

W0. Introduction

W0.1

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

Founded in 1955 in Istanbul, Arçelik A.Ş. (Arçelik), with its 12 brands (Arçelik, Beko, Grundig, Defy, Arctic, Dawlance, Elektrabregenz, Blomberg, VoltasBeko, Leisure, Altus, Flavel) and more than 40,000 employees operates in the fields of durable consumer goods and consumer electronics with R&D, production, marketing, and after-sales support services. Having built a global organization network with 28 production facilities* in 9 countries and 74 subsidiaries in 49 countries, the Company introduces its products to the consumers. Arçelik, the leading white goods manufacturer in Turkey and the second largest white goods company in Europe (Turkey included) reached 6.5 billion Euros in consolidated revenues in 2021.

The company continues its activities in line with its vision of "Respecting the World, Respected Worldwide." With its sustainability approach parallel to its vision and UN Sustainable Development Goals, Arçelik aims to develop and market products that are resource and energy efficient, innovative in design, and easy to use, while fulfilling its commitment to work on solutions against future threats such as drought, global warming or natural resource depletion. Arçelik became the company with the highest score (2021 S&P Global Corporate Sustainability Assessment - 86/100 points) in the Durable Home Appliances Category for the third time in the Dow Jones Sustainability Index, which evaluates the sustainability performance of corporate companies. The company is the first and only Turkish industrial corporation listed on the Dow Jones Sustainability Index for five consecutive years. Arçelik has become one of the first 45 companies in the world entitled to receive the Terra Carta Seal, presented by the UK's Prince of Wales to companies that have committed to combating climate change with concrete objectives within the scope of the Sustainable Markets Initiative, and is the first and only company in its sector to receive this honor. Arçelik has been constantly rated AAA on MSCI Sustainability Index since 2016, and AA in 2015. Furthermore, Arçelik has been listed in the FTSE4Good Emerging Markets Index by FTSE Russell at the London Stock Exchange since 2016. Arçelik is among the companies listed in the BIST SI since 2014. At the European Business Awards for the Environment (EBAE) organized by the European Commission, we were awarded the first prize in the Management category, becoming the first Turkish company to win this award in our industry. In the first quarter of 2022, Arçelik had become one of the 200+ companies that have signed the CEO Water Mandate. As an endorsing company, in line with Arçelik's Water Policy, we commit to meet the expectations of the CEO Water Mandate and report our progress annually. Arçelik conducts its business processes in accordance with ISO 9001, ISO 14001, ISO 14064-1 and ISO 50001 Standards. Arçelik's environmentally responsive "sustainable development" approach which is controlled in all processes from design to product cycle has been achieved as a result of mentioned management systems and its vision. Arçelik's Water Policy is integrated with our Environmental Policy as well as our Energy, Health and Safety, Quality, and GHG Management Systems, which are covered by our sustainability approach in line with our Global Business Ethics Principles. The aim of the policy is to minimize the impact of our activities on water in production and in products. As an industry-leading company, we reduce water risks by leveraging the latest technologies in both our production operations and our products. We work to identify water risks, not only in the regions where we manufacture but also in all regions where the suppliers are located, to increase water recycling and reuse, and to reduce water withdrawal. At Arçelik, reducing our consumers' water footprint as well as that of our operations is one of our top priorities. To decrease our water withdrawal in all our manufacturing plants, we perform water efficiency, water recycling, and reuse projects. We collaborate with International Finance Corporation (IFC) to evaluate the water efficiency of our production plants. In the project, the water efficiency of each process is evaluated and benchmarked. In line with the project's output, we set our water withdrawal target for 2030. In the scope of our risk adaptation plans, we have also set our 2030 target to increase the water recycling and reuse ratio (Water recycling and reuse ratio = Total recycled and reused water / Total water withdrawal) to 70% in all manufacturing plants excluding JVs aiming to achieve a closed loop water system in production. In addition, Arçelik announced a 350 million Euro Green Bond issuance in 2021. In this scope, we prepared Green Financing Framework including Sustainable Water and Wastewater Management projects integrated to our strategies.

*In CDP report, Cooking Appliances Plants in Bolu are reported as 1 facility, and Refrigerator Plants in Eskişehir are reported as 1 facility.

W0.2

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

	Start date	End date
Reporting year	January 1 2021	December 31 2021

W0.3

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

Bangladesh
China
India
Pakistan
Romania
Russian Federation
South Africa
Thailand
Turkey

W0.4

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

TRY

W0.5

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

Companies, entities or groups over which operational control is exercised

W0.6

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

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
<p>This report includes Arçelik's headquarter in Turkey and Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan manufacturing plants. Singer-Bangladesh, Arçelik Production and Technology A.Ş. - Manisa/Turkey and joint venture plants are not included. Exclusions don't represent a significant portion of the total water usage or the pollution load discharged.</p>	<p>Singer-Bangladesh, Arçelik Production and Technology A.Ş. -Manisa/Turkey, and joint venture plants are excluded from this report because some of the plants were recently acquired and or some of the plants are under construction or just started. We aim to include their data in this report by 2024. Exclusions due to recent mergers/acquisitions (Arçelik Production and Technology A.Ş. -Manisa/Turkey, Arçelik-Hitachi Thailand and Arçelik-Hitachi China): These operations were acquired in 2021, we aim to include their data in this report by 2024. Exclusions other than recent mergers/acquisitions (Singer-Bangladesh, Arçelik LG-Turkey, and Voltbek-India): The proportion of water volumes that the exclusion represents is approx. 10% (Domestic water use constitutes a large part of this rate.) of Arçelik Global. Thus, exclusions don't represent a significant portion of the total water usage or the pollution load discharged.</p>

W0.7

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

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, a Ticker symbol	ARCLK

W1. Current state

W1.1

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

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Neutral	Arçelik directly uses freshwater for production processes, e.g. metal processing, painting, enamel, cooling, laboratories, and employee usage. Freshwater is important for sustaining our operations. Although the freshwater is not directly used in our products as raw material, we are using the freshwater for producing our products. For this reason, we selected the importance rating of freshwater as 'important'. Indirect use of freshwater is selected as neutral because Arçelik's suppliers use the freshwater to maintain their activities which are not under the financial/operational control of Arçelik. Also, our customers need freshwater to use our products such as washing machines and dishwashers. For this reason, indirect use of freshwater is ranked as neutral for Arçelik's indirect usage. We do not plan to do extensive process, raw material and product changes in future and therefore we do not anticipate any changes on direct and indirect water dependency and importance rating.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Not very important	Recycled water is used directly in Arçelik's production processes such as metal processing, painting, cooling, laboratories and for the aim of employee usage (for such purposes as flushing office lavatories). For this reason, recycled water is "important". Recycled water can be used in Arçelik's suppliers' production processes, but this is not under the financial and/or operational control of Arçelik. The amount of recycled water usage affects the usage of freshwater and therefore the operational costs of suppliers. For this reason, indirect use of recycled water is "not very important" for Arçelik's indirect use. We do not plan to do process changes, raw material changes and product changes in the future and because of this reason, we do not anticipate any changes on direct and indirect water dependency and importance rating.

W1.2

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

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	100% of water withdrawals are monitored and measured by counters and invoices in a monthly period. In addition, Arçelik's water withdrawal 2021 data reported in Arçelik Global Sustainability Report 2021 is verified in accordance with AA1000AS.
Water withdrawals – volumes by source	100%	100% of water withdrawal volume by sources is monitored and measured by counters and invoices in a monthly period. In addition, Arçelik's water withdrawal volumes by sources reported in Arçelik Global Sustainability Report 2021 are verified in accordance with AA1000AS.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	100% of water withdrawals' quality is monitored by testing and analyzing in a yearly period.
Water discharges – total volumes	100%	100% of water discharges are monitored and measured by counters in a monthly period.
Water discharges – volumes by destination	100%	100% of water discharges by destination are monitored and measured by counters in a daily and monthly period. Tracking destination provides data regarding how watersheds may be affected.
Water discharges – volumes by treatment method	100%	100% of water discharges by treatment method are monitored and measured by counters in a daily period. Arçelik has a list of treatment methods by plant in order to better understand water quality, discharge locations and the effect, if any, on the watershed.
Water discharge quality – by standard effluent parameters	100%	100% of water discharge quality data are monitored by testing and analyzing in a monthly period. Arçelik has a standard which requires facilities to meet minimum discharge quality standards or local regulatory requirements.
Water discharge quality – temperature	100%	Arçelik treats the discharged water according to its characteristics in own chemical and biological treatment plants ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions, and Arçelik periodically checks compliance with these standards. Then, Arçelik discharges wastewater to the municipal sewage line connected to municipal/industrial wastewater treatment plant. Although the temperature of discharged water is not an obligatory parameter for Arçelik, 100% of Arçelik production facilities' water discharge quality - temperature data are monitored via local authority analysis reports in a monthly period.
Water consumption – total volume	100%	100% of water consumption data are monitored in a monthly period. In Arçelik, water consumption data reported is calculated as water withdrawal quantity minus water discharge quantity. 100% of water withdrawal and water discharge data are monitored and measured by counters in a monthly period.
Water recycled/reused	100%	100% of recycled/reused water data are monitored and measured by counters in a monthly period.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Arçelik is providing a safe and healthy work environment for all employees at 100% of its facilities. Drinking water is monitored by analyzing in a 3-month period and other domestic water is monitored by analyzing in a yearly period.

W1.2b

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

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	1394.04	About the same	Arçelik uses rainwater, groundwater, and third-party sources in the operations. In 2020, our reporting scope included only Arçelik Turkey operations, but in 2021, we included Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations by expanding our reporting scope. For this reason, in the "volume" part, we shared the total water withdrawal data (1394.04 megaliters) for the expanded reporting scope. Also, in the "comparison with the previous reporting year" part, we compare with 2020 data for expanded scope also by sharing data below. The water withdrawal of our operations including Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations was 1292.04 megaliters in 2020. The water withdrawal of our operations in 2021 increased by 8% compared to 2020. Thus, comparison with the previous reporting year is selected as "about the same" according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20%. Despite the increase in the production amount in 2021, the water withdrawal remains about the same compared to 2020 due to the continuity of remote working and water efficiency studies. Similarly, despite the increasing production volumes, it is expected to be at the same level or slightly decrease in total water withdrawal thanks to water efficiency projects. In addition, it is expected that water withdrawal per product will be decreased with water efficiency studies.
Total discharges	1054.66	About the same	Arçelik treats the discharged water according to its characteristics in own chemical and biological treatment plants ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions, and Arçelik periodically checks compliance with these standards. Then, Arçelik discharges wastewater to the municipal sewage line connected to municipal/industrial wastewater treatment plant. In 2020, our reporting scope included only Arçelik Turkey operations, but in 2021, we included Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations by expanding our reporting scope. For this reason, in the "volume" part, we shared the total water discharge data (1,054.66 megaliters) for the expanded reporting scope. Also, in the "comparison with the previous reporting year" part, we compare with 2020 data for expanded scope also by sharing data below. The water discharge of our operations including Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations was 1,057.66 megaliters in 2020. The water discharge of our operations in 2021 decreased by less than 1% compared to 2020. Thus, comparison with the previous reporting year is selected as "about the same" according to our thresholds as given below Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20%. Despite the increase in the production amount in 2021, the water discharge remains about the same compared to 2020 due to the continuity of remote working and water efficiency studies. Similarly, despite the increasing production volumes, it is expected to be at the same level in total water discharge thanks to water efficiency projects. In addition, it is expected that water discharge per product will be decreased with water efficiency studies.
Total consumption	339.38	Much higher	Consumption data reported is calculated as water withdrawal quantity minus water discharge quantity. In 2020, our reporting scope included only Arçelik Turkey operations, but in 2021, we included Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations by expanding our reporting scope. For this reason, in the "volume" part, we shared the total water consumption data 339.38 megaliters (1394.04-1054.66=339.38) for the expanded reporting scope. Also, in the "comparison with the previous reporting year" part, we compare with 2020 data for expanded scope also by sharing data below. The water consumption of our operations including Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations was 234.38 megaliters (1292.04-1057.66=234.38) in 2020. The water consumption of our operations in 2021 increased by 45% compared to 2020. Thus, comparison with the previous reporting year is selected as "much higher" according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20%. In 2021, the water consumption increased compared to 2020 due to an increase in production. It is expected to be at the same level in total water consumption thanks to water efficiency projects. In addition, it is expected that water consumption per product will be decreased with water efficiency studies.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	51-75	About the same	WRI Aqueduct	Arçelik evaluates water-stressed areas as "extremely high" and "high" stress areas according to WRI Aqueduct. In the analysis, we used the baseline annual data set and analyzed baseline water stress. According to WRI Aqueduct, 9 plants of Arçelik are located in "extremely high" water-stressed area and 4 plants of Arçelik are located in "high" water-stressed area. The total water withdrawal from water-stressed areas is 851.04 megaliters in 2021. That is 61% of the total withdrawal ((851.04/1394.04)*100) for the reporting scope including Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations. In 2020, % of withdrawn from areas with water stress value was 65% ((838.5/1292.04)*100) for Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations. The total water withdrawal from water-stressed areas increased by 1% compared to 2020. Thus, comparison with the previous reporting year is selected as "about the same" according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20%.

W1.2h

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	70.98	Higher	Arçelik uses rainwater. In 2020, our reporting scope included only Arçelik Turkey operations, but in 2021, we included Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations by expanding our reporting scope. For this reason, we shared the rainwater volume for the expanded reporting scope and we compare it with 2020 data for expanded scope also by sharing data below. We used 62.04 megaliters rainwater in 2020. We collected rainwater higher than the previous year because we significantly increase the rainwater harvesting area. Rainwater volume of our operations in 2021 increased by 14% compared to 2020. Thus, comparison with the previous reporting year is selected as "higher" according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20%. Also, rainwater usage is expected to increase in the future as we study on rainwater harvesting projects.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	Arçelik does not use brackish surface water /seawater and does not plan to use brackish/surface water/seawater in the future. Therefore, "not relevant" is selected.
Groundwater – renewable	Relevant	608.06	About the same	Arçelik uses groundwater-renewable. In 2020, our reporting scope included only Arçelik Turkey operations, but in 2021, we included Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations by expanding our reporting scope. For this reason, we shared the volume for the expanded reporting scope and we compare it with 2020 data for expanded scope also by sharing data below. We used 584.83 megaliters groundwater-renewable in 2020. In 2021, it increased by 4% compared to 2020. Thus, comparison with the previous reporting year is selected as "about the same" according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20%. In the future, the use of total groundwater-renewable volumes is expected to be lower due to studies to reduce groundwater-renewable withdrawal.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	Arçelik does not use groundwater-non-renewable and does not plan to use groundwater-non-renewable in the future. Therefore, "not relevant" is selected.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	Arçelik does not use produced/entrained water and does not plan to use in the future. Therefore, "not relevant" is selected.
Third party sources	Relevant	715	Higher	Arçelik uses municipal supply water and water tankers. In 2020, our reporting scope included only Arçelik Turkey operations, but in 2021, we included Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations by expanding our reporting scope. For this reason, we shared the volume for the expanded reporting scope and we compare it with 2020 data for expanded scope also by sharing data below. We used 645.18 megaliters in 2020. In 2021, it increased by 11% compared to 2020. Thus, comparison with the previous reporting year is selected as "higher" according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20%. Despite the increasing production volumes, it is expected to be at the same level or slightly decrease thanks to water efficiency projects. It is expected that third party sources withdrawal per product will decrease with water projects.

W1.2i

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	Arçelik does not discharge to freshwater.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	Arçelik does not discharge to brackish surface water/seawater.
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	Arçelik does not discharge to groundwater.
Third-party destinations	Relevant	1054.66	About the same	Arçelik discharges only third-party destinations. In 2020, our reporting scope included only Arçelik Turkey operations, but in 2021, we included Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations by expanding our reporting scope. For this reason, we shared the volume for the expanded reporting scope and we compare it with 2020 data for expanded scope also by sharing data below. Water discharge was 1,057.66 megaliters in 2020. In 2021, it decreased by less than 1% compared to 2020. Thus, comparison with the previous reporting year is selected as "about the same" according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20%. Despite the increasing production volumes, it is expected to be at the same level in water discharge thanks to water efficiency projects. In addition, it is expected that water discharge per product will be decreased.

W1.2j

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

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Relevant	69.03	Much lower	11-20	Tertiary treatment is applied in 11% of Arçelik plants to recover and reuse wastewater in Arçelik's production processes. In 2020, our reporting scope included only Arçelik Turkey operations, but in 2021, we included Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations by expanding our reporting scope. For this reason, in the "volume" part, we shared the tertiary treatment volume (69.03 megaliters) for the expanded reporting scope. Also, in the "comparison with the previous reporting year" part, we compare with 2020 data for expanded scope also by sharing data below. Tertiary treatment volume of our operations including Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations was 117.38 megaliters in 2020. It was reduced by 41% compared to 2020 because of a decrease in water usage of the plants which applied tertiary treatment. Thus, comparison with previous reporting year is selected as "much lower" according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20% Arçelik separately treats domestic and industrial wastewater according to its characteristics in its chemical and/or biological treatment plants ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions; also, Arçelik periodically checks compliance with these standards. Then, Arçelik discharges wastewater to the sewage line of municipal and/or industrial organized zone connected to the municipal/industrial wastewater treatment plant.
Secondary treatment	Relevant	845.64	About the same	61-70	Secondary treatment is applied in 61% of Arçelik plants. In 2020, our reporting scope included only Arçelik Turkey operations, but in 2021, we included Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations by expanding our reporting scope. For this reason, in the "volume" part, we shared the secondary treatment volume (845.64 megaliters) for the expanded reporting scope. Also, in the "comparison with the previous reporting year" part, we compare with 2020 data for expanded scope also by sharing data below. Secondary treatment volume of our operations including Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations was 788.54 megaliters in 2020. It increased by 7% compared to 2020. Thus, comparison with previous reporting year is selected as "about the same" according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20% Arçelik separately treats domestic and industrial wastewater according to its characteristics in its chemical and/or biological treatment plants ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions; also, Arçelik periodically checks compliance with these standards. Then, Arçelik discharges wastewater to the sewage line of municipal and/or industrial organized zone connected to the municipal/industrial wastewater treatment plant.
Primary treatment only	Relevant	20.3	About the same	1-10	Primary treatment is applied in 6% of Arçelik plants. In 2020, our reporting scope included only Arçelik Turkey operations, but in 2021, we included Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations by expanding our reporting scope. For this reason, in the "volume" part, we shared the primary treatment only volume (20.30 megaliters) for the expanded reporting scope. Also, in the "comparison with the previous reporting year" part, we compare with 2020 data for expanded scope also by sharing data below. Primary treatment only volume of our operations including Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations was 22.45 megaliters in 2020. It reduced by 10% compared to 2020. Thus, comparison with previous reporting year is selected as "about the same" according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20% Arçelik separately treats domestic and industrial wastewater according to its characteristics in its chemical and/or biological treatment plants ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions; also, Arçelik periodically checks compliance with these standards. Then, Arçelik discharges wastewater to the sewage line of municipal and/or industrial organized zone connected to the municipal/industrial wastewater treatment plant.
Discharge to the natural environment without treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	Discharge to the natural environment without treatment is not applied in Arçelik plants.
Discharge to a third party without treatment	Relevant	119.69	About the same	31-40	Arçelik separately treats domestic and industrial wastewater according to its characteristics in its chemical and/or biological treatment plants ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions; also, Arçelik periodically checks compliance with these standards. Then, Arçelik discharges wastewater to the sewage line of municipal/industrial organized zone connected to the municipal/industrial wastewater treatment plant. Only domestic wastewater of some plants in the municipality area/organized industrial zone is discharged without treatment to the sewage line of a third party connected to a wastewater treatment plant. Domestic wastewater of these plants is treated in the wastewater treatment plants of municipality and/or organized industrial zone. Thus, it is possible for some plants that secondary treatment is applied for industrial wastewater of the plant while domestic wastewater of the same plant is discharged to a third party without treatment. 39% of Arçelik plants discharge only domestic wastewater without treatment to a third party which has a wastewater treatment plant. But the volume of discharge to a third party without treatment is a very small amount of Arçelik's total water discharge. In 2020, our reporting scope included only Arçelik Turkey operations, but in 2021, we included Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations by expanding our reporting scope. For this reason, we shared the volume for the expanded reporting scope and we compare it with 2020 data for expanded scope also by sharing data below. It was 129.28 megaliters in 2020. It reduced by 7% compared to 2020. Thus, comparison with previous reporting year is selected as "about the same" according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20%
Other	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	N/A

W1.3

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

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	681840000	1394.04	48911078.591719	We aim to increase revenue and reduce water withdrawal volume, because of that we anticipate an increase in the future trend of this figure.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

1-25

% of total procurement spend

76-100

Rationale for this coverage

We conduct supplier sustainability risk assessment as Supplier Sust. Data Monitoring&Development Project in collaboration with a third-party firm. This assessment is made to critical suppliers which are amongst the 90% of purchasing volume significant impact on company operations in terms of high purchasing volume, critical components provided or being nonsubstitutable. We require all newly commissioned suppliers to conduct self-evaluation audits on quality, environment, and business ethics. We have approx. 2,000 (direct) suppliers in more than 60 countries. In 2021, we listed 364 critical Tier 1 suppliers (represents 78% of purchasing volume). Our aim is to reach 90% of purchasing volume. We have started to collect the data from suppliers to measure and manage their impact for company's operations. This process incentivizes them to report their water-related data. As of 2025, we have committed to collect environmental data such as water withdrawal, wastewater, recycled water for approx. 400 of our suppliers, corresponding to 90% of our purchasing volume. We intend to make the consolidated data public to transparently report the impact of our supply chain. In 2021, a total of 215 critical suppliers have been audited, we collected environmental data from 151 suppliers. Quantitative environmental data collection part is important to emphasize our rationale behind this effort. Having committed to NetZero 2050 targets within the entire value chain, supply chain decarbonization is critical. In addition, we commit to make sure that ISO 14001 certificate apply for approx. 400 suppliers making 90% of our purchasing volume by 2023. In 2021, 77 % of all critical suppliers have ISO 14001 certificate. In 2021, long-term environmental target commitment received from 183 suppliers to set GHG emission/water/waste/energy efficiency targets. We signed the CEO Water Mandate to advance water stewardship by committing to action across six core areas; Direct Operations, Supply Chain and Watershed Management, Collective Action, Public Policy, Community Engagement, Transparency. As an endorsing company in line with Arçelik's Water Policy, we commit to meet the expectations of the CEO Water Mandate, report our progress annually. Responsible Purchasing Policy is designed to ensure that suppliers' business practices comply with our values and current legal rules and must be complied with by all suppliers. Accepting and complying with Arçelik's Policy is a contractual obligation.

Impact of the engagement and measures of success

Assessment comprises ESG questions including environmental reporting, EMS, compliance with legislation, monitoring (e.g. water withdrawal by sources, wastewater discharge, recycled&reused water), environmental voluntary activities. Each question has a point and weight. The sustainability risk levels of the suppliers are determined as high, medium, acceptable, good, and excellent. The third-party firm provides us the supplier data monitoring software platform and works in close collaboration with the suppliers, act as an advisor for the questions raised by the suppliers. The aim is to understand our suppliers' ESG-related risks and opportunities by collecting and analyzing their data. Our main intention is to enable Scope 3 reduction in the value chain. In 2021, we collected environmental data from 151 suppliers, reaching 38% of our target. Based on the results, if a Supplier scores 24 or less, it means that the supplier is classified as a "high risk" supplier. We take action according to the type of risk detected. Third-party audit findings also help identify high-risk suppliers. If the supplier fails to reach the "Acceptable level" within the maximum of 12 months of the plans' launch, Arçelik reserves the right to cancel the contract. Action plan is approved by the partner. If the actions taken suitable, the supplier score is revised by the partner. In 2021, the number of suppliers classified as high-risk is 24, its percentage of total suppliers in that category is % 1.19. One of the findings of high-risk suppliers is the lack of environmental data measurements such as water&wastewater. We want to transform together with our supply chain and minimize the impact of the operations in the value chain in total. Therefore, it is important that we help and guide our suppliers set environmental targets, measure their progress, and reduce their impact. In 2021, we circulated a Commitment Letter to our suppliers explaining our sustainability strategy, our sustainability credentials and our Science Based Targets as well as the 2030 environmental targets. We have asked our suppliers to sign the Commitment Letter, and to commit to setting their own targets for water. We also have a requirement that suppliers will share these targets publicly on their websites and in their sustainability reports and report on progress in the same way we do. To date, 183 suppliers have signed the Commitment Letter. In 2021, 77 % of all critical suppliers have ISO 14001 certificate.

Comment

<https://www.arcelikglobal.com/en/sustainability/intouch/areas/sustainable-supply-chain/> https://www.arcelikglobal.com/media/6938/arcelik21_sustainability_report.pdf
<https://www.arcelikglobal.com/en/company/supply-chain/supplier-sustainability-index/> https://www.arcelikglobal.com/media/5553/responsible-purchasing-policy_en.pdf

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Onboarding & compliance

Details of engagement

Requirement to adhere to our code of conduct regarding water stewardship and management

% of suppliers by number

1-25

% of total procurement spend

76-100

Rationale for the coverage of your engagement

Arçelik is aware of its responsibility to protect the environment. Our suppliers have to meet our Policy referred in their contracts. Accepting & complying with Our Responsible Purchasing Policy is a contractual obligation. In case of a serious violation of this Policy, we reserve the right to terminate the contract with our suppliers. Likewise, we expect our suppliers to have and implement this policy covering its own suppliers. Based on our Policy and the Global Code of Conduct, Arçelik expects its suppliers to establish environmental management systems, to improve it continuously and to protect the environment in accordance with the relevant national and international legal legislations and regulations in order to enhance their environmental performance in line with the principles of sustainable development and circular economy. As per our Global Responsible Purchasing Policy, we audit our suppliers in terms of compliance with the Code of Conduct. Audits include compliance with laws, working conditions, human rights, occupational health and safety, and the environment (including water management). We plan corrective actions for non-compliance identified in these audits and, in subsequent audits, we check whether the required actions have been taken. We signed the CEO Water Mandate to advance water stewardship by committing to action across six core areas; Direct Operations, Supply Chain and Watershed Management, Collective Action, Public Policy, Community Engagement, Transparency. We want to transform together with our supply chain and minimize the impact of the operations in the value chain in total. Therefore, it is important that we help and guide our suppliers set environmental targets, measure their progress, and reduce their impact. In 2021, we circulated a Commitment Letter to our suppliers explaining our sustainability strategy, our sustainability credentials and our Science Based Targets as well as the 2030 environmental targets. We have asked our suppliers to sign the Commitment Letter, and to commit to setting their own targets for GHG emissions, water withdrawal, waste reduction and energy efficiency. We also have a requirement that suppliers will share these targets publicly on their websites and in their sustainability reports and report on progress in the same way we do. To date, 183 suppliers have signed the Commitment Letter. In 2021, a total of 215 critical suppliers have been audited, we collected environmental data from 151 suppliers.

Impact of the engagement and measures of success

We require new suppliers to conduct self-evaluation audits on quality, the environment, and business ethics. A self-assessment was made to 151 suppliers that were commissioned in 2021. In 2021, a total of 215 critical suppliers have been audited, we collected environmental data from 151 suppliers reaching 38% of our target. Our current critical suppliers are audited by independent audit companies for business ethics, occupational safety, and environmental issues. We plan corrective actions for non-compliance identified in these audits and, in subsequent audits, we check whether the required actions have been taken. In 2021, based on the survey results and third-party audits, 24 suppliers have been rated as high risk supplier. A total of 1,249 areas open to improvement were identified. In addition, the findings of the previous period were taken into consideration. As a result of our audits findings, 19 follow-up audits were carried out by third party auditors and a total of 41% of the nonconformities were improved. No actual cases of child labor, forced labor, discrimination, bribery, or corruption were detected during these audits. There were no terminations of contracts in 2021. In addition, by 2023, we commit to make sure that the ISO 14001 certificate apply for approximately 400 suppliers making 90% of our purchasing volume. In 2021, 77% of all critical suppliers have ISO 14001 certificate.

Comment

<https://www.arcelikglobal.com/en/sustainability/intouch/areas/sustainable-supply-chain/> https://www.arcelikglobal.com/media/6938/arcelik21_sustainability_report.pdf
<https://www.arcelikglobal.com/en/company/supply-chain/supplier-sustainability-index/> https://www.arcelikglobal.com/media/5553/responsible-purchasing-policy_en.pdf

W2. Business impacts

W2.1

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

No

W2.2

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

No

W3. Procedures

W3.3

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

Yes, water-related risks are assessed

W3.3a

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

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of an established enterprise risk management framework

Frequency of assessment

More than once a year

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market
Enterprise risk management
International methodologies and standards
Other

Tools and methods used

WRI Aqueduct
Enterprise Risk Management
ISO 14001 Environmental Management Standard
Internal company methods
External consultants

Contextual issues considered

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

Stakeholders considered

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

Comment

Arçelik Enterprise Risk Management balances company risks and the execution of corporate goals and strategies. Our enterprise risk management system includes the evaluation and management of both financial and non-financial risks by developing rationale scenario analysis and testing. Risk Management Committee held six meetings in 2021. In line with TCFD reporting, we have an integrated approach which enables us to monitor, measure, and manage ESG risks including water and the impact on the financials. We share detailed analysis of ESG risks, opportunities and their impacts on Arçelik in our 2021 Sustainability Report. Arçelik has received a third-party service to apply a physical and transition risk scenario analysis to identify the long-term potential impacts of the climate crisis. The outcome of the analysis is embedded in the Enterprise Risk Management system's financial risks reporting structure. Trucost Approach that leverages physical risks of Arçelik at the asset level, as well as its suppliers, taking into consideration climate hazard indicators such as water stress, flood, heatwaves, coldwaves, hurricane, sea level rise, etc and their impact on Arçelik's operations is used. RCP8.5, RCP4.5, and RCP2.6 are taken into consideration with a forecast for the 2030 and 2050 fiscal years from a 2020 baseline. Internally, water risks for baseline and future projections are determined by WRI Aqueduct Water Risk Atlas, and the analysis results are reviewed annually. Based on Arçelik's internal analysis as well as using S&P's TruCost Methodology, water stress risks were determined as the most significant risks for Arçelik and Arçelik's suppliers in terms of physical climate risks, and therefore, long-term action plans were created according to the results of water risk analysis. As well as enterprise risk management, we assess our suppliers' water risks with Arçelik Sustainable Supplier Index which aims to identify high-risk suppliers in terms of sustainability.

W3.3b

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

Arçelik Enterprise Risk Management balances company risks and the execution of corporate goals and strategies. Our enterprise risk management system includes the evaluation and management of both financial and non-financial risks by developing rationale scenario analysis and testing. Risk Management Committee held six meetings in 2021. The Environmental Coordination Working Group (WG) carries out water risks management and water efficiency activities in accordance with the Arçelik strategy and reports them to the Sustainability Council (SC). SC monitors and evaluates water risks, strategies, and impact on business objectives quarterly. Risks and opportunities are prioritized by SC according to the Arçelik scoring methodology. According to Arçelik's risk and opportunity scoring methodology, risks and opportunities are scored (1-5 points) considering financial, reputation, production, human and legal impacts and the max. score is defined as impact point. The risk (R) and opportunity (O) points are scored by multiplying frequency (F) and impact point (I) for prioritization ($R, O = F * I$). Environmental risks and climate related physical risks are considered in the evaluation criteria of new joint ventures/acquisitions added to Arçelik Global group of companies. Also, environmental impact assessment is mandatory in the approval process of all investments. In line with TCFD reporting, we have an integrated approach which enables us to monitor, measure and manage ESG risks including water and the impact on the financials. We share detailed analysis of ESG risks, opportunities and their impacts in our sustainability reports. Arçelik has received a third-party service to apply a physical and transition risk scenario analysis to identify the long-term potential impacts of the climate crisis. The outcome of the analysis is embedded in the Enterprise Risk Management system's financial risks reporting structure. Trucost Approach that leverages physical risks of Arçelik at the asset level, as well as its suppliers, taking into consideration climate hazard indicators such as water stress, flood, heatwaves, coldwaves, hurricane, sea level rise, etc and their impact on Arçelik's operations is used. RCP8.5, RCP4.5, and RCP2.6 are taken into consideration with a forecast for the 2030 and 2050 fiscal years from a 2020 baseline. Internally, water risks for baseline and future projections are determined by WRI Aqueduct Water Risk Atlas, and the analysis results are reviewed annually. Based on Arçelik's internal analysis as well as using S&P's TruCost Methodology, water stress risks were determined as the most significant risks for Arçelik and Arçelik's suppliers in terms of physical climate risks, and therefore, long-term action plans were created according to the results of water risk analysis. In the scope of our risk adaptation plans, we set the 2030 water targets. As well as enterprise risk management, we assess our suppliers' water risks with Arçelik Sustainable Supplier Index which aims to identify high-risk suppliers in terms of sustainability. As Arçelik has had an ISO 14001 EMS Certification, Arçelik analyzes and evaluates its risks and opportunities related to the stakeholder's needs and expectations. The needs and expectations of our customers, employees, investors, local communities, NGOs, regulators, suppliers, water utilities at a local level, other water users at the basin/catchment level are always included in our risk assessment. The methods of engagement for each stakeholder have been already defined. Selected contextual issues are always included in our water risk assessment because;

Water availability & water quality at a basin/catchment: Water is not directly used as raw material for our products, but water availability and water quality at a basin/catchment level are important for our production activities.

Stakeholder conflicts concerning water resources at a basin/catchment level: Stakeholder dialogue and cooperation are important for Arçelik. We work closely with NGOs on water strategies of country and private sector.

Implications of water on your key commodities/raw materials: We get commodities/raw materials from our suppliers. Sufficient amount of fresh water supply has a significant impact on the production.

Water-related regulatory frameworks: We follow closely existing legislation, new developments, and drafts.

Status of ecosystems and habitats: In line with our policies, we focus on protecting ecosystems, habitats, preventing land degradation, maintaining, continuously improving and developing the capacity of natural ecosystems and aim to manage impacts on biodiversity in a sustainable manner.

Access to fully-functioning, safely managed WASH services for all employees: We are committed to provide safe water, water sanitation and hygiene in the workplace, support water stewardship by collaborating with related stakeholders and participating in national & international water initiatives.

W4. Risks and opportunities

W4.1

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

Yes, only within our direct operations

W4.1a

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

Arçelik Enterprise Risk Management(ERM) balances company risks and the execution of corporate goals and strategies.Our ERM system includes the evaluation and management of both financial and non-financial risks by developing rationale scenario analysis and testing.In line with TCFD reporting,we have an integrated approach which enables us to monitor,measure and manage ESG risks and the impact on the financials.The outcome of the Trucost analysis is embedded in the Enterprise Risk Management system's financial risks reporting structure.Trucost Approach(alternative scenarios applied such as IEA STEPS,Sustainable Development Scenario, and International Energy Agency,NetZero 2050 Scenarios) that leverages physical risks of Arçelik at the asset level,as well as its suppliers, taking into consideration climate hazard indicators such as water stress, flood, heatwaves, coldwaves, hurricane, sea level rise, etc and their impact on Arçelik's operations is used.RCP8.5,RCP4.5,and RCP2.6 are taken into consideration with a forecast for the 2030 and 2050 fiscal years from a 2020 baseline.According to the Trucost Physical Risk assessment, Arçelik's overall physical risk score is moderate,main risk item being water stress. Based on Trucost analysis, Arçelik's suppliers main physical risks are related to water stress as well.Internally, water risks are determined by WRI Aqueduct Water Risk Atlas,and the analysis results of these tools are reviewed annually.Based on Arçelik's internal analysis as well as using S&P's TruCost Methodology water stress risks were determined as the most significant risks for Arçelik and its suppliers in terms of physical climate risks,and long-term action plans were created.

A substantive impact in the context of water risks for Arçelik is based on how financially/strategically resilient Arçelik will react to such an impact in terms of business.To manage all risks including water-related risks, material issues have been determined.In order to identify the most important issues that impact our business and our stakeholders,once every two years we conduct a comprehensive materiality analysis to review the issues we focus on. According to materiality analysis, water management is a very high priority issue. Sufficient amounts of good quality freshwater availability for our direct use is important and for our indirect use is neutral. Water withdrawal is being verified voluntarily by an independent body since 2017 according to AA1000AS.

Identification of substantive financial or strategic impact: Arçelik determines, the substantive financial or strategic impact in its business by using a screening process as follows:

- 1) Plants indicated as High or Extremely High in overall water risk results by using WRI Aqueduct Water Risk Atlas are identified.
- 2) Plants that have a water withdrawal volume higher than 10% of Arçelik total water withdrawal volume are determined.
- 3) Plants that can cause a financial loss of more than 750K Euro are determined. In Arçelik the substantive financial impact is related to Arçelik's risk tolerance level and is defined according to financial loss before tax more than 750K Euro (approx. 7,852,000 TRY) is considered a substantive financial impact and costs more than 15 million EUR (approx. 157,030,000 TRY) are considered extremely substantive.

If all three criteria given above are met, plants are considered to have a substantive financial or strategic impact on our business.

All of our plant locations are analyzed according to WRI Aqueduct Water Risk Atlas analysis and the overall water risk of all plants for baseline is found below: • Sütüce: High (3-4) •Ankara: Medium - High (2-3) • Eskişehir: High (3-4) • Bolu: Medium - High (2-3) • Çayırova: High (3-4) • Çerkezköy: High (3-4) • Gaeşti: High (3-4) • Ulmi: High (3-4) •Kırzsch: Low - Medium (1-2) • Durban: Medium - High (2-3) • Ezakheni: Extremely High (4-5) • Rayong: Medium - High (2-3) • Karachi: Extremely High (4-5) • Hyderabad: High (3-4)

Based on the three criteria given above, we determined that only 2 of Arçelik's facilities can be exposed to water risks with the potential to have a substantive financial or strategic impact on our business.

W4.1b

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

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	2	1-25	Based on the three criteria, we determined that only 2 of Arçelik's facilities can be exposed to water risks with the potential to have a substantive financial or strategic impact on our business. 2 of 18 facilities have been identified. It represents 11% of company wide facilities in the reporting scope.

W4.1c

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

Country/Area & River basin

Turkey	Sakarya
--------	---------

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

Only an Arçelik facility located in the Sakarya basin can be exposed to water risk that could have a substantive financial or strategic impact on our business and it represents approx. 6% of company-wide facilities in the reporting scope.

Country/Area & River basin

Romania	Danube
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Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Less than 1%

Comment

Only an Arçelik facility located in the Danube basin can be exposed to water risk that could have a substantive financial or strategic impact on our business and it represents approx. 6% of company-wide facilities in the reporting scope.

W4.2

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

Country/Area & River basin

Turkey	Sakarya
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Type of risk & Primary risk driver

Chronic physical	Water stress
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Primary potential impact

Reduction or disruption in production capacity

Company-specific description

Based on Arçelik's internal analysis as well as using S&P's TruCost Methodology, water stress risks were determined as the most significant risks for Arçelik in terms of physical climate risks, and therefore, long-term action plans were created according to the results of water risk analysis. Increasing water stress can potentially cause reduction or disruption in production capacity as we need to use water for both our production processes and WASH services in the production plants. As a result of this, our production plants can face production interruption.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

7852000

Potential financial impact figure - maximum (currency)

157030000

Explanation of financial impact

In Arçelik the substantive financial impact is related to Arçelik's risk tolerance level and is defined according to financial loss before tax. more than 750K Euro (approx. 7,852,000 TRY) is considered a substantive financial impact and costs more than 15 million EUR (approx. 157,030,000 TRY) are considered extremely substantive. The financial impact is calculated for a 1-day production interruption scenario due to water stress. As the financial impact is between 750K Euro (approx. 7,852,000 TRY) and 15 million EUR (approx. 157,030,000 TRY), it can cause a substantive impact on our business.

Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

Description of response

Reducing water use through water efficiency and water recycling projects enables us to minimize water-related risks. In the scope of our risk adaptation plans, we set the target to reduce water withdrawal per product by 45% by 2030 compared to 2015. We have also set our 2030 target to increase the water recycling and reuse ratio (Water recycling and reuse ratio=Total recycled and reused water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production. For this purpose, Arçelik plants set water targets annually and each plant implements water efficiency and water recycling projects to meet the corporate targets. In 2021, we recycled and reused the wastewater from the function test system on the assembly line and the final rinse wastewater in the paint shop at the Arçelik Washing Machine Plant in Istanbul, Turkey. In addition, we recovered and reused the effluent water of a biological wastewater treatment plant and rainwater. These actions saved a total of 126,691 m3 of water. At the Arctic Washing Machine Plant in Ulmi, Romania, we saved 27,445 m3 of water by recycling and reusing wastewater and harvesting rainwater. At the Arçelik Refrigerator and Compressor Plants in Eskişehir, Turkey, we changed the design of the pallet washing upper nozzles and modified the return pipe of the pallet washing rinsing water. In addition, we performed water efficiency projects in the paint shop. For example, we reduced chemical usage and prevented the flow transition between bathrooms, thereby reducing rinsing water usage. These projects saved 12,808 m3 of water. With the water efficiency and rainwater harvesting projects we carried out in 2021, we saved a total of 197,373 m3 of water. In order to achieve our water targets and minimize water risks, we have planned to invest in water efficiency, water recycling and reuse projects. Arçelik announced a 350 million Euro Green Bond issuance in 2021. In this scope, we prepared Green Financing Framework including Sustainable Water and Wastewater Management projects integrated to our strategies. Also, in 2022, we shared Green Bond Allocation and Impact Report including Sustainable Water and Wastewater Management for years 2018-2021. In 2021, we allocated 1,098,236 Euros (approx. 11,497,000 TRY) for Sustainable Water and Wastewater Management in Green Bond.

Cost of response

11497000

Explanation of cost of response

In the scope of our risk adaptation plans, we have set our 2030 water targets: - increase the water recycling and reuse ratio (Water recycling and reuse ratio=Total recycled and reused water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production -reduce water withdrawal per product by 45% compared to 2015 base year In order to achieve our water targets and minimize water risks, we have planned to invest in water efficiency, water recycling, and reuse projects. Arçelik announced a 350 million Euro Green Bond issuance in 2021. In this scope, we prepared Green Financing Framework including Sustainable Water and Wastewater Management projects integrated to our strategies (<https://www.arcelikglobal.com/media/6294/arcelik-green-financing-framework.pdf>). Also, in 2022, we shared Green Bond Allocation and Impact Report including Sustainable Water and Wastewater Management for years 2018-2021 (<https://www.arcelikglobal.com/media/6933/arcelik-2018-21-green-bond-allocation-and-impact-report.pdf>). In 2021, we allocated 1,098,236 Euros (approx. 11,497,000 TRY) for Sustainable Water and Wastewater Management projects in Green Bond.

Country/Area & River basin

Romania	Danube
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Type of risk & Primary risk driver

Chronic physical	Water stress
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Primary potential impact

Reduction or disruption in production capacity

Company-specific description

Based on Arçelik's internal analysis as well as using S&P's TruCost Methodology, water stress risks were determined as the most significant risks for Arçelik in terms of physical climate risks, and therefore, long-term action plans were created according to the results of water risk analysis. Increasing water stress can potentially cause reduction or disruption in production capacity as we need to use water for both our production processes and WASH services in the production plants. As a result of this, our production plants can face production interruption.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

7852000

Potential financial impact figure - maximum (currency)

157030000

Explanation of financial impact

In Arçelik the substantive financial impact is related to Arçelik's risk tolerance level and is defined according to financial loss before tax. more than 750K Euro (approx. 7,852,000 TRY) is considered a substantive financial impact and costs more than 15 million EUR (approx. 157,030,000 TRY) are considered extremely substantive. The financial impact is calculated for a 1-day production interruption scenario due to water stress. As the financial impact is between 750K Euro (approx. 7,852,000 TRY) and 15 million EUR (approx. 157,030,000 TRY), it can cause a substantive impact on our business.

Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

Description of response

Reducing water use by water efficiency and water recycling projects enables us to minimize water-related risks. In the scope of our risk adaptation plans, we set the target to reduce water withdrawal per product by 45% by 2030 compared to 2015. We have also set our 2030 target to increase the water recycling and reuse ratio (Water recycling and reuse ratio=Total recycled and reused water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production. For this purpose, Arçelik plants set water targets annually and each plant implements water efficiency and water recycling projects to meet the corporate targets. In 2021, we recycled and reused the wastewater from the function test system on the assembly line and the final rinse wastewater in the paint shop at the Arçelik Washing Machine Plant in Istanbul, Turkey. In addition, we recovered and reused the effluent water of a biological wastewater treatment plant and rainwater. These actions saved a total of 126,691 m3 of water. At the Arctic Washing Machine Plant in Ulmi, Romania, we saved 27,445 m3 of water by recycling and reusing wastewater and harvesting rainwater. At the Arçelik Refrigerator and Compressor Plants in Eskişehir, Turkey, we changed the design of the pallet washing upper nozzles and modified the return pipe of the pallet washing rinsing water. In addition, we performed water efficiency projects in the paint shop. For example, we reduced chemical usage and prevented the flow transition between bathrooms, thereby reducing rinsing water usage. These projects saved 12,808 m3 of water. With the water efficiency and rainwater harvesting projects we carried out in 2021, we saved a total of 197,373 m3 of water. In order to achieve our water targets and minimize water risks, we have planned to invest in water efficiency, water recycling and reuse projects. Arçelik announced a 350 million Euro Green Bond issuance in 2021. In this scope, we prepared Green Financing Framework including Sustainable Water and Wastewater Management projects integrated to our strategies. Also, in 2022, we shared Green Bond Allocation and Impact Report including Sustainable Water and Wastewater Management for years 2018-2021. In 2021, we allocated 1,098,236 Euros (approx. 11,497,000 TRY) for Sustainable Water and Wastewater Management in Green Bond.

Cost of response

11497000

Explanation of cost of response

In the scope of our risk adaptation plans, we have set our 2030 water targets: - increase the water recycling and reuse ratio (Water recycling and reuse ratio=Total recycled and reused water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production -reduce water withdrawal per product by 45% compared to 2015 base year In order to achieve our water targets and minimize water risks, we have planned to invest in water efficiency, water recycling and reuse projects. Arçelik announced a 350 million Euro Green Bond issuance in 2021. In this scope, we prepared Green Financing Framework including Sustainable Water and Wastewater Management projects integrated to our strategies (<https://www.arcelikglobal.com/media/6294/arcelik-green-financing-framework.pdf>). Also, in 2022, we shared Green Bond Allocation and Impact Report including Sustainable Water and Wastewater Management for years 2018-2021 (<https://www.arcelikglobal.com/media/6933/arcelik-2018-21-green-bond-allocation-and-impact-report.pdf>). In 2021, we allocated 1,098,236 Euros (approx. 11,497,000 TRY) for Sustainable Water and Wastewater Management in Green Bond.

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	Indirect use of freshwater is selected as neutral because Arçelik's suppliers use the freshwater to maintain their activities which are not under the financial/operational control of Arçelik. Based on Arçelik's internal analysis as well as using S&P's TruCost Methodology, water stress risks were determined as the most significant risks for Arçelik and its suppliers in terms of physical climate risks, and therefore, long-term action plans were created according to the results of water risk analysis. Also, Arçelik Sustainable Supplier Index aims to identify high risk suppliers in terms of sustainability. An action plan is requested from the suppliers in High Risk and Medium Risk categories and audits are planned for these suppliers. Arçelik works in close collaboration with suppliers to improve ESG activities of the suppliers, which leads to contributions to the environment and the society. Arçelik has set long-term sustainability targets for suppliers. Suppliers are required to act in line with these targets. Arçelik conducts a Supplier Sustainability Index to understand the supplier-related ESG R&O. Suppliers that receive an insufficient score from the Index are categorized as High-Risk suppliers. These suppliers are asked to provide Arçelik with risk mitigation plans. Supplier ethics and human rights audits are also performed by third-party auditors. Arçelik also has a Responsible Purchasing Policy that is compliant with the Arçelik Global Code of Conduct and requires suppliers to abide by the rules set forth in the Policy, such as carrying out activities respecting human rights. Because of these reasons none of our suppliers exposed to a water risk that generate a substantive change in our business. Also, our customers need to freshwater to use our products such as washing machine and dishwashers. For this reason, indirect use of freshwater is ranked as neutral for Arçelik's indirect usage. We engage and raise our customers' awareness related to water efficiency and by producing best water efficient products. We share water consumption data on product information sheet across our washing machines and dishwashers to help consumers make more sustainable choices.

W4.3

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

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

W4.3a

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

Type of opportunity

Efficiency

Primary water-related opportunity

Cost savings

Company-specific description & strategy to realize opportunity

Reducing water use through water efficiency and water recycling projects enables us to minimize water-related risks, provide lower operational costs as well as natural resource consumption decrease. Because of that, this opportunity is considered strategic for Arçelik. In the scope of our risk adaptation plans, we set the target to reduce water withdrawal per product by 45% by 2030 compared to 2015. We have also set our 2030 target to increase the water recycling and reuse ratio (Water recycling and reuse ratio=Total recycled and reused water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production. For this purpose, Arçelik plants set water targets annually and each plant implements water efficiency and water recycling projects to meet the corporate targets. In 2021, we recycled and reused the wastewater from the function test system on the assembly line and the final rinse wastewater in the paint shop at the Arçelik Washing Machine Plant in Istanbul, Turkey. In addition, we recovered and reused the effluent water of a biological wastewater treatment plant and rainwater. These actions saved a total of 126,691 m3 of water. At the Arctic Washing Machine Plant in Ulmi, Romania, we saved 27,445 m3 of water by recycling and reusing wastewater and harvesting rainwater. At the Arçelik Refrigerator and Compressor Plants in Eskişehir, Turkey, we changed the design of the pallet washing upper nozzles and modified the return pipe of the pallet washing rinsing water. In addition, we performed water efficiency projects in the paint shop. For example, we reduced chemical usage and prevented the flow transition between bathrooms, thereby reducing rinsing water usage. These projects saved 12,808 m3 of water. With the water efficiency and rainwater harvesting projects we carried out in 2021, we saved a total of 197,373 m3 of water. By achieving all these projects, in 2021, approximately 1,220,000 TRY was saved.

Estimated timeframe for realization

More than 6 years

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1220000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

Reducing water use through water efficiency and water recycling projects enables us to minimize water-related risks, provide lower operational costs as well as natural resource consumption decrease. Because of that, this opportunity is considered strategic for Arçelik. In the scope of our risk adaptation plans, we set the target to reduce water withdrawal per product by 45% by 2030 compared to 2015. We have also set our 2030 target to increase the water recycling and reuse ratio (Water recycling and reuse ratio=Total recycled and reused water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production. For this purpose, Arçelik plants set water targets annually and each plant implements water efficiency and water recycling projects to meet the corporate targets. In 2021, we recycled and reused the wastewater from the function test system on the assembly line and the final rinse wastewater in the paint shop at the Arçelik Washing Machine Plant in Istanbul, Turkey. In addition, we recovered and reused the effluent water of a biological wastewater treatment plant and rainwater. These actions saved a total of 126,691 m3 of water. At the Arctic Washing Machine Plant in Ulmi, Romania, we saved 27,445 m3 of water by recycling and reusing wastewater and harvesting rainwater. At the Arçelik Refrigerator and Compressor Plants in Eskişehir, Turkey, we changed the design of the pallet washing upper nozzles and modified the return pipe of the pallet washing rinsing water. In addition, we performed water efficiency projects in the paint shop. For example, we reduced chemical usage and prevented the flow transition between bathrooms, thereby reducing rinsing water usage. These projects saved 12,808 m3 of water. With the water efficiency and rainwater harvesting projects we carried out in 2021, we saved a total of 197,373 m3 of water. By achieving all these projects, in 2021, approximately 1,220,000 TRY was saved. Financial saving is the sum calculated by multiplying the average unit water supply cost of each plant and water-saving amount of each plant.

Type of opportunity

Markets

Primary water-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

Arçelik's business strategy is to increase the ability to offer enriching, pioneer, innovative, environmentally friendly product, solution and technology to society and customer through product life cycle. In line with this strategy, environmentally friendly production and products are the main elements of Arçelik's sustainability management. Environmentally-friendly products & production activities are also opportunities to increase our brand value and provide a competitive advantage. In 2021, we have allocated resources worth approx. TRY 234.5 million for R&D studies of environmentally friendly products. In 2021, the consolidated net sales turnover reached TRY 68,184 million. One of the main reasons for the increase is our investment in environmentally friendly R&D activities. Environmentally-friendly production is also important for sustainability indices as well as products. From the point of view of investors, these indices are also proof that we are doing our business in the most sustainable way. Thus it is an element that enhances our brand value. In the scope of our sustainability studies, Arçelik was the highest-scoring company in the Household Durables category in the Dow Jones Sustainability Index in 2019, 2020, and 2021. Arçelik has been constantly rated AAA on the Sustainability Index since 2016 in MSCI. Arçelik has been listed since 2016 as a company with strong ESG performance as measured by FTSE Russell, part of the London Stock Exchange Group.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

68184000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

Arçelik's business strategy is to increase the ability to offer enriching, pioneer, innovative, environmentally friendly product, solution and technology to society and customer through product life cycle. In line with this strategy, environmentally friendly production and products are the main elements of Arçelik's sustainability management. Environmentally-friendly products & production activities are also opportunities to increase our brand value and provides competitive advantage. In 2021, we have allocated resources worth approx. TRY 234.5 million for R&D studies of environmentally friendly products. In 2021, the consolidated net sales turnover reached TRY 68,184 million. One of the main reason of the increase is our investment on environmentally friendly R&D activities. Environmentally-friendly production is also important for sustainability indices as well as products. From the point of view of investors, these indices are also proof that we are doing our business in the most sustainable way. Thus it is an element that enhances our brand value. In the scope of our sustainability studies, Arçelik was the highest-scoring company in the Household Durables category in the Dow Jones Sustainability Index in 2019, 2020, and 2021. Arçelik has been constantly rated AAA on the Sustainability Index since 2016 in MSCI. Arçelik has been listed since 2016 as a company with strong ESG performance as measured by FTSE Russell, part of the London Stock Exchange Group.

W5. Facility-level water accounting

W5.1

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

Facility reference number

Facility 1

Facility name (optional)

Country/Area & River basin

Turkey	Sakarya
--------	---------

Latitude

39.746

Longitude

30.619

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

198

Comparison of total withdrawals with previous reporting year

About the same

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

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

198

Total water discharges at this facility (megaliters/year)

138

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

138

Total water consumption at this facility (megaliters/year)

60

Comparison of total consumption with previous reporting year

About the same

Please explain

Arçelik evaluates water-stressed areas as "extremely high" and "high" stress areas according to WRI Aqueduct. In the analysis, we used the baseline annual data set and analyzed baseline water stress. According to WRI Aqueduct, Facility 1 is located in "extremely high" water-stressed area. Facility 1 uses municipal supply water only. Wastewater is treated according to its characteristics ensuring that discharged wastewater remains below legal discharge limits. Then, it is discharged to the sewage line connected to wastewater treatment plant of industrial zone. Consumption data reported is calculated as water withdrawal quantity minus water discharge quantity. Comparison with the previous reporting year is selected according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20%.

Facility reference number

Facility 2

Facility name (optional)

Country/Area & River basin

Romania	Danube
---------	--------

Latitude

44.713

Longitude

25.349

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

179

Comparison of total withdrawals with previous reporting year

About the same

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

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

179

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0

Total water discharges at this facility (megaliters/year)

148

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

148

Total water consumption at this facility (megaliters/year)

31

Comparison of total consumption with previous reporting year

About the same

Please explain

Arçelik evaluates water-stressed areas as "extremely high" and "high" stress areas according to WRI Aqueduct. In the analysis, we used the baseline annual data set and analyzed baseline water stress. According to WRI Aqueduct, Facility 2 is located in "high" water stressed area. Facility 2 uses groundwater-renewable only. Wastewater is treated according to its characteristics ensuring that discharged wastewater remains below legal discharge limits. Then, it is discharged to the sewage line connected to wastewater treatment plant. Consumption data reported is calculated as water withdrawal quantity minus water discharge quantity. Comparison with the previous reporting year is selected according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20%.

W5.1a

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

Water withdrawals – total volumes

% verified

76-100

Verification standard used

Water withdrawal total volume data is verified according to AA1000AS.

Please explain

<Not Applicable>

Water withdrawals – volume by source

% verified

76-100

Verification standard used

Water withdrawal volume by source data is verified according to AA1000AS.

Please explain

<Not Applicable>

Water withdrawals – quality by standard water quality parameters

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

Water withdrawals – quality by standard water quality parameters are not verified by third-party.

Water discharges – total volumes

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

Water discharges total volume data is not verified by third-party. 100% of water discharges are monitored and measured by counters in a monthly period. We perform first-party verification.

Water discharges – volume by destination

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

Water discharges volume by destination data is not verified by third-party. 100% of water discharge volume by destination is monitored and measured by counters in a daily and monthly period. We perform first-party verification.

Water discharges – volume by final treatment level

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

Water discharges volume by final treatment level data is not verified by third-party. 100% of water discharges by treatment method are monitored and measured by counters in a daily period. We perform first-party verification.

Water discharges – quality by standard water quality parameters

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

100% of water discharge quality data are monitored by testing and analyzing in a monthly period. Arçelik has a standard which requires facilities to meet minimum discharge quality standards or local regulatory requirements. We perform first-party verification.

Water consumption – total volume

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

100% of water consumption data are monitored in a monthly period. Water consumption data reported is calculated as water withdrawal quantity minus water discharge quantity. 100% of water withdrawal and water discharge data are monitored and measured by counters in a monthly period. We perform first-party verification.

W6. Governance

W6.1

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

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

W6.1a

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

	Scope	Content	Please explain
Row 1	Company-wide	<p>Description of business dependency on water</p> <p>Description of business impact on water</p> <p>Description of water-related performance standards for direct operations</p> <p>Description of water-related standards for procurement</p> <p>Reference to international standards and widely-recognized water initiatives</p> <p>Company water targets and goals</p> <p>Commitment to align with public policy initiatives, such as the SDGs</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to water-related innovation</p> <p>Commitment to stakeholder awareness and education</p> <p>Commitment to water stewardship and/or collective action</p> <p>Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace</p> <p>Commitment to safely managed Water, Sanitation and Hygiene (WASH) in local communities</p> <p>Acknowledgement of the human right to water and sanitation</p> <p>Recognition of environmental linkages, for example, due to climate change</p>	<p>As a global company operating throughout the world, Arçelik acknowledges water is an essential resource of life and appreciates that its policy and actions related water, have significant effect on employees, customers, and other communities. For this reason, Arçelik has a company-wide water policy and it is integrated with its Environmental Policy, Health & Safety Policy, Sustainability approach, and Global Business Ethics Principles. It is available in company web-site (https://www.arcelikglobal.com/media/5793/28_07water_policy.pdf) Arçelik participates water management strategy, targets, performance via Sustainability Reports. The aim of the policy is to minimize the impact of our activities on water through product lifecycle. Arçelik's water policy and management covers minimizing business water impact; water performance; water targets & goals; commitment to beyond regulatory compliance, SDG alignment, water related innovation, stakeholder awareness, water stewardship, water sanitation and hygiene and recognition linkage to climate change. Arçelik has been also studying on green procurement policy and water management is a part of it.</p> <p>Arcelik_Water_Policy.pdf</p>

W6.2

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

Yes

W6.2a

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

Position of individual	Please explain
Director on board	Board of Directors (BoD) is the highest unit for ESG-related issues within Arçelik. Two members of the BoD are responsible from the management of water-related risks and opportunities. These members are President of the Consumer Durables Group at Koç Holding (non-executive board member) and Arçelik's CEO(executive board member).President of the Consumer Durables has been appointed based on a Board of Directors Decision to inform the Board of Directors on sustainability related risks and opportunities including water. The same Board Member also sits at the Risk Management Committee and regularly gets informed on the water-related risks and opportunities by the related teams such as the Finance and Enterprise Risk&Insurance Management Directorate.Environment and Sustainability Teams together with Risk Management team determine the potential water related risks of Arçelik and these risks are presented to Board Members and The Quality, Sustainability and Corporate Affairs Director who directly reports to the CEO.Sustainability Council(SC) chaired by CFO meets quarterly. SC is comprised of CEO and the full executive management team. Water policy&strategy, progress of water targets, performance monitoring, water-related capital expenditures, annual water budgets, major plans&action, business plans, performance objectives for the next year plan, water-related R&D priorities, and internal water pricing are discussed in SC meetings.Critical water related issues of SC are reported to the assigned member of BoD,therefore,member of BoD has selected as board oversight for water issues.The assigned member of BoD and CEO inform BoD about SC studies including water issues.In 2021,3 reports had been shared with BoD. For example, these decisions were taken by SC and reported to assigned member of BoD: In 2021, outsourcing scenario analysis had been decided. In 2022,Arçelik endorsed the UN CEO Water Mandate and discloses its progress against the Mandate annually.

W6.2b

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

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities Setting performance objectives	Arçelik board level responsibility in water related issues belongs to the assigned member of Board of Directors(BoD) and CEO.Critical water related studies of SC are reported to the assigned member of Board of Directors,therefore,member of BoD has selected as board oversight for water issues.Water issues are one of the priority agenda item of BoD's investment&strategy meetings. President of the Consumer Durables has been appointed based on a Board of Directors Decision to inform the Board of Directors on sustainability related risks and opportunities including water. The same Board Member also sits at the Risk Management Committee and regularly gets informed on the water-related risks and opportunities by the related teams such as the Finance and Enterprise Risk&Insurance Management Directorate.Environment and Sustainability Teams together with Risk Management team determine the potential water related risks of Arçelik and these risks are presented to Board Members and The Quality, Sustainability and Corporate Affairs Director who directly reports to the CEO.The assigned member of BoD and CEO informs BoD about SC studies including water issues. In 2021,3 reports had been shared with BoD. At Arçelik, the climate-related and other ESG risks and opportunities including water are governed by the Sustainability Council that is chaired by the CFO. SC is comprised of the full executive management team,including CEO,CPO,CCO,CMO,CSO,CTO,Quality,Sustainability and Corporate Affairs Director,Global Communications Director, R&D Director, Legal & Compliance Director, Human Rights Director, Sustainability Manager and Enterprise Risk&Insurance Management Manager,and Environment Manager.The Sustainability Council has close collaboration with other committees of the Group such as Corporate Governance Committee, Risk Committee, Global Ethics Committee and Audit Committee. The Sustainability Council meets quarterly to monitor the sustainability projects and determine the sustainability strategy of the Group going forward.Water issues are one of the priority agenda item of all Sustainability Council meetings.Water policy & strategy, progress of water targets, performance monitoring, water-related capital expenditures, annual water budgets, major plans&action, business plans, performance objectives for the next year plan, water-related R&D priorities, and internal water pricing are discussed in detail. For example, this decision was taken by SC and reported to assigned member of BoD: In 2021, outsourcing scenario analysis had been decided. In 2022,Arçelik endorsed the UN CEO Water Mandate and discloses its progress against the Mandate annually.

W6.2d

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

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues	Primary reason for no board-level competence on water-related issues	Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future
Row 1	Yes	Two members of the Board of Directors have competence on water issues. These members are President of the Consumer Durables Group at Koç Holding and Arçelik CEO. The President of the Consumer Durables has been appointed based on a Board of Directors Decision dated March 2019 to inform the Board of Directors on sustainability related risks and opportunities. The same Board Member also sits at the Risk Committee and regularly gets informed on the water related risks and opportunities. The Enterprise Risk Directorate, together with the Environment and the Sustainability Teams calculate the potential water related risks of Arçelik and these risks are presented to the both Board Members. The Board Members also receive detailed briefing on the water recycling ratios, the water reduction KPI's and the cost of water, as well as the water efficiency projects. IFC was commissioned by the executive team to write a detailed report on the water efficiency projects potential in Arçelik as well as a benchmark in the sector related to the water efficiency KPI's. As a result, 17 manufacturing plants of Arçelik located in various countries were benchmarked according to best practices in Europe in the IFC database and Arçelik's 2030 water efficiency targets were studied thanks to this report. Both Board Members have been briefed thoroughly about the details of the report and approved the 2030 targets of the company. The Quality, Sustainability and Corporate Affairs Director directly reports to the CEO and the related issues cover water related risks and opportunities. The CEO is also a natural member of the Sustainability Council which gathers quarterly during a year. There, the strategic risks and opportunities related to water stress risks, water costs and internal water pricing are discussed in detail. The decisions taken on the Sustainability Council are reported to the President of the Consumer Durables at Koc Group as well. The CEO of Arçelik is among the +220 CEO's that have endorsed the CEO Water Mandate and has committed to carrying out water stewardship projects in the company and has been thoroughly briefed about the six commitment areas of the CEO Water Mandate and the impact of each area on company operations.	<Not Applicable>	<Not Applicable>

W6.3

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

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

Chief Financial Officer (CFO)

Responsibility

Assessing future trends in water demand
 Assessing water-related risks and opportunities
 Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

Below board level, the highest level management position of sustainability including water issues belongs to CFO, the chair of Sustainability Council (SC). SC is comprised of the full executive management team, including CEO, CPO, CCO, CMO, CSO, CTO, Quality, Sustainability and Corporate Affairs Director, Global Communications Director, R&D Director, Legal & Compliance Director, Human Rights Director, Sustainability Manager and Enterprise Risk & Insurance Management Manager, and Environment Manager. Water risk & opportunities, water policy & strategy, progress of water targets, water-related capital expenditures, annual water budgets, major plans & action, business plans are discussed and managed quarterly by SC. Critical water related issues of SC are reported to the assigned member of Board of Directors. Sustainability Working Groups which consist of specialists/managers are established to control & coordinate sustainability implementations. Environmental WG is responsible for performing water-related studies.

W6.4

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

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	

W6.4a

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

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Chief Executive Officer (CEO) Other C-suite Officer (Quality, Sustainability and Corporate Affairs Director)	Reduction of water withdrawals Supply chain engagement	Arçelik's performance appraisal system is "Objective Key Result". Each quarter, the key results of a specific objective are reviewed and monitored. At the year end, based on the achievement level of the key results, the performance of the individuals is determined. Based on this performance, the base salary increase as well as the bonus levels of the individuals are determined. In the scope of our risk adaptation plans, we have set our 2030 water targets to reduce water withdrawal: -increase the water recycling and reuse ratio (Water recycling and reuse ratio=Total recycled and reused water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production -reduce water withdrawal per product by 45% compared to 2015 base year In line with our long-term water targets, water recycling ratio target is included in the objective key results score cards of the CEO and Quality, Sustainability and the Corporate Affairs Director. CEO and other C-suite officer have a target to increase water recycling and reuse ratio by 10% compared to previous year. When water recycling ratio increase by 10%, a salary bonus is provided to CEO and other C-suite officer. Additionally, increasing sustainability performance including water of the suppliers according to third-party audits and data collection process is included in the objective key results score cards of the CEO, Purchasing Director and Quality, Sustainability, and the Corporate Affairs Director.
Non-monetary reward	Please select	Please select	

W6.5

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

- Yes, direct engagement with policy makers
- Yes, trade associations
- Yes, other

W6.5a

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

Arçelik complies with all related regulations and standards and ensures its compliance via periodic controls. Arçelik works closely with Ministry of Environment, Urbanization and Climate Change, attends Ministry's seminars and workshops, follows closely new developments and give its opinions on draft regulations. Arçelik also works closely with trade associations and NGOs (such as TOBB, TUSIAD, TÜRKBESD, ISO, UNEP, UNDP, etc.) on water strategies of country and private sector. CEO of Arçelik is a high commissioner on the Carbon Pricing Leadership Coalition and has previously spoken on the effective carbon pricing strategies that will enable the transition to a carbon-free global economy. In 2021, Arçelik was president of TUSIAD–Environment and Climate Change Working Group and also president of Environmental Working Commission of TOBB Consumer Durables Council. Additionally, in 2022, CEO of Arçelik has been elected as the president of APPLiA-Home Appliance Europe. In 2022, Arçelik endorsed the UN CEO Water Mandate and discloses its progress against the Mandate annually.

With these methods, we ensure that our activities are consistent with national and international policy. We realize our activities under these processes and develop projects in line with the national and international policy. If an inconsistency occurs, CEO is informed by Quality, Sustainability and Corporate Affairs Director and decisions are taken to overcome the inconsistency by top management.

W6.6

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

- Yes (you may attach the report - this is optional)
- Arçelik2021_Annual_Report.pdf

W7. Business strategy

W7.1

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

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	11-15	Arçelik's business strategy is, to increase the ability to offer enriching, pioneer, innovative, environmental friendly product, solution and technology to society and customer through product life cycle. In line with this strategy Arçelik defines its long-term business plans and objectives. On water issue, reduction in water withdrawal, increase in water reuse and recycling, water risks are integrated in long term business plans & objectives. Arçelik's long term business objective is achieving "closed loop water" in production. We have set our 2030 target to increase the water recycling and reuse ratio (Water recycling and reuse ratio = Total recycled and reused water / Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production. Another long term water target of Arçelik, set in 2019, is to reduce water withdrawal per product in production by 45% compared to 2015 base year by 2030. To achieve long term objectives, Arçelik defines its short and medium term business goals, KPIs and action plans and integrated with Arçelik's global strategic plan process. For becoming closed loop cycle, defined targets/objectives for business plan are as follows: -Decreasing water withdrawal, -Increasing water efficiency, water recycling & reuse -Water withdrawal data verification, -Rainwater harvesting, -Improvement of water monitoring system, -Raising Sustainability indices' scores related to water. In scope of the targets Arçelik defines its action plans for each KPIs.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	11-15	To achieve its long term target, Arçelik defines its short and medium term business goals, KPIs and action plans. In scope of Arçelik Sustainability Targets, Arçelik has yearly water targets in production plants to reach the long term targets. To reach water related objectives, we perform water efficiency projects in plants. In 2021, we saved a total of 197,373 m3 of water, thanks to water efficiency and rainwater harvesting projects carried out in our production plants. As an example, in 2021, we recycled and reused the wastewater from the function test system on the assembly line and the final rinse wastewater in the paint shop at the Arçelik Washing Machine Plant in Istanbul, Turkey. In addition, we recovered and reused the effluent water of a biological wastewater treatment plant and rainwater. These actions saved a total of 126,691 m3 of water. At the Arctic Washing Machine Plant in Ulmi, Romania, we saved 27,445 m3 of water by recycling and reusing wastewater and harvesting rainwater. We collaborate with our suppliers, universities and initiatives to benefit from their expertise in our projects. In 2022, Arçelik had become of the 200+ companies that have signed the CEO Water Mandate. As an endorsing company, in line with Arçelik's Water Policy, we commit to meet the expectations of the CEO Water Mandate and report our progress annually.
Financial planning	Yes, water-related issues are integrated	11-15	Arçelik's global strategic plan process includes estimated budgets for realizing business plans & targets. To reach Arçelik's long term business objective, the following actions are defined and they are integrated to financial planning process: -Improving water measuring infrastructure of plants -Provide an appropriate water measuring system of the new construction projects -Realizing of water efficiency projects for major/prioritized withdrawal points -Water data verification -Rainwater & wastewater recycling project studies (feasibility & investment) -Water efficiency projects (feasibility & investment). We collaborated with International Finance Corporation (IFC) to evaluate the water efficiency of our production plants. In the project, the efficiency of water withdrawal in each process is evaluated and benchmarked against global competitors. Also, the amount of investment required to increase water efficiency in production is determined by IFC. In addition, Arçelik announced a 350 million Euros Green Bond issuance in 2021. In this scope, we prepared Green Financing Framework including Sustainable Water and Wastewater Management projects integrated to our strategies (https://www.arcelikglobal.com/media/6294/arcelik-green-financing-framework.pdf). Also, in 2022, we shared Green Bond Allocation and Impact Report including Sustainable Water and Wastewater Management for years 2018-2021 (https://www.arcelikglobal.com/media/6933/arcelik-2018-21-green-bond-allocation-and-impact-report.pdf).

W7.2

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

Row 1

Water-related CAPEX (+/- % change)

100

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

5

Water-related OPEX (+/- % change)

35

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

10

Please explain

CAPEX includes water related investments such as equipment and building required for water related studies. CAPEX dramatically increased compared to last year thanks to Green Bond investments in 2021. OPEX includes water supply cost, wastewater analysis cost, chemical cost of wastewater treatment plant and maintenance cost of wastewater treatment plant, but the significant part of OPEX is water supply cost. OPEX increased compared to last year depending on the increase in the unit water cost. As a growing company, we expect an increase in water related OPEX. As we aim to increase water recycling and reuse ratio by increasing the water related investments, we expect an increase in water related CAPEX.

W7.3

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

	Use of scenario analysis	Comment
Row 1	Yes	Arçelik uses scenario analysis to inform business strategy on water issues.

W7.3a

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

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Water-related Climate-related Socioeconomic	For scenario analysis, we use WRI Aqueduct Water Risk Atlas tool for assessing future projections. This tool combines different climate scenarios (IPCC Representative Concentration Pathways - RCP and IIASA Shared Socio-economic Pathways - SSP) to explore 2030 and 2040 water stress. In WRI, the SSPs are defined in terms of three key variables: population, GDP, and urbanization, defined as the fraction of the population living in urban centers. Scenario analysis results are followed both absolute value and change from baseline. Scenarios are given below. Optimistic: The "optimistic" scenario (SSP2 RCP4.5) represents a world with stable economic development and carbon emissions peaking and declining by 2040, with emissions constrained to stabilize at ~650 ppm CO2 and temperatures to 1.1–2.6°C by 2100. Business as usual: The "business as usual" scenario (SSP2 RCP8.5) represents a world with stable economic development and steadily rising global carbon emissions, with CO2 concentrations reaching ~1370 ppm by 2100 and global mean temperatures increasing by 2.6–4.8°C relative to 1986–2005 levels. Pessimistic: The "pessimistic" scenario (SSP3 RCP8.5) represents a fragmented world with uneven economic development, higher population growth, lower GDP growth, and a lower rate of urbanization, all of which potentially affect water usage; and steadily rising global carbon emissions, with CO2 concentrations reaching ~1370 ppm by 2100 and global mean temperatures increasing by 2.6–4.8°C relative to 1986–2005 levels. Additionally, in 2020, we outsourced the scenario analysis to S&P Trucost Services. The physical risk assessments are based on the Trucost Approach that leverages physical risks of Arçelik at the asset level, as well as its suppliers, taking into consideration climate hazard indicators such as water stress, flood, heatwaves, coldwave, hurricane, sea level rise, etc and their impact on Arçelik's operations. The High Climate Scenario (RCP 8.5), the Moderate Climate Scenario (RCP 4.5) and the Low Climate Scenario (RCP 2.6) are taken into consideration with a forecast for the 2030 and 2050 fiscal years from a 2020 baseline. According to the Trucost Physical Risk assessment, Arçelik's overall physical risk score is moderate, main risk item being water stress. Based on Trucost analysis, Arçelik's suppliers main physical risks are related to water stress as well.	According to both WRI Aqueduct Water Risk Atlas and TruCost methodology, water stress is the most significant physical risk item for Arçelik and its suppliers. Thus, we use scenario analysis to determine the projected change in water stress in each production facility of Arçelik for 2030 and 2040. According to the optimistic scenario, 89% and 94% of Arçelik plants will face increasing water stress in 2030 and 2040, respectively. According to the business as usual scenario, 94% of Arçelik plants will face increasing water stress in 2030 and 2040. According to the pessimistic scenario, 89% of Arçelik plants will face increasing water stress in 2030 and 2040. In 2030 and 2040, depending on increasing water stress due to increasing demand, Arçelik might potentially incur reduced revenue and market loss from decreased production capacity, logistics problems, and supply chain interruptions. There might also be potential CAPEX and OPEX needs.	Due to this risk, Arçelik might potentially incur reduced revenue and market loss from decreased production capacity, logistics problems, and supply chain interruptions. There might be potential CAPEX&OPEX needs. Our strategies to manage physical risks and transform them to opportunities are given below: -Our production facilities are based in more than one location in order to manage business interruption risks better. - During new acquisition or greenfield investment decisions, land resilience is also factored into the due diligence process. -Arçelik takes necessary precautions to diversify its supply chain. -For risk adaptation, Arçelik has set its target to increase the water recycling and reuse ratio to 70% in all production plants by 2030 aiming to achieve closed-loop water system in production. - Enterprise Risk Directorate calculates financial and non-financial risks related to the consequences of climate events such as floods, storms, tsunami, etc. based on countries where Arçelik production facilities are located in correlation with all related bodies within the company. - Arçelik has several lines of insurance policies. -In case any event occurs related to business interruption, compensation methodologies are already defined. -Arçelik announced a 350 million Euros Green Bond issuance in 2021. We prepared Green Financing Framework including Sustainable Water and Wastewater Management projects integrated to our strategies and publish Green Bond Allocation and Impact Report in 2022.

W7.4

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

Row 1

Does your company use an internal price on water?

Yes

Please explain

Arçelik uses different internal water prices (IWP) for each plant. To calculate IWPs, water stress was determined by using Aqueduct tool in current condition for Arçelik plants. Then, water stress was modelled for 2020, 2030 and 2040 years in 3 different cases (business as usual, optimistic & pessimistic). For the determination of water stress impact on watershed due to water withdrawal, internal water prices (IWP) were assumed between 0.2-1.0 TRY/m3 for well water and 0.1-0.5 TRY/m3 for municipal water depending on water stress score (1-5 point). Then, IWP was added to water bills paid monthly. Then, directly and indirectly water and wastewater prices were added. In 2021, total unit prices including IWP of our plants change between 3-42 TRY/m3.

W7.5

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

	Products and/or services classified as low water impact	Definition used to classify low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	No, but we plan to address this within the next two years	<Not Applicable >	Other, please specify (Lack of "low water impact" criteria)	In most of the countries we operate, water consumption is regulated by an ecodesign limit. All our products comply with this limit, consuming less water than the prescribed amount. We do not group our products which are lower than this limit as "low water impact" as it is a regulatory requirement. In addition, at this time, we do not have the market average of the products in terms of water consumption and we have not established an internal scaling for water consumption values that we can use as a baseline to grade our products as "low water impact". Our target is to gather this information to create a baseline where we can evaluate our products as low water impact products.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Site/facility specific targets and/or goals Country level targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	The water targets and goals determined in line with our policies,sustainability approach and international management systems are monitored monthly.Arçelik regularly checks the efficiency and continuity of international systems through audits by independent institutions.Sustainability Council(SC) is the highest unit responsible for all environmental management issues including setting water targets and goals, in line with business R&O and business strategy. SC, chaired by CFO, meets quarterly and monitors the progress on water targets and discuss company's water strategy, major plans&action, business plans, performance objectives for the next year plan.At first stage, the company-level water targets and goals are identified by SC and they are distributed to the related bodies as country level and site/facility specific. The SC's work is supported by the Environmental Coordination Working Group which is responsible to integrate water efficiency efforts and ensures that all efforts comply with Arçelik's goals&targets. This WG conducts bimonthly meetings, monitors the progress on targets and goals, and reports to the SC. Environmental performance data including water withdrawal, water withdrawal per product, water cost, recycled water, progress on water targets and goals, and water efficiency projects of Arçelik's plants are monitored monthly, and reported to the top management every three months as Arçelik Environmental Performance Report. The distribution of each facility level and country level target and monitoring of the progress are performed by Environmental WG and reported to SC.In 2019, our manufacturing plants were compared to the industry's best practices in Europe in the International Finance Corporation (IFC) database as part of the IFC Water Efficiency Project. With IFC, we prepared the Water Efficiency Report for Arçelik manufacturing plants and identified areas for improvement in water efficiency. In line with the project's output, we set our water target for 2030. In the scope of our risk adaptation plans, we have also set our 2030 target to increase the water recycling and reuse ratio (Water recycling and reuse ratio=Total recycled and reused water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production. Arçelik has water withdrawal reduction per product target and increase water recycling and reuse ratio target as a company-wide targets. Country specific target/goals have been determined for each country where we have manufacturing plant to achieve company-wide targets. Then, we set the site/facility-specific targets for each manufacturing plant to achieve company-wide water targets.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water withdrawals

Level

Company-wide

Primary motivation

Climate change adaptation and mitigation strategiess

Description of target

By supporting the Taskforce on Climate-related Financial Disclosures (TCFD), we aim to strengthen the link between climate change and the resulting financial impacts on our business.Based on Arçelik's internal analysis as well as using S&P's TruCost Methodology, water stress risks were determined as the most significant risks for Arçelik in terms of physical climate risks, and therefore,long-term action plans were created according to the results of water risk analysis. In line with the IFC Project's output,we set our water target for 2030.Arçelik's long term company-wide water target, set in 2019, is to reduce water withdrawal per product in production by 45% compared to 2015 base year until 2030. This target is important because Arçelik will contribute to climate change adaptation, decrease environmental impact, decrease water dependency and decrease water risks as well as providing cost savings. In 2021, we reduced water withdrawal per product in production by 31% compared to 2015.

Quantitative metric

% reduction per product

Baseline year

2015

Start year

2019

Target year

2030

% of target achieved

69

Please explain

Thanks to water efficiency projects realized in our plants, in 2021, we reduce our water withdrawal per product by 31% compared to 2015 achieving 69% of target.

Target reference number

Target 2

Category of target

Water recycling/reuse

Level

Company-wide

Primary motivation

Climate change adaptation and mitigation strategiess

Description of target

By supporting the Taskforce on Climate-related Financial Disclosures (TCFD), we aim to strengthen the link between climate change and the resulting financial impacts on our business.Based on Arçelik's internal analysis as well as using S&P's TruCost Methodology, water stress risks were determined as the most significant risks for Arçelik in terms of physical climate risks, and therefore,long-term action plans were created according to the results of water risk analysis.In the scope of our risk adaptation plans, we have also set our 2030 target to increase the water recycling and reuse ratio (Water recycling and reuse ratio=Total recycled and reused water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production.

Quantitative metric

% increase in water use met through recycling/reuse

Baseline year

2020

Start year

2020

Target year

2030

% of target achieved

13

Please explain

In 2021, the water recycling ratio realized 9% by achieving 13% of the target.

Target reference number

Target 3

Category of target

Supplier engagement

Level

Other, please specify (Direct suppliers)

Primary motivation

Other, please specify (Supplier engagement)

Description of target

In the scope of supplier engagement, our target is to ensure our approximately 400 suppliers comprising 90% of our purchasing volume apply for ISO 14001 certification by 2023. The quantitative metric is determined as % suppliers that have ISO 14001 certification.

Quantitative metric

Other, please specify (% suppliers that have ISO 14001 certification)

Baseline year

2020

Start year

2020

Target year

2023

% of target achieved

77

Please explain

In 2021, 77% of 400 suppliers had the ISO 14001 certificate.

Target reference number

Target 4

Category of target

Supplier engagement

Level

Other, please specify (Direct suppliers)

Primary motivation

Other, please specify (Supplier engagement)

Description of target

In the scope of supplier engagement, by 2025, we have committed to collect the Scope 1–2 GHG emissions, water withdrawal, wastewater, recycled water, hazardous and non-hazardous waste and energy consumption data for approximately 400 of our suppliers, corresponding to 90% of our purchasing volume. We intend to make the consolidated data public to transparently report the impact of our supply chain. The quantitative metric is determined as % increase in number of suppliers engaged.

Quantitative metric

% increase in number of suppliers engaged

Baseline year

2020

Start year

2020

Target year

2025

% of target achieved

38

Please explain

For our 2021 data collection, we collected environmental data from 151 suppliers, reaching 38% of our target. Additionally, 183 suppliers have committed to set GHG emission/water/waste/ energy efficiency targets in 2021.

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Engagement with suppliers to help them improve water stewardship

Level

Other, please specify (Direct suppliers)

Motivation

Water stewardship

Description of goal

An important part of our approach consists of working with suppliers to ensure continuous improvement. We aimed to increase the competency of our suppliers on environmental management issues including water management. In this scope, we launched The Supplier Education Platform providing free online training to inform our suppliers about sustainability practices, and to provide details on national and international regulations. The subjects of online training are Arçelik Suppliers Sustainability Strategies, Global Code of Conduct and related Policies, ISO 50001: 2018 Energy Management System and Implementation Principles, Energy Efficiency and Renewable Energy Applications in Industry, Green Chemistry Management on Products, ISO 14001: 2015 Environmental Management System, ISO 14064-1: 2018 Greenhouse Gas Inventory Reporting, Compliance with Environmental Legislation, environmental data collection, and risk identification, Occupational Health and Safety.

Baseline year

2020

Start year

2020

End year

2021

Progress

Our goal is to increase supplier training person*hours. We assess the progress by monitoring person*hours of training within a year. In 2020, we provided 3345 person*hours of training. In 2021, we provided 1900 person*hours of online training on the mentioned topics. We provided "much lower" compared to the previous year as we had a preparation process for transition to online training this year. To increase our reach and participation rate, we initiated the Digital Education Platform project in 2021 with the aim of digitalizing our training programs. By 2022, our suppliers will be able to easily access the training through this platform. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20%.

W9. Verification

W9.1

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

Yes

Arçelik_2020_AA1000AS_Assurance_Report.pdf

Arçelik_2021_AA1000AS_Assurance_Report.pdf

W9.1a

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

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Total water withdrawal of Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, Dawlance Pakistan reported in the "Annex 4: Environmental Performance Indicators, Manufacturing Plants & HQ" part of Arçelik Global Sustainability Report 2021 is verified in accordance with AA1000AS as follows: Third party sources-Municipal water: 685.60 megaliters/year Third party sources-Water tanker: 29.40 megaliters/year Ground water: 608.06 megaliters/year Rainwater: 70.98 megaliters/year Total: 1,394.04 megaliters/year 2021 Arçelik AA1000AS Assurance Report is available in our website: https://www.arçelikglobal.com/media/6963/2021_arçelikaa1000as.pdf 2020 Arçelik AA1000AS Assurance Report is available in our website: https://www.arçelikglobal.com/media/6495/2020-aa1000-as-assurance-report.pdf	AA1000AS	Total water withdrawal of Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, Dawlance Pakistan reported in the "Annex 4: Environmental Performance Indicators, Manufacturing Plants & HQ" part of Arçelik Global Sustainability Report 2021 is verified in accordance with AA1000AS. In the "W1.Current state" section, we share verified water withdrawal data for 2021. Water withdrawal data for the previous year (2020) includes Arçelik Turkey, Arctic Romania, Beko LLC Russia, Defy South Africa, and Beko Thailand (verified by third-party) and Dawlance Pakistan (not verified by third-party). 2021 Arçelik AA1000AS Assurance Report is available in our website: https://www.arçelikglobal.com/media/6963/2021_arçelikaa1000as.pdf 2020 Arçelik AA1000AS Assurance Report is available in our website: https://www.arçelikglobal.com/media/6495/2020-aa1000-as-assurance-report.pdf
Please select		Please select	

W10. Sign off

W-FI

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

In the previous year (2020), our reporting scope included only Arçelik Turkey operations, but this year (2021), we included Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, and Dawlance Pakistan operations by expanding our reporting scope.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Chief Financial Officer (CFO)	Chief Financial Officer (CFO)

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms