Welcome to your CDP Water Security Questionnaire 2021

W0. Introduction

W0.1

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

Arçelik A.Ş., founded in 1955,has operations in the consumer durables and electronics sector with production,marketing, and after sales services.With over 30,000 employees, Arçelik has 22 production plants in 8 countries(Turkey,Romania,Russia,South Africa,Thailand,India,Pakistan,Bangladesh) and offers products and services to almost 150 countries with its 12 brands. The company has 15 R&D and Design Centers in Turkey and 13 R&D Offices across 10 countries.Arçelik has a commitment to tackle environmental and social issues with its announced vision "Respecting the World, Respected Worldwide". Arçelik conducts its business processes in accordance with ISO 9001 Quality Management System Standard, ISO 14001 Environmental Management System (EMS) Standard, ISO 14064-1 Greenhouse Gas Reporting Standard and ISO 50001 Energy Management System Standard. Arçelik's environmentally responsive "sustainable development" approach which is controlled in all processes from design to product cycle has been achieved as a result of mentioned management systems and its vision. Parallel to its vision, one of Arçelik's goals is to prevent the consumption of resources. Arçelik focuses to achieve continuous improvement of the products, starting from design stage. In Arçelik, R&D, Industrial Design and Product Development Departments are responsible to conduct technological and product development studies. With these studies, Arçelik always achieved to be the “world's mosts and firsts”. Arçelik was named as the Industry Leader in the Household Durables category for the second year in a row in the Dow Jones Sustainability Index and was awarded a Gold Class Sustainability Award and recognized as an Industry Mover in the 2021 S&P Sustainability Yearbook. Arçelik has been constantly rated AAA on MSCI Sustainability Index since 2016, and AA in 2015.Furthermore, Arçelik has been listed in the FTSE4Good Emerging Markets Index by FTSE Russell at the London Stock Exchange since 2016. Arçelik is among the companies listed in the BIST SI since 2014. Additionally, in 2018, Arçelik ranked among the companies with the highest score in Turkey in CDP Climate Change and was awarded with CDP Turkey 2018 Climate Leadership.At the European Business Awards for the Environment (EBAE) organized by the European Commission, we were awarded the first prize in the Management category, becoming the first Turkish company to win this award in our industry. Arçelik won Recycled Plastic Consumer Lifestyle Product of the Year Award in Europe with Grundig Recycled Vacuum Cleaner whose plastic materials were recycled by 90%. Arçelik won the first

prize in “Innovative Environmentally-friendly Product” category of İstanbul Chamber of Industry (İSO) Environment Awards.Arçelik shares its sustainability approach with its Sustainability Reports. The company became carbon-neutral in its global manufacturing plants (Singer Refrigerator Plant and TV & AC Plant in Bangladesh acquired in 2019, Voltbek in India which started production in 2020, and Arçelik-LG A/C joint venture plant in Turkey are excluded from calculations.) for Scope 1 and Scope 2 in the 2019 and 2020 fiscal years, with its own carbon credits in accordance with PAS 2060 Carbon Neutrality Standard. In the scope of producer responsibility, Arçelik conducts projects to reduce water withdrawal, and especially groundwater usage reduction is one of the key focus of reduction projects. As an example; in Cooking Appliances Plant, that consumes groundwater, we realized a wastewater recycling project in cooperation with Istanbul Technical University. This project was a R&D project funded by TUBITAK (The Scientific and Technological Research Council of Turkey). In addition, water efficiency studies performed in Cooking Appliances Plant were also published in scientific papers (e.g. World Academy of Science Engineering and Technology, International Journal of Environmental and Ecological Engineering Vol:3, No:3, 2016, “Assessment of Water Reuse Potential in a Metal Finishing Factory”, “Assessment of Waste Water Reuse Potential for an Enamel Coating Industry). We are conducting water efficiency studies in our other plants. Thanks to our studies on water efficiency, we reduced our average water withdrawal per product by 52% in 2020 compared to our base year 2012, and we successfully achieved our 2020 water target. In addition, we collaborate with International Finance Corporation(IFC) to evaluate the water efficiency of our production plants.In the project,the water efficiency of each process is evaluated and benchmarked. In line with the project’s output, we set our water withdrawal target for 2030. In the scope of our risk adaptation plans, we have also set our 2030 target to increase the water recycling ratio (Water recycling ratio=Total recycled water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production.

W0.2

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

	Start date	End date
Reporting year	January 1, 2020	December 31, 2020

W0.3

(W0.3) Select the countries/areas for which you will be supplying data.

Turkey

W0.4

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

TRY

W0.5

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

Companies, entities or groups over which operational control is exercised

W0.6

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

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
This report includes Arçelik's headquarter and production plants which are located in Turkey. Abroad plants are not included.	Abroad plants are excluded from this report because of the following reasons: -These data & information will be reported in Turkey. -Some of the abroad plants haven't started their production yet, now they are under construction or some of them just started, therefore they do not have any historical data.

W1. Current state

W1.1

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

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Neutral	Arçelik directly uses freshwater for production processes, e.g. metal processing,painting,enamel,cooling, laboratories and employee usage.The freshwater is important for sustaining our operations.Although the freshwater is not directly used in our products as a raw material,we're using the freshwater for producing our products.For this reason,we selected the importance rating of freshwater as 'important'.Indirect use of freshwater is selected as neutral because Arçelik's suppliers use the freshwater to maintain their activities which are not under the financial/operational control of

			Arçelik. Also, our customers need to freshwater to use our products such as washing machine and dishwashers. For this reason, indirect use of freshwater is ranked as neutral for Arçelik's indirect usage. We do not plan to do extensive process,raw material and product changes in future and therefore we do not anticipate any changes on direct and indirect water dependency and importance rating.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Not very important	Direct use of recycled water is used in Arçelik's production processes such as metal processing, painting, cooling, laboratories and for the aim of employee usage (for such purposes as flushing office lavatories). For this reason, recycled water is "important". Indirect use of recycled water can be used in Arçelik's suppliers' production processes, but this is not under the financial and/or operational control of Arçelik. The amount of recycled water usage effects the usage of freshwater and therefore the operational costs of suppliers. For this reason, indirect use of freshwater is "not very important" for Arçelik's indirect use. We do not plan to do process changes, raw material changes and product changes in future and because of this reason we do not anticipate any changes on direct and indirect water dependency and importance rating.

W1.2

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

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	100% of water withdrawals are monitored and measured by counters and invoices in a monthly period. In addition, Arçelik's total water withdrawal 2020 data reported in Arçelik Sustainability Report 2020 is verified in accordance with AA1000AS.
Water withdrawals – volumes by source	100%	100% of water withdrawals volume by sources are monitored and measured by counters and invoices in a monthly period. In addition, Arçelik's water withdrawal volumes by sources reported in Arçelik Sustainability Report 2020 are verified in accordance with AA1000AS.

Water withdrawals quality	100%	100% of water withdrawals' quality are monitored by testing and analyzing in a yearly period.
Water discharges – total volumes	100%	100% of water discharges are monitored and measured by counters in a monthly period.
Water discharges – volumes by destination	100%	100% of water discharges by destination are monitored and measured by counters in a daily and monthly period. Tracking destination provides data regarding how watersheds may be affected.
Water discharges – volumes by treatment method	100%	100% of water discharges by treatment method are monitored and measured by counters in a daily period. Arçelik has list of treatment methods by plant in order to better understand water quality, discharge locations and the effect, if any, on the watershed.
Water discharge quality – by standard effluent parameters	100%	100% of water discharges quality data are monitored by testing and analyzing in a monthly period. Arçelik has a standard which requires facilities to meet minimum discharge quality standards or local regulatory requirements.
Water discharge quality – temperature	100%	Arçelik treats the discharged water according to its characteristics in own chemical and biological treatment plants ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions, and Arçelik periodically checks compliance with these standards. Then, Arçelik discharges wastewater to the municipal sewage line connected to municipal/industrial wastewater treatment plant. Although the temperature of discharged water is not a obligatory parameter for Arçelik according to Turkish Regulation, 100% of Arçelik production facilities' water discharges quality - temperature data are monitored via local authority analysis reports in a monthly period.
Water consumption – total volume	100%	100% of water consumption data are monitored in a monthly period. In Arçelik, water consumption data reported is calculated as water withdrawal quantity minus water discharge quantity. 100% of water withdrawal and water discharge data are monitored and measured by counters in a monthly period.

Water recycled/reused	100%	100% of recycled/reused water data are monitored and measured by counters in monthly period.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Arçelik is providing a safe and healthy work environment for all employees at 100% of its facilities. Drinking water is monitored by analyzing in a 3-month period and other domestic water is monitored by analysing in a yearly period.

W1.2b

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

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	767.46	Lower	Arçelik uses rainwater, groundwater and municipal water in the operations.The total withdrawal was 932.62 megaliters in 2019. Despite the increase in the production amount in 2020, the total water withdrawal decreases compared to 2019 due to remote working during the COVID-19 pandemic and water efficiency studies realized in plants. The total withdrawal was reduced by 18% compared to 2019. Thus, comparison with the previous reporting year is selected as “lower” according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20% Similarly, despite the increasing production volumes, it is expected to be at the same level or slightly decrease in total water withdrawal thanks to water efficiency projects. In addition, it is expected that water withdrawal per product will be decreased with water efficiency studies.
Total discharges	662.96	Lower	Arçelik treats the discharged water according to its characteristics in own chemical and biological treatment plants ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions, and Arçelik

			periodically checks compliance with these standards. Then, Arçelik discharges wastewater to the municipal sewage line connected to municipal/industrial wastewater treatment plant. The total water discharge was 790.08 megaliters in 2019. Despite the increase in the production amount in 2020, the total water discharge decreases by 16% compared to 2019 due to remote working during the COVID-19 pandemic and water efficiency studies realized in plants. Thus, comparison with previous reporting year is selected as "lower" according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20% Similarly, despite the increasing production volumes, it is expected to be at the same level in total water discharge thanks to water efficiency projects. In addition, it is expected that water discharge per product will be decreased with water efficiency studies.
Total consumption	104.5	Much lower	Consumption data reported is calculated as water withdrawal quantity minus water discharge quantity. For 2020, the total withdrawal is 767.46 megaliters and water discharge is 662.96 megaliters, the water consumption calculated for 2020 is 104.50 megaliters (767.46-662.96=104.50). The water consumption for 2019 was 142.54 megaliters. Despite the increase in production amount in 2020, the total water consumption decreases by 27% compared to 2019 thanks to water efficiency studies. Comparison with previous reporting year is selected as "much lower" according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20% Similarly, despite the increasing production volumes, it is expected to be at the same level in total water consumption thanks to water efficiency projects. In addition, it is expected that water consumption per product will be decreased with water efficiency studies.

W1.2d

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

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	51-75	About the same	WRI Aqueduct	Arçelik evaluates water stressed areas as “extremely high” and “high” risk areas according to WRI Aqueduct. According to WRI Aqueduct, 6 plants of Arçelik are located in “extremely high” water stressed area, 2 plants of Arçelik are located in “high” water stressed area, and 1 plant of Arçelik are located in “medium to high” water stressed area according to WRI Aqueduct.The total water withdrawal from water stressed areas is 561.57 megaliters in 2020. That is the 73.2% of total withdrawal ((561.57/767.46)*100). This amount was 68.2% in 2019 ((636.02/932.62)*100).

W1.2h

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	53.25	Much higher	Arçelik uses rainwater. We used 22.70 megaliter rainwater last year (2019).We collected rainwater much higher than the previous year because we significantly increase the rainwater harvesting area. Thus,

				comparison with previous reporting year is selected as “much higher” according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20% Also, rainwater usage is expected to increase in the future as we study on rainwater harvesting projects.
Brackish surface water/Seawater	Not relevant			Arçelik does not use brackish surface water /seawater and does not plan to use brackish/surface water/seawater in the future.
Groundwater – renewable	Relevant	292.35	Much lower	Arçelik uses groundwater-renewable. Groundwater–renewable withdrawal was 404.59 megaliters last year (2019). We reduced groundwater-renewable withdrawal by 28% compared to 2019. Thus, comparison with the previous reporting year is selected as “much lower” according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20% In the future, the use of total groundwater-renewable volumes are expected to be lower due to studies to reduce groundwater-renewable withdrawal.
Groundwater – non-renewable	Not relevant			Arçelik does not use groundwater-non-renewable

				and does not plan to use groundwater-non-renewable in the future.
Produced/Entrained water	Not relevant			Arçelik does not use produced/entrained water and does not plan to use in the future.
Third party sources	Relevant	421.86	Lower	Arçelik uses municipal supply water. Municipal water withdrawal was 505.33 megaliters last year (2019). Despite the production amount increased in 2020, the municipal water withdrawals decreased compared to 2019 due to remote working during the COVID-19 pandemic and water efficiency studies realized in plants. We reduced municipal water withdrawal by 17% compared to 2019. Thus, comparison with the previous reporting year is selected as “lower” according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20% Despite the increasing production volumes, it is expected to be at the same level or slightly decrease in municipal water withdrawal thanks to water efficiency projects. In addition, it is expected that municipal water withdrawal per product will decrease with water efficiency studies.

W1.2i

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant			Arçelik does not discharge to freshwater.
Brackish surface water/seawater	Not relevant			Arçelik does not discharge to brackish surface water/seawater.
Groundwater	Not relevant			Arçelik does not discharge to groundwater.
Third-party destinations	Relevant	662.96	Lower	Arçelik treats the discharged water according to its characteristics in its chemical and biological treatment plants ensuring that discharged wastewater remains below legal discharge limits.Then,Arçelik discharges wastewater to the municipal sewage line connected to municipal/industrial wastewater treatment plant.Water discharge was 790.08 megaliters last year (2019).Despite the increase in the production amount in 2020,it decreased by 16% compared to 2019 due to remote working during the COVID-19 pandemic and water efficiency studies realized in plants.Thus, comparison with previous reporting year is selected as “lower” according to our thresholds as given below.Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20% Despite the increasing production volumes, it is expected to be at the same level in water discharge thanks to water efficiency projects.In addition, it is expected

				that water discharge per product will be decreased.

W1.2j

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

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Relevant	103.97	About the same	11-20	Tertiary treatment is applied in 11% of Arçelik plants to recover and reuse wastewater in Arçelik's production processes. Tertiary treatment volume was 108.83 megaliters in 2019. Thus, comparison with previous reporting year is selected as "about the same" according to our thresholds as given below.Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20% Arçelik separately treats domestic and industrial

					wastewater according to its characteristics in its chemical and/or biological treatment plants ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions; also, Arçelik periodically checks compliance with these standards. Then, Arçelik discharges wastewater to the sewage line of municipal and/or industrial organized zone connected to the municipal/industrial wastewater treatment plant.
Secondary treatment	Relevant	511.07	Lower	61-70	Secondary treatment is applied in 67% of Arçelik plants. Secondary treatment volume was 618.25 megaliters in 2019. In parallel with a decrease in total water discharge, secondary

					treatment volume decreased compared to last year. Thus, comparison with previous reporting year is selected as "lower" according to our thresholds as given below.Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20% Arçelik separately treats domestic and industrial wastewater according to its characteristics in its chemical and/or biological treatment plants ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions; also, Arçelik periodically checks compliance with these standards. Then, Arçelik discharges wastewater to the

					sewage line of municipal and/or industrial organized zone connected to the municipal/industrial wastewater treatment plant.
Primary treatment only	Not relevant				Primary treatment only is not applied in Arçelik plants.
Discharge to the natural environment without treatment	Not relevant				Discharge to the natural environment without treatment is not applied in Arçelik plants.
Discharge to a third party without treatment	Relevant	47.92	Much lower	41-50	Arçelik separately treats domestic and industrial wastewater according to its characteristics in its chemical and/or biological treatment plants ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions; also, Arçelik periodically checks compliance with these standards. Then, Arçelik discharges

					wastewater to the sewage line of municipal and/or industrial organized zone connected to the municipal/industrial wastewater treatment plant. Only domestic wastewater of some plants in the municipality area and/or organized industrial zone is discharged without treatment to the sewage line of a third party connected to a wastewater treatment plant. Domestic wastewater of these plants is treated in the wastewater treatment plants of municipality and/or organized industrial zone. Therefore, it is possible for some plants that secondary treatment is applied for industrial wastewater of the plant while domestic wastewater of the same plant is discharged to the third party without

					treatment. 44% of Arçelik plants discharge only domestic wastewater without treatment to a third party which has a wastewater treatment plant. But the volume of discharge to a third party without treatment is a very small amount of Arçelik's total water discharge. Domestic wastewater discharge to a third party without treatment volume was 63.00 megaliters in 2019. Thus, comparison with previous reporting year is selected as “much lower” according to our thresholds as given below.Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20%
Other	Not relevant				N/A

W1.4

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

Yes, our suppliers

W1.4a

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

Row 1

% of suppliers by number

1-25

% of total procurement spend

26-50

Rationale for this coverage

In 2018, we initiated the in-house Supplier Sustainability Index Project to conduct supplier sustainability risk assessment. We extend this project further as Supplier Sustainability Data Monitoring and Development Project in collaboration with an independent, accredited audit firm.The assessment survey is sent to critical suppliers that are determined according to Kraljic Methodology.Risk levels of the critical suppliers are determined as high,medium,acceptable,good and excellent.Suppliers at "excellent" category are included in the awarding process and evaluated for the certification process which is an evaluation process to certify best performing suppliers.This process incentivizes them to report their water related data.We have approximately 2,000 (direct) sources in more than 50 countries. 259 of our suppliers make up 80% of our purchasing volume according to Kraljic Matrix. Based on the Kraljic Matrix, 8.8% of all suppliers are classed as critical, tier 1 suppliers. The number of payments made to critical and direct suppliers was EUR 1.3 billion in 2020, which represents 46% of total payments made. We analyzed the sustainability risks in our supply chain and assessed 175 suppliers in 2020 based on those risks. With supplier monitoring through a self-assessment questionnaire that includes qualitative and quantitative metrics via a data collection platform accessible by suppliers we follow our suppliers' current and past three years sustainability performance. Up to now, 133 of our suppliers were evaluated 1% of them were included in the High-Risk category and 7% in the Middle Risk category. These suppliers were audited in 2020 within the scope of business ethics. By 2025, we aim to collect and monitor environmental data from approximately 400 suppliers making 90% of our purchasing volume, encourage them to set their own targets and publicly disclose their data. In 2020, we collected environmental data from 60 suppliers in scope of our efforts to reach this target.
In addition, we commit to make sure that the ISO 14001 certificate apply for approximately 400 suppliers making 90% of our purchasing volume by 2023. In 2020, 68.6% of all critical suppliers have ISO 14001 certificate.

Impact of the engagement and measures of success

Assessment comprises ESG questions including environmental reporting,environmental policy/management system/scope,compliance with legislation,measurement and monitoring (e.g. the amount of water withdrawal by sources, wastewater discharge amount, recycled wastewater amount),environmental voluntary activities. Each question asked to the supplier has a point and weight. The sustainability risks in the industry is taken into consideration while determining the weights. Risk levels of the suppliers are determined as high, medium, acceptable,good,and excellent. We collaborate with an independent accredited audit firm which reviews data and informs to Arçelik Sustainable Supply Chain Working Group periodically. In the 15 meetings conducted in 2020, the WG evaluated sustainability index levels for suppliers during previous periods, their participation status on the index, business ethics auditing plans and results, follow-up actions shared by risky suppliers, and sustainability training.
Suppliers at "excellent" category are evaluated for the certification process. Success is measured through re-assessments and follow-up audits. The number of payments made to critical and direct suppliers was EUR 1.3 billion in 2020, which represents 46% of total payments made. We analyzed the sustainability risks in our supply chain and assessed 175 suppliers in 2020 based on those risks.
By 2025, we aim to collect and monitor environmental data from approximately 400 suppliers making 90% of our purchasing volume, encourage them to set their own targets and publicly disclose their data. In 2020, we collected environmental data from 60 suppliers in scope of our efforts to reach this target. By 2023, we commit to make sure that the ISO 14001 certificate apply for approximately 400 suppliers making 90% of our purchasing volume.By achieving our targets, our suppliers will set targets and measure environmental performance metrics such as water withdrawal, wastewater discharge, water risks. In 2020, 68.6% of all critical suppliers have ISO 14001 certificate.

Comment

Please click for details:
https://www.arcelikglobal.com/media/6347/sustainability_report_2020.pdf and
https://www.arcelikglobal.com/en/company/supply-chain/supplier-sustainability-index/

W1.4b

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

Type of engagement

Onboarding & compliance

Details of engagement

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

% of suppliers by number

76-100

% of total procurement spend

76-100

Rationale for the coverage of your engagement

Arçelik is aware of its responsibility to protect the environment.Based on Arçelik Global Responsible Purchasing Policy and the Global Code of Conduct, Arçelik expects its suppliers to establish environmental management systems, to improve it continuously and to protect the environment in accordance with the relevant national and international legal legislations and regulations in order to enhance their environmental performance in line with the principles of sustainable development and circular economy. As per our Global Responsible Purchasing Policy, we audit our suppliers in terms of compliance with the Code of Conduct. Audits include compliance with laws, working conditions, human rights, occupational health and safety, and the environment (including water management). We plan corrective actions for non-compliance identified in these audits and, in subsequent audits, we check whether the required actions have been taken.

Impact of the engagement and measures of success

We require new suppliers to conduct self-evaluation audits on quality, the environment, and business ethics. A self-assessment was made to 126 suppliers that were commissioned in 2020. Our current critical suppliers are audited by independent audit companies for business ethics, occupational safety, and environmental issues. We plan corrective actions for non-compliance identified in these audits and, in subsequent audits, we check whether the required actions have been taken. In 2020, 36 critical suppliers (due to the difficulties faced while reaching out to suppliers during the pandemic) were audited and a total of 476 areas open to improvement were identified. In addition, the findings of the previous period were taken into consideration. As a result of our audits findings, 13 follow-up audits were carried out by third party audit firms and 44% of the nonconformities were improved. No cases of child labor, forced labor, discrimination, bribery or corruption were detected during these audits. Two suppliers' contracts were terminated due to conflicts of interest.
In addition, by 2023, we commit to make sure that the ISO 14001 certificate apply for approximately 400 suppliers making 90% of our purchasing volume. In 2020, 68.6% of all critical suppliers have ISO 14001 certificate.

Comment

Please click for details:
https://www.arcelikglobal.com/media/6347/sustainability_report_2020.pdf and
https://www.arcelikglobal.com/en/company/supply-chain/supplier-sustainability-index/

W2. Business impacts

W2.1

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

No

W2.2

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

No

W3. Procedures

W3.3

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

Yes, water-related risks are assessed

W3.3a

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

Direct operations

Coverage

Full

Risk assessment procedure

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

Frequency of assessment

More than once a year

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market
Enterprise Risk Management
Other

Tools and methods used

WRI Aqueduct
WWF Water Risk Filter
COSO Enterprise Risk Management Framework
ISO 31000 Risk Management Standard
Internal company methods
External consultants

Comment

Arçelik Enterprise Risk Management balances company risks and the execution of corporate goals and strategies,the best global practices are followed,such as ISO 31000

Risk Management Standard and COSO Enterprise Risk Management Integrated Framework are utilized as Arçelik Enterprise Risk Management methodology.Our enterprise risk management system includes the evaluation and management of both financial and non-financial risks by developing rationale scenario analysis and testing.Risk Management Committee held six meetings in 2020.Being one of the supporters of the TCFD,we have an integrated approach which enables us to monitor,measure and manage ESG risks and the impact on the financials.Arçelik has received a third-party service to apply a physical and transition risk scenario analysis to identify the long-term potential impacts of the climate crisis. Internally, water risks are determined by the WWF Water Risk Filter and WRI Aqueduct Water Risk Atlas,and the analysis results of these tools are reviewed annually. Based on Arçelik's internal analysis as well as using S&P's TruCost Methodology,water stress risks were determined as the most significant risks for Arçelik and its suppliers in terms of physical climate risks,and therefore,long-term action plans were created according to the results of water risk analysis.As Arçelik has had an ISO 14001 EMS Certification,Arçelik analyzes and evaluates its risks and opportunities related to the stakeholder's needs and expectations.

Supply chain

Coverage

Full

Risk assessment procedure

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

Frequency of assessment

More than once a year

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market
Enterprise Risk Management
Other

Tools and methods used

WRI Aqueduct
COSO Enterprise Risk Management Framework
ISO 31000 Risk Management Standard
Internal company methods
External consultants

Comment

Arçelik Enterprise Risk Management balances company risks and the execution of corporate goals and strategies, In this process,the best global practices are followed,such as IS0 31000 Risk Management Standard and COSO Enterprise Risk Management Integrated Framework are utilized as Arçelik Enterprise Risk Management

methodology. Enterprise Risk Management is integrated with all business processes in production facilities, headquarter units and international subsidiaries, and affects the performance evaluation process of the risk owners.The most important ESG risks for Arçelik are identified as the climate crisis, cybersecurity, digitalization, data privacy, loss of reputation, business continuity including its interdependency, employee engagement, human rights and ethics and sustainable supply chain. In 2018, we initiated the in-house Supplier Sustainability Index Project to conduct supplier sustainability risk assessment. The assessment survey including water related issues is sent to critical suppliers that are determined according to Kraljic Methodology.Risk levels of the critical suppliers are determined as high,medium,acceptable,good and excellent.Based on Arçelik's internal analysis (using WRI) as well as using S&P's TruCost Methodology, water stress risks were determined as the most significant risks for Arçelik and its suppliers in terms of physical climate risks, and therefore, long-term action plans were created according to the results of water risk analysis.

Other stages of the value chain

Coverage

None

Comment

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	Water is not directly used in as a raw material for our products, but water availability is important for our production activities.Thus, water availability at a basin/catchment level is always included in our water risk assessment. Arçelik Enterprise Risk Management balances company risks and the execution of corporate goals and strategies, In this process,the best global practices are followed,such as IS0 31000 Risk Management Standard and COSO Enterprise Risk Management Integrated Framework are utilized as Arçelik Enterprise Risk Management methodology. Our enterprise risk management system includes the evaluation and management of both financial and non-financial risks by developing rationale scenario analysis and testing. Enterprise Risk Management is integrated with all business processes in production facilities, headquarter units and international subsidiaries, and affects the performance evaluation process of the risk owners. We constantly monitor globally emerging risks and integrate them into our risk management system and regularly update our risk

		analysis. Being one of the supporters of the TCFD,we have an integrated approach which enables us to monitor,measure and manage ESG risks and the impact on the financials.Arçelik has received a third-party service to apply a physical and transition risk scenario analysis to identify the long-term potential impacts of the climate crisis. Internally, water risks are determined by the WWF Water Risk Filter and WRI Aqueduct Water Risk Atlas, and the analysis results of these tools are reviewed annually. Based on Arçelik's internal analysis as well as using S&P's TruCost Methodology, water stress risks were determined as the most significant risks for Arçelik and its suppliers in terms of physical climate risks, and therefore, long-term action plans were created according to the results of water risk analysis. In Arçelik, water availability, water consumption and quality parameters of our production plants are monitored by related departments and all data are reported on a monthly basis.
Water quality at a basin/catchment level	Relevant, always included	Water is not directly used in as a raw material for our products, but water quality at a basin/catchment level is important for our production activities. Thus, water quality at a basin/catchment level is always included in our water risk assessment. Arçelik Enterprise Risk Management balances company risks and the execution of corporate goals and strategies, In this process,the best global practices are followed,such as IS0 31000 Risk Management Standard and COSO Enterprise Risk Management Integrated Framework are utilized as Arçelik Enterprise Risk Management methodology. Our enterprise risk management system includes the evaluation and management of both financial and non-financial risks by developing rationale scenario analysis and testing. Enterprise Risk Management is integrated with all business processes in production facilities, headquarter units and international subsidiaries, and affects the performance evaluation process of the risk owners. We constantly monitor globally emerging risks and integrate them into our risk management system and regularly update our risk analysis. Being one of the supporters of the TCFD,we have an integrated approach which enables us to monitor,measure and manage ESG risks and the impact on the financials.Arçelik has received a third-party service to apply a physical and transition risk scenario analysis to identify the long-term potential impacts of the climate crisis. Internally, water risks are determined by the WWF Water Risk Filter and WRI Aqueduct Water Risk Atlas, and the analysis results of these tools are reviewed annually. Based on Arçelik's internal analysis as well as using S&P's TruCost Methodology, water stress risks were

		determined as the most significant risks for Arçelik and its suppliers in terms of physical climate risks, and therefore, long-term action plans were created according to the results of water risk analysis. In Arçelik, water availability, water consumption and quality parameters of our production plants are monitored by related departments, and all data are reported on a monthly basis.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	Stakeholder dialogue and cooperation are important for Arçelik. We work closely with NGOs (such as TOBB, TUSIAD, TÜRKBESD, ISO, UNEP, UNDP, APPLiA, Digital Europe, Sustainable Development Association) on water strategies of country and private sector.Arçelik is a part of Sustainable Development Assoc. Water Working Group and Istanbul Chamber of Industry's Environmental Committee. We are a member of APPLiA Steering Committee and also take part in APPLiA sub-working groups. Arçelik CEO is a high commissioner on the Carbon Pricing Leadership Coalition under the auspices of the World Bank, and has previously spoken on the effective carbon pricing strategies that will enable the transition to a carbon-free global economy. In 2019 and 2020, Arçelik was also president of TUSIAD – Environment and Climate Change Working Group. In 2020, Arçelik was also president of Environmental Working Commission of TOBB Consumer Durables Council. We have also projects with UNEP and UNDP. We are reporting our water data and water saving projects to investors via Sustainability Reports and Sustainability Indices Worldwide.We evaluate our critical suppliers by using internal company method and WRI Aqueduct tool. Also, Arçelik complies with all related regulations and standards and ensures its compliance via periodic controls. Arçelik also works closely with Ministry of Environment and Urban Planning, attends the Ministry's seminars and workshops, follows closely new developments and give its opinions on draft regulations. In addition, according to the Turkish Regulations, it is needed to sign the water usage protocol with the local authority to declare how much water will be used for each year. Also, it is required to get a wastewater discharge permit. We participate the environmental meetings in organized industrial zones, periodically. Thus, stakeholder conflicts concerning water resources at a basin/catchment level are important for Arçelik and they are always included in our water risk assessment. As Arçelik has had an ISO 14001 EMS Certification since 1996, Arçelik analyzes and evaluates its risks and opportunities related to the stakeholder's needs and expectations. Therefore,no stakeholder conflicts concerning

		water resources at a basin/catchment level have been identified.
Implications of water on your key commodities/raw materials	Relevant, always included	Water is not used as a raw material in our products, but we use water for our production processes.We get commodities/raw materials from our suppliers. Sufficient amount of fresh water supply has a significant impact on the production. Thus, implications of water on your key commodities/raw materials are always included in our water risk assessment. As an internal method, we assess our water related risks for our suppliers according to WRI Aqueduct tool.In addition, based on Arçelik's internal analysis as well as using S&P's TruCost Methodology, water stress risks were determined as the most significant risks for Arçelik and its suppliers in terms of physical climate risks, and therefore, long-term action plans were created according to the results of water risk. In addition, we initiated the in-house Supplier Sustainability Index Project to conduct supplier sustainability risk assessment. We extend this project further as Supplier Sustainability Data Monitoring and Development Project in collaboration with an independent, accredited audit firm.The assessment survey including water related questions is sent to critical suppliers that are determined according to Kraljic Methodology.Risk levels of the critical suppliers are determined as high,medium,acceptable,good and excellent.Suppliers at "excellent" category are included in the awarding process and evaluated for the certification process which is an evaluation process to certify best performing suppliers.This process incentivizes them to report their water related data.We have approximately 2,000 (direct) sources in more than 50 countries. 259 of our suppliers make up 80% of our purchasing volume according to Kraljic Matrix. Based on the Kraljic Matrix, 8.8% of all suppliers are classed as critical, tier 1 suppliers. The number of payments made to critical and direct suppliers was EUR 1.3 billion in 2020, which represents 46% of total payments made. In the 15 meetings conducted in 2020, Arçelik Sustainable Supply Chain Working Group evaluated sustainability index levels for suppliers during previous periods, their participation status on the index, business ethics auditing plans and results, follow-up actions shared by risky suppliers, and sustainability training. In addition to our green procurement policy,we commit to make sure that the ISO 14001 certificate apply for approximately 400 suppliers making 90% of our purchasing volume by 2023.
Water-related regulatory frameworks	Relevant, always included	We monitor existing and potential water-related regulations such as water withdrawal, discharges, water cost, and licensing of operations. According to the Turkish Regulations, it is

		needed to sign the water withdrawal protocol with the local authority to declare how much water will be used for each year. Also, it is required to get a wastewater discharge permit. It is also required to get a permit and/or a licence for water withdrawal. We follow closely new developments, draft laws and regulations. We are working closely with the Ministry of Environment and Urbanization for draft regulations. The draft Law of Water is expected to enter into force in the near future, in Turkey. The most critical requirements in the draft Water Law are especially focused on the withdrawal of groundwater (pricing&limiting) and river basin management approach. Thus, water-related regulatory frameworks are always included in our water risk assessment. As Arçelik has had an ISO 14001 EMS Certification since 1996, Arçelik analyzes and evaluates its risks and opportunities related to compliance with all regulatory frameworks in this scope.
Status of ecosystems and habitats	Relevant, always included	In line with our Environmental and Water Policy,we focus on protecting ecosystems,habitats,all species especially endangered species and endemic species,preventing land degradation,maintaining,continuously improving and developing the capacity of natural ecosystems and aim to manage impacts on biodiversity in a sustainable manner. Thus, status of ecosystems and habitats is always included in our water risk assessment. We incorporate our impacts on the local water-dependent ecosystems into our risk assessments according to internal company methods. As Arçelik has had an ISO 14001 EMS Certification since 1996, Arçelik analyzes and evaluates its risks and opportunities related to wastewater discharge. Arçelik treats the discharged water according to its characteristics in own chemical and biological treatment plants ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions, and Arçelik periodically monitors compliance with these standards by analysing wastewater parameters. Then,Arçelik discharges wastewater to the municipal sewage line connected to municipal/industrial wastewater treatment plant. In Arçelik, all environmental aspects and impacts through life cycle of a product are taken into consideration.We take different measures and develop programs/projects in all life stages of our products. We use recycled raw materials while increasing overall product recyclability in production. When products are sold to consumers, Arçelik supports longevity and repairability to minimize product environmental impact while preserving natural resources. We redefine our product design and manufacturing processes in line with circularity principles helping to extend the

		product life cycle. In line with this principle, we started to conduct life cycle assessment (LCA) studies for our products.As Arçelik, we completed the life cycle assessment study for the first time for a washing machine which is manufactured in our Çayırova Washing Machine Production Plant. In our study cradle-to-grave life cycle approach which includes raw material, raw material transportation, product manufacturing, product transportation, use phase and end-of-life stages has been used. According to the results obtained from the life cycle assessment, approximately 87% of the carbon footprint of a washing machine during its life cycle comes from the use phase. The carbon footprint distribution can be found our website.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	We are committed to provide safe water, water sanitation and hygiene in the workplace, support water stewardship by collaborating with related stakeholders and participating in national & international water initiatives. We include this issue in our workplace risk assessments also as a part of our corporate responsibility to respect and ensure implementation of the human rights to water and sanitation (SDG Goal 6). Arçelik's corporate responsibility standards and health and safety standards require healthy work environment for all employees. Thus, access to fully-functioning, safely managed WASH services for all employees is always included in our water risk assessment. As Arçelik has had an ISO 14001 EMS Certification since 1996, Arçelik analyzes and evaluates its risks and opportunities related to access to fully-functioning, safely managed WASH services for all employees. Water analysis is made periodically.
Other contextual issues, please specify	Relevant, always included	Water is not added as a raw material in our products but dishwashers and washing machines require water in use phase of product. To decrease water consumption of products R&D projects are being developped in R&D department. In Arçelik, all environmental aspects and impacts through life cycle of a product are taken into consideration. We take different measures and develop programs/projects in all life stages of our products. We use recycled raw materials while increasing overall product recyclability in production. When products are sold to consumers, Arçelik supports longevity and repairability to minimize product environmental impact while preserving natural resources. We redefine our product design and manufacturing processes in line with circularity principles helping to extend the product life cycle. In line with this principle, we started to conduct life cycle assessment (LCA) studies for our products. As Arçelik, we completed the life cycle assessment study for

		the first time for a washing machine which is manufactured in our Çayırova Washing Machine Production Plant. In our study cradle-to-grave life cycle approach which includes raw material, raw material transportation, product manufacturing, product transportation, use phase and end-of-life stages has been used. According to the results obtained from the life cycle assessment, approximately 87% of the carbon footprint of a washing machine during its life cycle comes from the use phase. The carbon footprint distribution can be found our website.

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	Arçelik produces washing machines and dishwashers and these products work with freshwater. Because of that customers are always included in our water risk assessment that based on internal company method including enterprise risk management, ISO 14001 EMS, and LCA. Due to water availability, water quality and water prices during product use-phase can effect customers' needs and expectations, they are considered in our risk assessment process. The method of engagement:We engage and raise our customers' awareness by advertisements, documentaries and publications related to water efficiency and by producing best water efficient products. We share water consumption data on product information sheet across our washing machines and dishwashers to help consumers make more sustainable choices. In addition, Arçelik's ESG performance and governance regarding water issues are requested to report by some customers. We share our water related data in our Sustainability Report and Arçelik Global website. In addition, we survey the customer needs and expectations, periodically. In addition, in Arçelik, all environmental aspects and impacts through life cycle of a product are taken into consideration. We take different measures and develop programs/projects in all life stages of our products. We use recycled raw materials while increasing overall product recyclability in production. When products are sold to consumers, Arçelik supports longevity and repairability to minimize product environmental impact while preserving natural resources. We redefine our product design and manufacturing processes in line with circularity principles helping to extend the

		product life cycle. In line with this principle, we started to conduct life cycle assessment (LCA) studies for our products. As Arçelik, we completed the life cycle assessment study for the first time for a washing machine which is manufactured in our Çayırova Washing Machine Production Plant. In our study cradle-to-grave life cycle approach which includes raw material, raw material transportation, product manufacturing, product transportation, use phase and end-of-life stages has been used. According to the results obtained from the life cycle assessment, approximately 87% of the carbon footprint of a washing machine during its life cycle comes from the use phase. The carbon footprint distribution can be found our website.
Employees	Relevant, always included	Employees are always included in our water risk assessment. We are committed to provide safe water, water sanitation and hygiene in the workplace. We include this issue in our workplace risk assessments also as a part of our corporate responsibility to respect and ensure implementation of the human rights to water and sanitation (SDG Goal 6). Arçelik's corporate responsibility standards and health and safety standards requires healthy work environment for all employees. As Arçelik has an ISO 14001 EMS Certification since 1996, Arçelik analyzes and evaluates its risks and opportunities related to the needs and expectations of employees.The method of engagement:We provide awareness on water savings to our employees by internal trainings for engaging with our employees. In addition, The Suggestion System enables all employees to give suggestions on productivity increase, quality and process improvement in line with the company's goals and strategies and share with the executive team. In 2020, 4,743 suggestions were received in Turkey, and 41% of them were implemented. We also organized virtual internal events such as Sustainability Day, Well-Being Week, and Happy Hours. Also, we are subject to several audits as a member of the Business Social Compliance Initiative (BSCI) and the Suppliers Ethical Data Exchange (SEDEX). As a member of BSCI, we are audited in topics such as social management systems, employee engagement, freedom of association and collective bargaining, prevention of discrimination, fair remuneration, OHS, prevention of precarious employment, prevention of forced and child labor, environmental protection, and ethical behavior. We fulfill these requirements in all countries we operate in accordance with the local laws and regulations.
Investors	Relevant, always included	Investors are always included in our water risk assessment. We are reporting our water data, water saving projects and water stress risk of our plants to investors via our website,

		Sustainability Reports, Sustainability Indices Worldwide (MSCI, BIST SI, FTSE4Good etc.), and CDP Water Security Program. Investors expects to identify our physical risks in case of different climate scenarios. We have carried out physical risk scenario analysis to conduct analysis in both internally and also externally by using S&P Trucost ESG Methodology. As a result, water stress is the highest physical risk Arçelik faces in terms of different global warming scenarios based on current, 2030 and 2050 forecast scenarios according to RCP 2.6, 4.5 and 8.5 scenarios. We publicly report on the water stress risks in our TCFD reporting in 2020 Sustainability Report and we further break down the risky areas. As a concrete action plan, we have 2030 targets to increase water recycling ratio (Water recycling ratio=Total recycled water/Total water withdrawal) to 70% in global production facilities. The method of engagement: It is critical to determine and prioritize issues that have the most significant impact on both our stakeholders and our strategic business prospects. Every two years, we revisit the materiality analysis to determine in a more accurate way our material topics. Based on the Materiality Analysis carried out in 2019, our stakeholders that answered the survey, including our investors, decided that Water Management was a high priority issue for Arçelik. In addition, we share corporate governance and sustainability issues with our investors in the meetings and events organized by Arçelik. These reports and meetings are also our engagement processes with our investors on water issues.
Local communities	Relevant, always included	Local communities are always included in our water risk assessment. We have a particular responsibility toward our production sites' neighbors especially for our plants located in organized industrial zones. The method of engagement:We participate in the environmental meetings organized in these zones periodically. This is our engagement methodology with the parties in organized industrial zones.
NGOs	Relevant, always included	NGOs are always included in our water risk assessment. The perspective, guidance and collaboration provided by NGO's working groups can help us to reduce our water related risks. The method of engagement: Arçelik works closely with NGOs (such as TOBB, TUSIAD, TÜRKBESD, ISO, UNEP, UNDP, APPLiA, Sustainable Development Association, Digital Europe, AHAM) on water strategies of country and private sector. Arçelik is a part of Sustainable Development Assoc. Water Working Group and Istanbul Chamber of Industry's Environmental Committee. We are a member of APPLiA Steering Committee and also take part in APPLiA sub-working groups. Arçelik is also

		president of TUSIAD Environment and Climate Change Working Group. Arçelik is a member of International Chamber of Commerce and WBCSD. Also, Arçelik is in collaboration with UNEP for U4E project.
Other water users at a basin/catchment level	Relevant, always included	Other water users are always included in our water risk assessment. As Arçelik, we do not use fresh surface water from the receiving environment and for the usage of groundwater, we have officially-approved limits for consuming groundwater. In addition, we do not discharge our wastewater to any receiving water body. We treat discharged water according to its characteristics in chemical and biological treatment plants in all the regions where we operate, ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions, and we periodically check compliance with these standards. Then, we are discharging our wastewater to sewage lines. The method of engagement: We participate in the environmental meetings organized in these zones periodically. This is our engagement methodology with the parties in organized industrial zones.
Regulators	Relevant, always included	Regulators are always included in our water risk assessment. Arçelik complies with all related regulations and standards and ensures its compliance via periodic controls. The method of engagement:Arçelik also works closely with all related Regulators by attending the workshops organized by Ministry, following closely new developments and upcoming regulations, and sharing its opinions on draft regulations. This is important for Arçelik to comply with all requirements and adapt the changes to Arçelik's processes. In addition, Arçelik can conduct water related projects funded by Regulators. For example, Arçelik has developed a project to use its recycled wastewater and rainwater into its production processes to decrease water withdrawal. This project had been funded by Istanbul Development Agency.
River basin management authorities	Relevant, always included	Our production sites are located in the municipal areas or organized industrial zones. We supply our water from the public network,and we discharge our wastewater to sewage lines. According to the Turkish Regulations, it is needed to sign the water usage protocol with the local authority to declare how much water will be used for each year. Also, it is required to get a wastewater discharge permit. We treat discharged water according to its characteristics in chemical and biological treatment plants in all the regions where we operate, ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions, and we periodically check compliance with these

		standards. Thus, authorities are always included in our water risk assessment. The method of engagement: We comply with local regulations, and authorities periodically audit and control our production sites.
Statutory special interest groups at a local level	Relevant, sometimes included	Statutory special interest groups at the local level are included in our risk assessment in relevant areas where we need to proceed with regulatory requirements. The method of engagement: We carry out joint studies with these groups in relevant areas.
Suppliers	Relevant, always included	Suppliers are always included in our water risk assessment as Arçelik's suppliers use freshwater to maintain their activities. The method of engagement: As Arçelik, we request from our suppliers to monitor their water withdrawal, consumption and discharge, to implement measures, to reduce water withdrawal and to meet the requirements regarding these activities.The "Arçelik Sustainable Supplier Index" program was launched in 2018 for the assessment of sustainability risks of all our suppliers. With this program, it is aimed to identify high risk suppliers in terms of sustainability. An action plan is requested from the suppliers in High Risk and Medium Risk categories and business ethics audits are planned for these suppliers.Suppliers at "excellent" category are included in the awarding process and evaluated for the certification process. In addition, we have a green procurement policy, and as a part of this policy,water management is an essential requirement. We aimed to increase the competency of our suppliers' on environmental management issues including water management. In this scope, we launched The Supplier Education Platform providing free online training to inform our suppliers about sustainability practices, and to provide details on national and international regulations.The subjects of online training are Arçelik Suppliers Sustainability Strategies, Global Code of Conduct and related Policies, EU Horizon 2020 and Horizon Europe Support Programs Information, ISO 50001: 2018 Energy Management System and Implementation Principles, Energy Efficiency and Renewable Energy Applications in Industry, Green Chemistry Management on Products, ISO 14001: 2015 Environmental Management System, ISO 14064-1: 2018 Greenhouse Gas Inventory Reporting, Compliance with Environmental Legislation,Occupational Health and Safety, COVID-19. In 2020, we provided a total of 3,345 person*hours of training. We have a target to make sure that the ISO 14001 certificate apply for approximately 400 suppliers making 90% of our purchasing volume by 2023.

Water utilities at a local level	Relevant, always included	Water utilities are always included in our water risk assessment process to ensure that the water supply is substantial at all our plants. The method of engagement: We contact with water utilities at a local level where we operate in order to minimize water availability risks. To minimize our water risks, we collaborate with International Finance Corporation(IFC) to evaluate the water efficiency of our production plants.In the project,the efficiency of water consumption in each process is evaluated and benchmarked. In line with the results of IFC project and water stress analysis, we set our targets and determined our action plans for 2030.
Other stakeholder, please specify	Relevant, sometimes included	We are constantly monitoring the surrounding environment to identify additional stakeholder risk factors for risk assessment.

W3.3d

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

Arçelik Enterprise Risk Management balances company risks and the execution of corporate goals and strategies, In this process,the best global practices are followed,such as IS0 31000 Risk Management Standard and COSO Enterprise Risk Management Integrated Framework are utilized as Arçelik Enterprise Risk Management methodology.Our enterprise risk management system includes the evaluation and management of both financial and non-financial risks by developing rationale scenario analysis and testing.Risk Management Committee held six meetings in 2020.
The Environmental Coordination Working Group(WG) carries out water risks management and water efficiency activities in accordance with the Arçelik strategy and reports them to the Sustainability Council(SC). SC monitors and evaluates water risks, strategies, and impact on business objectives quarterly. Risks and opportunities are prioritized by SC according to the Arçelik scoring methodology.According to Arçelik's risk and opportunity scoring methodology,the risks and opportunities are scored (1-5 points) considering financial,reputation,production,human and legal impacts and the max. score is defined as impact point. The risk(R) and opportunity(O) points are scored by multiplying frequency(F) and impact point (I) for prioritization (R, O=F*I).Environmental risks and climate related physical risks are considered in the evaluation criteria of new joint ventures/acquisitions added to Arçelik Global group of companies. As Arçelik has had an ISO 14001 EMS Certification,Arçelik analyzes and evaluates its risks and opportunities related to the stakeholder's needs and expectations.
In line with TCFD reporting,we have an integrated approach which enables us to monitor,measure and manage ESG risks including water and the impact on the financials.We share detailed analysis of ESG risks, opportunities and their impacts on Arçelik in our 2020 Sustainability Report.Arçelik has received a third-party service to apply a physical and transition risk scenario analysis to identify the long-term potential impacts of the climate crisis. The

outcome of the analysis is embedded in the Enterprise Risk Management system's financial risks reporting structure.Trucost Approach that leverages physical risks of Arçelik at the asset level,as well as its suppliers, taking into consideration climate hazard indicators such as water stress, flood, heatwaves, coldwaves, hurricane, sea level rise, etc and their impact on Arçelik's operations is used.RCP8.5,RCP4.5,and RCP2.6 are taken into consideration with a forecast for the 2030 and 2050 fiscal years from a 2020 baseline.Internally, water risks are determined by the WWF Water Risk Filter and WRI Aqueduct Water Risk Atlas, and the analysis results are reviewed annually.Based on Arçelik's internal analysis as well as using S&P's TruCost Methodology, water stress risks were determined as the most significant risks for Arçelik in terms of physical climate risks, and therefore, long-term action plans were created according to the results of water risk analysis.In 2019, our manufacturing plants were compared to the industry's best practices in Europe in the International Finance Corporation(IFC) database as part of the IFC Water Efficiency Project.With IFC, we prepared the Water Efficiency Report for Arçelik manufacturing plants and identified areas for improvement in water efficiency. In line with the results of IFC project and water stress analysis, we set our targets and determined our action plans for 2030.In the scope of our risk adaptation plans, we set the target to reduce water withdrawal per product by 45% by 2030 compared to 2015. We have also set our 2030 target to increase the water recycling ratio (Water recycling ratio=Total recycled water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production.We use the Internal Water Price (IWP) to determine the real price of water and encourage investments in water infrastructure. In the IWP calculation, we identified the water stress in the basins where we operate and completed three different scenario analyses and water stress projections for 2020– 2030–2040.As well as enterprise risk management,we assess our suppliers' water risks with Arçelik Sustainable Supplier Index which aims to identify high risk suppliers in terms of sustainability. We collaborate with an independent accredited audit firm which reviews data and informs to Arçelik Sustainable Supply Chain WG periodically. In the 15 meetings conducted in 2020, the WG evaluated sustainability index levels for suppliers during previous periods, their participation status on the index, business ethics auditing plans and results, follow-up actions shared by risky suppliers, and sustainability training. We evaluate water stress of our critical suppliers by using WRI Aqueduct tool.Based on Trucost analysis, Arçelik's suppliers main physical risks are related to water stress as well.

W4. Risks and opportunities

W4.1

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

No

W4.1a

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

Arçelik Enterprise Risk Management(ERM) balances company risks and the execution of corporate goals and strategies.Our ERM system includes the evaluation and management of both financial and non-financial risks by developing rationale scenario analysis and testing.In line with TCFD reporting,we have an integrated approach which enables us to monitor,measure and manage ESG risks and the impact on the financials.The outcome of the Trucost analysis is embedded in the Enterprise Risk Management system's financial risks reporting structure.Trucost Approach(alternative scenarios applied such as IEA STEPS,Sustainable Development Scenario, and International Energy Agency,NetZero 2050 Scenarios)that leverages physical risks of Arçelik at the asset level,as well as its suppliers, taking into consideration climate hazard indicators such as water stress, flood, heatwaves, coldwaves, hurricane, sea level rise, etc and their impact on Arçelik's operations is used.RCP8.5,RCP4.5,and RCP2.6 are taken into consideration with a forecast for the 2030 and 2050 fiscal years from a 2020 baseline.According to the Trucost Physical Risk assessment, Arçelik's overall physical risk score is moderate,main risk item being water stress. Based on Trucost analysis, Arçelik's suppliers main physical risks are related to water stress as well.Internally, water risks are determined by the WWF Water Risk Filter and WRI Aqueduct Water Risk Atlas,and the analysis results of these tools are reviewed annually.Based on Arçelik's internal analysis as well as using S&P's TruCost Methodology water stress risks were determined as the most significant risks for Arçelik and its suppliers in terms of physical climate risks,and long-term action plans were created.A substantive impact in the context of water risks for Arçelik is based on how financially/strategically resilient Arçelik will react to such an impact in terms of business.To manage all risks(including water-related risks), material issues have been determined.In order to identify the most important issues that impact our business and our stakeholders,once every two years we conduct a comprehensive materiality analysis to review the issues we focus on.Sufficient amounts of good quality freshwater availability for our direct use is important and for our indirect use is neutral.Water management has a very high priority and water withdrawal is being verified voluntarily by an independent body since 2017.Internally,our scoring methodology;the risks(R) and opportunities(O) are scored(1-5 points) considering financial,reputation,production,operational,human,legal impacts and maximum score is defined as impact point. All risks are evaluated according to impact and frequency criteria.The frequency of the R&O are also scored(1-5 points).R&O points are scored by multiplying frequency(F) and impact point(I) for prioritization (R, O=F*I). For scoring financial impact, Arçelik risk tolerance level should be considered. Risk tolerance can be defined as an appropriate level of financial loss that does not have a significant impact on the company. Arçelik defines, the substantive change in its business for direct operations by using a screening process as follows: 1) identify plants indicated as High (>4 points) or Very High (>5 points) in total basin risk results by using WWF Water Risk Filter. 2) In Arçelik the substantive financial impact is related to Arçelik risk tolerance level and is defined according to financial loss before tax. Less than 750K Euro is not considered as substantive financial impact and costs more than 15 million EUR are considered as extremely substantive.If both criteria are met, a substantive change in business is reported.All of our plant locations are analyzed according to WWF Water Risk Filter analysis and total basin risk of all plants are found below: • Çerkezköy: 3.2 • Çayırova:3.0 • Bolu:2.5 • Eskişehir:3.1 • Ankara: 3.1 Sütlüce: 3.4.They are all below <4 score and none of them scored as "High" risk. None of our plants met both criteria according to our substantive risk determination methodology. Because of these, none of our plants exposed to a water risk that generates a substantive change in our business.

As a result of all analyses, it is determined that although the likelihood of physical risk including water stress is high,the financial impact of it has low impact. For example,if a flood can occur in a production plant of Arçelik in high water risk,production could be interrupted with 2M Euro substantive financial impact.
Our suppliers must comply with the our Global Code of Conduct and Environmental Policy.We carry out training and auditing activities for our suppliers.As well as internal and S&P analyses,"Arçelik Sustainable Supplier Index" aims to identify high risk suppliers in terms of sustainability.An action plan is requested from the suppliers in High Risk and Medium Risk categories and business ethics audits are planned for these suppliers.

W4.2b

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

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	A substantive impact in the context of water risks for Arçelik are based on how financially/strategically resilient Arçelik will react to such an impact in terms of business.Sufficient amounts of good quality freshwater availability for our direct use is important.Internally,our scoring methodology;the risks(R) and opportunities(O) are scored(1-5 points) considering financial,reputation,production,operational,human,legal impacts and maximum score is defined as impact point. All risks are evaluated according to impact and frequency criteria.The frequency of the R&O are also scored(1-5 points).R&O points are scored by multiplying frequency(F) and impact point(I) for prioritization (R, O=F*I). For scoring financial impact, Arçelik risk tolerance level should be considered. Risk tolerance can be defined as an appropriate level of financial loss that does not have a significant impact on the company. Arçelik defines, the substantive change in its business by using a screening process as follows: 1) identify plants indicated as High (>4 points) or Very High (>5 points) in total basin risk results by using the WWF Water Risk Filter. 2) In Arçelik the substantive financial impact is related to Arçelik risk tolerance level and is defined according to financial loss before tax. Less than 750K Euro is not considered as substantive financial impact and costs more than 15 million EUR are considered as extremely substantive.If both criteria are met, a substantive change in business is reported.All of our plant locations are analyzed according to WWF Water Risk Filter analysis and total basin risk of all plants are found below: • Çerkezköy: 3.2 • Çayırova:3.0 • Bolu:2.5 • Eskişehir:3.1 • Ankara: 3.1 Sütlüce: 3.4.They are all below <4 score and none of them scored as "High" risk. None of our plants met both criteria according to our substantive risk determination methodology. Because of these, none of our plants exposed to a water risk that generates a substantive change in our business.As a result of all analyses, it is determined that although the

		likelihood of physical risk including water stress is high,the financial impact of it has low impact. For example,if a flood can occur in a production plant of Arçelik in high water risk,production could be interrupted with 2M Euro substantive financial impact.

W4.2c

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

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

W4.3

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

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

W4.3a

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

Type of opportunity

Efficiency

Primary water-related opportunity

Cost savings

Company-specific description & strategy to realize opportunity

Reducing water use by water efficiency and water recycling projects leads to minimize water related risks, provide lower operational costs as well as natural resource consumption decrease.Because of that, this opportunity is considered strategic for Arçelik.In scope of Arçelik's sustainability roadmap, Arçelik's water reduction target is to decrease water withdrawal per product in production (m3/product) by 52% compared to 2012 base year until 2020. In the scope of our risk adaptation plans, we set the target to reduce water withdrawal per product by 45% by 2030 compared to 2015. We have also set our 2030 target to increase the water recycling ratio (Water recycling ratio=Total recycled water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production.For this purpose,Arçelik plants set water withdrawal targets annually and each plant implements water efficiency and water recycling projects to meet the corporate targets. In 2020, we recycled and reused the wastewater from the function test system on the assembly line and the final rinse wastewater in the paint shop.In addition, we recovered and reused the effluent water of a biological wastewater treatment plant and rainwater in the Arçelik Washing Machine Plant in Istanbul. Thanks to these water efficiency projects and rainwater harvesting,we saved a total of 172,128 m3 of water. At the Arçelik Cooking Appliances Plant in Bolu, we saved 91,130 m3 of water through water efficiency projects such as an increase in the equipment efficiency adjusting the water level, minimization of the number of nozzles used in the enamel process, and adjustment of pump pressure.We recovered and reused 56,509 m3 of water by increasing the capacity of the oil separator, decreasing the cleaning period of rinsing baths, and preventing water leakage in the water softening system in the Arçelik Refrigerator and Compressor Plants in Eskişehir. With the water efficiency and rainwater harvesting projects we carried out in 2020, we saved a total of 327,768 m3 of water in Turkey operations.By achieving all these projects,in 2020, approximately 943,000 TRY was saved.Through water efficiency projects implemented in different operations, we have achieved a 18% reduction in water withdrawal in Turkey.

Estimated timeframe for realization

More than 6 years

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

943,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

In scope of Arçelik's sustainability roadmap, Arçelik 's water reduction target is to decrease water withdrawal per product in production (m3/product) by 52% compared to 2012 base year until 2020. In the scope of our risk adaptation plans, we set the target to reduce water withdrawal per product by 45% by 2030 compared to 2015. We have also set our 2030 target to increase the water recycling ratio (Water recycling ratio=Total recycled water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production.For this purpose,Arçelik plants set water withdrawal targets annually and each plant implements water efficiency and water recycling projects to meet the corporate targets. In 2020, we recycled and reused the wastewater from the function test system on the assembly line and the final rinse wastewater in the paint shop. In addition, we recovered and reused the effluent water of a biological wastewater treatment plant and rainwater in the Arçelik Washing Machine Plant in Istanbul. Thanks to these water efficiency projects and rainwater harvesting, we saved a total of 172,128 m3 of water. At the Arçelik Cooking Appliances Plant in Bolu, we saved 91,130 m3 of water through water efficiency projects such as an increase in the equipment efficiency adjusting the water level, minimization of the number of nozzles used in the enamel process, and adjustment of pump pressure.We recovered and reused 56,509 m3 of water by increasing the capacity of the oil separator, decreasing the cleaning period of rinsing baths, and preventing water leakage in the water softening system in the Arçelik Refrigerator and Compressor Plants in Eskişehir. With the water efficiency and rainwater harvesting projects we carried out in 2020, we saved a total of 327,768 m3 of water in Turkey operations.By achieving all these projects, in 2020, approximately 943,000 TRY was saved. Financial saving is the sum calculated by multiplying the average unit water supply cost of each plant and water-saving amount of each plant. Through water efficiency projects implemented in different operations, we have achieved a 18% reduction in water withdrawal in Turkey.

Type of opportunity

Markets

Primary water-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

Arçelik‘s business strategy is to increase the ability to offer enriching,pioneer, innovative,climate change respected and environmental friendly product,solution and technology to society and customer through product life cycle.In line with this strategy, environmental friendly production and products are the main elements of Arçelik's sustainability management. Environmentally-friendly products&production activities are also opportunities to increase our brand value and provides competitive advantage.In 2020,we have allocated resources worth approx. TRY 137 million in Turkey operations for R&D studies of environmentally friendly product.In 2020, the consolidated net sales turnover reached TRY 40.872 billion. One of the main reason of the increase is our investment on environmentally friendly R&D activities. Environmentally friendly production is also important for sustainability indices as well as products. From the point of view of investors, these indices are also proof that we are doing our business in the most sustainable way.Thus it is an element that enhances our brand value.In scope of our sustainability studies, Arçelik was named as the Industry Leader in the Household Durables category in the Dow Jones Sustainability Index in 2019 and 2020 and was awarded a Gold Class Sustainability Award and recognized as an Industry Mover in the 2021 S&P Sustainability Yearbook. Arçelik has been constantly rated AAA on the Sustainability Index since 2016 in MSCI. Arçelik has been listed since 2016 as a company with strong ESG performance as measured by FTSE Russell, part of the London Stock Exchange Group.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

40,872,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

Arçelik‘s business strategy is to increase the ability to offer enriching,pioneer, innovative,climate change respected and environmental friendly product,solution and technology to society and customer through product life cycle.In line with this strategy,

environmental friendly production and products are the main elements of Arçelik's sustainability management. Environmentally-friendly products&production activities are also opportunities to increase our brand value and provides competitive advantage.In 2020,we have allocated resources worth approx. TRY 137 million in Turkey operations for R&D studies of environmentally friendly product.In 2020, the consolidated net sales turnover reached TRY 40.872 billion. One of the main reason of the increase is our investment on environmentally friendly R&D activities. Environmentally friendly production is also important for sustainability indices as well as products. From the point of view of investors, these indices are also proof that we are doing our business in the most sustainable way.Thus it is an element that enhances our brand value.In scope of our sustainability studies, Arçelik was named as the Industry Leader in the Household Durables category in the Dow Jones Sustainability Index in 2019 and 2020 and was awarded a Gold Class Sustainability Award and recognized as an Industry Mover in the 2021 S&P Sustainability Yearbook. Arçelik has been constantly rated AAA on the Sustainability Index since 2016 in MSCI. Arçelik has been listed since 2016 as a company with strong ESG performance as measured by FTSE Russell, part of the London Stock Exchange Group.

W6. Governance

W6.1

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

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

W6.1a

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

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Description of water-related	As a global company operating throughout the world, Arçelik acknowledges water is an essential resource of life and appreciates that its policy and actions related water,have significant effect on employees,customers, and other communities.For this reason,Arçelik has a company-wide water policy and it is integrated with its Environmental Policy,Health&Safety Policy,Sustainability approach, and Global Business Ethics Principles.It is available in company web-site (https://www.arcelikglobal.com/media/5793/28_07water_policy.pdf) Arçelik participates water management strategy, targets,performance via Sustainability Reports. The aim of the policy is to minimize the impact of our activities on water through product lifecycle.Arçelik's water policy and management covers minimizing business water impact;water performance;water targets&goals; commitment to beyond regulatory

		standards for procurement Reference to international standards and widely-recognized water initiatives Company water targets and goals Commitment to align with public policy initiatives, such as the SDGs Commitments beyond regulatory compliance Commitment to water-related innovation Commitment to stakeholder awareness and education Commitment to water stewardship and/or collective action Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace Commitment to safely managed Water, Sanitation and Hygiene (WASH) in local communities Acknowledgement of the human	compliance,SDG alignment,water related innovation,stakeholder awareness,water stewardship, water sanitation and hygiene and recognition linkage to climate change.Arçelik has been also studying on green procurement policy and water management is a part of it.

		right to water and sanitation Recognition of environmental linkages, for example, due to climate change	

W6.2

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

Yes

W6.2a

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

Position of individual	Please explain
Director on board	Arçelik's board level oversight for sustainability&climate change issues including water belongs to the assigned member of Board of Directors(BoD).Arçelik Sustainability Council(SC),which is chaired by CFO and comprises of full executive management team ,is responsible for the management of water related issues.The executive members of the Sustainability Council include the CEO, Chief Technology Officer, Chief Strategy Officer, Quality, Sustainability and Corporate Affairs Director, Enterprise Risk Director, R&D Director, Purchasing Director, Legal and Compliance Director and Human Resources Director. The Sustainability Council has close corroboration with other committees of the Group such as Corporate Governance Committee, Risk Committee, Global Ethics Committee and Audit Committee. The Sustainability Council meets quarterly to monitor the sustainability projects and determine the sustainability strategy of the Group going forward.Critical water related studies of SC are reported to the assigned member of Board of Directors,therefore,member of BoD has selected as board oversight for water issues.Water issues are one of the priority agenda item of BoD's investment&strategy meetings.The assigned member of BoD informs BoD about SC studies including water issues, quarterly. In 2020,4 reports had been shared with BoD. For example, this decision was taken in SC Meetings and SC informed to assigned member of BoD: -In the scope of our risk adaptation plans, 2030 water recycling ratio target has approved. 2030 water recycling ratio target: To increase the water recycling ratio (Water recycling ratio=Total recycled water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production.

W6.2b

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

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities Setting performance objectives	Arçelik board level responsibility in sustainability and climate change including water issues belongs to the assigned member of Board of Directors(BoD).Critical water related studies of SC are reported to the assigned member of Board of Directors,therefore,member of BoD has selected as board oversight for water issues.Water issues are one of the priority agenda item of BoD's investment&strategy meetings.The assigned member of BoD informs BoD about SC studies including water issues, quarterly. At Arçelik, the climate-related and other ESG risks and opportunities including water are governed by the Sustainability Council that is chaired by the CFO. The executive members of the Sustainability Council include the CEO, Chief Technology Officer, Chief Strategy Officer, Quality, Sustainability and Corporate Affairs Director, Enterprise Risk Director, R&D Director, Purchasing Director, Legal and Compliance Director and Human Resources Director. The Sustainability Council has close corroboration with other committees of the Group such as Corporate Governance Committee, Risk Committee, Global Ethics Committee and Audit Committee. The Sustainability Council meets quarterly to monitor the sustainability projects and determine the sustainability strategy of the Group going forward.Water issues are one of the priority agenda item of all Sustainability Council meetings. Sustainability Council meets and monitors the progress on water targets and discuss company's water strategy, major plans&action, business plans, performance objectives for the next year plan. For example, the below decision was made in the Sustainability Council Meetings: -In the scope of our risk adaptation plans, we have also set our 2030 target to increase the water recycling ratio(Water recycling ratio=Total recycled water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production.

W6.3

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

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

Chief Financial Officer (CFO)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

All sustainability-related risks and opportunities are reported quarterly to Board of Directors(BoD) by the appointed Sustainability Board Member.In 2020,4 reports had been shared with BoD.Below board level,the highest level management position of sustainability including water issues belongs to CFO,the chair of Sustainability Council(SC).Water-related risk and opportunities,strategies,and targets are assessed and managed quarterly by SC.SC is comprised of the full executive management team,including CEO,CTO,ChiefStrategyO,Quality,Sustainability and Corporate Affairs Director,Enterprise Risk Director,R&D Director,Purchasing Director,Legal and Compliance Director and HR Director.Sustainability Working Groups(SWG) which consist of specialists/managers are established to control&coordinate sustainability implementations.Environmental WG is responsible to integrate water efficiency efforts and ensures that all efforts comply to Arçelik's strategy.This WG collects data and reports to the SC

W6.4

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

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

W6.4a

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

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Other C-suite Officer	Reduction of water withdrawals	Arçelik aims to reduce water withdrawal per product in order to minimize water related risks. We set the 2020 target to reduce water

	Quality, Sustainability and Corporate Affairs Director		withdrawal per product by 52% compared to the base year 2012. Also, we set the 2030 target to reduce water withdrawal per product by 45% compared to the base year 2015. In line with the 2020 and 2030 water targets at the corporate level, other C-suite officer has a target to reduce water withdrawal per product by 2% in 2020 as a yearly target. When water withdrawal is reduced by 2% in 2020, a salary bonus is provided to other C-suite officer.
Non-monetary reward			

W6.5

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

Yes, direct engagement with policy makers

Yes, trade associations

Yes, other

W6.5a

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

Arçelik complies with all related regulations and standards and ensure its compliance via periodic controls.Arçelik also works closely with Ministry of Environment and Urbanization,attends Ministry's seminars and workshops,follows closely new developments and give its opinions on draft regulations.Arçelik also works closely with trade associations and NGOs (such as TOBB,TUSIAD,TÜRKBESD,ISO,UNEP,UNDP,etc.)on water strategies of country and private sector.CEO of Arçelik is a high commissioner on the Carbon Pricing Leadership Coalition under the auspices of the World Bank, and has previously spoken on the effective carbon pricing strategies that will enable the transition to a carbon-free global economy.In 2019 and 2020,Arçelik was president of TUSIAD–Environment and Climate Change Working Group.In 2020,Arçelik was also president of Environmental Working Commission of TOBB Consumer Durables Council.With these methods,Arçelik ensures that its activities are consistent with national and international policy.Arçelik realized its activities under these process and develop projects in line with the national and international policy.Environmental WG which consist of specialists/managers is responsible to integrate water efficiency efforts and ensures that all efforts comply to Arçelik's strategy.If an inconsistency occurs, CEO is informed by Quality, Sustainability and Corporate Affairs Director and decisions are taken to overcome the inconsistency by top management.

W6.6

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

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

Arcelik_2020_Annual_Report.pdf

W7. Business strategy

W7.1

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

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	11-15	Arçelik‘s business strategy is,to increase the ability to offer enriching,pioneer,innovative,climate change respected and environmental friendly product,solution and technology to society and customer through product life cycle.In line with this strategy Arçelik defines its long-term business plans and objectives.On water issue,reduction in water withdrawal,increase in water reuse and recycling,water risks are integrated in long term business plans&objectives.Arçelik’s long term business objective is achieving“closed loop water”in production.We have set our 2030 target to increase the water recycling ratio(Water recycling ratio=Total recycled water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production.Another long term water target of Arçelik,set in 2019,is to reduce water withdrawal per product in production by 45% compared to 2015 base year until 2030.To achieve long term objectives,Arçelik defines its short and medium term business goals,KPIs and action plans and integrated with Arçelik’s global strategic plan process.For becoming closed loop cycle,defined targets/objectives for business plan are as follows:-Decreasing water withdrawal,-Increasing water efficiency&water recycling,-Water withdrawal data verification,-Rainwater harvesting,-Improvement of water monitoring system,-Raising Sustainability indices’ scores

			related to water. In scope of the targets Arçelik defines its action plans for each KPIs.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	11-15	To achieve its long term target,Arçelik defines its short and medium term business goals,KPIs and action plans. In scope of Arçelik Sustainability Targets,Arçelik has yearly water reduction targets and 2020 target to decrease water withdrawal per product in production by 52% compared to 2012.To reach the long term target,short term target is selected as 2020.To reach water related objectives,we perform water efficiency projects in plants.Thanks to projects realized in our plants,we reduced our average water withdrawal per product in production by 52% in 2020 compared to 2012.We collaborate with our suppliers and universities to benefit from their expertise in our projects.In 2020, we recycled and reused the wastewater from the function test system on the assembly line and the final rinse wastewater in the paint shop.In addition, we recovered and reused the effluent water of a biological wastewater treatment plant and rainwater in the Arçelik Washing Machine Plant in Istanbul,and we saved a total of 172,128 m3 of water. At the Arçelik Cooking Appliances Plant in Bolu, we saved 91,130 m3 of water through water efficiency projects such as an increase in the equipment efficiency adjusting the water level, minimization of the number of nozzles used in the enamel process, and adjustment of pump pressure.We saved a total of 327,768 m3 of water in Turkey operations in total.We reduced water withdrawal by 18% in Turkey.
Financial planning	Yes, water-related issues are integrated	11-15	Arçelik's global strategic plan process includes estimated budgets for realizing business plans&targets. To reach Arçelik's long term business objective, the following actions are defined and they are integrated to financial planning process: -Improving water measuring infrastructure of plants -Provide an appropriate water measuring system of the new construction projects -Realizing of water efficiency projects for major/prioritized withdrawal points -Water data verification -Rainwater & wastewater recycling project studies (feasibility & investment) -Water efficiency projects (feasibility & investment). We collaborated with International Finance Corporation(IFC) to evaluate the water efficiency of our production plants.In the project,the efficiency of water consumption in each process is evaluated and benchmarked against global competitors. Also, the amount of investment required to increase water efficiency in production is determined by IFC. In addition, Arçelik announced a 350 million Euros Green Bond issuance in

			2021. In this scope, we prepared Green Financing Framework including Sustainable Water and Wastewater Management projects integrated to our strategies.

W7.2

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

Row 1

Water-related CAPEX (+/- % change)

0

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

5

Water-related OPEX (+/- % change)

-9

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

-5

Please explain

CAPEX includes water related investments such as equipment and building required for water related studies. CAPEX remained the same compared to last year. OPEX includes water supply cost, wastewater analysis cost,chemical cost of wastewater treatment plant and maintenance cost of wastewater treatment plant, but the significant part of OPEX is water supply cost.Therefore,OPEX decreased compared to last year in parallel with decrease in water withdrawal amount.As we aim to decrease water withdrawal by increasing the number of water efficiency projects, we are expecting an increase in water related CAPEX and a reduction in water related OPEX.

W7.3

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

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

W7.3a

(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?

Yes

W7.3b

(W7.3b) What water-related outcomes were identified from the use of climate-related scenario analysis, and what was your organization's response?

	Climate-related scenarios and models applied	Description of possible water-related outcomes	Company response to possible water-related outcomes
Row 1	RCP 2.6 Other, please specify RCP 4.5 and RCP 8.5	We have used RCP 2.6, RCP 4.5 and RCP 8.5 scenarios. We conduct internal analysis as well as external analysis to identify water stress risks. This year, we outsourced the scenario analysis to S&P Trucost Services. The methodology identifies risks for 2030 and 2050 fiscal years based on RCP 2.6, RCP 4.5 and RCP 8.5 scenarios. The physical risk assessments are based on the Trucost Approach that leverages physical risks of Arçelik at the asset level, as well as its suppliers, taking into consideration climate hazard indicators such as water stress, flood, heatwaves, coldwaves, hurricane, sea level rise, etc and their impact on Arçelik's operations. The High Climate Scenario (RCP 8.5), the Moderate Climate Scenario (RCP 4.5) and the Low Climate Scenario (RCP 2.6) are taken into consideration with a forecast for the 2030 and 2050 fiscal years from a 2020 baseline. According to the Trucost Physical Risk assessment, Arçelik's overall physical risk score is moderate, main risk item being water stress. India, Romania, Turkey (Ankara and Çayırova) sites are prone to high water stress risk. Based on Trucost analysis, Arçelik's suppliers main physical risks are related to water stress as well.	Based on Arçelik's internal analysis as well as using S&P's TruCost Methodology, water stress risks were determined as the most significant risks for Arçelik in terms of physical climate risks, and therefore, long-term action plans were created according to the results of water risk analysis. In 2019, 17 manufacturing plants located in Turkey, Romania, Russia, South Africa, Thailand, and Pakistan were compared to the industry's best practices in Europe in the International Finance Corporation (IFC) database as part of the IFC Water Efficiency Project. With IFC, we prepared the Water Efficiency Report for Arçelik manufacturing plants and identified areas for improvement in water efficiency. In line with the project's output, we set our water target for 2030. In the scope of our risk adaptation plans, we have also set our 2030 target to increase the water recycling ratio (Water recycling ratio = Total recycled water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production. In 2020, we saved a total of 327,768 m3 of water in Turkey operations in total.We reduced water withdrawal by 18% in Turkey.

W7.4

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

Row 1

Does your company use an internal price on water?

Yes

Please explain

Arçelik uses different internal water prices(IWP) for each plant.To calculate IWPs,water stress was determined by using Aqueduct tool in current condition for Arçelik plants.Then,water stress was modelled for 2020,2030 and 2040 years in 3 different cases(business as usual,optimistic&pessimistic).For the determination of water stress impact on watershed due to water consumption,internal water prices(IWP) were assumed between 0.2-1.0 TRY/m3 for well water and 0.1-0.5 TRY/m3 for municipal water depending on water stress score(1-5point).Then,IWP was added to water bills paid monthly.Then,directly and indirectly water and wastewater prices were added. Total unit prices including IWP of our plants change between 3-22 TRY/m3.

W8. Targets

W8.1

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

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Site/facility specific targets and/or goals Country level targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	The water targets and goals determined in line with our policies,sustainability approach and international management systems are monitored monthly.Arçelik regularly checks the efficiency and continuity of international systems through audits by independent institutions.Sustainability Council(SC) is the highest unit responsible for all environmental management issues including setting water target and goals,in line with business R&O and business strategy.SC, chaired by CFO, meets quarterly and monitors the progress on water targets and discuss company's water strategy, major plans&action, business plans, performance objectives for the next year plan.At first stage, the company level water targets and goals are identified by SC and they are distributed to the related bodies as country level and site/facility specific. The SC's work is supported by the Environmental Coordination Working Group which is responsible to integrate water efficiency efforts and ensures that all efforts comply to

			Arçelik's goals&targets. This WG conducts bimonthly meetings, monitors the progress on targets and goals, and reports to the SC. Environmental performance data including water withdrawal, water withdrawal per product, water cost, progress on water targets and goals, and water efficiency projects of Arçelik's plants are monitored monthly, and reported to the top management every three months as Arçelik Environmental Performance Report. The distribution of each facility level and country level target and monitoring of the progress are performed by Environmental WG and reported to SC.In 2019, our manufacturing plants were compared to the industry's best practices in Europe in the International Finance Corporation (IFC) database as part of the IFC Water Efficiency Project. With IFC, we prepared the Water Efficiency Report for Arçelik manufacturing plants and identified areas for improvement in water efficiency. In line with the project's output, we set our water target for 2030. In the scope of our risk adaptation plans, we have also set our 2030 target to increase the water recycling ratio(Water recycling ratio=Total recycled water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production. Arçelik has water withdrawal reduction per product target and increase water recycling ratio target as a company wide targets. Country specific target/goals have been determined for each country where we have manufacturing plant to achieve company wide targets. Then, we set the site/facility specific targets for each manufacturing plant to achieve company wide water targets.

W8.1a

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

Target reference number

Target 1

Category of target

Water withdrawals

Level

Company-wide

Primary motivation

Climate change adaptation and mitigation strategiess

Description of target

Arçelik's company-wide water target, set in 2016, is to reduce average water withdrawal per product (m3/product) in production by 52% compared to 2012 base year until 2020. This target is important because Arçelik will contribute to climate change adaptation, decrease environmental impact, decrease water dependency and decrease water risks as well as providing cost savings. In 2020, we achieved 100% of the target by reducing average water withdrawal per product in production by 52%.

Quantitative metric

% reduction per product

Baseline year

2012

Start year

2016

Target year

2020

% of target achieved

100

Please explain

Thanks to water efficiency projects realized in our plants, in 2020, we achieved 100% of the water target by reducing our average water withdrawal per product 52% compared to 2012.

Target reference number

Target 2

Category of target

Water withdrawals

Level

Company-wide

Primary motivation

Climate change adaptation and mitigation strategiess

Description of target

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

year until 2030. This target is important because Arçelik will contribute to climate change adaptation, decrease environmental impact, decrease water dependency and decrease water risks as well as providing cost savings. In 2020, we reduced water withdrawal per product in production by 29% compared to 2015.

Quantitative metric

% reduction per product

Baseline year

2015

Start year

2019

Target year

2030

% of target achieved

64

Please explain

Thanks to water efficiency projects realized in our plants, in 2020, we reduce our water withdrawal per product by 29% compared to 2015 achieving 64% of target.

Target reference number

Target 3

Category of target

Water recycling/reuse

Level

Company-wide

Primary motivation

Climate change adaptation and mitigation strategiess

Description of target

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

Quantitative metric

% increase in water use met through recycling/reuse

Baseline year
2020

Start year
2020

Target year
2030

% of target achieved
13

Please explain
In 2020, the water recycling ratio realized 9% by achieving 13% of the target.

Target reference number
Target 4

Category of target
Water withdrawals

Level
Company-wide

Primary motivation
Climate change adaptation and mitigation strategiess

Description of target
Arçelik's company-wide water withdrawal target, set at end of 2019, is to reduce absolute water withdrawal of Arçelik to 1,464,277 m3 in 2020.For this purpose, we aim to decrease water withdrawal by 21,040 m3 in 2020. This target is important because Arçelik will contribute to climate change adaptation, decrease environmental impact, decrease water dependency and decrease water risks as well as providing cost savings.

Quantitative metric
Absolute reduction in total water withdrawals

Baseline year
2019

Start year
2019

Target year
2020

% of target achieved
100

Please explain

Arçelik's water withdrawal target, set at end of 2019, is to reduce absolute water withdrawal to 1,464,277 m3 in 2020. We aim to decrease water withdrawal 21,040 m3. This target is important because Arçelik will contribute to climate change adaptation, decrease environmental impact, decrease water dependency and decrease water risks as well as providing cost savings.In 2020, absolute water withdrawal realized as 1,200,812 m3. We reduced absolute water withdrawal by 284,505 m3 by achieving 100% of the target.

W8.1b

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

Goal

Engagement with suppliers to help them improve water stewardship

Level

Other, please specify

Direct suppliers

Motivation

Water stewardship

Description of goal

An important part of our approach consists of working with suppliers to ensure continuous improvement.We aimed to increase the competency of our suppliers' on environmental management issues including water management. In this scope, we launched The Supplier Education Platform providing free online training to inform our suppliers about sustainability practices, and to provide details on national and international regulations.The subjects of online training are Arçelik Suppliers Sustainability Strategies, Global Code of Conduct and related Policies, EU Horizon 2020 and Horizon Europe Support Programs Information, ISO 50001: 2018 Energy Management System and Implementation Principles, Energy Efficiency and Renewable Energy Applications in Industry, Green Chemistry Management on Products, ISO 14001: 2015 Environmental Management System, ISO 14064-1: 2018 Greenhouse Gas Inventory Reporting, Compliance with Environmental Legislation,Occupational Health and Safety, COVID-19.

Baseline year

2019

Start year

2019

End year

2020

Progress

Our goal is to increase supplier training person*hours.We assess the progress by monitoring person*hours of training within a year. In 2019, we provided 1800 person*hours of in-class training.In 2020, we provided 3345 person*hours of online training on the mentioned topics.

W9. Verification

W9.1

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

Yes

Arcelik_2020_AA1000AS_Assurance_Report.pdf

Arcelik_2019_AA1000AS_Assurance_Report.pdf

W9.1a

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

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Total water withdrawal of Arçelik Turkey reported in Arçelik Sustainability Report 2020 is verified in accordance with AA1000AS as follows: Municipal water: 421.86 megaliters/year Ground water: 292.35 megaliters/year Rainwater: 53.25 megaliters/year Total: 767.46 megaliters/year 2020 Arçelik AA1000AS Assurance Report is available in our website: https://www.arcelikglobal.com/media/6495/2020-aa1000-as-assurance-report.pdf 2019 Arçelik AA1000AS Assurance Report is available in our website: https://www.arcelikglobal.com/media/5730/doc001.pdf	AA1000AS	Water withdrawal data which are shared in Arçelik Sustainability Report 2020 and verified according to AA1000AS standard include water withdrawals of production plants and headquarter in Turkey. In the "W1.Current state" section, we share verified water withdrawal data. 2020 Arçelik AA1000AS Assurance Report is available in our website: https://www.arcelikglobal.com/media/6495/2020-aa1000-as-assurance-report.pdf 2019 Arçelik AA1000AS Assurance Report is available in our website: https://www.arcelikglobal.com/media/5730/doc001.pdf

W10. Sign off

W-FI

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

Arçelik reports its 2020 data in the 2021 CDP Water Security Program. Since Arçelik reported 2018 water data in the 2020 CDP Water Security Program last year, 2019 water data of Arçelik is attached to ensure data continuity.

Arcelik_2019_Water_Data.pdf

W10.1

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

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

W10.2

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

No

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms