# Welcome to your CDP Water Security Questionnaire 2023

# W0. Introduction

## W0.1

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

Founded in 1955 in Istanbul, Arçelik A.Ş. (Arçelik),with its 13 brands (Arçelik, Beko, Grundig, Defy, Arctic, Dawlance, Elektrabregenz, Blomberg, VoltasBeko, Leisure,Altus,Flavel, Stinol) and more than 45.000 employees operates in the fields of durable consumer goods and consumer electronics with R&D, production, marketing, and after-sales support services.Having built a global organization network with 30 production facilities in 9 countries and 80 subsidiaries in 52 countries, the Company introduces its products to the consumers. Arçelik, the leading white goods manufacturer in Turkey and the second-biggest white goods company in Europe, reached 7.7 billion Euros in consolidated revenues in 2022.

The company continues its activities in line with its vision of "Respecting the World, Respected Worldwide." With its sustainability approach parallel to its vision and UN Sustainable Development Goals, Arçelik aims to develop and market products that are resource and energy efficient, innovative in design, and easy to use, while fulfilling its commitment to work on solutions against future threats such as drought, global warming or natural resource depletion.As of 2022, Arçelik held the highest score (87/100 ) in the DHP Household Durables category in the 2022 S&P Global Corporate Sustainability Assessment which is the world's biggest companies' ESG performance assessment index.This was the 4th consecutive year–Arçelik achieved the highest score In the Dow Jones Sustainability Index family of indices evaluating the sustainability performance of publicly traded companies.Arçelik has also been regularly included in the Dow Jones SI for the last six years. Arçelik has become one of the first 45 companies in the world entitled to receive the Terra Carta Seal, presented by the UK's Prince of Wales to companies that have committed to combating climate change with concrete objectives within the scope of the Sustainable Markets Initiative, and is the first and only company in its sector to receive this honour. Arçelik has been constantly rated AAA on MSCI Sustainability Index since 2016, and AA in 2015.Furthermore, Arçelik has been listed in the FTSE4Good Emerging Markets Index by FTSE Russell at the London Stock Exchange since 2016. Arçelik is among the companies listed in the BIST SI since 2014. At the European Business Awards for the

Environment (EBAE) organised by the European Commission, we were awarded the first prize in the Management category, becoming the first Turkish company to win this award in our industry. In 2022, Arçelik had become of the 200+ companies that have signed the CEO Water Mandate.As an endorsing company, in line with Arçelik's Water Policy, we commit to meet the expectations of the CEO Water Mandate and report our progress annually. Arçelik conducts its business processes in accordance with ISO 9001, ISO 14001, ISO 14064-1 and ISO 50001 Standards. Arçelik's environmentally responsive "sustainable development" approach which is controlled in all processes from design to product cycle has been achieved as a result of mentioned management systems and its vision.Arçelik's Water Policy is integrated with our Environmental Policy as well as our Energy, Health and Safety, Quality, and GHG Management Systems, which are covered by our sustainability approach in line with our Global Business Ethics Principles. The aim of the policy is to minimise the impact of our activities on water in production and in products.As an industry-leading company, we reduce water risks by leveraging the latest technologies in both our production operations and our products.We work to identify water risks, not only in the regions where we manufacture but also in all regions where the suppliers are located, to increase water recycling and reuse, and to reduce water withdrawal.At Arçelik, reducing our consumers' water footprint as well as that of our operations is one of our top priorities.To decrease our water withdrawal in all our manufacturing plants, we perform water efficiency, water recycling, and reuse projects.We collaborate with International Finance Corporation(IFC) to evaluate the water efficiency of our production plants. In the project, the water efficiency of each process is evaluated and bench-marked.In line with the project's output, we set our water withdrawal target for 2030.In the scope of our risk adaptation plans, we have also set our 2030 target to increase the water recycling and reuse ratio (Water recycling and reuse ratio=Total recycled and reused water/Total water withdrawal) to 70% in all manufacturing plants excluding JVs aiming to achieve a closed loop water system in production. Arçelik announced a 350 million Euro Green Bond issuance in 2021. In this scope, we prepared Green Financing Framework including Sustainable Water and Wastewater Management projects integrated to our strategies.
*In CDP report, plants in Bolu are reported as 1 facility, and plants in Eskişehir are reported as 1 facility.

# W0.2

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

| | Start date | End date |
|---|---|---|
| Reporting year | January 1, 2022 | December 31, 2022 |

# W0.3

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

Bangladesh

China
India
Pakistan
Romania
Russian Federation
South Africa
Thailand
Turkey

## W0.4

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

TRY

## W0.5

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

Companies, entities or groups over which operational control is exercised

## W0.6

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

Yes

## W0.6a

**(W0.6a) Please report the exclusions.**

| Exclusion | Please explain |
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| This report includes Arçelik's headquarter in Turkey and Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, Singer-Bangladesh, and Dawlance Pakistan manufacturing plants.<br><br>Manisa Refrigirator and Washing Machine manufacturing plants( included in Arçelik Turkey ) and Singer-Bangladesh manufacturing plants included in report this year.<br><br>Arçelik-Hitachi Thailand and Arçelik-Hitachi China, Voltbek-India, Arçelik-LG Turkey and IHP Home Appliencies-Russia excluded. | Joint Venture plants (Arçelik-Hitachi Thailand and Arçelik-Hitachi China, Voltbek-India, Arçelik-LGTurkey ) are excluded from this report . We aim to include their data in this report by 2024 ( Next reporting year ).<br><br>Exclusions due to recent mergers/acquisitions (IHP Home Appliencies-Russia): These operations were acquired in Q3 2022, we aim to include their data in this report by 2024( Next reporting year ).<br><br>Major part of exclusion is domestic water (water used in WASH services ) use . The proportion of industrial water volumes that the exclusion represents is approx. 8% of Arçelik Global. The proportion of industrial water polution load that the exclusion represents is approx. 6% of Arçelik Global.<br><br>Thus, exclusions don't represent a significant portion of the total water usage or the pollution load discharged. |

# W0.7

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

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

# W1. Current state

## W1.1

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

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

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| | | | material changes and product changes in the future and because of this reason, we do not anticipate any changes on direct and indirect water dependency and importance rating. |

# W1.2

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

| | % of sites/facilities/operations | Frequency of measurement | Method of measurement | Please explain |
|---|---|---|---|---|
| Water withdrawals – total volumes | 100% | Monthly | Flowmeter-Counter and Invoices | 100% of water withdrawals are monitored and measured by counters and invoices in a monthly period. In addition, Arçelik's water withdrawal 2022 data reported in Arçelik Global Sustainability Report 2022 is verified according to AA1000AS and International Standard on Assurance Engagements (ISAE) 3000<br>(Arçelik Global Sustainability Report 2022 uploaded to W11 ) |
| Water withdrawals – volumes by source | 100% | Monthly | Flowmeter-Counter and Invoices | 100% of water withdrawal volume by sources is monitored and measured by counters and invoices in a monthly period. In addition, Arçelik's water withdrawal volumes by sources reported in Arçelik Global Sustainability Report 2022 is verified according to AA1000AS and International Standard on Assurance Engagements (ISAE) 3000<br>(Arçelik Global Sustainability Report 2022 uploaded to W11 ) |
| Water withdrawals quality | 100% | Yearly | Accredited lab analysis | 100% of water withdrawals' quality is monitored by testing and analyzing in a yearly period. |
| Water discharges – total volumes | 100% | Monthly | Flowmeter-Counter and Invoices | 100% of water discharges are monitored and measured by counters and invoices in a monthly period. Arçelik's water discharge volumes reported in Arçelik Global Sustainability |

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| | | | | Report 2022 are verified according to AA1000AS . (Arçelik Global Sustainability Report 2022 uploaded to W11 ) |
| Water discharges – volumes by destination | 100% | Monthly | Flowmeter-Counter | 100% of water discharges by destination are monitored and measured by counters in a daily and monthly period. Tracking destination provides data<br>regarding how watersheds may be affected. |
| Water discharges – volumes by treatment method | 100% | Daily | Flowmeter-Counter | 100% of water discharges by treatment method are monitored and measured by counters in a daily period. Arçelik has a list of treatment methods by plant<br>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% | Monthly | Internal and external lab analysis | 100% of water discharge quality data are monitored by testing and analyzing in a monthly period. Arçelik has a standard which requires facilities to meet<br>minimum discharge quality standards or local regulatory requirements. Arçelik's water discharge quality-by standart effluent parameter Chemical Oxygen Demand (COD) 2022 data for the first time is verified in accordance with AA1000AS and reported in Arçelik Global Sustainability Report 2022 .(Arçelik Global Sustainability Report 2022 uploaded to W11 ) |
| Water discharge quality – emissions to water (nitrates, phosphates, pesticides, and/or other priority substances) | 100% | Monthly | External lab analysis | 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 |

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| | | | | compliance with these standards. Then, Arçelik discharges wastewater to the municipal sewage line connected to municipal/industrial wastewater treatment plant. Discharge parameters may change due to country regulations. Generally as other priority substances such as heavy metals (nickel, lead, cadmium etc. ) followed by our business sector. Arçelik also periodically check nitrates, phosphates if they are obligatory for the facility. |
| Water discharge quality – temperature | 100% | Monthly | External lab analysis | Arçelik treats the discharged water according to its characteristics in own chemical and biological treatment plants ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions, and Arçelik periodically checks compliance with these standards. Then, Arçelik discharges wastewater to the municipal sewage line connected to municipal/industrial wastewater treatment plant. Although the temperature of discharged water is not an obligatory parameter for Arçelik, 100% of Arçelik production facilities' water discharge quality - temperature data are monitored via local authority analysis reports in a monthly period. |
| Water consumption – total volume | 100% | Monthly | Flowmeter-Counter | 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 |

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

## W1.2b

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

| | Volume (megaliters/year) | Comparison with previous reporting year | Primary reason for comparison with previous reporting year | Five-year forecast | Primary reason for forecast | Please explain |
|---|---|---|---|---|---|---|
| Total withdrawals | 1,490.11 | About the same | Mergers and acquisitions | About the same | Mergers and acquisitions | Arçelik uses rainwater, groundwater, and third-party sources in the operations. 2022, we included Singer-Bangladesh production plants and Arçelik Turkey Manisa production plants operations by expanding our reporting scope.<br><br>The water withdrawal of our operations in 2022 increased by 7% compared to 2021 even if we included Singer-Bangladesh production plants |

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| | | | | | | and Arçelik Turkey Manisa production plants water withdrawals.<br><br>If the reported scope would be same as 2021, Arçelik total water withdrawal (1292.80 megaliters) would be decreased %7 when compared with 2021 (1394.04 ).<br><br>Thus, comparison with the previous reporting year is selected as “about the same” according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20%. Despite the expansion of scope in 2022, the water withdrawal remains about the same compared to 2021 due to the water efficiency projects. In addition, it is expected that water withdrawal per product will be decreased with water efficiency studies.<br><br>In 5 year projection, despite the increase production amount at existing plants and expansion of scope, the water withdrawal will remain "about the same" compared to 2022 due to the water efficiency projects. In addition, it is expected that water withdrawal per product will be decreased with water efficiency studies. |
| Total discharges | 1,272.74 | Much higher | Mergers and acquisitions | About the same | Mergers and acquisitions | Arçelik treats the discharged water according to its characteristics in own chemical and |

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| | | | | | | biological treatment plants ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions, and Arçelik periodically checks compliance with these standards. Then, Arçelik discharges wastewater to the municipal sewage line connected to municipal/industrial wastewater treatment plant. In 2022, we included Singer-Bangladesh production plants and Arçelik Turkey Manisa production plants operations by expanding our reporting scope.<br><br>The total discharge of our operations in 2022 increased by 20% compared to 2021 because we included Singer-Bangladesh production plants and Arçelik Turkey Manisa production plants water withdrawals.<br><br>If the reported scope would be same as 2021, Arçelik total discharged water (1064.48 megaliters) would be increased %1 when compared with 2021 (1054.66 ).<br><br>Thus, comparison with the previous reporting year is selected as “Much Higher” according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much |

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| | | | | | | Higher: 20%. Despite the expansion of scope in 2022, the total water discharge remains about the same compared to 2021 due to the water efficiency projects. In addition, it is expected that total discharged water per product will be decreased with water efficiency studies.<br><br>In 5 year projection, despite the increase production amount at existing plants and expansion of scope, the total water discharge will remain about the same compared to 2022 due to the water efficiency projects. |
| Total consumption | 217.37 | Much lower | Increase/decrease in business activity | About the same | Investment in water-smart technology/process | Consumption data reported is calculated as water withdrawal quantity minus water discharge quantity.<br><br>The total consumption of our operations in 2022 decreased by 36% compared to 2021.<br><br>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%. |

# W1.2d

**(W1.2d) Indicate whether water is withdrawn from areas with water stress, provide the proportion, how it compares with the previous reporting year, and how it is forecasted to change.**

| | Withdrawals are from areas with water stress | % withdrawn from areas with water stress | Comparison with previous reporting year | Primary reason for comparison with previous reporting year | Five-year forecast | Primary reason for forecast | Identification tool | Please explain |
|---|---|---|---|---|---|---|---|---|
| Row 1 | Yes | 51-75 | About the same | Mergers and acquisitions | About the same | Mergers and acquisitions | WRI Aqueduct | Arçelik evaluates water-stressed areas as “extremely high” and “high” stress areas according to WRI Aqueduct. In the analysis, we used the baseline annual data set and analyzed baseline water stress.<br><br>According to WRI Aqueduct, 9 plants of Arçelik are located in “extremely high” water-stressed area and 5 plants of Arçelik are located in “high” water-stressed area. The total water withdrawal from water-stressed areas is 983.93 megaliters in 2022. That is 66% of the total withdrawal ((983.93/1490.11)*100) for the reporting scope.<br><br>In 2021, % of withdrawn from areas with water stress value was 61% so the total water withdrawal from water-stressed areas |

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| | | | | | | | | increased by 5% compared to 2021.<br><br>In 2022, The total water withdrawal from areas with water stress value was 983.93 so the total water withdrawal from water-stressed areas increased by 16% compared to 2021 (851.04 megaliters) .<br><br>If the reported scope would be same as 2021, Arçelik total water withdrawal from water-stressed areas (814.94 megaliters) would be decreased %4 when compared with 2021 (851.04 megaliters) .<br><br>Thus, comparison with the previous reporting year is selected as “about the same” according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20%. |

# W1.2h

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

| | Relevance | Volume (megaliters/year) | Comparison with previous reporting year | Primary reason for comparison | Please explain |
|---|---|---|---|---|---|

| | | | | with previous reporting year | |
|---|---|---|---|---|---|
| Fresh surface water, including rainwater, water from wetlands, rivers, and lakes | Relevant | 46.62 | Much lower | Other, please specify<br>Weather conditions | Arçelik uses rainwater. Rainwater volume of our operations in 2022 decreased by 34% compared to 2021 due to weather conditions. 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%.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. Therefore, “not relevant” is selected. |
| Groundwater – renewable | Relevant | 747.36 | Higher | Mergers and acquisitions | Arçelik uses groundwater-renewable. We used 747.36 megaliters groundwater-renewable in 2022. In 2022, it increased by 23% compared to 2021.<br><br>If the reported scope would be same as 2021, Arçelik total water withdrawal (719.04 megaliters) would be increased %18 when compared with 2021 (608.06 ).<br><br>Thus, comparison with the previous reporting year is selected as “higher” according to our thresholds as given below. Threshold: Much lower: - 20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20%. In the future, the use of total groundwater-renewable volumes is expected to be lower due to studies |

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| | | | | | to reduce groundwater-renewable withdrawal. 2022 data verified according to AA1000AS and International Standard on Assurance Engagements (ISAE) 3000 |
| Groundwater – non-renewable | Not relevant | | | | Arçelik does not use groundwater-non-renewable and does not plan to use groundwater-non-renewable in the future. Therefore, “not relevant” is selected. |
| Produced/Entrained water | Not relevant | | | | Arçelik does not use produced/entrained water and does not plan to use in the future. Therefore, “not relevant” is selected. |
| Third party sources | Relevant | 696.13 | About the same | Mergers and acquisitions | Arçelik uses municipal supply water and water tankers. We used 715 megaliters in 2021. In 2022, it decreased by 3% compared to 2021.Thus, comparison with the previous reporting year is selected as “about the same" according to our thresholds as given below.Threshold:Much lower: -20% Lower: -19% to -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20%.Despite the increasing production volumes, it is expected to be at the same level or slightly decrease thanks to water efficiency projects.It is expected that third party sources withdrawal per product will decrease with water projects. 2022 data verified according to AA1000AS and International Standard on Assurance Engagements (ISAE) 3000 |

# W1.2i

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

| | Relevance | Volume (megaliters/year) | Comparison with previous reporting year | Primary reason for 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 | 1,272.74 | Much higher | Mergers and acquisitions | Arçelik discharges only third-party destinations. 2022, we included Singer-Bangladesh production plants and Arçelik Turkey Manisa production plants operations by expanding our reporting scope.<br><br>The total discharge of our operations in 2022 ( 1,272.74 megaliters) increased by 20% compared to 2021 (1,054.66 megaliters) because we included Singer-Bangladesh production plants and Arçelik Turkey Manisa production plants water withdrawals.<br><br>If the reported scope would be same as 2021, Arçelik total discharged water (1,064.48 megaliters) would be increased %1 when compared with 2021 (1,054.66 ).<br><br>Thus, comparison with the previous reporting year is selected as “much higher” according to our thresholds as given below. Threshold: Much lower: -20% Lower: -19% to |

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| | | | | | -11% About the same: +/-10% Higher: 11% to 19% Much Higher: 20%.<br><br>2022 data verified according to AA1000AS |

## 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 | Primary reason for comparison with previous reporting year | % of your sites/facilities/operations this volume applies to | Please explain |
|---|---|---|---|---|---|---|
| Tertiary treatment | Relevant | 126.9 | Much higher | Increase/decrease in business activity | 1-10 | Tertiary treatment is applied to recover and reuse wastewater in Arçelik's production processes. In 2022, we shared the tertiary treatment volume (126.9 megaliters) for the expanded reporting scope. It was increased by 84% compared to 2021 (69.03 megaliters)because of a decrease in water usage of the plants which applied tertiary treatment. 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% |

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| | | | | | | 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 | 843.4 | About the same | Increase/decrease in business activity | 41-50 | Secondary treatment is applied in 50% of Arçelik plants. In 2022, we shared the secondary treatment volume (843.04 megaliters) for the expanded reporting scope. It decreased by 0,2% compared to 2021(845.64 megaliters). 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: |

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| | | | | | | +/-10% Higher: 11% to 19% Much Higher: 20% Arçelik separately treats domestic and industrial wastewater according to its characteristics in its chemical and/or biological treatment plants ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions; also, Arçelik periodically checks compliance with these standards. Then, Arçelik discharges wastewater to the sewage line of municipal and/or industrial organized zone connected to the municipal/industrial wastewater treatment plant. |
| Primary treatment only | Relevant | 20.75 | About the same | Increase/decrease in business activity | 1-10 | In 2022, we shared the primary treatment only volume (20.75 megaliters) for the expanded reporting scope. It increased by 2% compared to 2021.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%. |

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| | | | | | | Arçelik separately treats domestic and industrial wastewater according to its characteristics in its chemical and/or biological treatment plants ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions; also, Arçelik periodically checks compliance with these standards. Then, Arçelik discharges wastewater to the sewage line of municipal and/or industrial organized zone connected to the municipal/industrial wastewater treatment plant. |
| Discharge to the natural environment without treatment | Not relevant | | | | | Discharge to the natural environment without treatment is not applied in Arçelik plants. |
| Discharge to a third party without treatment | Relevant | 281.69 | Much higher | Mergers and acquisitions | 31-40 | Arçelik separately treats domestic and industrial wastewater according to its characteristics in its chemical and/or biological treatment plants ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions; also, |

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| | | | | | | Arçelik periodically checks compliance with these standards.Then,Arçelik discharges wastewater to the sewage line of municipal/industrial organized zone connected to the municipal/industrial wastewater treatment plant. Just, industrial and domestic wastewater of Manisa manufacturing plant and domestic wastewater of some plants, in the municipality area/organized industrial zone is discharged without treatment to the sewage line which ends with a wastewater treatment plant of a third party. Wastewater of these plants is treated in the wastewater treatment plants of municipality and/or organized industrial zone. Thus,it is possible for some plants that secondary treatment is applied for industrial wastewater of the plant while domestic wastewater of the same plant is discharged to a third party without treatment. 39% of Arçelik plants discharge only domestic wastewater without treatment to a third party which has a wastewater treatment plant. But the volume of discharge to a |

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| | | | | | | third party without treatment is a very small amount of Arçelik's total water discharge. In 2022, we shared the volume for the expanded reporting scope and we compare it with 2021 data . It was 119.69 megaliters in 2021. It increased by 135% compared to 2021.<br><br>If the reported scope would be same as 2021, Arçelik discharged to a third party without treatment (73.42 megaliters) would be decreased %39 when compared with 2021 (119.69 ).<br><br>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% |
| Other | Not relevant | | | | | N/A |

## W1.2k

**(W1.2k) Provide details of your organization’s emissions of nitrates, phosphates, pesticides, and other priority substances to water in the reporting year.**

| | Emissions to water in the reporting year (metric tonnes) | Category(ies) of substances included | List the specific substances included | Please explain |
|---|---|---|---|---|
| Row 1 | 0.76 | Nitrates<br>Phosphates<br>Priority substances listed under the EU Water Framework Directive | Nitrates<br>Phosphates<br>Lead<br>Cadmium<br>Nickel | 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. Discharge parameters may change due to country regulations. Generally as other priority substances such as heavy metals (nickel, lead, cadmium etc. ) followed by our business sector. Arçelik also periodically check nitrates, phosphates if they are obligatory for the facility. The discharged wastewater does not contain pesticides.<br><br>Nitrates are obligatory for 2 facility. Total nitrate emission water is 0.048 tone<br>Phosphates are obligatory for 3 facility. Total phosphate emission water is 0.567 tone<br>Lead is obligatory for 6 facility. Total lead emission water is 0.057 tone<br>Nickel is obligatory for 8 facility. Total nickel emission water is 0.089 tone<br>Cadmium is obligatory for 7 facility. Total cadmium emission water is 0.006 tone<br><br>Total emissions to water in reporting year 0.767 ton<br><br>These calculations based on accredited external lab analysis and verified wastewater volumes. |

# W1.3

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

| | Revenue | Total water withdrawal volume (megaliters) | Total water withdrawal efficiency | Anticipated forward trend |
|---|---|---|---|---|
| Row 1 | 97,223,218,768 | 1,490.11 | 65,245,665.6005261 | We aim to increase revenue and reduce water withdrawal volume, because of that we anticipate an increase in the future trend of this figure. |

# W1.4

**(W1.4) Do any of your products contain substances classified as hazardous by a regulatory authority?**

| | Products contain hazardous substances |
|---|---|
| Row 1 | Yes |

# W1.4a

**(W1.4a) What percentage of your company's revenue is associated with products containing substances classified as hazardous by a regulatory authority?**

| Regulatory classification of hazardous substances | % of revenue associated with products containing substances in this list | Please explain |
|---|---|---|
| Candidate List of Substances of Very High Concern for Authorisation above 0.1% by weight (EU Regulation) | More than 80% | Arçelik are using some substances under REACH regulation 1907/2006/eu as substance very high concern. They are not substantial right now due to technical reasons. Some of lead substances are still in use at production. You can follow Arçelik SVHC notifications on the website of SCIP database. |

| | | |
|---|---|---|
| Candidate List of Substances of Very High Concern (UK Regulation) | More than 80% | Arçelik are using some substances under REACH regulation 1907/2006/eu as substance very high concern. They are not substential right now due to technical reasons. SSome of lead substances are still in use at production. You can follow Arçelik SVHC notifications on the website of SCIP database. |
| Other, please specify<br>DIRECTIVE 2011/65/EU RoHS | More than 80% | 6(c) and 7(c) exemptions are using under RoHS Directive 2011/65/EU. 6(c) is related using of lead substance in copper alloys. It is using for enhancing machinability of copper alloys like brass. 7(c) is related using of lead substance for ceramic and glass materials. Small components on printed circuit board like resistor/varistor contain lead due to technical requirements. |

# W1.5

### (W1.5) Do you engage with your value chain on water-related issues?

| | Engagement |
|---|---|
| Suppliers | Yes |
| Other value chain partners (e.g., customers) | Yes |

# W1.5a

### (W1.5a) Do you assess your suppliers according to their impact on water security?

#### Row 1

**Assessment of supplier impact**

Yes, we assess the impact of our suppliers

**Considered in assessment**

Basin status (e.g., water stress or access to WASH services)

Supplier dependence on water

### Number of suppliers identified as having a substantive impact

58

### % of total suppliers identified as having a substantive impact

1-25

### Please explain

Assessment comprises ESG questions including environmental reporting, EMS, compliance with legislation, monitoring (e.g. water withdrawal by sources, wastewater discharge, recycled&reused water), environmental voluntary activities. The third-party firm provides us the supplier data monitoring software platform and works in close collaboration with the suppliers, act as an advisor for the questions raised by the suppliers. Also suppliers enter their locations to this platform, and this tool give us chance to easily analyse suppliers water stress according to WRI Aqueduct tool. In 2022,the number of suppliers classified as high-risk and middle-risk is 58, its percentage of total suppliers in that category is % 2.8. If the supplier fails to reach the “Acceptable level” within the maximum of 10 months of the plans’ launch, Arçelik reserves the right to cancel the contract. If the actions taken suitable, the supplier score is revised .

## W1.5b

**(W1.5b) Do your suppliers have to meet water-related requirements as part of your organization’s purchasing process?**

| | Suppliers have to meet specific water-related requirements |
|---|---|
| Row 1 | Yes, water-related requirements are included in our supplier contracts |

## W1.5c

**(W1.5c) Provide details of the water-related requirements that suppliers have to meet as part of your organization’s purchasing process, and the compliance measures in place.**

### Water-related requirement

Other, please specify

Accepting and complying with Arçelik's Policy is a contractual obligation.

**% of suppliers with a substantive impact required to comply with this water-related requirement**

1-25

**% of suppliers with a substantive impact in compliance with this water-related requirement**

1-25

**Mechanisms for monitoring compliance with this water-related requirement**

Off-site third-party audit

On-site third-party audit

**Response to supplier non-compliance with this water-related requirement**

Other, please specify

If the supplier fails to reach the "Acceptable level" within the maximum of 10 months of the plans' launch, Arçelik reserves the right to cancel the contract.  If the actions taken suitable, the supplier score is revised .

**Comment**

We have approx. 2,000 (direct) suppliers in more than 60 countries. In 2022, we listed 488 critical Tier 1 suppliers (represents 83,5% of purchasing volume). Our aim is to reach 90% of purchasing volume by 2025.
We signed the CEO Water Mandate to advance water stewardship by committing to action across six core areas; Direct Operations, Supply Chain and Watershed Management, Collective Action,Public Policy,Community Engagement, Transparency.
As an endorsing company in line with Arçelik's Water Policy, we commit to meet the expectations of the CEO Water Mandate, report our progress annually. Responsible Purchasing Policy is designed to ensure that suppliers' business practices comply with our values and current legal rules and must be complied with by all suppliers.
In 2022, 99 % of all critical suppliers have ISO 14001 certificate.
https://www.arcelikglobal.com/media/5793/28_07water_policy.pdf

## W1.5d

**(W1.5d) Provide details of any other water-related supplier engagement activity.**

### Type of engagement

Information collection

### Details of engagement

Collect water management information at least annually from suppliers
Collect information on water-related risks at least annually from suppliers
Collect water quantity information at least annually from suppliers (e.g., withdrawal and discharge volumes)
Collect water quality information at least annually from suppliers (e.g., discharge quality, pollution incidents, hazardous substances)
Collect WASH information at least annually from suppliers

### % of suppliers by number

1-25

### % of suppliers with a substantive impact

1-25

### Rationale for your engagement

We conduct supplier sustainability risk assessment as Supplier Sust. Data Monitoring&Development Project in collaboration with a third-party firm. This assessment is made to critical suppliers which are amongst the 90% of purchasing volume significant impact on company operations in terms of high purchasing volume, critical components provided, being nonsubstitutable or business continuity. We require all newly commissioned suppliers to conduct self-evaluation audits on quality, environment, and business ethics. We have approx. 2,000 (direct) suppliers in more than 60 countries. In 2022, we listed 488 critical Tier 1 suppliers (represents 83,5% of purchasing volume). Our aim is to reach 90% of purchasing volume. We have started to collect the data from suppliers to measure and manage their impact for company's operations. As of 2025,we have committed to collect environmental data such as water withdrawal, wastewater, recycled water for more than 450 of our suppliers, corresponding to 90% of our purchasing volume. We intend to make the consolidated data public to transparently report the impact of our supply chain. In 2022, a total of 128 critical suppliers have been audited, we collected environmental data from 159 suppliers. Quantitative environmental data collection part is important to emphasize our rationale behind this effort. Having committed to NetZero 2050 targets within the entire value chain, supply chain decarbonization is critical. In addition, we commited to make sure that ISO 14001 certificate apply for suppliers making 90% of our purchasing volume by 2023. In 2022, 99 % of all critical suppliers have ISO 14001 certificate. In 2022, long-term environmental target commitment received

from 173 suppliers to set GHG emission/water/waste/energy efficiency targets. We signed the CEO Water Mandate to advance water stewardship by committing to action across six core areas; Direct Operations, Supply Chain and Watershed Management, Collective Action,Public Policy,Community Engagement, Transparency. As an endorsing company in line with Arçelik's Water Policy, we commit to meet the expectations of the CEO Water Mandate, report our progress annually. Responsible Purchasing Policy is designed to ensure that suppliers' business practices comply with our values and current legal rules and must be complied with by all suppliers. Accepting and complying with Arçelik's Policy is a contractual obligation.

**Impact of the engagement and measures of success**

Assessment comprises ESG questions including environmental reporting, EMS, compliance with legislation, monitoring (e.g. water withdrawal by sources, wastewater discharge, recycled&reused water), environmental voluntary activities. Each question has a point and weight. The sustainability risk levels of the suppliers are determined as high, medium, acceptable, good, and excellent. The third-party firm provides us the supplier data monitoring software platform and works in close collaboration with the suppliers, act as an advisor for the questions raised by the suppliers. The aim is to understand our suppliers' ESG-related risks and opportunities by collecting and analyzing their data. In 2022, we collected environmental data from 159 suppliers, reaching 33% of our target. Based on the results, if a Supplier scores 24 or less,it means that the supplier is classified as a "high risk" supplier. We take action according to the type of risk detected,Third-party audit findings also help identify high-risk suppliers.If the supplier fails to reach the "Acceptable level" within the maximum of 10 months of the plans' launch,Arçelik reserves the right to cancel the contract. Action plan is approved by the partner. If the actions taken suitable, the supplier score is revised by the partner. In 2022,the number of suppliers classified as high-risk and middle-risk is 58, its percentage of total suppliers in that category is % 1.19. One of the findings of high-risk suppliers is the lack of environmental data measurements such as water&wastewater. We want to transform together with our supply chain and minimize the impact of the operations in the value chain in total. Therefore, it is important that we help and guide our suppliers set environmental targets, measure their progress, and reduce their impact. In 2021, we circulated a Commitment Letter to our suppliers explaining our sustainability strategy, our sustainability credentials and our Science Based Targets as well as the 2030 environmental targets.We have asked our suppliers to sign the Commitment Letter, and to commit to setting their own targets for water. We also have a requirement that suppliers will share these targets publicly on their websites and in their sustainability reports and report on progress in the same way we do. To date, 173 suppliers have signed the Commitment Letter. In 2022, 99 % of all critical suppliers have ISO 14001 certificate.

**Comment**

# W1.5e

**(W1.5e) Provide details of any water-related engagement activity with customers or other value chain partners.**

### Type of stakeholder

Other, please specify

international non-profit organization

### Type of engagement

Innovation & collaboration

### Details of engagement

Other, please specify

Water.org,  and its local partner AMFI Kenya

### Rationale for your engagement

According to The United Nations Sustainable Development Goal, Kenya, which has a growing population, is known as a water-scarce country due to its low supply of renewable freshwater.Water scarcity in Kenya has been an issue for decades. Only a tiny percentage of the country's land is optimal for agriculture, and the year-round climate is predominantly arid.

Unfortunately, Kenya's limited natural water resources don't provide equitable water delivery to the country's various regions. And this leaves much of the population without any fresh, safe water.

According to Water.org, 15 percent of Kenyans, of 53 million people, rely on unimproved water sources such as ponds, shallow wells, and rivers, while 41 percent of Kenyans lack access to basic sanitation solutions. These challenges are even more prevalent in rural areas, where people are often unable to connect to piped water infrastructure. We can better understand the situation if we consider that the average total cost of coping for an unreliable or remote water source is about $38 a month in Kenya, where 29% of the total population lives on less than $3.20 a day.

Further, the water crisis is personal for women in Kenya who are primarily responsible for household water collection. These women risk their health and well-being to collect water. In addition, they walk many kilometres to reach safe water, sometimes with a baby strapped to her back and also facing many dangers on the way.

**Impact of the engagement and measures of success**

We will support Water.org, co-founded by Matt Damon and Gary White and its local partner AMFI Kenya, the association of microfinance institutions, to help scale and promote solutions to enable access to safe water in urban slums and rural areas without reliable water sources.

Also, the programme will include the development of learning materials and activities to empower communities with affordable access to loans so they can install wells, water storage tanks, filters, rainwater harvesting systems and sanitation solutions.

We proudly announce our newest partnership with Water.org to support a community programme that will empower 10,000 Kenyans in need with access to safe water or sanitation solutions.

# 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?**

| | Water-related regulatory violations | Comment |
|---|---|---|
| Row 1 | No | |

# W3. Procedures

## W3.1

**(W3.1) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?**

| | Identification and classification of potential water pollutants | How potential water pollutants are identified and classified |
|---|---|---|
| Row 1 | Yes, we identify and classify our potential water pollutants | 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. Discharge to the natural environment without treatment is not applied in Arçelik plants.<br><br>Discharge parameters may change due to country regulations. On the other hand in 2022 Arçelik published internal water management guideline which includes water, wastewater, recycled and reused water subjects to have a global approach.<br><br>In this guideline, facilities divided in two categories<br>1 ) facilities which produce domestic wastewater only<br>2 ) facilities which produce industrial and/or mixed wastewater<br><br>For the first category we defined 5 parameters and for the second category we defined 22 parameters. Arçelik will follow these parameters, even if they are not included in local regulations.<br><br>Also Arçelik aim to increase water recycling and reuse ratio %70 by 2030. Due to this with this guideline we defined minimum physical requirements, control parameters and internal limits ( for 36 pollutants parameters ) to eliminate the |

| | | |
|---|---|---|
| | | adverse impacts of potential water pollutants on water ecosystems or human health. |

## W3.1a

**(W3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.**

**Water pollutant category**

Inorganic pollutants

**Description of water pollutant and potential impacts**

Following parameters described as inorganic pollutants;
Active Chlore (NaClO )
Sulphide ($S^{-2}$)
Total Chromium
Chromium (IV) (Cr+6)
Lead (Pb)
Total Cyanide ($CN^-$)
Mercury (Hg)
Cadmium (Cd)
Aluminium (Al)
Iron (Fe)
Fluoride ($F^-$)
Copper (Cu)
Nickel (Ni)
Zinc (Zn)

Silver (Ag)

In the environment, inorganic pollutants can contaminate surface and groundwater sources, leading to the degradation of ecosystems and loss of biodiversity. These pollutants can accumulate in soil, affecting its fertility and potentially entering the food chain, thereby posing risks to both terrestrial and aquatic organisms. Heavy metals like lead, mercury, cadmium, and arsenic, known for their persistence and toxicity, can have long-lasting detrimental effects on flora and fauna, impairing their growth, reproduction, and overall survival.

Furthermore, the impact of inorganic pollutants in wastewater extends to human health. Contaminated water supplies can result in direct exposure to harmful substances through consumption, leading to acute or chronic health issues. Heavy metals, for instance, can cause various systemic disorders, including damage to the nervous system, kidney and liver damage, and even certain types of cancer. Moreover, exposure to chemical contaminants found in wastewater can result in respiratory problems, skin irritation, endocrine disruptions, and other adverse health effects.

### Value chain stage

Direct operations

### Actions and procedures to minimize adverse impacts

Beyond compliance with regulatory requirements
Implementation of integrated solid waste management systems
Water recycling
Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements

### Please explain

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. Discharge to the natural environment without treatment is not applied in Arçelik plants.

Discharge parameters may change due to country regulations.  On the other hand in 2022 Arçelik published internal water management guideline which includes water, wastewater, recycled and reused water subjects to have a global approach.

In this guideline, facilities  which produce industrial and/or mixed wastewater we defined 15 parameters related to inorganic pollutants. Arçelik will follow these parameters, even if they are not included in local regulations.

Also Arçelik aim to increase water recycling and reuse ratio %70 by 2030.  Due to this with this guideline we defined minimum physical requirements, control parameters and internal limits ( for 23 inorganic pollutants of total 36 pollutant parameters ) to eliminate the adverse impacts of potential water pollutants on water ecosystems or human health.

### Water pollutant category

Oil

### Description of water pollutant and potential impacts

Oil and Grease parameters described as oil pollutants.

In the environment, oil and grease can create a range of harmful effects. When released into water sources, they form a film on the water surface, preventing oxygen exchange and sunlight penetration. This can lead to oxygen depletion, harming aquatic organisms and disrupting the balance of ecosystems. The coating of oil on plants and the surfaces of rocks and soil can hinder their natural processes, negatively affecting flora and fauna. Additionally, oil spills and leaks during transportation or industrial accidents can result in large-scale contamination of water bodies, causing extensive damage to marine life, coastal ecosystems, and even impacting shorelines and habitats.

Human health is also at risk from exposure to oil and grease. Consumption of contaminated water or seafood affected by oil spills can lead to various health issues. Chemical compounds present in oil and grease, such as polycyclic aromatic hydrocarbons (PAHs), are known to be toxic and can cause respiratory problems, skin irritation, and long-term health effects, including an increased risk of cancer.

### Value chain stage

Direct operations

### Actions and procedures to minimize adverse impacts

Assessment of critical infrastructure and storage condition (leakages, spillages, pipe erosion etc.) and their resilience
Beyond compliance with regulatory requirements
Implementation of integrated solid waste management systems
Industrial and chemical accidents prevention, preparedness, and response
Water recycling
Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements

**Please explain**

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. Discharge to the natural environment without treatment is not applied in Arçelik plants.
Discharge parameters may change due to country regulations. On the other hand in 2022 Arçelik published internal water management guideline which includes water, wastewater, recycled and reused water subjects to have a global approach.
In this guideline, facilities divided in two categories
1 ) facilities which produce domestic wastewater only
2 ) facilities which produce industrial and/or mixed wastewater

For the first and second category we defined 1 parameters. Arçelik will follow this parameter, even if they are not included in local regulations. Also Arçelik aim to increase water recycling and reuse ratio by 2030. Due to this with this guideline we defined minimum physical requirements, control parameters and internal limits ( for 36 pollutants parameters ) to eliminate the adverse impacts of potential water pollutants on water ecosystems or human health. Oil and Grease parameter tracking not applicable for recycled and reused water

**Water pollutant category**

Nitrates

**Description of water pollutant and potential impacts**

In the environment, excessive levels of nitrates in water can lead to a process called eutrophication. When nitrates enter freshwater ecosystems, such as rivers, lakes, and ponds, they act as nutrients and promote the rapid growth of algae and aquatic plants. This excessive

growth depletes oxygen levels in the water, creating "dead zones" where other organisms struggle to survive. Eutrophication can lead to the degradation of aquatic habitats, loss of biodiversity, and even the collapse of fisheries.

Moreover, nitrates can infiltrate groundwater, which is a vital source of drinking water for many communities. High levels of nitrates in drinking water can pose serious health risks to humans. Infants below the age of six months are particularly vulnerable to a condition called methemoglobinemia, or "blue baby syndrome," which impairs the ability of blood to carry oxygen. Long-term exposure to high nitrate levels has also been associated with an increased risk of certain cancers, such as stomach and bladder cancer. Additionally, nitrates can react with other compounds in water to form nitrosamines, which are known to be carcinogenic.

**Value chain stage**

Direct operations

**Actions and procedures to minimize adverse impacts**

Beyond compliance with regulatory requirements
Water recycling
Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements

**Please explain**

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. Discharge to the natural environment without treatment is not applied in Arçelik plants.

Discharge parameters may change due to country regulations. On the other hand in 2022 Arçelik published internal water management guideline which includes water, wastewater, recycled and reused water subjects to have a global approach.

In this guideline, facilities which produce industrial and/or mixed wastewater we defined 1 parameter related to nitrate pollutants. Arçelik will follow these parameters, even if they are not included in local regulations.

Also Arçelik aim to increase water recycling and reuse ratio %70 by 2030. Due to this with this guideline we defined minimum physical

requirements, control parameters and internal limits ( for 1 nitrate pollutants of total 36 pollutant parameters ) to eliminate the adverse impacts of potential water pollutants on water ecosystems or human health.

**Water pollutant category**

Other nutrients and oxygen demanding pollutants

**Description of water pollutant and potential impacts**

Chemical Oxygen Demand ( COD ) and Ammonia Nitrogen (NH4-N) parameters described as other nutrients and oxygen demanding pollutants.

In the environment, high levels of COD in wastewater can lead to water pollution and pose risks to aquatic ecosystems. When wastewater containing elevated COD is discharged into water bodies without proper treatment, it introduces a large organic load. Microorganisms responsible for the natural breakdown of organic matter in water bodies consume excessive amounts of oxygen during their decomposition process, leading to oxygen depletion in the water. This can result in the death of aquatic organisms and disrupt the balance of ecosystems, leading to the loss of biodiversity.

Additionally, high COD levels in wastewater can also contribute to the formation of harmful algal blooms. The excess nutrients present in wastewater, such as nitrogen , combined with the organic matter, create favourable conditions for the rapid growth of algae. These blooms can lead to oxygen depletion, create toxins harmful to aquatic life, and impact the quality of water resources.

In terms of human health, the presence of high COD levels in wastewater can indirectly affect human well-being. Water sources contaminated with untreated or inadequately treated wastewater can pose risks to public health. The consumption of water contaminated with high levels of organic compounds can lead to the spread of waterborne diseases, such as gastrointestinal infections and diarrhea.

**Value chain stage**

Direct operations

**Actions and procedures to minimize adverse impacts**

Beyond compliance with regulatory requirements

Water recycling
Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements

**Please explain**

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. Discharge to the natural environment without treatment is not applied in Arçelik plants.
Discharge parameters may change due to country regulations. On the other hand in 2022 Arçelik published internal water management guideline which includes water, wastewater, recycled and reused water subjects to have a global approach.
In this guideline, facilities divided in two categories
1 ) facilities which produce domestic wastewater only
2 ) facilities which produce industrial and/or mixed wastewater
For the first category 1 parameter and for the second category 2 parameters defined. Arçelik will follow these parameters, even if they are not included in local regulations.
Also Arçelik aim to increase water recycling and reuse ratio %70 by 2030. Due to this with this guideline we defined minimum physical requirements, control parameters and internal limits ( for 4 as other nutrients and oxygen demanding pollutants of total 36 pollutants) to eliminate the adverse impacts of potential water pollutants on water ecosystems or human health.

**Water pollutant category**

Pathogens

**Description of water pollutant and potential impacts**

Coliform, E.coli, Enterococci and Clostridium perfringens (including spoers) parameters described as pathogen pollutants.

Use of recycled industrial water contaminated with pathogens can have direct implications for human health. Contact with or consumption of water containing pathogenic microorganisms can lead to waterborne diseases. Common waterborne pathogens include Escherichia coli (E. coli), Coliform, Enterococci and Clostridium perfringens (including spoers) , among others. These pathogens can cause gastrointestinal

infections, diarrhea, vomiting, and other related illnesses, particularly in vulnerable populations such as children, the elderly, and those with weakened immune systems.

### Value chain stage

Direct operations

### Actions and procedures to minimize adverse impacts

Beyond compliance with regulatory requirements
Water recycling

### Please explain

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. Discharge to the natural environment without treatment is not applied in Arçelik plants.

In 2022 Arçelik published internal water management guideline which includes water, wastewater, recycled and reused water subjects to have a global approach.

In this guideline, facilities divided in two categories
1 ) facilities which produce domestic wastewater only
2 ) facilities which produce industrial and/or mixed wastewater

For the both category we do not defined any pathogens which has potential impacts.

But Arçelik aim to increase water recycling and reuse ratio %70 by 2030.  Due to this with this guideline we defined minimum physical requirements, control parameters and internal limits ( for 6 as pathogens of total 36 pollutants)to eliminate the adverse impacts of potential water pollutants on water ecosystems or human health.

### Water pollutant category

Other, please specify

Total Suspended Solids

### Description of water pollutant and potential impacts

In the environment, the discharge of wastewater with elevated TSS levels can result in water pollution and negatively impact aquatic ecosystems. When wastewater containing high TSS is released into water bodies without proper treatment, it can lead to sedimentation and the smothering of aquatic habitats. The suspended solids can block sunlight penetration, disrupting photosynthesis for aquatic plants and reducing oxygen levels. This can harm fish and other aquatic organisms, leading to a decline in biodiversity and potentially causing ecosystem imbalances.

Furthermore, high TSS levels can contribute to the degradation of water quality. The suspended solids can carry nutrients, metals, organic compounds, and pathogens, which can have long-lasting effects on water resources. Nutrient enrichment from TSS can promote the growth of harmful algal blooms and eutrophication, leading to oxygen depletion and the degradation of water ecosystems.

In terms of human health, exposure to wastewater with high TSS levels can have adverse effects. Contact with or consumption of contaminated water can lead to waterborne diseases. Pathogens present in the suspended solids, such as bacteria, viruses, and parasites, can cause gastrointestinal infections, diarrhea, and other related illnesses. Inhalation of aerosols generated from wastewater with high TSS levels during activities like irrigation or recreational water use can also result in respiratory problems and irritation.

### Value chain stage

Direct operations

### Actions and procedures to minimize adverse impacts

Beyond compliance with regulatory requirements

Water recycling

Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements

### Please explain

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. Discharge to the natural environment without treatment is not applied in Arçelik plants.

Discharge parameters may change due to country regulations. On the other hand in 2022 Arçelik published internal water management guideline which includes water, wastewater, recycled and reused water subjects to have a global approach.

In this guideline, facilities divided in two categories
1 ) facilities which produce domestic wastewater only
2 ) facilities which produce industrial and/or mixed wastewater

For the first and second category we defined 1 parameters. Arçelik will follow this parameter, even if they are not included in local regulations.

Also Arçelik aim to increase water recycling and reuse ratio %70 by 2030. Due to this with this guideline we defined minimum physical requirements, control parameters and internal limits ( for 2 as Total Suspended Solid pollutants of total 36 pollutants) to eliminate the adverse impacts of potential water pollutants on water ecosystems or human health.

# W3.3

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

Yes, water-related risks are assessed

# W3.3a

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

**Value chain stage**

Direct operations
Supply chain

### Coverage

Full

### Risk assessment procedure

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

### Frequency of assessment

More than once a year

### How far into the future are risks considered?

More than 6 years

### Type of tools and methods used

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

### Tools and methods used

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

### Contextual issues considered

Water availability at a basin/catchment level
Water quality at a basin/catchment level
Stakeholder conflicts concerning water resources at a basin/catchment level
Implications of water on your key commodities/raw materials
Water regulatory frameworks

Status of ecosystems and habitats
Access to fully-functioning, safely managed WASH services for all employees

**Stakeholders considered**

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

**Comment**

Arçelik Enterprise Risk Management balances company risks and the execution of corporate goals and strategies. Our enterprise risk management system includes the evaluation and management of both financial and non-financial risks by developing rationale scenario analysis and testing. Risk Management Committee held six meetings in 2022.
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 2022 Sustainability Report. Arçelik has received a third-party service to apply a physical and transition risk scenario analysis to identify the long-term potential impacts of the climate crisis. The outcome of the analysis is embedded in the Enterprise Risk Management system's financial risks reporting structure. Trucost Approach that leverages physical risks of Arçelik at the asset level,as well as its suppliers, taking into consideration climate hazard indicators such as water stress, flood, heatwaves, coldwaves, hurricane, sea level rise, etc and their impact on Arçelik's operations is used.RCP8.5,RCP4.5,and RCP2.6 are taken into consideration with a forecast for the 2030 and 2050 fiscal years from a 2020 baseline. Internally, water risks for baseline and future projections are determined by WRI Aqueduct Water Risk Atlas, and the analysis results are reviewed annually. Based on Arçelik's internal analysis as well as using S&P's TruCost Methodology, water stress risks were determined as the most significant risks for Arçelik and Arçelik's suppliers in terms of physical climate risks, and therefore, long-term action plans were created according to the results of water risk analysis. As well as enterprise risk management, we assess our suppliers' water risks with Arçelik Sustainable Supplier Index which aims to identify high-risk suppliers in terms of sustainability.

# W3.3b

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

| | Rationale for approach to risk assessment | Explanation of contextual issues considered | Explanation of stakeholders considered | Decision-making process for risk response |
|---|---|---|---|---|
| Row 1 | Arçelik Enterprise Risk Management balances company risks and the execution of corporate goals and strategies.Our enterprise risk management system includes the evaluation and management of both financial and non-financial risks by developing rationale scenario analysis and testing.Risk Management Committee held six meetings in 2022.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, | Selected contextual issues are always included in our water risk assessment because; Water availability & water quality at a basin/catchment: Water is not directly used as raw material for our products, but water availability and water quality at a basin/catchment level are important for our production activities. Stakeholder conflicts concerning water resources at a basin/catchment level: Stakeholder dialogue and cooperation are important for Arçelik. We work closely with NGOs on water strategies of country and private sector. Implications of water on your key commodities/raw materials: We get commodities/raw materials from our suppliers.Sufficient amount of fresh water supply has a significant impact on the production. Water-related regulatory frameworks: We follow closely existing legislation,new developments, | As well as enterprise risk management,we assess our suppliers' water risks with Arçelik Sustainable Supplier Index which aims to identify high-risk suppliers in terms of sustainability.As Arçelik has had an ISO 14001 EMS Certification,Arçelik analyzes and evaluates its risks and opportunities related to the stakeholder's needs and expectations. The needs and expectations of our customers, employees, investors, local communities, NGOs, | In line with TCFD reporting,we have an integrated approach which enables us to monitor,measure and manage ESG risks including water and the impact on the financials.We share detailed analysis of ESG risks, opportunities and their impacts in our sustainability reports.Arçelik has received a 3rd-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 |

| | | | | |
|---|---|---|---|---|
| | and impact on business objectives quarterly.Risks and opportunities are prioritized by SC according to the Arçelik scoring methodology. According to Arçelik's risk and opportunity scoring methodology,risks and opportunities are scored (1-5 points) considering financial, reputation, production, human and legal impacts and the max. score is defined as impact point. The risk(R) and opportunity(O) points are scored by multiplying frequency(F) and impact point (I) for prioritization (R, O=F*I).Environmental risks and climate related physical risks are considered in the evaluation criteria of new joint ventures/acquisitions added to Arçelik Global group of companies.Also, environmental impact assessment is mandatory in the approval process of all investments. | and drafts.<br>Status of ecosystems and habitats: In line with our policies,we focus on protecting ecosystems,habitats,preventing land degradation,maintaining,continuously improving and developing the capacity of natural ecosystems and aim to manage impacts on biodiversity in a sustainable manner.<br>Access to fully-functioning, safely managed WASH services for all employees:We are committed to provide safe water, water sanitation and hygiene in the workplace,<br>support water stewardship by collaborating with related stakeholders and participating in national&international water initiatives. | regulators, suppliers, water utilities at a local level, other water users at the basin/catchment level are always included in our risk assessment. The methods of engagement for each stakeholder have been already defined. | stress, flood, heatwaves, coldwaves, hurricane, sea level rise, etc and their impact on Arçelik's operations is used.RCP8.5,RCP4.5,and RCP2.6 are taken into consideration with a forecast for the 2030 and 2050 fiscal years from a 2020 baseline.Internally, water risks for baseline and future projections are determined by WRI Aqueduct Water Risk Atlas, and the analysis results are reviewed annually. Based on internal analysis as well as using S&P's TruCost Methodology, water stress risks were determined as the most significant risks for Arçelik and our suppliers in terms of physical climate risks, and therefore, long-term action plans were created according to the results of water risk analysis.In the scope of our risk adaptation plans, we set the 2030 water targets. |

# W4. Risks and opportunities

## W4.1

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

Yes, only within our direct operations

## W4.1a

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

Arçelik Enterprise Risk Management(ERM) balances company risks and the execution of corporate goals and strategies.Our ERM system includes the evaluation and management of both financial and non-financial risks by developing rationale scenario analysis and testing.In line with TCFD reporting,we have an integrated approach which enables us to monitor,measure and manage ESG risks and the impact on the financials.The outcome of the Trucost analysis is embedded in the Enterprise Risk Management system's financial risks reporting structure.Trucost Approach(alternative scenarios applied such as IEA STEPS,Sustainable Development Scenario, and International Energy Agency,NetZero 2050 Scenarios) that leverages physical risks of Arçelik at the asset level,as well as its suppliers, taking into consideration climate hazard indicators such as water stress, flood, heatwaves, coldwaves, hurricane, sea level rise, etc and their impact on Arçelik's operations is used.RCP8.5,RCP4.5,and RCP2.6 are taken into consideration with a forecast for the 2030 and 2050 fiscal years from a 2020 baseline. For the global warming scenario, RCP 4.5, which is the optimistic scenario has been used for the year 2030 and is integrated for substantive financial or strategic impact calculations. RCP 4.5 is a scenario which it is more likely than not to result in global temperature rise between 2 °C and 3 °C by 2100, which means mitigation actions have taken place. Arçelik's policy related risks as well as market, new technology risks would be increased. However, climate adaptation risks are minimized. The revenue and production growth are assumed to be impacted limitedly by the major global warming issues and due to lower impact on GDP, the demand to products are expected to increase.

Based on S&P Trucost Physical Risk Analysis outcome, water stress was the main risk for Arçelik and its suppliers in terms of global warming related physical disruption risks. To deep dive into this issue, Arçelik has applied an extensive water stress risk testing using its own assumptions as well as WRI Aqueduct Water Risk Atlas. Internally, water risks are determined by WRI Aqueduct Water Risk Atlas,and the analysis results of these tools are

reviewed annually.Based on Arçelik's internal analysis as well as using S&P's TruCost Methodology water stress risks were determined as the most significant risks for Arçelik and its suppliers in terms of physical climate risks,and long-term action plans were created.

A substantive impact in the context of water risks for Arçelik is based on how financially/strategically resilient Arçelik will react to such an impact in terms of business.To manage all risks including water-related risks, material issues have been determined.In order to identify the most important issues that impact our business and our stakeholders,once every two years we conduct a comprehensive materiality analysis to review the issues we focus on. According to materiality analysis, water management is a very high priority issue. Sufficient amounts of good quality freshwater availability for our direct use is important and for our indirect use is neutral. Water withdrawal is being verified voluntarily by an independent body since 2017 according to AA1000AS and since 2022 International Standard on Assurance Engagements (ISAE) 3000.

**Identification of substantive financial or strategic impact:** Arçelik determines, the substantive financial or strategic impact in its business by using a screening process as follows:
1) Plants indicated as Extremely High in overall water risk results by using WRI Aqueduct Water Risk Atlas a.
2) Plants located in a basin that Water stress (Water demand/ Water supply) is above %100
3) Plants that have a water withdrawal volume higher than 10% of Arçelik total water withdrawal volume.
The plants that meet all of the criteria above are considered to have a substantive financial or strategic impact on our business and assumed to lose production according to RCP 4.5 in year 2030.
All of our plant locations are analyzed according to WRI Aqueduct Water Risk Atlas analysis and the overall water risk of all plants for baseline is found below:
• Sütlüce: High (3-4)
•Ankara: Medium - High (2-3)
• Eskişehir: High (3-4)
• Bolu: Medium - High (2-3)
• Çayırova: High (3-4)
• Çerkezköy: High (3-4)
• Gaeşti: High (3-4)
• Ulmi: High (3-4)
• Kirzach: Low - Medium (1-2)
• Durban: Medium - High (2-3)
• Ezakheni: Extremely High (4-5)

• Rayong: Medium - High (2-3)
• Karachi: Extremely High (4-5)
• Hyderabad: High (3-4)
• Manisa : High (3-4)
• Dhaka: High (3-4)

As a result, we determined that only 1 of Arçelik's facilities can be deemed as bearing a water stress risk with the potential to have a substantive financial or strategic impact on our business. This plant, which is Eskisehir Refrigirator Plant, is analyzed in terms of its estimated production units, costs and the potential production losses due to water stress for the year 2030.

## W4.1b

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

| | Total number of facilities exposed to water risk | % company-wide facilities this represents | Comment |
|---|---|---|---|
| Row 1 | 1 | 1-25 | Based on the three criteria, we determined that only 1 of Arçelik's facilities can be exposed to water risks with the potential to have a substantive financial or strategic impact on our business.<br>1 of 22 facilities have been identified. It represents 4.5% of company wide facilities in the reporting scope. |

## W4.1c

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

**Country/Area & River basin**

Turkey
Sakarya

**Number of facilities exposed to water risk**

1

**% company-wide facilities this represents**

1-25

**% company's total global revenue that could be affected**

Less than 1%

**Comment**

Only an Arçelik facility located in the Sakarya basin can be exposed to water risk that could have a substantive financial or strategic impact on our business and it represents approx. 4.5% of company-wide facilities in the reporting scope.

## W4.2

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

**Country/Area & River basin**

Turkey
Sakarya

**Type of risk & Primary risk driver**

Chronic physical
Water stress

**Primary potential impact**

Reduction or disruption in production capacity

**Company-specific description**

Based on Arçelik's internal analysis as well as using S&P's TruCost Methodology, water stress risks were determined as the most significant risks for Arçelik in terms of physical climate risks, and therefore, long-term action plans were created according to the results of water risk analysis.

Increasing water stress can potentially cause reduction or disruption in production capacity as we need to use water for both our production processes and WASH services in the production plants. As a result of this, our production plants can face production interruption.

**Timeframe**

More than 6 years

**Magnitude of potential impact**

Low

**Likelihood**

Very likely

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

176,225,610

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial impact**

According to Arçelik's risk and opportunity scoring methodology; the risks and opportunities are scored (1-5 points) considering financial, reputation, production, operational, human, and legal impacts and the maximum score is defined as an impact point. All risks are evaluated

according to impact and frequency criteria. The frequency of the risks and opportunities are also scored (1-5 points). The risk (R) and opportunity (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. In Arçelik the substantive financial impact is related to Arçelik risk tolerance level and is defined according to financial loss before tax. The risks levels are defined as follows:

-Low: Less than 9 million EUR loss or 1% decrease in EBITDA

-Moderate: Between 9-27 million EUR loss or 1% - 3% decrease in EBITDA

-High: Between 27 - 45 million EUR loss or 3% - 5% decrease in EBITDA

-Severe: Between 45 - 90 million EUR loss or 5% - 10% decrease in EBITDA

-Critical: More than 90 million EUR loss or 10% decrease in EBITDA

The financial impact is calculated for this facility 10,144,054 EUR ( approx. 176,225,610 TRY ) due to water stress. As the financial impact is between 10 million EUR (approx. 17,380,000 TRY) and 30 million EUR (approx. 521,400,000 TRY), it can cause a moderate substantive impact on our business.

### Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

### Description of response

Reducing water use through water efficiency and water recycling projects enables us to minimize water-related risks.In the scope of our risk adaptation plans, we set the target to reduce water withdrawal per product by 45% by 2030 compared to 2015.We have also set our 2030 target to increase the water recycling and reuse ratio (Water recycling and reuse ratio=Total recycled and reused water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production.For this purpose,Arçelik plants set water targets annually and each plant implements water efficiency and water recycling projects to meet the corporate targets. In scope of Arçelik Sustainability Targets,Arçelik has yearly water targets in production plants to reach the long term targets.To reach water related objectives,we perform water

efficiency projects in plants. In 2022, we saved a total of 176.984 m3 of water,thanks to water efficiency and rainwater harvesting projects carried out in our production plants.As an example, in 2022, We recovered and reused the effluent water of a biological wastewater treatment plant and rainwater. These actions saved a total of 114,108 m3 of water.At the Arctic Washing Machine Plant in Ulmi, Romania, we saved 18,362 m3 of water by recycling and reusing wastewater and harvesting rainwater. Refrigerator and Compressor Plants in Eskişehir, Türkiye, we saved 7,832 m3 of water by reducing the number of active working nozzles used in the pallet washing process,preventing water leakages,and reusing water in the paint shop. At the Arçelik Refrigerator Plant in Manisa,Türkiye, we reduced 12,500 m3 of water by decreasing chemical usage.We collaborate with our suppliers,universities and initiatives to benefit from their expertise in our projects.
With the awareness of its water stress risk, Arçelik has invested and will continue to invest in water efficiency and water recycling projects within the scope of its Green Bond issued in 2021 and its green loan borrowed from the European Bank of Reconstruction and Development (EBRD).Arçelik has received commitment letters from more than 180 of its high volume selected suppliers that these suppliers would set their own publicly available water reduction and recycling targets as of the end of 2023.
In 2022, we allocated 110,032 Euros (approx. 1,912,356 TRY) for Sustainable Water and Wastewater Management in Green Bond.
Arçelik Green Bond Allocation & Impact Report 2022 Uploaded to W11

### Cost of response

1,912,356

### Explanation of cost of response

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

In 2022, we allocated 110,032 Euros (approx. 1,912,356 TRY) for Sustainable Water and Wastewater Management in Green Bond. (Arçelik Green Bond Allocation & Impact Report 2022 Uploaded to W11)
https://www.arcelikglobal.com/media/7432/arcelik-green-bond-allocation-and-impact-report-2022.pdf

## W4.2c

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

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

# W4.3

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

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

# W4.3a

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

**Type of opportunity**

Efficiency

**Primary water-related opportunity**

Cost savings

**Company-specific description & strategy to realize opportunity**

Reducing water use through water efficiency and water recycling projects enables us to minimize water-related risks, provide lower operational costs as well as natural resource consumption decrease.Because of that, this opportunity is considered strategic for Arçelik. In the scope of our risk adaptation plans, we set the target to reduce water withdrawal per product by 45% by 2030 compared to 2015. We have also set our 2030 target to increase the water recycling and reuse ratio (Water recycling and reuse ratio=Total recycled and reused water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production. For this purpose, Arçelik plants set water targets annually and each plant implements water efficiency and water recycling projects to meet the corporate targets. In 2022, we saved a total of 176.984 m3 of water, thanks to water efficiency and rainwater harvesting projects carried out in our production plants.As an example, in 2022, We recovered and reused the effluent water of a biological wastewater treatment plant and rainwater. These actions saved a total of 114,108 m3 of water. At the Arctic Washing Machine Plant in Ulmi, Romania, we saved 18,362 m3 of water by recycling and reusing wastewater and harvesting rainwater. Refrigerator and Compressor Plants in Eskişehir, Türkiye, we saved 7,832 m3 of water by reducing the number of active working nozzles used in the pallet washing process, preventing water leakages, and reusing water in the paint shop. At the Arçelik Refrigerator

Plant in Manisa, Türkiye, we reduced 12,500 m3 of water by decreasing chemical usage.We collaborate with our suppliers, universities and initiatives to benefit from their expertise in our projects. By achieving all these projects, in 2022, approximately 1,914,373 TRY was saved.

**Estimated timeframe for realization**

More than 6 years

**Magnitude of potential financial impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

1,914,373

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact**

Reducing water use through water efficiency and water recycling projects enables us to minimize water-related risks, provide lower operational costs as well as natural resource consumption decrease. Because of that, this opportunity is considered strategic for Arçelik. In the scope of our risk adaptation plans, we set the target to reduce water withdrawal per product by 45% by 2030 compared to 2015. We have also set our 2030 target to increase the water recycling and reuse ratio (Water recycling and reuse ratio=Total recycled and reused water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production. For this purpose, Arçelik plants set water targets annually and each plant implements water efficiency and water recycling projects to meet the corporate targets. In 2022, we saved a total of 176.984 m3 of water, thanks to water efficiency and rainwater harvesting projects carried out in our production plants.As an example, in 2022, We recovered and reused the effluent water of a biological wastewater treatment plant and rainwater. These actions saved a total of 114,108 m3 of water. At the Arctic Washing Machine Plant in Ulmi, Romania, we saved 18,362 m3 of water by recycling and reusing wastewater and harvesting rainwater. Refrigerator and Compressor Plants in Eskişehir, Türkiye, we saved 7,832 m3 of water by reducing the number of active

working nozzles used in the pallet washing process, preventing water leakages, and reusing water in the paint shop. At the Arçelik Refrigerator Plant in Manisa, Türkiye, we reduced 12,500 m3 of water by decreasing chemical usage.We collaborate with our suppliers, universities and initiatives to benefit from their expertise in our projects. By achieving all these projects, in 2022, approximately 1,914,373 TRY was saved. Financial saving is the sum calculated by multiplying the average unit water supply cost of each plant and water-saving amount of each plant.

### Type of opportunity

Markets

### Primary water-related opportunity

Increased brand value

### Company-specific description & strategy to realize opportunity

Arçelik‘s business strategy is to increase the ability to offer enriching,pioneer, innovative, environmentally friendly product,solution and technology to society and customer through product life cycle.In line with this strategy, environmentally friendly production and products are the main elements of Arçelik's sustainability management. Environmentally-friendly products&production activities are also opportunities to increase our brand value and provide a competitive advantage. In 2022we have allocated resources worth approx. TRY 627 million for R&D studies of environmentally friendly products.In 2022, the consolidated net sales turnover reached TRY 133,9 billion. One of the main reasons for the increase is our investment in environmentally friendly R&D activities. Environmentally-friendly production is also important for sustainability indices as well as products. From the point of view of investors, these indices are also proof that we are doing our business in the most sustainable way. Thus it is an element that enhances our brand value.In the scope of our sustainability studies, Arçelik was the highest-scoring company in the Household Durables category in the Dow Jones Sustainability Index in 2019, 2020, 2021 and 2022. 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)**

133,900,000,000

**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, environmentally friendly product,solution and technology to society and customer through product life cycle.In line with this strategy, environmentally friendly production and products are the main elements of Arçelik's sustainability management. Environmentally-friendly products&production activities are also opportunities to increase our brand value and provides competitive advantage.In 2022 we have allocated resources worth approx. TRY 627 million for R&D studies of environmentally friendly products.In 2022, the consolidated net sales turnover reached TRY 133,9 billion. One of the main reasons for the increase is our investment in environmentally friendly R&D activities. Environmentally-friendly production is also important for sustainability indices as well as products. From the point of view of investors, these indices are also proof that we are doing our business in the most sustainable way.Thus it is an element that enhances our brand value. In the scope of our sustainability studies, Arçelik was the highest-scoring company in the Household Durables category in the Dow Jones Sustainability Index in 2019, 2020, 2021 and 2022. Arçelik has been constantly rated AAA on the Sustainability Index since 2016 in MSCI. Arçelik has been listed since 2016 as a company with strong ESG performance as measured by FTSE Russell, part of the London Stock Exchange Group.

# W5. Facility-level water accounting

## W5.1

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

**Facility reference number**

Facility 1

**Facility name (optional)**

**Country/Area & River basin**

Turkey
Sakarya

**Latitude**

39.746

**Longitude**

30.619

**Located in area with water stress**

Yes

**Total water withdrawals at this facility (megaliters/year)**

209.57

**Comparison of total withdrawals with previous reporting year**

About the same

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

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

209.57

**Total water discharges at this facility (megaliters/year)**

192.21

**Comparison of total discharges with previous reporting year**

Much higher

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

192.21

**Total water consumption at this facility (megaliters/year)**

17.36

**Comparison of total consumption with previous reporting year**

Much lower

**Please explain**

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

# W5.1a

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

**Water withdrawals – total volumes**

**% verified**

76-100

### Verification standard used

Water withdrawal total volume data is verified according to AA1000AS and International Standard on Assurance Engagements (ISAE) 3000 (Revised) .

## Water withdrawals – volume by source

### % verified

76-100

### Verification standard used

Water withdrawal volume by source data is verified according to AA1000AS and International Standard on Assurance Engagements (ISAE) 3000
(Revised).

## Water withdrawals – quality by standard water quality parameters

### % verified

Not verified

### Please explain

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

## Water discharges – total volumes

### % verified

76-100

### Verification standard used

Water discharges – total volumes data is verified according to AA1000AS

## Water discharges – volume by destination

### % verified

Not verified

### Please explain

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

## Water discharges – volume by final treatment level

### % verified

Not verified

### Please explain

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

## Water discharges – quality by standard water quality parameters

### % verified

76-100

### Verification standard used

100% of water discharge quality data are monitored by testing and analyzing in a monthly period. Arçelik has a standard which requires facilities to meet
minimum discharge quality standards or local regulatory requirements. Arçelik's water discharge quality-by standart effluent parameter (COD) 2022 data for the first time is verified in accordance with AA1000AS and reported in Arçelik Global Sustainability Report 2022 .

### Water consumption – total volume

#### % verified

76-100

#### Verification standard used

Water consumption data reported is calculated as water withdrawal quantity minus water discharge quantity. Both verified according to AA1000AS and International Standard on Assurance Engagements (ISAE) 3000 (Revised).

# 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<br>Description of business impact on water<br>Commitment to align with international frameworks, | 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 |

| | | | |
|---|---|---|---|
| | | standards, and widely-recognized water initiatives<br>Commitment to prevent, minimize, and control pollution<br>Commitment to reduce water withdrawal and/or consumption volumes in direct operations<br>Commitment to reduce water withdrawal and/or consumption volumes in supply chain<br>Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace<br>Commitment to safely managed Water, Sanitation and Hygiene (WASH) in local communities<br>Commitment to stakeholder education and capacity building on water security<br>Commitment to water stewardship and/or collective action | our activities on water through product lifecycle.Arçelik's water policy and management covers minimizing business water impact;water performance;water targets&goals; commitment to beyond regulatory compliance,SDG alignment,water related innovation,stakeholder awareness,water stewardship, water sanitation and hygiene and recognition linkage to climate change.Arçelik has been also studying on green procurement policy and water management is a part of it. |

| | | | |
|---|---|---|---|
| | | Commitment to the conservation of freshwater ecosystems<br>Commitments beyond regulatory compliance<br>Reference to company water-related targets<br>Acknowledgement of the human right to water and sanitation<br>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 or committee | Responsibilities for water-related issues |
|---|---|
| Director on board | Board of Directors (BoD) is the highest unit for ESG-related issues within Arçelik. Two members of the BoD are responsible from the management of water-related risks and opportunities. These members are President of the Consumer Durables Group at Koç Holding |

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

## W6.2b

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

| | Frequency that water-related issues are a scheduled agenda item | Governance mechanisms into which water-related issues are integrated | Please explain |
|---|---|---|---|
| Row 1 | Scheduled - some meetings | Monitoring implementation and performance<br>Overseeing acquisitions, mergers, and divestitures | Arçelik board level responsibility in water related issues belongs to the assigned member of Board of Directors(BoD) and CEO.Critical water related studies of SC are reported to the assigned member of Board of Directors,therefore,member of BoD has selected as board oversight for water issues.Water issues are one of the priority agenda item of BoD's investment&strategy meetings.<br>President of the Consumer Durables has been appointed based on a Board of Directors Decision to inform the Board of Directors on sustainability related risks and opportunities including water. The same Board Member also sits at the Risk Management Committee and regularly gets informed on the |

| | | | |
|---|---|---|---|
| | | Overseeing major capital expenditures<br>Overseeing the setting of corporate targets<br>Providing employee incentives<br>Reviewing and guiding annual budgets<br>Reviewing and guiding business plans<br>Reviewing and guiding corporate responsibility strategy<br>Reviewing and guiding major plans of action<br>Reviewing and guiding risk management policies<br>Reviewing and guiding strategy<br>Reviewing innovation/R&D priorities<br>Setting performance objectives | water-related risks and opportunities by the related teams such as the Finance and Enterprise Risk&Insurance Management Directorate.Environment and Sustainability Teams together with Risk Management team determine the potential water related risks of Arçelik and these risks are presented to Board Members and The Quality, Sustainability and Corporate Affairs Director who directly reports to the CEO.The assigned member of BoD and CEO informs BoD about SC studies including water issues. At Arçelik, the climate-related and other ESG risks and opportunities including water are governed by the Sustainability Council that is chaired by the CFO. SC is comprised of the full executive management team,including CEO,CPO,CCO,CMO,CSO,CTO,Quality,Sustainability and Corporate Affairs Director,Global Communications Director, R&D Director, Legal & Compliance Director, Human Rights Director, Sustainability Manager and Enterprise Risk&Insurance Management Manager,and Environment Manager.The Sustainability Council has close collaboration with other committees of the Group such as Corporate Governance Committee, Risk Committee, Global Ethics Committee and Audit Committee. The Sustainability Council meets quarterly to monitor the sustainability projects and determine the sustainability strategy of the Group going forward.Water issues are one of the priority agenda item of all Sustainability Council meetings.Water policy & strategy, progress of water targets, performance monitoring, water-related capital expenditures, annual water budgets, major plans&action, business plans, performance objectives for the next year plan, water-related R&D priorities, and internal water pricing are discussed in detail. For example, this decision was taken by SC and reported to assigned member of BoD: In 2022,Arçelik endorsed the UN CEO Water Mandate and discloses its progress against the Mandate annually. |

## W6.2d

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

| | Board member(s) have competence on water-related issues | Criteria used to assess competence of board member(s) on water-related issues |
|---|---|---|
| Row 1 | Yes | Two members of the Board of Directors have competence on water issues. These members are President of the Consumer Durables Group at Koç Holding and Arçelik CEO.<br>The President of the Consumer Durables has been appointed based on a Board of Directors Decision dated March 2019 to inform the Board of Directors on sustainability related risks and opportunities. The same Board Member also sits at the Risk Commitee and regularly gets informed on the water related risks and opportunities. The Enterprise Risk Directorate, together with the Environment and the Sustainability Teams calculate the potential water related risks of Arçelik and these risks are presented to the both Board Members. The Board Members also receive detailed briefing on the water recycling ratios, the water reduction KPI's and the cost of water, as well as the water efficiency projects. IFC was commissioned by the executive team to write a detailed report on the water efficiency projects potential in Arçelik as well as a benchmark in the sector related to the water efficiency KPI's. As a result, 17 manufacturing plants of Arçelik located in various countries were benchmarked according to best practices in Europe in the IFC database and Arçelik's 2030 water efficiency targets were studied thanks to this report. Both Board Members have been briefed throughly about the details of the report and approved the 2030 targets of the company.<br>The Quality, Sustainability and Corporate Affairs Director directly reports to the CEO and the related issues cover water related risks and opportunities. The CEO is also a natural member of the Sustainability Council which gathers quarterly during a year. There, the strategic risks and opportunities related to water stress risks, water costs and internal water pricing are discussed in detail. The decisions taken on the Sustainability Council are reported to the President of the Consumer Durables at Koc Group as well.<br>The CEO of Arçelik is among the +220 CEO's that have endorsed the CEO Water Mandate and has committed to carrying out water stewardship projects in the company and has been throughly briefed about the six commitment areas of the CEO Water Mandate and the impact of each area on company operations. |

# 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)

**Water-related responsibilities of this position**

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

**Frequency of reporting to the board on water-related issues**

Quarterly

**Please explain**

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

# W6.4

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

| | Provide incentives for management of water-related issues | Comment |
|---|---|---|
| Row 1 | Yes | When water recycling ratio increase by 10%, a salary bonus is provided to CEO and other C-suite officer.Additionally, increasing sustainability performance including water of the suppliers according to third-party audits and data collection process is included in the objective key results score cards of the CEO,Purchasing Director and Quality,Sustainability,and the Corporate Affairs Director. |

## 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 | Contribution of incentives to the achievement of your organization's water commitments | Please explain |
|---|---|---|---|---|
| Monetary reward | Chief Executive Officer (CEO)<br>Other C-suite Officer<br>Quality, Sustainability and Corporate Affairs Director | Reduction of water withdrawals – direct operations<br>Supply chain engagement | When water recycling ratio increase by 10%, a salary bonus is provided to CEO and other C-suite officer.Additionally, increasing sustainability performance including water of the suppliers according to third-party audits and data collection process is included in the objective key results score cards of the CEO,Purchasing Director and Quality,Sustainability,and the Corporate Affairs Director. | Arçelik's performance appraisal system is "Objective Key Result".Each quarter, the key results of a specific objective are reviewed and monitored. At the year end,based on the achievement level of the key results, the performance of the individuals is determined. Based on this performance, the base salary increase as well as the bonus levels of the individuals are determined.In the scope of our risk adaptation plans,we have set our 2030 water targets to reduce water withdrawal: -increase the water recycling |

| | | | | |
|---|---|---|---|---|
| | | | | and<br>reuse ratio (Water recycling and reuse ratio=Total recycled and reused water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop<br>water system in production -reduce water withdrawal per product by 45% compared to 2015 base year In line with our long-term water targets, water recycling ratio target is included in the objective key results score cards of the CEO and Quality, Sustainability and the Corporate Affairs Director. CEO and other C-suite officer have a target to increase water recycling and reuse ratio by 10% compared to previous year. |
| Non-monetary reward | No one is entitled to these incentives | | | |

# W6.5

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

Yes, direct engagement with policy makers

Yes, trade associations

Yes, other

# W6.5a

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

Arçelik complies with all related regulations and standards and ensures its compliance via periodic controls.Arçelik works closely with Ministry of Environment, Urbanization and Climate Change, attends Ministry's seminars and workshops, follows closely new developments and give its opinions on draft regulations. Arçelik also works closely with trade associations and NGOs (such as TOBB, TUSIAD, TÜRKBESD, ISO, UNEP, UNDP,etc.) on water strategies of country and private sector. CEO of Arçelik is a high commissioner on the Carbon Pricing Leadership Coalition and has previously spoken on the effective carbon pricing strategies that will enable the transition to a carbon-free global economy. In 2022, Arçelik was president of TUSIAD–Environment and Climate Change Working Group and also vice-president of Environmental Working Commission of TOBB Consumer Durables Council. Additionally, in 2022, CEO of Arçelik has been elected as the president of APPLiA-Home Appliance Europe. In 2022, Arçelik endorsed the UN CEO Water Mandate and discloses its progress against the Mandate annually.
With these methods, we ensure that our activities are consistent with national and international policy. We realize our activities under these processes and develop projects in line with the national and international policy. If an inconsistency occurs, CEO is informed by Quality, Sustainability and Corporate Affairs Director and decisions are taken to overcome the inconsistency by top management.

# W6.6

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

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

_arcelik-2022eng.pdf

# W7. Business strategy

## W7.1

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

| | Are water-related issues integrated? | Long-term time horizon (years) | Please explain |
|---|---|---|---|
| Long-term business objectives | Yes, water-related issues are integrated | 11-15 | Arçelik‘s business strategy is,to increase the ability to offer enriching,pioneer,innovative,environmental friendly product,solution and technology to society and customer through product life cycle.In line with this strategy Arçelik defines its long-term business plans and objectives.On water issue,reduction in water withdrawal,increase in water reuse and recycling,water risks are integrated in long term business plans&objectives.Arçelik’s long term business objective is achieving“closed loop water”in production.We have set our 2030 target to increase the water recycling and reuse ratio(Water recycling and reuse ratio=Total recycled and reused water/Total water withdrawal) to 70% in all manufacturing plants aiming to achieve a closed loop water system in production.Another long term water target of Arçelik,set in 2019,is to reduce water withdrawal per product in production by 45% compared to 2015 base year by 2030.To achieve long term objectives,Arçelik defines its short and medium term business goals,KPIs and action plans and integrated with Arçelik’s global strategic plan process.For becoming closed loop cycle,defined targets/objectives for business plan are as follows:-Decreasing water withdrawal,-Increasing water efficiency,water recycling&reuse-Water withdrawal data verification,-Rainwater harvesting,-Improvement of water monitoring system,-Raising Sustainability indices’ scores related to water. In scope of the targets Arçelik defines its action plans for each KPIs. |
| Strategy for achieving long-term objectives | Yes, water-related issues are integrated | 11-15 | To achieve its long term target,Arçelik defines its short and medium term business goals,KPIs and action plans. In scope of Arçelik Sustainability Targets,Arçelik has yearly water targets in production plants to reach the long term targets.To reach water related objectives,we perform water efficiency projects in plants. In 2022, we saved a total of 176.984 m3 of water, thanks to water efficiency and rainwater harvesting projects |

| | | | |
|---|---|---|---|
| | | | carried out in our production plants.As an example, in 2022, We recovered and reused the effluent water of a biological wastewater treatment plant and rainwater. These actions saved a total of 114,108 m3 of water. At the Arctic Washing Machine Plant in Ulmi, Romania, we saved 18,362 m3 of water by recycling and reusing wastewater and harvesting rainwater. Refrigerator and Compressor Plants in Eskişehir, Türkiye, we saved 7,832 m3 of water by reducing the number of active working nozzles used in the pallet washing process, preventing water leakages, and reusing water in the paint shop. At the Arçelik Refrigerator Plant in Manisa, Türkiye, we reduced 12,500 m3 of water by decreasing chemical usage.We collaborate with our suppliers, universities and initiatives to benefit from their expertise in our projects.In 2022, Arçelik had become of the 200+ companies that have signed the CEO Water Mandate. As an endorsing company, in line with Arçelik's Water Policy, we commit to meet the expectations of the CEO Water Mandate and report our progress annually. |
| Financial planning | Yes, water-related issues are integrated | 11-15 | Arçelik's global strategic plan process includes estimated budgets for realizing business plans&targets. To reach Arçelik's long term business objective, the following actions are defined and they are integrated to financial planning process: -Improving water measuring infrastructure of plants -Provide an appropriate water measuring system of the new construction projects -Realizing of water efficiency projects for major/prioritized withdrawal points -Water data verification -Rainwater & wastewater recycling project studies (feasibility & investment) -Water efficiency projects (feasibility & investment).We collaborated with International Finance Corporation(IFC) to evaluate the water efficiency of our production plants.In the project,the efficiency of water withdrawal in each process is evaluated and benchmarked against global competitors.Also, the amount of investment required to increase water efficiency in production is determined by IFC.In addition, Arçelik announced a 350 million Euros Green Bond issuance in 2021.In this scope, we prepared Green Financing Framework including Sustainable Water and Wastewater Management projects integrated to our strategies(https://www.arcelikglobal.com/media/6294/arcelik-green-financing-framework.pdf).Also,in 2023, we shared Green Bond Allocation and Impact Report including Sustainable Water and Wastewater Management for year 2022 https://www.arcelikglobal.com/media/7432/arcelik-green-bond-allocation-and-impact-report-2022.pdf |

# W7.2

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

**Row 1**

**Water-related CAPEX (+/- % change)**

561

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

50

**Water-related OPEX (+/- % change)**

99

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

99

**Please explain**

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

# W7.3

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

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

## W7.3a

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

| | Type of scenario analysis used | Parameters, assumptions, analytical choices | Description of possible water-related outcomes | Influence on business strategy |
|---|---|---|---|---|
| Row 1 | Water-related<br>Climate-related<br>Socioeconomic | For scenario analysis, we use WRI Aqueduct Water Risk Atlas tool for assessing future projections. This tool combines different climate scenarios (IPCC Representative Concentration Pathways - RCP and IIASA Shared Socio-economic Pathways - SSP) to explore 2030 and 2040 water stress. In WRI, the SSPs are defined in terms of three key variables: population, GDP, and urbanization, defined as the fraction of the population living in urban centers.<br>Scenario analysis results are followed both absolute value and change from baseline. Scenarios are given below.<br>Optimistic: The "optimistic" scenario (SSP2 RCP4.5) represents a world with stable economic development and carbon | According to both WRI Aqueduct Water Risk Atlas and TruCost methodology, water stress is the most significant physical risk item for Arçelik and its suppliers. Thus, we use scenario analysis to determine the projected change in water stress in each production facility of Arçelik for 2030 and 2040. According to the optimistic scenario, 83% and 87% of Arçelik plants will face increasing water stress in 2030 and 2040, respectively.<br>According to the business as usual scenario, 87% of Arçelik plants will face increasing water stress in 2030 and 2040.<br>According to the pessimistic scenario, 83% of Arçelik plants will face increasing | Due to this risk,Arçelik might potentially incur reduced revenue and market loss from decreased production capacity, logistics problems,and supply chain interruptions.There might be potential CAPEX&OPEX needs.Our strategies to manage physical risks and transform them to opportunities are given below:-Our production facilities are based in more than one location in order to manage business interruption risks better.-During new acquisition or greenfield investment decisions,land resilience is also factored into the due diligence process.-Arçelik takes necessary precautions to diversify its supply chain.-For risk adaptation, Arçelik has set its target to increase the water recycling and reuse ratio to 70% in all production plants by 2030 aiming to achieve |

| | | | | |
|---|---|---|---|---|
| | | emissions peaking and declining by 2040, with emissions constrained to stabilize at ~650 ppm CO2 and temperatures to 1.1–2.6°C by 2100.<br>Business as usual: The "business as usual" scenario (SSP2 RCP8.5) represents a world with stable economic development and steadily rising global carbon emissions, with CO2 concentrations reaching ~1370 ppm by 2100 and global mean temperatures increasing by 2.6–4.8°C relative to 1986–2005 levels.<br>Pessimistic: The "pessimistic" scenario (SSP3 RCP8.5) represents a fragmented world with uneven economic development, higher population growth, lower GDP growth, and a lower rate of urbanization, all of which potentially affect water usage; and steadily rising global carbon emissions, with CO2 concentrations reaching ~1370 ppm by 2100 and global mean temperatures increasing by 2.6–4.8°C relative to 1986–2005 levels. Additionally, in 2020, we outsourced the scenario analysis to S&P Trucost Services. The physical risk assessments are based on the Trucost Approach that leverages physical risks of Arçelik at the | water stress in 2030 and 2040.<br>In 2030 and 2040, depending on increasing water stress due to increasing demand, Arçelik might potentially incur reduced revenue and market loss from decreased production capacity, logistics problems, and supply chain interruptions. There might also be potential CAPEX and OPEX needs. | closed-loop water system in production.-Enterprise Risk Directorate calculates financial and non-financial risks related to the consequences of climate events such as floods, storms, tsunami,etc. based on countries where Arçelik production facilities are located in correlation with all related bodies within the company. -Arçelik has several lines of insurance policies.-In case any event occurs related to business interruption, compensation methodologies are already defined.-Arçelik announced a 350 million Euros Green Bond issuance in 2021.We prepared Green Financing Framework including Sustainable Water and Wastewater Management projects integrated to our strategies and publish Green Bond Allocation and Impact Report in 2022. |

| | | | | |
|---|---|---|---|---|
| | | asset level, as well as its suppliers, taking into consideration climate hazard indicators such as water stress, flood, heatwaves, coldwave, hurricane, sea level rise, etc and their impact on Arçelik's operations. The High Climate Scenario (RCP 8.5), the Moderate Climate Scenario (RCP 4.5) and the Low Climate Scenario (RCP 2.6) are taken into consideration with a forecast for the 2030 and 2050 fiscal years from a 2020 baseline. According to the Trucost Physical Risk assessment, Arçelik's overall physical risk score is moderate, main risk item being water stress. Based on Trucost analysis, Arçelik's suppliers main physical risks are related to water stress as well. | | |

# 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 calculates internal water prices(IWP) for each plant separately. To calculate IWPs, water stress was determined by using Aqueduct tool in current condition for Arçelik plants.Then,water stress was modelled for 2020,2030 and 2040 years in 3 different cases(business as usual,optimistic&pessimistic).For the determination of water stress impact on watershed due to water withdrawal, proportional increases between 20-100% for well water and 10-50%for municipal water cost depending on water stress score(1-5point) were assumed for Internal water prices(IWP) calculation . Also IWP calculation includes water bills paid monthly, opex, inflation rates and other direct/indirect water and wastewater prices . In 2022, total unit prices including IWP of our plants change between 6-80 TRY/m3.

# W7.5

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

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

# W8. Targets

## W8.1

**(W8.1) Do you have any water-related targets?**

Yes

## W8.1a

**(W8.1a) Indicate whether you have targets relating to water pollution, water withdrawals, WASH, or other water-related categories.**

| | Target set in this category |
|---|---|
| Water pollution | |
| Water withdrawals | Yes |
| Water, Sanitation, and Hygiene (WASH) services | Yes |
| Other | |

## W8.1b

**(W8.1b) Provide details of your water-related targets and the progress made.**

**Target reference number**

Target 1

**Category of target**

Water withdrawals

**Target coverage**

Company-wide (direct operations only)

**Quantitative metric**

Reduction in withdrawals per product

**Year target was set**

2019

**Base year**

2015

**Base year figure**

57

**Target year**

2030

**Target year figure**

31.35

**Reporting year figure**

41

**% of target achieved relative to base year**

62.3781676413

**Target status in reporting year**

Underway

**Please explain**

Thanks to water efficiency projects realised in our plants, in 2022, we reduce our water withdrawal per product by 28% compared to 2015 achieving 62% of target.

**Target reference number**

Target 2

**Category of target**

Water withdrawals

**Target coverage**

Company-wide (direct operations only)

**Quantitative metric**

**Year target was set**

2020

**Base year**

2020

**Base year figure**

0

**Target year**

2030

**Target year figure**

70

**Reporting year figure**

7.4

**% of target achieved relative to base year**

10.5714285714

**Target status in reporting year**

Underway

**Please explain**

In 2022, the water recycling ratio realized 7.4% by achieving 10.57% of the target.

---

**Target reference number**

Target 3

**Category of target**

**Target coverage**

Suppliers

**Quantitative metric**

Other, please specify

% suppliers that have ISO 14001 certification

**Year target was set**

2020

**Base year**

2020

**Base year figure**

15

**Target year**

2023

**Target year figure**

100

**Reporting year figure**

99

**% of target achieved relative to base year**

98.8235294118

**Target status in reporting year**

Underway

**Please explain**

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

In 2022, 99% of 488 suppliers had the ISO 14001 certificate.

**Target reference number**

Target 4

**Category of target**

**Target coverage**

Other, please specify

Direct suppliers

**Quantitative metric**

Other, please specify

Quantitative environmental data collection- % increase in number of suppliers engaged

**Year target was set**

2020

**Base year**

2020

**Base year figure**

0

**Target year**

2025

**Target year figure**

100

**Reporting year figure**

38

**% of target achieved relative to base year**

38

**Target status in reporting year**

Underway

**Please explain**

In the scope of supplier engagement, by 2025, we have committed to collect the Scope 1–2 GHG emissions, water withdrawal, wastewater, recycled water, hazardous and
non-hazardous waste and energy consumption data for approximately 400 of our suppliers, corresponding to 90% of our purchasing volume. We intend to make the

consolidated data public to transparently report the impact of our supply chain. The quantitative metric is determined as % increase in number of suppliers engaged.

For our 2022 data collection, we collected environmental data from 159 suppliers, reaching 38% of our target. Additionally, 179 suppliers have committed to set GHG emission/water/waste/ energy efficiency targets in 2022.

# 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

independentassurancestatement_aa1000arcelik_2022.pdf

arc-elik-_beko-llc-2022-assurance-report.pdf

2021_arcelikaa1000as.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 | This report includes Arçelik's headquarter in Turkey and Arçelik Turkey, Arctic Romania, Beko Thailand, Defy South Africa, Singer-Bangladesh, and Dawlance Pakistan manufacturing plants. Manisa Refrigirator and Washing Machine manufacturing plants( included in | AA1000 AS | In the "W1.Current state" section, we share verified Water withdrawal by municipal water, Water withdrawal by fresh groundwater, Water discharged and Water pollution load (COD) data for 2022 |

| | | | |
|---|---|---|---|
| | Arçelik Turkey ) and Singer-Bangladesh manufacturing plants included in report this year.<br><br>“Annex 4: Environmental Performance Indicators, Manufacturing Plants & HQ” part of Arçelik Global Sustainability Report 2022 is verified in accordance with AA1000AS as follows:<br><br>Water withdrawal by municipal water 691,730 m3<br>Water withdrawal by fresh groundwater 603,849 m3<br>Water discharged 1,146,067 m3<br>Water pollution load (COD) 242 ton<br><br>2022 Arçelik AA1000AS Assurance Report is available in our website:<br>https://www.arcelikglobal.com/media/7416/independentassurancestatement_aa1000arcelik_2022.pdf<br><br>2021 Arçelik AA1000AS Assurance Report is available in our website:<br>https://www.arcelikglobal.com/media/6963/2021_arcelikaa1000as.pdf | | This report includes Arçelik’s headquarter in Turkey and Arçelik Turkey, Arctic Romania, Beko Thailand, Defy South Africa, Singer-Bangladesh, and Dawlance Pakistan manufacturing plants. Manisa Refrigirator and Washing Machine manufacturing plants( included in Arçelik Turkey ) and Singer-Bangladesh manufacturing plants included in report this year.<br><br>Below items included in report SR but not verified by 3rd party ;<br><br>Water withdrawal from<br>* Third party sources ( Tanker water ) 4,399 m3<br>* Fresh surface water ( Rainwater ) 46,613 m3<br><br>2022 Arçelik AA1000AS Assurance Report is available in our website:<br>https://www.arcelikglobal.com/media/7416/independentassurancestatement_aa1000arcelik_2022.pdf<br><br>2021 Arçelik AA1000AS Assurance Report is available in our website:<br>https://www.arcelikglobal.com/media/6963/2021_arcelikaa1000as.pdf<br><br>(Arçelik Global Sustainability Report 2022 uploaded to W11 ) |
| W1 Current state | This report includes Beko LLC-Russia manufacturing plants.<br><br>“Annex 4: Environmental Performance Indicators, Manufacturing | ISAE 3000 | This report includes Beko LLC-Russia manufacturing plants.<br><br>“Annex 4: Environmental Performance Indicators, Manufacturing |

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|---|---|---|---|
| | Plants & HQ" part of Arçelik Global Sustainability Report 2022 is verified in accordance with ISAE 3000 as follows:<br><br>Water withdrawal by fresh groundwater 143,514 m3<br><br>2022 Arçelik ISAE 3000 Assurance Report is available in our website: https://www.arcelikglobal.com/media/7417/arc-elik-_beko-llc-2022-assurance-report.pdf | | Plants & HQ" part of Arçelik Global Sustainability Report 2022 is verified in accordance with ISAE 3000 as follows:<br><br>Water withdrawal by fresh groundwater 143,514 m3<br><br>Below items included in report SR but not verified by 3rd party ;<br><br>Third-party destinations :<br>* Water discharge 126,673 m3<br><br>2022 Arçelik ISAE 3000 Assurance Report is available in our website: https://www.arcelikglobal.com/media/7417/arc-elik-_beko-llc-2022-assurance-report.pdf<br><br>(Arçelik Global Sustainability Report 2022 uploaded to W11 ) |

# W10. Plastics

## W10.1

**(W10.1) Have you mapped where in your value chain plastics are used and/or produced?**

| | Plastics mapping | Value chain stage | Please explain |
|---|---|---|---|
| Row 1 | Yes | Supply chain | At Arçelik, we focus our efforts on tackling plastic pollution that minimize loss and support a circular economy. Arçelik, a household appliances manufacturer, redefines our product design and manufacturing processes in line with circularity principles helping to extend the product life cycle. In line with this principle, we conduct life cycle assessment (LCA) studies for our products. This study used the cradle-to-grave life cycle approach, which includes raw material, raw material |

| | | | |
|---|---|---|---|
| | | | transportation, product manufacturing, product transportation, use phase, and end-of-life stages. As a result of this assessment, we focused on the usage of plastic raw materials and plastic packaging materials for our products. Different types of plastic materials such as PP, PET, HIPS are used in the components and packaging of our products. |

# W10.2

**(W10.2) Across your value chain, have you assessed the potential environmental and human health impacts of your use and/or production of plastics?**

| | Impact assessment | Value chain stage | Please explain |
|---|---|---|---|
| Row 1 | Yes | Direct operations<br>Supply chain<br>Product use phase | We have conducted a comprehensive Life Cycle Assessment analysis enables us to thoroughly evaluate the environmental burdens and hotspots throughout the entire life cycle of our plastic products. By identifying areas of high impact, such as resource consumption, greenhouse gas emissions, and waste generation, we can develop targeted strategies to optimize material usage, reduce emissions, and promote circular economy practices.<br>We ensure to conduct Environmental Impact Assessment by 3rd party organizations which authorized by governments on our production facilities to identify and manage the potential environmental impacts resulting from our manufacturing processes, particularly those related to plastics. The EIA evaluates factors such as air and water pollution, waste management, resource consumption, and the release of hazardous substances. Through this assessment, we have gained a comprehensive understanding of the environmental risks and impacts associated with our plastic production. EIA ensures that sustainable practices strive to reduce the negative environmental impact of plastics.<br>Additionally, our implementation of an ISO 14001 management system reinforces our commitment to minimize the environmental footprint of plastics. By implementing targeted mitigation measures and best practices, we actively work to minimize the environmental footprint of our production facilities, reduce pollution, and protect ecosystems.Through continuous improvement, adherence to environmental regulations, and stakeholder engagement, we strive to mitigate the negative impacts of plastics on ecosystems, and human health, while promoting sustainable alternatives and responsible plastic management practices.<br>By 2023, we commit to make sure that the ISO 14001 certificate apply for approximately 400 suppliers making 90% of our purchasing volume and collect below data from supplier<br>*Total plastic usage in products |

| | | | |
|---|---|---|---|
| | | | *Total plastic usage in packaging<br>*Recycled content of packaging |

## W10.3

**(W10.3) Across your value chain, are you exposed to plastics-related risks with the potential to have a substantive financial or strategic impact on your business? If so, provide details.**

| | Risk exposure | Value chain stage | Type of risk | Please explain |
|---|---|---|---|---|
| Row 1 | Yes | Supply chain | Regulatory<br>Reputational | According to the 2023 Circularity Gap Report, the human needs can be met with only 70% of the materials that we currently use if we adopt a circularity approach. On the other hand, the global circularity rate decreased from 9.1% in 2018 to 7.2% in 2023. This setback in circularity and the understanding that the waste generated is actually of economic value slowly urges policy makers to take action and introduce measures to increase circularity, especially in terms of plastic packaging. On top of this, there is an increasing demand from customers for products that use recycled materials and recycled packaging. Thus, many regulations are entered into force or planned to be entered regarding the restriction of the use of plastic. This brings the need of adaptation and possible additional costs for companies using plastic including Arçelik. Plastic packaging tax introduced in the UK and Spain, to be introduced in Italy. EPS ban has been introduced in France and is expected to be started in Australia in 2026. Packaging EPR responsibility for manufacturers in the UK, Philippines is introduced. Regulations prohibiting import of recycled plastic and industrial symbiosis are being introduced. Feasibility studies on mandatory requirement of having a microfiber filter in washing machines began in California, USA from January 2022 to impose integrating a filter system in all washing machines and laundromats, including laundry services in all machines owned or operated by a state entity. All of these regulations result in rising costs due to the need of increased recycled content in the products and in packaging, |

| | | | | |
|---|---|---|---|---|
| | | | | fluctuating recycled plastic raw material price, quality, durability. There is also scarcity of plastic recycling infrastructure in countries where Arçelik operates. |

## W10.4

**(W10.4) Do you have plastics-related targets, and if so what type?**

| | Targets in place | Target type | Target metric | Please explain |
|---|---|---|---|---|
| Row 1 | Yes | Plastic packaging<br>Plastic goods | Reduce the total weight of virgin content in plastic packaging<br>Reduce the total weight of virgin content in plastic goods | For our 2030 targets, internal targets on a yearly basis, dissemination plans have been created. In 2019, we set our target to increase recycled plastic content to 40% and biobased plastics content to 5% by 2030. In addition to these, we became signatory of the Business Plastic Initiative (IPG). Being a signatory of IPG, we have set our 2023 commitments in product manufacturing as of March 2021 which include our committment to increase recycled plastic content in products and packaging materials. Arçelik produces some of the most innovative products in the market which aim to find solutions to the plastic pollution, especially saving oceans from plastics. Arçelik R&D develops high-performance and eco-friendly recycled plastic formulations to replace their virgin counterparts without sacrificing the durability of the products. Arçelik's holistic approach takes almost all the plastics in the company's products into consideration to maximize the plastic recycled content. |

## W10.5

**(W10.5) Indicate whether your organization engages in the following activities.**

| | Activity applies | Comment |
|---|---|---|
| Production of plastic polymers | No | |
| Production of durable plastic components | Yes | Plastic parts in different material types are used in the production of our products. |

| | | |
|---|---|---|
| Production / commercialization of durable plastic goods (including mixed materials) | No | |
| Production / commercialization of plastic packaging | Yes | Packaging materials are used for our products. |
| Production of goods packaged in plastics | Yes | Our products cannot be used without the packaging being opened. |
| Provision / commercialization of services or goods that use plastic packaging (e.g., retail and food services) | No | |

# W10.7

**(W10.7) Provide the total weight of plastic durable goods/components sold and indicate the raw material content.**

**Row 1**

**Total weight of plastic durable goods/components sold during the reporting year (Metric tonnes)**

175,993

**Raw material content percentages available to report**

% virgin fossil-based content
% post-industrial recycled content
% post-consumer recycled content

**% virgin fossil-based content**

92

**% post-industrial recycled content**

7

**% post-consumer recycled content**

1

**Please explain**

A total of 13,207 tons of recycled plastics were used in 2022. Examples are our efforts to use recycled waste PET bottles in washing machines and washer-dryer tubs,  recycled waste fishing nets and industrial thread in different parts of ovens, washing machines and dishwashers. This data is not verified by third party.

# W10.8

**(W10.8) Provide the total weight of plastic packaging sold and/or used, and indicate the raw material content.**

| | Total weight of plastic packaging sold / used during the reporting year (Metric tonnes) | Raw material content percentages available to report | % virgin fossil-based content | % post-industrial recycled content | % post-consumer recycled content | Please explain |
|---|---|---|---|---|---|---|
| Plastic packaging sold | | None | | | | |
| Plastic packaging used | 25,059 | % virgin fossil-based content<br>% post-industrial recycled content<br>% post-consumer recycled content | 98 | 2 | | A total of 612,144 tons of recycled plastic packaging materials were used in 2022. Examples are our efforts to use recycled waste PET bottles in the major domestic appliance product packaging strips, recycled plastic in accessory and product bags, recycled shrink in product packaging. This data is not verified by third party. |

# W10.8a

**(W10.8a) Indicate the circularity potential of the plastic packaging you sold and/or used.**

| | Percentages available to report for circularity potential | % of plastic packaging that is technically recyclable | Please explain |
|---|---|---|---|
| Plastic packaging sold | None | | |
| Plastic packaging used | % technically recyclable | 100 | Plastic can be recyclable, but not all types of plastic are equally recyclable or widely accepted in recycling programs. Also, recycling practices can vary from region to region. However, the plastics of our products and packaging can be 100% technically recyclable. |

# W11. 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 Sustainability Report 2022
Arçelik Green Bond Allocation & Impact Report 2022 Uploaded

Arcelik Green Bond Allocation and Impact Report 2022_Final.pdf
arcelik_22_sustainability_report.pdf

## W11.1

**(W11.1) Provide details for the person that has signed off (approved) your CDP water response.**

| | Job title | Corresponding job category |
|---|---|---|

| | | |
|---|---|---|
| Row 1 | | |

# Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

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

**Please indicate your consent for CDP to share contact details with the Pacific Institute to support content for its Water Action Hub website.**

Yes, CDP may share our Main User contact details with the Pacific Institute

**Please confirm below**

I have read and accept the applicable Terms