
Jacobs, South Africa	Defy R&D Office
Cabin Buri, Thailand ¹	Arçelik Hitachi R&D Office
Rayong, Thailand	Beko Thai R&D Office
Ankara, Turkey	Dishwasher Plant R&D Center
Ankara, Turkey	METU Technocity R&D Center
Bolu, Turkey	Cooking Appliances Plant R&D Center
Eskişehir, Turkey	Refrigerator and Compressor Plant R&D Center
İstanbul, Turkey	R&D Directorate
İstanbul, Turkey	Arçelik Design Center
İstanbul, Turkey	Beylikdüzü R&D Center
İstanbul, Turkey	Washing Machine Plant R&D Center
İstanbul, Turkey	Digital Transformation, Big Data and AI Center
İstanbul, Turkey	Small Domestic Appliances R&D Center
İstanbul, Turkey	Manufacturing Technologies R&D Center
Kocaeli, Turkey ¹	Arçelik - LG R&D Office
Manisa, Turkey	Manisa Plant, R&D Center
Tekirdağ, Turkey	Electronics Plant R&D Center
Tekirdağ, Turkey	Dryer Plant R&D Center
Cambridge, United Kingdom	Beko PLC R&D Office

¹ Center of joint venture



Subsidiaries and Branches

Algeria	Beko Algéria EURL
Australia	Beko A and NZ Pty Ltd.
Austria	Beko Austria AG
Azerbaijan	Beko Azerbaijan MMC
Bangladesh	Singer Bangladesh PLC
Belgium	Beko Belgium NV
Botswana	Defy Botswana Proprietary Ltd.
BVI	Pan Asia Private Equity Ltd.
China	Arçelik Hitachi Home Appliances (Shanghai) Co., Ltd.
China	Arçelik Hitachi Home Appliances Sales Hong Kong Limited
China	Arch R&D Co. Ltd.
China	Beko Electrical Appliances Co. Ltd.
China	Beko Hong Kong Limited
China	Beko Shangai Trading Co.
Croatia ²	Beko Grundig Croatia d.o.o.
Czech Republic	Beko Spółka Akcyjna (Beko Poland Branch)
Denmark	Grundig Nordic DK (Branch office of Grundig Nordic AS, Norway)
Egypt	Beko Egypt Home Appliances Industries LLC
Egypt	Beko Egypt Trading LLC
Finland	Grundig Nordic AB (Rep Office of Beko Nordic AB, Sweden)
France	Beko France SAS
Germany	Beko Germany GmbH
Greece	Beko Greece S.M.S.A.
Netherlands	Arçelik Hitachi Home Appliances B.V.
Netherlands	Beko Bangladesh BV
Netherlands	Beko BV
Netherlands	Beko Europe BV
Netherlands	Beko Netherlands BV
Hungary	Beko Hungary Kft
India	VoltBek Home Appliances Private Ltd

² Beko Germany GmbH's Croatian branch "Podružnica Hrvatska-Beko Germany GmbH" was transferred to Beko Grundig Croatia d.o.o. on February 16, 2023, and was liquidated and deleted from the Croatian Trade Registry.

Subsidiaries and Branches

Indonesia	PT Beko Appliances Indonesia
Indonesia	PT Home Appliances IND
Indonesia	PT. Arçelik Hitachi Home Appliances Sales Indonesia
Ireland	Beko Ireland (Beko PLC branch)
Israel	Beko Israel Household Appliances Ltd.
Italy	Beko Italy SRL
Kazakhstan	Beko Central Asia LLC
Kazakhstan	IHP Kazakhstan LLP
Kenya	Defy Sales East Africa Limited
Malaysia	Arçelik Hitachi Home Appliances Sales Malaysia Sdn. Bhd.
Malaysia	Beko Appliances Malaysia Sdn Bhd
Morocco	Beko Morocco Household Appliances
Namibia	Defy Namibia Proprietary Ltd.
New Zealand	Beko A and NZ Pty Ltd. New Zealand Branch (Australia Branch)
Norway	Beko Nordic AS
Pakistan	Dawlance Private Limited
Pakistan	DEL Electronics Private Limited
Pakistan	United Refrigeration Industries Ltd.
Philippines	Beko Pilipinas Corporation
Poland	Beko SA
Portugal	Beko Portugal, Unipessoal Lda
Romania	Arctic Foundation
Romania	Arctic SA
Romania	ARCwaste Collection SRL
Russia	Beko LLC
Russia	IHP Appliances JSC
Russia	IHP Appliances Sales LLC
Serbia	Beko Balkans DOO
Singapore	Arçelik Hitachi Home Appliances Sales (Singapore) Pte. Ltd.
Slovakia	Beko Slovakia SRO
South Africa	Defy Appliances Proprietary Limited
Spain	Beko Electronics Espana SL
Swaziland	Defy Swaziland Proprietary Limited
Sweden	Beko Nordic AB

Subsidiaries and Branches

Switzerland	Beko Switzerland GmbH
Switzerland	Grundig Multimedia AG
Taiwan	Arçelik Hitachi Taiwan Home Appliances Sales Ltd.
Taiwan	Beko BV (Taiwan Branch)
Thailand	Arçelik Hitachi Home Appliances (Thailand) Ltd.
Thailand	Arçelik Hitachi Home Appliances IBC Co. Ltd.
Thailand	Arçelik Hitachi Home Appliances Sales (Thailand) Ltd.
Thailand	Beko APAC IBC Co. Ltd
Thailand	Beko Thai Co. Ltd.
Turkey	Arçelik Pazarlama AŞ
Turkey	Arçelik-LG Klima Sanayi ve Ticaret AŞ
UAE	Arçelik Hitachi Home Appliances Sales Middle East Fze
UAE	Beko Gulf FZE
Ukraine	Beko Ukraine LLC
United Kingdom	Beko PLC
USA	Beko US
Vietnam	Arçelik Hitachi Home Appliances Sales Vietnam Co., Ltd.
Vietnam	VietBeko LLC



Partners

India	VoltBek Home Appliances Private Limited
Turkey	Arçelik-LG Klima Sanayi ve Ticaret A.Ş.

Executive Management



Hakan Bulgurlu
CEO



Özkan Çimen
Chief Financial Officer



Nihat Bayız
Chief Production and Technology
Officer



Utku Barış Pazar
Chief Strategy & Digital Officer



Cem Kural
Chief Supply Chain and
Procurement Officer



Toygan Pulat
Chief People Officer

**C. Can Dinçer**

Chief Commercial Officer - Turkey
and South Asia

**M. Ragıp Balcıoğlu**

Chief Commercial Officer - Europe

**Akın Garzanlı**

Chief Marketing Officer

**Fatih Özkadı**

Chief Sustainability, Quality and
Customer Care Officer

**Zafer Üstüner**

Chief Commercial Officer - Asia-
Pacific

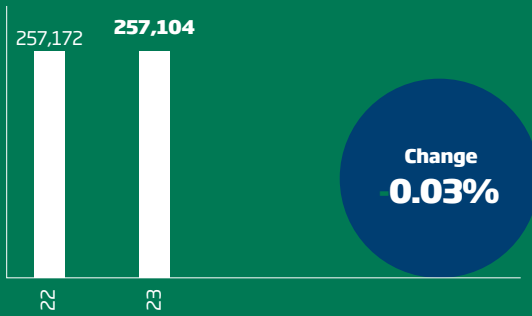
For the CVs, see “Executive Management CVs” section ([link](#) page 272-275).

For information about the Board of Directors and executive management members’ transactions on behalf of themselves or someone else within the framework of the permission granted by the General Assembly, and their operations within the scope of the competition ban, see the agenda item description numbered 14 in the “General Assembly Information Document” section ([link](#) page 407).

The key management of Arçelik A.Ş. is identified as the Chair and members of the Board of Directors, the CEO, and Assistant General Managers and Directors reporting directly to the CEO. For the information on total key management compensation incurred by Arçelik A.Ş. in 2023 see note 33 of “Financial Information” ([link](#) page 383).

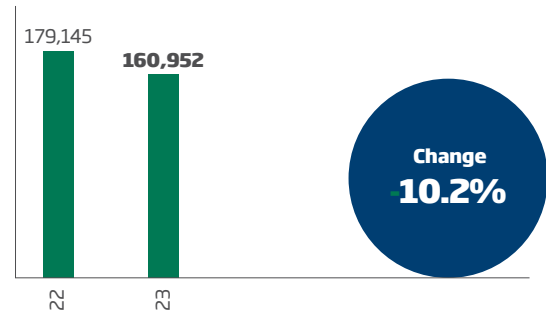
Key Indicators

Net Sales (TL million)

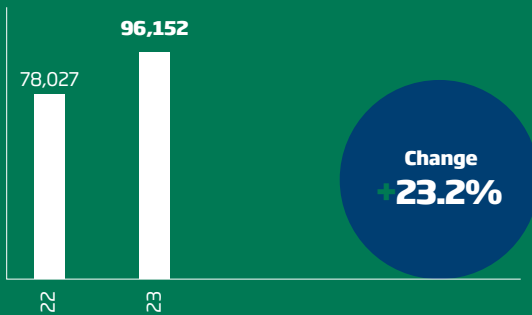


Financial Indicators

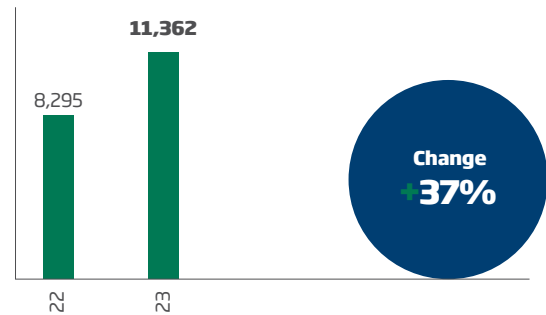
Net Sales (International) (TL million)



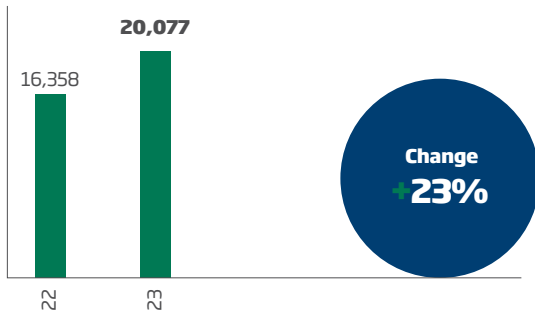
Net Sales (Turkey) (TL million)



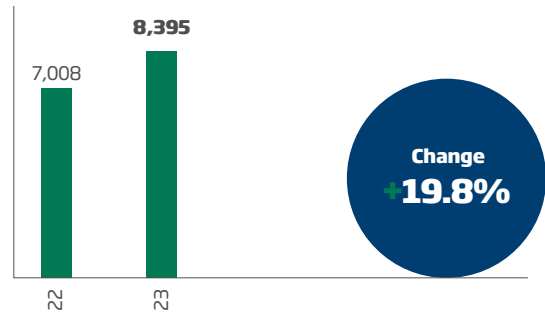
Operating Profit (TL million)



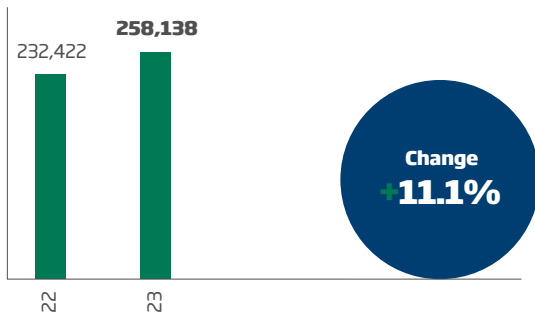
EBITDA¹ (TL million)



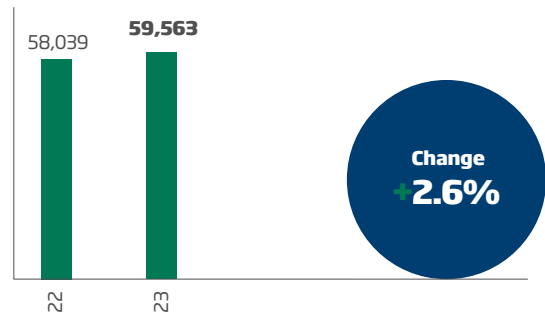
Net Profit (TL million)



Total Assets (TL million)



Shareholders' Equity (TL million)



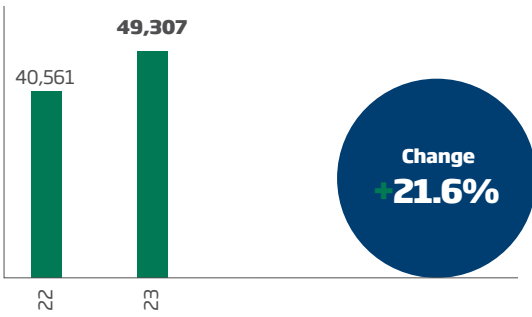
¹ The effects of foreign exchange gains and losses arising from trade receivables and payables and credit finance income and charges are deducted from operating profit, and the effects of income and expenses from sale of property, plant and equipment are added to operating profit in order to maintain consistency in the presentation with prior years.

Key Indicators

Financial Indicators

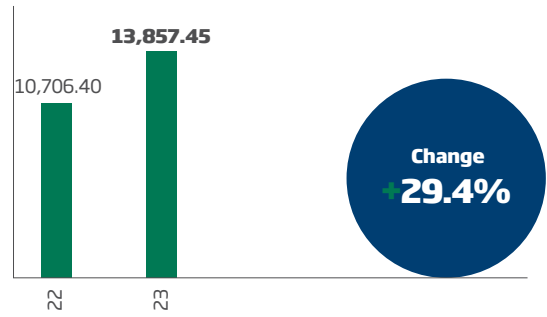
Net Financial Debt¹

(TL million)



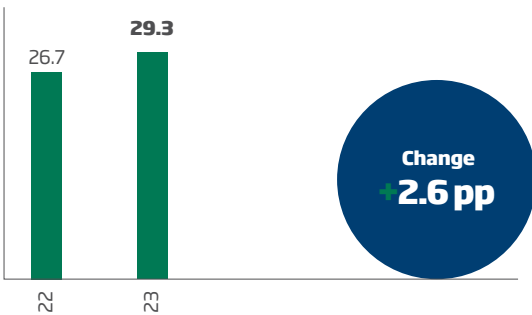
Investment Expenditures (Net)

(TL million)



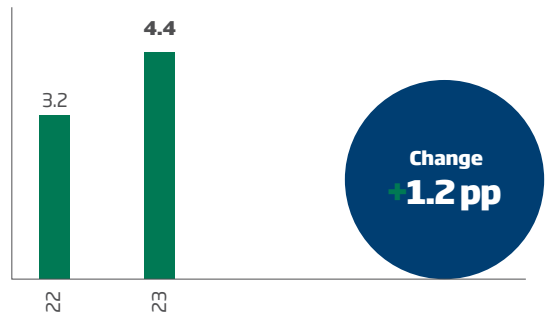
Gross Profit Margin

(%)



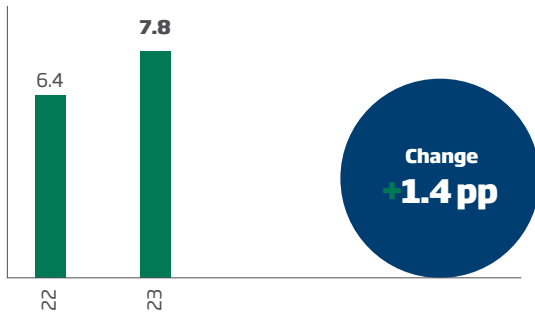
Operating Profit Margin

(%)

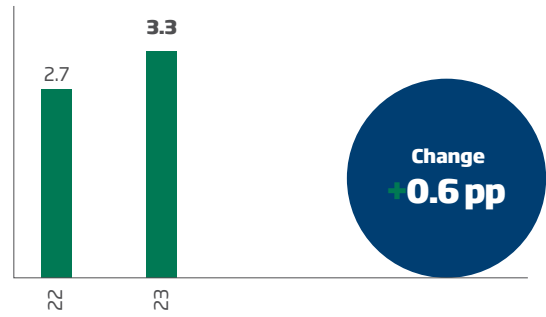


¹ Lease liabilities are not taken into account in the calculation of net financial debt.

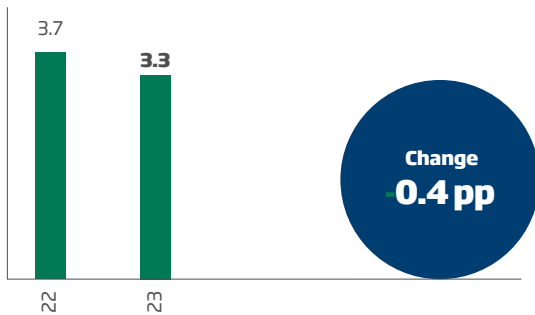
EBITDA Margin ⁽¹⁾ (%)



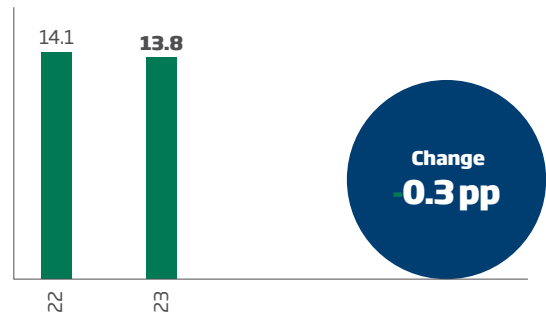
Net Profit Margin (%)



Return on Assets (%)



Return on Equity (%)



Key Indicators

Non-Financial Indicators

40

In its governance assessments and analyses, Arçelik considers non-financial factors alongside financial indicators. In identifying the non-financial factors taken into consideration, the Company reviews WEF Global Risk reports, global environmental, social, and governance (ESG) trends and legislation, trends in sustainability indices, and industrial developments. Prioritizing all these developments within the framework of its operations and business plans, Arçelik ensures ESG commitments, participates in international platforms, and is listed in sustainability indices.

Arçelik ESG Commitment Highlights

- Aligned with the science-based targets approved by the Science Based Targets initiative (SBTi), prepared in accordance with the Paris Agreement's scenario of keeping the global temperature increase "well below 2°C", reducing Scope 1 and Scope 2 greenhouse gas emissions by 30% and Scope 3 greenhouse gas emissions arising from the product use phase by 15% by 2030, relative to the 2018 base year.
- In line with the "1.5 °C" scenario submitted for SBTi approval in January 2024, Arçelik's target to become a net zero emissions company by 2050, encompassing all its subsidiaries and all major household appliance product groups relative to the base year 2022
- Increasing the rate of recycled plastic content in products to 40% by 2030
- As a supporter of Action Coalition, achieving six target with three commitments to drive change for women and girls in technology and innovation by 2026
- Increasing the percentage of women on the Board of Directors to 25% by 2026
- Increasing the rate of women employees to 35% in the overall workforce and 30% in all management positions by 2030

All of Arçelik's sustainability targets can be accessed in its sustainability reports and on its website:

<https://www.arcelikglobal.com/en/company/reports-presentations/?val=3712>

Arçelik Sustainability Index Highlights

- The highest score in its industry in the Dow Jones Sustainability Index for the last five years in a row
- Ranked at 1% in the S&P Sustainability Yearbook
- In the "A-" lists in the CDP 2023 Climate Program and in the "B" lists in the CDP 2023 Water Security Program
- On the Corporate Knights' Global 100 Most Sustainable Companies list for the 4th time
- In the 2023 Bloomberg Gender Equality Index (GEI)
- Awarded AAA ratings on the MSCI and FTSE4Good lists since 2016
- In the Refinitiv ESG Index
- In the BIST Sustainability Index and the BIST Sustainability 25 Index

Arçelik International Platform Memberships

- United Nations Global Compact (UNGC)
- Science-Based Targets Initiative (SBTi)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Business Ambition for 1.5°C
- Race to Zero
- World Economic Forum Alliance of CEO Climate Leaders
- Climate Group EP100
- UN Women's Empowerment Principles (UN WEPs)
- UN Generation Equality Forum Technology and Innovation Action Group (UN Women Action Coalition)
- World Business Council for Sustainable Development (WBCSD)



For detailed information:

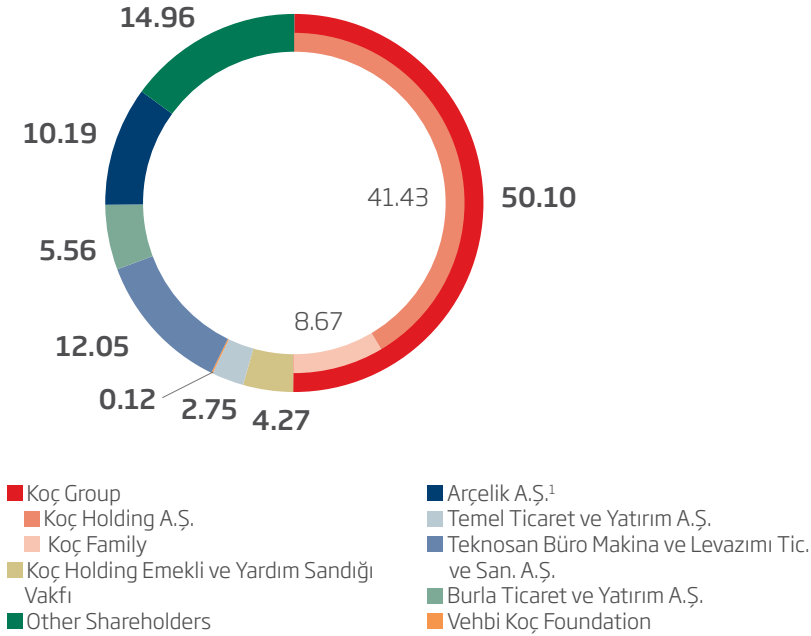
<https://www.arcelikglobal.com/en/sustainability/engagements/engagements/>



Capital and Ownership Structure

SHAREHOLDER	SHARE IN CAPITAL (%)	NOMINAL SHARE VALUE (TL)	NUMBER OF SHARE AND VOTING RIGHT (Number)
Koç Holding A.Ş.	41.43%	279,928,625.03	27,992,862,503
Koç Family	8.67%	58,590,764.33	5,859,076,433
Koç Holding Pension and Aid Fund Foundation	4.27%	28,862,920.21	2,886,292,021
Temel Ticaret ve Yatırım A.Ş.	2.75%	18,576,870.00	1,857,687,000
Vehbi Koç Foundation	0.12%	808,976.88	80,897,688
Teknosan Büro Makina ve Levazımı Tic.ve San. A.Ş.	12.05%	81,428,336.95	8,142,833,695
Burla Ticaret ve Yatırım A.Ş.	5.56%	37,571,663.05	3,757,166,305
Arçelik A.Ş. ¹	10.19%	68,876,288.02	6,887,628,802
Other Shareholders	14.96%	101,083,760.54	10,108,376,054
Total	100.00%	675,728,205.00	67,572,820,500

Ownership Structure (%)



In 2023 the company's issued and fully paid-up capital amounted to TL 675,728,205, consisting of 67,572,820,500 registered shares each with a par value of TL 0.01 (one kurush). The company's registered capital ceiling is TL 1,500,000,000.

No company shares enjoy any preferential rights. Each share of stock with a nominal value of one kurush entitles its holder to one vote at company general meetings. No publicly traded shares were repurchased by the company during the reporting year.

As per the decision of our Company's Board of Directors dated 19 January 2023, it was decided to acquire the Arçelik A.Ş. share, which represents 0.87% of the Arçelik A.Ş. capital owned by Koç Holding Pension and Assistance Fund Foundation, in cash and in advance payment, for a total price of TL 629,971,398.00, and Temel Ticaret ve Yatırım A.Ş., which possesses

¹ Refers to the shares repurchased from publicly held shares until 31 December 2023 within the scope of the buyback program initiated by Arçelik A.Ş.

both direct and indirect shares in the Company, granted approval for the partial demerger transaction at the Extraordinary General Assembly meeting held in 2022 and transferred all of its Koç Holding A.Ş. shares to Family Danışmanlık Gayrimenkul ve Ticaret A.Ş., of which it owns 100%. As a result of this transfer process, there has been a change in the indirect share ownership of Arçelik A.Ş.

On all matters pertaining to transactions of a significant nature, the company complies with the requirements of the Turkish Commercial Code, the Capital Markets Act, and applicable laws, regulations, and administrative provisions, which stipulate that before the transaction may be effected, a Board of Directors resolution sanctioning it must first be passed, after which the transaction must be approved at a general meeting. Arçelik was involved in no transactions of this nature during the reporting year.

Ticker code ARCLK.IS

Paid-in capital TL 675,728,205

Registered capital TL
1,500,000,000

Share Repurchases

Taking into account the impact both of market conditions and of domestic and global economic developments on the company's operations and sector, the conclusion was reached that Arçelik A.Ş.'s Borsa İstanbul market capitalization did not accurately reflect the company's actual performance or true value.

In order to contribute to healthy price formation, the Company's

Board of Directors decided at its meeting dated 24.05.2022 to sustain the share buyback transactions initiated by the decision of the Board of Directors dated 01.07.2021 and within this scope, the Company's shares can be bought back from the Stock Exchange in adherence to the Communiqué on Buy-Back Shares (II-22.1), issued by the Capital Markets Board, and the announcements of the Capital Markets Board dated 21.07.2016, 25.07.2016 and 23.03.2020, and within the framework of the authority granted to the Company's Board of Directors at the Ordinary General Assembly Meeting dated 23.03.2022.

As a result of the ongoing share buyback transactions, the Company bought back shares with a total nominal value of TL 24,444,945 at Borsa İstanbul (BIST) between 23.03.2022 and 31.12.2022 at an average price of TL 64.87. A total of TL 68,876,288 nominal value shares were bought back from 01.07.2021, when the share buyback program was initiated, until 31.12.2022, and the total amount paid for the share repurchase was TL 3,097,980,104, including commission and BITT. As of 31 December 2022, the ratio of ARCLK shares owned by the Company to its capital was 10.19%. As of the date of the report, the total nominal value of the bought-back shares has remained unchanged.

A summary of Arçelik share buybacks as of end-2022 is available here: <https://www.kap.org.tr/Bildirim/1056874>.

Koç Holding

With roots going back to 1926, the Koç Group is Turkey's biggest corporate group as measured by total revenues, exports, BIST capitalization and trading, and job-creation. Koç Holding is the only company headquartered in Turkey to be included in the Fortune Global list of the world's 500 biggest companies. Seeking to enhance the added value that it generates for all of its stakeholders and inspired by its vision of creating long-term value and supporting global growth, the Koç Group continues to move forward on a journey that began nearly a century ago.

For more detailed information:

www.koc.com.tr

Burla Group

During the early years of the Turkish Republic, the Burla company contributed to the country's economic growth and development as one of the first to begin importing and trading in goods such as automotives, home appliances, electrical-powered tools, lightbulbs, office machines, photographic equipment, and machine tools. As a corporate group, Burla's mission today is to maximize stakeholder value-creation by increasing customer satisfaction through its sustainable growth.

For more detailed information:

www.burla.com

Our Brands and Products

Our Brands

While Arçelik increased its competitiveness with its new brands, it further strengthened its position in the markets in which it operates.



¹ Licensee limited to certain jurisdictions.
For detailed information about our brands, see, "Our Brands" section ([🔗 pages 72-91](#)).

Our Product Portfolio

Built-in and standalone products

- Refrigerators
- Freezers
- Washing machines
- Dryers
- Dishwashers
- Ovens
- Microwave ovens
- Furnaces
- Hoods
- Aspirators
- Mini-midi ovens
- Warming drawers
- Water dispensers
- Water purifiers

Air conditioning and energy

- Air conditioners
- Combi boilers
- Kettles
- Room heaters
- Fans
- Solar panels
- Inverters
- Sunjunior energy storage system
- Solar ups
- Folding solar panel
- Solar backpacks
- Vehicle charging devices
- Heat pumps

Consumer electronics

- Televisions
- Smart phones
- Laptops and tablets
- POS cash register
- Hi-fi systems
- Portable sound systems
- 3D printers

Small home appliances

- Brooms
- Cooking utensils
- Personal care
- Irons
- Hygiene products

Components

- Hermetic compressors
- Motor pumps

Our Growth Strategy



STRENGTHENING

STRATEGIC GOALS

STRENGTHENING
PRIMARY MARKETS
AND PRODUCT GROUPS

EXPANDING

EXPANDING
GEOGRAPHICAL BORDERS

DIVERSIFYING THE
PRODUCT PORTFOLIO
AND SERVICES

DIVERSIFYING

IN TOUCH WITH OUR
PLANET
IN TOUCH WITH HUMAN
NEEDS
IN TOUCH WITH BUSINESS

ADDING VALUE

Arçelik centers all its business strategies and activities around respect for both the environment and society.

- Maintaining market position in Turkey by being closer to the consumer, developing solutions in various areas, elevating the customer experience to the highest level
 - Exploring investment opportunities in the parts of the Middle East and North Africa that are geographically near our key export markets; exploiting the export potential of our factory in Egypt
 - Continuing investments with the Defy brand in Sub-Saharan Africa and evaluating investment alternatives in other countries in the region
 - Continuing to invest in the most energy-efficient and innovative products in each core product group
-
- Investing in regions with a growing young population, rising purchasing power, and developing economies
 - Making growth investments in the Asia-Pacific region with both the Hitachi partnership and the Beko brand
 - Evaluating investment, acquisition, and partnership options in North and South America
 - Making investments in production facilities and new products in countries where company acquisitions are made
 - Supporting growth by closely monitoring customer needs from new offices
-
- Strengthening current position in small household appliances and built-in products
 - Increasing sustainable income sources by developing B2B sales
 - Developing business models that take into account the needs of the country by improving the products and services in the after-sales services segment
 - Offering new solutions to customers with renewable energy solutions and an efficient dealer network in Turkey
-
- Developing products with reduced environmental footprint and lessening the environmental footprint of all stakeholders along the value chain to conserve natural resources
 - Developing smart technologies, artificial intelligence practices and sponsor programs that will enhance social benefits in order to help society achieve improved living standards
 - Designing inclusive, fair and inspiring practices that will create sustainable value for Arçelik employees, suppliers, dealers and customers

Investor Relations

25.15% of Arçelik's shares are publicly traded with the remainder being held by Koç Holding, Koç Group companies, and members of the Koç family.¹ Under a share buyback program initiated by Arçelik, 10.19% of the publicly traded shares had been repurchased by the company as of 31 December 2023.

Type of capital market instrument quoted/traded	Initial quotation/trading date	Country	Exchange name	Exchange market
Company share	21/01/1986	Turkey	Borsa İstanbul	Stars Market Group 1
Green Bond	25/05/2021	Ireland	Irish Stock Exchange	Bond and Bill Market
Eurobond - USD 400 million	25/09/2023	Ireland	Irish Stock Exchange	Bond and Bill Market
Eurobond - USD 100 million	17/11/2023	Ireland	Irish Stock Exchange	Bond and Bill Market

Arçelik shares are traded on the Borsa İstanbul BIST Stars market and are included in the BIST Metal Products Mach, BIST Stars, BIST Sustainability 25, BIST 100, BIST 50, BIST 30, BIST Industrials, BIST İstanbul, BIST All, BIST Corporate Governance, BIST Repurchase, BIST Sustainability and other indices. Arçelik's superior corporate governance performance has qualified its shares for inclusion in the BIST Sustainability Index every year since 2024 without exception. Its shares also rank high in some of the world's most prestigious stock indices.²

During 2023, Arçelik representatives attended 10 investor events in Turkey and other countries and met with 327 investors and analysts. Furthermore, a visit to the Arçelik Çayırova Campus was organized for individual investors. Four teleconferences concerning the company's quarterly results were also conducted during the year. Arçelik regularly keeps stakeholders informed and up to date by means of telephone calls, teleconferences, face-to-face meetings, general investor presentations, financial results presentations, interim reports, and a corporate website.

Strong Share Performance

In 2023, the Turkish market experienced fluctuations due to various factors, including the earthquake disaster on 6 February, presidential elections, monetary policies, rising public offerings, and the Palestine-Israel war. However, by the end of 2023, Arçelik had achieved a market value of TL 86.8 billion (USD 2.9 billion), driven by its improved financial performance and the positive impact of the Whirlpool agreement.

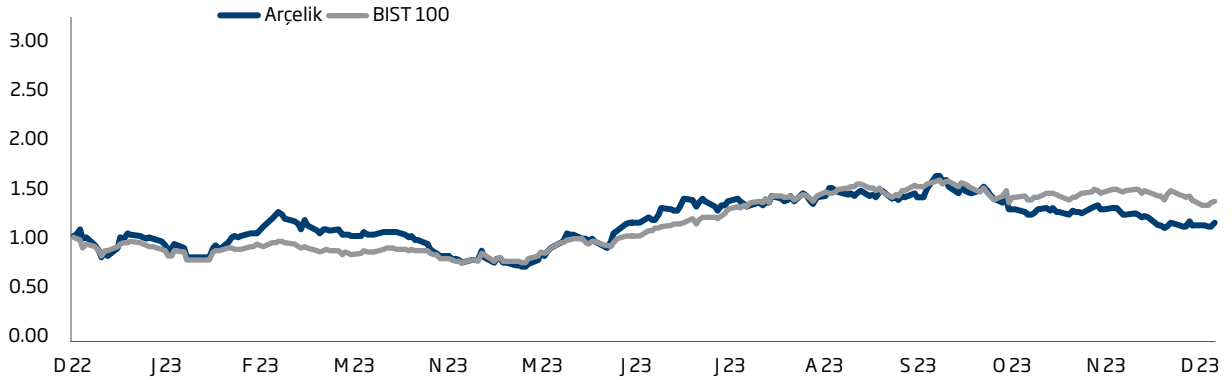
During 2023, the share price of Arçelik increased by 16.5% in value, whereas the BIST 30 Index went up by 34.9%. In 2023, the Company's shares had an average daily trading volume of around 6,222,004 lots.

By the end of 2023, around 18.7% of Arçelik shares traded on BIST were owned by foreign investors.

¹ For details of capital and partnership structure, see. "Capital and Ownership Structure" section ([page 42](#)).

² For the sustainability indices in which Arçelik is included, see. "Sustainability Index highlights" section ([page 40](#)).

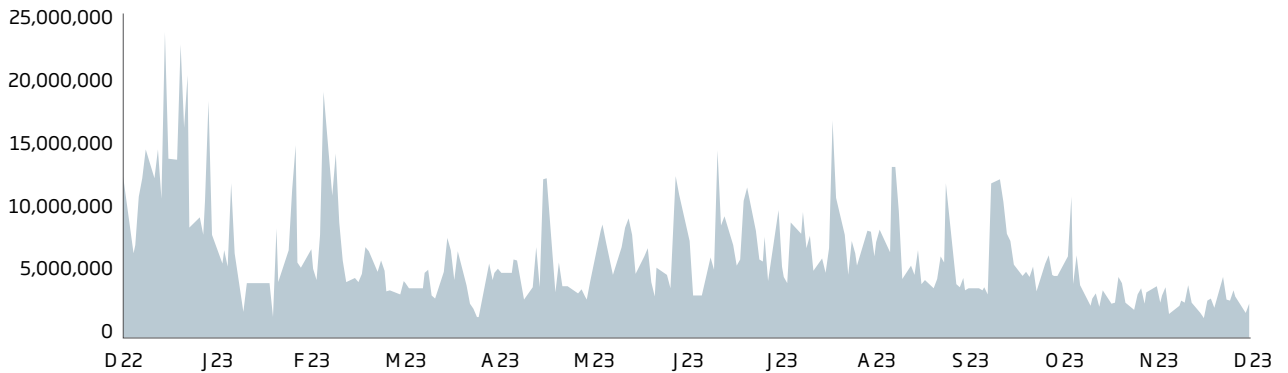
Stock Performance in 2023



Metric	2019	2020	2021	2022	2023
Low ¹ (TL)	12.82	10.99	26.90	46.47	83.70
High ¹ (TL)	18.74	27.96	52.04	113.83	175.00
Year-end ¹ (TL)	18.44	26.90	45.75	110.29	128.50
Year-end	20.84	30.40	48.40	112.20	128.50
Issued capital (TL 1,000)	675.728	675.728	675.728	675.728	675.728
Market value (TL 1,000)	14.082.176	20.542.137	32.705.245	75.816.705	86.831.074
Market value (USD 1,000)	2.370.657	2.798.466	2.471.846	4.051.401	2.938.595

¹ Retroactively adjusted to account for dividend payments.

Number of Daily Transactions in 2023



Investor Relations

Dividends

Arçelik apportions and pays out distributable company profits in compliance with the requirements of the Turkish Commercial Code, Capital Markets Board regulations, tax laws and regulations, and Arçelik's Articles of Association. When distributing dividends, a balanced and consistent policy is upheld to align the interests of

shareholders with those of the Company, adhering to Corporate Governance Principles.

Credit Ratings

On 8 September 2023, International Credit Rating Agency Fitch Ratings confirmed Turkey's credit rating as "B" and revised the credit outlook from "Negative" to "Stable". After that decision, the report from 18

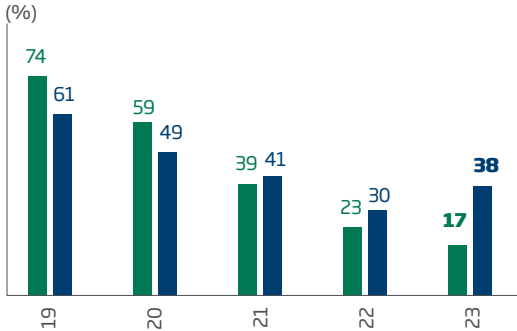
September 2023, affirmed Arçelik's foreign currency credit rating as "BB-" for the long term and adjusted the outlook from "Negative" to "Stable".

In its report dated 21 March 2023, the International Credit Rating Agency Standard & Poor's downgraded Arçelik's long-term foreign currency credit rating from "BB+" to "BB" and also confirmed a "Negative" outlook for the Company.

Metric	2022	2023
Dividend (EUR)	0.254	0*
Year-end price (EUR)	5.64	3.93
Price/earnings Ratio	15.56	14.91
Dividend Payout Ratio (%)	41.6	0*
Year-end Market Value (EUR)	3,813	2,656

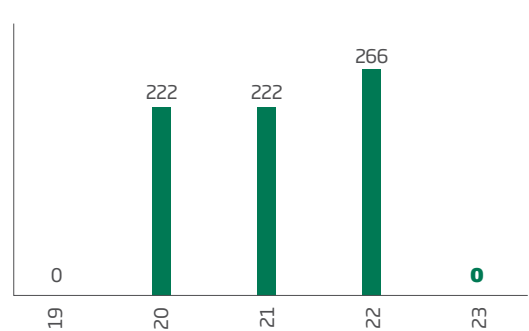
* Proposed 2023 dividend to be voted on at this year's General Assembly scheduled to take place on 4 April 2024.

% of Publicly-traded Arçelik Shares Owned by Non-resident Investors



■ Arçelik ■ BIST

Dividends to Capital Ratio (%)



* Reflects the 2023 profit distribution proposal of the Arçelik management. Valid provided that it is approved at the General Assembly

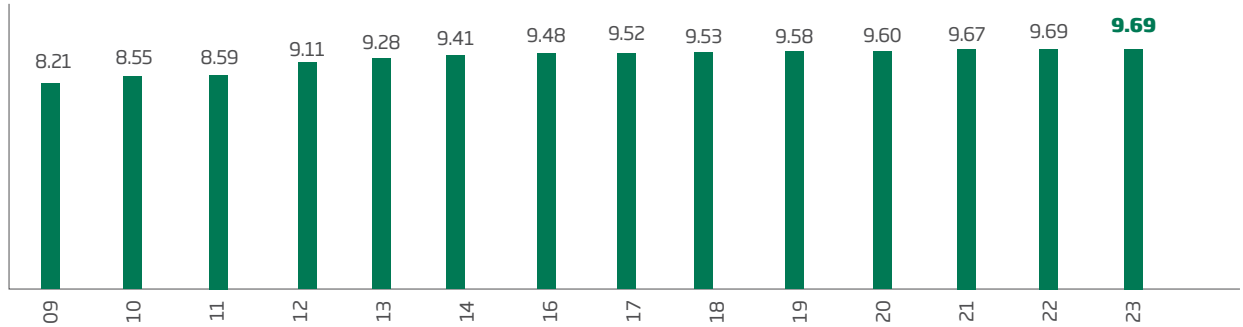
Corporate Governance Ratings

Arçelik's Corporate Governance Rating Score was calculated based on an assessment conducted across four primary categories (Shareholders, Public Disclosure and Transparency, Stakeholders, Board of Directors) in alignment with CMB's Corporate Governance Principles.

On 7 July 2023, CMB-licensed SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA Ratings) corporate governance and credit rating services provider raised Arçelik's corporate governance rating to

9.69/10 (96.86%) on the basis of its review of the company's corporate governance performance as of that date.

Arçelik Corporate Governance Ratings



Arçelik Corporate Governance Ratings by Performance Category

The World Corporate Governance Index (WCGI), which was released on 8 October 2019 by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., ranks Arçelik in Group 1. This index ranks countries according to both their level of compliance with corporate governance principles and the level of progress made by their institutions in terms of corporate governance.

Shareholders	Public Disclosure and Transparency	Stakeholders	Board of Directors	Average
95.77%	98.79%	99.48%	95.15%	96.86%

**Egypt
investment**

new production facility
Capacity of 1.1 million
units

**Acquisition
agreement
with
Whirlpool**

**Bangladesh
investment**

New factory that will
employ 4,000 people



Arçelik in 2023

54	Investments
60	Arçelik Success
60	Stories
62	Innovative Products
64	Major Community Investment Initiatives
66	Awards & Recognition
72	Brands
92	Sectoral Developments & Arçelik in 2023
106	Production Operations
108	Marketing Transformation
110	Innovative Products Introduced in 2023

2023 Investments

Currently under construction in Egypt, Arçelik's white goods factory will become a new regional manufacturing hub when completed.



New Factory in Egypt

Operating in Egypt since 2012 under its Beko brand, Arçelik began building a new white goods plant in that country in December 2022. The new factory, which will have 114,000 m² of operating space and an annual production capacity of 1.1 million units, is intended to be a regional manufacturing hub that ships more than 60% of its output in order to tap export potential (estimated to be around USD 200 million/year) in Middle Eastern, African, and European markets. While the plant will be manufacturing only refrigerators and ovens at the outset, the plan is for to expand into other home appliances as well in the future. There will also be an onsite R&D center that will be focusing on regional-specific product and technology development and innovation. About USD 100 million has been budgeted for investment

in this plant, which is currently slated to begin production in the first quarter of 2014.

Bangladesh Plant

As part of its strategy to invest in regions with growing young populations, rising purchasing power, and developing economies, Arçelik partnered with its subsidiary Singer Bangladesh in 2022 to establish a new white goods production facility in Bangladesh. The new plant, which is to be built in the Bangladesh Special Economic Zone near the country's capital city Dhaka at an investment cost of USD 78 million, will occupy 135,000 m² and provide jobs for 4,000 people. By bringing sustainable, smart, and high-quality manufacturing practices directly into the country, this plant will open a new page in Singer Bangladesh's history of producing for its home market while the increase in production

capacity will further strengthen the brand's position in that market and also nourish the growth and development of a domestic supplier network. The factory will be turning out refrigerators, televisions, washing machines, air conditioners, and other major home appliances. While 90% of the plant's output is earmarked for domestic sale, the company will also be looking to export goods to other countries in the region. Sustainability has been made central to every aspect of the new plant from initial design to construction.

Arçelik Hitachi Home Appliances

Established in 2021, Arçelik Hitachi Home Appliances continued to enhance its product offerings in 2023. The company developed and released more than 350 improved products to consumers in over 65 countries across various segments, further aligning with its

A global company boasting a portfolio of 14 brands and 31 production facilities across the world, Arçelik's 2023 investments added to its competitive strength in international markets.



product development goals. (For further details please refer to "Our corporate brands" on [page 72-91](#))

Turkey: Manisa Refrigerator and Washing Machine Plants

Refrigerator Plant

Last year Arçelik completed the integration of chest-type freezers into the manufacturing operations of the Manisa Refrigerator Plant. Mass production of large-capacity models was launched in Q1 2023 and continued for the rest of the year on two lines.

Washing Machine Plant

Last year we completed 32,500 m² of 53,000 m² of construction on a modernization and relocation project that will eventually increase the Manisa Washing Machine Plant output to 3.8 million units/year. We also invested and commissioned new machinery and equipment that added 1.25 million units/year to the plant's annual production capacity. Mass production of Arçelik-branded washing machines at the Manisa plant commenced on 8 January 2024.

Turkey: Eskişehir Plant 6x2

In anticipation of increasing demand for large-volume (74 cm+) refrigerators, a new production facility called Factory 6x2 is being built adjacent to the existing Factory 6 building in Eskişehir. Manufacturing capacity is projected to be 600,000 units in 2023 and 900,000 units in 2024. Factory 6x2 will be a lean, agile, Industry 4.0-based, high-tech production facility that will increase labor efficiency, enhance workplace safety, and ensure end-to-end operation and information flow traceability from internal production to final assembly by seamlessly integrating products, materials, suppliers, workers, and systems.

Russia: Lipetsk Plant

Subsequent to the 2022 acquisition of Whirlpool's washing machine and refrigerator factories in Lipetsk and of its sales subsidiary in Moscow, the integration of their operations and processes into Arçelik Global was completed in 2023. Continuing to strengthen its presence in the Russian market, Arçelik is currently manufacturing and selling the products of five different brands in that country.

2023 Investments

Whirlpool Acquisitions

On 16 January 2023, Arçelik signed a definitive Contribution Agreement to acquire all of Whirlpool's European sales, production, and distribution subsidiaries in a deal that will expand Arçelik's presence in Europe and make it one of the continent's biggest white goods manufacturers. Under the agreement, to which Arçelik and its wholly owned subsidiaries Beko BV (formerly Ardutch BV) and Beko Europe BV on the one hand and Whirlpool Corporation and its subsidiary Whirlpool EMEA Holdings LLC on the other are parties, all the shares of Arçelik's and Whirlpool's European subsidiaries are to be transferred as capital-in-kind to Netherlands-based Beko Europe BV. While it is anticipated that these transfers will result in Arçelik subsidiary Beko BV controlling a majority (75%) stake in Beko Europe with the remainder being held by Whirlpool, the actual ratio will be determined on the basis of such considerations as end-2022 EBITDA and net fixed-asset values as well as all the transferred companies' net indebtedness and net operating capital positions as of the closing balance sheet date.

Under this agreement Beko Europe will be acquiring Whirlpool-owned production facilities (to the number of 14) and subsidiaries (to the



In 2023, Arçelik signed a definitive Contribution Agreement to acquire all of Whirlpool's European sales, production, and distribution subsidiaries.

number of 38) in Italy, Poland, Slovakia, and the UK along with 25 Arçelik European subsidiaries and two Arçelik production facilities in Romania.

On 22 June 2023, a share-purchase agreement was signed under which Beko BV acquired all the shares in two UAE and Morocco-based Whirlpool subsidiaries with operations in the Middle East and North Africa. The payment for these shares was penciled in at EUR 20 million, however the actual

amount is to be adjusted taking into account the acquired companies' net indebtedness and net operating capital positions as well as other considerations as of the closing balance sheet date.

Although the European Commission gave its go-ahead on 23 October 2023, the merger is also subject to the approval of regulatory authorities as well as to the fulfillment of various closing conditions specified in the underlying agreement.

Arçelik undertook a major investment in renewable energy with the inauguration of solar panel production in September 2023.

Other Investments

Works at the Eskişehir Compressor Plant were approved for inclusion in the Ministry of Industry's priority-investment incentives program. Investments at the factory amounted to EUR 2 million in 2023.

The first phase of an investment to increase production at the Çerkezköy factory's Laundry Dryer Plant was completed in 2022. The project cost EUR 3.7 million and the new facility was opened for use in October 2022. As a result of the commissioning of this investment:

- About 5,000 m² of enclosed and secure space for offloading incoming materials was added to the plant.
- The addition of four ramps at the plant, which previously had none, has significantly improved the speed and safety of offloading operations. A reorganization of materials traffic within loading areas and at the plant has improved the labor efficiency of their local transport and handling operations by 15%.
- Workplace health and safety risks associated with loading and offloading operations have been significantly reduced by isolating foot, forklift, and vehicle traffic flows from one another.
- Plant production capacity has been expanded from 9,000 to 10,800 units/day owing to an



increase in the number of units produced per line per shift from 1,500 to 1,800 units. Annual production capacity has likewise gone from 2.5 million to 3 million as a result of these projects.

- Measuring about 2,350 m² in area and specially designed to accommodate solar panels, the new structure's roof is where the plant's solar panels are planned for installation.

Solar Panel Production

Renewable energy technologies are crucial for mitigating carbon emissions. As climate change and environmental concerns intensify, investments in renewables are set to surge, driven by both regulatory imperatives and market forces.

A trailblazing advocate of sustainability in manufacturing industries, Arçelik undertook a major investment in renewable energy with the inauguration of

solar panel production at Beylikdüzü in September 2023. Built at an investment cost of EUR 10 million, the new plant has an annual production capacity of 550,000 panels and employs a workforce of more than 150. With 11,000 m² of operational space, the plant deploys artificial intelligence to ensure high-quality solar panel production while an integrated product management system complying with Industry 4.0 standards optimizes manufacturing processes by ensuring that they are all systematically monitored. The newly installed production line was designed to be compatible with new technologies as they continue to emerge. The panels are warranted for 12 years and feature a 25-year linear performance guarantee of at least 83%. Buyers also benefit from Arçelik's country-wide product & service network backed the assurance of Arçelik Corporate Solutions support.

2023 Investments

Green Financing

Green Bonds

Floating a five-year EUR 350 million nominal-value green bond issue to tap international lending markets for eligible green project financing in 2021, Arçelik became Turkey's first real-sector company to issue bonds of this kind. Attracting strong investor interest, the flotation was 400% oversubscribed. The bonds were valued with an annual interest (coupon) rate of 3%. Under a "Green Financing Framework Agreement" embodying both its own sustainability strategies and International Capital Market Green Bond Principles, proceeds from the sale of these bonds must be used to finance Arçelik sustainability-strategy green projects such as energy-efficient products, circular economy solutions, water & energy-efficient production processes, pollution-prevention & control solutions, sustainable water & wastewater management, renewable energy, and green buildings. Arçelik is required to report the amounts it spends on green projects and the environmental benefits they

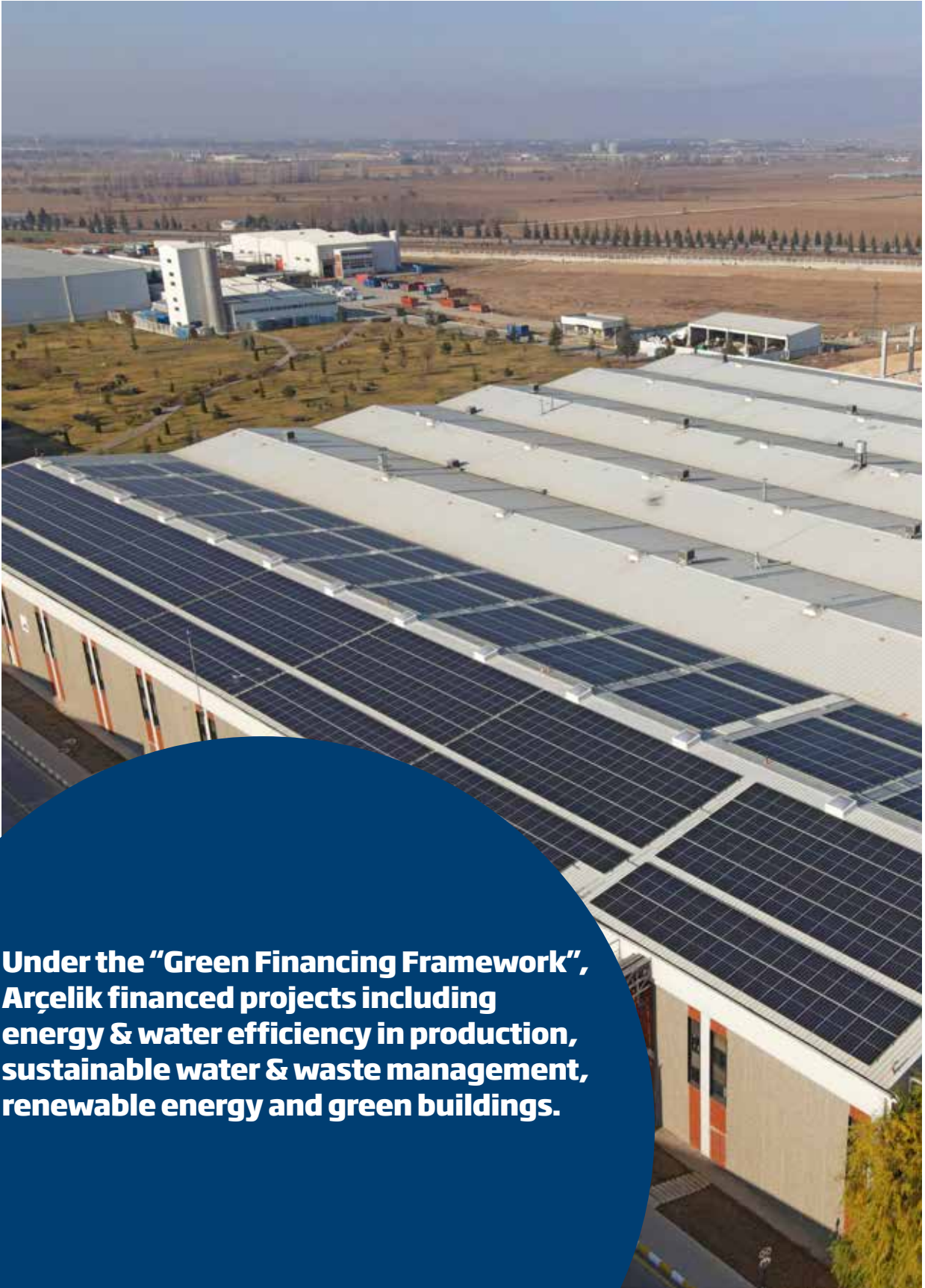


achieve every year until the bonds are completely redeemed. Two such reports have been published to date and the next is due in June 2024.

Green Loans

In 2021 Arçelik and the European Bank for Reconstruction and Development (EBRD) signed an eight-year EUR 150 million credit agreement. The first EUR 83 million tranche of the loan is structured in line with Loan Market Association Green Loan Principles and is the first externally verified green loan made to a Turkish manufacturer.

The EBRD loan was granted to support a green investment program to transform operational processes and plants and to fund in-house research and development of greener products in order to achieve Arçelik's goal of becoming a net-zero company across its entire value chain by 2050. As required by the credit agreement, Arçelik reports the progress of projects financed with EBRD resources to the bank on a regular basis.



**Under the “Green Financing Framework”,
Arçelik financed projects including
energy & water efficiency in production,
sustainable water & waste management,
renewable energy and green buildings.**

Arçelik Success Stories

Arçelik took yet another major step forward on its global growth journey when it signed a definitive Contribution Agreement to acquire all of the **European sales, production, and distribution subsidiaries of Whirlpool, one of the world's leading home appliance manufacturers.**

In **October 2023, Arçelik was named the top-scoring (86/100) company in the Durable Household Goods category of the Dow Jones Sustainability Index for the fifth time.** This marks the company's seventh consecutive year of inclusion in the index and is evidence of its unwavering commitment to sustainability.

Arçelik stepped up to the plate as a sustainability leader by becoming one of the first companies to join the UN Global Compact's **"Forward Faster Initiative"**. **Launched at the 78th UN General Assembly in September 2023,** the initiative focuses on reaching the UN's 2030 Sustainable Development Goals sooner. Arçelik has pledged five commitments in support of these efforts.

For the fourth time, Arçelik earned a spot on Corporate Knights' Global 100 List, demonstrating its ongoing commitment to sustainability. **The company ranked 60th overall and placed first among all home appliance manufacturers.**

The Carbon Disclosure Project (CDP) has awarded Arçelik a B rating for its water security initiatives and an A- for its efforts to combat climate change.

For the **first time, Arçelik qualified for inclusion in the Bloomberg Gender Equality Index (GEI) in 2023 and joined** 485 other companies recognized for their determination to advance gender equality across five criteria: Female leadership & talent pipeline, Equal pay & gender pay parity, Inclusive culture, Anti-sexual harassment policies, and Pro-women brand identity.

Two years after Arçelik joined the **World Business Council for Sustainable Development** in 2021, its CEO Hakan Bulgurlu was elected to a seat on the WBCSD Executive Committee in 2023.





A leader in innovation and R&D capabilities, Arçelik has launched its **“Innovation Champions”** program with the aim of contributing to the development of the global innovation ecosystem. Focused on fostering innovation champions, the program offers mentorship support to startups along with opportunities to build relationships that could lead to potential business collaborations with many other companies.

Widely known for its pioneering technology and innovative practices, Arçelik inaugurated its Developers’ **AI Platform**, an artificial intelligence-based platform for software developers. Integrated with OpenAI’s GPT models, the platform gives the company’s in-house software developers convenient access to Arçelik’s proprietary cloud-based AI resources with the protection of the most stringent data security protocols currently available.

Arçelik returned to the eurobond market with a USD 500 million issue of instruments maturing on 25 September 2028. This was the **first such issuance by a privately owned company headquartered in Turkey for about two years.**

Arçelik continues its **global R&D expansion with the opening of its second R&D center in Pakistan.** Based at the prestigious National University of Science and Technology (NUST), the new center will bring additional momentum to Arçelik’s growth in the Pakistani market.

Arçelik made a major push in its renewable energy efforts in 2023. New solar power plants commissioned at three locations added **20.3 MW to the company’s** installed solar capacity last year. The new plants consisted of a 6.5 MW generator at the Çerkezköy electronics factory in Turkey along with 1.5 MW and 2.1 MW generators at the Ulmi washing machine and the Gaesti refrigerator factories in Romania.

Turkey’s first LEED-platinum climate-friendly store that Arçelik opened in İzmir was followed up in 2023 with the completion of **Climate-Friendly Movement** conversions at four dealerships in İstanbul as well as one each in Ankara and Antalya.

Arçelik CEO Hakan Bulgurlu became president of **APPLiA in 2023.** APPLiA is a Brussels-based association that represents the European white goods and home appliance industry. Its mission is to advance the lifestyle of Europeans by supporting the transition to sustainable living and contributing to the European economy.

Innovative Products

Continuing to showcase innovative products that promote healthy living, quality, sustainability, and smart home solutions, Beko unveiled its pioneering energy-efficient technology, **Energyspin**, at the 2023 International Funkausstellung Berlin (IFA), the world's largest consumer electronics and home appliance fair. By dissolving detergent faster and more thoroughly, **Energyspin's** proprietary patented agitation patterns outperform traditional ones, reducing energy consumption by up to 35% on the most frequently used programs while delivering the same or even better washing performance.



Beko unveiled its pioneering energy-efficient technology, Energyspin, at the 2023 International Funkausstellung Berlin (IFA), the world's largest consumer electronics and home appliance fair.



- Grundig, a leading European consumer electronics brand known for its future-forward technology, showed off its innovative AI Sense technology for the first time at IFA, the world's largest consumer electronics fair. **AI Sense** transforms the laundry experience by adapting artificial intelligence to washing machines. AI Sense technology surpasses the standard fabric-based wash cycles found in most washing machines. With its built-in smart sensors, it automatically identifies the fabric type, load size, how dirty items in the load are, and how much rinsing is necessary.
- AI Sense** combines data from its sensors with an automatic dispensing system to optimize detergent, water, and energy use while ensuring the best possible wash cycle. Units equipped with AI Sense use 28% recycled materials in their manufacture. They also have a 32% lower carbon footprint over their useful lifetime.
- A trailblazing name in home technology, Arçelik is driving the consumer durables sector forward with innovations designed to transform the healthy-nutrition market. Yogurt, a staple of Turkish cuisine, regains its traditional



Yogurt, a staple of Turkish cuisine, regains its traditional taste thanks to Arçelik's cutting-edge "Tadı Var" yogurt-maker.

taste thanks to Arçelik's cutting-edge '**Tadı Var**' yogurt-making appliance. With its ability to make both probiotic yogurt and kefir, Tadı Var offers a brand-new new experience for new generations looking for a quick, convenient and wholesome way to make their own yogurt at home.

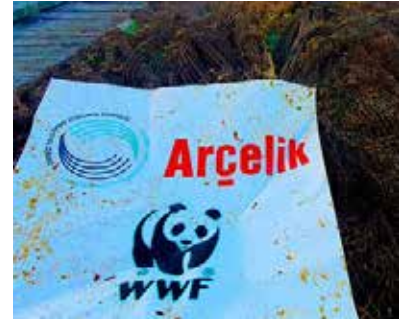
- Driven by the brand's vision of making healthier cooking easier, Arçelik's built-in ovens are distinguished by their Airfry technology and automatic steam generators. Such technologies are further enhanced by

SmartBake Pro, which ensures perfect cooking and automatic shut-off thanks to its humidity sensor, and by **AeroPerfect**, designed for Beko to provide even heat circulation throughout the oven. Besides making the meal-preparation experience more enjoyable and rewarding, Arçelik's A+ and A++ energy-rated built-in ovens reduce energy consumption without compromising on performance.

Major Community Investment Initiatives



- The game app designed to draw the attention to the climate crisis and environmental issues, **DOMINO: The Little One** has been unveiled. While developing sustainable technologies for the planet's future, the Company intended to raise increased awareness of individual steps that can be taken against the problems threatening the survival of the ecosystem, placing special emphasis on the climate crisis, through the character named DOMINO.
- Having committed to support empowerment of women and girls in technology and innovation by 2026 to the UN Generation Equality Forum's Action Coalition, Arçelik made its debut in the UN Women's global report with the progress it has achieved towards its targets.
- Launched by Arçelik in 2019 to encourage the future generation female engineers and R&D professionals to take up engineering and new generation R&D and to support their development, and continued under the name "**WE-inTech**" for the expansion and globalization of the project in line with its "Action Coalition" target, the program was attended by 105 students from Turkey, Pakistan, South Africa and Romania in 2023.
- Devoted in its operations to the principle of equal opportunity for a healthy society, Beko **achieved the initial goal** set in its 100 Women Dealers Project that has taken place since 2019 to empower women's economic presence and increase employment in Turkey, as **the number of women dealers reached 100**. Hence, the project name was revised to "Women's Work is Women's Power".
- As the leading home technology company, Arçelik took another step towards achieving its



goal of increasing the ratio of women in the startup network and joined forces with Arya, an investment platform supporting women entrepreneurs. Under the new partnership, women will be supported in the area of technology startups by helping build on their basic knowledge and skills through the programs **“Arya Entrepreneurship Academy”** and **“Arçelik Entrepreneurship Workshops”**.

- Under the **Erasmus+** program that offers individuals the opportunity to take part in activities based on education, training, professional development and so on abroad through cross-border exchange and partnership, Arçelik has afforded traineeship opportunities to 181 students from four Vocational and Technical Anatolian High Schools from Turkey since 2022 with a grant from the European Union Education and Youth Programmes Department (Turkish National Agency).

- Arçelik carried out a project in collaboration with WWF-Turkey (World Wildlife Fund) and TURMEPA, the Turkish Marine and Environment Protection Association to deal with the ghost fishing nets that threaten biodiversity. Under the project, abandoned fishing nets located in exploratory dives off the Princes’ Islands in the Sea of Marmara were collected by divers in dedicated dives, and retrieved fishing nets will be recycled and used in Arçelik products.



- Arçelik suggested more than 270 graduation project topics for interdisciplinary groups of senior year engineering students as a result of effective communication and cooperation activities carried out at eight different universities with the aim of helping develop qualified human resource.
- Arçelik took swift action in conjunction with the Koç Group as soon as the earthquake hit 11 provinces in Turkey, to heal the wounds and help bring life back to some normality. The Company made donations to the Hope Cities set up at five different locations in four provinces, and set up various facilities including the Cookery Workshop, the Digital Wings Workshop, Arçelik Café, and Arçelik Football School. In addition to the support and relief materials provided to respond to urgent needs immediately after the quake, the Company provided product support to the Hope Cities. For more information, please refer to “Earthquake Relief Efforts” section, (📄 pp.180-183).

For all of corporate citizenship initiatives carried out, please refer to “Corporate Citizenship” section (📄 pp.164-174).

Awards & Recognition

Arçelik achieved third place in the **Innovation Strategy** category among large-scale companies at the **İnovalgig Champions Awards Ceremony** organized by the Turkish Exporters Assembly (TİM).

At the 2023 International **TCG Retail Summit**, Arçelik CEO Hakan Bulgurlu accepted **"Leadership"** and **"Sustainability"** awards on behalf of the company.

Two of Arçelik's projects were selected as finalists for the **"Efficiency Project Awards"** organized by the General Directorate of Strategic Research and Productivity of the Turkish Ministry of Industry and Technology.

Arçelik's **"A Second Life for Waste PET Bottles: Use of Recycled PET in Arçelik White Goods Products and Packaging"** project placed third in the **"Environmentally Friendly Applications"** category at the 2023 **ISO Green Transformation Awards** hosted by the İstanbul Chamber of Industry.



Arçelik received two awards at the **Turkey Sustainable Business Awards 2023**. For the 5th consecutive year, the company won an award in the **Sustainable Business Reporting category for its 2022 Sustainability Report**. It also won in the Non-Governmental Organizations category for its **"Balık Ağı"** [Fishing Net] project, a collaboration with WWF-Turkey (World Wildlife Fund Turkey) and the Marine Life Protection Association. Additionally, Arçelik LG Klima took **home an award** in the **Sustainable Innovation-Process category** for its Frolet project.

Grundig won bronze awards in the **Mixx Europe, Felis,** and **MMA Smarties programs** for its **“Eko-Anksiyete” [Eco-Anxiety]** campaign. It was also selected as a winning entry at the **German Brand Awards**.



The Grundig NaturaShine Hair Dryer (HD 8080) won the **“Tina Ageless Beauty 2023”** award in Germany and received a **“Good”** rating of 2.0 from the German consumer organization **Stiftung Warentest**.

The Eskişehir refrigerator factory’s **“Energy Efficient Central Vacuum Plant”** project took 1st prize in the Energy Efficiency category of the 2023 **ISO Green Transformation Awards** given out by the İstanbul Chamber of Industry.

Beko’s B3T41230 and B3T42240S tumble dryers received a quality rating of 2.2 (“Good”) and a drying performance rating of 1.8 (“Very Good”) from **Stiftung Warentest (StiWa)**, Germany’s most trusted testing organization. These are the highest test scores ever achieved by a Beko-branded product.

The Grundig Band 360 Bluetooth Speaker received a **“Good”** rating of 88% in a review conducted by **Satvision** in Germany.



Dawlance received a Bronze Effie in the Best Marketing Campaign Performance category in 2023.

Awards & Recognition

Arçelik's reputation for combining technological innovation with superior design and making it affordably accessible to consumers has earned the company a total of 17 awards at the world's most prestigious design competitions such as the **iF Design Award, Red Dot Design Award, and UX Design Award.**

» **Five Red Dot Design Awards:**

- Grundig Pro Club Men's Grooming Family
- Hitachi IZI Lightweight Cordless Vacuum Cleaner



- Beko 30" Cooker Oven Family
- Beko SaveWater Washer and Dryer Combo
- Hitachi New Water Heater

» **11 iF Design Awards:**

- Beko 30" Cooker Oven Family
- Beko SaveWater Washer and Dryer Duo
- Hitachi New Water Heater
- Grundig Nano QLED TV
- Koç Yaşa Corensis Allergen Detection and Air Quality Measurement Device
- Arçelik HomeWhiz A-Wash Arçelik Camera Refrigerator
- Arçelik Imperium Barista Fully

Automatic

- Espresso Machine
- Beko CaffeExperto Fully Automatic Espresso Family
- Grundig Delisia Fully Automatic Coffee Espresso Machine

» **1 UX Design Award:**

- Arçelik HomeWhiz Design System



Completing Beko's **Which?** hat trick, the UK's leading consumer goods review and rating website and magazine rated the Beko B3D510644UW washer-dryer combo a BEST BUY in its category as well.

Which? also cited the Beko B5T4824RW laundry dryer not only a BEST BUY but also an ECO BUY, pointing to the appliance's energy efficiency and positive environmental impact.

Which?, a trusted UK consumer organization, designated the Beko BBIS13400XC built-in oven a "BEST BUY" saying that it satisfied consumer expectations better than most other options.



MESS Occupational Safety Stars Awards:

Arçelik received two awards at the **8th annual Occupational Safety Stars Awards Ceremony**, organized by the Turkish Metal Industries Employers' Association. The company was honored with the 100th Anniversary of the Republic OHS Special Award, celebrating its commitment to safety, as well as a Recommended Practice Award for its innovative **OHS project** (Flame Welding - Lokring Process Change) at the Eskişehir Refrigerator Plant.

British Safety Council International Safety Awards:

The Grundig Cooking Appliances Business Unit was honored at the 65th annual British Safety Council International Safety Awards ceremony in recognition of the company's commitment to its "Zero Accidents" goal. BSC is a world-renowned organization that recognizes companies that demonstrate excellence in managing health and safety risks in the workplace.

Beko won the **Product of the Year Award at the 2023 Product of the Year Gulf Awards** for its **Turkish coffee machine** made with bio-composite materials and for its **white goods series** made with recycled materials.

Grundig received a **Felis** award for its **Airfit Twin AirFryer** radio spot.

Grundig's "May Your Soul Be Satisfied" chatbot was

recognized with multiple awards for its innovative approach and social impact. It received a **Felis Award** for outstanding communication, along with an impressive sweep at the **MMA Smarties Awards**: two gold and three silver across categories like social messaging, innovative technology, and sustainability.

Thai Government OHS Management Standards Audit:

The Beko Thailand factory was awarded Platinum-Level compliance with Thai Occupational Health and Safety Management Standards (T-OSH OSHMS: 2019) as a result of an audit conducted by government authorities.

Grundig's Nano QLED TV,

launched in 2023, received a 2.0 ("Good") rating from leading German test magazine **Computer Bild** before mass production of the unit even got underway.

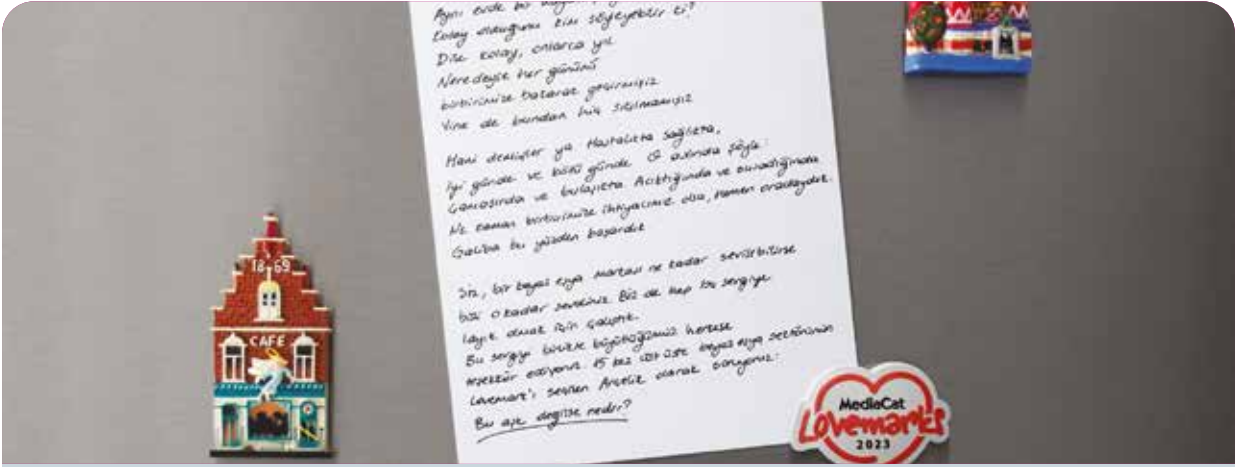
Awards & Recognition

International accolades for **Arctic's** "Forgotten" campaign

- Arctic was named Romania's Strongest Brand for the 4th year running. The award was given by Biz Awards partnering with Unlock Market Research.
- In 2023 **Euromonitor International Limited** announced that Arctic was Romania's best-selling major home appliance brand based on 2022 sales performance figures.
- Arctic received a **Gold Effie 2023** Award in the Durable Consumer Goods category and was also shortlisted for a Euro Effie.
- The success of Arctic's "Forgotten" campaign was recognized by the international advertising industry when the campaign was shortlisted at the **Cannes Lions International Festival of Creativity**.
- The Forgotten campaign won a Gold Award in the Durable Consumer Goods category at **Internetics**, Romania's first and most important marketing and online advertising festival.
- The Forgotten Campaign won Bronze in the "Best Creative Idea" category at the **Webstock** Awards gala, which recognizes the best social media projects.
- The Forgotten Campaign ranked first across all awareness categories in the **GfK Brand Performance Tracking Survey**.

Singer continued to rack up awards boosting its brand value and market reputation:

- Singer's washing machines earned the company a 2023-2024 **"Superbrand"** designation.
- Singer won an **"e-CMA" award recognizing Best Brand Excellence in e-Commerce** in the home appliances category.



In the 2023 edition of the annual “**Turkey’s Lovemarks**” survey conducted by MediaCat-Ipsos, **Arçelik** once again was named the country’s most beloved white goods brand. Arçelik is the first and only brand to hold this prestigious title for 15 years in a row.

Arçelik also received honors for 11 other projects from **MMA Smarties, Felis, Martech, Hammers, and Brandverse**.



Arçelik’s leading home technologies brand **Beko** received one bronze and one silver Felis Curious award for its **FitFry** built-in oven advertising campaign.

With its “Kadının İşi, Gücü!” advert for the ‘**100 Women Dealers**’ project, home-technology leader Beko became the first Turkish brand included in **Kantar’s Creative Effectiveness Awards** list. Consumers voted it one of the most effective

campaigns of 2022, ranking it 4th among the top 10 best-performing commercials in the “Digital/Social” category.

Beko returned from the year’s **Brandverse** ceremony with silver for its **Aeroflow** refrigerator ad.

Beko’s Vitaminist personal blender also scored a hat trick picking up bronze, silver and crystal awards at the 2023 round of **Kristal Elma**.

Brands

Arçelik



Turkey's foremost home appliances manufacturer and the country's strongest, best-known, most trusted, most popular, and best-loved white goods brand, Arçelik has been an unwavering, innovative leader of the home technologies market for 68 years.

The hub of Turkey's most extensive sales & after-sales services network, Arçelik redefines the customer experience with innovative, smart products designed and made with enhanced environmental sustainability in mind.

15 Years a Lovemark

In the 2023 annual "Turkey's Lovemarks" survey conducted by MediaCat-Ipsos, Arçelik was named once again the country's most beloved white goods brand.

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2023 Highlights & Performance

Last year Arçelik continued to make strong progress along the new branding journey on which it embarked in 2021, further strengthened by the Climate-Friendly Movement that it initiated in 2022. Updating the "Designs Innovation With Love" message that the company introduced in 2021 to "Designs Goodness With Love", Arçelik focuses on projects that contribute to the realization of the UN's "Responsible Consumption & Production" Sustainable Development Goal (SDG) as well as on those SDGs whose aim is to ensure that future generations can live in the world of their dreams.

One of the most important projects contributing to this brand position is the Goodness Development collaborative intelligence platform (İYİ-GE) that Arçelik initiated with the aim of coming up with answers to the question "What can we do for our planet?" Through the İYİ-GE Committee of scientists, intellectuals, NGOs, artists, and climate activists of all ages convened on this platform, Arçelik seeks to publicize the importance of concerted efforts in combating climate change and to inspire both individuals and organizations to do something for the sake of sustainable living. This committee's mission is to come up with a new

responsible production and a new responsible consumption theme each year. Its 2022 messages were “Climate Friendly Movement” and “Climate Friendly Store”.

Turkey’s leading home technologies brand, Arçelik, blends advanced technology and excellent design to offer products and services that address people’s needs. With the strength that it derives from its consumers, Arçelik strives to create a better future.

New Product and Campaign Launches

The İYİ-GE Climate-Friendly Movement responsible consumption project was launched in the first half of 2022. The goals of this campaign are to encourage every household in Turkey to cut both their waste and their water/energy consumption by at least half and to mobilize climate-crisis awareness action throughout the country.

Along with the launch of the Climate-Friendly Movement, Arçelik also opened Turkey’s first climate-friendly store in İzmir to demonstrate its approach to responsible production. This store, the first of its kind in Turkey, has an interior fitted out with recycled materials and employs technologies that reduce energy and water consumption by up to 40%. It is also unique in that it is the first and only commercial venue of this nature in Turkey to have been awarded US Green Building Council LEED Platinum certification. In 2023, Climate-Friendly Movement conversions were completed at four dealerships in İstanbul as well as

one each in Ankara and Antalya. The green LEED certification logo is now being displayed at these locations.

Arçelik’s brand image hinges on fostering consumer awareness about sustainable products. This commitment is championed by the Climate-Friendly Movement, a core element on the path to becoming a benefit-focused brand, echoing Arçelik’s “Designs Goodness With Love” slogan. To raise awareness about water conservation, energy efficiency, and the use of recycled materials, Arçelik released two TV advertisements dealing with these issues in December 2023 that will air all year long in 2024. Arçelik focuses on two messages in all of its brand promotions. The first is about the company’s efforts to conserve resources as a “Responsible Production, Responsible Consumption” advocate. The second is an invitation to consumers to join the company in building a better future.

Arçelik’s Gourmet Probiotic Yogurt and Kefir Maker promotions began on September 1st in conjunction with the appliance’s launch. As the inventor of the world’s first practical Turkish coffee-maker Telve, Arçelik stepped up to the plate as a worldwide champion of yogurt, another cornerstone element of Turkish culture, and demonstrated how next-generation tweaks can help make venerable traditions relevant in today’s world.

The launch of the Arçelik Gourmet Probiotic Yogurt and Kefir Maker, a new small home appliance developed by Arçelik in its bid to lead

the transformation of the healthy-nutrition market, was accompanied by a 360° campaign in which all aspects from film production and PR events to in-store advertising and digital promotions were fully integrated and coordinated.

In line with the goal of developing retail operations and improving customer experience, efforts were made to encourage consumers to use the company’s online shopping channels in 2023. These efforts included:

- Year-long advertising campaigns drawing attention to online shopping options.
- Continued investment in arçelik.com.tr to deliver a smoother and more user-friendly experience.
- Incentives like fast delivery, 30-day returns, and home services to make online purchases at arçelik.com.tr more attractive.
- In 2024 Arçelik will be focusing on:
- Boosting profits across all major product categories;
- and
- Expanding its Climate-Friendly Movement through projects aligned with the brand’s “In Touch Technology” strategy.

As always, safeguarding the cherished bonds it has established with consumers and the trust they have in its brand will remain an Arçelik priority in 2024.

Brands

Beko

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A Global Player

Founded in 1955, Beko offers intelligent solutions that use people and planet-friendly technologies to protect human and environmental health. Beko supplies consumers across the globe with an extensive lineup of products ranging from standalone and built-in white goods to air conditioners and small home appliances. With a presence in more than 135 countries and a brand preferred by millions of people around the world, Beko is the premier white goods brand choice in the UK and one of the top three in Europe.

Supporting Healthy Living

Believing that supporting healthy living should be a core element of its brand image, Beko conducts its operations in line with its “Help future generations live a healthier life” message. As a company whose focus on healthy living goes back many years, Beko promotes healthy-lifestyle awareness and develops and offers products that enable and facilitate healthy living in a healthy world.

This brand mission is what drives Beko to focus on all the ways its customers can feel better - not just physically but in every other respect as well. The technologies that Beko offers are designed to support a holistic sense of wellbeing.

Sustainability Approach

As the issues of sustainability and sustainable production have become increasingly important for consumers, this has opened up a whole new area in which



Beko supplies consumers across the globe with an extensive lineup of products ranging from standalone and built-in white goods to air conditioners and small home appliances.

brands must demonstrate their responsibility.

Beko's sustainability approach is informed by three basic concerns: using energy efficiently, using water efficiently, and using recycled and recyclable inputs wherever possible.

Beko constantly innovates, communicates, and enters into partnerships in line with these three underlying principles. In late 2022, Beko embarked upon a new collaboration by joining forces with water.org to provide funding and other support for a social-responsibility project to provide access to safe water and

sanitation solutions to 10,000 people in Kenya. The goal of this project, which is being undertaken together with water.org and the Kenyan Association of Microfinance Institutions (AMFI Kenya) as its local partner and which will run until the end of September 2024, is to support the development of microcredit solutions capable of giving communities whose water resources are unsafe or unreliable access to clean and dependable water. Another goal is to make a positive impact on communities in remote rural areas. As of end-2023, more than 7,300 people in the region had been given access to

safe water and sanitation solutions as a result of this Beko project.

Beko will continue to promote sustainability through effective partnerships and products whose functional value is high. The company intends to expand its range of products equipped with energy and water-saving technologies and to incorporate more and more recycled materials into their manufacture and distribution.

For more detailed information about Beko and its approach to sustainability, please refer to "Arçelik and Sustainability" ([page 131-259](#)) in this report.

Beko in Turkey

In its promotional materials, Beko focuses on healthy-living messages consistent with the core element of its brand position.



In the built-ins category, last year Beko introduced the FitFry Built-In Oven, a new offering that brings healthy air frying to kitchen ovens by combining the features and benefits of both an oven and an air fryer in a single appliance. The FitFry Built-In Oven combines the benefits of traditional baking and roasting with the healthy processes of air frying and steam cooking. The air frying function allows the user to make delicious fried foods with little or no fat while the steam cooking function produces food that is moist and full of flavor because the oven doesn't dry it out.

Beko's marketing strategy aims to strengthen consumer perceptions that it is also the go-to brand for small home appliances. Its messages focus on the brand's extensive lineup of high-quality, reliable, and innovative products ranging from vacuum cleaners and

tea-makers to multicookers and irons that address every need.

In the refrigerator category, Beko publicized AeroFlow, an innovative next-gen cooling technology that sets its refrigerators apart from those of other brands. AeroFlow keeps food fresher up to 30% longer than conventional systems by evenly circulating chilled air rather than blasting it directly onto food.

In laundry dryers, Beko's continued to focus on the IronFinish technology that was introduced in 2021. Marketing emphasized the technology's originality and drew attention to its significant user benefit: garments that are ready to wear as soon they're out of the dryer because IronFinish keeps them wrinkle-free. Strong promotion of IronFinish as a powerful, unrivaled technology continues to play a major role in sustaining the home laundry-dryer category growth in Turkey.



In 2023, Beko continued to focus also on improving its beko.com.tr website. The company added new modules and technological capabilities, expanded its product range, and created rich content enhancing the user experience. These efforts have resulted in a more user-friendly and informative website [Beko.com.tr](https://www.beko.com.tr) that provide visitors with an improved experience.

Brands

Grundig

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Germany-based Grundig introduced its first product in 1945: a tabletop radio that made the outside world a little more accessible to the country's people in the post-war period. Since then, the company has built a reputation for high-quality, design-forward appliances and electronics ranging from major white goods to consumer electronics and small home comforts. Grundig's vision is to keep a close watch on evolving technologies and use them to create a better future. Grundig believes that small changes in our homes can have a big impact on the world. For Grundig, "A better future starts at home".

2023 Highlights

Grundig continued to innovate and grow across all categories last year. In consumer electronics, the seed from which the brand grew, the highlight of the year was the launch of Nano QLED TV. Made more sustainable by the recycled materials used in its design and manufacture, this cutting-edge television represents an important addition to the brand's portfolio.

In the washing machine category, Grundig continued to focus on its existing "Stop the Cycle" message focusing on its onboard FiberCatcher technology. The world's first fully integrated microfiber filtering system specially designed for home washers, FiberCatcher traps up to 95% of the waterway and ocean-polluting synthetic microfibers that are typically released during washing. Last year the newly launched AI-



Grundig's vision is to keep a close watch on evolving technologies and using them to create a better future.

Sense Washing Machine also joined the brand's portfolio as an important addition to its lineup of products focused on sustainability, quality, and aesthetics. In the dishwasher category, Grundig drew attention to Prodose, a smart technology that minimizes detergent and water use and maximizes washing effectiveness.

In the cooking appliance category, Grundig's position in the market continued to be strengthened by the innovative HotAero Pro technology which helps prevent food waste by optimizing cooking conditions and which was introduced as a part of a general overhaul of that category in 2020. The company continues to support

this category with new technology launches.

In the refrigerator category, Grundig continued to abide by its pledge never to compromise its brand promise of sustainability, quality, and aesthetic design by introducing new technologies like AeroFresh, which keeps food fresher for 30% longer.

Grundig in Turkey

Supplying consumers in Turkey with a range of TV & sound system, home appliance, small kitchen appliance, vacuum cleaner, and personal-care products through a diverse mix of traditional, organized retailing, and online channels, Grundig continued to grow its sales

network last year with the addition of new online and offline channels while also pursuing sustainable growth and expanding its product line with the incorporation of new technologies that strengthen its market position.

For 2023, Grundig had identified growth in the small home appliance category as one of the principle ways in which to improve its output, turnover, and profitability performance. As a result of this focus, the Grundig brand surpassed both its online and offline turnover targets in this category and contributed to Arçelik's overall share of the small home appliance market.

Continuing to grow through online sales channel collaborations and bricks & mortar stores, Grundig also achieved another of its objectives by expanding its presence in chain stores. As of 2023, Grundig-branded products were available to shoppers in retail chains handling 15% of the sales in Turkey's small home appliances.

New Product Launches

In 2023, the Delisia Novus kitchen appliance line was supported with a 360° "Everything for that kitchen" marketing campaign. This range of small home appliances boosted Grundig's presence in MediaMarket stores.

Air fryers are another fast-growing segment of the small home appliances market. Grundig's 2023 launch of the AirFit Twin, promoted with the slogan "The duo that adds flavor to the kitchen", was supported across all channels. This

launch helped Grundig increase its share in both online and offline sales channels in Turkey.

A 360° launch highlighting the Delisia Coffee Espresso range of fully automatic espresso machines emphasized their "something for everyone" ability with its three different settings to make 10 different kinds of coffee with a single touch. Grundig partnered with the Istanbul-based The Whirl coffee roastery, promoting the message "Coffee is best fresh from the bean." To boost sales, a complimentary sample of The Whirl coffee was included with each purchase made at MediaMarket stores.

"May Your Soul Be Satisfied", a Grundig awareness campaign whose aim is to promote lifestyles that respect food and the world, partnered with META in the development of an anti-food-waste chatbot. Launched in December 2022 under the same name as the campaign, this was META's first chatbot project.

In 2024 and beyond, Grundig aims to continue its growth across all sales channels with its wide product range, multi-channel distribution, and refreshed brand image - all while maintaining a focus on respecting nature. On the advertising side, the focus will be on comprehensively increasing Grundig brand and product-category awareness among consumers, supporting Arçelik's market share, and achieving Arçelik's healthy growth targets.

Sustainability at Grundig

By supplying consumers with products that deliver a premium experience while maximizing innovation and sustainability, Grundig is also introducing consumers to the sustainability-driven technologies that it develops in line with its own sustainability goals. In 2023, the company's "Eco-Anxiety Campaign" that was launched in 2022 continued to deliver Grundig's brand message. Focusing on the importance of little things that everyone can do to help contribute to sustainability, they state: "As Grundig we've been developing technologies and products compatible with sustainable lifestyles for many years. We believe that every step taken in this direction is important however small it may be." Since 2016, Grundig has been working to raise awareness about food waste and to combat it through the Respect Food initiative. Last year, the company continued to partner with Food for Soul and Massimo Bottura in this initiative while also working on technologies that will reduce food loss.

Brands

Altus

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Founded in 1996, Altus offers a range of affordably priced, robust, durable, quality white goods, built-in and small home appliances, televisions, and air conditioners in Turkey.

2023 Highlights & Performance

In 2023, Altus improved the performance of its lineup of small home appliances all across the wholesale, traditional retail, and online channels. Though focused on online sales of small home appliances, Altus continues to compete with other brands in

non-exclusive distribution channels as well. This strategy gives the company access to a broader range of customers, whose lives it can thereby touch by meeting their needs directly. Altus once again contributed to Arçelik's overall sales performance in 2023.

Altus improved the online shopping experience for its customers with the launch of a new website last year.

In 2024 Altus will again be focusing on boosting Arçelik's overall sales across all product categories.

Altus plans to maintain its market position across the six principal

white goods categories by supplying products that meet customer needs.

In addition to white goods, the company will also be looking to increase brand awareness through advertising campaigns focused on other product categories such as small appliances, vacuum cleaners, and televisions.

Altus aims to expand its presence in the television market in 2024. It will also continue to contribute to Arçelik's overall share by tapping into the anticipated growth in the home laundry dryer category.

Communications surrounding the launch of the company's HandyGo dual-function iron and wrinkle-remover also increased Altus brand awareness in other small home appliance categories.



Arctic

Romania's Leading Durable Consumer Goods Brand

The leading name in Romania's white goods sector, Arctic entered Arçelik's brand portfolio in 2002. The company manufactures refrigerators at its plant in Gaești and washing machines at its plant in Ulmi. Home appliances in all categories including refrigerators, washing machines, ovens, hoods, and built-in cookers and dishwashers are also sold under the Arctic brand in Romania. More than 42 million refrigerators have been produced at the Gaești plant to date. Arctic's Ulmi washing machine plant was the first in Romania to be equipped with advanced Industry 4.0 robotic, AI, machine learning, and process-automation technologies. In 2019 the factory was included in the World Economic Forum's Global Lighthouse Network of pioneering exemplars of manufacturing operations complying with Industry 4.0 practices. In 2022 the Ulmi washing machine plant was declared a "Sustainability Lighthouse" as well, making it one of only 10 factories anywhere in the world whose sustainable management of water and energy resources qualifies them for that status.



New Campaigns & Acknowledged Successes

In 2023, Arctic continued to build up the rebranded purpose and advertising campaign that began in 2022 while also ramping up its commitment to sustainability. In the last quarter of 2022 Arctic launched the first phase of a TV advertising campaign focused on its built-in cooking appliances. The second phase of this campaign, which got underway in spring 2023, drew consumers' attention to the "extended warranty" feature included with these products.

Arçelik is one of the organizers of Romania's annual Nostalgia Festival. The 2023 event, which ran from 29 June to 2 July, was attended by more than 85,000 people.

In late 2023, the brand launched its "Arctic's Sustainable Culinary Traditions" digital series inviting viewers to adopt more sustainable lifestyles. The topics covered in this six-episode digital cooking series are:

- Selecting locally produced foods that are in season
- Reducing, reusing, and recycling wherever possible
- Tips and tricks for reducing food waste
- Adopting sustainable habits in one's everyday life

The series showcases Arctic-branded state-of-the-art built-in kitchen appliances being used to transform recipes into brilliant meals.

Brands

Defy

South Africa's foremost white goods manufacturer Defy joined Arçelik's portfolio in 2011.

South Africa's Leading Brand

Founded in 1905, Defy started out as a foundry making cast-iron goods and produced its home market's first electric oven. By 1932, the company was winning awards for its innovative technologies and products.

South Africa's foremost white goods manufacturer Defy joined Arçelik's portfolio in 2011.

Deeply-Rooted Market Presence

South Africa's foremost white goods manufacturer for well over a century, Defy commands a better than 90% level of brand recognition in its home market. Found in seven out of 10 South African homes, Defy home appliances make life more enjoyable for millions of households both in that country and beyond.

Defy's 2023 consumer promotions focused especially on energy conservation.

Defy's creative projects focus on digitalization and positioning Defy-branded appliances as leaders in

their energy class. While drawing attention to price differences and making consumers aware of them, the campaigns also explain why the differences exist. The brand's market leadership was further bolstered by means of a 360° campaign in specific appliance categories such as dishwashers and washing machines and strategic partnerships with complementary first-class brands.

Following up its successful launch of Solar Hybrid technology, introduced in South Africa and other African countries for the first time in 2021, in 2023 Defy continued to increase its product sales in its home and export markets while further strengthening the company's commitment to a sustainable future.

A front-rank player in sustainable innovation and technology, Defy is focused on continuously improving technologies developed in Africa for Africa.





**Defy's 2023 consumer campaigns
focused especially on energy
conservation.**

Brands

Dawlance

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Founded in 1980 and acquired by Arçelik in 2016, Dawlance pioneered Pakistan's home appliances sector. In line with the company's strategy of being a lifestyle brand that offers consumers a complete range of products for their homes, Dawlance has expanded its portfolio beyond refrigerators and washing machines to include a wide variety of home appliances. Arçelik's acquisition of Dawlance, followed up by investments totaling EUR 237 million, is a synergistic alliance of Arçelik's global expertise and Dawlance's local market knowledge. By fostering innovation and fueling progress, this alliance has been instrumental in Dawlance's journey. It has helped improve the customer service experience and the company's commitment to sustainability. As of 2023, Dawlance controlled a significant share of Pakistan's home appliances sector.

Product reliability, which is at the core of Dawlance's corporate values, positions the brand as a key player in Pakistan's home appliances sector. The brand boasts an extensive customer service network with 19 service centers, 36 authorized service workshops, and 345 contractual service providers located all around the country. Dawlance's extensive customer service network is a key selling point for the brand.



Founded in 1980 and acquired by Arçelik in 2016, Dawlance pioneered Pakistan's home appliances sector.

With two plants in Karachi and one in Hyderabad, Dawlance now has an extensive product portfolio of more than 480 items, or nearly twice as many as last year. This huge increase is both a sign and the outcome of the company's energetic growth.

As one of Pakistan's foremost domestic brands,

Dawlance was the leader in the refrigerator and washing machine categories as measured by unit sales. The hub of a huge nationwide network of 1,800 dealers, the

company's strategic focus is to strengthen its market position through exclusive dealerships, which numbered 93 as of 2023.

Dawlance's clout is evidenced by 99% brand-awareness and 89% positive-perception ratings according to the 2023 Brand Health Tracker (BHT) Report.

Recognizing the need to find solutions to the challenges posed by environmental problems, Dawlance has declared its brand purpose to be "Progress Today, Preserve

Tomorrow.” Dawlance’s commitment to sustainability is aligned with Arçelik’s own global vision.

Dawlance’s recently launched “Creating Better Habits At Home” campaign, which encourages people to make positive behavioral choices like conserving energy and consuming responsibly. The company championed this vision through 360° advertising campaigns strategically conducted across multiple platforms. Employing a mix of functional and emotional messages, these campaigns showcase product features with an emphasis on energy-efficiency and sustainable habit formation.

Commanding a significant presence on e-commerce platforms, Dawlance is a particularly successful and strong performer in Daraz 11.11, Pakistan’s biggest annual online sale. The company’s omnichannel approach was also an unparalleled success at last year’s Daraz 11.11.

Omnichannel and Retail Transformation Programs

The company’s 18-initiative omnichannel transformation continued in 2023. Improving the customer experience and conducting online sales through dealers were the two main focal points of last year’s omnichannel transformation program.



Having recently added new categories such as televisions and personal care appliances to its product portfolio, Dawlance developed the retail experience by focusing on high-profile stores and creating space for its products in them, personalizing the shopping experience, and giving attention to both innovation and sustainability. The launch of six new concept stores that allow shoppers to try out goods in a home environment further signaled Dawlance’s commitment to cutting-edge retailing practices.

New Product Launches

2023 was a busy year for Dawlance and saw the launch of 34 new products across various categories. This included five refrigerators, 12 TVs, five air conditioners, four microwave ovens, one small home appliance, six washing machines, and one dishwasher.

Having expanded its product portfolio by entering the TV market with UHD and FHD models in 2022, last year the company further broadened its range of TV offerings with the launch of 2K Smart and 4K Smart UHD models.

In 2023 Dawlance unveiled its 20-Liter Inverter Microwave Oven. This is the first microwave oven using inverter technology to join the company’s portfolio. Dawlance enriched its air conditioner lineup with the incorporation of 4D Air Flow technology in select models.

Dawlance is committed to maintaining its position as Pakistan’s leading home appliance brand. In 2024, the company will continue to strengthen its position while further solidifying its reputation for technological innovation.

Brands

Elektrabregenz



A well-known and respected name in its home market, Austria-based Elektrabregenz marked its 130th anniversary in 2023 with a series of events.

In May 1893, Elektrabregenz's founder Friedrich Wilhelm Schindler showcased the world's first all-electric kitchen at the Chicago World's Fair. This pioneering move, which drew much attention, marked the birth of one of the world's leading home appliance brands.

A well-known and respected name in its home market, Austrian brand Elektrabregenz marked its 130th anniversary in 2023 with a series of events.

Elektrabregenz continued to innovate in the kitchen segment in 2023, launching a new line of

built-in appliances. The company also supported the development of culinary talent in Austria by hosting its "Küchenchef:in" competition, which gave aspiring chefs a platform to show off their skills.

One of the country's most venerable white goods brands, Elektrabregenz's campaigns in 2024 will continue to deploy its lineup of new built-ins to reinforce its "So kocht Österreich" (This is how Austria cooks) message in consumers' minds.

Blomberg



Founded in Germany in 1883, Blomberg is approaching 150 years of home-appliance quality and innovation experience.

Focusing on intelligent solutions, energy-efficiency, and the highest-quality materials, Blomberg endeavors to blend superior performance and contemporary European design.

Striving to provide consumers with everything they need for a quality and well-balanced lifestyle, Blomberg develops high-tech, aesthetically designed, and user-friendly products whose environmental footprint is minimized.

Flavel



Products meeting the expectations of consumers in Turkey's discount market channel continued to be sold under the Flavel brand. Featuring both small home appliances and standalone and built-in white goods, the brand's product line is designed to appeal to consumers in search of best-buy bargains. The company plans to add new categories to its portfolio as demand for them emerges and evolves.

Leisure



Leisure, a British company that has been manufacturing cookers for over 140 years, is a major cooking appliance brand in the UK.

Leisure, a British company that has been manufacturing cookers for over 140 years, is a major cooking appliance brand in the UK. The company has a portfolio of over 35 models whose broad range of dimensions, colors, and heat sources ensures there is a cooker exactly right for every kitchen.

Leisure's promotions invite everyone to experience the joy of cooking with stylish appliances. Designed to be the heart of the kitchen, Leisure cookers bring families and friends together to create and celebrate.

Leisure's focus on quality, reliability, and customer satisfaction is reflected in the brand's 4.6/5 product recommendation rating on Feefo. Over 90% of consumers on the review site recommend the company's products.

Last year's launch of the new "Leisure Range Cooker" designed to inspire a passion for cooking with its lively and fun design quickly gave the brand an additional boost over the competition. In October 2023, Leisure was the fastest-growing cooker brand in terms both of sales receipts and of sector share in the UK.

Brands

VoltasBeko

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VoltasBeko is a joint venture of Arçelik and Voltas, India's leading air conditioner brand. Formed in 2017, the company combines Arçelik's technology and innovation competencies with Voltas's deep domestic sales and marketing experience.

Arçelik & Voltas Synergies

VoltasBeko is a joint venture of Arçelik and Voltas, India's leading air conditioner brand. Formed in 2017, the company combines Arçelik's technology and innovation competencies with Voltas's deep domestic market experience. VoltasBeko offers customer-oriented, innovative, high-quality, sustainable, and at the same time competitive products thanks to the synergy and collaboration created by the combination of Arçelik's R&D

capabilities, advanced technology and manufacturing experience, and Voltas's strong market position and brand image in the Indian market.

VoltasBeko supplies its products to consumers through 15,000 retail outlets across India. The company has a wide range of products including refrigerators, washing machines, laundry dryers, dishwashers, and microwave ovens. VoltasBeko's brand recognition and share in India have both grown steadily since its launch.

VoltasBeko's goal is to become one of the leading white goods brands in the Indian market. The company is pursuing this goal by focusing both on steadily accelerating growth and on increasing market penetration across India. VoltasBeko plans to reinforce its position with a strong presence in both traditional and modern sales channels as well as through its online sales platform, voltaslounge.com.





One of India's Best Recognized Brands

In 2023 VoltasBeko controlled shares of 3.0% in the refrigerator category and 5.3% in the washing machine category in India. VoltasBeko is one of the seven top-recognized white goods brands in the country.

New Product Launches

VoltasBeko began 2023 with a refresh of its entire refrigerator series to bring the appliances into compliance with India's new energy labeling requirements. Product development continued with the third quarter launch of an 8.5 kg capacity, fully automatic top-loading

washing machine. The company also rolled out its first semi-knocked-down (SKD) front-loading washing machine.

As part of its product-line expansion, the company approved and began partnering with two new suppliers for the production of semi-automatic top-loading twin-tub (SATT) and entry-level fully automatic top-loading washing machines.

India's new mandatory energy labeling system for washing machines will go into effect in 2024. VoltasBeko completed the testing and certification of its upgraded

washing machine models as of the third quarter of 2023.

The company's electric water heaters, toasters, mixer-grinders, and irons had all undergone testing and were certified local-market compliant as of Q4 2023.

Production & Exports

In 2023 VoltasBeko passed two important milestones when the 2 millionth refrigerator left the factory and the company expanded its export reach beyond Nepal for the first time by shipping goods to the Maldives, Bangladesh, and Turkey.

Brands

Singer¹

With roots going back to 1905, Singer Bangladesh Ltd is a Bangladesh-headquartered multinational and the heir to more than a century of successfully doing business in the region. Since the very outset, the name Singer has been synonymous with sewing machines in Bangladesh. In the early 1980s, the company diversified into other product lines and is today one of the country's leading names in consumer electronics and home appliances with a nationwide network of 427 retailers. Acquired by Arçelik in 2019, Singer Bangladesh Ltd continues to expand its domestic manufacturing capabilities and capacities.

New Factory Investment

Construction work on a new factory undertaken at an investment cost of EUR 75 million began in January 2023 and was 70% complete as of the year end. Conceived and executed so as to qualify for LEED Gold sustainability certification, the new plant is expected to begin production in the second quarter of 2024.

Brand Transformation

In 2023, Singer advertising campaigns centered on the company's redefined "Empowering you to reach your future aspirations" brand purpose. This message, along with its "Embrace Life Now" slogan reflecting Arçelik's



With roots that reach back to 1905, Singer is a Bangladesh-headquartered multinational and the heir to more than a century of successfully doing business in the region.

global vision, was integrated into all product category and sales promotions last year. Singer's "Red S Deals" sales campaigns carried out as extensions of "Embrace Life Now" focused on discounts and other consumer benefits. A Primax series campaign conducted in coordination with "Red S Deals" showcased Singer's range of LED TV products.

Retail Transformation

Singer is the hub of one of Bangladesh's biggest retailing networks. In its efforts to bring itself up to the consumer experience standards that Arçelik adheres to

globally, the company is currently in the process of transforming its retailing operations and practices. Singer plans to open its first concept store in February 2024.

E-commerce Growth

In parallel with its new "Embrace Life Now" brand message, Singer is also developing its digital platform approaches. This has already paid off as an impressive 182% (EUR-based) surge in online sales last year.

Due to Friday being the official day of rest in Bangladesh, bricks & mortar retail stores are closed as a rule but, largely due to ingrained

¹ Licensee limited to certain jurisdictions.

consumer habits, online sales typically experience a dip on Fridays as well. Spotting an opportunity, Singer launched its “Uradhura Cuma” (Crazy Friday) sales campaign. This highly successful initiative resulted in a 60% boost in online sales revenues.

New Product Launches

Newly emerging technologies are constantly reshaping the TV viewing experience for people around the world.

In April 2023, Singer launched its Primax 4K HD series to keep pace with changing market needs and expectations. Primax’s 4K HDR feature delivers a cinematic viewing experience, while MEMC technology ensures maximum clarity and Dolby Vision Atmos technology delivers top-of-the-line sound and image quality. Dual-Band Wi-Fi and BT 5.0 are also included for faster streaming. Because Primax TVs are Google-authorized Android devices, they come with the latest official Android operating system. A Netflix-certified app is also preinstalled. A built-in Chromecast feature lets users easily stream their favorite content from their phones, tablets, and computers directly to their TV. These TVs are also robustly protected against potential damage from dust, lightning, high voltage, and humidity.

In response to consumer insights and market demands, Singer



launched the 51 cm Tuni series refrigerator in 2023. This entry-level model has a lower capacity and affordable price point, making it a popular choice for budget-conscious consumers.

In line with Arçelik’s goal of inspiring sustainable living in every home, Singer applied for and received a 5 Star Energy Rating on its refrigerators from the Bangladesh Standards and Testing Institution (BSTI). This is the highest energy rating BSTI recognizes and is an indication of maximum energy efficiency. Singer also introduced its Green Inverter Air Conditioner, which uses the environmentally friendly R32 refrigerant. Equipped with a 4-in-1 filter that can filter out viruses and bacteria, the Singer Green Inverter Air Conditioner also features Zone Follow technology, which keeps a room cool and comfortable when there’s someone in it, while its power-cooling

function delivers a quick and refreshing blast of cool air when it’s needed most.

In 2023, Singer launched its Splash Washing Machine series featuring Aqua Smart technology. The series’ Hand Care technology mimics hand movements to gently wash clothes with the utmost care while its Triple Waterfall technology streams water from three directions to dissolve detergent better and deliver a superior washing performance.

2024 is going to be an important year for Singer, as the company will be overseeing the opening of a new manufacturing facility and managing the ongoing transformation of its retail operations.

Brands

Hitachi¹

In line with its strategy of pursuing growth in developing markets, Arçelik acquired a 60% stake in Hitachi Home Appliances Netherlands BV in 2021. This company had been established by Hitachi Global Life Solutions Inc in the Netherlands to manufacture, sell, and provide after-sales service for Hitachi-branded home appliances in national markets other than Japan's. By joining forces in 2021, Arçelik and Hitachi Global Life Solutions (Hitachi GLS) combined their strengths in key areas such as R&D, purchasing, and production systems. This will allow them to optimize their global supply chain and strengthen their competitive position in markets around the world.

Enhancing the Consumer Experience and Adding Delight Worldwide

In more than 65 countries around the world, this joint venture continues to develop products, enhance the consumer experience, offer goods with superior features at more affordable prices, and improve the quality of life of those who use Hitachi-branded products. In 2023, the company launched over 350 items in line with its product development objectives.

Arçelik Hitachi continues to strengthen its innovative and



In 2021 Arçelik acquired a 60% stake in Hitachi Home Appliances Netherlands BV, a subsidiary of Hitachi Global Life Solutions Inc. based in the Netherlands.

sustainable product portfolio in order to achieve even greater successes in line with its sustainable growth and long-term business objectives, and to promote cultural diversity.

Focusing on customers in order to further enrich the value propositions that it offers, Arçelik Hitachi has begun to develop and expand its existing product portfolio with the addition of new product categories.

Combining Arçelik's proven innovation and production capabilities with Hitachi's brand

reputation and manufacturing resources in Thailand and China, Arçelik Hitachi Home Appliances expanded its product portfolio with new offerings such as dishwashers, laundry dryers, coffee makers, and the like while also incorporating not otherwise available smart features into them.

A new marketing campaign showcasing Hitachi-branded products was conducted across all active markets in 2023. Dubbed "The Art of Ease", the globally launched campaign celebrates

¹ Licensee limited to certain jurisdictions.

Hitachi's painstaking attention to thoughtful design and meticulous production while also spotlighting the company's commitment to innovations that simplify consumers' lives.

Arçelik Hitachi's 2022 digital transformation journey continued with the inauguration of Project Ahead last year. A cloud-based enterprise resource planning (ERP) system, Project Ahead streamlines operations by providing a centralized management platform for integrating digital technology across the company. Project Ahead first went live at the Thailand Sales Office in September 2023. Work is currently in progress to integrate the company's Thailand production operations and its Singapore, Hong Kong, and Taiwan sales offices into the system.

In 2024, Arçelik Hitachi will be looking to reinforce its strong market position and take its sustainable growth to the next level by introducing new high-quality, eye-catching products to the market. Hitachi Ltd internal design, Arçelik, and Hitachi Global Life Solutions teams working together have developed roadmaps for improving overall efficiency and optimizing the use of resources in R&D. The R&D collaboration between Arçelik and Hitachi GLS will continue in 2024 under the leadership of Hitachi Ltd.



Sectoral Developments & Arçelik in 2023

White Goods

The global white goods market saw a 3% contraction in 2023, shrinking to USD 225 billion. The decline was prompted by the energy crisis stemming from the Russia-Ukraine conflict, coupled with persistent inflationary pressures that eroded consumer purchasing power across global markets. In 2023, the Western European white goods market experienced an overall contraction of approximately 5.5%, driven largely by a significant decline in Germany. Individual markets witnessed varying degrees of shrinkage: UK (-4.8%), Germany (-8.7%), and France (-6.3%); even smaller markets like Italy (-1.7%), Spain (-1.3%), Netherlands (-7.1%), Belgium (-4.7%), and Austria (-11.0%) did not escape the downturn.

Excluding Ukraine, the Eastern European white goods market saw modest growth on the order of 1.2% in 2023. Driven by a remarkable 12.4% surge in sales in Russia, the region's largest market, this performance was uneven however: Poland, the second-largest market, experienced a 12.5% decline and Romania also suffered a market contraction of roughly 8.2%.



Turkey's white goods sector saw robust growth in 2023, with sales volumes increasing by 17% and turnover surging by over 100%.



The South African white goods market, which is one of Arçelik's key markets outside Europe, was also the scene of a 6.6% year-on-year contraction.

Turkey's white goods sector saw robust growth in 2023, with sales volumes increasing by 17% and turnover surging by over 100%, according to January-December retail data. This expansion encompassed the market's six main product categories. The tumble dryer segment experienced the most dramatic growth in Turkey, exceeding a 100% increase in sales units. Within the washing machine and tumble dryer segments, a shift towards larger capacity models was a key driver of turnover expansion.

Figures published by the Turkish White Goods Manufacturers Association (TÜRKBEŞD) indicates a 14% expansion of Turkey's white goods sector in 2023. However, this growth was tempered by a 1% decline in production volumes across the six core product categories and by a 10% contraction in exports. Combined domestic and export sales reached a total of 32 million units for the year.

Turkey's built-in appliance market faced a 5.6% unit-sales contraction in the 12-month period, according to TÜRKBEŞD data. This decline contrasts with the previous year's figures.

Data from the Electrical and Electronics Exporters' Association (TET) shows a 7% increase in Turkey's electrical and electronics exports for January-December 2023. Export revenues reached a total of USD 16.5 billion, outpacing the same period in the previous year. White goods exports saw a 3% contraction during the same period and weighed in at USD 4,193 million. This decline marks a reversal from the same period in 2022. Further analysis of export figures reveals an overall 12-month decline across the six main white goods categories but this varied from group to group. Refrigerators and freezers saw a drop of 9%, dishwashers 18%, freezers 5%, and dryers 5% for example, whereas washing machines saw a 16% increase and oven and cooktop exports were up by 4%.

Despite the global economic climate abroad and February's disastrous earthquakes and inflation at home, Turkey's white goods sector demonstrated resilience in 2023 according to retail sales data. However, with ongoing risk factors and a likely tightening of monetary policy on the horizon, the sector is at best expected to maintain its 2023 performance level rather than experience any additional growth in 2024.

Sectoral Developments & Arçelik in 2023

Arçelik defended its strong position in international markets last year by continuing to adhere to a marketing strategy focused on sustainable, profitable growth.

Developments at Arçelik

Arçelik defended its strong position in international markets last year by continuing to adhere to a marketing strategy focused on sustainable, profitable growth.

Arçelik remained the white goods leader in Turkey while extending its market dominance through its Arctic brand in Romania and its Defy brand in South Africa. Beko, its global brand (and one of Europe's top three names in white goods), holds the top spot within the UK's white goods market.

Committed to expanding its global presence while creating value for stakeholders, Arçelik broke ground on a USD 100 million white goods factory in Egypt towards the end of the year. While further strengthening its position in a national market where it has been actively engaged in marketing and sales through its Beko brand since 2012, Arçelik's new plant is also intended to serve as a regional production center that will be exporting more than 60% of its output to other national markets,

particularly those in the Middle East, Africa, and Europe. In the first stage of production, which is on track to begin in first-quarter 2024, the plant will be making double-door refrigerators, vertical freezers, standalone and built-in ovens, and standalone range cookers. In the second, the portfolio will be expanded with the addition of other goods that are to be manufactured in sections of the plant allocated for the introduction of new home appliance categories.

To strengthen its position in the Bangladeshi market, where it gained a foothold in 2019 with the acquisition of Singer, Arçelik is building a new factory in the Bangladesh Special Economic Zone near the country's capital city Dhaka at an investment cost of USD 78 million. The plant, which will also give additional impetus to the Singer brand's growth in Asian markets, will have 135,000 m² of space and is expected to provide jobs for 4,000 people.

On 16 January 2023, Arçelik signed a definitive Contribution Agreement to acquire all of Whirlpool's European sales, production, and distribution subsidiaries in a deal that will expand Arçelik's presence in Europe and make the company one of the continent's biggest white goods manufacturers. Under the agreement, to which Arçelik and its wholly owned subsidiaries Beko BV (formerly Ardutch BV) and Beko Europe BV on the one hand and Whirlpool Corporation and its subsidiary Whirlpool EMEA Holdings LLC on the other are parties, all the shares of Arçelik's and Whirlpool's European subsidiaries are to be transferred as capital-in-kind to Netherlands-based Beko Europe BV. It is anticipated that these transfers will result in Arçelik subsidiary Beko BV's controlling a majority (75%) stake in Beko Europe with the remainder being held by Whirlpool. Beko Europe BV will take over 14 Whirlpool factories and 38 subsidiaries based in nine locations in Italy, Poland, Slovakia, and the UK as well as Arçelik's 25 European subsidiaries and two plants in Romania. Although the European Commission gave its go-ahead on 23 October 2023, the merger is also subject to the approval of regulatory authorities as well as to the fulfillment of various closing conditions specified in the underlying transfer agreements.

On 22 June 2023, a share-purchase agreement was signed under which Beko BV acquired all the shares in two UAE and Morocco-based Whirlpool subsidiaries with operations in the Middle East and North Africa. The payment for these shares was penciled in at EUR 20 million; however the actual amount is to be adjusted taking into account the acquired companies' net indebtedness and net operating capital positions as well as other considerations as of the closing balance sheet date.

Subsequent to the 2022 acquisition of Whirlpool's washing machine and refrigerator factories in Lipetsk and of its sales subsidiary in Moscow, the integration of their operations and processes into Arçelik Global was completed in 2023. Continuing to strengthen its presence in the Russian market, Arçelik is currently manufacturing and selling the products of five different brands in that country.

Established in 2021, Arçelik Hitachi Home Appliances continued to enhance its product offerings in

2023 consistent with its product development goals. The company developed and released more than 350 improved products to consumers in over 65 countries across various segments last year.

Arçelik maintained its lead in Turkey's white goods market (in both volume and turnover) in 2023 while also expanding the design-refresh initiative which it launched in 2021 and which has since then resulted in a succession of visually attractive products packed with cutting-edge technologies that give them strong consumer appeal.



Sectoral Developments & Arçelik in 2023

Televisions

The global market for televisions experienced a barely noticeable year-on-year numerical contraction on the order of 1% with 211 million units sold worldwide in 2023 and the average price of a new model dropping to USD 480. As was also the case in 2022, both the market contraction and the decline in average selling price were again largely attributable to lingering economic frailties and to the associated erosion of consumer confidence across different regions. Total turnover generated by TV sales worldwide on the other hand probably amounted to USD 136 billion in 2023, or 4.3% more than what it was the year before.

The European TV market contracted further in 2023, with 39 million units sold. This represents a decrease from the previous year, when sales totaled 41 million units, and represents a 7% year-on-year decline. Excess retailer inventory kept a lid on average unit prices last year. In 2024 on the other hand, key markets like Germany and Russia are expected to see continued volume contraction, suggesting a strong likelihood of the current two-year trend persisting for at least a while. Industry observers say that price increases in 2024 are likely to be minimal at best because even the year's Black Friday sales can be



Despite the overall contraction across global and European markets in 2023, there was a notable shift towards larger screens and towards premium OLED displays.

expected to do no more than return retailers' over-stocked inventories to optimum levels.

Despite the overall contraction across global and European markets in 2023, there was a notable shift towards larger screens (55 inches and above) and towards premium OLED displays, which captured over 50% of share by revenue. Both trends are expected to continue in 2024.

Turkey's television market experienced robust growth in 2023. Revenue surged by an average of 68%, while unit sales expanded by approximately 4%, reaching an estimated 2.7 million units and surpassing 2022 figures. The television market's turnover growth was fueled by inflation and by a consumer preference for larger screen sizes (55 inches and above). This growing demand for large-screen televisions suggests consumers are prioritizing more immersive home entertainment experiences.

Arçelik maintained its position as the market leader in the Turkish TV market and increased its unit-sales performance across its high-end product range.

Developments at Arçelik

Last year Arçelik upgraded its entire Android TV (smart TV) product line to Google TV, Google's latest generation smart TV operating system. Arçelik launched new projects in late 2023 to address rising demand for premium products in both Europe and Turkey. These focus on offering consumers large-screen LED and OLED Google TV products and are intended to grow share across active European markets. In 2024, Arçelik plans to expand its geographical reach by entering new African markets with its latest range of TVs. This expansion will complement the

company's growth targets in its existing European, Russian, Bangladeshi, and Pakistani markets.

Arçelik is committed to constantly enhancing its home entertainment technology. The company's vision is to provide consumers with unique and immersive experiences while always prioritizing innovation and quality.

High-performance QLED TVs were launched in the Turkish market in the last quarter of 2023. Newly added to the 9 series, these 55 and 65-inch models boast a 120Hz refresh rate, delivering a seamless viewing experience. Even with fast-

paced on-screen action, viewers enjoy incredible smoothness and clarity, making games, sports, and movies even more thrilling. Showcasing Arçelik's commitment to quality and innovation, these high-performance 120Hz QLED TVs also deliver a more immersive audio experience. Arçelik is closely monitoring the growth of the Turkish TV market with the aim of continuing to offer consumers new technologies and big-screen solutions that enhance the home-entertainment experience even more.



Sectoral Developments & Arçelik in 2023

Audio Systems

2023 was a year characterized by monetary authorities' efforts to protect their home markets against global inflation and by an unambiguous loss of consumer demand throughout Europe. The impact of developed countries' anti-inflationary measures was disproportionately greater in developing countries with limited access to foreign currency resources and further undermined consumer confidence and weakened demand in them.

While the global consumer electronics market, of which music systems make up a significant segment, contracted by 4% in USD terms and 10% in EUR terms, Turkey's home market instead experienced 20% growth last year due to preemptive demand fueled by consumer expectations of high inflation. Although a global recovery is anticipated in 2024, markets nevertheless expect that persistently high interest rates will depress consumer demand. Meanwhile in Turkey, consumer demand for these products will continue to be shaped by the monetary authorities' efforts to combat inflation.

The audio systems market continues to favor portable products. Demand for traditional systems is experiencing double-



Arçelik is continuing to invest in the strategically important portable speaker and soundbar categories of the consumer music systems segment through its Grundig brand.

digit declines, while the headphone and speaker market remains flat.

Developments at Arçelik

Arçelik is continuing to invest in the strategically important portable speaker and soundbar categories of the consumer music systems segment through its Grundig brand.

To offset the contraction in the European market—particularly in Germany—and taking global macroeconomic indicators into account as well, the company is prioritizing alternative products and markets. With this in mind, Grundig products were launched in

the Russian market, where sales of soundbars and party speakers have since been performing especially well, while savings in operating expenditures have been achieved by increasing efficiency through product-range simplification and narrower focus.

In September 2023, Arçelik introduced a new line of Grundig-branded portable speakers and party speakers at the IFA Fair in Berlin. The company is gearing up to put these products on sale elsewhere in Europe as well as in Turkey.

The Beko 1000 TR, Turkey's first fuel pump cash register, debuted at the Petroleum Fair in March 2023.

Payment Systems

A major development in payment systems in Turkey took place in 2022 when the Department of Revenue Administration published a "Next Generation Fuel Pump Cash Registers" transition schedule in circular VUK 527. The circular set out two time lines (for devices with and without fiscal control units) for the mandatory replacement of some 65,000 devices currently installed. In the aftermath of last year's disastrous 6 February earthquakes, the cutoff date for the replacement of non-FCU devices was moved forward from 31 March to 30 November in eleven provinces. The deadline for the replacement of ECU-equipped devices across Turkey remains 31 January 2024.

Turning now to electronic cash registers, financially strapped businesses have understandably been opting for more budget-friendly products from the Far East. Supply chain disruptions led to a decrease in production output towards the end of 2023. Work began however on further developing the Beko 300 TR. The first Android-based ECR and POS device certified by Turkey's finance ministry, the Beko 300 TR also won an iF Design award in 2023. The new model, to be marketed as Beko X30 TR, is scheduled for release in the first quarter of 2024.

Developments at Arçelik

The Beko 1000 TR, Turkey's first fuel pump cash register, debuted at the Petroleum Fair in March 2023. Arçelik controlled a 47% share of



the market for these products as of year-end 2023.

Despite rising production costs and the associated need to revise retail prices almost every month, the Beko 300 TR remained the top-selling product in Turkey's ECR market in 2023 even while having to contend with of Q4 supply-chain issues. Last year's retail sales numbers not only kept pace with those of 2022 but even nosed them out by 1%.

Looking forward, Arçelik plans to tap the potential for replacement sales (as older devices' memory capacities become insufficient or the units need to be renewed for whatever reason) while also exploiting opportunities arising from the requirement that banks issue ECRs to vendors rather than POS devices. To this end, the company will focus both on boosting sales of the existing 300 TR model and on promoting the newer and more cost-effective Android-based X30 TR. The demand for Beko 400 TR Android POS devices is also

expected to continue growing as more and more public and private establishments become subject to the VUK 507 commune's e-bookkeeping and e-invoicing requirements. Sales of these units to stadiums, jewelers, so-called "HoReCa" (hotel/restaurant/cafe) vendors, and tax offices continued apace all year long in 2023.

Arçelik and Token have partnered to launch the Ödero Virtual POS service. This service provides seamless digital payment options and is now being used by dealerships and after-sales service providers. Ödero is an especially attractive solution for dealerships contending with profitability, collateral, capital adequacy, and mounting bank-commission issues. Besides giving customers the peace of mind of clicking on a secure link to make a payment, the system also helps dealers manage their receivables more effectively.

Sectoral Developments & Arçelik in 2023

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Small Home Appliances

The global small home appliances sector mirrored its 2022 performance in 2023. What with the world's central banks adhering to some of the tightest monetary policies witnessed in recent years, financing costs remained stubbornly high all year long. Despite that, and even in the face of weakening regional demand and geopolitical tensions, the sector did better than expected owing to strategic price advantages, depreciation of the Turkish lira, and gradually subsiding transportation and raw material costs.

According to the latest retail sales figures, Turkey's small home appliances market experienced 26.3% year-on-year growth in number of units sold. Air fryers were the standout subcategory, with a 112% sales increase in 2023 compared to 2022. Espresso machines also saw a significant surge, trailing just slightly behind with a 104.2% increase.

While not quite so spectacular, numerical growth in other subcategories was still respectable:



According to sales figures, Turkey's small home appliances market experienced 26.3% year-on-year growth in number of units sold.

vacuum cleaners (+19%), irons (+23%), food processors & blenders etc (+16.7%), and coffee makers & electric kettles etc (+25.4%).

Last year espresso machines surpassed tea and Turkish coffee makers for the first time in share. These appliances are now the hot-beverages category's top money-makers.

In 2024 and beyond, the Turkish market is expected to see continued expansion in sales of air fryers, which look set to remaining the fastest-growing kitchen-appliance. For beverage preparation, the espresso machine category is most likely to experience the greatest growth. Within the home and personal care categories, cordless upright vacuums, steam wrinkle removers, and hair straightening combs are all expected to enjoy continued growth.

Developments at Arçelik

Spotting potential in Russia's cordless vacuum, espresso machine, and personal care markets, last year Arçelik began marketing small home appliances under its Grundig brand in that country with a focus on the high-end market segment for the first time. This strategy resulted in a whopping 312% year-on-year turnover increase. In South Africa, market-directed efforts to tap potential in that country and its hinterland resulted in a 79% year-on-year increase in total turnover. On an individual-category basis, the strongest turnover growth (+44%) was in kitchen appliances.

In Egypt, small home appliance sales were launched in that country for the first time in September last year based on the findings of company-conducted market research. In 2024 the focus will be on developing a sustainably marketable range of product offerings and on growing total turnover.

In 2023, Arçelik achieved an impressive 83.9% growth in turnover (on a EUR basis) compared to 2022 thanks to strong sales in Turkey. The Turkish coffee and tea maker categories saw a 61% increase year-on-

year, while the cordless upright vacuum subcategory was a major contributor with a 77.8% rise.

In 2023, Grundig registered a 165% increase in number of units sold through the TSS (Technology Markets) channel while also achieving a 214% rate of EUR-denominated growth in turnover.

In 2023 Arçelik's Altus brand entered the Turkish market with the sale of irons, espresso machines, and Turkish coffee-makers through online channels.



Sectoral Developments & Arçelik in 2023

Air Conditioners

With the effects of climate change becoming starkly evident in 2023, people seeking relief from summer heatwaves boosted air conditioner sales dramatically. Unusually high seasonal temperatures and prolonged summer convinced increasingly more consumers that air conditioning products are essential for a comfortable home environment.

The European air conditioner market experienced significant growth in 2023: unit sales and turnover were up by 8.6% and 5.2% respectively over the previous year.

In Turkey the market was the scene of even more remarkable year-on-year growth, with unit sales and turnover up by 68.4% and 159% respectively.

Turkish consumers' interest in air conditioning products and their appreciation of such products' benefits are likely to remain strong in 2024.

Manufacturers for their part are developing innovative smart solutions which incorporate new technologies that benefit users while also allocating more resources to projects aimed at making their air conditioning products and technologies more sustainable.

Developments at Arçelik

Arçelik further bolstered its leading position in the Turkish air conditioner market in 2023, achieving a 54% share as measured



In Europe, Arçelik registered growth rates of 19.7% and 16.6% for air conditioners respectively.

by unit sales. This dominance was accompanied by remarkable growth, with a 73.7% increase in unit sales and a 163% jump in turnover compared to the previous year.

In Europe, Arçelik registered growth rates of 19.7% and 16.6% for air conditioners respectively.

Responding to growing consumer interest in anti-contaminant and anti-allergenic air conditioning products, in 2023 Arçelik improved these features in existing models. The enhancements include ionizer technology to automatically clean airborne particles and sensors that monitor the air quality of their surroundings and provide users with real-time feedback.

Continuing to build on R&D projects that began in 2022, last year Arçelik introduced a new line of A+++ rated air conditioners that prioritize sustainability and energy efficiency. These new units not only conserve energy but also have a smaller carbon footprint thanks to the use of recycled materials in their manufacture.

In the European market, Arçelik introduced a new heat pump in 2023. This innovative product boasts smart connectivity features and utilizes the environmentally friendly R32 refrigerant.

In the Pakistani and Bangladeshi markets, Arçelik launched new products that utilize the environmentally friendly R32 refrigerant.

Last year Arçelik outperformed its home market in the mobile phone category with unit sales and turnover up by 15% and 80% respectively.

Mobile Phones, Tablets & Laptops

Global mobile phone sales declined in the second half of 2022, largely due to disruptions in production. The Turkish market however bucked this trend, with sales remaining relatively stable. While the domestic market grew in the first half of 2023 compared to the same period in 2022, in the last quarter of the year the expansion was somewhat hampered by production issues that disproportionately affected high-end products. That said, sales received a boost in the last quarter of 2023 when the government decided to reduce import duties on the entry-level and mid-range smartphones (under TL 9,500) favored especially by students. This tax advantage could conceivably incentivize some foreign brands to step up local production of such units in Turkey in 2024.

The Turkish mobile phone market grew by about 10% in volume in 2023 compared to the previous year, reaching approximately 12.5 million units. In terms of turnover, it grew by 75% to TL 157 billion in value but much of that growth is simply a reflection of higher prices. The mobile phone market's 2023 growth figures fell short of the projections made in the 2022 growth report, which were calculated based on the previous year's data. Traditional channel sales also grew in both units and turnover compared to the previous year. Although exchange

rate movements, especially in the second half-year, adversely impacted affected product costs, the net effect was offset by higher prices.

Fueled by strong demand in 2020 due to pandemic lockdowns, tablet and laptop sales in Turkey stabilized in 2021 and continued at around the same level the following year with a total of about 2.1 million computers and tablets sold. Notebook and tablet market growth continued to be robust in 2023, with another 3.1 million units being sold as of year-end.

Looking at product categories in detail, laptops grew by about 33% in units and 85% in turnover in 2023. This category ended the year with approximately 1,500,000 units sold and a turnover of USD 1.27 billion. The tablet category grew by about 25% in units and 64% in turnover. It ended the year with approximately 1,600,000 units sold and a turnover of USD 430 million.

The Turkish computer market's star performer in 2023 was the gaming computer category. It grew by 83% in unit sales compared to 2022 and generated a turnover of TL 28 billion. The sector's leading computer brands invested substantially in this category's products and advertising last year and these machines look set to be the primary focus of all brands' manufacturing and communication investments in 2024.

Developments at Arçelik

Arçelik's goal is to deliver the most innovative and exceptional customer experience through both traditional stores and online shopping channels across every sector in which it is active.

Last year Arçelik outperformed its home market in the mobile phone category with unit sales and turnover up by 15% and 80% respectively. The company's performance in other categories was comparable as well: 21% and 70% in laptops, and 13% and 76% in tablets.

Powered by its "Imagine, experience, choose" vision, Arçelik offers a wide range of tech products made by some of the world's most popular brands. Capable of appealing to young and old alike, these products include mobile phones, wearables, tablets and computers, electric scooters, mobile accessories, and game consoles. Consumers can choose to shop online at arcelik.com.tr with the help of online specialists or at Arçelik stores with the help of in-store technology consultants.

Arçelik's 2023 strategy of employing dedicated technology consultants in over 70 authorized dealers resonated with young shoppers. Building on this success, the company plans to continue this personalized approach in 2024.

Sectoral Developments & Arçelik in 2023

Digital Displays & Software

Owing to the disastrous earthquakes that struck southeastern Turkey in early 2023, there was a noticeable contraction in demand for digital displays & software particularly among tourism and education-sector corporate customers who delayed or postponed their investments last year.

Developments at Arçelik

Arçelik provides customized high-tech solutions with exceptional image quality capable of addressing a variety of needs in the hospitality, retail, and education sectors. The company's offerings include industrial display panels, videowall screens, LED screens, content management software, and IPTV software solutions.

Designed to meet the needs of the education sector, Arçelik's interactive smartboard solutions remained the preferred choice both for Turkish Ministry of National Education projects and in private schools last year.

Arçelik's line of professional displays features videowall monitors and Android UltraHD information monitors in sizes ranging from 10 to 98 inches. These displays are designed for extended operation, with both 16/7 and 24/7 usage units on offer. Their superior product and image quality as well as their powerful performance make them preferred solutions in the market.



Arçelik provides customized high-tech solutions with exceptional image quality capable of addressing a variety of needs.

In 2023, Arçelik expanded its product range with new versions of its industrial displays and smartboards. These products also continued to be purchased by public agencies and organizations through the State Supply Office (DMO) sales channel. Besides being compatible with much off-the-shelf content management software, Arçelik industrial displays also come with Arsigna and Arsense software developed in-house by the company's engineers that deliver comprehensive end-to-end solutions for most customers' needs.

Arçelik's line of industrial monitors designed for 24/7 operation was updated with new-version models. A new 65-inch model was also

added to round out the Android-platform product series. Offering 16/7 operation and UltraHD resolution, this new model can easily be integrated into existing setups.

A 10.1-inch Android touchscreen model was introduced for use in conference room applications. This model is designed to complement the existing product line and is useful both as part of a conference-room appointment system and as an information display.

Newly introduced versions of existing products have expanded features designed to meet customer's needs while delivering higher performance.

ARÇELİK BY WAT: INNOVATIVE EV CHARGING SOLUTIONS THAT DELIVER SUSTAINABLE MOBILITY

Arçelik, Arçelik is investing in the electric vehicle charging products segment in order to lead the sustainable mobility transformation, support environmental sustainability, and optimize the customer experience. The company plans to do this by offering smart, user-friendly, globally expanding, and energy-efficient electric vehicle charging solutions that take full advantage from advances in battery and charging technologies. Around 65,000 all-electric vehicles were sold in Turkey in 2023, a performance that corresponds to year-on-year growth on the order of 950%; the all-electric market also looks set to expand by an additional 250% in 2024. In 2023, Arçelik began selling EV charging products to consumers across Turkey through a nationwide network of leading-edge, fully-equipped authorized

dealerships that also provide free project assessment and installation services. The company likewise aims to promote the adoption and use of EVs in general and to reduce the vehicles' overall environmental impact by incorporating renewables into its mix of power sources.

Electric vehicle chargers developed under the Arçelik by Wat brand are designed to optimize the customer experience by offering smart, user-friendly and energy-efficient solutions.



Smart, user-friendly, and energy-efficient Arçelik by Wat EV chargers are designed to optimize the customer experience.

Production Operations

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Employing in-house developed technologies and operating in 31 production facilities in nine countries, Arçelik manufactures refrigerators, washing machines, dishwashers, cookers, small home appliances, and consumer electronics and supplies them to consumers around the world.

While 65% of Arçelik's white goods, TV, air conditioner, and tea and coffee-maker manufacturing operations are based in Turkey, with the remaining 35% being carried out in other countries, all of the compressors, motors, and printed-circuit boards that the company uses are made in Turkey.

Arçelik adds to its manufacturing strengths both through direct investment and by means of company acquisitions. Production facilities were established in Russia, Thailand and Romania as a result of the investments made in these geographies during the 2000s. The Company's production organization has evolved into a global production line through the acquisition of Arçelik Hitachi Partnership in Thailand and China, IHP in Russia, Defy in South Africa, Dawlance in Pakistan, Voltas in India, and Singer in Bangladesh. Investments in the refrigerator factory in Bangladesh are ongoing, with the goal of

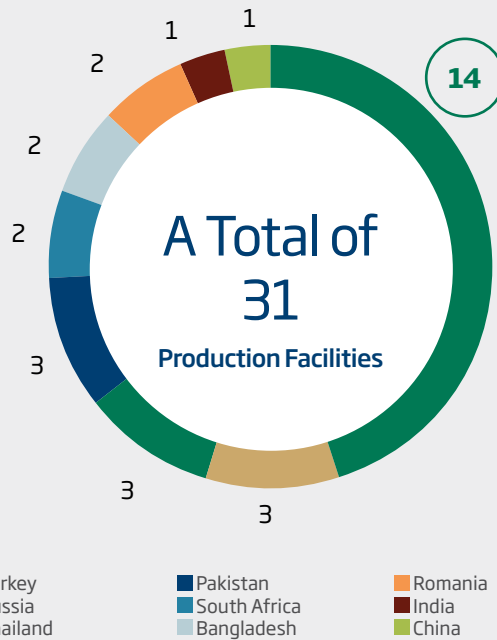
commencing production in the second quarter of 2024. The oven and refrigerator factory in Egypt will commence production in the first quarter of 2024, while the other facilities of Singer Bangladesh are set to commence production in the 4th quarter of 2024.

In 2023 there was no let-up in Arçelik's efforts to expand its production resources by undertaking investments in line with its growth strategy.

	Refrigerators	Washing Machines	Dishwasher	Dryers	Cooking Appliances	Air Conditioners	Solar Panels	TVs	Small Home Appliances
Turkey	✓	✓	✓	✓	✓	✓	✓	✓	✓
Romania	✓	✓							
South Africa	✓	✓		✓	✓				
Pakistan	✓	✓			✓	✓		✓	✓
Russia	✓	✓							
Thailand	✓	✓							✓
Bangladesh	✓	✓			✓	✓		✓	✓
India	✓	✓							
China		✓							

Arçelik strengthens its production structure through direct investments and company acquisitions, while also diversifying its production facility portfolio regionally.

Regional Distribution of Production



Marketing Transformation

The “Less, More, Effective” approach, which was established as the marketing vision and fundamental success principle implemented in 2022, maintained its focus in 2023.

The “Less, More, Effective” approach, which was established as the marketing vision and fundamental success principle that was implemented with a holistic approach in 2022, maintained its focus in 2023. Furthermore, the goal of allocating a minimum of 80% of all marketing investments to focus on “End User, Customer Visibility” has been successfully achieved.

In 2023, the Global Media Playbook was implemented for the effective management of media investments, and efficient and effective media investments were ensured by means of “Competition Analysis Data”, “Marketing Modeling Studies”, and analysis by global media agencies and competitors.

As a result of these analyses, the significant impact of optimizing the media budget to achieve commercial success has been clearly demonstrated, particularly considering the substantial impact of media investments on sales within the industry. Arçelik has become the first Turkish capital company in its industry to be accepted into the World Federation of Advertisers communication network due to its efforts in the field of media. Moreover, as

a result of international media collaborations, the initial steps have been taken towards sustainable media.

Agile transformation, achieving vision goals, and responding rapidly to global needs have become the material topics for marketing teams. The marketing department has played a leading role in disseminating this cultural transformation throughout the Company.

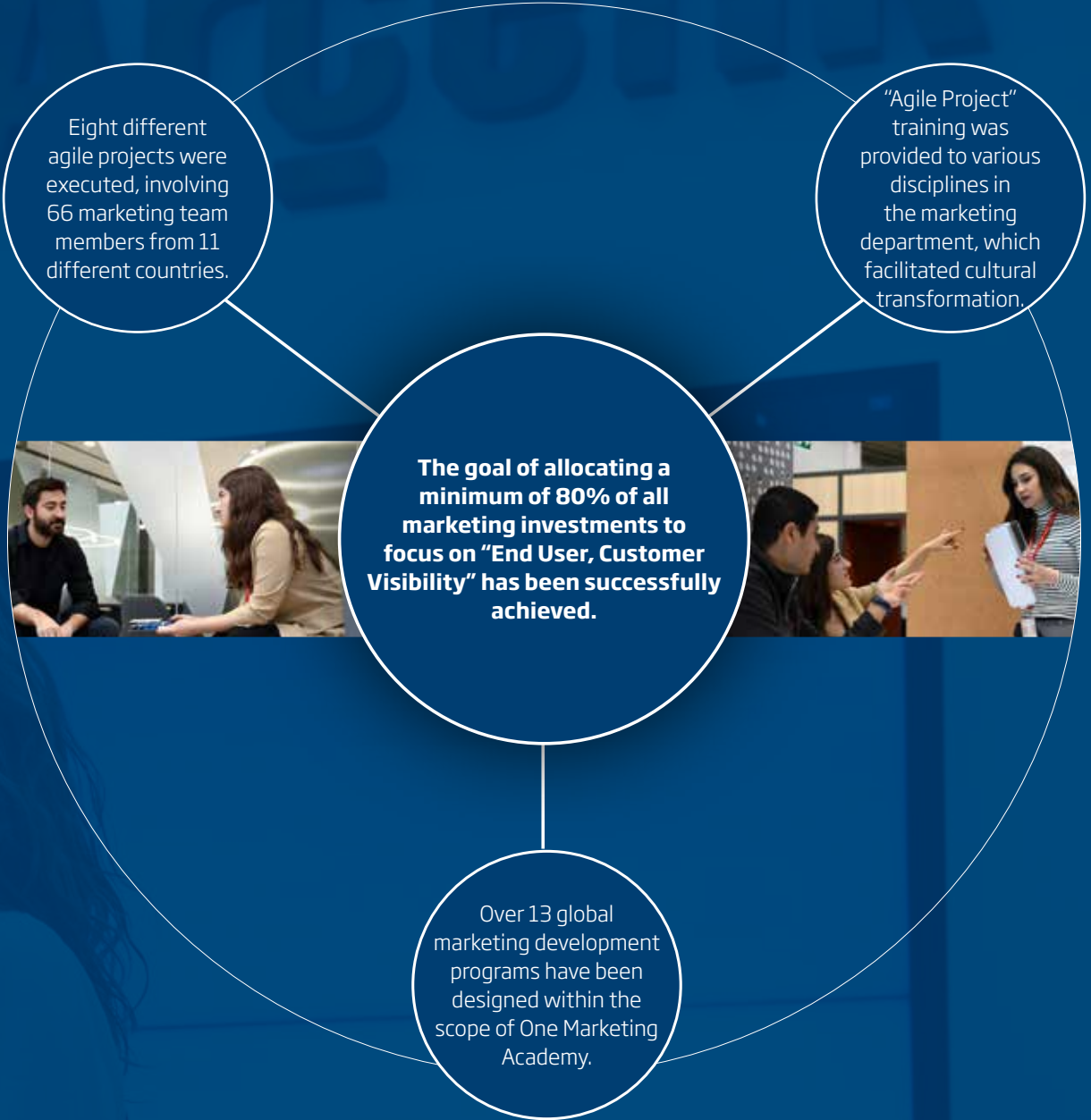
In 2023:

- Eight different agile projects were executed, involving 66 marketing team members from 11 different countries.
- “Agile Project” training was provided to various disciplines in the marketing department, which facilitated cultural transformation.
- With “Project Route”, one of the Agile marketing initiatives, the first pilot applications for the worldwide end-to-end digital transformation of campaigns and content management were completed successfully and on schedule. Following this achievement, the project expanded its scope and evolved into an agile program with the goal of establishing an AI-driven

and transparent platform that will be adopted by marketing teams worldwide.

In order to maintain the global scope and vision of the Company through agile transformation projects in marketing, all team members contributed to the projects beyond their main areas of responsibility and were enabled to acquire experience in various fields and to be solution-oriented and creative. The collaborative efforts of the team members from diverse cultural backgrounds and with varied professional expertise, who fostered empathy and operated in a non-hierarchical and lean team structure, brought along shared success, speed, and creativity.

In order to position marketing as the primary driver of global growth, over 13 global marketing development programs have been designed for almost 800 marketing employees under the umbrella of “One Marketing Academy”, focusing on the skill sets needed by employees both today and in the future. In 2023, for the first time, training was provided through globally recognized, certified programs tailored to meet the specific needs of global partners and teams. Arçelik supports the holistic development of marketing teams worldwide through development programs that cover marketing end-to-end and provide comprehensive and international certifications, making a difference in the industry.



Innovative Products Introduced in 2023

Oven Projects

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Revo Series

An oven chassis showcasing a new design that was originally introduced for Arçelik and Beko appliances has been made standard across all brands. This chassis features an improved air distribution system and grill design, leading to more consistent temperatures within the oven compared to previous models.



Prologue GR 9900/AR 9900 Built-In Oven with Full Steam Support

This built-in oven offering the benefits of 100% steam cooking and equipped with a humidity sensor for optimal results was launched internationally. The oven's precise temperature controls also allow it to be used for sous-vide cooking applications.



Cooktop Projects

SafeCook Sensor

On select 60 cm four-burner induction cooktops, the front left burner is equipped with a SafeCook sensor. This sensor uses NTC technology to precisely monitor a pan's temperature, allowing for greater cooking control by automatically turning off the burner when it senses that all the liquid in dishes like pilafs or stews has evaporated. This helps prevent the food from catching and/or burning.

Products featuring Arçelik's unique SafeCook sensor technology are expected to boost the company's sales across sensor-equipped induction cooktop category.



Dishwasher-Safe Hob Grates

The removable grates that are supplied with upper-segment gas hobs are designed to be dishwasher-safe so as to eliminate the burdensome chore of having to wash them by hand. It is a well-known fact that dishwashers use 2.5 times less energy and 3.5 times less water than handwashing does.* The use of dishwasher-safe hob grates help consumers reduce their energy and water bills while also continuing to support environmental sustainability by reducing energy and water consumption.

Dishwasher-safe removable hob grates are supplied along with globally marketed high-end products. Beside impacting favorably on brand perception, they boost sales of high-end gas hobs while also enhancing customer satisfaction. The company intends to add this feature across its entire range of gas hobs.

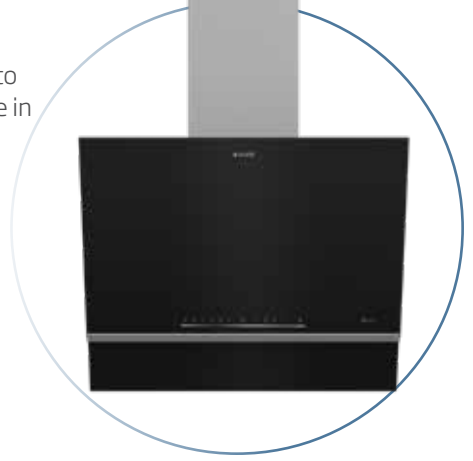
¹ <https://www.eurotab.eu/washing-dishes-by-hand-or-in-the-dishwasher--eurotab-en-art-116.html>

Innovative Products Introduced in 2023

Kitchen Hood Projects

A++ Rated Horizontal Hood

Responding to the growing importance of energy efficiency and conservation among consumers, Arçelik has expanded its product range to include A++ energy-rated horizontal hoods. These hoods are now on sale in Turkey and Europe.



Insulated High-End Horizontal Hood

The noise-dampening insulation of the bPro700 model of horizontal hoods has been improved to enhance customer satisfaction and user comfort. The improvement allows for quieter operation by reducing the energy label's stated maximum noise level 3 dBA. These products are intended for the European market.

Dishwashers

A-20% Energy Rating

In today's competitive landscape of dishwashers, energy efficiency is becoming increasingly important to budget-conscious consumers. With this in mind, innovative heat pump technology was integrated into Arçelik dishwashers for the first time, resulting in an A-20% energy rating. Besides giving the models the market's top energy rating among dishwashers, the heat pump also makes them up to 25% more efficient in the amount of electricity they use across all of the dishwashing programs and not just the Eco setting.



A-Rated (38dba) Noise Level

A dishwasher boasting a C-level energy rating and a remarkably quiet 38dbA noise level has been launched in the quietest dishwasher market segment. Along with its A-rated noise level, this model also features a third basket giving it a 15 place-setting capacity and utilizes CornerIntense technology for superior washing performance.

Built-ins

Sliding Door Solutions

Arçelik now offers SlidingFit (40 mm) and SlidingFit+ (80 mm) sliding door solutions to providing customers with adaptable and efficient options to suit their own kitchen layouts. Last year the company incorporated its SlidingFit+ solution into 45 cm appliances as well, integrating it seamlessly across a wider range of Arçelik's built-ins offerings.

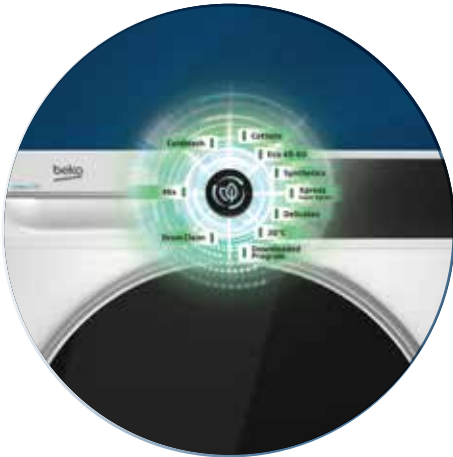


Innovative Products Introduced in 2023

Washing Machines & Laundry Dryers

Design Refresh

Beginning in November 2023, Beko initiated a refresh of its entry-level and mid-range washing machine designs. This updated look will replace all previous designs. Other company brands are expected to follow suit and update their entry-level and mid-range designs next year. Along with achieving a unified design aesthetic across washing machines and dryers, these updates include many design and technological innovations with the aim of providing a stronger sense of value and quality among buyers in the entry and mid-range markets, which is where the majority of sales occur.



EnergySpin

Products featuring Arçelik's EnergySpin technology deliver up to 35% energy savings compared to similar models but without sacrificing the cleaning performance of the most frequently used wash cycles. The EnergySpin feature debuted in November 2023 as part of Beko's design refresh project. This technology, which is expected to become standard in other Arçelik brands next year, will significantly boost the sustainability of the company's products.



AI-Sense

Arçelik Neo, a new design targeting the premium market and certain to become iconic, has been launched in Turkey and will become available to European customers next year. It features AI-Sense technology, a sensor-driven system that revolutionizes the user experience. AI-Sense detects the laundry's dirt level, fabric type, and load size to automatically determine the ideal wash cycle, ensuring perfect cleaning results with minimal effort. In addition to its innovative technology, the Arçelik Neo has been thoughtfully crafted as an environmentally friendly product in every aspect from its inputs and design to its energy-efficient operation.

12/8 & 10/7 kg Condenser Washer Dryer Combo

The Prologue and Beyond series have introduced high-capacity, condenser washer dryer combos. These models offer convenient features such as speed control, wrinkle reduction, and hygienic ventilation functions for fresher, cleaner laundry. With their generous washing capacity, these new models target the entry and mid-range markets and will be released next year with the aim of strengthening the company's position in the rapidly growing washer dryer combo segment.



Innovative Products Introduced in 2023

Washing Machines & Laundry Dryers

A-50% Energy Rating

Thanks to Arçelik's Aquatech technology, the company's 9kg, 1400rpm washing machines qualify for an "A-30%" rating under the latest Turkish and EU energy-rating rules because they use 30% less electricity. These models will soon be replaced with even more efficient ones that qualify for an "A-50%" rating. Reducing energy consumption is always a critical step on the road to greater sustainability. The upcoming A-50% energy-rated models will be among the most energy-efficient on offer in both Turkey and Europe.



New Built-In Washing Machine Design

A built-in washing machine redesign project has expanded the product line with the introduction of 9 kg and 9/5 kg capacity models. The machines will also feature technologies like Wi-Fi connectivity and steam refresh. The updated line is designed to fully meet the needs of the built-in appliance market. This product is intended for the European market.

SaveWater Washing Machine & Laundry Dryer

Washing-machine/laundry-dryer duos equipped with SaveWater technology were related to global markets in 2023. With SaveWater technology, water extracted from garments during the dryer's drying cycle is collected in a tank and then sent to the washing machine for use in the next wash. This system conserves water by collecting up to 5.2 liters of it during each drying cycle. The company plans to incorporate SaveWater into its condenser washer-dryer series in the near future.



9 kg A+++ -10% Laundry Dryer

Laundry dryers exceeding A+++ energy ratings by 10% that were developed for the Jordanian market were released in 2023. Along with the existing 8 kg models, a new 9 kg capacity option offers greater energy-efficient choices for consumers while also supporting realization of Arçelik's sustainability goals.

Innovative Products Introduced in 2023

HomeWhiz

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Home Energy Management Systems

Home energy management systems are intended to reduce energy costs, promote environmental sustainability, and raise public awareness about responsible energy use. The Home Energy Management Systems project focused primarily on making it possible for users to keep track of how much water and electricity is being used by appliances like dishwashers, refrigerators, washing machines, ovens, and dryers through the HomeWhiz app. Work is continuing to add smart notifications to HomeWhiz customized according to the user's habits and gamification elements to encourage responsible energy use.

Heat pumps, a core element of home central heating and cooling, are being combined with eco-friendly technologies like solar panels and inverters to harness renewable energy resources. An AI-powered home energy management system coordinates the functions and operations of all the individual units to maximizing energy efficiency within the user's home.



CustomWash

Arçelik's newly developed CustomWash feature allows users to personalize their appliances' operations for a better fit with their needs and habits. Now included in washing machines, CustomWash gathers feedback on different program cycles through the HomeWhiz smart home app. Users rate programs according to four criteria: cleaning performance, how long they ran, how wrinkled the laundry comes out, and if any detergent residues are left behind. After each run, users are asked to complete a survey asking these four questions. Their answers are processed by AI algorithms and then used to tweak the machine's program settings to better match what they say they want. Over time, each washing machine develops programs tailored to its own user, resulting in a better overall laundering experience for both.



SmartFix

SmartFix is an Arçelik technology that spots potential refrigerator malfunctions before they become actual problems. If SmartFix suspects that something might go wrong, it notifies customer service automatically and recommends what spare parts will be needed to ensure that any issues can be dealt with in a single visit.

A detailed analysis was made of data sent to the cloud by K83 cabinet refrigerators equipped with HomeWhiz WiFi. This analysis included actual product data from 1,170 homes and the findings were used to validate the HomeWhiz operational model. Analysis of a five-month database of SmartFix fault notifications also revealed that 30 customers contacted service. Of these service calls, an actual issue was identified in 25 instances, which translates into an 83% success rate for SmartFix.

Innovative Products Introduced in 2023

Televisions

120

Sustainable Solutions for Google TV Operating System Television Products

Arçelik's "Ambient Light" sensor technology, which automatically adjusts TV brightness based on room lighting, has been implemented in the company's 43-inch, 50-inch, 55-inch, and 65-inch UHD LED TV models as well as in its 55-inch and 65-inch OLED TVs. Along with this sensor (which reduces energy use by 10%), product sustainability has been further enhanced by using more recycled plastic and packaging materials. In Nano QLED TVs, the use of plastic mechanical parts has also been reduced by about 54% and 52%, respectively, in the line's 55-inch and 65-inch models.

Arçelik is supplying Google TV products to consumers in Turkey, Germany, Spain, Croatia, the Balkans, Portugal and Russia with a completely redesigned look and functionality that will reshape people's understanding of technology while also advancing Arçelik's commitment to sustainability.





Value-adding Services Through New Google TV Applications

Google TV software is the product of a close collaboration between Google and select device manufacturers such as Arçelik. Incorporating this system into all of the company's TV brands contributes to Arçelik's goal of encouraging consumers to demand more of technology. Google TV offers several features that set it apart from other interfaces, including the ability to create multiple user profiles, a personalized interface with a rich world of content tailored to the individual, and additional features like Google Assistant and Chromecast.

In 2023, Arçelik's TV lineup was expanded and improved with the company's first-ever inclusion of NanoQLED products. NanoQLED technology uses nano-sized crystals called quantum dots within each screen pixel to deliver stunningly realistic colors across the entire spectrum and to render scenes with the utmost detail. The result is a noticeably more vivid, lifelike, and clear viewing experience for users.

The ability to create and easily sort TV channel lists is a key feature that boosts TV viewer satisfaction. Unfortunately, even on the latest Smart TVs, this process can often be frustratingly complicated no matter what the brand. The Channel Editor function, available on all devices with the Google TV operating system, has a user-friendly interface specifically designed to maximize user satisfaction by ensuring a smooth and effortless channel editing experience.

Google TV users have access to three functions that make their TV viewing experience even better: Picture Customizer, ToneMaster, and Easy Satellite Installation. The Picture Customizer and ToneMaster apps make it easy to fine-tune a TV's image and sound for the ultimate viewing experience while the Easy Satellite Installation app eliminates the hassle of setting up satellite channels by automatically finding and installing them without the need for any other adjustment. Developed in-house by the company's own R&D team, these user-friendly applications put Arçelik smart TVs way ahead of their competitors.

Google TV products supplied to consumers in Turkey, Germany, Spain, Croatia, the Balkans, Portugal and Russia are capable of generating new revenue streams and models while also reshaping people's perceptions of and demand for technology in those countries. In 2024 and the years that follow, Arçelik will be focusing on further developing existing functions while also adding new ones as a way of enhancing both customer satisfaction and brand value.



Innovative Products Introduced in 2023

Industrial Displays



Android Industrial Monitors

Arçelik has expanded its line of next-generation industrial monitors. The latest addition is a 65-inch UltraHD model with Android OS. This completes the Android 4K range of industrial monitors compatible with Arçelik-trademarked Arsigna software and offering 16/7 operation.

The product line was also expanded with the addition of a 10.1-inch Android touchscreen model for use in conference room applications. Fully compatible with conference room software systems, the newcomer is flexible enough to meet customers' needs.

The line of 24/7 industrial screens was updated with new versions of existing models with features specifically designed to better address customer needs.



Refrigerators



A and B-rated 60 cm Combi Refrigerators

In response both to new EU energy-efficiency labeling regulations and to increasing European market demand for more energy-efficient products, new A and B-rated combi products were developed and launched. The new models are available in two sizes - 185 cm or 200 cm tall - with a standard 60 cm width for all units. A-rated refrigerators use 67% less energy and B-rated refrigerators use 59% less energy than F-rated models. The introduction of these new products not only helps to protect the environment and but also strengthens the message of Arçelik's commitment to sustainability.

New Design Series: 70 cm Bottom Freezer No Frost Refrigerator

A top seller in the Turkish market, the 70 cm bottom freezer No Frost Prologue & Beyond refrigerator was given an update. It now boasts increased energy efficiency and a modern design, featuring Aeroflow and HarvestFresh technologies.

The Prologue & Beyond 70 cm No Frost Bottom Freezer Refrigerator is now in production at the company's Eskişehir Plant. It will be sold in Turkey, Europe, the Middle East and North Africa.



Innovative Products Introduced in 2023

Refrigerators

76 cm Side-By-Side Refrigerator/Freezer with Drawers

The 76 cm Side-By-Side Refrigerator/Freezer with Drawers boasts a spacious 455-liter capacity and the 30-inch counter-depth format popular in the US market. It comes in three cabinet options to suit customer preferences, all featuring effective freshness technologies like VitaminZone and EverFresh. A French Door option was added in 2023. Equipped with Arçelik's AeroFlow technology, the refrigerator outperforms its competitors in the market in both cooling and freshness capability while its low energy consumption is acknowledged by the 'EnergyStar Most Efficient' rating awarded to it by the United States Environmental Protection Agency (EPA). Designed to meet the needs of US consumers, the product features a gallon-container door shelf as well as an automatic ice maker.



Singer 51cm Bottom Freezer and Top Freezer Refrigerator Series

Developed under 'Project Daphne', the company's second domestic production initiative in Bangladesh, this series targets the entry-level market segment with its 150-200-liter capacity. Singer Bangladesh focuses on creating highly competitive products which not only offer global design quality, strong aspirational appeal, and competitive features but which also capitalize on the significantly lower tax rates that locally manufactured goods enjoy over imports.

Singer Bangladesh seeks to pursue sustainable growth by steadily increasing share with new offerings that strengthen consumer perceptions of its products' quality. In 2024 the company will continue to further develop its product portfolio across a variety of other platforms.

Defy 91 cm Side-By-Side Refrigerator

Demand for the Side-By-Side format is continuing to grow in the South African market. Recognizing that its existing V1 products were becoming less competitive because they were not addressing market needs, Defy initiated a Side-By-Side Refrigerator project of its own and developed two width options: 91 cm and 100 cm. Unlike earlier products, the "E" energy-efficiency ratings of these new models also comply new regulatory requirements. Defy will continue its efforts to remain competitive in the growing SBS market.



Hitachi 56 cm No-Frost Top Freezer Refrigerator Series

The stylishly appealing new Hitachi 56cm No-Frost Top Freezer Refrigerator Series sports an intricate honeycomb crystal design rolled out in new products thanks to the Fuji Project's homage to Japan's cultural heritage. At the same time, Hitachi products are also designed and manufactured with global quality, trend-setting features, and brand identity issues in mind. The company is currently undertaking an investment in 56-cm models, which currently make up the biggest segment in the Japanese market. This will allow for the creation of a much stronger product portfolio in the near future and increase total sales by some 250,000 units over the next five years.

Innovative Products Introduced in 2023

Small Home Appliances

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Fully Automatic Espresso Machine

Equipped with a color touchscreen, this fully automatic espresso machine is programmed to create 10 different espresso-based drinks with just a single touch. A knob on the milk frother lets users customize the froth to their liking.

The inclusion of a stainless steel coffee grinder with 13 grind settings and a compartment for pre-ground coffee gives the machine a competitive edge over its rivals and further boost sales.



Semi-Automatic Espresso Machine

Programmed to create four espresso-based drinks with just a single touch, this is the first semi-automatic espresso machine equipped with a color touchscreen sold in Turkey. A knob on the built-in milk frother lets users customize the froth to their liking.

As a price-competitive offering, this model can be expected to be strong contender in Turkey and other national markets.



XXL Air Fryer

The XXL Air Fryer is the first in its category to feature an illuminated glass chamber that lets users keep an eye on the food while it is cooking. The unit's generous 7.6-liter capacity is designed to meet the needs and expectations of customers who need a high-volume air fryer capable of preparing large portions.



TelvX Turkish Coffee Maker

The five-cup capacity of the new TelvX Turkish coffee maker makes it the biggest model currently on offer in the market.

Going on sale in January 2023, the product's competitive price and features quickly boosted Arçelik's share in the Turkish coffee-maker category. This product is also being sold in other countries, especially in the Middle East and North Africa. The company is actively expanding the product's channel and distribution footprint.



Filter Coffee Machine

The first filter coffee machine manufactured by Arçelik in Turkey, this product is equipped with the company's trademarked "Aromastick" feature that produces a perfect cup of coffee every time through gentle stirring during the brewing process.

This competitively priced product is a strong entry for Arçelik in Turkey's rapidly growing filter coffee machine market.



2-In-1 Air Fryer

Equipped with two separate baskets, the 2-In-1 Air Fryer lets users cook two different foods at the same time. An innovative design keeps odors from mingling, allowing the foods to be cooked without flavor transfer.

The product's Smart Finish feature automatically coordinates cooking times for the two foods, so they're both properly cooked and ready to serve hot at the same time. Included with the air fryer are a grill, skewers, and a dehydrator rack. These versatile accessories give users the full benefit of the unit's different cooking programs and set it apart from other products on offer.

Innovative Products Introduced in 2023

Small Home Appliances



Imperium Robo / Robosmart Pro

Arçelik has developed a high-performance robotic vacuum cleaner with two distinct external designs, one tailored for the Turkish market and one for international markets. Though externally designed with target market dynamics in mind, the appliance's large-capacity dustbin means that it can be used to clean for up to 90 days without having to be emptied.

The product is also equipped with robust, TÜV Rheinland-certified cybersecurity features that ensure end-to-end protection of all user-specific information.

Created to be strong contender in a very competitive product category, Arçelik's robotic vacuum cleaner is currently being supplied to the Turkish, Polish, French, Romanian and Balkan country markets. The company intends to introduce it throughout Europe, where it is also expected to sell well.



EasyCurl Cordless Hair Curler

Featuring an automatic curling design that gently wraps hair inwards to form long-lasting curls, Arçelik's trademarked EasyCurl cordless hair styler provides up to 40 minutes of uninterrupted use for effortless curl creation. The EasyCurl styler prioritizes user privacy, safeguarding all user-specific information with top-tier cybersecurity measures certified by TÜV Rheinland. An LED display and multiple settings give users complete control over their styling, allowing for customization according to hair length and desired curl tightness.

The EasyCurl Cordless Hair Styler is currently being sold in Germany. Its compact design and cordless operation give it an edge over the product's competitors.



Botanica Twist

Turkey's first 2-in-1 hair styler Botanica Twist's rotating, double-sided plates mean that it can straighten and style hair however users wish. Users can choose between Argan or Keratin infused plates, depending on their preference. The subtle color gradient application on a single casing give the product sleek elegance rarely seen in the market. Now available in Turkey through technology retail stores and online, the launch of this product is an important first step in building Botanica Twist brand awareness.



Altus Handy Go

With innovative features that have never been seen in irons in Turkey before, the Altus Handy Go is expected to give the company a significant competitive edge in online sales. Users can iron both horizontally and vertically with this versatile 2-in-1 appliance. The iron's compact design, lightweight construction, and fitted velvet pouch make it perfect for travelers as well as on-the-go touch-ups.

Marketing investments continue to focus on systematically and steadily increasing Altus brand awareness.



Altus Espresso

In line with Altus's vision of delivering the best products at the best prices across all product categories, Arçelik launched online sales of this espresso machine to tap into the rapidly growing market for these appliances while also supporting its own market leadership through deployment of the Altus brand.

Air conditioners

Allergen Smart Plus Air Conditioner

Launched in 2023, the Allergen Smart Plus Air Conditioner is designed to provide a healthier and fresher indoor environment by improving air quality. Equipped with a PM sensor, allergen filter and ionizer, the unit analyzes airborne particles and reports ambient air quality as "Green", "Yellow", or "Red" through a large, newly improved built-in display.



For Arçelik's other innovative products and technologies, see: "Innovative Product Portfolio" section ([📄 pages 227-231](#)).

Environmental

Reducing environmental footprint

Social

Improving people's lives

Governance

Becoming an innovative world citizen



Arçelik and Sustainability

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Arçelik's Sustainability Approach

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In line with its vision of “Respecting the World, Respected Worldwide”, Arçelik has been committed for over half a century to generating sustainable benefits for all its stakeholders in accordance with environmental and social issues, governance requirements and trends, and the policies and liabilities developed regarding all these. Arçelik's sustainability approach embraces not just the innovative products and services that it supplies through the conduct of its global operations but their social, environmental, and economic ramifications as well. Arçelik's sustainability approach is

formulated so as to be compatible with the United Nations Sustainable Development Goals (SDGs).

Arçelik conducts its operations in line with its overarching “In Touch Technology” approach while also ensuring the active involvement of all internal and external stakeholder groups in order to identify priority issues as well as their short, medium and long-term objectives and their risks and opportunities.

In line with this framework approach, Arçelik establishes its sustainability priorities on three strategic pillars. The

Company strives to minimize its environmental footprint and contribute to the conservation of natural resources through the “In Touch with Our Planet” pillar. The Company embraces the principles of “In Touch with Human Needs” to improve the lives of individuals and “In Touch with Business” to become an innovative global citizen and incorporate sustainability into business processes.

Arçelik revises its sustainability approach in line with global trends, international standards, and ongoing materiality analysis.

In line with its vision of “Respecting the World, Respected Worldwide”, Arçelik has been committed for over half a century to generating sustainable benefits for all its stakeholders in accordance with environmental and social issues, governance requirements and trends, and the policies and liabilities developed regarding all these.



Arçelik operates in line with the “In Touch Technology” sustainability framework approach.

In Touch Technology		
In Touch with Our Planet	In Touch with Human Needs	In Touch with Business
TO MINIMIZE ITS ENVIRONMENTAL FOOTPRINT AND CONSERVE NATURAL RESOURCES	TO IMPROVE THE LIVES OF INDIVIDUALS	TO BECOME AN INNOVATIVE GLOBAL CITIZEN AND INCORPORATE SUSTAINABILITY INTO BUSINESS PROCESSES
<p>Transforming our business to accelerate our transition to net-zero emissions and near-zero waste in our operations and minimize the environmental impact of our products</p> <ul style="list-style-type: none"> · Climate Action · Water Management · Waste Management · Chemicals Management · Biodiversity · Material Recycling and Reduction · Energy and Water Efficient Products · Durability, Repairability and Reuse · Product End of Life Responsibility 	<p>Developing purpose-driven brands that generate positive impacts on society and minimize environmental impact by encouraging communities to attain a more equitable and inclusive social framework</p> <ul style="list-style-type: none"> · Corporate Citizenship 	<p>Achieving long-term sustainable growth through the incorporation of sustainability into decision-making and business processes</p> <ul style="list-style-type: none"> · Business Ethics and Transparency · Corporate Governance · Sustainable Financing · Future Fit Culture, Talent and Organization Management · Occupational Health and Safety · R&D, Innovation, Digital Transformation and Smart Solutions · Data Privacy and Cyber Security · User Experience · Product Quality and Safety · Sustainable Supply Chain Management

The Arçelik 2022 Sustainability Report outlines all of the Arçelik 2030 Sustainability Targets. The progress made towards these targets in 2023 will be highlighted in the 2023 Sustainability Report. To access *Arçelik Sustainability Reports*, please visit <https://www.arcelikglobal.com/en/company/reports-presentations/discover/?val=3733>.

Sustainability Priorities

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When establishing its sustainability strategy and roadmap, Arçelik prioritizes identifying, assessing and reporting the aspects that have the most significant impact on its stakeholders.

Arçelik prioritizes identifying, assessing, and reporting the material topics for its stakeholders when establishing its sustainability strategy and roadmap. In this particular context, Arçelik conducts a Materiality Analysis with the involvement of its stakeholders. The Materiality Analysis, which used to be updated every two years until 2022 and was first implemented with a double materiality approach in 2022 to align with the European Union Corporate Sustainability Reporting Directive (CSRD), relies on

internal and external stakeholder assessments and has started to be updated annually.

Arçelik's double materiality assessment encompasses three fundamental stages. The first stage is to identify the material topic list. While identifying the material topic list, a literature review is conducted through the external sources such as GRI Standards, SDGs, ESG (environmental, social, and governance) rating agencies, the World Economic Forum's (WEF)

Global Risks Report, the Value Reporting Foundation framework, and the World Business Council for Sustainable Development (WBCSD) membership criteria, along with industrial developments. In the study conducted in 2023, the material topic list was simplified, as compared to the previous year, and reduced from 35 topics to 20, in accordance with Arçelik's focus areas.

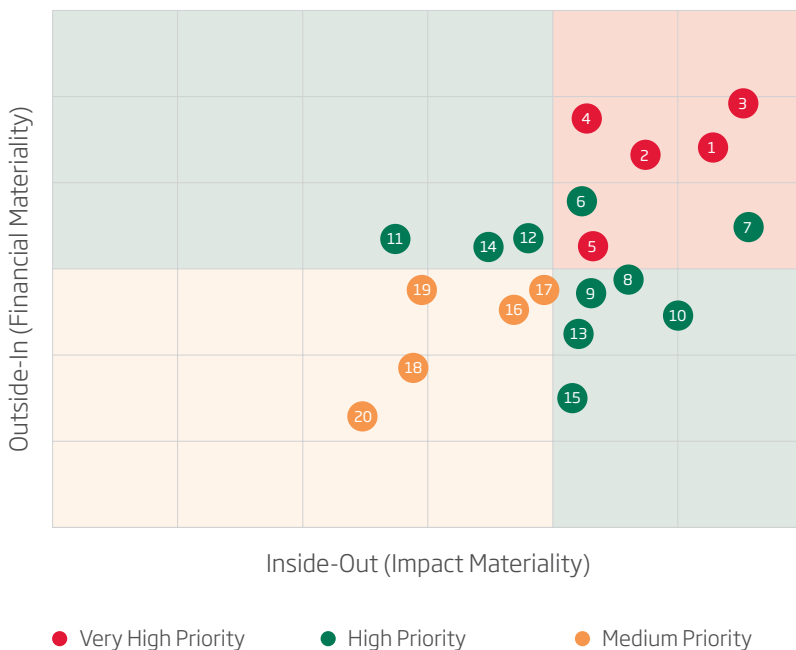
These 20 topics are categorized under Arçelik's three key sustainability pillars:

In Touch with Our Planet	In Touch with Human Needs	In Touch with Business
Climate Action	Corporate Citizenship	Business Ethics and Transparency
Water Management		Corporate Governance
Waste Management		Sustainable Financing
Chemicals Management		Future Fit Culture, Talent and Organization Management
Biodiversity		Occupational Health and Safety
Material Recycling and Reduction		R&D, Innovation, Digital Transformation and Smart Solutions
Energy and Water Efficient Products		Data Privacy and Cyber Security
Durability, Repairability and Reuse		User Experience
Product End of Life Responsibility		Product Quality and Safety
		Sustainable Supply Chain Management

In order to identify the materiality levels of these 20 material topics for stakeholders, surveys were sent to 14 stakeholder groups, and the resulting data was analyzed. Based on the stakeholder survey results, the materiality levels of the topics are as follows:

● Very High Priority	● High Priority	● Medium Priority
1 Product Quality and Safety	6 Future Fit Culture, Talent and Organization Management	16 Chemicals Management
2 Climate Action	7 Sustainable Supply Chain Management	17 Waste Management
3 Energy and Water Efficient Products	8 R&D, Innovation, Digital Transformation and Smart Solutions	18 Biodiversity
4 Sustainable Financing	9 Material Recycling and Reduction	19 User Experience
5 Corporate Governance	10 Occupational Health and Safety	20 Corporate Citizenship
	11 Business Ethics and Transparency	
	12 Product End of Life Responsibility	
	13 Durability, Repairability and Reuse	
	14 Data Privacy and Cyber Security	
	15 Water Management	

DOUBLE MATERIALITY MATRIX



During the second stage of the study, assessments from both business and external stakeholders were analyzed in both directions, following the methodology outlined in the draft document “Double materiality conceptual guidelines for standard-setting” by the European Financial Reporting Advisory Group (EFRAG). The outcomes of the participatory survey involving stakeholder groups were shaped by the perspectives of Arçelik senior management. When assessing the “Outside-In” materiality, the financial materiality of sustainability matters on Arçelik was assessed, while the “Inside-Out” assessment focused on Arçelik’s impact on society and the environment regarding the identified topics, with the outcomes represented in a matrix.

Sustainability Priorities

Double materiality analysis helps evaluate sustainability priorities within business processes and ensure the integration of results into overall processes.

The final stage of the double materiality analysis includes the processes of identification of the risks, opportunities, and impacts on the business structure regarding the topics categorized as “very high priority” and costing the impact of the material topics in order to create a concrete evaluation and roadmap. This last step helps evaluate sustainability priorities within business processes and ensure the integration of results into overall processes.

Upon reviewing the study results, it can be seen that Arçelik’s material topics categorized as “very high priority” are as follows:

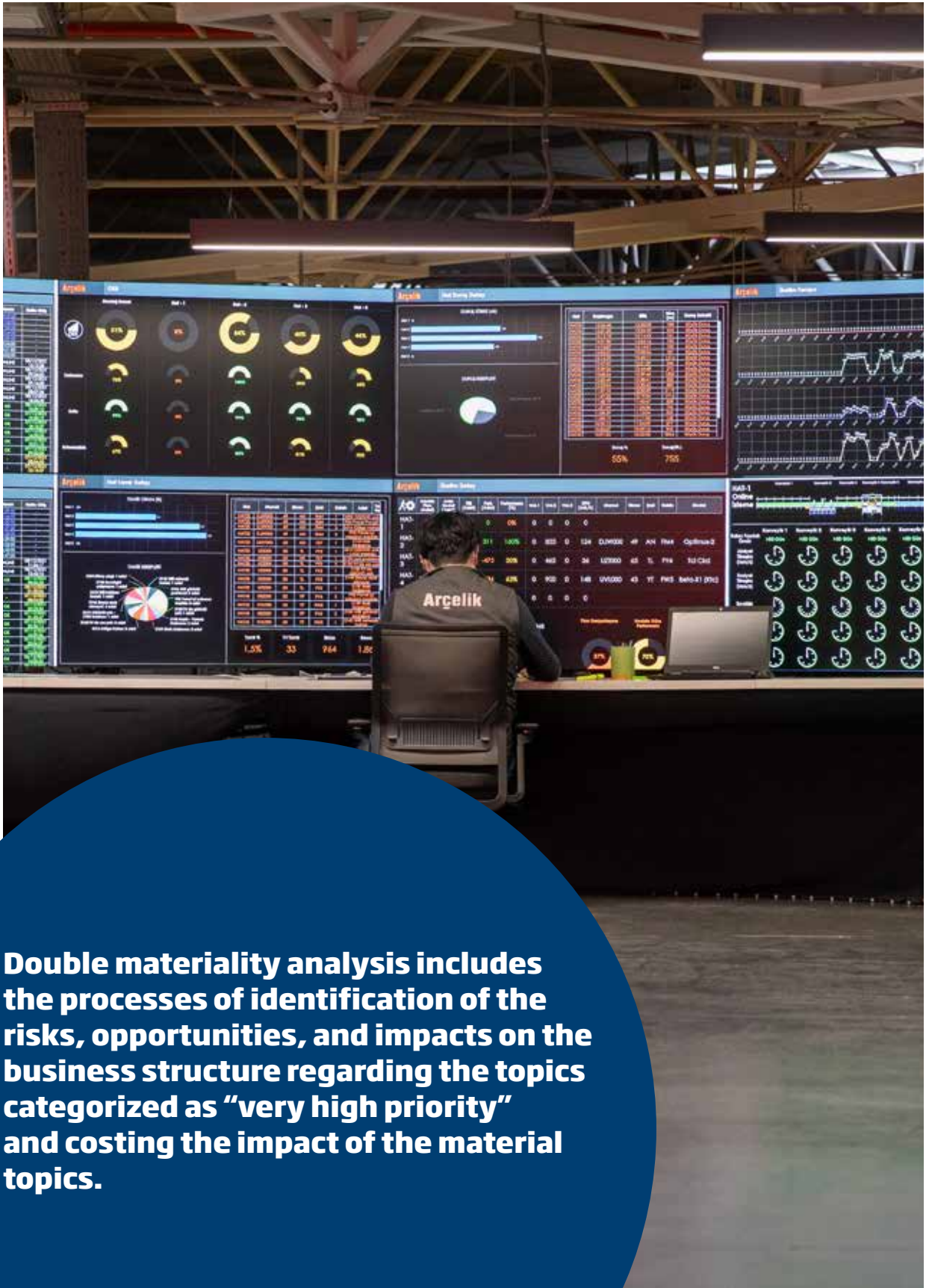
- Energy and Water Efficient Products
- Sustainable Supply Chain Management
- Product Quality and Safety
- Climate Action
- Sustainable Financing
- Future Fit Culture, Talent and Organization Management
- Corporate Governance



According to the results of the double materiality analysis, two of material topics under Arçelik’s “In Touch with Our Planet” pillar and five of the topics under the “In Touch with Business” pillar were identified as “very high priority”.

The Materiality Analysis Report for the 2023 study provides detailed information on the distribution of materiality analysis results among stakeholder groups and geographical regions, the ranking of

high-priority issues by stakeholders, stakeholder feedback on the effectiveness of Arçelik’s material topic management, and changes in material topics over the years. You can access the report at (🌐 <https://www.arcelikglobal.com/en/company/reports-presentations/discover/?val=9466>).



Double materiality analysis includes the processes of identification of the risks, opportunities, and impacts on the business structure regarding the topics categorized as “very high priority” and costing the impact of the material topics.

Sustainability Governance

Embracing sustainability as a business model based on the stakeholder capitalism approach is an integral part of Arçelik's value creation model. Thus, alongside regional regulations and legal obligations, Arçelik establishes its sustainability strategy in accordance with globally recognized frameworks such as the Science Based Targets initiative (SBTi), the Carbon Disclosure Project (CDP), the EU Corporate Sustainability Reporting Directive (CSRD), and the International Sustainability Standards Board (ISSB).

Below is an overview of the governance structure for monitoring, managing, and integrating the sustainability strategy into business practices:

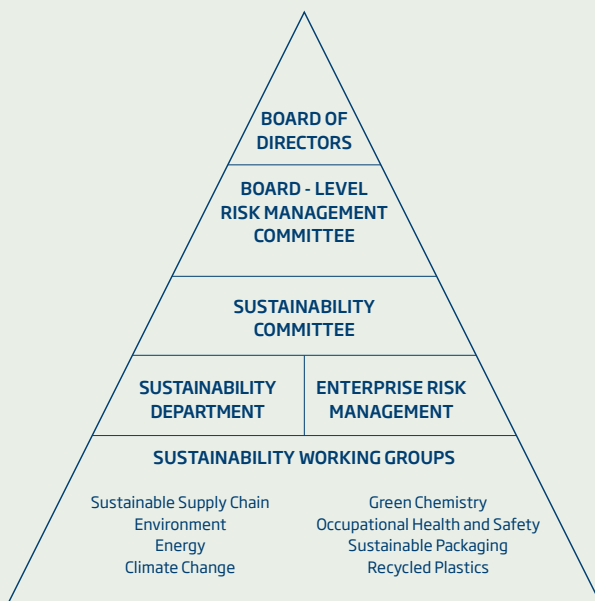
Board of Directors Responsibility

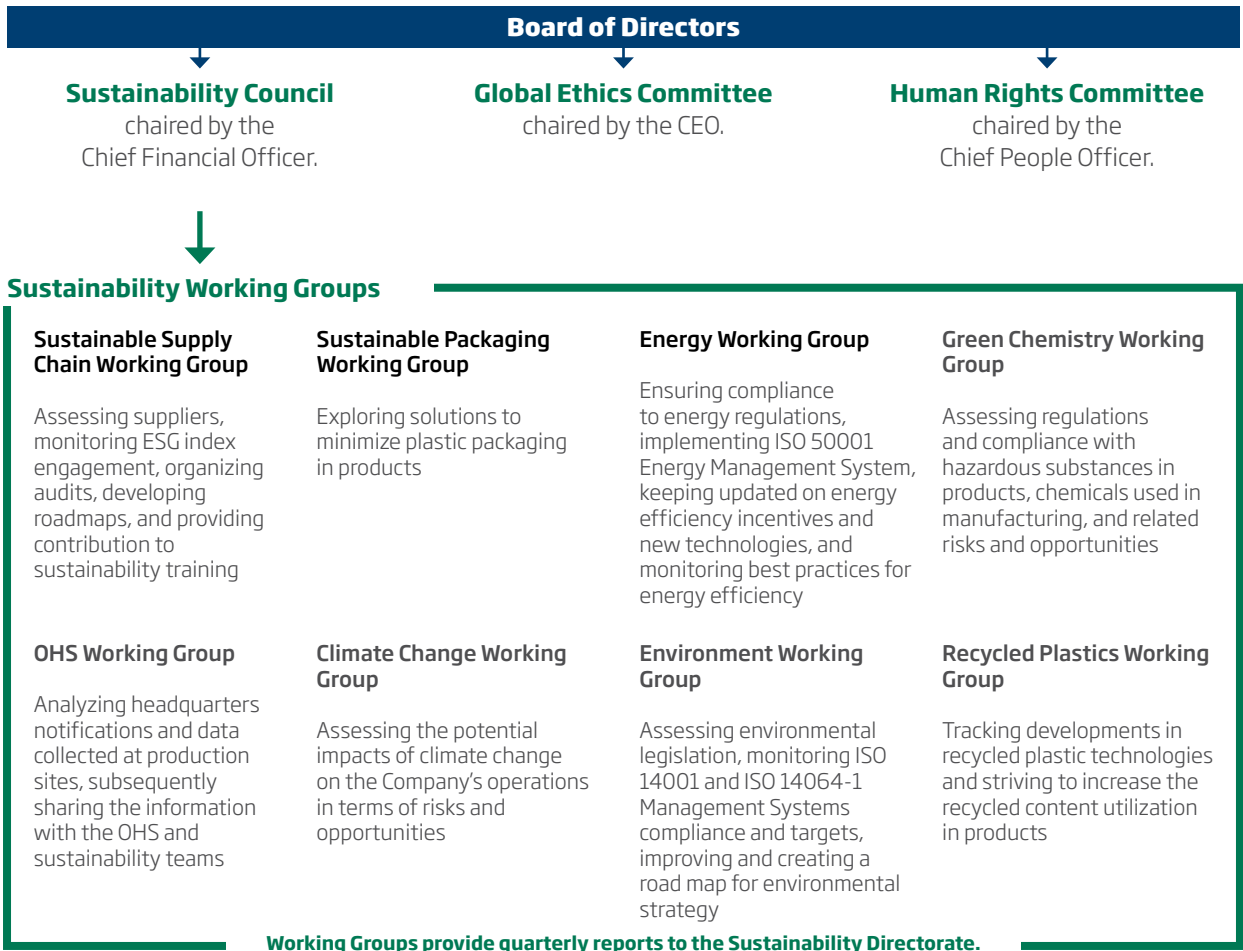
At Arçelik, the Board of Directors is the highest governance authority responsible for managing and monitoring the sustainability strategy, as well as ensuring that the relevant teams are equipped with the required skills to manage risks and opportunities effectively. Koç Holding Consumer Durables Group President, who also serves as a Board member, is responsible for reporting sustainability-related matters to the Board of Directors. The Board of Directors receives reports on sustainability studies three times annually.

Sustainability-related developments are regularly discussed in depth in board-level committee meetings. Alongside the Global Ethics Committee and Human Rights Committee, the Sustainability Council, chaired by the Deputy General Manager responsible for Finance and Accounting, is the highest-level unit responsible for all activities at the senior management level and convenes every quarter. All Deputy General Managers serve as natural members of the Sustainability Council. Other Senior Directors are also involved in the Council, depending on the topics to be discussed at the Council meetings.

At the Sustainability Council, decisions regarding corporate sustainability and climate change strategies are made, their integration into the Company's business processes is ensured, and performance monitoring is conducted.

Furthermore, as part of the duties of the Risk Management Committee, it is the responsibility of the Board members to monitor the implementation and execution of strategic decisions and action plans pertaining to all ESG risks that have the potential to impact the Company's overall strategy and constitute a risk factor. The topics to be discussed in the Risk Committee meetings are determined through a collaborative study conducted by the Sustainability and Enterprise Risk Management Departments, and the Committee receives reports at least twice a year.





Execution Responsibility

The Deputy General Manager of Sustainability, Quality, and Customer Services is the highest authorized individual responsible for executing sustainability matters.

Departments such as Sustainability, Environment, Energy, and Industrial Relations under General Management focus on incorporating sustainability into business processes, monitoring and reporting performance, tracking targets, and developing new projects.

There are several sustainability working groups that have been established to focus on various sustainability-related matters. The activities and key findings of the Environment, Energy, Green Chemistry, Climate Change, Sustainable Supply Chain, Occupational Health and Safety, Sustainable Packaging, and Recycled Plastic working groups enable the identification of the topics to be presented to the Sustainability Council.

Sustainability Governance

Reflection of Sustainability Performance on the Performance Target Cards of Executives

To enhance the successful execution of Arçelik's sustainability strategy, certain ESG-related Key Performance Indicators have been integrated into the target cards of executives, particularly the General Manager and Deputy General Managers.

		CEO	Chief Financial Officer	Chief Sustainability, Quality and Customer Care Officer
Material Topic	KPI			
Climate Action	Reduction of Scope 1-2 emissions	✓	✓	✓
	Reduction of Scope 3 usage phase emissions	✓	✓	✓
Sustainable Supply Chain Management	Sustainability integration in the supply chain	✓		✓
Material Recycling and Reduction	Use of recycled materials in products	✓		✓
	Use of recycled materials in packaging	✓		✓
Sustainable Financing	Green financing	✓	✓	✓
	Sustainable finance reporting		✓	
Future Fit Culture	Human Rights			
	Diversity, Equity and Inclusion Transformation	✓	✓	
	Employee engagement	✓		

Stakeholder Engagement

By ensuring the involvement of all stakeholders in its value-creation processes through transparent and continuous stakeholder communication, Arçelik endeavors to incorporate sustainability into all of its business processes and ecosystems for the sake of a more sustainable future. In the conduct of its sustainability-management operations, Arçelik takes a solution-oriented approach and

supports inclusive decision-making processes by working with many different NGOs, public agencies and organizations, sectoral players, universities, opinion leaders, business partners, employees, customers, and beneficiaries.

Arçelik endeavors to constantly improve its sustainability performance by expanding and refining the number and scope of the media channels through which it engages with its stakeholders. Besides continuously communicating with

different stakeholder audiences throughout the year, the company also solicits participation in the biennial sustainability-prioritization analyses that it conducts, taking pains to ensure that its sustainability strategy is developed in line with stakeholders' needs and expectations and that all related processes are transparently communicated.

Detailed information about the principal agencies and organizations, platforms, and stakeholder communication

Chief Production and Technology Officer	Chief Marketing Officer	Chief Strategy & Digital Officer	Chief People Officer	Chief Commercial Officer - Turkey and South Asia	Chief Commercial Officer - Europe	Chief Commercial Officer - Asia-Pacific	Chief Supply Chain and Procurement Officer
✓						✓	
✓	✓				✓		
							✓
✓							
✓							
			✓				
✓		✓	✓	✓		✓	
			✓				

channels that inform the company's efforts to ensure stakeholder engagement is provided in Arçelik's Sustainability Reports.

<https://www.arcelikglobal.com/en/company/reports-presentations/discover/?val=3733>

Company employees' suggestions for preventing work-related accidents among Arçelik's hourly and monthly paid employees, for improving product quality and/or customer satisfaction, for conserving energy and improving

environmental performance in production operations, for contributing to employee loyalty, for improving efficiency and costs, and for supporting improvements in process and service quality may be submitted to those responsible for such matters through the company's online suggestion system.

To encourage and reward employees for making such suggestions, whenever it is decided to put an employee's suggestion

into effect, it is assigned points based on its category, scope and improvement potential and the points are added to that employee's "Suggestions Scorecard".

Once a year "Pyramid Climbers" awards are handed out to those who have racked up the most points through suggestions that advance the company's operations. These awards are given in four categories: "Creative innovators", "Environmental and social value-adders", "Collaboration-enhancers", and "Digitalizers".

Sustainability Governance

Sustainability Reporting

Arçelik has been publishing sustainability reports every year since 2007. The company's 2022 Sustainability Report was prepared according to the Sustainability Accounting Standards Board (SASB) and Global Reporting Initiative (GRI) standards' "Comprehensive" option.

Arçelik's International Business Council Stakeholder Capitalism Metrics (SCM) performance is reported to investors and other stakeholders.

Investors and other stakeholders are provided with information on the performance based on the Stakeholder Capitalism Metrics (SCM) of the International Business Council. The report includes an analysis of risks and opportunities related to sustainability, particularly climate change, as well as the approved Science-Based Targets (SBTi).

The business model, which was initially featured in the 2021 Sustainability Report, was also incorporated into the 2022 report following the guidelines of the International Integrated Reporting Council (IIRC).

In Arçelik Sustainability Reports, environmental and social performance indicators are verified at the "reasonable assurance" level in each reporting period.

In this context, in the Arçelik 2022 Sustainability Report, all activities were assessed based on the six Capitals of integrated reporting: Human Capital, Natural Capital, Financial Capital, Manufactured Capital, Intellectual Capital, and Social and Relationship Capital.

Arçelik has joined the United Nations Global Compact's Early Adaptors program for submitting progress reports related to its compliance with the UNGC's "10 Principles for Businesses". At the same time, the developments covered by the UN CEO Water Mandate, to which the Company became a signatory in 2022, were incorporated into the 2022 Sustainability Report.

The environmental and social performance indicators presented in Arçelik's sustainability reports are validated as being reasonably (sufficiently) assured. The environmental and social performance indicators presented in Arçelik's sustainability reports are validated as being reasonably (sufficiently) assured. Arçelik's sustainability reports have been included in WBCSD "Reporting Matters" program since 2020. Arçelik's 2022 Sustainability Report was also honored by the Sustainability Academy as the year's best sustainability report for the fifth year in a row at the tenth round of the academy's "Sustainable Business Awards".

For Arçelik Sustainability Reports please refer to <https://www.arcelikglobal.com/en/company/reports-presentations/discover/?val=3733>.



Arçelik ensures the engagement of all its stakeholders in the value creation process through the transparent and continuous communication it has established and strives to incorporate the sustainability approach into all business processes and ecosystems for a future that is more sustainable.

Pioneering Practices in Sustainability

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Arçelik Sustainability Performance Ratings

Arçelik's successful sustainability performance is acknowledged by the high ratings that international rating agencies and organizations assign to it and by its top-tier ranking in globally-respected sustainability indexes.

2023 acknowledgements of Arçelik's sustainability-performance achievements are as follows:

As of 27 October 2023, Arçelik held the highest score (86 out of 100 points) in the DHP Household Durables category in the **2023 S&P Global Corporate Sustainability Assessment**, which is the world's biggest companies' ESG performance assessment index. This was the fifth year in a row that the company was honored with this recognition.

- Arçelik was placed in the top 1% tier in the **2024 S&P Sustainability Yearbook**, which includes the best-performing companies.
- For the fourth time in a row, Arçelik was included in the **Corporate Knights Global 100 Index**, which recognizes the world's most sustainable companies. Moreover, Arçelik ranked 1st in the Consumer Durables Industry.

Arçelik's successful sustainability performance is acknowledged by the high ratings that international rating agencies and organizations assign to it and by its top-tier ranking in globally-respected sustainability indexes.

As a result of the 70 out of 100 points that Arçelik received in the **2023 EcoVadis corporate social responsibility and sustainable procurement assessment**, the company ranked in the top 5% and was awarded a gold EcoVadis medal.

Arçelik's ESG performance received 50 out of 100 points in its assessment by **Moody's Analytics**.

- Arçelik is included in the **Carbon Disclosure Project Water Security Program's "B" list**; it has also received an "A-" ranking in the CDP Climate Change Program.
- Arçelik has been assigned a "Low Risk" (11.6 point) ESG rating by **Sustainalytics**, indicating that the company's environmental, social, and corporate governance performance does not expose it to serious financial risks.
- Upon its first inclusion among 485 companies rated in the **Bloomberg Gender Equality Index in 2023**, Arçelik received an above-average score.

Arçelik is assessed in the **Refinitiv ESG index**.

Every year since 2016 Arçelik has been included in global index and data-provider **FTSE Russell Research's FTSE4Good Emerging Index of emerging-market companies ranked on the basis of their strong ESG performance**.

- After having been assigned a "AA" rating in the **MSCI Sustainability Index in 2015**, Arçelik improved that rating the next year and has held a "AAA" rating ever since.
- Arçelik's shares have been consistently included in the BIST Sustainability Index ever since they were first admitted to the index in November 2014. With the commencement of the **BIST Sustainability 25 Index** calculation, Arçelik has been listed as of 2022.
- Arçelik has been assigned a "**Prime**" ESG rating by **International Shareholder Services**.



Sustainability Platforms

- As a signatory to the **United Nations Global Compact (UNGC)**, Arçelik incorporates 10 principles into its business practices and provides reports accordingly.
- Emphasizing the significance of sustainable water management, Arçelik is an endorser of the **CEO Water Mandate**, which is an initiative of the United Nations Global Compact and aims to mobilize business leaders on water management.
- Arçelik is committed to achieving Net Zero Emission by 2050, in compliance with the **Science Based Targets initiative (SBTi)** Standard.
- Arçelik, as a member of the **Climate Group EP100**, upholds the goal of doubling its economic output for each energy unit by 2030. Arçelik is a signatory to the **United Nations Women's Empowerment Principles (WEPs)**.
- Arçelik participated in the gender equality mobilization initiated by Koç Holding, one of the leaders of the UN Women Generation Equality Forum, in the technology and innovation field and became a supporter of the **Action Coalition** by sharing three commitments and six targets to be accomplished by 2026. Arçelik's progress on its targets was published for the first time in UN Women's 2023 Global Report¹.
- In 2023 Arçelik CEO Hakan Bulgurlu was one of eight new members elected to seats on the executive committee of the World Business Council for Sustainable Development, a global, CEO-led community that Arçelik joined in 2021. Bulgurlu is also a member of the **World Economic Forum Alliance of CEO Climate Leaders**, the world's largest global CEO-led community committed to climate action, aiming to mobilize all industries in pursuit of a net-zero economy.

¹ UN Women 2023 Global Report <https://commitments.generationequality.org/accountability-report>

In Touch with Our Planet

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In line with its “In Touch with Our Planet” approach, Arçelik strives to conserve natural resources through improvements both in its innovative products and in the conduct of its operations while also engaging in meaningful efforts to reduce its environmental footprint. During all of 2023, the company engaged with a variety of stakeholders in collaborative efforts to come up with solutions to address such environmental issues that impact the world as climate change, plastic pollution, waste management, and the water crisis. Arçelik not only incorporates sustainability principles into its product development processes but also strives to raise the awareness of stakeholders along the entire value chain, from customers to suppliers, and supports the enhancement of environmental performance.

Arçelik accomplishes its In Touch with Our Planet targets through:

- the implementation of the climate action and decarbonization road map designed in alignment with the Science-Based Targets,
- adopting the approach of fully complying with environmental legislation and going beyond requirements,
- the generation and utilization of renewable energy,
- the studies on the development of energy- and water-efficient products,



Arçelik not only incorporates sustainability principles into its product development processes but also strives to raise the awareness of stakeholders along the entire value chain, from customers to suppliers, and supports the enhancement of environmental performance.

- ensuring energy- and water-efficiency in production processes,
- minimizing the usage of materials in production and deploying product solutions using recycled materials or biomaterials,
- ensuring effective waste management practices,
- studies on sustainable packaging.

For detailed information on achieving all 2030 targets and progress in terms of In Touch with Our Planet, please refer to the *Arçelik 2023 Sustainability*

Report at (<https://www.arcelikglobal.com/en/company/reports-presentations/discover/?val=3733>).

Climate Action

Today, the climate crisis stands as a foremost threat to both the planet and its ecosystems. For this reason, climate action is one of the key aspects considered in Arçelik’s business strategies and operations, short- and long-term business plans, and risk-opportunity calculations.

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Environmental Management

Arçelik carries out all of its business processes in accordance with an ISO 14001 (Environmental) and ISO 50001 (Energy) management systems-integrated ISO 9001 Quality Management System as well as with other applicable internationally recognized product and management standards. The operational effectiveness and continuity of Arçelik's management systems are ensured by means both of regularly conducted internationally-accredited independent-agency audits and of periodically repeated in-house system audits.

The rate of ISO 14001-certified businesses out of all its businesses worldwide is 100%. Arçelik manages compliance with mandatory regulations governing its lifecycle responsibilities for the products that it makes in accordance with ISO 14001 Environmental Management System and 50001 Energy Management System standards. In EU countries it fulfills its collection and disposal obligations under WEEE Directive 2012/19/EU as a manufacturer with extended producer responsibilities exclusively through duly-authorized mechanisms.

Arçelik complies with the requirements of RoHS Directive 2011/65/EU, which replaced the Directive 2002/95/EC, imposing restrictions on the use of certain hazardous substances in electrical

and electronic goods as well as with the requirements of amendments to that directive. Regarding it as one of the most important regulatory processes in existence for protecting environmental and human health, Arçelik supports compliance with EU Regulation 1907/2006 on the registration, evaluation, authorization, and restriction of chemicals (REACH), whose aim is to make certain that all chemical substances being used are registered and controlled so as to make it possible for them to be continuously tracked from source to user while also ensuring that consumers are made aware of vital information about the chemical safety and use. Conducting all of its operations with a mindfulness for environmental wellbeing, Arçelik's refrigerators only contain hydrocarbon refrigerants whose environmental impact and contribution to global warming is low and which are not harmful to the ozone layer.

For the refrigerants used in the heat pumps of its laundry dryers, Arçelik has recourse to alternatives whose global warming potential is less. The company is now using hydrocarbon refrigerants whose contribution to global warming is close to zero. Since April 2018, Arçelik has been upgrading the energy-efficiency and eco-aware design criteria of its water and space heaters and raising the minimum requirements which they must satisfy. In these as well as in all other respects, Arçelik makes

certain that it is in full compliance with mandatory regulations.

Studies are conducted on environmental aspects related to products and production, as well as on the compliance of supplier companies in this regard. During 2023 the company's strategically-partnered suppliers were regularly checked by independent auditors to determine their compliance with mandatory environmental and hazardous-material laws and regulations and with Arçelik's ethical-business guidelines.

Training resources are made available to increase environmental awareness and propagate it throughout the company's value-creation chain. Provided both to Arçelik's own personnel and to those of its subcontractors, such training now covers a number of social-responsibility topics as well. The number of environmental training sessions (person x hours) provided in 2023 can be accessed from the *Arçelik 2023 Sustainability Report* at (<https://www.arcelikglobal.com/en/company/reports/presentations/discover/?val=3733>)

Arçelik budgets financial resources and undertakes investments to reduce its environmental footprint and to improve its environmental performance. The amount of environmental protection expenditures and investments made in 2023 can be

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accessed from the *Arçelik 2023 Sustainability Report* at (<https://www.arcelikglobal.com/en/company/reports-presentations/discover/?val=3733>)

Greenhouse Gas Emissions

Arçelik's SBTi emissions-reduction targets compatible with the Paris Agreement scenario of keeping global temperature rise "well below 2°C" were approved by the Science-Based Targets Initiative in November 2022. These targets commit Arçelik to achieving reductions of 30% in its Scope 1 (arising from its own operations) and Scope 2 (arising from its energy procurements) greenhouse gas emissions and of 15% in the Scope 3 GHG emissions (arising from Arçelik-sold products) by 2030 (base year 2018). Arçelik made a commitment to the Science-Based Targets Initiative to establish targets aligned with the 1.5°C scenario to achieve Net Zero emissions by 2050. This target will encompass all subsidiaries of Arçelik and all Major Household Appliance product groups, with the base year set as 2022. The target will be submitted to the Science-Based Targets Initiative for approval in January 2024.

Arçelik has established targets for reducing net greenhouse gas emissions, which encompass CO₂, CH₄, N₂O, HFCs, and SF₆. Arçelik

Having committed itself to achieving net-zero emissions across its operations by 2050, Arçelik identified its 1.5 °C scenario-compatible Scope 1, 2 & 3 base-year 2022 emissions-reduction targets for 2030 and 2050 and submitted them to the Science-Based Targets initiative for its approval in January 2024.

regularly monitors and reports progress pertaining to its targets.

Arçelik reports its greenhouse gas emissions following IPCC guidance documents and in adherence to ISO 14064-1 standards. The Scope 1 (direct) and Scope 2 (indirect/energy) greenhouse gas emissions of Arçelik's operations in Turkey have been calculated in accordance with the ISO 14064-1 standard since 2010. The same standard has since been adopted at its Gaești plant in Romania (2015), at its Russian plant (2016), at its South Africa and Ulmi (Romania), and Pakistan plants (2019), at the Beko plant in Thailand (2020) and the Singer Bangladesh plant (2022). Conformity to this standard is independently verified by accredited agencies with "Reasonable Assurance".

The company has been calculating the greenhouse gas emissions

arising from its logistical operations in accordance with the requirements of the ISO 14064-1 standard and having them independently verified since 2013. Since 2019 the company's Scope 3 greenhouse gas emissions have been calculated as per ISO 14064-1 on an expanded-inventory basis that embraces raw material and processed inputs, product packaging and its recycling, production-generated solid-waste disposal and wastewater treatment, product use, manufactured goods' Turkey and import/export logistical operations, product end-of-life (EOL) processes, and business travel and company-personnel transport operations. Conformity to this standard is independently verified by accredited agencies with "Reasonable Assurance".

Air Emissions

SO₂, TOC, VOC, and NOx emissions values associated with Arçelik's operations in Turkey are taken from the most recent emissions analysis reports supplied by accredited laboratories and are presented in the accompanying chart. All these emission values are below legally mandated limits.

Air emissions	2023 (tons/year)
SO ₂	3.0
TOC	37.6
VOC	1.1
NOX	202.1

Energy Efficiency and Renewable Energy

In 2023 Arçelik increased its total installed renewable-energy generation capacity to 20.30 MW. One of the 2030 Sustainability Goals to which the company has committed itself is to undertake investments to further expand that capacity to 50 MW by that year.

Arçelik succeeded in preventing Scope 2 greenhouse gas emissions by procuring 100% green electricity for its Romania facilities starting in 2015 and for its Turkey facilities as of 2019. The Thailand factory, which is a partnership between Hitachi and Arçelik, provides green electricity through a long-term Power Purchase Agreement. In



2022, 65% of the total electricity consumed by Arçelik was generated from green energy. Arçelik aims to provide 100% of the electricity supply of its global production facilities from renewable energy sources by 2030.

As part of its EP100 membership, Arçelik has committed to growing its turnover per unit energy consumption by increasing energy efficiency in 2030 compared to the base year 2010. As of the end of 2022, 96% of this target has been achieved. The results achieved in 2023 can be accessed from the *Arçelik 2023 Sustainability Report* at (<https://www.arcelikglobal.com/en/company/reports-presentations/discover/?val=3733>).

Within the scope of the membership target, a commitment has been made to ensure that all Arçelik global businesses have the ISO 50001 Energy Management System certificate by 2025. In this regard, 78% of the target (including HQ) has been achieved.

Arçelik has been employing the "Shadow Price Internal Carbon Pricing Model" since 2020 to guide investments in low-carbon emission technology with an investment amount of EUR 50,000 and an installed capacity of 50 kW and above. For this model, the Company utilizes a shadow carbon price of EUR 50 per ton of CO₂e in the life cycle analysis conducted during the investment phase. The Company regularly updates this figure to reflect changes in global carbon markets.

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The ECOFACT Project, involving Arçelik as an end user in the EU Horizon 2020 funding program, focuses on optimizing energy efficiency performance in production processes and auxiliary facilities while considering time and resource constraints. The project initiated at the Romania Washing Machine Plant involves processing real-time data from production and auxiliary facilities using artificial intelligence-based optimization algorithms. This will help recommend optimum operating conditions for processes and auxiliary facilities to the end user through a decision support system to be established. By incorporating one of the local suppliers in Romania into the project, it is aimed to enhance supplier collaboration and elevate the quality of energy and environmental data exchange for the "Life Cycle Cost Analysis" as part of the project.

Arçelik maintained its commitment to its energy efficiency investments in 2023, with 373 energy efficiency projects commissioned on compressed air systems, air conditioning systems, lighting systems, insulation, heat recovery, efficient engine conversion, and process optimization. These projects provided financial savings of EUR 1,593,421 and prevented 6,983 tons of CO₂e greenhouse gas emissions. The Company upholds a target of reducing energy consumption by 45% per product in production by 2030 and achieved



a 26.5% reduction in 2022. The results achieved in 2023 can be accessed from the *Arçelik 2023 Sustainability Report* at <https://www.arcelikglobal.com/en/company/reports-presentations/discover/?val=3733>.

Prominent Energy Efficiency Projects

Optimization of Surface Coating and Washing Processes

It was aimed to increase energy efficiency through the optimization and modernization efforts carried out in the surface coating and washing processes, which are major areas of energy consumption at the Arçelik Eskişehir Compressor Plant. Within the scope of the project, the following steps were taken: utilizing chemicals that can work at lower temperatures without causing residue and corrosion in washing chemicals; reducing bath temperatures in accordance with quality standards; conducting engineering studies to increase the energy flow in heat transfer equipment; performing studies

on the reuse of waste water in the subsequent processes; implementing process integration and cancellation processes; optimizing process steps; and enabling autonomous operation of energy consumption points in accordance with production parameters. In 2023, this project helped prevent 354 tons of CO₂e emissions, save 150,000 Sm³ of natural gas, 135,000 kWh of electricity, and 12,000 m³ of water, and resulted in financial savings of EUR 87,247.

Optimization of Compressed Air Systems

At the Bolu Cooking Appliances Plant, the compressors in the central compressor room supplied the compressed air needs of the packaging and gluing departments situated far apart. Within the scope of the energy efficiency project, the compressed air requirements of the packaging and gluing sections were met with a local compressor, eliminating compressed air losses and lowering the pressure value of the central compressors from 5.8 bar to 5.5 bar. In 2023, this project helped prevent 292 tons of CO₂e emissions, save 627,200 kWh of electricity, and resulted in financial savings of EUR 98,000.

Modernization of Cooling System

By switching to an air-cooled dry cooler instead of the chiller for mold / machine cooling at the Çerkezköy Dryer Plant, energy consumption

Arçelik continues to invest in energy-efficiency. Projects that the company commissioned in 2023 generated financial savings of EUR 1.6 million.

was reduced by 82%. In 2023, this project helped prevent 107 tons of CO₂e emissions, save 230,000 kWh of electricity, and resulted in financial savings of EUR 21,000.

Partnerships for Climate Action

In line with its sensitivity to the climate crisis, Arçelik actively engages in internationally conducted studies in this area, fosters solution-driven collaborations, and provides support to initiatives, policies, and commitments that are implemented in the pursuit of mitigating climate change.

Arçelik has officially become a member of the Business Ambition for 1.5°C, Race to Zero Campaign, an initiative that commenced in September 2021 as an urgent call for action in partnership with a worldwide coalition of United Nations organizations, business and industry leaders. Additionally, Arçelik is a member of EP100, an organization comprised of more than 100 companies committed to using energy more efficiently. The Company also participates in two WBSCD working groups, namely the SOS 1.5 Initiative and the CFO Network Initiative, both of which seek to establish an inter-company sustainability network. Arçelik CEO Hakan Bulgurlu is a member of WBCSD's Executive Committee (ExCo) for 2023.



The Company leads the Environment and Climate Change Working Group and the Green Deal Task Force in TÜSİAD. It also contributes to and participates in various groups, including the Climate Change and Paris Agreement, Circular Economy, Carbon Pricing, Sustainable Finance Sub-Working Groups, and the Energy Working Group and its task forces.

As stated in Arçelik's Global Industrial Relationship Management and NGO Membership Policy, all sectoral memberships and NGO partnerships are monitored for climate policy alignment. The Company reveals the stances of the organizations it is affiliated with regarding the climate crisis in the Industrial Organization Membership Review Procedure. As per the decision by the Board of Directors in 2019, the Deputy General Manager responsible for Sustainability, Quality, and Customer Services is assigned the responsibility of

monitoring the continuity of the advocacy efforts conducted at the organizations in which the Company has corporate membership, related to the climate crisis and the 1.5 °C warming scenarios as outlined in the Paris Agreement.

While managing climate action, Arçelik conducts a thorough risk-opportunity analysis and integrates these findings into enterprise risk management processes. Arçelik closely monitors regional and international developments during the analysis. Within this framework, various aspects are considered, including the Emission Trading System, Carbon Border Regulation Mechanism, energy class requirements for products, regulations on sustainable packaging, and physical climate risks and opportunities. For Arçelik's climate risk-opportunity calculations, see the *"Sustainability Risks and Opportunities"* section ([page 449-459](#)).

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Water Management

Minimizing the water footprint and managing water-related risks and opportunities are critical components of Arçelik's sustainability strategy.

The Environmental Coordination Working Group conducts water risk management and water efficiency studies in line with the Arçelik strategy and provides quarterly reports to the Sustainability Board. Arçelik takes care of managing water utilization and ensures that the discharged wastewater is treated in chemical and biological treatment facilities in accordance with its characteristics in order to ensure that it remains below the legal wastewater discharge limits, protect water resources and biodiversity in all operational areas, and periodically check their compliance with the standards. Water is not drawn directly from surface water resources throughout the Company's operations.

Arçelik upholds the goal of increasing the water recycling and reuse rate in all its production facilities to 70% by 2030. This goal was set based on the Water Efficiency Project conducted with IFC in 2019.



In this regard, Arçelik places emphasis on water efficiency and rainwater harvesting efforts. Through these efforts, 288 thousand m³ were saved in 2023, and a grand total of 2.64 million m³ saved over the past 14 years.

Arçelik strives to identify water risks in its operational regions and throughout the value chain. The Environmental Coordination Working Group conducts annual water stress analyses through the WRI Aqueduct Water Risk Atlas. The analysis findings drive projections on the financial impact of water risks and guide the development of action plans to mitigate these risks.

For detailed information about water risks, please see the *"Sustainability Risks and Opportunities"* section ([page 449-459](#)).

During the analysis conducted through S&P consultancy, the Trucost methodology was employed along with an internal study at Arçelik to determine water stress in Arçelik locations under three separate climate change scenarios of the IPCC (Severe Climate Scenario [RCP 8.5], Moderate Climate Scenario [RCP 4.5], and Mild Climate Scenario [RCP 2.6]) based on the year 2020. According to projections for financial years 2030 and 2050,

Arçelik places emphasis on water efficiency and rainwater harvesting efforts. Through these efforts, 288 thousand m³ were saved in 2023, and a grand total of 2.64 million m³ saved over the past 14 years.

water stress emerges as the primary physical risk for Arçelik and its suppliers.

Arçelik is one of the endorsing companies of the CEO Water Mandate, which was established for business leaders to make commitments and enhance water management.

Sustainability efforts conducted in terms of water management and 2023 data can be accessed from the *Arçelik 2023 Sustainability Report* at <https://www.arcelikglobal.com/en/company/reports-presentations/discover/?val=3733>.

Waste Management

While reducing waste generated in the conduct of its manufacturing through innovative approaches and practices, Arçelik also strives to minimize the environmental impact of the products that it makes and sells. The company's product packaging is optimally minimal; EOL electrical and electronic appliances' lifecycle environmental impact is managed by recovering and recycling them. Arçelik constantly improves both its production-generated waste prevention

and reduction and its at-source waste separation performance so as to approach ever nearer to its zero-waste goal. It invests in innovative technologies in order to reduce both the quantities of raw materials and chemical inputs that are used in production processes and the amounts of waste that the processes generate. Mindful of its products' environmental impact at every stage from initial concept forward, the company incorporates recyclability and environmental impact-reduction into their design.

Arçelik engages in a variety of education, awareness-creation, and incentivization activities in order to contribute to the expansion of zero-waste approach and practices. To the same end, it also supports the Ministry of Environment, Urbanization and Climate Change's Zero Waste Project.

Sustainability efforts conducted in terms of water management and 2023 data can be accessed from the *Arçelik 2023 Sustainability Report* at <https://www.arcelikglobal.com/en/company/reports-presentations/discover/?val=3733>.

Chemicals Management

With a focus on human health and the environment, Arçelik places emphasis on the management of chemicals. Efforts are made to minimize environmental impact by considering the consumption, storage, transportation, and recovery of the chemicals utilized. At the same time, adhering to applicable regulations and tracking chemical requirements are ensured. Restriction of the use of some harmful substances in electrical and electronic equipment (RoHS), Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) and Persistent Organic Pollutants (POP), and prohibitions and restrictions of similar regulations are tracked through Arçelik Chemical Conformity Specification (KL-00093) and integrated into supplier operations. Tracking these requirements during the material commissioning and mass production stages ensures compliance with legal legislation.

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Environmental Performance Indicators	2021	2022	2023
Total energy consumption (GJ) ¹	2,415,734	2,218,436	***3
Direct energy consumption (GJ) ¹	1,205,193	991,221	***3
Indirect energy consumption (GJ) ¹	1,210,541	1,227,215	***3
Indirect (purchased) renewable-energy consumption (GJ) ¹	898,639	907,772	***3
Indirect (purchased) non-renewable energy consumption (GJ) ¹	311,902	308,680	***3
Renewable energy generated (GJ) ¹	3,193	10,763	***3
Total freshwater withdrawal (m ³) ²	1,403,963	1,503,488	***3
From wells (m ³) ²	608,062	747,363	***3
From mains (m ³) ²	695,519	705,113	***3
Supplied by tanker (m ³) ²	29,402	4,399	***3
Rainwater (m ³) ²	7,098	46,613	***3
Total water discharged (m ³) ²	1,064,582	1,284,006	***3
Total wastewater (tons) ²	135,899	114,062	***3
Direct (Scope 1) greenhouse gas emissions (tCO ₂ e)	84,207	70,578	***3
Indirect/energy (Scope 2) greenhouse gas emissions (tCO ₂ e) ¹	47,154	47,674	***3
Indirect/other (Scope 3) greenhouse gas emissions (tCO ₂ e) ¹	26,413,811	26,950,018	***3

¹ Coverage of energy and greenhouse gas data:

2021: Arçelik Turkey, Arctic Gaesti and Ulmi Romania, Beko LLC Russia, Defy South Africa, Beko Thailand, Dawlance Pakistan, Offices: Beko UK, Beko France, Grundig Nordic AB, Grundig Nordic AS, Beko Poland, Beko Grundig Germany (Croatia Branch), Beko Grundig Germany, Beko Ukraine LLC., Beko LLC Russia, Beko Thai Co. Ltd., Beko APAC IBC Co. Ltd.

2022: Arçelik Turkey, Arctic Gaesti and Ulmi Romania, Beko LLC Russia, Defy South Africa, Beko Thailand, Dawlance Pakistan, Singer Bangladesh Offices: Beko UK, Beko France, Grundig Nordic AB, Grundig Nordic AS, Beko Poland, Beko Grundig Germany (Croatia Branch), Beko Grundig Germany, Beko Ukraine LLC., Beko LLC Russia, Beko Thai Co. Ltd., Beko APAC IBC Co. Ltd.

² Coverage of freshwater and wastewater data:

2021: Arçelik Turkey, Arctic Gaesti & Ulmi Romania, Beko LLC Russia, Defy South Africa, Beko Thailand, Dawlance Pakistan, Beko UK, Beko France, Grundig Nordic AB, Grundig Nordic AS, Beko Poland, Beko Grundig Germany, Arçelik Pazarlama A.Ş., Beko APAC IBC Co. Ltd., Beko Spolka Akcyjna, Beko Ukraine LLC., DEL Electronics Private Limited, Dawlance (Private) Ltd., United Refrigeration Industries Ltd.

2022: Arçelik Turkey, Arctic Gaesti and Ulmi Romania, Beko LLC Russia, Defy South Africa, Beko Thailand, Dawlance Pakistan, Singer Bangladesh, Beko UK, Beko France, Grundig Nordic AB, Grundig Nordic AS, Beko Poland, Beko Grundig Germany, Arçelik Pazarlama A.Ş., Beko APAC IBC Co. Ltd., Beko Spolka Akcyjna, Beko Ukraine LLC., DEL Electronics Private Limited, Dawlance (Private) Ltd., United Refrigeration Industries Ltd.

³ The pertinent data was at the external audit stage as part of the Arçelik 2023 Sustainability Report preparation process. Audited data can be accessed from the Arçelik 2023 Sustainability Report at <https://www.arcelikglobal.com/en/company/reports-presentations/discover/?val=3733>.

Arçelik is committed to eliminating deforestation in its supply chain.

Biodiversity

Arçelik considers biodiversity loss to be one of the global issues subject to a variety of pressures. The Company has conducted a biodiversity risk assessment within the scope of its operations, addressing nature-related impacts and dependencies based on emerging frameworks.

Arçelik is committed to improving its No Net Loss biodiversity footprint by 2050, particularly in certain priority areas like those in proximity to critical biodiversity conservation zones.

Arçelik aspires to conserve biodiversity through efforts focused on its commitments, recognizing the vital significance of natural ecosystems for all. It is aimed at enhancing biodiversity on the Arctic Ulmi factory's site, in proximity to the key biodiversity area known as Natura 2000, by 2027. Enhancements will be achieved by carrying out actions to alleviate pressures on biodiversity and support the natural development of habitats.

Prevention of Deforestation

Forests play a crucial role in enhancing resilience while providing natural solutions to various worldwide challenges, ranging from climate change to the loss of biodiversity and upcoming environmental crises.

Arçelik is committed to eliminating deforestation in its supply chain. The [Arçelik Biodiversity and No Deforestation Policy](#)¹ is intended to prevent practices that impact deforestation across the value chain. As a result of assessing the practices, the primary emphasis appeared on paper and wood-based packaging materials utilized in product packaging.

Arçelik commits to avoiding significant deforestation caused by its operations until 2050. The following principles are adopted to accomplish this goal:

- Choosing only to use packaging made from more sustainable sources like paper/cardboard/wood that has been certified by established global third-party certification systems such as the Forest Stewardship Council (FSC) or other national programs authorized by the Programme for the Endorsement of Forest Certification (PEFC)

- Incorporating a minimum of 80% recycled cardboard in its product boxes by 2030
- Reducing the use of wooden slats in its product packaging processes to 5% by 2030
- Monitoring the supply chain to prevent deforestation
- Making sure that major suppliers responsible for 90% of purchasing volume transition to using recycled cardboard boxes for at least 80% of their product packaging

In Touch with Our Planet

Product Management

Environmental Footprint-reduced Products

Arçelik supports more productive and efficient use of natural resources by incorporating its responsible production and responsible consumption approach into all of its manufacturing processes.

In 2023, the Company maintained in its endeavors to enhance the utilization of recycled plastic in its products to reduce the consumption of natural resources, expand the utilization of recycled/recyclable

materials in product packaging, incorporate biocomposite materials in products, and develop energy- and/or water-efficient products. The data on the subject projects can be accessed from the *Arçelik 2023 Sustainability Report* at (<https://www.arcelikglobal.com/en/company/reports-presentations/discover/?val=3733>).

Products Using Recycled Plastics and Biocomposites

In an effort to help reduce the harm to ecosystems caused by fishing nets that have been abandoned, lost, or otherwise discarded in the sea, any recovered netting, along with synthetic fiber waste is recycled and the plastic is reused in various ways in different product groups. Owing to its high tensile strength and thermal properties for example, recycled fishnet plastic can be used in ovens instead of the newly manufactured polyamides



Arçelik supports more productive and efficient use of natural resources by incorporating its responsible production and responsible consumption approach into all of its manufacturing processes.

that are the most widely used for such applications. Innovative recycling technologies have enabled the use of high-performance recycled polyamide compounds from waste nets and synthetic yarns in oven, washing machine, and dishwasher parts.

r-PET

Leopet is an Arçelik-patented recycled polyethylene terephthalate (r-PET) made from recycled PET containers. This high-performance recycled plastic is used to make drums for washing machines and washer dryers whose sale to consumers around the world helps contribute to the circular economy.

Formulas for plastics incorporating recycled PET containers and suitable for manufacturing drums for lower-speed spin washing machines were approved and their mass production commenced in 2022. The company plans to use only recycled PET in the manufacture of all of its washing machine drums except those installed in units that are destined for sale in the North American market. The successful performance of mechanical-function components made from recycled plastic is helping to correct misperceptions about recycled plastics in general. In line with Arçelik's aim of promoting

best practices in its subsidiaries, recycled PET container plastics were used in AC units developed in cooperation with Arçelik-LG in 2023. New formulas for plastics incorporating recycled PET containers and suitable for use in manufacturing laundry dryers' upper chassis and front bearing components were developed; mass production of these materials commenced in 2021. In this way, the recycled PET bottle incorporated in the dryers will also be recycled in a value-adding manner in 2023, thereby making a positive environmental and ecological contribution.

Plastic Refrigerator Components Made from Recycled Arçelik Refrigerator Packaging Waste

Under this project, polyethylene-based Arçelik refrigerator packaging is converted into value-adding granules that are compounded with polypropylene plastic that has been recycled using an Arçelik R&D discovered process, thereby reducing the overall environmental impact of these materials. Initiated in 2021, this project continued to make use of recycled packaging waste in newly manufactured refrigerators during 2023.

Small Home Appliances Made Using High-performance Recycled Plastics

Plastics recovered from EOL Arçelik products are given new value by reusing them, thereby reducing carbon emissions as compared with manufacturing elements from petroleum-based raw materials.

In consumer electronics these inputs account for:

- 90% of all plastics used in Band 360 Bluetooth speakers
- 92% of all plastics used in Portable 360 Bluetooth speakers
- 100% of the body of the Jam Earth BT Speaker

In electric sweepers these inputs account for:

- 53-61% of all plastics used in bagged Atak units
- 43% of all plastics used in Luna 4 units
- 23% of all plastics used in Orion 8 units
- 34% of all plastics used in Ares units

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- 23-34% of all plastics used in Jaguar units
- 34-51% of plastics used in bagless Atak units

In personal care products these inputs account for:

- Between 44% and 72% of the plastic used for the housing of ProClub men's grooming sets,

In the Toaster category,

- 37% of all plastics used in Newline models (except cooking plates)
- 45% of all plastics used in AG3 models (except cooking plates)
- 46% of all plastics used in Eternity models (excluding cooking plates and cables)
- 47% of all plastics used in Solido models (excluding cooking plates and cables)

Graphene and Textile Derived through Recycled End-of-Life Belts

Because the pulley assemblies of Arçelik washing machines are among their most dynamic parts and must be able to withstand severe mechanical strain and stress, the pulleys have hitherto had to be manufactured from petroleum-based new plastics. Using an Arçelik

Plastics recovered from EOL Arçelik products are given new value by reusing them, thereby reducing carbon emissions as compared with manufacturing elements from petroleum-based raw materials.

R&D discovered process, it has become possible to come up with polyamide-based formulations from recycled textile waste, resulting in a raw material whose environmental impact is less than newly made plastic. The mass production of this formulation developed has started in Neo washing machine models in the 2nd half of 2023.

Recycled PET in Arçelik AC in Indoor Unit Chassis

The chassis is the single heaviest component of Arçelik air conditioners' indoor units. At present, 10% of these chassis are made from recycled PET. Work was carried out to develop a formula

for a plastic which would allow this percentage to be increased. This resulted in a new formulation that raises the total to 42% recycled plastic. Mass production of this new raw material commenced in Q2 2022, Mass production of the application continued in 2023.

Recycled Plastic Utilization in Visual Aesthetic Parts of Arçelik Washing Machines

The mass production transition for kickplate body and lid parts with aesthetic features for Arçelik Neo model washing machine products began in the second half of 2023. Furthermore, testing is ongoing for

Arçelik utilized 38% innovative biomass balance method in the outer plastics of the 2-in-1 fryer product.



the kick plate and panel, which are visual parts of the dishwasher, as well as the panel part of the dryer. The mass production transition for them is anticipated to begin in the first quarter of 2024.

Bio Refrigerator Projects

Incorporating both bioplastic components and bio-based polyurethane in its design and manufacture, the Bio Refrigerator was unveiled for the first time at IFA 2019, where it attracted great attention and much favorable feedback. A version of this refrigerator containing bioplastic components but no bio-based polyurethane is currently on sale

in Turkey and the UK as well as in many other national markets. The version featuring bio-based polyurethane insulation has started to be sold in the UK market as of the first quarter of 2023. In the refrigerator exhibited at IFA 2023, the total bioplastic content in the product reached 50% through the use of 85% bio-based bio-HIPS in the inner body and 95% bio-based bio-GPPS in the door shelves and crisper covers. With its increased bio-based content, this bio refrigerator has a 44% reduced carbon footprint compared to the petroleum-based version. It maintains the same performance, quality, and functionality as plastic, contributing to a sustainable future.

Small Household Appliances Containing Bioplastic Material

Arçelik utilized 38% bio-PP raw material derived from waste oil and its derivatives through the innovative biomass balance method to reduce the use of petroleum-based plastic raw materials in the outer plastics of the 2-in-1 fryer product. Unlike traditional plastics, bio-PP has a significantly reduced ecological impact since it allows waste vegetable oils to be seamlessly integrated into the production process. Utilizing bio-PP reduces the carbon footprint of the product components by 6% compared to using primary PP.

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Sustainable Packaging

Arçelik is focused on reducing resource consumption and on using recycled/recyclable materials in the management of its packaging processes. While products are designed so as to permit both the volume and the weight of their packaging to be optimally minimal, the company also engages in ongoing efforts to increase the percentages of recycled/recyclable materials that go into such packaging so as to reduce its across-the-board environmental impact.

Aligned with its agile management methodology, Arçelik oversees the transition to sustainable packaging alternatives through the participation of a working group comprising the entire factory and Central R&D. Efforts are made to substitute packaging materials with sustainable alternatives, with a specific focus on adopting recyclable and recycled cardboard alternatives for major and small household appliances instead of utilizing Expanded Polystyrene (EPS). Major household appliance product groups will successfully transition to mass production

between the final quarter of 2023 and the first quarter of 2024, due to the outstanding efforts of the R&D team.

Below is a summary of studies on using materials with reduced environmental impact in product packaging. The data on the studies conducted in 2023 can be accessed from the *Arçelik 2023 Sustainability Report* at (<https://www.arcelikglobal.com/en/company/reports-presentations/discover/?val=3733>).

Area of Application	Standard Material	Sustainable Material Alternative	Products in Mass Production
Outer Box	Cardboard	Recycled Cardboard	Products in Major and Small Household Appliances, Televisions, Air Conditioners and Consumer Electronics Categories
Styrofoam	Expanded	Recycled Cardboard Derivatives and Molded Pulp	Products in the Compressor, Hood, Furnace, Refrigerator, Washing Machine, Dishwasher, Small Household Appliances and Consumer Electronics Categories
	Polystyrene (EPS)		
Strip, Shrink Film	Various Types of Plastic	Types of Recycled Plastic	Cooking Appliances, Refrigerator, Washing Machine, Dishwasher, Tumble Dryer, Air Conditioner
Accessory, Product Bag	Various Types of Plastic	Types of Recycled Plastic or Paper Bags	Products in Cooking Appliances, Refrigerator, Washing Machine, Dryer, Dishwasher, Air Conditioner, Television, Small Household Appliances and Consumer Electronics Categories

Arçelik designs recyclable products to minimize their environmental impact.

Recyclability of Products

Arçelik designs recyclable products to minimize their environmental impact. Furthermore, the primary focus remains on improving product recyclability and demountability.

% of recyclable raw material and processed inputs used in Arçelik products

Material	Status
Metal	100%
Plastics	100%
Glass	100%
Chemicals ¹	Non-recyclable
Rubber	100%
Other	81%
Components	80%

¹ Does not include oils, 78% of which are recoverable.

% of Arçelik products that are recyclable

Product	Status
Washing machines	99%
Condenser laundry dryers	98%
Refrigerators	99%
Dishwashers	84%
Consumer electronics	88-92%
Ovens	91%

¹ Does not include oils, 78% of which are recoverable.



Waste Electrical and Electronic Equipment (WEEE) Recycling Plants

Arçelik satisfies all regulatory requirements pertaining to the management of waste electrical and electronic equipment (WEEE). As a manufacturer with extended producer responsibilities, in 2014 the company set up e-scrap recycling plants in Eskişehir and Bolu to promote processing WEEE for reuse and/or ecofriendly disposal.

At the end of their life cycle, the refrigerators are recycled in the Eskişehir recycling facility, and other white goods and small household appliances are recycled in the Bolu recycling facility, thereby mitigating their environmental impact. The Eskişehir plant also has the distinction of being the first recycling facility in Turkey

qualified and authorized to collect and contain the ozone-layer depleting chlorofluorocarbon (CFC) refrigerants that were used in refrigeration systems before. Between 2014 and 2023, Arçelik's Eskişehir and Bolu WEEE recycling plants processed a total of 1.75 million units and conserved 487 GWh of energy while also preventing the release of about 240,000 tons of CO₂ into the environment. The replacement of outmoded-technology appliances with new ones whose environmental footprints are smaller also conserved 8.6 million tons of water.

In countries other than Turkey where it has operations, Arçelik fulfills its extended producer responsibilities for e-scrap management in partnership with licensed firms and organizations.

In Touch with Our Planet



Plastic dishwasher components made from recycled plastic collected from dishwasher components in Arçelik Waste Electrical and Electronic Equipment recycling facilities

The steadily accelerating accumulation of plastic waste over the years is making it increasingly more urgent to develop circular-economy solutions focused on recovering, recycling, and reusing it and on reducing the overall amounts of refuse that needs to be dumped into tips. In this project, a variety of dishwasher components that are expected to withstand high temperatures and mechanical stresses are being manufactured from recycled plastic dishwasher components collected in Arçelik WEEE facilities. Within the scope of

the project, the dishwasher baskets processed in AEEE Recycling Facilities in 2022 continued to be recycled and reused for the production of fan components in 2023.

Due to the closed-loop model implemented, the usage of petroleum-based primary plastic raw materials was reduced, thereby minimizing the carbon footprint.

Arçelik tracks the standards and certification processes in Turkey and around the world regarding energy efficiency and life cycle analysis of products. Detailed information can be accessed in the *Arçelik 2023 Sustainability Report* at <https://www.arcelikglobal.com/en/company/reports-presentations/discover/?val=3733>.

Green Financing

Arçelik guides every aspect of its operations with a strong focus on sustainability, extending this approach to its financing model through Green Bonds and Green Loans.

For detailed information about Green Bonds and Green Loans, see “2023 Investments” section ([page 58](#)).



The steadily accelerating accumulation of plastic waste over the years is making it increasingly more urgent to develop circular-economy solutions focused on recovering, recycling, and reusing it and on reducing the overall amounts of refuse that needs to be dumped into tips.

In Touch with Human Needs

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Having embraced sustainability as the core of its business model, Arçelik makes respect for people and the environment the touchstone by which it judges all of its business strategies and operations. In keeping with its “In Touch with Human Needs” mission, the company seeks to improve people’s lives and to strengthen local communities by developing innovative products while also creating value through its social investments.

All 2030 sustainability goals Arçelik identified within the scope of In Touch with Human Needs and details about the progress in 2023 in relation to these goals can be found in *Arçelik 2023 Sustainability Report* (<https://www.arcelikglobal.com/en/company/reports-presentations/discover/?val=3733>).



The corporate citizenship approach of Arçelik is underpinned by the goal to pass on a better world to the future generations.

Corporate Citizen

At the root of Arçelik’s good corporate citizen approach lies the company’s goal of leaving a better world for future generations to live in. Seeking to constantly improve its sustainability performance, Arçelik regularly measures its standing as a good corporate citizen and the environmental and social impact of its sustainability efforts. Information about both standing and performance is shared with all stakeholders by means of sustainability reports, corporate websites, and social media channels.

Arçelik undertakes a variety of social responsibility projects designed to address the needs of people living not just in places where it

conducts its operations but in other parts of the world as well. The company has also composed and published an Arçelik Corporate Citizen Policy in support of UN Sustainable Development Goals and regular updates in line with current global trends and needs. In all such efforts, Arçelik focuses on dealing with global problems while likewise creating social and environmental value through its global brands, employees, and other stakeholders.

Arçelik’s priorities in this respect comprise corporate social responsibility projects, corporate volunteering, and partnerships.

¹ *Arçelik Corporate Citizen Policy*
https://www.arcelikglobal.com/media/5758/22-07/corporate-citizenship-policy_son.pdf

Arçelik seeks to improve people’s lives and to support and strengthen local communities through;

- gender equality,
- quality education,
- supporting the entrepreneurship ecosystem,
- strengthening local communities,
- sustainable living and sustainable environment.

● Gender Equality

● Action Coalition

In cooperation with the UN Women's Generation Equality Forum, Koç Holding launched a gender equality movement in technology and innovation in 2022. As a Koç Group company, Arçelik became a supporter of the Action Coalition platform and submitted its commitments to achieve concrete change in the technology and innovation field for women and girls worldwide. These commitments, which are to be achieved by 2026, consist of six objectives to bring about meaningful changes in the empowerment of women and girls in technology and innovation-related functions, responsibilities, and positions.

In 2023, Arçelik made its debut in the UN Women's Action Coalition Global Progress Report¹ with its progress in targets:

1. Provide technology and design, IT, and software training to 100,000 girls (ages 10-14) in 81 provinces of Turkey by 2026 to reduce the gender digital divide (Digital Wings Project)

The project was relaunched with the refresher training held in October 2022. 241 teachers took part, and the project reached 72,771 students in total - 35,372 of them girls - in 81 provinces throughout 2023. (For details, please refer to "In Touch with Human Needs" section, [p. 168](#).)

2. Implement our program in Arçelik's Romania, Pakistan and South Africa operational facilities to support the career development of women engineers (WE-inTech Project)

In 2023, workshops and training programs were organized for 105 female engineering students within the scope of the global "WE-inTech" program held in Turkey, Pakistan, South Africa and Romania. (For details, see "In Touch with Human Needs" section, [p. 166-167](#).)

3. Increase the number of women entrepreneurs in the dealer ecosystem by boosting the ratio of women dealers at Beko Turkey from 4.8% to 25% (Beko 100 Women Dealers Project / Women's Work is Women's Power Project)

As the 100 women dealers goal was already achieved in 2023, the project was renamed "Women's Work is Women's Power". In 2023, the ratio of women dealers increased from 4.8% to 10% with 108 dealers, 125 stores in 42 provinces, in 78 districts. (For details, see "In Touch with Human Needs" section, [p. 170](#).)

4. Reach out to 2,500 women through global entrepreneurship programs and contribute every year to funds allocated to women entrepreneurs (Arçelik Garage Innovation Hub programs)

In 2023, 503 women were reached by way of entrepreneurship programs under the Garage Innovation Hub and a USD 13.1 million contribution was made to the funding pool allocated to women entrepreneurs. In total, 862 women became entrepreneurs and USD 21.1 million in funding support was given. (For details, see "In Touch with Human Needs" section, [p. 170-171](#).)

5. Increase women employment ratio in STEM fields at Arçelik from 16% to 35% across global operations by 2026 (HR programs and practices)

In 2023, the percentage of women employed in science, technology, engineering & mathematics (STEM) positions in global operations increased from 19% to 21.3%. (For details, see "In Touch with Human Needs" section, [p. 166-168](#), and "In Touch with Business" section, [p. 197](#).)

6. Enable women to gain new professional competencies at the technical levels and increase the ratio of women technicians working at Arçelik Authorized Services from 6.7% to 14% by 2026 (500 Women Technicians Project)

13 new training courses were conducted during 2023 adding another 49 female technicians to the company's authorized services-provision network. 644 female technicians have been trained since the inception of the project; the total number of women actively employed as technicians is 440 and their overall percentage rose to 7.4%. (For details, see "In Touch with Human Needs" section, [p. 167](#).)

¹ Generation Equality Forum, Action Coalition 2023 Report: <https://commitments.generationequality.org/accountability-report>

In Touch with Human Needs

●● WE-inTech

Arçelik seeks to create and maintain a working environment that encourages women to pursue careers in engineering and advanced R&D and in which tomorrow's women engineers and R&D professionals can advance themselves. At the same time, the company also draws women's attention to and stresses the importance of science, technology, engineering and mathematics (STEM) subjects to career advancement.

In line with these aims, in 2019 Arçelik launched a "You're an engineer, you're with us" project targeting young women enrolled in universities' engineering and sciences faculties. In 2022 the project's name was changed to "WE-inTech" and its vision was broadened to encourage young women in engineering curriculums to specialize in technology and R&D and foster awareness among them about STEM and advanced R&D careers. Workshops were carried out with junior and senior-year engineering students (ages 17-23) at universities. Following training programs and workshops held in various related subjects, the participants got the chance to work on an ongoing project with mentors from Arçelik's mentor pool.

Out of a total of 2,446 applications for six workshops carried out since 2019, 267 students were selected. Workshops were held with students selected from a pool of 56 universities and 34 different disciplines.

In 2022, WE-inTech was transformed into an Arçelik Global program with the inclusion of Arçelik operations in another three countries. Three workshops were held in 2023 within this framework. Besides the local workshops in Turkey and Pakistan, another global program was implemented, thus continuing to reach out to female students. The workshops in Turkey were held in April with the participation of 53 students. Later, Pakistan launched its first local workshop designed according to its own needs with 10 students. Finally, the three-day global workshop with 42 junior and senior-year female engineering students from Turkey, Pakistan, South Africa and Romania was held in November. Following these events, the program continues with a one-year mentoring process, traineeship and job opportunities. Along with mentoring, participants in this one-year program will also be given access to technical and personal development resources to support their career progression.



During the three-day workshop, organizers met with the participating Arçelik, Arctic, Defy and Dawlance employees and quizzed them on such matters as technology and R&D, and also their own career dreams and objectives. Program training focuses mainly on current-agenda digital transformation and technology topics such as design thinking, data analytics, and agile project management. Making use of design-thinking methods, participants worked in teams to develop "home of the future" technology and product concepts and ideas.

Turkish students who took part in the 2022 global program and students from the 2023 Turkish workshop had a face-to-face gathering in Çayırova. During the event, the students were given a tour of the campus introducing them to the facility and laboratories.

13 new training programs carried out in 2023 introduced 49 new women technicians to the network.



The program continued with a panel with the women engineers in Garage, a conversation session between mentors and mentees, and ended with a cocktail to celebrate the graduation of 2022 participants and the new adventures ahead for the 2023 participants.

Of the students who took part in the 2020 and 2021 rounds of the global WE-inTech program, two (2020), 12 (2021) and two (2022) have since embarked upon careers as project assistants, project engineers, and engineers at Arçelik. One participant in the 2023 round has been hired by Arçelik. For those currently taking part in the 2022 WE-inTech mentoring program, traineeship and job offers will be made to suitable candidates as positions become available.

●● 500 Women Technicians

The 500 Women Technicians project was initiated in 2020 when attention was drawn to the fact that a mere 1.5% of the technical employees working in approximately 600 authorized services-provision locations were women. Through the 500 Women Technicians project, Arçelik focuses not just on increasing the number of women employees in its authorized services network but also on overcoming prejudices and assumptions that only men are capable of performing technical services.

The project's model is informed by the principle of enabling employment and equal opportunity through skills transformation. With the introduction of the automated authorized services call center system, there also arose the

possibility that women employed in office functions might have to be let go.

Such personnel were given the opportunity to take part in Arçelik Services Academy training programs to earn authorized services technician qualifications. This approach not only prevented those who completed the training from becoming redundant but also increased the percentage of women in the Arçelik authorized services-provision network.

13 new training courses conducted during 2023 added another 49 female technicians to the company's authorized services-provision network. 644 female technicians have been trained since the inception of the project, and with 440 women actively employed as technicians, the percentage of women technicians rose to 7.4%.

In Touch with Human Needs

● Quality in Education

●● Digital Wings (Dijital Kanatlar)

The Digital Wings project was launched with the aim of familiarizing students (5th-8th grades) with new technologies and improving their 21st century skills. The project also aims to help reduce the vocational gender gap in business life in the long term.

Under the project, which targets the Information Technology and Software lessons in 5th and 6th grades, and the Technology Design lesson in 7th and 8th grades, content was created in robotic/coding and product design processes. The books created for this project help strengthen the students' technological literacy, and develop their creative problem-solving skills by engaging them in assignments. Thanks to the project carried out in cooperation with the Ministry of National Education, the technology design course book for 7th and 8th graders was brought into education for the first time.

In the aftermath of the pandemic, the project was relaunched with the refresher training held in October 2022. 241 teachers took part, and the project reached 72,771 students in total - 35,372 of them girls - in 81 provinces throughout 2023.

Two new "Digital Wings Workshop" were built in the Hope Cities set up in Malatya and Adıyaman after the earthquake of 6 February 2023, and included in the project.

● Prep

While believing in the power of technology, Arçelik also has faith in the potential and abilities of talented young people. "Prep" is the name of a long-term Arçelik training program through which it recruits such people for its own IT departments by giving them access to a variety of training resources and helping them to discover both their strengths and weaknesses. The core mission of the Prep program is to enter into agreements with universities all over the country in order to strengthen computer, software, and industrial engineering students' knowledge and skills by readying them for the future and making them a part of the digital transformation. Through the Prep program the company also provides students undertaking projects at Arçelik with free English-language instruction and technical-training resources, thus better equipping them for when they embark upon their IT careers.

For Arçelik, another benefit of the Prep program is the industry-university collaborations that it leads to. Starting with just two schools, that number increased to nine in the 2022-2023 academic year. Focused on preparing junior and senior-year university students for careers in a corporate workplace environment, Prep contributes to their development through a variety of training programs. The "Prep 1.0" and "Prep 2.0" programs initiated in 2021 were attended by 25 and 111 students, respectively. Of that number, 16 were hired into full-time positions and 17 were taken on as project engineers. Agreements have been entered into with nine universities (Ege, Fırat, Eskişehir Technical, Eskişehir Osmangazi, İstanbul Technical, Kocaeli, Celal Bayar, Bolu İzzet Baysal, and Gebze Technical) to take part in Prep 3.0. Student applications for participation in this program were accepted and approved, and the program started in Q1 2023. In total, 65 students were selected for PREP 3.0 and 22 of them were recruited as Arçelik Project Engineers based on the evaluation made.



● **A Ticket for Your Future**
“A Ticket for Your Future”, designed to encourage highly qualified Turkish students who are studying abroad to return to the country and pursue their careers at home and at Arçelik after graduation, was organized for the fourth time in 2023. The scope of this program was strengthened in 2023 taking into account such issues as trends in talent recruitment and job-seekers’ expectations of potential employers. Reaching out to successful Turkish students attending junior and senior-year undergraduate programs as well as to those enrolled in masters’ and doctoral-degree programs at the world’s prestigious universities, programs were implemented in 2018, 2019, 2022 and 2023. The two-week program welcomed 20 students in 2023, the majority of them enrolled in various engineering programs. The program focused on developing new sustainability-related product and business models by employing design thinking methodologies. Working in four separate groups, the 20 students received support from Arçelik mentors for the idea development and project-detailing stages. At the end of the program, which also included a user-testing stage, projects were submitted to Arçelik executives, who provided feedback. In addition, seven out of 66 former participants in the program were hired by Arçelik. The

program received the targeted 70 points in the Net Promoter Score (NPS) evaluation in 2023 and thus, was successfully completed.

● **Erasmus+ VET Learner and Staff Mobility Accreditation and Vocational Education Mobility Project**

Erasmus+ Accreditation is a tool developed for educational institutions and commercial concerns that are interested in cross-border exchanges and cooperation in vocational and technical education. Under the program, with the purpose of supporting professional and personal development, entities may send students pursuing vocational education, employees and personnel responsible for their vocational training to participating countries, and in some cases, to other partner countries, for such purposes as taking part in skill-acquisition, traineeship, OJT, courses, skill-testing, teacher training, instructor training, master-educator, and similar programs and assignments for between two and 365 consecutive days (inclusive), depending on the type of the activity.

In this context, Arçelik has been awarded Erasmus+ Accreditation and became an accredited body before the EU. This accreditation entitles institutions and businesses to take part in Vocational Education and Training (VET) Learner and



Staff Mobility programs on a long-term basis and also to receive regular grants in support of mobility activities.

Under the accreditation program, Arçelik organized 24 different vocational education sessions that added up to 102 days for service technicians and sales staff across 15 countries in 2023.

In addition, Arçelik dispatched 102 students and 20 instructors from İstanbul Atalar Vocational and Technical Anatolian High School, İstanbul Sultanbeyli Multi-Program Anatolian High School, and Bolu Mimar İzzet Baysal Vocational and Technical Anatolian High School to various manufacturing facilities and work places in Romania, the Czech Republic and Austria where they undertook 21-day traineeships. The participants had an opportunity not only to familiarize themselves with the latest technology and develop their own knowledge and skills but also to become acquainted with other cultures.

In Touch with Human Needs

● Supporting the Entrepreneurship Ecosystem

●● Beko 100 Women Dealers / Women's Work is Women's Power

Seeking to strengthen the social and economic presence of women in the entrepreneurial landscape and to support their success, Arçelik initiated the Beko 100 Women Dealers project with its Beko brand. This project, which got underway in March 2019 and is informed by Koç Holding's gender equality principles, is intended both to overcome prejudices that only men are capable of being dealers and to encourage women to go into business for themselves. As the 100 women dealers goal was already reached in 2023 with the Beko 100 Women Dealers project, the Project was renamed "Women's Work is Women's Power" from October 2023.

This project's target audience consists of women (with or without previous experience) living anywhere in Turkey who are interested in going into business for themselves and who can afford to make the investment. Beko dealerships are presented as sustainable, profitable, long-term investment opportunities that benefit from the support of the dealership ecosystem. Because this project aims to support and



facilitate women's efforts to go into business, participants receive a package of dealership premises' location and decoration, rent assistance, merchandising, advertising/publicity, social media, store-specific activity, e-commerce, product storage for a fixed period of time, free external delivery for a fixed period of time, free cash registers provided from TOKEN financial technology, and discounts on in-store displays, materials etc. The entrepreneurs also benefit from financing, products, and sales training and mentoring resources. Applications to become a Beko dealer are submitted by means of an online form available on Beko's website. Under the "Women's Work is Women's Power" project, the percentage of women-owned businesses in the dealership network has increased from 4.8% to 11%. There are now 103 women dealers with 119 store premises in 78 districts in 42 provinces. 51% half of the people employed in these stores are also women.

●●● Arçelik Garage Innovation Hub Projects

●● Action Coalition Target

The target Arçelik Garage Innovation Hub pledge to the Action Coalition to support gender equality was updated in 2023, and now reads as "reaching out to 2,500 women entrepreneurs by 2026 to arrange fund transfers for women-led startups".

To realize this target, sub-targets were set for each year. Sub-targets set and achieved for 2023 and results of annual progress are detailed below:

- **Support 500 Women Entrepreneurs/Candidate Entrepreneurs in 2023:** As of end-November, 503 women entrepreneurs/candidate entrepreneurs had been supported through programs detailed below.
- **Extend Fund Transfer Support to Women Entrepreneurs in 2023:** An investment of USD 13.1 million was arranged in cooperation with Hoxton Ventures and 500EE.

Throughout 2022 and 2023 during which the targets were tracked, 862 women entrepreneurs/candidate entrepreneurs in total were supported and support was

extended to women-led startups by facilitating their access to USD 21.1 million in funding. This progress emphasizes Arçelik's support to gender equality and its commitment to promote an inclusive entrepreneurship ecosystem.

●●● **SHE Leads, one of the programs introduced in line with the SHE Leads Action Coalition** goals, was launched as a collaborative initiative of Arçelik, Ankara Development Agency and TED University. It is a networking platform focused on entrepreneurship for female university students in Ankara.

In its first term, SHE Leads received 136 applications in total from 49 departments of 19 universities in Ankara. 57 female university students from 29 different departments in 15 universities participated in the first term of the program. 47 mentors from 30 different organizations extended voluntary support to the program with their inspirational speeches and mentoring. Bootcamps spanned two weekends, with eight training sessions, two workshops, one panel, and TedTalks took place with the contributions of speakers and mentors. Throughout the program duration, 670 person/hours of training/seminars and 40 hours of mentoring meetings took place in total.

●● **Arya Entrepreneurship Academy & Workshops**

As part of Action Coalition goals, the Entrepreneurship Academy program was co-launched with Arya Women, a women-focused startup platform, with the aim of extending support to women-founded technology startups. The program received applications from 122 startups, of which 25 were selected. Arya Entrepreneurship Academy is intended to equip the entrepreneurs with awareness of fundamental considerations, and the vision necessary to open new horizons when realizing their business ideas, managing and growing their startups. The six-week program offered weekly mentor sessions with sector leaders, live training sessions from industry experts, Q&A sessions, and networking with a group of powerful women entrepreneurs, as well as the training courses available on the distant learning platform. Additionally, program participants were introduced to Arçelik Business Units in view of potential collaboration opportunities with Arçelik.

Arçelik Entrepreneurship Workshops were held as a program featuring inspirational talks for women entrepreneurs or candidate entrepreneurs. Held on two different dates, the program's first edition was attended by 121 and the second one by 179 women, giving a total of 300 women entrepreneurs or candidate entrepreneurs.

● **Sustainable Living and Environment**

● **DOMINO: The Little One**

DOMINO: The Little One was introduced in 2023 in the light of the goal to "support sustainable lives in every household" in an attempt to create awareness of environmental issues in the community with particular emphasis on the climate crisis, and to encourage greater sensitivity towards the issue by reaching out to various target groups.

Developing sustainable technologies for the planet's future, the Brand aims to raise increased awareness of individual steps that can be taken against the issues affecting the continuity of the ecosystem with a focus on the climate crisis and urges everyone to take action through the protagonist, DOMINO.

DOMINO: The Little One is a game composed of four parts. DOMINO is confronted with environmental issues such as plastic pollution, carbon emissions, air pollution, water pollution, ecological imbalance, genetically modified food, and wildfires. A 2.5D video game with a sustainability focus, DOMINO: The Little One draws attention to the disasters and issues threatening the planet with a dramatic visual world and an immersive narrative.

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DOMINO: The Little One was released on Steam, iOS and Android devices on 23 November 2023.¹

Following its global and local launches, DOMINO reached approximately 480 million people and was added to game libraries by more than 60,000 users. The app enjoys a positive review rate of 80% on the platforms.

● Ghost-net Retrieval and Recycling Project

Joining forces with the Turkish chapter of the World Wildlife Fund and Marine Life Conservation Society (DYKD), Arçelik undertook a project to deal with biodiversity-threatening "ghost nets" - fishing nets that have been abandoned, lost, or otherwise discarded in the sea. Fishing nets are retrieved, recycled and used in Arçelik products. With the contribution of project stakeholders and academicians, a literary review was conducted to raise awareness of ghost nets, and an academic study was carried out that identified and reported the project's effect on the environment and marine life.

● Arçelik, İyi-Ge, Climate Friendly Movement

In its activities, Arçelik is guided by the mission it undertakes as a responsible and pioneering brand to raise awareness and mindfulness about the impact of household life and daily habits. In keeping with this mission, the company's "Designs Innovation With Love" message that has become entrenched in consumers' minds over many years was revised to "Designs Goodness With Love". The benefit-oriented brand journey started off with the question, "What can we do?".

Within the frame of sustainability goals, the Goodness Development (İyi-Ge) Committee was formed in July 2021. Its members consisting of representatives of Turkey's foremost NGOs, scientists, climate activists, and artists; the İYİ-GE Committee works in parallel with Arçelik engineers and employees, and conceives projects to "design goodness with love" in terms of responsible production and responsible consumption. On the responsible production side, Arçelik aims to reduce the carbon footprint it causes year on year by 2030 and urges us to work together to mitigate the damage to the planet by creating social awareness with its Climate Friendly Movement project.

● Climate Friendly Store

Under the Climate Friendly Movement project, Climate Friendly Stores were designed, which save energy and water, and have a lower carbon footprint. In addition to the first Climate-Friendly Store, which has been opened in İzmir and holds LEED platinum certification, four dealers in İstanbul and one each in Ankara and Antalya completed their Climate Friendly Store transformation. Green logos that symbolize the transformation are being displayed in the stores.

● Climate Friendly Movement Advertising Films

Arçelik announced that it had initiated its Climate Friendly Movement with advertisements produced specifically for the project which aired in 2022, and made use of all revenues from these promotions in its sustainable home concept, demonstrating that a sustainable life at home is possible, and calling on all its consumers to take action.

In 2023, consumer awareness was raised through three films dwelling on sustainable products through energy- and water-saving products within the scope of the Climate Friendly Movement project.

¹ DOMINO: The Little One game can be downloaded from the links below:
Steam (Windows) - https://store.steampowered.com/app/2672900/DOMINO_The_Little_One/
App Store - <https://apps.apple.com/tr/app/domino-the-little-one/id6471971738>
Google Play - <https://play.google.com/store/apps/details?id=com.arcelik.dominothelittleone>

● Grundig Respect Food, Respect Planet

Grundig seeks to inspire people to take steps for a more sustainable future while always remaining committed to the principles of sustainability, quality, and aesthetics that are the essential inputs of its growth. Imagining a better future, Grundig keeps a close watch on technological changes and developments as they continue to evolve. For Grundig, “A better future starts at home” because as a company it believes that a better future begins with the values we all learn at home and with the first steps that we take there. In line with this, Grundig aims to encourage people to work for a better future in their daily lives through its technology, partnerships and communication efforts on the back of its vision “Respect Food” and “Respect Planet and to be respectful of the environment and food.

The Better Future-inspired technologies that Grundig develops help people be more responsible consumers.

Energy-efficient appliances, washing machines whose components are made from recycled PET bottles, microfiber filtration technologies that help protect water resources from plastic pollution, technologies that prioritize maximum efficiency in the consumption of resources such as water and energy, and 100% recyclable packaging give consumers access to environmental

footprint-reduced products and technologies that contribute to the circular economy. Through the advertising investments that it makes in such products and technologies, Grundig strives to create and promote consumer awareness and conscious behavior.

In 2022, Grundig initiated a campaign reflecting its sustainability vision, encouraging consumers to act by stirring their eco-anxiety. The campaign racked up 3.3 million hits in 2022 and this number continued to increase in 2023. The campaign demonstrated that the company understands consumers’ concerns and showed us that there are things that consumers can do to help make the world better. As the campaign continued to resonate through 2023, it garnered numerous awards including Mixx Europe, German Brand Awards, Felis, and MMA Smarties.

Committed as it is to its Respect Food philosophy, Grundig undertakes projects to promote responsible consumption among consumers in response both to the increasing prevalence of food waste in today’s world and the need to do something about it. While taking part in many such projects at both the national and the international levels, Grundig also engages in R&D to explore and develop new technologies that will help prevent food waste.

As a result of such efforts the company has come up with refrigerator technologies that reduce food loss by keeping food fresher for longer and with cooking technologies that help ensure food is perfectly cooked and doesn’t have to be thrown away because it is burnt, overcooked, or undercooked. As a global brand with an eco-friendly image, Grundig also engages in idea-sharing, awareness-creation, and mobilizing communications that draw attention to the dimensions of food waste and invite everyone to do their part.

Grundig has created lasting collaborations in its partnerships with Massimo Bottura and Food for Soul, drawing attention to its fight against food waste and supporting disadvantaged groups. Around World Food Day, which it acknowledges by drawing attention to food waste through special campaigns every year, Grundig released the “Food Saved Me” campaign in 2023. In this campaign, stories from the Refettorios (soup kitchens) set up by Food for Soul are told by joining forces with those who have the same concerns about food. Revealing the value of food, individuals’ authentic stories are used to explain how food waste is prevented in these soup kitchens, the importance of this, and how food transforms people’s lives. Emphasis was placed on the importance of food, on the need to reduce waste, and different aspects of food.

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● Grundig Turkey

Initiated by Grundig Turkey in 2017 and intended to inspire a sustainable lifestyle, the “Ruhun Doysun” (Feed Your Soul) platform with 600,000 members transported its “Respect Food Movement” communication efforts to social networks in 2023. For this campaign carried out via the platform, Turkey’s first AI-based Instagram ChatBot in this area was created. In cooperation with Meta, attention was drawn to topics to reduce food waste with the tagline “Çöpe atma, Emoji at”, which literally translates as *don’t throw it in the bin, send us an emoji instead*. When a food emoji was sent to Ruhun Doysun’s Instagram account, the user received food waste prevention tips under the headings usage, recipes and storage. The recipes were used to publicize the Grundig products that can be used in their preparation. During the campaign, 319,000 emojis were sent with the colossal achievement of 33 million interactions. This campaign earned Grundig Turkey Felis and MMA Smarties awards.

In addition, an immersive experience showroom was designed to encourage sustainable living, featuring environmentally friendly products and technologies such as the dishwasher with basket accessories made from seashell-based bioplastics, and the Pet Tub washing machine whose drum is made from recycled plastic bottles. In the showroom, which

also demonstrated Bluetooth speakers with housings of 100% recycled plastic, visitors had the chance to get acquainted with and test innovative products and technologies that respect the environment, starting with the R&D process. The Grundig logo on the site was designed by Back2Life, the sustainable art workshop created by Arçelik that aims to raise increased awareness of recycling, using materials from the Waste Electrical and Electronic Appliances Facilities.

● Beko Global Healthy Living and Sustainability Communication Efforts

Over the course of its six decades in business, Beko has always been a shining beacon of product innovation both for its customers and for the world. Beko sees its ‘reason for being’ as one of helping future generations enjoy a better life in a more habitable world through the proliferation of beneficial technologies. In line with this, the brand strives to come up with and deliver technologies and solutions that help protect human and environmental health and wellbeing. Beko comes to consumers’ aid with a wide range of home-appliance solutions from health-protecting technologies that preserve foods’ nutritional values for longer on the one hand, to healthier and more effective cooking methods on the other. Believing that healthy living is possible only in a healthy world, Beko gives consumers access to

technologies that will help protect the planet. Products made using recycled and/or biodegradable materials as well as energy and water-efficient technologies not only promote conscientious resource use but also help reduce carbon footprints.

In the same vein, Beko also conducts campaigns intended to help consumers lead a healthier life, promote consumers’ mindfulness about environmental problems, and stir them into action. Communications in 2023 aimed to publicize the company’s healthy technologies to consumers, convey the company’s sustainability actions, make individuals aware of their carbon footprints, and prompt them to do something about reducing their carbon emissions. The campaigns reached 76.3 million people with more than 1.2 billion viewings; Beko’s ads were clicked on 5.9 million times resulting in 2.2 million visits to its websites by viewers in search of more information. This campaign is still in progress and continues to deliver “healthy living on a healthy planet” social-media messages aimed at raising consumers’ awareness and motivating them to take action.

Beko will continue to enter into partnerships and undertake initiatives to advance its “healthy living on a healthy planet” movement.

Arçelik regards corporate volunteerism as a fundamental component of corporate citizenship.

Corporate Volunteerism

Arçelik regards corporate volunteerism as a fundamental element of being a good corporate citizen. In every undertaking – but prioritizing environmental and social investments – through which it aims to create value, Arçelik endeavors to increase employees' awareness of the issues involved and to strengthen their ability to dealing with them by providing them education and training resources so as to create tangible value through the activities that they carry out. Employees who join the Arçelik Volunteers Club are motivated by a desire to undertake and involve themselves in projects that will deepen the meaning of "Respect for the environment and society" and will serve the interests of both in the best way possible while also seeking to do what is best for the world. As a strategic global team, Arçelik Volunteers also call on all other Arçelik employees to take part in projects which they have developed in priority areas. In addition to the social wellbeing that they aspire to create, Arçelik Volunteers likewise seek to increase the benefits of such collaboration.

Arçelik Volunteers clubs have developed and carried out projects in such areas as gender equality, technology and digitalization, equality of education and opportunity, and sustainable living, which Arçelik has identified as being among its strategic priorities. Arçelik supports volunteerism among its personnel by making company

resources available so that they may discuss new project ideas, turn the ideas into projects, and create environmental and social benefit as Arçelik employees. Arçelik Volunteers clubs have been formed in 12 countries. In meetings held at the end of 2022 and attended by 164 Arçelik volunteers, the vision and mission of Arçelik Volunteers were shared and the 2023 roadmap was laid out. Due to the earthquake disaster that took place in February in 2023 in Turkey, all volunteering efforts planned for 2023 were concentrated on earthquake relief and restoration. Accordingly:

- A team of 717 people was formed to take part in volunteering activities in response to a call upon Arçelik Turkey employees.
- All calls for volunteers needed in the earthquake region were passed on to this team, and 78 employees actively worked as volunteers in the field.
- Gatherings were organized with the children affected by the earthquake in the cities of Malatya, Adiyaman, Hatay and Kahramanmaraş on April 23rd, National Sovereignty and Children's Day. Toys and books collected by Arçelik employees were given to the children as presents.
 - » At the Children's Day event:
 - » 12 Arçelik volunteers got together with 1,000 children in Malatya;
 - » 10 Arçelik volunteers got together with 2,000 children in Adiyaman;



- » 10 Arçelik volunteers got together with 450 children in Hatay;
- » 10 Arçelik volunteers got together with 2,000 children in Kahramanmaraş;
- » 60 volunteers handcrafted 350 door hangers/decorations for the container cities in Hatay, Kahramanmaraş; and
- » 200 volunteers handcrafted 2,000 door hangers/decorations for Adiyaman and Malatya.
- Volunteers were actively involved in the fieldwork in the opening of Koç Holding-led Hope City container towns. Opening events were held for Hope City living areas in Hatay, Iskenderun, Kahramanmaraş, Adiyaman, and Malatya provinces, and for the rail car city in Malatya. A Melissa Vargas relaxation room was built for inpatient children at the hematology and oncology services of Malatya İnönü University Hospital.
- In terms of social spaces intended to encourage an active life, a variety of projects were set up,

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including a cookery workshop, a handcraft workshop, Arçelik football school, a Digital Wings workshop and employment projects for women. For details, please refer to “*Earthquake Relief Efforts*” section ([p.180-183](#)).

Social Responsibility

53 Arçelik employees that are members and non-members of the running team took part in the 45th İstanbul Marathon and staged a “Goodness Run” to raise awareness of and solicit support for the Turkish Education Foundation and the Mustafa V. Koç Scholarship Fund.

The roadmap for 2024 is targeted at creating community benefit by developing projects on sustainable living, gender equality, equal opportunity in education, technology and digitalization. In addition, activities at the Hope Cities are due to continue during the year.



Initiatives by the Global Organization

Beko PLC & Barnardo’s Cooperation

Under this cooperation that is now in its 10th year, Beko PLC works with Barnardo’s to supply household appliances to the Gap Homes Scheme. Developed by Barnardo’s, the Gap Homes Scheme was created to extend support to young adults leaving care and to prepare youngsters for an independent life. Donated household appliances give access to important facilities that will help residents develop their basic skills.

Beko PLC continues to donate household appliances to the most disadvantaged families in the UK; within this framework, donations in 2023 topped 1,000 units.

Dawlance

In 2023, Dawlance continued to fulfill its commitments in relation to corporate social responsibility by way of effective collaborations. Through its partnership with the Hunar Foundation, Dawlance contributed to sustainability with its Rags-to-Bags initiative, under which tote bags are produced using recycled advertising materials. Furthermore, the company facilitated the construction of two water treatment facilities in Nawabshah under the “Boond e Shams” project, giving 10,000 people access to clean water.

Having partnered with OICCI for the Pakistan Climate Conference in 2023, Dawlance demonstrated its commitment to combat the climate crisis once again. Dawlance took part in the Future Summit - 7th Edition by The Nutshell Group, where it unveiled its highly energy-efficient and environmentally friendly R32 coolant. With this innovative product that guarantees reduced energy consumption, Dawlance not only reinforced the environmental mindfulness approach in the Pakistani household appliances category, but also supported community health and contributed to the company’s sustainability targets.

Defy & the East Coast Radio (ECR) - The Big Favor

In cooperation with ECR, a radio station for which Defy acts as the product sponsor, the company identified the NGOs that are in need of household appliances to generate social benefit. With this project, Defy aimed to raise awareness of NGOs’ needs, to draw the attention to various forms of financial support that can be extended to NGOs, and consequently, to ensure that the basic requirements of underprivileged individuals are met. A total of six NGOs benefited from the project, under which Defy donated its premium products along with an internally developed nutrition plan. The project is due to continue with the participation of new beneficiaries in 2024.

Elektrabregenz has been equipping the homes of children and young people in need in Austria with necessary appliances under its 13-year collaboration with Pro Juventute.



Elektrabregenz' Partnership with Pro Juventute in Austria

As per its holistic approach to corporate social responsibility, Elektrabregenz has been equipping the homes of children and young people in need in Austria with necessary appliances under a collaboration with Pro Juventute that has been ongoing for 13 years.

Attaching importance to fulfilling the needs of children and youth, the Brand provided more than 70 household appliances free of charge. In addition to donating all the appliances needed for the project, Elektrabregenz provided prizes to help raise more funds in the charity auction gala organized by Pro Juventute.



Fotocredit: © Philipp Hutter, Pro Juventute

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Residence Opening in Bruck an der Leitha

With the aim of supporting children that need care and to help the youth develop their life skills, the shared apartment in Bruck an der Leitha was expanded in 2023. Additional rooms were built which covered 10 children's rooms, as well as two study rooms for the Pro Juventute team, and two adult rooms. Elektribregenz donated various appliances for the kitchen area, which plays an important part in the building and the project.

Singer Bangladesh

Singer Sewing Academy is a leading corporate social responsibility initiative that has been ongoing for over four decades in Bangladesh. Using Singer sewing machines as an effective tool, the program offers sewing training scholarships to select disadvantaged women across the country, helping to empower them. Singer helps to raise women's living standards with the successful sewing training programs it offers, and makes a major impact in the region.

Singer Bangladesh celebrated Bangladesh Independence Day by collaborating with a civil society organization named Nari Maitree whose works also include empowerment of women. Singer Bangladesh believes that every

Singer Sewing Academy is a leading corporate social responsibility initiative that has existed for over four decades in Bangladesh.

child is entitled to quality education, and that it is important for the company to contribute to children's growth and development. On this special day, the company donated educational materials to support children's education.

VoltasBeko

VoltasBeko aims to increase the ratio of female employees in every department in an effort to guarantee equality of women and men in economic life, and to eliminate gender stereotyping in jobs. The company increases the employment of women at workstations that are more heavily staffed by men, such as welding, metal forming and assembly. Half of the operators in the washing machine production at VoltasBeko are women and the percentage of hourly-paid women employees has reached 41%.

With the contribution of its employees, VoltasBeko organizes the "Joy of Giving" festival every year, which encourages helping one another by donating children's clothing and toys in good condition, school supplies, food, and hygiene products. These are delivered to local NGOs, and via them, they are relayed to people in need in Sanand and Ahmedabad.

Championing the company's principles and values in the context of sustainable living, VoltasBeko planted 400 saplings in and around the Sanand factory campus in 2023.

Arçelik strives to come up with solutions that address the needs of local communities through the partnerships it establishes, the projects it conducts and sponsorships it grants.

Community Development and Partnerships

Supporting local communities and Partnerships

Through the partnerships that it enters into, the projects that it undertakes, and the activities that it sponsors, Arçelik strives to come up with solutions that address the needs of local communities. The company has adopted and published a Civil Society Cooperation Policy¹ that sets out the criteria by which it selects the partnerships that it will enter into and the organizations that it will support in the conduct of its socially beneficial activities.

The company carries out its sponsorship and donation activities in accordance with its Global Donations and Sponsorships Policy² that it has drafted within the framework of its Global Code of Conduct.

Beko and Water.org Partnership

In the last quarter of 2022, Beko partnered with Water.org to support a social responsibility program that will give 10,000 Kenyans access to safe water and sanitation solutions. Under the partnership that will last until September 2024, Beko



will sponsor Water.org and its local partner AMFI Kenya, the Association of Microfinance Institutions-Kenya. The company will contribute to the development of solutions through microloans that will give populations deprived of safe water sources access to it. This partnership also aims to generate a positive impact for hard-to-reach communities. By year-end 2023, Beko has been instrumental in giving more than 7,300 people access to safe water or sanitation solutions.

Grundig: Food for Soul

Food for Soul NPO founder Chef Massimo Bottura, who has been championing Grundig's quality, aesthetic, sustainability, and similar values since 2018, once again served as a Grundig brand ambassador in 2023 in the

company's awareness-creation processes. Designated a "United Nations Environment Program Goodwill Ambassador" because of the Food for Soul movement that he created to help combat food waste worldwide and also recognized as one of the 100 most influential people of our day by *Time* magazine, Bottura helps to promote Grundig's brand image as a sustainability champion.

Grundig also reinforces its "Respect Food" initiative and supports food-waste prevention awareness through other channels and collaborations. In the eight years since the initiative began working with Food for Soul, Grundig has helped to prevent food waste

¹ Arçelik Civil Society Cooperation Policy: <https://www.arcelikglobal.com/media/5740/civil-society-cooperation-policy.pdf>

² Arçelik Global Donation and Sponsorship Policy: https://www.arcelikglobal.com/media/6246/7_global-donation-and-sponsorship-policy.pdf

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through the NPO's Refettorio charitable kitchens that serve meals to disadvantaged people. Through its partnership with Food for Soul, the company continues its efforts to expand the Refettorios across the world and to combat food waste on a global scale. This collaboration has prevented more than 1,070 tons of food from being wasted while also supplying 2.4 million meals to people in need.

Arçelik and Beko Sponsorships

Arçelik National Teams Sustainability Partner

In addition to offering its own products and services for a more sustainable future, Arçelik aims to promote responsible consumption in society. Thus, in a bid to raise awareness of sustainability issues, the company has become the Sustainability Partner of National Football Teams in addition to its ongoing support as the Main Sponsor of the National Football Teams. National Teams reach broad audiences irrespective of age, income or gender, and have the potential to unite society around a common cause; therefore, Arçelik announced this new partnership through various communication channels. With this campaign, Arçelik aims to work with the

In addition to offering its own products and services for a more sustainable future, Arçelik raises awareness of responsible consumption in society.

National Team players to draw attention to various subjects including recycling, prevention of energy waste, reuse, and responsible consumption.

Earthquake Relief Efforts

In conjunction with the Koç Group, Arçelik took immediate action to heal the wounds and return life to as normal as possible when the earthquake in Turkey struck. Together with its dealers, authorized service centers and employees, the company extended support to the victims of the earthquake in the region, with the relevant efforts coordinated by the Crisis Management Center set up at the Koç Group and in line with the guidance provided by the Ministries and AFAD, the Disaster and Emergency Management Presidency.

The Arçelik Search & Rescue Team comprised of 77 people was mobilized immediately after the

earthquake disaster and helped to pull 20 citizens from under the rubble in the region.

Coordination and operations centers were set up at three locations in Hatay, Adıyaman and Kahramanmaraş in order to deliver humanitarian aid items to the region, which were specified in AFAD's current necessities lists and collected from the company's entire network. More than 800,000 items were delivered to the region, including heaters, stoves made from the drums of old washing machines, solar panels and generators, as well as tents, food, blankets and clothing. To secure the cold chain required to preserve medication, refrigerators were delivered and assembled in the field hospital set up in Antakya.

Hot meals and clean clothing were available at Arçelik's Stationary Support Points. Service was delivered from sanitation trucks in Kahramanmaraş, Hatay,

Arçelik, together with the Koç Group, took action immediately after the earthquake that struck 11 provinces in Turkey.

Adıyaman, Gaziantep, Diyarbakır and Malatya, and from food trucks in Kahramanmaraş, Hatay and Adıyaman.

After the urgent vital basics (search & rescue, tents, hot meals, heaters, hygiene trucks, food, etc.) were accomplished, the company was involved in the efforts to set up the Hope Cities comprised of 5,500 containers located in Hatay (Antakya and İskenderun), Kahramanmaraş, Adıyaman and Malatya, a Koç Holding initiative intended to provide temporary settlement for 20,000 people.

Hope City Support Efforts

Product Support

Basic products required for the containers such as TV sets, refrigerators, ACs, cooking stoves and water heaters (5,500 of each) were supplied by Arçelik and assembled as quickly as possible by local authorized service centers at Hope Cities set up at five different locations in our four provinces, namely Hatay (Antakya and İskenderun), Kahramanmaraş, Adıyaman and Malatya.

Hygiene Zone

Hygiene zones with washing machines and dryers were set up at 12 different spots to respond



to the needs of families living in the Hope Cities in Hatay (Antakya and İskenderun), Kahramanmaraş, Adıyaman and Malatya. Service in these zones continues to respond to the people's hygiene needs.

Digital Wings Workshop

Two separate Digital Wings Workshops were established in the Hope Cities in Adıyaman and Malatya. Digital Wings is an educational project conducted in 81 provinces in Turkey in collaboration with the Ministry of National Education and sponsored by Arçelik and Beko brands. Under this project, implemented to ensure equal opportunities in education, robotics, coding and product design activities are carried out to support our children's development with the skills for the 21st century. During

the workshops, which incorporate educational equipment such as tablet PCs, computers, 3D printers, Twin science sets and smart boards, workshop activities and regular training programs are held for secondary school students living in the Hope Cities.

Arçelik Café

Colorful Arçelik Café spaces at five different spots in four different provinces - Hatay (Antakya) (1), Kahramanmaraş (2), Adıyaman (1) and Malatya (1) - have become meeting points for the youth due to their computers and internet access. Arçelik Cafés are designed as spaces where the children and youngsters living in the Hope Cities can do research, study for their lessons, socialize, play games and spend quality time.

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Cookery Workshop

Cookery Workshops established in four provinces, namely Hatay (Antakya), Kahramanmaraş, Adiyaman and Malatya, are targeted particularly at women who live in the Hope Cities. Cooking classes are given in cooperation with Public Education Centers, while Cookery Workshops are run by culinary chefs. The target is to create an ecosystem whereby women can create recipes in the kitchen, which they can convert into products to generate income in the future. The Cookery Workshops are also used as a dining area for visitors to the city.

Customer Communication Centers

Two customer communication centers were established in Hatay and Malatya, dedicated to the employment of youngsters and women in particular, with the aim of creating new employment opportunities after the earthquake.

Arçelik Football Academy

Established in collaboration with the Turkish Football Federation to support the development of children and youngsters through sports, Arçelik Football Academy serves as a space where young people are given football training by expert trainers and their interest in the sport is fueled through various activities.



Children's Play Room

A children's play room was created in Malatya Hope City, which offers services to preschool children. Designed as a colorful play area and equipped with toys that are appropriate for the age group, the space caters to children's educational/developmental and play needs.

Library

A library was created in Malatya Hope City, which is at the disposal of all the residents in general and youngsters and children in particular. With a rich selection of books, it has become a center of attraction for the youngsters and children, and also a space for studying.

Computer Room

A computer room was prepared in Adiyaman Hope City to give the public internet access. Offering computer and printer support,

this space is used for all the internet needs of the residents, with particular emphasis on e-government transactions and procedures.

Support to Civil Society Centers in Hope Cities

All products for the women and youth centers set up in the Hope Cities in collaboration with civil society organizations such as the Foundation for the Support of Women's Work (KEDV), Vehbi Koç Foundation and Suna'nın Kızları were supplied by us. Vital white goods and small home appliances were put at the disposal of users in these centers.

Malatya Rail Car City

The "Rail Car House Project" was created in collaboration with İnönü University, Republic of Turkey State Railways (TCDD), and Mechanical and Chemical Industry Corporation

(MKE), 90 scrap rail cars were redesigned and each one was converted into a home of 38 sqm and allocated to healthcare workers working at the university. Thus, a helping hand was lent to healthcare workers to protect their own health as they work arduously for public health.

Malatya Dormitory Building

Work was initiated to find a solution to the post-quake housing issue that arose in Malatya from the standpoint of healthcare workers and to keep them in the city. For this purpose, a dormitory was purchased and donated to Malatya İnönü University Turgut Özal Medical Center for the housing needs of healthcare workers. Healthcare workers and their families were domiciled in the two-building dormitory with a capacity of 550 beds.

Malatya İnönü University Medical Faculty Children's Play Room

A children's play room was designed for the children receiving treatment in Turgut Özal Medical Center at Malatya İnönü University Medical Faculty. Designed with support from psychologists from the Koç University and faculty member architects from Mimar Sinan University, the areas will allow the children to spend quality time and have fun.

Hope City Volunteering Activities

April 23rd Festivities

Conceived and led by Arçelik Volunteers and supported by all the Koç Group companies, thousands of children attended the celebrations that were organized in four provinces, namely Hatay, Kahramanmaraş, Adıyaman and Malatya on April 23rd, for National Sovereignty and Children's Day. The children enjoyed a fun day designed with activities ranging from inflated play areas to sports activities, from shows to various gifts.

Aid Campaigns

Immediately after the earthquake, an aid campaign for the earthquake region was launched, which was organized by Arçelik Volunteers and supported by company employees from all locations. Urgent needs such as food, clothes, toys, books, hygiene products, baby food, provisions for stray animals, etc. were identified in the earthquake region, and the collected materials were delivered to the site. At the same time, all stakeholders in our network were mobilized, and extensive supplies were also provided by numerous associated organizations.

Volunteer Support for the Settlement Process

The settlement process for families in the Hatay (Antakya, İskenderun) and Kahramanmaraş Hope Cities was supported by Koç Holding. On their first day in the Hope Cities families were supplied with coffee/tea service areas, and support items such as hygiene products. Volunteer support will continue in the future in line with needs.



Theater Company

Arçelik Theater Company organized children's play and drama activities for children to help mend the wounds inflicted by the earthquake and support their adjustment to social life. Koç Holding intends to coordinate an exhibition of the works created in the earthquake region, as well as staging drama activities.

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Arçelik fosters environments that facilitate the generation of innovative ideas and solutions by bringing together individuals with diverse experiences and perspectives.

While also taking worldwide developments into account, Arçelik advances resolutely towards realizing its goals of achieving enduring success and of sustainably passing the values it creates on to future generations. Promoting and maintaining a healthy corporate culture of scrupulous honesty and utmost commitment to the values of inclusion and diversity, Arçelik strives to equitably provide its employees with workplace environments in which they feel appreciated and respected.

Business Ethics and Transparency

Human Rights

Arçelik provides its employees with workplace environments whose chief characteristics are fairness, equality of treatment, and respect for human rights. Arçelik subscribes to the United Nations Global Compact (UNGC) and International Labor Organization (ILO) workplace and work-life precepts and abides by them in the formulation and implementation of its human rights policies and practices and transparently reports its compliance with them. Arçelik was also one of

the first companies to commit itself to Home Appliance Europe (APPLiA) rules of behavior.

At Arçelik, human rights-related issues and functions are among the responsibilities and duties of the Arçelik Human Resources Department (AHRD). This department is also globally responsible for organizing internal and external human rights audits, developing risk maps revealing human rights risk exposures, defining human rights due-diligence processes, and taking similar supervisory, preventive, and corrective action.

To ensure the systematic oversight of human rights functions, an AHRD Human Rights Committee meets four times a year. Charged with mapping the company's human rights risk exposures and with discussing human rights-related measures that have been and/or need to be taken, this Committee's primary duty is to proactively intervene to so as to make certain that Arçelik's value chain is in no way whatsoever disrupted by human rights-related issues. The AHRD Human Rights Committee





is chaired by Arçelik's assistant general manager for human resources; its senior executive in charge of industrial relations, human rights, administrative affairs, and occupational health and safety serves as the Committee's secretary-general; its other members are the assistant general managers for finance and financial affairs, for production and technology, for procurements and supply chain and for sustainability, quality and customer care as well as Arçelik's OHS, global communication, global compliance, sustainability, quality, and environment department heads. At quarterly intervals, Arçelik's assistant general manager for human resources, the Committee's chair, reports human rights-related issues and actions at Arçelik to the Koç Holding Durable Consumer Goods Group President, a member of the Koç Holding Board of Directors who is responsible for human rights policies and practices across the entire Koç Group.

While the AHRD Human Rights Committee has overall responsibility for human rights issues throughout Arçelik, at each plant there is also a human rights committee which is responsible for such matters within its own operational domain and whose permanent members are the plant's senior executives. These committees discuss any human rights issues involving their own operations and report any decisions

that are made to the AHRD Human Rights Committee.

All HR policies, practices, and processes from recruitment and hiring to compensation and career progression at Arçelik are governed by the principle of equitability. In line with the company's principles of success-based merit and equality of opportunity, Arçelik provides its employees with a fair-minded workplace environment in which consideration is given only to such criteria as educational background, knowledge, skills, competency, and experience. No discrimination on the basis of ethnicity, language, religion, age, gender, sexual orientation, nationality, physical disability, or cultural differences is permissible. Arçelik's human and employee rights policies are accessible from the accompanying links.

Arçelik Global Code of Conduct:
https://www.arcelikglobal.com/media/5512/2_global-code-of-conduct-operations-policy_.pdf

https://www.arcelikglobal.com/media/5510/1_global-code-of-conduct_.pdf

Arçelik Global Human Rights Policy:
https://www.arcelikglobal.com/media/6236/15_global-human-rights-policy-en-1.pdf

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Arçelik respects its employees' right to unionize and to enter into collective bargaining agreements. Arçelik complies strictly with the requirements of labor laws and regulations of any country in which it or any of its suppliers have an operational presence. Arçelik has no tolerance whatsoever for any form of child labor or forced/compulsory labor.

Arçelik and its workplaces are subject to external, independent inspection and auditing by the Business Social Compliance Initiative (BSCI) and the Suppliers Ethical Data Exchange (Sedex/SMETA). Matters pertaining to social management systems, employee engagement, unionization and collective bargaining, non-discrimination, remuneration, working hours, OHS, workplace safety, compulsory labor, child labor, environmental performance, and ethics are monitored by BSCI. Corrective/preventive measures are developed to deal with any issues revealed by audits and their implementation is followed up. Arçelik complies with the requirements of applicable laws and regulations in every jurisdiction in which its operations are carried out. The company has its suppliers and their workplaces independently audited so as to ensure that its principles of human and employee rights and equality of opportunity are adhered to across its value

Since the day it was founded, Arçelik has always made ethical behavior and practices core elements of its business models.

chain. As mandated by its zero-tolerance policy dealing with such matters, Arçelik severs any business relations with any supplier that violates human rights.

Arçelik Global Compliance Program, Combating Bribery and Corruption Policy

Since the day it was founded, Arçelik has always made ethical behavior and practices core elements of its business models. The ethical guidelines of all Koç Group companies were laid out by the Group's founder Vehbi Koç who said "Honesty, integrity, and superior business ethics are the foundations of our business conduct. We conduct our business based on good intentions, mutual benefit, and fair treatment in all our relationships."

Arçelik and those who act on its behalf strive to lead its employees, business partners, and all of its other stakeholders along the trail blazed by the company's founder. To address the more complex needs arising from the company's global expansion, Arçelik's existing "Code of Conduct and Working Principles" was revised, updated, and renamed "Arçelik Global Code of Conduct

Operations Policy" and put into effect by the Board of Directors in 2019.

The essential tenets of the Arçelik Global Compliance Program are "Protect", "Identify", and "Respond". All Arçelik employees and business partners are kept informed about the program's rules, are expected to obey them, and are supported in their efforts to do so. All company executives are responsible for behaving in ways that set an example for employees and for making business decisions that are compatible with the Arçelik Global Code of Conduct and its related policies. The execution of this responsibility is monitored by the Global Ethics Committee. The Global Ethics Committee is led by Arçelik CEO.

The Arçelik Chief Legal and Compliance Officer is responsible for submitting to the Koç Holding Durable Consumer Goods Division President quarterly reports of all Arçelik Global Compliance issues and Arçelik Global Ethics Committee decisions. This executive, who is also a member of the Arçelik

Board of Directors, is responsible for reporting to that Board the activities of the Arçelik Global Ethics Committee and of any compliance issues that might be on the company's agenda.

The Arçelik Global Compliance Program is reviewed in light of the company's changing needs and revised accordingly.

A copy of the Arçelik Global Code of Conduct Operations Policy¹ and copies of each of its related policies are presented to every newly-hired employee, who is expected to sign a document as acknowledgment of their receipt. All newly hired personnel are also given Arçelik Global Code of Conduct Operations Policy and related-policy training upon joining the company. The completion status of the training is checked regularly.

In 2021, a "Restricted and Denied Party Screening" module was added to Arçelik's SAP system as an element of the company's Compliance Program. This module automates the process of determining for the benefit of third parties that the company's business partners are neither banned or sanctioned anywhere nor have operations in any embargoed country.



Arçelik employees are provided with online interactive training resources to enhance their awareness of compliance-risk issues. This training is provided under the headings of "Code of Conduct", "Anti-bribery and Corruption", "Sanctions and Export Controls", "Personal Data Privacy", and "Anti-Money Laundering". Also included are "Competition Law" and "Human Rights and Anti-Discrimination" as per the Arçelik Global Code of Conduct. Senior executives are also provided with the same training in one-on-one sessions.

Any violation or infraction of Arçelik Global Code of Conduct Operations Policy or of any related policy may be reported to the Arçelik Legal and Compliance Department through a variety of channels such as Ethics Hotline numbers in some

countries, email, and the company's web tools at www.ethicsline.net. Arçelik is committed to protecting all whistleblowers from retaliation and to handle all investigations with complete confidentiality.

Arçelik has publicly declared that it will comply with anti-bribery and anti-corruption laws, regulations, and principles in line with its Global Anti-bribery and Corruption Policy.

As a subsidiary of Koç Holding, Arçelik is a likewise a signatory to United Nations Global Compact rules governing anti-corruption and anti-bribery principles and practices throughout the world. Systematic risk analysis studies for bribery and corruption compliance risks were initiated in 2023.

¹ Arçelik Global Code of Conduct and Related Policies:

https://www.arcelikglobal.com/media/5510/1_global-code-of-conduct_.pdf

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Arçelik in no way condones or tolerates any corrupt act, financial fraudulence, facilitating payment, or bribe. All financial records of transactions must fully and clearly reflect the truth. No duly registered account or asset may be entered into any of the company's accounting systems.

In every country in which it has an operational presence, Arçelik complies fully with that country's currently applicable laws and regulations governing anti-bribery and anti-corruption issues. Arçelik makes every possible effort to ensure that all company employees are given anti-bribery and anti-corruption training every year.

As a consequence of its Global Anti-bribery and Corruption Policy¹, in no way condones or tolerates offering, giving, or accepting bribes. No employee is permitted to accept or to offer or to give any gift or payment of money that might be interpreted as a bribe. Every employee who is involved in or a witness to such a situation is required to report it to the Global Compliance Department.

If employees encounter a bribe request or offer, they are obliged to report this to the Global Compliance Directorate.



Data Privacy

At Arçelik, all personal data privacy standards and practices are informed by the requirements of applicable laws and regulations and by the Arçelik Global Code of Conduct Operations Policy and the Arçelik Group of Companies Personal Data Protection and Processing Policy³. The company's Global Data Privacy Team is responsible for the oversight of all personal data privacy and processing functions and operations both at Arçelik and among its subsidiaries and for ensuring full regulatory compliance.

Arçelik and its subsidiaries and affiliates process and protect all personal data belonging to their customers, suppliers, employees, subcontractors, and any other stakeholders with which they have business dealings in accordance with the requirements of applicable laws and regulations. In situations where such laws and regulations mandate higher levels of personal data protection and privacy than are called for by company policy, they necessarily take precedence and Arçelik complies with them.

¹ Arçelik Global Anti Bribery and Corruption Policy:

https://www.arcelikglobal.com/media/5516/4_global-antibribery-and-corruption-policy_.pdf

² Arçelik Global Code of Conduct and Related Policies:

https://www.arcelikglobal.com/media/5510/1_global-code-of-conduct_.pdf

³ Arçelik Group of Companies Global Personal Data Privacy Policy:

https://www.arcelikglobal.com/media/5078/9_global-data-privacy-policy.pdf

Future Fit Culture, Talent and Organization Management

Our Human Resources Approach

Continuing to expand rapidly in the global arena, Arçelik has formulated an “Arçelik Global Culture Code” whose aim is to unite, through employee participation and engagement, human resources whose cultural backgrounds, abilities, roles, and responsibilities are different but who identify with a common narrative and with shared values.

Our Global Objective

Arçelik defines the impact that it wishes its employees to have on the world as “Inspire sustainable lives in every home”.

- Having a positive global impact on societies and the planet by making it possible for every household around the world to have access to sustainable lifestyles, and
- Accomplishing that while inspiring others to do the same are Arçelik employees’ common goals.

Our Values

Values which Arçelik employees should recognize as being synonymous with Arçelik, which they should embrace as their own, and which should guide them in their decisions and actions consist of:

- **Care for environment and community:** Arçelik employees believe that in the performance of their duties, one of their prime responsibilities is to act as guides on the road to sustainability by always serving the best interests of society and the planet.
- **Respect and compassion for each other:** Arçelik employees are united in a single Arçelik purpose which is nourished by diversity and which acknowledges the value of every individual no matter what their abilities or cultural background may be.
- **Pride to win:** In their never-ending efforts to make progress, Arçelik employees ask questions, focus on shared success and victory, and constantly motivate one another to do better.
- **Passion to grow together:** Arçelik employees support and help one another and believe in the power of teamwork.

Leadership DNA

The Arçelik employee behavioral model incorporates these values, is critical to long-term success, and consists of five strands of DNA. Arçelik employees:

1. **Lead with purpose and inclusion**
2. **Energize to win**
3. **Shape the future**
4. **Grow future fit talent**
5. **Empower to grow collaboratively.**

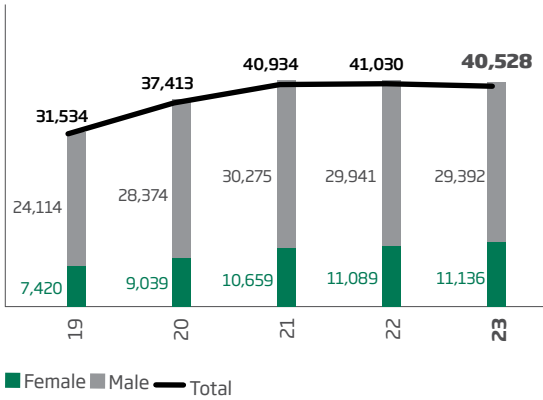
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Arçelik's Human Resources Vision and Strategic Priorities

Its highly qualified people, who ensure rapid adaptation to future developments and transformation and give careful consideration to society and the planet, represent Arçelik's key competitive edge in the global arena. Arçelik HR vision and strategic priorities are determined so as to support the company's growth on a global scale, fulfill future workforce requirements and be a center of attraction for global talents, and HR practices are put into effect within this framework. The company's activities within this scope are described below:

- The organizational structure is designed based on an operating model that will generate value in line with the company's strategies. Staffing plans are developed according to strategic priorities. When creating resources for new business areas and investments, it ensures efficiency in its existing operations through centralization and digitalization opportunities and process improvement studies.
- The company's global talents are trained and developed in critical competencies. New agile working models are addressed with a focus on organizational development and productivity, plans are made for its transformation, which are designed and implemented together with employees.
- Establishing a company culture within which employees can realize their full potential is defined as a key priority. By creating an inclusive culture, development opportunities are created for talented people who are nurtured by diversity and multivocality, are in harmony with Arçelik's values and leadership DNA. At the same time, lean solutions and business models are offered by way of digital solutions to employees which will increase their efficiency.
- The Company intends to grow globally to become a future-fit talent hub. Within this framework, it is committed to ensuring the sustainability of the organization through the identification of talent and competency needs, and growing by addressing the individual development needs of its employees accordingly.
- Employee vision is centered around the cultivation of internal talent in alignment with its diversity, equality, and inclusion strategy, attracting talent on a global scale, and establishing talent pools that represent a range of ethnic origin, gender, and age groups. The company's talent acquisition vision supports it in attaining its strategic goals and aims to ensure equal and fair evaluation of all candidates from a diversity, equality, and inclusion perspective.
- Focus is placed on contributing to employee development and designing global talent management processes in a way that supports sustainable growth. Based on a future-aligned global HR approach, opportunities are created for equipping employees with skills aligned with the evolving workforce dynamics and future talent requirements.
- Competitive strength is drawn from a continuous development strategy focused on value creation and growth based on the belief that its existing and potential employees are the enablers of its change, transformation and power to determine its innovation potential.
- To retain top talent and to become a center of attraction for talent in a bid to deliver the best employee experience, "Employee Experience" is placed at the heart of all process designs. Accordingly, a careful ear is turned to employees throughout the year using different tools including one-on-one meetings, listening questionnaires and focus groups, during which their opinions are collected and used as input for process improvements.

Total Number of Employees



Arçelik HR vision and strategic priorities are determined so as to support the company's growth on a global scale, fulfill future workforce requirements and be a center of attraction for global talents.



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Human Resources Policies

Arçelik pays regard to developments in the world, and moves forward to achieve its target of always being successful and passing on the values it has created to future generations in a sustainable manner in keeping with its “Respecting the World, Respected Worldwide” vision and purpose spelled out as “Inspire Sustainable Lives in Every Home”. In this journey, it is the common desire throughout Arçelik to:

- make sure that it moves ahead towards the company vision and purpose;
- act without compromising integrity;
- provide a decent and safe workplace environment free from discrimination or injustice, observant of human dignity and equipped with proper conditions;
- bring together individuals from different backgrounds, cultures and having different experiences and perspectives to prepare the ground for their conception of new ideas and new solutions;
- lead pursuance of the benefit of the communities and the planet; and
- create a reliable and sustainable value chain across the world.

Arçelik pays regard to developments in the world, and moves forward to achieve its target of always being successful and passing on the values it has created to future generations.

Arçelik Human Resources Policies that are aligned with the company's strategies and established in the light of shared values, leadership DNA and business ethics principles are documented and shared with all global employees. The Chief People Officer determines and manages the tenets of the company's Human Resources Policy, and maintains relationships with employees.

The tenets that underlie the Human Resources policies are spelled out below and these tenets are observed in HR practices:

- Being a company active on the international stage, local legislations, practices and requirements are respected in HR systems and implementations. In cases where HR policies and practices contradict with local legislation, the legislation of the relevant country prevails.
- Arçelik respects employees' right to unionize and collective bargaining.
- Human Resources policies are aligned with Arçelik's business strategies, and address future

organizational needs as well as current ones.

- All Human Resources processes and implementations are in harmony with and supportive of human rights; these principles urge against discrimination and compel providing equal opportunities within the company. Arçelik does not discriminate on the basis of ethnicity, race, language, faith, age, gender, sexual orientation, nationality, disability, cultural differences or political affiliation. This principle is embraced throughout the company and no official complaint has been received from employees to date on account of any discrimination experience. In a bid to permanently prevent any potential discrimination among employees and physical, mental and emotional abuse, Arçelik imposes and ensures implementation of binding rules with its Global Code of Conduct and associated policies, Arçelik Personnel Policy and all related policies.

Throughout the potential talent acquisition process that will enable the Company to achieve its strategic goals, all candidates are provided with the opportunity to be evaluated equally and fairly in terms of diversity, equality, and inclusion. It is designed to identify the best-fit candidate for the position and bring them to the Company using a range of measurement and assessment techniques aligned with the competencies and criteria required by the corresponding position. Various internship and talent programs tailored to the target audience of young talent enable new graduates and students to become acquainted with the Company while they are still in the early stages of their careers.

All HR practices are founded on fairness, consistency and reliability. In line with this principle, the criteria for job descriptions, remuneration, performance and rewarding systems of company employees are announced to employees according to a predetermined schedule, thus making sure that they are equally available to all employees. Arçelik develops a range of training programs to address organizational competence requirements and future fit development priorities. These programs are available to all monthly and hourly-paid employees from the start of their employment. Throughout the training process, which starts

with orientation, functional competencies are reinforced and supported through academies and technical training, while social skills are enhanced through competency training. Online training platforms provide access to up-to-date and diverse information. Efforts to involve employees worldwide in development solutions are intensifying.

Employees' career planning is made in line with their knowledge, skills and competencies. In annual HR planning meetings, critical positions and talents and competencies that will carry the company into the future are defined, performances of potential employees are monitored and they are supported with their development, thus readying them for their potential future roles. Succession planning is made for all management positions, and potential employees are placed accordingly. Hence, individuals who are likely to be assigned to management positions are trained, while also avoiding any situations that may hinder the company's administration in the event of possible changes in management.

While establishing talent acquisition policies and making career planning, the company embraces it as a principle to offer equal opportunities to

internal and external candidates having equal qualifications. An internal announcement system is implemented to prioritize internal candidates with respect to opportunities. In the event that a change in managerial positions is likely to cause a setback in the company's management, internal candidates named in succession planning are considered as successors.

In a bid to continually improve HR standards, HR practices are reviewed systematically and regularly, and HR processes are restructured in line with the feedback received and the latest developments.

Employee briefing meetings are organized regularly to keep them informed about the company's financial position as well as on various topics including remuneration, career, training and healthcare.

The opinion of the relevant union is sought prior to the decision to be made in relation to HR policy changes and system revisions that concern unionized employees at Arçelik and agreement is reached. All unionized employees are informed about the changes made.

Within the frame of applicable legislation, employees' personal data are protected and kept in confidence. While Arçelik aims to fulfill its existing and future

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business requirements during recruitment and placement, the company offers equal opportunities to all candidates possessing the appropriate educational background, knowledge, skills, competencies and experience, in line with its code of conduct. The company's approach to learning and development is set out as working in line with continuous development principle in line with the company's vision and business goals and helping improve the company's performance. The company's internal resources are targeted to be utilized effectively and efficiently when planning employees' current and future development needs in line with business requirements. Employee development is supported with annually revised content in parallel with the company's learning and development policy.

Arçelik believes that teamwork and collaboration, along with individual achievements, underpin organizational success. Along this line, different development methods are implemented to improve employee performance. For detailed information about the studies conducted in this field, see the "*Future Fit Talent Development*" section ([page 203-211](#)).

To enhance employee motivation,



engagement and productivity, to implement best practices and to encourage outstanding critical behaviors, Arçelik evaluates, rewards and internally advertises all beneficial achievements, inventions and/or suggestions. The company's approach to compensation management is to establish a fair and competitive employment policy in accordance with the laws.

Arçelik recognizes that engagement is one of the telling factors in terms of having a happy business life, and continues to administer online questionnaires each year in Turkey and other countries. For detailed information about the studies conducted in this field, see the "*Employee Engagement and Experience*" section ([page 211-213](#)).

Emphasizing a strong employee experience, Arçelik continues to listen to its employees when implementing its actions. Various methods including one-on-one meetings, listening questionnaires and focus groups are employed throughout the year to listen to what employees have to say and actions are prioritized accordingly. Through its HR practices, Arçelik aims to create a sustainable, learning, inclusive and equitable working environment and molds its activities to this end.

Emphasizing a strong employee experience, Arçelik continues to listen to its employees when implementing its actions.

Diversity, Equity and Inclusion (DEI)

Diversity, equity, and inclusion (DEI) lie at the core of all Arçelik corporate cultural values. Arçelik also attaches importance to mutual respect and understanding and to environmental and social mindfulness. Arçelik values and derives strength from every individual no matter what their background. Arçelik leads sustainability by acting in line with the interests of the communities that it serves.

At Arçelik, different skills, experiences, points of view, and identities are valued so as to enable every individual to be themselves, to discover their true potential, and to fully contribute to Arçelik's success. In this way, the company fosters a diverse workplace environment and nurtures a corporate culture whose processes are equitable and inclusive.

Revealing the strength that arises from differences plays a big role in Arçelik's ability to achieve its goal of inspiring sustainable lives in every home.

Arçelik strives to include diversity, equity, and inclusion into all aspects of its operations. Acknowledging the vital importance of workforce

diversity and of corporate cultural inclusion towards achieving that goal, Arçelik takes action to support both. Since 2022, a dedicated global team has continued its efforts, including an executive role focusing on diversity, equity, and inclusion. Based on the results of the analyses conducted in 2022, Arçelik developed the Global Diversity, Equity, and Inclusion strategy in 2023, aiming to address this matter from a broader and global perspective. A global employee survey focused on inclusion was conducted with the involvement of 6,000 employees to improve listening to employees' opinions. 210 employees from different countries and departments participated in focus group sessions to review survey results, and six senior management meetings were held. A global "Diversity, Equity, and Inclusion Committee" was established to enhance employee experience by developing ideas with the data collected. By virtue of the efforts of the Committee and the team supported by senior management, the Global Diversity, Equity, and Inclusion strategy was designed, and four focus areas and a 4+1 diversity approach were adopted.

Below are the four focus areas identified:

1. Talent diversity and equitable processes for all
2. Inclusive culture
3. Promoting diversity in suppliers, dealers and technical services
4. Inclusive product and brand

Within the framework of the 4+1 diversity approach, an increase in gender, nationality, and generation diversity in talent pools, along with disability focus and priority area flexibility in line with the local needs of the subsidiaries, has been ensured.

Arçelik has focused on addressing common needs on a global scale in accordance with the strategic roadmap established in 2023. Recognizing the specific and local needs of the regions, 23 local diversity, equity, and inclusion (DEI) teams representing 31 countries on a global scale have been formed in order to identify local focal points, and the relevant teams have started to work on corresponding action plans. In addition, the Global DEI Committee was established to ensure communication among countries. By virtue of the Arçelik DEI School, set to open its doors in 2024, it is aimed at enhancing the awareness and knowledge of the Global DEI Committee and observing its reflections in action plans.

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A feature of Arçelik's 2023 diversity roadmap is achieving a workforce whose own diversity is compatible with the demographic realities of its operational territories. Employees' gender, age group, and nationality data are regularly assessed, with the results being used as input for talent-management processes. The same results also inform the company's talent-backup and recruitment-pool processes.

As part of its inclusive culture transformation, the Company started providing unconscious bias training to all managers in 2023. This training is designed to establish a shared language and understanding and to foster an inclusive culture by promoting fair and objective decision-making regardless of employees' biases. In 2023, 90 executives and 967 managers participated in these training sessions, with a participation rate of 75% and 50%, respectively. Furthermore, the goal is to involve 42 volunteer internal trainers who have already started training globally in expanding the training in 2024.

As set forth in the company's Equality at Work Statement¹ and its Global Discrimination and Harassment Prevention Policy², every Arçelik employee is treated



In recognition of its successful DEI performance, Arçelik was one of only 485 companies worldwide to be included in the Bloomberg's 2023 Gender-Equality Index.

with equal dignity irrespective of any differences as to ethnicity, religion, language, race, age, gender, sexual orientation, nationality, disability, or cultural background. It is the company's policy to tolerate no discrimination whatsoever based on an individual's previous history.

In recognition of its successful DEI performance, Arçelik was one of only 485 companies worldwide to be included in the Bloomberg's 2023 Gender-Equality Index.

Engelsizler Project

Launched in December 2021 with 14 employees, the Arçelik Engelsizler Project, began with three months of technical and soft-skills training provided by Bilge Adam Technologies. Employees who completed technical training were appointed to monitoring teams whose First Line Support and Second Line Support functions they were responsible for. In 2023, Arçelik appointed five employees who successfully completed the project.

¹ Arçelik Declaration on Equality at Work: https://www.arcelikglobal.com/media/5302/declarationonequalityatwork_02.pdf

² Arçelik Global Anti Discrimination and Anti Harassment Policy: https://www.arcelikglobal.com/media/6317/16_global-anti-discrimination-and-anti-harassment.pdf

Gender Equality at Arçelik

Arçelik supports gender equality, women's empowerment, and equal participation in social and economic spaces in order to help improve social equality and justice. It strives to raise awareness about the need for women to play active roles in business, to increase the percentage of women among employees at every level, and to support gender equality. All projects, operations, and practices are considered from the standpoint of their potential contribution to gender equality and to the goal of eliminating it. Women are actively recruited and employed in Arçelik's own office and production operations. The company's authorized services providers, dealerships, and retail outlets are incentivized to do the same. As a signatory to United Nations Women's Empowerment Principles since 2017, Arçelik focuses on strengthening women's participation in business and workplace environments as one of the most instrumental ways to fast-track socioeconomic development.

Gender-Equality Targets

Arçelik has announced a set of targets that it wants to achieve by 2030 in order to improve the gender balance and overall diversity of its workforce. In line with its 2030 targets, Arçelik employs women



at every level and in a wide range of roles and capacities, including those with science, technology, engineering and mathematics (STEM) responsibilities. In line with the Diversity, Equity, and Inclusion Strategy, both quantitative and qualitative targets have been incorporated into human resources functions, particularly in recruitment and talent management. It also keeps track of hiring, promotion, appointment, and rotation practices and monitors performance. The ratio of 50% women to 50% men is pursued in the candidate lists shared with managers, and recruitment decisions are made with a focus on achieving gender balance within the relevant department. Diversity is integrated into the target cards

of the Deputy General Manager responsible for Human Resources and the Talent Culture and DEI (Diversity, Equity, and Inclusion) Directors.

Arçelik plans to increase the percentage of female employees in the STEM field to 35% by 2026 within the framework of its Action Coalition commitments. In 2023, the Company increased the STEM female employment rate in its global operations from 19% to 21.3%. The employment target is promoted by other projects, such as WE-inTech and Digital Wings, within the scope of these commitments.

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Details of the targets and annual performance on the targets are included in Arçelik's Sustainability Reports¹.

Arçelik has adopted a Board of Directors' Diversity Policy according to which it has set itself a number of Board-level gender-equality targets. One of these targets is to increase the percentage of company directors who are women (which was 16.7% at 2023 year-end) to 25% by 2026.

Training and Empowerment Projects

Believing in the effectiveness of training and empowerment programs as tools with which to build gender equality and combat inequalities, Arçelik continued to develop its existing programs to make their perspectives more diverse, equitable, and inclusive in a variety of ways during 2023.

Leadership Program for Women

Arçelik continues to provide leading training for women in order to help overcome the barriers to their advancement thrown up by gender inequality. In this regard, 158 women employees were able to benefit from the Global Women Leadership Program in 2023, with the goal of boosting women's representation at the management



level. As part of the program, there were 10 leadership sessions, nine-week peer learning circles, and three face-to-face summits conducted in Romania, Turkey, and South Africa. The summits feature engaging competency-focused sessions, panel discussions with senior management, and webinars. We intend to continue the program in 2024 and offer it to more women employees with the support of internal trainers.

Recruitment Processes

Arçelik's global organizational structure focuses on bringing differences together around a shared goal. Arçelik moves forward sure-footedly by attracting qualified young people and experienced

professionals to its organization along with dynamic and innovative practices, Acting with the awareness that sustainable success is enabled by individuals who are good in their jobs, the company employs different talent management practices in employee evaluations in order to get the best result.

Striving to reach qualified talent by using the most effective recruitment channels, Arçelik constantly updates its human resources in the new world order where talent acquisition is increasingly difficult. Applicants to the company are not just potential employees for Arçelik;

¹ Arçelik 2022 Sustainability Report:

https://www.arcelikglobal.com/media/7381/arcelik_22_sustainability_report.pdf

² Arçelik Board Diversity Policy: https://www.arcelikglobal.com/media/6314/arcelik-board-diversity-policy_25521.pdf

Arçelik makes a difference in the sector with its digital recruitment process and the candidate experience process it has created.

each one is also a customer of the company. With this approach, Arçelik embodies its customer-oriented business strategy in its HR processes as well. Arçelik makes a difference in the sector with its digital recruitment process and the candidate experience process it has created.

In Arçelik's organization in Turkey, there is a centralized recruitment process and talent acquisition strategy. Recruitment processes are carried out with the coordination of digitalized talent acquisition expertise. Assessment Center activities have been converted into a fully digital experience with Arçelik Cubby, which includes online case applications specifically designed for Arçelik competencies, so candidates can join from wherever they wish. These digitalized practice sessions increase the effectiveness of candidate assessment processes. From 2020, the recruitment process for hourly paid candidates was also digitalized in order to deliver them an enhanced experience, and in 2023, applications for hourly and monthly paid positions in Turkey totaled 141,747.

Internship Programs

Experience-driven activities are arranged for young talents to familiarize themselves with the Company and reach them faster. Additionally, the Company engages with them through four different young talent programs tailored to the target audience. In 2023, a total of 51 youth communication events were organized, providing a platform to engage with students and newly graduated talents from different countries.

Fresh Start Summer Internship Program

With "Fresh Start", the short-term summertime internship program organized every year during the summer, young and bright students in their third and fourth years at universities are offered the chance to experience work life at Arçelik. Covering centralized training programs and projects that support competency development of candidates in various fields, the program receives more than 13,000 applications on average every year. Post-internship, paid positions at Arçelik are available depending on performance.

Over 13,000 applications were submitted for the Arçelik Fresh Start internship program in 2023, with 439 interns chosen from the pool of applicants. Students, who completed a 20-day short-term internship and a 30-day long-term internship, were gathered at

various events both centrally and at the relevant units and locations where they had their internship. 14 events were organized to familiarize the students with the Company's organization and culture. Over 400 projects were presented within the scope of the program, with over 300 internship advisors providing guidance to the interns.

The Fresh Start internship program also delivers experiences to students at Arçelik's various plants and offices in different countries. Below are the numbers of applicants and admitted interns by countries:

- Fresh Start Dawlance - 12,000 applicants and 26 interns
- Fresh Start Arctic - 350 applicants and 29 interns
- Fresh Start Thailand - 20 applicants and 20 interns
- Fresh Start China - 300 applicants and four interns
- Fresh Start Bangladesh - 6,300 applicants and 23 interns

Prep

Prep is a young talent program implemented by Arçelik in Turkey to cultivate a skilled workforce in the information technology industry, contribute to the economy, and provide job opportunities for program participants through "On-Site R&D". (For detailed information, see the "*In Touch with Human Needs*" section ([📄 page 168-169](#))).

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WE-inTech

Arçelik launched the WE-inTech program to enhance the presence of women in the field of technology and innovation, encourage women engineering candidates in their 3rd and 4th grades of university education to pursue careers in engineering and next-generation R&D, and develop their competencies and skills in this domain. The program has been implemented in Turkey, Romania, South Africa and Pakistan. (For detailed information, see the *"In Touch with Human Needs"* section ([page 166-167](#))).

A Ticket for Your Future

The "A Ticket for Your Future" program aims to reintegrate outstanding Turkish students studying abroad back into the Turkish workforce by providing them with the opportunity to experience Arçelik's work culture, interact with senior management, and contribute to reversing the brain drain. The program is held annually over the summer months. (For detailed information, see the *"In Touch with Human Needs"* section ([page 169](#))).



Key Projects in Human Resources

Agile Transformation Program

Organizational agility refers to an organization's capacity to promptly adapt to change and uncertainty, employ flexible approaches, and consistently redevelop itself, all while upholding its focus on the customer. In doing this, it is critical to delegate full authority to the teams and establish frameworks that enable them to focus on the common goal. By implementing this approach, we regularly review the Arçelik Global organization and design leaner and more agile structures.

Following the successful agile transformation in the central R&D organization, agile organizational structures were set up also in R&D units in 2022. By the end of 2023, agile transformations of the Business Production Engineering and Production Technologies organization were deployed.

Besides the business units whose organizational transformation is complete or in progress, there are business units that use agile methods to implement their projects across Arçelik. IT (Information Technologies) projects, Turkey and South Asia e-commerce applications and Marketing Product projects, to name a few, employ such methodologies.

The culture dissemination process has commenced to ensure that Arçelik's corporate purpose, values, and Leadership DNA are embraced by all employees.

The Agile Transformation governance structure was set up to support the company-wide transformation. The transformation is monitored under the below-mentioned four aspects:

- **Organizational Structure** design the company's transformation roadmap and introduce agile organizational structures
- **Employee Experience and Communication** design the tools for employees to communicate their own needs and expectations, assess their experiences, and ensure information flow during the transformation process
- **Culture and Competencies** measure the agile maturity level and develop company-wide learning and development plans accordingly
- **Work Processes and Infrastructure** prepare the systems and processes and particularly HR processes that functions need in their agile transformation journeys

Global Culture journey

Arçelik set out on a culture journey with the target of putting into effect its forward-looking, goal- and meaning-oriented, comprehensive cultural action plan while maintaining its sustainability focus.

Analyses were conducted at Arçelik's different locations within a six-month period with the aim of being nourished by the diversity and affluence embodied by Arçelik. During the process:

- a culture questionnaire was administered on a global scale, and opinions of 4,300 employees were compiled;
- 220 employees got together in focus group meetings to listen to diverse groups and voices;
- 25 senior management interviews were held for alignment with future talent and business strategies; and
- six talk-back focus group sessions were held representing different groups to discuss all these outputs.

As a result of the discussions and detailed analyses, Arçelik's Leadership DNA was constructed, which defines the company's global goal, values and leadership behavior model. The actions that will maintain the values were defined under five Leadership DNAs. For detailed information about Leadership DNA, see the *"In Touch with Business"* section ([page 189](#)).

Global Culture Dissemination

The culture dissemination process has commenced to ensure that Arçelik's corporate purpose, values, and Leadership DNA are embraced by all employees. During the dissemination process, a four-hour interactive culture workshop model was designed to help Arçelik employees adopt the culture code and explore the significance of winning behaviors and Leadership DNA personally.

In order to ensure the successful delivery of the culture workshop to all employees on a global scale, a culture dissemination team of 318 individuals from 32 different countries, comprising leaders working within Arçelik, was established. This team, which began facilitating cultural workshops in March 2023, engaged around 10,000 employees by organizing more than 600 sessions in 2023.

Furthermore, we intend to strengthen the common language of Arçelik by taking steps to incorporate the culture code into employee-related processes. Within the scope of training and development, training catalogs and curricula were reviewed and restructured to align with the Leadership DNA. A review was conducted on the performance management process, and in order to redefine the evaluation

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of how business results were attained, winning behaviors and Leadership DNA were incorporated, and employees were encouraged to establish Development OKRs (Objectives and Key Results) within that framework. The 360-degree feedback tool has been updated to enable employees to self-assess by obtaining feedback on how often they exhibit winning behaviors, and it is now available in 13 languages. During the talent acquisition process, the “Happy Candidate Guide” was updated, and seminar sessions were organized for hiring managers to ensure that new talent joining Arçelik aligns with the company culture and to provide a consistent experience to all candidates simultaneously on a global scale.

Global Employer Brand Employee Value Proposition (Global EVP) Program

Employer Brand Value Proposition is an indispensable element of the employee experience, as well as Company culture, values, and Human Resources strategies. The key objective is to enhance employees’ working experiences by understanding their needs and implementing actions to create a more favorable environment for them. Arçelik aspires to become a hub for attracting talent in terms of human resources, providing an outstanding employee experience for all its employees, and fostering

a community of employer brand ambassadors in the current era of high talent mobility. The Global Employer Brand Value Proposition (Global EVP) Program was initiated to identify the unique aspects that differentiate Arçelik from the players in competitive markets and to shape the communication strategy accordingly.

In 2023, a comprehensive research process was conducted in collaboration with a consulting firm through a survey with 3,002 internal participants (employees) and 388 external participants, focus group workshops, and one-on-one interviews with senior management. The findings of the research were shared with employees and senior management. The consulting firm established an employer brand strategy and roadmap based on the analyses. The foundations of the activation group, which will take part in 2024 by following agile methods together with the action groups, have been laid.

Talent Management

Arçelik continues to attract the skills the company needs by employing new-generation talent acquisition approaches. In talent management processes, talent acquisition, development and retention tools and processes are reviewed with respect to future organizational and talent needs. At the same time, actions are taken to

be future-ready, critical roles and competencies in the organization are identified, and talent maps, needs and personalized action plans are devised. Actions that will reinforce retention and prevent attrition are taken for critical positions by way of long-term incentive programs. By adopting a global talent management approach, Arçelik can locate and train new talent, and offer them global opportunities irrespective of location.

Arçelik holds annual talent review meetings within its global organization, in order to maximize the efficiency of its human resource management and to create areas where employees can demonstrate their potential on the basis of accurate investments. These meetings are intended to create synergy through discussions about the company’s strategic priorities, future vision, and employees’ growth and development opportunities, and to take proactive actions by keeping a closer eye on recruitment needs.

At Arçelik, the talent review process is tackled multi-dimensionally on the basis of concrete criteria. When reviewing over 10,000 applicants every year, the company considers changing workforce dynamics, and creates talent pools and succession plans focusing on equipping the applicants with skills fit for future requirements. When development

Learning and development solutions were assessed and redesigned under the title “Future Fit Development”.

and growth plans for employees are implemented, decisions are made on a global basis according to talent and succession vacancies in the organization. Arçelik monitors its actions for retaining and developing talent in its organization and for enhancing engagement by evolving new methods and tools.

Arçelik aims to ready its employees for their future roles by equipping them with the skills of today and the future. To this end, the company assesses roles on the basis of functions according to their importance, defines technical, behavioral and other knowledge and skills sets for all roles, giving priority to critical ones, and creates role profiles.

According to the role profiles created, an assessment is carried out by the line manager and a self-assessment by the employee using a tool for identifying areas where employees have development needs. Development action planning is made based on identified improvement areas, according to which personalized solution plans (rotation, training, mentoring/coaching, etc.) are executed. Role profiles provide a basis for recruitment, talent management, retention actions and career movement plans, as well as development routes for existing employees.

In this framework, roles were assessed with respect to their importance and 1,149 critical roles were identified across all countries during 2023. Succession statuses were determined specifically for these critical roles, resulting succession gaps were evaluated with risk factors, and risk maps were prepared on the basis of organizations. Development, retention and succession plans were developed according to the risk maps; priority action plans were created and followed up.

Future Fit Talent Development

Arçelik aims to consolidate the personal development, professional competencies and skills its employees need now and, in the future, and to support their careers and life quality with the learning and development solutions it offers.

Learning and development solutions were assessed within the framework of the redefined purpose, values, leadership DNA and culture code and redesigned under the title “Future Fit Development”.

The “Future Fit” approach is driven by the goal of enhancing employees’ competencies and skills to align with future requirements.

There are three main groups and future-oriented learning approaches that underpin all development solutions in the Future Fit Development framework:

- **Future Fit Core** comprises development solutions that are incorporated into Arçelik’s strategies and core values, supporting common focus areas shared by all Arçelik employees. This group encompasses the orientation program (Warm-up), Purpose-Driven Programs that touch on the Company’s values and include compulsory training, and Leadership DNA Essentials designed to cultivate the unique conduct of Arçelik employees.
- **Future Fit Capability** covers programs and training designed to reskill and upskill employees, equipping them for current and future job roles. Development programs / Functional Academies, Functional and Technical Training Programs and Foreign Language Training Programs are positioned under this group.
- **Future Fit Leadership** encompasses programs which are designed to cultivate leaders who serve as role models in the dissemination and embracement of Arçelik culture.

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1. Future Fit Core

This comprises development solutions that are incorporated into Arçelik's strategies and core values, supporting common focus areas shared by all Arçelik employees. Both online and face-to-face development opportunities are provided to employees through training programs within the scope of Future Fit Core. In 2023, a total of 779,086 hours of training were delivered as part of the Program.

1.1. Warm-Up

This orientation program, referred to as "Warm-up", is designed to facilitate and accelerate the adaptation process of new employees to the organization. This heading covers training on shared values and culture, strategies, and rules governing work life.

The "Sustainability" webinar, which was part of the Warm-Up program, introduced the sustainability perspective, Arçelik's main strategy, to employees from day one, with a total of 1,776 hours of training provided, engaging 184 individuals from 24 different countries.

456 individuals from 32 different countries participated in the six sessions of this globally conducted program, held at certain intervals throughout the year, and received a total of 5,461 hours of training.

A total of 1,304,926 hours of training were provided in different development categories at Arçelik in 2023.

1.2. Purpose Driven Training Programs

Training programs provided for all employees in line with the Company's goals, values, and strategic priorities are pursued as Purpose Driven Training Programs. These trainings include legal or Company-specific compulsory sessions and are regularly diversified and updated to incorporate content that reflects social and community sensitivity. A total of 513,507 hours of training sessions were provided to 80,033 people through the Purpose Driven Training Programs during the year.

1.2.1. Compliance Programs

These programs, developed in collaboration with Koç Holding, cover six key topics: Code of Conduct, Anti-Bribery and Anti-Corruption, Sanctions and Export Controls, Protection of Personal Data, Prevention of Laundering Proceeds of Crime, and Competition Law. They are designed to promote employee compliance with internal ethical standards and legal requirements, enhance awareness

of Company policies, and equip individuals with the necessary knowledge, skills, and awareness required to mitigate risks. A total of 2,673 employees have successfully completed this program, receiving 7,356 hours of training.

1.2.2. Disaster Webinars

Following the disaster in Turkey, webinars were organized for employees on various topics. The webinar "The Impact of Disaster on Children and Emotion Management in Children" gave employees information on good practices for promoting children's psychological well-being after a disaster. 89 employees attended the webinar.

1.3. Leadership DNA Essentials

In 2023, the values and behaviors of all Arçelik employees have been defined. The development catalog was redesigned and presented to Arçelik employees to encourage them to embrace and internalize these behaviors. The training and

development activities conducted in 2023 serve as a significant step towards reinforcing the Company's development vision and optimizing the skills of its employees.

In order to achieve the targets set throughout the year, a total of 26,765 hours of training sessions were conducted across 185 classes for 1,310 employees, including those from global subsidiaries. Within the scope of Leadership DNA Essentials, training programs were organized under 23 topics for all employees and 25 topics for leaders who manage teams.

2. Future Fit Capability

This encompasses programs and training designed to facilitate reskilling and skill development, equipping both the organization and employees for current and future roles. Online and face-to-face development opportunities are provided to employees through Development Programs/ Functional Academies, Functional and Technical Training sessions and Foreign Language Training courses.

There are 30 development programs and need-specific training within the scope of Future Fit Capability, and a total of 491,894 hours of training were delivered in 2023.



2.1. Functional Development Programs and Academies

2.1.1. Agile Academy

The Agile Academy supports Arçelik-wide expansion of agile management, which is one of the new working and governance processes. The program covers training modules that transform organizational structure into agile organizational structures or that support role-based competence development training and leaders' transition to an agile mindset for competence development of teams that adopt agile working principles on a project basis. During 2023, 474 people received 7,012 hours of training within the scope of the Agile Academy. The "Change Agent" development program, which was launched in 2023, was created for

employees in change ambassador roles in order to support agile ways of doing business.

2.1.2. Global Leader

Global Leader is a competence development program designed to build on employees' competency to work in international platforms. Under the program, the participants acquire the necessary global know-how, get to encourage diversity management, productivity growth, cooperation with different cultures and synergy to realize the "Respecting the World, Respected Worldwide" vision. In 2023, a total of 25 individuals from 10 different countries attended the program.

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2.1.3 TechPro and TechPro-T

Ongoing since 2016 as a collaborative initiative of Arçelik and Koç University, the program supports the development journey of all engineers, specialists and senior specialists working in Production and Technology area with a multidisciplinary working environment. The program is targeted at developing participants' competencies and increasing the company's global competitive strength. The Academy starts with the Core Program carried out at Koç University and covers functional training programs comprised of two modules.

The program, conducted in collaboration with business partners with advanced technical expertise, aims to enhance the skills of the participants from an Industry 4.0 standpoint and boost the worldwide competitiveness of the Company. A wide range of topics are covered in the program, with two modules for engineers, experts, and senior experts, and four modules for technicians and shift managers.

In 2023, programs were conducted in a hybrid manner for the first time since the pandemic. 246 individuals took part in the program, receiving a total of 8,381 hours of training.

2.1.4. Technical Leadership Development Program

The Technical Leadership Development Program provides technical leaders moving through specialization with flexible, structured guidance for developing technical and behavioral competence in line with their own preferences or priority needs, so that they can utilize their expertise more effectively. In 2023, a total of 31 individuals took part in the program, which commenced in 2022, with 304 hours of training delivered.

2.1.5. Technical Academy 4.0

Technical Academy 4.0 was launched with the aim of enabling the technical competence development of technicians and operators at establishments in relation to automation, programming, digital transformation, lean and agile production, data analytics and secure areas of focus in alignment with Industry 4.0. The program encompasses development pathways tailored to the participants' roles and depth of knowledge. Technical Academy 4.0 continued with advanced level training of the module across all enterprises in 2023. The program provided 548 hours of training to 40 participants.

2.1.6. Women Operators Program

This project, developed in partnership with Arçelik, FESTO, and MESS within the scope of Industry 4.0 Transformation for successful women employees in production teams, aims to enhance the target group's knowledge about business processes through technical and competency training programs and to ensure that women operators work in departments involving maintenance, automation, and utilization of robots. In addition to the 22-day training program, participants are expected to complete projects. 63 participants took part in the program, which was expanded in 2023, and 11,088 hours of training were delivered.

2.1.7. Production and Technology Group Expertise Programs

The continuous expansion of Arçelik employees' knowledge is a critical area of focus. Role-based expertise development journeys are designed and implemented to support the expertise development of employees within the production and technology group. In addition to the Design Academy and Mechanical System Academy programs, which were created to develop the competencies and skill sets of the future, the Electronics Teams Development Program and P&T Competency Development Programs were launched in 2023.

In 2023, Product Academy provided a range of training programs globally to enhance the competencies of product and brand teams.

Within the scope of expertise development programs, 890 participants attended 153,622 hours of training.

2.1.8. MEXT Digital Literacy Training

Introduced in cooperation with MEXT within the scope of the machine learning program "Headed to Tomorrow: Let's Build Tomorrow Together", digital literacy training is provided to raise increased awareness of digital transformation among operators and team leaders, let them experience the technologies in digital factory structures and embrace their benefits, and help integrate digitalization in their business and personal lives. During 2023, 1,005 people participated in the program.

2.1.9. HR Academy

In the Human Resources Department, programs were conducted to develop skills in data analytics, coaching, and facilitation techniques. 103 Human Resources employees completed 2,994 hours of training.

The Certified Coaching Program, consisting of three modules, has been organized targeting both Turkey and other countries for the development of teams working with a focus on experience, which was one of the most significant topics of 2023.

2.1.10. DigiTal Academy - IT Academy

In 2023, a development journey tailored for the Business Analyst role was created and implemented within the scope of the program, where development journeys and training programs were designed by identifying the needs to develop the competencies of Information Technologies employees. Throughout the program, 174 participants received 10,029 hours of training.

2.1.11. One Marketing Academy

In 2023, over 13 global programs were implemented in collaboration with global partners under the umbrella of One Marketing Academy, focusing on current and future fit talent needs for all global marketing departments. The aim of this initiative was to develop marketing skills for the future through various training programs such as Brand Growth, Digi.Tale, Media Gang, Shopper Immersion, and Agile Program Management, which focus on key topics such as sustainability, artificial intelligence, agility, in-store strategies, and customer focus. This contributes to talent development by boosting motivation and fostering interaction between global teams through long-term, comprehensive programs that feature international certifications for product and brand teams.

Within the scope of One Marketing Academy programs, a total of 5,491 hours of training were provided across 13 different programs, involving 1,106 participants from 33 countries.

2.1.12. Product Academy

In 2023, Product Academy provided a range of training programs globally to enhance the competencies of product and brand teams. Erasmus+ support facilitated practical training sessions in eight countries, contributing to the development of practical skills. Dedicated training with Hitachi and APAC teams provides customized solutions for regional needs. Product Academy's effective training approach enables participants to consistently improve their knowledge and skills.

Through Product Academy, practical training was provided for professionals from 26 countries throughout 2023, and a total of 139 hours of training were delivered in this process. While 150 participants took part in specialized practical training programs organized for brand teams in Turkey, online trainings conducted in eight different countries reached 700 individuals. Thus, a total of 850 participants were reached through the practical and online training sessions provided by Product Academy.

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2.1.13. Purchasing Academy

Through the Purchasing Academy Program, Arçelik strives to enhance employee awareness and boost their expertise and skills in this area. Online training is conducted through a program developed in collaboration with CIPS (Chartered Institute of Procurement and Supply), one of the accredited institutions specializing in purchasing.

In 2023, a total of 11 academy training programs on five distinct topics were planned for the Global Purchasing organization and relevant business units, in which 134 individuals attended, and a total of 31 people completed the program and graduated. Furthermore, Purchasing teams from Romania, Russia, China, Thailand, Pakistan, South Africa, Egypt, and Bangladesh were also involved in the training process.

It is planned to continue the Purchasing Academy Program by involving newly hired employees through tailored training sessions in line with the needs of the organization.

2.2. Foreign Language Training Program

Arçelik, a global company, conducts studies to ensure continuous development in foreign languages. All employees, including those in international subsidiaries, are

provided support in enhancing their proficiency in foreign languages.

With three different foreign language solutions categorized under Future Fit Capability, 1,155 employees were assisted in enhancing their language skills by receiving 45,163 hours of foreign language support. This support aims to improve employees' communication skills in foreign languages and enable them to actively engage in international communication. By focusing on language learning methods and practices, the training on foreign languages has enhanced employees' language proficiency.

3. Future Fit Leadership

Arçelik, one of the leading brands in its industry, designs tailored programs to bring leading employees and managers to the industry. In order to further reinforce its leadership line, which is one of Arçelik's top priorities, programs have been designed under the Future Fit Leadership category and are aimed at managers at all levels within the Company.

3.1 Future Fit Leadership 1.0

The Future Fit Leadership 1.0 program is a year-long initiative designed to enhance the skills of employees who are designated to progress in the leadership line in alignment with Company goals and strategies, fostering their

development and preparedness for higher-level positions. This program provides participants with the opportunity to engage in both one-on-one and group coaching to equip themselves for higher positions, identify their areas of improvement and strengths through a 360-degree evaluation administered both at the start and end of the program, and develop their own projects by participating in live workshops and innovation-driven project design sessions at the end of the program. In 2023, 100 individuals from 19 different countries participated in the program.

3.2 Future Fit Leadership 2.0

Managers who are newly appointed to team management roles participate in the Future Fit Leadership 2.0 program. The goal of the program is to assist new managers in mastering effective leadership strategies, embracing the Company's purpose, values, and Leadership DNA, and adopting a shared leadership approach. In the program designed with distinctive methods and learning approaches, participants engage in one-on-one coaching sessions, identify their areas of improvement through a 360-degree evaluation administered at the start and end of the program, attend online live workshops, and experience digital learning, in-class learning, and learning from each other. In 2023, a

Arçelik, one of the leading brands in its industry, designs tailored programs to bring leading employees and managers to the industry.

total of 101 new managers from 19 different countries participated in the program.

In order for all leaders to concentrate on their development within the framework of Leadership DNA, training sessions were organized on topics such as coaching, leadership, communication, strategic agility, visionary leadership, etc. The participants received a total of 3,485 hours of training to enhance their leadership competencies.

3.3 LEAD Programs

Online programs of the leading universities worldwide have been supportive for middle- and senior-level managers' development. In 2023, in line with personal development needs, Arçelik has benefited from various training programs conducted by several universities, including Harvard Business School and Emeritus universities such as MIT, Cambridge, Berkeley, and Columbia, under the umbrella of LEAD Digital programs. This was made possible through the protocols and collaborations of Koç Holding. A total of 28 managers working in various countries participated in 14 different programs throughout 2023 (23 managers at HBS, five managers at Emeritus). Participants in these programs received a total of 1,310 hours of training throughout 2023.

Furthermore, there are LEAD programs shared within the scope of collaboration with Koç Holding. The LEAD programs organized by Koç Holding, designed in collaboration with world-renowned educational institutions and various training consultancy companies, consist of content specific to senior management, entry- and middle-level management, and expert levels that both support leadership development and cater to basic and technical competencies. In 2023, 117 individuals participated in LEAD programs, which provided participants with a variety of theoretical and experiential perspectives and a total of 4,661 hours of training.

4. Future Fit Development Methods

Development solutions provided within the scope of Future Fit Development are created and implemented employing the most appropriate methods, taking into account the target audience, content, and efficacy of development. Employees are provided face-to-face, virtual, or hybrid implementations and training sessions organized by external vendors or Arçelik internal trainers, focusing on future-oriented development approaches. Mentoring and coaching practices enrich the learning

and development experience by offering content and programs that participants can follow at their own pace and convenience through digital platforms.

4.1. Digital Platform Development Solutions

Employees are supported in their continuous learning journey through online programs and development platforms provided by leading universities worldwide, in keeping with the Company's digital transformation policy and roadmap.

Employees also benefit from stakeholder platforms such as Harvard Business School, Emeritus, Coursera, Udacity, Udemy, Percipio, Microsoft ESI, KoçAkademi, TİSK Akademi and MESS Akademi. A total of 3726 employees accessed these platforms during the year and completed 49,463 hours of training on 800 different topics.

4.2. Internal Trainer Program

With the program initiated in 2021, experienced employees possessing functional and technical expertise are supported on a voluntary basis through a specialized program for trainer development and deliver training within the Company as internal trainers based on their respective areas of expertise. By the end of 2023, the number of internal trainers has reached 101, and 169 classroom training sessions have been conducted.

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4.3. Mentoring Program

Mentoring Program is a development program implemented among Arçelik employees, which contributes to employee development. The key development areas addressed by the program are determined as providing career consultancy, developing managerial skills, supporting competence development, understanding the functions of various units, networking, expertise building, gaining personal awareness, familiarization with corporate culture and ways of doing business, and understanding different perspectives. In learning journeys, mentors and mentees are supported with online training programs and advisory services.

Within the framework of the Arçelik Mentoring Program, the scope of the Executive Mentoring and Reverse Mentoring programs has been updated. The program encompasses the Rising Together Women's Mentoring, Functional Competency Mentoring, and Country Manager Mentoring programs.

In 2023, the Master Class program, with an ongoing focus on improving the existing skills of employees and equipping them with new ones through the approach of learning from each other and developing together, was implemented in the Production & Technology and Financial Affairs functions. As part

of the program, 136 participants worked together in groups of 2-3 individuals for a duration of seven months. Participants were supported with training and supervision.

5. Training and Development Programs for the Employees of Authorized Services and Dealers

Established in 2016 with the retailing vision of Arçelik Pazarlama A.Ş., Retail Academy ensures training and development of dealers and all sales staff. At the same time, Service Academy is a platform that has been dedicated to training and developing all employees, particularly authorized services and technicians, and enhancing their professional qualifications since 1971.

5.1 Arçelik Service Academy

The Customer Services Technical Training Unit (Service Academy) designs, organizes, and implements training programs for the technical and behavioral development of all authorized service employees in Turkey. Needs for the development of business management skills for authorized service owners, managers, and employees are identified, and corresponding training programs are provided by the Service Academy. In 2023, Service Academy has organized and implemented asynchronous, live virtual classroom, and face-to-face training sessions to meet field

needs in accordance with the hybrid training system it has adopted.

In 2023, a total of 319,263 person-hours of training were provided to 9,647 authorized service employees across 292 different training modules. While training modules based on on-the-job learning methods and personal measurements are implemented in the training sessions, all training and development processes of the individuals are recorded and monitored with a person-based training management system compatible with new educational science technologies. With the remote training modules incorporated and updated in 2023, training efficiency was enhanced, and continuity of training was ensured.

5.2 Arçelik Retail Academy

Arçelik Retail Academy was established in 2016 with the vision of further strengthening the presence of Arçelik brands in all sales outlets in Turkey, conveying modern retailing approaches in alignment with brand strategies, enhancing sustainable performance, and optimizing customer satisfaction.

Since its establishment, Arçelik Retail Academy has made significant strides in optimizing and enhancing effective corporate communication strategies,

Rolling out Koç Dialogue in global subsidiaries has engaged around 6,000 more employees from 38 countries in the process.

comprehensive training modules, and user experiences. The Academy has recently focused on gamification practices in order to take learning processes to the next level as well.

Arçelik Retail Academy, which aims to contribute positively to the business outcomes of its target audience, focuses on developing real-time data monitoring and reporting modules, aiming at maximizing the skills of its employees by creating a continuous cycle of development and improvement.

Arçelik Retail Academy has always successfully completed critical processes for corporate academies, including academy communication and dissemination, appropriate program designs for the target audience, development of training and user experiences, and content enrichment.

The Academy is committed to closely monitoring industry trends and emerging technologies, understanding the needs of its target audience, and enhancing the competitive advantage of its brand.

Performance Management

The Koç Diyalog performance management process was first implemented in Arçelik's organizations in Turkey in 2021. As of 2023, rolling out Koç Dialogue in global subsidiaries has engaged around 6,000 more employees from 38 countries in the process. Using the OKR methodology, we were able to focus on both development OKRs and individual OKRs throughout the year.

Integration of Arçelik's existing system with the new internal implementations is ongoing. Following the Culture launch, the target is to have five Leadership DNAs internalized and integrate the same in all HR processes. In this framework, studies were carried out to strengthen the definition that assesses how Koç Diyalog process reflected on business results at year-end evaluation. These studies were aimed at converging employees around a shared language, understanding and criteria set in the assessment of how business results are achieved and to ensure that dialogues and examples in calibrations are managed within the framework of leadership DNA.

Employee Engagement and Experience

The months of September and October each year are devoted to the employee experience and engagement survey across the Koç Group. Along the same line, Arçelik engages independent research companies to survey the topic based on the understanding that employees' loyalty to the organization affects happiness in business life.

In the 13th edition of the questionnaire administered in 2023, Arçelik took part with all its global subsidiaries and completed the process nearly in four weeks. The participation rates were 80% and nearly 90% in the subsidiaries abroad in the 2023 Employee Engagement Survey conducted by IDE Kincentric Consulting using Qualtrics infrastructure.

Employee Engagement Scores (%)

	Arçelik Global
Score by Salary Earners	
2022	70,90
2023	71,34
Difference	0,44
Score by Wage Earners	
2022	67,90
2023	63,32
Difference	-4,58
Total Score	
2022	68,80
2023	65,70
Difference	-3,10

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While the employee engagement and experience questionnaire, repeated annually, is the primary listening survey, the views of employees are monitored regularly through topic-based listening on various subjects during the course of the year. The 2023 main listening survey results have been used to identify projects that will be ongoing throughout the year to enhance the employee experience. Collaboration with relevant teams has been established to develop action plans.

Below is a summary of the strategies and enhanced processes that were adopted in 2023 to optimize the employee experience. Following the pulse survey and other listening sessions in May, emphasis areas were identified, and corresponding actions were implemented accordingly.

In response to feedback on the hybrid working model update, a more flexible working model was adopted in July. This model includes a monthly adjustment rule of three days in the office, two days working from home, and a total of 12 days in the office per month.

Following the listening sessions, another topic that gained attention was senior management visibility and communication. C-level executives convened with the teams in meetings where the team spirit was fostered regarding awards, achievements, and projects within the scope of Townhall and DialogZones. D-level leaders gathered in small groups with different people in facilities for a total of 106 different sessions,

during which they assessed the opinions and suggestions of employees on a variety of matters. In order to ensure the sponsorship of C-level leaders in sports teams, a mentor was designated for each team, and they were scheduled to meet once a year.

Leaders, who are the critical stakeholders with the highest influence on employee experience, continued to be supported in various ways. Shift Managers who are responsible for managing the field, and Team Leaders operating in the warehouses participated in the "Employee Experience" development program, which was initiated in collaboration with MEXT Academy. In 2023, 140 individuals invested in their own development by participating in various modules of the program.

Hygiene-Related Factors	Leadership Programs	Collaborations	Wellbeing
<ul style="list-style-type: none"> Renovation of physical spaces such as cafeterias, nursing rooms, changing rooms, etc. Setting cafeteria standards Within the scope of "Workplace that makes a difference" studies, business visits, renewal and standardization studies after identification of deficiencies 	<ul style="list-style-type: none"> Experience-driven awareness sessions - Participation of 469 leaders in Turkey The kick-off of the Future Fit Leadership 4.0 program, designed for all top-management level leaders, with the participation of 51 leaders. Design of the Future Fit Leadership 3.0 program planned for director level leaders 	<ul style="list-style-type: none"> Employee Experience Team of 60 working on three different topics Global Employee Experience Team comprised of representatives from regions Employee Experience Day event participated by the Employee Experience in Turkey Team and HR Partnership leaders Employee Experience Day sessions attended by the Global Employee Experience Teams 	<ul style="list-style-type: none"> Social clubs and employee events, sports clubs Arçelik Employee Volunteering Program

Leaders, who are the critical stakeholders with the highest influence on employee experience, continued to be supported in various ways.

The “Employee Experience” awareness sessions, which were scheduled at various times throughout the year to assist leaders overseeing all teams, began with the “Leader’s Road Map Following Engagement Survey” session in January, with 469 leaders in attendance. The “Employee Experience Awareness Session” took place in July with the leaders who will manage the team for the first time, while the “Creating a Culture of Appreciation” session was held in October with 385 leaders in attendance. The year-end awareness sessions continued with a session titled “How Do I Share My Employee Engagement Results with the Team?”

HR Business Partner teams met in one-on-one meetings with leaders who had engagement scores below the corporate average in 2022 to assist them with formulating their employee experience action plans.

“Street Foods” and “Hello Summer” events were held at various locations over the course of the year. Additionally, events aiming at contributing positively to employee experience were organized on special days specified in the annual activity plan (Mother’s Day, Father’s Day, World Music Day, World Photography Day, etc.). (For detailed information, see the [“Special Events for Employees” section \(page 216\)](#)).

With respect to the hygiene issues that impact the day-to-day experiences of hourly paid employees, the “Workplace Visit That Makes a Difference in the Experience” process has been conducted, and measures were taken in line with the identified areas for improvement in physical spaces that fail to comply with location-specific community standards.

Physical space renovations continue within the scope of the investment in the Washing Machine and Refrigerator Plant (Manisa) and Tumble Dryer Plant (Tekirdağ). With the projects to be completed, the physical space experience of employees will be enhanced in alignment with community standards. The investment in dressing rooms at the Dishwasher Plant (Ankara) has been completed by 90%. To enhance the internal break areas within the facilities, the ongoing project to standardize internal breakrooms, with the Tumble Dryer Plant (Tekirdağ) serving as a pilot, is progressing with the architectural teams.

The Viva Insight product was acquired for a team of 1,000 individuals, comprising monthly paid employees, to contribute to the work/private life balance through the valuable insights it offers. An efficient system

has been established for hourly paid employees to manage shifts, workplace changes, and overtime planning effectively, and communication regarding changes in this process has been standardized.

Social Benefits Offered to Employees

Arçelik Employee Clubs

Company premises and resources are provided for 15 Arçelik hobby clubs that employees may join and interact with others who share the same interests outside working hours.

- Dance
- Outdoor Recreation
- Electronics and Robotics
- Photography
- Gaming and e-Sports
- Gastronomy
- Visual Arts Amateur Gardening
- Books
- Board Games
- Music
- Chess
- Cinema
- Sustainable Living
- Theater

During 2023, hobby clubs conducted a variety of activities and organized “Online Hobby Workshops” to provide employees with basic knowledge in various areas and spark their enthusiasm. In addition to the events organized by members of hobby clubs, the clubs also actively participated in events

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held across Arçelik. Members of the Nature Sports Club were involved in camping, summit climbing, rock climbing, canyoning, and nature walks. The Theater Club organized a theater course for employees from Sütlüce, Kadıköy, Çayırova facilities, and 45 dealers. Members of the Theater Club also created the play “Bir Takım Terslikler Var!” and staged it in three different cities, attracting an audience of around 1,000 people. Prior to the play being staged in the earthquake zone, Arçelik employees were reached out to, and 10 boxes of books were collected for children residing in the region. Members of the Music Club also performed a concert at the event hosted by the Company.

Engaging in clubs not only enhances the social and cultural development of employees on a personal level but also fosters collective action, facilitates different business and campus employees with similar interests getting to know each other, and contributes to the strengthening of communication within the Company.

Arçelik Volunteers

The formation of “Arçelik Volunteers” was introduced at the beginning of 2023. The goal is to create projects focusing on environment, gender equality, education, and technology with Arçelik Volunteers to bring about social impact through their implementation. Following the earthquake disaster in Turkey



in February 2023, all volunteer activities scheduled for 2023 were redirected to focus on earthquake relief efforts. For detailed information, please see the “[Earthquake Relief Efforts](#)” section ([page 180-183](#)).

Arçelik Sports Teams

About 800 employees volunteer their time as members of 24 amateur sports teams engaging in 17 different activities at Arçelik companies, plants, and subsidiaries.

- Athletics
- Basketball
- Basketball 3x3
- Badminton
- Bicycle-MTB
- Bowling
- Football
- Cross Country Running
- Spade
- Ping pong
- Mini Football
- Beach volleyball
- Chess

- Tennis
- Volleyball
- Sail
- Swimming

In line with their activity plans, these teams engage in various external organizations representing Arçelik throughout the year, with broad involvement from sales and service representatives in Turkey. During these events, charity and fundraising activities are also organized on certain topics, under the guidance of Koç Holding and Arçelik Strategic Communication teams.

Arçelik sports teams participated in corporate company leagues, Koç Group Sports Festivals, and various organizations over the year. Within the frame of the Koç Group Sports Festival, which was held for the 34th time in 2023, 536 Arçelik employees engaged in various competitions across the 17 disciplines mentioned above and won 10 trophies individually

Arçelik makes an ongoing effort to support and protect its employees' wellbeing in a variety of ways such as online physical and mental health nutrition coaching, and health services.



or as a team. At the same time, 88 individuals from nine different countries (Italy, the UK, Russia, Romania, Morocco, Pakistan, the Balkans, South Africa, and Germany) represented Arçelik in competing across seven different disciplines (basketball 3x3, mini football, table tennis, beach volleyball, tennis, cross-country running, and badminton).

Arçelik was represented by its Tennis, Table Tennis, and Football Teams in the Koç Group Companies Leagues. In addition to these, Arçelik sports teams have been successful in the following official leagues, organizations and corporate company leagues:

- Arçelik Basketball Team has won the Decathlon Corporate League Basketball 2023 spring season and became the champion.
- In the Fonex Companies Volleyball League, Arçelik Men's Volleyball Team took home the bronze medal.

- The Arçelik Running Team competed in the Eskişehir Half Marathon and also placed first in the "Companies" group of the Zeytinburnu Republic Day Run on 29 October.
- The Arçelik Swimming Team represented the company in İstanbul and Çanakkale Straits swimming meets.
- The Arçelik Sailing Team regularly and successfully represents the company in racing events organized by the Turkish Sailing Federation. Based on the overall results of the Muğla and İstanbul stages of the 4th International Presidential Yacht Races, it secured 1st place in the IRC O class and ranked 3rd among all classifications.

Furthermore, Basic and Advanced Sailing training was provided to employees who are interested in sailing and maritime activities, with the contribution of the Company.

Arçelik Wellbeing Activities

Arçelik makes an ongoing effort to support and protect its employees' wellbeing in a variety of ways such as online physical and mental health nutrition coaching, and health services.

In 2023, in addition to the opportunities provided to use fitness equipment in the gyms on campus, it was decided to support employees with regular studio classes (yoga, functional training, etc.) led by expert instructors. Employee clubs, online workshops, and sports teams catering to a wide range of interests continued to support and contribute to participating employees' social wellness through their activities throughout the year.

In line with the Arçelik Wellbeing strategy, the company plans to introduce a range of physical and mental wellness education resources from which employees can select the areas in which they would like to develop themselves.

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Special Employee Events and Days

As part of the employee activities, "Street Foods" and "Hello Summer" events were held at various locations over the course of the year. Arçelik manages an annual calendar of special days and events such as Mother's Day, Father's Day, World Music Day, and World Photography Day as well as official national holidays that are intended to contribute to employee wellbeing, engagement, and solidarity.

Within the scope of earthquake-focused studies, a collaboration was established with the Foundation for the Evaluation of Women's Work. The studies were initiated on 8 March, International Women's Day, to support women producers in the earthquake-affected region and enhance their economic and social well-being.

21,500 souvenirs crafted by women producers were presented to employees as a memory of the support provided to the region and to remind them of its continuity. At the same time, communications were ensured via screens to employees in all locations and hourly paid employees without e-mail access.

On 23 April, National Sovereignty and Children's Day, a "Children's Festival" was organized to foster an awareness of sustainable living among the 6- to 12-year-old children of 2,181 employees.

Industrial Relations

Under its Industrial Relations Policy, Arçelik always respects and supports its employees' right to association and unionization. The company takes care to maintain the peaceful environment at the workplace by acting in accordance with the requirements of legislation and collective agreements as per the relationship of trust it has established with the employees and trade unions. Although they may not be covered in the bargaining agreements, local conditions, customs and traditions prevailing in the regions and countries where the company pursues operations are paid due regard for the sake of preserving the peaceful working environment.

Within the frame of the Industrial Relations Policy, trade unions are regarded not as a counterparty but as a social stakeholder. Therefore, the company attaches utmost importance to maintain good relationships and act in harmony with trade unions. It is an important target for the company that social stakeholders work under better conditions. In this context, the company engages in collective bargaining agreements, and takes care to ensure better working conditions, occupational health and safety, and other fringe benefits such as birth, death, education and marriage supports, as well as achieving compliance with the applicable laws.

Without prejudice to the provisions of the Collective Labor Agreement and relevant legal legislation, the

social rights applied to all employees at Arçelik A.Ş. are stated below.

- Four months' salary as a bonus annually
- Heating allowance
- "Leave allowance" prior to annual leave
- "Holiday allowance" prior to religious holidays
- Monthly payment under the name child benefit
- Payments made per occurrence: maternity benefit, marriage benefit, death benefit, military service benefit and education benefit
- Social leave earned per occurrence: marriage leave, bereavement leave, maternity leave, natural disaster leave
- Transportation and meal allowances in kind
- Complementary Health Insurance
- Annual leave days applicable to employees are specified in the collective bargaining agreement. Leave entitlements beyond the legally prescribed periods of time are granted to all employees, whether union members or not.
- Starting level and remunerations of unionized employees according to their starting positions are applied as set out in the collective agreement.

The new term collective bargaining agreement, effective from 01 September 2023 to 31 August 2025, between the Turkish Metal Industrialists' Union (MESS), of which Arçelik A.Ş. is a member, and the Turkish Metal Workers' Union, was signed on 17 January 2024 and entered into force.

Arçelik strives to keep up with the rapidly changing working environments in the industry by focusing on innovation and technology.

CEMS Program

CEMS is a global alliance that brings together leading business schools, multinational companies, and non-governmental organizations, offering the CEMS Master in International Management (CEMS MIM) program to outstanding students from around the world to educate and prepare future generations of international business leaders. Through international education and internship/work experience, CEMS MIM supports students in developing business skills, broadening their knowledge of cultures, and exploring career opportunities. Arçelik is the strategic business partner for this significant network that elevates private sector and university collaboration to a global scale.

Occupational Health and Safety

Arçelik has committed to achieving the goal of “Zero Work Accidents and Zero Occupational Diseases” within the framework of occupational health and safety (OHS) and has publicly disclosed this goal through the Arçelik OHS Policy. To achieve this goal, Arçelik is focused on enhancing its OHS culture and incorporating digital solutions through various projects and new technologies.



Arçelik strives to keep up with the rapidly changing working environments in the industry by focusing on innovation and technology. Aside from enhancing existing OHS practices, it works on developing systems that will minimize human error. To ensure employee safety during human-machine interaction, projects are advancing with the collaboration of headquarters and business teams to implement automatic stop systems. These studies further reinforce Arçelik’s commitment to ensuring the health and safety of its employees.

OHS Management System Certifications

All activities and operations at Arçelik’s headquarters and dishwasher plant and washing machine plants at its refrigerator, compressor, cooker, electronics, white goods motor, and small home

appliance plants in Eskişehir; its refrigerator and washing machine plants in Manisa; and the activities and operations of Arçelik LG are covered by ISO 45001 Occupational Health and Safety Management System certifications. In the company’s international activities and operations, ISO 45001 certifications are held by Beko LLC (Russia), Arctic (Romania), Defy (South Africa), Dawlance (Pakistan), Beko Thailand (Thailand), Arçelik Hitachi (Thailand), Singer Plant (Bangladesh), Arçelik Hitachi Plant (China), Arçelik Voltbek Refrigerator Plant (India), Arçelik Voltbek Refrigerator Plant (India), IHP Plants (Russia). All certifications are regularly audited and validated by duly accredited independent auditing agencies.

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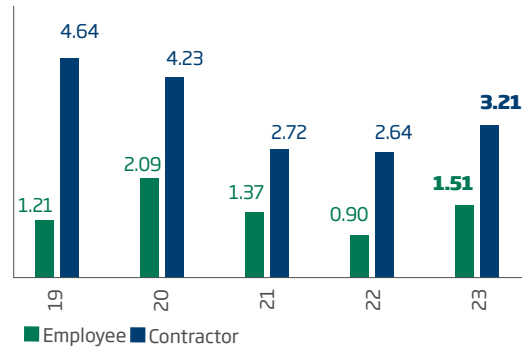
OHS operations in 2023

The main OHS operations and projects on which Arçelik continued to work during 2023 in order to manage its OHS risks are given below.

- OHS process digitalization
- QR control applications for machine safety system commissioning, use and maintenance
- Powered industrial truck safe operation project
- Safe OHS behavior projects
- Digital OHS onboarding training project
- Digital OHS training materials for employees, visitors and contractor personnel
- Koç System OHS software contractor module and mobile incompatibility reporting module commissioning
- Inhouse OHS auditing
- Field Managers Occupational Safety Inspections
- British Safety Council OHS, fire and process safety Five Star audits
- Transport, handling and driving safety projects
- Driver safety training projects
- Process safety risk assessments and training
- Safe maintenance project
- Inspection, control and maintenance risk assessments
- Digital lock-out/Tag-out deployment project
- OHS change management projects
- Subcontractor OHS performance assessments
- AI-supported OHS Field Audits

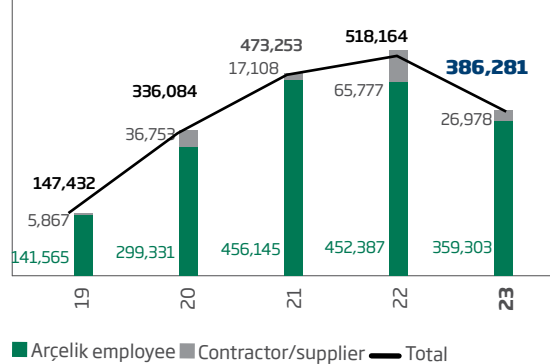
Lost Time Incident Rate

(%)



Total OHS Trainings

(person x hour)



During 2023, the Lost Time Injury Frequency Rate (LTIFR) across all of Arçelik's global operations was 1.51; among Arçelik global subcontractor employees it was 3.21; among Arçelik employees and Arçelik contractor employees it was 1.72. Among Arçelik employees the Occupational Illness Frequency Rate (OIFR) was 0.10; among Arçelik contractor employees it was 0.0.

During 2023 all company employees received a total of 359,303 hours of OHS training; 26,978 hours of OHS training was provided to subcontractor personnel.

Arçelik handles its R&D activities with 28 R&D and design offices staffed with more than 2,200 engineers and researchers.

R&D, Innovation and Digital Transformation

R&D

Arçelik handles its R&D activities with 28 R&D and design offices staffed with more than 2,200 engineers and researchers, 15 of them in Turkey and 13 of them in the international markets of the UK, China, Romania, Thailand, India, South Africa, Pakistan and Russia. Possessing over 3,100 registered patents, the company underlines the importance it attaches to protecting the intellectual rights in its technology developments and its success in this department.

For the list of R&D and design offices, see the "Our Global Footprint" section (↗ p. 30-33).

Arçelik's R&D Vision

Develop new technologies and services with an agile approach for home solutions that are sustainable, smart, digitally secure, interoperable and affordable.

Arçelik's R&D Strategies

Sustainable Smart Living

Areas: Focuses on creating life-easing, sustainable spaces for users concentrating on energy efficiency and management, autonomous products, frontier technologies for sustainability, machine vision and personalization.

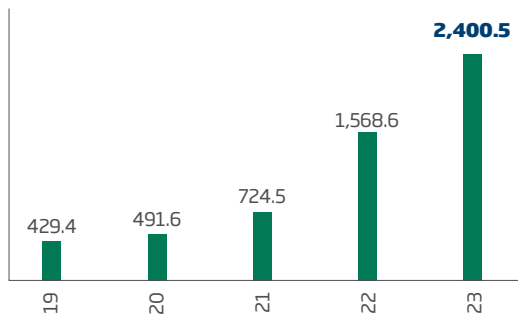
Home Living Comfort: Focuses on the development of solutions and technologies for air filtration and indoor air quality, water filtration technologies and implementations, food preservation

solutions, healthy eating and personalized healthy food preparation suggestions.

Global and Digital R&D: Focuses on talent management, global cooperation, agile transformation, and approaches for uniform and lean platforms and processes.

Developing and growing with a flexible and agile approach, Arçelik R&D deepens its expertise areas by continually acquiring experience, strengthens teams through new collaborations, and maximizes customer value by focusing on a shared goal. To this end, Arçelik continued with the development of talent, implementing a number of programs in 2023.

Total R&D Expenditures (TL million)



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Numerous training programs were offered under the Electronic System Academy, which is a continuous learning platform comprised of three modules: CTP-Structural Design Competence program for building on CAD and CAE competencies of engineers; mechanical system design training for improving mechanical system design competency and need analysis, and software/hardware and cybersecurity.

Arçelik makes use of annually updated Technology, Brand and Product Roadmaps processes to plan product development activities, new platforms and new features to be added to products along with new appearances, and continuously evaluates technological developments, market trends and competition's activities that may present a threat or opportunity.

With the Technology Roadmap process conducted every year by Arçelik R&D Directorate:

- comprehensive literature and patent screening is carried out in technology fields in which Arçelik pursues activities; and
- all alternative technologies are screened and revealed, including the latest ones for the basic functions of Arçelik products.

The project management infrastructure on which R&D and product development activities are conducted at Arçelik, project, portfolio and resource management are managed over digital platforms in accordance with the agile methodology. The R&D project management process comprises clearly defined stages and decision points, work flows, roles, inputs/ outputs and responsibilities. Project management process is described on the axis of Technology Readiness Level (TRL) and project types are defined on the basis of the nature and objective of the topic to be worked on.

In line with the plan to expand the agile methodology, agile management was implemented at Arçelik Establishment R&Ds from June 2022 onwards. With the aim of deepening agile transformation as a culture, role-based training sessions continued to be given alongside basic awareness trainings for the

entire global R&D organization; and best practices were shared with Alive Talks, Product Owner and Scrum Master Community of Practice. On the other leg of the deployment plan, an agile transformation process is carried on by Production Technologies and Production Engineering teams.

The company broadened the WE-inTech program to other Arçelik countries, which it has launched in Turkey to encourage women to work in engineering and emerging R&D fields. Three workshops in total were held in 2023. In addition to the local workshops in Turkey and Pakistan, a global program was organized, reaching more female students compared to previous years. (For details, see the *"In Touch with Human Needs"* section ([↗ p. 166-167](#))).

In order to expand its R&D strategy to its global organization and form strategic R&D organizations that focus on product digitalization, Arçelik established its second R&D Center in the country in the National University of Science and Technology University (NUST),

As a result of the Technology Roadmap process, the topics to be worked on within Arçelik R&D are determined with short, medium and long term perspectives and positioned on the time axis.

one of Pakistan's top educational institutions that raise scientists and engineers. The R&D Center conducts research and development activities, university collaborations and works on innovative ideas focused on web technologies, robotics, embedded software development, Linux, artificial intelligence, and object recognition.

Major events of 2023 that reinforced the R&D strategy are mentioned below:

- Arçelik hosted the "CTO Forum", an annual event organized by the European Industrial Research Management Association (EIRMA) of which Arçelik is a member. The topic of discussion was "The Role/Relevance of a CIT in an AI-driven World" at the event attended by a number of chief technology officers and chief scientists from various European countries.
- Held at 20 different factories worldwide, the 7th edition of the "Reliability & 6 Sigma Day" showcased the results of 75 "Reliability and 6 Sigma" projects.
- At the 23rd Inventions Day held in 2023, 12 awards in eight categories were presented to the recipients. At Arçelik Inventions Day, four teams were selected for "the invention of the year". 48.4% of all Arçelik R&D patent applications filed to date resulted in registered patents.
- Emphasizing the importance of simulation, engineering support and solutions in the white goods industry with a focus on "Sustainability and Digitalization", the "Arçelik Ansys Users Conference 2023" was organized at Garage.



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Ongoing Projects

Under a number of projects conducted by Arçelik, environmentally friendly, high-tech and innovative products catering to the needs in various geographies are designed and developed. Out of these projects, the ongoing ones executed on the basis of national and international collaborations and public support are presented below:

TUBITAK SAYEM: The Industrial Innovation Networks Mechanism (SAYEM) project, in which Arçelik is the consortium leader, is targeted at development of innovative products with commercialization potential to broaden the smart household devices network in Turkey and to create a higher economic impact. Under the SAYEM platform, work is currently carried out on end-user products and service provider solutions within a multi-stakeholder consortium with the purpose of creating high customer value through Internet of Things (IoT) and big data technologies, accelerating digital transformation and leading the world in this respect. The Smart Home Platform to be developed is intended to produce solutions for security, energy and comfort, elderly monitoring and health at homes.

TUBITAK 1004: Arçelik is the research program implementer in the “Integrated, Scalable, and Functional Nanostructures and Systems” project under the leadership of SUNUM (Sabancı University Nanotechnology Research and Application Center), which has been admitted to TUBITAK 1004 Center of Excellence Funding Program. Arçelik leads the Research Program for the Development of Nanotechnological Sensors That Can Warn of Contamination in Aerosol and Gas Phase.

TUBITAK 1515: Funded by the TUBITAK 1515 Frontier R&D Laboratory Support Program, the “Advanced Materials, Filtration and Hygiene Technologies Frontier Research Lab” aims to produce and implement new knowledge at basic research level and generation of scientific outputs on sustainability, energy efficiency, functional properties and hygiene. Activities in relation to these topics are ongoing. Arçelik’s Frontier Research Lab is intended to become a center of attraction to win researchers holding doctoral degrees from Turkey and other countries for the R&D network, and to support Turkey’s technology roadmaps and strategic actions plans.



Under a number of projects conducted by Arçelik, environmentally friendly, high-tech and innovative products catering to the needs in various geographies are designed and developed.



EU Horizon 2020 and Horizon Europe Framework Programs:

With 25 projects eligible to be funded under Horizon 2020 program, Arçelik was the private sector company¹ from Turkey with the highest number of projects in the program. Reproducing its success in the Horizon Europe Program, Arçelik sustains its leadership in the private sector on the basis of the number of projects with its 22 projects that were accepted. As of 2023, the company ranks third on the basis of grants received from the EU Framework Programs². The examples of ongoing and planned EU projects are presented below.

ECOFACT: The ECO-innovative Energy FACTory Management System project aims to support optimization of energy performance of production systems and at the same time, to develop a green marketing approach by analyzing the energy and environmental impact of the product produced. Under the project, Arçelik continues to work on the integration of supplier data in LCA/LCCA analyses to support production planning, eco-product design, smart monitoring of energy and environment data, and digital twin integration for intelligent prediction for reduction of basic loads.

Auto-DAN: The project aims to optimize energy consumption in buildings and assess live energy performance. Under the project, Arçelik continues to work on smart hardware integration, communication protocols on the interoperability of products and the decision-making system, and designing smart white goods to be connected to the energy gate of the shared system.

AI4LABOUR: Within the scope of the project AI4LABOUR aimed at predicting future jobs and the training necessary for acquiring the required skills and at designing an AI skill-based model and skill development methodology, Arçelik carries on with its work related to provision of research, technical and administrative personnel secondment, thus executing a joint research project, and ensuring international/inter-sectoral information/technology transfer.

StorAlge: The main objective of the project is to offer ultra-low power and secured and safety System on Chip (SoC) solutions enabling competitive Artificial Intelligence (AI) for Edge applications. Under the project, Arçelik continues to work on the AI-enabled smart optimization of washing control algorithm

¹ Horizon Dashboard: <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/opportunities/horizon-dashboard>

² TUBITAK website: <https://ufukavrupa.org.tr/tr/en-basarili-turk-sanayi-kuruluslari>

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requirement definitions and specifications in the washing machine in which the application will be made.

ENOUGH: Within the scope of project ENOUGH working on technologies, tools and methods that will contribute to the entire food chain from the field to table to achieve climate-neutral establishments, Arçelik continues to work on designing the new generation household refrigerator with enhanced refrigerating performance based on data for transition to new EU energy labeling and consumer behaviors.

ZDZW: The project is intended to develop a new thermal imaging system and simulator that is capable of automatically measuring and calculating quality-related properties of a semi-finished product, and of controlling the end product during production. Under the project, Arçelik carries on with demo activities to be conducted on thermoforming lines for production of refrigerator inner body.

VITAL: The project is intended to realize a paradigm shift towards bio-based alternatives for cleaner industrial value chains that are more climate-neutral for Europe's polymer processing sector. Under the project, Arçelik continues to



work on Refrigerator Eva Cover and bio-based material content in refrigerator crispers.

OPeraTIC: The project is aimed at Ultrashort Pulsed Laser application with an efficient production platform. Under the project, Arçelik continues to work on giving antibacterial property to plastic molds in dishwasher baskets by applying ultrashort pulsed laser, and saving energy during the drying phase.

FreeMe: The project researches a toxic-free metallization process for plastic surfaces. Under the project, Arçelik continues to work on manufacturing chromium-plated decorative parts in washing machines with more sustainable solutions.

PRecycling: The project focuses on zero plastic waste through recycling and reusing plastic waste in products. Under the project, Arçelik carries out its activities for sorting, recycling and reusing in white goods waste plastic obtained from waste refrigerators, washing machines and ovens in the Eskişehir and Bolu WEEE (Waste Electrical and Electronic Equipment) recycling facilities.

RELIANCE: The project aims to develop a self-disinfected, biobased nano-coating for use in hygienic surfaces. Under the project, work is ongoing for giving antimicrobial property to glass and metal surfaces in refrigerators through spraying of sol-gel technology without using organic solvents.

REEFLEX: The project aims to offer a central interoperability platform with the Demand Response (DR) flexibility that caters to different end-user profiles and needs for energy efficiency in buildings. Under the project, Arçelik aims to develop home appliances compatible with the DR technology and connected to the project platform and to let the customer manage its equipment from a shared platform, and indirectly help balance the load on the grid.

FlexCHESS: The project is aimed at making various energy storage systems simple and accessible for maximum users by bringing these systems together on a simplified interface. Under the project, Arçelik aims to provide the integration and control of energy-consuming equipment to the system with CHESS-Plugs.

BRIGHTER: The project aims to develop new-generation fast thermal micro-bolometer and multispectral micro-bolometer that will enable faster and more detailed imaging beyond the existing technology. Under the project, Arçelik aims to make implementation and comparison analyses in thermal controls of electronic card failures in continuous production process.

REBECCA: The project is intended to realize edge-AI applications in different domains by designing a reconfigurable AI hardware-backed innovative multicore processor and developing middleware. Under the project, Arçelik targets development of ML algorithms in its camera-mounted refrigerator by integrating the processing to be developed in its electronic cards and performing the analysis of images on its cloud-independent product.

DiCIM: The project aims at digitalized value management for unlocking the potential of the circular manufacturing systems with integrated digital solutions. Under the project, Arçelik aims to automatize the process by creating monitoring systems for establishing the state of white goods in plants' revaluation and recycling facilities and putting reusable components back in the value chain, and by devising digital solutions.

VERGE: The project deals with concurrent product reviewing, co-designing, virtual product prototyping with the help of 5G, AI design and extended reality (ER) technologies. Under the project, Arçelik aims to enable co-designing by designers at different locations with the end-user role of the technologies to be developed.

DEDALUS: The project deals with the development of smart AC, gateway and smart socket solutions compatible with Demand Response targeting to balance the demand on power grids in smart building management systems.

R-Podid: The project aims at developing AI-based fault detection models for predicting potential motor breakdowns in TV serial production line and for reducing energy consumption.

LoLiPoP IoT: The project deals with digital monitoring and control system application compatible with Industry 4.0 on the back of new sensor data infrastructure integration for dyeing, powder paints and furnaces, and energy optimization algorithms.

ECONCONE: The project aims to enable critical raw material traceability and database creation by focusing on the electronic components of the compressor and to develop recycling techniques for these materials.

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Global R&D Collaborations with Stakeholders

Mentoring was provided to a total of 97 firms since July 2022 under the Horizon Europe Mentoring Program launched for the Koç Group stakeholders. 28 mentoring sessions were offered by purely Arçelik teams. The mentoring program, in which the Koç Group employees actively involved undertake responsibility, is intended to raise increased awareness of stakeholders about the Horizon Europe processes, and hence, to let Turkey capitalize at a greater extent on this important funding in the new term.

Arçelik's success in Horizon Europe is enabled by the international network the company has established in this department. Arçelik is involved in intensive networking with the other leading companies in the sector, research institutions and academicians, and plays an important role in innovation and technology development. The company harvests its know-how derived from this extensive network and various expertise areas, and unveils its potential for generating sustainable solutions. Continuing to play a pioneering role in the sector by being guided by the principles of partnership and collaboration in its activities associated with the projects conducted under Horizon Europe, Arçelik's six more projects were accepted in 2023.



During 2023, consortium meetings for three projects, namely "Shop4CF" participated by 22 partners from 10 countries, "Prometheus" participated by 13 partners from nine countries, and "Auto-DAN" participated by 12 partners from four countries were organized in Turkey and hosted by Arçelik.

The R&D organization is conducting the following projects in cooperation with national funding mechanisms:

- Nine TUBITAK 2244 Industrial Ph.D. Programs;
- Five TUBITAK 1505 University-Industry Cooperation Programs;
- Two TUBITAK 1004 Center of Excellence Programs;
- One Tech-Driven Industry Initiative Program;
- One TUBITAK 1512 Startup Support Program;

- One TUBITAK Industrial Innovation Networks Mechanism (SAYEM) Program; and
- One TUBITAK 1515 Frontier R&D Lab Program.

To contribute to efforts for developing qualified human resource, Arçelik suggested more than 270 graduation project topics for undergraduate degrees to Dokuz Eylül University, İhsan Doğramacı Bilkent University, İstanbul Technical University, İzmir Institute of Technology, Koç University, Middle East Technical University, Sabancı University and Yıldız Technical University. In terms of long-term programs that can play an active role in integrating students' academic skill sets in business life, the MasterBee Protocol was signed with İstanbul Technical University and KOOP Protocol with Yıldız Technical University.

Mentoring was provided to a total of 97 firms since July 2022 under the Horizon Europe Mentoring Program.

Arçelik's Innovative Product Portfolio¹

One of the world's leading companies in white goods and home electronics, Arçelik showcased the sustainable technologies it has developed at IFA, Europe's biggest consumer electronics trade show.

The highlights of the products displayed at IFA in 2023 are as follows:

- The first A energy efficiency class refrigerator with +600 liters capacity and embodying freshness technologies such as AeroFlow, HarvestFresh and EverFresh+ has been developed.
- Refrigerators with AeroFlow no frost technology that can keep food fresher longer by 30% preserve the nutritional values of food and reduces weight loss occurring in food by 23%.
- Watercare™ washing machine that consumes 50% less energy as compared to A energy efficiency class washers cleans the laundry optimally and gently thanks to its special wing technology.
- The environmentally friendly AI-Sense washing machine, 28% of which is made of recycled materials, allows washing without the users having to think about the fabric type and lets the users make the program selections according to their needs. The washer assesses the wash steps with sensors that identify the fabric type, load weight, soil level, and rinse requirements to optimize detergent, energy, and water use. With the Autodose feature that enables the use of liquid detergents, the product has a 32% lower carbon footprint compared to products that do not have this feature.
- Enabling the reduction of energy consumed in the most frequently used programs in washing machines, washers with the Energyspin feature dissolve the detergent in water sooner and more effectively thanks to its patented drum movements, which decreases energy consumption by up to 35%.
- Washing machines having the FiberCatcher filter that is developed as an internal microfiber filtration system are able to capture up to 95% of synthetic microfibers during their synthetics-based wash cycles.
- Within the scope of decarbonization and sustainability targets, the world's first dishwasher that uses heat pump technology making it "20% more economical than A energy efficiency class" in standard-size dishwashers has been introduced.
- The built-in dishwasher that consumes 20% less energy as compared to products in A energy efficiency class does not only deliver perfect cleaning performance and easy assembly solutions, but is also the quietest product in its class in Europe with 38dBA A noise level.
- Possessing "delicate washing", "flat-dry with no-drum movements" and "silent washing" properties, the VarioDry tumble dryer ensures equal drying throughout the laundry with its anti-crease function and minimizes shrinking risk. While VarioDry dryers ensure clothes last longer, they also eliminate twisting and tangling problems for textiles such as duvets.
- A built-in oven has been developed with an Airfrying capability, the healthy and practical method of cooking.
- HomeWhiz smart home application allows monitoring of energy and water consumption of white goods, tracks consumer habits and offers customers personalized, smart saving tips. At the same time, it will also be possible to use HomeWhiz to manage products such as solar energy systems and heat pumps. HomeWhiz energy monitoring screens will also display the

¹ For the products and technologies that will come to the fore in 2023 as a result of R&D studies, see. "Innovative Products Introduced in 2023" section (pages 110-129).

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energy generated by the solar energy system, as well as the amount of energy consumed by the white goods, AC and heat pump at home.

Below are the highlights of other products and technologies introduced in 2023:

- SBS Refrigerator with BPA-free plastic water dispenser and ice maker has been launched.
- The first refrigerator with Soft Freeze (partial freezing) feature has been developed.
- The first glass door refrigerator in the 70+ cm. fridge freezer product range has been developed.
- The Cool on Demand technology focused on cooling hot pots in fridges has been matured and will be launched by the end of the year.
- 60 cm No Frost Larder with AeroFlow cooling technology and B noise level, and 60 cm No Frost Freezer with B noise level have been introduced.
- 60 cm Combi Fridge Freezer in A energy efficiency class with AeroFlow cooling technology and B noise level went into mass production.
- In Wi-Fi enabled refrigerators, an alarm via the HomeWhiz function has been introduced to ensure food security in case of a power outage.
- (A-10%) refrigerator which consumes 10% less energy as compared to fridges in A energy efficiency class has been developed.
- 12 kg washing machine with the highest capacity with Aquatech technology in A-%10 energy efficiency class went into serial production.
- CustomWash (X-Mode) series washing machines that evaluate the washing performance with the customer via the HomeWhiz platform have been introduced.
- Materials such as recycled ABS, and recycled PA6 with fiberglass that also includes textile waste and reinforced with graphene made from recycled tire waste started to be used at a greater extent in the related parts of washing machines.
- While a new built-in display with Wi-Fi feature has been added to dishwashers, a module that can track the program has been created for built-in products. The module that lets the user know about the status of the cycle with “blue-red-green” colors on the machine’s upper left corner to specify that it is “washing-drying-end of program” has been designed to be compatible with new and current all built-in displays.
- Energy and water management feature that shows electricity and water consumption values to the user for every program and function used via the HomeWhiz app in Wi-Fi enabled products has been introduced on dishwashers.
- A lower-cost, innovative and competitive electric motor producing the same performance has been introduced, which generates higher power density with the same volume thanks to its original electrical design.
- With the aim of reducing water use and conserving natural resources, the SaveWater project has been developed as part of sustainability efforts, which allows using the condensation water that can be collected up to 5.2 liters per cycle in the dryer tank for the next wash cycle in the washing machine. This allows making one wash in about every 10 washing cycles with the collected water.
- In terms of sustainability initiatives for tumble dryers, the use of recycled raw materials was expanded for internal plastic parts like the chassis, front

bearing, etc. All in all, the ratio of recycled material use in all plastic components was increased to 35%.

- Offered via HomeWhiz for Wi-Fi enabled dryers, the Smart Pairing function has been introduced which selects the drying mode that best suits the program run on the Wi-Fi enabled washing machine.
- A 30"-wide Range Cooker with integrated superior cooking features has been put on the market.
- A new generation full steam oven has been introduced, which enables healthy cooking with 100% relative humidity.
- A T-Shaped Island 90 cm. hood, which was not part of the product range before, has been added to the product line. The ceiling-mounted hood can be used with island kitchens, offers connectivity with mobile devices via the HomeWhiz app, and can work automatically with the Hob2Hood connection.
- NoBurnt and Ready2Cook features have been integrated into the products. The NoBurnt feature prevents food sticking to the pan and getting burnt when cooking stews and automatically switches off the hob when the

Arçelik's dedication to R&D fuels the creation of innovative and original technology-powered products that are designed to delight users.

liquid in the pot has evaporated with the help of the sensor and algorithm in induction hobs. The Ready2Cook feature informs the user that the cooking compartment has reached the ideal temperature and offers the user a cooking experience at a fixed temperature thanks to its automatic power control.

- Turkey's first coffee machine that uses the developed algorithm to interpret the data received from the IR sensor and NTC sensor to brew foamy Turkish coffee in different amounts (for 1-5 people) each time has been developed.
- A yogurt maker has been designed that completes the cooling, storing, and food preparation processes in acidic and basic milieu thanks to the algorithm and sensors used.
- The new generation platform has been introduced for Google TV, which rapidly increases its use on Smart TV platforms, with personalized content suggestion system and multi-profile creation capabilities. The project employed the Dolby Vision IQ and FilmMaker Mode characteristics.
- A 55"-65" High-end Nano QLED UHD TV with Google TV platform has been introduced.
- 50", 55" and 65" 60 Hz and 75" 120 Hz Nano UHD+TV products have been developed.
- In partnership with Google, project work has been initiated for acting as the lead producer of

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the new generation Google TV platform in Europe.

- ToneMaster capability has been introduced on Android and Google TV platforms, which allows users to change and instantly experience the volume settings easily, and thus lets them adjust the maximum sound quality to be obtained from the TV according to own liking.
- Picture Customizer capability has been introduced on Android and Google TV platforms, which allows users to change and instantly experience the image settings easily, and thus lets them adjust the maximum image quality to be obtained from the TV according to own liking.
- Easy Satellite Installation capability has been introduced on Android and Google TV platforms, which allows users to search for channels on the satellite source easily and quickly without having technical knowledge.
- The 65" smart board product has been renewed. The new model uses a modular computer with 12th generation processor and 6th generation chipset.
- Cooperation has been established with TUBITAK and integration of Kernel 6.1.0 version of the Pardus operating system that runs with the 12th generation processors has been completed, and introduced on 65" smart board products.
- Hotel TV application has been developed, which can run in modular fashion on the Android operating system and can receive IP and RF broadcasts.
- The development of the Arsigna application that can run 7/16 on Android industrial screens has been completed and put into serial production.
- The development of the media player that can be co-operated with digital screens, and has HDMI, DP and control interfaces has been completed and the device has been introduced.
- Intended for indoors and window displays, the first LED screen with 2.5 mm pixel range in Arçelik product lineup has been developed and introduced. It has also been integrated with Arsigna digital screen app.
- First used with robot vacuums and ACs, and then expanded with other products, the HomeDirect application is the first umbrella app that gathers Small Home Appliances, and a digital recipe pool has been created for cooking products and espresso machine.
- Arçelik's most powerful robot vacuum with a 5000Pa suction power has been developed. The product is Wi-Fi enabled, can do room/zone selection/cleaning by mapping the house via its mobile app, and features automatic dust emptying system that eliminates the user's contact with the dust. Holding cyber security certification, the robot vacuum has a 4 L dust bag capacity and mopping function.
- An electric shaver that has abrasion-resistant titanium blades has been developed. With 120 minutes running time when fully charged, the shaver reaches the battery level to perform a shave within five minutes after the battery runs down thanks to its fast-charging feature. The washable shaver also senses the beard intensity and adjusts the shaving speed. It also contributes to sustainability with its outer body plastic content that is made from recyclable materials by 47%-72%.
- Fully-automated espresso machines with environmentally friendly and quick modes and featuring 13-step grinding levels to grind the beans to the desired fineness and three different settings for strength have been introduced. Having 10 drink modes, the product has adjustable milk frothing and hot water intake capability, memory function to store water and milk quantities, five cleaning options, energy-saving stainless steel

Newly-introduced compact automatic and semi-automatic espresso machines feature HomeDirect-integrated brewing options.

cup warmer, stainless steel grinder, colored touch screen. It is available in two different premium models that are integrated with HomeDirect applications and guarantees superior brews with 19 bar pressure.

- A semi-automatic espresso maker with double-spout portafilter to prepare two cups of coffee simultaneously and featuring four drink modes has been developed. The machine has adjustable milk frothing and water intake capability, memory function to store milk and water quantities, energy-saving cup warmer, colored touch screen, integrated steam wand and a milk compartment. The product is available in two models, which can be connected to the HomeDirect app, and in a more compact design compared to the competition.
- Air fryer that uses little-to-no oil has been developed, which can cook two different dishes simultaneously at different cooking temperatures, for different cooking times and at different fan speeds, all enabled by its dual zone design. In addition to nine pre-set cooking modes, the product features special functions like smart finish to ensure that the dishes are ready at the same time, and the match cook function to copy the cooking



setting from one side to the other, as well as the keep warm function. The product comes with four different accessories for certain types of food.

- A premium multi-purpose cooker with 13 pre-set programs and 13 different security sensors with stainless steel cooking compartment has been developed. The HomeDirect app can be used to control the product and follow up the cooking steps. Besides pre-stored recipes complete with automatically set temperature, duration, pressure and step-by-step guidance, the user can also create their own recipes with the cooker.
- Energy and water management capability that can be used on the HomeWhiz app has been developed to view energy and water consumption by Wi-Fi enabled white goods (refrigerators, washing machines, tumble dryers, dishwashers) and AC, and to offer personalized saving suggestions to users on the basis of smart suggestions.
- The function to let users easily access the call center using the service support button has been enabled on the HomeWhiz app.
- The HomeWhiz - Amazon Alexa integration went live, which allows to automatically order detergent, brightener, softener and salt via Amazon Alexa for Wi-Fi enabled washing machines and dishwashers.

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Innovation

Garage Innovation Hub Programs and Projects

Garage Innovation Hub strengthens innovation activities within Arçelik and aligns them with the corporate strategy, and encourages cooperation with internal and external stakeholders. It goes beyond Arçelik's core product groups and adopts user-focused methods and develops new business models and technologies according to priority areas set by the company.

Open innovation activities are carried out in cooperation with network players, which entails adaptation of a technology produced by different actors in the innovation network, introduction of advanced properties to broad markets, development of new products on the back of collaboration and establishing partnerships by making license agreements. Garage Innovation Hub's innovation activities are grouped under the roof of two studios:

1. Innovation Programs Studio

5G@EndTech

5G@EndTech – Led by the Ministry of Industry and Technology and co-developed by the Presidency of the Republic of Turkey Investment Office, KOSGEB (Small and Medium Enterprises Development Organization), TUBITAK (The Scientific and Technological

Research Council of Turkey), TUSSIDE (Turkish Management Sciences Institute), Arçelik, Nokia and Türk Telekom, 5G@Endtech is a 5G Manufacturing Technologies Open Innovation Accelerator Program aimed at supporting the commercialization and globalization processes of companies with 5G infrastructure in Turkey.

As part of the program, a demo day was held on 20 January 2023 with the participation of 13 startups that successfully completed their PoCs (Proof of Concept). Attended by the Minister of Industry and Technology Mustafa Varank and Koç Holding President of Consumer Durables Group Kemal Ebiclioğlu, the demo day welcomed over 15 corporate firms and 10 investment network representatives. Within the scope of 2023 activities of 5G@Endtech program, collaborative work is ongoing with four startups that successfully conducted their PoC studies. The launching of a solution by one startup is underway. Furthermore, two EU and one TUBITAK project applications have been submitted. In addition, three startups that succeeded in the program made presentations to the Koç Group Digital Transformation Leaders. Out of these startups, Robolaunch cooperated with Ford Otosan.

Innovation Champions

In 2023, the third term of Innovation Champions was carried out with 30 mentors that represented 13 major national and international companies including Migros, Anadolu Efes, Yapı Kredi, Farklabs, Tofaş, Coşkunöz Holding, Nokia, Koç Yaşa Çok Yaşa, TürkTraktör, Ford Otosan, Opet, Türk Hava Yolları and Arçelik. The mentors participated in five comprehensive sessions that dealt with various topics such as new generation entrepreneurship concepts, innovation, value proposition, innovation network and mentoring practices. Following the training period, the mentors offered mentoring in the Third Term Innovation Champions Mentoring Program that was taken up by 33 startups from nine different countries.

Upon completion of the third term, a group of 75 mentors from Arçelik and various companies has been formed. All Innovation Champions interacted with more than 200 startups, carried out mentoring for over 400 hours, and participated in more than 50 hours of shared learning sessions and 20 hours of group events to date. Among the noteworthy achievements, eight demoday, co-organized with Keiretsu Forum Turkey has been instrumental in getting acquainted

Garage Innovation Hub strengthens innovation activities within Arçelik and aligns them with the corporate strategy, and encourages cooperation with internal and external stakeholders.

with 130 startups, while more than 45 presentations were assessed, and 24 Innovation Champions were matched with 24-Startups. The Innovation Champions community has successfully carried out six Proof of Concept (PoC) processes and established five partnerships so far.

BiGG

KWORKS BiGG program, under which TUBITAK provides TL 450,000 financial investment support, has been managed with the cooperation of Arçelik-Garage Innovation Hub and 11 Koç Group companies. In the program's inception year in 2023, 178 applications were received and 55 of them were admitted to the program; 35 carried on with the program. Following the training and mentoring sessions provided under the program, 20 startup candidates were submitted to TUBITAK for assessment. Two of the startup candidates assessed by TUBITAK qualified for funding and gained access to TL 900,000 investment support.

Startup Collaboration

Collaborating with startups to realize technological and digital transformation quickly and efficiently and to be agile in new technology and product/service development is an important open innovation practice. To this end, business units and different startups were brought together to speed up the digital transformation of business units, accessing new technology and products, following up trends and collaborating with startups. In this process, startup screening reports were drawn up which reviewed more than 300 startups in total that deal with sustainability, generative artificial intelligence and startups that participated in IFA. More than 600 startups were screened apart from the startup screening reports.

A facilitator role has been assumed in potential collaboration processes by bringing business units together with startups having the potential to respond to various needs of the former. In 2023, 35 different business units were matched with more than 170 startups. As a result of the matching, PoC process is in progress for 16 startups, whereas collaboration has been established with 24.

Innovation Boosters

Innovation Boosters is an internal community building program focused on equipping Arçelik employees with facilitation skills to promote design innovation and to pave the way for more effective workshops and therefore, more effective innovation ideas and deliverables. Bringing together 21 participants from 16 departments, the program participants received "Design Thinking" seminars from the Garage Innovation Hub team, and theoretical and practical training on "Workshop Facilitation" from the program partner Userspots. Drawing on their newly acquired skills, Innovation Boosters designed and managed at least one workshop about their tasks and have been instrumental in the conceptualization of more than 90 ideas. Their activities will continue with the mentoring provided by Garage Innovation Hub team by expanding the versatility of topics, number of ideas, and the innovative implications of their ideas across Arçelik.

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A Ticket for Your Future (ATFYF)

A Ticket for Your Future program has been carried out with Arçelik Human Resources team with the aim of promoting a reverse brain drain for students studying at the world's leading universities and attracting them to Arçelik. For details, see the *"In Touch with Human Needs"* section ([p. 169](#).)

Patent Scouting

Established with the Intellectual Rights team for inventors wishing to commercialize their inventions for which they made an application or obtained protection via Arçelik, the Patent Scouting Program is kept open constantly for new applications. Inventors can be placed under different categories at Arçelik such as licensing, license transfer, being an investor or supplier. The program received eight applications in 2023 on various topics including food preparation, compressor, laundry washing, earthquake detection and microplastics filtering, and evaluation is in progress for two of them.

The "A Ticket for Your Future" program has been implemented to support reverse brain drain and to attract talent to Arçelik.

Sustainability Venture

Exploratory studies were carried out to come up with a new initiative that creates value associated with Arçelik's strategies and business model; market research and analyses were reviewed and areas of opportunity were listed. Nine areas of opportunity were reviewed and detailed as a matter of priority. Previously developed ideas that are incorporated in Garage Innovation Hub's portfolio were also considered within the scope of areas of opportunity. Consumer research and idea conception have been carried out for a prioritized area of opportunity. For three of the ideas conceived, digital prototypes have been developed. For an idea concept, a test was conducted for customer verification. To evaluate its business potential, business model design, market size research,

competition analysis, pre-feasibility, and the strategy for putting the product on the market have been studied.

2. Venture Studio

Busker

Busker has been incorporated in the U.K. as an original platform for artists producing specific content to directly interact and share their works with interested parties without needing the usual intermediaries in the existing system. During 2023, the product's design, software development and Web2 and Web3 cyber security tests have been brought to completion. Customer contacts began and

applications started to be admitted by end-November. Being Busker and Arçelik parties, the corporatization phase has been embarked upon.

NatureUP

Developed with the purpose of offsetting personal carbon footprint, NatureUP is an interactive coaching application that expands the sustainability concept across the company and incites concrete actions in this respect. This initiative is intended to encourage employees to integrate sustainable actions in their everyday lives and to form a shared culture with this mindfulness. The application offers users a learning journey with practical steps to calculate and reduce carbon footprint. NatureUP was successfully tested with nearly 150 users at Arçelik in 2023, and is ready to be released. While the product continues to be presented to various companies, it aims to raise increased awareness of sustainability with companies partnering in launch and to create positive environmental impact through increased mindfulness of sustainability, including in the business world, in 2024.



Payiva

With the aim of increasing financial inclusion in Turkey, Payiva offers collection solutions that serve as an alternative to credit cards in the retailing industry - particularly for Arçelik - increasing financial literacy, and providing added value to retailers by way of B2B solutions.

The Payiva platform was designed to offer the most advantageous

term rate and allow customers to pay by installments for their purchases without a credit card being necessary. The platform is also intended to enable retailers and banks to acquire new customers, generate additional income and ensure customer satisfaction. Payiva will be used in a manner to generate benefits according to the synergy map in the Koç network.

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Digital Transformation

Arçelik's Digital Transformation Approach and Strategy

Arçelik places digital transformation as the focal point of its business model and global operations, and defines it as execution of reliable and scalable solutions by virtue of people-oriented sustainable digital technologies with the aim of providing new means of revenue and value generation.

In this framework, the company strives to implement new digital technologies that maintain a strict focus on customers, can quickly respond to needs that evolve under today's circumstances – particularly during and after the pandemic – will put Arçelik ahead of the competition, and tries to attract the talents or valuable human resources that will put these technologies into life.

In terms of digital transformation focus, Arçelik always keeps four main categories at the forefront and relates all its activities to the following areas when molding them:

1. Customer - Consumer
2. People - Organization
3. Process and System
4. Products and Services

Arçelik's main concern is to turn its digital transformation strategy into an organization-wide "culture". Furthermore, the company continues to select and implement projects that will add value to the entire network through sustainable digital technologies.

Arçelik formulates and applies the entire transformation process and particularly digital transformation governance according to major principles. Solutions are devised with the aim of determining the tasks that will contribute the highest added value to customers, employees and the company, by focusing on several criteria including naming the transformation needs, the issue or problematic area that will be resolved, and the compatibility of this need with the company's future strategy (e.g. cost saving, additional revenue, more efficient business management, time saving, and so on).

During 2023, Arçelik carried out its activities in line with the following areas of focus:

- improving digital supply chain
- activating organic and inorganic growth
- maintaining digital production
- building on D2C (Direct to consumer) capabilities on a global scale
- increasing efficiency and productivity

- transformation using data governance and artificial intelligence

The company defined its areas of focus for digital transformation in 2024 as follows:

- digital transformation of the global supply chain
- activating organic and inorganic growth
- new generation enterprise resource planning
- maintaining digital production
- increasing D2C (Direct to consumer) capabilities on a global scale after-sales activities
- increasing efficiency and productivity
- transformation using data governance and artificial intelligence

Within the scope of Arçelik's organic and inorganic growth,

system adaptations were carried out at newly established/acquired subsidiaries that will ensure due execution of operations in accordance with Arçelik's global standard work processes in view of the local requirements in Azerbaijan, Belgium and the Netherlands. To this end, subsidiaries were able to use the system at low cost, and to set up an easy-to-trace, controllable structure by way of standardized work processes, and receive a transfer of the acquired know-how, common reporting and process integrations.

Arçelik places digital transformation as the focal point of its business model and global operations.

The 1st phase of the new generation corporate resource studies, the new generation SAP transformation (AHEAD project), initiated within the scope of the Arçelik Hitachi joint venture, was completed in the Thailand sales company. At the beginning of 2024, in Phase 2 and Phase 3, the Thailand factory, Singapore, Hong Kong and Taiwan sales companies will be completed. In Phase 4, the new generation SAP transformation of the Chinese factory and sales company will be completed.

In terms of digital production and products, digital keels (production, internal logistics, maintenance processes and quality implementations management systems) have been standardized and converted into integration bundles within the scope of a constantly expanding production network in international markets and digital transformation strategies in production. Along with these studies, 87 quality-focused digital projects were commissioned, 51 of which were carried out at production sites outside Turkey.

Egypt Refrigerator and Cooking Appliance Plants, Bangladesh Refrigerator Plant, and Manisa Washing Machine Plant were designed end-to-end as greenfields, and digital backbones and infrastructures were

established. In addition, an end-to-end digital transformation program was implemented at the Ankara Dishwasher Plant, and the automation infrastructure was upgraded.

Through the transformation of production management systems, expanding the use of AI in production and quality management implementations by focusing on **Industry 4.0** and digital transformation management in quality operations, processes have been introduced which will substantially eliminate perceived quality problems and critical quality issues. Automated referral tools in the production area are managed and tracked uniformly on a shared IoT platform, which allows smart application developments. Raw material variability was identified through a data analytics study conducted using real-time data obtained from sensors placed on the sheet metal forming mold, and accordingly, an Artificial Intelligence-Based algorithm was developed that simultaneously optimizes the process parameters for the specific raw materials throughout the process. By means of this algorithm, which works on-premise during the production process, the system works autonomously without the need for operator intervention. During

the study, technologies such as Physics-Based Machine Learning techniques, Sensor Technologies, Data Acquisition, PID control algorithm, Data Visualization, PLC and PLC programming, and Proportional Hydraulic System Controls were used. Developed entirely by Arçelik teams, the new technology implemented in the Sheet Metal Forming process has the potential to be utilized in sectors beyond white goods with similar processes.

With the dissemination of the “Digital Production Maintenance Module” in Romania, Russia, Thailand and South Africa in addition to Turkey, service is being supplied to over 85,000 equipment and 4,622 users speaking five different languages at 14 suppliers and 24 plants in total. While the use of the module increased the improvement rate in production losses resulting from maintenance to 38%, repair time decreased by 3%, the improvement in the traceability of maintenance operations was completed by 100% and losses resulting from the lack of self-maintenance were reduced to 13%. This in-house developed software product, which has been improving Arçelik’s maintenance processes, is also fit for commercialization and generating revenue.

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Implementations of digitalized product recycling processes based on **sustainability** principles have been integrated into procured products and the Eskişehir Refrigerator Plant.

The state-supported 5G@EndTech program, aimed at enhancing awareness and competence in Turkey on 5G, the next-generation communication infrastructure, has been concluded, and four projects have been initiated in collaboration with selected companies from the program.

Utilizing the MARS platform, which was introduced **in the sales** area in 2022, manual orders have been digitalized, and an effective and smooth customer experience similar to B2C is underway for B2B customers. This platform is designed to seamlessly integrate with the sales structures of all Arçelik Global subsidiaries, enhancing efficiency and data security by ensuring faster realization of sales orders and improving visibility in an environment where customers can easily access relevant data 24/7. Due to the streamlining of manual processes, a decrease in errors, and improved visibility, an efficiency gain of ~83% is achieved in the time taken to process a single order.

In addition to the USA, Austria, Spain, South Africa, Serbia, Germany, Egypt, Poland, Australia and New Zealand, where the platform had been commissioned in 2022, it was also extended to the Czech Republic, Philippines, Vietnam, Malaysia and Croatia in 2023. The installation process for Belgium and the Netherlands continues.

The new integrations put into service in 2023 provided automatic exchange of c. 1.9 million and c. 5.7 million process documents for the sales and logistics processes, respectively, for two Electronic Data Interchange (EDI) themes, saving 15 employees' labor in 2023. While 5-10 days improvement was achieved with respect to EDI-integrated orders, reprocessing ratios were down by 80%. This service was delivered to subsidiaries located in 25 different countries in total and customer satisfaction was enhanced by another notch.

Oliz, an application that has been available on iOS and Android platforms since February 2022 and aims to increase the frequency of contact with customers, enhance the visibility of Arçelik's brands, products, and services, expand the

opportunities offered to customers through various collaborations, contribute to the Company's profitability with supplementary revenue, and provide advantageous solutions from A to Z for household needs from a single point, underwent further enhancements in 2023. It also provides exclusive benefits and opportunities for customers when shopping at Arçelik and Beko stores. In 2023, the total membership count of the Oliz Application grew by 1.9 million, culminating in a figure of 2.6 million. By means of dynamic redirects to the self-service channel, users are able to obtain device maintenance prior to the expiration of the warranty period.

The PCM application, where Arçelik's vast data content is generated and controlled, has been centralized. Due to this structure, substantial progress has been made in terms of performance, dissemination, and scaling.

In 2023, a total of 220,000 consumers were engaged via QR codes printed on products as part of the "Customer onboarding" project. This platform has dynamized the structure for customers to register their products. It was introduced the

In 2023, a total of 220,000 consumers were engaged as part of the “Customer onboarding” project.

platform in Spain, Poland, Austria, Hungary and Egypt in 2023. Efforts are being made to expand it to 15 additional countries.

In addition to 70+ Beko brand sites, 25 Grundig brand sites, Altus, Leisure, and Defy sites have been transferred to the “Rainbow” infrastructure. This centralized platform supports multiple languages and brands, leading to more contemporary websites.

Project Sirius, carried out in the **after-sales area** in 2022, created an expandable infrastructure for after-sales processes of Arçelik subsidiaries in Morocco, Vietnam, Croatia, Georgia, Romania, Moldova, Serbia, Malaysia, Bosnia-Herzegovina and Azerbaijan, Arçelik-Hitachi subsidiaries in Vietnam and Malaysia, and Koç Holding’s global presence. Three different modules were designed and introduced, which will be used by mobile field technicians, service centers and secondary contact people. As a result, processes and operations involved in after-sales services can be transparently followed up and managed end-to-end via a single main application. All subsidiaries using Sirius have 100% instant visibility of technicians’ activities, spare part stocks/movements and customer

activities (cases, complaints, repairs, warranty, products, spare part orders, etc.). All members of the organization (call center, back office, service engineers, field technicians, etc.) can chat via the Sirius application. Sirius is also a customer relationship, field service and case management product that has the potential to be sold to companies other than Arçelik.

As of 2023, the subsidiaries or countries of Bangladesh, Slovenia, Australia, New Zealand, Ireland and Croatia, as well as the Arçelik Hitachi subsidiary in Thailand, have started using Sirius. Furthermore, by the last month of the year, Arçelik subsidiaries in Poland, Belgium and the Netherlands, along with Arçelik-Hitachi subsidiaries in Taiwan, Hong Kong and Singapore, will also go live. Finally, the Sirius interface was activated for the spare parts order operations of Arçelik’s US subsidiary during the year. At this point, Sirius is used in 25 countries or subsidiaries, and the number of active users has reached 8,971.

The goal of the data-driven guidance system for the repair process is to empower service technicians to efficiently address issues with fewer visits and

complete the process with all required materials during the initial visit.

Studies were conducted to develop a CRM strategy for the Call Center infrastructure, featuring low investment costs, easy management, and worldwide scalability. By virtue of these studies, in addition to process improvements, an annual cost advantage of up to EUR 463,000 was achieved.

Reflecting the same strategy globally, Arçelik’s South African subsidiary underwent a global transition in 2023, implementing similar solutions within the framework of managed services and achieving similar benefits. The Austrian subsidiary’s transition will be finalized by the end of the year. The goal is to finalize the transition of all call center infrastructures that are not managed globally by 2024.

In Touch with Business



The Ortec application has been implemented, allowing for the digital transformation of product and spare parts warehouses serving Turkey's domestic market in the logistics shipment and planning process, as well as the ability to manage the entire transportation process on a single platform.

The Ortec application has been implemented, allowing for the digital transformation of product and spare parts warehouses serving Turkey's domestic market in the logistics shipment and planning process, as well as the ability to manage the entire transportation process on a single platform. Route and in-vehicle loading optimization were employed during the planning process to ensure lower-cost shipment, shipment tracking through mobile application, and digitalization of the

reconciliation process with third-party logistics companies through invoice integration. The aim of this platform is to achieve improvements in logistics costs and gains in traceability and digitalization in the long term.

A software system that provides end-to-end monitoring of the global network, effective data management, statistical analysis, inventory optimization, network

visibility, and multi-stage inventory management is deployed for spare parts planning across all Arçelik Global subsidiaries from a **multi-channel and consumer perspective**. By managing spare parts planning with this system, we intend to elevate the global spare parts service level to meet industry standards. In 2023, this application was launched in South Africa, Australia, New Zealand, Austria and Serbia.

Significant operational cost savings have been realized through the self-service-based digitalization of human resources, expenses, invoices, and purchasing processes on the **employee-centric digitalization** application Connecta, which has been expanded to 13 countries and four regions.

Based on **Robotic Process Automation (RPA)** activities carried out since 2019 in process digitalization and process efficiency, 139 processes that are critical for Arçelik have been automated using the RPA technology, creating a 106-employee workforce saving and operational efficiency.

Digital Assistant (ChatBot, Yoda), **Arçelik's first artificial intelligence and NLP-based digital product**, was made available to 100% of beko.com.tr users and 50% of arcelik.com.tr users in 2023. The Digital Assistant serves Arçelik customers in Turkey by providing answers to customer service, campaign offers, and product recommendation inquiries. Due to the service-based flows, question-answer flows, and routing flows that the Digital Assistant contains, the aim is to lower the costs of providing WebChat and WhatsApp services in the Customer Services call center and boost sales through websites. The digital assistant serves an average of 6,348 customers every month through 6,990 conversations as a ChatBot channel, resulting in operational cost savings.

Arçelik takes organizational measures and conducts projects across all levels of information technologies and operational processes in order to **minimize Information Security risks**, prevent potential losses in reputation, revenue, market share, and brand value that may arise from related risks, and increase customer satisfaction. Among the measures taken and tasks performed involves steps to enhance inclusivity by providing information through policies and procedures in order to raise information security awareness, conducting Information Security Awareness programs including training and phishing simulations, and dealing with supplier information security in order to bolster the security and involve all stakeholders. The information security processes align with the ISO 27001 Information Security Management Certificate. Furthermore, the Cyber Security Unit, operating under Information Technologies, identifies Arçelik's Cyber Risk profile and implements existing risk control strategies and assessments to minimize cyber risks. Efforts to ensure the safe integration of productive AI technologies into business processes and to manage other

risks posed by relevant technologies are conducted in collaboration with the Cyber Security Team and the Artificial Intelligence Team, in line with the Company's strategy in this area.

The Arçelik IT unit conducts its projects **under the umbrella of Digital Transformation, Big Data and AI R&D Center** in collaboration with the national and international innovation ecosystem, and universities and technology stakeholders. A key step in this direction has been involvement in the international Smart Delta R&D project in the EU Eureka ITEA cluster for the Software Factory Cloud-Based Microservice Architecture platform in partnership with Bilkent University Computer Engineering since 2022. Utilizing the knowledge and technology acquired through this project, the Company aims to enhance the quality of software processes by incorporating Next-Generation Software Development infrastructures into all its digital solutions.

In Touch with Business

Furthermore, applications were submitted for international R&D project collaborations under both Horizon Europe and Eureka. Projects applied for in 2023 within the EU R&D fund programs: three project applications for Horizon Europe: "FATIMA", "SUSSETT", and "SUCCESS"; two project applications ("RCFPEP", "SOSIS") from the 2022 call in the EUREKA ITEA funding program; a total of three R&D project applications ("GENIUS", "HOMEPOT", and "SelfOrgA") were made from the 2023 call. In addition, Arçelik, with its Information Technologies unit, took part in the "CIRPASS-2" project application on the Digital Product Passport in the Digital Europe fund program, marking the first involvement of Turkish stakeholders. If this project secures funding approval, Arçelik will become the first company from Turkey to receive funding in the Digital Europe program.

Among ITEA projects, two R&D projects ("RCFPEP", "SOSIS") were accepted and TUBITAK TEYDEB 1,509 project applications were submitted. The project "SOSIS", which aims to enhance the quality of the certification phase using a variant-based approach in the software production line for critical industrial processes, has been accepted by TUBITAK and project studies will be initiated based on the results of international stakeholders. The Information

Technologies R&D Center is also actively engaged in the VERGE project on 5G, initiated at the beginning of the year within the scope of Horizon Europe, and plays an important role in technology matters.

Collaborations with 10 universities have been conducted for innovation in current digital projects, **including project and thesis academic partnerships**. In Information Technology, we collaborate with a total of 12 universities within the scope of PREP, a long-term internship program for 3rd and 4th year undergraduate students conducted together with the Computer, Industrial and Software Engineering departments of universities. The main target is to keep Arçelik products and services in a leadership position amid global market dynamics thanks to innovative digital products and solutions developed on the basis of projects and academy partnerships.

Arçelik considers global developments and strives to maintain success while passing on its values to future generations in a sustainable way, adhering to its vision of "Respecting the World, Respected Worldwide" and its goal of "Inspiring Sustainable Lives in Every Home." Throughout this journey, the goal is to become the

leading company in utilizing artificial intelligence technologies in the best way possible. In 2023, the Arçelik artificial intelligence transformation initiative was launched for this purpose. Arçelik values the potential for change, transformation, and innovation that stems from its current and potential employees. The Company conducts training and awareness activities to enhance the knowledge and skills of its employees in the field of artificial intelligence. An artificial intelligence development transformation program is being implemented to enhance competitiveness through a value-driven strategy centered on value creation and growth. Currently, over 15 productive artificial intelligence systems have been successfully integrated and utilized in Arçelik. These systems include solutions developed in-house as well as top-notch industry solutions aimed at enhancing customer understanding, seizing sales prospects, and boosting overall efficiency. To ensure ethical values are reflected, studies have been conducted on data security and artificial intelligence projects. These projects are fed by data and powered by data, as well as data governance and artificial intelligence security. Investments in this area will continue in the years to come.

Arçelik manages its processes in order to serve its customers with the vision of “unparalleled customer experience and reliable service”.

A **Technology Democratization program** has been implemented within Arçelik to ensure that all employees have access to the latest technologies and to promote equal opportunities in this area. More than 3,000 employees were provided with training in software development, robotic process automation, data analysis, and artificial intelligence. Employees who boosted their skills through training sessions acquired application development experience with the Information Technologies department and developed activities that will ensure efficiency in their respective business units.

To ensure the Company's data is efficiently accessible and of superior quality, the data governance transformation project was kicked off in the Human Resources department in April 2023. This one-year project is designed to support the strategic decision-making processes of data governance committees established within the Human Resources department, and follows the **Data Governance Organization** model.

Today, agile transformation in the information technology field has designed structures that swiftly adapt to changes and uncertainties, improve themselves, and where fully authorized teams focus on a common goal.

Customer and Consumer Experience

Customer Services Turkey

Arçelik manages its processes in order to serve its customers with the vision of “unparalleled customer experience and reliable service”. Quality after-sales services are guaranteed by maximizing customer satisfaction in order to strengthen customer loyalty.

Arçelik Customer Services embraces a customer-centric approach based on the fundamental principle of delivering the perfect customer

experience and enabling convenient communication of want and needs of the customers of all brands serviced without discriminating on the basis of customer profiles; customers are informed within 24 hours that their requests have been delivered to the company and conveyed to related units. In this system, the entire process is compiled in a traceable, reportable, transparent and safe single information pool, these records are handled and evaluated impartially, fairly, in confidence and in accordance with regulatory requirements; and processes are constantly being controlled and improved,

Arçelik Customer Services always supports customers with its far-reaching service network, well-trained staff and advanced technological infrastructure, with the vision of “unparalleled customer experience, reliable service” whenever needed.

The Arçelik Customer Services Directorate offers service via 12,847 authorized service employees, 5,795 service technicians and a fleet of 5,063 service vehicles in a total of 643 services in 81 provinces of Turkey. During 2022, approximately 18.3 million services took place.

Service is provided by trained technicians for all products requiring expertise.



In Touch with Business

Electric Vehicle Usage at Authorized Services

In a bid to contribute to the vision “Respecting the World, Respected Worldwide”, Arçelik Customer Services Directorate treats it as a priority target to reduce environmental impact by driving electric vehicles at authorized services.

The first electric vehicle delivery took place in 2022 as part of the collaboration established with Ford Otosan. In 2023, sales campaigns for electric vehicles were conducted in collaboration with Ford Otosan, while ongoing efforts to promote the use of authorized services were maintained.

Public charging stations for electric vehicles have begun to be installed at Arçelik authorized services, with ongoing efforts for expansion and development continuing with Wat Mobilite.

Electric Vehicle Charging Station Business Model

In the developing and rapidly growing electric vehicle market, the Arçelik Integration Project for the sale and after-services of charging stations in collaboration with Arçelik Pazarlama A.Ş. and Wat Mobilite was completed in 2023, and the project was effectively implemented in the industry. Arçelik authorized services

have started providing charging stations for electric vehicles sold through Arçelik and Beko authorized dealers. Arçelik by Wat brand charging stations cater to the safe charging needs of electric vehicle owners.

Models That Will Generate Additional Income for Authorized Services and Arçelik - Maintenance, Cleaning, Control Services

Maintenance services continue to be provided to customers in various product groups (Tumble Dryers, Refrigerators, Washing Machines, Ovens, Dishwashers, Air Conditioners, Combi Boilers, Water Dispensers, Hoods and Aspirators) under the Maintenance-Cleaning-Control Service and Maintenance Proposal processes.

The maintenance service department allows customers to use their products longer, enables authorized service centers to generate additional revenues, increases engagement of authorized service center employees by paying additional share from the revenue, and generates revenues for the company on non-warranty services.

Furthermore, the maintenance service department provides

other benefits such as increased performance of products, contribution to energy saving, advance warning of potential failures to prevent higher-cost failures, and in-depth cleaning.

Customer-Friendly Company and Customer-Friendly Brand Activities

As in previous years, operations in Turkey were audited by the Turkish Standards Institution (TSE) in 2023 and awarded with “Customer-Friendly Company” and “Customer-Friendly Brand” certifications.

In the first phase of the project, Authorized Service Centers were audited by the TSE. As a result of the audits conducted, 40 Arçelik Authorized Service Centers qualified to receive the “Customer-Friendly Company” certification. Following the audits performed in the second phase of the project, the company was awarded the “Customer-Friendly Brand” certifications with Arçelik and Beko brands. Initiatives in this field will continue to be audited by independent companies with a sustainable approach.

Combi Business Model

As a turnkey business model, the Combi Boiler Business Model provides customers with frictionless service (a task that requires installation beforehand) all at

¹ Belgeler, TS 12850 Yetkili Servisler - Havalandırma ve Klima sistemleri standardına göre alınmıştır.

By 2023, a total of 19,029 1000TR new generation OPTs have been installed across 4,916 stations.

once and from a single source via specialized authorized services. To increase their specialization, 61 services were added to the scope of 90 authorized services in 27 provinces. A training video was produced and disseminated to authorized services on the Service Academy platform in support of inspection services. In Istanbul, training sessions were arranged for authorized dealers and authorized service providers. Studies will continue in different provinces. To support authorized services under this business model, a system has been designed to provide workmanship progress payments for each projectized operation. At the same, technicians are encouraged with incentives in the event that the inspection service evolves into a repair.

Gas Station Outdoor Payment Services

The communiqué governing the 1000TR product orders the replacement of "cash registers" with "new generation gas station outdoor payment terminals" that can instantly transfer data electronically and feature increased security. In 2022, the process was successfully transferred to the field in conjunction with Token



Finansal Teknolojiler A.Ş., and the installation of 1000TR new generation OPTs began. By 2023, a total of 19,029 products have been installed across 4,916 stations. Furthermore, the transfer process and sales of additional warranties for the 1000TR product have started to bring in extra revenue for authorized services.

In 2023, efforts have been made to increase the number of expert technicians, ensuring a minimum of two technicians in every authorized service center, and expanding the network of authorized services to prevent service interruptions in busy locations. Authorized service technicians have completed their training and continue to carry out

services by obtaining Atex and Sec-g certificates.

Customer Loyalty Program

The Customer Loyalty Program provides benefits (discounts) to existing customers to encourage them to stay engaged with brands.

Customers can enjoy a benefit (discount) when opting to renew their products instead of having them repaired, especially when they choose to buy Arçelik brands again. Benefits (discounts) apply to new products of the same brand and main product group as the defective, unrepaired product.

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This campaign applies to Arçelik or Beko-branded products that are at least five years old as of the warranty start date, that do not have a warranty or additional warranty, and that are not chosen to be repaired and fall under the main product groups of refrigerators, water dispensers, small household appliances, vacuum cleaners, washing machines, dishwashers, tumble dryers, and ovens.

My Authorized Service is Safe Project

On 6 February 2023, an earthquake struck the Pazarcık district of Kahramanmaraş province, causing severe damage to 11 provinces and their districts. In these provinces, there are a total of 81 authorized Arçelik/Beko services. Additionally, in recent years, Turkey has experienced storms, tornadoes, hail, and floods due to climate change.

With the rise in natural disasters and resulting damage in recent years, studies on securing insurance coverage for the sites of authorized services have been completed, and a useful and comprehensive insurance model has been created for authorized services.

Authorized Service Software Installation Project

Arçelik authorized services are qualified to install/update software on electronic cards. By utilizing the new service method, customers can now have updated software

installed on electronic cards in the comfort of their own home, avoiding the need for replacing cards without any faulty hardware.

Solar Energy Systems

Arçelik participated in the World Energy Congress and Fair, where the major players of the energy industry came together between the dates 15-17 November, showcasing energy solutions such as solar panels, inverters, vehicle charging devices, and heat pumps. Over 27,000 visitors were welcomed by 300 exhibitors.

As Customer Services, we have undergone a significant transformation process in the service organization due to the increased need for system installation and products used in green energy, such as solar panels and inverters:

- In order to assist customers more quickly, a call center line for solar systems is being launched.
- With the introduction of new products, the service teams' areas of expertise have expanded. A specialized training program is designed for teams so that they can concentrate on specific skills such as installation, maintenance, and troubleshooting of solar panels.

- Innovative products have led to a rise in technology integration within the service organization. It is projected that the use of various digital tools, particularly for monitoring, data analysis, and remote management of solar panels and inverters, will enhance service processes, making them more effective and faster.
- Negotiations with relevant companies are ongoing for the cleaning and maintenance processes of new product groups, such as solar panels.

Arçelik Quick & Shine

Regarding Quick & Shine, new types of bottles made from 100% recycled plastic have been developed in order to reduce the environmental impact of the products' packaging, minimize the carbon footprint at all stages of the value chain, and decrease resource usage.

Marketing initiatives aimed at enhancing Quick & Shine brand awareness and promoting its products were conducted:

- A special discount campaign product promotion was accomplished through subband broadcasting on national channels for four days on a selected range of products as part of ATL (Above the Line) marketing communication.

The SonAR project uses artificial intelligence models to quickly detect unusual situations and assess risky transaction scores for each service.

- Social media promotions were conducted through digital communication. Product promotion videos for Quick & Shine were posted on Instagram, Facebook, and YouTube channels.
- In BTL (Below the Line) marketing communication, the online catalog has been redesigned in line with current product offerings.
- On World Refrigerator Day, social media user interactions revolved around the cleaning products used in refrigerators.
- Regarding TURMEPA-branded products, two distinct campaigns – World Environment Day and World Water Day – were organized, and digital social media platforms were used to convey information regarding these campaigns.

Project for Sales of Spare Parts Accessories

This project involves introducing spare parts accessories as a new sales channel on the Arçelik website, ensuring that customer expectations are met online without falling behind the competition, and enhancing the overall customer experience to the highest level. Over 100 accessories are currently available to meet customers' needs.

Project for Improvement of Logistics, Packaging and Storage Processes for Damage-Free Delivery of Spare Parts in Turkey

This project enhanced the packaging and shipping conditions for high-damage materials, leading to a decrease in damage/consumption rates from 0.24% in 2022 to 0.18% in 2023, representing a 23% improvement.

FixMate - Technician Material Recommendation System

Providing data-driven guidance on the repair process can help service technicians address the problem in far fewer visits.

In case of a related malfunction, the objective is for the authorized service technician to complete the process in a single visit, using the materials he brings along, based on the recommendation made by means of smart prognosis during the initial visit, aiming to make a difference in customer satisfaction.

In addition to creating a positive impact on the brand image in customer perception through the prevention of repeated customer visits and the provision of a one-time service, it will also contribute to authorized services becoming more efficient, reducing their expenditures, and having a financially stronger organizational structure.

Customer Services Artificial Intelligence Applications

SonAR Project

The SonAR project uses artificial intelligence models to quickly detect unusual situations and assess risky transaction scores for each service. The project is a significant move towards increasing operational excellence while minimizing risks in customer service.



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A special automated system has been created utilizing artificial intelligence models to efficiently oversee a wide range of services provided to customers. The system's goal is to improve operational processes by thoroughly analyzing service receipts. The model has been consistently strengthened by incorporating specific attributes for each service ticket, enabling it to better adapt to business dynamics and learn the unique features of each service.

A significant contribution was made to Arçelik's goals of improving service quality, optimizing operational processes, and enhancing customer satisfaction.

Customer Communication Center

The projects carried out by the Customer Communication Center in 2023 are as follows:

- Changes have been made to the Call Center infrastructure.
- The communication center started to provide services from nine locations.
- Call centers in Hatay and Malatya were opened.
- Sprinklr, the new social networking platform, was adopted.
- An automated routing system was introduced in call management.
- ChatBot was activated.
- The Speech Analytics system was commissioned.
- A 360-degree customer demand tracking project was commissioned.
- The product exchange system (DİA) was commissioned.
- Dia2SAP automation, providing improved efficiency in the product change approval process, was implemented.
- The customer's self-service ability to schedule an appointment for the exchanged products was initiated as a pilot during the product exchange process.
- During the product exchange process, the customer's self-service ability to make an appointment for the exchanged products was piloted.
- The call center for WAT electric vehicle chargers was activated (0850 755 98 98).
- A dedicated communication line for WAT electric vehicle chargers was launched for the Ford brand (0850 318 25 02).
- The Solar System call center was activated (0850 757 68 88).
- The customer service hotline for fuel station pump cash registers became operational (0850 549 39 39).
- Warranty inquiries, open claim tracking, user manuals, and authorized services features were incorporated into the self-service platform Let's Solve Together.
- A link to Let's Solve It Together started to be sent to all customers who call the contact center.
- Systems were commissioned for the exclusive management of calls from the earthquake region.
- Following the earthquake, Koç Holding employees and their relatives were contacted, and support was provided in line with their needs.
- A service partnership was established with the Aygaz brand for Aygaz products.
- The contact center and authorized services switchboard structures were moved to a single Cloud platform.
- A training module encompassing all processes of the customer contact center was initiated.

Global Customer Experience

A new information source was launched in 2023 with the purpose of furnishing consumers globally with full accessibility to the necessary data via a single channel. Customers will be able to retrieve the necessary information and locate solutions to their inquiries by using this dependable and convenient information source, which is accessible through the QR code integrated onto the product. The objective is to enable customers to utilize products in the most sustainable, comfortable, and efficient way possible. To date, 6 million products have been

A significant contribution was made to Arçelik's goals of improving service quality, optimizing operational processes, and enhancing customer satisfaction.

Customer Communication Center (Turkey) performance data

Service level (Turkey) B2C ¹	78.77%
Response rate (Turkey)B2C	96.84%
Number of inbound calls (Turkey) B2C	9,816,197
Number of responded calls (Turkey) B2C	9,505,721
FLS ² (First Line Support)	82.28%
Number of BPO ³ companies	4
NPS ⁴ Call Center	73.51%
Number of social network operations (X, Facebook, YouTube, Instagram)	143,398
Number of WhatsApp operations	172,346
Number of mail operations	47,637
Number of chat operations	35,645
CRM ⁵ sales volume	TL 132,759,837
Reimbursement volume	TL 23,675,099
Call Center sales volume	TL 44,654,467

produced in 35 countries featuring QR codes. There is a projected upward trend in this number over the upcoming months.

Additionally, in 2023, CRM projects were launched with the aim of enhancing customer support through the provision of personalized guidance and information. Customer loyalty will increase as a result of the secure data sharing platform created for customers; additionally, customers will be able to access information regarding the use of products.

Currently, the platform is

operational in four countries; by 2024, it is planned to have expanded to 20 countries.

Customer Satisfaction Surveys

Koç Holding Dealer Satisfaction and Customer Satisfaction studies covering Turkey were carried out in 2023, as done annually. Arçelik and Beko dealers who volunteered to participate in the study were interviewed for the dealer satisfaction survey. Within the scope of the customer satisfaction study, end-consumers who purchased white goods, televisions, and air conditioners in the last two

years were visited and surveyed to assess their satisfaction with the brand and product. In addition to this survey, customer satisfaction studies were conducted in nine countries in 2023.

Koç Holding Customer Satisfaction Survey

Koç Holding Customer Satisfaction surveys cover the users of Arçelik, Beko, and competition brands of white goods, television, and air conditioners. An index value is generated based on interviews with a representative population in Turkey, ranging from 66 to +134.

A total of 2,411 people were interviewed for the white goods category, including 616 people for the television category and

¹ B2C: Business to Customer

² FLS: First Line Support

³ BPO: Business Process Outsourcing

⁴ NPS: Net Promoter Score

⁵ CRM: Customer Relationship Management

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805 people for the air conditioner category. As a result of the assessment made on these surveys, the satisfaction indexes of Arçelik and Beko customers were measured at 91 and 88.9, respectively.

Koç Holding Dealer Satisfaction Survey

895 Arçelik and 789 Beko dealers who participated in the survey on a voluntary basis were interviewed. Arçelik dealers scored a satisfaction index of 89 (+1 point compared to 2022), while Beko dealers scored 85. The average satisfaction index of Arçelik and Beko dealers was calculated at 87.

Global Customer Satisfaction Survey

An online survey was conducted among end-consumers who purchased white goods from Arçelik brands in the past two years in nine selected countries. The research covered the United Kingdom, Spain, Italy, France, Germany, Poland, Russia, Romania and South Africa. While Beko's customer loyalty index was calculated at 75.9, Defy achieved 90.5, and Arctic achieved 89.1.

Sustainable Supply Chain Management

Having adopted a centralized approach to supply chain management, Arçelik is capable of anticipating and responding to potential challenges and opportunities with greater efficiency. Economies of scale achieved through centralized and high-volume global purchasing strategies play a significant role in maintaining profitability by contributing to the Company's cost improvement, risk management, supplier management, and optimization.

Global Purchasing

Arçelik boasts a dynamic purchasing organization comprised of purchasing offices in 10 different countries staffed with over 200 employees structured in accordance with the company's growing global needs and expanding production network. With a global purchasing capacity that reaches nearly 2,000 (direct) material suppliers from over 60 countries, Arçelik's total procurement volume in 2023 reached EUR 4.5 billion, including indirect and investment procurements.

A category-based purchasing organization is set up at Arçelik with the aim of implementing the most appropriate strategy and collaboration model on a sectoral basis. Employees in charge of each category specialize in their respective categories on the one hand, while carrying out cost improvement projects and projects creating value for the customers on the other hand.

Arçelik's overall procurement cost management system controls all aspects of procurement, including raw materials, processes, components, labor, and logistics. Design changes, alternative material and supply source development, and cost improvement projects are implemented within the Company's management system in collaboration with individual procurement and production departments.

Arçelik implements dynamic inventory management policies to regulate the turnover rate of stocks and make consignment purchases. Arçelik dedicates substantial time and resources to assessing different supply routes in low-cost countries by means of its global purchasing organization. Arçelik focuses on developing initiatives that promote local production in all regions of

Arçelik boasts a dynamic purchasing organization comprised of purchasing offices in 10 different countries staffed with over 200 employees.

operation to minimize dependency, reduce supply risk, and enhance suppliers' production technology knowledge. Local production (localization) has been a key focus for procurement teams as part of the supply chain transformation during the pandemic.

Employing a material price analysis and tendering method during the pricing stage of procured materials, the company ensures a fair pricing structure for its suppliers, taking into account economic parameters such as staff, raw material trends, electricity, fuel, inflation, etc. in both methods.

The key components of Arçelik's purchasing strategy are defined as sustainable responsible purchasing, supplier risk management, cost improvement, supplier innovation, supplier management and optimization, global purchasing and long-term cooperation.



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Raw Materials

Raw materials make up the largest portion of total purchasing volume at Arçelik. Besides their direct impacts, raw materials are critical also in terms of determination of the prices of component groups that require intensive use of raw materials.

In 2023, raw material prices have exhibited a downward trend due to a combination of factors such as low global demand, China's aggressive selling stance, inadequate domestic demand, interest rate increase decisions by the USA and other developed countries, and decreases in energy and its costs. Production input costs have been on a downward trend since the second

quarter of 2023 but are still higher than they were in the pre-pandemic period. This situation involving production input costs is considered the primary factor hindering a sharper decline in prices, despite the weak demand and sales appetite of producers. Moreover, due to weakening demand, logistics costs decreased consistently over the year and reverted to pre-pandemic levels.

Responsible Purchasing

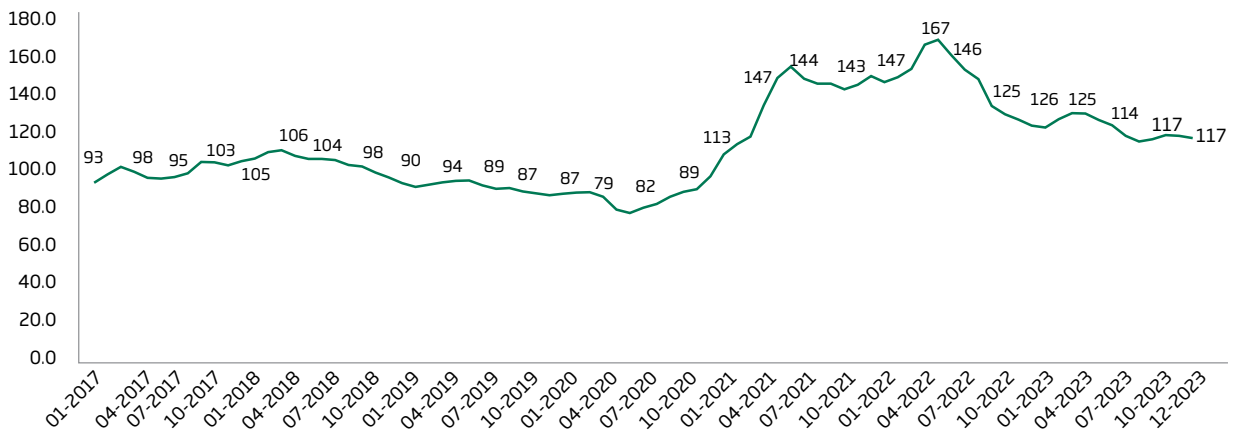
The responsible purchasing strategy operated by Arçelik focuses on humans, environment, costs, quality and innovation in all purchasing operations. Steering all purchasing operations with the sustainability principle, the company designs

innovative products that reduce environmental footprint, which allows preservation of profitability without losing competitive edge.

In a bid to procure products, materials and services that reduce environmental footprint in all geographies where it pursues operations, Arçelik works with companies that fulfill established supplier requirements and materials specifications in purchasing processes. The Arçelik sustainable responsible purchasing approach is built on international commitments. The company is among the first signatories of the Codes of Conduct published by Home Appliance Europe (APPLiA). Arçelik provides guidance for the sustainability performances of not just its own organization, but also of all

Raw Material Market Index Chart

(2011 Market Index=100)



Raw materials make up the largest portion of total purchasing volume at Arçelik.

stakeholders throughout the supply chain.

Moreover, Arçelik has committed that its suppliers will act in accordance with the International Labor Organization Declaration of Fundamental Principles and Rights at Work, the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, and the United Nations Guiding Principles on Business and Human Rights. Revised in 2019 within the frame of the Global

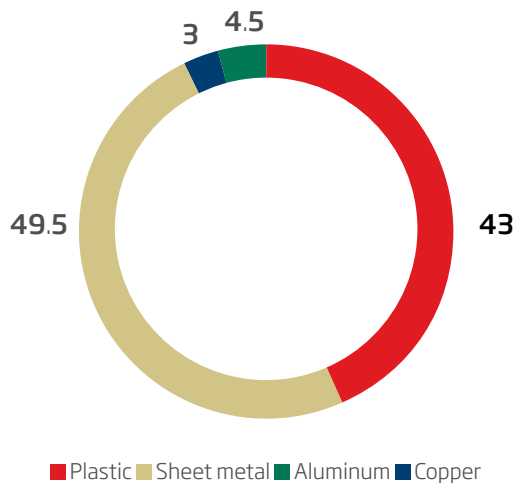
Code of Conduct, Arçelik's Global Responsible Purchasing Policy¹ is intended to assure conformity of suppliers' ways of doing business with Arçelik values and commitments. In this scope, the company has informed its suppliers regarding its expectations with respect to regulatory compliance, working conditions, human rights, occupational health and safety, environment, and so on.

Supplier ESG Program²

Within the Arçelik Sustainable Supplier Index developed by Arçelik within the organization, Arçelik has launched the Supplier ESG Program for its critical suppliers [business relationship (high-turnover suppliers, suppliers with no alternatives, critical component suppliers, and business continuity suppliers), environmental, social, and governance (ESG) risks (country-specific, industry-specific, and commodity-specific)]. In this context, the focus areas are Environmental Management, Energy Management, Conflict Minerals Management, Human Rights and Ethics Management. Suppliers are assessed in terms of social, economic, and environmental risk factors in the value chain and are subject to Code of Conduct audits in accordance with the Global Responsible Purchasing Policy. The supplier sustainability assessment result is also considered when determining the supplier score. Throughout the new supplier approval process, we proceed with a shorter ESG assessment survey. There are also supplier development programs within the framework of the Arçelik Supplier ESG Program.

Raw Material Procurement Distribution 2023

(%)



¹ Arçelik Global Responsible Purchasing Policy: https://www.arcelikglobal.com/media/5553/responsible-purchasing-policy_en.pdf

² Arçelik Supplier ESG Program: <https://www.arcelikglobal.com/media/7371/supplier-esg-program.pdf>

In Touch with Business

The audits conducted via independent audit firms check whether suppliers conform to Arçelik's expectations in areas such as regulatory compliance, working conditions, human rights, occupational health and safety, environment, etc., corrective actions are planned and followed up for any non-compliance established. Having embraced the full regulatory compliance principle in audits, Arçelik terminates its contract with any supplier if non-compliance is detected in matters that the Company will never tolerate, such as child labor, forced labor, discrimination, bribery or corruption. New suppliers engaged by Arçelik are required to carry out self-assessment audits with respect to quality, environment and business ethics.

Supplier Development Programs

Remediation of Supplier Nonconformities

If the supplier fails the audit, a follow-up audit is carried out within three months. In 2023, 172 high-turnover vendors that together supplied a total of 90% of Arçelik's outsourced inputs last year were subjected to Arçelik Global Code of Conduct audits by independent agencies. Another

29 low-turnover vendors were also audited in response to customer demands. 2023 audit findings and improvements can be accessed from the *Arçelik 2023 Sustainability Report* at (<https://www.arcelikglobal.com/en/company/reports-presentations/discover/?val=3733>).

Supplier Training

In order to support the development of its suppliers, Arçelik has been working through third-party independent consultancies to provide its suppliers with advice on dealing with sustainability issues. In 2021 work began on developing an Arçelik Digital Training Platform in order to make such training resources accessible to more suppliers. Becoming operational in 2022, the platform makes it easier for suppliers using it to educate themselves about Arçelik's approaches to dealing with 10 sustainability issues. Labor Law and Social Security Legislation Training was included in this dynamic platform, where new trainings can be added, at the end of 2023.

Supplier Technical Capacity Development Program

Within the scope of supplier development projects, projects in the fields of digital transformation,

quality improvement and efficiency provide savings in both environmental and economic terms.

Arçelik's Auxiliary Industry Development and Digital Department focuses on improving suppliers' quality and efficiency to help them make their production operations more sustainable while also remaining competitive themselves. Suppliers' needs are analyzed, after which resources are created to address those needs and are made easily accessible to them. During 2023, constant efforts were made to improve suppliers' infrastructural capacity and technical competencies and to promote adoption of the latest production technologies throughout Arçelik's entire supplier ecosystem. In the course of these efforts, Arçelik representatives paid 242 visits to 108 supplier firms last year and worked arm-in-arm with auxiliary-industry manufacturers.

- 101 cost-improvement projects were commissioned during 2023.
- Completed cost-improvement projects generated economic gains whose aggregate value amounted to EUR 9 million, up by 29% as compared with 2022.

In 2023, 172 high-turnover vendors that together supplied a total of 90% of Arçelik's outsourced inputs last year were subjected to code of conduct audits.

Quality-development projects involving 73 different input groups were carried out at 16 firms whose quality was in need of improvement.

The 900-plus auxiliary manufacturers with which Arçelik works were classified according to various criteria using the Kraljic matrix model. As a result of this classification, 118 firms (46 plastic, 34 metal, and 38 component input vendors) were identified as potentially exposing the company's supply chain operations to strategic and/or bottlenecking risks and were accordingly subjected to detailed risk assessments.

As part of its supply chain transformation program, Arçelik supports inclusion of auxiliary manufacturers in its purchasing operations in order both to increase supply from Turkey and contingent supply-chain risks and to bring useful manufacturing technologies and knowhow into the country. Arçelik is currently working with suppliers to localize production of 27 inputs which are currently bought from various countries. These studies were completed for five materials in 2023.

Arçelik continues its efforts to achieve its sustainability goals by engaging its suppliers in the process. In this context, with the project to transition to filled and recyclable silicone at suppliers,

5.1 tons of raw material usage were saved and 14.79 tons of CO₂ emissions were prevented.

In an effort to boost energy efficiency among suppliers in 2022, a project was launched to convert engines to be more efficient, identifying potential energy savings in 52 auxiliary industries. Creating an energy-saving potential of 4.2 million kWh was achieved by focusing on replacing 1,561 engines with newer, more efficient models. The aim is to save 1 million kWh of energy on an annual basis. In 2023, the commissioning of 345 more energy-efficient engines by 16 suppliers resulted in saving 1 million kWh of energy and preventing 422 tons of CO₂e emissions.

An Agile Project Management process-transformation team worked with one of Arçelik's biggest auxiliary manufacturers under a project to improve the firm's overall structural efficiency by creating a model compatibly aligned with the supplier's digital maturity index by means of value-stream mapping. In this project, all of the supplier's processes underwent an end-to-end examination in the course of which, points requiring productivity, quality, and capacity improvements as well as the actions needed to achieve them were identified.

The "Supplier Production Systems Evaluation" method, developed in 2023 in order to assess the lean and digital maturity of suppliers and create roadmaps specific to their improvement areas, was applied to 22 companies, and development plans were established.

Arçelik works with its suppliers both to increase their total output and improve the sustainability, quality, and cost-effectiveness of their existing operations and to equip them with new manufacturing technologies and competencies so that they can make things which they previously could not. Improvements in suppliers' infrastructural and technical resources and competencies result in more economical inputs for Arçelik to use.

In 2023, as part of the Arçelik Procured Product Directorate Supplier Development Activity Plan, a total of 42 supplier process audits, two chemical compliance audits, 723 corrective and preventive action studies, 218 design changes, 16 kaizen, and 77 cost improvement projects were successfully completed.

Arçelik enhanced its sustainable partnership structure through development programs for existing

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suppliers and expanded its product range with cost-effective products in various categories, including SDA, MDA, and HVAC, particularly by collaborating with new suppliers from Egypt, Malaysia, and China. Arçelik has initiated new projects (fully automatic espresso coffee machine, filter coffee machine, rechargeable vacuum cleaner, robot vacuum cleaner, low-fat cooker, etc.) in line with its suppliers' competencies designed to boost business volumes and ensure sustainable, high-quality, and cost-effective production. In this context, laboratory sharing efforts were completed by improving the infrastructure and technical competencies of the suppliers, and project durations were also improved.

Studies regarding production in Turkey continued in 2023, exploring alternative components and materials, and integrating various sub-suppliers into the supply chain.

Our Supplier Sustainability Goals

Arçelik intends to publicly disclose Scope 1, 2 greenhouse gas emissions, energy, water, and waste data from its material and product suppliers, representing 90% of the total purchasing volume, in a consolidated structure by 2025. Furthermore, Arçelik has disclosed its Sustainability Journey

Commitment to all its suppliers, outlining its goals and expectations from them. The Company requires its suppliers, who make up 90% of its total purchasing turnover, to commit to setting their own targets by the end of 2023 and to disclose them publicly. The progress made on this topic in 2023 can be accessed from the *Arçelik 2023 Sustainability Report* at ([🌐 https://www.arcelikglobal.com/en/company/reportspresentations/discover/?val=3733](https://www.arcelikglobal.com/en/company/reportspresentations/discover/?val=3733)).

Furthermore, it has been ensured that suppliers of materials and products, accounting for 90% of the total purchasing volume, operate in accordance with the ISO 14001 (Environmental Management System) Certificate. Additionally, newly appointed suppliers are now required to provide this certification. Arçelik aims for its suppliers, which account for 90% of its global purchasing turnover and whose annual energy consumption is 1000 TEP or more, to obtain the ISO 50001 (Energy Management System) Certificate by 2025 and its suppliers with 500 TEP and above by 2030.

Purchasing Academy Program

Through the Purchasing Academy Program, Arçelik aims to raise employee awareness and develop their expertise and skills. The

training is conducted online using a program developed in collaboration with CIPS (Chartered Institute of Procurement and Supply), an accredited organization specializing in purchasing.

In 2023, the global purchasing organization and relevant business units planned 11 academy training programs covering five different topics, and 134 individuals attended the training programs. 31 individuals successfully completed the program and graduated. Purchasing teams from Romania, Russia, China, Thailand, Pakistan, South Africa, Egypt and Bangladesh were also involved in the training process.

The Purchasing Academy Program will be extended to incorporate new hires by providing training programs tailored to the organization's needs.

Global Supply Chain and Logistics Operations

Arçelik's global supply chain network is evolving and developing in accordance with its expanding distribution network, emerging technologies, and process requirements. Many projects are currently underway along the cost-agility-service level axis to disseminate best practices, optimize logistics operation efficiency, and implement digital transformation for a future-fit supply chain.

While optimizing various aspects of the supply chain has consistently been Arçelik's primary goal.

Ensuring continuous improvement while optimizing various aspects of the supply chain has consistently been Arçelik's primary goal. End-to-end processes are constantly assessed, and improvements are regularly made. In this context, inventory levels were regulated in 2023, and on-time in full delivery performance (OTIF) rates were increased. An analysis of customer needs was conducted, and depending on the results, differentiation in service levels and customizations in line with expectations were made.

Making tax payments and the reporting of customs' processes traceable improved import timeframes and reduced production downtime.

In 2023, the storage and transportation processes underwent review and optimization analyses in 14 different countries of operation (Hong Kong, New Zealand, Australia, Netherlands, Belgium, Vietnam, Czech Republic, Serbia, Ukraine, Portugal, Singapore, Nordic, Germany and Spain), with collaboration between the central and local supply chain teams.

Center of gravity studies carried out for warehouse locations identified where warehouses should be located within the country in order to provide the best service to the customer

network, and distribution network improvements were planned accordingly. By virtue of route optimization, order consolidation, and distribution network analyses, a contribution was made to sustainability through the enhancement of service quality and the mitigation of greenhouse gas emissions. Through in-warehouse layout analyses, warehouse spaces have been optimized to ensure that the bare minimum of space is utilized to accommodate the required quantity of inventory.

Other noteworthy projects executed in 2023 within the scope of global supply chain and logistics operations include the following:

1. Digital Transformation

Automation and digitalization areas are assessed by considering all processes end-to-end, from the materials utilized to the end-customer. Within the scope of the STORM project, which focuses on supply and production flow, studies are conducted to improve subsidiary demand and supply management, enhance the traceability of logistics processes, and improve data-based decision support mechanisms. R&D studies on supply chains and process analyses for this transformation have accelerated in 2023.

2. Supply Chain Data Management and Analytics

Efforts were made to develop end-to-end Python-based tools and inventory planning. Various models have been analyzed to enhance efficiency in production planning. The main emphasis was placed on generating reports and automating database maintenance to support supply chain operations and internal stakeholders.

Noteworthy projects consist of the export database project, the subsidiary demand and supply consensus project, and models developed for stock-oriented action planning. Recalibrating key metrics across various business dimensions to improve accuracy in reports is an essential step towards powerful data analytics.

3. Utilizing Artificial Intelligence (AI) and Generative Artificial Intelligence (GenAI) in Supply Chains

Utilization areas of artificial intelligence and generative artificial intelligence (GenAI) technologies throughout the entire supply chain, from raw materials to end customers, have been identified.

In 2023, artificial intelligence and generative artificial intelligence training programs were introduced. An AI platform was established to gather best practices and ideas for utilizing AI.

In Touch with Business

Experimental studies have been conducted where anyone can develop artificial intelligence solutions through platforms that require no coding expertise. The low-code/no-code approach is aimed at facilitating the adoption of AI-based innovations by enhancing the capability of all team members to quickly execute their own solutions.

4. Robotic Process Automation (RPA) 2023

RPA studies carried out with global supply chain units continued in 2023. While emphasis was placed on disseminable processes, diversification efforts were maintained through workshops and information sessions.

For instance, the SMC (Standard Material Cost) robot tasks in imports eliminated the manual entry of unit logistics costs into SAP, which is now performed by a robot. This ensures both time efficiency and accurate data entry.

5. Touchless Project

A detailed examination of the foreign trade documentation process was conducted with the Touchless project. Following the completion of the technical and regulatory assessments, a novel process design was developed, and the digitalization project was

started. Modifying non-value-added process steps improved process speed and automation level, enhancing customer satisfaction.

6. International Vehicle Traceability (ALBA Project)

This is a logistics visibility project that enables proactive, end-to-end, real-time monitoring of import and export vehicle movements through a single interface, supported by warning systems. With the launch of the platform, which will work seamlessly integrated with the Arçelik SAP system, every party in the supply chain network will have access to full visibility and traceability. Furthermore, the ongoing project is expected to deliver several significant benefits, including enhanced operational efficiency resulting from the elimination of manual tracking, process standardization achieved through digital and automatic monitoring, decreased storage demurrage costs and waiting times, shortened reaction times, and increased customer satisfaction. Additionally, the data collected via enhanced traceability will contribute to the effective management of logistics performance and operational costs.

7. Studies on Product Packaging, Transportation and Logistics Operations

In 2023, both operational and technical enhancements regarding product packaging and inter-warehouse transportation continued in warehouses:

- Projects have been launched to enhance the circulation of empty containers and streamline the return process from warehouses to suppliers.
- The deployment of Automated Guided Vehicles (AGVs) on conveyor belts has eliminated the need for manual intervention by automating the counting process.
- With the introduction of autonomous forklifts, the transition to automation in transfers from production lines to the warehouse continues.
- The adoption of automated container filling scales has significantly increased packaging precision.
- Automated size measuring devices improve freight calculation accuracy by ensuring compliance with transportation restrictions.

Arçelik's supply chain has been fueled by sustainable management of logistics operations.

Sustainable Logistics

Arçelik's supply chain has been fueled by sustainable management of logistics operations. The 2030-2050 targets for the Arçelik Supply Chain Directorate were developed in alignment with the Company's medium- and long-term goals.

Studies were conducted to expand the scope of emission measurement and improvement, with a working group established within the Directorate. "Supply Chain Sustainability Workshops" were held for the headquarters and subsidiary supply chain teams to align with the targets. Collaborations with various institutions were negotiated for new projects, and sustainability training was initiated for logistics suppliers both in Turkey and other countries. Furthermore, effective sharing of best practices was ensured between the headquarters and subsidiary supply chains, with the inclusion of a sustainability form in the Supply Chain Project Tracking Application.

Within this framework, some of the projects evaluated in 2023 are as follows:

- Operational and environmental advantages have begun to be provided by utilizing reverse direction loading in transportation in Turkey, including group companies.
- A significant part of road transportation continued to be converted to more environmentally friendly methods such as the sea, railway, and multi-modal. Work has been carried out for railway shipments from production to the end customer.
- In consultation with stakeholders, the use of high-volume 40 HC containers was increased, and loading configurations were revised. Thus, fewer trips were made.
- Electric vehicles were used in deliveries to dealers and services in Istanbul.
- Reusing materials from the facility has increased the rate of meeting the need for pallets and cardboard in warehouses.
- Automatic lighting and heating systems in the warehouses saved electricity and natural gas.
- Solar panels are being introduced for the energy needs of warehouse operations.
- Efforts have been made to test the use of lithium-ion batteries for forklifts in warehouses.
- Three CNG trucks were utilized to transport products between the Istanbul Anatolian Side and Ankara warehouses, resulting in reduced emissions.
- Electric forklifts with superior braking resistance are being introduced. This contributes to reducing energy consumption and environmental impact and has a positive impact on occupational safety.



Strong
corporate
governance

Effective
risk
management

Transparent
business
approach



Corporate Governance

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Board of Directors Structure

Board of Directors

Rahmi M. Koç
Chair

Ömer M. Koç
Vice Chair

Semahat S. Arsel
Board Member

Ali Y. Koç
Board Member

Levent Çakıroğlu
Board Member

Robert Sonman
Board Member

Fatih K. Ebiçlioğlu
Board Member

Hakan Bulgurlu
Board Member and CEO

Kâmil Ömer Bozer
Independent Board Member

Gülay Barbarosoğlu
Independent Board Member

Ahmet Turul
Independent Board Member

Tuğrul Fadıllıoğlu
Independent Board Member

Board of Directors Secretariat

The office of the Chief Financial Officer is responsible for organizing and coordinating Board of Directors meetings and for coordination in relation to committee decisions.

Audit Committee

Kâmil Ömer Bozer
Independent Board Member

Ahmet Turul
Independent Board Member

Corporate Governance Committee

(also functions as Nomination and Remuneration Committee)

Ahmet Turul
Independent Board Member

Levent Çakıroğlu
Board Member

Özkan Çimen
CFO

Early Detection of Risk Committee

Gülay Barbarosoğlu
Independent Board Member

Fatih K. Ebiçlioğlu
Board Member

Executive Committee

Rahmi M. Koç
Chair

Ömer M. Koç
Vice Chair

Semahat S. Arsel
Board Member

Ali Y. Koç
Board Member

Caroline N. Koç
Committee Member

A. Ümit Taftalı
Committee Member

Organization Chart



Board of Directors CVs

Mustafa Rahmi Koç

Chair

Mr. Rahmi Koç completed his university education at Johns Hopkins University (USA), Department of Business Administration. He started his career at Ankara Otokoç, a member of the Koç Group, in 1958. After becoming the Chairman of the Executive Board in 1980, he became the Chair of the Board of Directors of Koç Holding in 1984. He has been carrying on his work as the Honorary President of Koç Holding since 2003. Aside from Koç Holding, Rahmi M. Koç carries out his duties as the Chair and Member of the Board for other companies of the Koç Group, as well as other roles in numerous social and professional organizations:

- Metropolitan Museum of Art, New York, Honorary Chair of the Board of Trustees
- Southeast Europe Cooperation Initiative, Co-President of the Business Consultation Board
- Deputy Chair of the Board of Trustees, Vehbi Koç Foundation
- Honorary Chair of the Board of Trustees, Koç University
- Founder and Chair of the Board of Directors, Rahmi M. Koç Müzecilik ve Kültür Vakfı
- Chair of the Board of Directors, Vehbi Koç Foundation American Hospital

- Founding Member and Honorary President, TURMEPA/Turkish Marine Environment Protection Association
 - Honorary President of the High Advisory Board at the Turkish Industry and Business Association
 - Member of the Advisory Council, Turkish Confederation of Employer Associations
 - Founding Chair of the Global Relations Forum
 - Former President of the International Chamber of Commerce (1.1.1995-31.12.1996)
 - Former President of the Turkish-Greek Business Council (1992-1999)
 - Former Member of the International Advisory Board of Allianz AG
 - Former Member of J.P. Morgan International Council
 - Former Member of the International Advisory Board at the United States Council on Foreign Relations
 - Titles and awards held by Mr. Rahmi M. Koç are as follows
 - "Honorary Doctorate" from Johns Hopkins University (Baltimore-Maryland), Eskişehir Anadolu University, İzmir Ege University, Ankara Bilkent University, Constanta Ovidius University and Aydın Adnan Menderes University
 - Order of Merit from the Presidency of the Republic of Turkey
 - "Grosses Verdienst Kreuz" (Great Service Commendation of Germany) from the German Government
 - "High Merit Commendation" from the Italian Republic
 - "Great Service Commendation" from the Presidency of Austrian Republic
 - "Excellent Leadership (Honorary) Commendation" from the British Empire-CBE
 - "Officier dans l'Ordre National de la Légion d'Honneur", which is the most prestigious commendation of France
 - "Lifelong Responsible Business Person Award" from FIRST, a world-renowned international relations organization
 - Medal from the US-based Foreign Policy Association, which is one of the most respected think tanks in the world with a 100-year history
 - "Hadrian Award" for the Koç Family by the World Monuments Fund
 - "Carnegie Philanthropy Medal" for the Koç Family (New York)
 - "BNP Paribas Philanthropy Award" for the Koç Family (Paris)
 - Outstanding Service Award in Decorative Arts for the Koç Family at the 16th Iris Foundation Awards
- Mr. Rahmi M. Koç, who is a non-executive board member is not an independent member pursuant to the Corporate Governance Principles of the CMB. Mustafa Rahmi Koç has been serving in the boards of directors of the Group companies for the last ten years.

Ömer M. Koç

Vice Chair

Mr. Ömer Koç received his B.A. degree from Columbia University(USA) in 1985. He worked at Kofisa Trading for one year in Switzerland. In 1989, he earned his MBA degree from Columbia Business School. After working at Ramerica Intl. Inc., he joined the Koç Group in 1990. He held top-tier positions such as Financing Coordinator, Vice President and President of the Energy Group at Koç Holding. He became a Member of the Board of Directors of Koç Holding in 2004, and he undertook the duty of Vice President of the Board of Directors in May 2008. He has been the Chair of the Board of Directors of Koç Holding since February 2016. Ömer M. Koç also works as the Vice President of the High Advisory Council of Turkish Industry and Business Association, Chair of the Board of Trustees at the Turkish Education Foundation, Chair of the Board of Directors of Geyre Foundation, Chair of the Board of Directors of Yapı Kredi Kültür Sanat Yayıncılık, Chair of the Board of Trustees at İstanbul Kültür Sanat Foundation, Chair of the Board of Directors of Tüpraş, Chair of the Board of Directors of Tofaş, and Member of the Board of Directors at some other companies held by the Koç Group. Mehmet Ömer Koç, who is a non-executive board member is not an independent member pursuant to the Corporate Governance Principles of the CMB. Mehmet Ömer Koç, has been serving in the boards of directors of the Group companies for the last ten years.

Semahat S. Arsel

Member

Ms. Semahat Arsel started her business life as a Member of the Board of Directors at Koç Holding in 1964, and she still holds this position. Additionally, she is a member of the Board of Directors at Vehbi Koç Foundation and Divan Group, and founder of Semahat Arsel Nursing Education and Research Center and Koç University Health College. She is also a Member of the Board at some other Koç Group companies. She is a Member of the Board of Trustees at the Educational Volunteers of Turkey Foundation (TEGV). Semahat Arsel holds an Honorary Doctorate title from İstanbul University. Ms Semahat S. Arsel, who is a non-executive board member, is not an independent member pursuant to the Corporate Governance Principles of the CMB. Semahat Sevim Arsel has been serving in the boards of directors of the Group companies for the last ten years.

Ali Y. Koç

Member

Having graduated from Business Management school at Rice University (USA), Mr. Ali Koç also completed his master's degree at Harvard University (USA). He entered the business world in 1990 by attending the Executive Training Program at American Express Bank and he worked as an Analyst at Morgan Stanley Investment Bank from 1992 to 1994. In 1997, he started to work as the New Business Development Coordinator

in the Strategic Planning Group at Koç Holding, and he held top-level positions such as Koç Holding Information Group President, Corporate Communications and Information Group President and so forth until 2010. A Member of the Board of Directors at Koç Holding for over eight years, Ali Y. Koç has been acting as the Deputy Chair of the Board of Directors of Koç Holding since February 2016. In 2016, he became the Chair of the Board of Directors of Koç Finansal Hizmetler and Yapı Kredi Bankası. Mr. Ali Y. Koç is also the Chair of the Board of Directors at some other Koç Group companies, including Ford Otosan and Otokar. In addition to these duties, with the aim of contributing to the economic and social development of our country, he also serves as the President of Fenerbahçe Sports Club, Member of the Board of Directors at URAK (International Competition Researches Foundation) and at the Endeavor Foundation and Board Member at European Club Association (ECA). Ali Y. Koç is also a Member of the Global Advisory Board at Harvard University, Bank of America and Council on Foreign Relations; a Member of the Senior Advisory Board at Chatham House; and he represents Turkey at the CBI - Confederation of British Industry. Mr Ali Y. Koç, who is a non-executive board member, is not an independent member pursuant to the Corporate Governance Principles of the CMB. Yıldırım Ali Koç has been serving in the boards of directors of the Group companies for the last ten years.

Board of Directors CVs

Levent Çakıroğlu

Member

Mr. Levent Çakıroğlu completed his graduate degree at Business Management Department, Political Sciences School in Ankara University and completed his master's degree at University of Illinois. He started his work life as a Junior Accountant at the Ministry of Finance in 1988, and then he worked as a Senior Accountant at the same Ministry from 1991 to 1997. From 1997 to 1998, he worked as the Deputy Chair of the Financial Crimes Investigation Board of the Ministry of Finance, while at the same time working as a part-time Academic at Bilkent University. Çakıroğlu worked at the Koç Group as the Financial Group Coordinator in 1998. He worked as the CEO of Koçtaş from 2002 to 2007, and as the CEO of Migros from 2007 to 2008. In 2008, he was assigned as the CEO of Arçelik. He has also served as the Chair of the Consumer Durables Group at Koç Holding since 2010. In April 2015, Çakıroğlu was appointed as the CEO of Koç Holding, which is the title he currently holds today. Being a Member of the Board of Directors of Koç Holding since April 2016, Levent Çakıroğlu is the Chair of the Board of Directors at Arçelik-LG and TürkTraktör, Deputy Chair of the Board of Directors at Otokar and Yapı Kredi Bankası, and a Member of the Board of Director at various Koç Group companies. Mr. Levent Çakıroğlu, who is a non-executive board member, is not an independent member pursuant to the Corporate Governance Principles of the CMB. The positions he has undertaken for the last ten years are listed above

and currently he is taking office in the boards of directors of some Koç Group companies.

Robert Sonman

Member

Mr. Robert Sonman graduated from the Department of Architecture with an M.A. degree from the McGill University in Canada. He works as the Chair of the Board of Directors at the Burla Group Companies, which have shares in Arçelik A.Ş. He has been a Member of the Board of Directors at Arçelik A.Ş. since April 1994. He speaks English and French. Mr. Robert Sonman, who is a non-executive board member pursuant to the Corporate Governance Principles of the CMB, is not an independent member.

Dr. Fatih Kemal Ebiçlioğlu

Member

After earning his bachelor's degree from the Department of International Relations at the Faculty of Political Sciences at Ankara University, and his Master's Degree in Finance at Virginia Commonwealth University, he got a PhD in Finance-Accounting from the Faculty of Political Sciences at Ankara University. Dr. Fatih Kemal Ebiçlioğlu worked as a Junior Accountant, Accountant and Senior Accountant at the Ministry of finance from 1989 to 2002. In addition to these positions, he was also a part-time lecturer at Hacettepe, Bilkent and Atılım

Universities from 1998 to 2002. He joined Koç Holding as the Group Financial Coordinator in 2002 and was promoted to Koç Holding Audit Group Coordinator between 2004 and 2005. From 2005 to 2015, he became the Deputy General Manager of Arçelik. He has been CEO for Durable Goods Group at Koç Holding since February 2015 and is also a Board Member at Arçelik. He also serves as Chairman of the Board of Directors and Member of the Board of Directors at some other Koç Group companies. In addition to these duties, he served as a Member of the Board of Directors of the Turkish Exporters Assembly (TİM) between 2018 and 2022. He is a member of TÜSİAD Board of Directors. Mr. Fatih Kemal Ebiçlioğlu, who is a non-executive board member, is not an independent member pursuant to the Corporate Governance Principles of the CMB.

Hakan Bulgurlu

Member

Hakan Bulgurlu graduated from the Department of Economics and Mechanical Engineering at the University of Texas, and earned his MBA from the joint program of Northwestern University, Kellogg School of Management, and Hong Kong University of Science and Technology. Having started his career at Koç Holding in 1994, Bulgurlu was assigned to key senior management positions in Asia and spent 13 years in Hong Kong where he led Koç Holding's Asia-Pacific trading and outsourcing operations. Bulgurlu served as the CEO of Arçelik-LG between 2007 and 2010,

a joint-venture manufacturer of air conditioners, with the largest facility in Europe and the Middle East. Following his tenure at Arçelik LG, he served as Chief Commercial Officer - Europe, USA, Asia-Pacific at Arçelik between 2010-2015, and has been acting as the CEO of Arçelik since 2015. He is a member of the Climate Leaders CEO Alliance within the World Economic Forum (WEF) and is the President of the European Association of Home Appliance Manufacturers (APPLIA). Hakan Bulgurlu is also a member of the Executive Committee of the World Business Council for Sustainable Development (WBCSD).

Ahmet Turul

Independent Member

Ahmet Turul graduated from Ankara University Faculty of Political Sciences in 1980. After serving as an Assistant Accountant and Accountant at the Ministry of Finance from 1980 to 1988, he worked at Koç Holding A.Ş. from 1988 to 1999 as the Deputy Coordinator of Financial Affairs and later as the Coordinator of Financial Affairs. Between 1999 and 2002, he held the position of Deputy General Manager of Financial Affairs at Koç Tüketici Finansmanı A.Ş. From 2002 to 2010, he served as the Deputy General Manager of Financial Affairs at Allianz Sigorta A.Ş. and Allianz Hayat ve Emeklilik A.Ş. Subsequently, from 2010 to 2022, he served as a Board Member at Allianz Sigorta A.Ş. and Allianz Hayat ve Emeklilik A.Ş.

Ahmet Turul acted as an Independent Member of the Board of Directors at Tüpraş-Türkiye Petrol Rafinerileri A.Ş. from 2014 to 2019. Currently, he is a Member of the Advisory Board at the Insurance Association of Turkey and a Member of the Tax Council representing TSB.

Ahmet Turul has not held any other positions in Arçelik or its subsidiaries in the last five years. He does not have any relationship with Arçelik senior executives. Ahmet Turul does not directly or indirectly hold more than 5% of Arçelik's shares, has no employee representation and he does not have any commercial relationship with Arçelik A.Ş.

Ahmet Turul was elected as an Independent Board Member at the Ordinary General Assembly Meeting held on March 19, 2019, and has continued to serve as an independent member of the Arçelik Board of Directors since that date.

Kâmil Ömer Bozer

Independent Member

Mr. Kamil Ömer Bozer earned his Bachelor's Degree in Business Administration from the Middle East Technical University, followed by a Master's Degree in Georgia State University (USA) in MBA/finance. He entered the business world as a trainee at Koç Holding A.Ş. in 1985. He became Deputy General Manager at Maret A.Ş. in 1990 and General manager at Düzey A.Ş. in 1995, before he was appointed as the General Manager of Migros Türk T.A.Ş. in 2002. In September 2004,

he was appointed as the Chair of Koç Holding A.Ş. Food, Retail and Tourism Group while carrying out his General Manager duties in Migros Türk T.A.Ş. in the meantime. He held the title of Chair of Koç Holding A.Ş. Tourism, Food and Retail Group until April 2011 when he voluntarily ended his executive working life.

Since then, Kamil Ömer Bozer has held Independent Board Member and Board Member positions at Coca-Cola İçecek A.Ş., Anadolu Efes, Adel Kalemcilik Ticaret ve Sanayi A.Ş., Anadolu Isuzu, Anadolu Etap A.Ş., Kamil Yazıcı Yönetim A.Ş., Carrefoursa, and Boyner Holding. He is an Independent Member of the Board at Dardanel A.Ş. and TÜPRAŞ A.Ş. and Board Member at Boyner Holding.

Kamil Ömer Bozer has not held any other positions in Arçelik or its subsidiaries in the last five years. He does not have any relationship with Arçelik senior executives. Kamil Ömer Bozer does not directly or indirectly hold more than 5% of Arçelik's shares, has no employee representation and he does not have any commercial relationship with Arçelik A.Ş.

Kamil Ömer Bozer was elected as an Independent Board Member at the Ordinary General Assembly Meeting held on 19 March, 2018, and has continued to serve as an independent member of the Arçelik Board of Directors since that date.

Board of Directors CVs

Gülay Barbarosoğlu

Independent Member

Professor M. M. Gülay Barbarosoğlu graduated from Robert College in 1974. She earned her Bachelor's Degree in Industrial Engineering in 1978 and her PhD in the same department at Boğaziçi University in 1985, before she became Professor of Industrial Engineering in 2000. She designed and delivered lectures on mathematical programming and optimization, logistic, operation and production planning, and decision-making theories.

Prof. M. M. Gülay Barbarosoğlu acted as Rector at Boğaziçi University from 2012 to 2016, and Vice Rector Responsible for Research at Boğaziçi University from 2008 to 2012. She took on various administrative roles at Boğaziçi University. Between 2002 and 2006, she worked as the Manager of Kandilli Observatory and Earthquake Research Institute (KRDAE), as the Manager of the Center of Disaster Management (CENDIM), and President of the Department of Industrial Engineering and the Program of Financial Engineering.

Having taken on international duties, Prof. M. M. Gülay Barbarosoğlu acted as a Member of the Board of Directors at the European Universities Association between 2013 and 2017. In her duties as the Vice Chair of the Association of European Operational Research Societies (EURO) between 2003 and 2007, and the national representative at

NATO Research and Technology Organization between 2002 and 2010, she worked in close collaboration with various European universities, governmental and non-governmental organizations. Prof. Barbarosoğlu is a Founding Member of EURO Organizational Planning European Study Group and a Member of the Management Sciences Institute (INFORMS), American Production and Inventory Control Society (APICS) and International Industrial Engineering and Production Management (IEPM). Attaching great importance to civil society activities, Prof. Barbarosoğlu actively worked to establish Neighborhood Disaster Volunteers (MAG), and she acted as a Member and Chair of the Board of Directors. Prof. M. M. Gülay Barbarosoğlu retired from Boğaziçi University in December 2016.

Müzeyyen Münire Gülay Barbarosoğlu has not held any other positions in Arçelik or its subsidiaries in the last five years. She does not have any relationship with Arçelik senior executives. Müzeyyen Münire Gülay Barbarosoğlu does not directly or indirectly hold more than 5% of Arçelik's shares, has no employee representation and she does not have any commercial relationship with Arçelik A.Ş. Müzeyyen Münire Gülay Barbarosoğlu was elected as an Independent Board Member at the Ordinary General Assembly Meeting held on 19 March, 2018, and has continued to serve as an independent member of the Arçelik Board of Directors since that date.

Ahmet Turul

Independent Member

Ahmet Turul graduated from the Faculty of Political Sciences at Ankara University in 1980. After working as a Junior and Senior Accountant at the Ministry of Finance between 1980 and 1988, he worked as the Deputy Coordinator and Coordinator for Financial Affairs at Koç Holding from 1988 to 1999, as the Deputy General Manager for Financial Affairs at Koç Tüketici Finansmanı A.Ş. from 1999 to 2002, and Deputy General Manager for Financial Affairs at Allianz Sigorta A.Ş. and Allianz Hayat ve Emeklilik A.Ş. from 2002 to 2010. Ahmet Turul has served as a Member of the Board of Directors of Allianz Sigorta A.Ş. and Allianz Hayat ve Emeklilik A.Ş. since 2010, and of Allianz Yaşam ve Emeklilik A.Ş. since 2013. Ahmet Turul acted as an Independent Member of the Board of Directors at Tüpraş-Türkiye Petrol Rafinerileri A.Ş. from 2014 to 2019. Currently, he is a Member of the Advisory Board at the Insurance Association of Turkey and a Member of the Tax Council representing TSB.

Ahmet Turul served as an Advisory Board Member at the Insurance Association of Turkey (TSB) between 2022 and 2023, and currently serves as a Member of the Tax Council representing TSB.

Ahmet Turul was elected as an Independent Board Member at the

Ordinary General Assembly Meeting held on 19 March 2019, and has been continuing to serve as an independent member of the Arçelik Board of Directors since that date.

Ahmet Turul has not held any other positions in Arçelik or its subsidiaries in the last five years. He does not have any relationship with Arçelik senior executives. Ahmet Turul does not directly or indirectly hold more than 5% of Arçelik's shares, has no employee representation and he does not have any commercial relationship with Arçelik A.Ş.

Tuğrul Fadilloğlu

Independent Member

Tuğrul Fadilloğlu graduated from the Department of Mechanical Engineering, Boğaziçi University in 1982. From 1982 to 2002, he worked at Arçelik A.Ş. as a Product Development Engineer, Production Engineer, Mold House Supervisor, Technical Manager at the Washing Machine Plant, Quality Assurance Manager at the Washing Machine Plant, Operating Manager at the Vacuum Cleaner Business in İzmir, Deputy General Manager for Small Household Appliances, and Founding Director of the Vacuum Cleaner and Motor Plant in Çerkezköy, respectively. Then, he worked as Deputy General Manager for Operations and Technology

at Tanı Pazarlama Hizmetleri A.Ş. between 2002 and 2004, before he worked as the General Manager at the same company from 2004 to 2009. Assigned to Zer A.Ş. as the General Manager in 2009, Fadilloğlu held this position until he retired in 2014. In this period, he also acted as a Member of the Board of Directors at Tanı Pazarlama Hizmetleri A.Ş.

When he was in İzmir from 1995 to 2000, Tuğrul Fadilloğlu worked as the Founding Chair of the İzmir Branch of the Quality Association of Turkey (KalDer), and a Member of the Chamber of Industry for the Aegean Region in 2000, which was his last active year there.

After retirement, Fadilloğlu has held senior executive positions, board memberships, and the role of General Coordinator at the Turkey Quality Association (KalDer). Currently, he continues to serve as an Independent Board Member at Kocaer Çelik A.Ş. and as an Advisory Board Member at Sistem Teknik A.Ş.

Tuğrul Fadilloğlu has not held any other positions in Arçelik or its subsidiaries in the last five years. He does not have any relationship with Arçelik senior executives. Tuğrul Fadilloğlu does not directly or indirectly hold more than 5% of

Arçelik's shares, has no employee representation and he does not have any commercial relationship with Arçelik A.Ş.

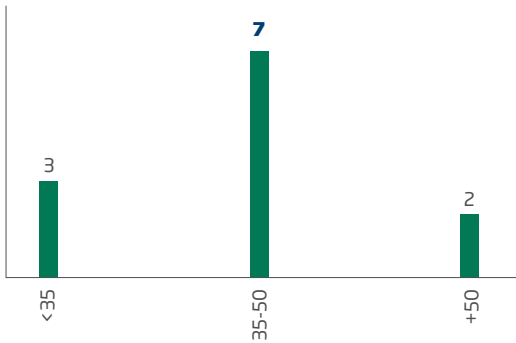
Tuğrul Fadilloğlu was elected as an Independent Board Member at the Ordinary General Assembly Meeting held on March 25, 2020, and has continued to serve as an independent member of the Arçelik Board of Directors since that date.

¹ Insurance Association of Turkey (TSB) is not a direct public institution, but a professional organization in the nature of a legal public institution.

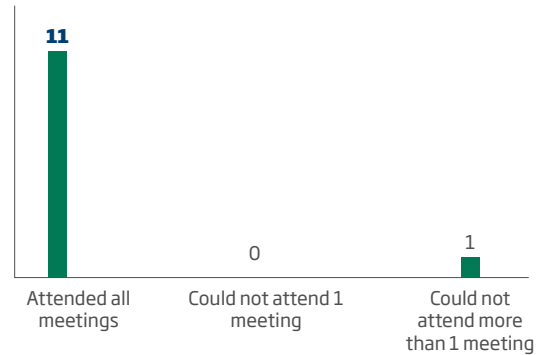
Board of Directors CVs

In order for the Board of Directors to support the Company's activities in the most effective way, members at Arçelik are positioned for relevant committees and responsibilities, taking into account their past work experience in different fields. Information about Arçelik Board of Directors members is summarized in the graphs below.

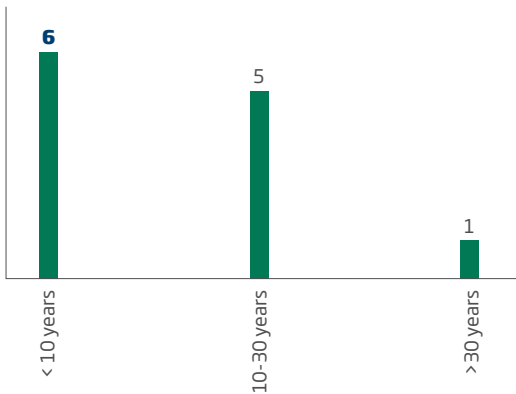
Work Experience (years)



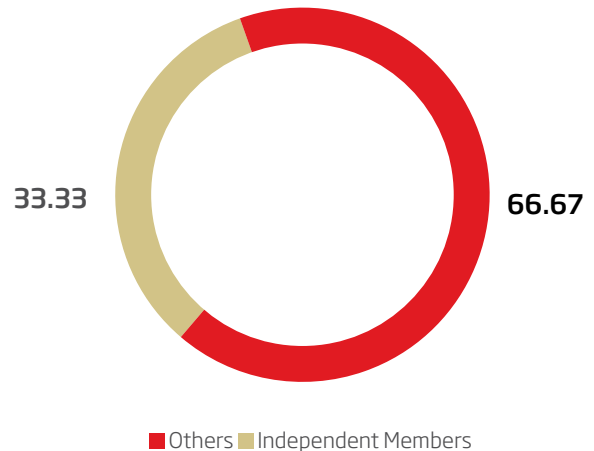
Attendance in Meetings



Term of Office on the Company's Board of Directors

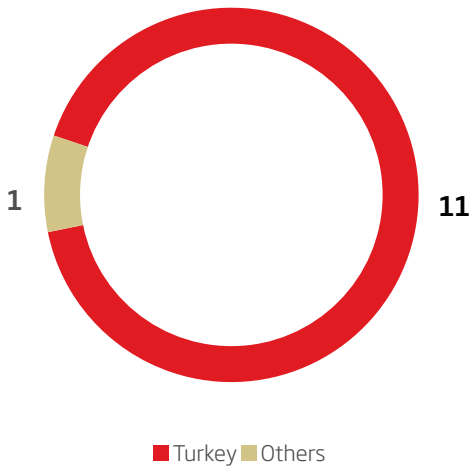


Independence Status (%)

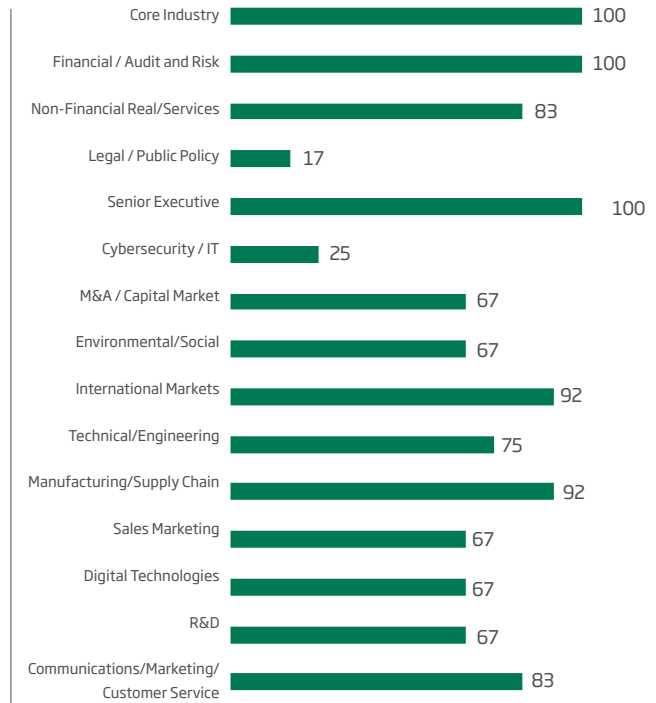


Others Independent Members

Citizenship/Residency



Board of Directors Skills¹ (%)



¹ Glass Lewis Board of Directors Talent Matrix was taken into consideration in the evaluation

Executive Management CVs

Hakan Bulgurlu

Chief Executive Officer

Hakan Bulgurlu graduated from the Department of Economics and Mechanical Engineering at the University of Texas, and earned his MBA from the joint program of Northwestern University, Kellogg School of Management, and Hong Kong University of Science and Technology. Having started his career at Koç Holding in 1994, Bulgurlu was assigned to key senior management positions in Asia and spent 13 years in Hong Kong where he led Koç Holding's Asia-Pacific trading and outsourcing operations. Bulgurlu served as the CEO of Arçelik-LG between 2007 and 2010, a joint-venture manufacturer of air conditioners, with the largest facility in Europe and the Middle East. Following his tenure at Arçelik LG, he served as Chief Commercial Officer – Europe, USA, Asia-Pacific at Arçelik between 2010-2015, and has been acting as the CEO of Arçelik since 2015. He is a member of the Climate Leaders CEO Alliance within the World Economic Forum (WEF) and is the President of the European Association of Home Appliance Manufacturers (APPLiA). Hakan Bulgurlu is also a member of the Executive Committee of the World Business Council for Sustainable Development (WBCSD).

Özkan Çimen

Chief Financial Officer

Özkan Çimen holds a B.A. in Economics from Boğaziçi University. He started his career in 1999 as an Assistant Auditor at Koç Holding Audit Group. He worked as Finance Group Manager at Koçtaş Yapı Marketleri A.Ş. between 2002 and 2008, and as Finance Manager at Best Buy Turkey between 2009 and 2011. Çimen joined Arçelik in 2012. After serving as a Tax and Incentive Manager, Cost-Price Analysis Manager, Internal Audit Manager, Risk Director, Accounting Director, and Finance & Enterprise Risk Director, he was assigned the role of Chief Financial Officer in April 2022. He completed the Harvard Business School Advanced Management Program in 2022.

Nihat Bayız

Chief Production and Technology Officer

Nihat Bayız graduated from Mechanical Engineering at METU in 1993. He completed the Harvard Business School Advanced Management Program in 2016. Bayız, who started his career as a Research and Development Engineer in the R&D Department of Aselsan A.Ş. in 1993, joined Arçelik A.Ş. as an Engineer in

the Production and Engineering Department in 1994. Over the years, he held various leadership roles including Dishwasher Product Director, Cooling Product Director, and Global Product Management Director before assuming the position of Arctic General Manager in 2016. He served as Arçelik A.Ş. R&D Director from 2019 to 2020 and was appointed Chief Production and Technology Officer in 2021. In addition to his executive role at Arçelik, he is affiliated with Harvard and METU Alumni Associations and has been a member of the Young Presidents Organization's (YPO) Romania chapter since 2017.

C. Can Dinçer

Chief Commercial Officer - Turkey and South Asia

Can Dinçer received his undergraduate degree from İstanbul Technical University, Department of Mechanical Engineering in 1989, and his master's degree from the US Stevens Institute of Technology, Department of Business Administration in 1993. He completed the Harvard Business School Advanced Management Program in 2017.

Dinçer, who started his career in 1993 as a Management Trainee in the Finance Department of Arçelik A.Ş., worked as a Regional Sales Associate in the Export Department in 1995. He worked as Sales Manager for CIS and Other Countries (2000-2005), Sales Director for Non-European Markets (2005-2009), Sales Director for Europe, America, Asia-Pacific (2009-2012), Sales Director for Subsidiaries, America, Asia-Pacific (2012-2015), and Chief Commercial Officer – Turkey (2015-2017). Can Dinçer has been serving as Chief Commercial Officer – Turkey and South Asia since January 2018. In tandem with this position, he serves as the CEO of Arçelik Pazarlama A.Ş., to which position he was appointed on 30 December 2016.

M. Ragıp Balcıoğlu

Chief Commercial Officer – Europe

Ragıp Balcıoğlu received his Bachelor's Degree in Industrial Engineering from İstanbul Technical University in 1989 and his Master's Degree in Business Administration from Koç University in 1996. He completed the Harvard Business School Advanced Management Program in 2019. Ragıp Balcıoğlu began his professional career in 1990 as a Marketing Manager at Data Hidrolik Makine Sanayi A.Ş. He then worked as an Imported

Material Planning and Purchasing Specialist at Arçelik A.Ş. from 1992 to 1996. In 1996, Balcıoğlu was appointed as the Trading Manager of Beko England. He was promoted to Product Marketing Manager at Beko Plc in 2003 and then to Product Marketing Director in 2004. In 2006, he was appointed as Product Management and Supply Director.

Balcıoğlu served as Sales Director at Beko Plc from 2008 to 2010. He then worked as the UK and Ireland Country Manager at Arçelik A.Ş. and General Manager at Beko Plc from 2011 to 2015. In 2015, Balcıoğlu was appointed as Chief Commercial Officer – International Sales at Arçelik, a position he held until 2017. From January 2018 to April 2023, he served as Chief Commercial Officer – Europe, the Middle East, North Africa, and Americas. In line with the company's restructuring and anticipated inorganic expansion in Europe, he has been serving as Chief Commercial Officer – Europe since April 2023.

Akın Garzanlı

Chief Marketing Officer

Akın Garzanlı, who has worked at Arçelik for more than 20 years in various capacities, serves as the Chief Marketing Officer. Leading 14 global and local brands in 53 countries and 82 subsidiaries with

a marketing team spread over a wide territory and developing marketing strategies that make a difference, he is in charge of global brand management and marketing communications, industrial design, product management, small domestic appliances, content excellence, marketing insight and analytics, and marketing growth and transformation. In addition to the marketing function, he also oversees the Middle East, Africa, Russia, Belarus, and Central Asia regions as of 2023. Garzanlı started his career in 2002, when he became responsible for Arçelik's global markets. He has held key positions in the company's global functions, including sales, product management, marketing and customer service. In 2018, he was appointed as Global Customer Care Director, and as of 2020, he assumed the role of Global Brand Director in addition to this position.

Garzanlı graduated from St. George's Austrian High School in İstanbul and holds a bachelor's degree from İstanbul University in the field of Management. He earned his MBA from the Koç University. Akın also completed several programs at Harvard Business School and Kellogg School of Management.

Executive Management CVs

Utku Barış Pazar

Chief Strategy and Digital Officer

Utku Barış Pazar started his career at Nokia Networks in 2000, and after a series of roles at Nokia (Siemens) Networks - North America and McKinsey&Company, he served as the Chief Technology Officer at Doğu Media Group between 2013-2015. He joined Koç Group in 2015 as Strategic Planning Director at Arçelik A.Ş., and was appointed as Strategy and Business Development Director at Koç Holding A.Ş. in 2016. Since 2018, he has been serving as Chief Strategy and Digital Officer at Arçelik. During this period, he also assumed the responsibilities of Supply Chain and Asia Pacific region, and as of 2023, he has been overseeing the Americas region in addition to the Strategy and Digital function. Holder of an Electrical and Electronic Engineering degree from the Middle East Technical University in 2000, Utku Barış Pazar later had his postgraduate degree in 2010 from the Emory University Goizueta Business School and completed Harvard Business School Advanced Management Program in 2022.

Zafer Üstüner

Chief Commercial Officer - Asia-Pacific

Zafer Üstüner received his double major bachelor's degree in Electronics Engineering and Mathematics from Boğaziçi University, Turkey in 1991 and an MBA degree from Koç University, Turkey in 1998. Additionally, he completed Harvard Business School's Advanced Business Program in 2018.

Üstüner began his career at Arçelik as International Sales Manager (2001-2007), before his appointment as Country Manager of Beko Germany (2007-2012). There followed appointments as Country Manager of Beko Russia (2012-2015), and Regional Director of Russia and CIS countries in 2016. At the end of 2016, Üstüner became Country Manager of Thailand and Regional Director of APAC (overseeing Australia, New Zealand, China, Malaysia, Vietnam, Singapore, Indonesia and Philippines). In 2021, he was appointed CEO of Arçelik Hitachi Home Appliances, a joint venture between Arçelik and Hitachi Global Life Solutions, and in addition to this role, in 2023, he assumed the position of Chief Commercial Officer responsible for Asia-Pacific operations.

Toygan Pulat

Chief People Officer

Toygan Pulat earned her BA in Industrial Engineering from Middle East Technical University in 1994 and her MBA from Bilkent University in 1996. From 1999 to 2000, she studied Human Resources Management at McMaster University in Canada. Pulat, who started her professional life as a Project Engineer at Philips in 1996, has had a diverse career over two and a half decades in global blue-chip companies across consumer goods, beauty and telecom.

Toygan Pulat has been serving as Chief People Officer since June 2021, overseeing Arçelik's global human resources team spread across a vast area from Asia-Pacific to North America.

Fatih Özkadı

Chief Sustainability, Quality and Customer Care Officer

Fatih Özkadı completed his undergraduate education at Istanbul Technical University Mechanical Engineering Department in 1990 and has a master's degree from Istanbul Technical University Institute of Science Mechanical Engineering Department that he obtained in 1993. Starting his career at Arçelik as a Research Engineer in the R&D Department, Özkadı worked as an Engineer (1992-1998), Specialist (1998-2004) and Manager (2004-2010). Between 2010 and 2015, he served as Energy and Environment Manager and between 2015 and 2020 he took on the role of Sustainability and Corporate Affairs Director. While he was still in office, he served as the President of the Environmental Committee of Koç Group between 2014 and 2016. Fatih Özkadı, who assumed the position of Executive Director - Quality, Sustainability and Corporate Affairs in March 2020, has been appointed as the Chief Sustainability, Quality, and Customer Care Officer, as of November 2023. In addition to his responsibilities at Arçelik, he serves as TUSIAD Environment and Climate Change Working Group

Chairman, TURKTRADE (Foreign Trade Association of Turkey) Board Member, TÜRKBEŞD (White Goods Manufacturers' Association of Turkey) Board Member and the European Home Appliances Manufacturers Association (APPLiA) Council member.

Cem Kural

Chief Supply Chain and Procurement Officer

Cem Kural graduated from Middle East Technical University, majoring in Electrical and Electronics Engineering. He later pursued his master's degree at the same university in Electrical and Electronics Engineering.

Cem Kural started his professional journey as an R&D Engineer at Testaş A.Ş. in 1992 and joined Arçelik in 1995 as an R&D Engineer. Over the course of his nearly 30-year career at Arçelik, Kural has held various positions in R&D and electronics. He worked as R&D Director from 2012-2017 and Product Sourcing Director from 2018-2020. Kural, who served as Arçelik-LG General Manager between 2021 and 2023 has been appointed as Arçelik's Chief Purchasing and Supply Chain Officer as of November 2023.

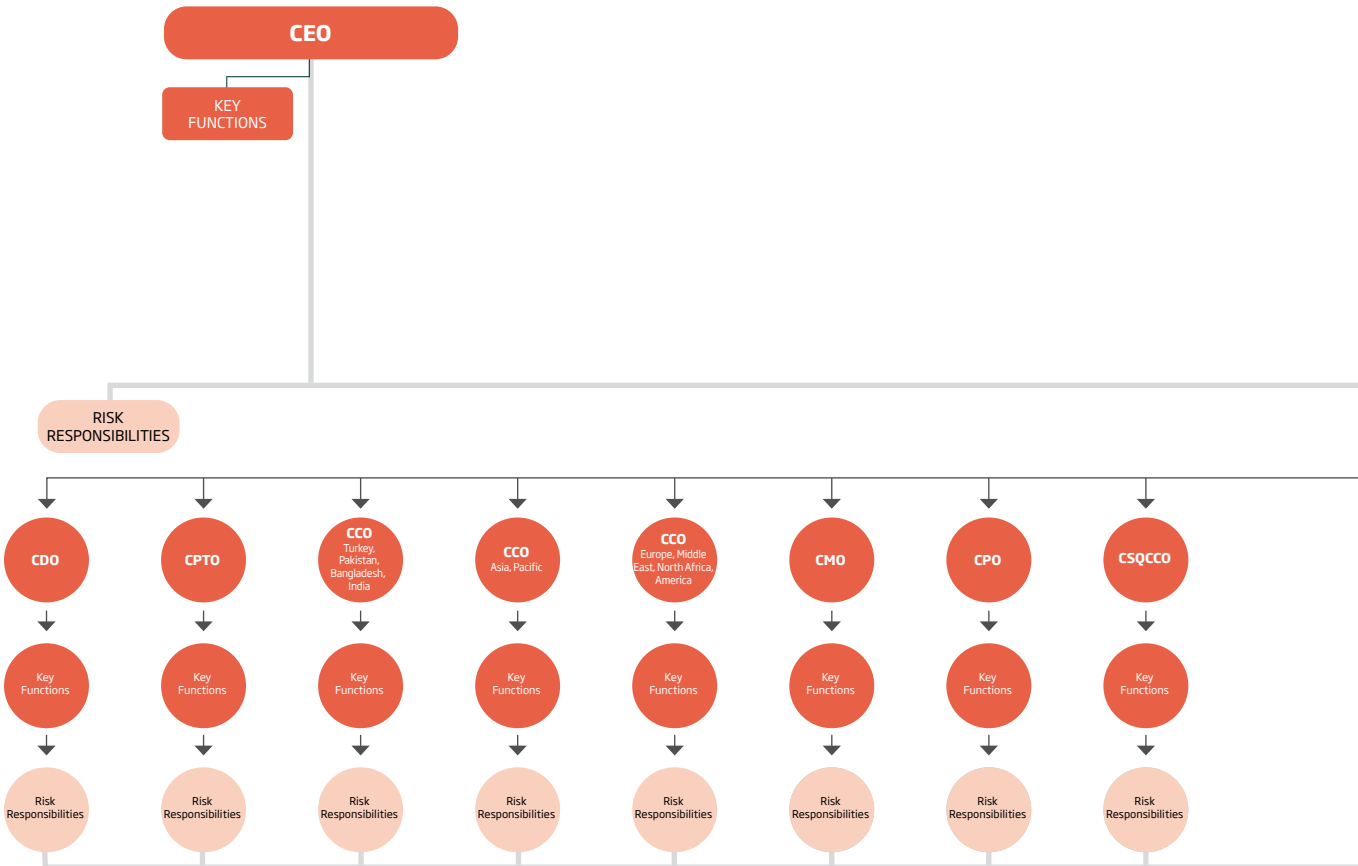
Risk Management and Internal Audit

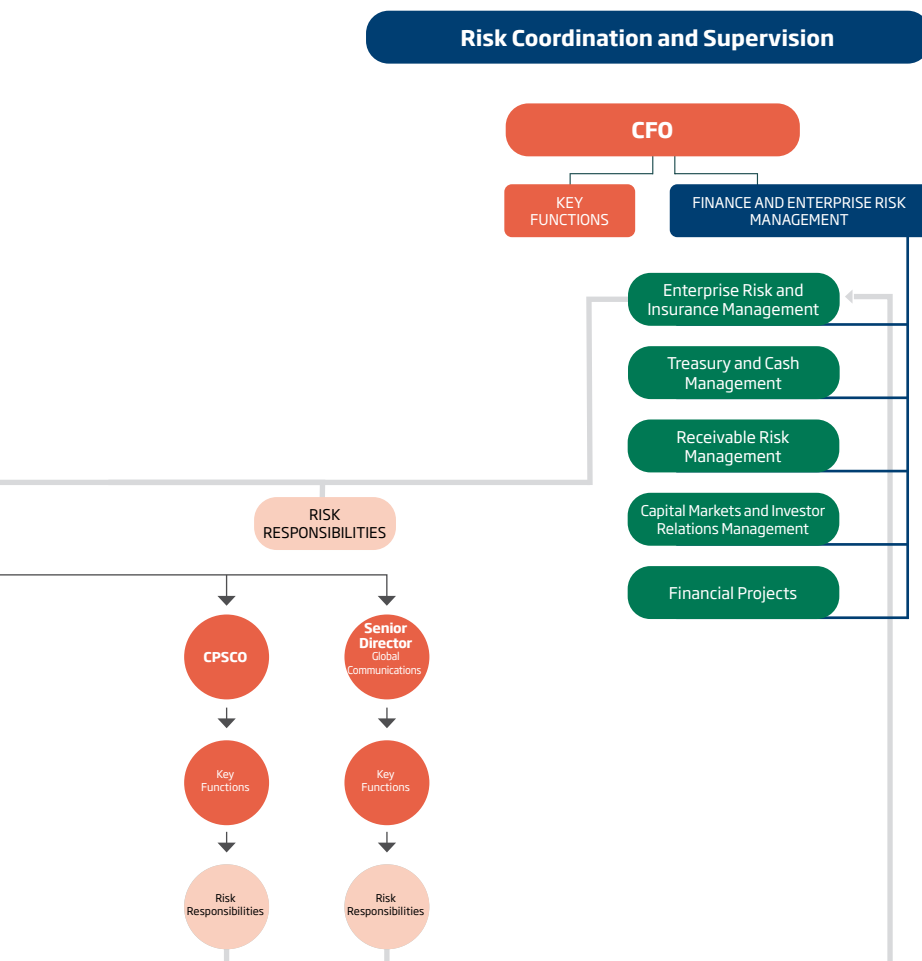
Board of Directors Risk Committee

Chair: Independent Board Director

Director: Board Director

Functional Risk Management





Risk Management and Risk Management Committee Activities

The Board of Directors establishes the risk management and internal control systems to identify and minimize the impacts and likelihood of the risks that may affect the company's stakeholders, primarily the shareholders, and periodically reviews the effectiveness of these systems.

In line with the decision passed in Arçelik Board of Directors Meeting dated 16.07.2010, a Risk Management Committee has been established to achieve alignment with Article 378 of the Turkish Commercial Code No. 6102 and the CMB Corporate Governance Communiqué and to ensure effective functioning of the committees under the Board of Directors. The Risk Management Committee's activities will concentrate on early detection of risks that may endanger the company's existence, development and continuation, and on taking necessary actions regarding the identified risks and managing them.

Risk Management and Internal Audit

The Committee is chaired by Independent Board Member Gülay Barbarosoğlu and the other member is Fatih K. Ebiçlioğlu, Member of the Board of Directors.

The Risk Management Committee advises the Board of Directors on early detection and assessment of risks that may affect the company, calculation of their impacts and likelihood, management and reporting of these risks in accordance with the company's corporate risk appetite, risk mitigation activities, and accordingly, on the establishment of effective internal control systems.

Set up under the office of the CFO, the Directorate of Finance and Enterprise Risk Management has operational responsibility for risk management. When reporting to the Risk Management Committee, Head of Internal Audit briefs the Audit Committee. Both units are functionally independent from one another.

In this respect, the Risk Management Committee held six pre-scheduled meetings in 2023.

Management of Environmental, Social and Governance Risks

As sustainability has been placed at the heart of Arçelik's business strategy, it is a crucial task to integrate climate crisis and other environmental, social and governance (ESG) risks into the company's overall risk analysis and to execute the related action plans in parallel with the company's Net Zero 2050 strategy and the general sustainability strategy. Along this line, Arçelik Enterprise Risk Management and Sustainability departments work together to define, assess, measure and prioritize ESG risks and opportunities, and to integrate them into the enterprise risk matrix.

Operationally, Chief Sustainability, Quality and Customer Care Officer is the highest-level authority with respect to evaluation and management of ESG risks including climate. The sustainability department is responsible for qualitatively and quantitatively describing all ESG risks including physical and transition risks by way of scenario analyses. Identified risks are reported to the Enterprise Risk Management department, which are then presented to the Risk Management Committee. In this framework, ESG risks are integrated in enterprise risk assessment and prioritized.

The Risk Management Committee, which has the highest-level authority with respect to the monitoring of all risks and opportunities, has also undertaken the supervision of Arçelik's ESG risks and opportunities, including climate risk. The Committee is charged with following up the performance of the implementation and execution of strategic decisions to be taken in relation to ESG risks and opportunities, and relevant action plans.

Arçelik follows up ESG risks and opportunities at the Board of Directors level. Koç Holding President of Consumer Durables Group, who is also a member of Arçelik's Board of Directors, is responsible for briefing the Board of Directors about ESG risks and opportunities three times a year.

Arçelik manages especially climate risk as well as ESG risks and opportunities within the frame of its Climate Change Strategy, and integrates the procedures covered in this strategy in enterprise risk management processes. To this end, in order to define ESG risks, establish their impact on financial performance and digitize the impact, Arçelik carries out its activities within the guidelines of internationally adopted frameworks. Arçelik reports on its sustainability risks and

opportunities in accordance with S1 and S2 standards released by the International Financial Reporting Standards and with the directives of the Turkish Financial Reporting Standards accepted in Turkey in parallel with the aforementioned standards. Arçelik reports data on these risks to the Carbon Disclosure Project (CDP) as well.

Arçelik develops various parameters for alternative scenarios to observe the potential effects of physical and transition risks of climate change, whose impact can be felt more and more. Arçelik's strategy for combating climate crisis, ESG risks and opportunities, detailed analysis of their impact on Arçelik and actions plans can be found in the *"Sustainability Risks and Opportunities"* section (p. 449-459) and the publicly available CDP report¹.

Internal Control System and Internal Audit

Arçelik has adopted the "Three Lines of Defense" approach in its Internal Control systematic. Internal Audit, set up under the office of the CFO, conducts audits to evaluate and improve the effectiveness of internal control and governance processes, and shares the results regularly with the Audit Committee.

The Audit Committee is primarily charged with submitting written reports to the Board of Directors about its evaluations regarding the company's accounting, reporting, and internal control systems, the effectiveness of the independent audit processes, and the accuracy and compliance of the annual and interim financial statements to be publicly disclosed with the accounting principles adopted by the company. The Audit Committee consists of at least two members.

The chair and members of the Committee are selected from amongst the Independent Members of the Board of Directors. The Audit Committee holds at least four meetings a year, convening once every three months at the latest.

Enterprise Risk Management

Having defined aligning the company's risks with corporate goals and strategies as its main framework, Arçelik A.Ş. Enterprise Risk and Insurance Management matches strategy and goals with the risks. In the process, global best practices, especially ISO 31000 Risk Management Standard and COSO Enterprise Risk Management Framework, are taken into consideration within the framework of Arçelik's specific hybrid approach. All identified risks are prioritized in

view of various metrics including risk score, financial impact etc., which allows determination of the risks on which focus needs to be placed; thus, risk management is captured in all levels of functions and operations and integrated in the decision-making mechanisms of the Senior Management. As part of risk management activities, all employees are encouraged to be risk aware and potentially risky issues are raised by way of the risk suggestion system.

Arçelik A.Ş. Enterprise Risk and Insurance Management regularly exchanges information about ESG risks with the company's relevant units and is involved in the projects conducted. Tools that pay due consideration to the risk appetite of the Board of Directors and Senior Management are developed, whereby new values are created for the company and its stakeholders, opportunities are taken into account as well as risks; and gap analyses are performed. The Enterprise Risk Management process is carried out in all businesses, central units, and international subsidiaries of the company in an integrated manner with all business processes and within a structure that affects the performance evaluation processes of risk officers.

Risk Management and Internal Audit

Risk Coordination and Supervision

The Directorate of Finance and Enterprise Risk that reports to the office of the CFO provides global risk coordination and supervision for Arçelik A.Ş. head office and group companies.

Functional Risk Management

The Directors in the Senior Management team and country managers are responsible for managing the risks of their own organizations and for completion of the actions that mitigate the impact and likelihood of the risk attributed to their organizations as part of risk mitigation for different organizations.

Training

In order to enhance risk culture and awareness throughout the organization, enterprise risk management training is given to directors in the Senior Management organization, country managers working at Group companies, and risk officers working in organizations, and risk awareness is further increased through Enterprise Risk Management Questionnaires.

Enterprise Risk Management Systems

Since Enterprise Risk Management and Insurance Management are followed up under the same roof, actions were introduced for proactive decision-making.

The direct engagement of the Enterprise Risk and Insurance Management team with potential insurers ensures that the risks of the Arçelik Group are duly transferred to local and global insurers. Arçelik Group has the ability to design and structure insurance programs; it determines coverage, including overseas risks, and optimizes the insurance program by negotiating with insurers and brokers. Thus, by preparing various risk scenarios under different models and deciding on the best risk model to be applied, the new strategic insurance model is successfully implemented in accordance with all legal requirements.

The new Enterprise Risk Management Framework places emphasis on risk scenario analyses that use and simulate variables considered in strategic decision-making processes. In risk scenario analyses, financial implications of risks are calculated, which enables more active involvement in decision-making mechanisms.

The Enterprise Risk Management Framework is intended to:

- Define uncertainties in strategic decision-making processes more effectively.
- Demonstrate end-to-end impact of risks throughout the company's value chain in a holistic manner.
- Optimize insurance processes for risk transfer.

At Arçelik A.Ş., risks are defined and prioritized in five main categories: financial, strategic, operational, compliance, and external including environmental risks. Through the risk inventory, the root causes of risks are revealed and they are evaluated against the company's strategies and objectives, and impact and probability analyses are performed, according to which risk mitigation actions are defined and reviewed. All activities related to risk management and risks are periodically reported to the Risk Management Committee. The evaluations regarding material risks and the important actions taken are followed up by Senior Management.

Prominent Financial and Non-Financial Risks

Current risks that emerge are proactively followed up, their potential long-term impacts on the company are evaluated, and the Senior Management and Risk Management Committee are regularly informed about the issues. In this context, risks are assessed at least twice a year, and stress testing analysis is performed for prominent financial and non-financial risks.

In this framework, exchange rate risks, liquidity risk, interest rate risks in terms of financial risks, earthquake risks under natural disasters and cyber risks in terms of non-financial risks are prioritized; not limited to those, environmental risks, loss of reputation/brand damage, failure to keep up with innovation speed, access to raw materials and resources, supply chain, political risks, cyber-attacks and information security risks stand out as globally rising risks.

The recent global increase in wars and political tensions and the spillover of these conflicts to the cyber world has resulted in cyberattacks at companies with global operations, particularly

through more targeted ransomware, and phishing attacks by some hacker groups. To mitigate this risk, our security systems are regularly tested with respect to their strength, strategic cyber security partnerships have been developed, awareness training on information security is organized for users, and we ensure users' security information is always up to date.

Arçelik has posted its Enterprise Risk Management Framework and sensitivity analysis of prioritized financial and non-financial risks on the Arçelik Global Investor Relations page; see also the link below: <https://www.arcelikglobal.com/media/7378/enterprise-risk.pdf>

Sustainability risks and opportunities are also assessed comprehensively. For these assessments, please refer to "*Sustainability Risks and Opportunities*" section (p. 449-459).

Risk Management and Internal Audit

Product Safety Risk

In order to detect the potential risks that may arise over the lifetime of products, controls are carried out during the design phase before they are put on the market, thus steering design, raw material and component selection accordingly. Conformity of the products to international product safety standards and Arçelik's Product Safety Design Criteria is essential. In addition to the tests specified in the standards, product safety is also checked by forcing the products to fail through specially designed tests. Failure Mode and Effects Analysis (FMEA) performed during the product design phase establishes possible failures upon which measures are taken. Risk assessments are carried out in compliance with local, national and international standards and regulations. Design, quality, manufacturing and procurement processes that directly impact product safety are reviewed periodically by the Product Safety Department. These methods are targeted at securing continuous improvement in products and processes.

Risk Management and Internal Audit

The Product Safety Risk Committee, which has been formed to stay abreast of Product Safety Risk Assessments, meets once every two weeks and presents the necessary reports to the Risk Management Committee under the Board of Directors and Senior Management. Committee members include the Enterprise Risk and Insurance, Global Compliance, Product Safety, Global After-Sales Service, Global Communication and related ad hoc members are invited for the topic under discussion.

Cyber Risk Management

Risk control strategies and the cyber risk profile of Arçelik A.Ş. were identified, and risk assessments were conducted periodically with the participation of all related units for cyber risk transfer/mitigation, and necessary actions were taken in line with the outcomes of the workshop. Coverage was obtained against potential financial losses and business interruptions under the cyber risk insurance policy against the residual risks as defined in the controls carried out. Cyber incident simulation was conducted for related business units and senior management to make cyber risks more concrete and visible, where possible threats and potential cases that would result therefrom were made use of with the aim of raising

awareness of risks and developing corporate reflexes to mitigate the impact in the event of risk occurrence.

In view of the potential for another Marmara Earthquake, the Disaster Recovery Project was launched. It has been reformulated to be a part of the Business Continuity Project to perform Business Impact Analyses at business units with critical IT systems in order to ensure business continuity in the event of a catastrophe; to establish the recovery time and recovery point objectives of these systems, and to conduct fully functional tests.

Business Continuity Management

Head Office is still in the process of setting up the Business Continuity Management Project, implemented in accordance with ISO 22301 Standard for the resumption of products and services of certain plants and subsidiaries at an acceptable level following a possible interruption. The project is intended to ensure a fast and effective response to any unexpected business interruption or crisis within the framework of contingencies, crisis management and business recovery management plans, and to secure business continuity in

the event of such an occurrence by eliminating the impacts on the company's facilities, operations, financials, reputation and stakeholders. Within this scope, we aim to ensure effective and timely use of resources, as well as efficient internal and external stakeholder communication amid the crisis environment.

Eskişehir Plant has been selected as the pilot facility for three different risk scenarios, including the earthquake risk. In this context, potential loss, investment amounts and the timeline for the plant's recovery have been determined; suppliers' turnovers, availability of their alternatives, and financial positions have been examined, and a supplier risk matrix has been created on the basis of critical commodity groups. Under the Business Continuity Project, work has started to provide training and conduct drills in relation to Enterprise Risk, Business Continuity, Emergency Coordination, and Occupational Health & Safety under the leadership of Enterprise Risk and with the involvement of related teams.

Insurance Management

Insurance Management is responsible for the assessment and management of actual and potential operational risk exposure. The insurance management process basically consists of the identification, measurement, assessment, monitoring, control, mitigation, transfer of operational risks, along with claims handling processes and execution and reporting of these processes. All insurance and operational activities of Arçelik are monitored within the framework of predetermined rules, and necessary steps are taken to transfer all transferable risks to local and international insurers.

Since both Enterprise Risk Management and Insurance Management are followed up under the same roof, proactive decision-making process is implemented. The direct engagement of the Insurance Management team with potential insurance companies ensures that the risks of Arçelik are duly transferred to local and global insurers. The Insurance Management team designs Arçelik Insurance Program globally, including international subsidiaries, and negotiates with reinsurers,

insurers and brokers thus ensuring the creation of programs that cater to Arçelik's needs. With the aim of managing the all these processes, Arçelik maintains global Service Level Agreements (SLAs) with insurers. Claims in any insurance branch including product liability claims are coordinated single-handedly and centrally for global operations.

There are insurance policies in various branches in order to cover the losses that may arise. Modeling studies are carried out to select the best risk transfer methods that can be applied within the framework of local and international legal rules and to determine the scope of policy coverage that best meets operational risks. The coverage that Arçelik may need in line with changing and developing circumstances is regularly reviewed, thus ensuring more efficient use of Arçelik's resources. As part of operational risk management, commercial contracts to which Arçelik is a party (e.g. sales and agency and purchasing contracts) are reviewed with respect to liability and indemnity conditions, and necessary insurance coverage

is obtained. Necessary modeling is performed, which incorporates risk transfer in line with Arçelik's needs regarding contingencies, crisis management, and business recovery management, and processes are managed in cooperation with all relevant units. To minimize Arçelik's operational risks, works are carried out in coordination with all relevant units across the global organization and various training programs are organized in line with needs. In view of the catastrophe risks that have occurred recently, "My Dealer is Insured" and "My Service Center is Insured" insurance projects were introduced, which will support proper continuation of dealer and service center networks within the frame of Arçelik's sustainability vision.

Accounts Receivable Risks

International Accounts Receivable Risk

Consolidated receivable risks arising from the direct exports of Arçelik A.Ş. and the local sales and/or exports of the Group companies are managed by International Receivable Risk Management. Global Risk Management Policies have been established for the management and standardization of consolidated receivable risks, and all companies act within the framework of these policies. The needs and risks in parallel with the widespread growth in a broad geography are identified, and agreements are made with conditions that will cater to all circumstances in order to prevent possible damages, and these risks are transferred to Global Credit Insurance Agencies. In addition to Global and Local Credit Insurance Policies, other guarantee instruments such as letters of credit, letters of guarantee, etc. are also used, and the counterparty bank risks of these guarantees are managed under Global Risk Management Policies. Within the framework of the Global Risk Management Policies established, monthly consolidated receivable risks are reported to the committees consisting of the company's Senior Management members, and the risks followed up according to the framework of the determined methodology

are assessed and approved by the relevant committees. To help with the comprehensive analysis of Receivable Risks, risk scores are calculated on a customer basis and the whole process can be monitored in a consolidated manner in the ERP environment. The receivable risks of newly acquired companies are analyzed in detail and necessary arrangements are made to bring them into alignment with Global Risk Management Policies.

Accounts Receivable Risk in Turkey

Accounts receivable risks of Arçelik Pazarlama A.Ş., dealers in Turkey and customers of alternative sales channels are followed up by the Risk Management team. The Risk Management Team determines the principles and procedures for proper management of potential risks that may arise from customer main data, collateral and open account limits, and ensures conformity therewith.

- Information and documents kept within customer main data are obtained and followed up periodically.
- We make sure that collaterals are taken in accordance with legal contracts, that liquid collateral is increased, and the balance between risk and collateral is maintained. The collateral portfolio covers Hypothecation,

Bank Letter, Direct Debit System (DDS) and Share Pledge.

- For management of open account limits, systemic approval process is implemented within the framework of the procedure determined. The Turkey Accounts Receivable Committee formed in this capacity meets four times a year and guarantees correct and controlled management of risks.
- In 2023, a customer-based risk report was drawn up for checking delays in collections and/or decline in collaterals in relation to customer sales in Turkey. This report informs the sales teams of customers with increased open account balances and/or delayed collections on a monthly basis.

Financial Risks

Financial risks, which are addressed in three categories, namely Liquidity Risk, Interest Rate Risk, and Exchange Rate Risk, are managed according to the following principles.

Liquidity Risk

Liquidity management at Arçelik A.Ş. is centrally managed based on the alignment of the balance sheet and cash flow to individual subsidiary and consolidated bases. Short-term liquidity is managed by matching receivable and debt maturities and effective stock management, and a

calculated cash level is maintained to hedge the balance sheet against any risk factor. Besides the dealings subsidiaries maintain with local banks, companies with surplus cash derive interest income on deposits whereas companies in need of short-term liquidity fulfil their financing need thanks to the foreign cash pool model created by Arçelik A.Ş. In addition, various other instruments are used when needed, such as receivables discounts, supplier finance, letters of credit discounting, corporate credit cards etc. As per the legislation in force, Arçelik A.Ş.'s access to TL funds was restricted as of July 2022; however, the problem was eliminated with the issuance limit of TL 30 billion mandated by the CMB. For medium and long-term liquidity, we aim to keep average debt over a certain maturity by means of different financial resources, based on market and sector dynamics. As was the case in previous years, focus was placed on accessing long-term, low-cost financing resources in 2023. Accordingly, Arçelik A.Ş. completed the issuance of the 5-year maturity Eurobond for the amount of USD 500 million. In addition, borrowings were secured for the amount of USD 50 million with a 6-year maturity via EBRD for Beko Egypt LLC, and for the amount of EUR 30 million with a 7-year maturity via IFC for Singer

Bangladesh. In the future, we aim to give priority to ECA-insured investment loans and thematic loans in line with sustainability targets in order to effectively manage medium- and long-term liquidity needs.

Interest Rate Risk

Potential fluctuations in interest rates pose a significant risk in terms of financial results due to interest-sensitive assets and liabilities on the company's balance sheet. This risk is managed by establishing a balance of fixed interest vs. variable items on the balance sheet, balancing the amounts and maturities of interest-sensitive items, using on-balance sheet methods, or by using derivative financial instruments when necessary.

In this context, emphasis is placed on the alignment of not only the maturities of receivables and payables but also the interest rate change periods.

Exchange Rate Risk

Arçelik A.Ş. is exposed to a significant exchange rate risk as it carries out its production and sales activities in different currencies in many countries. Currency risk is managed centrally. The foreign

currency positions carried by Arçelik A.Ş., which constitutes the substantial portion of the total currency risk, and those of subsidiaries are managed separately. Forecasts of future foreign currency positions are collected from each company on a monthly basis, and the expected risk on the balance sheet is minimized by the Central Treasury Management by using on-balance sheet methods and derivative instruments in accordance with the risk management policy. In view of the company's financial structure consisting of Euro income and USD costs, the portion of USD 400 million of the USD 500 million-Eurobond the company issued in 2023 was exchanged to Euro using the cross currency swap (CCS) mechanism. Additionally, in-Group trading relationships are encouraged which will enable the creation of a natural hedging structure. This way, it is striven to minimize the size of the foreign currency position exposed to exchange rate risk.

Statement of Compliance with Corporate Governance Principles

Adherence to, and enforcement of, the “Corporate Governance Principles” issued by the Capital Markets Board of Turkey (CMB) bear importance for the credibility and financing opportunities of publicly traded companies in particular. Being one of Turkey’s valuable publicly held companies, Arçelik A.Ş. recognizes its responsibilities towards its stakeholders. In this framework, the company embraces these principles, and endeavors in every way to comply with the Capital Market Law (CML), and the ancillary regulations and decisions of the CMB. While the company achieved full compliance with the compulsory principles stipulated in the Corporate Governance Communiqué no. II-17.1 in force in 2023, compliance was also achieved with most of the non-compulsory principles. Although we hope to achieve full compliance with the non-compulsory Corporate Governance Principles, this has not yet been achieved due to various reasons such as the difficulties in implementation of some of the principles, ongoing discussions regarding compliance with some principles both in our country and on international platforms, and incompatibility of some principles with the current structure of the market and the company. Work is ongoing regarding the principles that have not yet been put into practice, and their implementation will be considered upon reviewing the administrative, legal and technical infrastructure work in a manner that will contribute to effective management of our company.

During 2023, activities related to Corporate Governance were carried out in accordance with the Capital Market Law entailing CMB’s requirements associated with corporate governance principles and with the communiqués based on the said Law. During the reporting period, the company’s website and annual report were reviewed and revised as necessary for total alignment with the principles. Accordingly, the matters complied with in relation to the principles within the Sustainability Principles Compliance Framework imposed upon the amendment made to the CMB Corporate Governance Communiqué were explained in detail in the annual report, whereas considerations regarding principles not yet fully complied with were addressed in the Statement of Compliance with Sustainability Principles. Within the scope of the compliance activities conducted by the Board of Directors in the reporting period, the activities of the Committee members carried out by the Board of Directors were assessed; during the year-end performance assessment, the attainment level of targets for realization of the company strategies was also measured as well as financial and operational indicators, which were then used as input for the performance and reward system. General assembly information such as privileged shares, voting rights, organizational changes, résumés of Board of Directors nominees, the remuneration policy for the Board of Directors and senior executives and other information that must be disclosed pursuant to the Principles were made available for the information of our investors three weeks in advance of the latest Ordinary General Assembly convened on 16 March 2023 in the general assembly information document prepared.

Comprehensive activities carried out at the company within the frame of corporate governance principles are described below and the principles with which full compliance has yet to be achieved and resulting conflicts of interest, if applicable, are disclosed in the related sections. The corporate governance rating of 9.69 on a scale of 10 assigned to the company by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA) has been disclosed in our public disclosure* dated 07 July 2023.

The report drawn up by SAHA in relation to the Corporate Governance Rating can be found on the company’s website at www.arcelikglobal.com.

The company has been included in the BIST Corporate Governance Index since 31 July 2009.

Corporate Governance Principles Not Yet Implemented

Arçelik believes in the importance of full alignment with the Corporate Governance Principles. However, due to various reasons such as potential challenges in implementation, the presence of discussions regarding compliance both in our country and on the international platform, and incompatibility of principles with the market and the company's existing structure, full compliance is not yet achieved with some voluntary corporate governance principles.

The major non-compulsory principles under the Regulation that our company has not yet achieved full compliance with are stated below. Relevant additional explanations are also provided in the related sections of the Annual Report. Our company was not exposed to any conflicts of interest by reason of not achieving full compliance with non-compulsory principles.

- Regarding principle no. 1.3.10: a dedicated agenda item is included in the General Assembly Meeting agenda for the donations made, and the General Assembly Information Document provides the details of the donations with the highest amounts. The balance not detailed in the Information Document consists of various donations (each below TL 1,000,000) to various institutions and organizations, which do not constitute material information for the investors. It is intended to make future disclosures in line with the materiality limit to be defined according to the then-prevailing conditions.
- Regarding principle no. 1.5.2: the Articles of Association do not grant minority rights to those who hold less than one twentieth of the capital, and rights are granted to the minority within the general legislative framework in parallel with the common practices. No requests in this respect were received from the investors, either. Best practices in general are followed up and no changes are foreseen in this respect in the near future.
- Regarding principle no. 4.5.5: the knowledge and experiences of the members of our Board of Directors are taken into consideration when appointing members to the committees in line with the relevant regulations. Only one of the independent Board Members is assigned to two committees. Members who assume duties in more than one committee enable communication among the committees that carry out activities in interconnected subjects and increase the opportunity of collaboration. In view of the productive activities that are contributed to by the knowledge and experiences of Board Members, the existing committee organizations are deemed effective, and no need for changes is envisaged in the near future.
- Regarding principle no. 4.6.5: remuneration of the Members of the Board of Directors and managers who have administrative responsibilities is disclosed collectively in parallel with the common practice in the footnotes of our financial statements and at the Ordinary General Assembly meetings. Market practices are closely monitored with respect to this topic that is deemed important in terms of privacy of personal data, and it is planned to act in parallel with the common practice.

The Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF), which have been drawn up pursuant to the CMB decision no. 2/49 dated 10 January 2019 and which have been approved by the company's Board of Directors, are presented in the further sections on this report, and the related documents are also accessible on our company's corporate governance page on the Public Disclosure Platform (KAP) (<https://www.kap.org.tr/tr/cgif/4028e4a240e95dc90140ed55b43900cf>).

A corporate governance action plan is prepared for the improvement areas in corporate governance practices as established in Arçelik Corporate Governance Rating Report issued by SAHA, and efforts for achieving full compliance with corporate governance principles are in progress.

*<https://www.kap.org.tr/tr/Bildirim/1167426>

Explanations Regarding Corporate Governance

SHAREHOLDERS

The duties of the Investor Relations Unit that establishes the communication between the company and investors are carried out by Mine Şule Yazgan, Executive Director of Finance and Enterprise Risk; Öktem Söylemez, Senior Investor Relations Lead, and Delal Alver, Senior Capital Markets Compliance Lead, under the management of Özkan Çimen, Chief Financial Officer. The Board of Directors decision dated 21 April 2022 has designated Özkan Çimen as a member of the Corporate Governance Committee.

Individuals in charge of Investor Relations:

Name/ Surname	Position	Type of License	License Doc. No.	E-mail
Özkan Çimen	Chief Financial Officer / Member of Corporate Governance Committee	-	-	ozkan.cimen@arcelik.com
Mine Şule Yazgan	Executive Director, Finance and Enterprise Risk	-	-	minesule.yazgan@arcelik. com
Öktem Söylemez	Senior Lead, Investor Relations	Capital Market Activities Level 3 License / Corporate Governance Rating License / Derivatives License / Credit Rating License	208683 / 701667 / 308275 / 602990	oktem.soylemez@arcelik. com
Delal Alver	Senior Lead, Investor Relations & Capital Markets Compliance			delal.alver@arcelik.com

E-mail: investorrelations@arcelik.com
yatirimciiliskileri@arcelik.com

The report prepared on 2023 activities of the Investor Relations Unit was approved by the Corporate Governance Committee on 7 March 2024 and submitted to the Board of Directors.

The applicable legislation, the company's Articles of Association and other internal guidelines are observed in the exercise of shareholding rights, steps are taken to make sure that these rights are exercised, and all shareholders are treated equally. The main goal of the company is to ensure that shareholders' right to information is fulfilled fairly and completely. In addition, the company satisfies shareholders' rights arising from shareholding fully and as soon as possible. The company does not discriminate among shareholders with respect to exercise of the right to obtain and review information. Each shareholder has the right to obtain and review information.

For broadening shareholders' right to obtain information and for due exercising of their rights, necessary information and documents, as well as financial statements, are kept up-to-date and made available to shareholders in both Turkish and English languages electronically on the company's corporate website (www.arcelikglobal.com). Written or verbal queries received from shareholders during the reporting period were responded to either verbally or in writing without any

discrimination among shareholders within the scope of the Capital Markets legislation.

While the company's Articles of Association do not stipulate the right to demand appointment of a special auditor as an individual right, pursuant to Article 438 of the Turkish Commercial Code, any shareholder can demand from the general assembly that specific events be clarified through a special audit to the extent necessary for exercising shareholding rights and provided that the right to obtain or review information was exercised priorly. To date, no such request from shareholders was received. Furthermore, the company's annual consolidated financial statements are audited by PwC Bağımsız Denetim ve Serbest Muhasebeci ve Mali Müşavirlik A.Ş., the independent auditor designated at the General Assembly.

In May 2023, upon seeking the opinion of the Audit Committee, the Board of Directors decided to name Güney Bağımsız Denetim ve SMMM A.Ş. as auditor of the company's financial reports pertaining to 2024 fiscal and conducting other activities within the scope of relevant requirements in these laws. The designated independent auditor will be submitted for the approval of shareholders in the first ordinary General Assembly to be convened.

Voting Rights and Minority Rights

The procedure for voting at the General Assembly Meetings is announced to shareholders at the start of the meeting. The company refrains from practices that will complicate voting rights and all shareholders, including those in foreign countries, are provided with the opportunity to cast their votes physically or electronically in the simplest and most appropriate way.

The Articles of Association do not contain any privileges concerning the exercise of voting rights at the company. Each share is entitled to one vote. There are no legal entity shareholders which are the company's subsidiaries. The Articles of Association do not incorporate a provision preventing non-shareholders from voting in proxy.

With their attendance to the General Assembly, shareholders representing minority rights make up the Management collectively with majority shareholders. The company did not receive any criticisms or complaints on this matter in 2023. The Articles of Association do not contain any provisions stipulating that minority rights are less than one twentieth of the capital.

The company is controlled by its principal shareholder Koç Holding A.Ş., the Koç Family and companies owned thereby.

Explanations Regarding Corporate Governance

Share Transfer

The Articles of Association do not contain specific provisions that complicate or restrict share transfer by shareholders. The requirements of the CMB are adhered to with respect to transfer of registered shares traded on the stock exchange.

STAKEHOLDERS

The term company stakeholders is basically used to refer to third persons that have a direct relationship with the company. Stakeholders are informed about matters that concern them by being invited to meetings when necessary or by the use of telecommunication tools. Believing that maintaining a cooperation with the stakeholders will inure to the benefit of the company in the long run, the company respects and preserves stakeholders' rights derived from the legislation, mutual covenants and contracts. The company's corporate governance structure allows all stakeholders including employees and representatives to convey their concerns regarding illegal and/or unethical deeds to the management. The duties of the Audit Committee include looking into complaints received by the company. Furthermore, the Internal Audit management also reviews complaints and conveys them to the Audit Committee.

The Audit Committee determines the methods and criteria applicable to the review and resolution of the complaints received regarding the company's accounting and internal control system and independent audit, and to tackling the issues regarding the company's accounting and independent audit reported by the company's employees within the frame of confidentiality principles.

Arçelik A.Ş. Human Resources Policies that are aligned with the company's strategies and set out in the light of the company's shared values and code of conduct have been documented and shared with the employees in Turkey and foreign subsidiaries. The Chief People Officer is charged with determining and managing the main principles of the company's HR policy, and maintaining relationships with employees. In addition, the office of the Chief People Officer is responsible for the implementation of human rights principles that are stipulated, periodically reviewed and revised as necessary by the Legal and Compliance Directorate.

All HR practices are built on fairness, consistency and integrity. Accordingly, job descriptions, the criteria for remuneration, performance and rewarding systems of company employees are announced to employees according to the predetermined schedule,

thus making sure that they are equally available to all employees. In line with organizational competence requirements of Arçelik A.Ş., training programs in adequate versatility to address the development needs of all hourly- and monthly-paid employees are developed, and offered to employees starting with the day they come on board. Within the scope of the training process that starts with orientation, functional competencies are strengthened through academies and technical training, whereas social skills are reinforced and supported through competence programs. Solutions delivered through online learning platforms are gradually expanded across the global organization. Employees' career planning is made in line with their knowledge, skills and competencies. In annual HR planning meetings, critical positions and talents and competencies that will carry the company into the future are defined, performances of potential employees are monitored and they are supported with their development, thus readying them for their potential future roles. Succession planning is made for all management positions, and potential employees are placed accordingly. Hence, individuals who are likely to be assigned to management positions are trained, while also avoiding any situations that may hinder the company's

administration in the event of possible changes in management.

The company's approach to learning and development is to work in line with the continuous development principle in alignment with the company's vision and business goals, and help improve the company's performance. The company's internal resources are targeted to be utilized effectively and efficiently when planning employees' current and future development needs in line with business requirements. Employee development is supported with annually revised content in parallel with the company's learning and development policy.

Global Code of Conduct and associated policies that are based on the Corporate Governance Principles are intended to provide guidance to company employees and those representing the company with regard to the decisions they will make and behaviors they will display in the performance of their duties.

The company's approach to sustainability is being mindful of social, economic, environmental and ethical implications of its activities, integrating and monitoring these implications in its corporate business goals, and managing its activities based on sustainability principles within the

frame of corporate policies and strategies devised. The company considers sustainability risks and opportunities and the expectations of internal and external stakeholders as important inputs for its activities.

Pursuant to Arçelik A.Ş. Board of Directors decision no. 1047 dated 29 December 2020, Koç Holding President of Consumer Durables Group, who is also a member of Arçelik's Board of Directors, has been appointed as the Board Member responsible for supervising the company's cyber security strategy in view of his experience in this field, and is actively involved in the Information Security Committee. As per Arçelik A.Ş. Board of Directors decision no. 1098, it has been decided to set up a dedicated Human Rights Unit in line with the company's global strategies. The President of the Consumer Durables Group, also a member of Arçelik's Board of Directors, is assigned with reporting Arçelik Global's human rights strategies to the Board of Directors.

The company's sustainability efforts and activities can be found in the related sections of the Annual Report and in the Sustainability Report (<https://www.arcelikglobal.com/en/company/reports-presentations/discover/?val=3733>).

BOARD OF DIRECTORS

Members of the Board of Directors are designated in a manner to allow them to work productively and constructively, make fast and rational decisions, and organize committees' activities effectively. Compliance with Arçelik's Board Diversity Policy is observed when designating the Board of Directors Members. In this scope, when nominating candidates for Board membership seats, it is targeted to ensure diversity in terms of age, gender, race, citizenship, nationality, ethnicity of nominees and in principle, to bring the ratio of women Members on Arçelik's Board of Directors to 25% minimum within five years.

Prior to the General Assembly, outside positions held by the members are also made available for shareholders' information, along with their résumés. The Annual Report contains the résumés of the Board of Directors Members, CEO and Deputy Chief Executives.

Explanations Regarding Corporate Governance

Members of the Board of Directors

Name/Surname	Position	Independent/ Non-independent	Date of Election	Term of Office	Role on the Board of Directors and Committees	Outside Positions Held
Mustafa Rahmi Koç	Chair	Non-independent Member	16/3/2023	1 year	Chair of the Board Chair of Executive Committee	Board Member at Group and non-Group companies
Mehmet Ömer Koç	Vice Chair	Non-independent Member	16/3/2023	1 year	Vice Chair of the Board Member of Executive Committee	Board Member at Group companies
Semahat Sevim Arsel	Member	Non-independent Member	16/3/2023	1 year	Board Member Member of Executive Committee	Board Member at Group companies
Yıldırım Ali Koç	Member	Non-independent Member	16/3/2023	1 year	Board Member Member of Executive Committee	Board Member at Group companies
Levent Çakıroğlu	Member	Non-independent Member	16/3/2023	1 year	Board Member Member of Corporate Governance Committee	Board Member at Group companies
Robert Sonman	Member	Non-independent Member	16/3/2023	1 year	Board Member	Board Member at Group companies
Fatih Kemal Ebiçlioğlu	Member	Non-independent Member	16/3/2023	1 year	Board Member Member of Risk Management Committee	Board Member at Group companies
Hakan Bulgurlu	Member CEO	Non-independent Member	16/3/2023	1 year	Board Member	Board Member at Group companies

Name/Surname	Position	Independent/ Non- independent	Date of Election	Term of Office	Role on the Board of Directors and Committees	Outside Positions Held
Kâmil Ömer Bozer	Member	Independent Member	16/3/2023	1 year	Board Member Head of Audit Committee	Board Member at Group and non- Group companies
Müzeyyen Münire Gülây Barbarosoğlu	Member	Independent Member	16/3/2023	1 year	Board Member Head of Risk Management Committee	-
Ahmet Turul	Member	Independent Member	16/3/2023	1 year	Board Member Head of Corporate Governance Committee Member of Audit Committee	Board Member at non-Group companies
Tuğrul Fadilloğlu	Member	Independent Member	16/3/2023	1 year	Board Member	Board Member at non-Group companies

The table above summarizes the information about our existing Board of Directors Members, all of whom but the company CEO Hakan Bulgurlu are non-executive members as per the definition provided in the CMB's Corporate Governance Principles. All our Board of Directors Members who are currently in office have been elected at the General Assembly meeting convened on 16 March 2023 to serve a one-year term of office until the general assembly meeting during which 2023 activities will be discussed.

Following the General Assembly meeting dated 16 March 2023 during which Board Members were elected, the Chair and Deputy Chair of the Board were designated by passing a decision on the distribution of duties.

The positions of the Chair of the Board and CEO are held by different individuals.

Explanations Regarding Corporate Governance

Care is taken that Board members allocate the necessary time for the company affairs, and there are no restrictions regarding assumption of outside position(s). No such restriction is deemed necessary given the significant contribution, particularly, of independent Members' business and sectoral experiences to the Board of Directors. Our Board of Directors Members are experienced individuals who have had many years of professional lives. The company makes the most of the knowledge and experiences of Board Members. Board Members can freely convey and express their opinions free from any influence. The number and qualifications of independent Members on the Board of Directors are determined according to the CMB's Corporate Governance Principles requirements.

Four independent Board Member nominees were presented for 2023 to the Corporate Governance Committee; these individuals' statements for candidacy and résumés were evaluated at the meetings of the Corporate Governance Committee held on 5 January 2023 and the Board of Directors held on 6 January 2023; accordingly, it has been decided to designate all as independent member nominees. All independent Board member nominees have submitted their statements of

independence to the Corporate Governance Committee and no situations arose that prejudiced independence as of 2023 activity period.

Operating principles of the Board of Directors are listed in Articles 10, 11 and 12 of the Articles of Association. In brief, the Board of Directors is authorized to decide on all matters, save for those that must be exclusively decided by the General Assembly pursuant to the provisions of the Turkish Commercial Code and the company's Articles of Association.

Operating Principles and Procedures of the Board of Directors

Under ordinary circumstances, the Board of Directors meets at least three or four times a year to make strategic evaluations about the company's activities and discuss the developments that take place in between the two meetings.

During 2023, the Board of Directors held 15 physical meetings with an average attendance of 95%. Except for the decisions taken at the said meeting, all of the other decisions were taken by the circulating method. In the meetings, sufficient and transparent information was received about Arçelik's strategy and activities, thus allowing strategic assessments; furthermore, the Board Members

were regularly kept informed of the company's performance and developments. Absolute majority of the full membership is defined as meeting and decision quorums. Throughout the year, the Board of Directors passed 42 Board of Directors decisions. Independent Board Members agreed with all the decisions passed. Differing opinions and dissenting votes, along with their grounds, if any, voiced in Board meetings are recorded in the decision minutes, in which case detailed grounds of Members casting dissenting votes are publicly disclosed. Each Board Member is entitled to one vote. However, since no such opposition or different opinion was expressed in the Board of Directors meeting held in 2023, no such public disclosures were made or the statutory auditors were informed.

The agendas of Board of Directors meetings are determined by the notification of the matters that are stipulated to be decided by the Board of Directors under the applicable legislation by relevant units to the company's Senior Management and Board of Directors Members. In addition, any Board Member can propose a meeting agenda item by referring a material matter that needs to be decided upon to the company's senior management. The minimum Board meeting attendance ratio in one

year for each Member has been set as 50%. The matters desired to be discussed by the company's Board of Directors are compiled by the office of the Chief Financial Officer, which are then consolidated in the agenda.

The Board of Directors meetings are held at the company's headquarters or at another suitable location in the city where the company is headquartered. Material Board of Directors decisions are publicly disclosed on the KAP (Public Disclosure Platform) and these material event disclosures are posted on the website in Turkish and English languages.

Arçelik Board of Directors governs and represents the company by first and foremost looking out for the company's long-term interests, based on a rational and cautious risk management understanding and by maintaining the company's risk exposure, growth and return balance at the optimum level. Furthermore, besides achieving regulatory compliance in related party transactions, the Board of Directors considers possible fraudulent risks and addresses related party transactions painstakingly.

The company has affiliates and subsidiaries. Considering that involvement of the company's

Board of Directors Members in the managements of these companies will be to the benefit of the company, no restrictions were imposed with respect to assumption of these outside positions.

The General Assembly convened on 16 March 2023 authorized the Board of Directors Members to be engaged in business affairs falling under the company's scope on their own or others' behalf and to acquire shareholding interest in companies engaged in such businesses under Articles 395 and 396 of the Turkish Commercial Code.

Number, Composition and Independence of the Committees Set up under the Board of Directors

According to the Articles of Association, the Board of Directors may form consultation, coordination, audit or similar committees or sub-committees composed of its Members and/or non-Members in relation to matters it deems appropriate, provided that the provisions of applicable legislation are complied with.

In the election of the members of the committees formed following the Ordinary General Meeting convened on 16 March 2023, the provisions of Article 4.5 of the CMB's Corporate Governance Principles have been followed.

The existing committees at the company are as follows:

- i) Executive Committee
- ii) Audit Committee
- iii) Corporate Governance Committee
- iv) Risk Management Committee

The Board of Directors determines, sets out and modifies the meeting, operating and reporting principles of the heads and members of the committees.

During 2023, all committees under the Board of Directors fulfilled their respective duties and responsibilities within the scope of Corporate Governance Principles and their respective operating principles and met in accordance with their working schedules. The opinions of company executives and independent auditor were sought when needed during the committees' activities. Reports covering information about committees' activities and the outcomes from meetings held during the year were submitted to the Board of Directors.

The Board of Directors is of the opinion that the expected benefits have been derived from the activities of the committees under the Board.

Explanations Regarding Corporate Governance

i) Duties, Responsibilities and Operating Principles of the Executive Committee

The Executive Committee has been set up to make suggestions and recommendations to the Board of Directors to improve the efficiency of the Board of Directors, and to guarantee effectiveness in investments and business development in areas aligned with strategic goals by ensuring an active coordination between the Board of Directors and the administrative structure. The purpose of this Committee is to monitor more closely the company and the developments in the relevant sector to inform the Board of Directors when necessary, by reason of the inability of the Board of Directors to meet at the desired frequency and timing; to provide the coordination between the company's administrative structure and the Board of Directors; to devise appropriate strategies for the company; and to make suggestions for the efficiency of operations. On 21 March 2023, the Board of Directors appointed the Board Chair Mustafa Rahmi Koç as the Chair of the Executive Committee, and Board of Directors Members Semahat Sevim Arsel, Mehmet Ömer Koç, Yıldırım Ali Koç, Caroline N. Koç and Aykut Ümit Taftalı as its Members.

The Committee met 12 times during 2023.

The Board of Directors committees did not need to seek independent expert opinions for their activities in 2023.

Detailed information about the Duties, Responsibilities and Operating Principles of the Executive Committee can be found on the company website at www.arcelikglobal.com.

ii) Duties, Responsibilities and Operating Principles of the Audit Committee

The Audit Committee has been set up at the company to ensure that the Board of Directors duly fulfils its duties and responsibilities. The Audit Committee carries out its activities in a structured manner as stipulated in the Capital Market legislation and CMB's Corporate Governance Principles. All members of the Audit Committee have been elected from amongst independent Board members. This Committee is composed of two members and Kâmil Ömer Bozer and Ahmet Turul have been appointed as the Committee's head and member, respectively. Established for supervising the operation of the accounting and reporting systems at the company within the frame of applicable laws and regulations, public disclosure of financial data, operation and effectiveness of independent audit and internal control system, the

Audit Committee held four meetings during 2023.

Detailed information about the Duties, Responsibilities and Operating Principles of the Audit Committee can be found on the company website at www.arcelikglobal.com.

iii) Duties, Responsibilities and Operating Principles of the Corporate Governance Committee

Corporate Governance Committee has been set up at the company to monitor the company's compliance, to make suggestions to the Board of Directors in accordance with the Corporate Governance Principles released by the CMB. The Corporate Governance Committee also functions as the Nomination Committee and Remuneration Committee. On 21 March 2023, Independent Board member Ahmet Turul was appointed as the head of the Corporate Governance Committee, and Board member Levent Çakıroğlu and head of Investor Relations Unit Özkan Çimen were appointed as its members. The Committee meets at the frequency required by the duties imposed on it; accordingly, the Committee held six meetings in 2023.

In 2023, the Corporate Governance Committee reviewed the company's corporate governance practices and Corporate Governance Principles Compliance Report, and briefed the Board of Directors on the activities of the Investor Relations Unit. In addition, functioning also as the Nomination Committee and the Remuneration Committee, the Corporate Governance Committee carried out work regarding the effectiveness of the activities of the Board of Directors, designation of independent Board Member nominees, and benefits provided to the Board Members and senior executives.

Detailed information about the Duties, Responsibilities and Operating Principles of the Corporate Governance Committee can be found on the company website at www.arcelikglobal.com.

iv) Duties, Responsibilities and Operating Principles of the Risk Management Committee

The Risk Management Committee has been set up to make suggestions and recommendations to the Board of Directors regarding early detection and assessment of financial, strategic, operational, compliance and all kinds of external risks that may affect the company, calculation of their impact and

likelihood, their management in accordance with the company's enterprise risk appetite, regular reporting and consideration of risks in decision-making mechanisms, and establishment and integration of effective internal control systems in this direction. Independent Board member Müzeyyen Münire Gülay Barbarosoğlu has been elected as the head of the Risk Management Committee and Board Member Fatih Kemal Ebiçlioğlu has been appointed as the Committee Member. The Risk Management Committee held six meetings in 2023.

Information about the Duties, Responsibilities and Operating Principles of the Risk Committee can be found on the company website at www.arcelikglobal.com.

The Executive Board Member did not take part in the above mentioned committees.

Risk Management and Internal Control Mechanism

The Board of Directors has established the risk management and internal control systems to detect the risks that may affect the company's stakeholders and particularly shareholders, and to minimize their impacts and likelihood; the Board reviews the effectiveness of these systems.

The Enterprise Risk and Insurance Management Directorate, set up under the office of the Chief Financial Officer, provides the management, coordination and oversight of financial, strategic, operational, compliance and external risks that may affect the company via the risk management system it has established, and reports to the Risk Management Committee. For proper operation of the internal control mechanism, the Internal Audit Directorate set up under the office of the Chief Financial Officer briefs the Audit Committee in meetings held during the year. The Committee continuously oversees the operation and effectiveness of the system, and communicates the issues related to risk management and internal control mechanism and suggested solutions to the Board of Directors, when necessary.

Financial Rights

During the year-end performance assessment, the attainment level of targets for realization of the company's strategies is also measured as well as financial and operational indicators, which are then used as input for the performance and reward system.

Explanations Regarding Corporate Governance

The Remuneration Policy for the Board of Directors Members and Senior Executives, which incorporates all kinds of rights, interests and compensation provided to the Board members and senior executives and the criteria used for their determination along with remuneration principles, was first made available for review by our shareholders on our website via the "Information Document" released three weeks in advance of our Ordinary General Assembly convened on 29 March 2012 and was enforced following the said General Assembly. Covered also in the agenda of the Ordinary General Assembly during which 2022 activities were discussed and publicly disclosed via the company's website, the said policy will also be included in the agenda of the Ordinary General Assembly during which 2023 activities will be discussed and will be laid down for the opinions of shareholders. The sum of the payments made within the frame of the Remuneration Policy for the Board of Directors Members and Senior Executives is evaluated each year by the Corporate Governance Committee and the Board of Directors.

Compensations of Arçelik Board of Directors Members and Senior Executives have been publicly disclosed collectively in footnote no. 33 of our financial statements for the 2023 fiscal year in parallel with the general practice. There are no transactions that may lead to conflicts of interest such as the company's lending money or extending credit to our Board of Directors Members or Executives or creating guarantee in their favor.

Stock options or payment plans based on the company's performance are not used in the remuneration of independent Board Members.

The company's Remuneration Policy for the Board of Directors Members and Senior Executives, which incorporates all kinds of rights, interests and compensation provided to the Board Members and Senior Executives and the criteria used for their determination along with remuneration principles, are posted on the company website.

Board of Directors' Assessment Concerning the Effectiveness of the Board of Directors Committees

During 2023, all Board of Directors committees have fulfilled their duties and responsibilities they are required to perform pursuant to the Corporate Governance Principles and their respective bylaws; met in accordance with the annual meeting schedules prepared, and submitted their reports covering information about their activities and the outcomes of the meetings held during the year to the Board of Directors. Committee members participated in all meetings.

The Board of Directors is of the opinion that the expected benefits have been derived from the activities of the committees under the Board of Directors.

Sustainability Principles Compliance Statement

Arçelik espouses sustainability as a business model in keeping with its vision spelled out as “Respecting the World, Respected Worldwide”. With this understanding, the company closely monitors best practices in sustainability, including those specified in the Capital Markets Board of Turkey (CMB) Sustainability Principles Compliance Framework, and carries out its activities with the goal of achieving compliance with the generally accepted best practices in this field. Arçelik is already actively dealing with the majority of the principles and good practices stated in the Sustainability Principles Compliance Framework enforced by the CMB, and regularly reviews and evaluates its performance in this field, undertaking improvement activities. Accordingly, Arçelik achieved compliance with all non-mandatory principles in CMB’s Sustainability Principles Compliance Framework with a “comply-or-explain” approach. While full compliance is achieved with the requirements of all principles, betterment efforts are in progress in some improvement areas due to reasons such as the global scale of the operations, ongoing efforts to ensure the full set of actions that will respond to different expectations under the applicable obligations, global uncertainties, the incompatibility of some of the principles with the company’s existing structure, and difficulties

in practice. For principles that require improvement, it is intended to regularly review sustainability targets and key performance indicators annually. Improvement processes for relevant principles will be completed following our ongoing work such as reviewing the global best practices and the completion of technical infrastructure and data collection in a manner to contribute to the company’s target to create sustainable value.

Activities associated with the principles mentioned in CMB’s Sustainability Principles Compliance Framework are addressed in the “*Arçelik and Sustainability*” section of *Arçelik’s Annual Report* [page 131-259](#). In addition, detailed information is presented for review by stakeholders in the Sustainability Report posted on Arçelik’s corporate website, and in the sustainability section as well as various other sections on the website. Within the scope of the information disclosed, explanations regarding principles for which improvement will be achieved are as follows:

- Principle B.9 – Information about its environmental impacts comparatively in the light of environmental indicators for a given year (Scope 1 (direct), Scope 2 (indirect from purchased energy), Scope 3 (other indirect), air quality, energy management, water and wastewater management,

waste management, biodiversity implications) is reported periodically via the “Sustainability Report”. Since verification is in progress for the said data, the information was disclosed as it is in the Annual Report. Upon completion of verification, the related information will be made available to stakeholders within the Sustainability Report as mentioned above.

- Principle B.17 – Heat, steam and cooling energies generated for a given year will be considered as secondary energy types and disclosed in the Sustainability Report upon verification of the consumption amounts of primary energy sources used for obtaining them. Arçelik is improving its existing energy monitoring systems in place for monitoring and reporting these secondary energy types in the coming periods.

Sustainability Principles Compliance Report prepared in accordance with the formats defined by the CMB Resolution dated 23 June 2022, numbered 34/977, and approved by the company’s Board of Directors is appended to the Annual Report (see [pages 430-448](#)), and related documents can also be accessed on the company’s page on the Public Disclosure Platform (<https://www.kap.org.tr/tr/sirket-bilgileri/ozet/863-arcelika-s>).

Other Disclosures

Information on the Extraordinary General Assembly Meeting Held During the Year

No Extraordinary General Assembly meeting was held during the year.

Changes in the Organization, Capital and Shareholding Structures During the Year

The current organizational structure of Arçelik is presented in the “Organization Chart” section (see [p. 263](#)). It has been decided to appoint Zafer Üstüner, Arçelik Hitachi Home Appliances B.V. CEO, as Arçelik A.Ş. Chief Commercial Officer - Asia Pacific effective 1 May 2023 in tandem with his current position; to appoint Fatih Özkadı as Chief Sustainability, Quality and Customer Care Officer effective 1 November 2023, and to appoint Cem Kural as Chief Purchasing and Supply Chain Officer of Arçelik A.Ş. effective 1 November 2023.

Information on lawsuits filed against the company and their possible outcomes that may affect the financial status and activities of the company

There are no lawsuits brought against our company that may materially affect the financial situation and activities of our company, including those on account of environmental, social and corporate governance issues.

Information about administrative or judicial sanctions imposed on the company and the members of the governing body due to practices in violation of applicable legislation

There are no administrative or judicial sanctions imposed on the company or the members of the management body due to practices contrary to the provisions of the legislation.

Information on any changes in the legislation that might have significant impacts on the activities of the company

There are no changes in legislation that may materially impact the company's activities.

Information on conflict of interest between the company and providers of services such as investment advisors and rating agencies, and on the measures taken by the company to prevent these conflicts of interest

There have been no issues that might result in a conflict of interest between the company and providers of services such as investment consultancy and rating.

Information on the amendments to the Articles of Association made during the reporting period

No amendments were made to the Articles of Association during the reporting period.

Assessment with respect to Article 376 of the Turkish Commercial Code

It has been assessed whether the company's capital remained uncovered under Article 376 of the Turkish Commercial Code, and it has been concluded that the issued capital of Arçelik A.Ş. in the amount of TL 675,728,205 remained in existence with the parent's shareholders' equity of TL 24.9 billion as at 31 December 2023, and that the debt structure of the company, which has a Net Financial Debt/Equity Ratio of 47% (47.14%), is adequate for smooth continuance of operations.

Information on affiliates with a direct stake of above 5% with which there are cross-shareholding relationships

There are no cross-shareholding relationships with any company.

Statement of Responsibility for Financial Statements

STATEMENT OF RESPONSIBILITY ISSUED PURSUANT TO ARTICLE 9 OF THE COMMUNIQUÉ NO. II-14.1 ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS BY THE CAPITAL MARKETS BOARD OF TURKEY (CMB)

**FINANCIAL STATEMENTS APPROVED BY THE BOARD OF DIRECTORS' DECISION
DATED : 01 March 2024
NUMBERED: 1181**

We hereby represent for your information that the consolidated financial statement and the footnotes, the income statement, comprehensive income statement, cash flow statement and statement of changes in equity, which have been drawn up for the fiscal year 1 January 2023–31 December 2023 by our Company in accordance with the Turkish Financial Reporting Standards (TFRS) pursuant to the Capital Markets Board of Turkey (CMB) Communiqué No. II-14.1 on Principles of Financial Reporting in Capital Markets (the Communiqué), the resolution on inflation accounting practices dated 28 December 2023, and with the formats determined by the CMB and independently audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.:

- have been reviewed by us in accordance with CMB regulations,
- to the best of our knowledge available to us within the scope of our duties and responsibilities at the company, they do not contain any material misrepresentations or omissions that might be misleading as of the date of disclosure, and
- to the best of our knowledge available to us within the scope of our duties and responsibilities at the company, the financial statements drawn up pursuant to the Communiqué present a true and fair view of the company's assets, liabilities, financial position, and profit and loss together with for those within the scope of consolidation.

We hereby also represent that we are responsible for the disclosure made.

Sincerely,

Kamil Ömer BOZER,
Chair of the Audit Committee

Ahmet TURUL,
Member of the Audit Committee

Demet İNAN YELMEN,
Senior Accounting Director

Özkan ÇİMEN,
Chief Financial Officer

Statement of Responsibility for the Annual Report

STATEMENT OF RESPONSIBILITY ISSUED PURSUANT TO ARTICLE 9 OF THE COMMUNIQUÉ NO. II-14.1 ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS BY THE CAPITAL MARKETS BOARD OF TURKEY (CMB)

ANNUAL REPORT APPROVED BY THE BOARD OF DIRECTORS' DECISION DATED : 13 March 2024 NUMBERED: 1186

Presented in attachment is the 2023 annual report, which has been prepared by our Company in accordance with the Turkish Commercial Code and the Capital Markets Board of Turkey (CMB) Communiqué No. II-14.1 on Principles of Financial Reporting in Capital Markets (the Communiqué) and independently audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

We hereby represent for your information that, to the best of our knowledge available to us within the scope of our duties and responsibilities at the company, the Annual Report prepared by our Company, which also contains the Corporate Governance Compliance Report and Corporate Governance Information Form, and explanations as per the CMB's Sustainability Principles Compliance Framework:

- has been reviewed by us in accordance with the CMB's regulations,
- to the best of our knowledge available to us within the scope of our duties and responsibilities at the company, it does not contain any material misrepresentations or omissions that might be misleading as of the date of disclosure, and
- to the best of our knowledge available to us within the scope of our duties and responsibilities at the company, the Annual Report prepared pursuant to the Communiqué presents a true and fair view of the development and performance of the business and the company's financial position including material risks and uncertainties that it is confronted with, together with for those within the scope of consolidation.

We hereby also represent that we are responsible for the disclosures made.

Sincerely,

K. Ömer BOZER,
Chair of the Audit Committee,

Ahmet TURUL
Member of the Audit Committee,

Özkan ÇİMEN
Chief Financial Officer

Affiliation Report

Affiliated Company Report drawn up pursuant to Article 199 of the Turkish Commercial Code

Pursuant to Article 199 of the Turkish Commercial Code no. 6102 that entered into force on 1 July 2012, Arçelik A.Ş. Board of Directors is obliged to issue a report within the first quarter of an activity year regarding its relations with the company's controlling shareholder and the subsidiaries thereof in the previous activity year, and to publish the conclusion section of the said report in its Annual Report. Necessary explanations about Arçelik A.Ş.'s dealings with related parties are provided in footnote 33 of the financial statements. The report dated 1 March 2024 prepared by Arçelik A.Ş. Board of Directors reads as follows: "It is concluded that in all the dealings Arçelik A.Ş. realized in 2023 with the controlling company, and the companies affiliated thereto, according to situations and conditions known to us at the time the related dealing was carried out or related action was taken or avoided, a commensurate consideration for each dealing has been provided and there were no actions taken or avoided, which may cause the company to suffer losses; accordingly, there is no dealing or action that would require equalization."

Financial Information

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Arçelik Anonim Şirketi **For the Period 1 January - 31** **December 2023 Consolidated** **Financial Statements Together with** **Independent Auditor's Report**

INDEPENDENT AUDITOR'S REPORT



To the General Assembly of Arçelik A.Ş.

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Arçelik A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

Our was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") the ethical requirements regarding independent audit in regulations issued by the POA; the regulations of the Capital Markets Board; and other relevant legislation are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

3. Key audit matters (Continued)

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Key audit matters	How our audit addressed the key audit matter
<p data-bbox="121 501 703 554">Application of TAS 29, "Financial Reporting in Hyperinflationary Economies"</p> <p data-bbox="121 584 703 691">The Group has applied TAS 29 "Financial reporting in hyperinflationary economies" ("TAS 29") in its consolidated financial statements as at and for the year ending 31 December 2023.</p> <p data-bbox="121 721 703 1025">TAS 29 requires financial statements to be restated at the current purchasing power at the end of the reporting period. Therefore, transactions in 2023 and non-monetary balances at the end of the period were restated to reflect the changes in the price index as of the balance sheet date, 31 December 2023. The application of TAS 29 has a pervasive and material impact on the consolidated financial statements. Considering the risk of inaccurate or incomplete data used in the application of TAS 29 and the additional associated audit effort, the application of TAS 29 has been identified as a key audit matter for our audit.</p> <p data-bbox="121 1054 703 1107">Disclosures regarding the application of TAS 29 are provided in Note 2.2.</p>	<p data-bbox="703 501 1363 554">We performed the following auditing procedures in relation to the application of TAS 29:</p> <ul data-bbox="703 574 1363 1338" style="list-style-type: none"> <li data-bbox="703 574 1363 652">· Understanding and evaluating the process and controls related to the implementation of TAS 29 designed and implemented by management, <li data-bbox="703 672 1363 750">· Verifying whether the determination of monetary and non-monetary items made by the management is in compliance with TAS 29, <li data-bbox="703 770 1363 868">· Obtaining detailed lists of non-monetary items and testing the original entry dates and amounts on a sample basis, <li data-bbox="703 887 1363 966">· Evaluating the calculation methods used by management and verifying whether they are consistently used consistently in all periods, <li data-bbox="703 985 1363 1103">· Verifying the general price index rates used in calculations with the coefficients obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute, <li data-bbox="703 1123 1363 1221">· Testing the mathematical accuracy of non-monetary items, income statement, and cash flow statement adjusted for inflation effects, <li data-bbox="703 1240 1363 1338">· Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS, <p data-bbox="703 1358 1363 1411">We had no material findings related to the application of TAS 29 as a result of these procedures.</p>

3. Key audit matters (Continued)

Key audit matters	How our audit addressed the key audit matter
<p>Recoverability of trade receivables</p> <p>Trade receivables from third parties amounting to TRY65,978,839 thousand as of 31 December 2023, constitute a significant portion of the consolidated assets of the Group. Furthermore, the assessment of the recoverability of these assets involves significant level of management estimates. Such estimation includes considering the following for each customer - the amount of guarantees/collateral held, past collection performance, creditworthiness and aging of receivables. Therefore, recoverability of trade receivables is a key matter for our audit.</p> <p>Please refer to notes 2.3, 9 and 34 of the consolidated financial statements for the Group's disclosures on trade receivables, including the related accounting policy.</p>	<p>We performed the following auditing procedures in relation to the recoverability of trade receivables:</p> <ul style="list-style-type: none"> · Understanding the business processes for collections from customers, evaluating the operational effectiveness of controls embedded in the business processes and testing of selected key controls, · Understanding and evaluating the customer and distributor collections process, · Comparing trade receivable turnover days to the prior period, · Inquiries with management in relation to any disputes with customers or distributors and written inquiries with the Group's legal counsels on outstanding litigation in relation to trade receivables, · Testing receivables from third parties by obtaining confirmation letters from customers and distributors and reconciling them to the Group's accounting records, · Testing collections in the subsequent period from selected customers and distributors, · Testing, on a sample basis, guarantees/collaterals held and assessing the Group's ability to convert them to cash, · Assessing the adequacy of disclosures around recoverability of trade receivables in the consolidated financial statements. <p>We had no material findings related to the recoverability of trade receivables as a result of these procedures.</p>

INDEPENDENT AUDITOR'S REPORT

3. Key audit matters (Continued)

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Key audit matters	How our audit addressed the key audit matter
<p>Provision for the impairment of inventories</p> <p>The Group's inventories, amounting to TRY47,448,681 thousand as of 31 December 2023, carry a risk of diminution in value due to disruptive technological changes and macroeconomic developments. In addition, determining the provision for such diminution in value involves judgements and estimates. These judgments and estimates include evaluation of the slow-moving inventories due to various reasons such as technological changes and decrease in customer demands, and evaluation of the provision for obsolete and damaged inventories. Therefore, the provision for the impairment of inventories is a key matter for our audit.</p> <p>Please refer to notes 2.3 and 11 for the Group's disclosures on this provision, including the related accounting policy.</p>	<p>Auditing procedures performed to ensure the adequacy of the provision for the diminution of the value of inventories are as follows:</p> <ul style="list-style-type: none"> • Understanding and evaluating the reasonableness of the provisioning policy and the assessment of its compliance, • Inquiry with the Group management about the risk of diminution in value as a result of disruptive technological changes, • Analytical procedures on inventory turnover rates compared to the prior year and determination of slow-moving inventories based on group of products if any, • Evaluation of the adequacy of the provision recognized in the current period in comparison to the write downs realized in the prior period, test of mathematical accuracy of the calculation and reconciliation of the provision to the Group's consolidated financial statements, • Observation of obsolete and damaged inventories during inventory counts, • Testing, on a sample basis, the net selling prices used in the calculation for the net realizable value of inventories. <p>We had no material findings related to the provision for the impairment of inventories as a result of these procedures.</p>

3. Key audit matters (Continued)

Key audit matters	How our audit addressed the key audit matter
<p>Impairment tests of indefinite-life intangible assets</p> <p>The carrying value of brands and goodwill which are accounted for under indefinite-life intangible assets amounted to TRY6,444,455 thousand and TRY7,269,302 thousand, respectively, in the consolidated financial statements as of 31 December 2023. In accordance with TFRS, these indefinite-life intangible assets should be tested for impairment annually.</p> <p>Brands and goodwill are material to the consolidated financial statements. In addition, significant judgements and estimates are used in the impairment tests performed by management. These are, for goodwill impairment tests; earnings before interest, tax, depreciation and amortization (“EBITDA”) growth forecasts, long term growth rates and discount rates and in addition to these, royalty rates used in the relief from royalty method for the brand impairment tests. The outcome of such estimates is very sensitive to changes in market conditions. Therefore, these impairment tests are key matters for our audit.</p> <p>Please refer to notes 2.3, 2.4, 14 and 15 for the relevant disclosures, including the accounting policy and sensitivity analysis.</p>	<p>We performed the following auditing procedures in relation to the impairment tests of brands and goodwill:</p> <ul style="list-style-type: none"> · Evaluating the appropriateness of the Cash Generating Units (“CGUs”) determined by management, · Evaluating management forecasts and future plans based on macroeconomic information for each relevant CGU, · Comparing forecasted cash flows for each CGU with its historical financial performance, · Through involvement of our valuation specialists, assessing the reasonableness of key assumptions, including long term growth rates, discount rates and royalty rates and benchmarking these against rates used in the durable goods and consumer electronics industries, · Testing of the setup of the discounted cash flow models and their mathematical accuracy, · Assessing management’s sensitivity analysis for key assumptions, · Testing of the disclosures in the consolidated financial statements in relation to indefinite-life intangible assets and evaluating the adequacy of these disclosures for TFRS’ requirements. <p>We had no material findings related to the impairment tests of indefinite-life intangible assets as a result of these procedures.</p>

INDEPENDENT AUDITOR'S REPORT

4. Responsibilities of management and those charged with governance for the consolidated financial statements

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The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

5. Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

B. Other responsibilities arising from regulatory requirements

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1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 1 March 2024.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.



Sertu Tal, SMMM
Independent Auditor

Istanbul, 1 March 2024

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(CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

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	Notes	Audited	
		December 31, 2023	December 31, 2022
ASSETS			
Current assets:			
Cash and cash equivalents	5	48,791,778	40,417,510
Trade receivables			
- Due from related parties	33	575,652	692,701
- Trade receivables, third parties	9	65,944,717	55,255,964
Other receivables			
- Other receivables, third parties		327,474	392,229
Derivative instruments	8	453,339	382,344
Inventories	11	47,448,681	50,870,483
Prepaid expenses	20	2,391,154	1,710,977
Current income tax assets	21	1,726,284	1,169,021
Other current assets	23	3,662,858	3,106,827
Total current assets		171,321,937	153,998,056
Non-current assets:			
Financial investments	6	141,740	144,804
Trade receivables			
- Trade receivables, third parties	9	34,122	69,843
Investments accounted for using the equity method	12	1,456,117	2,049,936
Property, plant and equipment	13	47,007,175	44,323,471
Intangible assets			
- Goodwill	15	7,269,302	7,551,445
- Other intangible assets	14	19,899,402	19,095,362
Prepaid expenses	20	2,598,877	1,233,825
Deferred tax assets	31	8,231,060	3,825,114
Other non-current assets		178,175	130,423
Total non-current assets		86,815,970	78,424,223
Total assets		258,137,907	232,422,279

The accompanying notes form an integral part of these consolidated financial statement

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Notes	Audited	
		December 31, 2023	December 31, 2022
LIABILITIES			
Current liabilities:			
Short-term borrowings	7	51,487,086	31,276,103
Short-term portion of long-term borrowings	7	5,961,303	26,772,324
Trade payables			
- Due to related parties	33	5,226,271	4,516,749
- Trade payables, third parties	9	48,978,541	46,441,453
Derivative instruments	8	128,471	296,084
Employee benefit obligations	22	4,255,921	2,699,509
Other payables			
- Other payables, related parties		243,670	2,004
- Other payables, third parties	10	4,001,042	2,893,909
Current income tax liabilities	31	421,838	82,823
Provisions			
- Other provisions	18	6,348,121	6,372,094
Other current liabilities	23	10,748,835	9,527,214
Total current liabilities		137,801,099	130,880,266
Non-current liabilities:			
Long-term borrowings	7	44,461,154	26,709,350
Provisions			
- Provision for employee benefits	19	3,400,314	4,316,660
- Other provisions	18	1,246,972	941,375
Derivative instruments	8	777,409	-
Deferred tax liabilities	31	3,388,075	3,378,718
Other non-current liabilities	23	7,499,545	8,156,500
Total non-current liabilities		60,773,469	43,502,603
Total liabilities		198,574,568	174,382,869

The accompanying notes form an integral part of these consolidated financial statement

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

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	Notes	Audited	
		December 31, 2023	December 31, 2022
EQUITY			
Paid-in capital	24	675,728	675,728
Adjustment to share capital	24	15,633,510	15,633,510
Treasury shares	24	(7,980,782)	(7,980,782)
Share premium/discount			
Other accumulated comprehensive income and expense not to be reclassified to profit or loss			
Gains/losses on revaluation and remeasurement			
- Gain/loss arising from defined benefit plans		(2,334,000)	(1,608,727)
- Other gains/losses on revaluation and remeasurement		16,286	31,120
Other accumulated comprehensive income and expense to be reclassified to profit or loss			
- Currency translation differences		25,278,597	25,650,341
Gains/losses on hedge			
- Gains/losses on hedges of net investment in foreign operations		(9,274,954)	(6,089,358)
- Gains/losses on cash flow hedges		(598,921)	23,104
Balancing account for merger capital			
Restricted reserves	24	12,631,261	13,020,675
Retained earnings		11,455,843	7,148,120
Net income for the period		7,667,336	6,285,498
Equity holders of the parent		53,169,904	52,789,229
Non-controlling interest		6,393,435	5,250,181
Total equity		59,563,339	58,039,410
Total liabilities and equity		258,137,907	232,422,279

The accompanying notes form an integral part of these consolidated financial statement

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Notes	Audited	
		2023	2022
Net sales	4,25	257,103,739	257,172,030
Cost of sales	26	(181,725,746)	(188,501,512)
Gross profit		75,377,993	68,670,518
General administrative expenses	26	(14,779,434)	(12,099,488)
Marketing expenses	26	(47,038,860)	(46,552,279)
Research and development expenses	26	(1,943,805)	(1,861,283)
Other income from operating activities	27	13,437,093	11,809,968
Other expenses from operating activities	27	(14,895,330)	(10,566,004)
Operating profit		10,157,657	9,401,432
Income from investment activities	28	50,832	2,782,554
Expenses from investment activities	28	(102,507)	(173,463)
Share of profit/loss of investments accounted for using the equity method	12	(481,421)	(740,177)
Operating income before financial income/(expense)		9,624,561	11,270,346
Financial income	29	22,593,779	14,215,714
Financial expenses	30	(34,948,179)	(26,175,376)
Net monetary position gain/(loss)		9,888,297	7,928,477
Profit from continuing operations before tax		7,158,458	7,239,161
Tax income/(expense), continuing operations			
- Taxes on expense	31	(1,910,959)	(1,913,883)
- Deferred tax income/(expense)	31	3,147,911	1,682,894
Net income		8,395,410	7,008,172
Attributable to			
Non-controlling interest		728,074	722,674
Equity holders of the parent		7,667,336	6,285,498
Earnings per share (kurus)	32	12.635	10.244

The accompanying notes form an integral part of these consolidated financial statement

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Paid-in capital	Adjustment to share capital	Treasury shares	Other comprehensive income not to be reclassified under profit and loss
				Gain/(loss) arising from defined benefit plans
Balance at January 1, 2022	675,728	15,633,510	(3,890,889)	-
Transfers	-	-	-	-
Total comprehensive income	-	-	-	(1,608,727)
Net income	-	-	-	-
Other comprehensive income	-	-	-	(1,608,727)
Dividends	-	-	-	-
Increase/(decrease) due to acquisition of treasury shares			(4,089,893)	-
As of December 31, 2022	675,728	15,633,510	(7,980,782)	(1,608,727)
Balance at January 1, 2023	675,728	15,633,510	(7,980,782)	(1,608,727)
Transfers	-	-	-	-
Total comprehensive income	-	-	-	(725,273)
Net income	-	-	-	-
Other comprehensive income	-	-	-	(725,273)
Dividends	-	-	-	-
As of December 31, 2023	675,728	15,633,510	(7,980,782)	(2,334,000)

The accompanying notes form an integral part of these consolidated financial statement

Gains/losses on financial assets measured at fair value throughout comprehensive income	Other comprehensive income to be reclassified under profit and loss			Retained earnings				
	Gains/losses on hedge	Currency translation differences	Restricted reserves	Retained earnings	Net income	Equity holders of the parent	Non- controlling interest	Total equity
16,533	(4,928,111)	32,516,529	8,586,258	14,634,100	-	63,243,658	4,524,908	67,768,566
-	-	-	344,524	(344,524)	-	-	-	-
14,587	(1,138,143)	(6,866,188)	-	-	6,285,498	(3,312,973)	1,330,606	(1,982,367)
-	-	-	-	-	6,285,498	6,285,498	722,674	7,008,172
14,587	(1,138,143)	(6,866,188)	-	-	-	(9,598,471)	607,932	(8,990,539)
-	-	-	-	(3,051,563)	-	(3,051,563)	(605,333)	(3,656,896)
-	-	-	4,089,893	(4,089,893)	-	(4,089,893)	-	(4,089,893)
31,120	(6,066,254)	25,650,341	13,020,675	7,148,120	6,285,498	52,789,229	5,250,181	58,039,410
31,120	(6,066,254)	25,650,341	13,020,675	7,148,120	6,285,498	52,789,229	5,250,181	58,039,410
-	-	-	258,638	6,026,860	(6,285,498)	-	-	-
(14,834)	(3,807,621)	(371,744)	-	-	7,667,336	2,747,864	2,004,759	4,752,623
-	-	-	-	-	7,667,336	7,667,336	728,074	8,395,410
(14,834)	(3,807,621)	(371,744)	-	-	-	(4,919,472)	1,276,685	(3,642,787)
-	-	-	(648,052)	(1,719,137)	-	(2,367,189)	(861,505)	(3,228,694)
16,286	(9,873,875)	25,278,597	12,631,261	11,455,843	7,667,336	53,169,904	6,393,435	59,563,339

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Audited	
	2023	2022
Net income	8,395,410	7,008,172
Other comprehensive income		
Not to be reclassified to profit or loss	(937,947)	(2,233,982)
Gain/loss arising from defined benefit plans	(899,700)	(2,211,920)
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	(23,358)	(37,567)
Other gain/losses not to be reclassified to profit or loss	(14,889)	15,505
Not to be reclassified to profit or loss, tax effect	197,840	639,842
Gain/loss arising from defined benefit plans, tax effect	197,785	640,760
Other gain/losses not to be reclassified to profit or loss, tax effect	55	(918)
To be reclassified to profit or loss	(4,096,599)	(7,673,903)
Currency translation differences	991,350	(6,127,117)
Other comprehensive income related with hedges of net investments in foreign operations	(4,176,025)	(1,400,537)
Other comprehensive income related with cash flow hedge	(826,008)	(10,284)
Share of other comprehensive income of investments accounted for using the equity method that will be reclassified to profit or loss	(85,916)	(135,965)
- Currency translation differences of investments accounted for using the equity method	(86,409)	(131,139)
- Gain/loss from cash flow hedges of investments accounted for using equity method	493	(4,826)
To be reclassified to profit or loss, tax effect	1,193,919	277,504
Other comprehensive income related with hedges of net investments in foreign operations, tax effect	990,429	280,107
Other comprehensive income related with cash flow hedge, tax effect	203,490	(2,603)
Other comprehensive income/(loss) (net of tax)	(3,642,787)	(8,990,539)
Total comprehensive income	4,752,623	(1,982,367)
Attributable to:		
Non-controlling interest	2,004,759	1,330,606
Equity holders of the parent	2,747,864	(3,312,973)

The accompanying notes form an integral part of these consolidated financial statement

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Notes	Audited	
		January 1- December 31, 2023	January 1- December 31, 2022
Cash flows from operating activities:			
Net income:		8,395,410	7,008,172
<i>Adjustments to reconcile net cash provided from operating activities to net income after taxes</i>			
Adjustments for depreciation and amortisation expense	26	8,715,056	8,062,820
Adjustments for impairment loss	36	310,248	169,772
Adjustments for other provisions	36	3,933,524	2,745,366
Adjustments for interest income	29	(1,875,137)	(829,883)
Adjustments for interest expense	30	7,936,075	8,076,257
Adjustments for income arised from government grants	27	(372,801)	(231,209)
Adjustments for unrealised foreign exchange losses (gains)	29,30	9,968,294	4,483,648
Adjustments for fair value (gains) losses on derivative financial instruments	29,30	(4,266,553)	128,212
Adjustments for undistributed profits of investments accounted for using equity method	12	481,421	740,177
Adjustments for tax expense/income	31	(1,236,952)	230,989
Adjustments for losses (gains) on disposal of non-current assets	28	51,977	127,770
Adjustment for bargained acquisition profit	28	-	(2,676,924)
Other adjustments to reconcile profit (loss)		69,155	(237,825)
Adjustments for dividend (income) loss	28	(302)	(768)
Adjustments for contingent liabilities	30	522,566	179,785
Monetary gain/(loss)		(33,918,818)	(32,149,839)
Adjustments regarding net profit reconciliation for the period		(1,286,837)	(4,173,480)
Changes in operating assets and liabilities:			
Adjustments for decrease (increase) in trade receivables		(10,272,572)	7,747,127
Adjustments for decrease (increase) in inventories		3,980,620	(1,532,436)
Decrease (increase) in prepaid expenses		(677,844)	162,700
Adjustments for increase (decrease) in trade payables		2,725,118	(1,888,640)
Increase (decrease) in employee benefit liabilities		396,620	182,209
Adjustments for increase (decrease) in other operating payables		1,520,718	(236,622)
Increase (decrease) in government grants and assistance		-	131,235
Other adjustments for other increase (decrease) in working capital		(4,215,067)	(1,829,579)
Income taxes refund (paid)		(812,619)	(1,459,741)
Cash flows from operating activities		(8,641,863)	(2,897,227)
Investing activities:			
Cashflow used in obtaining control of subsidiaries or other businesses	3	(1,282,385)	2,478,338
Cash outflows due to share acquisition or capital increase in affiliates and/or joint ventures	12	-	(522,335)
Cash outflows from purchases of property, plant and equipment and intangible assets		(13,791,159)	(10,672,132)
Cash inflows from sale of property, plant and equipment and intangible assets		646,143	822,927
Dividends received	12,28	24,830	122,814
Cash inflows due to sale of shares in associates or joint ventures or capital reduction	6	(11,730)	(24,673)
Cash flows from investing activities		(14,414,301)	(7,795,061)
Financing activities:			
Proceeds from borrowings	7	74,858,309	26,229,005
Repayments of borrowings	7	(56,745,725)	(12,393,074)
Bonds issued	7	21,045,448	10,002,126
Payments of lease liabilities	7	(1,932,877)	(1,607,394)
Dividends paid		(3,228,694)	(3,656,896)
Cash inflows from derivative instruments (net)		3,979,344	(793,283)
Cash outflows from acquisition of treasury shares		-	(4,089,893)
Interest paid		(8,307,889)	(6,927,345)
Interest received		1,944,317	752,737
Other inflows (outflows) of cash	29,30	(69,155)	78,357
Cash flows from financing activities		31,543,078	7,594,340
Inflation impact on cash and cash equivalents		(10,881,322)	(7,354,018)
Net increase/(decrease) in cash and cash equivalents before currency translation differences		(2,394,408)	(10,451,966)
Effect of currency translation differences		10,837,856	7,448,461
Net increase/(decrease) in cash and cash equivalents		8,443,448	(3,003,505)
Cash and cash equivalents at January 1	5	40,333,129	43,336,634
Cash and cash equivalents at December 31	5	48,776,577	40,333,129

The accompanying notes form an integral part of these consolidated financial statement

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

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Arçelik Anonim Şirketi ("Arçelik" or "the Company") and its subsidiaries (collectively, "the Group") undertake all commercial and industrial activities in respect of the production, sales and marketing, customer services after sales, exportation and importation of consumer durable goods and consumer electronics. The Group operates twenty-eight manufacturing plants in Turkey, Romania, Russia, China, Republic of South Africa, Thailand, Pakistan and Bangladesh. The Company is controlled by Koç Holding A.Ş., the parent company, Koç Family and the companies owned by Koç Family (Note 24).

The Company's head office is located at: Karaağaç Caddesi No: 2-6 Söğütözü 34445 Beyoğlu İstanbul/Turkey.

The Company is registered to the Capital Markets Board ("CMB") and its shares have been quoted on the Borsa İstanbul ("BIST") since 1986. As of December 31, 2023, the publicly listed shares are 25.15% of the total shares. (December 31, 2022: 25.15%) (Includes treasury shares of 10.19% as of December 31, 2023)

The average number of personnel employed by categories in the Group in 2023 is 9,992 monthly paid (1 January - 31 December 2022: 10,419) and 31,050 hourly paid (1 January - 31 December 2022: 31,223) totalling to 41,042 (1 January - 31 December 2022: 41,642).

Subsidiaries and branches	Country of incorporation	Core business	Nature of business
Continuing operations as of balance sheet date:			
Arçelik Pazarlama A.Ş. ("Pazarlama A.Ş.")	Turkey	Service/Sales/Marketing	Consumer Durables/Electronics
Arch R&D Co. Ltd. ("Arch R&D")	China	R&D	Developing technology and design
Beko B.V. ("Beko B.V.") ⁽³⁾	Netherlands	Investment	Holding
Arcwaste Collection SRL ("Arcwaste") ⁽¹⁾	Romania	Service	Service
Arctic Foundation ("Arctic Foundation")	Romania	Foundation	Foundation
Beko B.V. Taiwan ("Arduatch Taiwan") ⁽³⁾	Taiwan	Purchase	Consumer Durables/Electronics
Beko A and NZ Pty Ltd. ("Beko Australia")	New Zealand	Sales	Consumer Durables
Beko A and NZ Pty Ltd. New Zealand Branch ("Beko New Zealand") ⁽¹⁾	New Zealand	Sales	Consumer Durables
Beko Appliances Malaysia Sdn. Bhd. ("Beko Malaysia")	Malaysia	Sales	Consumer Durables
Beko APAC IBC Co. ("Beko APAC")	Thailand	Service	Service
Beko Balkans D.O.O ("Beko Balkans")	Serbia	Sales	Consumer Durables/Electronics
Beko Central Asia LLC ("Beko Central Asia")	Kazakhstan	Sales	Consumer Durables
Beko Egypt Trading LLC ("Beko Egypt")	Egypt	Sales	Consumer Durables
Beko Spain Electronics S.L. ("Beko Espana") ⁽⁴⁾	Spain	Sales	Consumer Durables/Electronics
Beko France S.A.S. ("Beko France")	France	Sales	Consumer Durables/Electronics
Beko Germany GmbH ("Beko Germany") ⁽³⁾	Germany	Sales	Consumer Durables/Electronics
Beko Switzerland GmbH ("Beko Switzerland") ⁽³⁾	Switzerland	Sales	Consumer Durables/Electronics
Beko Gulf FZE ("Beko Gulf")	United Arab Emirates	Sales	Consumer Durables/Electronics
Beko Portugal, Unipessoal LDA ("Beko Portugal") ⁽³⁾	Portugal	Sales	Consumer Durables/Electronics
Beko Hong Kong Ltd. ("Beko Hong Kong")	Hong Kong, China	Purchase	Consumer Durables/Electronics
Beko Israel Household Appliances Ltd. ("Beko Israel")	Israel	Marketing	Consumer Durables
Beko Italy SRL ("Beko Italy")	Italy	Sales	Consumer Durables/Electronics
Beko LLC. ("Beko Russia")	Russia	Production/Sales	Consumer Durables/Electronics
Beko Morocco Household Appliances SARL ("Beko Morocco")	Morocco	Sales	Consumer Durables/Electronics
Beko Plc. ("Beko UK")	England	Sales	Consumer Durables/Electronics

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

Subsidiaries and branches	Country of incorporation	Core business	Nature of business
Beko Plc ("Beko Ireland") ⁽¹⁾	Republic of Ireland	Sales	Consumer Durables/Electronics
Beko Pilipinas Corporation. ("Beko Philippines")	Republic of the Philippines	Sales	Consumer Durables
Beko S.A. ("Beko Polska")	Poland	Sales	Consumer Durables/Electronics
Beko S.A., Czech Branch ("Beko Czech") ⁽³⁾	Czech Republic	Sales	Consumer Durables/Electronics
Beko Shanghai Trading Company Ltd. ("Beko Shanghai")	China	Sales	Consumer Durables/Electronics
Beko Slovakia S.R.O. ("Beko Slovakia")	Slovakia	Sales	Consumer Durables/Electronics
Beko Thai Co. ("Beko Thailand")	Thailand	Production/ Sales	Consumer Durables
Beko Ukraine LLC. ("Beko Ukraine")	Ukraine	Sales	Consumer Durables
Beko US INC. ("Beko US")	United States of America	Sales	Consumer Durables
Changzhou Beko Electrical Appliances Co. Ltd. ("Beko China")	China	Production/ Sales	Consumer Durables
Dawlance (Private) Ltd. ("Dawlance")	Pakistan	Production/ Sales	Consumer Durables
Defy (Botswana) (Proprietary) Ltd. ("Defy Botswana")	Botswana	Sales	Consumer Durables
Defy (Namibia) (Proprietary) Ltd. ("Defy Namibia")	Namibia	Sales	Consumer Durables
Defy (Swaziland) (Proprietary) Ltd. ("Defy Swaziland")	Swaziland	Sales	Consumer Durables
Defy Appliances (Proprietary) Ltd. ("Defy")	Republic of the South Africa	Production/ Sales	Consumer Durables
Defy Sales East Africa Limited ("Defy Kenya")	Kenya	Sales	Consumer Durables
DEL Electronics (Pvt.) Ltd. (DEL)	Pakistan	Sales	Consumer Durables
Beko Austria AG ("Beko Austria") ⁽³⁾	Austria	Sales	Consumer Durables/Electronics
Grundig Multimedia A.G. ("Grundig Switzerland")	Switzerland	Sales	Electronics
Beko Nordic AB. ("Beko Sweden") ⁽³⁾	Sweden	Sales	Consumer Durables/Electronics
Beko Nordic AB, Finland Branch of Nordic AB ("Beko Finland") ⁽¹⁾⁽⁴⁾	Finland	Sales	Consumer Durables/Electronics
Beko Nordic AS ("Beko Norway") ⁽³⁾	Norway	Sales	Consumer Durables/Electronics
Beko Nordic AS, Denmark Branch of Beko Nordic AS ("Beko Denmark") ⁽¹⁾⁽⁴⁾	Denmark	Sales	Consumer Durables/Electronics
Pan Asia Private Equity Ltd. ("Pan Asia")	British Virgin Islands	Investment	Holding
PT Home Appliances Indonesia	Indonesia	Sales	Consumer Durables
Beko Appliances Indonesia PT	Indonesia	Sales	Consumer Durables

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ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

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Subsidiaries and branches (continued)	Country of incorporation	Core business	Nature of business
Beko Bangladesh B.V ("Beko Bangladesh") ⁽³⁾	Netherlands	Investment	Holding
Arctic SA ("Arctic")	Romania	Production/Sales	Consumer Durables/ Electronics
Singer Bangladesh Limited ("Singer Bangladesh")	Bangladesh	Production/Sales	Consumer Durables/ Electronics
United Refrigeration Industries Ltd. ("URIL")	Pakistan	Production/Sales	Consumer Durables
Vietbeko Limited Liability Company ("Vietbeko")	Vietnam	Sales	Consumer Durables
Arçelik Hitachi Home Appliances B.V.	Netherlands	Investment	Holding
Arçelik Hitachi Home Appliances (Shanghai) Co., Ltd.	China	Production/Sales	Consumer Durables
Arçelik Hitachi Home Appliances (Thailand) Ltd.	Thailand	Production/Sales	Consumer Durables
Arçelik Hitachi Home Appliances Sales (Singapore) Pte. Ltd.	Singapore	Sales	Consumer Durables
Arçelik Hitachi Home Appliances Sales (Thailand) Ltd.	Thailand	Sales	Consumer Durables
Arçelik Hitachi Home Appliances Sales Malaysia Sdn. Bhd.	Malaysia	Sales	Consumer Durables
Arçelik Hitachi Home Appliances Sales Middle East Fze	United Arab Emirates	Sales	Consumer Durables
Arçelik Hitachi Home Appliances Sales Vietnam Co., Ltd.	Vietnam	Sales	Consumer Durables
Arçelik Hitachi Home Appliances Sales Hong Kong Limited	Hong Kong, China	Sales	Consumer Durables
Arçelik Hitachi Taiwan Home Appliances Sales Ltd.	Taiwan	Sales	Consumer Durables
PT. Arçelik Hitachi Home Appliances Sales Indonesia	Indonesia	Sales	Consumer Durables
Arçelik Hitachi Home Appliances IBC Co. Ltd.	Thailand	Service	Service
Beko Azerbaijan MMC ("Beko Azerbaijan")	Azerbaijan	Sales	Consumer Durables
Beko Croatia d.o.o ("Beko Croatia") ⁽⁴⁾	Croatia	Sales	Consumer Durables
Beko Hungary Kft ("Beko Hungary")	Hungary	Sales	Consumer Durables
Beko Egypt Home Appliances Industries LLC ("Beko Egypt LLC")	Egypt	Production/Sales	Consumer Durables/ Electronics
Beko Greece SMSA ("Beko Greece") ⁽³⁾	Greece	Sales	Consumer Durables
IHP Appliances Sales LLC	Russia	Sales	Consumer Durables/ Electronics
IHP Appliances JSC	Russia	Production/Sales	Consumer Durables/ Electronics
IHP Kazakhstan LLP	Kazakhstan	Sales	Consumer Durables/ Electronics
Beko Algeria EURL ("Beko Algeria")	Algeria	Sales	Consumer Durables
Beko Belgium N.V. ("Beko Belgium") ⁽¹⁾	Belgium	Sales	Consumer Durables
Beko Netherlands B.V. ("Beko Netherlands") ⁽¹⁾	Netherlands	Sales	Consumer Durables
Beko Europe B.V. ("Beko Europe") ⁽²⁾	Netherlands	Investment	Holding

^(*) Branches of the Subsidiary, which operate in a different country, are separately presented.

(1) On January 2, 2023, the Group acquired all shares of Asogem N.V. (Belgium) and its subsidiary Asogem Nederland B.V. (Netherlands). As a result of this transaction, the names of the companies were changed to "Beko Belgium N.V." and "Beko Netherlands B.V." as of January 2, 2023, and the registration procedures for the change of name and board of directors structure of both companies have been completed in the relevant country registers.

(2) The companies have been registered with-in the year 2023.

(3) The trade names of the related companies were updated in 2023, and the registration procedures for the change have been completed in the related country registers.

(4) The trade names of the related companies were updated in 2024, and the registration procedures for the change have been completed in the related country registers.

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ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

<u>Ceased operations as of reporting date:</u>	Country of incorporation	Core business	Nature of business
Beko Cesko ("Beko Cesko")	Czech Republic	-	-
Grundig Intermedia Ges.m.b.H ("Grundig Austria")	Austria	-	-
<u>Investments valued using the equity method Associates</u>			
Koç Finansman A.Ş. ("Koç Finansman")	Turkey	Finance	Consumer Finance
Ram Dış Ticaret A.Ş. ("Ram Dış Ticaret")	Turkey	Sales	Foreign Trade
<u>Joint Ventures</u>			
Arçelik-LG Klima Sanayi ve Ticaret A.Ş. ("Arçelik-LG")	Turkey	Production/Sales	Consumer Durables
VoltBek Home Appliances Private Limited ("VoltBek")	India	Production/Sales	Consumer Durables

Approval of consolidated financial statements

These consolidated financial statements as of and for the year ended December 31, 2023 has been approved for issue by the Board of Directors on March 1, 2024. These consolidated financial statements will be finalized following their approval in the General Assembly.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial reporting standards

The consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards, ("TFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on June 13, 2013 which is published on Official Gazette numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

The consolidated financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on October 4, 2022 by POA and the format and mandatory information recommended by CMB.

Foreign subsidiaries have prepared their statutory financial statements in accordance with the related local laws and regulations. Consolidated financial statements have been prepared under the historical cost convention except for the derivative instruments and available for sale financial assets presented at fair values and revaluations related to the differences between carrying value and fair value of tangible and intangible assets arising from business combinations.

Financial reporting in hyperinflationary economy

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on November 23, 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after December 31, 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of December 31, 2022, on the purchasing power basis as of December 31, 2023.

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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2.1 Basis of presentation (Continued)

Pursuant to the decision of the Capital Markets Board (SPK) dated December 28, 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of IAS 29 starting from their annual financial reports for the periods ending on December 31, 2023.

The adjustments made in accordance with IAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TÜİK). As of December 31, 2023, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Year End	Index	Conversion Factor	Three-year Compound Inflation Rate
31 December 2023	1.859.38	1.00000	268%
31 December 2022	1.128.45	1.64773	156%
31 December 2021	686.95	2.70672	74%

The main elements of the Group's adjustment process for financial reporting in hyperinflationary economies are as follows:

- Current period consolidated financial statements prepared in TRY are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of IAS 36 "Impairment of Assets" and IAS 2 "Inventories" are applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.
- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.
- The impact of inflation on the Group's net monetary asset position in the current period is recorded in the net monetary gain/(loss) account in the consolidated income statement.

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ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards ("TAS")/ TFRS and IFRIC interpretations effective as of January 1, 2023. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

Standards, amendments and interpretations applicable as at 31 December 2023:

Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The impact of this amendment on the Group's financial position and performance is being assessed.

Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction; effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The impact of this amendment on the Group's financial position and performance is being assessed.

The amendment to IAS 12, "International Tax Reform: Temporary Exception," is effective for year-ends ending on or after December 31, 2023. The disclosure requirements are effective for annual periods beginning on or after January 1, 2023, with early application permitted. This amendment clarifies the application of IAS 12 to income taxes arising from tax laws enacted or substantively enacted to implement the OECD's Pillar Two Model Rules. The amendment also introduces specific disclosure requirements for entities affected by such tax laws. The exception to not recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, along with the disclosure requirement that the exception has been applied, is effective upon issuance of the amendment. However, the specific disclosure requirements introduced by the amendment are not required to be applied for interim periods ending before December 31, 2023. The impact of this amendment on the Group's financial position and performance is being assessed.

IFRS 17, 'Insurance Contracts'; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts. The impact of this amendment on the Group's financial position and performance is being assessed.

However, it was reported that in a letter dated April 6, 2023, the Public Oversight Authority (KGK) informed the Turkish Insurance, Reinsurance and Pension Companies Association that it was decided that TFRS 17 would be applied to the consolidated and individual financial statements of insurance, reinsurance and pension companies, banks with partnerships/investments in these companies, and other companies with partnerships/investments in these companies, starting from January 1, 2024.

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ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

New and amended standards and interpretations (Continued)

Standards, amendments and interpretations that are issued but not effective as at 31 December 2023:

Amendment to IFRS 16 - Leases on sale and leaseback; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The impact of this amendment on the Group's financial position and performance is being assessed.

Amendment to IAS 1 - Non-current liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions. The impact of this amendment on the Group's financial position and performance is being assessed.

Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements; effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. The impact of this amendment on the Group's financial position and performance is being assessed.

Amendments to IAS 21 - Lack of Exchangeability; effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The impact of this amendment on the Group's financial position and performance is being assessed.

IFRS S1, 'General requirements for disclosure of sustainability-related financial information; effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. The impact of this amendment on the Group's financial position and performance is being assessed.

IFRS S2, 'Climate-related disclosures'; effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. The impact of this amendment on the Group's financial position and performance is being assessed.

On December 29, 2023, the Public Oversight Authority (KGK) published a Board Decision in the Official Gazette, announcing that certain businesses will be subject to mandatory sustainability reporting starting from January 1, 2024. The companies included in the scope of the sustainability application are determined in order to identify the businesses that will be subject to sustainability reporting within the scope of the "Board Decision on the Determination of Businesses Subject to Sustainability Reporting Within the Scope of the Application of Turkey Sustainability Reporting Standards (TSRS)" dated January 5, 2024.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in TRY, which is the functional currency of Arçelik and the presentation currency of the Group.

Financial statements of subsidiaries operating in countries other than Turkey

The Financial statements of subsidiaries operating in countries other than Turkey are compiled by the TAS/IFRS promulgated by the POA to reflect the proper presentation and content. Subsidiaries' assets and liabilities are translated into TRY from the foreign exchange rate at the reporting date and income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets and differences between the average and balance sheet date rates are recognised in the "currency translation difference" under the use of equity.

Consolidation principles

(a) The consolidated financial statements include the accounts of the parent company, Arçelik, and its Subsidiaries and Associates on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the consolidation have been prepared as of the date of the consolidated financial statements and are based on the statutory records with adjustments and reclassifications for the purpose of presentation in conformity TAS/IFRS promulgated by the POA as set out in the communiqué numbered II-14.1, and Group accounting and disclosure policies.

(b) Subsidiaries are the Companies controlled by Arçelik when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(c) Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases.

The statement of financial position and statements profit or loss of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Arçelik and its Subsidiaries is eliminated against the related shareholders' equity. Intercompany transactions and balances between Arçelik and its Subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by Arçelik in its Subsidiaries are eliminated from shareholders' equity and income for the year, respectively.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

Consolidation principles (Continued)

The table below sets out all Subsidiaries included in the scope of consolidation discloses their direct and indirect ownership, which are identical to their economic interests, as of December 31, 2023 and December 31, 2022 (%) and their functional currencies:

Continuing operations as of balance sheet date:	Functional currency	December 31, 2023		December 31, 2022	
		Ownership Interest	Effective shareholding	Ownership Interest	Effective shareholding
Arch R&D	Chinese Yuan	100	100	100	100
Arctic	Romanian Lei	96.72	96.72	96.72	96.72
Arcwaste	Romanian Lei	96.72	96.72	96.72	96.72
Arctic Foundation	Romanian Lei	96.72	96.72	96.72	96.72
Beko B.V.	Euro	100	100	100	100
Beko B.V. Taiwan	Taiwanese Dollar	100	100	100	100
Beko APAC	Thai Baht	100	100	100	100
Beko Australia	Australian Dollar	100	100	100	100
Beko New Zealand	New Zealand Dollar	100	100	100	100
Beko Balkans	Serbian Dinar	100	100	100	100
Beko China	Chinese Yuan	100	100	100	100
Beko Central Asia	Kazakhstan Tenge	100	100	100	100
Beko Germany	Euro	100	100	100	100
Beko Egypt	Egyptian Lira	100	100	100	100
Beko Espana	Euro	100	100	100	100
Beko France	Euro	100	100	100	100
Beko Gulf	Dirham	100	100	100	100
Beko Portugal	Euro	100	100	100	100
Beko Hong Kong	US Dollar	100	100	100	100
Beko Israel	New Israeli Shekel	100	100	100	100
Beko Italy	Euro	100	100	100	100
Beko Malaysia	Malaysian Ringgit	100	100	100	100
Beko Morocco	Moroccan Dirham	100	100	100	100
Beko Polska	Polish Zloty	100	100	100	100
Beko Czech	Czech Koruna	100	100	100	100
Beko Philippines	Philippine Peso	100	100	100	100
Beko Russia	Russian Ruble	100	100	100	100
Beko Shanghai	Chinese Yuan	100	100	100	100
Beko Slovakia	Euro	100	100	100	100
Beko Switzerland	Swiss Franc	100	100	100	100
Beko Thailand	Thai Baht	100	100	100	100
Beko UK	British Pound	100	100	100	100
Beko Ireland	Euro	100	100	100	100

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

Consolidation principles (Continued)

Continuing operations as of balance sheet date (Continued):	Functional currency	December 31, 2023		December 31, 2022	
		Ownership Interest	Effective shareholding	Ownership Interest	Effective shareholding
Beko Ukraine	Ukrainian Hryvna	100	100	100	100
Beko US	US Dollar	100	100	100	100
Dawlance	Pakistani Rupee	100	100	100	100
Defy	South Africa Rand	100	100	100	100
Defy Botswana	Botswana Pula	100	100	100	100
Defy Namibia	Namibian Dollar	100	100	100	100
Defy Swaziland	Svazi Lilangeni	100	100	100	100
Defy Kenya	Kenya Shilling	100	100	100	100
DEL	Pakistani Rupee	100	100	100	100
Beko Austria	Euro	100	100	100	100
Beko Norway	Norwegian Krone	100	100	100	100
Beko Denmark	Danish Krone	100	100	100	100
Beko Sweden	Swedish Krona	100	100	100	100
Beko Finland	Euro	100	100	100	100
Grundig Switzerland	Swiss Franc	100	100	100	100
Pan Asia	US Dollar	100	100	100	100
Pazarlama A.Ş.	Turkish Lira	100	100	100	100
PT Home Appliances Indonesia	Indonesian Rupiah	100	100	100	100
PT Beko Appliances Indonesia	Indonesian Rupiah	100	100	100	100
Beko Bangladesh	US Dollar	100	100	100	100
Singer Bangladesh	Bangladeshi Taka	56.99	56.99	56.99	56.99
United Refrigeration Industries	Pakistani Rupee	100	100	100	100
Vietbeko	Vietnamese Dong	100	100	100	100
Arçelik Hitachi	Euro	60	60	60	60
Arçelik Hitachi Shangai	Chinese Yuan	57	57	57	57
Arçelik Hitachi Thailand	Thai Baht	50.4	50.4	50.4	50.4
Arçelik Hitachi Singapore	Singapore Dollar	60	60	60	60

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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2.1 Basis of presentation (Continued)

Continuing operations as of balance sheet date: (Continued)	Functional currency	December 31, 2023		December 31, 2022	
		Ownership Interest	Effective shareholding	Ownership Interest	Effective shareholding
Arçelik Hitachi Sales Thailand	Thai Baht	60	60	60	60
Arçelik Hitachi Malaysia	Malaysian Ringgit	60	60	60	60
Arçelik Hitachi Dubai	Dirham	60	60	60	60
Arçelik Hitachi Vietnam	Vietnamese Dong	60	60	60	60
Arçelik Hitachi Hong Kong	Hong Kong Dollar	60	60	60	60
Arçelik Hitachi Taiwan	Taiwanese Dollar	60	60	60	60
Arçelik Hitachi Indonesia	Indonesian Rupiah	40.5	40.5	40.5	40.5
Arçelik Hitachi Thailand IBC	Thai Baht	60	60	60	60
Beko Azerbaijan	Azerbaijan Manat	100	100	100	100
Beko Croatia	Croatian Kuna	100	100	100	100
Beko Hungary	Hungarian Forint	100	100	100	100
Beko Egypt LLC	Egyptian Lira	100	100	100	100
Beko Greece	Euro	100	100	100	100
IHP Appliances Sales LLC	Russian Ruble	100	100	100	100
IHP Appliances JSC	Russian Ruble	100	100	100	100
IHP Kazakhstan LLP	Kazakhstan Tenge	100	100	100	100
Beko Algeria	Algerian Dinar	100	100	100	100
Beko Belgium ⁽¹⁾	Euro	100	100	-	-
Beko Netherlands ⁽¹⁾	Euro	100	100	-	-
Beko Europe ⁽²⁾	Euro	100	100	-	-

Ceased operations as of balance sheet date:		December 31, 2023		December 31, 2022	
		Ownership Interest	Effective shareholding	Ownership Interest	Effective shareholding
Beko Cesko	-	100	100	100	100
Grundig Austria	-	100	100	100	100

⁽¹⁾ On January 2, 2023, the Group acquired all shares of Asogem N.V. (Belgium) and its subsidiary Asogem Nederland B.V. (Netherlands). As a result of this transaction, the names of the companies were changed to "Beko Belgium N.V." and "Beko Netherlands B.V." as of January 2, 2023, and the registration procedures for the change of name and board of directors structure of both companies have been completed in the relevant country registers.

⁽²⁾ The companies have been registered with-in the year 2023.

(d) Associates and joint ventures are companies in which the Group has attributable interest of more than 20% and less than 50% of the ordinary share capital held for the long-term and over which a significant influence is exercised. Associates are accounted for using the equity method.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. The Group ceases to account the associate using the equity method if it loses the significant influence or the net investment in the associate becomes nil, unless it has entered to a liability or a commitment. After the date of the caesura of the significant influence, the investment is carried at fair value.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

The table below sets out all associates and joint ventures shows their direct and indirect ownership as of December 31, 2023 and 2022 (%):

	2023	2022
Arçelik - LG	45.00	45.00
Koç Finansman	47.00	47.00
Ram Dış Ticaret	33.50	33.50
VoltBek	49.00	49.00

(e) Financial assets in which the Group has ownership interests below 20%, or in which a significant influence is not exercised by the Group that have quoted market prices in active markets and whose fair values can be reliably measured are classified as financial assets measured at fair value through other comprehensive income in the consolidated financial statements.

(f) The non-controlling share in the net assets and results of Subsidiaries for the year are separately classified as "non-controlling interest" in the consolidated statements of financial position and consolidated statements of profit or loss.

Going concern

The Group prepared consolidated financial statements in accordance with the going concern assumption.

Offsetting

Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously.

Comparatives and restatement of prior periods' financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements and the significant changes are explained.

Group has applied consistent accounting policies in the preparation of consolidated financial statements presented the Group does not have any other significant changes in accounting policy and accounting estimates in the current period.

Accounting policy changes resulting from the first-time application of a new standard are applied either retrospectively or prospectively, in accordance with the transition provisions, if any. Changes for which there is no transition provision, voluntary significant changes in accounting policy, or detected accounting errors are applied retrospectively and the previous period financial statements are restated. Changes in accounting estimates are applied only in the current period if they relate to only one period, and both in the current period and prospectively if they relate to future periods.

2.2 Restatement and errors in the accounting policies and estimates

Any change in the accounting policies resulted from the first-time adoption of a new standard is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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2.3 Summary of significant accounting policies

Significant accounting policies applied in the preparation of these consolidated financial statements are summarized below:

Related parties

For the purpose of these consolidated financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by/or affiliated with them, associated companies and other companies within the Koç Holding group, and the companies controlled by Koç Holding are considered and referred to as related parties (Note 33).

The Group recognizes sales and purchases related to its Subsidiaries made through Ram Dış Ticaret as intra-group transactions; thus, these transactions are eliminated in the consolidated financial statements.

Trade receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Receivables with short-term maturities which have no predefined interest rate are measured at the original invoice amount unless the effect of imputed interest is significant (Note 9).

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

The Group collects some of its receivables via factoring. The Group follows related receivables in its consolidated financial statements since the collection risk of these receivables belongs to the Group until these ceded receivables are collected by the factoring company. Advance taken from factoring company against these receivables is recorded as factoring payable in "Financial Liabilities" account. Factoring expenses are accounted as accrual base in finance expenses account.

Inventories

Inventories are valued at the lower of cost or net realizable value. The cost of inventories is determined on the weighted average basis for each purchase. Cost elements included in inventories are materials, labour and factory overheads. The cost of borrowings is not included in the costs of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and estimated costs to make the sale (Note 11).

Financial Assets

Classification and measurement

Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

(a) Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in the statement of financial position. In addition, with recourse factoring receivables classified in trade receivables are classified as financial assets carried at amortized cost since collection risk for those receivables are not transferred to counterparty.

Impairment

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

(b) Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss:

i) Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of "derivative instruments" in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. Group's financial instruments at fair value through profit or loss consist of forward contracts, currency swaps and cross currency fixed interest rate swap.

ii) Financial assets carried at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of "financial assets" in the statement of financial position. Gains or losses arising from financial assets, other than impairment and exchange rate income or expenses, are recognized in other comprehensive income. When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

338 2.3 Summary of significant accounting policies (Continued)

Financial liabilities

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of profit or loss over the period. Borrowing costs are charged to the statement of profit or loss when they are incurred (Note 7). Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Recognition and de-recognition of financial instruments

All purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group commits to purchase or to sell the asset. These purchases or sales are purchases or sales generally require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired,
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the assets.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the consolidated financial statements.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Foreign currency hedge of net investments in foreign operations

Gains or losses on the hedging instrument relating to the effective portion of the foreign currency hedge of net investments in foreign operations are recognized as other comprehensive income while any gains or losses relating to the ineffective portion are recognized in the consolidated statement of profit or loss. The gain or loss on the hedging instruments that has been recognized directly in equity is transferred statements of profit or loss on the disposal of the foreign operation (Note 34).

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less (Note 5). For the purpose of consolidated statements of cash flows, cash and cash equivalents includes cash and cash equivalents with original maturities less than three months, excluding the interest accruals. If any provision provided to the cash and cash equivalents as a result of a specific events, Group measures expected credit loss from these cash and cash equivalents by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Property, plant and equipment and related depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided on restated amounts of property, plant and equipment using the straight-line or unit of production methods based on the estimated useful lives of the assets, except for land due to their indefinite useful life. The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

Land improvements	10 - 50 years
Buildings	30 - 50 years
Machinery, equipment and moulds	2 - 25 years
Motor vehicles and fixtures	4 - 10 years
Leasehold improvements	3 - 10 years

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilization of this property, plant and equipment or fair value less cost to sell.

Gains or losses on disposals of property, plant and equipment are included in income/expense from investment activities.

Subsequent costs, such as repairs and maintenance or part replacement of tangible assets, are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the company (Note 13). All other costs are charged to the statements of profit or loss during the financial year in which they are incurred.

Other intangible assets

Other intangible assets are comprised of acquired brands, trademarks, patents, developments costs and computer software (Note 14).

a) Brands

Separately acquired brands are shown at historical cost; brands acquired in a business combination are recognized at fair value at the acquisition date in the consolidated financial statements.

The Group has assessed the useful lives of brands as indefinite due to the fact that there is no foreseeable limit to the period over which brands are expected to generate net cash inflows for the Group. Brands that have an indefinite useful life are not subject to amortization. Brands are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there is an indicator initial recognition value in an asset is greater than estimated net realizable value, the value of asset should be recorded at recoverable value.

b) Development costs

Costs incurred on development projects relating to the design and testing of new or improved products are recognized as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other research and development expenditures are recognized as an expense as incurred.

Development expenditures previously recognized as an expense cannot be recognized as an asset in a subsequent period.

Development costs that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis from 2 to 10 years.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

340 2.3 Summary of significant accounting policies (Continued)

c) Computer software and rights

Computer software and rights are recognized at their acquisition cost. They are amortized on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization. Their estimated useful lives are between 4 -15 years.

d) Trademark licenses, patents and trademark usage right

Separately acquired trademark licenses and patents are carried at their acquisition costs. Trademark licenses and patents acquired in a business combination are accounted for at their fair values at the acquisition date. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (5-10 years).

e) Customer Relationships

Customer relationships that are acquired as a part of business combination are accounted for at their fair value at the acquisition date in the financial statements. Customer relationships have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over their estimated useful lives (between 5, 50 years).

Leases

The Group - as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involved the use of an identified asset - this may be specified explicitly or implicitly.
- The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset, If the supplier has a substantive substitution right, the asset is not identified.
- The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- The Group has the right to direct use of the asset, The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
 - The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

The Group reflects a right-of-use asset and a lease liability in its financial statements at the actual commencement date of the lease.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Leases (Continued)

The Group - as a lessee (Continued)

Right of use asset

The right of use asset is initially recognized at cost comprising of:

- e) Amount of the initial measurement of the lease liability;
- f) Any lease payments made at or before the commencement date, less any lease incentives received;
- g) Any initial direct costs incurred by the Group; and
- h) An estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

The Group re-measure the right of use asset by applying cost method:

- a) After netting-off accumulated depreciation and impairment losses from right of use asset.
- b) Adjusted for certain re-measurements of the lease liability recognized at the present value.

The Group applies IAS 16, "Property, Plant and Equipment" to amortize the right of use asset and to asses for any impairment.

The entity applies IAS 36, 'Impairment of Assets', to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- a) Fixed payments, including in-substance fixed payments;
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date.
- c) The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option. and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- a) Increasing the carrying amount to reflect interest on lease liability,
- b) Reducing the carrying amount to reflect the lease payments made and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

342 2.3 Summary of significant accounting policies (Continued)

Leases (Continued)

The Group - as a lessee (Continued)

Lease Liability (Continued)

The duration of the contract that make up the Group's lease liabilities varies between 1 and 5 years.

Extension and termination options

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. The group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment. The Group do not have significant lease contracts with extension and termination options that are not included in the lease liability since they are not reasonably certain.

The Group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment. As result of the evaluations performed in the current period, there is no lease obligation or right of use assets arising from the inclusion of extension and early termination options in the lease period

Variable lease payments

Group's lease contracts also include variable lease payments which are not in the scope of TFRS 16. Variable lease payments are recognised in profit or loss in the related period.

The Group - as a lessor

The Group's activities as a lessor are not material.

Business combinations and goodwill

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses.

Business combinations have been accounted for by using the purchase method in the scope of TFRS 3 "Business combinations" prior to amendment. The cost of a business combination is the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquire and in addition, any costs directly attributable to the business combination. If a business combination contract includes clauses that enable adjustments in the cost of business combination depending on events after acquisition date; in case the adjustment is measurable and more probable than not, than cost of business combination at acquisition date is adjusted. Contingent considerations arising from business combinations are measured at their fair value in the consolidated financial statements.

Any excess of the cost of acquisition over the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill in the consolidated financial statements.

Goodwill recognized in business combinations is tested for impairment annually (as of December 31) or more frequently if events or changes in circumstances indicate impairment, instead of amortization (Note 15). Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Any excess of the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is accounted for as income in the related period.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset which requires substantial period of time to get ready for its intended use or sale shall be capitalized over the cost of the asset (Note 14). Other borrowing costs shall be recognized as an expense in the period it incurs (Note 30).

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries of the Group operate.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date (Note 31).

The principal temporary differences arise from the carrying values of property, plant and equipment and available-for-sale-investments and their historical costs, various provisions and unused tax allowances and exemptions.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized directly in equity is recognized in equity.

The Company recognizes deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, to the extent that, and only to the extent that, it is probable that:

- the temporary difference will reverse in the foreseeable future;
- taxable profit will be available against which the temporary difference can be utilized.

The Company recognizes deferred tax liability for all taxable temporary differences associated with investments in subsidiaries except to the extent that both of the following conditions are satisfied:

- the parent can control the timing of the reversal of the temporary difference;
- it is probable that the temporary difference will not reverse in the foreseeable future.

Government grants allowing reduced corporate tax payment are evaluated within the scope of TAS 12 Income Taxes standard and are recognised as deferred tax asset by the qualified tax advantage amount, to the extent it is highly probable that future taxable profits will be available against which the unused investment tax credits can be utilised.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

344 2.3 Summary of significant accounting policies (Continued)

Employment termination benefits

Employment termination benefits, as required by the Turkish Labour Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one-year service. Provision which is allocated by using defined benefit pension's current value is calculated by using prescribed liability method. Actuarial gains and losses are recognized as other comprehensive income or loss in shareholders' equity in the period in which they arise (Note 19).

Foreign currency transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TRY at the exchange rates prevailing at the balance sheet dates. Exchange gain or losses arising from the settlement and translation of foreign currency items have been included under financial income/expenses and other operating income/expenses in the consolidated statements of profit or loss, except for the effective portion of the foreign currency hedge of net investments in foreign operations.

Revenue recognition

Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

Group recognizes revenue based on the following main principles:

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of transaction price in the contract,
- Allocation of price to performance obligations,
- Recognition of revenue when the performance obligations are fulfilled.

Group recognized revenue from its customers only when all of the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- Group can identify each party's rights regarding the goods or services to be transferred,
- Group can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance,
- It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

Revenue from sale of goods

Group recognizes revenue based on the sale of white goods, consumer electronics, air conditioners and home appliance. Revenue is recognized when the control of the goods is transferred to the customer. In addition, Group provides legal warranty commitment to its customers depending on the type of goods and the location of sale between 1-5 years. These legal warranty commitments are mandatory by regulations, have not a separate price apart from the good and are not separately sold. Therefore, they are not treated as a separate good or service apart from the sale of good.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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2.3 Summary of significant accounting policies (Continued)

Revenue recognition (Continued)

Revenue from sale of extended warranty

Group sells extended warranty to its customer for the period after the termination of legal warranty provided for all goods. The price of extended warranty is determined separately from the price of the goods and it is a separate performance obligation in the contract. Therefore, Group treats the service that will be provided due to the sale of extended warranty as a separate performance obligation.

Group determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. Group delivers the control of services related to the sale of extended warranty over time and it fulfills the performance obligation of extended warranty over time. Therefore, Group measures the delivery status of its performance obligation and recognize revenue in the consolidated financial statements accordingly (Note 25). Group recognizes revenue from the sale of goods in the consolidated financial statements when the control of the good is transferred to the customer.

When another party is involved in providing goods or services to a customer, the group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself or to arrange for the other party to provide those goods or services. The group is a principal if it controls a promised good or service before the group transfers the good or service to a customer. When a group that is a principal satisfies a performance obligation, it recognizes as revenue the gross amount of consideration which it expects to be entitled to in exchange for those goods or services. The group is an agent if its performance obligation is to arrange for the provision of goods or services by another party.

Group recognizes revenue when it has right to collect the consideration which is equal to the price of performance obligation fulfilled by the perspective of customer (after the delivery of goods) in an amount of its right to invoice. Group expects that the difference between the timing of the transfer of goods of services determined at the beginning of the contact and the timing of the collection of transaction price by the customer does not differ more than one year and therefore transaction price does not contain a significant finance component.

Transaction price varies due to favors like discounts and rebates provided to the customers. Transaction price is determined based on the most likely amount method since Group provides bonus premium to its customers if the customers achieves the limit of sale.

Group pays customer premiums to its dealers based on their annual revenue performance results. Amounts calculated as of the balance sheet date are recognized in other short-term liabilities in the balance sheet and in revenue as discounts in revenue in the statement of profit or loss.

Group does not have any contract assets related to the contracts with customers and any expenses that can be capitalized in accordance with these contracts.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

346 2.3 Summary of significant accounting policies (Continued)

Revenue recognition (Continued)

Incentives for investments, research and development activities

Gains arising from incentives for investment and research and development activities together with government grants are recognized when there is a reasonable assurance for the necessary conditions to be fulfilled and incentive to be acquired by the Group. Vested government grants related with expense or capitalization realized in previous accounting periods, are recognized in statements of profit or loss when collectible and grants relating to capital assets are accounted for as deferred income in the consolidated balance sheet and are credited to consolidated income statement on a straight-line basis over the expected lives of related assets.

Dividends

Dividends receivable are recognized as income in the period when they are declared. Dividends payable are recognized as an appropriation of profit in the period in which they are declared.

Paid-in capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium

Share premium represents differences resulting from the sale of the Company's Subsidiaries' and Associates' shares at a price exceeding the face value of those shares or differences between the face value and the fair value of shares issued for acquired companies.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. No provision is recognized for operating losses expected in later periods.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Warranty expenses

Warranty expenses includes repair and maintenance expenses for products sold and labor and material costs of authorized services' for products under the scope of the warranty terms without any charge to the customers. Based on estimations using past statistical information warranty services and returns of products, warranty expenses are recognized for the products sold in the period for possible utilizations of warranties in the following future periods (Note 18).

Assembly provisions

Assembly provision includes provision provided for the marketing expenses incurred for the assembly of products bought by the end users. This provision is calculated based on the past statistical information and projections for the future (Note 18).

Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and are disclosed as contingent assets or liabilities (Note 17).

Contingent liabilities are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. If an outflow of resources has become probable, contingent liabilities are recognised in the financial statements. Contingent assets are not recognised in financial statements but disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

Earnings per share

Earnings per share presented in the consolidated statements of profit or loss are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings or inflation adjustments. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period. Treasury shares are also included in calculation per share.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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2.3 Critical accounting estimates, judgments, and assumptions (Continued)

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the steering committee that makes strategic decisions. Board of Directors has been identified as the sole authority to decide on the operations (Note 4).

Reporting of cash flows

In the consolidated statements of cash flows, cash flows are classified and reported according to their operating, investing and financing activities.

2.4 Critical accounting estimates, judgments, and assumptions

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Impairment test for intangible assets which have indefinite useful lives and goodwill:

In accordance with the accounting policy for the intangible assets which have indefinite useful lives and goodwill stated in Note 2.3, these assets are reviewed for impairment annually or whenever events or changes in circumstances indicate impairment by the Group. The recoverable amounts of the cash-generating units are determined using the methods of value in use and royalty relief. Certain estimates were used in these calculations (Notes 14 and 15). Impairment was not identified as a result of these tests.

Provision for employee termination benefits

To calculate the employee benefit provision actuarial assumptions relating to turnover ratio, discount rate and salary increase are used. Calculation details are given in Employee benefits disclosure (Note 19).

Useful lives

The Group capitalizes the tangible and intangible assets in accordance with TAS 16 and TAS 38. The Group defines useful life of its assets in terms of the assets expected utility to the Group. Economic useful lives accepted by the Group is disclosed in Note 2.3.

Warranty expenses

The Group recognizes warranty provisions for products under the scope of the warranty terms based the estimations using past statistical information (Note 18).

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NOTE 3 - BUSINESS COMBINATION

Group has acquired entire issued share capitals of Asogem N.V. (Belgium) and its subsidiary Asogem Nederland B.V. (Netherlands) on January 2, 2023. Share transfer agreement was signed on October 17, 2022 regarding the acquisitions of the companies which operate as the distributor of Arçelik's Beko and Grundig branded products in the Benelux region for more than 25 years, the closing transactions of the share purchase agreement were completed as of January 2, 2023.

Transaction value has been calculated as EUR 61.7 million for 100% of shares. Payments regarding to this acquisition were made on January 2, 2023 and March 24, 2023 as EUR 57.4 million and EUR 4.3 million respectively.

As a result of this transaction, the titles of the companies have been changed as Beko Belgium N.V. and Beko Netherlands B.V. as of January 2, 2023. Registration procedures regarding the change of name of the companies and board of directors of both companies have been completed in the relevant country registries. The acquisition of Beko Belgium N.V. and Beko Netherlands B.V. in January 2023 aims to have continuing growth in its operations in the Benelux region.

The purchase price, the fair values of the acquired assets and liabilities used provisionally within the scope of TFRS 3 are summarized in the table below:

	January 2, 2023 ^(*)
Cash and cash equivalents	623,654
Trade receivables	339,541
Inventories	583,123
Other current asset	5,871
Property, plant and equipment (Note 13)	66,378
Intangible Assets (Note 14) ^(**)	655,838
Deferred tax liability (Note 31)	(166,661)
Trade and other payables	(410,487)
Other liabilities	(136,370)
Total value of identifiable net assets (100%)	1,560,887
Goodwill (Note 15)	345,152
Total consideration ^(*)	1,906,039

^(*) The purchase price as of January 2, 2023, fair value of acquired assets and liabilities are expressed in terms of purchasing power as of December 31, 2023.

^(**) The fair value of intangible fixed assets (customer relationships of Beko Belgium N.V. and Beko Netherlands B.V.) determined under IFRS 3 is EUR 21,250, with a useful life of 23 years.

As of December 31, 2023, the sum of costs associated with the acquisition included in the general administrative expenses in the Arçelik Group's consolidated profit or loss statement is TRY 468.

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NOTE 3 - BUSINESS COMBINATION (Continued)

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The details of cash outflow due to acquisition are as follows:

Total consideration in cash	1,906,039
Cash and cash equivalents - acquired	(623,654)
Cash outflow due to acquisition of subsidiary (net)	1,282,385

NOTE 4 - SEGMENT REPORTING

The reportable segments of Arçelik have been organized by management into white goods and consumer electronics. White goods reportable segment comprises washing machines, dryers, dish washers, refrigerators, ovens, cookers and the services provided for these products. The consumer goods reportable segment comprises televisions primarily with flat screens, computers, cash registers, other electronic devices and the services provided to consumers for these products. Other segment comprises the revenues from air conditioners, home appliances and furniture and kitchen gadgets except products included in white goods and consumer electronics.

Arçelik's reportable segments are strategic business units that present various products and services. Each of these segments is administrated separately due to the necessity of different technologies and marketing strategies.

Information about the operational segments is as follows. Gross profitability is evaluated regarding the performance of the operational segments.

a) Operational segments which have been prepared in accordance with the reportable segments for the year ended December 31, 2023 are as follows:

	White goods	Consumer electronics	Other	Total
Net sales (*)	197,173,470	18,924,272	41,005,997	257,103,739
Gross profit	60,830,750	2,573,856	11,973,387	75,377,993
Depreciation and amortization	8,001,659	438,589	341,097	8,781,345
Capital expenditures	12,618,542	954,280	284,626	13,857,448

(*) The Group recognised net sales amounting to TRY 256,818,825 with respect to the performance obligations satisfied at a point in time for the year ended December 31, 2023 (2022: TRY 256,926,718).

b) Operational segments which have been prepared in accordance with the reportable segments for the year ended December 31, 2022 are as follows:

	White goods	Consumer electronics	Other	Total
Net sales	202,651,671	17,473,272	37,047,087	257,172,030
Gross profit	55,151,329	3,086,782	10,432,407	68,670,518
Depreciation and amortization	7,483,008	353,125	260,989	8,097,122
Capital expenditures	9,825,262	637,951	243,221	10,706,434

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NOTE 5 - CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash in hand	22,424	4,472
Cash at banks		
- demand deposits	10,712,569	8,667,787
- time deposits	36,775,128	30,640,899
Cheques and notes	355,724	322,788
Other (*)	910,732	697,183
Cash and cash equivalents in cash flow statement	48,776,577	40,333,129
Interest income accruals	15,201	84,381
	48,791,778	40,417,510

(*) As of December 31, 2023, TRY 851,930 consists of credit card receivables with a maturity of less than 3 months (December 31, 2022: TRY 570,674).

The maturity breakdown of cash and cash equivalents is as follows:

Up to 30 days	47,732,736	40,052,388
30-90 days	1,059,042	365,122
	48,791,778	40,417,510

NOTE 6 - FINANCIAL INVESTMENTS

Fair value gain/losses of financial assets reflected to other comprehensive income

	December 31, 2023	December 31, 2022
Financial assets that its fair value gain/losses of reflected to other comprehensive income	141,740	144,804
Total	141,740	144,804

	December 31, 2023	December 31, 2022
Ultra Kablolu	77,931	77,931
Hoxton Ventures III	20,039	11,157
Tat Gıda Sanayi A.Ş.	15,646	27,581
500 Startups Istanbul Fund II Cooperatif	15,206	12,381
E&E Recycling, INC	7,550	9,595
Thai Refrigeration Components Co., Ltd.	4,511	4,686
Other	857	1,473
	141,740	144,804

The details of financial investments for the years ended December 31, are as follows:

	2023	2022
As of January 1	144,804	112,294
Change in fair value	(14,889)	15,505
Additions	11,730	24,673
Disposal	-	(4,678)
Currency translation differences	(747)	(3,500)
Inflation effect	842	510
As of December 31	141,740	144,804

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NOTE 7 - BORROWINGS

a) Short-term borrowings

	December 31, 2023	December 31, 2022
Short-term bank borrowings	39,263,656	29,368,943
Short-term lease liabilities	948,457	988,055
Payables due to factoring activities	696,342	919,105
Other short-term borrowings (*)	10,578,631	-
Total short-term borrowings	51,487,086	31,276,103
Short-term portion of long-term bank borrowings and interest accruals	4,750,671	5,909,018
Short term portion of long-term bond issued and interest accruals	1,210,632	20,863,306
Total short-term portion of long-term borrowings	5,961,303	26,772,324

(*) Other short-term borrowings include financial liabilities arising from credit card use.

As of December 31, 2023, the details of short-term bank borrowings and credit cards borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original Currency	TRY Equivalent
EUR	6.1	879,714,494	28,655,732
TRY	40.1	10,442,233,226	10,442,233
BDT	9.3	8,290,029,471	2,225,624
USD	8.6	66,381,706	1,954,158
PLN	7.3	200,344,769	1,506,332
PKR	23.2	14,095,040,024	1,480,684
RUB	18.2	2,162,570,308	705,236
SEK	5.2	225,086,040	659,480
GBP	7.1	16,617,394	622,183
AUD	6.1	30,321,067	607,067
THB	5.5	326,982,692	280,930
MYR	6.0	31,999,012	205,191
IDR	9.5	91,260,500,000	174,308
NOK	6.1	48,905,999	141,138
CZK	8.5	77,724,132	102,627
RON	8.7	10,100,000	65,764
CNY	4.7	3,300,036	13,600
			49,842,287

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NOTE 7 - BORROWINGS (Continued)

a) Short-term borrowings (Continued)

As of December 31, 2022, the details of short-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original Currency	TRY Equivalent (*)
TRY	24.6	5,948,020,888	9,800,728
EUR	1.9	248,101,405	8,149,466
PKR	15.9	25,765,554,639	3,482,131
BDT	7.0	5,901,248,081	1,764,260
USD	7.6	53,958,144	1,662,437
ZAR	5.8	593,432,601	1,080,584
PLN	7.8	137,817,324	968,316
RON	7.1	141,366,026	933,177
AUD	3.3	28,653,869	598,058
SEK	1.0	95,095,746	279,491
MYR	6.0	31,969,892	223,806
IDR	8.4	90,872,000,000	179,679
THB	3.9	185,479,029	165,572
NOK	7.1	26,085,996	81,238
			29,368,943

(*) Amounts are presented in Turkish Liras ("TRY") as of December 31, 2023, with a purchasing power of one thousand TRY based on the 2023 Turkish Statistical Institute Consumer Price Index (CPI).

As of December 31, 2023, the details of payables due to factoring activities are as follows:

Currency	Effective interest rate per annum (%)	Original Currency	TRY Equivalent
EUR	5.1	5,406,677	176,117
PLN	6.8	44,915,601	178,928
GBP	6.2	4,778,851	337,707
RUB	14.5	2,482,398	2,781
CHF	7.0	79,532	809
			696,342

As of December 31, 2022, the details of payables due to factoring activities are as follows:

Currency	Effective interest rate per annum (%)	Original Currency	TRY Equivalent (*)
EUR	2.8	19,796,253	650,253
GBP	5.2	7,140,483	264,599
RUB	13.9	9,946,173	4,253
			919,105

(*) Amounts expressed in thousands of TRY in terms of purchasing power of the TRY at December 31, 2023.

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NOTE 7 - BORROWINGS (Continued)**b) Long-term borrowings**

	December 31, 2023	December 31, 2022
Long-term bonds issued (**)	26,053,714	12,560,121
Long-term bank borrowings	15,544,808	11,357,973
Long-term lease liabilities	2,862,632	2,791,256
	44,461,154	26,709,350

() Long term bond issued:****2023:**

The Company issued bond amounting to USD 400 million quoted on September 25, 2023 and USD 100 million quoted on November 17, 2023 in Euronext Dublin Stock Exchange with semi-annually interest payment. Maturity of the bonds is September 25, 2028, and the coupon rate is 8.5%.

2022:

The Company issued bond amounting to TRY 650 million quoted in Borsa Istanbul with quarterly interest payment on April 13, 2022, Maturity of the bond is April 5, 2024 and coupon rate is GDDS+130.

2021:

The company issued green bond amounting to EUR 350 million, quoted in Ireland Stock Exchange with annual interest payment on May 27, 2021. Maturity of the bond is May 27, 2026 and coupon rate is 3%, The Group has a commitment to finance its projects within the scope of the Green Financing Framework, which it has created based on its sustainability strategy, with the funds obtained from the green bond issuance.

As of December 31, 2023, the details of the long-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original Currency	TRY Equivalent
EUR	4.8	441,113,604	14,368,790
ZAR	9.5	1,446,082,054	2,308,670
USD	9.2	50,928,713	1,499,250
PKR	22.6	7,991,914,521	839,551
RON	7.4	77,703,397	505,950
GBP	7.5	10,000,000	374,417
TRY	39.8	312,972,830	312,973
RUB	18.0	263,340,822	85,878
			20,295,479
Short-term portion of long-term loans and interest accruals			(4,750,671)
			15,544,808

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NOTE 7 - BORROWINGS (Continued)

b) Long-term borrowings (Continued)

As of December 31, 2022, the details of the long-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original Currency	TRY Equivalent (*)
EUR	2.9	323,919,728	10,639,893
TRY	18.2	2,490,034,647	4,102,903
PKR	16.3	11,940,656,909	1,613,742
ZAR	7.2	500,000,000	910,453
			17,266,991
Short-term portion of long-term loans and interest accruals			(5,909,018)
			11,357,973

As of December 31, 2023, detail of discounted amounts of long-term bonds issued is given below:

Currency	Effective interest rate per annum (%)	Original currency	TRY equivalent
USD	8.5	508,493,573	14,969,136
EUR	3.0	356,202,655	11,602,910
TRY	28.3	692,300,000	692,300
			27,264,346
Short-term portion of long-term bonds issued and interest accruals			(1,210,632)
			26,053,714

(*) Amounts expressed in thousands of TRY in terms of purchasing power of the TRY at 31 December 2023.

As of December 31, 2022, detail of discounted amounts of long-term bonds issued is given below:

Currency	Effective interest rate per annum (%)	Original currency	TRY Equivalent (*)
USD	5.0	506,092,769	15,591,562
EUR	3.0	356,072,767	11,696,035
TRY	22.6	3,723,809,706	6,135,830
			33,423,427
Interest accruals of long-term bonds issued			(246,604)
			33,176,823

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NOTE 7 - BORROWINGS (Continued)

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b) Long-term borrowings (Continued)

The payment schedule of the principal amounts of long-term bank borrowings and bonds is as follows:

	December 31, 2023	December 31, 2022
2024	-	2,361,412
2025	3,330,210	1,648,723
2026	14,542,890	13,430,453
2027 to 2031	23,725,422	6,477,506
	41,598,522	23,918,094

The analysis of borrowings and bonds issued in terms of periods remaining to contractual re-pricing dates is as follows:

	December 31, 2023	December 31, 2022
Up to 3 months	37,548,855	28,271,026
3 - 12 months	16,811,370	26,781,370
1-5 years	38,065,596	17,769,701
Over 5 years	3,427,359	4,990,968
	95,853,180	77,813,065

As of December 31, 2023, and 2022, financial debt reconciliation is as follows:

	Lease Liabilities	Borrowings and bonds issued due within 1 year	Borrowings and bonds issued due after 1 year	Total
2023				
Financial debt as of January 1	(3,779,311)	(57,060,372)	(23,918,094)	(84,757,777)
Cash flows	1,932,877	(2,928,708)	(36,229,324)	(37,225,155)
Transfer	-	(13,957,154)	13,957,154	-
Changes in interest accruals	(328,078)	699,892	-	371,814
Changes in factoring liabilities	-	222,763	-	222,763
Changes in lease liabilities	(1,771,886)	-	-	(1,771,886)
Currency translation adjustments	1,336	(12,038,800)	(8,458,736)	(20,496,200)
Inflation adjustments	133,973	28,562,447	13,050,478	41,746,898
Financial debt as of December 31	(3,811,089)	(56,499,932)	(41,598,522)	(101,909,543)
2022				
Financial debt as of January 1	(3,883,217)	(34,412,786)	(49,887,616)	(88,183,619)
Cash flows	1,607,394	(11,710,817)	(12,127,240)	(22,230,663)
Transfer	-	(26,426,757)	26,426,757	-
Changes in interest accruals	(254,492)	(894,420)	-	(1,148,912)
Changes in factoring liabilities	-	(239,684)	-	(239,684)
Changes in lease liabilities	(1,559,824)	-	-	(1,559,824)
Currency translation adjustments	3,847	(3,953,003)	(6,486,857)	(10,436,013)
Inflation adjustments	306,981	20,577,095	18,156,862	39,040,938
Financial debt as of December 31	(3,779,311)	(57,060,372)	(23,918,094)	(84,757,777)

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NOTE 8 - DERIVATIVE INSTRUMENTS

Valuation of outstanding derivative instruments which were transacted by the Group for foreign exchange risk management purposes are made through marketing to market value at the date of valuation and the fair value of these instruments are disclosed as asset or liability in the statement of financial position.

	December 31, 2023			December 31, 2022		
	Contract amount	Fair value assets / (liabilities)		Contract amount	Fair value assets / (liabilities)	
Short-term derivative instruments						
Held for trading:						
Foreign currency forward transactions	50,168,708	364,857	(91,301)	33,764,930	283,658	(189,457)
Foreign currency swap contracts	22,828,526	88,482	(37,170)	24,202,346	98,686	(93,042)
Cash flow hedge:						
Interest rate swap contracts ^(*)		-	-	494,319	-	(13,585)
Short-term derivative instruments, net		453,339	(128,471)	-	382,344	(296,084)
Long-term derivative instruments						
Cash flow hedge:						
Interest rate swap contracts ^(**)	23,969,664	-	(777,409)	-	-	-
Long-term derivative instruments, net		-	(777,409)	-	-	-

^(*) As of December 31, 2022, the interest rate swap transaction is a swap transaction involving the exchange of variable interest rate installment payments of a short-term (as of December 31, 2022: short-term) Turkish lira-denominated bond with fixed interest rate installment payments for the purpose of hedging against cash flow risk. The bond has a nominal value of 300 million Turkish lira as of the issuance date of April 29, 2021, and a value of 494,319 Turkish lira based on purchasing power as of December 31, 2023, and its maturity is on April 27, 2023.

^(**) The currency swap transaction is a swap transaction involving the exchange of a 400 million US dollar-denominated bond issued abroad on September 25, 2023, with a maturity date of September 25, 2028, for an Euro-denominated bond for the purpose of hedging against currency risk.

The Group converted its USD 400 million nominal value bond issue into EUR through a foreign currency swap transaction. The foreign currency swap transaction is used as a hedging tool against parity risk exposure due to highly probable estimated EUR-based sales revenues and cash flow hedge accounting is applied. Accordingly, the amount of the related bond liability as of December 31, 2023 is TRY 11,775,280. The after-tax impact recorded in the "gains/(losses) from cash flow hedges" account in the other comprehensive income statement for the period ended December 31, 2023 related to this transaction is TRY 602,671.

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES

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	December 31, 2023	December 31, 2022
Short-term trade receivables:		
Trade receivables	63,884,034	53,959,836
Notes receivables	2,879,723	2,289,628
Cheques receivables	1,197,368	1,290,873
Short-term trade receivables (gross)	67,961,125	57,540,337
Provision for expected credit loss	(756,245)	(1,255,745)
Unearned credit finance income	(1,260,163)	(1,028,628)
Short-term trade receivables (net)	65,944,717	55,255,964

As of December 31, 2023, the Group has offsetted TRY 6,528,847 (December 31, 2022: TRY 9,503,135) from trade receivables that are collected from factoring companies as part of the non-recourse factoring.

In line with the general financial market convention in Pakistan, Dawlance has hypothecation on its trade receivables amounting to TRY 361,627 related with its local bank borrowings (December 31, 2022: TRY 1,005,303).

The movements of expected credit loss for the years ended December 31, are as follows:

	2023	2022
As of January, 1	1,255,745	1,190,133
Current year additions (Note 27)	207,460	118,901
Provisions no longer required (Note 27)	(33,757)	(36,435)
Acquisitions	3,561	503,100
Write-offs (*)	(484,980)	(88,874)
Currency translation differences	(97,574)	(338,037)
Inflation adjustments	(94,210)	(93,043)
As of December, 31	756,245	1,255,745

(*) Doubtful receivables, for which no possibility of collection is foreseen, and no further cash inflow are expected, are written off from the records along with the related provisions.

	December 31, 2023	December 31, 2022
Long-term trade receivables		
Trade receivables	59,202	138,776
Unearned credit finance income	(25,080)	(68,933)
	34,122	69,843
	December 31, 2023	December 31, 2022
Short-term trade payables:		
Trade payables	46,468,524	43,122,413
Debt accruals	3,439,361	3,961,977
Unearned credit finance charges	(929,344)	(642,937)
	48,978,541	46,441,453

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NOTE 10 - OTHER PAYABLES

	December 31, 2023	December 31, 2022
Taxes and duties payable	3,514,953	2,388,396
Dividend payables to shareholders	35,681	5,280
Deposits and guarantees received	34,961	41,491
Other	415,447	458,742
	4,001,042	2,893,909

NOTE 11 - INVENTORIES

	December 31, 2023	December 31, 2022
Raw materials and supplies	19,183,179	21,506,351
Work in progress	1,577,797	1,658,767
Finished goods	26,290,306	20,611,840
Trade goods	1,036,824	7,730,051
Inventories (gross)	48,088,106	51,507,009
Provision for impairment on inventories	(639,425)	(636,526)
Inventories (net)	47,448,681	50,870,483

In line with the general financial market convention in Pakistan, Dawlance has hypothecation on its inventories amounting to TRY 397,743 related with its local bank borrowings (December 31, 2022: TRY 756,484).

Allocation of the provision for impairment on inventories in terms of inventory type is as follows:

	December 31, 2023	December 31, 2022
Raw materials and supplies	(260,023)	(213,230)
Finished goods	(265,259)	(309,288)
Trade goods	(114,143)	(114,008)
	(639,425)	(636,526)

Movements of provision for impairment on inventories for the periods ended December 31 are as follows:

	2023	2022
As of January 1	636,526	778,710
Current year additions (Note 26)	365,439	171,268
Realized due to sales of inventory (Note 26)	(228,894)	(83,962)
Acquisitions	-	(123,804)
Currency translation differences	(133,646)	(105,686)
As of December 31	639,425	636,526

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NOTE 12 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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		December 31, 2023		December 31, 2022	
	%	TRY	%	TRY	
VoltBek	49.0	202,016	49.0	756,376	
Koç Finansman	47.0	625,222	47.0	596,533	
Arçelik - LG	45.0	551,653	45.0	627,879	
Ram Dış Ticaret	33.5	77,226	33.5	69,148	
		1,456,117		2,049,936	

The movements of associates for the years ended December 31, are as follows:

	2023	2022
As of January 1	2,049,936	2,556,252
Shares of income/loss of associates	(481,421)	(740,177)
Shares of other comprehensive income/loss of associates	(22,865)	(42,393)
Gross profit elimination on inventory	21,404	7,104
Share participation in associates	-	522,335
Cash dividend from associates	(24,528)	(122,046)
Currency translation difference	(86,409)	(131,139)
As of December 31	1,456,117	2,049,936

Shares of income/loss from investments accounted for using the equity method:

	2023	2022
Koç Finansman	26,879	(94,130)
Arçelik - LG	(73,642)	(200,975)
Ram Dış Ticaret	33,292	23,092
VoltBek	(467,950)	(468,164)
	(481,421)	(740,177)

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NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

	January 1 2023	Additions	Disposals	Transfer (*)	Acquisition (**)	Currency Translation Differences	December 31 2023
Cost							
Land	2,455,837	60,734	(3,102)	-	-	(157,597)	2,355,872
Land improvements	703,329	11,533	(4,588)	24	-	(753)	709,545
Buildings	22,023,528	2,108,811	(1,662,400)	83,194	36,787	(1,293,079)	21,296,841
Machinery, equipment and moulds	63,975,097	2,245,146	(2,994,685)	1,493,696	8,259	(2,298,521)	62,428,992
Motor vehicles and fixtures	12,818,705	1,532,307	(845,052)	273,430	21,332	(331,181)	13,469,541
Leasehold improvements	1,101,644	95,968	(28,784)	(16,350)	-	(26,398)	1,126,080
Construction in progress	4,155,662	6,638,023	--	(1,923,345)	-	(248,543)	8,621,797
	107,233,802	12,692,522	(5,538,611)	(89,351)	66,378	(4,356,072)	110,008,668
Accumulated depreciation:							
Land improvements	(507,261)	(19,908)	3,887	-	-	157	(523,125)
Buildings	(8,366,974)	(1,721,656)	1,246,168	-	-	381,521	(8,460,941)
Machinery, equipment and moulds	(44,752,040)	(3,676,966)	2,705,904	-	-	1,513,278	(44,209,824)
Motor vehicles and fixtures	(8,477,159)	(1,303,919)	578,576	-	-	209,975	(8,992,527)
Leasehold improvements	(806,897)	(51,284)	26,004	-	-	17,101	(815,076)
	(62,910,331)	(6,773,733)	4,560,539	-	-	2,122,032	(63,001,493)
Net book value	44,323,471	5,918,789	(978,072)	(89,351)	66,378	(2,234,040)	47,007,175

(*) Consists of transfers amounting to TRY 89,351 from property, plant and equipment to other intangible assets (Note 14).

(**) Due to acquisition of Asogem N.V. and Asogem Nederland B.V. realized at January 2, 2023 (Note 3).

Total amortization expenses activated in 2023 amounted to TRY 66,289 (2022: TRY 34,302).

There is no mortgage on property, plant and equipment as of December 31, 2023 (December 31, 2022: None).

As of December 31, 2023 and December 31, 2022 the details of right-of-use assets recognized in the consolidated financial statements are as follows:

	December 31, 2023	December 31, 2022
Land improvements	11,988	11,701
Buildings	3,579,750	3,818,807
Machinery, equipments and moulds	116,941	102,166
Motor vehicles	421,975	510,133
Total right-of-use	4,130,654	4,442,807

Additions to rights-to-use assets for the year ended December 31, 2023 TRY 2,326,987 (2022: 2,862,140), depreciation expenses are TRY 1,744,744 (2022: TRY 1,482,694).

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NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	January 1 2022	Additions	Disposals	Transfer (*)	Acquisition (**)	Currency Translation Differences	December 31 2022
Cost							
Land	2,379,168	234,635	(26,655)	-	73,700	(205,011)	2,455,837
Land improvements	702,167	4,877	(1,887)	5,009	-	(6,837)	703,329
Buildings	21,045,114	2,541,471	(1,245,322)	401,151	1,402,185	(2,121,071)	22,023,528
Machinery, equipment and moulds	63,241,011	1,596,478	(3,354,043)	3,286,465	1,504,042	(2,298,856)	63,975,097
Motor vehicles and fixtures	12,335,543	1,400,112	(678,049)	199,881	68,064	(506,846)	12,818,705
Leasehold improvements	1,110,919	110,355	(30,959)	2,355	13,638	(104,664)	1,101,644
Construction in progress	2,780,746	6,155,718	(187,517)	(4,000,190)	20,948	(614,043)	4,155,662
	103,594,668	12,043,646	(5,524,432)	(105,329)	3,082,577	(5,857,328)	107,233,802
Accumulated depreciation:							
Land improvements	(498,626)	(10,264)	570	-	-	1,059	(507,261)
Buildings	(8,288,437)	(1,403,808)	973,473	23,340	-	328,458	(8,366,974)
Machinery, equipment and moulds	(44,185,621)	(3,492,092)	2,654,296	423	-	270,954	(44,752,040)
Motor vehicles and fixtures	(7,879,924)	(1,266,197)	500,738	64,573	-	103,651	(8,477,159)
Leasehold improvements	(828,816)	(41,947)	12,564	(921)	-	52,223	(806,897)
	(61,681,424)	(6,214,308)	4,141,641	87,415	-	756,345	(62,910,331)
Net book value	41,913,244	5,829,338	(1,382,791)	(17,914)	3,082,577	(5,100,983)	44,323,471

(*) Consists of transfers amounting to TRY 17,914 from property, plant and equipment to other intangible assets (Note 14).

(**) Due to acquisition of IHP Appliances JSC and IHP Appliances Sales LLC completed at August 31, 2022.

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NOTE 14 - OTHER INTANGIBLE ASSETS

	January 1 2023	Additions	Disposals	Transfer ^(*)	Acquisition ^(**)	Currency Translation Differences	December 31, 2023
Cost:							
Brands	6,863,623	-	-	-	-	(419,178)	6,444,445
Development costs	14,197,554	3,022,689	(399,446)	84,564	-	(6,235)	16,899,126
Computer software and rights	5,157,937	465,091	(101,852)	4,787	1,356	(78,942)	5,448,377
Trademark licenses and patents	391,283	4,133	(1,988)	-	-	(105,926)	287,502
Customer relationships	6,770,755	-	-	-	654,482	(595,557)	6,829,680
	33,381,152	3,491,913	(503,286)	89,351	655,838	(1,205,838)	35,909,130
Accumulated depreciation:							
Development costs	(9,649,453)	(988,308)	8,015	-	-	321	(10,629,425)
Computer software and rights	(3,143,682)	(356,413)	97,956	-	-	18,456	(3,383,683)
Trademark licenses and patents	(95,397)	(29,459)	1,828	-	-	9,167	(113,861)
Customer relationships	(1,397,258)	(633,432)	-	-	-	147,931	(1,882,759)
	(14,285,790)	(2,007,612)	107,799	-	-	175,875	(16,009,728)
Net book value	19,095,362	1,484,301	(395,487)	89,351	655,838	(1,029,963)	19,899,402

(*) Consists of transfers amounting to TRY 89,351 from property, plant and equipment to other intangible assets (Note 13).

(**) Due to acquisition of Asogem N.V. and Asogem Nederland B.V. realized at January 2, 2023 (Note 3).

As of December 31, 2023, total amount of capitalized borrowing cost is TRY 413 (December 31, 2022: TRY 24,465).

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NOTE 14 - OTHER INTANGIBLE ASSETS (Continued)

	January 1 2022	Additions	Disposals	Transfer ^(*)	Currency Translation Differences	December 31, 2022
Cost:						
Brands	8,028,209	-	-	-	(1,164,586)	6,863,623
Development costs	13,120,986	1,109,989	-	-	(33,421)	14,197,554
Computer software and rights	4,866,408	414,242	(9,086)	17,914	(131,541)	5,157,937
Trademark licenses and patents	508,450	697	(867)	-	(116,997)	391,283
Customer relationships	8,318,248	-	-	-	(1,547,493)	6,770,755
	34,842,301	1,524,928	(9,953)	17,914	(2,994,038)	33,381,152
Accumulated depreciation:						
Development costs	(8,740,894)	(909,799)	-	-	1,240	(9,649,453)
Computer software and rights	(2,979,696)	(251,875)	72,091	-	15,798	(3,143,682)
Trademark licenses and patents	(66,016)	(40,167)	-	-	10,786	(95,397)
Customer relationships	(999,292)	(680,973)	-	-	283,007	(1,397,258)
	(12,785,898)	(1,882,814)	72,091	-	310,831	(14,285,790)
Net book value	22,056,403	(357,886)	62,138	17,914	(2,683,207)	19,095,362

(*) Consists of transfers amounting to TRY 17,914 from property, plant and equipment to other intangible assets (Note 13).

The carrying values of the brands of the Group are as below:

	December 31, 2023	December 31, 2022
Grundig ^(*)	2,811,041	2,826,907
Defy ^(*)	1,614,224	1,815,937
Beko	1,120,401	1,120,401
Dawlance ^(*)	719,345	914,887
Other brands ^(*)	179,434	185,491
	6,444,445	6,863,623

(*) Values of brands in their original currencies are same and changes between current and comparative periods result from foreign currency translation.

Brands impairment test

Brands were tested for impairment using the royalty relief method as of December 31, 2023. Sales forecasts which are based on financial plans approved by the board of directors covering five-year period were considered in the determination of the brand value. Sales forecast beyond the five-year period is extrapolated between 3.0% and 7.2% expected growth rate. The estimated royalty income is calculated by applying the expected 2.0% - 3.0% royalty rate. The royalty income calculated with the aforementioned method has been discounted with 9.3% to 18.2% discount rates.

Fair value of brands is around 8.6 times of carrying value of these assets. If the estimated after-tax discount rate used for the calculation of discounted cash flows had been 1% higher than the management's estimate, fair value of brands would be 7.5 of carrying value of these asset. As a result of these sensitivity analysis, the Group did not identify any impairment.

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NOTE 15 - GOODWILL

	2023	2022
As of January 1	7,551,445	9,195,341
Acquisitions (Note 3)	345,152	-
Currency translation differences	(627,295)	(1,643,896)
As of December 31	7,269,302	7,551,445

Details of goodwill are as follows:

	December 31, 2023	December 31, 2022
Hitachi	4,011,797	4,198,709
Defy	1,297,531	1,479,913
Singer	1,018,620	1,134,320
Dawlance	546,436	702,989
Asogem	359,570	-
Other	35,348	35,514
	7,269,302	7,551,445

Goodwill impairment test

Goodwill is subject to impairment test every year. The recoverable amounts of cash generating units are determined on value in use basis.

Value in use is determined by discounting the expected future cash flows to be generated by the cash-generating unit. The below key assumptions are used in the calculation of the value in use as of December 31, 2023.

The projection period for the purposes of goodwill impairment testing is approved by the management as 5 years between January 1, 2024 and December 31, 2028.

Cash flows for further periods (perpetuity) were extrapolated using a constant growth rate of 1.0% - 7.2% which does not exceed the estimated average growth rate of economy of the country.

Weighted average cost of capital rate of 13.4% - 18.2% is used as after-tax discount rate in order to calculate the recoverable amount of the unit.

The post-tax rate was adjusted considering the tax cash outflows and other future tax cash flows and differences between the cost of the assets and their tax bases.

Defy Group operations as a cash generating unit and sensitivity to the changes in assumptions in impairment test

Recoverable value of cash generating unit is 30.1% above of goodwill included book value of related cash generating unit. In the calculation of the present value of future cash flows, estimations on earnings before interest tax depreciation amortization ("EBITDA"), long term growth rate and discount rates are taken into account.

EBITDA growth expectations

In original assumption, five-year compound average growth rate of EBITDA is 16.0%. Had the compound average growth rate been assumed to be 15.0%, the recoverable amount would have been calculated as 5.9% above the goodwill included book value of cash generating unit and resulting no impairment provision.

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NOTE 15 - GOODWILL (Continued)

Long term growth rate

Originally, the long-term growth rate is assumed to be 7.2%. Had the rate been assumed to be 6.2%, the recoverable amount would have been 36.8% above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for.

Discount rate

Originally, the discount rate is assumed to be 15.6%. Had the rate been assumed to be 16.6%, the recoverable amount would have been 18.4% above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for.

Dawlance Group operations as a cash generating unit and sensitivity to the changes in assumptions in impairment test

Recoverable value of cash generating unit is 122.1% above of goodwill included book value of related cash generating unit. In the calculation of the present value of future cash flows, estimations on earnings before interest tax depreciation amortization ("EBITDA"), long term growth rate and discount rates are taken into account.

EBITDA growth expectations

In original assumption, five-year compound average growth rate of EBITDA is 18.4%. Had the compound average growth rate been assumed to be 17.4%, the recoverable amount would have been calculated as 100.8% above the goodwill included book value of cash generating unit and resulting no impairment provision.

Long term growth rate

Originally, the long-term growth rate is assumed to be 4.5%. Had the rate been assumed to be 3.5%, the recoverable amount would have been 110.5% above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for.

Discount rate

Originally, the discount rate is assumed to be 18.28%. Had the rate been assumed to be 19.28%, the recoverable amount would have been 101.6% above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for.

Hitachi Group operations as a cash generating unit and sensitivity to the changes in assumptions in impairment test

Recoverable value of cash generating unit is 69.6% above of goodwill included book value of related cash generating unit. In the calculation of the present value of future cash flows, estimations on earnings before interest tax depreciation amortization ("EBITDA"), long term growth rate and discount rates are taken into account.

EBITDA growth expectations

In original assumption, five-year compound average growth rate of EBITDA is 6.7%. Had the compound average growth rate been assumed to be 5.7%, the recoverable amount would have been calculated as 62.0% above the goodwill included book value of cash generating unit and resulting no impairment provision.

Long term growth rate

Originally, the long-term growth rate is assumed to be 1%. Had the rate been assumed to be 0%, the recoverable amount would have been 64.8% above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for.

Discount rate

Originally, the discount rate is assumed to be 13.4%. Had the rate been assumed to be 14.4%, the recoverable amount would have been 60.3% above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for.

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NOTE 15 - GOODWILL (Continued)

Singer Group operations as a cash generating unit in impairment test

The Group used the market value calculated over Singer's share price traded on the Bangladesh Stock Exchange as of December 31, 2023, in order to test the impairment of the goodwill generated during the acquisition of Singer, its public affiliate. As of December 31, 2023, the market value of the company is 52.1% above the total of goodwill and book value and no provision for impairment is required. In case the value of the mentioned shares decreases by 20%, the market value of the company remains 21.7% above the total of goodwill and book value and no provision for impairment is required.

NOTE 16 - GOVERNMENT GRANTS

There are investment incentive certificates to which the Company has been entitled by the official authorities in connection with certain capital expenditures. The grants obtained by the Company in nature are as follows:

- 100% exemption from customs duty on machinery and equipment to be imported,
- Value-added tax exemption with respect to purchases of investment goods both from domestic and export markets,
- Incentives under the jurisdiction of the research and development law (100% corporate tax exemption, Social Security Institution incentives, etc.),
- Inward processing permission certificates,
- Cash refund from Tübitak - Teydeb for research and development expenses,
- Taxes and funds exemptions for R&D centres which are regulated under research and development law.
- Discounted corporate tax incentive,
- Insurance premium employer share incentive,
- Brand support incentive (known as "Turquality") given by Republic of Turkey Ministry of Trade.
- Grant has been received from the United Nations Industrial Development Organization (UNIDO) and from the Department of Trade and Industry of Romania and Republic of South Africa for the purchase of certain items of plant and equipment.

Grants which are accounted for under other income from operating activities for year ended December 31, 2023 are as follows:

- Research and development incentive premiums taken or certain to be taken amounts to TRY 52,830 (December 31, 2022 TRY 37,800).
- Brand support incentive (known as "Turquality") received from Republic of Turkey Ministry of Trade amounts to TRY 48,819 (December 31, 2022: TRY 25,682).

NOTE 17 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As of December 31, 2023, export commitments from Turkey under the scope of inward processing authorization certificates as export incentives amounts to full USD 339,837,400 (December 31, 2022: USD 655,710,199). In case that the related tax advantages are not utilized, it is possible to close of the certificates including export commitments without any sanctions.

	December 31, 2023	December 31, 2022
Collaterals obtained	25,752,462	26,652,514

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NOTE 17 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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Collaterals/pledges/mortgages/bill of guarantees ("CPMB") position of the Group as of December 31, 2023 and December 31, 2022 are as follows:

	December 31, 2023	December 31, 2022
CPMB's given by the Company		
A. CPMB's given for Company's own legal personality	4,890,896	3,851,927
B. CPMB's given on behalf of fully consolidated companies	9,755,320	9,081,798
C. CPMB's given on behalf of third parties for ordinary course of business	-	-
D. Total amount of other CPMB's	-	-
i) Total amount of CPMB's given on behalf of the majority shareholder	-	-
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-
Total	14,646,216	12,933,725

TRY equivalents of CPMB given as of December 31, 2023 and December 31, 2022 are as follows on original currency basis are as follows:

	December 31, 2023	December 31, 2022
CPMB's given by the Company		
TRY	597,998	726,125
EUR	3,184,110	3,288,131
USD	6,615,893	4,136,277
Other currencies	4,248,215	4,783,192
	14,646,216	12,933,725

NOTE 18 - OTHER PROVISIONS

	December 31, 2023	December 31, 2022
Other short-term provisions		
Warranty provision	2,528,102	2,739,724
Assembly provision	1,200,288	1,105,794
Provision for transportation cost	1,129,957	1,059,728
Provision for lawsuit risks	93,154	76,798
Other	1,396,620	1,390,050
	6,348,121	6,372,094
Other long-term provisions		
Warranty provision	1,118,240	938,016
Other	128,732	3,359
	1,246,972	941,375

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NOTE 18 - OTHER PROVISIONS (Continued)

The movements of warranty and assembly provisions for the years ended December 31, are as follows:

Warranty provision	2023	2022
As of January 1	3,677,740	4,096,189
Additions (Note 26)	6,274,919	5,924,443
Disposals	(5,784,347)	(5,545,894)
Acquisitions	122,075	30,305
Currency translation differences	(110,623)	(513,942)
Inflation effect	(533,422)	(313,361)
As of December 31	3,646,342	3,677,740
Assembly provision	2023	2022
As of January 1	1,105,794	637,103
Additions (Note 26)	3,351,220	2,431,842
Disposals	(2,681,043)	(1,609,162)
Currency translation differences	23,782	(6,782)
Inflation effect	(599,465)	(347,207)
As of December 31	1,200,288	1,105,794

NOTE 19 - LONG TERM PROVISION FOR EMPLOYEE BENEFITS

	December 31, 2023	December 31, 2022
Provision for employment termination benefits	3,400,118	4,313,857
Provision for vacation pay liability (*)	196	2,803
	3,400,314	4,316,660

(*) As of December 31, 2022, vacation pay provisions in the amount of TRY 250,076 are shown in employee benefit obligation.

Under the Turkish Legislations, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of full TRY 23,489.83 as of December 31, 2023 (December 31, 2022: full TRY 15,371.40) for each period of service.

The provision for employee termination benefits is not funded, as there is no funding requirement.

In accordance with Turkish Labor Code, employment termination benefit is the present value of the total estimated provision for the liabilities of the personnel who may retire in the future, the provision made for present value of determined social relief is calculated by the prescribed liability method. All actuarial gains and losses are accounted in equity as other comprehensive income or loss.

TFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The Group makes a calculation for the employment termination benefit by applying the prescribed liability method, by the experiences and by considering the personnel who become eligible for pension, this provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel.

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NOTE 19 - LONG TERM PROVISION FOR EMPLOYEE BENEFITS (Continued)

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Accordingly, the following demographic and financial actuarial assumptions were used in the calculation of the total liability:

	2023	2022
Net discount rate (%)	2.90	0.55
Turnover rate related the probability of retirement (%)	95.33	95.37

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of full TRY 35,058.58 (January 1, 2023: full TRY 19,982.83) which is effective from January 1, 2024 has been taken into consideration in calculating the reserve for employment termination benefits of the Company.

Movements in the provisions for employment termination benefits for the years ended December 31, are as follows:

	2023	2022
As of January 1	4,313,857	2,525,980
Interest expense	146,182	85,802
Actuarial losses	899,700	2,212,405
Acquisition	740	-
Service cost	384,956	480,821
Payments during the year	(1,149,599)	(277,072)
Currency translation differences	(59,071)	(14,504)
Inflation effect	(1,136,647)	(699,575)
As of December 31	3,400,118	4,313,857

There are defined benefits having the attributes of employment termination benefits in the foreign subsidiaries of the company. The geographical distribution of provision for employment termination benefits is as follows:

Turkey	2,073,571	2,950,758
Non - Turkey	1,326,547	1,363,099
	3,400,118	4,313,857

NOTE 20 - PREPAID EXPENSES

	December 31, 2023	December 31, 2022
Short-term prepaid expenses	1,595,468	1,043,304
Advances given for inventories	795,686	667,673
	2,391,154	1,710,977
	December 31, 2023	December 31, 2022
Fixed asset advances given	2,328,208	1,008,666
Other	270,669	225,159
	2,598,877	1,233,825

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NOTE 21 - CURRENT INCOME TAX ASSETS

	December 31, 2023	December 31, 2022
Prepaid taxes and funds	1,726,284	1,169,021
	1,726,284	1,169,021

NOTE 22 - EMPLOYEE BENEFIT OBLIGATIONS

	December 31, 2023	December 31, 2022
Payables to personnel	2,778,681	1,759,859
Social security payables	1,108,928	457,396
Accruals for bonuses and premiums	368,312	482,254
	4,255,921	2,699,509

NOTE 23 - OTHER ASSETS AND LIABILITIES

	December 31, 2023	December 31, 2022
Other current assets:		
Value added tax and private consumption tax receivable	2,243,434	1,366,037
Taxes and funds deductible	607,256	675,570
Income accruals	200,160	361,871
Deposits and guarantees given	148,561	278,334
Other	463,447	425,015
	3,662,858	3,106,827

	December 31, 2023	December 31, 2022
Other current liabilities:		
Accruals for customer premiums	8,377,811	7,274,190
Advances received	1,676,518	1,311,722
Deferred income	570,431	361,733
Other	124,075	579,569
	10,748,835	9,527,214

	December 31, 2023	December 31, 2022
Other long-term liabilities:		
Liabilities related to acquisitions ^(*)	3,865,462	4,509,945
Deferred income	3,382,887	3,223,196
Other	251,196	423,359
	7,499,545	8,156,500

^(*) The purchase price determined within the scope of the acquisition of all shares of IHP Appliances JSC and IHP Appliances Sales LLC, dated August 31, 2022, reflects their fair value as of December 31, 2023 and 2022.

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NOTE 24 - EQUITY

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Paid-in capital

The Company adopted the registered share capital system available to companies registered to the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of kurus1, Registered and issued share capital of the Company is as follows:

	December 31, 2023	December 31, 2022
Limit on registered share capital	1,500,000	1,500,000
Issued share capital in nominal value	675,728	675,728

Companies in Turkey may exceed the limit on registered share capital in the event of the issuance of bonus shares to existing shareholders.

The shareholding structure of the Company is as follows:

	December 31, 2023		December 31, 2022	
	Share (%)	Amount	Share (%)	Amount
Shareholders				
Koç Holding A.Ş.	41.43	279,929	40.56	274,070
Temel Ticaret ve Yatırım A.Ş.	2.75	18,577	2.75	18,577
Koç Family Members	8.67	58,590	8.67	58,590
Total Koç Family members and companies owned by Koç Family members	52.85	357,096	51.98	351,237
Teknosan Büro Makine ve Levazımı Ticaret ve Sanayi A.Ş.	12.05	81,428	12.05	81,428
Burla Ticaret ve Yatırım A.Ş.	5.56	37,572	5.56	37,572
Koç Holding Emekli ve Yardım Sandığı Vakfı	4.27	28,863	5.14	34,722
Vehbi Koç Vakfı	0.12	809	0.12	809
Treasury shares (*)	10.19	68,876	10.19	68,876
Other	14.96	101,084	14.96	101,084
Paid-in capital	100.00	675,728	100.00	675,728
Adjustment to share capital (**)		15,633,510		15,633,510
Total share capital		16,309,238		16,309,238

(*) The above amount is related to the shares that buyback and are publicly listed the Group.

(**) "Adjustment to share capital" represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the TAS/TFRS promulgated by the POA. "Adjustment to share capital" has no use other than being transferred to paid-in share capital.

All shareholders of the Company have equal rights and there are no preference shares outstanding.

Treasury Shares

Pursuant to the decision of the Board of Directors of the Company on July 1, 2021, treasury share procedures have been initiated and pursuant to the decision of the Board of Directors of the Company on December 31, 2023 for Company to continue to the share buyback program. Within the scope of the decision, the shares with a nominal value of TRY 68,876, corresponding to 10.19% of the Company's capital, has been bought back at the amount of TRY 7,980,782 including transaction costs as of December 31, 2023 (December 31, 2022: TRY 7,980,782). As of the report date, there are no treasury shares that have been sold.

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NOTE 24 - EQUITY (Continued)

Restricted reserves

The Turkish Commercial Code ("TCC") stipulates that the legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. Other legal reserve is appropriated out of 10% of the distributable income after 5% dividend is paid to shareholders. Under the TCC, legal reserves can only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half of paid-in capital or issued capital.

The details of these restricted reserves are as follows:

	December 31, 2023	December 31, 2022
Legal reserves	4,628,772	5,018,186
Reserves for treasury shares	7,980,782	7,980,782
Other reserves	21,707	21,707

Dividend distribution

Listed companies distribute dividend in accordance with the Communiqué No, II-19.1 issued by the CMB which is effective from February 1, 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

At the ordinary general meeting held on March 16, 2023, the Company decided, in accordance with the Capital Markets legislation, the relevant article of the Company's Articles of Association regarding profit distribution, and the Company's Dividend Policy approved by the shareholders at the General Meeting held on March 27, 2014, to distribute a total of TRY 2.6 billion in cash dividends in a single payment and to set the dividend payment date as September 25, 2023. The total dividend payment, calculated on a purchasing power basis as of December 31, 2023, excluding treasury shares, is TRY 2,367,190. This amount represents an increase of 10.4% compared to TRY 2,145,678 calculated for 2022. In line with this decision, the dividend payment was made between September 25 and 27, 2023.

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NOTE 25 - SALES

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Sales revenue grouped geographically based on the location of the customers for the years ended December 31 are shown as below:

2023	Turkey	Europe	Asia Pasific	Africa	Other	Total
Total segment revenue	96,151,667	99,893,359	36,267,327	12,157,702	12,633,684	257,103,739
2022	Turkey	Europe	Asia Pasific	Africa	Other	Total
Total segment revenue	78,026,646	103,752,729	46,740,940	14,139,410	14,512,305	257,172,030

The Group recognised net sales amounting to TRY 256,818,825 with respect to the performance obligations satisfied at a point in time for the year ended December 31, 2023.

The amount of performance obligations at ongoing contracts of the Group will be recognized in the future is TRY 2,740,260 (December 31, 2022: TRY 2,377,062).

The movements of performance obligations for the years ended December 31 are as follows:

	2023	2022
As of January, 1	2,377,062	1,868,224
Recognized as revenue	(284,914)	(245,312)
Increases due to changes in measurements	648,112	754,150
As of December, 31	2,740,260	2,377,062

NOTE 26 - EXPENSES BY NATURE

Expenses by nature include cost of goods sold, marketing expenses, general administrative expenses and research and development expenses.

	2023	2022
Raw materials, supplies and trade goods	157,943,367	169,545,385
Changes in finished goods, work in process and trade goods	1,095,730	(1,381,581)
Personnel expenses	31,247,279	26,632,889
Transportation, distribution and storage expenses	13,575,831	16,618,600
Warranty and assembly expenses (Note 18)	9,626,139	8,356,285
Depreciation and amortization expenses	8,715,056	8,062,820
Advertising and promotion expenses	7,261,189	6,701,167
Legal consultancy and audit expenses	1,902,995	1,217,519
Insurance expenses	1,124,190	930,382
Provison for impairment on inventories (Note 11)	136,545	87,306
Other	12,859,524	12,243,790
	245,487,845	249,014,562

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NOTE 26 - EXPENSES BY NATURE (Continued)

The functional breakdowns of depreciation, amortisation and personnel expenses are as follows:

Depreciation and amortisation expenses	2023	2022
Cost of sales	3,961,484	3,725,774
Marketing expenses	2,679,988	2,301,474
General administrative expenses	915,970	967,789
Research and development expenses	1,157,614	1,067,783
	8,715,056	8,062,820

Total depreciation charges capitalised in 2023 is TRY 66,289 (2022: TRY 34,302).

Personnel expenses	2023	2022
Cost of sales	14,755,086	12,394,903
Marketing expenses	8,391,805	7,491,525
General administrative expenses	7,570,346	6,253,540
Research and development expenses	530,042	492,921
	31,247,279	26,632,889

Total research and development expenditures incurred in 2023 excluding amortization amounts to TRY 3,434,464 (2022: TRY 2,796,771).

Fees for Services Received from Independent Auditor/Independent Audit Firms

The Group's explanation regarding the fees for the services received from the independent audit firms, calculated based on purchasing power parity as of December 31, 2023, which is based on the letter of POA dated August 19, 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on March 30, 2021, are as follows:

	2023^(*)	2022^(*)
Audit and assurance fee	53,475	58,138
Tax consulting fee	55,215	8,717
Other assurance services fee	14,714	2,940
Other service fee apart from audit	1,137	2
	124,541	69,797

^(*) The fees above have been determined through including the legal audit and other related service fees of all subsidiaries and joint ventures, and the foreign currency fees of foreign subsidiaries and affiliates have been converted into TRY using the annual average rates of the relevant years.

NOTE 27 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	2023	2022
Other income from operating activities:		
Foreign exchange gains arising from trading activities	12,767,902	11,266,680
Income from claims and grants	372,801	231,209
Credit finance income arising from trading activities	215,732	137,624
Expected credit loss provisions no longer required (Note 9)	33,757	36,435
Other ^(*)	46,901	138,020
	13,437,093	11,809,968

^(*) As of 2022, the amount is related to the recognition as income of dividend debts of TRY 100,299 of which the Group's subsidiary Arctic has distributed in previous years, which have not been collected for more than three and a half years and for which the partner has no legal right to claim the dividend.

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NOTE 27 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES (Continued)

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	2023	2022
Other expenses from operating activities:		
Foreign exchange losses arising from trading activities	11,792,746	8,710,153
Credit finance charges arising from trading activities	2,446,520	1,655,690
Provision for expected credit lose (Note 9)	207,460	118,901
Other (**)	448,604	81,260
	14,895,330	10,566,004

(**) It includes the administrative fine notified to Arçelik Pazarlama A.Ş., one of the Group's Subsidiaries, by the Competition Authority (TRY 315 million with early payment discount).

NOTE 28 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	2023	2022
Income from investment activities:		
Income from sales of property plant and equipment	50,530	45,693
Gain from a bargain purchase (*)	-	2,676,924
Gain from changes in contingent liability (**)	-	59,169
Dividends received from financial investments	302	768
	50,832	2,782,554
Expenses from investment activities:		
Loss from sales of property plant and equipment	(102,507)	(173,463)
	(102,507)	(173,463)

(*) The relevant amount is related to the acquisition of IHP Appliances JSC and IHP Appliances Sales LLC shares on August 31, 2022.

(**) On December 31, 2021, the Group paid and fulfilled the conditional payment amount calculated based on its best estimates as of that date, in accordance with the agreement between the Group and Whirlpool Global, for the VAT receivables in the closing balance sheet of Arçelik Üretim ve Teknoloji A.Ş. (formerly Whirlpool Beyaz Eşya Sanayi ve Ticaret Anonim Şirketi), which was acquired by the Group on June 30, 2021, due to be collected or offset by 2023. The difference of TRY 59,169 was recognized in the consolidated financial statements as "income from change in conditional liabilities."

NOTE 29 - FINANCIAL INCOME

	2023	2022
Gains on derivative instruments	10,233,956	5,341,472
Foreign exchange gains (*)	9,897,753	7,773,715
Interest income	1,875,137	829,883
Other	586,933	270,644
	22,593,779	14,215,714

(*) Foreign exchange gains are related to cash and cash equivalents, financial borrowings and other financial liabilities.

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NOTE 30 - FINANCIAL EXPENSES

	2023	2022
Foreign exchange losses (*)	(19,866,047)	(12,257,363)
Interest expenses (**)	(7,936,075)	(8,076,257)
Losses on derivative instruments	(5,967,403)	(5,469,684)
Interest expense from contingent liability	(522,566)	(179,785)
Other	(656,088)	(192,287)
	(34,948,179)	(26,175,376)

(*) Foreign exchange losses are related to cash and cash equivalents, financial borrowings and other liabilities.

(**) TRY 328,078 of the interest expenses consists of the interest expense on the lease liabilities (2022: TRY 254,492).

NOTE 31 - TAX ASSETS AND LIABILITIES

	December 31, 2023	December 31, 2022
Corporation and income taxes	1,108,750	1,087,436
Prepaid tax	(686,912)	(1,004,613)
Tax liabilities (net)	421,838	82,823
Deferred tax assets	8,231,060	3,825,114
Deferred tax liabilities	(3,388,075)	(3,378,718)
Deferred tax assets, net	4,842,985	446,396

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

The corporation tax rate is 25% in Turkey (December 31, 2022: 23%). Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

Income tax expense for the years ended December 31 is as follows:

	2023	2022
Tax income		
- Current period tax expense	(1,910,959)	(1,913,883)
- Deferred tax income	3,147,911	1,682,894
Total tax income/(expense), net	1,236,952	(230,989)

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NOTE 31 - TAX ASSETS AND LIABILITIES (Continued)

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	2023	2022
Profit before tax	7,158,458	7,239,161
Less: Share of profit/loss of equity accounted investments	481,421	740,177
Profit before tax (excluding share of profit/(loss) of Joint Ventures)	7,639,879	7,979,338
Tax rate	25%	23%
Tax expense	(1,909,970)	(1,835,248)
Exemptions	1,207,703	806,035
Tax losses and other tax advantages (net effect)	2,453,568	1,998,287
Temporary differences which no deferred tax recognized.	(831,069)	825,530
Impact of different tax rates in other countries	(390,217)	(104,155)
The effect of the legal tax rate change on the deferred tax amount	(385,268)	(87,508)
Expenses not deductible for tax purposes	(891,288)	(723,166)
Non-taxable inflation adjustments	(1,593,585)	(1,008,945)
Arising from inflation accounting according to legal provisions		
deferred tax effect calculated regarding temporary differences ^(*)	3,600,241	-
Other	(23,163)	(101,819)
Taxation income recognized in statement of profit or loss	1,236,952	(230,989)

^(*) Arises from the deferred tax effect of temporary differences created by the adjustments made to inflation accounting in accordance with the Communiqué No. 32415 (2nd. Repetition) dated December 30, 2023 of the Tax Procedure Law.

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their statement of financial position accounts prepared in accordance with TAS/IFRS promulgated by POA Financial Reporting Standards and their statutory financial statements. These temporary differences usually result from the recognition of revenue and expenses in different reporting periods for TAS/IFRS and Tax Laws.

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NOTE 31 - TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the resulting deferred tax assets/liabilities provided using principal tax rates is as follows:

	Cumulative temporary differences		Deferred tax assets/ (liabilities)	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Property, plant and equipment and intangible assets	20,047,357	30,689,662	(4,880,897)	(6,807,156)
Unused tax advantages ^(*)	-	-	2,525,510	2,373,656
Unused tax credits	(5,492,100)	(5,340,502)	1,589,749	1,572,913
Provision for warranty, assembly and transportation expenses	(6,469,985)	(3,611,293)	1,585,783	743,931
Inventories	(1,106,744)	(435,557)	475,520	233,461
Provision for employment termination benefits	(4,055,500)	(3,621,481)	881,869	759,257
Provision for expected credit loss	(422,693)	(530,184)	124,804	139,802
Derivative instruments	(4,719,426)	(1,244,975)	1,124,033	240,721
Cost and expense provisions	(5,918,294)	(7,238,701)	1,305,999	1,478,941
Other	(1,422,304)	2,628,056	110,615	(289,130)
Deferred tax assets, net			4,842,985	446,396

Tax Advantages Obtained Under the Investment Incentive System:

^(*) Earnings of the Group that are derived from investments linked to an investment incentive certificate are subject to corporate tax at discounted rates for a certain period, which starts when the investment starts to partly or fully operate and ends when the maximum investment contribution amount is reached. Within this scope, the Group has accounted for TRY 2,525,510 (December 31, 2022: TRY 2,373,656) of tax advantages as deferred tax assets which are expected to be recovered in the foreseeable future in the consolidated financial statements as of December 31, 2023. TRY 151,854 of deferred tax income is recognized in the consolidated profit or loss statement for the period between January 1 - December 31, 2023 from accounting of such deferred tax assets.

Deferred tax assets are recognized for deductible temporary differences, carry forward tax losses and indefinite-life investment incentives which allows payment of corporate tax at discounted rates, as long as it is probable that sufficient taxable income will be generated in the future. In this context, the Group recognizes deferred tax assets from investment incentives based on long-term plans, including taxable profit projections derived from business models, which are re-evaluated at each balance sheet date to assess recoverability of such deferred tax assets. The Group expects to recover such deferred tax assets within 5 years from the balance sheet date.

In the sensitivity analysis performed as of December 31, 2023, when the inputs of the key macroeconomic and sectoral assumptions that form the business plans are increased/decreased by 10%, there is no change in the projected 5-year recovery periods of deferred tax assets related to investment incentives.

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NOTE 31 - TAX ASSETS AND LIABILITIES (Continued)

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Movements in deferred tax asset/(liabilities) for the periods ended December 31 are as follows:

	2023	2022
Balance as of January 1	446,396	(2,479,193)
Deferred tax income recognized in statement of profit or loss	3,147,911	1,682,894
Deferred tax income recognized directly in the equity	1,391,759	917,346
Acquisitions (Note 3)	(166,661)	215,895
Currency translation differences	23,580	109,454
Balance as of December 31	4,842,985	446,396

Group's total deductible loss of which deferred tax assets have not been calculated and related maturity analysis of this amount is as follows:

	December 31, 2023
2024	782,985
2025	255,053
2026	982,311
2027 and after	3,356,416
	5,376,765

Subsidiaries' accumulated and undistributed profits are being used in financing investments and working capital requirements, and the dividend payments are subject to Group management's approval. Complete distribution of these accumulated profits is not anticipated as of balance sheet date, and consequently no resulting deferred tax liability is accrued.

NOTE 32 - EARNINGS PER SHARE

Earnings per share disclosed in the consolidated statements of income are determined by dividing the net income per share by the weighted average number of shares that have been outstanding during the year.

The Companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. In earnings per share calculation, this bonus share issuance is accepted as shares issued. Hence, weighted average stock share, which is used in the calculation of earnings per share, is acquired by retrospective application of bonus share issue.

Earnings per share are as follows:

	January 1- December 31, 2023	January 1- December 31, 2022
Profit for the year attributable to equity holders of the parent	7,667,336	6,285,498
Weighted average number of ordinary shares with nominal value (kurs1 per value) ^(*)	60,685,191,700	61,356,350,787
Earnings per share (kurs)	12.635	10.244

^(*) Further details for the treasury shares please refer to Note 24.

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NOTE 33 - RELATED PARTY DISCLOSURES

(i) Balances with related parties

	December 31, 2023	December 31, 2022
(a) Due from related parties:		
Token Finansal Teknolojiler A.Ş. ⁽¹⁾	299,073	75,746
Wat Motor ⁽¹⁾	170,723	456,409
Koçtaş Yapı Marketleri Ticaret A.Ş. ⁽¹⁾	59,204	85,020
Voltbek ⁽⁴⁾	30,485	64,623
Other	16,167	10,903
	575,652	692,701
(b) Due to related parties:		
Short-term trade payables		
Zer Merkezi Hizmetler ve Ticaret A.Ş. ⁽¹⁾	2,166,175	2,291,756
Arçelik-LG ⁽⁴⁾	1,335,362	411,074
Ram Dış Ticaret A.Ş. ⁽²⁾	681,299	878,912
Ingage Dijital Pazarlama Hizmetleri A.Ş. ⁽¹⁾	260,440	233,589
Koç Holding A.Ş. ⁽³⁾	245,170	189,814
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. ⁽¹⁾	150,916	152,506
Bilkom Bilişim Hizmetleri A.Ş. ⁽¹⁾	13,649	70,259
Other	373,260	288,839
	5,226,271	4,516,749

⁽¹⁾ Koç Holding group companies⁽²⁾ Associatesx⁽³⁾ Parent company⁽⁴⁾ Joint venture

Maturity analysis of the present value of other payables to related parties is as follows:

(c) Deposits:

	December 31, 2023	December 31, 2022
Yapı ve Kredi Bankası A.Ş. and its subsidiaries ⁽¹⁾	661,555	1,814,927

⁽¹⁾ Koç Holding group companies

(d) Derivative instruments

December 31, 2023	Contract amount	Fair value assets/(liabilities)
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	10,069,556	155,622 (1,823)
December 31, 2022	Contract amount	Fair value assets/(liabilities)
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	2,822,759	2,137 (6,123)

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NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

(ii) Transactions with related parties

(a) Sales of goods and services:	2023	2022
Bilkom Bilişim Hizmetleri A.Ş.	1,203,583	929,778
Token Finansal Teknolojiler A.Ş.	1,199,087	851,101
WAT Motor	271,460	549,095
Koçtaş Yapı Marketleri Ticaret A.Ş.	198,209	394,996
Diğer	92,630	206,106
	2,964,969	2,931,076
(b) Purchases of goods and services:	2023	2022
Zer Merkezi Hizmetler ve Ticaret A.Ş.	11,207,292	14,410,670
Arçelik-LG	7,276,256	5,548,115
Ram Dış Ticaret	3,392,793	5,577,679
Token Finansal Teknolojiler A.Ş.	1,275,148	1,184,281
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	820,658	710,823
Ingage Dijital Pazarlama Hizmetleri A.Ş. ⁽¹⁾	789,550	526,287
Bilkom Bilişim Hizmetleri A.Ş.	463,633	1,302,845
Ram Sigorta Aracılık Hizmetleri A.Ş. ^{(*) (1)}	365,490	310,656
WAT Motor	103,641	603,657
Diğer	1,992,388	1,307,009
	27,686,849	31,482,022

The Group purchases direct and indirect materials and receives service from Zer Merkezi Hizmetler A.Ş. and Ram Dış Ticaret A.Ş.. The average payment term is around sixty days.

The Group purchases air conditioners produced by Arçelik-LG. Purchasing conditions are determined in line with sales conditions.

(*) The amount consists insurance premium and accruals to non-related insurance companies over the contracts signed through insurance agency Ram Sigorta Aracılık Hizmetleri A.Ş.

(1) Koç Holding group companies

(c) Key management compensation:

Senior executives of Arçelik A.Ş. are defined as the Chairman and Members of the Board of Directors, the General Manager, Deputy General Managers, and Directors directly reporting to the General Manager.

In the annual financial period ended December 31, 2023, the total benefits provided to senior executives of Arçelik A.Ş. by our company and its subsidiaries, calculated on the basis of purchasing power as of December 31, 2023, amounted to TRY 733,286 (December 31, 2022: TRY 574,573). The amount of payments made due to separation as of December 31, 2023, calculated on the basis of purchasing power as of December 31, 2023, is TRY 66,677 (December 31, 2022: None).

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NOTE 33 - RELATED PARTY DISCLOSURES (Continued)

(d) Other transactions:

	2023	2022
<i>Interest income:</i>		
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	18,076	161,738
<i>Interest expense:</i>		
Yapı ve Kredi Bankası A.Ş. and its subsidiaries	-	(53,413)

NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Hedging operations and derivative instruments

Liquidity Risk

The risk of failure in settling financial liabilities is eliminated by managing the consolidated financial position statement and expected cash flows in harmony. In this context; the maturities of the financial liabilities are kept in line with the maturities of assets to eliminate any duration mismatch, to maintain short term liquidity with effective inventory term, trade receivables and trade payables term, net working capital objectives are set and consolidated statement of financial position ratios are aimed to be kept at particular levels.

Cash flow estimations for midterm and long-term liquidity management of the Group are made by taking into account financial market and sector dynamics and cash flow cycle is observed and is tested by various scenarios.

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NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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The analysis of the Group's financial liabilities with respect to their maturities as of December 31, 2023 is as follows:

Total financial liabilities (non-derivative):	Carrying value	Contractual cash-flows	Up to 3 months	3 months- 12 months	1 year- 5 years	More than 5 years
Financial liabilities	98,098,454	105,980,025	28,816,732	26,153,196	47,419,518	3,590,579
Lease liabilities	3,811,089	4,069,108	172,049	876,223	2,280,814	740,022
Trade payables	54,204,812	56,450,323	52,681,972	3,768,351	-	-
Other liabilities (*)	3,865,462	7,075,995	-	-	4,427,098	2,648,897
Other payables, third parties	4,001,042	4,001,042	3,390,999	610,043	-	-
	163,844,217	177,439,851	85,061,752	31,271,171	54,127,430	6,979,498

(*) Indicates the maturity analysis in relation to contingent consideration liabilities (Note 23).

Derivative instruments	Carrying value	Contractual cash-flows	Up to 3 months	3 months- 12 months	1 year- 5 years	More than 5 years
Derivative cash inflows	-	36,430,113	21,372,511	14,179,499	878,103	-
Derivative cash outflows	-	(36,567,122)	(21,506,753)	(14,118,932)	(941,437)	-
Derivative instruments (net)	(452,541)	(137,009)	(134,242)	60,567	(63,334)	-

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AUD	NZD	THB	BWP	VND	PKR	INR	HKD	MYR	BDT	KZT	SGD	RSD	DKK
2,3	3,4	1,8	5,5	2,0	20,5	-	5,8	-	2,2	13,0	0,7	5,0	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
6,1	-	5,5	-	-	23,2	9,5	-	6,0	9,3	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	22,6	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
AUD	NZD	THB	BWP	VND	PKR	INR	HKD	MYR	BDT	KZT	SGD	RSD	DKK
4,8	1,3	25,0	5,5	6,7	14,5	-	1,0	-	5,8	-	4,2	6,6	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,3	-	-	-	-	-	8,4	-	6,0	7,0	-	-	-	3,9
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	16,3	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-

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NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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Average effective annual interest rates of statement of financial position accounts as of December 31, 2023 and 2022 are as follows:

Analysis of financial instruments of the Company which are sensitive to interest rate changes is as follows:

	2023	2022
Financial instruments with fixed interest rates		
Time deposits	8,379,226	19,463,351
Borrowings and bonds issued	70,556,234	67,087,674
Factoring liabilities	696,342	784,329
Financial instruments with variable interest rates		
Time deposits	28,395,902	11,177,548
Borrowings	27,542,220	13,890,792

At December 31, 2023, if interest rates of all foreign currency denominated financial assets and liabilities with variable interest rates has strengthened/weakened by 100 base point with all other variables held constant, income before taxes would have been TRY 8,537 (2022: TRY 27,132 higher/lower) as a result of lower/higher interest income/expense arise from time deposits and borrowings with variable interest rates.

Funding risk

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

Credit risk

The Group is exposed to credit risk arising from receivables from credit financed sales and deposits with banks.

Credit risk of receivables from third parties is managed by securing receivables with collaterals covering receivables at the highest possible proportion. Methods used are as follows:

- Bank guarantees (guarantee letters, letter of credits etc.),
- Credit insurance (Global insurance policies, Eximbank and factoring insurance etc.),
- Mortgages,
- Cheques-notes negotiated.

In credit risk control, for the customers which are not secured with collaterals, the credit quality of the customer is assessed by taking into account its financial position, past experience and other factors. Individual risk limits are set in accordance and the utilization of credit limits is regularly monitored.

For banks, the ratings of the independent rating institutions are taken into consideration.

Same credit risk management principles are used for the management of the financial assets. Investments are made to instruments with highest liquidity and credit note of the company of transaction is taken into consideration.

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NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Details of credit and receivable risk as of December 31, 2023 and December 31, 2022 are as follows:

December 31, 2023	Trade receivables			Derivative instruments
	Related parties	Third parties	Bank deposits	
Maximum exposed credit risk as of reporting date ⁽¹⁾	575,652	65,978,839	47,502,898	453,339
Secured portion of the maximum credit risk by guarantees, etc. ⁽²⁾	-	(52,589,023)	-	-
A. Net book value of financial asset either are not due or not impaired	575,652	63,814,139	47,502,898	453,339
- Secured portion by guarantees, etc.	-	(51,097,496)	-	-
B. Net book value of overdue but not impaired financial assets	-	2,185,617	-	-
- Secured portion by guarantees, etc.	-	(1,484,219)	-	-
C. Net book value of the impaired assets	-	7,308	-	-
- Overdue (Gross book value)	-	735,329	-	-
- Impairment (-)	-	(728,020)	-	-
- Secured portion of the net value by guarantees, etc.	-	(7,309)	-	-
D. Expected credit losses (-)	-	(28,225)	-	-
December 31, 2022	Trade receivables			Derivative instruments
	Related parties	Third parties	Bank deposits	
Maximum exposed credit risk as of reporting date ⁽¹⁾	692,701	55,235,807	39,393,067	382,344
Secured portion of the maximum credit risk by guarantees, etc. ⁽²⁾	-	(45,476,451)	-	-
A. Net book value of financial asset either are not due or not impaired	692,701	53,552,185	39,393,067	382,344
- Secured portion by guarantees, etc.	-	(44,336,321)	-	-
B. Net book value of overdue but not impaired financial assets	-	1,774,192	-	-
- Secured portion by guarantees, etc.	-	(1,115,318)	-	-
C. Net book value of the impaired assets	-	24,812	-	-
- Overdue (Gross book value)	-	1,255,175	-	-
- Impairment (-)	-	(1,230,363)	-	-
- Secured portion of the net value by guarantees, etc.	-	(24,812)	-	-
D. Expected credit losses (-)	-	(25,382)	-	-

⁽¹⁾ Amounts showing the maximum credit risk exposed as of reporting date by excluding guarantees in hand and other factors that increase the credit quality.⁽²⁾ Major part of guarantees is composed of mortgages and trade receivable insurances.

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NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

a) Credit quality of financial assets which are not overdue and not impaired.

	December 31, 2023	December 31, 2022
Group 1	931,817	2,301,194
Group 2	62,892,062	51,520,244
Group 3	565,912	423,448
	64,389,791	54,244,886

Group 1 - New customers (customers for a period less than 3 months).

Group 2 - Existing customers with no defaults in the past (customers for a period of more than 3 months).

Group 3 - Existing customers with some defaults in the past of which were fully recovered.

b) Aging analysis of the receivables which are overdue but not impaired

	December 31, 2023	December 31, 2022
0-1 month	1,263,015	1,206,303
1-3 months	383,928	169,171
3-12 months	281,650	258,451
1-5 years	257,024	140,267
	2,185,617	1,774,192

c) Geographical concentration of the trade receivables

	December 31, 2023	December 31, 2022
Turkey	23,237,058	17,765,371
Europe	25,101,919	20,505,518
Other	18,215,514	17,747,619
	66,554,491	56,018,508

The Group has applied the simplified approach stated in TFRS 9 for the calculation of expected credit loss provision for trade receivables. This approach allows expected credit loss provision for all trade receivables. In order to measure expected credit losses, the Group appropriately classified its trade receivables based on maturity and credit risk characteristics. The expected credit loss ratio for each class of trade receivables, which is grouped using past loan loss experiences and forward-looking macroeconomic indicators, is calculated and the expected credit loss provision has been calculated by multiplying the determined rate and totals of trade receivable.

Description for the measurements as of December 31, 2023 is as follows;

December 31, 2023	Undue	Overdue 0-1 month	Overdue 1-3 months	Overdue more than 3 months	Total
Expected loss rate (%)	0.003	0.10	0.47	1.71	
Gross carrying amount (*)	65,040,180	351,156	1,127,910	1,441,879	67,961,125
Expected credit lose	(1,639)	(364)	(1,541)	(24,681)	(28,225)

(*) Represents gross trade receivables excluding related party balances and impairment provisions.

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NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Description for the measurements as of December 31, 2022 is as follows;

December 31, 2022	Undue	Overdue 0-1 month	Overdue 1-3 months	Overdue more than 3 months	Total
Expected credit loss rate (%)	0.004	0.23	0.11	1.69	
Gross carrying amount ⁽¹⁾	54,510,970	297,312	1,511,266	1,220,789	57,540,337
Expected credit loss	(2,437)	(681)	(1,672)	(20,592)	(25,382)

⁽¹⁾ Represents gross trade receivables excluding related party balances and impairment provisions.

Foreign exchange risk

Since the Group operates in a diverse geographical area, operations are performed using multiple currencies. Therefore, foreign exchange risk is one of the most significant financial risks that the Group is exposed to.

Trade relations between the Company and its subsidiaries are structured within the framework of relevant legislations and managed centrally by subsidiaries' functional currencies. Thus, foreign currency risk born by the subsidiaries is minimized. It is aimed to set the ratio of foreign exchange risk position over equity at a predetermined interval.

The main principle of foreign currency risk management is to minimize the impact of foreign exchange fluctuations by maintaining foreign exchange asset position close to zero.

Inter balance sheet methods are preferred for the management of foreign currency risk as in other risk items. However, when necessary, derivative instruments are also used for maintaining foreign currency position at a predetermined level.

Foreign currency hedge of net investments in foreign operations

The Group designated some portion of the Euro dominated bonds issued and Ruble dominated contingent liabilities as a hedging instrument in order to hedge the foreign currency risk arisen from the translation of net assets of part of the subsidiaries operating in Europe and Russia from Euro and Ruble to Turkish Lira. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in equity in foreign currency hedge of net investments in foreign operations fund in order to net off the increment value fund arisen from the translation of the net assets of investments in foreign operations. As of December 31, 2023, a portion of bank borrowings amounting to EUR 210,000,000 and contingent liabilities RUB 11,853,246,108 (before tax) was designated as a net investment hedging instrument (December 31, 2022: EUR 200,000,000 and RUB 10,548,277,984 respectively).

Foreign currency position

Assets and liabilities denominated in foreign currency held by the Group before consolidation adjustments are as follows:

	December 31, 2023	December 31, 2022
Assets	66,477,002	51,522,170
Liabilities	(95,930,775)	(73,350,975)
Net position of financial statement	(29,453,773)	(21,828,805)
Net position of derivative instruments	21,893,876	21,066,278
Foreign currency position (net)	(7,559,897)	(762,527)

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NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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Currencies, other than the functional currencies of the Company and its' subsidiaries are accepted as foreign currencies. The original currencies are presented in thousands ('000).

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent as of December 31, 2023 are as follows:

December 31, 2023

	EUR	USD	GBP	RUB	CNY	PLN	JPY	SGD	VND	Other Currency's TRY Equivalent	TRY Equivalent
Current Assets											
Trade receivables	427.200	425.567	51.133	1.381.115	356.527	55.682	1.096.363	5.083	1.167	902.634	31.940.001
Monetary financial assets	513.794	527.221	125	-	6.992	455	1.584.499	2.951	-	56.665	32.744.937
Other	2.714	46.112	-	-	-	-	-	2.004	-	8.454	1.499.076
Non Current Assets											
Trade receivables	1.114	8.720	-	-	-	-	-	-	-	-	292.988
Toplam Varlıklar	944.822	1.007.620	51.258	1.381.115	363.519	56.137	2.680.862	10.038	1.167	967.753	66.477.002
Current Liabilities											
Trade payables	387.069	590.263	5.218	20.513	246.841	-	149.719	2.477	-	205.067	31.495.424
Financial liabilities	628.645	80.341	-	-	3.305	-	-	478	-	-	22.866.811
Other monetary liabilities	3.325	5.337	1	11.853.246	-	-	10.002	852	-	-	4.152.016
Non-Current Liabilities											
Trade payables	-	1.589	-	-	-	-	-	-	-	-	46.777
Financial liabilities	650.164	550.000	-	-	-	-	-	-	-	-	37.369.387
Other monetary liabilities	-	12	-	-	-	-	-	-	-	-	360
Total Liabilities	1.669.203	1.227.542	5.219	11.873.759	250.146	-	159.721	3.807	-	205.067	95.930.775
Net Position of Financial Statement	(724.381)	(219.922)	46.039	(10.492.644)	113.373	56.137	2.521.141	6.231	1.167	762.686	(29.453.773)
Off-balance sheet derivative assets (*)	766.726	749.229	13.000	11.853.246	-	-	-	-	-	186.389	51.569.802
Off-balance sheet derivative liabilities (*)	(582.458)	(145.350)	(60.500)	(1.450.000)	(360.500)	(45.000)	(2.540.000)	(7.893)	-	(1.158.771)	(29.675.926)
Net position of off-balance sheet items	184.268	603.879	(47.500)	10.403.246	(360.500)	(45.000)	(2.540.000)	(7.893)	-	(972.382)	21.893.876
Net Asset/(Liability) Position of Foreign Currency	(540.113)	383.957	(1.461)	(89.398)	(247.127)	11.137	(18.859)	(1.662)	1.167	(209.696)	(7.559.897)
Net Asset/(Liability) Position of Foreign Currency Monetary Items	(724.381)	(219.922)	46.039	(10.492.644)	113.373	56.137	2.521.141	6.231	1.167	762.686	(29.453.773)
Hedged Amount of Foreign Currency Assets	582.458	145.350	60.500	1.450.000	360.500	45.000	2.540.000	7.893	-	1.158.771	29.675.926
Hedged Amount of Foreign Currency Liabilities	766.726	749.229	13.000	11.853.246	-	-	-	-	-	186.389	51.569.802

(*) Some portion of EUR denominated bonds issued designated as hedging instrument against to the foreign currency risk arisen from the conversion of net investments in foreign operation at subsidiaries located in Europe, is included in off balance sheet derivative assets.

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NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The original currency amounts of assets and liabilities denominated in foreign currencies and the total TRY equivalent as of December 31, 2022 are as follows:

December 31, 2022

	EUR	USD	GBP	RUB	CNY	PLN	JPY	SGD	VND	Other Currency's TRY Equivalent	TRY Equivalent (**)
Current Assets											
Trade receivables	637.048	488.781	86.743	1.269.152	400.912	95.028	2.710.884	7.031	1.923	1.234.945	27.315.035
Monetary financial assets	334.627	826.489	178	35	-	231	222.577	16.373	-	66.918	22.456.710
Other	4.759	69.463	-	-	7.543	-	-	2.671	-	7.085	1.458.311
Non Current Assets											
Trade receivables	1.551	13.969	-	-	-	-	-	-	-	-	292.114
Toplam Varlıklar	977.985	1.398.702	86.921	1.269.187	408.455	95.259	2.933.461	26.075	1.923	1.308.948	51.522.170
Current Liabilities											
Trade payables	523.253	717.209	10.323	155.083	116.580	-	529.257	2.724	32.807.110	238.563	24.803.778
Financial liabilities	256.378	914.564	-	-	-	-	-	1.546	-	-	22.233.250
Other monetary liabilities	7.863	15.103	3	-	-	-	195.847	1.170	-	910	484.142
Non-Current Liabilities											
Trade payables	-	610	-	-	-	-	-	-	-	-	11.399
Financial liabilities	1.076.307	-	-	-	-	-	-	-	-	-	21.456.064
Other monetary liabilities	-	210	-	16.796.701	-	-	-	-	-	-	4.362.342
Total Liabilities	1.863.801	1.647.696	10.326	16.951.784	116.580	-	725.104	5.440	32.807.110	239.473	73.350.975
Net Position of Financial Statement	(885.816)	(248.994)	76.595	(15.682.597)	291.875	95.259	2.208.357	20.635	(32.805.187)	1.069.475	(21.828.805)
Off-balance sheet derivative assets (*)	920.728	544.156	-	16.796.701	-	-	98.864	-	-	229.590	33.131.380
Off-balance sheet derivative liabilities (*)	(64.767)	(252.865)	(91.943)	(2.389.207)	(453.126)	(98.864)	(2.142.048)	(20.185)	-	(1.137.395)	(12.065.102)
Net position of off-balance sheet items	855.961	291.291	(91.943)	14.407.494	(453.126)	(98.864)	(2.043.184)	(20.185)	-	(907.805)	21.066.278
Net Asset/(Liability) Position of Foreign Currency	(29.855)	42.297	(15.348)	(1.275.103)	(161.251)	(3.605)	165.173	450	(32.805.187)	161.670	(762.527)
Net Asset/(Liability) Position of Foreign Currency Monetary Items	(885.816)	(248.994)	76.595	(15.682.597)	291.875	95.259	2.208.357	20.635	(32.805.187)	1.069.475	(21.828.804)
Hedged Amount of Foreign Currency Assets	64.767	252.865	91.943	2.389.207	453.126	98.864	2.142.048	20.185	-	1.137.395	12.065.103
Hedged Amount of Foreign Currency Liabilities	920.728	544.156	-	16.796.701	-	-	98.864	-	-	229.590	33.131.380

(*) Some portion of EUR denominated bonds issued designated as hedging instrument against to the foreign currency risk arisen from the conversion of net investments in foreign operation at subsidiaries located in Europe, is included in off balance sheet derivative assets.

(**) Amounts expressed in thousands of TRY in terms of purchasing power of the TRY at December 31, 2023.

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NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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As of December 31, 2023, and December 31, 2022, if related currencies had appreciated by 10% against TRY with all other variables held constant, profit before tax and other comprehensive income (before tax) as a result of foreign exchange losses on the translation of foreign exchange position is presented in the tables below. Secured portions include impact of derivative instruments.

	Gain/Loss		Other Comprehensive Income	
	Foreign exchange appreciation by 10%	Foreign exchange depreciation by 10%	Foreign exchange appreciation by 10%	Foreign exchange depreciation by 10%
December 31, 2023				
USD net asset/liability	(647,411)	647,411	(146,537)	146,537
Secured portion from USD risk	1,777,711	(1,777,711)	1,777,711	(1,777,711)
USD Net effect	1,130,300	(1,130,300)	1,631,174	(1,631,174)
EUR net asset/liability	(1,675,539)	1,675,539	(2,548,342)	2,548,342
Secured portion from EUR risk	(83,819)	83,819	600,233	(600,233)
EUR Net effect	(1,759,358)	1,759,358	(1,948,109)	1,948,109
GBP net asset/liability	172,378	(172,378)	201,421	(201,421)
Secured portion from GBP risk	(177,848)	177,848	(177,848)	177,848
GBP Net effect	(5,470)	5,470	23,573	(23,573)
JPY net asset/liability	52,305	(52,305)	52,305	(52,305)
Secured portion from JPY risk	(52,697)	52,697	(52,697)	52,697
JPY Net effect	(392)	392	(392)	392
PLN net asset/liability	42,208	(42,208)	56,539	(56,539)
Secured portion from PLN risk	(33,834)	33,834	(33,834)	33,834
PLN Net effect	8,374	(8,374)	22,705	(22,705)
RUB net asset/liability	44,370	(44,370)	567,854	(567,854)
Secured portion from RUB risk	(47,286)	47,286	339,260	(339,260)
RUB Net effect	(2,916)	2,916	907,114	(907,114)
VND net asset/liability	-	-	(39,828)	39,828
Secured portion from VND risk	-	-	-	-
VND Net effect	-	-	(39,828)	39,828
CNY net asset/liability	46,723	(46,723)	22,556	(22,556)
Secured portion from CNY risk	(148,569)	148,569	(148,569)	148,569
CNY Net effect	(101,846)	101,846	(126,013)	126,013
SGD net asset/liability	13,918	(13,918)	13,919	(13,919)
Secured portion from SGD risk	(17,630)	17,630	(17,630)	17,630
SGD Net effect	(3,712)	3,712	(3,711)	3,711
Other net asset/liability	76,269	(70,837)	1,618,460	(1,618,460)
Secured portion from other currency risk	(97,240)	91,808	(97,239)	97,239
Other Currency Net effect	(20,971)	20,971	1,521,221	(1,521,221)
	(755,991)	755,991	1,987,734	(1,987,734)

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NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Gain/Loss		Other Comprehensive Income	
	Foreign exchange appreciation by 10%	Foreign exchange depreciation by 10%	Foreign exchange appreciation by 10%	Foreign exchange depreciation by 10%
December 31, 2022				
USD net asset/liability	(465,576)	465,576	(563,163)	563,163
Secured portion from USD risk	544,663	(544,663)	544,663	(544,663)
USD Net effect	79,087	(79,087)	(18,500)	18,500
EUR net asset/liability	(1,119,955)	1,119,955	(1,384,646)	1,384,646
Secured portion from EUR risk	1,060,439	(1,060,439)	1,706,349	(1,706,349)
EUR Net effect	(59,516)	59,516	321,703	(321,703)
GBP net asset/liability	172,256	(172,256)	224,505	(224,505)
Secured portion from GBP risk	(206,774)	206,774	(206,774)	206,774
GBP Net effect	(34,518)	34,518	17,731	(17,731)
JPY net asset/liability	31,204	(31,204)	31,205	(31,205)
Secured portion from JPY risk	(28,870)	28,870	(28,870)	28,870
JPY Net effect	2,334	(2,334)	2,335	(2,335)
PLN net asset/liability	40,619	(40,619)	99,259	(99,259)
Secured portion from PLN risk	(42,157)	42,157	(42,157)	42,157
PLN Net effect	(1,538)	1,538	57,102	(57,102)
RUB net asset/liability	44,062	(44,062)	(27,519)	27,519
Secured portion from RUB risk	(77,150)	77,150	373,845	(373,845)
RUB Net effect	(33,088)	33,088	346,326	(346,326)
VND net asset/liability	(2,592)	2,592	(25,566)	25,566
Secured portion from VND risk	-	-	-	-
VND Net effect	(2,592)	2,592	(25,566)	25,566
CNY net asset/liability	78,240	(78,240)	50,654	(50,654)
Secured portion from CNY risk	(121,466)	121,466	(121,466)	121,466
CNY Net effect	(43,226)	43,226	(70,812)	70,812
SGD net asset/liability	46,091	(46,091)	28,815	(28,815)
Secured portion from SGD risk	(45,462)	45,462	(28,186)	28,186
SGD Net effect	629	(629)	629	(629)
Other net asset/liability	106,948	(106,948)	2,631,999	(2,631,999)
Secured portion from other currency risk	(90,782)	90,782	(90,780)	90,780
Other Currency Net effect	16,166	(16,166)	2,541,219	(2,541,219)
	(76,262)	76,262	3,172,167	(3,172,167)

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(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 34 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Import and exports performed to/from Turkey for the year ended as of December 31, 2023 and 2022 are as follows:

	December 31, 2023 TRY	December 31, 2022 TRY
EUR	35,292,350	39,726,395
USD	11,774,638	16,598,373
GBP	11,793,392	12,766,629
Other	10,064,380	9,529,109
Total exports	68,924,760	78,620,506
EUR	13,374,277	16,208,807
USD	31,724,731	31,037,814
Other	90,449	96,368
Total imports	45,189,457	47,342,989

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The gearing ratios as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Total financial liabilities (Note 7)	101,909,543	84,757,777
Cash and cash equivalents (Note 5)	(48,791,778)	(40,417,510)
Net financial liabilities	53,117,765	44,340,267
Equity	59,563,339	58,039,410
Total capital invested	112,681,104	102,379,677
Gearing ratio	47%	43%

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 35 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Financial Assets

The carrying values of financial assets including cash and cash equivalents which are accounted with their costs are estimated to be their fair values since they are short term.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

Financial Liabilities

The fair values of short-term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term.

As of December 31, 2023, the carrying value and the fair value of the long-term borrowings, including the short-term portions, are equal to TRY 47,559,825 (December 31, 2022: TRY 50,690,418) (Note 7) and TRY 54,436,646 (December 31, 2022: TRY 49,969,641) respectively. Fair value is calculated by discounting the cash out flows regarding due dates of borrowings considering the changing country risk premium and changes in market interest rates.

Contingent consideration from acquisition transactions

Group measures the contingent consideration liabilities arising from purchase/acquisition transactions at their fair value on its consolidated financial statements. In this context, the contingent consideration liability in relation to the acquisition of IHP Appliances JSC and IHP Appliances Sales LLC, whose acquisitions have been completed as of August 31, 2022 are measured at fair value in the consolidated financial statements as of December 31, 2023.

The contingent consideration liability is calculated by discounting the expected future cash flows of the acquired companies to date. Estimations on earnings before interest tax depreciation amortization ("EBITDA"), long term growth rate and discount rates are taken into account in the calculation of discounted future cash flows of the acquired companies. According to the Group's assessments, EBITDA growth rates are the key assumptions used in the calculation of the discounted contingent consideration liabilities.

Under the assumption of 1% increase/decrease in EBITDA growth rates as at December 31, 2023, all other variables held constant, the Group's contingent consideration liability would have been increased by TRY 330,465/decreased by TRY 351,725.

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 35 - FINANCIAL INSTRUMENTS (Continued)

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Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

Level 3: Valuation techniques does not contain observable market inputs

Fair value hierarchy table as of December 31, 2023 is as follows:

Financial assets carried at fair value in statement of financial position

	Level 1	Level 2	Level 3
Derivative instruments (assets) (Note 8)	-	453,339	-
Financial investments (Note 6)	23,196	39,756	78,788

Financial liabilities carried at fair value in statement of financial position

Derivative instruments (liabilities) (Note 8)	-	(905,880)	-
Other long term liabilities (Note 23)	-	-	3,865,462

Fair value hierarchy table as of December 31, 2022 is as follows:

Financial assets carried at fair value in statement of financial position

	Level 1	Level 2	Level 3
Derivative instruments (assets) (Note 8)	-	382,344	-
Financial investments (Note 6)	37,176	28,224	79,404

Financial liabilities carried at fair value in statement of financial position

Derivative instruments (liabilities) (Note 8)	-	(296,084)	-
Other long term liabilities (Note 23)	-	-	4,509,945

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ARÇELİK ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 36 - SUPPLEMENTARY CASH FLOW INFORMATION

Statements of cash flows are presented within the consolidated financial statements.

Details of "adjustments for provisions" and "adjustments for impairment loss" lines presented in the consolidated statements of cash flows are as follows:

	1 January- December 31, 2023	1 January- December 31, 2022
Adjustments for provisions:		
Accrual for customer premiums	1,654,740	622,220
Provision for assembly and transportation cost	1,261,313	1,342,461
Provision for employment termination benefits	531,011	564,771
Warranty provision	490,572	378,549
Unused vacation	58,261	38,769
Accrual for bonuses and premiums	(81,867)	(40,005)
Other provisions	19,494	(161,399)
	3,933,524	2,745,366
Adjustments for impairment loss:		
Provision for impairment on inventories	136,545	87,306
Provision for expected credit lose	173,703	82,466
	310,248	169,772

NOTE 37 - EVENTS AFTER BALANCE SHEET DATE

In the application submitted to the UK Competition and Markets Authority (CMA) regarding the fulfillment of closing conditions for the partnership to be established by Whirlpool Corporation and Arçelik A.Ş., an independent panel commissioned by the CMA has issued a preliminary assessment. This assessment concludes that the partnership is not anticipated to have an adverse impact on competition. Following the release of the year-end report, closing procedures for the partnership will continue.

**Proactive
Analysis**

Proactive with risk-
opportunity analysis

**Innovative
Production**

Science-based
data

**Responsible
Manufacturer**

Responsible to
shareholders



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INFORMATION DOCUMENT FOR THE 2023 ORDINARY GENERAL ASSEMBLY MEETING DATED 04.04.2024

1. INVITATION TO THE GENERAL ASSEMBLY MEETING TO BE HELD ON 04/04/2024

Arçelik A.Ş.'s Ordinary General Assembly Meeting shall be held on Thursday 04 April 2024 at 14:00, at the address of Divan İstanbul Oteli, Asker Ocağı Caddesi No:1 34367 Elmadağ Şişli, İstanbul (Tel: +90 212 315 55 00, Fax: +90 212 315 55 15) to review the activities of the Company for the fiscal year 2023 and to discuss and vote for the following agenda.

The 2023 Financial Statements, the Independent Auditor's Report prepared by our Independent Auditor, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., and the Board of Directors' Annual Report, including the dividend distribution proposal of the Board of Directors and the explanations on Corporate Governance and Sustainability, along with the following agenda and the Information Document containing the information required by Capital Markets Board regulations shall be made available to the shareholders at the Company Headquarters, on the Company's corporate website at www.arcelikglobal.com, on the Public Disclosure Platform, and on the Electronic General Assembly System of the Central Registry Agency at least three weeks prior to the meeting.

Save for the rights and obligations of the shareholders who are to attend the meeting via electronic method, it is necessary that the shareholder, who shall not attend the meeting in person, shall prepare their proxy documents in line with the legislations or shall obtain the relevant form of proxy from Yapı Kredi Yatırım Menkul Değerler A.Ş. (Yapı Kredi Plaza / Levent - İstanbul), our headquarters or from our official corporate website at www.arcelikglobal.com and accordingly, shall submit the proxy documents to the Company, following the fulfilment of the matters as contemplated in the "Voting by Proxy and Proxy Collection by Call Communiqué" numbered II-30.1, published and entered into force on the Official Gazette no. 28861, dated 24.12.2013. A proxy document is not required from a proxy appointed electronically through the Electronic General Assembly System. **Any letter of representation not compliant with the sample letter of representation attached to the invitation of the general assembly meeting required as per such Communiqué will not be accepted due to our legal liabilities.**

Our Shareholders who will vote via the Electronic General Meeting System are kindly requested to obtain information from the Central Registry Agency, the official website of the company at www.arcelikglobal.com or from the Head Office of the company (Phone: 90 212 314 34 34 - 90 212 314 39 56) to make sure that they comply with the provisions of the relevant Regulations and Communiqués on.

Pursuant to the 4th paragraph of Article 415 of the Turkish Commercial Code No. 6102 and the 1st paragraph of Article 30 of the Capital Markets Law, the right to attend the general assembly meeting and voting rights shall not be conditional on depositing the share certificates. Accordingly, shareholders participating in the General Assembly do not need to block their shares.

As per the Law on Protecting Personal Data No 6698, you can reach the detailed information about how your personal data are processed by our company by reading the Personal Data Protection and Process Policy of Arçelik Anonim Şirketi, which has been disclosed to the public at www.arcelikglobal.com.

At the Ordinary General Assembly Meeting, the voters shall use the open voting system by raising hands, without prejudice to the provisions of electronic voting regarding the voting of each item on the agenda.

All the holders of relevant rights, stakeholders and the media are invited to our General Assembly Meeting.

No notification will be made to the Shareholders via registered mail for registered shares quoted into the Stock Market as per the Capital Markets Law 2.

This is to inform our esteemed Shareholders.

ARÇELİK A.Ş. BOARD OF DIRECTORS

Company Address: Karaağaç Caddesi No: 2-6 Sütlüce 34445 Beyoğlu-Istanbul

Commercial Registry and Number: Istanbul - 54957

Mersis No: 0073001800000022

2. OUR ADDITIONAL EXPLANATION WITHIN THE SCOPE OF THE CAPITAL MARKETS BOARD (CMB) REGULATIONS

The additional explanations required pursuant to Capital Markets Board (CMB) Corporate Governance Communiqué No. II-17.1 are made in the related articles of the agenda below. Other mandatory general explanations are provided in this section.

2.1 Shareholding Structure and Voting Rights

Information regarding total number of shares and voting right reflecting shareholding structure of the company as of the date when this Information Note is published; if there is any privileged share in the capital of the company, the number of shares representing each group of privileged shares and voting rights and nature of privileges is presented below:

Issued capital of the Company amounts to 675,728,205.-TRY, and said issued capital is paid completely, free of any dispute. At the General Assembly Meetings, each share with a nominal value of 1 Kr, shall have 1 (one) voting right. There is no privileged share in the share capital of the Company.

SHAREHOLDER	SHARE IN CAPITAL (%)	NOMINAL SHARE VALUE (TL)	NUMBER OF SHARE AND VOTING RIGHT (Number)
KOÇ HOLDİNG A.Ş.	41.43%	279,928,625.03	27,992,862,503
KOÇ FAMILY	8.67%	58,590,764.33	5,859,076,433
KOÇ HOLDING PENSION AND AID FUND FOUNDATION	4.27%	28,862,920.21	2,886,292,021
TEMEL TİCARET VE YATIRIM A.Ş.	2.75%	18,576,870.00	1,857,687,000
VEHBİ KOÇ FOUNDATION	0.12%	808,976.88	80,897,688
TEKNOSAN BÜRO MAKİNA VE LEVAZIMI TİC. VE SAN. A.Ş.	12.05%	81,428,336.95	8,142,833,695
BURLA TİCARET VE YATIRIM A.Ş.	5.56%	37,571,663.05	3,757,166,305
ARÇELİK A.Ş.*	10.19%	68,876,288.02	6,887,628,802
OTHER SHAREHOLDERS	14.96%	101,083,760.54	10,108,376,054
TOTAL	100.00%	675,728,205.00	67,572,820,500

*The information document refers to the buy-back shares as of the date of disclosure to the public by Arçelik A.Ş.

The majority of the Koç Holding A.Ş. shares are held by Koç Family and the companies owned by the Family.

General Assembly Information Document

2.2 Changes in Management and Operations which Shall Significantly Affect Corporate Operations of Our Company and Our Affiliated Partnerships:

Information regarding reasons for changes in the management and operations of our Company and its affiliated partnerships, which occurred in the preceding accounting period or which are planned for future accounting periods and which shall significantly affect corporate operations; is presented below:

- **Establishment of a partnership under the control of Arçelik A.Ş. for the European operations of Whirlpool Corporation and the acquisition of Whirlpool Corporation's activities in the MENA region by Arçelik:**

In line with Arçelik A.Ş.'s growth strategy, a Participation Agreement has been signed between (i) Beko B.V., a 100% subsidiary of Arçelik, which will be controlled by Arçelik with a majority share, (ii) Arçelik as the guarantor, (iii) Whirlpool EMEA Holdings LLC., a Delaware-based entity wholly owned by Whirlpool, and (iv) Whirlpool as the guarantor and Beko Europe B.V. as the buyer, with the aim of consolidating all production, sales, and marketing subsidiaries of Arçelik and Whirlpool Corporation in Europe under a structure controlled by the majority shares of Arçelik.

As part of the process related to obtaining approvals from regulatory authorities, including competition authorities, and meeting closing conditions, including obtaining direct foreign investment approvals, as of October 11, 2023, the application made to the United Kingdom Competition and Markets Authority (CMA) has entered Phase II - a more detailed review. In the announcement made by CMA on February 8, 2024, it was stated that an initial assessment was made by an independent panel appointed by CMA, indicating that the partnership to be established between Whirlpool Corporation and Arçelik would not have an adverse impact on competition; the final report is expected to be published by March 26, 2024. Depending on the final decision by CMA, the closing is expected to take place in the first half of 2024. Apart from the above, there are no significant management or operational changes that would substantially affect the company's activities in the past or planned for future fiscal periods.

The material event disclosure made by our Company within the scope of relevant legislation, can be accessed at the address of www.kap.gov.tr.

2.3 Information Regarding Requests of the Shareholders for Inclusion of Article in the Agenda:

Information on the requests of the shareholders of the partnership, submitted in writing to the Investor Relations Department regarding the inclusion of an item on the agenda, the requests that were not accepted in cases where the Board of Directors did not accept the requests of the shareholders, and the reasons for rejection are presented below:

No request has been submitted in writing to the Arçelik concerning the desire of shareholders to have an item added on the agenda.

3. ANNOUNCEMENTS PERTAINING TO THE AGENDA ITEMS OF THE ORDINARY GENERAL ASSEMBLY MEETING DATED 04.04.2024

1. Opening and election of the Chairman of the Meeting

Within the framework of the provisions of "the Turkish Commercial Code (TCC) no. 6102" and "the Regulation of the Ministry of Customs and Commerce regarding Principles and Procedures of General Assembly Meetings of Joint Stock Companies and Representatives of the Ministry of Customs and Commerce to be Present in these Meetings" ("Regulation" or "General Assembly Regulation"), and General Assembly Principles Article 7, a Chairman shall be elected to chair the General Assembly meeting. Within the framework of the General Assembly Principles, at least one person will be appointed as Secretary by the Chairman. The Chairman may also appoint adequate number of vote-collectors.

2. Reading, discussing and approving the 2023 Annual Report prepared by the Company Board of Directors,

Within the framework of the TCC, the Regulation and the Capital Markets law and related regulations, information shall be given regarding 2023 Annual Report which shall also include the report on compliance with corporate governance principles, presented for examination by our shareholders at the Headquarters of our Company, on the Public Disclosure Platform and the Electronic General Assembly portal of MKK (Central Securities Depository) and also, on the corporate web site of our Company at the address of “www.arcelikglobal.com”, during a period of three weeks prior to the General Assembly meeting, and the Annual (Operations) report shall be presented for discussion and approval of our shareholders.

3. Reading the Summary of the Independent Auditor’s Report for 2023 accounting period,

Information shall be given to the General Assembly regarding the Independent Auditor’s Report, prepared in accordance with the TCC and the Capital Markets Board regulations, and presented for examination by our shareholders, at the Headquarters of our Company, on the Public Disclosure Platform and the Electronic General Assembly portal of MKK (Central Securities Depository) and also, on the corporate web site of our Company at the address of “www.arcelikglobal.com”, during a period of three weeks prior to the General Assembly meeting.

4. Reading, discussing and approving the Financial Statements related to the 2023 accounting period,

Within the framework of the TCC, the Regulation and the Capital Markets law and related regulations, information shall be given regarding our financial statements and legal statutory accounts prepared according to the Tax procedure Law, presented for examination by our shareholders at the Headquarters of our Company, on the Public Disclosure Platform and the Electronic General Assembly portal of MKK (Central Securities Depository) and also, on the corporate web site of our Company at the address of “www.arcelikglobal.com”, during a period of three weeks prior to the General Assembly meeting, and they shall be presented for consideration and approval of our shareholders.

5. Release of each member of the Board of Directors in relation to the activities of Company in 2023,

Pursuant to the TCC and Bylaws, the release of the members of our Board of Directors for the activities, transactions and accounts for the year 2023 shall be submitted to the General Assembly for its approval.

6. Approval, amendment, or rejection of the Board of Directors’ proposal regarding the distribution of the profits for the year 2023 within the framework of the Company’s profit distribution policy, and determination of the profit distribution date.

According to our financial statements prepared by our Company within the framework of the Turkish Commercial Code and Capital Markets Law and related regulations in compliance with Turkish Financial Reporting Standards and audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. covering the accounting period between 01.01.2023 - 31.12.2023; a consolidated profit of the main partnership in the amount of TL 7,667,335,809.37 was made. The dividend payment proposal, drawn up in accordance with the dividend distribution table format provided in the Dividend Communiqué numbered II-19.1 and the Dividend Manual announced in accordance with the said Communiqué, and taking into account the Company’s Dividend Distribution Policy, long-term strategy, investment and financing policies, profitability and liquidity, is provided in **Appendix 1**.

7. Informing shareholders about the existing buyback program, discussing, and reaching a decision,

By the decision of the Board of Directors dated 01.07.2021, it was considered that, as a result of impacts of developing market conditions and economic developments experienced on a global scale, on the industry in which we maintain our operations, and repercussions thereof for Turkish capital markets, the value of Arçelik A.Ş. which occurred at Borsa Istanbul, did not reflect the real performance of the Company’s operations, and it was decided that,

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in order to contribute to the formation of share price in a healthy manner, transactions for buyback of the Company's shares at the Stock Exchange (BIST), be started in accordance with the Communiqué on Buy-Backed Shares (II-22.1), issued by the Capital Markets Board, and the announcements of the Capital Markets Board dated 21.07.2016, 25.07.2016 and 23.03.2020. The related buyback transactions were approved at the Company's Ordinary General Assembly Meeting dated 23.03.2022.

Within the framework of authorization given at the Company's Ordinary General Assembly Meeting dated 23.03.2022, in the Board of Directors meeting dated 24.05.2022, it was decided to continue the share buy-back procedures which was initiated with the decision of the Board of Directors dated 01.07.2021 and the shares can be bought-back from the Borsa Istanbul.

In accordance with the relevant decisions, the latest share buyback transaction was conducted on 18.08.2022, and no share buyback has been carried out in the year 2023. Information regarding the amount of repurchased shares is included in Note 24 of our Financial Statements dated 31.12.2023. This disclosure regarding the current share buyback program will be presented to the knowledge of our shareholders.

8. Determination of the number and duty term of the Members of the Board of Directors, making elections in accordance with the determined number of members, selecting the Independent Members of the Board of Directors,

In accordance with CMB regulations, the TCC and Bylaws and the principles governing the election of members of the Board of Directors in the Articles of Association, new members to replace Board members whose terms of office have expired shall accordingly be elected. In addition to that, Independent Members of the Board of Directors shall be elected in compliance with the CMB's Corporate Governance Communiqué No. II-17.1.

According to Article 10 of the Articles of Association, Company's management are conducted by a Board of Directors consisting of at least five members, elected in line with the Turkish Commercial Code and Capital Markets Board regulations, for a period of three years at maximum. The General Assembly may decide on the renewal of the Board of Directors even if their terms of office have not expired.

Four of the elected Board of Director members shall meet the independence criteria as defined in the CMB's mandatory Corporate Governance Principles.

Upon proposal of our Corporate Governance Committee, which has evaluated the candidates declared to it, by the decision taken by our Board of Directors; Mrs. Ayşe Canan Ediboğlu, Mrs. Galya Fani Molinas, Mr. Ahmet Turul and Mr. Tuğrul Fadilloğlu have been designated as candidates for the Board of Director's Independent Member position. The Capital Markets Board (SPK) has not expressed any negative opinions regarding Mrs. Ayşe Canan Ediboğlu, Mrs. Galya Fani Molinas, Mr. Ahmet Turul, and Mr. Tuğrul Fadilloğlu.

The Curriculum vitae of the candidates to the Board of Directors and the declaration of independence for the independent member candidates, are presented in **Appendix/2**.

9. Informing the Shareholders on and approval of "Remuneration Policy" for Members of the Board of Directors and Top-Level Managers and the payments made within the frame of such policy as required by Corporate Governance Principles,

In accordance with the CMB's mandatory Corporate Governance Principle no.4.6.2, principles regarding remunerations of the members of the Board of Directors and the senior managers, should be set forth in writing, and should be presented, for information of the shareholders, as a separate article at the General Assembly meeting, and the shareholders should be given the opportunity to declare opinion regarding this matter. The Remuneration Policy prepared for this purpose, is presented in **Appendix/3**. Information about the benefits provided to the Board of Directors members and senior executives during the fiscal year 2023 is disclosed in Note 33 of our financial statements for the year 2023.

10. Determining annual gross remunerations of the Members of the Board of Directors,

Within the scope of our Remuneration Policy, presented for approval of the shareholders by article no. 9 of the agenda; the amount of annual gross wages of the members of the Board of Directors in the operating year 2024, shall be determined by our shareholders.

11. Approval of the Independent Auditing Institution selected by the Board of Directors in accordance with the Turkish Commercial Code and the Capital Markets Board regulations,

In accordance with the Turkish Commercial Code and the regulations of the Capital Markets Board, in the decision dated 18.05.2023, by our Board of Directors, it has been decided, by taking into consideration the opinion of the Audit Committee, to select Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., to audit our Company's financial reports in 2024 annual accounting period and to conduct other activities within the scope of related regulations set forth in these laws, and this selection shall be presented for approval of the General Assembly.

12. Informing the Shareholders about the donations made by the Company in 2023 and resolution of an upper limit for donations to be made for 2024 as per the "Donation and Sponsorship Policy",

In accordance with our Company's Donation and Sponsorship Policy, approved at the general assembly meeting dated 23.03.2022, according to article 6 of the Communiqué on Profit Share, number II-19.1, issued by the Capital Markets Board, in case the limit of a donation to be made, is not set forth in the articles of association, it should be set by the general assembly and the donations and payments made, should be presented for information of the shareholders at the ordinary general assembly meeting. The total donation amount to foundations and associations within the year 2023 is TL 195,143,595.76 based on nominal values (the total amount calculated according to the purchasing power on December 31, 2023 is TL 246,597,741.96). Out of this nominal amount, TL 175,234,415.87 has been contributed through various foundations or organizations to the earthquake-stricken region, TL 10,222,615.00 to the Vehbi Koç Foundation, and TL 4,357,926.00 to Koç University. The remaining balance consists of various donations made to various institutions and organizations, each below TL 1,000,000, which are not of significant importance for investors.

Furthermore, upper limits for donations to be made in 2024, shall be set by the General Assembly.

13. Informing the Shareholders about the collaterals, pledges, mortgages and surety granted in favor of third parties and the income and benefits obtained in 2023 by the Company and subsidiaries in accordance with Capital Markets Board regulations,

Pursuant to Article 12 of the Capital Markets Board Corporate Governance Communiqué No. II-17.1, income or benefits derived by our Company and its subsidiaries from collaterals, pledges, mortgages and sureties against third parties must be stipulated in a separate article of the agenda of the General Assembly. This is indicated in footnote No. 17 of our financial statements dated 31 December 2023.

14. Authorizing the Shareholders holding management capacity, the Members of the Board of Directors, top managers and their spouses and relatives by blood and marriage up to the second degree within the framework of the articles 395th and 396th of Turkish Commercial Code and informing shareholders about transactions performed within the scope during 2023 as per the Corporate Governance Communiqué of Capital Markets Board,

The members of the Board of Directors can do business as stipulated in the first subsection of Articles 395 and 396 of the TCC entitled Competition Ban and Ban on doing Business with the Company and Borrowing from the Company only with the approval of the General Assembly.

General Assembly Information Document

Pursuant to the Capital Markets Board mandatory Corporate Governance Principle No. 1.3.6, the General Assembly shall be informed in the event that shareholders having managerial control, board members, senior management and their relatives up to the second degree of blood or affinity engaged in a significant business transaction creating a conflict of interest with the Company or its subsidiaries, competed with the company in the same line of business on their own behalf or on the behalf of others, or was involved in the same business as that of the Company as unlimited partner in another company. Information about said transactions must be included as a separate item on the agenda and recorded into the minutes of the General Assembly.

In order to fulfil requirements set forth by these regulations, giving said permission shall be presented for approval of our shareholders at the General Assembly. Furthermore, our shareholders shall be informed regarding transactions made in this nature during the year, and some of the shareholders who have control of the management, members of the Board of Directors, managers who have administrative responsibility and their spouses and relatives, up to second degree, by blood and by marriage; serve as members of the Board of Directors at other Koç Group companies, including those which have a similar field of operations, with our Company. In 2023, there has not been any significant transaction which requires providing information within the scope of the principle number 1.3.6 of the Communiqué on Corporate Governance.

15. Providing shareholders with information about the activities carried out in 2023 as part of the company's transition plan to a low-carbon economy.

Arçelik continues to take actions to reduce greenhouse gas emissions as part of its efforts to combat climate change. In this context, Arçelik submitted its new target, in line with the Arçelik Net Zero Commitment, for approval by the Science Based Targets initiative (SBTi) at the end of January. As part of its reduction goals, Arçelik continues to invest in existing renewable energy projects. A significant development in reporting is the official publication of the Turkish Sustainability Reporting Standards (TSRS) in the official gazette, making it mandatory starting from the 2024 reports. In Arçelik's 2023 Annual Report, compliance with this standard was voluntarily declared a year before the obligation came into effect.

Informing shareholders about Arçelik's transition actions towards a low-carbon economy is crucial for all stakeholders. Therefore, shareholders will be briefed on targets and progress during the General Assembly meeting.

16. Wishes and Opinions.

ANNEX:

ANNEX/1 Board of Directors' Proposal for the Profit Distribution for 2023 (see. [page 158](#))

ANNEX/2 Resumés of Candidate Members of the Board of Directors and the Statements of Independence of Independent Candidate Members

ANNEX/3 Remuneration Policy for Board Members and Top Level Executives (see. [page 18-19](#))

ANNEX/2 Resumés of Candidate Members of the Board of Directors and the Statements of Independence of Independent Candidate Members

Ayşe Canan Ediboğlu

Independent Board Member Nominee

Ayşe Canan Ediboğlu completed her high school education at Ancaster House School and later pursued her higher education in economics at the University of Southampton in the United Kingdom. She holds a master's degree in financial management and control from the same university. After working as a research assistant at the University of Southampton, she entered the business world in 1980 as the Planning Manager at Shell.

After serving in various roles at Shell Turkey, she became the General Manager of the company in 2002 and later took on the title of Country Manager of Shell Turkey in 2006. Between 2006 and 2009, she served as a Board Member of Shell-Turcas Petrol Inc. Ayşe Canan Ediboğlu served as an Independent Board Member at Aygaz from 2012 to 2018 and as an independent board member at Tüpraş from 2018 to 2024. Additionally, she has been an independent board member at ING Bank in Turkey since 2010.

Ayşe Canan Ediboğlu has not held any other positions at Arçelik A.Ş. or its subsidiaries in the last five years. She has no direct relationship with senior executives of Arçelik A.Ş. She does not own directly or indirectly more than 5% of the capital of Arçelik A.Ş., does not represent any employees, and does not have any commercial relationship with Arçelik A.Ş.

Galya Fani Molinas

Independent Board Member Nominee

Galya Fani Molinas has worked as an executive in operations, marketing, and strategy in multinational consumer goods companies in Eastern Europe, the Middle East, Asia, the United States, Mexico, and Latin America. She began her career at Unilever Turkey and held various roles within The Coca-Cola Company (NYSE: KO) from 1996 to 2021, including President of the Mexico Region, Global Strategy President, President for Turkey and Central Asia Regions, and Marketing Director for Eurasia, Central Asia, and the Middle East. Additionally, she served as the Vice Chair of the Board of Directors at Coca-Cola İçecek (CCOLA.IS) from 2016 to 2021.

Molinas has held leadership positions such as the President of the Turkey Sustainable Development Business Council, Vice Chairman of the Board of Directors at YASED International Investors Association, and President of the Coca-Cola Foundation in Turkey and Mexico. She founded regional units of various international women's leadership organizations such as WCD and IWF.

Currently serving as a member of the investment committee for the social impact fund Founder One, Molinas also teaches strategy at the London Business School. She is a member of the Harvard Business School Alumni Board and the Advisory Board of the International Management Institute at Georgia State University. A graduate of Harvard Business School, Molinas completed her undergraduate degree in Business Administration at Boğaziçi University Faculty of Economics and Administrative Sciences.

Molinas has not held any other positions at Arçelik A.Ş. or its subsidiaries in the last five years. She has no direct relationship with senior executives of Arçelik A.Ş. She does not own directly or indirectly more than 5% of the capital of Arçelik A.Ş., does not represent any employees, and does not have any commercial relationship with Arçelik A.Ş.

Note: For the CVs of other Board member candidates, see. [page 264-269](#)

Statements of Independence

01 February 2024

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I hereby represent that, I am a candidate for carrying our duty as “independent member” in Board of Directors of Arçelik A.Ş. (Company) within the scope of criteria specified in legislation, articles of association and Corporate Governance Communiqué of Capital Markets Board and in this context;

a. There is no employment relation at executive level that would assume material tasks, duties and responsibilities in the last five years between the Company, or such companies in which the Company controls or has a material influence over the management, or such shareholders which control or have a material influence over the Company's management and any legal entity holding management control over these shareholders, on the one hand, and myself, my spouse and next of kin by blood and affinity kinship up to second degree, and there is no individual or joint holding of more than 5% in the capital or voting stocks or preferential stocks or no material business or commercial relation has been established,

b. I have not worked at an executive position with significant and material tasks and responsibilities or held the seat as a board member or held a shareholding (equal to or above 5%) in such companies from which the company procures goods or services from or sells goods or services to in significant volumes in line with the agreements between them, including, in particular, the supplier's or buyer's audit (including tax audit, statutory audit, internal audit), rating and consultancy services in the last five years,

c. I have necessary professional education and training, knowledge and experience required for properly fulfilling the duties that I will undertake due to the fact that I become an independent board member,

d. I shall not work on a full-time basis at public agencies and institutions after my appointment as the member except for the lecture position at universities in line with the applicable legislation,

e. I am deemed to be resident in Turkey according to Income Tax Law (I.T.L.) dated 31/12/1960 and numbered 193,

f. I have professional prestige and reputation and experience as well as strong ethical standards to make me competent enough to favourably contribute to the corporate operations, to maintain my neutrality in conflicts of interest between the company and the shareholders and to freely decide by taking into consideration the rights of interest holders,

g. I will be able to spare enough time to follow up the process of company operations and fulfil all requirements of the duties I undertake, in full,

h. I have not carried out a duty as board member in Company's Board of Directors for more than six years, within last ten years,

i. I am not holding an independent board member position in more than five publicly traded companies in total or in more than three companies in which the company or the shareholders controlling the company hold the controlling powers over the management,

j. I have not been registered and published in the name of the legal entity which is appointed as the board member,

NAME SURNAME: Ayşe Canan Ediboğlu

01 February 2024

I hereby represent that, I am a candidate for carrying our duty as “independent member” in Board of Directors of Arçelik A.Ş. (Company) within the scope of criteria specified in legislation, articles of association and Corporate Governance Communiqué of Capital Markets Board and in this context;

a. There is no employment relation at executive level that would assume material tasks, duties and responsibilities in the last five years between the Company, or such companies in which the Company controls or has a material influence over the management, or such shareholders which control or have a material influence over the Company's management and any legal entity holding management control over these shareholders, on the one hand, and myself, my spouse and next of kin by blood and affinity kinship up to second degree, and there is no individual or joint holding of more than 5% in the capital or voting stocks or preferential stocks or no material business or commercial relation has been established,

b. I have not worked at an executive position with significant and material tasks and responsibilities or held the seat as a board member or held a shareholding (equal to or above 5%) in such companies from which the company procures goods or services from or sells goods or services to in significant volumes in line with the agreements between them, including, in particular, the supplier's or buyer's audit (including tax audit, statutory audit, internal audit), rating and consultancy services in the last five years,

c. I have necessary professional education and training, knowledge and experience required for properly fulfilling the duties that I will undertake due to the fact that I become an independent board member,

d. I shall not work on a full-time basis at public agencies and institutions after my appointment as the member except for the lecture position at universities in line with the applicable legislation,

e. I have professional prestige and reputation and experience as well as strong ethical standards to make me competent enough to favourably contribute to the corporate operations, to maintain my neutrality in conflicts of interest between the company and the shareholders and to freely decide by taking into consideration the rights of interest holders,

f. I will be able to spare enough time to follow up the process of company operations and fulfil all requirements of the duties I undertake, in full,

g. I have not carried out a duty as board member in Company's Board of Directors for more than six years, within last ten years,

h. I am not holding an independent board member position in more than five publicly traded companies in total or in more than three companies in which the company or the shareholders controlling the company hold the controlling powers over the management,

i. I have not been registered and published in the name of the legal entity which is appointed as the board member,

NAME SURNAME: Galya Fani Molinas

Statements of Independence

01 February 2024

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I hereby represent that, I am a candidate for carrying our duty as “independent member” in Board of Directors of Arçelik A.Ş. (Company) within the scope of criteria specified in legislation, articles of association and Corporate Governance Communiqué of Capital Markets Board and in this context;

a. There is no employment relation at executive level that would assume material tasks, duties and responsibilities in the last five years between the Company, or such companies in which the Company controls or has a material influence over the management, or such shareholders which control or have a material influence over the Company's management and any legal entity holding management control over these shareholders, on the one hand, and myself, my spouse and next of kin by blood and affinity kinship up to second degree, and there is no individual or joint holding of more than 5% in the capital or voting stocks or preferential stocks or no material business or commercial relation has been established,

b. I have not worked at an executive position with significant and material tasks and responsibilities or held the seat as a board member or held a shareholding (equal to or above 5%) in such companies from which the company procures goods or services from or sells goods or services to in significant volumes in line with the agreements between them, including, in particular, the supplier's or buyer's audit (including tax audit, statutory audit, internal audit), rating and consultancy services in the last five years,

c. I have necessary professional education and training, knowledge and experience required for properly fulfilling the duties that I will undertake due to the fact that I become an independent board member,

d. I shall not work on a full-time basis at public agencies and institutions after my appointment as the member except for the lecture position at universities in line with the applicable legislation,

e. I am deemed to be resident in Turkey according to Income Tax Law (I.T.L.) dated 31/12/1960 and numbered 193,

f. I have professional prestige and reputation and experience as well as strong ethical standards to make me competent enough to favourably contribute to the corporate operations, to maintain my neutrality in conflicts of interest between the company and the shareholders and to freely decide by taking into consideration the rights of interest holders,

g. I will be able to spare enough time to follow up the process of company operations and fulfil all requirements of the duties I undertake, in full,

h. I have not carried out a duty as board member in Company's Board of Directors for more than six years, within last ten years,

i. I am not holding an independent board member position in more than five publicly traded companies in total or in more than three companies in which the company or the shareholders controlling the company hold the controlling powers over the management,

j. I have not been registered and published in the name of the legal entity which is appointed as the board member,

NAME SURNAME: Ahmet Turul

01 February 2024

I hereby represent that, I am a candidate for carrying our duty as "independent member" in Board of Directors of Arçelik A.Ş. (Company) within the scope of criteria specified in legislation, articles of association and Corporate Governance Communiqué of Capital Markets Board and in this context;

- a. There is no employment relation at executive level that would assume material tasks, duties and responsibilities in the last five years between the Company, or such companies in which the Company controls or has a material influence over the management, or such shareholders which control or have a material influence over the Company's management and any legal entity holding management control over these shareholders, on the one hand, and myself, my spouse and next of kin by blood and affinity kinship up to second degree, and there is no individual or joint holding of more than 5% in the capital or voting stocks or preferential stocks or no material business or commercial relation has been established,
 - b. I have not worked at an executive position with significant and material tasks and responsibilities or held the seat as a board member or held a shareholding (equal to or above 5%) in such companies from which the company procures goods or services from or sells goods or services to in significant volumes in line with the agreements between them, including, in particular, the supplier's or buyer's audit (including tax audit, statutory audit, internal audit), rating and consultancy services in the last five years,
 - c. I have necessary professional education and training, knowledge and experience required for properly fulfilling the duties that I will undertake due to the fact that I become an independent board member,
 - d. I shall not work on a full-time basis at public agencies and institutions after my appointment as the member except for the lecture position at universities in line with the applicable legislation,
 - e. I am deemed to be resident in Turkey according to Income Tax Law (I.T.L.) dated 31/12/1960 and numbered 193,
 - f. I have professional prestige and reputation and experience as well as strong ethical standards to make me competent enough to favourably contribute to the corporate operations, to maintain my neutrality in conflicts of interest between the company and the shareholders and to freely decide by taking into consideration the rights of interest holders,
 - g. I will be able to spare enough time to follow up the process of company operations and fulfil all requirements of the duties I undertake, in full,
 - h. I have not carried out a duty as board member in Company's Board of Directors for more than six years, within last ten years,
 - i. I am not holding an independent board member position in more than five publicly traded companies in total or in more than three companies in which the company or the shareholders controlling the company hold the controlling powers over the management,
 - j. I have not been registered and published in the name of the legal entity which is appointed as the board member,
- NAME SURNAME: Tuğrul Fadilloğlu

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
Corporate Governance Compliance Report						
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the Board of Directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There was no transaction notice in this way.
1.3.8 - Members of the Board of Directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				The agenda of the General Shareholders' Meeting included a separate item for the total amount of the donations and contributions made and major donations were explained in the general assembly information document. The remaining amount for which the details were not provided, includes donations to various parties which were not deemed as material information. We foresee to continue with the current practice of disclosing only the material amounts.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	Arçelik A.Ş. does not have a cross-ownership relationship that brings with it the domination relationship.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Even though minority rights are not determined less than one in twenty by the Articles of Association, in parallel with general practice, the minority was granted rights under the general provisions of the regulations. There was no demand from investors regarding this issue, general best practice examples are followed. It is not foreseen to make a change in this regard in the near future.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every six months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The Board of Directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/ manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The Board of Directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the Board of Directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1 - The Board of Directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the Board of Directors are disclosed in the Annual Report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chair and Chief Executive Officer are separated and defined.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2.7 - The Board of Directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The Board of Directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10 - At least one member of the audit committee has five years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attend the majority of the board meetings in person or via an electronic board meeting system.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	Although there is a possibility to provide feedback, there has been no notification made by the board members who could not attend the meeting.
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					

Corporate Governance Compliance Report

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	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include Directors' dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				Due to the significant contribution of Directors to the Board, the experience of the members of the Board of Directors is not limited to taking on other duties outside the company. Curriculum vitae of our board members are included in our annual report. Considering the effective work of the Board of Directors, there is no change in the current practice, which is considered not to create any negative situation in terms of corporate governance, in the short term.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			The assignment of the committees is made in accordance with the relevant regulations, taking into account the knowledge and experience of our board members. Only one independent board member has been appointed on two committees. Members in more than one committee provide communication between the committees involved in related matters and increase the opportunities for cooperation. The existing committee structure is evaluated effectively, taking into account the efficient work of the board members with the contribution of their knowledge and experience; No need for changes in the near future is anticipated.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the Annual Report.					X	There is no consultancy service for this purpose.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.6. FINANCIAL RIGHTS						
4.6.1 - The Board of Directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the Annual Report.			X			Payments made to the members of the Board of Directors and senior executives are disclosed to the public collectively in line with the general practices in the General Assembly and in our financial statements footnotes. Market practices are closely monitored on an issue that is considered important in terms of confidentiality of personal information, and it is envisaged to act in parallel with common practice

Corporate Governance Information Form

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1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organized by the company during the year	In 2023, Arçelik attended ten investor conferences and roadshows in and outside of Turkey, also held 327 investor and analyst meetings and four investor webcasts relating to financial statements.
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1.2. Right to Obtain and Examine Information

The number of special audit request(s)	-
The number of special audit requests that were accepted at the General Shareholders' Meeting	-

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/1115318
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Yes, it is presented.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transaction.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)	There is no such transaction.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)	The PDP link regarding common and continuous related party transactions can be found at: https://www.kap.org.tr/tr/Bildirim/1114515
The name of the section on the corporate website that demonstrates the donation policy of the company	The upper limit for donations and grants is determined every year at the General Assembly and the related policy can be found at: https://www.arcelikglobal.com/en/company/policies/
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/1125695
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	14-a
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	General assembly meetings were held open to the public, including stakeholders and the media, without the right to speak.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares	-
The percentage of ownership of the largest shareholder	41.43%

1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association No

If yes, specify the relevant provision of the articles of association. -

1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy Company / Investor Relations / Policies / Dividend Policy

Minutes of the relevant agenda item in case the Board of Directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend. Dividend has been distributed.

PDP link to the related general shareholder meeting minutes in case the Board of Directors proposed to the general assembly not to distribute dividends Dividend has been distributed.

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the Board of Directors	The link to the related PDP general shareholder meeting notification
16/03/2023	0	74.62%	0.003%	74.62%	Company / Investor Relations / General Meeting / 16.03.2023 Ordinary General Meeting	No question within the scope of Corporate Governance Principle 1.3.5 has been received.	-	0	https://www.kap.org.tr/tr/Bildirim/1125722

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1. Company / Investor Relations / Company Information, Financial Summary, Financial Reports and Presentations, Stock Information, Corporate Governance, Investor Event Calendar, Policies, Merger & Partial Demerger and Debt Securities Issuance

If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares. Investor Relations / Company Information / Detailed shareholding structure of Arçelik A.Ş.

List of languages for which the website is available Turkish and English

Corporate Governance Information Form

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the Board of Directors and executives conducted out of the company and declarations on independence of board members	It is included under the section of "Explanations on Corporate Governance" and "Other Information".
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Explanations on Corporate Governance / Number, Structure and Independence of the Committees Established by the Board of Directors
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Explanations on Corporate Governance / Working Principles and Procedures of the Board of Directors
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Explanations on Corporate Governance / Other Disclosures
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Explanations on Corporate Governance / Other Disclosures
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Explanations on Corporate Governance/ Other Disclosures
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Explanations on Corporate Governance / Other Disclosures
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Explanations on Corporate Governance / Stakeholders

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Company / Policies / Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	0

The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	The Global Compliance Manager and relevant compliance officer. According to Arçelik Global Business Ethics Principles Operations Policy, after a claim is reported, it should be reviewed immediately and the first analysis of the claims should be made by the relevant Compliance Officer. Where appropriate, the Compliance Officer should consult with the Global Compliance Manager to determine if an investigation is necessary and, if so, be part of the investigation team.
The contact detail of the company alert mechanism	🌐 https://www.arcelikglobal.com/en/company/about-us/global-code-of-conduct/ . and 🌐 www.ethicsline.net

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Company / Investor Relations / Corporate Governance / Corporate Governance Reports
Corporate bodies where employees are actually represented	In our company, both unionized and non-unionized colleagues participate in the management with different methods and share their views. With the Employee Engagement Survey conducted every year, the opinion of each colleague is taken as an anonymous questionnaire in the form of open-ended responses. With various communication meetings, information about the company is shared with employees, dealers and other stakeholders and questions and comments of these stakeholders are taken.

3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	A succession plan is created for all key management positions. This Succession Plan is finalized by submitting the approval of the Chairman of the Board of Directors following the approval of the CEO.
The name of the section on the corporate website that demonstrates the human resources policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resources policy.	It is available on our corporate website with the title of Company/ Policies/ Declaration on Equality at Work. In addition, the issue of equal opportunity in recruitment is emphasized in the Global Code of Business Ethics. 🌐 https://www.arcelikglobal.com/en/company/about-us/global-code-of-conduct/
Whether the company provides an employee stock ownership program	There isn't an employee stock ownership program.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	It is available on our corporate website with the title of Sustainability / InTouch / Areas / Diversity and Inclusion

Corporate Governance Information Form

The number of definitive convictions the company is subject to in relation to health and safety measures	14
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	It is available on our corporate website with the title of Company/ Policies/ Global Code of Business Ethics. 🌐 https://www.arcelikglobal.com/en/company/about-us/global-code-of-conduct/
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Sustainability / Reports and Presentations / Sustainability Report
Any measures combating any kind of corruption including embezzlement and bribery	Principles related to the subject are included in the Global Code of Business Ethics.
4. BOARD OF DIRECTORS	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	27.12.2023
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	No delegation was delegated among the board members.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	4
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Explanations on Corporate Governance/ Risk Management and Internal Control Mechanism
Name of the Chair	Rahmi M. Koç
Name of the CEO	Hakan Bulgurlu
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the Board of Directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/tr/Bildirim/1169437
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Company / Policies / Board Diversity Policy
The number and ratio of female directors within the Board of Directors	2 (17%)

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director or Not	Whether Independent Director or Not	The First Election Date to Board	Link to PDP Notification that Includes the Independency Declaration	Whether the Independent Director Considered by the Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy the Independence or Not	Whether The Director has at Least 5 Years' Experience on Audit, Accounting and/or Finance or Not
Mustafa Rahmi Koç	Non-executive	Not independent director	16/03/ 1967		Not applicable	-	
Mehmet Ömer Koç	Non-executive	Not independent director	12/04/ 2005		Not applicable	-	
Semahat Sevim Arsel	Non-executive	Not independent director	05/04/ 2006		Not applicable	-	
Yıldırım Ali Koç	Non-executive	Not independent director	25/03/ 2009		Not applicable	-	
Levent Çakıroğlu	Non-executive	Not independent director	25/03/ 2009		Not applicable	-	
Robert Sonman	Non-executive	Not independent director	15/04/ 1994		Not applicable	-	
Fatih Kemal Ebiçlioğlu	Non-executive	Not independent director	23/03/ 2015		Not applicable	-	
Hakan Bulgurlu	Executive	Not independent director	25/03/ 2016		Not applicable	-	
Kamil Ömer Bozer	Non-executive	Independent director	19/03/ 2018	https://www.kap.org.tr/tr/Bildirim/1115318	Considered	-	Yes
Müzeyyen Münire Gülay Barbarosoğlu	Non-executive	Independent director	19/03/ 2018	https://www.kap.org.tr/tr/Bildirim/1115318	Considered	-	
Ahmet Turul	Non-executive	Independent director	19/03/ 2019	https://www.kap.org.tr/tr/Bildirim/1115318	Considered	-	Yes
Tuğrul Fadilloğlu	Non-executive	Independent director	25/03/ 2020	https://www.kap.org.tr/tr/Bildirim/1115318	Considered	-	

4. BOARD OF DIRECTORS-II**4.4. Meeting Procedures of the Board of Directors**

Number of physical or electronic board meetings in the reporting period	15
Director average attendance rate at board meetings	95%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	In principle in one week
The name of the section on the corporate website that demonstrates information about the board charter	Company / Reports and Presentations / 2023 Annual Reports
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no determination in this direction.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Explanations on Corporate Governance / Number, Structure and Independence of the Committees Established by the Board of Directors
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/en/Bildirim/1022772

Corporate Governance Information Form

Composition of Board Committees-I

Names of the Board Committees	Name of Committees Defined as "Other" In the First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Audit Committee		Kamil Ömer Bozer	Yes	Board member
Audit Committee		Ahmet Turul	No	Board member
Corporate Governance Committee		Ahmet Turul	Yes	Board member
Corporate Governance Committee		Levent Çakıroğlu	No	Board member
Corporate Governance Committee		Özkan Çimen	No	Not board member
Committee of Early Detection of Risk		Müzeyyen Münire Gülay Barbarosoğlu	Yes	Board member
Committee of Early Detection of Risk		Fatih Kemal Ebiçlioğlu	No	Board member
Other	Executive Committee	Mustafa Rahmi Koç	Yes	Board member
Other	Executive Committee	Mehmet Ömer Koç	No	Board member
Other	Executive Committee	Semahat Sevim Arsel	No	Board member
Other	Executive Committee	Yıldırım Ali Koç	No	Board member
Other	Executive Committee	Caroline Nicole Koç	No	Not board member
Other	Executive Committee	Aykut Ümit Taftalı	No	Not board member

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Explanations on Corporate Governance/ Board of Directors
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/ website)	Explanations on Corporate Governance/ Board of Directors
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	The activities of the Nomination Committee are carried out by the Corporate Governance Committee.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/ website)	Explanations on Corporate Governance/Board of Directors

Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/ website)	The activities of the Remuneration Committee are carried out by the Corporate Governance Committee.
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4.6. Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Report of the Board of Directors and the Chair's Message and Message from the General Manager
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Specify the section of website where remuneration policy for executive and non-executive directors are presented	Company / Investor Relations / Policies / Wage Policy
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Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Explanations on Corporate Governance/ Financial Rights
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Composition of Board Committees-II

Names of the Board Committees	Name of committees defined as "Other" in the first column	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number Of Reports on its Activities Submitted to the Board
Audit Committee		100%	100%	4	4
Corporate Governance Committee		67%	33%	6	6
Committee of Early Detection of Risk		100%	50%	6	6
Other	Executive Committee	100%	0%	12	12

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		COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
A. General Principles							
A1. Strategy, Policy and Targets							
A1.1	The Board of Directors determines material environmental, social and governance (ESG) issues, risks and opportunities.		X			<p>Arçelik A.Ş. (Arçelik) determines ESG risks and scenarios in line with its sustainability vision at the Board of Directors level and discloses them publicly.</p> <p>Board members oversee the implementation and execution of strategic decisions to be taken and action plans associated with all potentially risky ESG areas that might bear an impact on Arçelik's overall strategy, in particular the company's climate change strategy.</p>	<p>Arçelik 2023 Annual Report, Sustainability Section</p> <p>Arçelik Corporate Website</p> <p>https://www.arcelikglobal.com/en/sustainability/our-approach/sustainability-governance/</p> <p>https://www.arcelikglobal.com/en/sustainability/policies/</p> <p>https://www.arcelikglobal.com/media/7252/tcfd_en.pdf</p>
	The Board of Directors establishes relevant ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Employee Policy, etc.) and they are publicly disclosed.		X			<p>Arçelik's policies regarding its sustainability practices in line with its sustainability vision can be found on the company website.</p>	<p>Arçelik 2023 Annual Report, Sustainability Section</p> <p>Arçelik Corporate Website</p> <p>https://www.arcelikglobal.com/en/sustainability/our-approach/sustainability-governance/</p> <p>https://www.arcelikglobal.com/en/sustainability/policies/</p>

			COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
			YES	NO	PARTIAL	N/A		
A1.2	Publicly discloses short- and long-term goals set according to ESG policies.	X					<p>Arçelik defined its short- and long-term sustainability goals with 2030 Sustainability Targets and 2050 Net Zero emission target, respectively, and publicly discloses its progress each year in its sustainability reports.</p> <p>Arçelik will submit its revised Scope 1, submit 2, and Scope 3 emission goals in line with the 1.5°C scenario for the approval of the Science Based Targets Initiative (SBTi) in January 2024.</p>	<p>Arçelik 2023 Annual Report, Sustainability Section</p> <p>Arçelik 2022 Sustainability Report, Page 38-40 "Sustainability Targets", Page 44-51 "Climate Change and Decarbonization"</p> <p>Arçelik Corporate Website</p> <p>https://www.arcelikglobal.com/en/sustainability/intouch/2030-goals/</p> <p>https://www.arcelikglobal.com/en/sustainability/in-touch-with-our-planet/combating-the-climate-crisis/</p> <p>https://www.arcelikglobal.com/en/sustainability/our-approach/sustainability-governance/</p>

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		COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
A2. Implementation/ Monitoring							
A2.1	Determines and discloses the committees/units responsible for the execution of ESG policies, and the highest level positions in charge of ESG issues at the company and their duties.	X				<p>At Arçelik, the Board of Directors is the highest governance authority responsible for managing and monitoring the sustainability strategy, as well as ensuring that the relevant teams are equipped with the required skills to manage risks and opportunities effectively. Koç Holding Consumer Durables Group President is responsible for reporting sustainability-related matters to the Board of Directors.</p> <p>Sustainability-related studies are reported to the Board of Directors three times annually.</p> <p>Sustainability-related developments are regularly discussed in depth in board-level committee meetings. Sustainability Council is the highest-level unit responsible for all activities at the senior management level and convenes every quarter. All Deputy General Managers serve as natural members of the Sustainability Council. Other Senior Directors are also involved in the Council, depending on the topics to be discussed at the Board meetings.</p> <p>The governance framework and detailed information regarding the monitoring, management and integration of ESG issues into business practices are publicly disclosed through the Annual Report, Sustainability Report and corporate website.</p>	<p>Arçelik 2023 Annual Report, Sustainability Section</p> <p>Arçelik Corporate Website</p> <p>https://www.arcelikglobal.com/en/sustainability/our-approach/sustainability-governance/</p>
	The responsible committee and/or unit reports the activities carried out as per the policies during the year at least once a year to the Board of Directors.	X				<p>Koç Holding Consumer Durables Group President is responsible for reporting sustainability-related matters to the Board of Directors.</p> <p>Sustainability-related studies are reported to the Board of Directors three times annually.</p>	<p>Arçelik 2023 Annual Report, Sustainability Section</p> <p>Arçelik Corporate Website</p> <p>https://www.arcelikglobal.com/en/sustainability/our-approach/sustainability-governance/</p>

		COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
A2.2	Creates and discloses implementation and action plans aligned with ESG targets.	X				Arçelik targets to achieve Net Zero emissions by 2050 throughout its value chain and regularly reports its implementations and action plans in this pathway publicly through its website and reports.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 38-50 "Sustainability Targets", Page 43-81 "In Touch with Our Planet" Arçelik Corporate Website https://www.arcelikglobal.com/en/sustainability/our-approach/sustainability-approach/sustainability-governance
A2.3	Discloses ESG Key Performance Indicators (KPI) and the degree of their achievement by years.	X				Arçelik has been monitoring ESG key performance indicators for more than 10 years; the company updates its indicators in the light of global indices and frameworks, and reports regularly its progress. Among the data set followed up at the Koç Group level, the indicators shared publicly cover the changes over the course of the last three years.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 38-40 "Sustainability Targets", Page 197-202 "Annex 4: Environmental Performance Indicators"
A2.4	Discloses efforts for improving sustainability performance with respect to work processes or products and services.	X				Arçelik publishes Annual and Sustainability Reports each year and publicly discloses its practices and performance in sustainability area.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 38-40 "Sustainability Targets"

Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
A3. Reporting							
A3.1	Discloses sustainability performance, targets and actions in an intelligible, accurate and adequate manner in annual reports.	X				<p>Arçelik discloses intelligible, accurate and adequate information regarding its sustainability performance in its annual reports. Every year, various global sustainability indices evaluate Arçelik's performance based on the information provided in Annual and Sustainability Reports.</p> <p>Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 38-40 "Sustainability Targets", Page 103-184 "In Touch with Business", Page 197-202 "Annex 4: Environmental Performance Indicators" Arçelik Corporate Website</p> <p>https://www.arcelikglobal.com/en/company/reports-presentations/</p>	
A3.2	Provides information about which of the United Nations (UN) 2030 Sustainable Development Goals its activities relate to.	X				<p>Arçelik supports the United Nations 2030 Agenda for Sustainable Development. The company makes public its priority targets as well as its practices and contribution to global goals every year in its Annual and Sustainability Reports.</p> <p>Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 41 "Contribution to the UN Sustainable Development Goals", Page 258-261 "Annex 14: Contribution to the UN Sustainable Development Goals" Arçelik Corporate Website</p> <p>https://www.arcelikglobal.com/en/sustainability/our-approach/sustainability-governance/</p>	

		COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
A3.3	Makes disclosures regarding the lawsuits filed and/or concluded against the company on account of ESG issues, which are material with respect to ESG policies and/or have material impact on operations.	X					Arçelik 2023 Annual Report, Other Disclosures
A4. Verification							
A4.1	ESG Key Performance measurements are verified by an independent third party and publicly disclosed.	X				ESG data reported globally by Arçelik are verified each year by an independent third party and publicly disclosed in Arçelik Sustainability Report. Arçelik Annual Reports, on the other hand, present the verified data for the three preceding years.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 187-195 "Annex-2: Assurance Report"
B. Environmental Principles							
B1	Publicly discloses its environmental management policy and practices, action plans, environmental management systems (known by ISO 14001 standard) and programs.	X				Arçelik configures its work processes in accordance with international product and governance standards, in particular ISO 14001 Environmental Management System integrated with ISO 9001 Quality Management System and ISO 50001 Energy Management System.	Arçelik Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 44-83 "In Touch with Our Planet"
B2	Publicly discloses the limitations over the reporting scope, reporting period, reporting date, reporting conditions of the environmental reports to be prepared for providing environmental management information.	X				Arçelik discloses the scope, reporting period, date and conditions of the environmental management information it makes available to the public.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 185-186 "Annex-1: Scope of the Report"
B.3	Provided in A2.1.	X					
B4	Discloses the environmental targets included in rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (board members, executives, employees and so on).	X				To enhance the successful execution of Arçelik's sustainability strategy, certain ESG-related Key Performance Indicators have been integrated into the target cards of executives, particularly the General Manager and Deputy General Managers, and the targets are publicly disclosed in detail in corporate reports.	Arçelik 2023 Annual Report, Sustainability Section

Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
B5	Explains how environmental issues identified to be material are integrated into business goals and strategies.	X				Through the sustainability materiality matrix prepared by Arçelik with the involvement of a wide range of stakeholders, its priorities, targets, and strategy are linked to material issues and regularly disclosed to the public.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 30-37 "Materiality Analysis"
B6	Provided in A2.4.	X				Provided in A2.4	
B7	Explains how it manages environmental issues not just with respect to its direct operations but throughout the company's value chain including suppliers and customers and how they are integrated into its business goals and strategies.	X				Arçelik sets targets to achieve sustainability transformation throughout its value chain and publishes the activities it carries out every year in its Annual and Sustainability Reports.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 103-184 "In Touch with Business" Arçelik 2022 Sustainability Report, Page 16-17 "Executive Summary" https://www.arcelikglobal.com/media/7381/arcelik_22_sustainability_report.pdf
B8	Discloses whether it is involved in policy-making processes on environmental issues (sectoral, regional, national and international); environmental associations that it is a member of, its collaborations with related organizations and non-governmental organizations, and the tasks it undertakes and the activities it supports, if any.	X					Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 203-207 "Annex-5: Selected Memberships and Arçelik's Contributions"
B9	Periodically reports information about its environmental impacts comparatively in the light of environmental indicators; GHG emissions Scope 1 (Direct), Scope 2 (Indirect from purchased energy), Scope 3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity implications).	X				Scope 1, Scope 2 and Scope 3 GHG emissions are regularly calculated as part of sustainability activities, verified by an independent third party pursuant to ISO 14064-1, and reported comparatively with previous years.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2023 Annual Report, Sustainability Principles Compliance Statement Section Arçelik 2022 Sustainability Report, Page 44-83 "In Touch with Our Planet", Page 197 "Annex 4: Environmental Performance Indicators" Arçelik Corporate Website https://www.arcelikglobal.com/en/sustainability/intouch/areas/commitments-on-biodiversity-no-deforestation/

		COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
B10	Describes the standard, protocol, methodology and baseline year details used to collect and calculate its data.	X				Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 17-43 "Strategic Approach to Sustainability", Page 44-83 "In Touch with Our Planet", Page 224-229 "SCM Index"	
B11	Describes the status of environmental indicators for the reporting year (increase or decrease) in comparison with previous years.	X				Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 38-40 "Sustainability Targets", Page 44-83 "In Touch with Our Planet", Page 197-202 "Annex 4: Environmental Performance Indicators"	
B12	Sets short- and long-term goals to reduce its environmental impact and discloses these goals and the progress, if any, as compared to the targets set in previous years.	X			Arçelik set sustainability targets for 2030 and 2050 to mitigate its environmental impact, and publishes its progress in its Sustainability and Annual Reports.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 38-40 "Sustainability Targets", Page 44-83 "In Touch with Our Planet", Page 197-202 "Annex 4: Environmental Performance Indicators"	
B13	Discloses its strategy and actions to combat the climate crisis.	X			Arçelik has developed its Climate Change Strategy and made it public on its website.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report Page 44-51 "Climate Change and Decarbonization" Arçelik Corporate Website, Combating Climate Change https://www.arcelikglobal.com/en/sustainability/in-touch-with-our-planet/combating-the-climate-crisis/	

Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
B14	Explains its programs or procedures to prevent or minimize the potential negative impacts of the products and/or services it offers.		X			Within the scope of its sustainability strategic material topics, Arçelik works to conserve natural resources through innovative products and improved operations, and develops programs aimed at reducing its environmental footprint. The company publishes its efforts in this field every year in its Annual and Sustainability Reports.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 44-83 "In Touch with Our Planet" Arçelik Global Environmental Policy https://www.arcelikglobal.com/media/5626/cevre_en.pdf
	Takes and explains its actions for driving reduction of GHG emission quantities of third parties (e.g. suppliers, sub-contractors, dealers, etc.)		X			Arçelik accepts sustainability as a business model throughout its value chain and cooperates for accelerating the sustainable transformation of all its stakeholders. All these efforts are disclosed in detail each year in Arçelik Annual Report and Sustainability Report.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 44-83 "In Touch with Our Planet", Page 103-184 "In Touch with Business"
B15	Discloses the total number of actions taken, projects carried out and initiatives undertaken to mitigate its environmental impacts, along with the benefits/revenues and cost savings they provide.		X			Arçelik regularly discloses the number of efficiency and saving projects and actions derived as a result of its sustainability efforts in its company reports that are open to the public.	Arçelik 2023 Annual Report, Sustainability Section
B16	Reports the total energy consumption data (gas, diesel oil, fuel oil, LPG, coal, electricity, heating, cooling, etc.) and discloses its energy consumption as Scope 1 and Scope 2.		X			Scope 1 and Scope 2 GHG emissions are regularly calculated within the scope of sustainability efforts, which are verified by an independent third party pursuant to ISO 14064-1 and publicly disclosed. Similarly, energy consumption data are also reported broken down into "renewables/non-renewables" to correspond to the expectations of international sustainability indices.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 197 -202 "Annex 4: Environmental Performance Indicators"

		COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
B17	Provides information about the electricity, heat, steam and cooling generated during the reporting year.			X		Data on the electricity generated in a given year is publicly disclosed in a comparative format in the Sustainability Report upon completion of the verification. Heat, steam, and cooling energy generated are considered secondary energy types and the verified consumption amounts pertaining to primary energy resources used to obtain them will be reported in the Sustainability Report. Arçelik is also upgrading its existing energy monitoring systems in place to monitor and report these secondary energy types.	Arçelik 2023 Annual Report, Sustainability Section and Sustainability Compliance Statement Arçelik 2022 Sustainability Report, Page 197 -202 "Annex 4: Environmental Performance Indicators"
B18	Conducts and discloses studies on increasing the use of renewable energy, transition to zero or low carbon electricity.	X				Arçelik publicly discloses its renewable energy targets, investments and energy projects carried out in its company reports every year.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 38-40 "Sustainability Targets", Page 44-83 "In Touch with Our Planet", Page 197-202 "Annex 4: Environmental Performance Indicators"
B19	Discloses data on its renewable energy generation and consumption.	X				Arçelik publicly discloses its investments, targets and consumption data pertaining to renewable energy in its corporate reports annually.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 38-40 "Sustainability Targets", Page 44-83 "In Touch with Our Planet", Page 197-202 "Annex 4: Environmental Performance Indicators"

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		COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
B20	Develops energy efficiency projects and discloses the quantity reduced in energy consumption and emission enabled by these efforts.	X				Arçelik discloses consumption and emission reductions secured owing to the energy efficiency projects carried out in its company reports.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 44-83 "In Touch with Our Planet", Page 197-202 "Annex 4: Environmental Performance Indicators"
B21	Reports the amount of underground or overground water withdrawn, recycled and discharged, the resources and procedures.	X				Arçelik publicly discloses its water management activities, targets, and annual performance data in its corporate reports.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 44-83 "In Touch with Our Planet", Page 197-202 "Annex 4: Environmental Performance Indicators"
B22	Discloses whether its operations or activities are included in any carbon pricing system (Emission Trading System, Cap and Trade or Carbon Tax).	X				Since the regulatory framework governing the carbon pricing system has yet to be finalized in Turkey, the company is not included in any carbon pricing system. Potential implications of low-carbon transition upon Arçelik's operations are analyzed in terms of policy, market, reputational and technology risks. The external S&P Trucost ESG methodology has been employed for the policy risk and related carbon price.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 44-83 "In Touch with Our Planet"
B23	Discloses the carbon credits saved or purchased during the reporting period.	X				No carbon credits were saved or purchased during the reporting period.	Arçelik 2023 Annual Report, Sustainability Section and Sustainability Risks and Opportunities Arçelik 2022 Sustainability Report, Page 230-240 "Annex-11.1 TCFD"
B24	Discloses the details if carbon pricing is applied within the company.	X				Potential implications of low-carbon transition upon Arçelik's operations are analyzed in terms of policy, market, reputational and technology risks. The external S&P Trucost ESG methodology has been employed for the policy risk and related carbon price.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 44-83 "In Touch with Our Planet"

		COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
B25	Discloses the platforms that it reports its environmental information to.	X				Arçelik discloses its environmental data in all its regular company reports made available to the public and on its corporate website.	Arçelik Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 44-83 "In Touch with Our Planet", Page 197-202 "Annex 4: Environmental Performance Indicators" Arçelik Corporate Website https://www.arcelikglobal.com/en/sustainability/overview/
C. Social Principles							
C1. Human Rights and Employee Rights							
C1.1	Develops a Company Human Rights and Employee Rights Policy, which pledges full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other applicable legislation. Discloses the policy and the roles and responsibilities associated for its implementation.	X				When determining its approach and attitude towards human and employee rights, Arçelik adheres to the requirements of global initiatives including the United Nations Global Compact (UNGC), which it has voluntarily participated in, and the International Labor Organization (ILO), develops policies and transparently discloses all its activities implemented in accordance with those principles with the public in its company reports.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 17-43 "Strategic Approach to Sustainability", Page 103-184 "In Touch with Business" Arçelik Human Rights Policy https://www.arcelikglobal.com/media/6236/15_global-human-rights-policy-en-1.pdf Arçelik Human Rights Due Diligence Process https://www.arcelikglobal.com/media/6508/human-rights_due_diligence.pdf

Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
C1.2	Incorporates an equitable workforce, improvement of working standards, women's employment and inclusion (not discriminating on the basis of gender, race, religion, language, marital status, ethnicity, sexual orientation, gender identity, family responsibilities, union activities, political affiliation, disabilities, social and cultural differences, etc.) in its policy concerning employee rights, while looking out for the effects of supply and value chain.		X			Arçelik has developed and publicly disclosed its Human Rights policy to establish its approach to Human Rights and provide a corresponding guide. All employees and managers of Arçelik and Group Companies are required to adhere to the Arçelik Human Rights Policy. Arçelik requires all its business partners to adhere to this Policy to the extent applicable to the relevant party and/or transaction and takes measures to ensure compliance.	<p>Arçelik 2023 Annual Report, Sustainability Section</p> <p>Arçelik 2022 Sustainability Report, Page 103-184 "In Touch with Business"</p> <p>Arçelik Human Rights Policy</p> <p>https://www.arcelikglobal.com/media/6236/15_global-human-rights-policy-en-1.pdf</p> <p>Arçelik Human Rights Due Diligence Process</p> <p>https://www.arcelikglobal.com/media/6508/human-rights-due-diligence.pdf</p> <p>Arçelik Responsible Purchasing Policy</p> <p>https://www.arcelikglobal.com/media/5553/responsible-purchasing-policy_en.pdf</p>
C1.3	Discloses the measures taken throughout the value chain for protecting the rights of groups sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or for securing minority rights/ equal opportunity.		X			<p>Within the framework of its Global Code of Conduct, Arçelik protects the human rights of all employees of Arçelik and its Group Companies, and its business partners in the value chain, within the framework of their pertinent policies.</p>	<p>Arçelik 2023 Annual Report, Sustainability Section, Human Resources Practices</p> <p>Arçelik Human Rights Policy, Diversity and Equal Employment Opportunity, Anti-Discrimination</p> <p>https://www.arcelikglobal.com/media/6236/15_global-human-rights-policy-en-1.pdf</p> <p>Arçelik 2022 Sustainability Report, Page 85-93 "Supporting Society with Equal Opportunities and Inclusion", Page 103-184 "In Touch with Business"</p>

		COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
C1.4	Reports on progress in relation to actions for preventing and remedying discrimination, inequality, human rights violations, forced labor and child labor.		X			<p>Within the framework of its Global Code of Conduct, Arçelik protects the human rights of all employees of Arçelik and its Group Companies, and its business partners in the value chain, within the framework of their pertinent policies.</p>	<p>Arçelik 2023 Annual Report, Sustainability Section, Human Resources Practicess</p> <p>Arçelik Human Rights Policy, Anti-Discrimination, Zero Tolerance to Child Labor and Forced Labor, Freedom of Unionization and Collective Bargaining, Health and Safety, Zero Tolerance to Harassment and Violence, Working Hours and Wages, Personal Development</p> <p>https://www.arcelikglobal.com/media/6236/15_global-human-rights-policy-en-1.pdf</p> <p>Arçelik Declaration on Equality at Work</p> <p>https://www.arcelikglobal.com/media/5711/tem20declaration_on_equality_at_work.pdf</p> <p>Arçelik Anti-Discrimination and Anti-Harassment Policy</p> <p>https://www.arcelikglobal.com/media/6317/16_global-anti-discrimination-and-anti-harassment.pdf</p> <p>Arçelik 2022 Sustainability Report, Page 103-184 "In Touch with Business"</p>

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		COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
C1.5	Incorporates investments in employees (training, development policies), employee compensation, fringe benefits granted, the right to unionize, work/life balance solutions and talent management in its policies concerning employee rights.		X			<p>Within the framework of its Global Code of Conduct, Arçelik protects the human rights of all employees of Arçelik and its Group Companies, and its business partners in the value chain, within the framework of their pertinent policies.</p>	<p>Arçelik 2023 Annual Report, Sustainability Section, Human Resources Practices, Talent Management</p> <p>Arçelik Human Resources Policy, Freedom of Unionization and Collective Bargaining, Health and Safety, Working Hours and Wages, Personal Development</p> <p>https://www.arcelikglobal.com/media/6236/15_global-human-rights-policy-en-1.pdf</p> <p>Arçelik 2022 Sustainability Report, Page 103-184 "In Touch with Business"</p>
	Determines the mechanisms for resolution of employee complaints and labor disputes, and establishes conflict resolution processes.		X			<p>To ensure the prevention of any potential discrimination among employees and physical, mental, and emotional harassment within the Company permanently, Arçelik sets up and enforces binding rules through its Global Code of Conduct and Related Policies, Arçelik Employee Regulation, and all associated policies.</p> <p>Notifications regarding actions that fail to adhere to the Arçelik Global Code of Conduct and associated policies are received through the website-based Ethics Line, which can be accessed at www.ethicsline.net, or additionally via the Ethics Phone Line for certain countries.</p>	<p>Arçelik 2023 Annual Report, Sustainability Section, Human Resources Practices</p> <p>Arçelik Whistleblowing Policy</p> <p>https://www.arcelikglobal.com/media/5515/3_global-whistleblowing-policy.pdf</p> <p>Arçelik 2022 Sustainability Report, Page 103-184 "In Touch with Business"</p>
	Discloses the activities for ensuring employee satisfaction during the reporting period.		X			<p>Arçelik conducts annual research through independent research companies to measure employee engagement and happiness in the workplace. Activities based on feedbacks are disclosed to the public through corporate reports.</p>	<p>Arçelik 2023 Annual Report, Arçelik 2023 Annual Report, Sustainability Section, Human Rights, Human Resources Practices, Employee Engagement</p> <p>Arçelik 2022 Sustainability Report, Page 103-184 "In Touch with Business"</p>

		COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
C1.6	Establishes and discloses occupational health and safety policies.		X			Arçelik established its occupational health and safety policy and shared it on its public corporate communication channels. The company publishes its activities in this field every year in its corporate reports.	Arçelik 2023 Annual Report, Sustainability Section Occupational Health and Safety Arçelik Occupational Health and Safety Policy https://www.arcelikglobal.com/en/company/press-room/6232/is-policy_arcelik-legals_11.pdf/6286/corporate-health-and-safety-policy.pdf
	Discloses the measures adopted for preventing workplace accidents and for protecting occupational health along with statistical data on accidents.		X				Arçelik 2023 Annual Report, Sustainability Section Occupational Health and Safety Arçelik 2022 Sustainability Report, Page 135-137 "Occupational Health and Safety"
C1.7	Establishes and discloses personal data protection and data security policies.		X			Arçelik established its policy for protection of personal data and data security, and shared it on public corporate communication channels. The company publishes its activities in this field every year in its corporate reports.	Arçelik 2023 Annual Report, Sustainability Section Protection of Personal Data Arçelik 2022 Sustainability Report, Page 105-110 "Business Ethics and Transparency" Arçelik Information Security Policy https://www.arcelikglobal.com/en/company/press-room/6232/is-policy_arcelik-legals_11.pdf Arçelik KVKK Policy https://www.arcelikglobal.com/en/company/data-privacy-policy/ Arçelik Code of Conduct https://www.arcelikglobal.com/en/company/about-us/global-code-of-conduct/

Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
C1.8	Establishes and discloses a code of ethics.	X				Arçelik established its Global Code of Conduct, and shared it on public corporate communication channels. The company publishes its activities in this field every year in its corporate reports.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 105-110 "Business Ethics and Transparency" Arçelik Code of Conduct https://www.arcelikglobal.com/en/company/about-us/global-code-of-conduct/
C1.9	Discloses the efforts on social investment, corporate social responsibility, financial inclusion, and access to finance.						Arçelik 2023 Annual Report, Major Community Investment Initiatives
C1.10	Organizes information meetings and training programs on ESG policies and practices for employees.	X					Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 103-184 "In Touch with Business"
C2. Stakeholders, International Standards and Initiatives							
C2.1	Establishes and discloses a customer satisfaction policy for handling and resolving customer complaints.	X				Arçelik established its customer satisfaction policy and shared it on public corporate communication channels. The company publishes its activities in this field every year in its corporate reports.	Arçelik 2023 Annual Report, Customer Services Section Arçelik 2022 Sustainability Report, Page 157-166 "Customer and Consumer Experience" Arçelik Customer Satisfaction Policy https://www.arcelikglobal.com/en/company/press-room/customersatisfactionpolicy.pdf

		COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
C2.3	Discloses information about the communication maintained with stakeholders (which stakeholders, topics and frequency).	X					Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 27-29 "Stakeholder Engagement Mapping", Page 96-99 "Community Development and Partnerships"
C2.3	Discloses the international reporting standards embraced in its reporting.	X					Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 3-4 "About the Report"
C2.4	Discloses the principles embraced in relation to sustainability, international organizations, committees and principles that it is a signatory or member of.	X				Principles the company embraced in relation to sustainability, international organizations, committees and principles that the company is a signatory or member of are disclosed on Arçelik's corporate communication channels. The responsibility Arçelik assumes in these formations and the roles it fulfills are publicly disclosed every year in company reports.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 3-4 "About the Report" Arçelik Corporate Website https://www.arcelikglobal.com/en/sustainability/engagements/engagements/

Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	N/A		
C2.5	Makes improvements and concrete efforts to qualify for inclusion in sustainability indices of Borsa İstanbul and/or international index providers.	X				Arçelik works to be listed in and carry out its performance on, internationally leading sustainability indices including Borsa İstanbul and shares its progress in these indices with the public.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 12-13 "Awards and Recognitions", Page 14-15 "Global Partnerships and Engagement" Arçelik Corporate Website https://www.arcelikglobal.com/en/sustainability/awards-achievements/
D. Corporate Governance Principles							
D.1	Seeks stakeholders' opinions when determining the measures and strategies in relation to sustainability.	X				Arçelik deems it important to determine, prioritize, evaluate and report the factors that have the highest material impact on its stakeholders. In keeping with the changing global sustainability agenda, the materiality analysis is renewed annually. The inputs from the widely participated questionnaire administered to different key stakeholder groups are blended with the opinions of the company's senior management, and thus created Arçelik's materiality matrix. The distribution of the Materiality Analysis results with respect to stakeholder groups and geographical regions is publicly disclosed.	Arçelik 2023 Annual Report, Sustainability Section, Sustainability Principles Compliance Disclosure Arçelik 2022 Sustainability Report, Page 30-37 "Materiality Analysis"
D.2	Works on raising awareness of sustainability and its importance through social responsibility projects, awareness activities and training programs.	X				In the light of its Corporate Citizenship Policy, Arçelik implements various social initiatives catering to human needs in its geographies and also in other areas with the aim of supporting sustainable living. The company discloses all its activities and their outputs every year in its corporate reports.	Arçelik 2023 Annual Report, Sustainability Section Arçelik 2022 Sustainability Report, Page 84-102 "In Touch with Human Needs" Arçelik Corporate Citizenship Policy https://www.arcelikglobal.com/media/5758/22-07corporate-citizenship-policy-son.pdf

Sustainability Risks and Opportunities

Arçelik identifies sustainability and climate-related risks and opportunities that are likely to have a reasonable impact on its operational continuity and financial performance, assesses their present and projected impacts on its business model and value chain, and conducts studies to identify its resilience against risks.

Arçelik conducts annual risk-opportunity analyses through desk research and meetings attended by relevant teams, establishes methodologies to assign financial values to identified topics, collects data from relevant data points, and, at the final stage, submits the financialized risks to the approval of

senior management. Identified risks are incorporated into the agenda of Risk Management Committee meetings, where all enterprise risk management topics are assessed.

Arçelik assesses its risks across its entire value chain and all operational geographies. During these assessments, the Company leverages existing data within the organization and conducts data collection studies specific to risk-opportunity analysis. In addition to all these, Arçelik also utilizes internationally recognized and scientifically established data sources, such as the IPCC Climate Scenarios and the WRI Aqueduct.

In this context, it has been noted that Arçelik's physical risks are primarily related to water scarcity, with a focus on operations in Turkey, Pakistan, and Bangladesh, while transition risks are primarily concentrated in the EU due to emerging legal regulations.

In line with all these assessments, Arçelik considers the following criteria when identifying material sustainability risks and opportunities:

Sustainability Risks and Opportunities*

Risks/Opportunities along the Value Chain

Upstream	The initial stages of the supply chain, where raw materials are sourced, purchased, and transported to production facilities. This phase includes processes such as supplier selection, purchasing, and inventory management.										
Direct Operations	It encompasses the production process.										
Downstream	The final stages of the supply chain where finished products are distributed to customers. This phase comprises processes such as storage, transportation, and completion of orders.										
Potential Impact Time Horizon											
Short Term	1-3 years										
Medium Term	3-10 years										
Long Term	10-30 years										
Likelihood	Magnitude of Impact										
<ul style="list-style-type: none"> • Virtually certain • Very likely • Likely • More likely than not • About as likely as not • Unlikely • Very unlikely • Exceptionally unlikely 	<table border="1"> <tr> <td>Low</td> <td>1% decrease in EBITDA</td> </tr> <tr> <td>Moderate</td> <td>1% - 3% decrease in EBITDA</td> </tr> <tr> <td>High</td> <td>3% - 5% decrease in EBITDA</td> </tr> <tr> <td>Severe</td> <td>5% - 10% decrease in EBITDA</td> </tr> <tr> <td>Critical</td> <td>10% decrease in EBITDA</td> </tr> </table>	Low	1% decrease in EBITDA	Moderate	1% - 3% decrease in EBITDA	High	3% - 5% decrease in EBITDA	Severe	5% - 10% decrease in EBITDA	Critical	10% decrease in EBITDA
Low	1% decrease in EBITDA										
Moderate	1% - 3% decrease in EBITDA										
High	3% - 5% decrease in EBITDA										
Severe	5% - 10% decrease in EBITDA										
Critical	10% decrease in EBITDA										

If the costs related to the risks and opportunities outlined within these criteria have been realized, the corresponding item in the Arçelik Consolidated Financial Statement is stated (*please refer to [page 453-460](#)*). Projected values determined through scenario analysis and not realized are referred to as “estimated values”.

Arçelik considers the risk/opportunity calculations and cost of response to risk/opportunity evaluations specified below in the decision-making processes regarding possible operational changes and investment planning.

* The data in this section are expressed in nominal values without the application of IAS 29 ‘Financial Reporting in Hyperinflationary Economies’ (IAS29) standard.

Risk 1: Regulation on EU Carbon Border Adjustment Mechanism

Risk Description

Identifier	<p>The EU Carbon Border Adjustment Mechanism (CBAM) Regulation was enacted and took effect in 2023, with a transition period set to be implemented until the end of 2025. In this context, importers bringing emission-intensive raw materials into the EU will need to disclose the embedded and indirect emissions of these substances and purchase CBAM certificates in return.</p> <p>Arçelik operates a washing machine and refrigerator production facility in Romania through its subsidiary, Arctic. A certain percentage of the steel utilized in production is sourced from outside the EU. As an importer, Arctic will be obligated to disclose the volume and embedded emissions of imported steel and will have the requirement to purchase CBAM certificates at the pertinent EU ETS price starting in 2026.</p>
Where in the value chain does the risk driver occur?	Upstream
Risk Type	Emerging regulation (Transition risk)
Primary Risk Driver	Enhanced emissions-reporting obligations
Primary Potential Financial Impact	Increased indirect operating costs
Potential Impact Time Horizon	Short term
Likelihood	Very likely
Magnitude of Impact	Moderate

Financial Impact of Risk

Potential Financial Impact	EUR 6,760,409	
	The potential additional cost per product with the CBAM implementation, following the decrease in free allowances, was calculated by taking into account the projected reduction in greenhouse gas emissions. This data was multiplied by Arctic's estimated production quantity for 2026.	
Cost of Response to Risk	EUR 8,836,669	
	Utilizing green steel has been considered an alternative scenario. Based on the amount of steel input required for Arçelik's production in 2026, the cost increase that would result from the utilization of green steel instead of regular flat steel was considered.	
	Amount (EUR)	Consolidated Financial Statement Value
Potential Financial Impact	6,760,409	<i>Estimated value</i>
Cost of Response to Risk	8,836,669	<i>Estimated value</i>

Sustainability Risks and Opportunities

Risk 2: Compliance with Science-Based Targets

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Risk Description

Identifier	Arçelik is committed to maintaining a climate scenario target of below 2 degrees, which has been approved by the Science Based Targets initiative (SBTi) with 2018 as the base year. Arçelik, also committed to complying with SBTi's Net Zero Standard, has established a target that is consistent with the 1.5°C climate scenario, with 2022 as the base year and its scope expanded to include all subsidiaries. Given that 80% of Arçelik's Scope 3 impact results from the usage stage of the products, producing resource-efficient products is crucial for complying with the Science-Based Targets. To produce resource-efficient products, Arçelik has to invest heavily in R&D. This would result in an increase in cost per product.
Where in the value chain does the risk driver occur?	Direct operations
Risk Type	Market (Transition risk)
Primary Risk Driver	Uncertainty in market signals
Primary Potential Financial Impact	Increased indirect operating costs
Potential Impact Time Horizon	Short term
Likelihood	Likely
Magnitude of Impact	High

Financial Impact of Risk

Potential Financial Impact	EUR xx* The potential impact is based on the scenario that Arçelik's cost per product may rise in order to produce more efficient products aligned with the Science-Based Targets, while other players in the market maintain production at low costs without enhancing resource efficiency in their products. In this case, the increase in Arçelik's costs will pose a risk of decreasing profitability.	
Cost of Response to Risk	EUR 27,858,287 In response to the risk, Arçelik invests heavily in R&D in order to provide cost-effective products to consumers through the production of resource-efficient products at lower costs. Furthermore, by raising awareness among users about sustainability, Arçelik strives to increase the likelihood of users incurring additional costs for resource-efficient products.	
	Amount (EUR)	Consolidated Financial Statement Value
Potential Financial Impact	xx*	<i>Estimated value</i>
Cost of Response to Risk	27,858,287	Net cash flow from investment activities

* It will be announced within nine months following the publication date of this report.

Risk 3: Water Stress Risk

Risk Description

Identifier	Arçelik assessed the water stress risk at the location level according to the Representative Concentration Pathways (RCP) of the Intergovernmental Panel on Climate Change (IPCC) using the TruCost Methodology under S&P's consultancy. Furthermore, Arçelik conducts water risk assessments annually at its worldwide sites using the WRI Aqueduct Water Risk Atlas and its internal resources. Based on internal risk calculations using RCP 4.5, Arçelik identified that certain operational sites may be under high water stress in 2030. This situation may increase the risk of disruptions in production.
Where in the value chain does the risk driver occur?	Direct operations
Risk Type	Chronic physical
Primary Risk Driver	Water scarcity
Primary Potential Financial Impact	Reduced contribution margin due to potential loss of production
Potential Impact Time Horizon	Medium term
Likelihood	More likely than not
Magnitude of Impact	Moderate

Financial Impact of Risk

Potential Financial Impact	EUR 12,873,417 When considering the RCP 4.5 global warming scenario, it has been assessed that production sites categorized as "Very High" water stress risk could be exposed to potential production losses. The potential financial impact is calculated by considering the loss in gross profit per product resulting from the lack of water for production by 2030.
Cost of Response to Risk	EUR 3,488,842 Arçelik identifies water risks and invests in enhancing water recycling and reuse while reducing water withdrawal. In this context, Arçelik's expenditures for sustainable water usage in 2023 are part of the cost of response to the risk.

	Amount (EUR)	Consolidated Financial Statement Value
Potential Financial Impact	12,873,417	<i>Estimated value</i>
Cost of Response to Risk	3,488,842	Net cash flow from operating and investment activities

Sustainability Risks and Opportunities

Risk 4: Reputation Risk

Risk Description

Identifier	Green financing instruments provide reduced interest rate options compared to conventional loan instruments. Arçelik benefits from EUR 350 million of green bonds and EUR 150 million of green loans. The green financing tools utilized by Arçelik are a reflection of the confidence that investors and financial institutions have in the Company's capacity to execute its green transformation strategy. Arçelik's credibility in terms of ESG is further supported by notable third-party recognitions, such as achieving the highest score in its industry in the Dow Jones Sustainability Indices and being listed in the Corporate Knights 100 Most Sustainable Companies List. In the event that Arçelik fails to adhere to its ESG commitments, there is a risk that it might lose its credibility. This could potentially decrease investors' appetite for providing green financing options to the Company. In such a scenario, there could be a potential increase in Arçelik's borrowing costs.
Where in the value chain does the risk driver occur?	Direct operations
Risk Type	Reputation (Transition risk)
Primary Risk Driver	Increased stakeholder concern or negative stakeholder feedback
Primary Potential Financial Impact	Decreased access to capital
Potential Impact Time Horizon	Long term
Likelihood	Unlikely
Magnitude of Impact	High

Financial Impact of Risk

Potential Financial Impact	EUR 11,125,000 The potential impact is identified as the additional cost that would arise during repayment in the scenario where Arçelik secures the entire amount of green financing from conventional loans with a low interest rate.	
Cost of Response to Risk	EUR 63,267 In order to benefit from green financing resources, Arçelik obtains second-party opinion and audit services when issuing green bonds. The total amount of this service is calculated as the cost of response to risk.	
	Amount (EUR)	Consolidated Financial Statement Value
Potential Financial Impact	11,125,000	<i>Estimated value</i>
Cost of Response to Risk	63,267	Expense

Risk 5: Carbon Pricing

Risk Description

Identifier	<p>Due to the absence of a carbon pricing mechanism for the countries and industries in which Arçelik operates, there is currently no financial liability. Besides, expanding decarbonization efforts accelerates the implementation of these mechanisms. The additional cost that will be incurred in the event of inclusion in such mechanisms has the risk of putting Arçelik at a disadvantage in terms of price competitiveness.</p> <p>In order to be ready for such regulations and to minimize the potential financial burdens that may be encountered in the future, Arçelik is committed to mitigating its Scope 1-2 emissions.</p>
Where in the value chain does the risk driver occur?	Direct operations
Risk Type	Emerging regulation (Transition Risk)
Primary Risk Driver	Carbon pricing mechanisms
Primary Potential Financial Impact	Increased indirect operating costs
Potential Impact Time Horizon	Medium term
Likelihood	Unlikely
Magnitude of Impact	Moderate

Financial Impact of Risk

Potential Financial Impact	<p>EUR 6,625,022</p> <p>The financial impact is calculated by considering the unlikely scenario where Arçelik will be subject to the Emission Trading System mechanism for its entire operations by 2030. Arçelik's emissions for 2030 have been calculated considering the projected decrease from upcoming initiatives like green electricity, renewable energy, and energy efficiency projects. The total impact was calculated by multiplying emissions for 2030 by estimated carbon prices. It is expected that the financial burden will continue every year beyond 2030.</p>
Cost of Response to Risk	<p>EUR 106,250,753</p> <p>In order to minimize the risk, Arçelik intends to invest in green electricity certificates, energy efficiency projects and renewable energy to minimize Scope 1-2 greenhouse gas emissions. The cost of response to risk is calculated as the total investment planned until 2030.</p>

	Amount (EUR)	Consolidated Financial Statement Value
Potential Financial Impact	6,625,022	<i>Estimated value</i>
Cost of Response to Risk	106,250,753	<i>Estimated value</i>

Sustainability Risks and Opportunities

Opportunity 1: Products with Low Environmental Impact

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Description of Opportunity

Identifier	As the significance of climate-related risks increases, so does consumers' awareness and sensitivity regarding a low carbon footprint. This situation increases the demand for energy-efficient household appliances among consumers and makes the sale of these product groups a financial opportunity. Arçelik holds a strong market position due to its wide portfolio of energy-efficient products and substantial sales of such products. Arçelik had the opportunity to make more cost-effective investments in energy-saving devices through green financing. In this way, Arçelik energy-efficient products have the advantage of reflecting lower cost on the products.
Where in the value chain does the opportunity occur?	Downstream
Opportunity Type	Markets
Primary Opportunity Driver	Development of new products or services through R&D and innovation
Primary Potential Financial Impact	Increased revenues resulting from increased demand for products and services
Potential Impact Time Horizon	Short term
Likelihood	Likely
Magnitude of Impact	High

Financial Impact of Opportunity

Potential Financial Impact	EUR xx* The financial impact corresponds to Arçelik's revenue generated from energy efficient products in 2023.	
Cost to Realize Opportunity	EUR 31,076,999 Arçelik is committed to improving the energy performance of its products through R&D studies in order to seize the opportunity of increased demand for energy-efficient products. The cost to realize this opportunity corresponds to Arçelik's R&D expenditures for energy-efficient products in 2023.	
	Amount (EUR)	Consolidated Financial Statement Value
Potential Financial Impact	xx*	Net profit
Cost to Realize Opportunity	31,076,999	Net cash flow from operating and investment activities

* It will be announced within nine months following the publication date of this report.

Opportunity 2: Green Financing

Description of Opportunity

Identifier	Arçelik benefits from advantageous borrowing terms due to EUR 500 million of green financing, which includes EUR 350 million of green bonds and EUR 150 million of green loans. Arçelik funds green projects such as energy-saving, eco-efficient products, circular economy-adapted products, and the promotion of energy efficiency in production. Arçelik utilizes revenue from green financing instruments to invest in energy and water-saving technologies, energy efficiency in production, sustainable water and wastewater management, pollution control and prevention, renewable energy, and green building initiatives.
Where in the value chain does the opportunity occur?	Direct operations
Opportunity Type	Resilience
Primary Opportunity Driver	Access to favorable financing conditions
Primary Potential Financial Impact	Increased access to capital
Potential Impact Time Horizon	Short term
Likelihood	Very Likely
Magnitude of Impact	Moderate

Financial Impact of Opportunity

Potential Financial Impact	EUR 11,125,000 Green financing options offer lower interest rates compared to conventional loan options, facilitating the green transformation of businesses. As a result, the calculated financial impact demonstrates how much Arçelik saves in interest expenses over five years compared to conventional financing instruments by utilizing green financing.	
Cost to Realize Opportunity	EUR 63,267 Access to green financing plays an essential role for Arçelik to achieve its green transformation goals, including Science Based Targets and Net Zero commitment. The cost of realizing opportunity represents the total costs of audit services in the processes..	
	Amount (EUR)	Consolidated Financial Statement Value
Potential Financial Impact	11,125,000	<i>Estimated value</i>
Cost to Realize Opportunity	63,267	Net cash flow from investment activities

Sustainability Risks and Opportunities

Opportunity 3: Renewable Energy Investment

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Description of Opportunity

Identifier	With the introduction of ETS mechanisms, it becomes critical to reduce Scope 1-2 emissions in order to minimize the potential additional costs associated with carbon taxes. Arçelik is in an advantageous position to reduce Scope 1-2 emissions by virtue of its target of establishing a renewable energy system with a capacity of 50 MW and its target of increasing the green electricity rate to 100% in all countries where it has production facilities by 2030 and the actions taken in line with these targets.
Where in the value chain does the opportunity occur?	Direct operations
Opportunity Type	Energy Source
Primary Opportunity Driver	Use of lower-emission sources of energy
Primary Potential Financial Impact	Reduced indirect costs
Potential Impact Time Horizon	Medium term
Likelihood	Very likely
Magnitude of Impact	High

Financial Impact of Opportunity

Potential Financial Impact	EUR 123,856,530 By means of its renewable energy investments and road plan, Arçelik will save on additional costs from its energy payment to the grid, green energy certificate purchase cost, and potential carbon tax. Savings are calculated as estimations for the years 2023-2030, considering Arçelik's production forecasts, grid costs changing according to market trends, green energy certificates, and carbon tax per tCO ₂ e.	
Cost to Realize Opportunity	EUR 63,036,965 In order to seize the savings opportunity, Arçelik has to undertake its planned renewable energy investments. Therefore, the cost to realize the opportunity corresponds to the amount of investment that Arçelik plans to make in renewable energy projects for the 2022-2026 period.	
	Amount (EUR)	Consolidated Financial Statement Value
Potential Financial Impact	123,856,530	<i>Estimated value</i>
Cost to Realize Opportunity	63,036,965	<i>Estimated value</i>

Opportunity 4: Solar Energy Business Line

Description of Opportunity

Identifier	Arçelik has started producing domestic solar panels, with an annual production target of 550,000 units. Given the current high demand for solar panels in Turkey and Europe, becoming a panel supplier has the potential to lead to a financial opportunity. It is projected that the panels manufactured by Arçelik will meet the demand within its production facilities and other companies of Koç Holding, Arçelik's main partner. Potential customers include buyers from Turkey and international markets, particularly Europe.
Where in the value chain does the opportunity occur?	Direct operations
Opportunity Type	Products and services
Primary Opportunity Driver	Ability to diversify business activities
Primary Potential Financial Impact	Increased revenues through access to new and emerging markets
Potential Impact Time Horizon	Short term
Likelihood	Very Likely
Magnitude of Impact	High

Financial Impact of Opportunity

Potential Financial Impact	EUR 84,549,010 The projected total return from Arçelik's solar panels to be introduced to the market in 2024 has been calculated.	
Cost to Realize Opportunity	EUR 9,900,000 This corresponds to the total investments made by Arçelik by the end of 2023 in order to produce solar panels.	
	Amount (EUR)	Consolidated Financial Statement Value
Potential Financial Impact	84,549,010	<i>Estimated value</i>
Cost to Realize Opportunity	9,900,000	<i>Estimated value</i>

TSRS Compliance Disclosure

This report has been prepared in accordance with the Board Decision on Determination of Turkey Sustainability Reporting Standards (TSRS) dated 27/12/2023.

TSRS 1

	Code of the Standard Clause	Relevant Content
GOVERNANCE	27a	- ESG Risk Management - Reflection of Sustainability Performance on Executive Compensation
	27b	- ESG Risk Management
STRATEGY	29a, 30a-c, 31	- Sustainability Risks and Opportunities
	29b, 32a-b	- Sustainability Risks and Opportunities
	29c, 33a-c	- Sustainability Risks and Opportunities
	29d, 34a-b, 35a-d, 36, 37a-b, 38a-b, 39, 40a-c	- Sustainability Risks and Opportunities
	29e, 41, 42	- Prominent Financial and Non-Financial Risks - Enterprise Risk Management web page
RISK MANAGEMENT	44a	- Annex: Sustainability Risks and Opportunities - ESG Risk Management
	44b	- Sustainability Risks and Opportunities
	44c	- Sustainability Risks and Opportunities
METRICS & TARGETS	46a-b	- <i>To be released in June 2024, in compliance with the PROVISIONAL ARTICLE 2 of the BOARD DECISION ON THE SCOPE OF IMPLEMENTATION OF TURKEY SUSTAINABILITY REPORTING STANDARDS (TSRS)</i>
	51a-g	- <i>To be released in June 2024, in compliance with the PROVISIONAL ARTICLE 2 of the BOARD DECISION ON THE SCOPE OF IMPLEMENTATION OF TURKEY SUSTAINABILITY REPORTING STANDARDS (TSRS)</i>

TSRS 2

	Code of the Standard Clause	Relevant Content
GOVERNANCE	6a	- ESG Risk Management - Reflection of Sustainability Performance on Executive Remuneration
	6b	- ESG Risk Management
STRATEGY	9a, 10a-d, 11, 12	- Sustainability Risks and Opportunities
	9b, 13a-b	- Sustainability Risks and Opportunities
	9c, 14a-c	- Sustainability Risks and Opportunities
	9d, 15a-b, 16a-d, 17, 18a-b, 19a-b, 20, 21a-c	- Sustainability Risks and Opportunities
	9e, 22a-b	- ESG Risk Management - Enterprise Risk Management web page
RISK MANAGEMENT	25a	- Sustainability Risks and Opportunities - ESG Risk Management
	25b	- Sustainability Risks and Opportunities
	25c	- Sustainability Risks and Opportunities
METRICS & TARGETS	28a, 29a-g, 30, 31	- <i>To be released in June 2024, in compliance with the PROVISIONAL ARTICLE 2 of the BOARD DECISION ON THE SCOPE OF IMPLEMENTATION OF TURKEY SUSTAINABILITY REPORTING STANDARDS (TSRS).</i>
	28b, 32	- <i>To be released in June 2024, in compliance with the PROVISIONAL ARTICLE 2 of the BOARD DECISION ON THE SCOPE OF IMPLEMENTATION OF TURKEY SUSTAINABILITY REPORTING STANDARDS (TSRS).</i>
	28c, 33a-h, 34a-d, 35, 36a-e, 37	- <i>To be released in June 2024, in compliance with the PROVISIONAL ARTICLE 2 of the BOARD DECISION ON THE SCOPE OF IMPLEMENTATION OF TURKEY SUSTAINABILITY REPORTING STANDARDS (TSRS).</i>

Identity

Reported Fiscal Year	01.01.2022 - 31.12.2022
Trade Name	Arçelik A.Ş.
Trade Registry and Number	İstanbul Trade Registry: 54957
Company Headquarters	Karaağaç Caddesi No: 2-6 Sötlüce 34445 Beyoğlu - İstanbul
Website Address	www.arcelikglobal.com
Telephone	+90 (212) 314 34 34
Fax	+90 (212) 314 34 63
Call center	444 0 888

Stock Information

BIST Code	ARCLK
Reuters Code	ARCLK.IS
Bloomberg Code	ARCLK.TI
Date of Initial Public Offering	21.01.1986

Arçelik A.Ş. Communication

Telephone:
+90 (212) 314 3434

Fax:
+90 (212) 314 3482

E-mail:
kurumsal@arcelik.com

Investor Relations

E-mail:
investorrelations@arcelik.com
yatirimciiliskileri@arcelik.com

Telephone:
+90 (212) 705 9681

Disclaimer

The Board of Directors' Report, Auditors' Report, Consolidated Financial Statements and Independent Audit Report regarding the operations and financials of the year 2023, included in this Annual Report ("Report"), are prepared in accordance with the legal requirements for the Ordinary General Assembly, which will be held on Wednesday, 16 March 2024 at 10.00am, at Divan İstanbul Hotel, Asker Ocağı Caddesi No: 1 34367 Elmadağ Şişli, İstanbul.

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Produced by Tayburn
Tel: (90 212) 227 04 36
www.tayburnkurumsal.com

www.arcelikglobal.com



Arçelik

T: (+90 212) 314 3434
F: (+90 212) 314 3482
E-mail: kurumsal@arcelik.com