

# SECTION 5

# **CORPORATE GOVERNANCE**

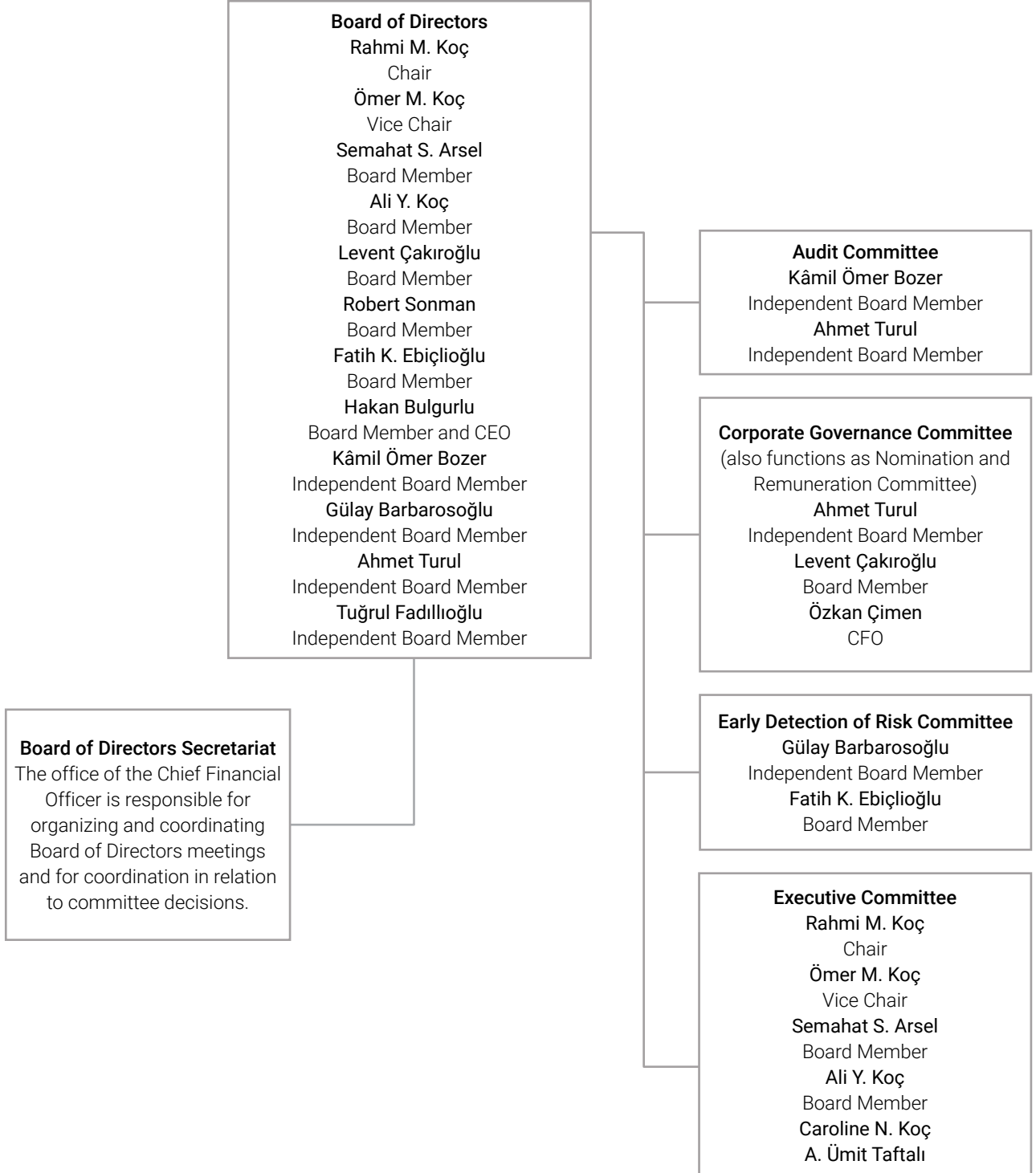


**Arçelik places emphasis on transparency, accountability and total compliance in corporate governance.**

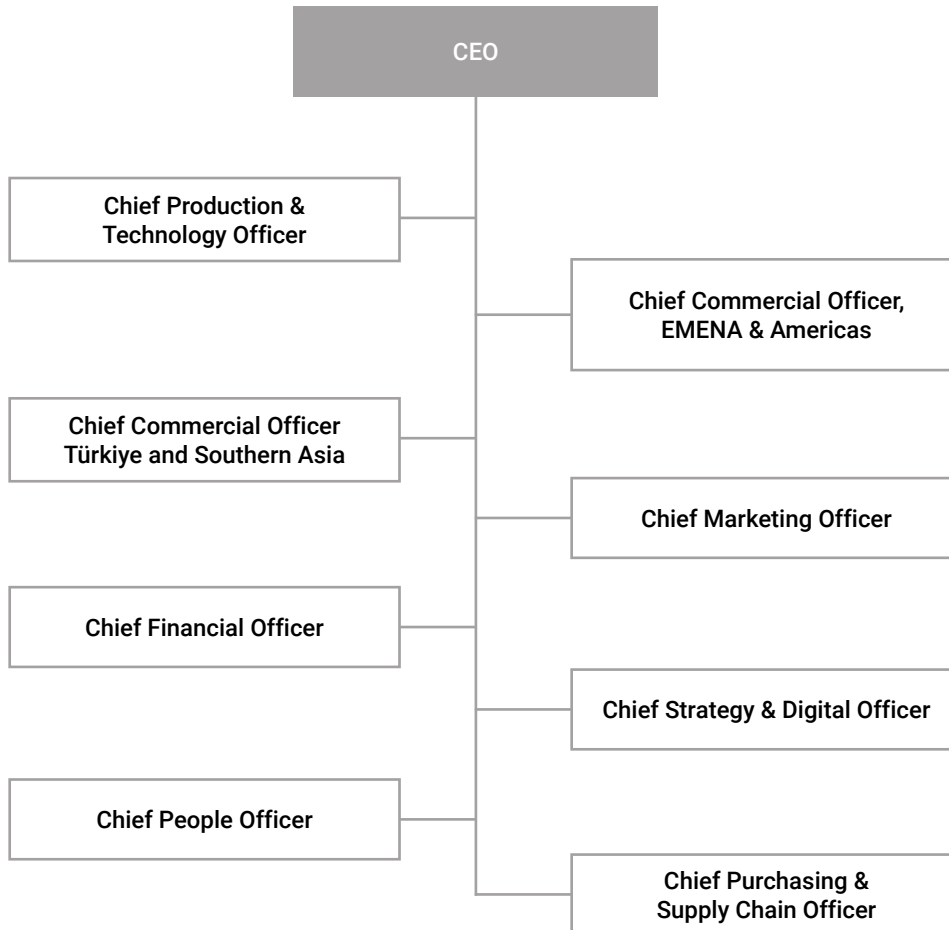
Arçelik proactively monitors emerging risks and assesses their potential impacts on the company in the long term.



## Board of Directors Structure



# Organization Chart



## Board of Directors

### Rahmi M. Koç

Chair

Mr. Rahmi Koç has completed his university education at Johns Hopkins University (USA), Department of Business Administration. He started his career at Ankara Otokoç, a member of the Koç Group, in 1958. After becoming the Chair of the Executive Board in 1980, he became the Chair of the Board of Directors of Koç Holding in 1984. He has been carrying on his work as the Honorary President of Koç Holding since 2003. Aside from Koç Holding, Rahmi M. Koç is also continuing his duties as the Chair and Member of the Board for other companies of the Koç Group, as well as other roles in numerous social and professional organizations:

- Metropolitan Museum of Art, New York, Honorary Chair of the Board of Trustees
- Southeast Europe Cooperation Initiative, Co-President of the Business Consultation Board
- Deputy Chair of the Board of Trustees, Vehbi Koç Foundation
- Honorary Chair of the Board of Trustees, Koç University
- Founder and Chair of the Board of Directors, Rahmi M. Koç Müzecilik ve Kültür Vakfı
- Chair of the Board of Directors, Vehbi Koç Foundation American Hospital
- Founding Member and Honorary President, TURMEPA/ Turkish Marine Environment Protection Association
- Honorary President of the High Advisory Board at the Turkish Industry and Business Association
- Member of the Advisory Council, Turkish Confederation of Employer Associations
- Founding Chair of the Global Relations Forum
- Former President of the International Chamber of Commerce (1.1.1995-31.12.1996)
- Former President of the Turkish-Greek Business Council (1992-1999)
- Former Member of the International Advisory Board of Allianz AG
- Former Member of J.P. Morgan International Council
- Former Member of the International Advisory Board at the United States Council on Foreign Relations

Titles and awards held by Mr. Rahmi M. Koç are as follows

- "Honorary Doctorate" from Johns Hopkins University (Baltimore, Maryland), Eskişehir Anadolu University, İzmir Ege University, Ankara Bilkent University, Constanta Ovidius University and Aydın Adnan Menderes University
- Order of Merit from the Presidency of the Republic of Türkiye
- "Grosses Verdienst Kreuz" (Great Service Commendation of Germany) from the German Government
- "High Merit Commendation" from the Italian Republic
- "Great Service Commendation" from the Presidency of Austrian Republic
- "Excellent Leadership (Honorary) Commendation" from the British Empire (CBE)
- "Officier dans l'Ordre National de la Légion d'Honneur", which is the most prestigious commendation of France
- "Lifelong Responsible Business Person Award" from FIRST, a world-renowned international relations organization
- Medal from the US-based Foreign Policy Association, which is one of the respected think tanks in the world with a history of 100 years
- "Hadrian Award" for the Koç Family by the World Monuments Fund
- "Carnegie Philanthropy Medal" for the Koç Family (New York)
- "BNP Paribas Philanthropy Award" for the Koç Family (Paris)
- Outstanding Service Award in Decorative Arts for the Koç Family at the 16th Iris Foundation Awards

Mr. Rahmi M. Koç, who is a non-executive board member is not an independent member pursuant to the Corporate Governance Principles of the CMB. Mustafa Rahmi Koç, has been serving in the boards of directors of the Group companies for the last ten years.

**Ömer M. Koç**

Vice Chair

Mr. Ömer Koç received his B.A. degree from Columbia University(USA) in 1985. He worked at Kofisa Trading for one year in Switzerland. In 1989, he earned his MBA degree from Columbia Business School. After working at Ramerica Intl. Inc., he joined the Koç Group in 1990. He held top-tier positions such as Financing Coordinator, Vice President and President of the Energy Group at Koç Holding. He became a Member of the Board of Directors of Koç Holding in 2004, and he undertook the duty of Vice President of the Board of Directors in May 2008. He has been the Chair of the Board of Directors of Koç Holding since February 2016. Ömer M. Koç also works as the Vice President of the High Advisory Council of Turkish Industry and Business Association, Chair of the Board of Trustees at the Turkish Education Foundation, Chair of the Board of Directors of Geyre Foundation, Chair of the Board of Directors of Yapı Kredi Kültür Sanat Yayıncılık, Chair of the Board of Trustees at İstanbul Kültür Sanat Foundation, Chair of the Board of Directors of Tüpraş, Chair of the Board of Directors of Tofaş, and Member of the Board of Directors at some other companies held by the Koç Group. Mehmet Ömer Koç, who is a non-executive board member is not an independent member pursuant to the Corporate Governance Principles of the CMB. Mehmet Ömer Koç, has been serving in the boards of directors of the Group companies for the last ten years.

**Semahat S. Arsel**

Member

Ms. Semahat Arsel has started her business life as a Member of the Board of Directors at Koç Holding in 1964, she is still continuing this duty. Additionally, she is on the Board of Directors at Vehbi Koç Foundation and Divan Group, and founder of Semahat Arsel Nursing Education and Research Center and Koç University Health College. She is also a Member of the Board at some other Koç Group companies. She is also a Member of the Board of Trustees at the Educational Volunteers of Türkiye Foundation (TEGV). Semahat Arsel holds an Honorary Doctorate title from İstanbul University. Ms Semahat S. Arsel, who is a non-executive board member, is not an independent member pursuant to the Corporate Governance Principles of the CMB. Semahat Sevim Arsel, has been serving in the boards of directors of the Group companies for the last ten years.

**Ali Y. Koç**

Member

Having graduated from Business Management School at Rice University (USA), Mr. Ali Koç also completed his Master's Degree at Harvard University (USA). He entered the business world in 1990 by attending the Executive Training Program at American Express Bank and he worked as an Analyst at Morgan Stanley Investment Bank from 1992 to 1994. In 1997, he started to work as the New Business Development Coordinator in the Strategic Planning Group at Koç Holding, and he held top-level positions such as Koç Holding Information Group President, Corporate Communications and Information Group President and so forth until 2010. A Member of the Board of Directors at Koç Holding for over eight years, Ali Y. Koç has been acting as the Deputy Chair of the Board of Directors of Koç Holding since February 2016. In 2016, he became the Chair of the Board of Directors of Koç Finansal Hizmetler and Yapı Kredi Bankası. Mr. Ali Y. Koç is also the Chair of the Board of Directors at some other Koç Group companies, including Ford Otosan and Otokar. In addition to these duties, with the aim of contributing to the economic and social development of our country, he also serves as the President of Fenerbahçe Sports Club, Member of the Board of Directors at URAK (International Competition Researches Foundation) and at the Endeavor Foundation and Board Member at European Club Association (ECA). Ali Y. Koç is also a Member of the Global Advisory Board at Harvard University, Bank of America and Council on Foreign Relations; a Member of the Senior Advisory Board at Chatham House; and he represents Türkiye at the CBI – Confederation of British Industry. Mr Ali Y. Koç, who is a non-executive board member, is not an independent member pursuant to the Corporate Governance Principles of the CMB. Yıldırım Ali Koç has been serving on the Board of Directors of the Group companies for the last ten years.

## Board of Directors

### **Levent Çakıroğlu**

Member

Mr. Levent Çakıroğlu completed his graduate degree at Business Management Department, Political Sciences School in Ankara University and completed his Master's Degree at the University of Illinois. He started his work life as a Junior Accountant at the Ministry of Finance in 1988, and then he worked as a Senior Accountant at the same Ministry from 1991 to 1997. From 1997 to 1998, he worked as the Deputy Chair of the Financial Crimes Investigation Board of the Ministry of Finance, while at the same time working as a part-time Academic at Bilkent University. Çakıroğlu attended the Koç Group as the Financial Group Coordinator in 1998. He worked as the CEO of Koçtaş from 2002 to 2007, and as the CEO of Migros from 2007 to 2008. In 2008, he was assigned as the CEO of Arçelik. He has also served as the Chair of the Consumer Durables Group at Koç Holding since 2010. In April 2015, Çakıroğlu was appointed as the CEO of Koç Holding, which is the title he currently holds today. Being a Member of the Board of Directors of Koç Holding since April 2016, Levent Çakıroğlu is the Chair of the Board of Directors at Arçelik-LG and TürkTraktör, Deputy Chair of the Board of Directors at Otokar and Yapı Kredi Bankası, and a Member of the Board of Directors at various Koç Group companies. Mr. Levent Çakıroğlu, who was a non-executive board member, is not an independent member pursuant to the Corporate Governance Principles of the CMB. The positions he has undertaken for the last ten years are listed above and currently he is taking office in the Board of Directors of some Koç Group companies.

### **Robert Sonman**

Member

Mr. Robert Sonman has graduated from the Department of Architecture with an M.A. degree from the McGill University in Canada. He works as the Chair of the Board of Directors at the Burla Group Companies, which have shares in Arçelik A.Ş. He has been a Member of the Board of Directors at Arçelik A.Ş. since April 1994. He speaks English and French. Mr. Robert Sonman, who is a Non-Executive Board Member pursuant to the Corporate Governance Principles of the CMB, is not an independent member.

### **Fatih K. Ebiçlioğlu**

Member

After earning his Bachelor's Degree from the Department of International Relations at the Faculty of Political Sciences at Ankara University, and his Master's Degree in Finance at Virginia Commonwealth University, he got a PhD in Finance-Accounting from the Faculty of Political Sciences at Ankara University. Dr. Fatih Kemal Ebiçlioğlu worked as a Junior Accountant, Accountant and Senior Accountant at the Ministry of Finance from 1989 to 2002. In addition to these positions, he was also a part-time lecturer at Hacettepe, Bilkent and Atılım Universities from 1998 to 2002. He joined Koç Holding as the Group Financial Coordinator in 2002 and was promoted to Koç Holding Audit Group Coordinator between 2004 and 2005. From 2005 to 2015, he became the Deputy General Manager of Arçelik. He has been CEO for Durable Goods Group at Koç Holding since February 2015 and also is Board Member at Arçelik. He also serves as Chair of the Board of Directors and Member of the Board of Directors at some other Koç Group companies. In addition to these duties, he served as a Member of the Board of Directors of the Turkish Exporters Assembly (TİM) between 2018 and 2022. He is a member of TÜSİAD Board of Directors. Mr. Fatih Kemal Ebiçlioğlu, who is a Non-Executive Board Member is not an independent member pursuant to the Corporate Governance Principles of the CMB.

**Hakan Bulgurlu**

Member

Having completed his graduate degree at the School of Economics and the Mechanical Engineering at Texas University, Mr. Hakan Bulgurlu earned his Master's Degree from Northwestern University, Kellogg School of Management and Hong Kong University of Science and Technology. Having started his business life at Koç Holding in 1994, Bulgurlu worked in different positions in the Asia-Pacific region and led the Holding's Asia-Pacific foreign trade and supply operations for 13 years in Hong Kong. From 2007 to 2010, he acted as the General Manager of Arçelik-LG, which has the largest air conditioner manufacturing facility in Europe and Middle East. Then, he joined Arçelik in 2010 and has been acting as the CEO of Arçelik since 2015.

Aside from being the President of the Executive Board of APPLiA (Household Appliance Manufacturers Association of Europe), Bulgurlu is also one of the members of Alliance of CEO Climate Leaders within the World Economic Forum (WEF). As a member of the Executive Board of the World Business Council for Sustainable Development (WBCSD), Bulgurlu is among the founding members of Amstel Dialogue, which was established with the aim of accelerating the innovation process in Europe. Mr. Hakan Hamdi Bulgurlu, who is an Executive Board Member, is not an independent member pursuant to the Corporate Governance Principles of the CMB.

**Kâmil Ömer Bozer**

Independent Member

Mr. Kamil Ömer Bozer earned his Bachelor's Degree in Business Administration from the Middle East Technical University, followed by a Master's Degree in Georgia State University (USA) in MBA/finance. He entered the business world as a trainee at Koç Holding A.Ş. in 1985. He became Deputy General Manager at Maret A.Ş. in 1990 and General manager at Düzey A.Ş. in 1995, before he was appointed as the General Manager of Migros Türk T.A.Ş. in 2002. In September 2004, he was appointed as the Chair of Koç Holding A.Ş. Food, Retail and Tourism Group while carrying out his General Manager duties in Migros Türk T.A.Ş. in the meantime. He held the title of Chair of Koç Holding A.Ş. Tourism, Food and Retail Group until April 2011 when he voluntarily ended his executive working life.

Since then, Kamil Ömer Bozer has held Independent Board Member and Board Member positions at Coca-Cola İçecek A.Ş., Anadolu Efes, Adel Kalemçilik Ticaret ve Sanayi A.Ş., Anadolu Isuzu, Anadolu Etap A.Ş., Kamil Yazıcı Yönetim A.Ş., Carrefoursa, Boyner Holding. He is an Independent Member of the Board at Dardanel A.Ş. and TÜPRAŞ A.Ş. and Board Member at Boyner Holding.

Kamil Ömer Bozer has not held any other positions in Arçelik or its subsidiaries in the last five years. He does not have any relationship with Arçelik senior executives. Kamil Ömer Bozer does not directly or indirectly hold more than 5% of Arçelik's shares, has no employee representation and he does not have any commercial relationship with Arçelik A.Ş.

Kamil Ömer Bozer was elected as an Independent Board Member at the Ordinary General Assembly Meeting held on 19 March, 2018, and has continued to serve as an independent member of the Arçelik Board of Directors since that date.



## Board of Directors

### **Gülay Barbarosoğlu**

Independent Member

Professor M. M. Gülay Barbarosoğlu graduated from Robert College in 1974. She earned her Bachelor's Degree in Industrial Engineering in 1978 and her PhD in the same department at Boğaziçi University in 1985, before she became Professor of Industrial Engineering in 2000. She designed and delivered lectures on mathematical programming and optimization, logistic, operation and production planning, and decision-making theories.

Prof. M. M. Gülay Barbarosoğlu acted as Rector at Boğaziçi University from 2012 to 2016, and Vice Rector Responsible for Research at Boğaziçi University from 2008 to 2012. She took on various administrative roles at Boğaziçi University. Between 2002 and 2006, she worked as the Manager of Kandilli Observatory and Earthquake Research Institute (KRDAE), as the Manager of Center of Disaster Management (CENDIM), and President of the Department of Industrial Engineering and Program of Financial Engineering.

Having taken on international duties, Prof. M. M. Gülay Barbarosoğlu acted as a Member of the Board of Directors at the European Universities Association between 2013 and 2017. During her duties as the Vice Chair of the Association of European Operational Research Societies (EURO) between 2003 and 2007, and the national representative

at NATO Research and Technology Organization between 2002 and 2010, she worked in close collaboration with various European universities, governmental and non-governmental organizations. Prof. Barbarosoğlu is a Founding Member of EURO Organizational Planning European Study Group and a Member of the Management Sciences Institute (INFORMS), American Production and Inventory Control Society (APICS) and International Industrial Engineering and Production Management (IEPM). Attaching great importance to civil society activities, Prof. Barbarosoğlu actively worked to establish Neighborhood Disaster Volunteers (MAG), and she acted as a Member and Chair of the Board of Directors. Prof. M. M. Gülay Barbarosoğlu retired from Boğaziçi University in December 2016.

Müzeyyen Münire Gülay Barbarosoğlu has not held any other positions in Arçelik or its subsidiaries in the last five years. She does not have any relationship with Arçelik senior executives. Müzeyyen Münire Gülay Barbarosoğlu does not directly or indirectly hold more than 5% of Arçelik's shares, has no employee representation and she does not have any commercial relationship with Arçelik A.Ş. Müzeyyen Münire Gülay Barbarosoğlu was elected as an Independent Board Member at the Ordinary General Assembly Meeting held on 19 March, 2018, and has been continuing to serve as an independent member of the Arçelik Board of Directors since that date.

**Ahmet Turul**

Independent Member

Ahmet Turul graduated from the Faculty of Political Sciences at Ankara University in 1980. After working as a Junior and Senior Accountant at the Ministry of Finance between 1980 and 1988, he worked as the Deputy Coordinator and Coordinator for Financial Affairs at Koç Holding from 1988 to 1999, as the Deputy General Manager for Financial Affairs at Koç Tüketici Finansmanı A.Ş. from 1999 to 2002, and Deputy General Manager for Financial Affairs at Allianz Sigorta A.Ş. and Allianz Hayat ve Emeklilik A.Ş. from 2002 to 2010. Ahmet Turul has served as a Member of the Board of Directors of Allianz Sigorta A.Ş. and Allianz Hayat ve Emeklilik A.Ş. since 2010, and of Allianz Yaşam ve Emeklilik A.Ş. since 2013. Ahmet Turul acted as an Independent Member of the Board of Directors at Tüpraş-Türkiye Petrol Rafinerileri A.Ş. from 2014 to 2019. Currently, he is a Member of the Advisory Board at the Insurance Association of Türkiye and a Member of the Tax Council representing TSB.

Ahmet Turul was elected as an Independent Board Member at the Ordinary General Assembly Meeting held on 19 March 2019, and has been continuing to serve as an independent member of the Arçelik Board of Directors since that date.

Ahmet Turul has not held any other positions in Arçelik or its subsidiaries in the last five years. He does not have any relationship with Arçelik senior executives. Ahmet Turul does not directly or indirectly hold more than 5% of Arçelik's shares, has no employee representation and he does not have any commercial relationship with Arçelik A.Ş.

**Tuğrul Fadilloğlu**

Independent Member

Tuğrul Fadilloğlu graduated from the Department of Mechanical Engineering, Boğaziçi University in 1982. From 1982 to 2002, he worked at Arçelik A.Ş. as a Product Development Engineer, Production Engineer, Mold House Supervisor, Technical Manager at the Washing Machine Plant, Quality Assurance Manager at the Washing Machine Plant, Operating Manager at the Vacuum Cleaner Business in İzmir, Deputy General Manager for Small Household Appliances, and Founding Director of the Vacuum Cleaner and Motor Plant in Çerkezköy respectively. Then, he worked as Deputy General Manager for Operations and Technology at Tanı Pazarlama Hizmetleri A.Ş. between 2002 and 2004, before he worked as the General Manager at the same company from 2004 to 2009. Assigned to Zer A.Ş. as the General Manager in 2009, Fadilloğlu held this position until he retired in 2014. In this period, he also acted as a Member of the Board of Directors at Tanı Pazarlama Hizmetleri A.Ş.

When he was in İzmir from 1995 to 2000, Tuğrul Fadilloğlu worked as the Founding Chair of the İzmir Branch of the Quality Association of Türkiye (KalDer), and a Member of the Chamber of Industry for the Aegean Region in 2000, which was his last active year there.

After retirement, he took on top-management positions and acted as a member of the Board of Directors at various organizations and worked as the General Coordinator of the Quality Association of Türkiye (KalDer). He is currently Advisory Board Member of Sistem Teknik A.Ş.

Tuğrul Fadilloğlu has not held any other positions in Arçelik or its subsidiaries in the last five years. He does not have any relationship with Arçelik senior executives. Tuğrul Fadilloğlu does not directly or indirectly hold more than 5% of Arçelik's shares, has no employee representation and he does not have any commercial relationship with Arçelik A.Ş.

Tuğrul Fadilloğlu was elected as an Independent Board Member at the Ordinary General Assembly Meeting held on 25 March 2020, and has been continuing to serve as an independent member of the Arçelik Board of Directors since that date.

# Executive Management

## Hakan Bulgurlu

Chief Executive Officer

Hakan Bulgurlu graduated from the Department of Economics and Mechanical Engineering at the University of Texas, and received his master's degree from Northwestern University, Kellogg School of Management, and Hong Kong University of Science and Technology. Having started his career at Koç Holding in 1994, Bulgurlu worked in different positions in the Asia-Pacific region and led the Holding's Asia-Pacific foreign trade and supply operations for 13 years in Hong Kong. After working as the General Manager of Arçelik-LG, which has the largest air conditioner production facility in Europe and the Middle East, between 2007 and 2010, Hakan Bulgurlu joined Arçelik in 2010, where he has been the CEO since 2015. He is a member of the Climate Leaders CEO Alliance within the World Economic Forum (WEF) and is the President of the European Association of Home Appliance Manufacturers (APPLiA). Hakan Bulgurlu is a member of the World Business Council for Sustainable Development (WBCSD) and is one of the founding members of Amstel Dialogue, which was established to accelerate the innovation process in Europe.

## Özkan Çimen

Chief Financial Officer

Özkan Çimen holds a degree in economics from Boğaziçi University. He started his career in 1999 as an assistant auditor in the Koç Holding Audit Group. He worked as Finance Group Manager at Koçtaş Yapı Marketleri A.Ş. between 2002 and 2008, and as Finance Manager at Best Buy Türkiye between 2009 and 2011. Çimen joined Arçelik in 2012 where he held the positions of Tax and Incentive Operations Manager, Cost and Pricing Analysis Manager, Internal Audit Manager, Risk Director, Director of Accounting, and Finance and Enterprise Risk Director. He has been appointed to the role of Chief Financial Officer in April 2022, in which position he currently serves. In 2022, he completed the Harvard Business School Advanced Management Program.

## Nihat Bayız

Chief Production and Technology Officer

Nihat Bayız received his Bachelor's degree in Mechanical Engineering from the Middle East Technical University in 1993. He completed the Harvard Business School Management Program in 2016. Bayız, who started his career as a Research and Development Engineer in the R&D Department of Aselsan A.Ş. in 1993, worked as an Engineer in the Production and Engineering Department in 1994. He served as Arçelik A.Ş. R&D Director between 2017 and 2020. Nihat Bayız has been working as Chief Production and Technology Officer since 2021. He is a member of Koç University Arçelik Creative Industry Research Center (KUAR), Koç University Engineering Department Advisory Board and Middle East Technical University Micro-Electromechanical Systems Research and Application Center, and is also a member of Young Presidents Organization (YPO)–Romania.

## C. Can Dinçer

Chief Commercial Officer – Türkiye and South Asia

Can Dinçer received his undergraduate degree from İstanbul Technical University, Department of Mechanical Engineering in 1989, and his Master's degree from the US Stevens Institute of Technology, Department of Business Administration in 1993. He completed the Harvard Business School Advanced Management Program in 2017. Dinçer, who started his career in 1993 as a Management Trainee in the Finance Department of Arçelik A.Ş., worked as a Regional Sales Associate in the Export Department in 1995. He worked as Sales Manager for CIS and Other Countries (2000-2005), Sales Director for Non-European Markets (2005-2009), Sales Director for Europe, America, Asia-Pacific (2009-2012), Sales Director for Subsidiaries, America, Asia-Pacific (2012-2015), and Chief Commercial Officer - Türkiye (2015-2017). Can Dinçer has been serving as Chief Commercial Officer – Türkiye and South Asia since January 2018. In tandem with this position, he serves as the CEO of Arçelik Pazarlama A.Ş., to which position he was appointed on 30 December 2016.

**M. Ragıp Balcıoğlu**

Chief Commercial Officer – EMENA and Americas

Ragıp Balcıoğlu received his Bachelor's degree from İstanbul Technical University, Department of Industrial Engineering in 1989, and his Master's degree from Koç University, Department of Business Administration in 1996. He completed the Harvard Business School Advanced Management Program in 2019. Ragıp Balcıoğlu started his professional life in 1990 at Data Hidrolik Makine Sanayi A.Ş. as a Marketing Manager. Balcıoğlu, who worked as the Imported Material Planning and Purchasing Specialist at Arçelik A.Ş. between 1992-1996, was appointed as the Trading Manager of Beko England in 1996. Appointed as Product Marketing Manager at Beko Plc in 2003, Balcıoğlu served as Product Marketing Director from 2004 and Product Management and Supply Director from 2006. He worked as Sales Director at Beko Plc between 2008-2010, as the UK and Ireland Country Manager at Arçelik A.Ş. and General Manager at Beko Plc between 2011-2015, and as Chief Commercial Officer – International Sales at Arçelik between 2015-2017. Balcıoğlu has been serving as Chief Commercial Officer – Europe, the Middle East, North Africa and Americas since January 2018.

**Akın Garzanlı**

Chief Marketing Officer

Akın Garzanlı, who has worked at Arçelik for nearly 20 years in various capacities, serves as the Chief Marketing Officer. Leading a marketing team spread across a large geography and developing marketing strategies that make a difference, he is in charge of global brand management and marketing communications, industrial design, product management, procured product management, content excellence and global customer care. Having started his career in 2002 responsible for Arçelik's global markets, Garzanlı served in key roles in the company's global functions, including sales, product management, marketing and customer service. He made significant contributions to the acquisition of Grundig by Arçelik while he held various managerial positions in Germany between 2008 and 2011. With the "Respect Food" campaign in 2015, Akın spearheaded Grundig's sustainability journey to fight global food waste, as a first in the industry. As the Global Customer Care Director from 2018, he has led the customer-centric digitalization and development of global after-sales service processes. In addition to his current position, he has been the Global Brand Director of twelve strong global and local brands since 2020. Akın Garzanlı graduated from St. George's Austrian High School in İstanbul and holds a Bachelor's degree in Business Management from İstanbul University. He earned his MBA from the Koç University. Garzanlı also completed several programs at Harvard Business School and Kellogg School of Management.

# Executive Management

## **Utku Barış Pazar**

Chief Strategy and Digital Officer

Utku Barış Pazar received his Bachelor's degree from the Department of Electrical and Electronics Engineering at Middle East Technical University in 2000 and his Master's degree from Emory University, Goizueta Business School in 2010. He completed the Advanced Business Program at Harvard Business School in 2022. He started his career at Nokia Networks in 2000, held various positions at Nokia (Siemens) Networks – North America and McKinsey and Company, and then served as Chief Technology Officer at Doğuş Media Group. Utku Barış Pazar joined Koç Group in 2015 as Strategic Planning Director of Arçelik A.Ş. and was assigned as Director of Strategy and Business Development of Koç Holding in 2016. Utku Barış Pazar has been working as Chief Strategy and Digital Officer at Arçelik since 2018.

## **Hakan Kozan**

Chief Purchasing and Supply Chain Officer

Hakan Kozan received his bachelor's degree in Mechanical Engineering from the Middle East Technical University, Faculty of Engineering, and his MBA from Bilkent University. He started his career as a Mechanical Engineer at Arçelik in 2003, where he held various roles in different areas including Production, Product Management, Supply Chain and Purchasing. Having carried on with his career as Product Team Leader between 1998 and 2005, Hakan Kozan worked as Production and Production Engineering Manager at Beko LLC Russia in 2005 and as Operations Director in 2008. In 2009, he was appointed as Executive Product Director – Dishwasher. Kozan worked as Sub-Saharan Regional Director at Defy Managing Director between 2013 and 2017. Named Executive Purchasing Director in 2017, Hakan Kozan has been serving as Chief Purchasing and Supply Chain Officer since October 2022.

## **Toygan Pulat**

Chief People Officer

Toygan Pulat received her Bachelor's degree in Industrial Engineering from the Middle East Technical University in 1994 and her Master's degree in Business Administration from Bilkent University in 1996. She studied Human Resources Management at McMaster University in Canada in 1999-2000. Starting her career as a Project Engineer at Philips in 1996, Pulat has more than 25 years of work experience in multinational companies operating in the consumer goods, beauty and personal care, and telecom sectors. Toygan Pulat has been serving as Chief People Officer since June 2021.

# Risk Management and Internal Audit

## Risk Management and Risk Management Committee Activities

The Board of Directors establishes the risk management and internal control systems to identify and minimize the impacts and likelihood of the risks that may affect the company's stakeholders, primarily the shareholders, and periodically reviews the effectiveness of these systems.

In line with the decision passed in Arçelik Board of Directors Meeting dated 16.07.2010, a Risk Management Committee has been established to achieve alignment with Article 378 of the Turkish Commercial Code No. 6102 and the CMB Corporate Governance Communiqué and to ensure effective functioning of the committees under the Board of Directors. The Risk Management Committee's activities will concentrate on early detection of risks that may endanger the company's existence, development, and continuation, and on taking necessary actions regarding the identified risks and managing them.

The Committee is chaired by Independent Board Member Gülay Barbarosoğlu and the other member is Fatih K. Ebiçlioğlu, Member of the Board of Directors.

The Risk Management Committee advises the Board of Directors on early detection and assessment of risks that may affect the company, calculation of their impacts and likelihood, management and reporting of these risks in accordance with the company's corporate risk appetite, risk mitigation activities, and accordingly, on the establishment of effective internal control systems.

Given that Arçelik is a signatory of the Task Force on Climate-related Financial Disclosures (TCFD), it is critical to integrate risks originating from climate crisis and other ESG (environmental, social, governance) issues in the company's general risk analyses and to execute the associated action plans in line with the company's Net Zero by 2050 strategy as well as overall sustainability strategy. Within the scope of their duties as members of the Risk Management Committee, the Board of Directors members are responsible for overseeing the implementation and execution of strategic decisions and action plans in relation

to all ESG risks that may potentially affect and pose a risk factor for Arçelik's overall strategy, especially, the company's climate change strategy.

In this context, the Risk Management Committee held six scheduled meetings in 2022.

Set up under the office of the CFO, Directorate of Finance and Enterprise Risk Management manages, coordinates, and oversees financial, strategic, operational, compliance, and external risks that may affect the company, using the risk management system it has established, and reports to the Risk Management Committee. While the Directorate of Finance and Enterprise Risk Management reports to the Risk Management Committee, the Internal Audit Management keeps the Audit Committee informed, and both units are functionally independent of each other. Furthermore, the Directorate of Quality, Sustainability and Corporate Affairs submits reports to the Risk Management Committee regarding the company's environmental and social risks at least twice a year.

## Internal Control System and Internal Audit

Arçelik adopted the "Three Lines of Defense" approach in its Internal Control systematic. Internal Audit set up under the office of the CFO conducts audits to evaluate and improve the effectiveness of internal control and governance processes, and shares the results regularly with the Audit Committee.

The Audit Committee is primarily charged with submitting written reports to the Board of Directors about its evaluations regarding the company's accounting, reporting, and internal control systems, the effectiveness of the independent audit processes, and the accuracy and compliance of the annual and interim financial statements to be publicly disclosed with the accounting principles adopted by the company. The Audit Committee consists of at least two members.

The chair and members of the Committee are selected from amongst the Independent Members of the Board of Directors. The Audit Committee holds at least four meetings a year, convening once every three months at the latest.

# Risk Management and Internal Audit

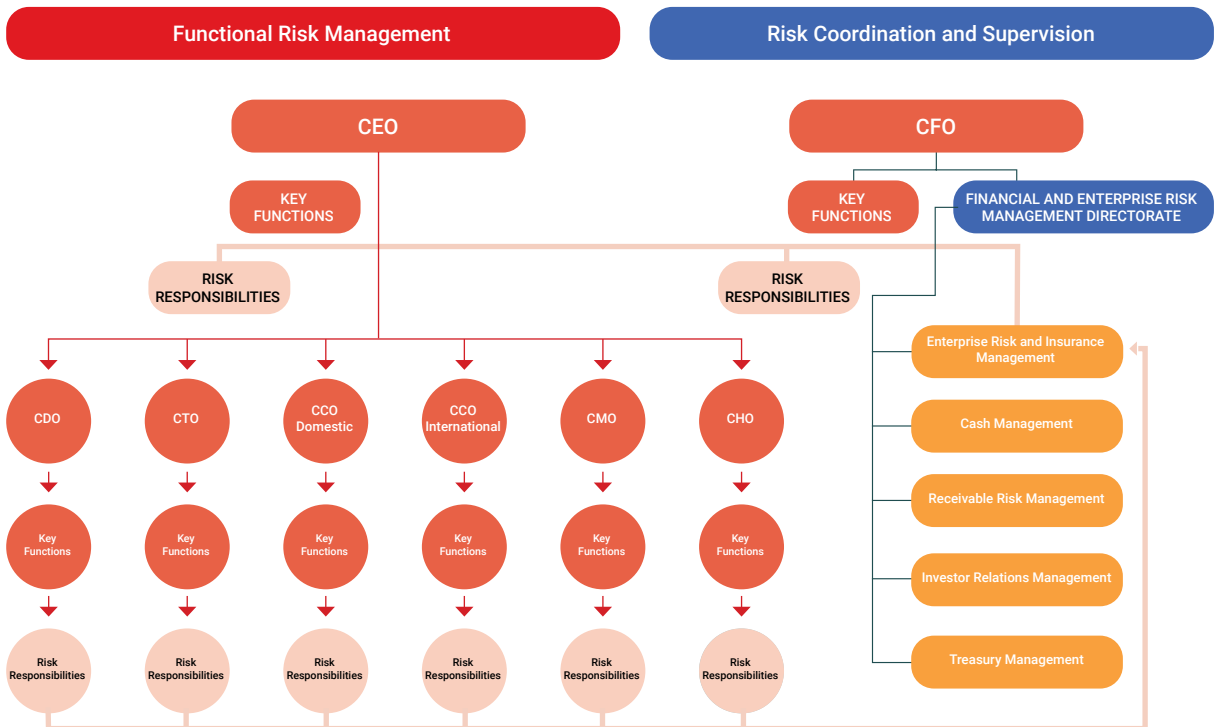
## Enterprise Risk Management

Having defined aligning the company's risks with corporate goals and strategies as its main framework, Arçelik A.Ş. Enterprise Risk and Insurance Management matches strategy and goals with the risks. In the process, global best practices are taken into consideration, especially ISO 31000 Risk Management Standard and COSO Enterprise Risk Management Framework. All identified risks are prioritized in view of various metrics including risk score, financial impact etc., which allows determination of the risks on which focus needs to be placed; thus, risk management is captured in all levels of functions and operations and integrated in the decision-making mechanisms of the Senior Management. As part of risk management activities, risk awareness of all employees is enhanced and potentially risky issues are encouraged to be raised by way of the risk suggestion system.

Arçelik A.Ş. Enterprise Risk and Insurance Management takes into account ESG risks, oversees climate change, cyber risks and impacts, occupational health and safety, ensures adoption of the company culture by all employees, and is involved in the projects carried out by regularly exchanging information with the company's relevant units for monitoring the risks. Implementations that pay due consideration to the risk appetite of the Board of Directors and Senior Management are developed, whereby new values are created for the company and its stakeholders, opportunities are taken into account as well as risks; and gap analyses are performed. The Enterprise Risk Management process is carried out in all businesses, central units, and international subsidiaries of the company in an integrated manner with all business processes and within a structure that affects the performance evaluation processes of risk officers.

## Board of Directors Risk Committee

**Chair:** Independent Board Director **Director:** Board Director



## Risk Coordination and Supervision

The Directorate of Finance and Enterprise Risk Management that reports to the office of the CFO provides global risk coordination and supervision for Arçelik A.Ş. head office and group companies.

## Functional Risk Management

The Directors in the Senior Management team and country managers are responsible for managing the risks of their own organizations and for completion of the actions that mitigate the impact and likelihood of the risk attributed to their organizations as part of risk mitigation for different organizations.

## Training

In order to enhance risk culture and awareness throughout the organization, enterprise risk management training is given to directors in the Senior Management organization, country managers working at Group companies, and risk officers working in organizations.

## Enterprise Risk Management Systems

Since the restructured Enterprise Risk Management and Insurance Management are followed up by the same team, actions were introduced for proactive decision-making. The direct engagement of the Insurance Management team with potential insurers ensures that the risks of the Arçelik Group are duly transferred to local and global insurers. Arçelik Group has the ability to design and structure insurance programs; it determines coverage, including overseas risks, and optimizes the insurance program by negotiating with insurers and brokers. Thus, by preparing various risk scenarios under different models and deciding on the best risk model to be applied, the new strategic insurance model is successfully implemented in accordance with all legal requirements.

The new Enterprise Risk Management Framework places emphasis on risk scenario analyses that use and simulate variables considered in strategic decision-making

processes. In risk scenario analyses, financial implications of risks are calculated, which enables more active involvement in decision-making mechanisms.

The new Enterprise Risk Management Framework is intended to:

- Define uncertainties in strategic decision-making processes more effectively.
- Demonstrate end-to-end impact of risks throughout the company's value chain in a holistic manner.
- Ensure more active involvement of all risk-affected units in the process.

At Arçelik A.Ş., risks are defined and prioritized in five main categories: financial, strategic, operational, compliance, and external including environmental risks. Through the risk management software, the root causes of risks matched with the company's strategies and objectives are revealed, and impact and probability analyses are performed, according to which risk mitigation actions are defined and reviewed. All activities related to risk management and risks are periodically reported to the Risk Management Committee. The evaluations regarding the material risks and the important actions taken are followed up by the Senior Management.

## Prominent Financial and Non-Financial Risks

Emerging risks are proactively followed up, their potential long-term impacts on the company are evaluated, and the Senior Management and Risk Management Committee are regularly informed about the issues. In this framework, environmental risks, political risks, cyberattacks and information security risks stand out as globally rising risks.

Access to raw materials became difficult after the pandemic due to supply chain issues (problems in container availability, insufficient number of drivers due to the pandemic, inoperative ports, etc.); as a result of increased global demand and the constraints faced by suppliers due to force majeure, raw material base prices hiked more than projected. The recent spillover of intergovernmental political tensions and conflicts to the cyber world resulted in cyberattacks at companies



# Risk Management and Internal Audit

pursuing operations globally, particularly through more targeted ransomware and phishing attacks by some hacker groups. Against this risk, our controls set up in the security environment are regularly tested with respect to their strength, strategic cyber security partnerships are developed, awareness training on information security is organized for users, and activities are carried out to ensure permanence of users' awareness of information security. In our day, the climate crisis is the greatest threat to our planet and ecosystem. Arçelik considers the climate crisis as a fundamental risk factor for the sustainability of its activities. Active combat against the climate crisis and its sustainability approach lie at the heart of Arçelik's all business strategies and activities. Arçelik is among the supporters of the Task Force on Climate-related Financial Disclosures (TCFD) which acts as a key tool in the implementation of concrete measures in combating the climate crisis. By supporting TCFD, Arçelik works to strengthen the bond between climate change and its financial impacts on the business and operations, and develops various parameters for alternative scenarios to observe the potential impacts of physical and transition risks of climate change. Arçelik's Climate Change Strategy, detailed analyses and actions plans for ESG risks and opportunities and their impacts on Arçelik can be found in the In Touch with our Planet section of the report, and in TCFD Reporting and Other ESG Risks and Opportunities Table.

## Product Safety Risk

To eliminate the risks that can arise in the lifecycles of products before they are put on sale, tests are conducted at various stages including design, material and component selection etc. International product safety standards and Arçelik Product Safety Design Criteria are taken as basis for product safety. Failure Mode and Effects Analysis (FMEA) is performed, which is targeted at defining and eliminating failures before they occur at the onset of the product design process. This is followed by risk assessments in compliance with local, national and international standards and regulations, and identified risks and remedying actions are followed up systemically. Product safety is verified also with custom-designed

complicated failure tests in addition to the tests required by the standards. Through regular reviews by the Product Safety Department, design, quality, manufacturing and supply processes are evaluated and audited with respect to product safety. In this way, it is intended to trigger improvements in products and processes.

## Cyber Risk Management

Risk control strategies and cyber risk profile of Arçelik A.Ş. were identified, and risk assessments were conducted periodically with the participation of all related units for cyber risk transfer/mitigation, and necessary actions were taken in line with the outcomes of the workshop. Coverage was obtained against potential financial losses and business interruptions under the cyber risk insurance policy against the residual risks as defined in the controls carried out. Cyber incident simulation was conducted for related business units and senior management to make cyber risks more concrete and visible, where possible threats and potential cases that would result therefrom were made use of with the aim of raising awareness of risks and developing corporate reflexes to mitigate the impact in the event of risk occurrence.

## Business Continuity Management

The Head Office carries on with the ramification of the Business Continuity Management Project implemented in accordance with ISO 22301 Standard for resumption of products and services of certain plants and subsidiaries at an acceptable level following a possible interruption. The project is intended to ensure responding quickly and effectively to an unexpected business interruption and crises within the frame of contingency, crisis management and business recovery management plans, and secure business continuity in the event of such an occurrence by eliminating the impacts on the company's facilities, operations, financials, reputation and stakeholders. Within this scope, it is also aimed to ensure effective and timely use of resources, as well as efficient internal and external stakeholder communication amid the crisis environment.

## Insurance Management

Insurance Management is responsible for the assessment and management of actual and potential operational risk exposure. The insurance management process basically consists of the identification, measurement, assessment, monitoring, control, and mitigation of operational risks, reporting and management processes, including claims handling processes. All insurance and operational activities of Arçelik are monitored within the framework of predetermined rules, and necessary steps are taken to transfer all transferable risks to local and international insurers.

Since the restructured Enterprise Risk Management and Insurance Management are followed up by the same team, proactive decision-making process is implemented. The direct engagement of the Insurance Management team with potential insurance companies ensures that the risks of Arçelik are duly transferred to local and global insurers. The Insurance Management team designs Arçelik Insurance Program globally, including international subsidiaries, and negotiates with reinsurers, insurers and brokers thus ensuring the creation of programs that cater to Arçelik's needs. With the aim of managing the entirety of processes, Arçelik concludes global Service Level Agreements (SLAs) with insurers. Claims in any insurance branch including product liability claims are coordinated single-handedly and centrally for global operations.

There are insurance policies in various branches in order to cover the losses that may arise in case risks occur. Modeling studies are carried out to select the best risk transfer methods that can be applied within the framework of local and international legal rules and to determine the scope of policy coverage that best meets operational risks. The coverage that Arçelik may need in line with changing and developing circumstances are regularly reviewed, thus ensuring more efficient use of Arçelik's resources. Making a part of operational risk management, commercial contracts to which Arçelik is a party (e.g. sales and agency and purchasing contracts) are reviewed with respect to liability and indemnity conditions, and necessary insurance coverage is ensured to be obtained. Necessary modeling is performed, which incorporates risk transfer in line with Arçelik's needs associated with contingency, crisis management, and business recovery management, and processes are managed in cooperation with all relevant units.

To minimize Arçelik's operational risks, efforts are carried out in coordination with all relevant units at home and abroad, and various training programs are held in line with the needs.

# Accounts Receivable Risks

## International Accounts Receivable Risk

Consolidated receivable risks arising from the direct exports of Arçelik A.Ş. and the local sales and/or exports of the Group companies are managed by the International Receivable Risk Management. Global Risk Management Policies have been established for the management and standardization of consolidated receivable risks, and all companies act within the framework of these policies. The needs and risks in parallel with the widespread growth in a broad geography are identified, and agreements are made to provide the conditions that will cater to all circumstances in order to prevent possible damages, and these risks are transferred to Global Credit Insurance Agencies. In addition to Global and Local Credit Insurance Policies, other guarantee instruments such as letters of credit, letters of guarantee, etc. are also used, and the counterparty bank risks of these guarantees are transferred under Global Risk Management Policies. Within the framework of the Global Risk Management Policies established, monthly consolidated receivable risks are reported to the committees consisting of the company's Senior Management members, and the risks followed up according to the framework of the determined methodology are assessed and approved by the relevant committees. To help with the comprehensive analysis of Receivable Risks, risk scores are calculated on a customer basis and the whole process can be monitored in a consolidated manner in the ERP environment. Pre-acquisition receivable risks of newly acquired companies are analyzed in detail and necessary arrangements are made to bring them into alignment with Global Risk Management Policies.

## Domestic Accounts Receivable Risk

Domestic sales are carried out through the dealer/customer network. Admission to the dealership system is managed by a specific approval and control system. The receivable risk arising in this scope is monitored and managed within the frame of the principles and procedures established. Domestic sales are collateralized against the risk. The collaterals portfolio covers hypothecation, bank letter of guarantee, Direct Debit System (DDS), FC/Cash Blocking and Securities Pledge. A generally accepted process management is in place particularly for increasing the ratio of liquid guarantees. An approval mechanism has been devised for non-collateralized purchases, and unauthorized risks are not allowed. The Domestic Receivable Risk Committee set up in this respect meets four times a year, and ensures proper and controlled management of risks. Payments are monitored closely and reported using the systemic controls set up.

## Financial Risks

Financial risks, which are addressed in three categories, namely Liquidity Risk, Interest Rate Risk, and Exchange Rate Risk, are managed according to the following principles.

### Liquidity Risk

Liquidity management at Arçelik A.Ş. is founded on the alignment of the balance sheet and cash flow. Short-term liquidity is managed by matching receivable and debt maturities and effective stock management, and a calculated cash level is maintained to hedge the balance sheet against any risk factor. For medium- and long-term liquidity, average debt is attempted to be kept over a certain maturity by means of different financial resources, based on market and sector dynamics. Through the foreign cash pool created, the centrally-executed liquidity management ensures optimal utilization of Arçelik's cash. The pool also serves as ready resources to meet the short-term cash needs of the subsidiaries. As was the case in previous years, focus was placed on accessing long-term, low-cost financing resources in 2022. Accordingly, the process of obtaining financing for Arçelik A.Ş. from the International Finance Corporation (IFC) initiated in 2021 was brought to completion in the reporting period.

### Interest Rate Risk

Potential fluctuations in interest rates pose a significant risk in terms of financial results due to interest-sensitive assets and liabilities on the company's balance sheet. This risk is managed by establishing a balance of fixed vs. variable items on the balance sheet, balancing the amounts and maturities of interest-sensitive items, using on-balance sheet methods, or by using derivative financial instruments when necessary.

In this context, emphasis is placed on the alignment of not only the maturities of receivables and payables but also the interest rate change periods.

### Exchange Rate Risk

Arçelik A.Ş. is exposed to a significant exchange rate risk as it carries out its production and sales activities in different currencies in many countries. Currency risk is managed centrally. The foreign currency positions carried by Arçelik Solo, which constitutes the substantial portion of the total currency risk, and those of subsidiaries are managed separately. Forecasts of future foreign currency positions are collected from each company on a monthly basis, and the expected risk on the balance sheet is minimized by the Central Treasury Management by using on-balance sheet methods and derivative instruments. In-Group trading relationships are encouraged which will enable the creation of a natural hedging structure. This way, it is striven to minimize the magnitude of the foreign currency position exposed to exchange rate risk by minimizing the size of the foreign currency position.

# Statement of Compliance with Corporate Governance Principles

Adherence to, and enforcement of, the “Corporate Governance Principles” issued by the Capital Markets Board of Türkiye (CMB) bear importance for the credibility and financing opportunities of publicly traded companies in particular. Being one of Türkiye’s valuable publicly-held companies, Arçelik recognizes its responsibilities towards its stakeholders. In this framework, the company embraces these principles, pays the utmost attention and spends best endeavors to comply with the Capital Market Law (CML), and the ancillary regulations and decisions of the CMB.

While the company achieved full compliance with the compulsory principles stipulated in the Corporate Governance Communiqué no. II-17.1 in force in 2022, compliance was also achieved with most of the non-compulsory principles. Although full compliance is intended to be achieved also with non-compulsory Corporate Governance Principles, this has not yet been achieved due to various reasons such as the difficulties in implementation of some of the principles, ongoing discussions regarding compliance with some principles both in our country and on international platforms, and incompatibility of some principles with the current structure of the market and the company.

Work is ongoing regarding the principles that are not yet put into practice, and their implementation will be considered upon reviewing the administrative, legal and technical infrastructure work in a manner that will contribute to effective management of our Company.

During 2022, activities related to Corporate Governance were carried out in accordance with the Capital Market Law entailing CMB’s requirements associated with corporate governance principles and with the communiqués based on the said Law. During the reporting period, the company’s website and annual report were reviewed and revised as necessary for total alignment with the principles. Accordingly, the matters complied with in relation to the principles within the Sustainability Principles Compliance Framework enforced upon the amendment made to the CMB Corporate Governance Communiqué were explained in detail in the annual report, whereas considerations regarding principles not yet fully complied with were addressed in the Statement of Compliance with Sustainability Principles. Within the scope of the compliance activities conducted by the Board of Directors in the reporting period, the activities of the Committee members carried out by the Board of Directors were assessed; during the year-end performance assessment, the attainment level of targets for realization of the company strategies was also measured as well as financial and operational indicators, which were then used as input for the performance and rewarding system. In consistence with the ongoing practices of Arçelik Board of Directors, operating principles of the Board of Directors were prepared within the framework specified in the Corporate Governance Principles, and were approved by the Board of Directors on 21 April 2022. The Remuneration Policy for the Board of Directors Members and Senior Executives was revised, and the approval of shareholders was obtained at the Ordinary General Assembly. General assembly information such as privileged shares, voting rights, organizational changes, résumés of Board of Directors nominees, remuneration policy for the Board of Directors and senior executives and other information that must be disclosed pursuant to the principles were made available for the information of our investors three weeks in advance of the latest Ordinary General Assembly convened on 23 March 2022 in the general assembly information document prepared.

Comprehensive activities carried out at the company within the frame of corporate governance principles are described below and the principles with which full compliance has yet to be achieved and resulting conflicts of interest, if applicable, are disclosed in the related sections.

While the company was assigned a corporate governance rating of 9.67 (96.74%) on a scale of 10 by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA) as disclosed in our public disclosure dated 16 July 2021, our rating was updated as 9.69 (96.85%) on a scale of 10 based on the revision by SAHA on 8 July 2022.

Our Corporate Governance Rating was determined based on the assessment of four headings (Shareholders, Public Disclosure and Transparency, Stakeholders, Board of Directors) weighted on the basis of CMB Corporate Governance Principles, and the current distribution according to the headings are shown below.

Heading	2021 Rating	2022 Rating
Shareholders	9.58	9.58
Public Disclosure and Transparency	9.87	9.87
Stakeholders	9.95	9.95
Board of Directors	9.48	9.52
<b>Total</b>	<b>9.67</b>	<b>9.69</b>

The report drawn up by SAHA in relation to the Corporate Governance Rating can be found on the company's website at the address [www.arcelikglobal.com](http://www.arcelikglobal.com).

The company has been included in the BIST Corporate Governance Index since 31 July 2009.

## Corporate Governance Principles Not Yet Implemented

Arçelik believes in the importance of full alignment with the Corporate Governance Principles. However, due to various reasons such as potential challenges in implementation which might lead to delays in the company's operations, the presence of discussions regarding compliance both in our country and on the international platform, and incompatibility of principles with the market and the company's existing structure, full compliance is not yet achieved with some voluntary corporate governance principles.

The major non-compulsory principles under the Regulation that our Company has not yet achieved full compliance with are stated below. Relevant additional explanations are also provided in the related sections of the Annual Report. Our Company was not exposed to any conflicts of interest by reason of not achieving full compliance with non-compulsory principles.

- Regarding principle no. 1.3.10, a dedicated agenda item is included in the General Assembly Meeting agenda for the donations made, and the General Assembly Information Document provides the details of the donations with the highest amounts. The balance not detailed in the Information Document consists of various donations to various institutions and organizations, which do not constitute material information for the investors. It is intended to make future disclosures in line with the materiality limit to be defined according to the then-prevailing conditions.

# Statement of Compliance with Corporate Governance Principles

- Regarding principle no. 1.5.2, the Articles of Association do not grant minority rights to those who hold less than one twentieth of the capital, and rights are granted to the minority within the general legislative framework in parallel with the common practices. No requests in this respect were received from the investors, either. Best practices in general are followed up and no changes are foreseen in this respect in the near future.
- Regarding principle no. 4.4.7, due to the significant contribution of the business and sector experience of the Board of Directors Members, there are no restrictions regarding outside positions held by the Board members. Résumés of our Board members are included in our Annual Report. No changes are envisaged in the existing practice in the short term, since the company considers that no adversities arise with respect to corporate governance in view of the efficiency of the activities of the Board of Directors.
- Regarding principle no. 4.5.5; the knowledge and experiences of the members of our Board of Directors are taken into consideration when appointing members to the committees in line with the relevant regulations. Only one of the independent Board Members is assigned to two committees. Members who assume duties in more than one committee enable communication among the committees that carry out activities in interconnected subjects and increase the opportunity of collaboration. In view of the productive activities that are contributed to by the knowledge and experiences of Board Members, the existing committee organizations are deemed effective, and no need for changes is envisaged in the near future.
- Regarding principle no. 4.6.5: remuneration of the Members of the Board of Directors and managers who have administrative responsibilities is disclosed collectively in parallel with the common practice in the footnotes of our financial statements and at the Ordinary General Assembly meetings. Market practices are closely monitored with respect to this topic that is deemed important in terms of privacy of personal data, and it is planned to act in parallel with the common practice.

There are no conflicts of interest that the company is exposed to by reason of failure to achieve full compliance with non-obligatory principles.

The Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF), which have been drawn up pursuant to the CMB decision no. 2/49 dated 10 January 2019 and which have been approved by the company's Board of Directors, are presented in the further sections on this report, and the related documents are also accessible on our Company's corporate governance page on the Public Disclosure Platform (KAP) (<https://www.kap.org.tr/tr/cgif/4028e4a240e95dc90140ed55b43900cf>).

A corporate governance action plan is prepared for the improvement areas in corporate governance practices as established in Arçelik Corporate Governance Rating Report issued by SAHA, and efforts for achieving full compliance with corporate governance principles are in progress.

# Explanations Regarding Corporate Governance

## SHAREHOLDERS

The duties of the Investor Relations Unit that establishes the communication between the company and investors are carried out by Mine Şule Yazgan, Executive Director of Finance and Enterprise Risk; Öktem Söylemez, Investor Relations Lead, and Begüm Olgaç, Corporate Governance Compliance Lead, under the management of Özkan Çimen, Chief Financial Officer. The Board of Directors decision dated 21 April 2022 has designated Özkan Çimen as a member of the Corporate Governance Committee.

Individuals in charge of Investor Relations:

Name/Surname	Position	Type of License	License Doc. No.	E-mail
Özkan Çimen	Chief Financial Officer / Member of Corporate Governance Committee	-	-	ozkan.cimen@arcelik.com
Mine Şule Yazgan	Executive Director, Finance and Enterprise Risk	-	-	minesule.yazgan@arcelik.com
Öktem Söylemez	Lead, Investor Relations	Capital Market Activities Level 3 License / Corporate Governance Rating License / Derivatives License / Credit Rating License	208683 / 701667 / 308275 / 602990	oktem.soylemez@arcelik.com
Begüm Olgaç	Lead, Corporate Governance Compliance	Capital Market Activities Level 3 License / Corporate Governance Rating License / Derivatives License	208461 / 702124 / 307408	begum.olgac@arcelik.com

E-mail: [investorrelations@arcelik.com](mailto:investorrelations@arcelik.com)  
[yatirimciiliskileri@arcelik.com](mailto:yatirimciiliskileri@arcelik.com)

The report prepared on 2022 activities of the Investor Relations Unit was approved by the Corporate Governance Committee on 2 February 2023 and submitted to the Board of Directors.

The applicable legislation, the company's Articles of Association and other internal guidelines are observed in the exercise of shareholding rights, steps are taken to make sure that these rights are exercised, and all shareholders are treated equally. The main goal of the company is to ensure that shareholders' right to information is fulfilled fairly and completely. In addition, the company satisfies shareholders' rights arising from shareholding fully and as soon as possible. The company does not discriminate

among shareholders with respect to exercise of the right to obtain and review information. Each shareholder has the right to obtain and review information.

For broadening shareholders' right to obtain information and for due exercising of their rights, necessary information and documents, as well as financial statements, are kept up-to-date and made available to shareholders in both Turkish and English languages electronically on the company's corporate website ([www.arcelikglobal.com](http://www.arcelikglobal.com)). Written or verbal queries received from shareholders during the reporting period were responded to either verbally or in writing without any discrimination among shareholders within the scope of the Capital Markets legislation.



# Explanations Regarding Corporate Governance

While the company's Articles of Association do not stipulate the right to demand appointment of a special auditor as an individual right, pursuant to Article 438 of the Turkish Commercial Code, any shareholder can demand from the general assembly that specific events be clarified through a special audit to the extent necessary for exercising shareholding rights and provided that the right to obtain or review information was exercised priorly. To date, no such request from shareholders was received. Furthermore, the company's annual consolidated financial statements are audited by PwC Bağımsız Denetim ve Serbest Muhasebeci ve Mali Müşavirlik A.Ş., the independent auditor designated at the General Assembly.

## Voting Rights and Minority Rights

Procedure for voting at the General Assembly Meetings is announced to shareholders at the start of the meeting. The company refrains from practices that will complicate voting rights and all shareholders, including those in foreign countries, are provided with the opportunity to cast their votes physically or electronically in the simplest and most appropriate way.

The Articles of Association do not contain any privileges concerning the exercise of voting rights at the company. Each share is entitled to one vote. There are no legal entity shareholders which are the company's subsidiaries. The Articles of Association do not incorporate a provision preventing non-shareholders from voting in proxy.

With their attendance to the General Assembly, shareholders representing minority rights make up the Management collectively with majority shareholders. The company did not receive any criticisms or complaints on this matter in 2022. The Articles of Association do not contain any provisions stipulating that minority rights are less than one twentieth of the capital.

The company is controlled by its principal shareholder Koç Holding A.Ş., the Koç Family and companies owned thereby.

## Share Transfer

The Articles of Association do not contain specific provisions that complicate or restrict share transfer by shareholders. The requirements of the CMB are adhered to with respect to transfer of registered shares traded on the stock exchange.

## STAKEHOLDERS

The term Company stakeholders is basically used to refer to third persons that have a direct relationship with the company. Stakeholders are informed about matters that concern them by being invited to meetings when necessary or by the use of telecommunication tools. Believing that maintaining a cooperation with the stakeholders will inure to the benefit of the company in the long run, the company respects and preserves stakeholders' rights derived from the legislation, mutual covenants and contracts. The company's corporate governance structure allows all stakeholders including employees and representatives to convey their concerns regarding illegal and/or unethical deeds to the management. The duties of the Audit Committee include looking into complaints received by the company. Furthermore, the Internal Audit management also reviews complaints and conveys them to the Audit Committee.

The Audit Committee determines the methods and criteria applicable to the review and resolution of the complaints received regarding the company's accounting and internal control system and independent audit, and to tackling the issues regarding the company's accounting and independent audit reported by the company's employees within the frame of confidentiality principles.

Arçelik Human Resources Policies that are aligned with the company's strategies and set out in the light of the company's shared values and code of conduct have been documented and shared with the employees in Türkiye and foreign subsidiaries. The Chief People Officer is charged with determining the main principles of the company's HR policy, and maintaining relationships with employees. In addition, the office of the Chief People Officer is responsible for the implementation of human rights principles that are stipulated, periodically reviewed and revised as necessary by the Legal and Compliance Directorate.

All HR practices are built on fairness, consistency and integrity. Accordingly, job descriptions, the criteria for remuneration, performance and rewarding systems of Company employees are announced to employees according to the predetermined schedule, thus making sure that they are equally available to all employees. Arçelik develops training programs in adequate versatility to

address the development needs of all hourly- and monthly-paid employees in line with organizational competence requirements, and offer them to employees starting with the day they come on board. Within the scope of the training process that starts with orientation, functional competencies are strengthened through academies and technical training, whereas social skills are reinforced and supported through competence programs. Solutions delivered through online learning platforms are gradually expanded across the global organization. Employees' career planning is made in line with their knowledge, skills and competencies. In annual HR planning meetings, critical positions and talents and competencies that will carry the company into the future are defined, performances of potential employees are monitored and they are supported with their development, thus readying them for their potential future roles. Succession planning is made for all management positions, and potential employees are placed accordingly. Hence, individuals who are likely to be assigned to management positions are trained, while also avoiding any situations that may hinder the company's administration in the event of possible changes in management.

The company's approach to learning and development is to work in line with the continuous development principle in alignment with the company's vision and business goals and help improve the company's performance. The company's internal resources are targeted to be utilized effectively and efficiently when planning employees' current and future development needs in line with business requirements. Employee development is supported with annually revised content in parallel with the company's learning and development policy.

Global Code of Conduct and associated policies are intended to provide guidance to Company employees and those representing the company with regard to the decisions they will make and behaviors they will display in the performance of their duties.

The company's approach to sustainability is being mindful of social, economic, environmental and ethical implications of its activities, integrating and monitoring these implications in its corporate business goals, and managing its activities based on sustainability principles within the frame of corporate policies and strategies devised. The company

considers sustainability risks and opportunities and the expectations of internal and external stakeholders as important inputs for its activities.

Pursuant to Arçelik Board of Directors decision no. 1047 dated 29 December 2020, Koç Holding President of Consumer Durables Group, who is also a member of Arçelik's Board of Directors, has been appointed as the Board Member responsible for supervising the company's cyber security strategy in view of his experience in this field, and is actively involved in the Information Security Committee. As per Arçelik Board of Directors decision no. 1098, it has been decided to set up a dedicated Human Rights Unit in line with the company's global strategies. The President of the Consumer Durables Group, also a member of Arçelik's Board of Directors, is assigned with reporting Arçelik Global's human rights strategies to the Board of Directors.

The company's sustainability efforts and activities can be found in the related sections of the Annual Report and in the Sustainability Report.

Annual Report and Sustainability Report can be reached at the following link: <https://www.arcelikglobal.com/tr/sirket/raporlar-ve-sunumlar/>.

## BOARD OF DIRECTORS

Members of the Board of Directors are designated in a manner to allow them to work productively and constructively, make fast and rational decisions, and organize committees' activities effectively. Compliance with Arçelik's Board Diversity Policy is observed when designating the Board of Directors Members. In this scope, when nominating candidates for Board membership seats, it is targeted to ensure diversity in terms of age, gender, race, citizenship, nationality, ethnicity of nominees and in principle, to bring the ratio of women Members on Arçelik's Board of Directors to 25% minimum within five years.

Prior to the General Assembly, outside positions held by the members are also made available for shareholders' information, along with their résumés. The Annual Report contains the résumés of the Board of Directors Members, CEO and Deputy Chief Executives.

# Explanations Regarding Corporate Governance

## Members of the Board of Directors

Name/Surname	Position	Independent/ Non- independent	Date of Election	Term of Office	Role on the Board of Directors and Committees	Outside Positions Held
Mustafa Rahmi Koç	Chair	Non-independent Member	23.03.2022	1 year	Chair of the Board Chair of Executive Committee	Board Member at Group and non-Group companies
Mehmet Ömer Koç	Vice Chair	Non-independent	23.03.2022	1 year	Vice Chair of the Board Member of Executive Committee	Board Member at Group companies
Semahat Sevim Arsel	Member	Non-independent Member	23.03.2022	1 year	Board Member Member of Executive Committee	Board Member at Group companies
Yıldırım Ali Koç	Member	Non-independent Member	23.03.2022	1 year	Board Member Member of Executive Committee	Board Member at Group companies
Levent Çakıroğlu	Member	Non-independent Member	23.03.2022	1 year	Board Member Member of Corporate Governance Committee	Board Member at Group companies
Robert Sonman	Member	Non-independent Member	23.03.2022	1 year	Board Member	Board Member at non-Group companies
Fatih Kemal Ebiçlioğlu	Member	Non-independent Member	23.03.2022	1 year	Board Member Member of Risk Management Committee	Board Member at Group companies
Hakan Bulgurlu	Member CEO	Non-independent Member	23.03.2022	1 year	Board Member	Board Member at Group companies
Kâmil Ömer Bozer	Member	Independent Member	23.03.2022	1 year	Board Member Head of Audit Committee	Board Member at Group and non-Group companies
Müzeyyen Münire Gülay Barbarosoğlu	Member	Independent Member	23.03.2022	1 year	Board Member Head of Risk Management Committee	-
Ahmet Turul	Member	Independent Member	23.03.2022	1 year	Board Member Head of Corporate Governance Committee Member of Audit Committee	Board Member at non-Group companies
Tuğrul Fadilloğlu	Member	Independent Member	23.03.2022	1 year	Board Member	Board Member at non-Group companies

The table above summarizes the information about our existing Board of Directors Members, all of whom but the company CEO Hakan Bulgurlu are non-executive members as per the definition provided in the CMB's Corporate Governance Principles. All our Board of Directors Members who are currently in office have been elected at the General Assembly meeting convened on 23 March 2022 to serve a one-year term of office until the general assembly meeting during which 2022 activities will be discussed.

Following the General Assembly meeting dated 23 March 2022 during which Board Members have been elected, the Chair and Deputy Chair of the Board have been designated by passing a decision on the distribution of duties.

The positions of the Chair of the Board and CEO are held by different individuals.

Care is taken that Board members allocate the necessary time for the company affairs, and there are no restrictions regarding assumption of outside position(s). No such restriction is deemed necessary given the significant contribution, particularly, of independent Members' business and sectoral experiences to the Board of Directors. Our Board of Directors Members are experienced individuals who have had many years of professional lives. The company makes the most of the knowledge and experiences of Board Members. Board Members can freely convey and express their opinions free from any influence. The number and qualifications of independent Members on the Board of Directors are determined according to the CMB's Corporate Governance Principles requirements.

Four independent Board Member nominees were presented for 2022 to the Corporate Governance Committee; these individuals' statements for candidacy and résumés were evaluated at the meetings of the Corporate Governance Committee held on 28 January 2022 and the Board of Directors held on 31 January 2022; accordingly, it has been decided to designate all as independent member nominees. All independent Board member nominees have submitted their statements of independence to the Corporate Governance Committee and no situations arose that prejudiced independence as of 2022 activity period.

Operating principles of the Board of Directors are listed in Articles 10, 11 and 12 of the Articles of Association, In brief, the Board of Directors is authorized to decide on all matters, save for those that must be exclusively decided by the General Assembly pursuant to the provisions of the Turkish Commercial Code and the company's Articles of Association.

## Operating Principles and Procedures of the Board of Directors

Under ordinary circumstances, the Board of Directors meets at least three or four times a year to make strategic evaluations about the company's activities and discuss the developments that take place in between the two meetings.

During 2022, the Board of Directors held 14 physical meetings with an average attendance of 98.8%. Except for the decisions taken at the said meeting, all of the other decisions were taken by the circulating method. In the meetings, sufficient and transparent information was received about Arçelik's strategy and activities, thus allowing strategic assessments; furthermore, the Board Members were regularly kept informed of the company's performance and developments. Absolute majority of the full membership is defined as meeting and decision quorums. Throughout the year, the Board of Directors passed 42 Board of Directors decisions. Independent Board Members agreed with all the decisions passed. Differing opinions and dissenting votes, along with their grounds, if any, voiced in Board meetings are recorded in the decision minutes, in which case detailed grounds of Members casting dissenting votes are publicly disclosed. Each Board Member is entitled to one vote. However, since no such opposition or different opinion was expressed in the Board of Directors meeting held in 2022, no such public disclosures were made or the statutory auditors were informed.

The agendas of Board of Directors meetings are determined by the notification of the matters that are stipulated to be decided by the Board of Directors under the applicable legislation by relevant units to the company's Senior Management and Board of Directors Members. In addition, any Board Member can propose a meeting agenda item by referring a material matter that needs to be decided upon to the company's senior management. The minimum Board meeting attendance ratio for each Member has been set as 50% in one year. The matters desired to be discussed by the company's Board of Directors are compiled by the office of the Chief Financial Officer, which are then consolidated in the agenda.

The Board of Directors meetings are held at the company's headquarters or at another suitable location in the city where the company is headquartered. Material Board of

# Explanations Regarding Corporate Governance

Directors decisions are publicly disclosed on the KAP (Public Disclosure Platform) and these material event disclosures are posted on the website in Turkish and English languages.

Arçelik Board of Directors governs and represents the company by first and foremost looking out for the company's long-term interests, based on a rational and cautious risk management understanding and by maintaining the company's risk exposure, growth and return balance at the optimum level. Furthermore, besides achieving regulatory compliance in related party transactions, the Board of Directors considers possible fraudulent risks and addresses related party transactions painstakingly.

The company has affiliates and subsidiaries. Considering that involvement of the company's Board of Directors Members in the managements of these companies will be to the benefit of the company, no restrictions were imposed with respect to assumption of these outside positions.

The General Assembly convened on 23 March 2022 authorized the Board of Directors Members to be engaged in business affairs falling under the company's scope on their own or others' behalf and to acquire shareholding interest in companies engaged in such businesses under Articles 395 and 396 of the Turkish Commercial Code.

## **Number, Composition and Independence of the Committees Set up under the Board of Directors**

According to the Articles of Association, the Board of Directors may form consultation, coordination, audit or similar committees or sub-committees composed of its Members and/or non-Members in relation to matters it deems appropriate, provided that the provisions of applicable legislation are complied with.

In the election of the members of the committees formed following the Ordinary General Meeting convened on 23 March 2022, the provisions of Article 4.5 of the CMB's Corporate Governance Principles have been followed.

The existing committees at the company are as follows:

- i) Executive Committee
- ii) Audit Committee
- iii) Corporate Governance Committee
- iv) Risk Management Committee

The Board of Directors determines, sets out and modifies the meeting, operating and reporting principles of the heads and members of the committees.

During 2022, all committees under the Board of Directors fulfilled their respective duties and responsibilities within the scope of Corporate Governance Principles and their respective operating principles and met in accordance with their working schedules. The opinions of Company executives and independent auditor were sought when needed during the committees' activities. Reports covering information about committees' activities and the outcomes from meetings held during the year were submitted to the Board of Directors.

The Board of Directors is of the opinion that the expected benefits have been derived from the activities of the committees under the Board.

## **i) Duties, Responsibilities and Operating Principles of the Executive Committee**

The Executive Committee has been set up to make suggestions and recommendations to the Board of Directors to improve the efficiency of the Board of Directors, and to guarantee effectiveness in investments and business development in areas aligned with strategic goals by ensuring an active coordination between the Board of Directors and the administrative structure. The purpose of this Committee is to monitor more closely the company and the developments in the relevant sector to inform the Board of Directors when necessary, by reason of the inability of the Board of Directors to meet at the desired frequency and timing; to provide the coordination between the company's administrative structure and the Board of Directors; to devise appropriate strategies for the company, and to make suggestions for the efficiency of operations. On 21 April 2022, the Board of Directors appointed the Board Chair Mustafa Rahmi Koç as the Chair of the Executive Committee, and Board of Directors Members Semahat Sevim Arsel, Mehmet Ömer Koç, Yıldırım Ali Koç, Caroline N. Koç and Aykut Ümit Taftalı as its Members.

The Committee met 12 times during 2022.

The Board of Directors committees did not need to seek independent expert opinions for their activities in 2022.

Detailed information about the Duties, Responsibilities and Operating Principles of the Executive Committee can be found on the company website at the address [www.arcelikglobal.com](http://www.arcelikglobal.com).

#### ii) Duties, Responsibilities and Operating Principles of the Audit Committee

Audit Committee has been set up at the company to ensure that the Board of Directors duly fulfills its duties and responsibilities. The Audit Committee carries out its activities in a structured manner as stipulated in the Capital Market legislation and CMB's Corporate Governance Principles. All members of the Audit Committee have been elected from amongst independent Board members. This Committee is composed of two members and Kâmil Ömer Bozer and Ahmet Turul have been appointed as the Committee's head and member, respectively. Established for supervising the operation of the accounting and reporting systems at the company within the frame of applicable laws and regulations, public disclosure of financial data, operation and effectiveness of independent audit and internal control system, the Audit Committee held four meetings during 2022.

Detailed information about the Duties, Responsibilities and Operating Principles of the Audit Committee can be found on the company website at the address [www.arcelikglobal.com](http://www.arcelikglobal.com).

#### iii) Duties, Responsibilities and Operating Principles of the Corporate Governance Committee

Corporate Governance Committee has been set up at the company to monitor the company's compliance, to make suggestions to the Board of Directors in accordance with the Corporate Governance Principles released by the CMB. The Corporate Governance Committee also functions as the Nomination Committee and Remuneration Committee. On 21 April 2022, Independent Board member Ahmet Turul was appointed as the head of the Corporate Governance Committee, and Board member Levent Çakıroğlu and head of Investor Relations Unit Özkan Çimen were appointed as its members. The Committee meets at the frequency required by the duties imposed on it; accordingly, the Committee held six meetings in 2022.

In 2022, the Corporate Governance Committee reviewed the company's corporate governance practices and Corporate Governance Principles Compliance Report, and briefed the Board of Directors on the activities of the Investor Relations Unit. In addition, functioning also as the Nomination Committee and the Remuneration Committee, the Corporate Governance Committee carried out work regarding the effectiveness of the activities of the Board of Directors, designation of independent Board Member nominees, and benefits provided to the Board Members and senior executives.

Detailed information about the Duties, Responsibilities and Operating Principles of the Corporate Governance Committee can be found on the company website at the address [www.arcelikglobal.com](http://www.arcelikglobal.com).

#### iv) Duties, Responsibilities and Operating Principles of the Risk Management Committee

Risk Management Committee has been set up to make suggestions and recommendations to the Board of Directors regarding early detection and assessment of financial, strategic, operational, compliance and all kinds of external risks that may affect the company, calculation of their impact and likelihood, their management in accordance with the company's enterprise risk appetite, regular reporting and consideration of risks in decision-making mechanisms, and establishment and integration of effective internal control systems in this direction. Independent Board member Müzeyyen Münire Gülay Barbarosoğlu has been elected as the head of the Risk Management Committee and Board Member Fatih Kemal Ebiçlioğlu has been appointed as the Committee Member. The Risk Management Committee held six meetings in 2022.

information about the Duties, Responsibilities and Operating Principles of the Risk Committee can be found on the company website at the address [www.arcelikglobal.com](http://www.arcelikglobal.com).

The Executive Board Member did not take part in the above mentioned committees.

# Explanations Regarding Corporate Governance

## **Risk Management and Internal Control Mechanism**

The Board of Directors has established the risk management and internal control mechanism to detect the risks that may affect the company's stakeholders and particularly shareholders, and to minimize their impacts and likelihood; the Board reviews the effectiveness of these systems.

The Enterprise Risk Management Directorate, set up under the office of the Chief Financial Officer, provides the management, coordination and oversight of financial, strategic, operational, compliance and external risks that may affect the company via the risk management system it has established and reports to the Risk Management Committee. For proper operation of the internal control mechanism, Internal Audit Directorate set up under the office of the Chief Financial Officer briefs the Audit Committee in meetings held during the year. The Committee continuously oversees the operation and effectiveness of the system, and communicates the issues related to risk management and internal control mechanism and suggested solutions to the Board of Directors, when necessary.

## **Financial Rights**

During the year-end performance assessment, the attainment level of targets for realization of the company's strategies is also measured as well as financial and operational indicators, which are then used as input for the performance and rewarding system.

The Remuneration Policy for the Board of Directors Members and Senior Executives, which incorporates all kinds of rights, interests and compensation provided to the Board members and senior executives and the criteria used for their determination along with remuneration principles, was first made available for review by our shareholders on our website via the "Information Document" released three weeks in advance of our Ordinary General Assembly convened on 29 March 2012 and was enforced following the said General Assembly. Covered also in the agenda of the Ordinary General Assembly during which 2021 activities were discussed and publicly disclosed via the company's website, the said policy will also be included in the agenda of the Ordinary General Assembly during which 2022 activities will be discussed and will be laid down for the opinions of shareholders. The sum of the payments made

within the frame of the Remuneration Policy for the Board of Directors Members and Senior Executives is evaluated each year by the Corporate Governance Committee and the Board of Directors. Compensations of Arçelik Board of Directors Members and Senior Executives have been publicly disclosed collectively in footnote no. 33 of our financial statements for the 2022 fiscal year in parallel with the general practice. There are no transactions that may lead to conflicts of interest such as the company's lending money or extending credit to our Board of Directors Members or Executives or creating guarantee in their favor.

Stock options or payment plans based on the company's performance are not used in the remuneration of independent Board Members.

The company's Remuneration Policy for the Board of Directors Members and Senior Executives, which incorporates all kinds of rights, interests and compensation provided to the Board Members and Senior Executives and the criteria used for their determination along with remuneration principles, are posted on the company website.

## **Board of Directors' Assessment Concerning the Effectiveness of the Board of Directors Committees**

During 2022, all Board of Directors committees have fulfilled their duties and responsibilities they are required to perform pursuant to the Corporate Governance Principles and their respective bylaws; met in accordance with the annual meeting schedules prepared, and submitted their reports covering information about their activities and the outcomes of the meetings held during the year to the Board of Directors. Committee members participated in all meetings.

The Board of Directors is of the opinion that the expected benefits have been derived from the activities of the committees under the Board of Directors.

# Sustainability Principles Compliance Statement

Arçelik espouses sustainability as a business model in keeping with its vision spelled out as “Respectful of the World, Respected Worldwide”. With this understanding, the company closely monitors best practices in sustainability, including those specified in the Capital Markets Board of Türkiye (CMB) Sustainability Principles Compliance Framework, and carries out its activities with the goal of achieving compliance with the generally accepted best practices in this field. Arçelik is already actively dealing with the majority of the principles and good practices stated in the Sustainability Principles Compliance Framework enforced by the CMB, and regularly reviews and evaluates its performance in this field, undertaking improvement activities. Accordingly, Arçelik achieved compliance with all non-mandatory principles in CMB’s Sustainability Principles Compliance Framework with a “comply-or-explain” approach. While full compliance is achieved with the requirements of all principles, betterment efforts are in progress in some improvement areas due to reasons such as the global scale of the operations, ongoing efforts to ensure the full set of actions that will respond to different expectations under the applicable obligations, global uncertainties, the incompatibility of some of the principles with the company’s existing structure, and difficulties in practice. For principles that require improvement, it is intended to regularly review sustainability targets and key performance indicators annually. Improvement processes for relevant principles will be completed following our ongoing work such as reviewing the global best practices and the completion of technical infrastructure and data collection in a manner to contribute to the company’s target to create sustainable value.

Activities associated with the principles mentioned in CMB’s Sustainability Principles Compliance Framework are addressed in the “Sustainability” section of Arçelik’s Annual

Report. In addition, detailed information is presented for review by stakeholders in the Sustainability Report posted on Arçelik’s corporate website, and in the sustainability section as well as various other sections on the website. Within the scope of the information disclosed, explanations regarding principles for which improvement will be achieved are as follows:

- Principle B.9 – Information about its environmental impacts comparatively in the light of environmental indicators for a given year (Scope 1 (direct), Scope 2 (indirect from purchased energy), Scope 3 (other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity implications) is reported periodically via the “Sustainability Report”. Since verification is in progress for the said data, the information was disclosed as it is in the Annual Report. Upon completion of verification, the related information will be made available to stakeholders within the Sustainability Report as mentioned above.
- Principle B.17 – Heat, steam and cooling energies generated for a given year will be considered as secondary energy types and disclosed in the Sustainability Report upon verification of the consumption amounts of primary energy sources used for obtaining them. Arçelik is improving its existing energy monitoring systems in place for monitoring and reporting these secondary energy types in the coming periods.

Sustainability Principles Compliance Report prepared in accordance with the formats defined by the CMB Resolution dated 23 June 2022, numbered 34/977, and approved by the company’s Board of Directors is appended to the Annual Report, and related documents can also be accessed on the company’s page on the Public Disclosure Platform.

<https://www.kap.org.tr/tr/sirket-bilgileri/ozet/863-arcelik-a-s>