

Sustainability at Heart: *Where feels Like Home Begins*



Arçelik

2023 SUSTAINABILITY REPORT

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Last year's theme aimed to inspire sustainable living in every home. This year, we emphasize that every sustainable place can feel like home. Our 2023 Sustainability Report, inspired by our Employee Value Proposition (EVP), "Feels Like Home", embodies this idea. We introduce the concept of the "Roof" in our report's design, symbolizing the inclusive, expansive, and protective sentiments of a home.

The "Roof" metaphor illustrates our commitment to providing a nurturing, protective environment for all our stakeholders worldwide, fostering a sense of trust and familiarity. This design choice underscores our international growth and objectives, highlighting our global presence as a reliable, recognizable entity committed to sustainability.

By blending the "Feels Like Home" sentiment with the "Roof" metaphor, we reinforce the idea that Arçelik is a place where our employees, subsidiaries, and stakeholders can come together under one roof to build a sustainable future. This approach makes our report not just a document but a reflection of our cultural ethos and EVP philosophy, showcasing a sustainable business model embedded in the DNA of our organization and in the hearts of our employees.

Our sustainability initiatives, presented from a global perspective, reflect our dedication to a sustainable future for all. We invite you to join us under this roof, as we work together to create a world where everyone feels at home.

Sustainability at Heart: *Where feels Like Home Begins*

#FeelsLikeHome



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THE REPORT CAN ALSO BE CONSULTED ONLINE VIA **ARCELIKGLOBAL.COM/EN/SUSTAINABILITY**





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Icons Indicating Hyperlinks



Redirects to external source of information



Allows internal navigation throughout the Report

Icons Indicating Material Issues



Product Quality and Safety



Climate Action



Energy and Water Efficient Products



Sustainable Financing



Corporate Governance



Future Fit Culture, Talent and Organizational Management



Sustainable Supply Chain Management



R&D, Innovation, Digital Transformation and Smart Solutions



Material Recycling and Reduction



Occupational Health and Safety



Business Ethics and Transparency



End of Life Responsibility of Products



Durability, Reparability and Refurbishment



Data Privacy and Cybersecurity



Water Management



Chemicals Management



Waste Management



Biodiversity



Customer and Consumer Experience



Corporate Citizenship

ABOUT THIS REPORT

We are pleased to present our **16th Sustainability Report** with our stakeholders. Our strategy is to create sustainable growth and shared value.

At Arçelik, our sustainability as a business model strategy is integrated into the core of our business. In this regard, we set our strategy under In Touch with Technology which consist of three pillars: **In Touch with Planet, In Touch with People, and In Touch with Business.** Each year, our aim is to align with the reporting standards and inform our stakeholders transparently and effectively.

In our 2023 Sustainability Report, we demonstrate how we performed in 2023 and will achieve the goals and value we create for our stakeholders.

Our 2023 Sustainability Report covers our sustainability strategy, targets, and progress towards them and other ESG performance indicators. Unless otherwise stated, the information and data included in our report were prepared within the scope of our operations carried out between January 1, 2023, and

December 31, 2023; and, in this context, social and environmental indicators stated in the report correspond to more than 75% of our revenue, business operations or full-time equivalent (FTEs) employees. Similarly, unless otherwise stated, financial data of this Report* is expressed in nominal values without the application of IAS 29 Financial Reporting in Hyperinflationary Economies.

Our 2023 Sustainability Report has been prepared in line with the six main value creation capitals defined by the International Integrated Reporting Framework (IIRC) which are: financial capital, manufactured capital, intellectual capital, human capital, social capital, and natural capital. You may see references to them throughout the Report.



*excluding the 2023 Highlights and Business Model and Value Chain sections' data whose details can be accessed through the In Touch with Planet, In Touch with Human Needs, In Touch with Business, and Annex sections.

ALIGNING OUR DISCLOSURES WITH REPORTING STANDARDS AND FRAMEWORKS

This report demonstrates Arçelik's alignment with the goals and principles of the following international frameworks:

 <p>United Nations Global Compact (UNGC)</p>	 <p>UN Sustainable Development Goals (SDGs)</p>	 <p>Women's Empowerment Principles (WEPs)</p>	 <p>The International Integrated Reporting Framework (IIRC)</p>
 <p>The standards by the Sustainability Accounting Standards Board (SASB)</p>	 <p>The Standards by Global Reporting Initiatives</p>	 <p>Task Force on Climate- Related Financial Disclosures (TCFD)</p>	

The report content is also guided by the newly adopted Türkiye Sustainability Reporting Standards (TSRS).

-  In order to see the TSRS Compliance Disclosure of our ESG data, please see [2023 Annual Report](#).
-  The assurance statements we have received as a result of the audits carried out in accordance with recognized international standards on the selected indicators are included in [Annex 2. Assurance Reports](#).



Dear Stakeholders,
We have successfully completed another reporting period that reflects our commitment to sustainability and our dedication to making an impact on the environment, society, and the economy. Throughout this period, we have continued to implement practices and initiatives aimed at reducing our carbon footprint, conserving natural resources, promoting equality, and driving economic growth within our communities.

2023 was a challenging year, marked by geopolitical tensions, economic uncertainties, and climate extremes. It was the hottest year on record, and more alarmingly, the warmest by far. Scientists predict that there is a one-in-three chance that 2024 will be warmer than 2023 and a 99% chance that 2024 will rank among the top five warmest years. Alongside the record-breaking heat, the world's sea surface hit its highest recorded temperature, and Antarctic sea ice coverage dropped to a record low in 2023.

Besides these record-breaking figures, the United Nations said the world is “woefully off track” to achieve the Sustainable Development Goals (SDGs) by the 2030 deadline due to the combined impacts of climate change, conflict, overlapping energy, food, and economic shocks, and the lingering effects of COVID-19.

Unfortunately, this trend has become the new normal with ever-worsening heatwaves, wildfires, droughts, floods, glaciers melting at an alarming rate, and rising sea levels. These extreme events also remind us of a reality we cannot escape: we need decarbonization in full and on time.

WE NEED A NEW MODEL THAT TAKES INTO ACCOUNT PLANETARY BOUNDARIES AND ECOLOGICAL SYSTEMS

Without stronger action on emissions, we are doomed to collective failure. But failure is not an option, so we need a new model – not degrowth but smarter growth – that takes into account planetary boundaries and ecological systems. As a leading manufacturer of household appliances with products found in millions of homes around the world, we are in a unique position to make a positive impact and lead change.

Sustainability is at the heart of everything we do. At Arçelik, we are committed to the Science Based Targets Initiative to become a net-zero company by 2050, in line with the Science Based Targets Net Zero Standard. As part of this commitment, we have submitted to the Science Based Targets Initiative our new near-term and net-zero targets, which are aligned with the 1.5°C climate scenario.

We have a core responsibility to decarbonize our industry swiftly, ensuring the healthy growth of our business while safeguarding our planet. Ensuring the energy efficiency of our manufacturing and products is at the heart of our decarbonization vision. Appliances consume a significant amount of household energy. This is forcing us and our industry to take a hard look at ourselves and rethink our impact on the planet.

Over this reporting period, we continued to reduce our carbon footprint by using 64% green electricity in all our manufacturing operations. We are on track to increase this ratio to 100% by 2030 in all countries where we have manufacturing facilities.

RENEWABLES HAVE BECOME A KEY ENABLER FOR DECARBONIZATION

Renewables have become a key enabler for decarbonization and meeting climate targets. The good news is that the combined growth of solar and wind power has pushed renewable generation to a record 30% of global electricity production. For our part, we have been working to increase the use of renewables in the clean energy transition. We have developed the Solar Hybrid Fridge, which provides a cooling system that alternates between using electricity from the electricity grid and solar energy.



HAKAN BULGURLU
CEO, Arçelik

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CEO LETTER

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Our energy efficiency projects have saved a total of 95,680 GJ of energy and prevented 6,983 tonnes of CO₂e emissions. We are also committed to waste reduction and have achieved a 95% waste recycling rate in our manufacturing facilities. As a proud member of the UN CEO Water Mandate, ensuring water efficiency is also a top priority for our organization. To this end, we have saved a total of 288,973 m³ of water through water efficiency and rainwater harvesting initiatives. We have also increased our use of recycled plastic. A total of 16,543 tonnes of recycled plastic were used in our products in 2023.

OUR COMMITMENT TO A NET-ZERO FUTURE IS NOT A TEMPORARY BUT A PERMANENT PART OF OUR EXISTENCE

Today, we are recognized as the most sustainable home appliances company in the world, and our efforts have been acknowledged by multiple international organizations. We are once again listed as the highest-scoring company in our industry in the Dow Jones Sustainability Indices. Additionally, our company has been recognized on The Global 100 Most Sustainable Corporations Ranking of Corporate

Knights for the fourth time in a row. All these successes demonstrate that our commitment to a net-zero future is not a temporary but a permanent part of our existence.

Sustainability goes beyond environmental concerns to encompass principled business practices, social equity, and long-term resilience in all aspects of society. It involves promoting a culture of responsible consumption, prioritizing inclusivity and diversity, and striving for equal access to resources and opportunities for all individuals.

At Arçelik, we have become an early mover of the Forward Faster Initiative, which was launched by the UN Global Compact. This initiative challenges businesses to elevate their ambitions in five strategic areas (living wage, gender equality, climate action, water action, and sustainable finance) to accelerate private sector action.

With the launch of Beko Europe, we have consolidated our global leadership in the home appliances industry, but our ultimate goal remains unchanged: To make our achievements continuous and even stronger as we prepare to celebrate our 70th anniversary next year.

I would like to thank all our stakeholders, especially my colleagues, who have given us support and strength on this journey.

Yours Sincerely,

Hakan Bulgurlu, CEO

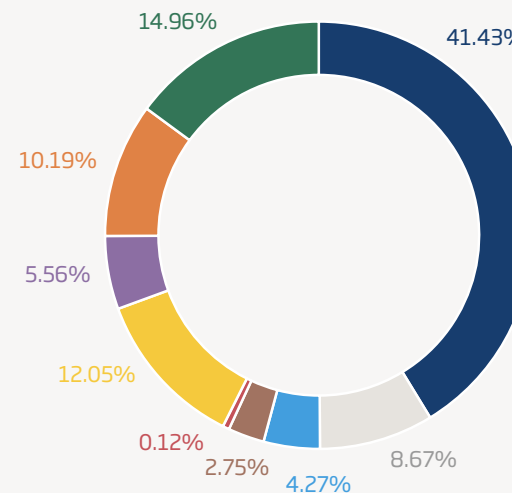
ARÇELİK AT A GLANCE

Arçelik serves as the central entity of a global network comprising 82 subsidiaries across 53 countries, with 31 production facilities in nine countries and a workforce exceeding 40,000 employees worldwide. The company's portfolio includes renowned brands such as Altus, Arctic, Arçelik, Beko, Blomberg, Dawlance, Defy, Elektrabregenz, Flavel, Grundig, Hitachi*, Leisure, Singer*, and VoltasBeko.

In 2023, Arçelik reported consolidated revenues of TRY 257.1 billion (EUR 8 billion), with 63% generated from markets outside Türkiye. Its commitment to innovation is evidenced by over 2,200 research personnel employed across 28 R&D and design centers globally, resulting in more than 3,100 patent applications and patents across all operational segments.

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

Share in Capital (%)



- Koç Holding A.Ş.
- Koç Family
- Koç Holding Pension and Aid Fund Foundation
- Temel Ticaret ve Yatırım A.Ş.
- Vehbi Koç Foundation
- Teknosan Büro Makina ve Levazımı Tic.ve San. A.Ş.
- Burla Ticaret ve Yatırım A.Ş.
- Arçelik A.Ş.
- Other Shareholders

For the fifth consecutive year, Arçelik achieved 86/100 points in the Dow Jones Sustainability Indices which is the highest score in the DHP Household Durables Industry. Notably, the washing machine plant in Ulmi, Romania, and refrigerator plant in Eskişehir, Türkiye, were recognized as members of the "Global Lighthouse Network", a prestigious community of manufacturers leading in Fourth Industrial Revolution technologies. Furthermore, Arçelik's dedication to sustainable practices in water and energy management brought Ulmi washing machine plant a position among the World Economic Forum Global Lighthouse Network's 10 Sustainability Lighthouses.

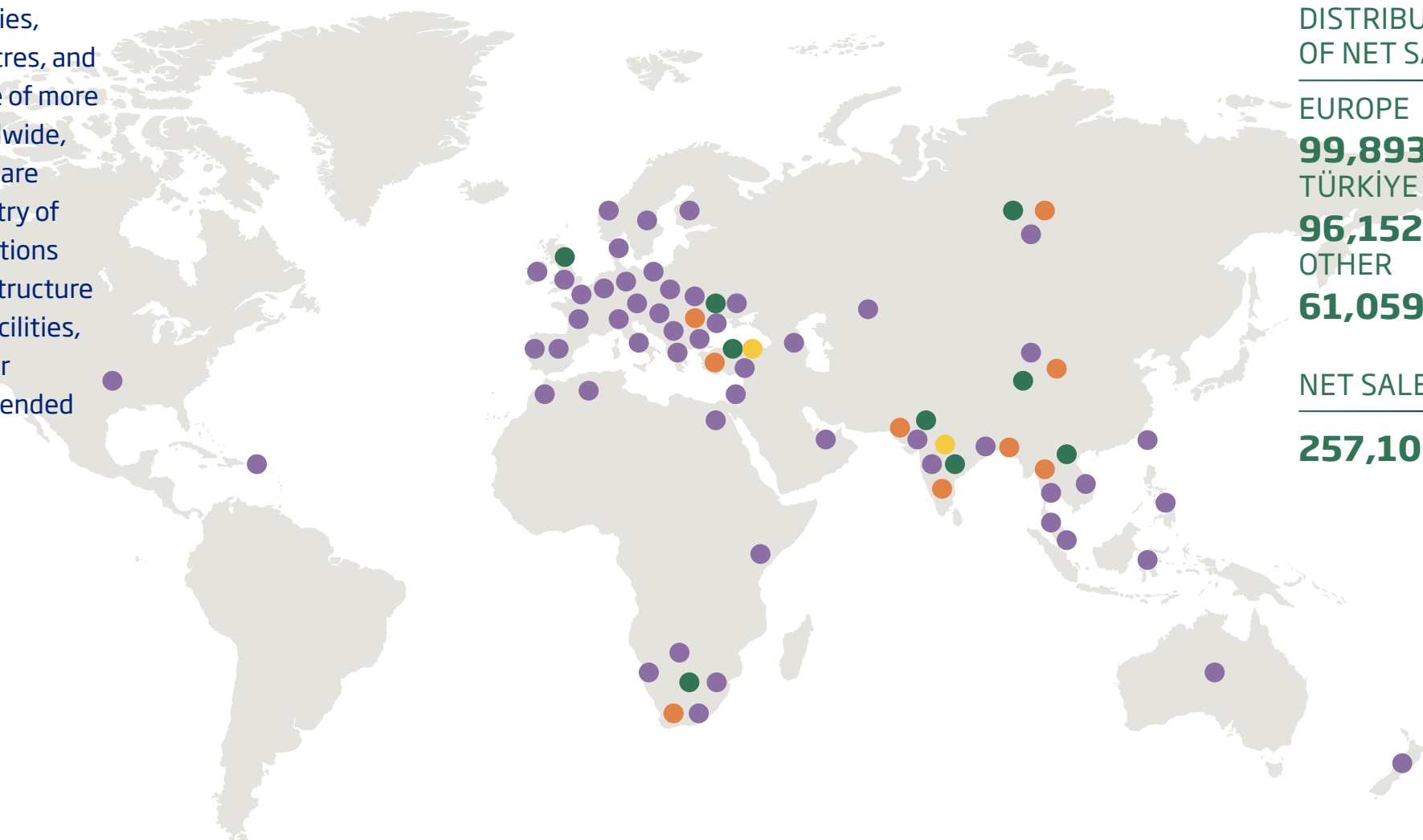


*Licensee limited to certain jurisdictions.



GLOBAL OPERATIONS

Arçelik maintains its operations in 53 countries with its subsidiaries, production facilities, R&D centres, and offices supporting a workforce of more than 40,000 employees worldwide, where 47% of the employees are located in the company's country of headquarters and 53% in locations abroad. With our robust infrastructure that includes 31 production facilities, we have steadily expanded our operations since 1955 and extended our reach to six continents.



- Production Facilities
- R&D and Design Centers and Offices
- Subsidiaries and Branches
- Partners

REGIONAL DISTRIBUTION OF NET SALES (TRY)

EUROPE
99,893 MILLION
 TÜRKİYE
96,152 MILLION
 OTHER
61,059 MILLION

NET SALES (TRY)
257,104 MILLION

Please note that inflation accounting has been applied to net sales data according to IAS 29 Financial Reporting in Hyperinflationary Economies. For further information, please refer to [2023 Annual Report](#).

The report's operational and organizational boundaries are shown in [Annex 1.Scope of the Report](#).

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In Touch with Business

Financials

TRY 5,732 Million all environmental related investments and expenditures	Net Sales TRY 257,104 Million	EUR 3.77 Million fund from Horizon Europe Projects
--	---	--

Net Sales by product group (TRY)

White Goods TRY 197,173 Million	Consumer Electronics TRY 18,924 Million	Other TRY 41,006 Million
---	---	------------------------------------

Completed allocation of EUR 350 Million Green Bond	Established Sustainability-Linked Financing Framework
---	--

Business

Over EUR 4.5 Million total purchasing volume reached	Long-term environmental target commitment received from 166 Suppliers
---	--

Innovation

TRY 396.7 Million saving achieved with digital transformation projects	500 R&D Projects carried out	more than 3,100 registered patents held
---	---	--

Commenced Proof of Concept (PoC) phases with 22 startups and formed 25 collaborative partnerships	22 Projects funded in the scope of Horizon Europe
--	--

In Touch with Planet

Environment

Committed to be Net Zero in 2050 aligned with SBTi Net Zero Standard	64% green electricity usage in all manufacturing operations
--	--

288,973 m³ water saved and recycled

95,680 GJ energy saved and **6,983 tCO_{2e}** prevented with energy efficiency projects in production processes

Products

2,049 Tonnes of material reduction	16,543 Tonnes of recycled plastic used in Arçelik products
---	---

1.75 Million WEEE units recycled in our recycling plants since 2014	50.2% turnover from energy efficient products
--	--

62.4% turnover from low-carbon products	Energyspin and AI Sense technology showcased at IFA
--	--

In Touch with Human Needs

People

Established a partnership with Water.org to provide **10,000 Kenyans with access to safe water**

A Global **WE-inTech Program** in 4 different countries to empower women engineers

Reached **108 women dealers** under the Her Business Her Power project

Reached **503 women entrepreneurs**

STEM trainings to girls in Türkiye

Reached **644 women technicians** under the 500 Women Technicians Project

USD 13.1 Million funds transferred to women entrepreneurs

Collaborated with the **World Wildlife Fund (WWF)** and the **Marine Life Conservation Society (DYKD)** to recycle fish nets in the Sea of Marmara

Products that create social value

Continued its efforts in advancing the **Solar Hybrid Fridge** offering a cooling system using electricity from the electricity grid and solar energy alternately

AWARDS AND RECOGNITIONS

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By scoring 86 (out of 100) in the **2023 S&P Global Corporate Sustainability Assessment**, Arçelik achieved **the highest score for the 5th time** in a row out of 46 companies assessed in the DHP Household Durables Industry (Score date: October 27, 2023, DJSI Emerging Markets).

Arçelik was ranked in the top 1% of the **top ESG-scored companies** in the 2024 S&P Sustainability Yearbook.



Arçelik has been recognized for leadership in corporate transparency and performance on **Climate Change** with an **A- score** and **Water Security** with a **B score** by the global environmental non-profit Carbon Disclosure Project (CDP).

We took our place among the companies with the highest score at **CDP's annual Supplier Engagement Rating (SER)** for our effective management of climate issues throughout our supply chain.



Arçelik and Beko have been ranked **16th and 17th** in the Real Leaders **Top 300 Impact Companies of 2023**.



Arçelik has been listed among 485 companies in Bloomberg's **2023 Gender-Equality Index (GEI)** for the first time ever in 2023.



Arçelik has been recognized as the leader in Household Durables industry and HQ country in the **Corporate Knights' 2024 Global 100 Index** for the 4th consecutive year.



Arçelik has been consistently included in the BIST Sustainability Index ever since the company was first admitted to the index in November 2014. With the commencement of the BIST Sustainability 25 Index calculation, Arçelik has been listed as of 2022.



Arçelik was deemed worthy of the **"Prime" degree** in the International Shareholder Services ESG Rating.



Arçelik has been listed on **FTSE4Good Emerging Market Index since 2016** as a company with firm ESG performance measured by FTSE Russell, part of the London Stock Exchange Group.



Arçelik has obtained a score of 70/100 and has been awarded a **Gold EcoVadis Medal in 2023** for this achievement. We are proud to be placed in the **top 5% of companies** rated by EcoVadis.



Arçelik **achieved 1st place** out of 94 by scoring 92/100 in Refinitiv based on the 2022 ESG evaluation.



Arçelik received **11.6 from Sustainalytics ESG Risk Rating** and was assessed to be at low risk of experiencing material financial impacts from ESG factors.



Arçelik **scored 50/100** in Moody's ESG rating (based on FY 2022 assessment).



Arçelik received three awards at the Türkiye Sustainable Business Awards 2023, organized for the 10th time this year.

For the 5th consecutive year, the company won an award in the Sustainable Business Reporting category for its 2022 Sustainability Report. It also won in the Non-Governmental Organizations category for its "Balık Ağı" [Fishing Net] project, a collaboration with WWF-Turkey (World Wildlife Fund Turkey) and the Marine Life Protection Association.

Additionally, Arçelik LG Klima took home an award in the Sustainable Innovation-Process category for its Frolet project.



GLOBAL PARTNERSHIPS AND ENGAGEMENT

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With our vision of **Respecting the World, Respected Worldwide**, we believe in the power of acting together. With our In Touch Technology approach, we design the future and create value for all our stakeholders by establishing strategic collaborations.

For further information about our global partnerships, memberships and engagements, please refer to [Annex 10. Selected Memberships and Contributions.](#)

- **We strongly support the United Nations Global Compact (UNGC)** and incorporate its Ten Principles into all our business operations. We annually disclose and report our progress on how we applied these Principles.



For further information regarding Communication on Progress (CoP) and various activities and engagements listed on our Participant profile, please refer to the [Global Compact website.](#)

Arçelik is one of early movers of the Forward Faster Initiative which was launched by the UN Global Compact at the 78th UN General Assembly in September 2023. Forward Faster challenges businesses to elevate their ambitions in five strategic areas (living wage, gender equality,

climate action, water action, and sustainable finance) to accelerate private sector action at the pace and scale needed to deliver on the 17 Sustainable Development Goals (SDGs) and meet the 2030 Agenda.

- We are proud to be part of the **UN Global Compact's CFO Taskforce**, which brings together a multi-sectoral group of corporate finance leaders, investors, financial institutions, and the United Nations to share ideas and develop new concepts and frameworks.



For further information, please refer to the [CFO Taskforce website.](#)

- We are one of the companies endorsing the **UN CEO Water Mandate**, a platform for business leaders and learners to make commitments and enhance water stewardship. As part of our commitments, we established a new partnership with Water.org to support a community program that will empower 10,000 Kenyans in need with access to safe water and sanitation solutions.



For further information, please refer to the [UN CEO Water Mandate website.](#)

For further information, please refer to the [Community Development and Partnerships section of the Report.](#)

- We are a member of the **World Economic Forum's Alliance of CEO Climate Leaders** which is a global CEO-led community in the world committed to climate action.



As part of the Forward Faster initiative, Arçelik commits to 5 actions under 3 key areas.

Climate Action:

- > Contribute to a Just Transition by taking concrete actions that address the social impacts of climate change mitigation and adaptation measures, in collaboration with workers, unions, communities, and suppliers.

Finance & Investment:

- > Align corporate investments to the fullest extent possible with SDG policies and strategies, setting targets, tracking, and reporting on the amount and proportion of such SDG investments.

Water Resilience:

- > Build water resilience across global operations and supply chains, collaborating to achieve a positive water impact in at least 100 vulnerable and prioritized water basins by 2030.

> Set corporate science-based net-zero emissions targets in line with a 1.5°C pathway, with the objective of halving global emissions by 2030 and achieving net-zero emissions by 2050 at the latest.

> Establish a corporate financing strategy linked to SDG investments and performance, reporting on the amount and proportion of such SDG finance.

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- Arçelik has committed to being a Net Zero 2050 company aligned with the **SBTi Net-Zero Standard**. In this regard, Arçelik set a new near term and long term SBTi target aligned with a 1.5-degree scenario. The base year of the new target is 2022 and the new target is much more challenging, covering all manufacturing facilities including joint ventures as well as MDAs, SDAs, TVs and A/Cs for the use phase emissions.

- Arçelik has become one of the signatories of **the Business Ambition for 1.5°C, Race to Zero Campaign** in September 2021, which is an urgent call to action from a global coalition of UN agencies, business and industry leaders, in partnership with the Race to Zero.

- EP100**, including over 100 energy-smart companies dedicated to using energy more efficiently, is governed by the Climate Group in partnership with the World Green Building Council. As a signatory company, Arçelik set targets to increase energy efficiency by doubling our global economic output for each unit of energy consumed from 2010 to 2030 and plan to implement ISO 50001 Energy Management Systems in all manufacturing plants by 2025.

- The Business World Plastics Initiative (IPG)** implemented by Global Compact Türkiye, Business Council for Sustainable Development Türkiye (SKD Türkiye) and Turkish Industry and

Business Association (TÜSİAD) is a voluntary cooperation that aims to prevent the usage of disposable plastic and supporting the vision where plastic never becomes waste in the circular economy. Arçelik became one of the signatory companies in 2021 and reports the progress towards 2023 targets in the IPG Plastics Commitments Progress Reports.

 [For further information, please refer to the IPG Plastics Commitments Progress Reports.](#)

- WBCSD** is a network focused on sustainable development that supports businesses to acquire tools and expertise, engage with sound partnerships, and share knowledge to move forward on their sustainability path. Arçelik's long-term strategy and approach to sustainability issues aligned with the **WBCSD's membership requirements and Vision 2050: Time for Transformation**, which aims to build a future where more than nine billion people can live well within planetary boundaries.

At Arçelik, we support the **WBCSD Manifesto**, which sets out twelve action priorities framed around reducing, removing, and reporting emissions and emphasizes the need for public-private collaboration to drive climate action.

In 2023, we were involved in working groups and several programs under WBCSD that helped us accelerate our transition to climate action.

Being one of them, the SOS 1.5 Initiative offers an industry-specific roadmap to achieve 1.5°C targets.

In addition, our CEO Hakan Bulgurlu was one of the New Executive Committee (ExCo) members in 2023 for WBCSD.

Arçelik joined WBCSD's Reporting Matters program in 2020 for the assessment of its sustainability report with international reporting standards along with the principles of WBCSD. In the [Reporting Matters 2023](#), Arçelik's 2022 Sustainability Report was reviewed among others.

 [For further information, please refer to the Reporting Matters 2023.](#)


- Koç Holding is a signatory to the **Stakeholder Capitalism Metrics (SCM) by WEF International Business Council**, and as a Koç Group company, Arçelik reports its performance in line with SCM.

 [For further details, please refer to Annex 19. SCM Index.](#)

- Being a signatory of the United Nations **Women's Empowerment Principles (WEPs)** since 2017, Arçelik focuses on the goal of empowering women in the business world, which is one of the most important element of accelerating socio-economic development.

The Company has been actively promoting gender equality among key stakeholders, raising awareness, increasing women's employment opportunities, and supporting their professional development. Outside of Arçelik's offices and production facilities, women's employment is actively encouraged in the value chain through suppliers, authorized services, dealers, and stores. Arçelik shares its progress and activities in the field of gender equality publicly in its corporate reports every year and takes an active role in the events and projects organized by UN Women.

- As a Koç Group company, we became a supporter of the **Action Coalition platform**, which aims to mobilize key actors from the private sector, civil society, international organizations, and governments around the world to deliver lasting change by tackling key barriers to gender equality in the technology and innovation field for women and girls worldwide. As part of Action Coalition, since 2021, Arçelik has submitted three commitments to achieve concrete change and set six transformative objectives which aim to advance gender equality in fields of technology and innovation over the next five years.

 [For further information, please refer to the Sustainability Targets table and Supporting Society with Equal Opportunities and Inclusion section of the Report.](#)





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ENVIRONMENTAL TRENDS

Environmental trends are significantly impacting the world and the home appliances industry. As human activities continue to disrupt the environment, **collective efforts** and action are required to **reduce greenhouse gas (GHG) emissions** and implement measures to mitigate the effects of climate change. Efforts for the transition towards a **circular and net zero emission economy** drive the development of **resource efficient appliances** with innovative production technologies based on lowering the environmental footprint. In this regard, businesses also seek ways to increase reuse, repair, and recycling of appliances, reducing waste, and **minimizing environmental impact**. According to GfK's Consumer Tech & Durables Report ¹, for Major Domestic Appliances (MDA), efforts for mitigating the effects of climate change drive consumers towards purchasing refurbished products, which becomes increasingly appealing to both environmentally conscious consumers and those focused on managing expenses.


As Arçelik, we are face the aforementioned environmental trends and take measures accordingly. We are aware of the growing importance of the **need to enhance resource efficiency in our products and production processes**, efficiently manage water and waste, and adopt circular solutions.

 For further information, please refer to the [In Touch with Planet](#) section of the Report.

SOCIETAL TRENDS

Societal changes are reflected in consumer behaviors which impact home appliances industry. The increasing awareness of environmental sustainability has prompted consumers to seek **energy-efficient and environmentally friendly appliances**, driving innovation in the industry towards **sustainable technologies**. Triggered by societal trends such as the rise of the middle class and inequalities, there is a growing demand for appliances designed with **diverse interfaces and accessibility features**. Additionally, the rise of single-person households and urbanization has led to increased demand for smaller, more efficient appliances suited for limited living spaces. According to GfK's Consumer Tech & Durables Report ¹, **convenience** consistently impacts the home appliances industry as consumers seek products that simplify their lives. This encompasses smart and connected appliances, where the user gains more benefits as the range of compatible products expands.


As Arçelik, we are aware of the growing importance of increasing demand and growth opportunities highlighting the demand of **resource efficient products**, potential for innovative business models responding to evolving consumer preferences and global trends, which drive us in innovation and smart solutions.

 For further information, please refer to the [Product Stewardship](#) section of the Report.

DIGITALIZATION TRENDS

Digitalization trends are significantly impacting the world and the home appliances industry. Emerging technologies, including digitalization, artificial intelligence (AI), the Internet of Things (IoT), and data security and privacy, are rapidly extending their influence globally. According to Statista's 2024 data, it is expected that there will be 29.42 billion IoT-connected devices in the world by 2030. The integration of **digital technologies and IoT** enables appliances to become **smarter and interconnected**, offering enhanced functionalities and convenience to consumers. Moreover, technological advancements enable appliances to operate more efficiently, **reducing energy consumption and environmental impact**. Additionally, the spread of digitalization also necessitates robust cybersecurity measures to protect consumer data and ensure the safety and reliability of smart appliances.


As Arçelik, we are aware of the trends mentioned above and the growing importance of digitalization, AI, interconnectivity, data security and privacy being key drivers in the development future of home appliances and conduct projects proactively.

 For further information, please refer to the [R&D, Innovation and Digital Transformation](#) section of the Report.


REGULATORY TRENDS

Sustainability-related regulations are gaining momentum all around the world. Accordingly, trends such as the European Sustainability Reporting Standards (ESRS), the standards of International Sustainability Standards Board (ISSB) and its Turkish equivalent Türkiye Sürdürülebilirlik Raporlama Standartları (TSRS), the adoption of Expanded Polystyrene (EPS)-free packaging regulations, Green Claims Directive, sectoral sustainability standards of Sustainability Accounting Standards Board (SASB), and Carbon Border Adjustment Mechanism (CBAM) are significantly impacting both the global landscape and the home appliances industry. **ESRS** mandates companies to adhere to rigorous sustainability reporting standards, fostering **transparency and accountability** in environmental practices. Compliance with the **ISSB** ensures a global baseline for **comparability** in sustainability reporting, which will lead to enhanced judgement for investors. Furthermore, the transition towards **EPS-free packaging** reflects a commitment to reducing environmental impact, driving **innovation in eco-friendly packaging** solutions for appliances. Additionally, with the integration of **CBAM**, clearer industrial production will be ensured in non-EU countries with a **fair price put on embedded carbon emissions during the production of goods imported to the EU**.

As Arçelik, we are subject to the previously mentioned standards and regulations due to the geographical scope of our operations and take necessary measures to comply with them.

 For further information, please refer to the [About this Report, Materiality Analysis, Product Packaging](#) sections of the Report.

We acknowledge the profound impact of ongoing global trends, presenting both **challenges and opportunities for our business**, as we navigate through the complex world environment. To stay up to date with these evolving realities, we engage in **continuous information gathering** from diverse sources including ESG Related Risks and Opportunities, WEF Global Risk Reports, CSR trends and regulations, sustainability indices, and sectoral and industrial developments. This comprehensive approach allows us **to recognize and tackle emerging trends** that will continuously **affect our planet, human needs, and business operations**, shaping our operating environment and allowing the refinement of our strategies. Guided by our sustainability strategy, we effectively manage these global trends by **aligning our efforts with the UN Sustainable Development Goals**.

 For further information regarding how global trends are impacting our business, please refer to the [Materiality Analysis and Annex 14, Sustainability-Related Risks and Opportunities](#) sections of the Report.

¹ GfK's Consumer Tech & Durables - Outlook 2024 Report

Sustainability at Heart:
Where feels Like Home Begins

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Creating a Sustainable Future that feels like Home

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CORPORATE GOVERNANCE

CORPORATE VALUES

At Arçelik, we base our corporate management on the values of accountability, responsibility, openness, transparency, and equality. Our corporate values lead the way of establishing a sound and reliable relationship with our business environment and help strengthen the affiliation of our stakeholders. We harmonize these corporate values with a profitability point of view and the goal of creating an effective working environment. This holistic approach has become the key to our long-standing success.

In line with our corporate values, we take necessary measures to ensure equality within the organization and among external stakeholders. We ensure that stakeholders' rights to obtain information are fulfilled fairly. Our Investor Relations Department is responsible for recording the voting results and sending reports to shareholders. We comply with exercising shareholder rights through legislation, articles of association, and other in-house regulations. We take necessary measures to ensure the exercise of these rights and equal treatment. For internal stakeholders, important business updates are shared with employees in Town Hall meetings.

We also work to improve the operations and working environments with mechanisms such as whistleblowing and our ethical hotline.

 For further details, please refer to the [Business Ethics and Transparency section of the Report](#).

We believe the separation of the roles of Chairperson of the Board of Directors and CEO is crucial in order to support corporate values. Consequently, these two roles are held by different individuals.

Arçelik's Corporate Governance Rating is recorded as 9.69 in 2023.

9.69 

recorded as Arçelik's Corporate Governance Rating

 For further information, please refer to [2023 Corporate Governance Rating Report](#).



CORPORATE GOVERNANCE

CORPORATE MANAGEMENT

The Board of Directors

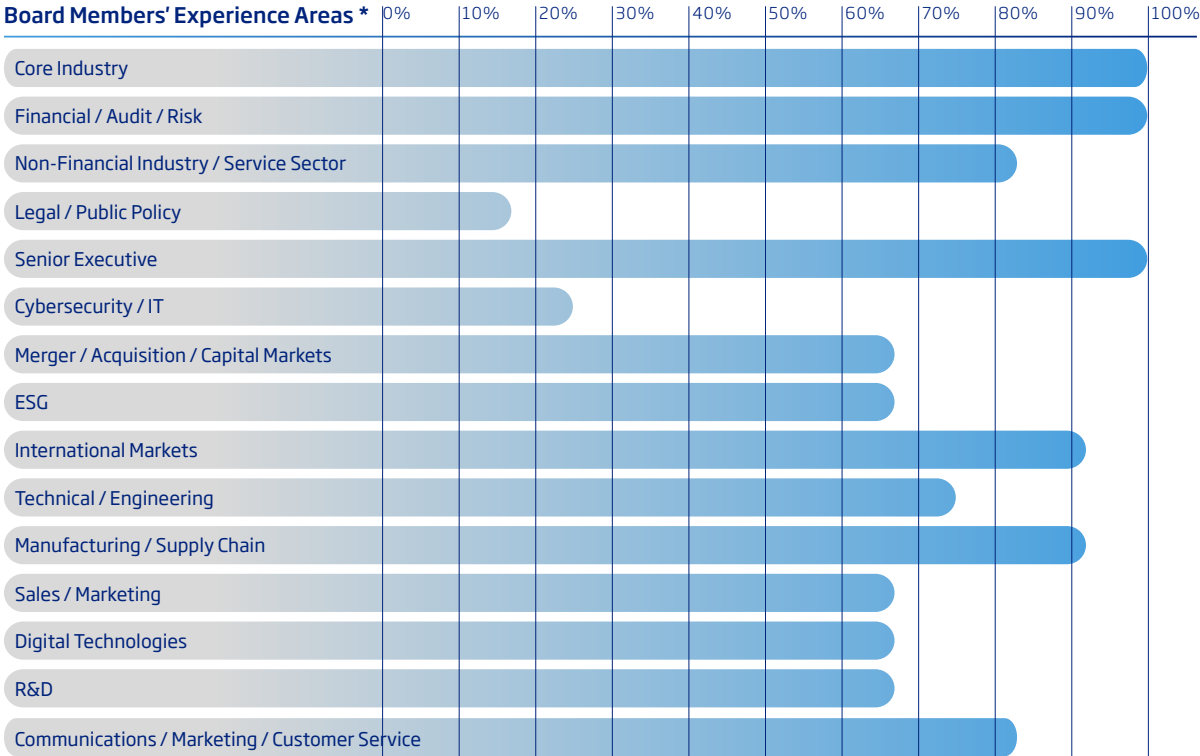
At Arçelik, the highest management body is the Board of Directors (BoD).

The main responsibility of the BoD is to make strategic evaluations of the company's activities and discuss the developments that take place in between the ordinary meetings.

The members are selected at the General Assembly meetings individually and serve for one year. In order to determine the Independent Members, the decision is made by the BoD upon the recommendation of the Corporate Governance Committee, after the candidates have proven to meet the Independence Criteria of BoD.

For further information, please refer to [the Independence Criteria of Arçelik's Board of Directors](#).

Members of the BoD are experienced individuals who have had many years of professional life. The company makes the most of the knowledge and experiences of Board Members.



Arçelik takes diversity into account at the level of the BoD. In line with this view, Arçelik has published a Board Diversity Policy and when nominating candidates for BoD membership, diversity is considered in terms of age, gender, race, citizenship, nationality, and ethnicity. Arçelik has also committed to increase the rate of women members in the BoD to 25% by 2025. As of the end of 2023, two out of 12 members of BoD were women.

For further information, please refer to [Arçelik Board Diversity Policy](#).

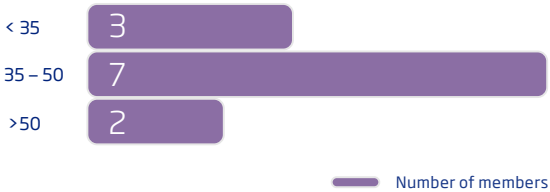
Citizenship / Residency



Board Independence



Work Experience (Year)



Term of Office on the Company's BoD



Gender Diversity



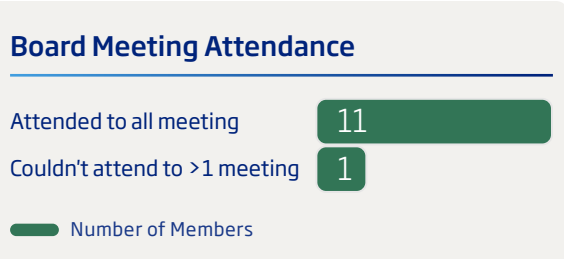
*Glass Lewis Board of Directors Talent Matrix was taken into consideration in the evaluation



In order to ensure the most efficient approach, all tasks are delegated to committees of the BoD which are formed according to the Articles of Association for consultation, coordination, audit, or similar purposes.

➤ For further information, please refer to [Arçelik Articles of Association](#).

Arçelik aims to ensure the BoD can work and organize committees' activities effectively, and the members can work productively, constructively, and make fast and rational decisions. As such, indicators such as BoD meeting attendance, number of other mandates held by members and effectiveness of Board Committees are considered. In order to assess the performance of the BoD, regular board performance evaluations are conducted.



In addition, Arçelik aims to keep the members of the BoD up to date regarding current risk management practices including ESG trends. Thus, a Board Member - who is also Koç Holding Consumer Durables' President - has been tasked with reporting the ESG-related issues to the BoD.

BOARD OF DIRECTORS

- Rahmi M. Koç**
Chair
- Ömer M. Koç**
Vice Chair
- Semahat S. Arsel**
Board Member
- Ali Y. Koç**
Board Member
- Levent Çakıroğlu**
Board Member
- Robert Sonman**
Board Member
- Fatih K. Ebiçlioğlu**
Board Member
- Hakan Bulgurlu**
Board Member and CEO
- Kamil Ömer Bozer**
Independent Board Member
- Gülşay Barbarosoğlu**
Independent Board Member
- Ahmet Turul**
Independent Board Member
- Tuğrul Fadilloğlu**
Independent Board Member

BOARD OF DIRECTORS SECRETARIAT

The office of the CFO is responsible for organizing and coordinating BoD meetings and coordination in relation to committee decisions.

AUDIT COMMITTEE

Supervising the operation of accounting and reporting systems within the framework of applicable laws and regulations, public disclosure of financial data, operation and effectiveness of independent audit and internal control system

- Kamil Ömer Bozer**
Independent Board Member
- Ahmet Turul**
Independent Board Member

CORPORATE GOVERNANCE COMMITTEE

(Also functions as the Nomination Committee and Remuneration Committee) Monitoring compliance, making suggestions to the BoD in accordance with the Corporate Governance Principles

- Ahmet Turul**
Independent Board Member
- Levent Çakıroğlu**
Board Member
- Özkan Çimen**
CFO

EARLY DETECTION OF RISK COMMITTEE

Early detection and assessment of financial, strategic, operation, compliance risks; risk management in accordance with the company's enterprise risk appetite

- Gülşay Barbarosoğlu**
Independent Board Member
- Fatih K. Ebiçlioğlu**
Board Member

EXECUTIVE COMMITTEE

Improving the efficiency of BoD, guaranteeing the effectiveness in investments and business Development in areas aligned with the strategic goals by ensuring an active coordination between the BoD and the administrative structure

- Rahmi M. Koç**
Chair
- Ali Y. Koç**
Board Member
- Ömer M. Koç**
Vice Chair
- Caroline N. Koç**
Committee Member
- Semahat S. Arsel**
Board Member
- A. Ümit Taftalı**
Committee Member



CORPORATE GOVERNANCE

Enterprise Risk Management

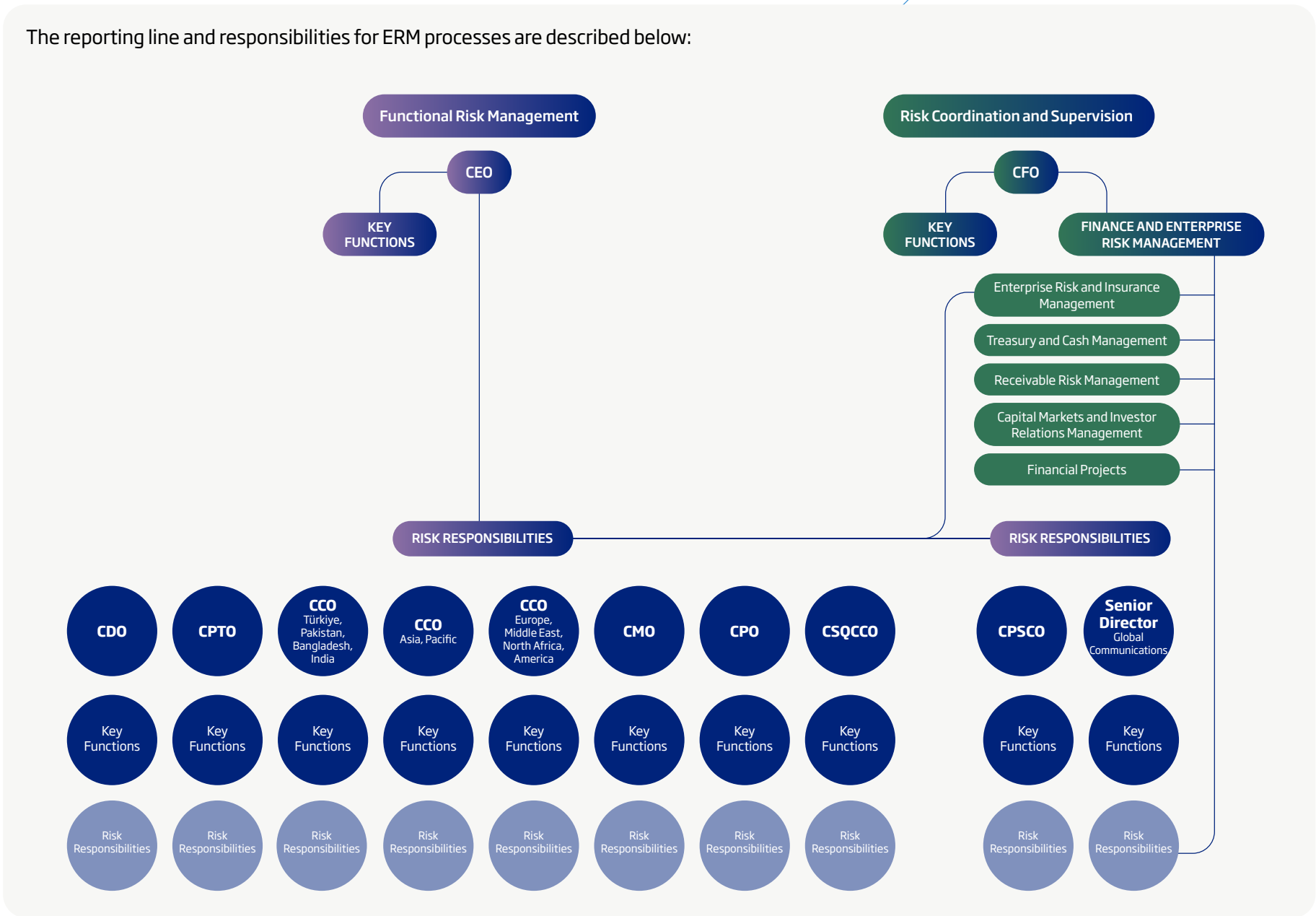
Arçelik has a detailed risk universe typically outlined under five main categories: financial, strategic, operational, compliance, and external risks. Arçelik publicly reports on the risks including their descriptions, likelihoods, and magnitudes of potential impacts. Arçelik also discloses risk appetite, priority level and mitigating actions for certain risks.

The risks Arçelik is exposed to are reviewed at least twice a year. Arçelik also conducts sensitivity analysis for material financial and non-financial risks.

Having defined aligning the company's risks with corporate goals and strategies as its main framework, Enterprise Risk and Insurance Management Directorate acts proactively against the risks.

In the process, global best practices are taken into consideration, especially ISO 31000 Risk Management Standard and the COSO Enterprise Risk Management Framework. In addition, Arçelik conducts internal audits under the office of CFO with "Three Lines of Defense" approach and external audits by an independent third-party auditor.

The reporting line and responsibilities for ERM processes are described below:



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The Board of Directors acts as the highest governing body responsible for oversight of risk management in Arçelik and CFO is the highest-ranking person with responsibility for monitoring and auditing risk management performance. Board-level Early Detection of Risk Committee which was established in 2010 acts as an advisory committee to the Board of Directors in terms of early detection of financial and operational risks.

The Enterprise Risk and Insurance Management Directorate coordinates and oversees financial, strategic, operational, compliance, and external risks that may affect the company. The Directorate is structurally independent from business lines and reports the identified risks to the Risk Management Committee. Enterprise Risk and Insurance Management Director is the highest ranking person with dedicated management responsibility on an operational level. The risks that Arçelik has exposure to are reviewed at least twice a year.

The Enterprise Risk Management (ERM) Team determines the outstanding risks on a global scale and is responsible for the integration of company-wide risks and their potential financial as well as operational implications onto a risk matrix that shows risks based on their priority, factoring in the risk appetite and risk tolerance.

In addition, the Internal Audit Management, which is independent from Enterprise Risk and Insurance Management Directorate, evaluates and improves the effectiveness of internal control and governance processes and shares the results regularly with the Board-level Audit Committee.

Overall risk management process of the company is audited by an independent third-party auditor.

In addition, in order to improve the risk culture and awareness throughout the organization, we provide enterprise risk management training to our directors involved in the top management of the organization, country managers working in our Group companies, and risk managers working in organizations.

Arçelik also aims to identify emerging risks. The new ERM Framework of Arçelik and risk surveys carried out annually by departments and subsidiaries are key to determine which risks may ultimately emerge and be critical. Upon determining, Arçelik defines the potential impacts these risks may have on the company and the related mitigating actions.

For further information, please refer to our [ERM website](#).

The outstanding risks and opportunities that arise from ERM studies and surveys are transferred onto a risk matrix in order to clarify their potential impacts and likelihoods and enable prioritization and proactive action. Sustainability-related topics are also included in this assessment as a way to incorporate the outstanding sustainability issues.

For further information regarding Arçelik's enterprise risk matrix with corresponding material issues, please refer to the [Risks and Opportunity Assessment of Significant Material Issues](#).



SUSTAINABILITY GOVERNANCE

Integration of sustainability as a business model strategy with a focus on stakeholder capitalism is an integral part of value creation for Arçelik. Thus, sustainability is embedded in the Company's strategies at various levels of governance starting from the highest level.

The BoD is the highest governance body responsible for management and monitoring of sustainability-related risks and opportunities as well as ensuring the appropriate skills and competencies are available to oversee these risks and opportunities. At BoD level, a Board Member - who is also Koç Holding Consumer Durables' President - has been tasked with reporting the sustainability-related issues, including climate risks, to the BoD three times a year.

Sustainability activities are managed by the Chief Sustainability, Quality & Customer Care Officer. The Chief Sustainability, Quality & Customer Care Officer is the Company's highest ranking individual responsible for assessing and managing sustainability-related strategies, risks and opportunities. The Sustainability, Environment, Energy, Sectoral Relations Departments that report to this Office, work to monitor, and report sustainability performance, oversee the progress on sustainability targets, initiate new projects and integrate sustainability into business processes and relations.

There are also C-level committees that oversee sustainability topics: The Sustainability Council (SC), Global Ethics Committee and Human Rights Committee.

BOARD OF DIRECTORS

Chaired by CFO
Sustainability Council

Chaired by CEO
Global Ethics Committee

Chaired by CPO
Human Rights Committee

Sustainability Working Groups

WGs report quarterly to the Sustainability Team

Sustainable Supply Chain WG

Supplier evaluation, monitoring participation in the ESG index, organizing audits, creating roadmap and helping with sustainability training

Sustainable Packaging WG

Working to find solutions to decrease plastic packaging used in products

Energy WG

Monitoring compliance with regulations on energy, ISO 50001 Energy Management System, energy efficiency incentive mechanisms and following new technologies and energy efficiency best practices

Green Chemistry WG

Evaluating regulations and compliance regarding hazardous substances in products, chemicals used in manufacturing and related risks and opportunities

OHS WG

Analyzing data from operation locations, sharing information with OHS and sustainability teams

Climate Change WG

Evaluating potential impacts of climate change on company operations in terms of risks & opportunities

Environment WG

Evaluating environmental legislation, compliance with ISO 14001 and ISO 14064-1 Management Systems, following targets, improvement and the roadmap for the environmental strategy


Recycled Plastic WG

Following recycled plastic technology developments, working to increase the recycled content used in products

The SC gathers quarterly and determines corporate sustainability and climate change strategies, ensures their integration with the Company's business processes, and monitors sustainability performance. The C-level executive team serve as inherent members of the SC. Other D-level executives also participate as inherent members of the Council, depending on the issues to be discussed at the meetings. The everyday work and efforts undertaken by Sustainability Working Groups (WGs) feed into the agenda of SC.

The Human Rights Committee also gathers quarterly to discuss the progress of the human rights corrective action plans for the organization's operations as well as for suppliers. The committee oversees the work of Arçelik's Human Rights Department, which was formed in 2022 and serves as a platform for alignment on Global DEI (Diversity, Equity, Inclusion) integration into our leadership DNA.

The Global Ethics Committee, which is led by the CEO, oversees the management and fulfillment of the Global Code of Conduct and Related Policies.

 For further information regarding committees, please refer to [Annex 15. Corporate Governance Table](#).

Sustainability Risk Management

Arçelik identifies its sustainability-related risks and opportunities by following global, regional, and sectoral trends and analyses, climate scenarios and stakeholder feedback. Arçelik defines, quantifies and categorizes its material sustainability-related risks and opportunities in line with International Sustainability Standards Board (ISSB) Framework according to their potential impact and perceived likelihood.

 For further information regarding sustainability risks and opportunities, please refer to [Annex 14. Sustainability-Related Risks and Opportunities](#).

The Early Detection of Risk Committee is the highest governing body for the management of all risks and opportunities of Arçelik. Thus, governing ESG-related risks including climate-related ones falls under the oversight of this committee.

Being a company that places sustainability at the heart of its strategy, it is essential for Arçelik to integrate the risks arising from the climate crisis and other sustainability topics into the ERM system to execute the relevant action plans in line with the Company's Net Zero 2050 and corporate sustainability strategy. Thus, Arçelik Enterprise Risk and Insurance Management Directorate and Sustainability Department

work in close coordination to identify, evaluate, measure and prioritize ESG related risks and opportunities and integrate the material topics into the Arçelik's risk matrix.

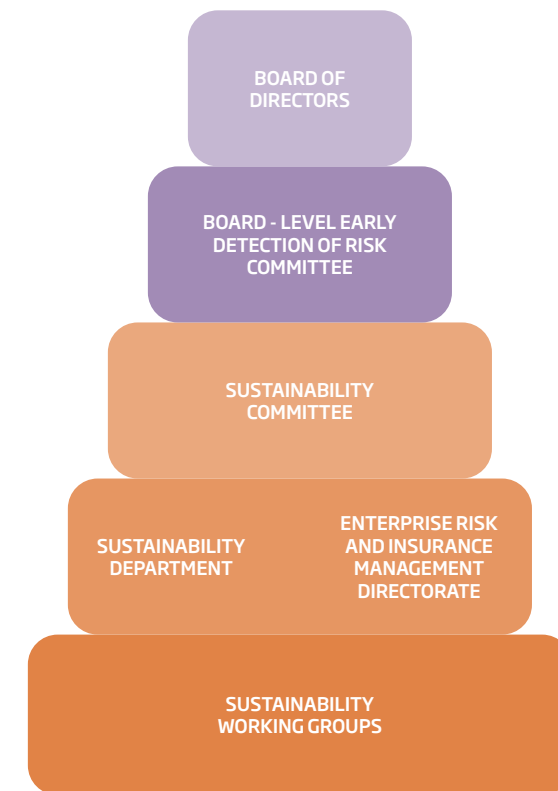
 For Arçelik's risk matrix, please refer to the [Enterprise Risk Management section of the Report](#).

The Sustainability Department is responsible for qualitative-quantitative identification of climate-related and other ESG risks based on scenario analyses in terms of both physical and transition risks and reports such risks to the Enterprise Risk and Insurance Management Directorate. Enterprise Risk and Insurance Management Directorate includes these risks in its reports to the Board-level Early Detection of Risk Committee. Sustainability risks, including climate-related physical and transition risks are considered in the evaluation criteria of business decisions.

The Chief Sustainability, Quality & Customer Care Officer serves as the highest-ranking individual with responsibility for assessing and managing climate-related and other sustainability risks and opportunities and execution of the entire sustainability strategy at management level in the Company.






As climate change is the predominant risk factor in sustainability risks, the BoD is also involved with climate and risk management. The Board Member - who is also Koç Holding Consumer Durables' President - who has been tasked with reporting the sustainability related issues to the BoD also oversees the climate-related risks.

 For further information regarding BoD's role on sustainability-related risks, please refer to [Annex 14. Sustainability-Related Risks and Opportunities of the Report](#).



Sustainability-Linked Executive Compensation

In order to ensure effective implementation of the Company's sustainability strategy, the sustainability-related KPIs determined based on Arçelik's material topics are included in the C and D-level executives' as well as relevant business unit managers' and related expert employees' annual performance evaluation score cards. These KPIs are linked to annual compensation and bonuses as incentives.

Material Topic	KPI	CEO	Chief Financial Officer	Chief Sustainability, Quality, and Customer Care Officer	Chief Production & Technology Officer	Chief Marketing Officer	Chief Strategy & Digital Officer	Chief People Officer	Chief Commercial Officer - Türkiye and South Asia	Chief Commercial Officer - Europe	Chief Commercial Officer - Asia-Pacific	Chief Supply Chain and Procurement Officer	Other Employees Entitled for Incentive
 Climate Action	Decreasing Scope 1-2 GHG emissions	+	+	+	+						+		Related factory executive directors, business unit managers and experts
	Decreasing Scope 3 use phase GHG emissions	+	+	+	+	+				+			R&D Executive Director, Product Management Executive Director, Related factory executive directors, business unit managers and experts
 Sustainable Supply Chain Management	Supply chain sustainability integration	+		+								+	Purchasing Executive Director, Supply Chain Executive Director, Related business unit managers and experts
 Material Recycling and Reduction	Using recycled material in products	+		+	+								R&D Executive Director, Product Management Executive Director, Related factory executive directors, business unit managers and experts
	Using recycled material in packaging	+		+	+								
 Sustainable Financing	Green financing	+	+	+									Finance & Enterprise Risk Executive Director, Related business unit managers and experts
	Sustainable finance reporting		+										
 Future Fit Culture, Talent & Organizational Management	Human rights							+					Human Rights and Culture related directors, business managers and experts
	DEI transformation	+	+		+		+	+	+		+		
	Employee engagement and turnover	+							+				

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Policy Influence

Arçelik’s Global Sectoral Relations Management department under the Sustainability, Quality & Customer Care Directorate is responsible for coordinating relations with Trade and Industry Associations, operational NGOs and civil society organizations in all jurisdictions in which Arçelik operates. Through these relations, Arçelik advocates its corporate values and priorities such as fighting against climate change, digitalization, gender equality and diversity, and supporting industrial operational advancements.

Arçelik works in collaboration with all public bodies, NGOs, trade associations and other related organizations or institutions in the advancement of the proposed legislation and/or other related regulations which may affect legitimate business interests that are compatible with international human rights legislation and the Paris Agreement. While working with these related bodies, it is of utmost importance that the policies of the Trade and Industry Associations and all other stakeholders in which Arçelik is a member comply with the UN Guiding Principles on Business and Human Rights as well as the Paris Agreement and its climate change policy to keep global warming limited to 1.5 degrees.

The Chief Sustainability, Quality & Customer Care Officer is responsible for reviewing and monitoring the alignment of the policies of the NGOs, trade associations and other related organizations or institutions with Arçelik’s decarbonization strategy and the requirements of the Paris Agreement. For trade associations, NGOs and other related organizations of which Arçelik is a member, Arçelik commits not to support any position conflicting with the Paris Agreement as well as UN Guiding Principles on Business and Human Rights. Arçelik also commits to publicly communicate the position of the trade associations and other related organizations in which Arçelik is a member, including reporting on any misalignment between the organizations and the Paris Agreement as well as UN Guiding Principles on Business and Human Rights.

In addition, Arçelik does not engage in political campaigns, political organizations, lobbyists, or lobbying organizations itself and do not make contributions to these organizations.

➤ For further information, please refer to the [Global Sectoral Relations Management & NGO Membership Policy Document](#) and [Industry Association Memberships Document](#).

Arçelik supports suitable trade associations and sectoral organizations. Through this support, Arçelik made a total of TRY 38,509,450 contribution to certain associations. The policy influence activities represent 83% of data coverage within Arçelik’s revenue.

📄 For further information regarding Arçelik’s contributions to memberships, please refer to [Annex 10. Selected Memberships and Contributions](#).



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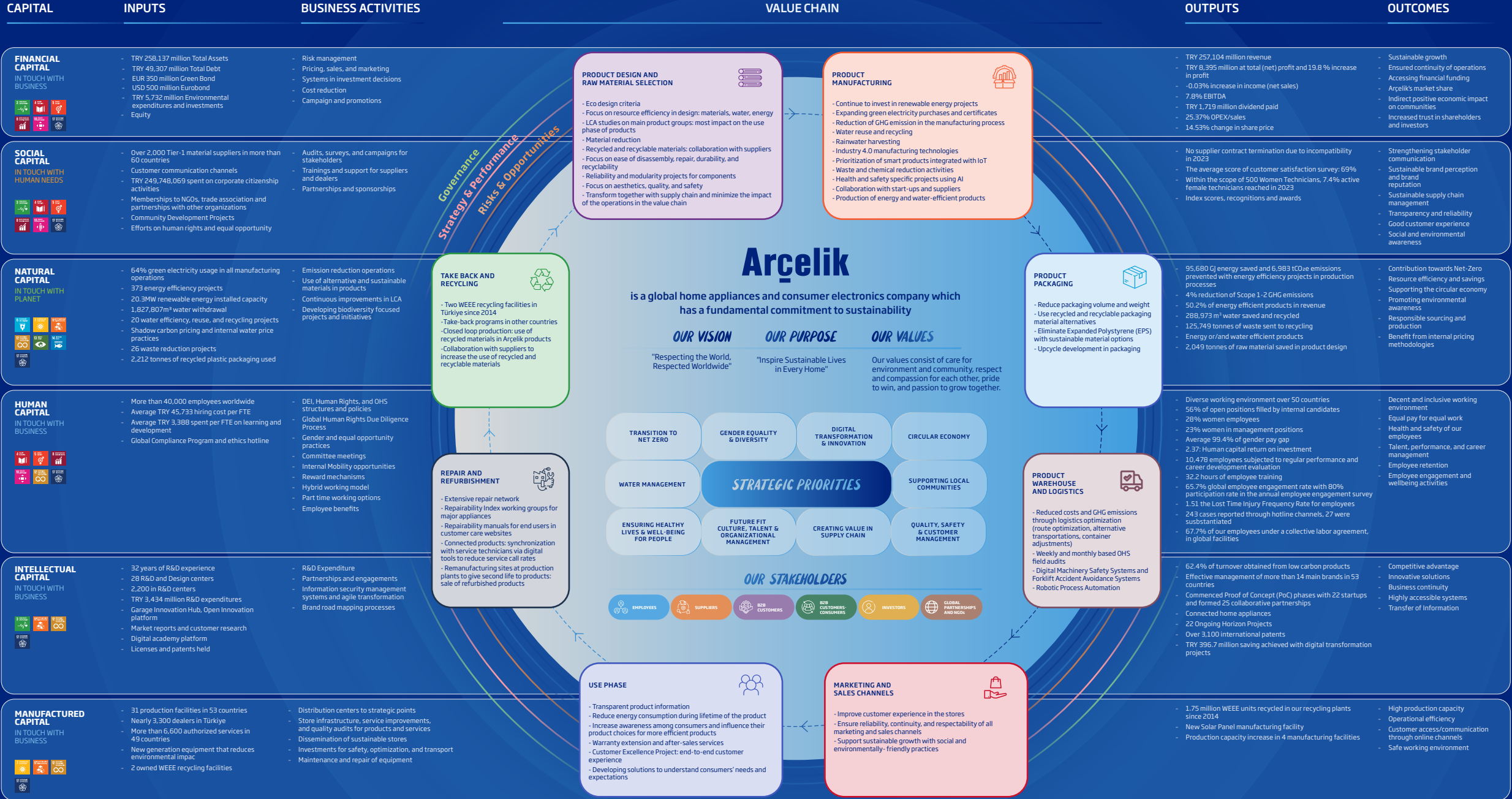
STRATEGIC APPROACH TO SUSTAINABILITY

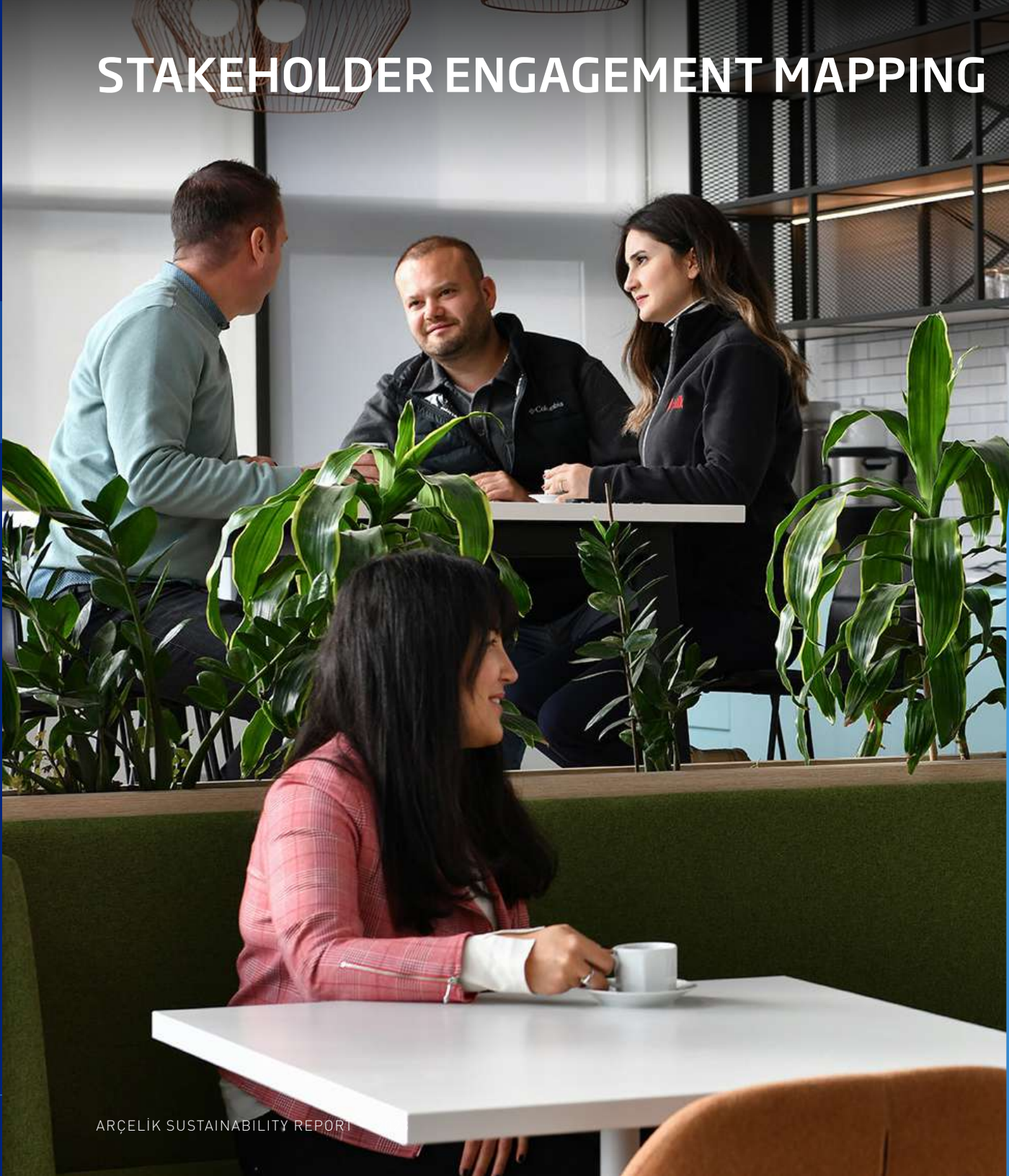
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As Arçelik, we understand the critical importance of understanding the needs and expectations of our stakeholders and prioritize identifying and addressing these needs to the best of our abilities. To achieve this, we utilize various stakeholder engagement methods, including meetings, public disclosures, surveys and interviews, events, and platforms and trainings. These methods allow us to engage with and gain valuable insights from our stakeholders, helping us identify areas for improvement, such as developing more effective strategies for enhancing our products, production processes, supply chain activities, and community development initiatives. Our stakeholder engagement mapping process plays a crucial role in these endeavors, providing us with a clear roadmap for our engagement activities and contributing to the sustainable success of our business within the sector.

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STAKEHOLDERS

HOW WE ENGAGE

TOPICS RAISED

HOW WE RESPOND

RELATED MATERIAL ISSUES

STAKEHOLDERS	HOW WE ENGAGE	TOPICS RAISED	HOW WE RESPOND	RELATED MATERIAL ISSUES
EMPLOYEES	<ul style="list-style-type: none"> Ongoing communication between employees and managers Regular communication enhanced with C and D Level Business Strategy Townhalls Employee engagement through annual satisfaction surveys, various listening mechanisms including focus groups and pulse check surveys, and a suggestion system allowing employees to share ideas for improvement in line with company goals and strategies Support for social learning and communication platforms, trainings, workshops, and seminars to enhance employee development 	<ul style="list-style-type: none"> Purposeful and inclusive culture, company's strategy and values, learning and development, respect for human rights and ethics, wellness, mindfulness, social and emotional support, fair labor practices, work-life balance, employee volunteering, diversity, equity and inclusion 	<ul style="list-style-type: none"> Online resources for health, nutrition, and psychological well-being, alongside training webinars and workshops on mindfulness, contributing to stress reduction and positive mindset cultivation Various training programs tailored to different employee groups for skill development and reskilling Flexible work arrangements, including remote options, support a balanced work-life dynamic Ethical behavior fostered by our ethics hotline, cultivating a safe and inclusive workplace culture Annual rewards and appreciation certificates with regular one-on-one discussions between employees and managers facilitating mentorship and improvement opportunities 	<ul style="list-style-type: none"> Business Ethics and Transparency Future Fit Culture, Talent & Organizational Management Employee Health and Safety
SUPPLIERS	<ul style="list-style-type: none"> Supplier engagement through surveys, meetings, audits, projects and training under Supplier ESG Program Innovation and Technology Days and Supplier Transparency Programs 	<ul style="list-style-type: none"> Technical guidance and knowledge sharing around sustainability, quality, production processes, technology Enhanced engagement and encouragement initiatives including the development of joint improvement projects Ensured supply chain and supplier sustainability including business ethics, environmental protection, health & safety, and human rights 	<ul style="list-style-type: none"> Engagement through contacts with suppliers meeting our requirements and commitment to the Supplier Code of Conduct Supplier Capacity Development Projects implemented to enhance supplier capabilities and establish long-term partnerships Encouraging committing to environmental goals by sending a letter and publicly reporting progress offered and working together with suppliers to set targets 	<ul style="list-style-type: none"> Climate Action Business Ethics and Transparency Future Fit Culture, Talent & Organizational Management Sustainable Supply Chain Management
B2B CUSTOMERS	<ul style="list-style-type: none"> Ongoing communication with B2B customers B2B customer engagement through training, seminars, annual meetings, face-to-face interviews, and our Digital Dealer Order Platform Gathering valuable feedback and insights from our customers with regularly conducted satisfaction surveys C and D level senior executive engagements to drive sustainability across organizations Customer questionnaires and surveys 	<ul style="list-style-type: none"> Increased collaboration and customer relationship to work on mutual projects and form sustainability partnerships Product training and offerings focusing on sustainable features including R&D and innovation, high-quality and safety GHG emission reductions including net zero commitments, circular and renewable solutions, water management, and waste and plastic recycling Improvement in shipping and delivery services 	<ul style="list-style-type: none"> Mutual project formations to foster an omnichannel approach such as online sales order system to enhance customer experience Global Service Partner Satisfaction Surveys to measure our service partners' satisfaction level and receive their feedback Training programs providing authorized dealers the necessary skills and knowledge to sell and promote our products effectively and enhancing competence development while focusing on promoting sustainable consumption and circularity 	<ul style="list-style-type: none"> Climate Action Products Stewardship Business Ethics and Transparency R&D, Innovation and Digital Transformation Product Quality and Safety Customer and Consumer Experience
B2B CUSTOMERS- CONSUMERS	<ul style="list-style-type: none"> Ongoing communication with B2B customers - consumers Gathering consumer insights through surveys and monitor our corporate and brand websites as well as social media channels to measure satisfaction with our products and services Awareness created through advertising Customer Services and Customer Contact Center responding to customer inquiries 	<ul style="list-style-type: none"> Durable and high-quality products with extended warranty, a circular approach and improved quality Focus on R&D and Innovation and energy and water efficient products Sustainability features such as recycled content, sustainable packaging Business ethics and transparency Information security and management of cyber risks 	<ul style="list-style-type: none"> Customer responses provided through phone calls, emails, social media, self service, and call center Increased recycled content in our products, reducing plastic use, and incorporating features such as microplastics filtering and food preservation Focus on sustainable features in our products 	<ul style="list-style-type: none"> Climate Action Product Stewardship Business Ethics and Transparency R&D, Innovation and Digital Transformation Product Quality and Safety Customer and Consumer Experience
INVESTORS	<ul style="list-style-type: none"> Ongoing communication with investors Investor engagement through ESG conferences, one-on-one meetings, investor presentations, and quarterly earnings webcasts Regular updates through our annual and sustainability reports, annual meetings, public disclosure statements, and corporate website 	<ul style="list-style-type: none"> Transparent sustainability reporting, KPIs, and targets breakdown Sustainability reporting to global indices with solid leadership scores 	<ul style="list-style-type: none"> Top-performing results to sustainability indices on a global scale Sustainability Principles Compliance Report providing comprehensive information on our adherence to sustainability principles and guidelines Annual Report, Sustainability Report, Green Bond Allocation and Impact Report, Conflict Minerals Report Responding to investor questionnaires 	<ul style="list-style-type: none"> Corporate Governance Climate Action Product Stewardship R&D, Innovation and Digital Transformation Business Ethics and Transparency Future Fit Culture, Talent & Organizational Management Employee Health and Safety Sustainable Supply Chain Management
GLOBAL PARTNERSHIPS AND NGOs	<ul style="list-style-type: none"> Ongoing communication with our global partners and NGOs Frequent meetings, and participation in working groups, global events, panels, and speaking opportunities Collaboration on global collective campaigns and joint CSR programs and projects enhancing sustainability developments 	<ul style="list-style-type: none"> Commitment for climate action and energy efficiency of our products to reduce global GHG emissions, promote business innovation, and ensure consumer access to affordable and high-performing technologies Discussions for policy setting and public consultations, sustainability, biodiversity, circularity and recycling, human rights, and climate change Regular reporting of activities and improving sustainability reporting performance and transparency 	<ul style="list-style-type: none"> Policy determining the procedures for new membership requests and providing a framework to engage with the public institutions, non-governmental organizations, and sectoral institutions on sectoral relations purposes Sustainability Report Commitments for sustainability, waste and water management, biodiversity, and human rights 	<ul style="list-style-type: none"> Climate Action Waste Management Water Management Product Stewardship Corporate Citizenship Business Ethics and Transparency Future Fit Culture, Talent & Organizational Management R&D, Innovation and Digital Transformation

For further information, please refer to our [Global Sectoral Relations Management & NGO Membership Policy](#).

MATERIALITY ANALYSIS



At Arçelik, we attach utmost importance to positioning ourselves within the ever-changing circumstances in our working environment and global trends in sustainability. In order to do this, we identify and prioritize the material topics that have significant impact potential to our business model throughout the entire value chain, considering our upstream and downstream processes.

The materiality analysis is the backbone of these efforts. Even though this analysis has been conducted biannually before, we have decided to increase the frequency to a yearly analysis considering the increasing dynamism in the area of sustainability. This allows us to closely follow any internal changes such as operational and organizational shifts and external changes such as socioeconomic factors, relevant policy and regulations and global events.

With an awareness of the significance of the changing priorities in a fast-moving world, we started to evaluate materiality topics with the dynamic materiality approach. With dynamic materiality analysis, we monitor the changing priority

levels of our material issues according to our internal and external stakeholders and in relation to our business processes on a year-on-year basis.

Since 2022, our materiality analysis also incorporates the double materiality approach in line with the global best practices and requirements of the European Union’s Corporate Sustainability Reporting Directive (CSRD). The double materiality approach allows us to understand the reciprocal relationship between Arçelik and the ecosystem that Arçelik operates in by evaluating each topic from both an inside-out and an outside-in perspective.

Arçelik’s double materiality analysis consists of three main steps:

STEP 1

Pooling of Material Topics

An initial list is created via

- Literature review
- Sustainability standards (GRI, UN SDGs, requirements of ESG indices, WEF Global Risks Report, The Value Reporting Foundation Framework, WBCSD, CSRD, IFRS ISSB etc.)
- Sectoral and industrial developments

Upon the development of the long initial list, a short list defined through online stakeholder consultation with the participation of:

- B2B and B2C customers
- Employees
- Suppliers
- Dealers
- Authorized services
- Investors & analysts
- Private sectors peers
- Public institutions
- Scholars
- Ecosystem partners
- Entrepreneurship partners
- Media
- Students

STEP 2

Prioritization of Material Issues Based on Double Materiality Methodology

Senior management’s evaluation of the short-listed material topics is conducted based on the suggested methodology of the European Financial Reporting Advisory Group (EFRAG).

Financial Materiality (Outside-in) evaluation is based on:

- Continuation on Use of Resources
- Reliance on Relationships

Impact Materiality (Inside-out) evaluation is based on:

- Scale of Impact
- Scope of Impact
- Remediability

The results of these evaluations are fed into the Double Materiality Matrix.

STEP 3

Evaluating the Materiality Analysis from the Business Perspective

Issues with the highest priority levels based on double materiality analysis are evaluated within the overall business strategy of Arçelik based on:

- Risks and opportunities
- Business case
- Impact and Impact Value
- Strategies
- Targets and metrics
- Related executive compensation

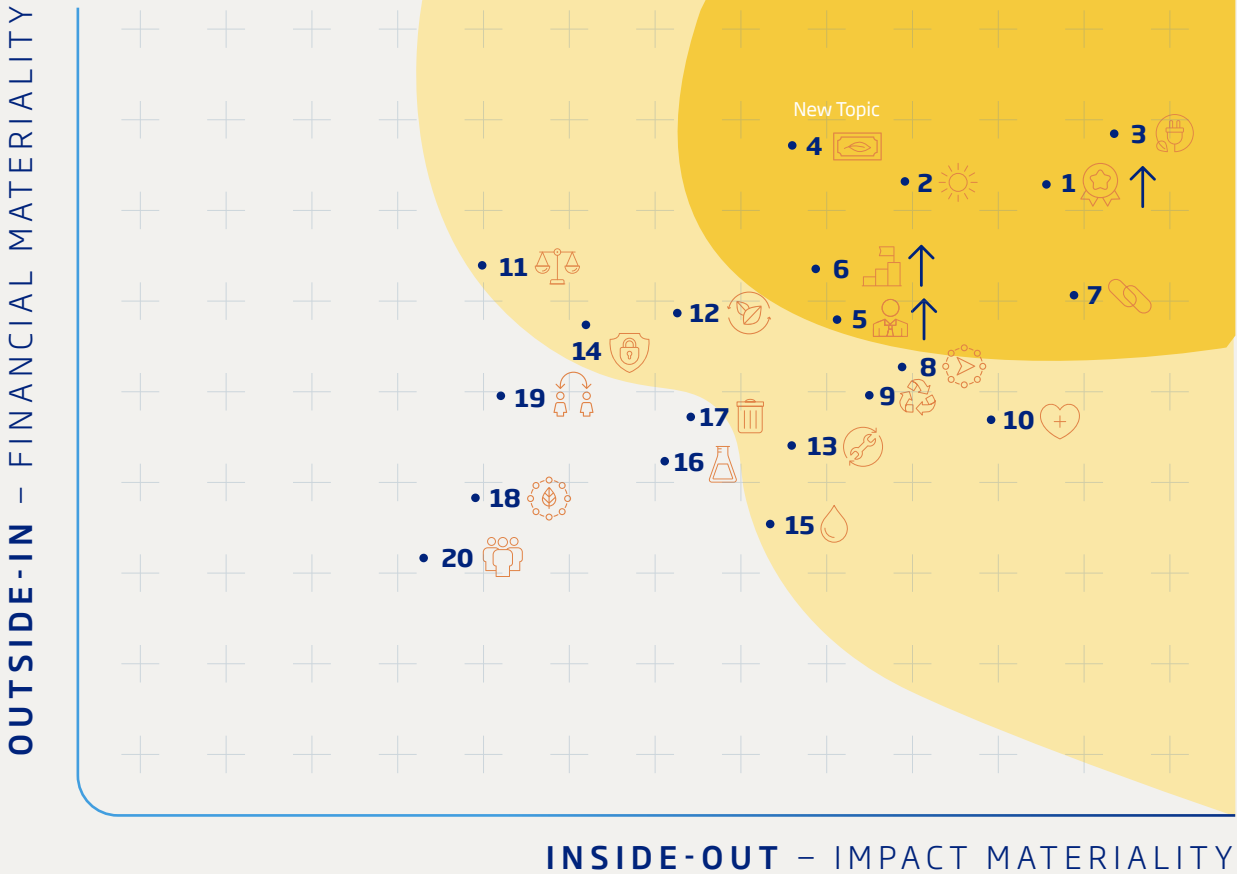
MATERIALITY ANALYSIS

During the pooling and creation of the long list of material topics, we aimed to take a more strategic approach by categorizing the issues into more compact groups compared to previous year's assessment. Conducting the first step of the analysis with this approach that consisted of

desktop research and external and internal stakeholder consultations helped decreasing the number of issues that make up the short-list to 20, as opposed to the 35 issues that has been identified in 2022. The short-list of material topics in the 2023 assessment is as follows:

VERY HIGH PRIORITY *	HIGH PRIORITY *	MEDIUM PRIORITY +
1. Product Quality and Safety	6. Future Fit Culture, Talent and Organizational Management	16. Chemicals Management
2. Climate Action	7. Sustainable Supply Chain Management	17. Waste Management
3. Energy and Water Efficient Products	8. R&D, Innovation, Digital Transformation and Smart Solutions	18. Biodiversity
4. Sustainable Financing	9. Material Recycling and Reduction	19. Customer and Consumer Experience
5. Corporate Governance	10. Occupational Health and Safety	20. Corporate Citizenship
	11. Business Ethics and Transparency	
	12. End of Life Responsibility of Products	
	13. Durability, Reparability and Refurbishment	
	14. Data Privacy and Cybersecurity	
	15. Water Management	

For the next step of the analysis, Arçelik's C-level management evaluated each of our sustainability priority issues based both on their financial materiality on Arçelik's business performance which is referred to outside-in materiality, and on Arçelik's impact on the society and environment which is referred to inside-out materiality.



↑ Issues with increasing importance based on dynamic materiality approach



MATERIALITY ANALYSIS



The analysis was conducted based on the suggested methodology of the European Financial Reporting Advisory Group (EFRAG) in the draft document named "Double materiality conceptual guidelines for standard setting". The result of the analysis is represented in a matrix form, with inside-out materiality issues on the X-axis and the outside-in materiality issues on the Y-axis.

In addition, we evaluated the changing significance levels of each issue according to stakeholder and senior management opinion as a reflection of shifting dynamics and perspectives regarding sustainability-related trends. Thus, the dynamic materiality approach has been adopted and the significance levels of issues were compared with the previous assessment that took place in 2022. Since the list of material topics has changed compared to last year, a topic-by-topic assessment could not be applied. However, common trends indicate that Corporate Governance, Product Quality and Safety, and Future Fit Culture, Talent and Organizational Management increased in importance while a new topic -Sustainable Financing- entered the assessment as a highly significant topic.

The material issues that are identified and prioritized above are integrated into overall risks, potential business impacts, targets, and metrics of Arçelik, in order to form the Company's sustainability strategy by incorporating these issues at its core.

The final step of the double materiality analysis covers outlining material issues with the highest priority levels and identifying risks, opportunities, business cases and defining targets and metrics throughout our value chain to build a concrete evaluation and roadmap. This final step helps us evaluate the materiality topics based on Arçelik's business considerations and ensure the integration of the results within the overall business processes.

For further information regarding Arçelik's outstanding material issues, related business cases and impact valuation, please refer to [Annex 13. Business Case and Impact Valuation Related to Material Topics](#) section of this report.

The outcomes of the materiality analysis, including the double materiality approach, have been reviewed, approved and signed off by the BoD.

The issues arising from the materiality assessment are integrated into the annual key result evaluation of C and D-level managers and are linked with executive compensation to ensure that they are handled carefully and effectively at top management level.

For further information, please refer to the [Sustainability-Linked Executive Compensation](#) section of the Report.

The materiality analysis conducted by Arçelik has a third-party assurance.












For further information regarding the external assurance statement, please refer to [Annex 2. Assurance Report](#).



RISK AND OPPORTUNITY ASSESSMENT OF SIGNIFICANT MATERIAL ISSUES

In order to analyse the risk and opportunity potential of significant material issues, Arçelik mapped the material issues with sustainability-related risks and opportunities it has defined and quantified according to the perceived financial impacts. These corresponding financial risks and opportunities are evaluated within Arçelik's overall ERM system via carrying them to the Early Detection of Risk Committee, reporting them to the BoD and integrating them into Arçelik's risk matrix. This chain of process allows us to locate the issues that arise from double materiality analysis within our overall risk universe.

Outstanding material issues and corresponding risk item are mapped as follows:

Material Issue	Corresponding Risk / Opportunity Item
 Product Quality and Safety	<ul style="list-style-type: none"> Quality Management Product Liability/Recall
 Climate Action	<ul style="list-style-type: none"> Carbon Border Adjustment Mechanism Carbon Pricing Renewable Energy Investment Solar Power Business
 Energy and Water Efficient Products	<ul style="list-style-type: none"> Meeting Science Based Targets (SBTs) Products with Less Negative Environmental Impact
 Sustainable Financing	<ul style="list-style-type: none"> Reputation Risk Green Financing
 Sustainable Supply Chain Management	<ul style="list-style-type: none"> Supply Chain Disruption
 Occupational Health and Safety	<ul style="list-style-type: none"> Workplace Health & Safety
 Business Ethics and Transparency	<ul style="list-style-type: none"> Human Rights and Ethics in the Entire Value Chain Conflict Minerals
 Data Privacy and Cybersecurity	<ul style="list-style-type: none"> Digitalization, Connected Devices and Cybersecurity
 Water Management	<ul style="list-style-type: none"> Water Stress Risk
 Waste Management	<ul style="list-style-type: none"> WEEE Fees Plastic Pollution
 Biodiversity	<ul style="list-style-type: none"> Biodiversity

 For further information regarding the definition, financial impact and likelihood of the outlined risks, please refer to [Annex 14. Sustainability-Related Risks And Opportunities of the Report.](#)

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MATERIALITY ANALYSIS

Enterprise Risk Matrix of Arçelik



■ Climate-related risks
■ Other sustainability-related risks

You may see the materiality icons next to the related risk item in the matrix

	Product Quality and Safety		Climate Action
	Energy and Water Efficient Products		Sustainable Financing
	Corporate Governance		Future Fit Culture, Talent and Organizational Management
	Sustainable Supply Chain Management		R&D, Innovation, Digital Transformation and Smart Solutions
	Material Recycling and Reduction		Occupational Health and Safety
	Business Ethics and Transparency		End of Life Responsibility of Products
	Durability, Reparability and Refurbishment		Data Privacy and Cybersecurity
	Water Management		Chemicals Management
	Waste Management		Biodiversity
	Customer and Consumer Experience		Corporate Citizenship

For further information, please refer to the [Materiality Analysis section of the Report](#).

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CONTRIBUTION TO UN SUSTAINABLE DEVELOPMENT GOALS

At Arçelik, our commitment to advancing the UN Sustainable Development Goals (SDGs) is deeply ingrained within our corporate values and business model. We recognize the pivotal role of addressing contemporary challenges in line with our materiality issues, sustainability strategy, and strategic targets to drive meaningful societal and environmental progress.

PROCESS FOR ESTABLISHING SDG PRIORITIES

We believe that sustainable development is a collective responsibility requiring active participation from all stakeholders. To ensure that we are addressing the most critical sustainability issues, we closely work with our stakeholders to identify key materiality issues which help us define our strategic priorities. This, in turn, allows us to determine our SDG priorities and shape our short-medium and long-term goals accordingly. Based on these goals and objectives, we develop and implement projects and initiatives that aim to contribute to the SDGs.

The following diagram shows our prioritized SDGs which are linked to our strategic priorities and have the most significant direct impact on our Company's core business.

OUR STRATEGIC PRIORITIES CONTRIBUTING TO SDGs

Transition to Net Zero: SDG 7, SDG 9, SDG 12, SDG 13, SDG 14	Digital Transformation & Innovation: SDG 9, SDG 12, SDG 17	Circular Economy: SDG 9, SDG 12, SDG 13, SDG 14, SDG 17	Water Management: SDG 6, SDG 14, SDG 17	Creating Value in the Supply Chain: SDG 3, SDG 12, SDG 13, SDG 17
Supporting Local Communities: SDG 3, SDG 12, SDG 17	Gender Equality & Diversity: SDG 4, SDG 5, SDG 8, SDG 10, SDG 17	Future Fit Culture, Talent & Organizational Management: SDG 3, SDG 4, SDG 5, SDG 8, SDG 17	Ensuring Healthy Lives & Well-Being for People: SDG 3, SDG 8	Quality, Safety & Customer Management: SDG 3, SDG 9, SDG 12, SDG 13

Arçelik supports all UN SDGs with its sustainability approach embedded into all of its operations. Based on the results of table where we aligned our strategic priorities with the SDGs, we can see that Arçelik directly contributes to 12 of 17 SDGs: 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 17.



According to the impact we create, we classified the SDGs as follows:

- 1- Arçelik has a strong positive impact on the 4 following SDGs: 9,12,13,17
- 2- Arçelik has a positive impact on the 5 following SDGs: 3, 4, 5, 8, 14
- 3- Arçelik actively supports the 3 following SDGs: 6, 7, 10

Arçelik has determined short and long-term SMART (Specific, Measurable, Achievable, Relevant, Time-bound) sustainability targets in line with these strategic areas.

For further information on these targets, their contribution to the SDGs, and Arçelik's annual progress toward these targets, please refer to the [Sustainability Targets section of the report](#).

In the following sections of the Report, Arçelik's contribution to the SDGs is detailed through related activities and projects.

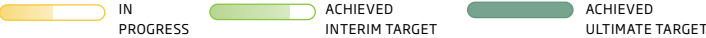
For further information, please refer to [Annex 16. SDG Index of the Report](#).



TARGET YEAR	TARGET	PROGRESS IN 2021	PROGRESS IN 2022	PROGRESS IN 2023	STATUS IN 2023	RELATED MATERIAL ISSUES	CONTRIBUTION TO SDGS
2030	Establish renewable energy systems with 50 MW capacity By 2025: 10 MW Capacity	3.26 MW	➤ 10.2 MW (cumulated)	➤ 20.3 MW (cumulated)		☀️ Climate Action	7, 8, 12, 13
	100% green electricity usage in all manufacturing facilities ¹	69%	➤ 65% (cumulated)	➤ 64% (cumulated)		☀️ Climate Action	7, 8, 12, 13
	Reduce energy consumption per product by 45% in all manufacturing facilities ² (base year 2015)	18.7% reduction	➤ 26.5% reduction	➤ 25.7% reduction		☀️ Climate Action 💧 Energy and Water Efficient Products	7, 8, 12, 13
	Doubling energy productivity (base year 2010)	61.9%	➤ 96%	➤ 100%		☀️ Climate Action	7, 8, 12, 13
	Make a minimum USD 50 million investment in renewable energy and energy efficiency (base year 2019)	USD 3,773,672	➤ USD 16,353,840 (cumulated)	➤ USD 31,140,361 (cumulated)		☀️ Climate Action	7, 8, 12, 13
	Reduce Scope 1-2 GHG emissions by 30% (Approved SBTi, Base year: 2018)	20% reduction (cumulated)	➤ 28% reduction	➤ 36% reduction		☀️ Climate Action	7, 8, 12, 13
	Reduce Scope 1-2 GHG emissions by 42% (At approval stage of SBTi, Base year: 2022)	Newly added	Newly added	➤ 4% reduction		☀️ Climate Action	7, 8, 12, 13
	Reduce Scope 3 GHG emissions from use of sold products by 15% (Approved SBTi, Base year: 2018)	1.3% reduction	➤ 19% reduction	➤ 32% reduction		☀️ Climate Action 💧 Energy and Water Efficient Products	7, 8, 12, 13
	Reduce Scope 3 GHG emissions from use of sold products by 42% (At approval stage of SBTi, Base year: 2022)	Newly added	Newly added	➤ 6% increase ³		☀️ Climate Action 💧 Energy and Water Efficient Products	7, 8, 12, 13
	Reduce water withdrawal per product by 45% in all manufacturing facilities ⁴ (base year 2015)	31% reduction	➤ 32% reduction	➤ 25% reduction		💧 Water Management	6, 8, 12
	Increase the water recycling and reuse ratio ⁵ to 70% in all manufacturing facilities ⁴	9%	➤ 9%	➤ 7%		💧 Water Management	6, 8, 12
	Increase the waste recycling rate ⁶ to 99% in all manufacturing facilities ⁴	96%	➤ 96%	➤ 95%		♻️ Waste Management	8, 12
	Arçelik Green Chemistry Management System implementation at 100% in products and all manufacturing facilities	39%	➤ 42%	➤ 42.4%		🧪 Chemicals Management	12
	Increase recycled plastic content to 40% in products ⁷ By 2025: Increase to 20%	4.4%	➤ 8%	➤ 10%		♻️ Material Recycling and Reduction	9, 12, 14
Increase bio-based material content to 5% in products ⁷ By 2025: Increase to 2.5%	Limited bioplastic use	Limited bioplastic use	Limited bioplastic use		♻️ Material Recycling and Reduction	9, 12	
2025	Implement ISO 50001 Energy Management Systems across all manufacturing facilities	58%	➤ 71%	➤ 78%		☀️ Climate Action	12, 13
	Reach the target of 450 MW Arçelik-branded PV panel sales per year	9 MW Arçelik-branded PV panel sales between 2021 April-December	➤ 85 MW	➤ 207 MW		☀️ Climate Action	7, 8, 12, 13
2023	Business Plastic Initiative commitments of Arçelik that aim to prevent the usage of disposable plastic and apply circular economy practices to reduce waste	For targets' progress, please refer to the Product Stewardship Section.				♻️ Material Recycling and Reduction	9, 12

1 In 2023, the scope of this target has been extended due to new acquisitions and the integration of new plants. Besides, we could not purchase EAC for our Russia Plants since green electricity certification issuing body has ceased their operations in Russia. This is why the 2023 actuals seem lower than those for 2022. We will continue purchasing green electricity in all countries where Arçelik has production facilities (based on the availability of green electricity in those countries) by 2030. In addition to this, we are installing solar power plants to meet our own electricity consumption.
 2 In 2023, the reporting scope covered all manufacturing plants by adding IHP Russia plants. Due to this, the progression of the target was affected.
 3 The increase stems from the newly added data from the sales of certain brands into the existing emissions data.

4 In 2023, the reporting scope covered all manufacturing plants by adding IHP Russia plants and JVs. Due to this, the progression of the target was affected.
 5 Water recycling and reuse ratio = (Total recycled + reused water)/Total water withdrawal
 6 This recycled rate equals to the diversion rate from landfill. Recovered waste includes waste to recovery and waste to waste incineration with energy recovery.
 7 MDAs produced at manufacturing facilities excluding JVs and IHP Russia Plants.
 Target year dates signify "by the end of" the year determined.



For further information regarding commitments of Arçelik's Net Zero Emission by 2050 and nature related targets including No-Deforestation target, please refer to the Climate Action and Biodiversity sections of the Report.



TARGET YEAR	TARGET	PROGRESS IN 2021	PROGRESS IN 2022	PROGRESS IN 2023	STATUS IN 2023	RELATED MATERIAL ISSUES	CONTRIBUTION TO SDGS
2030	<p>Raise awareness among 450 M people* about healthy living and sustainability (total reach)</p> <p>By 2025: 225M total reach</p>	69 M unique reach	↓ 50.1 M unique reach*	↑ 76.3 M unique reach 195.4 M total reach (not unique cumulated) in 3 years		Corporate Citizenship	
	<p>Raise awareness on better future among 400 M people* through sustainability communication campaigns (total reach)</p> <p>By 2025: 300 M total reach</p>	50.5M unique reach through various campaigns 13.9M people with Ruhun Doysun contents	↓ 58.1 M unique reach*	↑ 76.2 M unique reach 248.9 M total reach (not unique cumulated) in 3 years.		Corporate Citizenship	
	<p>Serve 8 M meals** to people in need and save 4,700 tonnes** of food from being wasted</p> <p>By 2023: 3M meals served & 1,267 tonnes of food prevented By 2025: 4.7M meals served & 2,700 tonnes of food prevented</p>	670 tonnes of food saved 1.5M meals served to 850K guests (cumulated)	↑ 1,070 tonnes of food saved 2.4 M meals served to 1.2M guests (cumulated)	↑ 2,100 tonnes of food saved, 3.6M meals served to 1.8M guests (cumulated)		Corporate Citizenship	
	<p>Support the needs of communities with local hero brands in Türkiye, Romania, South Africa, and Pakistan</p> <p>By 2026: Expand the program WE-inTech implemented only in Türkiye in 2019 to Romania, Pakistan, and South Africa</p>	13 recruitments in R&D from local Türkiye workshops in 2021 and 2019 "Arctic Women Community" in Romania Mentorship for new mothers, and Equal Dictionary implementation for checking discriminatory words, and women's leadership webinars by Dawlance in Pakistan Hack the Normal	↑ 44 women engineering students from Türkiye, Pakistan, South Africa, and Romania participated in We-inTech program, reaching 162 women students in total since 2019	↑ 105 women engineering students from Türkiye, Pakistan, South Africa, and Romania who participated in three global and local programs, reaching 267 women students in total since 2019		Corporate Citizenship	
2026	<p>With Arçelik and Beko brands in Türkiye: Provide STEM training to 100,000 girls</p> <p>Reach and train 20,000 students each year</p>	Newly added	241 teachers from 81 provinces were trained	↑ A total of 72,723 students in schools in 81 provinces were reached, including 35,372 girls		Corporate Citizenship	
	<p>Increase the number of women entrepreneurs in the dealer ecosystem by boosting the percentage of women Beko dealers from 4.8% to 25%</p> <p>2024 : 16% 2025 : 21% 2026 : 26 %</p>	Newly added	9% with 92 dealers and 99 stores	↑ 10% with 108 dealers and 125 stores		Corporate Citizenship	
	<p>Reach 2,500 women entrepreneurs through global-scale entrepreneurship programs and contribute to fund transfers for women-led startups every year</p> <p>2024 : 500 participant, 8M\$ fund 2025 : 500 participant, 8M\$ fund 2026: 750 participant, 8.5M\$ fund</p>	Newly added	USD 8 M fund was transferred 359 women entrepreneurs / candidates were reached	↑ 503 women entrepreneurs/entrepren eural candidates were supported. Through collaboration with Hoxton Ventures and 500EE, facilitated an investment of \$13.1 million		Corporate Citizenship	
	<p>Enable women gain new professional technical competencies and increase the percentage of women technicians working at Arçelik Authorized Services from 6.7% to 14%</p> <p>2024 : 11% 2025 : 12.5%</p>	Newly added	8% with a total of 482 active women employees	↓ 7.4% with a total of 440 active women employees		Corporate Citizenship	
2025	<p>With Arçelik brand in Türkiye: Raise awareness and increase knowledge among another 15M people including Arçelik consumers and children on adopting climate-friendly lifestyle (total reach)</p>	Arçelik brand focusing on the vision of responsible production and consumption, carried out the transformation of Arçelik Designs Goodness with Love. The campaign reached a total of 14.7 million people since the it began in February 2021	↑ Reached and touched 30M+ people with all communication channels	↓ Reached and touched 10.8M people with all communication channels 55.5M+ total reach (not unique) cumulated in 3 years		Corporate Citizenship	

*The targeted data has been revised since calculation methodology allowed us to follow unique reach data for each year, not in a cumulated way.
**The targeted data has been revised to continue with more ambitious targets until the target year.

Target year dates signify "by the end of" the year determined.



TARGET YEAR	TARGET	PROGRESS IN 2021	PROGRESS IN 2022	PROGRESS IN 2023	STATUS IN 2023	RELATED MATERIAL ISSUES	CONTRIBUTION TO SDGS
2030	Increase the average training hours per employee to 35 hours	18.7 hours	↑ 28.9 hours	↑ 32.2 hours		Future Fit Culture, Talent and Organizational Management	4 SDG
	Convert 40% of training activities to online platforms By 2025: 20% of training activities on online platforms	This rate was 6% in the training of monthly paid employees	↑ This rate was 8% in the training of monthly & hourly paid employees	↓ This rate was 6.1% in the training of monthly & hourly paid employees		Future Fit Culture, Talent and Organizational Management	4 SDG
	Increase the percentage of women:					Future Fit Culture, Talent and Organizational Management	5 SDG, 8 SDG
	- in the total workforce to 35%	26% in the total workforce	↑ 27% in the total workforce	↑ 28% in the total workforce		Future Fit Culture, Talent and Organizational Management	5 SDG, 8 SDG
	- in all management positions to 30%	19% in all management positions	↑ 23% in all management positions	→ 23% in all management positions		Future Fit Culture, Talent and Organizational Management	5 SDG, 8 SDG
	- in junior management positions to 35%	22% in junior management positions	↑ 24% in junior management positions	↑ 25% in junior management positions		Future Fit Culture, Talent and Organizational Management	5 SDG, 8 SDG
	- in top management positions* to 32%	25% in top management positions	↑ 27% in top management positions	→ 27% in top management positions		Future Fit Culture, Talent and Organizational Management	5 SDG, 8 SDG
	- in management positions in revenue generating functions to 25%	16% in management positions in revenue-generating functions	↑ 19% in management positions in revenue-generating functions	↓ 18% in management positions in revenue-generating functions		Future Fit Culture, Talent and Organizational Management	5 SDG, 8 SDG
	AC - in STEM related positions to 38%	18% in STEM-related positions	↑ 19% in STEM-related positions	↑ 21% in STEM-related positions		Future Fit Culture, Talent and Organizational Management	5 SDG, 8 SDG
	- Assign three women directors in STEM-related departments	One women director in STEM-related departments	→ One women director in STEM-related departments	↑ Two women directors in STEM-related departments		Future Fit Culture, Talent and Organizational Management	5 SDG, 8 SDG
2025	Reach 5,000 supplier employees for OHS training By 2025: OHS training for 2,500 supplier employees	Newly added	1,840 supplier employees	↓ 2,653 supplier employees (cumulated)		Sustainable Supply Chain Management	3 SDG, 4 SDG, 17 SDG
	Ensure our suppliers** use 100% green electricity	NA	NA	Newly added		Sustainable Supply Chain Management	7 SDG, 12 SDG
	Ensure suppliers** exceeding 500 ToE obtain the ISO 50001 certificate By 2025: Ensure suppliers** exceeding 1,000 ToE obtain the ISO 50001 certificate	58% of our purchasing volume for the suppliers exceeding 1,000 ToE within the scope	↓ 31%*** of our purchasing volume for the suppliers exceeding 1,000 ToE	↓ 19%**** of our purchasing volume of suppliers exceeding 1,000 ToE		Sustainable Supply Chain Management	7 SDG, 12 SDG
2023	Collect, monitor, and publicly disclose compiled data of suppliers*** Scope 1-2 GHG emissions, energy, water, and waste and encourage them to set their own targets	Data collected from 151 suppliers 183 suppliers' commitment to set their own targets	↓ Data collected from 159 suppliers 173 suppliers' commitment to set their own targets	↑ Data collected from 253 suppliers 166 suppliers' commitment to set their own targets		Sustainable Supply Chain Management	4 SDG, 12 SDG, 13 SDG, 17 SDG
	With Arçelik brand in Türkiye: Become a solution partner that offers sustainable choices for households to adopt more sustainable lifestyles	Newly added	First climate-friendly store in Izmir, Türkiye with climate-friendly house sample	→ 1 climate-friendly store with LEED certificate in Izmir, Türkiye.		R&D, Innovation, Digital Transformation and Smart Solutions Customer and Consumer Experience	12 SDG, 13 SDG, 17 SDG
	Ensure our suppliers** apply for ISO 14001 certification	84% of our purchasing volume of suppliers	↑ 99% of our purchasing volume of suppliers	↓ 79%*** of our purchasing volume of suppliers		Sustainable Supply Chain Management	5 SDG, 8 SDG, 10 SDG, 17 SDG
	Ensure 100% compliance of critical suppliers with Arçelik Conflict Minerals Policy	74%	↓ 73%	↓ 67%		Sustainable Supply Chain Management	5 SDG, 8 SDG, 10 SDG, 17 SDG

*One and two levels away from the CEO

**90% of purchasing volume of Tier-1 material and OEM suppliers.

***With the increase in the number of suppliers exceeding 1000 TEP, our scope has been wider.

****The reason behind the reduction of our purchasing volume of our suppliers having ISO 50001 and 14001 is because of the change in our year-end supplier list and the option we offer to the suppliers to apply for the certificate within the 3 months after they entered to the scope and therefore the certification period for the suppliers within the scope still are in progress.

Target year dates signify "by the end of" the year determined



Sustainability at Heart:
Where feels Like Home Begins

A Sustainable Planet: Making Earth *feel like Home*

Related SDGs



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Related Material Issues



Related Capitals



For further information regarding material issues, please refer to the Navigation System section of the Report.

Climate Action	38	Chemicals Management	52
Water Management	46	Biodiversity	54
Waste Management	51	Product Stewardship	57



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At Arçelik, effective environmental management, adaptation, and mitigation of the impact of climate change are key priorities. Thus, we manage our processes in conformity with legal requirements. During the reporting period, there were no significant* fines due to non-compliance with environmental legislation.

We manage our environmental impact through international management standards, particularly ISO 14001 Environmental Management System, ISO 50001 Energy Management System and ISO 14064 GHG Management System integrated with ISO 9001 Quality Management System. The effectiveness and continuity of the management systems is ensured through regular Internal System Controls and third-party audits with international accreditation.

As the physical effects of the climate crisis, such as heat waves, droughts, wildfires, sea level rise and floods are becoming more prevalent globally, immediate action is required to

*Fines under USD 10,000 or less are considered as no significant.

mitigate and adapt to these devastating risks as well as the policy and regulatory changes that come along.

At Arçelik, we are taking steps to limit the increase in global temperatures to the 1.5-degree scenario. To achieve this, we are investing heavily in energy efficiency and renewable energy in production and purchasing green electricity to further decrease GHG emissions. We are also investing heavily in R&D to produce energy-efficient products to reduce the GHG emissions associated with the use phase of the products.

For further information, please refer to our [Climate Change Strategy](#), [Global Environmental Policy](#), and [Energy Policy](#).



Energy efficiency is climate critical, and EP100 members like Arçelik are leading the way. Together, our members are driving up their energy efficiency, and sending a powerful message to policymakers and other companies that the greenest form of energy is the energy you don't use.

Mike Peirce
Executive Director of Systems Change, Climate Group

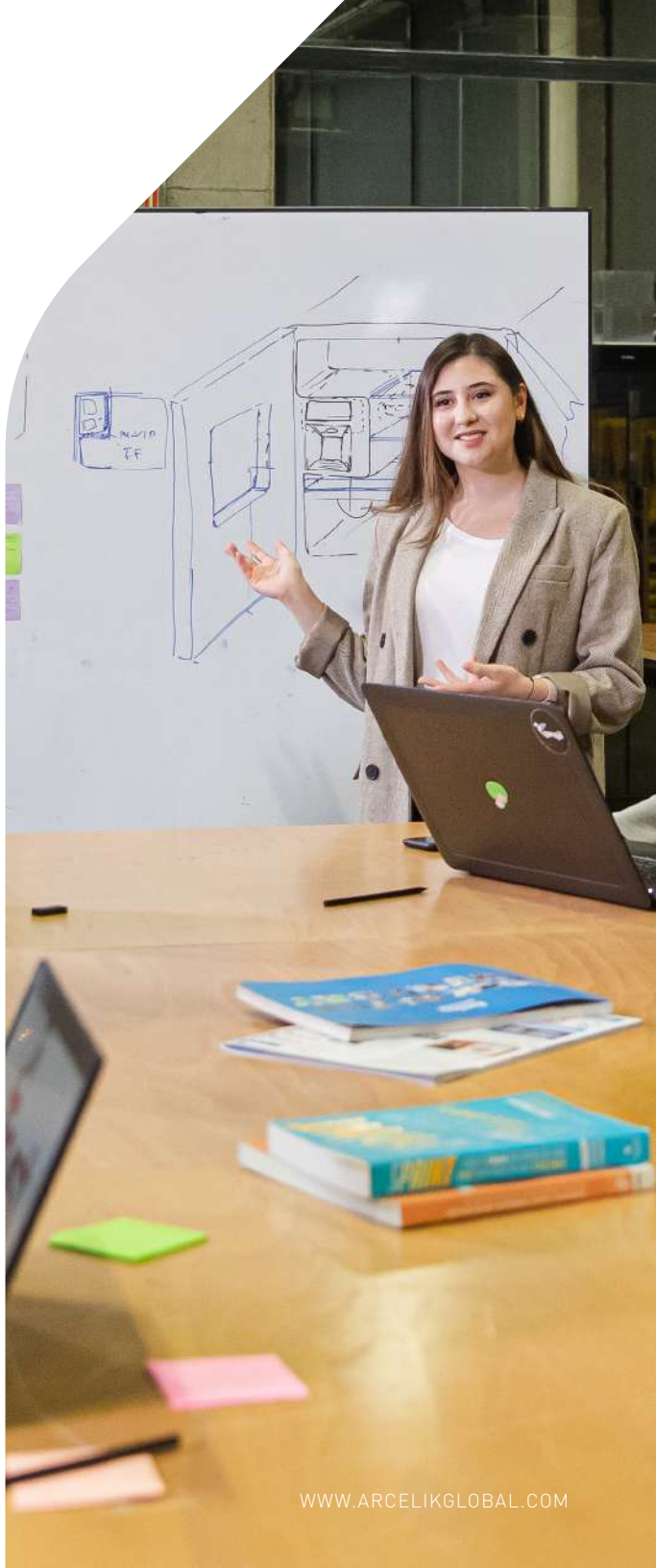
TRAINING

Environmental Training

At Arçelik, we believe spreading awareness and knowledge regarding environmental management is crucial. Thus, we provide training for our employees to increase their competence and to spread the sustainability approach. In this context, in 2023, environmental training was offered including effective management of water usage and waste through reduction projects in all our operations and reached an average of 0.8 hours per employee.

Energy Training

Arçelik provides training to employees to increase competency and knowledge about energy management from a sustainability perspective. In 2023, energy efficiency trainings reached an average of 0.3 hours per employee.



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OUR SCIENCE BASED TARGET

2050 Net Zero Commitment in Line with Science Based Targets Initiative Net Zero Standard

Arçelik has committed to the Science Based Targets Initiative to become a Net Zero Company as of 2050 in line with the Science Based Targets Net Zero Standard*. Within the scope of this commitment, we submitted our new near-term

and net-zero targets which are aligned with the 1.5°C climate scenario to the Science Based Targets Initiative (SBTi). These targets are currently at validation process of the SBTi. With the new near-term target, Arçelik commits to reduce its absolute Scope 1 and Scope 2 emissions by 42% 2030 from a 2022 base year and reduce Scope 3 emissions from use of sold products 42% for the same period. In the scope of its long-term net-zero target, Arçelik commits

to reduce absolute Scope 1, Scope 2, and Scope 3 GHG emissions 90% by 2050 from a 2022 base year. We aim to do this by taking challenging innovative actions in our entire value chain. For our 10% residual emissions, we commit to investing in qualified nature and/or technology-based carbon removal projects in line with the SBTi Net Zero Standard.

With our new 1.5°C-aligned targets, we broaden the scope of our climate-related target to all manufacturing facilities including joint ventures for Scope 1, 2 and Scope 3 emissions except from the use phase of products. For Scope 3 emissions stemming from the use phase, the target includes MDAs, SDAs, TVs and A/Cs.

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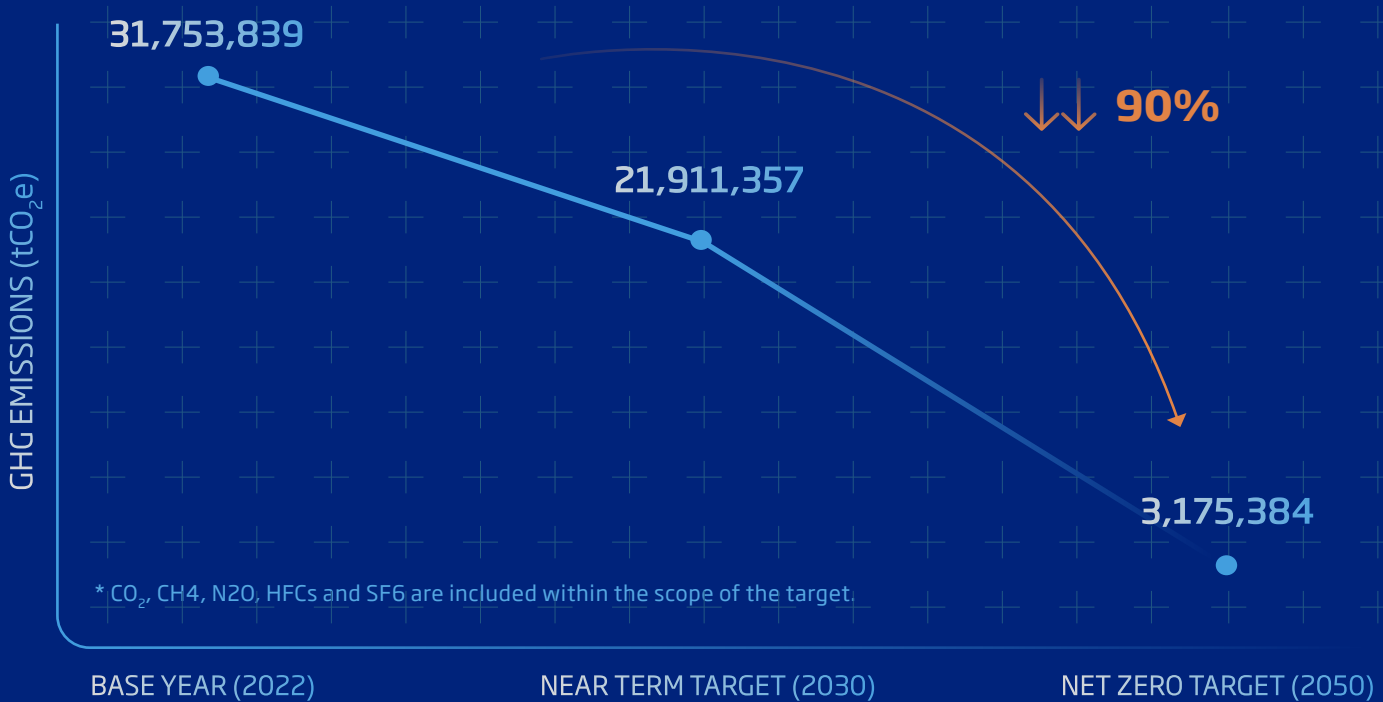
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Net Zero Roadmap



2022 Coverage: All manufacturing facilities including JVs MDAs, SDAs, TVs and A/Cs

By 2030: **42% reduction** in Scope 1, Scope 2 and Scope 3 use-phase emissions**

By 2050: **90% reduction** in all Scope 1, 2 and 3 emissions
Investing in carbon removal projects for the **residual 10%** of emissions

**2030 Scope 3 Target covers use-phase emissions of cooling appliances, dishwasher, dryer, frontload washing machine, hob, hood, microwave, oven, television, vacuum cleaner, washer dryer, and air conditioner product groups while 2050 Target covers all emissions in the base year.

For further information, please refer to the [Net Zero Roadmap in Detail](#) section of the Report.



Net Zero Roadmap in Detail

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Scope 1&2

- Energy efficiency projects including compressed air, energy efficiency in HVAC systems and lighting systems, insulation, heat recovery, energy efficient motor transition and process optimization
- Improving energy efficiency in buildings and LEED certified manufacturing facilities
- Increasing the number of ISO 50001 EnMS certified factories and doubling economic output for every unit of energy consumed
- Electrification in manufacturing
- Low GWP refrigerant usage in manufacturing
- Transition to electric cars and forklifts
- Use of green hydrogen where possible (to be considered after 2030)
- Making significant investment to achieve the 2030 target to reach 50 MW renewable energy capacity before deadline and starting to work towards surpassing 100 MW capacity by 2050
- Aiming for 100% renewable electricity with renewable energy systems for self consumption and EACs and PPAs in all manufacturing facilities
- Using more renewable thermal energy in manufacturing facilities

Scope 3 Emissions Generated During Use Phase of Products at Consumers' Homes:


- Increasing penetration of super energy-efficient products globally, including developing and emerging countries without energy regulation
- Increasing penetration of solar-powered refrigerating appliances especially in South Africa, Pakistan, India, Bangladesh
- Accelerating the phase out of high GWP refrigerants with the transition of low GWP refrigerant in all our products
- Increased R&D for efficient and affordable products
- Using refrigerators comprising low thermal conductivity insulators (<10 mW/m²K), fully VIP based insulation, injectable aerogel applications (3 mW/m²K)
- Implementing new and novel heat pump technologies, VCC compressor with higher performance
- Using non-fluorinated refrigerant heat pump systems in all washing machines and dishwashers
- Increasing communication activities on environmentally friendly products, energy and water saving tips at home with the aim to educate consumers to make informed choices
- Creating applications allowing gamification-based awareness campaigns with the users of connected appliances for more energy and water saving based on preferences of the consumer and more awards generated
- Collaborating with relevant stakeholders including NGOs which follow programs that develop energy efficiency policies on household products to increase minimum energy efficiency labelling requirements especially in emerging markets
- Working with financing institutions to make energy-efficient appliances financially available for more consumers

Scope 3 Logistics Emissions:

- Working towards the target to reduce emissions resulting from logistics operations by 90% by 2050 in line with corporate goals
- Reducing number of shipments
- Increasing the rate of lower-emission transportation modes
- Switching to biofuel alternatives, gradually increasing biofuel alternatives for downstream transportation
- Switching to electric transport alternatives using electricity from renewable source

Scope 3 Supplier Emissions:

- Increasing supplier energy efficiency projects, expanding the scope of energy efficient motor conversion project with suppliers
- Increasing number of suppliers setting GHG emission reduction targets
- Incentivizing logistics emissions reduction projects at suppliers
- Increasing ratio of recycled raw materials purchased from suppliers - including recycled plastic content
- Requiring ISO14001 Environmental Management Systems Certificates and ISO 50001 Energy Management Certificates from certain suppliers.

 For further information regarding the targets and the actions already implemented towards Arçelik's Net Zero target, please refer to the [GHG Emissions](#), [Air Emissions](#), [Energy Efficiency and Renewable Energy](#), [Energy and Water Efficient Products](#) and [Supplier ESG Program](#) sections of the Report.



GHG EMISSIONS

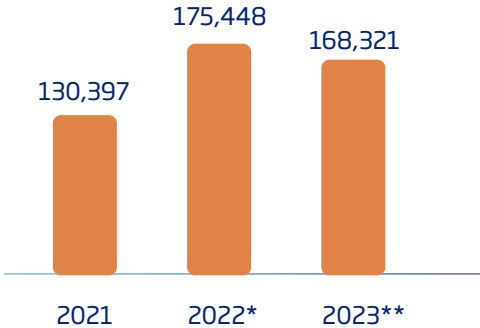
We calculate our GHG emissions using IPCC guidelines and in accordance with ISO 14064-1 GHG Standard*. This data has been verified by an independent organization in accordance with ISO 14064-3 Standard with “reasonable assurance level” since 2010.

➤ For further information regarding Assurance and Verification of Arçelik’s GHG emissions in line with ISO 14064 Standard, please refer to [our website](#).

Arçelik has been calculating its emissions since 2010 and the scope of calculations expanded to include the organic and inorganic growth of the Company as well as items included in calculation. In 2019, we extended our Scope 3 inventory to cover GHG emissions from raw materials, product packaging and recycling, raw material and component transportation, waste generated in production stages, wastewater treatment, use of sold products, in-country and international logistics activities of products, end of life stage of the products, business travels and employee commuting were calculated according to ISO 14064-1 Standard.

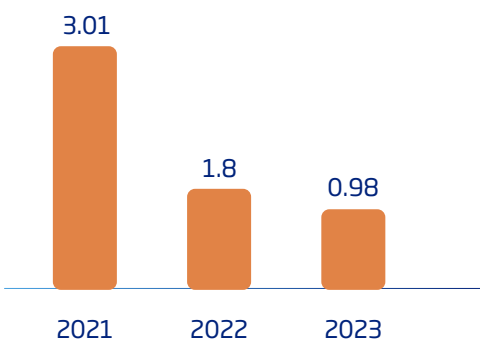
*The source of emission factors and the global warming potential (GWP) rates used for calculations: IPCC, Defra, Ecoinvent database.

Scope 1 and Scope 2 GHG Emissions (tCO₂e)



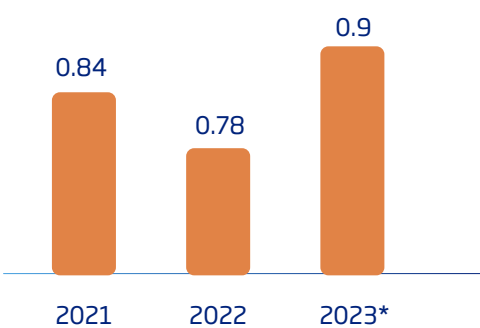
*Scope 1&2 calculated for Singer, Bangladesh.
**IHP and all JVs are included in the calculations.

Scope 1 and Scope 2 GHG Emissions Intensity* (tCO₂e/TRY million)



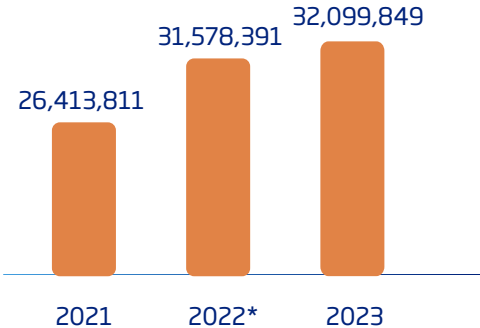
*Inflation accounting has been applied to revenue of 2023 according to IAS 29 Financial Reporting in Hyperinflationary Economies.

Emission Intensity from the Use Phase of Products (tCO₂e/Product Quantity)



*Intensity increased due to the manufacturing facilities that are newly included in the calculations.

Scope 3 GHG Emission (tCO₂e)



*The scope of emissions categories and product types covered have changed as of 2022.

Decreasing Scope 3 emissions stemming from products is a critical element of Arçelik’s strategy towards Net Zero Emissions target. Thus, an in-house “Digital Scope 3 Sales Emissions Monitoring System” has been developed through the collaboration of the relevant teams from different departments. The system is able to calculate the use-phase emissions in 24 product categories including major and small home appliances and air conditioners, retrieving country-based sales and Stock Keeping Unit (SKUs) as well as product emissions data of 41 different countries.

➤ For further information regarding our air emissions, please refer to [Annex 3. Environmental Performance Indicators](#).

AIR EMISSIONS

We measure air emissions to maintain air quality, and we share our results with the relevant official institutions. Emission values for all our facilities are within legal limits. We also ensure that our performance is evaluated by independent and accredited laboratories that measure the level of compliance with regulations.

➤ For further information regarding our emissions and Environmental Performance Indicators, please refer to [Annex 3. Environmental Performance Indicators](#).

ENERGY EFFICIENCY AND RENEWABLE ENERGY

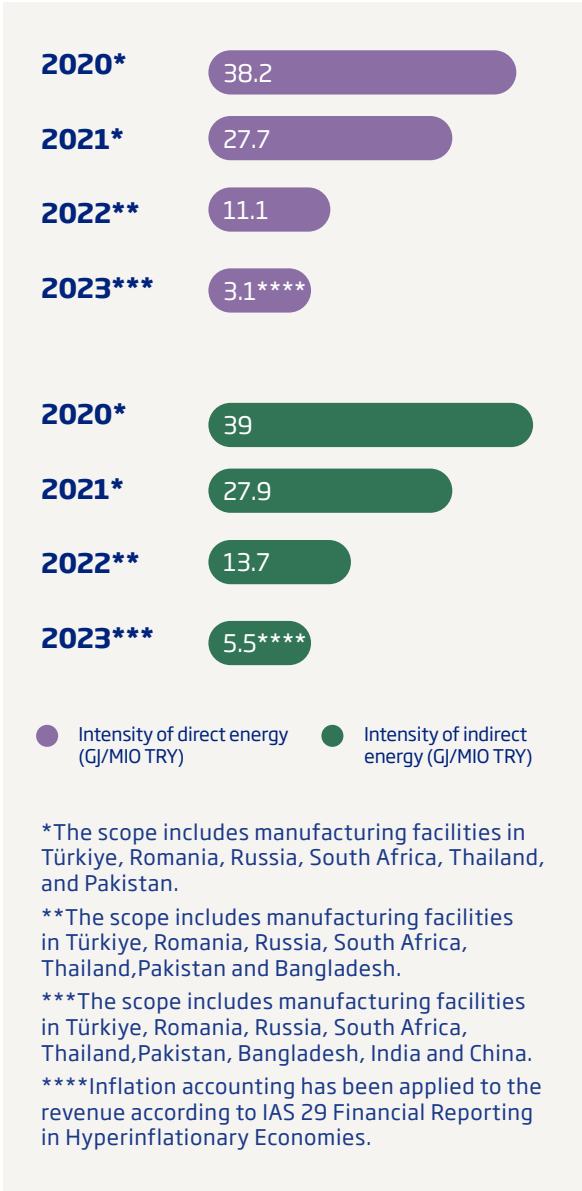
At Arçelik, we are working to minimize our energy-related environmental footprint through our various energy efficiency projects and increasing use of renewable energy. As a member of EP100, a global initiative led by the international non-profit Climate Group, we are committed to having ISO 50001 certification for all our factories by 2025 which we held for 78% of our factories (HQ included) in 2023. We have also committed to double the economic output for every unit of energy consumed globally by 2030, compared to 2010. As of 2023, we have reached 100%* towards this commitment.

In this regard, regular energy audits play a critical role in ensuring whether our performance is aligned with our targets. ISO 50001 EnMS surveillance audits are carried out by a third-party audit company each year. In addition, we periodically conduct detailed internal energy audits to reveal the energy efficiency potential in our factories.

For further information, please refer to the [Sustainability Targets section of the Report](#).

*This ratio calculated with FY 2023 data. In EP100's 2023 Annual Report, Arçelik's data was given as FY 2022 data.

Energy Intensity (GJ/TRY million Revenue)



Key Projects

In order to achieve our goals, we invest in solutions for energy efficiency, and work on areas such as insulation, heat recovery, energy-efficient motor transition, and process optimization in compressed air, heating, ventilation, air conditioning and lighting systems. These projects help us prevent GHG emissions as well as obtain financial savings and decrease our energy intensity.

In 2023, we have carried out a total of 373 energy-saving projects at production sites, resulting in a total energy conservation of around 95,680 GJ. As a result of our enhanced efficiency, we have been able to avoid emitting 6,983 tCO₂e and save TRY 40,833,009.

The amount of investment in 2023 for projects including energy saving in production, renewable energy production, green buildings was TRY 2,913 million.

Manufacturing Plant	Location	Project Qty	Energy Saving (GJ)	Prevented GHG Emissions (tCO ₂ e)	Financial Saving (TRY)
Arçelik	Türkiye	143	44,592	3,341	21,527,944
Arctic	Romania	24	6,450	472	4,583,859
Beko LLC	Russia	80	18,314	1,038	2,524,511
Defy	South Africa	1	6,895	363	1,604,596
Beko Thai	Thailand	2	64	8	55,519
AHTH	Thailand	65	13,415	1,270	7,803,431
Dawlance	Pakistan	48	4,885	346	2,024,752
Singer	Bangladesh	6	895	116	573,901
AHSH	China	4	169	29	134,495



Optimization of Surface Coating and Washing Process

At Eskişehir Compressor Plant, an improvement in energy efficiency is aimed through optimization and modernization studies carried out in surface coating and washing processes, which are among the most important points of energy use. Within the scope of this project, the following steps were taken:

- Using chemicals that can operate at lower temperatures and do not cause residue and corrosion in washing chemicals;
- Reducing bath temperatures in accordance with quality standards;
- Engineering studies to increase the energy flow in heat transfer equipment;
- Conducting studies to reuse wastewater in the following process;
- Implementing process merging and cancellation processes; and
- Optimization of process steps and autonomous operation of energy consumption points in accordance with production parameters.

In 2023, 135,000 kWh electricity, 150,000 Sm³ natural gas and 12,000 m³ water was saved thanks to this project. In addition, 354 tCO₂e emission prevented, with a saving of EUR 87,247.

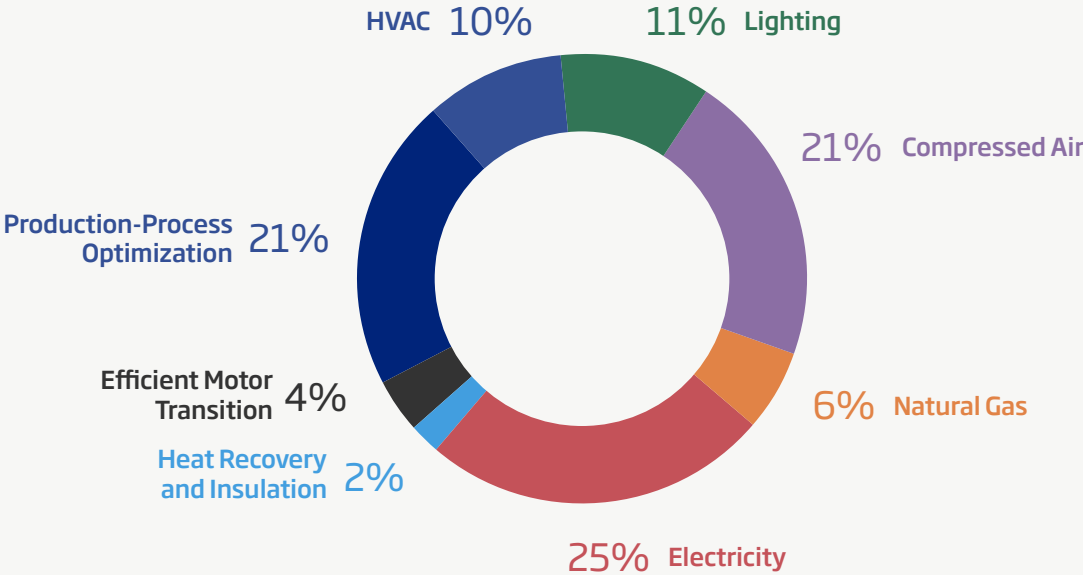
Compressed Air Optimization

At Bolu Cooking Appliances Plant, the packaging and sealing departments are located far from the central compressor room from where the compressed air needs were being met. With the goal of energy efficiency, a local compressor was installed, which eliminated the compressed air losses, and the pressure value of the central compressors was reduced from 5.8 bar to 5.5 bar. With this project, we have saved 627,200 kWh electricity and prevented 292 tCO₂e emission, with a saving of EUR 98,000.

Cooling System Modernization

At the Çerkezköy Dryer Plant, energy consumption was reduced by 82% by using an air-cooled dry cooler instead of the chiller used for mold/machine cooling. With this project, we have saved 230,000 kWh electricity and prevented 107 tCO₂e emission, with a saving of EUR 21,000.

2023 Projects



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Green Electricity

In 2023, our green electricity ratio is 64% in our manufacturing operations which is in line with our target of increasing the green electricity ratio to 100% in all countries where we have production facilities by 2030. While Türkiye and Romania manufacturing facilities purchased 100% green electricity, Arçelik Hitachi Thailand plant met approximately 25% of its annual electricity consumption from a long-term PPA (Power Purchase Agreements) with floating solar PV plant in 2023.

With technologies at some of our factories such as photovoltaics, concentrated solar power and a solar wall, we have reached a total of 20.3 MW solar plant capacity as of the end of 2023. These allowed the generation of 44,200 GJ of electricity and prevention of 5,885 tCO₂e emissions in 2023.

20.3 MW ☆

solar plant capacity
as of the end of 2023



Internal Carbon Pricing: Shadow Price

At Arçelik, we use an internal carbon pricing mechanism in order to identify investment costs more accurately by taking into account a possible climate transition scenario where Emissions Trading Systems (ETS) or a potential additional cost mechanism for some raw materials may come into force within the framework of the EU Green Deal. Considering these scenarios and implementing an internal carbon pricing mechanism as a strategic decision-making component related to capital investments paves the way for reducing financial risks that may arise in the short and medium term.

We use Shadow Price internal carbon pricing mechanism with a price of EUR 50 per tCO₂e applied for the machinery and equipment investments above 50 kW installed capacity and EUR 50,000 capital cost. Using this mechanism helps us change internal behavior, especially in purchasing practices. By using a carbon price, we drive low carbon investments and identify which investments offer low carbon opportunities, navigate risks related to GHG regulations and stress test major risk items. We also encourage our suppliers to use internal carbon pricing to spread the best practices throughout the value chain and enhance supplier engagement and awareness.

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Solar Business

Since 2019, the Energy Management teams of Arçelik and Arçelik Pazarlama A.Ş. have been working on the solar energy sector as part of Koç Holding’s solar panel project, having received ESCO certification from the Ministry of Energy and Natural Resources of Türkiye. Our energy teams collaborate on engineering, system selection, installation, permit processes, system monitoring, and maintenance of solar energy systems with the support of Arçelik Solar Solutions Partners who possess expertise in solar energy system engineering, procurement, and construction (EPC), with handling industries that require these services.

We offer three models, 540/545/550 W solar panel, including 144 half-cut M10 monocrystalline PERC cells. All models come with a 12-year product warranty and at least an 83% linear performance guarantee for a period of 25 years. We established our own solar panel manufacturing facility in Istanbul that started panel production in April 2023. The facility has 155 employees and 300 MW/year production capacity in three shifts. In addition, we established a facility with the same technology and production lines in Ankara, which started the production in May 2023. Both facilities have 600 MW/year production capacity in total.

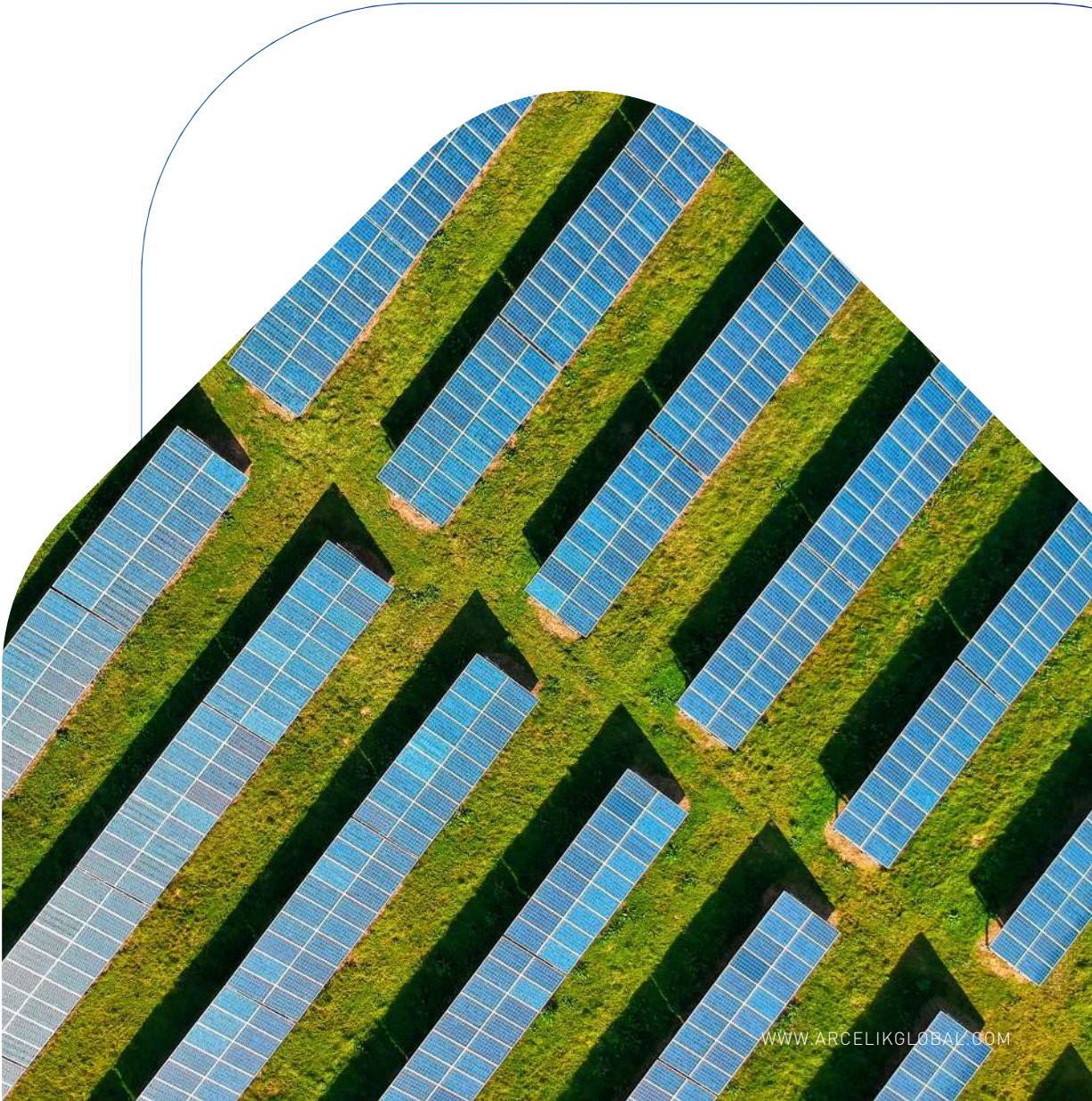
The solar panel manufacturing facilities have fully automated production lines, and the solar panels are manufactured by automated and AI (Artificial Intelligence) integrated machines and robotic arms. We use Industry 4.0 applications and Manufacturing Execution System (MES) for product traceability and high-quality standards. These facilities are also capable of producing future cell technologies such as TopCon* and Heterojunction**.

We designed our business model to offer turnkey solutions for household and SME (Small and Medium sized Enterprise) solar energy customers through our home appliances and heating, ventilation, and air conditioning (HVAC) dealers. With the aim of offering a wide range of energy solutions including solar panels, inverters, home energy storage systems, foldable solar panels, electrical vehicle chargers and so on, we introduced a solar energy business model to our ~350 largest dealers with a launch in December 2023. This will lead to our dealer channel to be positioned as a one-stop-shop - with fully Arçelik branded products.

*Topcon: Type of a solar cell production method, called as Tunnel Oxide Passivated Contact.

**Heterojunction: Type of a solar cell production method. Heterojunction solar cells combine monocrystalline and thin-film technology.

Overall, approximately 301 MW of capacity has been manufactured with Arçelik branded panels in the Turkish market by the end of 2023.



WATER MANAGEMENT



At Arçelik, reducing the water footprint of our operations is one of our top priorities alongside an effective water risk identification and management. As an industry-leading company, we leverage the latest technologies to decrease our water withdrawal in all our manufacturing facilities and utilize the latest datasets and tools for water risk management.

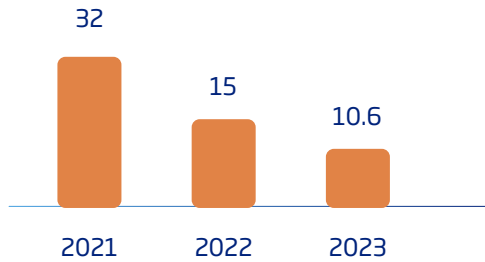
All these efforts are guided by Arçelik’s Water Policy, which is an integral part of our Environmental Policy as well as our Energy, Health and Safety, Quality, and GHG Management Systems, following our sustainability approach in line with our Global Business Ethics Principles. Through this policy, we commit to reduce water withdrawal, increase water efficiency, recycling, and reuse; minimize water footprint of products, raise environmental awareness and support water stewardship.

[For further information, please refer to our Water Policy.](#)

In line with our policy and sustainability approach, we set our targets and manage our water performance via international management systems such as ISO 14001 EMS Certification.

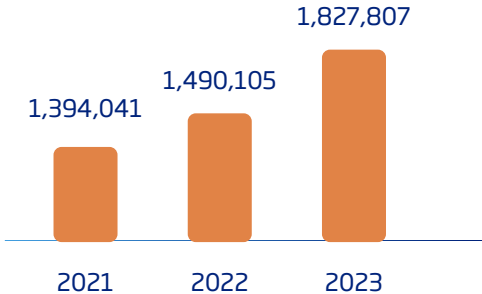
The Sustainability Council (SC) is the top management level committee responsible for the management of all environmental management issues, including water, in line with business strategies, risks and opportunities. In the first stage, the company-level water targets and goals are identified by the SC and then distributed to the related bodies at country level and site/facility level. The SC, chaired by our CFO, meets quarterly to monitor progress on these targets and discusses the water strategy, major plans, and actions for the following year’s plan.

Water Intensity* (m³/TRY million)

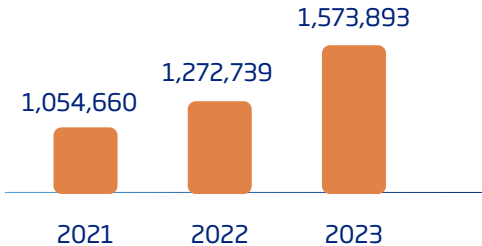


*Inflation accounting has been applied to revenue of 2023 according to IAS 29 Financial Reporting in Hyperinflationary Economies.

Total Water Withdrawal (m³)

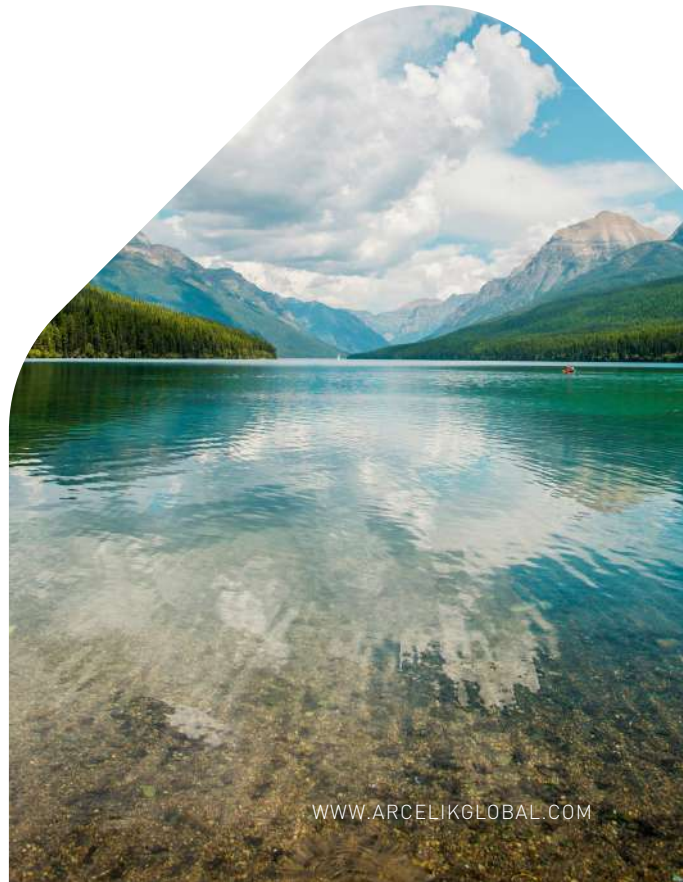


Amount of Discharged Water (m³)



In addition to water usage, we treat discharged water according to its characteristics in chemical and biological treatment facilities in all the regions where we operate. This ensures that discharged wastewater remains below legal discharge limits to protect water resources and biodiversity in the regions, and we periodically check compliance with these standards.

[For further information, please refer to Annex 3. Environmental Performance Indicators.](#)



CEO WATER MANDATE

As part of Arçelik’s water management approach, Arçelik had become one of the 200+ companies that signed the CEO Water Mandate in 2022. CEO Water Mandate is a UN Global Compact Initiative, and a commitment platform for business leaders and learners to advance water stewardship.

We commit to meeting the expectations of the CEO Water Mandate and report on our progress annually. Thus, we are committed to take action in the following areas:

- Direct Operations
- Supply Chain and Watershed Management
- Collective Action
- Public Policy
- Community Engagement
- Transparency

As a part of our commitments, we established a partnership with Water.org in 2022 to support a community program that will empower 10,000 Kenyans in need of access to safe water and sanitation solutions.

For further information, please refer to the [Corporate Volunteerism section of the Report](#).

WATER EFFICIENCY EFFORTS

In 2023, we saved a total of 288,973 m³ of water, thanks to water efficiency and rainwater harvesting projects carried out at various locations.

Key Projects

Manufacturing Facility	Location	Project Quantity	Project Type	Amount of water saved in 2023 (m ³)	Financial Saving (TRY)
Arçelik Washing Machine Plant	Istanbul, Türkiye	3	- Recycling and reusing wastewater from <ul style="list-style-type: none"> • R&D laboratories • Function test system on the assembly line • Paint shop final rinse - Recovering and reusing the effluent water of a biological wastewater treatment facility - Harvesting rainwater	45,454	2,540,177
Arctic Washing Machine Plant	Ulmi, Romania	2	- Recycling and reusing wastewater - Harvesting rainwater	19,557	652,862
Refrigerator Plant	Hayderabad, Pakistan	2	- Recycling of wastewater - Harvesting rainwater	4,232	218,641
Cooking Appliances and A/C Plant	Karachi, Pakistan	2	- Recycling of wastewater - Harvesting rainwater	1,672	64,713
Arçelik Tumble Dryer Plant	Tekirdağ, Türkiye	2	- Harvesting rainwater - Reducing water consumption	3,800	53,942

WATER MANAGEMENT




WATER RISK MANAGEMENT

We work to identify water risks, in regions of operation as well throughout the value chain in order to take necessary actions for mitigation.

Our Environment Working Group is responsible for water risk management. The WG conducts water stress analysis for all our locations based on the World Resources Institute's (WRI) Aqueduct Water Risk Atlas and with the help of related finance and strategic planning departments, the possible financial impact of the risk is calculated. These assessments are regularly reported to the Sustainability Council (SC). The SC evaluates the analyses quarterly, prioritizing them in accordance with Arçelik's risk scoring methodology and take decisions for strategy change or mitigation action when necessary. As a result of this process, all locations within the reporting scope have water management plans.

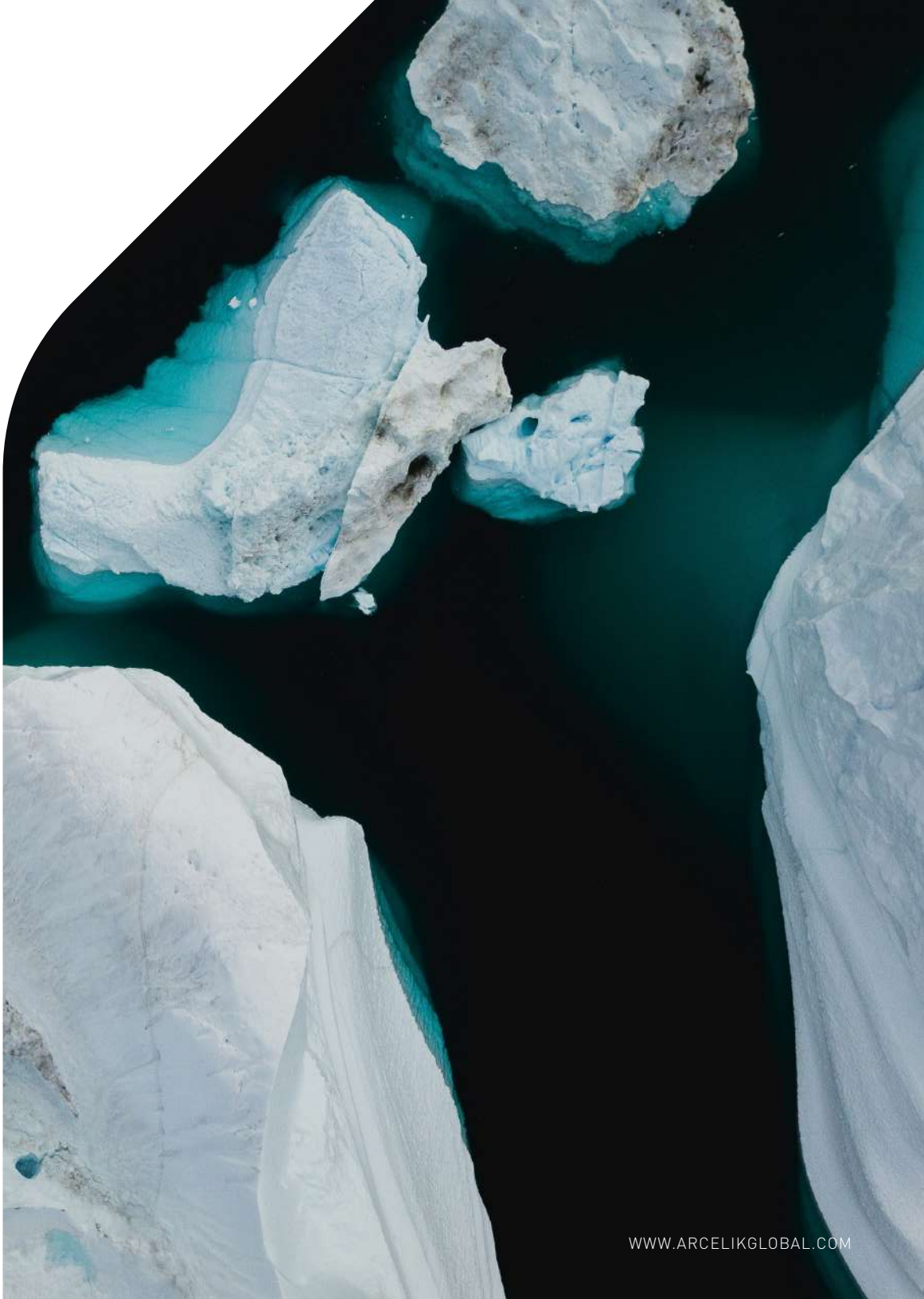
For effective water management in our value chain, we collect water withdrawal and discharge data and 2030 targets from our critical Tier 1 suppliers. This represents 83.5% of purchasing volume. Our goal is to reach 90% of purchasing volume by 2025 to maximize our impact.

 For further information regarding Arçelik's quantitative water risk calculations, please refer to [Annex 14. Sustainability-Related Risks And Opportunities](#).

Scenario Analysis and Adaptation Plan for Water Risks

Based on Arçelik's internal analysis, as well as S&P consultancy, using TruCost Methodology, water stress risks were determined as the most significant risks for Arçelik in terms of physical climate risks. Thus, Arçelik conducted scenario analyses in order to clearly define the water stress risks, define mitigating actions and adaptation plans for all of its operation locations as well as new operations.

For the analysis, all Arçelik locations were analyzed according to Intergovernmental Panel on Climate Change's (IPCC) Representative Concentration Pathways (RCPs): RCP 2.6 (Low Climate Scenario), RCP 4.5 (Moderate Climate Scenario) and RCP 8.5 (High Climate Scenario) for the year 2030. The locations that are expected to have water stress risks were defined as follows:



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Scenario	Locations with High Water Stress	Locations with Extremely High-Water Stress
RCP 2.6		Refrigerator Plant, Eskişehir, Türkiye
		Compressor Plant, Eskişehir, Türkiye
		Refrigerator Plant, Manisa, Türkiye
	Washing Machine Plant, Istanbul, Türkiye	Washing Machine Plant, Manisa, Türkiye
	Refrigerator Plant, Rayong, Thailand	Dishwasher Plant, Ankara, Türkiye
	BEKO LLC Refrigerator and Washing Machine Plant, Kirzhach, Russia	Hitachi Washing Machine Plant, Shanghai, China
	Arctic Refrigerating Appliances Plant, Gaesti, Romania	Hitachi Refrigerator Plant, Kabin Buri, Thailand
	Arctic Washing Machine Plant, Ulmi, Romania	Hitachi Washing Machine Plant, Kabin Buri, Thailand
		Washing Machine and Refrigerator Plant, Karachi, Pakistan
		Cooking Appliances and A/C Plant, Karachi, Pakistan
	Refrigerator Plant, Dhaka, Bangladesh	
	TV, Air Conditioning and Washing Machine Plant, Dhaka, Bangladesh	
	Voltbek Refrigerator Plant, Gujarat, India	

Scenario	Locations with High Water Stress	Locations with Extremely High-Water Stress
RCP 4.5		Refrigerator Plant, Eskişehir, Türkiye
		Compressor Plant, Eskişehir, Türkiye
		Refrigerator Plant, Manisa, Türkiye
	Washing Machine Plant, Istanbul, Türkiye	Washing Machine Plant, Manisa, Türkiye
	Refrigerator Plant, Rayong, Thailand	Dishwasher Plant, Ankara, Türkiye
	BEKO LLC Refrigerator and Washing Machine Plant, Kirzhach, Russia	Hitachi Refrigerator Plant, Kabin Buri, Thailand
	Arctic Refrigerating Appliances Plant, Gaesti, Romania	Hitachi Washing Machine Plant, Kabin Buri, Thailand
	Arctic Washing Machine Plant, Ulmi, Romania	Washing Machine and Refrigerator Plant, Karachi, Pakistan
	Hitachi Washing Machine Plant, Shanghai, China	Cooking Appliances and A/C Plant, Karachi, Pakistan
		Refrigerator Plant, Dhaka, Bangladesh
	TV, Air Conditioning and Washing Machine Plant, Dhaka, Bangladesh	
	Voltbek Refrigerator Plant, Gujarat, India	

Scenario	Locations with High Water Stress	Locations with Extremely High-Water Stress
RCP 8.5		Refrigerator Plant, Eskişehir, Türkiye
		Compressor Plant, Eskişehir, Türkiye
		Refrigerator Plant, Manisa, Türkiye
	Washing Machine Plant, Istanbul, Türkiye	Washing Machine Plant, Manisa, Türkiye
	Refrigerator Plant, Rayong, Thailand	Dishwasher Plant, Ankara, Türkiye
	BEKO LLC Refrigerator and Washing Machine Plant, Kirzhach, Russia	Hitachi Refrigerator Plant, Kabin Buri, Thailand
	Arctic Refrigerating Appliances Plant, Gaesti, Romania	Hitachi Washing Machine Plant, Kabin Buri, Thailand
	Arctic Washing Machine Plant, Ulmi, Romania	Washing Machine and Refrigerator Plant, Karachi, Pakistan
	Hitachi Washing Machine Plant, Shanghai, China	Cooking Appliances and A/C Plant, Karachi, Pakistan
		Refrigerator Plant, Dhaka, Bangladesh
	TV, Air Conditioning and Washing Machine Plant, Dhaka, Bangladesh	
	Voltbek Refrigerator Plant, Gujarat, India	

Thus, the water withdrawal, discharge and consumption data for these locations are monitored carefully.

Water Stress Based on WRI Aqueduct Water Risk Atlas	Water Withdrawal (m³)	% of Total Water Withdrawal	Water Discharge (m³)	% of Total Water Discharge	Water Consumption	% of Total Water Consumption	Operations
High Water Risk Locations	488,668	27%	424,696	27%	63,972	25%	Washing Machine Plant, Istanbul, Türkiye Refrigerator Plant, Rayong, Thailand BEKO LLC Refrigerator and Washing Machine Plant, Kirzhach, Russia Arctic Refrigerating Appliances Plant, Gaesti, Romania Arctic Washing Machine Plant, Ulmi, Romania
Extremely High Water Risk Locations	727,156	40%	544,805	34%	182,351	73%	Refrigerator Plant, Eskişehir, Türkiye Compressor Plant, Eskişehir, Türkiye Refrigerator Plant, Manisa, Türkiye Washing Machine Plant, Manisa, Türkiye Dishwasher Plant, Ankara, Türkiye Hitachi Washing Machine Plant, Shanghai, China Hitachi Refrigerator Plant, Kabin Buri, Thailand Hitachi Washing Machine Plant, Kabin Buri, Thailand Washing Machine and Refrigerator Plant, Karachi, Pakistan Cooking Appliances and A/C Plant, Karachi, Pakistan Refrigerator Plant, Dhaka, Bangladesh TV, Air Conditioning and Washing Machine Plant, Dhaka, Bangladesh Voltbek Refrigerator Plant, Gujarat, India

In order to prepare a risk adaptation plan, the results of the water stress risk analysis and a prior study conducted in 2019 as part of International Finance Corporation’s (IFC) Water Efficiency Project* have been taken into consideration.

As a result, the following targets were set:

By 2030;

- Reduce water withdrawal per product by 45% in all manufacturing facilities from 2015 baseline
- Increase the water recycling and reuse ratio to 70% in all manufacturing facilities

*In 2019, as part of the IFC Water Efficiency Project, we compared 17 manufacturing facilities located in Türkiye, Romania, Russia, South Africa, Thailand, and Pakistan according to the industry’s best practices in Europe in the IFC database. With the IFC, we identified improvement areas at our manufacturing facilities for water efficiency and prepared the Water Efficiency Report. We set our 2030 water target using the outcomes of the report.

Internal Water Price

Arçelik uses the Internal Water Price to encourage investments in water infrastructure and determine the real price of water. We calculate internal water prices (IWP) for each facility separately through determining the current water stress via Aqueduct tool and modelling this for 2020,2030 and 2040 for three different scenarios (business as usual, optimistic and pessimistic scenario). We implemented a strategy where the cost of water usage is adjusted based on the level of water stress experienced by local watersheds. This method is grounded on a stress level scoring system, ranging from 1 to 5, with 1 indicating abundant water availability and 5 signaling severe scarcity. Accordingly, for well water sources, the cost increment due to stress levels can vary between 20% and 100%, whereas for municipal water, the increase ranges from 10% to 50%. Also, IWP calculation includes monthly water bills, operational expenses, inflation rates and other direct/indirect water and wastewater prices. In 2023, total unit prices including IWP of our facilities change between 11-140 TRY/m³.


WASTE MANAGEMENT




At Arçelik, we monitor our waste according to European Waste Codes (EWC) on a monthly basis from each production facility. The collected data is consolidated by the central environment team for any possible improvements and shared with internal and external stakeholders.

With an improvement perspective, we adopt the near-zero waste approach during our waste management efforts. Our near-zero waste concept aims to reduce, reuse, and recycle the waste, and minimize all waste where landfill and non energy recovery incineration are applied.

In line with this, we have set a target to increase the waste recycling rate to 99%, which was 95% in 2023, in all manufacturing facilities. The diversion rates of waste to landfill in 2023 was 95% which has a third-party assurance.

 For further information, please refer to [Annex 2. Assurance Reports.](#)

 For further information regarding our quantified target and progress, please refer to the [Sustainability Targets](#) section of the Report.

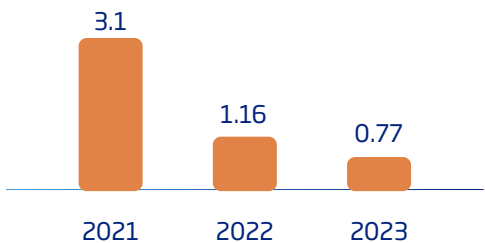
The amount of investment in 2023 for waste reduction projects in production and product development stage was TRY 318 million.

To be able to reach our near-zero waste target with our integrated waste management approach, we identified areas to improve our

performance and planned a roadmap. In this regard, Arçelik;

- Makes resource efficiency improvements and invests in technologies that reduce the amount of virgin raw materials used,
- Prevents and reduces operational waste,
- Minimizes overall chemical consumption and waste generation by redesigning product manufacturing processes,
- Improves the effectiveness of separating waste at the source, and
- Increases the rate of waste sent to recycling and energy recovery instead of landfill.

Waste Intensity* (tonnes/TRY million)



*Inflation accounting has been applied to revenue of 2023 according to IAS 29 Financial Reporting in Hyperinflationary Economies.

 For further information regarding waste management performance, please refer to [Annex 3. Environmental Performance Indicators.](#)

Key Projects

Manufacturing Plant	Location	Project Quantity	Project Type	Amount of waste saved in 2023 (m³)	Financial Saving (TRY)
Hitachi Refrigerator Plant	Kabin Buri, Thailand	1	- Reducing sewage sludge by combining two wastewater treatment systems	300 tonnes of sludge reduced	1,383,804
Beko LLC Refrigerator and Washing Machine Plant	Kirzhach, Russia	3	- Reducing ferrous waste by installation of additional tables for stamps - Reducing of case scraps based on tightening of the plastic case. - Reducing of polyurethane waste generated during foam exit from the filling hole and in the process of repairing doors	4 tonnes of ferrous waste reduced 1.12 tonnes of polyurethane waste prevented	293,084
Cooking Appliances and A/C Plant	Karachi, Pakistan	1	- Reducing floor sand by waste segregation	138 tonnes of floor sand waste reduced	14,990

CHEMICALS MANAGEMENT

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The global regulations relating to chemicals and chemicals in products are monitored by the central chemical management department under the Environment Department and shared with all subsidiaries (green chemistry team members) to meet customer requirements all over the world. Regulations governing the use of chemicals in products, as well as the risks and opportunities associated with compliance with these regulations, are assessed yearly by the Green Chemistry Working Group.



PRODUCT RELATED CHEMICALS MANAGEMENT

At Arçelik, we care about the safe process chemical management, use, transportation, storage, and disposal of chemicals in our entire supply chain to reduce the impact of our production processes on the environment and people as much as possible. We apply certain procedures to our products in accordance with Arçelik Chemical Conformity Specification and national chemical requirements. The procedures we apply cover issues such as supplier contribution, parts assurance, and labor. There are also EU directives and regulations such as the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) and the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), which are applied during the development of part of products and during mass production.

Firstly, we expect our suppliers to understand the global regulations and directives and approve the contract of which they are a part. In our contracts with suppliers, we also request documents as stated in the annexes to our chemical conformity specification procedure. We expect our suppliers to comply with all legal requirements from the beginning of the contract.

As a second step, when our suppliers are going to produce a new part, we require the relevant documents to be checked again to comply with the legislation. We undertake various chemical tests to check the accuracy of the reports that we receive from the supplier. After that, the compliance of parts in mass production is continuously sampled and tested by qualified staff in Arçelik laboratories using a risk-based approach method. In addition, finished products are sent to test laboratories that are certified to the ISO/IEC 17025 standard.

We have taken steps further beyond regulations to provide perfect customer satisfaction and produce ecofriendly home appliances.

Beyond the requirements of new Swedish Chemical Tax, in which we are striving hard to create non-halogenated products to take advantage of tax reduction, we achieved a 50% tax reduction which means there is no bromine and chlorine. The products contain PVC (polyvinyl chloride) free parts like power cords, cables, hoses, gaskets etc. All flame-retardant substances are substituted with non-halogenated alternatives which are environmental and human health friendly with respect to halogenated options.

ECHA (European Chemical Agency) has provided a report related to European Regulatory Road Map Related Flame Retardants in March 2023. ECHA aims to ban some brominated flame retardants and protect the environment. Arçelik has started to prepare a strict roadmap with parallel ECHA and aims to eliminate aromatic brominated flame retardants from its products.

To enhance chemical management capability and proficiency, we have planned the following activities and ensured each activity has a high level of participation.

- Regulation and test trainings
- Q-Star audits at all our subsidiaries globally
- Periodic workshops

PRODUCTION RELATED CHEMICALS MANAGEMENT

To indicate the important properties of the chemical needed, legal and Arçelik specification requirements have been prepared in a technical specification and shared with chemical suppliers.

Preliminary evaluations have been performed on the chemical SDS and occupational health and safety (OHS) legislation and Arçelik A.Ş. criteria. As a specific example to manage during the evaluation phase, using toxic chemicals in Arçelik production is prohibited. In the light of information from the SDS, we have chosen and purchased the appropriate chemicals. Environmental specialists in our production facilities have carried out the investigations below, assisted if needed by the central chemical management team:

- Transport of chemicals
- Chemicals inventory list
- Chemicals risk assessments
- Labelling and marking of chemicals
- Providing and storing SDS
- Storage of chemicals
- Training by the chemical supplier
- Preparation of environmental and occupational accident and emergency action plans

After using chemicals, the most appropriate disposal method is chosen and applied.

MANAGEMENT OF BANNED/ RESTRICTED CHEMICALS IN ARÇELİK

- Determination of regulations and other requirements
- Assessment of Compliance with Regulations and Other Requirements
- Assessment of Compliance in Supplied Raw Materials/ Components/ Material
- Assessment of Finished Products
- Assessment of Customer Requests

CHEMICALS COMPLIANCE

The regulations and other requirements related to chemicals management issues in the scope of Arçelik A.Ş.'s activities, products and services are defined by the Environment Department.

The Environment Department follows defined regulations and other requirements via various bodies (TR Official Journal, EU Official Journal, ECHA etc.). After preassessment, changes are shared with Green Chemistry Team members. Green Chemistry Team members announce the new developments with the related department in their facilities/directorates. In addition to regulations for product related chemicals, customer and market requests are followed and evaluated by the Environment Department and those responsible for Green Chemistry.

CHEMICALS MANAGEMENT TRAINING

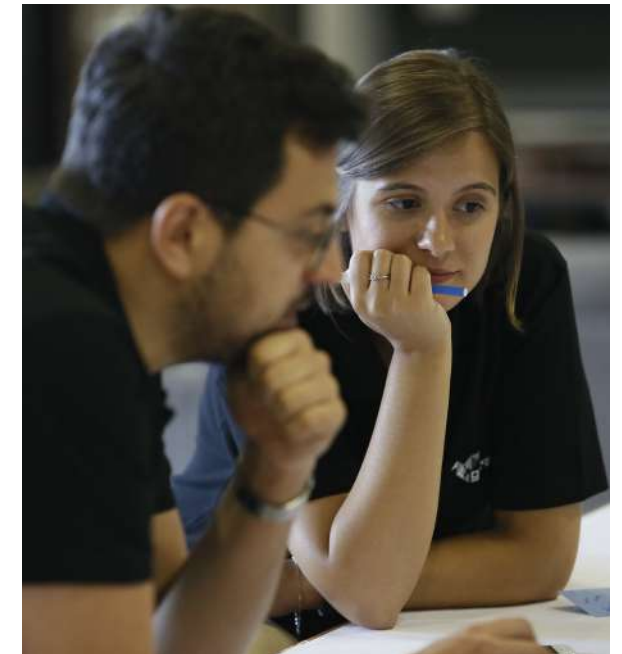
Chemicals training includes product and production related chemical management topics.

For product related chemical training, an external third party has developed regulation training on ROHS, REACH, POP (Persistent Organic Pollutions), PAH (Polycyclic Aromatic Hydrocarbons), BPR (Biocidal Product Regulation), FCM and national legislation, and production related chemical training was performed on safety data sheets (SDS).

Production related chemical training covers topics such as health and safety implications, hazardous chemical classification and labeling, SDS, chemical storage, general safety rules

and behaviors, environmental accidents and emergencies/emergency drills, and other OHS-related topics.

All personnel are responsible for the general information mentioned and participate in the training. In addition to general information, those working with chemicals are informed about the rules to follow as part of the work and operating instructions. The HR officer and the relevant unit officer also participate in the training. The company, together with the environment and OHS officials and the workplace doctor, decides the information to be included in the training.



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Being aware of the vital importance of natural ecosystems for all of us, we aim to protect biodiversity through initiatives towards our commitments. At Arçelik, we recognize biodiversity loss as a one of the global issues which is under pressure. At Arçelik, we have assessed our biodiversity risk assessment within the scope of our own operations to address our based on emerging frameworks including Science Based Targets for Nature and Taskforce on Nature-related Financial Disclosures.

Our assessment covers industry basis nature-related impacts and dependencies as well as location-based approach. The mapping our business footprint of our own operations to implement location-based approach. The geo-mapping of our manufacturing facilities has been carried out using the Integrated Biodiversity Assessment Tool (IBAT). The locations were assessed based on IUCN Red List of Threatened Species that potentially occur, Protected Areas, Key Biodiversity Areas within 50 km of this site.

The material impacts of our industry have been defined through SBTN's Materiality Screening Tool which is based on ENCORE Exploring Natural Capital Opportunities, Risks and Exposure). We

also utilized WWF Biodiversity Risk Filter for industry-based impacts and dependencies. According to the result of our materiality assessment through the screening tool, the pressure categories are indexed higher and rated as material for GHG emissions, water use, water/soil/solid pollutants, which are categorized under nature related issue areas which are climate change, resource use, pollution, respectively. On the other assessment on the risk tool, water scarcity is the most significant physical risk in terms of water-dependency of our industry. Since the results also show that environmental factors in our industry have impacts on protected areas and key biodiversity areas, we collected all relevant findings to act upon.

The nature-related impacts have been further assessed and our manufacturing facilities have prioritized based on climate change and water use which are found as the most critical nature-related issues in terms of impact. Besides, the nature-related dependency of the manufacturing facilities has been assessed relatively lower. However, water use is an interrelated factor for impact and

dependency, since water use can create pressure on ecosystem services, while water use has a dependency for our business to continue without disruptions. Arçelik does not withdraw surface water but considering its dependency on groundwater, it has qualitatively nature-related impact and dependency. In addition, a proximity to high biodiversity of our manufacturing facilities factor is another crucial factor we take into consideration from both nature-related impacts and dependency aspects.

Arçelik applies Mitigation Hierarchy through preventing, minimizing, and mitigating factors that threaten biodiversity periodically. The pressure on biodiversity stemming from climate change and resource usage is aimed to be reduced by our long-term sustainability targets such as reaching net zero emissions and decreasing water withdrawal and increasing water recycling and reuse ratio.

Arçelik aims to work to improve biodiversity footprint towards No Net Loss as of 2050 especially in selected priority areas such as areas in close proximity to key biodiversity areas. Such actions will include calculating the biodiversity

footprint of the area, designing projects that will help increase biodiversity of endangered or vulnerable species classified by IUCN Red List or national declarations and measure the improvements against the initial footprint. With this focus on biodiversity protection, we will cooperate with third parties specialized in biodiversity protection if necessary.








BIODIVERSITY

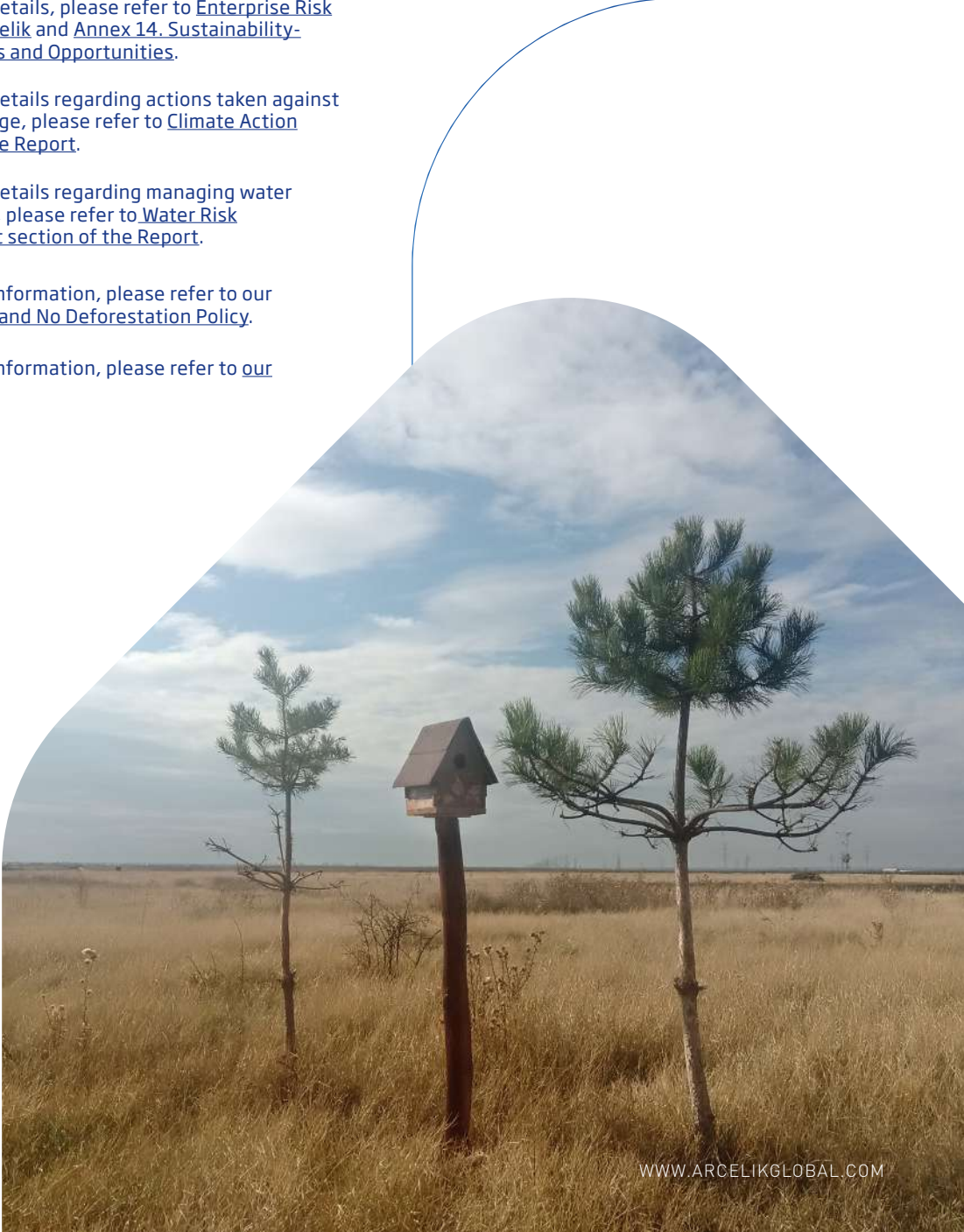


We prioritized our manufacturing facility in Ulmi, Romania, since Arçelik has a manufacturing facility on 431,369 m² area that is adjacent to biodiversity-sensitive area, Natura 2000, which is known as Birds Directive Special Protection Area (SPA). This is the only manufacturing facility where we have a border with biodiversity sensitive area. In the region of our manufacturing facility in Ulmi, we have been already required to measure PM10, NO₂, and SO₂ quarterly under the National Air Quality Act 104/2011. In 2021, Arçelik has committed to go beyond by setting its roadmap with EPC Consultantă de Mediu, an environmental consulting company specializing in biodiversity conservation. The impact on nature has been found limited. However, three objectives and key strategies have been defined to create improvement for the habitat conditions of the land under Arçelik's responsibility. We have the ambition to improve the biodiversity on the site of Ulmi factory by implementing actions to reduce pressures and support the natural development of habitats by 2027. In 2023, the actions determined as a result of the study were implemented on the factory area owned by Arçelik.

The priority species within the study are determined as follows:

- Plant species;
- Aquatic insects;
- Grassland species;
- Amphibian species;
- Reptile species;
- Aquatic bird species;
- Predatory bird species;
- Small mammals;
- Medium-sized mammals;
- Bat species.

-  For further details, please refer to [Enterprise Risk Matrix of Arçelik and Annex 14. Sustainability-Related Risks and Opportunities](#).
-  For further details regarding actions taken against climate change, please refer to [Climate Action section of the Report](#).
-  For further details regarding managing water related risks, please refer to [Water Risk Management section of the Report](#).
-  For further information, please refer to our [Biodiversity and No Deforestation Policy](#).
-  For further information, please refer to [our website](#).



NO DEFORESTATION

Forests offer nature-based solutions to many global challenges, from combatting climate change, biodiversity loss, to building resilience against future crises.

At Arçelik, we are working to eliminate deforestation within our supply chain in line with Arçelik’s [Biodiversity and No Deforestation Policy](#). As a result of our deforestation assessment, we focus on paper and wood - based packaging materials for our products.

➤ For further information, please refer to our [Biodiversity and No Deforestation Policy](#).

We are committed to no gross deforestation from our operations’ activities by 2050. We incorporate the following principles to achieve this goal:

Targets	Target Status
Continue to only use paper/cardboard/ wooden packaging from more sustainable sources certified by global third-party certification systems such as Forest Stewardship Council (FSC) or other national schemes under the framework of the Program for the Endorsement of Forest Certification (PEFC) for our products packaging.	In progress
Using at least 80% recycled cardboard outer boxes for our own product boxes by 2030.	85%
Decreasing wooden plate consumption for our own product packaging to 5% by 2030.	12%
Monitor the supply chain to encourage no deforestation.	In progress
Having enabled our significant suppliers* to switched to recycled cardboard outer boxes for at least 80% of their products.	38%

*Corresponding to 90% of purchasing volume.



PRODUCT STEWARDSHIP



MATERIAL REDUCTION AND ALTERNATIVE MATERIALS

One of our initiatives towards a more circular model is focusing on materials. We work on reducing the mass of materials used in the products, using the materials more than one time, increasing the use of recycled materials.

Material Reduction

Arçelik put great importance on various activities to enhance reducing material usage under its product development stage. A total of 2,049 tonnes of material, including plastics by 977 tonnes, metals by 316 tonnes, chemicals by 5 tonnes, packaging materials by 750 tonnes, electronic components by 0.5 tonnes was reduced compared to previous model material usage in 2022. Thanks to all our efforts, we prevented 46,796 tCO₂e emissions.

RECYCLED AND BIO-COMPOSITE MATERIAL IN PRODUCTS

Recycled Materials in Products

Arçelik innovates products with increasing recycled plastics in a wide range of products.

Thanks to the innovative recycled material formulations we have been developing over the years, each year we increase the recycled

plastic usage and our overall usage in 2023 was 16,543 tonnes of recycled plastics. In 2023, 10% recycled plastics was achieved in our own factories for the production of major domestic appliances (MDAs) and TV. Additionally, the biocomposite plastics usage in our factories was 30 tonnes in 2023.

The most prominent innovations that are applied to products are recycled waste PET bottles, waste fishnets, waste industrial tread, and recycled plastic produced by the recycling of Arçelik's packaging waste.

10%

recycled plastic usage in our own factories for the production of MDAs and TV

Type of Recycled Plastics	Innovation Detail	Usage Amounts in 2023	Products including the materials in 2023	Cumulated Usage Amounts by the end of 2023
Recycled waste PET bottles	We developed the "Leopet" raw material patented by Arçelik by using recycled waste PET bottles to show how waste material can be transformed into a valuable alternative raw material.	75.3 million recycled waste PET bottles	Washing Machine, Washer-Dryer, Tumble Dryers, Dishwashers, Air Conditioners	253.2 million since 2018
Recycled waste fishnets	Thanks to innovative recycled material formulations, we use high-performance recycled polyamide compounds obtained from waste nets and industrial thread.	10 tonnes	Oven, Dishwasher, Washing Machine	35 tonnes since 2020
Recycled waste industrial thread		348 tonnes		871 tonnes since 2018
Recycled plastic produced by the recycling of Arçelik's packaging waste	We recycle polyethylene-based packaging waste generated during the transportation of components.	86 tonnes	Dishwashers, Refrigerators	160 tonnes of since 2021
Recycled plastics in products, obtained from Arçelik's WEEE recycling plants	We separate and recycle plastic parts of waste dishwashers, which are sent to our WEEE recycling plants and used as recycled polypropylene materials in the fan parts of our dishwashers.	1.3 tonnes	Dishwashers	1.5 tonnes of since 2021
Compounding recycled graphene derived from waste-tire with recycled PA recycled from waste yarn	Graphene, derived from waste tyres, was innovatively integrated into recycled polyamide (PA) material, enriching it with pioneering formulations developed by R&D teams. This initiative commenced the use of recycled plastic in washing machine pulley parts, a domain traditionally dominated by petroleum-based plastics.	2.2 tonnes	Washing Machine	2.2 tonnes since the beginning of 2023
Recycled plastics in SDAs only	We use recycled plastic instead of virgin plastic in small domestic appliances. Therefore, we give a second chance to plastics used before and reduce our product's environmental impact.	707 tonnes	Vacuum Cleaners, Bluetooth Speakers, Personal Care Products, Toasters & Grills	1,200 tonnes since 2021

PRODUCT STEWARDSHIP

Our target is to increase recycled plastic content to 40% and biobased plastics content to 5% by 2030 in our own factories for the production of major domestic appliances (MDAs) and TV. Our holistic approach takes almost all the plastics in our products into consideration to maximize the plastic recycled content.



Bio-Composite Material in Products

BioFridge
BioFridge, which includes bioplastic parts and bio-based polyurethane together, was exhibited for the first time at IFA 2019, and the version containing other bioplastic parts excluding polyurethane is offered for sale in the EU market in addition to the UK and Türkiye. The version with polyurethane insulation was put on sale in 2023.

In the BioFridge, the egg trays are made from 20% eggshell waste and 79% bioplastics. Each fridge's two egg trays contain eggshell waste from five eggs. The fan cover is made from PLA (Poly Lactic Acid) bioplastic. PLA based materials are 97% bio-based from sustainable resources such as corn starch or sugarcane. The door seal is 25% made of soybean oil-based material. At IFA 2023, an upgraded version of Bio-Fridge was showcased. Bio-inner liner, Bio-Door Rack and Bio-Crispers were added to the concept and with these developments 50% of bio-content by weight just for thermoplastics is achieved for 2 m 60 cm combi products and 9 kg of petroleum-based thermoplastics is replaced by bio-based materials.



Bio-based Materials in Small Domestic Appliances (SDAs)

Arçelik develops bioplastic material formulations from organic wastes to reduce plastic raw materials produced from petroleum resources. Based on the fact that the very high tonnage of tea fiber generated during the processing of tea leaves in tea production industry, polypropylene based raw material formulations have been developed to recycle this waste in a value-added manner. The developed bio-composite raw material has started to be used for the lower cover part of the Gourmet Automatic Tea Machine and mass production has started. In addition, the 2 in 1 hot air fryer has launched with an outer plastic body which includes Bio PP made from vegetable oil residue by 38%.



PRODUCT STEWARDSHIP

RECYCLABILITY OF PRODUCTS

At Arçelik, we design recyclable products to reduce environmental impact. We also continue to focus on improving the recyclability and disassembly of our products.

Recyclability Rates of Raw Materials and Other Materials Used in Arçelik Products

Material	Recyclability Status (%)
Metal	100%
Plastic	100%
Glass	100%
Chemicals	Non-recyclable*
Rubber	100%
Other	81%
Components	80%

*Chemicals do not include oil. A total of 78% of oil can be recycled.

Arçelik Products' Recyclability Rates

Product	Recyclability Status (%)
Washing Machine	99%
Condenser Tumble Dryers	98%
Refrigerators	99%
Dishwashers	84%
Electronic Devices	88-92%
Ovens	91%

ENERGY AND WATER EFFICIENT PRODUCTS

Our primary focus in a product life cycle is on reducing the overall usage of energy and water in our products, which not only helps our customers save money, but also decreases their environmental impact.

At Arçelik, a low carbon product has been defined as products that use less raw materials, recycled raw materials and consume less energy and water than the lowest allowable energy and water efficiency classes. There are other aspects of reducing environmental impact of products that are incorporated into our product design requirements but are not addressed directly by the low carbon product calculation methodology metric. In 2023, 62.4% of our revenue was obtained from our low carbon products and avoided emissions were 363,090 tCO₂e emissions.

For further information, please can refer to [Annex 4. Product Indicators](#).

In 2023, more than 50.2% of our revenue comes from the sales of energy-efficient products. Considering that the GHG emissions generated during the use phase of products is a substantial part of our overall GHG emissions, we continuously strive to enhance the performance of our products year on year.

RATIOS	2019	2020	2021	2022	2023
Percentage of Our Turnover from Energy-Efficient Product	48	50	51.6	49.4	50.2
Percentage of Energy-Efficient Product*	53	57	66	71.7	74.4

*Calculations are based on the following formula: (Total energy-efficient eleven product categories' sales quantity/ Total 11 product categories' sales quantity) x 100.
11 product categories: Dryer, Dishwasher, Freezer & Refrigerator, AC, Oven, TV, Washer Dryer, Washing Machine, Electric Storage Water Heater, Hood.



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REFRIGERATORS

AeroFlow

Arçelik's innovative AeroFlow cooling system minimises temperature fluctuations inside the fridge and reduces temperature differentiations between shelves with surrounding gentle air distribution for lasting freshness. Since longer freshness of nutrients is a key element of healthy living, AeroFlow technology takes care of food inside the fridge in a gentler way. It surrounds food with evenly distributed cold air to keep it fresh for longer. AeroFlow technology keeps the temperature fluctuation at a minimum level in the entire refrigerator, keeping the food fresh for 30% longer and providing a 20% reduction in weight loss, thus minimizing food waste.

EverFresh+

The EverFresh+ technology allows food to stay fresh for up to three times longer* in a special crisper compartment. The compartment's humidity is precisely controlled, and condensation is reduced via air channels and temperature variations are minimised, which allows food to stay fresh for longer.

*Tested by third party accredited laboratory (compared to standard crisper for broccoli and lettuce).

HarvestFresh

HarvestFresh simulates the natural 24h sun cycle to preserve vitamins for longer*. The innovative HarvestFresh technology allows vitamins to be preserved for longer*. Its unique crisper technology developed for fridges uses not one, but three efficient colors, that mimic the 24-hour sun cycle and natural sunlight.

*Tested by third party accredited laboratory based on Vitamin C and Vitamin A measurements in tomatoes, green peppers, carrots, spinach, celery, parsley, coriander, red peppers and kale directly exposed to the light technology compared with Day 0 conditions over a five-day period.



78 cm Combi and Freezer-Top Refrigerators

Developed for the Turkish, Middle Eastern, and European markets, new 78 cm platform aims to maintain a focus on stylish and unique design while keeping the user at its core and preserving the perception of premium quality. Large capacity is becoming an increasingly requested feature in many geographies. The Fridge & Freezer appliances, with capacities of 551 liters and 557 liters, meet the growing need for larger volumes and contribute positively to the environment due to their high energy efficiency. Alongside the "AeroFlow" cooling system, to ensure 100% user satisfaction, "Multizone" freezer technology and freshness solutions like "EverFresh" and "HarvestFresh" have been incorporated into the design as complementary elements.

MultiZone

The MultiZone technology has an adjustable temperature from -24°C to +10°C. The MultiZone technology is customisable, allowing users to adjust the temperature according to individual needs between -24°C to +10°C*. MultiZone lets you swap from fridge to freezer to suit the food you have bought, increasing the capacity of either, as you need it.

*Tested by internal laboratories.

A and B Energy Class 60-cm Combi Fridges

With the new regulation transition in the European market, A and B energy class combi products, which have been developed in response to the increasing demand for high energy-efficient products, have been launched in two different cabinet sizes: 60 cm width, and 185 cm and 200 cm heights. A class fridges, which consume 67% less energy compared to the F energy class, and B class fridges, which consume 59% less energy, contribute positively to the environment, thereby strengthening the sustainability principle of the Arçelik brand.





30-inch US Refrigerators

Designed in line with strategies for the American market, the 30-inch "Counter-depth" refrigerators not only offers a capacity of 455 liters but also provides customers with effective freshness technologies such as "VitaminZone" and "EverFresh" in three different cabinet typologies. In 2023, the "French Door" version has been introduced with the features of cooling and freshness thanks to the "AeroFlow" cooling system. Moreover, it has proven its low energy consumption by receiving the "EnergyStar Most Efficient" rating from the United States Environmental Protection Agency (EPA). The product is equipped with features such as a gallon door shelf and an automatic ice maker to suit the usage habits of consumers in America.

Hybrid Cooling

Due to the immature electricity infrastructure in Pakistan, power outages are very frequent in the market. This jeopardizes the safety of food stored in the refrigerator during a power outage. Arçelik's Hybrid Cooling technology allows food to be stored in a freezer environment for up to eight hours in long-term power cuts, under conditions suitable for food.

Solar Fridges

Arçelik produces solar fridges which feature solar panels which provide energy savings and are available in our local markets. For example, our 145x50 cm freezer top fridge freezer provides 69 kWh energy saving per year. Further, our CF300 chest freezer saves 115 kWh per year and CF210 chest freezer saves 115 kWh per year.

WASHING MACHINES

EnergySpin

EnergySpin Technology will reduce energy consumption across the most frequently used programs on Beko's washing machine models, promoting a more sustainable, efficient, and cost-effective way to live within our home. EnergySpin Technology is a unique solution in the market that provides energy saving not only for Eco programs but also for other daily programs. With this new washing technology, Beko washing machines will save energy up to 35% for daily programs without compromising the washing performance than traditional machines.

Relying on less heat to dissolve detergent and remove dirt, Beko's EnergySpin Technology releases detergent early and harnesses the power of faster-than-usual drum speeds to enhance the rate at which detergents dissolve.

AquaTech Technology

Washing machines with AquaTech technology use increased water-power due to a new designed special paddle that ensures a superior detergent mix is distributed for an optimum and delicate clean. AquaTech provides washes that are up to 50% faster, with programs that are up to 50% more gentle with Beyond A energy levels and perfect cleaning results. Additionally, up to 30% less energy consumption than A energy limit is achieved due to the AquaTech technology.

A-50% Energy Class Washing Machine

According to the new energy label legislation in Europe and Türkiye, washing machines that consume 30% less energy than the limit of the A energy class with a capacity of 9 kg and 1400 rpm, thanks to AquaTech technology, will be replaced with models that consume 50% less energy than the A energy class limit. As the energy consumption of the products will be reduced, a significant step has been taken towards sustainability. These A-50% energy products, which will be introduced, will be the most energy-efficient products in the target markets of Europe and Türkiye.

SaveWater Tumble Dryer & Washing Machine

Couple Arçelik's SaveWater technology directs the water collected in the tumble dryer to the washing machine to be used in the washing cycle. The saved water is used in the next wash for the first fill of the washing cycle, providing significant savings in water consumption. In the tumble dryer, up to 5.2 liters* water is saved in one cycle which means we are giving the water of one of every 12 washes back to you.

*Tumble dryer saves up to 5.2 liters of water per cycle for full load 10 kg declaration program.



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AutoDose

The AutoDose Technology allows the correct amount of detergent to be adjusted according to the laundry type and load amount. Optimum detergent consumption minimizes the side effects of chemical usage on the environment. By adjusting the water amount accurately, water and energy savings are possible.

AI-Sense

The AI-Sense smart washing machine by Grundig is set to transform the washing experience by combining design with sustainability for an unmatched user experience. It uses AI to provide smarter washing options, with smart features and programs like "Delicate", "Express", "Eco", and "Intense" tailored to common washing needs. The machine automatically detects fabric type, load size, soil level, and rinse level with integrated sensors.

The machine is eco-friendly, with 28% recycled material and an Autodose feature that reduces its carbon footprint by 32% over its lifecycle compared to the base model. Key features include automatic detection of washing parameters, optimized dosing of detergent, water, and energy, automatic program selection for different washing needs, and 10% more energy efficiency than the A energy class limit.



AutoProgram

The AutoProgram enables automatic detection of the fabric type and the amount of clothes, which results in an optimized washing program and prevents unnecessary water consumption.

FiberCatcher Technology

Arcelik's FiberCatcher Technology includes a built-in microfiber filtration system that can filter up to 90% microplastics. We developed Microfiber filtration technology to prevent microplastics from entering the seas and oceans from wastewater pipes while washing petroleum-based synthetic textile products in washing machines. To help protect marine life, we designed a washing machine with an integrated synthetic microfiber filtering system FiberCatcher, which catches up to 90% of synthetic fibers released during

synthetic wash cycles. The filter is made using 98% recycled plastic and contains up to 60 recycled PET bottles in its tubs, contributing to marine life conservation. In line with our open innovation and multi-stakeholder approach, we strive to work with different industries, NGOs, universities, and other stakeholders in and outside the sector to develop this technology further.

TUMBLE DRYERS

Tumble Dryers with EcoGentle Heat Pump Technology

Arcelik's heat pump technology enables lower air temperatures inside the dryer, which helps reduce energy consumption. The tumble dryer consumes up to 72% less energy* than standard condenser dryers with an energy efficient heat exchange system.

*Compared with condenser tumble dryers which are B energy class.

Tumble Dryers with IronFinish Technology

IronFinish Dryers work in the same as a regular iron, infusing water and steam into your clothing for the ideal time at the ideal temperature, so fabrics come out smooth and ready to wear. This technology allows users to avoid the energy consumed by ironing separately.

9 kg A+++ -10% Tumble Dryer

Dryers that are 10% more efficient than A+++ energy efficiency developed for the Jordanian market were put into operation in 2023. The introduction of the 9 kg capacity in addition to the existing 8 kg capacity, will be supported by increasing the share of highly energy efficient products in the range.

DISHWASHERS

Energy Efficient Dishwashers with Heat Pump Technology

Arcelik's energy-efficient technology provides a unique solution for those looking to minimize their carbon footprint with no performance compromise. Our heat pump dishwashers allow users to achieve perfect cleaning results in an energy efficient way. For example, through using innovative heat pump technology, our dishwashers use up to 20% less energy than A energy class limit. The dishes are washed with optimum heat efficiency by reusing heat in a closed loop and using natural air flow when the automatic door opens at the cycle's completion. We provide Europe's most energy-efficient dishwasher available in markets, achieving energy savings not only in the "Eco" declaration program but across all programs, up to 28% thanks to its heat pump usage.

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Dishwashers with EcoFocus Technology

Arçelik's EcoFocus Technology promotes optimum performance and higher energy efficiency in all programs. EcoFocus, saves up to 25% more energy in all programs*. Instead of heating the entire interior of the dishwasher, EcoFocus heats water and sprays it directly on the dishes, ensuring that only the surface of the dish is heated.

*Compared to D energy class Dishwashers with same capacity without EcoFocus Technology. EcoFocus changes D energy level into C energy level by lowering energy consumption of all programs including Eco.

SelfDry Function

Arçelik's SelfDry dishwasher function enables higher drying performance and greater energy efficiency. SelfDry lets air in by opening its door automatically after the program is finished to circulate air around the dishwasher, which cleans dishes without any water stains in an energy efficient manner.

MaxiDry

Arçelik's MaxiDry technology maximizes drying performance while speeding up the drying process. Hot air circulates throughout, removing water from cutlery and glassware without using chemical additives such as rinse aid.



AutoDose

AutoDose allows the right amount of detergent for efficient cleaning, by removing the guesswork over how much detergent dishwasher load's going to need. Users just need to fill the detergent tank for up to 1 month, and the AutoDose sensors dispense the right amount of detergent. This technology results in up to 28% less detergent usage for wash cycles of lightly soiled dishes and gel detergent usage. If you've got a smart dishwasher with HomeWhiz technology, you can use the HomeWhiz app to automatically order detergent and rinse aid when your cleaning materials are running low.

InterAct

InterAct uses advanced technology that enables users to select the most suitable & preferred programs and functions, providing users with unique water and energy savings solutions by optimizing program selection. This technology offers a more practical dishwasher experience and eliminates unnecessary consumption caused by choosing the wrong program

SaveWater

Arçelik's SaveWater technology is designed to reduce water consumption of dishwashers. SaveWater dishwashers use 27% less water while still cleaning perfectly by collecting rinse water and hygienically storing it in a tank ready to be reused in the next cycle. The SaveWater dishwasher uses 6.9 liters of water instead of 9.5 liters, saving 2.6 liters of water per cycle. This allows users to reduce water consumption and save money every time they wash, without losing any of the washing performance.



COOKING APPLIANCES OVENS

AeroPerfect Technology

AeroPerfect technology uses a constant stream of even airflow all around the oven, while minimizing temperature fluctuation, to ensure food is cooked to perfection every single time. This technology helps to avoid food waste by not burning corners or leaving uncooked centers. AeroPerfect™ ensures perfect hot air distribution throughout the oven with the help of the new fan system and redesigned oven interior to provide even cooking results, every single time.

Split & Cook

Split & Cook saves up to 18%* energy by using the oven's cooking area more efficiently. The oven features two separate cooking spaces with independent settings which allows the user to prepare two different meals with cooking temperature differences of up to 80 degrees at the same time without mixing their aromas.

*Cooking using only upper or lower compartments in Eco Fan Heating compared to A+ Energy Class full cavity cooking in Eco Fan Heating.

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HOBS

TempAssist Hob

TempAssist provides the optimum cooking temperature for a range of cooking methods. The technology adjusts power levels automatically and monitors and provides optimum temperatures for cooking through infrared sensors. TempAssist enables reducing food waste by preventing satisfying cooking results.

ReadytoCook Sensor

60 cm 4-zone induction hob with ReadyToCook sensor on the left front zone, thanks to the NTC sensor, allows for cooking at a constant temperature by regularly measuring the pot temperature. It offers three different automatic cooking options: Min, Med, and Max. By enabling cooking at a constant temperature, it prevents the problems users experience due to temperature fluctuations, allowing for positive results with every cooking.

Dishwasher Safe Cast Iron Pan Supports

In high-end gas hobs, square cast iron grates are offered with dishwasher-safe features, aiming to eliminate the demanding process of hand washing. It is known that washing in a dishwasher consumes 2.5 times less energy and 3.5 times less water compared to hand washing.

Along with dishwasher-safe grates, the goal is to offer consumers energy and water savings, while also contributing to the environment by reducing water and energy consumption.

The product offered in the global market is seen as competitive in the upper segment. Along with the positive impact it will create on brand perception, an increase in sales of high-end gas stoves and customer satisfaction is expected. In the coming years, it is aimed to expand this feature across the gas stove range.

Hob Extractor

Our hob extractor has a slim and modern design and combines cooking and ventilation in one single product. With its easily accessible, dishwasher safe filters and intuitive slider display, it is a very user-friendly product. The hob extractor has an A energy efficiency index, A fluid dynamics efficiency and A grease filter efficiency together with a 630 m³ per hour booster power.

HOODS

Hob To Hood Connectivity

In Hob to Hood Technology, the hood communicates with induction hob to automatically adjust its ventilation level according to cooking needs. The hob and hood

both are equipped with Bluetooth modules for communication. The hob evaluates the operation on zones and calculates an optimum operation speed for the hood. After calculation, it sends this optimum speed to hood via Bluetooth connection. Also, both hood & hob have additional Wi-Fi modules for connecting to HomeWhiz app so that you can control your appliances from your mobile as well. Through the hob's Bluetooth technology, you can be in constant communication with the hood fan and it's through this innovation that households can use optimum energy at optimum speed.

A++ Energy Class Inclined Hood

With the increasing importance of energy consumption day by day, Arçelik has included flat hoods with A++ energy class in its product range. Sales of these products have started in Türkiye and Europe.

Insulated High-end Hood

To increase customer satisfaction and user comfort, insulation has been applied to the bPro700 flat hoods. As a result, a quieter usage opportunity has been provided with a 3 dBA improvement in the maximum sound level declared on the energy label. The target market for these products has been identified as Europe.





TELEVISIONS

TVs Remote Controllers with Eco Mode

With the Eco Button of OLED TV's remote controller customers can choose eco settings easily. Eco Mode provides consuming less energy (up to ~20%) compared to Home Mode. Remote Controller is made by 100% recycled plastics and used in OLED products.

TVs with Ambient Light Sensor

Ambient Light Sensor adjusts the TV brightness to the appropriate level according to the ambient brightness settings. It adjusts the television brightness to the optimum level according to the ambient brightness and optimizes the power consumption. It reduces power consumption up to 10%* in a low brightness environment.

*Saves up to 10% energy compared to inactive mode.

SUSTAINABLE SMART SOLUTIONS VIA HOMEWHIZ

Food Safety Notifications for Refrigerator

HomeWhiz notifies users in case of power outages, doors being left open and high temperatures to ensure food safety with connected refrigerators and freezers. In this way, users can take precautions before food is wasted.

Electricity power cut warning: Users may get notification if a power cut occurs.

Door is Open Notification: Connected refrigerators notify users if the door remains open to prevent food waste and food damage.

High Temperature Warning: If the temperature inside the cabinet rises due to a problem with a refrigerator HomeWhiz keeps users informed.

Energy & Water Consumption Indicator

Energy & Water consumption indicator feature provides an environmentally friendly solution. It gives the opportunity to compare selected programs in terms of consumption. In order to protect natural resources, the user can make more eco-friendly choices by taking into account consumption values.

Service Center

With HomeWhiz, we allow our consumers to connect their devices to Wi-Fi networks and give them easy access to the Call Center in selected regions by pressing a single button on the product. Service Button also offers consumers guidance in identifying and resolving problems.

The Support Service feature collects the essential product data and shares it with the technical service team, enabling them to diagnose and resolve the issue in a single on-site visit or remotely. This approach eliminates the requirement for a technician to physically travel to the customer's location, thereby allowing us to minimize our carbon emissions generated by transportation.

Energy and Water Management

Energy and Water Management Systems aim to minimize energy costs, increase environmental

sustainability, and create social awareness about energy consumption. The project helps devices such as Dishwashers, Refrigerators, Washing Machines, Ovens, and Dryers to reduce their consumption by monitoring their energy and water consumption via HomeWhiz. Works continues providing personalized recommendations by monitoring user behavior and encouraging users to save through gamification methods.

SmartFix

With the SmartFix project, possible problems in the refrigerator can be detected before they are noticed by the user.

Possible error information is automatically sent to customer services simultaneously with spare parts suggestions and the problem is solved at once.

Detailed data analysis has been completed for 83cm combi-type refrigerators with Wi-Fi. In this analysis, the model was validated with real product data obtained from customers. When the error records opened by SmartFix were examined, real errors were detected in more than 90% of the customers who requested service visits.

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CustomWash

It is aimed to personalize white goods with the newly developed CustomWash feature, so that they can better meet consumer needs. Users' feedback is received through the HomeWhiz smart home application for different programs. Users evaluate it on four different criteria: cleaning performance, program duration, crease level and detergent residue. After the program is completed, this feedback received in the form of a survey is processed with artificial intelligence algorithms and the program parameters are updated to better fit the expectations of the consumers. Thus, consumer-specific programs are created for each washing machine; a better washing experience and more satisfying performance is offered.

Over-the-Air (OTA) Update

OTA infrastructure allows modification of programs or algorithms in operation via Wi-Fi. Over-the-air updates allow to be distributed at larger scales easily, reducing the cost of distributing updates and aiming to extend the lifecycle of products with updates.

With these updates, users can use more up-to-date solutions on issues such as energy levels.

Download Programs

HomeWhiz allows to download extra programs to suit users' needs from the app and put them right into the program slot. So, users can choose the program that best suits their laundry easily.

DURABILITY, REPARABILITY AND REFURBISHMENT

We extend product life through our initiatives to increase the durability, reparability, and reusability of our products.

Durability

Designing long-lasting products is one of our initiatives to support the circular business model. We apply reliability tests based on both product usage conditions and critical components to maintain its functionality.

New test equipment and test benches are being set up to support and to further evaluate testing methods on how we can measure the durability of our products more precisely.

An in-house Endurance Platform, aligned with the EN 45552 endurance standard, allows us to evaluate business results company-wide through periodic reviews with the executive management team. Within this scope, we actively take part in the product specific standardization studies,

which focus primarily on washing machines, via The European Committee for Electrotechnical Standardization (CEN-CENELEC).

We also contribute to the French Sustainability Index, which is expected to be replaced with French Repairability Index in 2025 by conveying our views on various platforms.

Repairability

With the provisions following the Circular Economy Action plan, the assessment and representation of the reparability of products will be mandatory in the EU. France has been the pioneer country in Circular Economy efforts since 2020 by publication of France Anti-Waste and Circular Economy Law also known as AGECE Law. In January 2021, as a provision of AGECE Law, France became the first country to provide a reparability index for five categories of electronic devices (smartphones, laptops, washing machines, TVs, and lawnmowers). The index aims to provide consumers with transparent and reliable information about product content and encourages consumers to make more informed and sustainable choices while guiding manufacturers to offer more circular products.

The Index evaluates products with documentation, disassembly, availability of spare parts, price of spare parts and product-specific aspects such as usage-meter and software reset. The product's final score out of 10 is then presented with a pictogram showing the level of reparability of the product and displayed to the consumer in-store and online.

At Arçelik, we take the necessary improvement actions to reach higher reparability index scores. Our products are constantly evaluated by the quality and structural design teams and relevant reparability improvement projects are initiated based on the data received from authorized services or authorized repairers.



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Modular Design

A modular design allows customers to create new designs simply and agile by replacing components without having to replace the entire product, thereby reducing unnecessary resource waste. In that regard, we have come a long way on a cross-functional modularity project involving a variety of product groups, from washing machines to TVs.

In our new product designs, we are increasing part commonality across different product categories by adopting the modular design approach. For instance, in our latest washing machine design, we have achieved a commonality rate between the products of over 50%, which is a unique level, compared with the industry.

This not only ensures faster innovation cycles but also facilitates easier updates during the product lifecycle, providing agility and flexibility in meeting customer demands. We are configuring the products faster and easier. Thus, it also decreases inventory levels and increases serviceability of the spare parts.

Refurbishment

Refurbishment centers have been available at our Türkiye plants since 1997 to encourage reuse and resource efficiency. Refurbished products refer to the products that have been used for a certain period by the customer and products with cosmetic defects displayed in dealer stores or products that have been damaged in logistic process. Such products are reprocessed and resold to the consumer at a reasonable price. With part replacements and comprehensive performance tests, product quality and performance features are brought to the same level as the new product. In 2023, 66,370 products including consumer electronics, televisions, major and small domestic appliances were refurbished.

66,370 ★

refurbished products including consumer electronics, televisions, major and small domestic appliances



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Refurbishment

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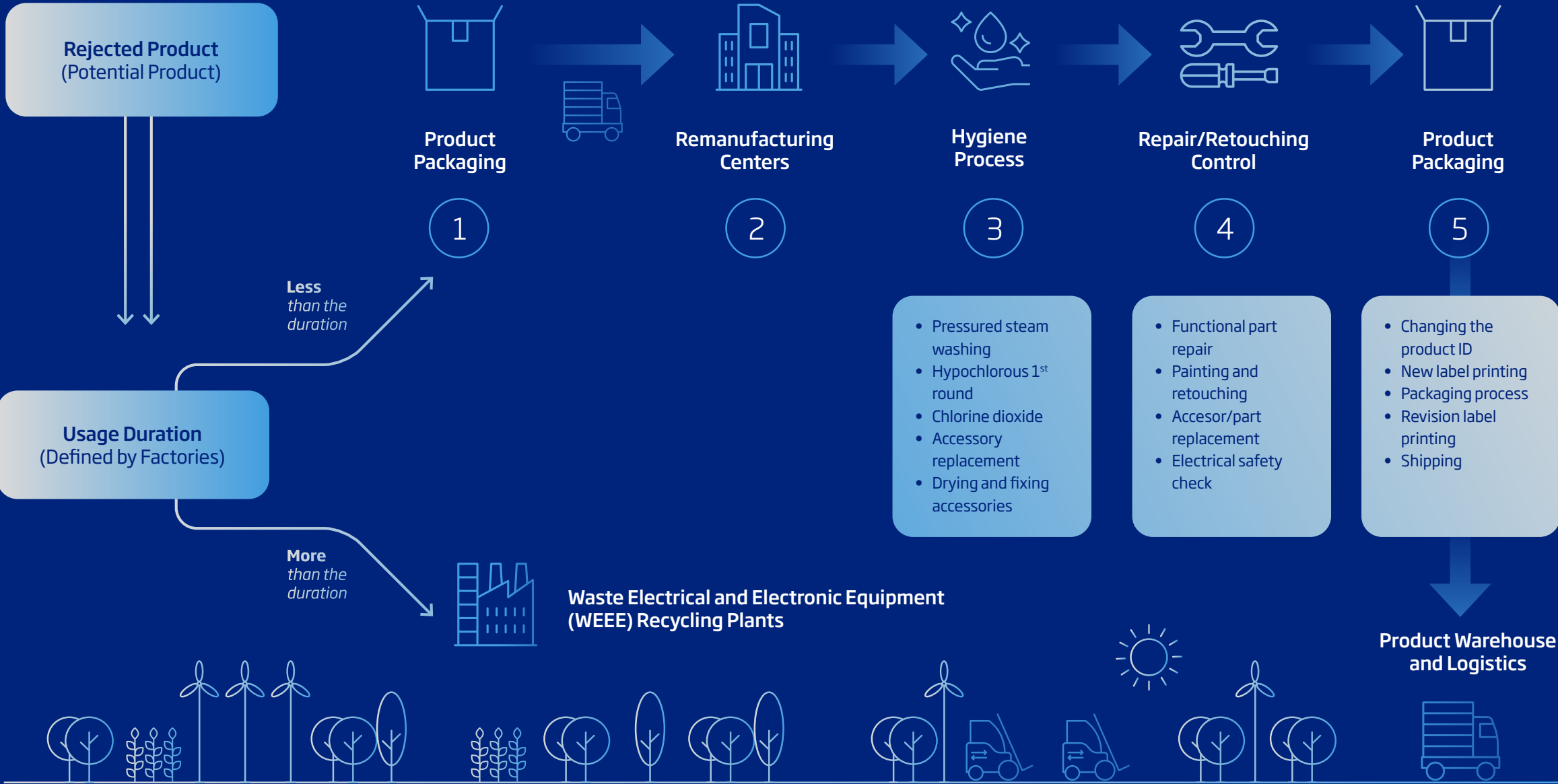
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PRODUCT PACKAGING

At Arçelik, we focus on three main areas in our sustainable packaging efforts:

Reduce our products' packaging volume and weight to produce minimum waste

Carry out reuse and recycling projects to reduce the environmental impacts caused by our packaging processes

Increase the recycled content of packaging and choose easily recyclable and sustainable materials.

Expanded Polystyrene (EPS)

In line with our agile management approach, we are working towards replacing Expanded Polystyrene (EPS) with sustainable materials in all categories of major and small domestic appliances. Thanks to all the huge efforts of the R&D Packaging Team, we have launched Beko brand of major domestic appliances line-up with EPS-free packaging in IFA 2022. This line-up includes dryer, dishwasher, refrigerator, hob, oven, and washing machine products. In order to make the widespread initiation of this, we continued to work to it to all product ranges throughout 2023. In this context, we have launched a project to ensure that all Grundig branded products sold in European countries to be EPS-free packaging. Additionally, we used approximately 318 tonnes of 100% recycled and

recyclable cardboard and 100 tonnes of molded pulp instead of EPS in the ovens, hobs, hoods, dishwashers, refrigerators, compressors, small domestic appliances categories.

Recycled Cardboard

As Arçelik, we continue to work toward paper-based packaging consumption while prioritizing the procurement of sustainable sources certified or recycled paper. In 2023, we saved approximately 531,301 trees from being cut down by using 31,253 tonnes of recycled cardboard for products packaging globally. Additionally, 85% of the cardboard used for packaging is sustainable sources certified.

Other Packaging Studies

We used approximately:

- 42 million recycled PET bottles in the major domestic appliance product packaging strips.
- 254 tonnes of recycled plastic in accessory and product bags.
- 1,358 tonnes of recycled plastic in shrink packaging of the products.

Products	Area Of Usage	Material	Sustainable Material Alternative
Major and Small Domestic Appliances, TVs and Consumer Electronics	Outer Box	Craft paper	Recycled paper
Ovens, Hobs, Hoods, Dishwashers, Refrigerators, Compressors, Small Domestic Appliances Categories	Styrofoam	Expanded Polystyrene (EPS)	Recycled paper
Cooking Appliances, Refrigerators, Washing Machines, Tumble Dryers	Accessory and Product Bag	Different Plastic Types	Recycled Plastic or Paper (for accessory bag)
Cooking Appliances, Refrigerators, Washing Machines, Tumble Dryers and Dishwashers	Strip, Shrink Film	Different Plastic Types	Recycled Plastic (for accessory bag)



END OF LIFE RESPONSIBILITY

Arçelik has two Waste Electrical and Electronic Equipment (WEEE) Recycling Plants in Türkiye. We collect the old products from the market regardless of brand and replace them with new appliances through our extensive network of authorized dealers and services. The collected refrigerators are recycled at the plant in Eskişehir, while other white goods and SDAs are recycled at the plant in Bolu.

Since 2014 to the end of 2023, we have recycled 1.75 million WEEE units in our WEEE recycling plants. In this way, we replaced the old, high energy and water-consuming products with energy and water efficient products.

- With the replacement of energy efficient products, we saved 487 GWh of energy which is equivalent to 240,000 tCO₂e emissions which is equivalent to the daily electricity consumption of about 61 million Turkish households, or the annual energy production of 78 wind turbines with a capacity of 2.5 MW each.
- In terms of replacement of water efficient products, we saved approximately 8.6 million tonnes of water, which is equivalent to 10.6 million Turkish households' daily water consumption.

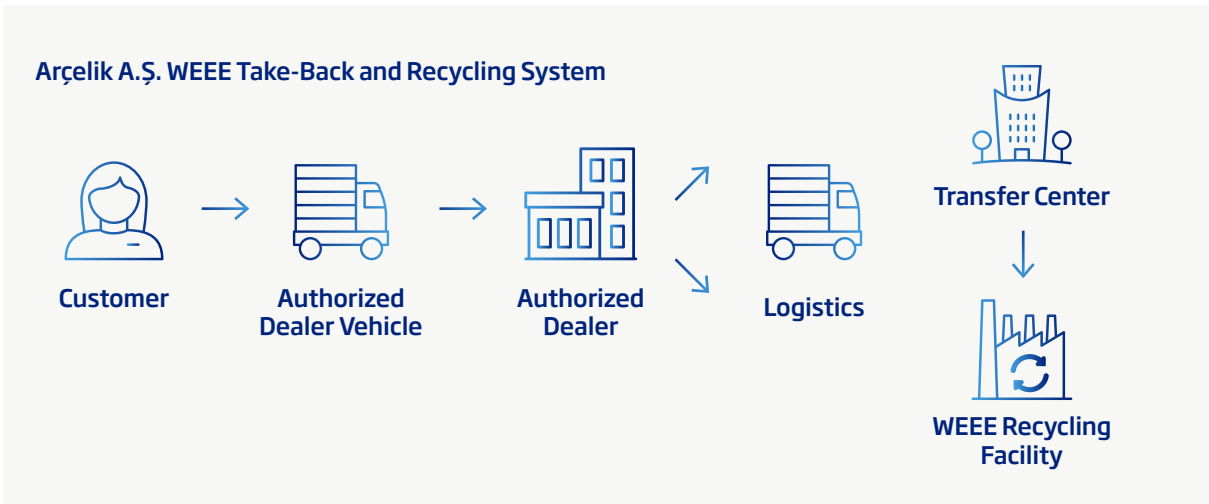
In other countries, we meet their producer responsibilities under WEEE management through compliance schemes to which we are subjected.

ENVIRONMENTAL IMPACTS OF PRODUCTS DURING THEIR LIFE CYCLE

In line with our sustainability approach and commitment to protect the environment, we work to minimize the environmental impacts of our products throughout their lifecycle through new-generation practices, and to reduce our environmental footprint by effectively managing all stages of our value chain. In line with this principle, we began conducting full life cycle assessment (LCA) studies for our products and have so far completed studies for our washing machines, refrigerators, dishwashers, ovens, and tumble dryers.

We analyzed the impact of our products by using CML-IA baseline, EF 3.0 ,IMPACT 2002+

and ReCiPe 2016 methods and evaluating them through environmental impact categories* during their lifetime. The LCA studies cover 19.4% of selling number of different product types which were manufactured at those relevant production sites. In Arçelik, all environmental impacts through the life cycle of a product are taken into consideration and we develop a lot of projects in all life cycle stages of our products to minimize our environmental footprint. According to the LCA results, the use phase has the largest impact in almost all environmental impact categories during our products' life cycles. The global warming potential of our products is shown in the table below.



Product	Raw Material Extraction and Transportation	Manufacturing	Product Transportation	Use Phase	End of Life
Washing Machine	12%	0.21%	0.17%	87%	0.9%
Refrigerator	19%	0.07%	0.18%	80%	0.9%
Dishwasher	7%	0.07%	0.13%	92%	0.7%
Oven	21%	0.44%	0.25%	77%	1.3%
Tumble Dryer	13%	0.1%	0.08%	86%	0.7%

*global warming potential, ozone depletion potential (ODP), abiotic depletion (fossil fuels, minerals), human toxicity, ecotoxicity, photochemical ozone formation, species richness, ionizing radiation, dust & particulate matter, acidification, eutrophication, water depletion and land use.



Sustainability at Heart: Where feels Like Home Begins

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Building Sustainable Societies: *Fostering a Sense of Home for All*

Related SDGs



Related Material Issues



Related Capitals

- Natural
- Intellectual
- Human

For further information regarding material issues, please refer to the Navigation System section of the Report.

Corporate Citizenship 72

CORPORATE CITIZENSHIP

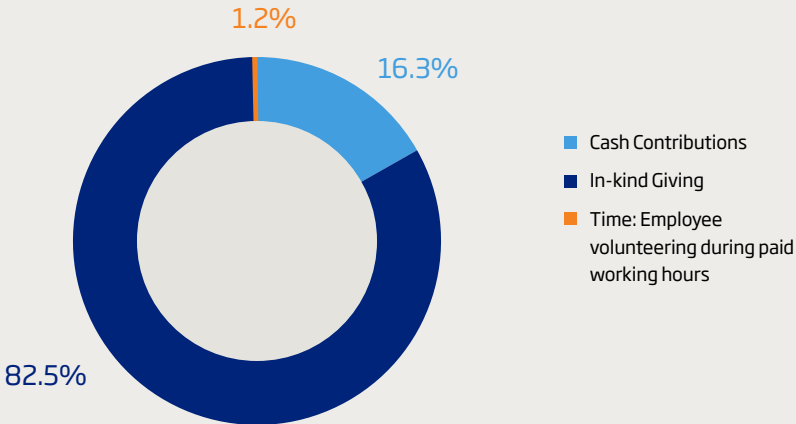
At Arçelik, we are aware of the impacts of our operations, programs, and products on local communities and societies. Our corporate citizenship approach, guided by Our Global Corporate Citizenship Policy and Civil Society Cooperation Policy, aims to create a better world for future generations while focusing on respecting society. Accordingly, we implement various corporate social responsibility (CSR) projects by focusing on the fields of education, gender equality, social inclusion and diversity, food waste, and healthy lifestyle in both our operational geography and beyond. Actions within our corporate citizenship vision include developing community investment programs,

significantly partnering with commercial initiatives, corporate volunteering activities, and providing charitable donations. Our impact is analyzed through field research, impact analysis, various observations, calculations, and expense reporting related to corporate citizenship activities. These expenses include direct costs such as cash contributions, in-kind giving, management costs, and indirect costs such as employee volunteering.

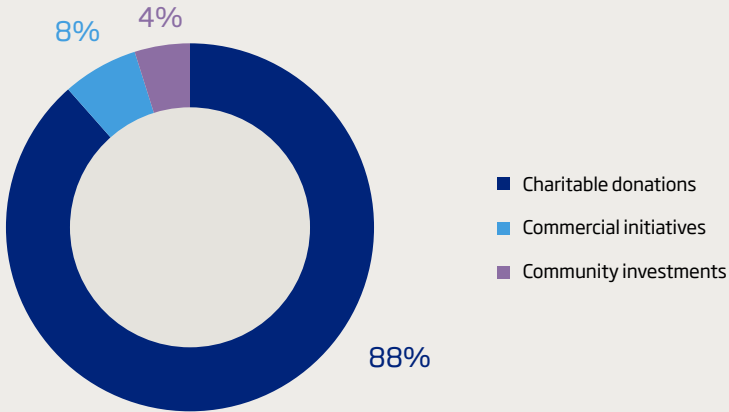
We spent **TRY 417,393,856** on corporate citizenship activities.



Distribution of Total Monetary Value (at cost) of Corporate Citizenship / Philanthropic Contributions



Type of Philanthropic Activities



For further information, please refer to Annex 7. Spending on Corporate Citizenship.





SUPPORTING SOCIETY WITH EQUAL OPPORTUNITIES AND INCLUSION

At Arçelik, we aim to improve lives and strengthen local communities through our activities in the areas of:

- Gender equality
- Quality education
- Entrepreneurship ecosystem
- Sustainable living and environment

GENDER EQUALITY

We promote gender equality in both our value chain operations and community engagements. As a signatory of the Women’s Empowerment Principles (WEPs) since 2017, we have been actively promoting gender equality among key stakeholders, raising awareness, increasing women’s employment opportunities, and supporting their professional development. Furthermore, we launched a gender equality movement in the technology and innovation field in cooperation with the UN Women’s Generation Equality Forum, under the leadership of Koç Holding. We became a supporter of the Action Coalition initiative and submitted our commitments to achieve concrete change in the technology and innovation field for women by 2026.

➤ For further information regarding our Action Coalition (AC) targets, please refer to [our website](#).

Our commitments include the following gender-equality projects:

WE-inTech

As part of our Action Coalition commitments, we launched the “You are an Engineer, You are with us” project in 2019 to increase the presence of women in R&D and innovation fields by empowering 3rd or 4th grade women university students (between 17-23 years of age) in Türkiye. In light of our Action Coalition commitments, we changed the program’s name to “WE-inTech” and expanded the project’s scope on a global scale by including Romania, Pakistan, and South Africa to meet the local needs of the targeted countries. In 2023, the WE-inTech program was conducted with a total of 105 women engineering students from Türkiye, Romania, Pakistan, and South Africa who participated in three global and local programs, reaching 267 women students in total since 2019.

Workshops were conducted in April in Türkiye with the participation of 53 students. Subsequently, Pakistan initiated its local workshop designed according to its needs, involving 10 students for the first time. Finally, a global workshop was held in November for three days and featured a total of 42 female students studying in the 3rd and 4th grades of

engineering from Türkiye, Pakistan, South Africa, and Romania all together. The sessions included trainings, inspirational speeches, and discussions with senior managers. To represent the dynamic and social structure of next-generation R&D, students practiced what they have learned in agile project management and design thinking concept development sessions. Students studied in diverse teams and worked with team coaches to generate ideas on the topic of “Future Home in 2030- Net Zero Carbon Home”.

In addition, students have been evaluated for internships and job opportunities in open roles for R&D and production technologies fields. Following the workshops, the program continues with a year-long mentorship process and internships. In addition to the mentorship process, participants will receive technical and personal development training throughout the one-year program aimed at enhancing their personal and career development. More WE-inTech workshops will be conducted in 2024 to reach more students.



Participating in the WE-inTech program was a pivotal moment for me, offering an entry into Arçelik’s cutting-edge R&D realm and global vision. Three days packed with idea workshops, inspiring talks, and training sessions kicked off our year-long journey alongside mentors. For me it’s not just about advancing in the R&D field; it’s about embracing Arçelik’s global culture and having a chance to hear from experts from diverse backgrounds. This unique experience is definitely a major boost for my passion in engineering and research.

İlay Duman
WE-inTech 2022 Program Participant



500 Women Technicians ● ● AC

Increasing women employees’ share in STEM (Science, Technology, Engineering, Mathematics) fields at Arçelik is one of our Action Coalition commitments. We aim to increase the proportion of women technicians working at Arçelik Authorized Services from 6.7% to 14% by 2026. Therefore, we introduced the 500 Women Technicians program to enable women gain new professional technical competencies, empowering them to upskill and advance their careers within the technician network, thus fostering equality through talent transformation. However, in 2020, when the project started, only 1.5% of technicians were women employees and the transition of authorized services to the central call system raised concerns about potential job losses for women.

To address this issue, the Arçelik Service Academy provides technical trainings to women to prevent potential job losses and promote gender diversity and inclusion in the technical workforce. In 2023, a total of 49 new female technicians were integrated into the system through 13 training sessions. Since the initiation of the project, the number of female technicians has reached 644, and by the end of 2023, the proportion of active female technicians has become 7.4%, with a total of 440 employees.

QUALITY EDUCATION

Digital Wings Project ● ● AC


The Digital Wings project aims to contribute to gender equality in business life by equipping young girls with technology and the 21st century’s competencies. As part of our Action Coalition commitments, we aim to provide technology-design and IT and software trainings to 100,000 girls (aged 10-14) in 81 provinces in Türkiye until 2026 with this project. To achieve this goal, we prepared textbooks for the 6th, 7th and 8th grade students, enabling them to strengthen their technological literacy and

develop their creative problem-solving skills by presenting their project studies, in cooperation with the Ministry of National Education.

Following the pandemic, in October 2022, the project was restarted with 241 teachers taking part in the revitalization training. Throughout 2023, the project reached a total of 72,771 students, including 35,372 girls across 81 provinces of Türkiye.

In 2023, the program has been suspended by the Ministry of National Education due to the major earthquake in Türkiye. Schools involved

in the project were destroyed and education was interrupted in the region. Accordingly, other actions have been taken with regards to the earthquake. Digital Wings Workshops were established in container cities in provinces where education was suspended due to the February 6th, 2023 earthquake, ensuring the continuity of the project in these disadvantaged areas.

 For further information regarding the actions, please refer to the [Actions Taken with regards to the Major Earthquake in Türkiye section of the Report](#).



What’s Next? →

In 2024, a project marathon will be conducted for schools participating in the project. Teams will be assembled to brainstorm and develop ideas on the theme of “Sustainable Homes”. Schools with successful ideas, as assessed by a jury, will be invited to Istanbul for the final session, alongside two teams from earthquake-affected regions. Schools with successful ideas, as assessed by a jury, will be invited for the final session in Istanbul, along with two teams from areas affected by earthquakes. There, teams will be awarded, and participants will receive training from Arçelik experts. The project will continue with the same schools in the 2024-2025 academic year.



PREP ●

We organize a mentoring program called PREP, aiming to strengthen university students' competencies, prepare them for the future, and familiarize them with digital transformation. Meeting these defined goals, the PREP program offers technical and soft skills, combined with language trainings to students. The program, which started in 2021 with two universities, continued with nine universities in Türkiye in 2023. In 2023, the program reached 68 people.

A Ticket for Your Future ●

The "A Ticket for Your Future" program was designed to bring the best talents in foreign countries back to Türkiye by reversing the brain drain and considering the trends in talent acquisition. In line with this purpose, successful Turkish students doing their 3rd and 4th year undergraduate, graduate, or doctorate degrees in some countries other than Türkiye were contacted. Throughout the program, new products and business models on sustainability were studied under the design thinking methodology with mentors' support. At the end of the program, projects were presented to the top management and feedback was received. The program, organized for the fourth time in 2023, broadened its scope by considering trends in talent acquisition and candidates'

expectations from companies. In addition, in 2023, seven out of 66 participants included in the program started to work at Arçelik. It successfully achieved the targeted score of 70 in the Net Promoter Score (NPS) evaluation in 2023.

Erasmus+ VET Learner and Staff Mobility Accreditation and Vocational Training Mobility Project ●

The Erasmus+ VET Learner and Staff Mobility Accreditation is a tool developed for the improvement of institutions and organizations willing to implement cross-border exchange and cooperation in the field of vocational and technical education. Thanks to this project, we became an accredited institution in Türkiye. In 2023, as part of this accreditation program, a total of 24 different professional training activities lasting 102 days were organized for service technicians and sales representatives in 15 countries. Our program, which is valid for the 2021-2027 period, supports initial and continuing vocational education and training, and work-based learning in all its forms. In 2023, we provided internship opportunities to 122 students and teachers from vocational schools in various companies and facilities in Europe with the newest technologies, improving their knowledge and competencies, and learning about different cultures.

"First Step Development" Program ●

The "First Step Development" program, initiated in 2020 and ongoing in 2023, was designed for motivating dealer stores and after-sales services' children (in the second or third grade of university education) to continue their family businesses. This program aims to support participants in their journey of knowing Arçelik closer, make them gain vision about technology and the business world with different dynamics and a comprehensive development opportunity, motivate them continue their family business (being dealers and after sales services), and aspire them for this career path. It is a one-month program including 20 days of full learning activity enriched with social and informal networking.

Each year, internal and external trainers, consisting of experienced managers and colleagues, contribute to the program with their know-how and leadership skills. This program is a pioneering program as it was one of the first examples made in this sector in Türkiye. We received "silver and bronze" awards organized by Brandon Hall Group & Stevie, considered as one of the best international research, analysis, and rewarding organizations. Moreover, we received the Golden Statue by Sales Network Türkiye - 2022 Best of Sales Awards.

"Leadership at Work, Equality in Internship" Project ● ●

The "Leadership at Work, Equality in Internship" project, initiated in 2022 and ongoing in 2023, is an internship program at Arçelik & Beko authorized dealers and services designed for female university students and recent graduates. This egalitarian internship program aims to increase these candidates' interest towards dealers and services and support women's representation in the economic and social life by supporting them with the power of our authorized dealers and authorized service network spread across every province of Türkiye. By the end of 2023, 132 female candidates participated and completed "Leadership at work, Equality in Internship" program among which 53 of them received job offers and 24 of them started working in dealers and services with indefinite term employment contract.





“A Grade for the Future” Project ●

The “A Grade for the Future” project, started in March 2022 and still ongoing, is affiliated with the Okul Destek Association which provides voluntary lessons primarily in Mathematics to 5th, 6th, and 7th grade middle school students attending public schools for 15 months. This project aims to support children of hourly-paid employees, dealers, and service employees in the field of mathematics and English and offer them an opportunity to get one step ahead of the current situation, create a stronger bond with Arçelik, promote social responsibility awareness within the company, and deliver satisfaction by providing lessons to students in need of training. 21 Arçelik volunteers have taken part as trainers in this project in 2023. In the 2022-2023 academic year, 486 students of which 60% were female joined the online classes in 47 different cities in Türkiye.

EMPOWERING ENTREPRENEURSHIP ECOSYSTEM

Beko 100 Women Dealers/ Her Business Her Power ●●● AC

One of our Action Coalition targets is to increase the number of women entrepreneurs in our dealership ecosystem which is a male-dominated area. To support women’s economic

empowerment while strengthening their role in business life and society, we designed the Beko 100 Women Dealers project, which was lately named as “Her Business Her Power” after gaining our 100th women dealer in our ecosystem in 2023. As the main drawback for women entrepreneurs was to find sustainable, profitable, and long-term investment opportunities, Beko aims to provide strong and reliable support to women entrepreneurs via trainings and discounts, regardless of sectoral experience, when they step into business life. Within the scope of the “Her Business, Her Power” project, the ratio of women dealers increased from 4.8% to 10% with 108 dealers and 125 stores in 2023. Thanks to the project, the women employment ratio in the dealers and their stores has increased to 51 % in 2023. In 2023, at the Hammers Awards, the “Her Business Her Power” project was awarded the best team in the field of gender equality.

What’s Next? →
Our aim is to raise the ratio of women dealers at Beko from 4.8% to 25% by 2026.

Arçelik Garage Innovation Hub Action Coalition Target ●●● AC

At Arçelik, with our Garage Innovation Hub, we are committed to reaching 2,500 women entrepreneurs and contributing to fund the transfer to women-led startups every year by 2026.

To achieve this goal, sub-goals have been set for each year. Our sub-goal for 2023 was to support 500 women entrepreneurs/entrepreneurial candidates and mediating a USD 5 million investment in 2023. By the end of 2023, 503 women entrepreneurs/entrepreneurial candidates were supported. In 2023, collaborative programs aimed at empowering women entrepreneurs and entrepreneurial candidates addressed various aspects of entrepreneurship:

- SHE Leads program was established to ignite the entrepreneurial spirit among university students in partnerships with the Ankara Development Agency and TED University.
- Arya Entrepreneurship Academy, along with the Arçelik Entrepreneurship Workshops, was implemented through collaboration with Arya Women’s Investment Platform to fortify the presence of women in the entrepreneurship landscape.

- TÜBİTAK’s BiGG program, alongside other consortium members (13 Koç Group companies), provided invaluable support to aspiring entrepreneurs as they embarked on their journey to establish new ventures.

Additionally, a USD 13.1 million investment was fostered through collaborations with Hoxton Ventures and 500EE in 2023.

We continue to carry out awareness activities to ensure women’s interest in entrepreneurship and their inclusion in the entrepreneurship ecosystem.

What’s Next? →
In 2024, our goal is to support 500 female entrepreneurs/entrepreneurial candidates and to mediate USD 5 million in investments.



SUSTAINABLE LIVING AND ENVIRONMENT

Domino: The Little One ●

We have taken a groundbreaking step by extending our efforts in combating the climate crisis to an interactive gaming platform with DOMINO: The Little One.

Designed with the objective of promoting “sustainable lives in every home”, DOMINO aims to raise awareness about environmental issues, particularly the climate crisis, and increase sensitivity in different target audiences. We strive to raise awareness regarding individual actions that can be taken to address issues affecting the continuity of the ecosystem focused on the climate crisis through the character of DOMINO.

Throughout the game, the protagonist, DOMINO, confronts environmental issues such as plastic pollution, carbon emissions, air and water pollution, ecological imbalance, genetically modified foods, and forest fires. The sustainability-focused 2.5D video game uses a dramatic visual world and impressive effects to highlight disasters and problems threatening the planet. As a result of DOMINO's global and local launches, it reached approximately 480 million people, with over 60,000 users adding the game

to their libraries. Moreover, 80% of the reviews on the platforms are positive. DOMINO: The Little One became accessible on Steam (Windows), App Store, and Android devices on November 23, 2023.

Ghost Fishing Nets Project with WWF ●

At Arçelik, we implemented a project with WWF Türkiye (Doğal Hayatı Koruma Vakfı - World Wide Fund for Nature's Türkiye Office) and the Marine Life Conservation Society for ghost fishing nets threatening biodiversity. Within the scope of the “Ghost Nets project”, ghost fishing nets detected during exploratory dives in the Prince Islands in the Sea of Marmara were removed with assisted special dives. In 2023, four sacks of fishing nets were collected. The removed fishing nets were recycled and used in our products. We introduced awareness seminars for fishermen and local people and a local communication mechanism so they can notify when they lose a net. The environmental and aquatic life impact of the project will be determined and reported with the contribution of academics.

Arçelik, İYİ-GE ●

Based on our “The world is our home” approach, we develop ideas and projects emphasizing the creation of a better world, better home. We aim to design houses with love for a sustainable society.

In this context, our slogan “Designs innovation with love”, placed in the minds of consumers a long time ago, has been transformed into “Arçelik, designs goodness with love”. The Goodness Development Board (İYİ-GE) tackles the “What can be done?” question comprehensively to determine improvement areas for life and the world. Consisting of representatives of Türkiye's leading NGOs, scientists, climate activists, and artists, the İYİ-GE Board continuously works to develop new solutions for responsible production and consumption. On the responsible production side, Arçelik is driven by a strong motivation to annually reduce its carbon footprint, aiming to achieve significant reductions by the year 2030. On the responsible consumption side, Arçelik seeks to inspire collective action towards reducing planetary harm through its Climate-Friendly Initiative project, fostering awareness within society, and encouraging collaborative efforts to minimize environmental impact.

Climate-Friendly Stores

Following our commitment to responsible production and consumption, our Climate-Friendly Store in Izmir, Türkiye, which holds a platinum-level LEED certificate, was designed by considering energy consumption, renewable energy usage, sustainable materials usage, water, and waste saving parameters.

Climate Friendly Initiative Advertisements

Within the scope of our climate-friendly initiative, we aim to create awareness among consumers specifically for sustainable products. Three distinct advertising films highlighting water conservation, energy efficiency, and the use of recycled materials in production were launched in December 2023, with the aim of raising awareness on these issues throughout the year.

What's Next? →

In 2024, new films on these topics will continue to be released. Arçelik is committed to preserving resources through technologies developed under the motto of “responsible production, responsible consumption” in its communications. While working towards resource conservation, Arçelik invites consumers to collaborate for a better future.

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Grundig Sustainability Vision; Respect Food and Respect Planet ●

While Grundig aims to inspire people to take a step towards a better future without compromising on quality, sustainability, and aesthetics, it emphasizes that a better future starts from our homes and introduces its tagline; "It Starts at Home".

With its "Respect Planet" vision, the brand encourages consumers to choose sustainable alternatives in their product portfolio. The technologies developed by Grundig, envisioned for a better future, helped consumers shift their consumption habits into responsible ones. Grundig introduces environmentally friendly products and technologies that prioritize the effective use of resources such as water, material, and energy. These include energy efficient appliances, washing machines that utilize recycled PET bottles, and microfiber filter technology to preserve water sources. Additionally, initiatives such as using 100% recyclable packaging boxes contribute to the circular economy and reduce the products' environmental footprint. It also aims to raise awareness with the advertisement investments made for these products and technologies. In 2023, Grundig continued airing its "It Starts at Home", "PET Tub", "MicroFiber", and "Energy

Efficiency" campaigns, showing viewers how Grundig takes action by launching technologies and products with its sustainability vision. Additionally, Grundig launched its "Eco-Anxiety" campaign, explaining its sustainability vision and emphasizing the importance of each small step toward a better future.



Moreover, with the "Respect Food" approach, Grundig collaborates on joint projects with national and global organizations to tackle food waste. Since 2016, the ongoing partnership with Food for Soul has supported the existence and openings of Refettorios* around the world in their fight against food waste, while also helping people in need access delicious food.

Additionally, since 2018, the brand ambassador, Massimo Bottura, has been spreading the vision of food waste reduction and sustainability as widely as possible. Grundig has launched campaigns such as "Food Saved Me" to showcase the impact achieved through its partnerships.

Beyond these partnerships, Grundig launches technologies that respect food. For instance, it released refrigerator technologies preserving food in a fresh way and cooking technologies that cook food in an optimized way, eliminating waste of uncooked or burnt meal. With the communication campaigns created for the "HotAero Pro" technology in the cooking category and the "Grundig Aerofresh" technology in the cooling category, consumers were encouraged to take precautions against food waste.

Grundig reached 76.2 million people with its "Respect Planet" and "Respect Food" campaigns in 2023. As it has done in previous years, in 2024, Grundig will continue to take its steps towards a better future with its partners and campaigns, inspiring people to take their own steps as well.

*Refettorios are community hubs created to empower and inspire individuals. They serve nutritious meals made from surplus ingredients to people in situations of social and economic vulnerability. The main aim is to build impactful spaces, fostering community resilience, economic opportunities, and a fairer, healthier food system for everyone.



For further information regarding the Respect Food approach, please refer to the [Grundig partnerships around food; Food For Soul and Massimo Bottura section of the Report.](#)

CORPORATE CITIZENSHIP

Beko Global, Healthy Living and Sustainability Communications ●

In its 60 years of history, Beko has always been guided by the aim of offering innovative products that are good for the consumers and the planet. Beko’s purpose is to develop healthy technologies and empower future generations to have a healthier life in a healthier world. For this reason, Beko works tirelessly to provide technologies and solutions to protect humans’ and the planet’s health. In order to protect human health, Beko supports its consumers with a wide range of technologies that preserve the nutritional values of food with healthy cooking solutions. Furthermore, with the belief that a healthy life is only possible on a healthy planet, Beko works to innovate technologies that protect nature. Beko strives for the conscious use of natural resources and the reduction of carbon footprint with products including recycled and natural materials, and energy and water efficient technologies.

Beko also conducts campaigns to empower consumers to live healthier, raise awareness about environmental issues among its consumers, and encourages them to take action. With communications in 2023, Beko aimed to communicate its healthy technologies, convey the actions taken in the field of sustainability,

raise awareness about individual carbon footprints, and mobilize efforts to reduce carbon emissions. Campaigns reached 76.3 million people, with over 1.2 billion impressions and video views. The ads were clicked 5.9 million times and Beko’s website was visited 2.2 million times in order to learn more.

1.2 Billion ☆

impressions and video views reached through campaigns

2.2 Million ☆

website visits in order to learn more



CORPORATE CITIZENSHIP

CORPORATE VOLUNTEERISM

Corporate volunteerism is a fundamental part of corporate citizenship at Arçelik. We encourage our employees to become active and responsible global citizens striving to be a part of the solution. The priority areas of action, in line with our material sustainability issues, are identified in our [Corporate Volunteerism Policy](#):

- Raising awareness on environmental sustainability, particularly on plastics and the climate crisis
- Providing digital skills and competencies
- Providing technical skills through education and training
- Promoting gender equality

The Arçelik Volunteers initiative was established to bring Arçelik employees wishing to volunteer and create a greater impact all over the world together. Therefore, Arçelik Volunteers invite all Arçelik employees to take action with projects they develop in areas prioritized by a strategic global team. Employees can join the Arçelik Volunteers Club in any country Arçelik operates. Each location has an ambassador who conducts, coordinates, and reports on local activities. Arçelik Volunteers use technology to create a better future and provide sustainable solutions that benefit both society and the environment

under the “We Share We Care” initiative. We share our knowledge and expertise with our entourage in a kind and generous way. We strive to make our planet, lives, and technology better through determined socially responsible initiatives and act as responsible global citizens with good relationships and professional attitudes.



Volunteer work for earthquake relief was a deeply touching experience. Seeing the impact of the disaster firsthand was emotional. Working with other volunteers to provide aid was rewarding and showed me the power of community. At Arçelik, I also witnessed a strong sense of unity, where everyone works together as a family, regardless of their roles.

Zeynep Demirbilek
Brand Management Specialist
Arçelik Istanbul, Türkiye

Arçelik Volunteers

Work to develop technologies and solutions serving local needs and priorities of people living in the countries we operate

Motivate and inspire people around them
Promote volunteerism in society and across the company

Focus on sustainable life through events and projects

Respect the environment and lead environmental sustainability efforts

Address social problems.
Act to solve these problems

Believe in gender equality and equal representation

Fight all types of exclusion and discrimination; embrace diversity and inclusion

Stay continuously informed about digital and technological developments



CORPORATE CITIZENSHIP

Actions Taken with Regards to our Corporate Social Responsibility

Case Studies

In Bangladesh

Singer Bangladesh carried out an environmental awareness project which was completed in July 2023. The project's primary objective was to enhance awareness regarding environmental conservation, efficient waste management, and plastic recycling. Within the project's scope, various activities were organized to commemorate the World Environment Day, including tree plantation, a green rally, a cleanliness campaign, and informative sessions. With active participation from approximately 100 employees and collaboration with a waste collection enterprise, these activities aimed to foster environmental consciousness and promote sustainable practices within the community.

In Italy

Beko Italy carried out a social responsibility project which was completed during the Easter period of 2023. The project's objective was to provide support to children suffering from leukemia, ensuring they receive the highest standard of medical and psycho-social care to improve their chances of recovery and enhance their quality of life. Within the project's scope, Beko Italy raised funds and donated to the Maria Letizia Verga Committee, dedicated to assisting sick children with leukemia. Additionally, all Italian colleagues participated by purchasing Easter eggs for these children, contributing to their well-being and happiness during the holiday season.

In South Africa

Defy South Africa carried out a coastal clean-up project with the aim of raising awareness about environmental pollution which was completed in September 2023. This project was undertaken in collaboration with the EtheKwini Municipality Park's division to remove plastics and waste along the coastline. As part of this initiative, four employees from Defy South Africa participated in the clean-up efforts, offering refreshments to all volunteers and generously donating Small Domestic Appliances (SDAs) to the most dedicated workers. This project was aligned with broader efforts to combat plastic pollution and other environmental hazards threatening marine ecosystems. In total, 320 kilograms of waste were collected during the project.

In Thailand

Arçelik Hitachi Home Appliances carried out a social responsibility project which was completed in 2023. The project involved organizing activities aimed at donating unused electrical equipment for education and training on safety in working with electrical systems. Engaging 50 vocational students specializing in industrial electrician training at Kabinburi Industrial and Community Education College, the initiative fostered innovation and educational opportunities for local vocational students. Through hands-on experience with the donated equipment, students gained practical skills applicable to both their academic pursuits and future professional careers.

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Actions Taken with Regards to the Major Earthquake in Türkiye

At Arçelik, we are deeply saddened by the loss of many lives and the destruction caused by the severe earthquake that occurred in Kahramanmaraş and felt in various parts of Türkiye. We have supported the earthquake victims together with our dealers, authorized services, and employees under the coordination of the Crisis Management Centre established by Koç Group, the direction of the Ministries of Türkiye, and AFAD (Türkiye’s Disaster and Emergency Management Presidency). In this context, our Search and Rescue Team of 77 people rescued 20 earthquake victims who were trapped in rubble in the disaster area. In addition, we have established coordination and operation centers in Hatay, Adiyaman, and Kahramanmaraş to deliver humanitarian aid, which was among AFAD’s current needs in the region.

All volunteer activities planned for 2023 continued with a focus on earthquake relief efforts. A team of 717 volunteers was formed among Arçelik Türkiye employees who expressed interest in participating in volunteer activities focused on earthquake relief. All volunteer calls needed in the earthquake area were announced to this team, resulting in 78 employees actively volunteering in the field.

Fulfilling the requirements of urgent vital needs (search and rescue, tents, hot meals, heaters, hygiene trucks, food, etc.), Koç Holding has implemented 5,500 containers in Hatay (Antakya and İskenderun), Kahramanmaraş, Adiyaman, and Malatya, known as “Umut Kentler” (Hope Towns), where approximately 20,000 people are planned to reside. We delivered more than 800 thousand in-kind aids consisting of tents, food, blankets, clothes and heaters, stoves, solar panels, and generators that we prepared using old washing machine drums. Hot food and clean clothes requirements are continuing to be fulfilled at Arçelik Fixed Support Points. Moreover, we contributed to the containers’ equipment as well as the establishment of social areas.

Volunteers actively participated in fieldwork during the opening ceremonies of the Umut Kent container cities under the leadership of Koç Holding. In this context, projects and actions being taken in these towns are listed in the following tables.



Earthquake Projects and Activities

Projects Implemented

Project	Project Description	Project Details
Product Support	Procurement of vital items required for containers	Acquisition and installation of 5,500 units each of TVs, refrigerators, air conditioners, stoves, and water heaters at five different locations have been made.
Hygiene Zone	Washing and drying facilities (84 washing machines and 84 dryers) established at 12 different locations	Continuous services will be provided in these areas to meet the hygiene needs of the public.
Digital Wings Workshop	Activities involving robotics, coding, and product design carried out to support the development of children	Workshops conducted by teachers appointed within the project by the Turkish Ministry of National Education are supported by educational materials such as tablets, computers, 3D printers, Twin science kits, and smart boards, providing educational support to children.
Arçelik Cafe	Meeting points with computers and internet access for young people at four different locations	Arçelik Cafes provide a conducive environment for various activities such as conducting research, studying, socializing, and spending quality time for young people in five different spots in four different provinces.
Kitchen Studio	Kitchen Studios, gastronomy training, and events planned to be conducted with the participation of expert chefs in 4 different cities	An ecosystem where women can engage in production in the kitchen, eventually transforming their creations into products and generating income in the future is created.
Customer Communication Centers	Facilitates the transition of job losses resulting from the earthquake back into employment	Two call centers have been established in Hatay and Malatya provinces, aiming to promote the employment of youth and women, thereby creating employment opportunities.
Arçelik Football Academy	Established to support the development of children and youth through sports in collaboration of the Turkish Football Federation (TFF)	Young people can come together with expert trainers and professional football players for various activities.

Project	Project Description	Project Details
Children's Play Room	Planned to serve the preschool age group in Malatya Umut Kent	Designed as a vibrant play area and supported by age-appropriate toys, the space aims to cater to the educational, developmental, and play needs of children.
Library	Accessible to all residents, with a focus on young people and children	Envisioned to be an attractive hub for young people and children with a rich selection of books.
Computer Room	Established within Adıyaman Umut Kent to provide the public with internet access	The space, supported by computers and printers, will be available for the residents of the city to meet all their internet needs, including e-government transactions.
Support for Civil Society Centers	Women and young people's product needs met through collaboration with civil society organizations	Necessary household appliances and small appliances have been provided and made available for use in these centers.
Malatya Vagon Kent (Rail Car City)	Transformation of old train wagons into residential units for housing purposes in Malatya	The plan involves creating a living space comprising 100 wagons, which is intended to be allocated to healthcare professionals at İnönü University Faculty of Medicine.
Dorm Building in Malatya	Aiming to ensure healthcare professionals stay in the city, a dormitory has been purchased and donated to İnönü University for the accommodation of healthcare workers at the Turgut Özal Medical Center in Malatya	The dormitory consists of two buildings with a capacity of 550 beds, and healthcare professionals and their families have been accommodated in these facilities.
Malatya İnönü University Faculty of Medicine Children's Playroom	Children's playrooms designed for children receiving treatment at Malatya İnönü University Faculty of Medicine - Turgut Özal Medical Center	Designed with the support of psychologists from Koç University and academic architects from Mimar Sinan University, these areas are planned to provide a quality and enjoyable time for children undergoing treatment.

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Activities Implemented

Activity	Activity Description	Activity Details
April 23 rd Festivities	Festivities organized in four separate cities - Hatay, Kahramanmaraş, Adiyaman, and Malatya - where thousands of children participated	Organized with a variety of activities ranging from inflatable play areas to sports activities, shows, and various gifts, the festivities ensured that children had a colorful day.
Aid Campaigns	Food, clothing, toys, books, hygiene kits, baby formula, and hygiene kits for street animals were identified and donated	All stakeholders in the ecosystem were mobilized, and comprehensive support was provided by many collaborating institutions.
Settlement Process Volunteer Support	Families were accompanied on their first day of settlement in Umut Kent with support such as tea-coffee serving areas and hygiene kits	Support will continue throughout the settlement process.
Theater Community	Prepared children's plays and drama activities aimed at healing the wounds of the earthquake and adapting to social life	Plays prepared in the earthquake-stricken areas will be exhibited and drama activities will be conducted under the coordination of Koç Holding.

We will be ready to reach and assist more earthquake victims with all our efforts. Moreover, we will consistently gather information about their requirements by closely monitoring the regional trends and promptly responding to their needs.





CORPORATE SOCIAL RESPONSIBILITY OF OUR SUBSIDIARIES

Beko PLC & Barnardo’s Partnership

For more than 150 years, Barnardo’s has been helping vulnerable families and children in the UK, creating safe and loving home environments. We share Barnardo’s ambition and are proud to support them as a charity partner. In addition to donating appliances and raising funds for the charity, our partnership raises awareness to create support for the most disadvantaged families and children in today’s society.

In this 10-year partnership milestone, Beko PLC is collaborating with Barnardo’s on the Gap Homes Scheme to supply home appliance products. The Gap Homes Scheme, developed by Barnardo’s, is designed to support young adults transitioning out of care systems and prepare them for independent living. The donated home appliances provide residents with access to essential opportunities that help enhance their fundamental skills. Beko PLC continues its commitment to donating home appliances to the most disadvantaged families and children in the UK, having donated more than 1,000 appliances in 2023.

Dawlance

Dawlance, through effective partnerships, continued to fulfill its strong commitments in the field of corporate social responsibility in 2023. Through its partnership with the “Hunar Foundation”, Dawlance contributed to sustainability by converting advertising materials into reusable bags. Additionally, it facilitated the construction of two water purification plants in Nawabshah under the “Boond e Shams” project, providing clean water access to 10,000 people. In 2023, by partnering with Overseas Investors Chamber of Commerce and Industry (OICCI) for the Pakistan Climate Conference, Dawlance demonstrated its commitment to combating the climate crisis. Participating in The Nutshell Group’s 7th Future Summit, Dawlance introduced the environmentally friendly refrigerant gas, R32, promoting energy-efficient appliances. This innovative product not only strengthened environmental awareness in Pakistan’s home appliances market but also supported community health and contributed to the company’s sustainability goals by reducing energy consumption.

Defy & the East Coast Radio (ECR); Big Goodness

Defy collaborated with a local radio station, ECR, through product sponsorship to create social impact by identifying NGOs in need of household appliances. With this project, Defy aimed to raise awareness of NGO needs, draw attention to various financial support options for NGOs, and ultimately ensure that basic needs of individuals are met at the grassroots level. A nutrition program developed by Defy, along with the donation of first-class products, benefited a total of six NGOs. The project aims to continue in 2024 with the participation of new beneficiaries.



Elektrabregenz’s Collaboration with Pro Juventute in Austria

As part of its comprehensive corporate social responsibility approach, Elektrabregenz has been partnering with Pro Juventute for 13 years to equip homes of disadvantaged children and youth in Austria with necessary household appliances. Demonstrating a commitment to meeting the needs of young people and children, the brand provided support for over 70 household appliances free of charge in 2023.

In addition to donating all the required household appliances for the project, Elektrabregenz also supported Pro Juventute’s charity auction gala by providing prize support to help raise further donations.

In an effort to support children in need of care and contribute to the development of vital life skills for youth, the shared apartment in Bruck an der Leitha was expanded in 2023. In addition to the construction of 10 children’s rooms, extra rooms including a workspace for the Pro Juventute team, and two adult rooms were built. Elektrabregenz also donated various household appliances for the kitchen section, which holds a significant place in the building and project.

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Singer Bangladesh

The Singer Sewing Academy is a pioneering corporate social responsibility initiative that has been running for over 40 years in Bangladesh. Utilizing Singer sewing machines as an effective tool, the program has provided subsidized sewing training to selected disadvantaged women nationwide, thereby supporting their empowerment.

With its successful sewing training programs, Singer has been able to elevate the living standards of women and create a significant impact in the region.

Singer Bangladesh celebrated the National Independence Day by collaborating with a civil society organization called NariMaitree, which works in the field of women's empowerment. Singer Bangladesh believes in the right of every child to quality education and is committed to contributing to the growth and development of children. On this special day, the company donated educational materials to support children's education.



VoltasBeko

VoltasBeko aims to increase the percentage of female employees in all areas to achieve economic gender equality and eliminate gender-based inequalities in professions. Particularly in the manufacturing sector, it is increasing the employment of women in stations such as resource making, metal shaping, assembly, where male employees are predominantly found. Half of the operators in VoltasBeko's washing machine production are women, and the percentage of hourly paid female workers has reached 41%.

Every year, with the contributions of its employees, VoltasBeko organizes the "Joy of Giving" festival, which promotes solidarity and includes usable children's clothing and toys, school supplies, food, and hygiene products. These materials are delivered to local NGOs and distributed to needy communities in Sanand and Ahmedabad through them.

In line with its commitment to sustainable living, VoltasBeko planted a total of 400 trees in 2023 within and outside the Sanand factory campus, supporting the company's principles and values.



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COMMUNITY DEVELOPMENT AND PARTNERSHIPS

We hardly work to find solutions to meet the needs of local communities through partnerships and sponsorships. At Arçelik, we determine the selection criteria of the institutions with which we partner and support in civil society activities in line with the Civil Society Cooperation Policy.

➤ For further information, please refer to our [Civil Society Cooperation Policy](#).



Arcelik's support has contributed to our efforts to scale solutions that bridge the financial gap for those living in poverty and access to safe water and sanitation. To date, the impact of their partnership has reached more than 7,300 people. Arcelik's commitment to sustainable impact helps families in Kenya maintain lasting access to safe water and sanitation solutions.

Gary White
CEO & Co-founder
Water.org

Our Partnerships

Beko x Water.org Collaboration

Aiming to protect water, being one of the main sources of life for a healthy planet, Beko collaborated with the US-based non-profit organization Water.org to undertake a project to help empower 10,000 Kenyans in need with the water or sanitation solutions they need to survive and thrive.

Through the project that started in the last quarter of 2022, we implemented a social responsibility program with our global brand Beko, to change the lives of Kenyans with lasting access to safe water or sanitation solutions.

Impact Stories

Meet Florence

Florence is a farmer growing vegetables, keeping cows, and selling water from her borehole in a county that borders the capital Nairobi. She realized that throughout the dry season, she encountered insufficient water in her borehole to sustain all her agricultural activities, prompting her desire for a water tank to harvest and preserve rainwater during the rainy season. Premier Credit, a local partner of Water.org worked with Florence to affordably finance a 10,000-liter water tank, which will allow her to increase her income by investing in her farming activities.

As part of the collaboration lasting until September 2024, Beko supports Water.org and its local partner, the Association of Microfinance Institutions of Kenya (AMFI Kenya), with resources that support the dissemination of small loans for safe water in communities lacking reliable water sources.

Kenya is facing significant challenges emerging from rising water demand and water scarcity. The aggravation of the water crisis is affected by climate change, water pollution, population growth, inadequate water resource management, and urbanization.

These challenges are particularly pronounced in rural regions and urban slums, where individuals frequently lack access to piped water infrastructure.

Thanks to Beko's support, as of the end of 2023, Water.org has successfully delivered safe water or sanitation solutions to more than 7,300 people in the region.



Meet Jacinta

Jacinta, mother of five children, lives in Nairobi and supports her family's income through rental units she owns and operates. Jacinta accesses water from private boreholes to meet her household water needs. She received a USD 220 loan from Premier Credit to install a 5,000-liter water tank, which allowed her to more adequately meet her family and tenants' water needs and at the same time be a source of income.

Meet Faith

Faith, mother of three children, lives in Machakos and operates a small school and shop, in addition to running a water vending business. She chose to start the water vending business due to her lack of confidence in the quality of water sold by other vendors. Faith sources the water for domestic purposes for her business from a nearby private borehole and drinking water from a spring, which she treats using equipment to purify it. She received a USD 385 loan from Premier Credit to install a 10,000-liter water tank, which allowed her to more adequately meet her water needs and reach more customers in her neighborhood.

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Grundig partnerships around food; Food For Soul and Massimo Bottura

Grundig has been forging longstanding partnerships with Massimo Bottura and Food for Soul to amplify its voice in the fight against food waste and to support disadvantaged groups.

Massimo Bottura, serving as the brand ambassador since 2018, perfectly embodies the brand's principle of sustainability, quality, and aesthetics. Besides being a highly successful and globally renowned chef, Massimo Bottura solidifies his success with his emphasis on aesthetics. Moreover, he is an activist with a commitment to sustainability. In recognition of his dedication, he was selected as one of the 100 most influential people by Time magazine and appointed as a "Goodwill Ambassador of the United Nations Environment Program".

Since 2016, through its successful partnership with Food for Soul and the establishments of Refettorios brought to life by Food for Soul, Grundig continues its efforts to combat food waste globally and provide food to people in need. Through this partnership, Grundig helped to save 2,100 tonnes of food from being wasted and serve 3.6 million meals.

Annually, Grundig highlights World Food Day with special campaigns, such as the "Food

Saved Me" campaign in 2023, which showcases stories from Refettorios supported by Food for Soul, illustrating the value of food and how it transforms lives. Through authentic stories, the importance of food is emphasized, drawing attention to the necessity of reducing waste and the various dimensions of food in our lives. Grundig reached 64.3 million people with these campaigns, raising awareness about the extent of food waste human beings perform, waste areas, and prevention.



Our Sponsorship And Donation Activities

We implement our sponsorships and donations within the scope of the Global Donation and Sponsorship Policy.

For further information, please refer to our [Global Donation and Sponsorship Policy](#).

Arçelik and Beko

Arçelik and Beko are actively involved in various sponsorship and sustainability initiatives. Arçelik has been positioned as the Sustainability Partner of Türkiye's National Football Teams (Women & Men) and the main sponsor of Türkiye's Football Federation (TFF) until 2025. Accordingly, Beşiktaş Men's Football Teams will continue to be sponsored until the end of 2027 season and Beşiktaş Women's Football Teams until the end of 2026 by Beko. Within this context, Arçelik is the back sponsor for women, while currently occupying the back sponsorship for men, transitioning to become the chest sponsor for 2024 - 2025 and beyond.

Additionally, Beko has sponsored the Fenerbahçe 1907 Association since the 2022-2023 season and created the Beko Fan Zone area in Ülker Arena - Fenerbahçe's Sports and Events Hall - to allow fans experience its sustainable products. This sponsorship has been extended until the end of the 2024 basketball season.

Arçelik also supports the Rahmi M. Koç Museum and has sponsorship agreements with Boluspor and Eskişehir Sports Clubs.



PRODUCTS THAT CREATE SOCIAL AND ENVIRONMENTAL VALUE

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Solar Hybrid Fridge



Designed for users without access to uninterrupted provision of electricity, the sustainable and safe solar hybrid panel refrigerator provides a cooling system solution that utilizes electricity from the grid and solar energy alternately. With increased insulation and renewable energy sources, the refrigerator addresses an existing need while introducing a new approach to environmentally friendly cooling systems.

Simple Base Drawer Feature



In Bangladesh, our team observed that to address the recurring flooding issue, consumers had to place their products above the ground. To offer a creative solution, we introduced a base drawer compartment in refrigerators. This compartment, being a unique solution in the market, serves as a non-cooling zone to provide storage for items such as onions and potatoes.

Inverter Compressor Need for Increased Energy Efficiency



While the inverter compressor, which increases energy efficiency, is an ordinary feature in most products in developed markets, it becomes an important feature that is not easily available in emerging markets.

Static Everfresh and Hybrid Cooling Technologies in Refrigerators to Keep Food Fresh



In Pakistan and Bangladesh, where both planned and unplanned power cuts occur, it is crucial to keep food fresh for extended periods. While static refrigerators are no longer the preferred choice in developed markets, the Static Everfresh solution and hybrid cooling technologies are favored. They help preserve food during power cuts, doubling the freshness duration compared to a normal refrigerator. These are unique features in both markets, also available in Europe.

 For further information regarding the products that create environmental value, please refer to the [Product Stewardship section of the Report](#).

Sustainability at Heart:
Where feels Like Home Begins

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Sustainable Business Practices: Where Success feels like Home

Related SDGs



Related Material Issues



For further information regarding material issues, please refer to the Navigation System section of the Report.

Related Capitals

- Natural
- Intellectual
- Human
- Financial
- Manufactured

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At Arçelik, we prioritize the integration of economic, social, and environmental aspects of sustainability into our governance framework, ensuring accountability to all stakeholders.

Our customer-centric approach enables us to expand our sales reach, thereby bolstering revenues. Through strategic investments and growth-oriented initiatives, we deliver economic advantages to our business partners and investors, concurrently fostering the creation of sustainable value from these economic gains.

For further information regarding Arçelik's economic performance, please refer to [Annex 8, Economic Performance Indicators](#).

ENVIRONMENTAL INVESTMENTS AND EXPENDITURES

The total expenses stated in the table refer to the sum of capital investment and operating expenses related to environmental related investments, and our total expenses for the reporting year are TRY 5,732 million.

All Environmental Related Investments and Expenditures (TRY Million)		2020*	2021*	2022*	2023**
Investments and expenditures for environmental resource efficiency in production and product ¹	Capital Investments	19.32	32.03	556.43	3,812.45***
	Operating Expenses	36.64	69.83	114.83	154.13
	Total Expenses	55.96	101.86	671.26	3,966.58***
Investments and expenditures for environmental resource efficiency in Research and Development (R&D) ²	Capital Investments	36.08	23.66	129.77	86.54
	Operating Expenses	165.81	210.73	486.85	1,679.23
	Total Expenses	201.89	234.39	626.62	1,765.77
Grand Total Expenses		257.85	336.25	1,297.88	5,732.35

*This data is expressed in nominal values without the application of IAS 29 Financial Reporting in Hyperinflationary Economies.

**Inflation accounting has been applied to this data according to IAS 29 Financial Reporting in Hyperinflationary Economies.

***The data has increased significantly compared to 2022. The main reason for this is that there are green building investments in 2023.

¹Investment and expenditures for environmental resource efficiency in production and product mainly includes environmental measurement and analysis cost, waste disposal and transportation cost, wastewater treatment plant expenses, the cost of employees working for the environment and energy, certification and authorization cost, consulting and training cost, maintenance and repair costs, renewable energy, energy efficiency (incl. production lines), green buildings and product related environmental resource efficiency in production. Data coverage is global.

²Research and Development investments and expenditures for environmental resource efficiency in product includes decreased energy consumption, decreased water consumption, decreased waste generation, GHG emissions' reduction, pollution reduction, decreased raw material consumption, increase usage of recycled materials or increased product durability/longevity in product. Data coverage is global.

THE EU TAXONOMY REPORTING

The EU Taxonomy Regulation and the Delegated Acts are a classification system to identify which of their economic activities, or the economic activities they invest in, can be deemed 'environmentally sustainable'. It is now legally in force within the European Union. According to reporting obligations and timelines, the

regulation of Arçelik, which is not an EU-based company, is currently not within the scope of the Taxonomy regulation for this financial year. However, Arçelik has voluntarily published the EU Taxonomy Report as of 2022.

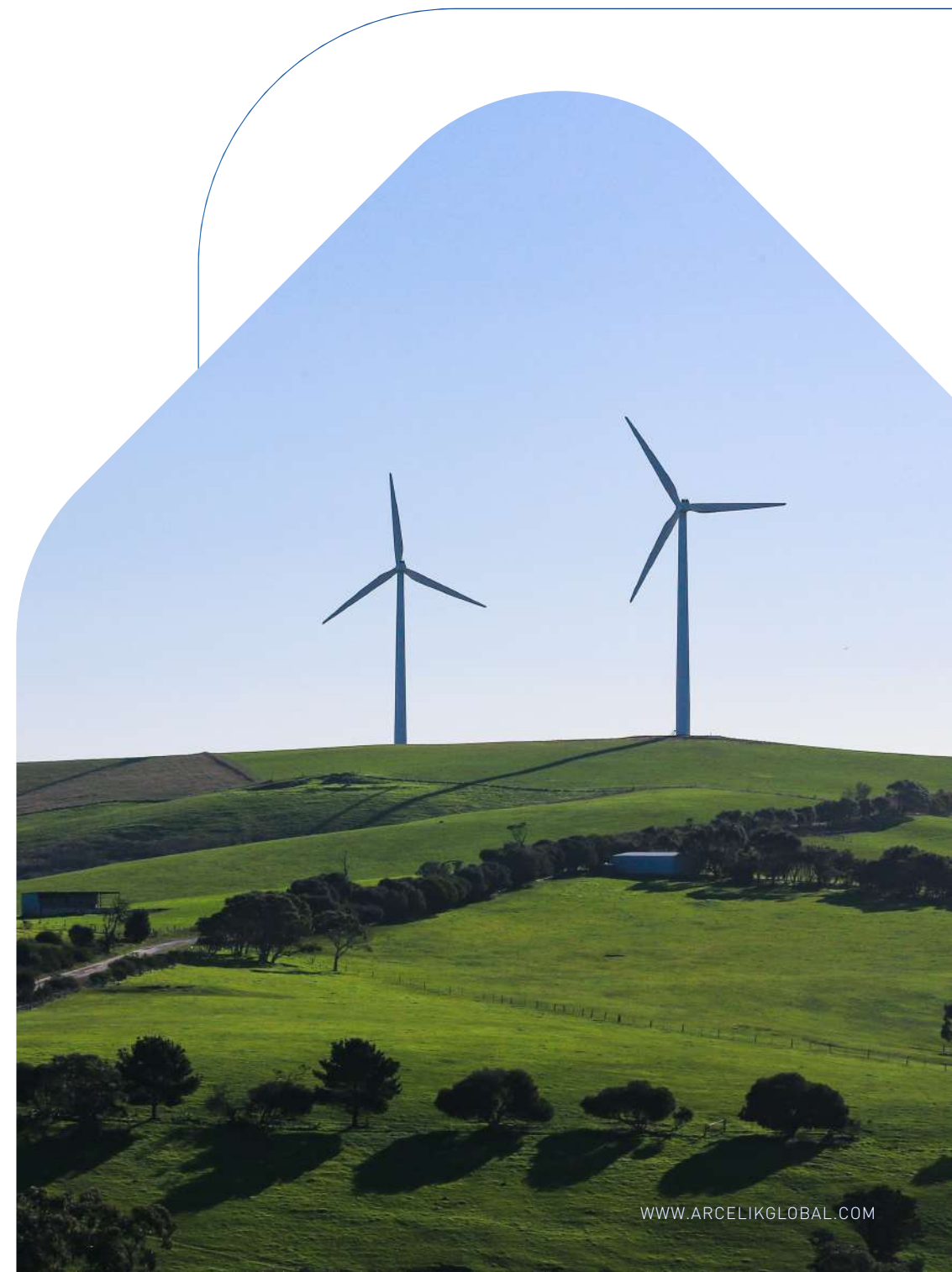
 For further information regarding Arçelik's EU Taxonomy Report 2023, please refer to [Annex 9, EU Taxonomy](#).

Substantial contribution criteria	Proportion of Turnover			Proportion of CapEx			Proportion of OpEx*		
	Eligible		Not Eligible	Eligible		Non Eligible	Eligible		Not Eligible
	Aligned	Not Aligned		Aligned	Not Aligned		Aligned	Not Aligned	
Climate Change Mitigation	14% TRY 36,502 million	38% TRY 96,641 million	48% TRY 123,961 million	11% TRY 1,552 million	36% TRY 4,930 million	53% TRY 7,309 million	12% TRY 232 million	38% TRY 738 million	50% TRY 974 million
Climate Change Adaptation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Water	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pollution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Circular Economy**	-	-	-	-	-	-	-	-	-
Biodiversity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	100% TRY 257,104 million			100% TRY 13,791 million			100% TRY 1,944 million		

*Total OpEx mentioned in the summary table represent only R&D expenditures, the consolidated value of Arçelik is TRY 63,762 million.

**Currently, 'Climate Change Mitigation(CCM)' and 'Circular Economy(CE)' objectives are applicable for Arçelik. However, this summary table has been prepared in related to the CCM objective. we aim to report the alignment in related to the Circular Economy objective for future disclosure.

N/A: Not Applicable



SUSTAINABLE FINANCING

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SUSTAINABLE FINANCIAL INSTRUMENTS

Our sustainable economic growth approach helps us to reinforce Arçelik’s ESG credentials and enables us to further strengthen our sustainability agenda.

Green Bond

We issued green bonds with a nominal value of EUR 350 million and a five-year maturity in 2021. The bond attracted a high level of demand from investors - being almost five times oversubscribed. More than 145 investors have invested in the bond, the coupon rate of which was determined as 3.00%. As of December 31, 2023, Arçelik had allocated all EUR 350 million of its Green Bond net proceeds to Eligible Green Projects including energy-efficient, eco-efficient, and circular economy-adapted products and the promotion of energy efficiency in production. Thus, the proceeds will support the company’s investments in energy and water efficient products, energy efficiency in production, sustainable water and wastewater management, pollution control and prevention, renewable energy, and green building initiatives.

➤ For further information, please refer to our [Green Financing Framework](#).

➤ For further information, please refer to our [Arçelik’s Green Bond Allocation and Impact Reports](#).

Green Loan

We have signed an eight-year loan agreement for EUR 150 million with the European Bank of Reconstruction and Development (EBRD), one of the most important green finance providers in 2021. The first EUR 83 million loan is structured according to the Green Loan Principles of the Loan Market Association (LMA). We plan to implement projects to achieve net-zero emissions in the value chain by 2050 through financing environmental Sustainability and R&D projects within the framework of the green loan.

Sustainable Deposit

Arçelik entered into a sustainable deposit transaction with Akbank worth TRY 30 million with a maturity of 90 days in 2023. With this financial transaction, Arçelik will be able to support projects that have a positive environmental and social impact, from renewable energy, clean transportation, circular economy, empowerment of women-owned/managed SMEs, SMEs’ access to finance, to earthquake zone financing.

Sustainability-Linked Financing Framework

Arçelik’s Sustainability-Linked Financing Framework launched in April 2024 is based on its sustainability agenda and goals. The framework includes the Company’s 2030 goals for GHG emissions reductions for scope 1&2 and scope 3 from use of sold products, and increase the percentage of women in the total workforce.

It has been also developed in line with the Sustainability-Linked Bond Principles (SLBP) issued by the International Capital Market Association (ICMA) in June 2023 and the Sustainability-Linked Loan Principles (SLLP) issued by the Loan Market Association (LMA) in February 2023.

➤ For further information, please refer to our [Sustainability-Linked Financing Framework](#).

➤ For further information, please refer to our [Second Party Opinion Report](#).



BUSINESS ETHICS AND TRANSPARENCY

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Business ethics is one of our core values. Arçelik's Global Code of Conduct and Related Policies shape our daily business conduct with stakeholders.

The Global Ethics Committee, which is led by the CEO, oversees the management and fulfillment of the Global Code of Conduct and Related Policies. Koç Holding Consumer Durables President, one of the members of the Board of Directors, updates the Board about the activities of the Ethics Committee and the company's compliance with the Global Code of Conduct and Related Policies. Our General Counsel quarterly reports to the Koç Holding Consumer Durables President. Each country manager is responsible for the implementation of the Global Code of Conduct and Related Policies in daily business practices.

THE IMPLEMENTATION OF OUR CODE OF CONDUCT

All our employees and business partners, including our temporary employees and interns, are obliged to comply with the Global Code of Conduct and Related Policies, and we expect them to internalize and follow these rules. The Global Code of Conduct and Related Policies is communicated in 18 languages, along with the global deployment of the ethics hotline.

At the beginning of their employment, our employees read and accept the Global Code of Conduct and Related Policies and obtain relevant training in their orientation program. All employees are also provided with a comprehensive face-to-face or online interactive training covering the Global Code of Conduct and Related Policies, which is predominantly about compliance risks such as anti-bribery and corruption, sanctions and export controls, personal data protection, competition law and anti-money laundering as well as the prevention of human rights violations and the prevention of discrimination and harassment, responsible purchasing, and conflicts of interest. In 2023, we trained 2,673 employees on the Global Code of Conduct. We also provide one-to-one training for our CEO and all our C level executive team on the Global Code of Conduct and Related Policies.

The Global Code of Conduct and Related Policies, as well as its compliance management systems, are third-party audited in line with the ISO 37301 Compliance Management System standard. In addition, our operations are evaluated based on a corruption perception index. As stated in the Global Code of Conduct, we did not donate or provide charitable contributions to political parties, politicians, or political candidates, and did not allow activities in support of political

demonstrations and propaganda or policy influence in the workplace during the reporting period. Moreover, the company's resources and fixtures (tools, computers, e-mails, etc.) were not used for political activities and/or campaigns.

Reporting Non-Compliance

We have set up a global whistleblowing mechanism where all stakeholders can report cases related to non-compliance with the Global Code of Conduct and Related Policies including but not limited to the Global Human Rights Policy, Global Whistleblowing Policy, Global Anti-Discrimination and Anti-Harassment Policy through the website-based ethics hotline (www.ethicsline.net), implemented in all countries. In addition, some countries receive notifications through the ethics hotline phone numbers as well.



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A whistleblower can be anyone who communicates an allegation or any other information indicating acts that are noncompliant with the Global Code of Conduct and Related Policies. We ensure that everyone sharing their concerns will be protected from retaliation and all investigations will be handled with complete confidentiality. The harassment or victimization of anyone raising a concern is not tolerated and individuals making a disclosure will retain their anonymity unless they agree otherwise.

We also ensure practical remediation actions to compensate for human rights harms that have occurred. Remediation actions include financial or non-financial compensation, apologies, offering rehabilitation, punitive sanctions, and administrative changes concerning organizational structure. Our communication channels regarding feedback and complaints are available to stakeholders.

For the harassment concerning mobbing issues, we take remediation actions including but not limited to psychological rehabilitation for an adequate remedy. Detecting the root cause of the harassment, changing the organizational structure of the related department where the issue happened, and changing the roles of some employees' positions are also steps we take in such circumstances.

We impose punitive sanctions considering the mitigating and aggravating factors in maintaining the non-repetition of the breaches as stated in Arçelik Global Code of Conduct Operations Policy.

In 2023, 243 cases were reported through ethics hotline channels. We closed all the cases and have no ongoing investigations related to the cases reported in 2023. Among the reported cases, a total of 27 were substantiated. The total number of grievances reported and resolved on anti-corruption and bribery topics, or money laundering or insider trading was zero during 2023. Due to the substantiated cases in 2023, 8 employees' contracts were terminated.

Penalties given to the employees as a result of their breaches against the Global Code of Conduct in 2023 were:

- Training and mentoring,
- Verbal Warning Placed in Employees HR file,
- Written Warning placed in employees HR file,
- Change of employees workspace,
- Performance grade decrease,
- Termination of employment.

Type of Substantiated Cases	Number of Substantiated Cases
Conflict of Interest	1
Internal Fraud*	10
Sexual Harassment	2
Unethical Behavior	6
Mobbing	3
HR Issue	5

*Cheating on the internal exam organized by the company, demanding commission from a third party, taking unfair advantage of the company's assets.

Arçelik protects and remediates those who have been affected by a negative human rights impact. For this reason, we have set up a global whistleblowing mechanism that can be used to report possible improprieties to unethical acts such as breaches of the Global Code of Conduct and Related Policies including the Global Human Rights Policy, Global Whistleblowing Policy, Global Anti-Discrimination and Anti-Harassment Policy.





HUMAN RIGHTS

At Arçelik, we fully respect human rights and are committed to comply with the rules of the International Labour Organization, the UN Global Compact and the UN Guiding Principles on Business and Human Rights, as indicated in our Arçelik Global Human Rights Policy and Human Rights Due Diligence Process. Additionally, we also commit to abide by the Code of Conduct of the Home Appliance Europe (APPLiA) as a signatory company, as well as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Our Global Responsible Purchasing Policy also dictates the rules which we abide by when doing business with our partners. Our alignment with globally acknowledged principles reflects our dedication to human rights related practices.

A dedicated Human Rights Department organizes regular third-party and internal human rights assessments within the global organization, prepares a risk mapping of potential and actual violations, and takes necessary mitigation and remedial actions pursuant to the Global Human Rights Due Diligence Process. The Department is also responsible for convening the Human Rights Committee (HRC) which aims to proactively ensure that the operations in the value chain

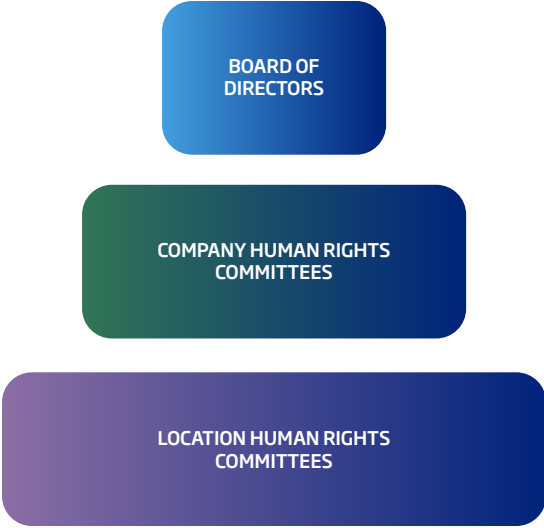
do not have adverse impacts on individuals. Within this scope, the HRC meets four times a year to systematically review and revise the risk mapping of potential human rights issues within our existing business and new business relations, as well as risks in the value chain. In terms of the value chain, our priority is assessing the risks of Tier-1 suppliers.

The HRC is chaired by the Chief People Officer, and representatives from various teams attend the Committee, which are Production and Technology, Finance, Supply Chain, Purchasing, Occupational Health and Safety, Sustainability, Quality Systems, Global Compliance, Environment, Global Communications, Human Rights and Human Resources. The Koç Holding Consumer Durables President, who is board member, has been assigned by the BoD as the board member responsible for reporting on human rights issues, potential risks, and action plans. The Chief People Officer reports quarterly to the relevant Board member on actual and or potential human rights violations and the remediation and/or mitigation action plans.

We manage our human rights process for all locations in a systematic manner. Within this scope, we have Location Human Rights Committees (LHRC) at all manufacturing plants, which are responsible for reviewing

our risk map and taking necessary mitigation and remediation actions related to the Global Human Rights Due Diligence Process to ensure that the related location does not have any adverse impacts on individuals. The decisions made by the LHRC, which meets quarterly, are reported to the HRC. The Management Team and the related departments heads are members of these Committees. The Human Rights Location Responsible are responsible for convening Location Human Rights Committees. Within this scope, the LHRC meets quarterly in a systematic manner. The decisions taken by the LHRC are reported to the Company Human Rights Committee by the Human Rights Department.

Our Committee Governance is shown below:



Human Rights Due Diligence Process

The Arçelik Human Rights Due Diligence Process outlines the approach adopted by Arçelik for the identification of actual and potential adverse impacts of salient human rights issues considered relevant for Arçelik’s operation network in the entire value chain.

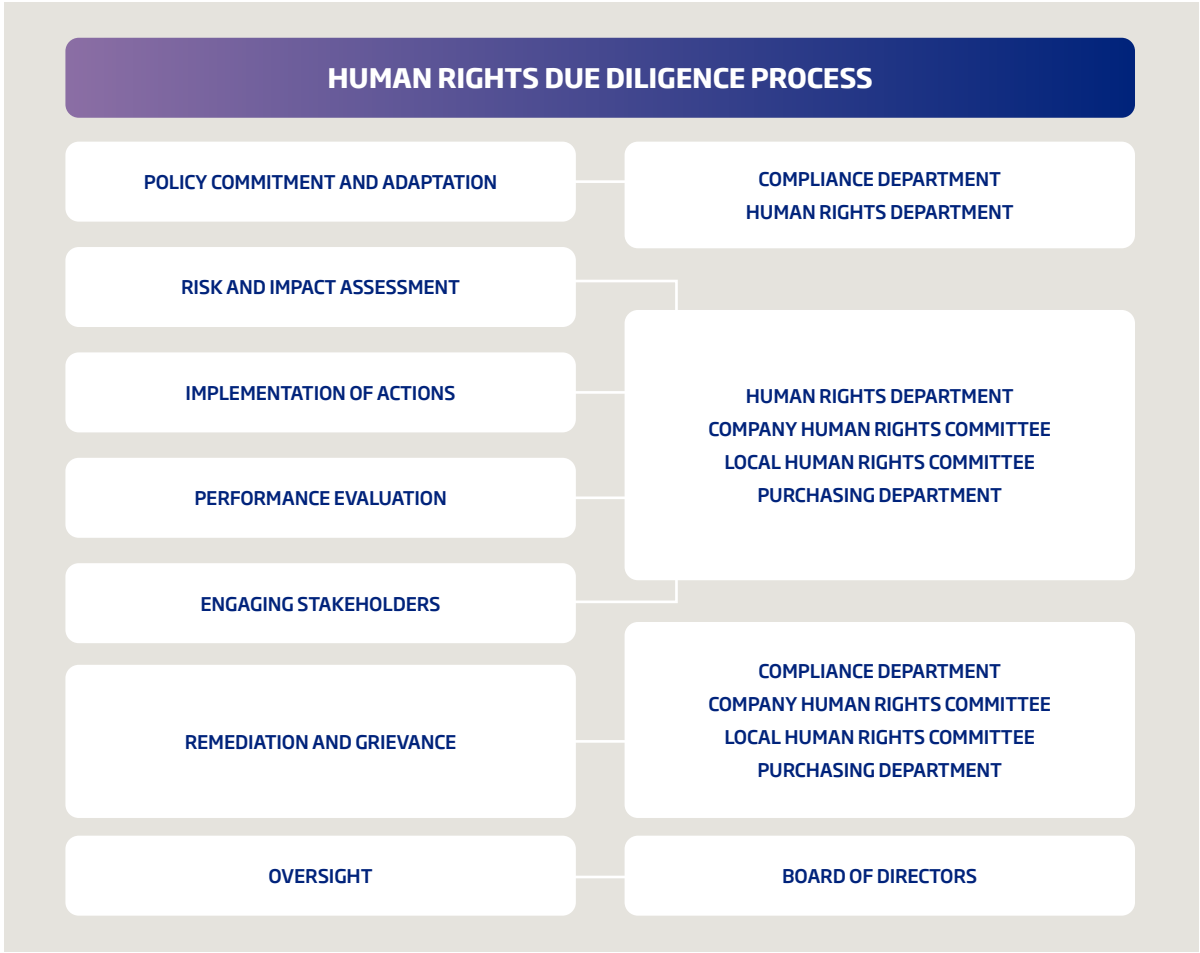
We are subject to regular audits due to our membership of the Business Social Compliance Initiative (BSCI) and the Suppliers Ethical Data Exchange (SEDEX). Our operations are regularly audited in topics such as social management systems, employee engagement, freedom of association and collective bargaining, prevention of discrimination, fair remuneration, decent working hours, OHS, prevention of precarious employment, prevention of forced and child labor, environmental protection, and ethical behavior. Customer-specific audits also may be performed on request.

We fulfill all requirements in each country in which we operate, in line with the local and national laws and regulations. Signed contracts comply with legislation in the countries where we operate and fully comply with local GDPR rules. We strictly follow, pay attention to, and commit to compliance. According to the results of BSCI and SEDEX audits, there was no finding

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for incidents of child labor, forced or compulsory labor in our own operations. In line with our zero-tolerance policy, we terminate our relationships with suppliers who may be involved in human rights violations.

We also conduct internal audits that are managed by our internal auditors. After internal audits, audit reports are shared to the relevant partners and prepare and follow mitigation and remediation plans with relevant employees responsible for Human Rights and the Human Rights Committees' Leadership.



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In 2023, all our factories, including joint ventures (31/31), were subject to human rights assessments internally or by third-party audits. 31 manufacturing facilities have been internally audited, and 23 have been third-party audited.

We have mitigation plans for the identified risks in 31 manufacturing facilities, including joint ventures. No major human rights issues were identified in our operations and joint ventures. The results of internal and external audit findings

are discussed in the Human Rights Committee, and corrective action plans follow the mitigation actions.

Findings and the related mitigation actions taken within the scope of human rights assessments at our manufacturing facilities are listed below:

Internal Audit Findings	Details	Non-Conformities	Improved	In Progress	Open	Mitigation Actions Taken
Social Management System	Social compliance awareness	12	8	4	0	<ul style="list-style-type: none"> • Continue to conduct BSCI training for hourly paid employees • Following working hours reports periodically
Workers Involvement and Protection	Subcontractor employee topics	3	2	1	0	<ul style="list-style-type: none"> • Subcontractor topics are embedded in social management meetings
Decent Working Hours	Overtime working	18	12	6	0	<ul style="list-style-type: none"> • Follow the working hours reports periodically and discuss results with the managers
Occupational Health and Safety	Periodical control reporting implementations	37	33	4	0	<ul style="list-style-type: none"> • Chemical leak drills are conducted • Fire extinguishing system designs are improved • Improvements are made regarding dressing rooms • Timely periodic checks of machinery and equipment were maintained
Ethical Business Behaviour	Bribery and anti corruption risk mapping	4	3	1	0	<ul style="list-style-type: none"> • In line with compliance topics, the effective risk mapping process is conducted
		74	58	16	0	

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External Audit Findings	Details	Non-Conformities	Improved	In Progress	Open	Mitigation Actions Taken
Social Management System	Social Compliance reporting	9	5	4	0	<ul style="list-style-type: none"> Monitoring the overtime reports Minor revisions are made in subcontractor social compliance documents
Workers Involvement and Protection	Social compliance trainings monitoring	2	2	0	0	<ul style="list-style-type: none"> The examination following BSCI trainings undergoes systematic monitoring. The relevant procedural guidelines are prominently displayed adjacent to the complaint box
Fair Remuneration	Health screening fee payments for candidates	6	2	4	0	<ul style="list-style-type: none"> Health screening fee payments for candidates is under review
Decent Working Hours	Overtime working hours	6	5	1	0	<ul style="list-style-type: none"> Engaging in a project to oversee overtime and establish an alert mechanism in collaboration with manufacturing teams Following the reports systematically with related managers
Occupational Health and Safety	Enhancements within the workplace	27	25	2	0	<ul style="list-style-type: none"> Safety levels of the machineries are increased.
No Bonded Labor	Revision of documentation about overtime	4	3	1	0	<ul style="list-style-type: none"> Updating some statements in overtime related documents
Ethical Business Behaviour	Bribery and anti corruption risk mapping	4	3	1	0	<ul style="list-style-type: none"> Structuring the effective the anti corruption and bribery risk mapping
		58	45	13	0	



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Based on the salient issues defined in the Arçelik Human Rights Due Diligence Process, a human rights risk assessment process is carried out regularly to identify, prevent, and mitigate any human rights risks through the value chain due to the business operations including all our facilities, and joint ventures. All internal and external audit subjects are covered in the human rights risk assessment process.

The risk levels are identified based on two factors, which are the likelihood of impact and the level of impact. The likelihood of impact scale ranges from very unlikely to very likely regarding the probability of the situation, while the level of impact risk rating scale ranges from low to high by considering the scale, scope, and whether the situation is remediable.

The results of risk assessment based on the two criteria are divided into three groups: Low, Medium, and High-level risks. We control and mitigate potential and/or residual impacts after establishing preventative and corrective action plans regarding human rights within business operations. This enables us to ensure that our approach is proactively effective for controlling the impacts which might arise from our manufacturing facilities.

Arçelik also conducts third-party ethics audits at its suppliers. Accepting and complying with Arçelik Global Responsible Purchasing Policy is a contractual obligation, and our Tier-1 material and product suppliers are also subjected to business ethics audits.

 For further information, please refer to the [Sustainable Supply Chain Management section of the Report.](#)

Right to Collective Bargaining and Freedom of Association

As Arçelik, we respect and ensure the protection of our employees’ right to collective bargaining and freedom of association. We aim to build a trusting relationship with our employees and unions, abide by the requirements of legislation and collective bargaining agreements, and ensure a peaceful workplace. Please find below a list of authorized labor unions representing employees and a list of collective bargaining agreements:

- Türkiye: MESS - Turkish Employers’ Association of Metal Industries (MESS) (authorized labor union representing employers).
- Romania: Solidaritatea Union
- South Africa: NUMSA, UASA, MEWUSA and SAWU
- China: Trade Union of Arçelik Hitachi Home Appliances (Shanghai) Co. Ltd.

- Thailand: Hitachi Workers’ Union of Thailand
- Pakistan: United Refrigeration Industries Workers Union, United Refrigeration Industries Labor Union, Dawlance Employees Worker Welfare Union and Dawlance Mazdoor Union

In 2023, 67.7% of our employees were covered by collective agreements in countries where we have manufacturing plants, and in Türkiye 100% of hourly paid workers work under a collective labor agreement. A total of 212 of our employees were members of labor unions, while two employers represented their group in employers’ unions. A total of 214 employees and employers are in labor and employers’ unions.

In the case of collective and/or individual layoffs or changes in duties, we apply the relevant provisions stipulated in the labor legislation and collective agreements applicable in the countries of operation.





HUMAN CAPITAL

At Arçelik, human capital is considered as the most precious asset for achieving long-term strategic targets. Within this scope, Arçelik is committed to nurturing and retaining a diverse pool of the best talents, as well as fostering an environment that allows individuals to thrive and contribute effectively on a global scale. Therefore, Arçelik’s top priority in human resources management is to improve all processes continuously to create a future fit culture.

Arçelik defines culture as a combination of leadership DNA, values, traditions, beliefs, interactions, behaviors, and attitudes. **Our Culture** always upholds our three main pillars which are **Our Purpose, Our Values** and **Our Leadership DNA**.

Our Purpose is our common cause; it defines why we exist and unites us in a shared ambition for the future: “Inspire Sustainable Lives in Every Home”. This purpose represents the impact we aim to create in the world together as Arçelik employees. We focus on fostering growth and making a positive impact on communities and our planet. It is achieved by democratizing access to sustainable lifestyles around the world, taking action and inspiring others as well.

Our Values define the fundamental motives and beliefs that guide what we do as we deliver our Purpose. They come to life in every decision we take, in our practical behaviors and, and how we work together to get things done.

Our Leadership DNA defines the winning behaviors that are unique to us and critical to our long-term success. Our Leadership DNA shows how we behave as individuals and how we operate as a business.

➤ For further information about Our Culture, please refer to [Our Culture on our website](#).

In 2023, our focus shifted to local culture deployment, where we aimed to enhance our culture code through the design of half-day workshop sessions. These workshops are structured as interactive sessions, incorporating a review of Leadership DNA definitions reinforced by short, energizing exercises. To facilitate these local workshop sessions, we assembled a robust deployment team consisting of 318 internal facilitators from 32 countries. This dedicated team underwent train-the-trainer sessions, equipping them to lead their own local culture workshops. Having completed 8 train-the-trainer sessions, the Culture Deployment Team initiated the deployment of local culture workshops.



Agile Transformation

Organizational agility is the ability of an organization to rapidly adapt to change and uncertainty while staying customer-focused, demonstrating flexible approaches, and continuously renewing itself. In doing so, it is essential to empower teams and establish structures where teams are focused on common goals. With this approach, Arçelik aims to design leaner and more agile structures.

Following the successful transformation in the Central R&D organization, agile organizational

structures were implemented in Plant R&D units in 2022. The agile transformations in Plant Production Engineering and Production Technologies organizations were implemented by the end of 2023.

With agile transformation, we improve our processes by understanding, collaborating, learning, and having flexibility to respond to changing customer needs and to collaborate with stakeholders effectively.

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In addition to business units that have undergone organizational transformation or are currently undergoing transformation efforts, there are also business units across Arçelik that execute their projects using agile methodologies.

These are the projects including information technology projects, e-commerce applications in Türkiye and South Asia, and marketing product projects.

Employees for each role in all phases of the organizational study, starting from the pilot phase, are assigned to agile training. Our agile transformation gains acceleration as employees in different departments with supplementary skills who completed training on agile transformation gain roles in pilot projects.

within the scope of Agile Academy. Since the transformation started in 2021, 2,183 employees received agile trainings on Agile Academy.

In order to support the transformation across the company, an Agile Transformation governance structure has been established. The transformation is monitored in the following four areas:

<p>1. Organizational Structure:</p> <p>Designing of the roadmap and implementing agile organizational structures.</p>	<p>2. Employee Experience and Communication:</p> <p>Tools are designed for employees to communicate their own needs and expectations, their experiences are evaluated, and information flow is ensured during the transformation process.</p>
<p>3. Culture and Capabilities:</p> <p>The measurement of agile maturity level and the development of company-wide training and development plans are carried out in this dimension.</p>	<p>4. Business Processes and Infrastructure:</p> <p>Preparing the systems and processes that functions need for their agile transformation journeys, especially Human Resource processes.</p>

As part of the transformation, we aim to establish the organizational and operational structure backed by the training with Agile Academy. The trainings under Agile Academy cover the challenges and coping methods, leadership styles, team dynamics and decision-making mechanisms. Through the training, our aim for the leaders is to reveal how to build autonomous teams, and to transform into inspiring leaders with their leadership style. As for other participants, the aim of the training includes discovering the positive impacts of an agile working culture and improving their knowledge in terms of both theory and practice.

Besides the business units mentioned above, many other functions within the company utilize the agile working method as a team or on a project basis are being included in the training within the scope of Agile Academy.

In 2023, 474 unique employees attended 7,012 hours of training under 13 training titles



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Human Capital Indicators

Our performance in 2023 in numbers is available below and in [Annex 5. Social Performance indicators.](#)

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Total number of employees

Men: 29,392

Women: 11,135

Total number of new employee hires

Men: 668

Women: 444

Employee Turnover

Total: 19.0%

Voluntary: 10.4%

Involuntary: 4.4%

Number of employees by region

Region	Women	Men
Türkiye	3,712	15,991
APAC	1,794	2,659
South Asia	482	4,221
Europe	2,816	2,731
Middle East & Gulf	10	19
Sub-Saharan Africa	731	1,454
North Africa	15	176
USA	32	54
Russia&Central Asia	1,543	2,087

Hiring

Region	Women	Men
Türkiye	186	250
APAC	109	135
South Asia	36	134
Europe	71	76
Middle East & Gulf	4	3
Sub-Saharan Africa	11	10
North Africa	4	40
USA	3	3
Russia&Central Asia	20	15

Senior management* at significant locations of operation** that are hired from the local community***

Men: %50

Women: %25

*Managers including N-2 and above are considered as senior management.
 **Significant locations of operation means that production-based locations and locations have senior managers are considered.
 ***Local means that the majority of nationality of country that subsidiary placed.

Total Employee Turnover by Region

Region	Turnover (%)
Türkiye	25.1%
APAC	12.9%
South Asia	5%
Europe	14.7%
Middle East & Gulf	16.6%
Sub-Saharan Africa	13.2%
North Africa	3.7%
USA	36.9%
Russia&Central Asia	24.3%



For further details, please refer to [Annex 5. Social Performance Indicators.](#)

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Diversity, Equity, and Inclusion

We are dedicated to creating a purposeful, equal, and diverse work environment for all. Our commitment extends to maintaining an inclusive culture that fosters decency and respect for every employee. We firmly believe that unlocking the full potential of everyone is crucial for building a sustainable future. In our efforts, we strive to cultivate a workplace where our 40,000+ employees worldwide are esteemed for their unique skills, experiences, perspectives, and identities, enabling them to unleash their full potential and contribute significantly to our success and the well-being of our planet.

Arçelik is actively working towards infusing diversity, equity, and inclusivity into every facet of its operations. To achieve this objective, the company has implemented various initiatives, such as establishing a dedicated global team focused on diversity, equity, and inclusion (DEI). A supervisory position has been overseeing our DEI strategy since 2022. Arçelik's DEI goals are integrated into the scorecards of the Chief People Officer and the Culture & Leadership Director. In 2023, Arçelik formulated a comprehensive Global Diversity, Equity, and Inclusion strategy through extensive research to gain a more holistic and global perspective on this matter.

To amplify employee voices, a global inclusivity survey was conducted, engaging 6,000 employees. Focus group meetings involving 210 employees from diverse countries and departments, along with six top management interviews, were conducted. The collected data and insights culminated in the establishment of the global "Diversity, Equity, and Inclusion Committee" to enhance the employee experience. With the support of top management and the Committee's efforts, the Global Diversity, Equity, and Inclusion strategy was crafted, adopting a 4 focus-area and a 4+1 diversity approach. The identified four focus areas and 4+1 diversity approach are as follows:

Following the strategic roadmap set in 2023, Arçelik established local Diversity, Equity, and Inclusion (DEI) teams, representing 31 countries globally with a total of 179 members. Additionally, to facilitate communication between countries and share best practices, a Global DEI Committee was formed with 55 members. In 2024, the Arçelik DEI School will open, aiming to raise awareness and knowledge levels of the Global DEI Committee and integrate them into action plans.

We have further actions in terms of equal representation of gender, which is one of our four global priorities. Moreover, in order to

ensure that our progress towards inclusive culture at workplace, we offer side benefits for families, programs for parents, plus unconscious bias trainings and assessments.



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Gender Equality at Arçelik

We are committed to promoting workplace gender equality by ensuring equal rights and opportunities for all. Our efforts focus on increasing the representation of women at every level within our organization and raising awareness about the significance of gender diversity in business. In pursuit of these objectives, our recruitment and talent acquisition policy, along with the adherence to the principle of equal pay for equal work, plays a pivotal role.

In alignment with its diversity, fairness, and inclusivity goals, Arçelik has been recognized as one of the 485 companies included in the 2023 Bloomberg Gender Equality Index.

Equal Representation Targets

Our workplace gender equality targets for 2030 are notably ambitious, aiming for a substantial increase in women's representation across all levels in the workplace. For additional details on the targets and progress toward achieving them, you can refer to the 2030 Sustainability Targets table. As a signatory of the UN Women's Empowerment Principles (UN WEPs) since 2017, we aim to promote gender equality in communities as well as at the workplace. We also support the Action Coalition platform and are committed to increasing gender equality at both

workplace (STEM-related positions only) and communities.

For our Action Coalition commitments, please refer to [our website](#).

For further details regarding data of gender equality at all levels and several positions, please refer to [Annex 5. Social Performance Indicators](#).



Our roadmap towards our 2030 workplace gender equality targets covers the below mentioned initiatives:

- Candidate Shortlists: Ensure the inclusion of at least 50% or two women in all candidate shortlists, fostering a balanced and equitable selection process.
- KPI Integration: Integrate qualitative and quantitative Key Performance Indicators (KPIs) into hiring and talent management procedures across all subsidiaries to assess progress in advancing gender diversity.
- Practices for Attraction: Implement specific practices aimed at attracting more women to fortify recruitment and talent pipelines. Prioritize enhancing the visibility of women employees as role models and fostering attraction by featuring our women leaders as keynote speakers at university career activities.
- Inclusive Job Postings: Craft job postings with inclusive, gender-neutral language, focusing on objective criteria and comprehensive job descriptions to avoid discriminatory language.

Equal Pay for Equal Work Principle

Gender pay equality assessments in line with our equal pay for equal work policy, evaluating multiple levels, including top management, management, and non-management. Regular monitoring of performance in terms of pay equity occurs, with Key Performance Indicators (KPIs) reviewed annually. This assessment covers our policies, procedures, documentation, targets, improvements, and compliance-related actions, ensuring ongoing commitment to pay equity.

For further details on assessment data, please refer to [Annex 5. Social Performance Indicators](#).

Inclusive Culture at Arçelik

We offer a wide range of side benefits and programs to employees to empower them. In order to ensure that our workplace has an inclusive culture, we take actions towards eliminating unconscious bias.

Side Benefits for Families

Childcare allowance is provided as a side benefit in Türkiye in line with regulation and we have Childcare Allowance Policy in Pakistan.

In 2023, we provided lactation rooms, private spaces, and paid time off for breastfeeding to 64% of our employees, while adoption leave and assistance were available to 55% of our global workforce.

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According to our global paid parental leave standard, all our employees are eligible for fully paid parental leave and benefits. The policy covers a minimum standard of 16 weeks of fully paid maternity leave and a minimum standard of 5 calendar days of fully paid paternity leave.

 For further information regarding related performance indicators, please refer to [Annex 5. Social Performance Indicators](#).

Additionally, in cases of bereavement or when family support was necessary, we extended paid time off beyond our standard benefits, covering 99% of our employees worldwide in 2023.

Eliminating Unconscious Bias


As part of the inclusive culture transformation, Arçelik continued its work on unconscious bias in 2023.

 For further information regarding the unconscious bias training, please refer to the [Learning and Development section of the Report](#).

Furthermore, inclusion modules have been incorporated into the Future Fit Leadership 1.0 and 2.0 training sessions to further enhance the understanding and practice of inclusivity within our organization. We also continued people manager sessions in 2023.

We carry out certain assessments yearly for our managers and recruiters in order to ensure a fair recruitment and internal promotion process free from unconscious bias. Therefore, these assessments including competency-based interviews, case studies, online simulations, and role plays are carried out by third-party companies with one-on-one feedback sessions for each participant.

762 hiring managers and recruiters took part in the assessment in 2023 for competency-based interview techniques for hiring managers and recruiters, which are crucial to ensure fair methodologies and avoid discrimination. Additionally, objective evaluation criteria have been a part of “potential assessment forms”, which are used for determining potential employees.

What's Next? 

In 2024, Arçelik will be advancing its commitment to Diversity, Equity, and Inclusion (DEI) by seamlessly integrating these principles into the OKRs of our executives, fostering a global, inclusive workplace. As part of this initiative, a specialized DEI School will be established to empower Global DEI Committee Members, deepening their expertise in driving impactful DEI initiatives. Extending our DEI commitment to the broader community, a DEI School for the children of our employees will be introduced. This program aims to instill inclusive values from an early age, contributing to a more inclusive future generation. Additionally, our 42 internal unconscious bias trainers at a global scale will deliver unconscious bias training to employees.

Simultaneously, we are embarking on a pilot program for Employee Resource Groups (ERGs) to cultivate a stronger sense of belonging and community among our diverse workforce. Recognizing the importance of employee well-being, we will prioritize, and pilot initiatives tailored to address the varied needs of our workforce.



Regional Equal Opportunities and Inclusion Support Activities

In Bangladesh:

International Women's Day Celebration: A total of 75 female colleagues participated in this initiative, marking a celebration and commitment to gender equity. The project uniquely combines education and empowerment, offering a platform for learning and inspiration. It raises awareness of women's contributions, imparts knowledge on gender equality, and draws inspiration from successful women in society.

Women's Health, Well-being & Safety Initiatives: Half-day training programs prioritize the physical and mental well-being of female employees. Approximately 150 female employees participated in daylong mental health, workplace safety, and anti-harassment programs. These initiatives aim to re-educate and raise awareness, fostering mental, physical, and safe workplace well-being.

In Pakistan:

Onboarding for Persons with Disabilities: Creating an inclusive environment at Dawlance for persons with disabilities is our focus. The project establishes an accessible onboarding process to seamlessly integrate individuals with disabilities into the workforce. We eliminate entry barriers through adaptations, enhanced accessibility, and specialized training tailored to their needs. Four sensitization sessions, involving 70 employees, took place identifying sign language and disability champions at all plants.

Women's Development Program - Grit to Great: Launched in March 2023, our program, "Grit to Great" empowers female staff through workshops, mentorship, and skill-building. The year-long initiative aims to provide skills, resources, and growth opportunities, fostering leadership, expanding networks, and creating an inclusive environment. With 105 participants across Pakistan, the program has increased gender diversity from 7.9% to around 10% by the end of 2023. All female employees now have increased exposure to senior management within the company.

In Italy:

A groundbreaking comedy show, "Up and Down", challenges disability stereotypes and celebrates diversity. With 129 participants, it challenges societal views on disability, promoting inclusion through a unique blend of humor and a powerful message. This innovative project disrupts traditional theatrical norms, highlighting the talents of individuals with Down Syndrome.

In the UK:

In 2023, the UK DE&I Committee delivered impactful updates on cultural events, fostering awareness of diverse cultures, religious observances, and communities, including Diwali, Pride Month, Women's Equality Day, Global Diversity Awareness Month, St Andrews Day, and Hanukkah.

Beko UK, also played a key role in launching the 2023 Rising Together program for Women in Leadership and released Beko Plc's 2023 Gender Pay Gap report.

Regional Equal Opportunities and Inclusion Support Activities

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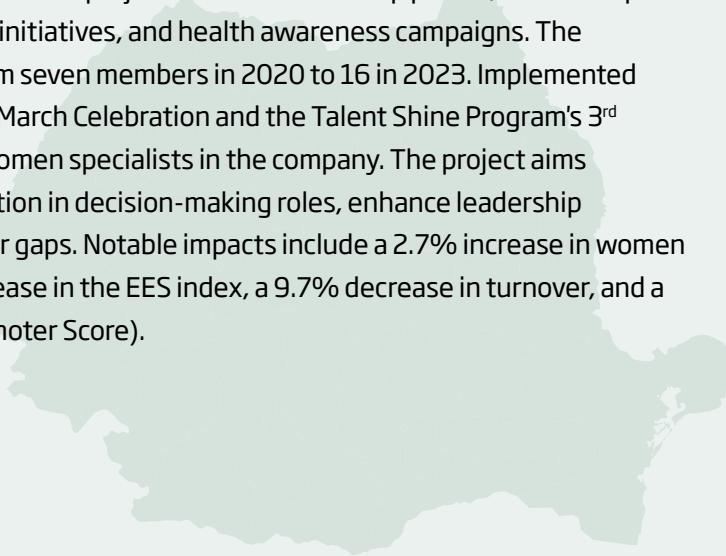
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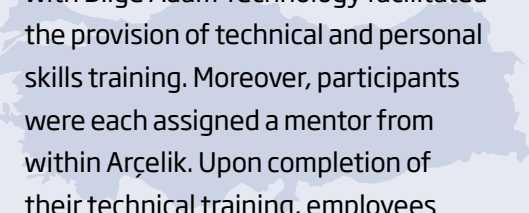
In Romania:

Arctic Women Community: Initiated in 2020, this pioneering program supports our DEI strategy with a tailored approach to local needs. Representing a benchmark initiative, it stands on three pillars: Awareness, Education, and Sustainability. Run by 16 women volunteers, the program includes 30+ projects such as leadership panels, mentorship programs, talent development initiatives, and health awareness campaigns. The volunteer group has grown from seven members in 2020 to 16 in 2023. Implemented actions in 2023 include the 8th March Celebration and the Talent Shine Program's 3rd Edition, aimed at developing women specialists in the company. The project aims to increase women representation in decision-making roles, enhance leadership awareness, and address gender gaps. Notable impacts include a 2.7% increase in women in leadership roles, a 69% increase in the EES index, a 9.7% decrease in turnover, and a 40% increase in NPS (Net Promoter Score).




In Türkiye:

The Inclusive Project, initiated in December 2021 with 14 employees, is a project designed to develop and recruit individuals with disabilities. In the first three months, collaborative efforts with Bilge Adam Technology facilitated the provision of technical and personal skills training. Moreover, participants were each assigned a mentor from within Arçelik. Upon completion of their technical training, employees were appointed to monitoring teams, undertaking responsibilities for First Level and Second Level Support. In 2023, 5 project graduates were successfully employed at Arçelik.



In China:

We obtained the government's reward for overfulfilling the disability hiring quota and responded to the government's call and to actively recruit employees with a disability to improve the disability employment ratio.



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Talent, Performance and Career Management

We believe in the importance of the roles played by employees in enabling our business to differentiate and transform. We are committed to aiding talent in unlocking their full potential. Therefore, we make a great effort to develop their skills and competencies through talent and performance management programs. Our talent management approach centers around our employees' skills and competencies. Our goal in talent management is to contribute to the growth and sustainability of our company by building steady and reliable pipelines for both leadership and critical roles.

We conduct talent review meetings globally every year to manage our human resource in the most effective way and create areas where employees can fully realize their potential by making the right investments. These meetings aim to create synergy by discussing the company's strategic priorities, future vision, and employee growth and development opportunities, and to take proactive actions by closely monitoring talent needs. We objectively evaluate our employees' performance and provide training, development and career opportunities, to enable them to take required initiative for their individual growth, with the

principle of equipping people with the right skills for the right job. Within this regard, we annually analyze the gaps and needs, which result in assigned programs shaped for the roles and elective programs regarding the individual preferences. Furthermore, our talent acquisition process is carefully designed to align with sustainability goals, ensuring the recruitment of individuals who not only possess the required skills but also demonstrate a commitment to environmental and social responsibility. Through inclusive hiring practices and continuous refinement of recruitment strategies, we aim to build a diverse and sustainable workforce capable of driving long-term success.



Our goal is to improve the retention rate of employees and attract new talents. Therefore, our talent management approach includes:

- Providing our employees with solutions that allow for the development of functional and behavioral knowledge and skills, preparing them for future roles by equipping them with both current and future skills.
- Supporting our employees with the appropriate development activities at the right time to get the most out of the development activities.
- Supporting the development of our employees as a whole by means of "training or learning", "interaction" and "experiencing" methods and diversify the development activities we offer them.

Young Talent Programs

We firmly believe in the advantages of fostering a multi-generational and inclusive workplace. Accordingly, we have introduced a range of programs aimed at attracting young talent as a core component of our employer branding strategy, concentrating on recent and upcoming graduates. Our initiatives seek to amplify the recruitment of young talent, especially targeting women, individuals with technical expertise, and those studying abroad seeking opportunities in their home countries. We actively engage in partnerships with leading universities to attract and nurture promising young talent.



For further information, please refer to the [Supporting Society with Equal Opportunities and Inclusion](#) section of the Report.

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Fresh Start Internship Program

We extend an invitation to young and bright talents in their third and fourth years of university or recent graduates, offering them a first-hand experience of Arçelik’s work environment through our annual Fresh Start internship program. This immersive initiative provides students with exposure to Arçelik’s factories and offices across different countries, coupled with tailored training and projects geared towards fostering competence development across various fields. Upon successfully completing the internship, participants may seize the opportunity to transition into a permanent role at Arçelik Global.

We engage our target audience through a multi-faceted approach, utilizing advertisements, social media platforms, career portals, and experience-driven events. The program consistently garners an average of more than 13,000 applications annually. In 2023, we continued to offer both 30-day and 20-day internship options, accommodating both hybrid and on-site working systems. We welcomed over 550 interns from diverse backgrounds, including Türkiye, Pakistan, Romania, Thailand, China, and Bangladesh.

 For further information regarding our other young talent programs (WE-inTech, PREP, A Ticket for Your Future), please refer to the [Supporting Society with Equal Opportunities and Inclusion section of the Report](#).



Fit Graduate Program

The Future in Talent (FIT) Graduate Engineering Program began in 2021 and is set to end in 2024. It was created as a 3-year accelerated development program for 10 engineering graduates in Arctic Romania. The program includes a mentoring component, personalized development plans, and a comprehensive training curriculum designed specifically for graduate students who have earned a technical master’s degree.

Smart League

Smart League is a two-step competition designed for engineering college students to identify the most talented individuals in Beko LLC. The competition consists of two stages, written exams to assess logical and numerical abilities and practical mechanical work with equipment to evaluate engineering skills.

The examination commission comprises our engineers and production managers, who assess the results. Three winners receive special awards from the factory and are required to work at the factory for a certain period after graduating from college. A ceremony is held at the end of the competition to congratulate the winners. Additionally, a special award is given to female college students.



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University-Industry Cooperation Program

Cooperating with universities enables us to deepen our understanding of young talent while aiding them in transitioning their academic skills to practical work settings. Throughout the academic year of 2023-2024, Arçelik provided a platform for over 200 students to commence their undergraduate thesis projects, fostering invaluable work experience within our organization.

In addition, we strive to create a pool of young talent by collaborating with various universities. Through these partnerships, we aim to establish pathways for recruiting young talents directly from academic institutions into our workforce.

What's Next? →

In 2024, we are ready to take our initiative to the next level. We are expanding our young talent programs to reach new heights and amplify their impact. Our goal is to enhance participation and diversity, creating a more robust talent pool within Arçelik. We will continue prioritizing partnerships with universities worldwide, providing students with expanded opportunities for hands-on learning and meaningful engagement. Through these efforts, we are dedicated to driving innovation, empowering our workforce, and making a lasting positive impact on the communities we serve.



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Performance Management

Our performance management system focuses on transparency, stays agile and flexible, supports cooperation, and is fed with open and continuous feedback dialogues. The system helps us to consistently track our employees' performance, ensuring that both employees and departments across the organization are working effectively towards achieving our business targets. Managing the performance of our employees is also an important part of engaging and motivating our workforce.

Our performance management system, Koç Dialogue, is based on three pillars, which are Objective Key Results (OKRs), Multi-Dimensional Scales, Feedback and Development Dialogue.

We completed to expand the Koç Dialogue performance process in our subsidiaries in 2023 to approximately 6,000 more monthly paid employees from 38 countries. Within this scope, all monthly paid employees are included in the performance management system.

To improve performance management for especially agile working teams, we implemented a separate tool that collects team members' reviews of employees' performance using a specific template. By providing structured feedback, this tool offers clear guidance to

managers prior to performance evaluations on the Koç Dialogue, a process for setting and reviewing individual goals and development plans. After introducing the tool in 2022 for the Central R&D team, we have expanded its use to other agile working teams in 2023.



Objective Key Results (OKRs)

Feedback and Development Dialogue

Multi-Dimensional Performance Appraisal

Scope

- A maximum of five objectives and a maximum of four key results for each objective are defined
- Specific, measurable, achievable, relevant, and time-bound (SMART) objectives, and tracking progress toward achieving those objectives through specific key results
- A living system which is open to continuous revisions

- A clear structure of agile feedback collection process between team managers and employees
- Reviewed and adjusted OKRs regularly based on feedback and results to ensure continuous improvement

- Separate evaluations based on:
 - o What results were achieved
 - o How the results were reached

Type

- Individual OKRs: Set by an individual employee to achieve personal objectives and measure individual performance
- Collective OKRs: Set by a team or group of employees to achieve shared objectives and measure team performance, which can foster collaboration and a shared sense of purpose
- Development OKRs: Focused on personal or professional growth, helping employees acquire new skills and knowledge to advance in their careers and improve engagement and job satisfaction

- Periodic check-in meetings held five times in a year between managers and employees to:
- Define OKR is a goal setting framework that helps organizations define and track objectives along with measurable outcomes, fostering clarity and alignment within the team.
 - OKR Fine Tuning involves the process of adjusting and refining Objectives and Key Results to ensure they remain relevant and challenging.
 - Self-Criticism refers to the practice of individuals evaluating their own performance, identifying areas for improvement, and actively seeking ways to enhance their skills or processes.
 - Career Talks involve discussions or sessions focused on individuals' professional development, career goals, and strategies to navigate their career paths.
 - End Year Meeting is a gathering where teams or organizations reflect on the achievements, challenges, and lessons learned throughout the year, setting the stage for future planning and improvements in the coming year.

- 360-degree feedback can be obtained by peers, supervisors, subordinates
- More complete understanding of employees' performance and provide more targeted feedback

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Future Fit Development

We aim to enhance the individual development, professional capabilities, and skills of employees for today and the future by providing learning and development solutions. Future Fit Development is reflecting our purpose, values, leadership DNA, and culture code.

Inspired by the "Future Fit" approach, our goal is to ensure developing employees are ready for the future by acquiring new competencies and skills. Future Fit Development Framework consists of three main pillars; core, capability and leadership supported by future fit development methods.

In 2023, a total of 1,304,926 hours of training were received, and average hours and average amount spent on training and development per employee were 32.2 hours and TRY 3,388, respectively. A total of 6.1% of these training sessions were conducted through online learning platforms.



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Future Fit Core

Future Fit Core pillar includes development solutions aligning with Arçelik's strategy and essence and supporting common areas of focus for all Arçelik employees.

As part of Future Fit Core, employees will be provided with online and in-person development opportunities. Orientation programs (Warm-up), Purpose-Driven Programs encompassing values of the company and mandatory training, and Leadership DNA Essentials targeting the development of distinctive behaviors for Arçelik employees are positioned within this group.

In 2023, within the framework of Future Fit Core, our employees received a total of 779,086 hours of training. 5% of these training sessions were conducted through online learning platforms.

779,086

★

hours of training received by our employees within the Future Fit Core framework

Future Fit Core	Target Group	Aim	Program Metrics & Output 2023
Warm-up Program	Newcomers	The "Warm-Up" orientation program at Arçelik is designed to fast-track new employees' adaptation to the organization. The training covers sessions on shared values and culture, strategies, and work-life rules.	This global program consists of six sessions held regularly throughout the year, with 456 participants from 32 countries.
Leadership DNA Essentials	All Employees	The Leadership DNA Essentials trainings emphasize the facilitation of the adoption, internalization, and enhancement of competencies, thereby contributing significantly to the company's development and vision of strengthening the soft skills of its employees based on the defined values of Arçelik.	A total of 185 training sessions totaling 26,765 hours were conducted for 1,310 employees, including those from overseas subsidiaries also satisfaction rate among training participants is 94%
Purpose Driven Programs	All Employees	The trainings aim to encompass all our employees in line with the company's mission, values, and strategic priorities contribute to instilling a vision among our employees in critical areas such as Sustainability, Environment, Energy, Health and Safety, Chemicals, Regulations, Ethics, Diversity, Equity, and Inclusion.	A total of 513,507 hours of training was provided to 80,033 individuals as part of the targeted program throughout the year.
Purpose Driven Programs			
Compliance Program	All Employees	Purpose Driven Programs also includes a Compliance program; encompassing six categories: Ethical Principles, Combatting Bribery and Corruption, Sanctions and Export Controls, Personal Data Protection, Prevention of Money Laundering, and Competition Law. The program strives to ensure employee compliance with ethical and legal standards, enhance policy awareness, and provide necessary skills to mitigate risks.	A total of 7,356 hours of training was provided to 2,673 individuals.
Rising Together	Women Talents with Certain Level	The program helps women in leadership positions or seeking high career goals move beyond gender biases and understand how to respond to them. Participants will gain awareness about the challenges that women face in the workplace, as well as the trade-offs that they must make when building a career.	A total of 161 unique participants successfully finished the program from 25 different countries, with a total of 2,268 hours of training. The satisfaction rate among training participants was 93%.
Unconscious Bias Program	Managers	As part of the inclusive culture transformation, we started providing unconscious bias training to all managers in 2023. We aimed to create a common language and understanding and to make more fair and objective decisions independent of our prejudices.	A total of 90 senior management and 967 managers participated in these training courses on a global scale, with a participation rate of 75% and 50%, respectively. In addition, it is aimed at 42 volunteer internal trainers, whose training has been initiated on a global scale, to expand the training in 2024 for people managers.

Stand-alone training that is not part of a program within the scope of core training has been additionally included in the total training hours.



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Future Fit Capability

Future Fit Capability includes programs and training to prepare organizations and their employees for current and future roles, with a focus on reskilling and upskilling.

As part of Future Fit Capability, functional academies, functional and technical development training and language development solutions are offered to reskill and upskill our employees.

As a critical component of capability development, we conduct internal training programs with our in-house volunteer trainers and Master Class programs that aim to foster peer-to-peer learning;

The Internal Training Program, initiated in 2021, is designed to develop internal trainers by enhancing their technical and functional expertise for capability development. Through a certified train-the-trainer program, these internal trainers then conduct courses in their respective areas of expertise, supporting the deployment of corporate expertise. As of 2023, 101 internal trainers are organizing courses in 80 different titles, with a total of 741 unique participants and 28,319 hours of training. The Internal Training Program has resulted in a savings of over TRY 4,869,000 in 2023.

The Masters Class Program, which continues to focus on the development of current competencies and the acquisition of new skills through a collaborative learning/development approach, has been implemented in the Production & Technology and Finance functions. Within the program, 154 participants have collaborated in small groups of 2-3 individuals for a duration of seven months. Participants have been supported with training and supervision throughout the program.

In 2023, within the framework of Future Fit Capability, our employees received a total of 491,894 hours of training. 7.6% of these training sessions were conducted through online learning platforms.

491,894 ☆

hours of training received by our employee within the Future Fit Capability framework



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Future Fit Capability	Target Group	Aim	Program Metrics & Output 2023
Functional Development Programs & Academies			
Agile Academy	Departments are currently transforming to agile working style	Agile Academy supports the spread of agile culture, agile working principles, a governance across Arçelik.	A total of 474 participants attended out of 1,203 eligible employees. 13 different courses and received a total of 7,012 hours of training, with a satisfaction rate of 87%.
Techpro Academy	Engineers, experts, senior experts & Technicians working in Production and Technology	The Techpro Academy is crafted in alignment with current trends, it places a strategic focus on design thinking, data analytics, material and process flow, and user experience. Within the Techpro Academy, the TechPro-T program addresses the specific needs of our technicians, aiming to cultivate both their technical expertise and personal competencies. The Academy, enriched with business-oriented content, plays a vital role in seamlessly translating academic knowledge and experience into practical business applications within the Production and Technology function. Together, these initiatives form a cohesive strategy, fostering a dynamic and competitive edge for our organization in the global arena.	A total of 246 participants out of 2,821 eligible employees completed 8,381 hours of training with a satisfaction rate of 88%.
Technical Academy 4.0	Technicians and Operators	Technical Academy 4.0 aims to develop the technical competencies of our technicians and operators in the Production & Technology Group in line with Industry 4.0.	A total of 34 participants out of 1,416 eligible employees completed 464 hours of training with a satisfaction rate of 92%.
Women Operator Program	Women employees in Production Teams	This reskilling program intends to improve women production employees by qualifying them for Industry 4.0 and allowing them to work in a variety of jobs.	A total of 63 participants out of 1,907 eligible employees completed 11,088 hours of training in the program, yielding a satisfaction rate of 90%.
MEXT Digital Literacy Training	Operators and team leaders	The goal of the training is to raise awareness about the impacts of digitalization by scrutinizing the various components of digital transformation within the industry, spanning from suppliers to customers. This involves hands-on experiences with innovative technologies in production simulation.	Under specialization development programs, a total of 1,005 number of attendees out of 13,240 eligible employees were received 7,844 hours of training with a satisfaction rate of 100%.
Marketing Academy	All global marketing, brand, and product marketing employees in HQ and Subsidiaries	Empowering marketing capabilities through dynamic programs within Arçelik One Marketing Community. Enabling One Marketing team to upskill and reskill while driving top-line and ensuring future readiness.	A total of 5,481 hours of training sessions were conducted through 13 different programs, 814 of attendees out of 838 eligible employees participated from 33 countries with a satisfaction rate of 88%.
Product Academy	Sales and Marketing Teams	Product Academy aims to enhance the competencies of product and brand teams by offering various training programs globally. Practical training supported by Erasmus+ has been conducted in eight countries, contributing to the development of practical skills. Specialized training sessions with Hitachi and APAC teams provide customized solutions tailored to regional needs. The effective training approach of Product Academy allows participants to constantly improve their knowledge and skills.	Product Academy provided practical training sessions for professionals from 26 countries, delivering a total of 139 hours of training. Specialized practical training sessions for brand teams in Türkiye included 150 participants, while online training sessions conducted in eight different countries reached 700 individuals. As a result, with the practical and online training, a total of 850 participants were reached with a satisfaction rate of 90%.
DigiTal Academy - Information Technology Academy	IT Employees	The program in line with development journeys and trainings aims to improve the competencies of Information Technologies employees.	A total of 1,147 participants and 174 unique participants completed a total of 10,029 training hours with a satisfaction rate of 93%. Also, the development journey for the Business Analyst role was created and executed in 2023 as a result of the program.

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Future Fit Capability	Target Group	Aim	Program Metrics & Output 2023
Global Leader	Employees who have potential to work on an international platform in line with organizational requirements	Managing diversity, increasing productivity in applying corporate standards, cooperating with different people, bodies and establishments that may foster synergy, and representing Arçelik internationally are amongst the competencies that the program aims to develop.	A total of 26 participants from 11 different countries completed a training program, accumulating a total training time of 2,300 hours. Following the training, two employees were relocated to international positions, and six now hold globally functioning roles. The overall satisfaction rate among the training participants stands at 93%.
HR Academy	Both HQ and Subsidiaries Human Resources Employees	The improvement of skills in data analytics, coaching, and facilitation techniques within the Human Resources function is aimed for.	A total of 103 participants from 13 different countries engaged in five distinct courses, accumulating a total training duration of 2,994 hours, with a satisfaction rate of 92.5%.
Purchasing Academy	Purchasing Employees	The Purchasing Academy Program, developed in collaboration with the Chartered Institute of Procurement and Supply (CIPS), an accredited organization specializing in purchasing, seeks to enhance employees' awareness in purchasing and to boost their knowledge and skills in the field.	A total of 11 training courses have been planned across five different topics, with 134 participants, and 31 individuals have successfully completed and graduated from the program. In 2023, a total of 11 training sessions with a combined participation of 215 individuals have been organized, with 128 participants from Türkiye's purchasing and related units, and 87 participants from international teams.
Production and Technology Group Specialization Programs	Engineers, Specialists, Technicians and Technical Leaders of P&T	Arçelik places a strong emphasis on continual knowledge enhancement for operators and team leaders through role-based development. In 2023, the company introduced new initiatives, namely the Electronics Team Development and P&T Skills Development Programs, to augment existing efforts such as the Design Academy and Mechanical Systems Academy, aimed at fostering future skill development.	Under specialization development programs, 890 participants were offered 153,622 hours of training.
Language Development Solutions			
Language Training	All Employees	Foreign Language Trainings aims to improve employees' speaking, writing, listening, reading and grammar skills by providing relevant solutions.	A total of 1,155 unique participants completed a total of 45,163 training hours.

Stand-alone training that is not part of a program and capability training planned based on customized needs have been additionally included in the total training hours.



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Future Fit Leadership

As a prominent brand in the sector, Arçelik is dedicated to fostering leadership development through specially designed programs. Within the Future Fit Leadership category, initiatives have been crafted to fortify the leadership pipeline, a key priority for Arçelik, while also concentrating on the development of leaders who serve as exemplars in propagating and internalizing the Arçelik culture. These programs are structured to be accessible for leaders at every level within the company.

In 2023, as part of the Future Fit Leadership framework, our employees received a total of 33,946 hours of training, with 12% of these sessions being conducted through online learning platforms. This approach reflects the commitment to modern and accessible learning methods within the leadership development initiatives.

Future Fit Leadership	Target Group	Aim	Program Metrics & Output 2023
Future Fit Leadership 1.0	Employees targeted to advance in the leadership line	The program aims to cultivate the leadership skills of employees who have exhibited readiness for future leadership roles and are potential candidates for essential positions within the company's future. Aligned with the company's goals and strategies, the initiative strives to support their development in harmony with the Arçelik Leadership DNA.	Since 2017, we have engaged 410 participants in our program. A total of 210 of these participants, constituting 51%, hold managerial positions. Among the participants, 130 corresponding to 31%, are women, with 61 of them progressing to managerial roles. This represents a 47% overall promotion rate, while among those who became managers, the rate stands at 29%. The satisfaction rate of the program has been 97%.
Future Fit Leadership 2.0	Managers appointed to team management roles for the first time	The program is designed to provide support for managers and team leaders who have been newly appointed to team management roles, aiming to cultivate the essential skills necessary for leading groups of employees effectively.	A total of 101 participants representing 19 different countries successfully completed a program, accumulating a total of 3,485 hours of training, and the overall satisfaction rate for the training standing at 87%.
LEAD Programs	All managers and potential employees	Our goal is to enhance the professional and personal development of our colleagues through leadership training. The LEAD programs encompass a blend of theoretical and experiential training initiatives, strategically designed to unleash the potential of colleagues at all levels within office environments, preparing them for future challenges. The LEAD programs comprise a diverse portfolio of 29 distinct courses, including Harvard Business School Programs, Emeritus Programs and many other prestigious universities. The LiderSensin Program, conducted in collaboration with renowned universities, reflects our commitment to delivering high-quality, reputable education.	A total of 145 participants completed programs, accumulating a total of 5,943 hours of training. The satisfaction rate of the program has been 93%.

Stand-alone training that is not part of a specific leadership program that is planned based on customized needs have been additionally included in the total training hours.





Talent Mobility and Promotion

Talent Mobility

We encourage rotation of our employees within departments, functions, and/or subsidiaries on a local and international scale. Our Talent Mobility Program takes the individual and organizational capabilities into consideration and covers four types of assignments: strategic, technical expert, developmental, and employee driven.

These moves can aim strategic and/or technical expertise transfer to ensure organizational success or have development purposes for individuals.

Strategic Assignments: These are typically in senior management roles with an impact on the country or wider business strategy. The assignment objectives are of a strategic nature, such as leading a new operation or M&A activities, instilling corporate control or creating a continuous performance culture.

Technical Expert Assignments: Technical Expert Assignments are driven by business to serve the business needs for specific technical expertise transfer. Assignment objectives mainly include the transfer of skills, information exchange, during M&A or integration processes.



Strategic

- Typically for top management roles
- Leading new operations, M&A, corporate control, or performance.

Technical Expert

- Driven by business needs
- Transfer of the know-how and required capabilities to local employees during M&A and integration processes

Developmental

- These assignments are a part of an individual growth plan driven by the organizational need for the individual to have a global mindset gained through exposure to the business or markets. An opportunity for global leadership capability development to multi-cultural exposure as well as a retention tool

Employee driven

- Requested by the employee through internal job postings, rather than the business or HR

Developmental Assignments: These assignments are a part of an individual growth plan driven by the organizational need for the individual to have a global mindset gained through exposure to the business or markets.

Employee Driven Assignments: Requested by the employee through internal job postings, rather than the business or HR.

The duration of the four types of assignments can be:

Short-term Assignments: An international assignment of a temporary duration starting

from 3 months to 1 year that does not usually imply a change of residence. Short-term assignments are not structured as including family accompany to assignee.

Long-term Assignments: An international assignment of temporary duration lasting more than 1 year, after which the employee is either expected to take up another assignment or return to Home Country:

- Strategic Long-term Assignments: lasting from a minimum of 3 years to a maximum of 5 years. Any assignment extension should be approved by the CEO.

- Technical Expert Long-term Assignments: lasting from a minimum of 1 year to a maximum of 3 years, with exceptional extensions to a maximum of 5 years. Any assignment extension should be approved by the CEO.

- Developmental Long-term Assignments: lasting minimum 1 to maximum 3 years.

Permanent Transfers: A transfer to another country with no defined end date. Please note that Employee driven assignments mentioned before are treated as Permanent Transfers with regards to terms and conditions. This scope includes employees who apply for and are hired for a permanent position outside their home country through the global internal job posting system. Permanent transferees receive remuneration in line with Host Country peers.

The Talent Mobility opportunities allow employees to gain experience in different functions or countries during their early career advancements to prepare them for broader roles. Therefore, rotation experience is a criterion that is considered for growing to senior level appointments.



Promotion

Regarding internal promotions, we implement two different methods which are job grading and organization assignments.



For further information on internal hires and employees promoted data, please refer to [Annex 5. Social Performance Indicators.](#)

Job Grading

- A basis for compensation management, recruitment and talent and career management
- A consistent, transparent framework for all jobs as well as an insight into the relative contribution of each job
- Review all grades and promote our employees who meet the criteria accordingly.



Organizational Assignments

- A pool of talents through both our internal job posting mechanism and succession plans
 - > Internal job posting mechanism informs our employees for the vacant positions and contribute to our internal talent pool
 - > Succession plans cover vertical or horizontal appointments as advancements or job rotations for current management positions to grow from inside and create opportunities for individuals to develop within the organization.
- Through succession plans, we also aim to:
 - > utilize its internal human capital and invest in the right people to be ready for the right positions
 - > transfer of know-how of managerial roles to the individuals in the pipeline
 - > support the organization's speed and agility to respond to changes and/or growth

Employee Remuneration, Financial Compensation and Side Benefits

As Arçelik, we apply the principle of "equal pay for equal work" to all our remuneration procedures and our approach is to provide a competitive salary for our employees. Our [Global Salary Policy](#) guides us in remuneration and compensation processes. A significant percentage of employees is compensated on wages over minimum wage rules, and we apply local minimum wage at significant locations of operation.



For further information, please refer to [Annex 5. Social Performance Indicators.](#)

We also offer extensive benefits to further support our employees. Benefits provided for employees in Türkiye are private health insurance, membership of the Koç Holding fund for retirement and social support, professional and personal development training, awards for supreme performance, devotion, contribution and creativity, transportation, the Koç Family Program (special advantages regarding the products and services of Koç Group companies, special campaigns, and extra benefits), loan application (for car, house purchases, special events, etc.), social benefits (funds for marriage, birth, education, etc.), lunch, and medical treatment in the workplace.

Position-oriented benefits exist for employees in Türkiye such as accident insurance, health check-ups, mobile phones, car, oil expenses, repair, and maintenance.

Monthly paid employees can benefit from Flextra in Türkiye, a flexible and customizable benefits scheme. Employees are given several options to select from including life insurance, gift cards, check-ups, and private pension plans, subject to the allocated budget.


Employee Engagement

Employee engagement is one of the focus areas that ensures our employees have work-life satisfaction. Our aim is to create a diverse, inclusive, and transparent working environment where everyone feels equally valued. We conduct employee engagement surveys yearly for our global operations. The employee engagement rate was 65.7% in the survey in 2023 with an 80% global participation rate. The employee engagement rate of our women employees was 66%, while it was 55% for men employees. The number of highly engaged employees in 2023 represents 24% of the participants of the survey.



The engagement survey asks about the degree of satisfaction with the job, the purpose employees feel they have, plus happiness and stress felt at work. The employee engagement survey questions cover 13 categories in total including diversity and inclusion, performance management, rewards and recognition, and sustainability.

At Arçelik, we strongly pursue our goal to increase employee retention by understanding the reasons behind employee turnover. We consider both individual and industry-specific factors when determining the target turnover rate, analyzing the reasons behind voluntary and involuntary turnover, and implement strategies to reduce the turnover rate.

 For a breakdown of the employee engagement data and turnover rates, please refer to [Annex 5. Social Performance Indicators](#).

To ensure continued high employee engagement, our practices are as follows:

Employee engagement research continues to be conducted within the framework of confidentiality rules. When the results are announced, employees and managers create action plans together, and managers receive feedback from employees. This helps our current and future talent to form a strong bond with our company in their professional and personal lives.

- We regularly listen to our employees by conducting pulse surveys to collect their feedback. We make action plans according to survey results and share and realize them with the relevant units.
- We organize regular townhall meetings where employees get informed about updates and news concerning the company and engage with top management.
- The Suggestion System enables all employees to give suggestions on productivity quality, and process improvements in line with the company's goals and strategies and share them with the top management team.
- We make sure to conduct one-to-one dialogues between employees and their managers every six months to discuss achievements and challenges and mentor them for their professional development.
- We organize DialogueZone meetings globally where our top management team come together with volunteer employee groups to answer their questions and hold candid discussions.
- We reward our employees for their successful projects as part of our global Pioneers Award Programs under five distinct categories: Environment Society Contributors, Digitalization, Collaboration Developers, Creative Innovators, and Growth Accelerators.
- We annually celebrate employees' years of service (over 10 years) and give them rewards and appreciation certificates.

Best Place to Work Certification

The certification program awards organizations offering the best working environment and aims to recognize companies that stand out in their industries as employers of choice. Arctic Romania and Beko Austria have been certified as “Best Place to Work” in 2023. The Certification is a recognition of our transformational journey perfectly aligned with our HR strategy and people agenda for both short and long term.

What’s Next? →

We aim to improve the experiences of our employees by making changes in the focus areas. One of our focus areas is the implementation of new procedures for special and difficult life experiences (death, birthday, promotion, etc.). In addition, we aim to address things that affect employees every day such as food, service, and hygiene issues.

Our other focus area is to strengthen the experience of our managers of hourly paid employees through leadership development programs. Finally, we will continue to listen to employee voices to improve their Lifecycle and Daily Experiences throughout the year.





Employee Well-Being

Arçelik Employees Sports Clubs

Arçelik sports teams represented Arçelik in corporate company leagues, Koç Group Sports Festivals, and organizations throughout the year. Within the scope of the Koç Group Sports Festival, which was held for the 34th time in 2023, 536 Arçelik employees took part in competitions in the 17 branches mentioned above and won 10 trophies individually or as a team on behalf of Arçelik. At the same time, a total of 88 people from nine different countries (Italy, England, Russia, Romania, Morocco, Pakistan, Balkans, South Africa, Germany) participated and competed in seven branches (basketball 3x3, mini football, table tennis, beach volleyball, tennis, cross-country running), badminton) representing Arçelik.

Arçelik Tennis Team, Table Tennis Team, and Football Team represented Arçelik in the Koç Group Companies' relevant Leagues. Apart from these, Arçelik sports teams have achieved success by taking part in the following official leagues and organizations and corporate company leagues:

- Arçelik Basketball Team won the Decathlon Companies League Basketball Championship.
- Arçelik Basketball Team became the champion and winner of the cup in the Decathlon Companies League Basketball 2023 spring season.
- Arçelik Men's Volleyball Team won the bronze medal in the Fonex Corporate Volleyball League.
- Arçelik Running Team took part in the Eskişehir Half Marathon and Istanbul Marathon and won first place in the Companies category in the Republic Run Race in İstanbul.
- Arçelik Swimming Team represented Arçelik in the Istanbul and Dardanelles races.
- Arçelik Sailing Team achieved podium places by representing Arçelik in the races in the Turkish Sailing Federation calendar throughout the year. According to the overall results of the Muğla and Istanbul stages of the 4th international Presidential Yacht Races, it came first in the IRC 0 classification and third among all classifications. In addition, employees who were interested in sailing and maritime training were given Basic and Advanced Sailing training with the support of the company.



Arçelik Employees Hobby Clubs

Arçelik has 15 different hobby clubs that appeal to different interests to support the hobbies that our employees want to experience or develop outside working hours. In addition to contributing to the individual social and cultural development of employees, clubs also strengthen internal communication ties within our company. In 2023, 15 hobby workshops opened to all our employees and over 500 employees participated.

Flexible Working Hours Program

Our Flexible Working Hours Program provides our employees with the opportunity to manage their

time according to their needs. In line with the program, employees can manage their own work schedule with the condition of working between 10 a.m. and 4 p.m. and a minimum of 45 hours per week.

Hybrid Working Program

Being fully aware of changing work habits and trends, we have a permanent hybrid working model. We have a global framework and guidance which supports our global operations to define their own hybrid working policy within the framework provided.

Our global manufacturing facilities work on 4+1 hybrid model due to the nature of the work while subsidiaries implement 3+2 and 4+1 models. As of July 2023, Arçelik Türkiye team introduced a new hybrid model, bringing flexibility to the existing 3+2 operating model by being in the office 60% of the working days in a month and working remotely for two weeks per year.

Part-Time Working Options

In some countries, we provide part-time job opportunities and support part-time working options. At some of our locations, we provide women employees with children under six years old the ability to work part time, in accordance with local legislation.

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At Arçelik, we are committed to promoting the health and safety of all individuals, including our employees and contractors, through a range of proactive measures. We also promote harmony and excellence in employee health and safety practices among employees and stakeholders by maintaining the sharing of knowledge and experience.

We manage OHS through an integrated approach with our quality and environmental management systems. In 2023, our manufacturing plants were covered by ISO 45001 OHS Management System certification which accounts for 97% of FTEs globally. In addition, BSCI audits are carried out by third parties for Arçelik’s plants globally, as well as Arçelik internal OHS audits and Koç Holding’s audits in Türkiye. Weekly and monthly OHS field audits are also carried out by Line Managers in all manufacturing facilities and warehouses.

Our health measures cover both physical and mental health to ensure that we help reduce absenteeism and improve productivity. Arçelik employees have access to primary care and preventative health practices, provided by health departments in all Arçelik plants. All Arçelik employees in Türkiye benefit from supplementary health insurance as a side benefit. Additionally, if employees desire

insurance with a higher payment limit, they can buy further private health insurance provided by KHEV (Koç Holding Pension and Assistance Fund Foundation). All employees in Türkiye have access to the online health platform Medihis, free of charge. Medihis is a psychological counselling service organized by Koç Pension Foundation. Our employees can contact various physicians, specialists, psychologists, and dietitians through the platform. They also can create and store their medical archives on Medihis and access them 24/7 from anywhere. Managers and higher-level employees periodically receive check-ups in private hospitals free of charge. In 2023, we conducted regular global online surveys to monitor employee stress levels. Based on the feedback received, we implemented targeted engagement and communication activities to support our personnel's physical and psychological well-being.

ZERO ACCIDENT WORKPLACE

We leverage technology and digitalization to create the safest workplace and reach our zero occupational accident and occupational disease targets. In line with those targets, we assess our occupational health and safety (OHS) risks, conduct audits, and raise awareness through training programs, and initiate behavioral

change. Our Occupational Health and Safety Policy and OHS Workplace Code of Conduct guide all our OHS processes at all operation locations. We ensure that we fulfill all our obligations in accordance with both international commitments and collective bargaining agreements and go beyond rules and regulations.

We take actions in line with the Arçelik OHS Action Plan for increasing our overall performance on OHS issues. We embed OHS performance into the performance scorecards of the Chief Technology and Production Officer and the Chief People Officer, as well as relevant directors and all relevant employees.

Several types of OHS risk assessments are carried out in work areas to identify hazards and risks. With the active participation of employees, workplace risks are reported via mobile applications and necessary precautions are taken. The working areas are monitored 24/7 through Artificial Intelligence Safety Systems which inform managers when a risk is detected, and machine equipment systems are automatically stopped in pilot areas.

Health risk assessments are also prepared with the participation of occupational physicians. Ergonomic risk analysis is prepared, and appropriate equipment is researched so that

employees can work more ergonomically. The health status of our employees is monitored starting from the beginning of the working contract with periodic health checks. With the aim of preventing health problems, a healthy working environment is created by making regular environmental measurements.



EMPLOYEE HEALTH AND SAFETY

Emergency Actions Plans are prepared for distinct types of emergencies and to minimize the loss (including loss of life, property, reputation etc.) during an emergency. Training is provided by Emergency Response Teams, and drills are organized regularly with the participation of our employees. Disaster Awareness Training is also organized for our employees.

We emphasize employees' representation in OHS management and include our workforce in the decision-making processes. Our employees are represented on OHS committees and employee representatives share safety concerns and play an active role in determining preventative measures through a suggestion system.

In global operations, the Lost Time Injury Frequency Rate (LTIFR) for employees and subcontractors was 1.51 and 3.21 in 2023, respectively, while the Occupational Disease Frequency Rate for employees was 0.1. Total working hours were 84,920,583 in global operations covering plants and offices. In 2023, the number of fatalities for employees and contractors at work was 0. The assurance for relevant OHS data is carried out by a third party.

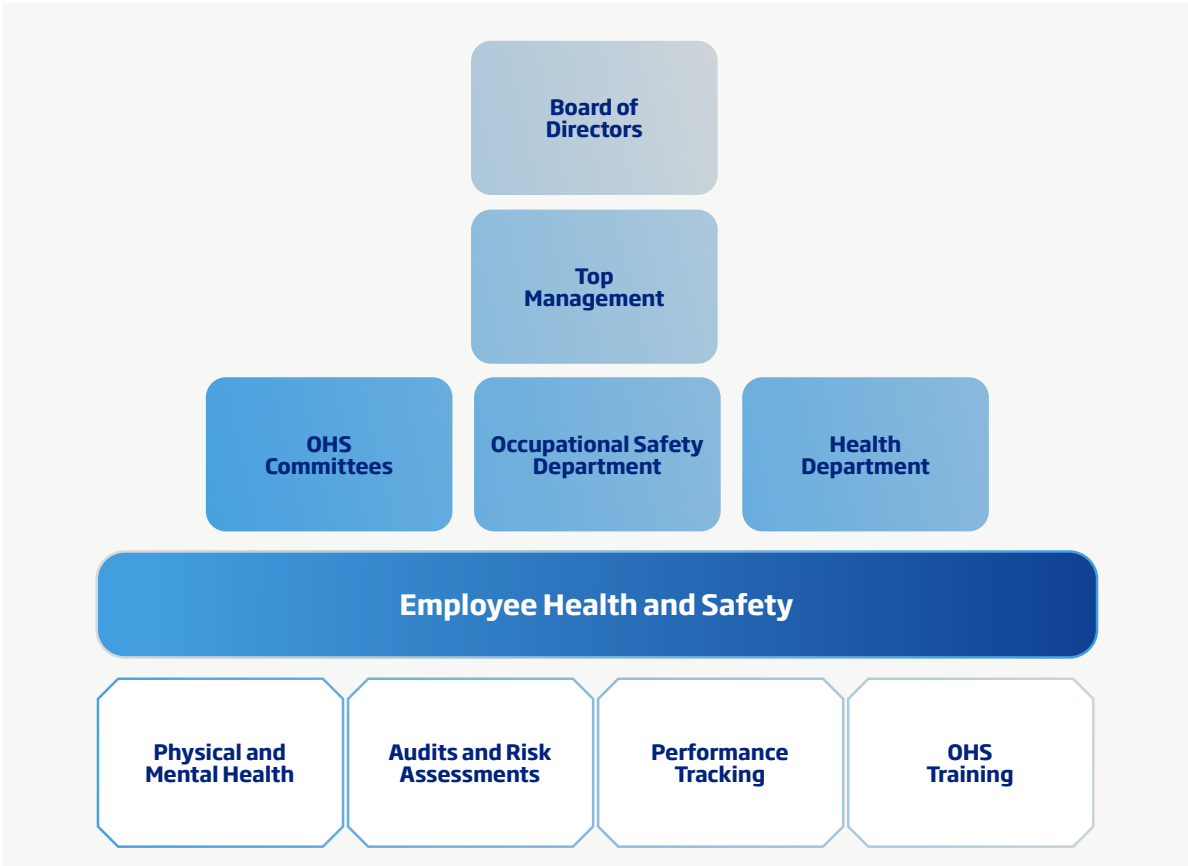
We have quantified internal targets on a yearly and three-year basis to reduce the LTIFR, the Lost Time Injury Severity Rate (LTISR) and to increase the employee near miss and potential hazard notification levels. The major projects for preventing the most common, and high consequence accidents in our plants and warehouses are the implementation of Digital Artificial Intelligence Machinery Safety Systems and Forklift Accident-Avoidance Systems. Additionally, we have organized Driver Safety Training for company vehicles and shuttle drivers, which helps to reduce one of the other possible accidents.

For the Assurance Report, please refer to [Annex 2. Assurance Reports.](#)

For further information regarding OHS data, please refer to [Annex 6. Occupational Health and Safety Indicators.](#)

Based on our OHS procedures, accident root cause investigations using different methods such as Fishbone, 5 WHY, and ABC Analysis are prepared by our trained experts on accident investigation. The way the accidents occur, the root causes and the actions needed to prevent their recurrence are shared with our Top Management and Manufacturing Facility Management Teams on a monthly basis. The root causes and preventative and corrective actions are evaluated with the relevant Management Teams and Occupational Safety Specialists at Directorate Meetings and OHS Committee Meetings.

The contracts between Arçelik and Suppliers demand compliance with the OHS requirements of [Arçelik Global Responsible Purchasing Policy.](#) Contractor companies are also obliged to comply with the OHS requirements stated in Arçelik Health and Safety Policy, which is signed along with the contract. Suppliers and contractor companies are evaluated within our OHS Management System and necessary actions are taken according to the procedures.



Health and Safety Action Plan


The main operations and projects on which Arçelik continued to work during 2023 to manage its OHS risks are given below.

- Digitalization of OHS Processes
- QR Control Applications for Machine Safety System Commissioning, Use and Maintenance
- Digital OHS Onboarding Training Project
- Digital OHS Training Materials for Employees, Visitors and Contractors
- Process Safety Risk Assessments and Training
- Inspection, Control and Maintenance Risk Assessments
- Subcontractor OHS Performance Assessments
- Koç System OHS Software Contractor Module and Mobile Non-Conformity Reporting Module Commissioning
- Artificial Intelligence Supported OHS Field Audits
- Remote Internal OHS Auditing
- Line Manager and Supervisor Safety Audits
- British Safety Council OHS, Fire and Process Safety Five Star Audits
- OHS Change Management Projects
- Behavior Based Safety Projects
- Safe Maintenance Project
- Transport, Handling and Driving Safety Projects
- Powered Industrial Truck Safe Operation Project
- Lock-out/Tag-out Deployment Project

OHS Training

We aim to initiate a behavioral change regarding the OHS within the company with the training and exercises we carry out. For this purpose, we have commissioned the Occupational Health and Safety Communication Management System to improve the OHS perspective and communication language with the help of videos. OHS training is organized regularly within the scope of legislation and vocational training. Employees receive periodic "Safety Talks" training.

In 2023, a total of 359,303 person*hours of OHS training on regulatory requirements and technical matters were organized for employees at all Arçelik facilities, equivalent to 8.9 hours of OHS training per person. We included not only employees, but also their families in the OHS culture change, and we expanded training to include business partners and suppliers. We provided a total of 26,978 hours of training to our subcontractors. Supplier OHS awareness training is delivered via an online platform, and we aim to reach 5,000 suppliers' employees as part of our 2030 sustainability targets.

 For further information, please refer to the [Sustainability Targets section of the Report](#).

OHS Related Awards or Recognition in 2023

British Safety Council (BSC) International Occupational Safety Awards: In line with our "Zero Work Accident Target", our Cooking Appliances Plant received an award at the 65th BSC International Occupational Safety Awards organized by the British Safety Council (BSC), one of the world's most respected organizations that evaluates companies that demonstrate excellence in managing health and safety risks in the workplace.

Thai Government Occupational Health and Safety Management Standards Audit: Our Beko Thailand factory received a Platinum Level award from Thai Government which conducts the Occupational Health and Safety Management Standards (T-OSH OSHMS:2019) audit.

MESS Turkish Employers Association of Metal Industries' Union Stars of Occupational Safety Awards: At the 8th Stars of Occupational Safety Awards ceremony organized by MESS Turkish Metal Industrialists' Union, Arçelik received the OHS Special Award for the 100th Anniversary of our Republic and the Recommended Practice Award for the OHS project (Flame Welding - Lokring Process Change) implemented at our Eskişehir Refrigerator Manufacturing Facility.



R&D AND INNOVATION

We expand innovation in all our activities and throughout our entire value chain by combining the power of technology with our sustainability approach. We evaluate our stakeholders' risks, opportunities, needs, and expectations by following rapidly developing global technology trends. Considering changing needs and shifting behaviors, we work on new technologies such as artificial intelligence, data analytics, robotics, the internet of things (IoT), and automation, and offer more effective and sustainable solutions for our customers and the planet. We aim to bring the best and most efficient solutions to the industry through efforts for open innovation and collaborations.

With over 2,200 researchers worldwide and 28 R&D centers (15 in Türkiye and 13 in other countries), we conduct comprehensive R&D from concept to product creation. Arçelik conducts studies in the fields of sustainable and environmental technologies, energy and water consumption, noise and vibration reduction, sensor technologies, IoT, smart home technologies, polymers, metal and surface coating technologies, hygiene, water, and air filtration, air quality, and motor driving technologies. As of 2023, we hold more than 3,100 registered patents and carry out more than 500 projects globally.



The Sustainable Advanced Materials Research Group at Sabanci University collaborates on a spectrum of cutting-edge topics, shaping the forefront of materials science from nano to macroscale by bringing innovative solutions. Adhering to sustainability principles, with the Arçelik team, we developed a new sustainable compound using recycled polymer and recycled graphene from waste tires to produce Washing Machine Plastic Pulleys. The project's successful transformation into a commercial product highlights the potential of university-industry partnerships in advancing circular missions and addressing climate action.

Assoc. Prof. Dr. Burcu Saner Okan
Academic Director
Sabanci University



R&D APPROACH AND STRATEGY OF ARÇELİK

Arçelik's R&D Vision

Our vision is based on the agile development of new technologies and services for sustainable, smart, digitally secure, interoperable, and cost-effective home solutions.

Arçelik's R&D Strategies


We provide solutions focusing on energy efficiency, recyclable materials, and renewable energy with a holistic approach throughout the production process, from manufacturing to the final product. We offer our users personalized, predictive, and convenient smart technologies through digitalization and autonomous products.

We provide technology platforms delivering the best performance in various areas including food preservation, superior cooking, textile and dish care, home, and personal care with the development of innovative technologies.

We aim to achieve lasting superior performance by enhancing quality characteristics, reparability, and reliability for increased usage conditions with durability. Through the development of new products, we accelerate growth in emerging categories such as air quality, foods and beverages, robotics, and the creation of new business areas.

Our total R&D expenditure in 2023 approximately equals to TRY 3,434* million.

 For further information regarding the products, please refer to the [Product Stewardship section of the Report](#).

 For further information regarding Arçelik's R&D approach and strategy, please refer to our [2023 Annual Report](#).

DIGITAL TRANSFORMATION AND INDUSTRY 4.0

We create smart and connected product concepts by integrating Industry 4.0, a combination of physical and digital technologies, into our production and service systems. Aiming to better respond to changing customer needs, we conduct our operations in the best possible effectiveness through internal stakeholder collaborations. We accordingly offer service-oriented business models and proactively adapt to changing consumer demands with the use of artificial intelligence in digital transformation management, production, and quality management applications. While ensuring the development of smart applications is provided through standard management and automated routing tools on a common IoT platform, we implement practices that will largely eliminate perceptual and critical quality problems.

Digital Twin

Arçelik develops a Digital Twin to enhance its efforts of digitalizing manufacturing processes. In its manufacturing digitization efforts, Arçelik collaborated with the Simularge start-up to use the finite element method for modeling the thermoforming process, which produces the refrigerator's inner body. This process resulted in the creation of a digital twin. This digital twin estimates the products' quality with real-time sensor data from the production line and optimizes the process parameters to prevent potential quality errors with a closed-loop feedback algorithm.

Implemented in the Eskişehir Refrigerator Facility 6 in 2021, the project was expanded to the thermoform line of the Refrigerator Plant in Manisa and to the Bitumen oven line of the Dishwasher Plant in Ankara in 2022 and in one more line in Eskişehir in 2023. In 2023, a 22.54% energy saving was achieved in the Bitumen oven line of the Dishwasher Plant in Ankara. Expansion efforts will continue for both the thermoform line and Bitumen oven line in 2024.

DIGITAL TRANSFORMATION PROJECTS

We design digital transformation studies and projects addressing at least one of the topics concerning customers, products and services, processes and systems, and people in light of agile principles. Data analytics, education, open innovation, and collaboration in digitalization are our key enablers during this agile/digital transformation journey. With the transformation projects initiated in 2022, we achieved a total saving of TRY 396.74 million in 2023.



*Inflation accounting has been applied to this data according to IAS 29 Financial Reporting in Hyperinflationary Economies.

Digital Transformation Projects Implemented in 2023

Project Name	Project Description & Details
<p>Robotic Process Automation (RPA)</p>	<p>The automation of business processes provides employees with the time they need to reveal their talent and creativity. In this context, with this project, we not only support our digitalization journey, but also increase employee satisfaction. Key benefits of this project include improvements in process quality and risk elimination. We achieved TRY 23,673,300 cost-saving and saving of 29.8 full-time employees (FTE) to be reinvested into market growth, customer relations, and other value-added activities with the RPA processes in 2023.</p> <p>In 2023, the RPA Citizen Developer Program was launched. Over 35 employees participated in RPA training courses as part of this initiative. Five employees have started developing their own processes. These individuals developed a total of five processes, leading to a cost saving of TRY 214,500 and a gain of 0.27 FTE.</p>
<p>Connecta</p>	<p>We aim to digitize daily office work for a better and leaner employee experience with this project. Apart from the ambition of a completely digital and paperless office, we aim to enable the digitalization of all employees across Arçelik Global, thus inclusively fostering digital literacy and freeing up employees to focus on their value-added activities.</p> <p>In 2023, we launched 29 applications across 16 countries worldwide, such as Purchase Order Management, Leave Request Management, My Info Management, and Invoice Management applications. Additionally, we launched the Travel Management application globally during the same year. These initiatives resulted in significant accomplishments, including cost savings of TRY 10,148,000 and the equivalent of 12 full-time employee (FTE) positions. Moreover, our commitment to sustainability led to the conservation of 687,675 papers in 2023. Currently, There are 40,000 active users on Connecta across Türkiye, the EU, the US, South Africa, and the Asia Pacific regions.</p>
<p>Global R&D Project Management</p>	<p>We have established an organizational structure to execute our current and future project portfolio, creating tribes and squads aligned with product groups and strategic priorities in line with our agile R&D strategies. This transformative process, guided by the motto "ALive Team - Agile Today, Excited for the Future", led to a cultural change with more than 1,500 R&D employees now working in 11 tribes, 97 chapters, and 102 squads.</p> <p>The Global R&D organization is set to be integrated into the agile management model in 2023. Simultaneously, the roll-out of our project management process and system for Global R&Ds has started and enables Global R&D project teams to track their projects' resource, cost, and quality on a platform facilitating agile methodologies. Training and one-on-one support to global teams are ongoing to bring every member of Arçelik's R&D on the same page globally. Specific dashboards for monitoring and portfolio-based decision-making are also available for a single look at all R&Ds.</p>
<p>Electronic Design Engineering Platform</p>	<p>We expanded DevOps to the Engineering Platform to provide end-to-end support for the electronics group. We increased traceability within the company by centralizing all work requests to a common application. While recording both hardware and software R&D works to form a valuable big data chunk, we completed the "HW&SW life cycle" for R&D departments and their dissemination is still in progress.</p> <p>In addition, our Engineering Platform is developed to increase electronics work data including sub-modules-modules-projects relations and checklist-based data. This target addresses information security, corporate solutions, commonization, traceability, and reusability topics by further increasing effectiveness within electronic R&D groups. With this project, we saved TRY 7.3 million with in-house system development & maintenance and saved embedded developer hours in 2023.</p> <p>In 2023, we upgraded the Engineering Platform to better align with sustainable development principles by promoting resource efficiency and environmental responsibility. We upgraded the "Autobuild Module Architecture" and added the "Secure Image Signing" feature to achieve wider usage support within the company's product range and mitigate risks associated with version mismatches, tampering, and unauthorized modifications, thereby bolstering the integrity, authenticity, and trustworthiness of deployed application artifacts.</p>

Digital Transformation Projects Implemented in 2023

Project Name	Project Description & Details
Mechanical System Design Academy	<p>The project's aim is to increase the employees' competencies in the Mechanical System Design units of R&Ds by determining training needs, creating new trainings, and carrying them out.</p> <p>In the first quarter of 2023, training needs and priority training areas and participation lists were determined by analyzing employee competence gaps. Starting in the third quarter of 2022, at the end of the first quarter of 2023, internal training was put into use and 45 classes were opened with the participation of approximately 500 employees in total. Additionally, a study on creating a digital infrastructure for the competency evaluation system has been initiated in 2023.</p>
Complexity Management	<p>In this project, we developed a modular design approach allowing individual modules to be re-developed or upgraded to fit unique customer needs. Consequently, we shortened the product development process time for some major objectives and provided cost savings by increasing the common part usage ratio. We launched the complexity management project in 2021 and the roll-out in all manufacturing facilities was completed in 2022.</p> <p>In 2023, material cost, stock cost, stock area cost saving, and mold investments cost were tracked for complexity management project saving KPIs. We saved TRY 353.9 million million with this project in all manufacturing facilities.</p>
Hitachi PLM Intregation Phase II	<p>The Teamcenter PLM Phase II project has been successfully launched in 2023. Important updates from PLM Phase II Project include:</p> <p>End-to-End Visibility: A connection between our PLM systems - MDM - Teamcenter and S4HANA to ensure that product/ part data and engineering changes seamlessly integrate into the ERP system has been established.</p> <p>Design - Part Data relation link with Configuration Management: Design data in Teamcenter (3d/2d) has been linked with corresponding part items to enable traceability, allowing users to link each part back to their original specifications.</p> <p>Bill of Materials (BOM) Management: Synchronized and maintained accurate BOMs between PLM and S4HANA, ensuring consistency across engineering, manufacturing, and procurement has been ensured.</p> <p>Change Management: Integrated change processes have been implemented to facilitate seamless flow of changes from design and engineering into production and procurement between Teamcenter and S4HANA.</p>
SPC (Standard Part and Component Project)	<p>In addition to creating a digital library of approved 3D and 2D data integrated into NX and Teamcenter (TC), we created a manageable and sustainable library system in accordance with Modular Design and Complexity Management. We re-prepared the component tree structure and added mostly used components to the system. The system is live and used globally. The number of screws has decreased by around 15% for manufacturing facilities in Türkiye accordingly. Being available online increases accessibility, provides up-to-date and NX&TC integration, and shortens design time.</p>
Datafarm-Smartfix	<p>Our main purpose with this project is to detect WIFI-connected refrigerator problems before the customer becomes aware and fix them as soon as possible. The Datafarm machine learning model is capable of generating a product's health report with data coming from WIFI-connected refrigerators and suggesting spare parts over an Application Programming Interface (API) according to the detected problem so that the service technician can make the correct intervention while visiting the customer before the problem is noticed by the customer. To achieve these goals, we built a farm with refrigerators where we simulated errors and collected data from these refrigerators. According to these data, machine learning models were developed, and we compared their performance with the real products used by the customers. When the target performance was achieved, Datafarm was offered as a service to the Customer Care department as Smart fix. In 2023, we noted the prediction model performance with the Customer Care department periodically and took actions to improve performance.</p>

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Digital Transformation Projects Implemented in 2023

Project Name	Project Description & Details
Home Energy Management Systems	<p>With this project, we aim to minimize energy costs, increase environmental sustainability, and raise social awareness about energy consumption. In this project, devices such as Dishwashers, Refrigerators, Washing Machines, Ovens, and Tumble Dryers were used to monitor energy and water consumption they make via HomeWhiz.</p> <p>In 2024, intelligent personalized recommendations and engaging gamification methods will be introduced to translate eco-friendly intentions into tangible actions. Heat pumps, important components of home heating and cooling systems, will be integrated with environmentally friendly solutions such as solar panels and inverter technology and combined with renewable energy sources. The AI-based home energy management system, which ensures the coordination of these units, aims to optimize the energy management of the home at the highest level.</p>
CTP (Computer-Aided Design (CAD), Computer-Aided Engineering (CAE), Tools, and Process) - Design Academy	<p>The aim in establishing the Design Academy was to increase competencies of engineers and technicians working for Arçelik Structural Design departments. Design Academy has been providing services in the fields of CAD and CAE for seven years by performing needs analysis within the scope of CTP.</p> <p>In this context, in 2023, 16,500 person*hours training was given to more than 500 people in Türkiye and approximately 5,000 person*hours some countries other than Türkiye. Training contents are recreated according to Arçelik's needs, and if the pilot receives a pass from the training, it continues.</p> <p>By preparing a needs analysis for 2024 according to the assessment results and Designer Competency System results, approximately 26,000 person*hours were targeted for Türkiye and some countries other than Türkiye together with the corporate CAD Process Owners (CPOs).</p>
CTP Program	<p>The CTP Program's aim is to develop new design tools in a 3D design environment and improve design processes contributing to Arçelik's design capabilities and enhancing Arcelik's global design power. The CTP team works together with the CPOs to achieve this goal and take the responsibility for the central executive/leadership role in designers' training, process developments, and integration projects.</p> <p>The CTP Program focuses on working in all manufacturing facilities to implement CAD and CAE, global CAD assessment programs, and designer's skill training in all manufacturing facilities. From 2017 to 2023, our CAD certification rate increased from 25% to 95%. Moreover, our Designer Competency System scores increased from 84 to 138 in 2023, signifying designers have become more competent.</p>
CIP (Complexity Improvement Project)	<p>The CIP project was formed as a result of the collaboration of the Modularity 2.0 team and Standard Part and Component projects. Component-based collaboration studies have been carried out within the scope of this project. In this way, complexity is aimed to be reduced, and an active, usable, permanent library to be created in the system. Consequently, NX and TC integration will take place, these components will be added to the SPK system, and regular monitoring will be carried out.</p>

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SMART SOLUTIONS FOR PRODUCTS & SERVICES

We ensure that innovative experiences and knowledge are shared through collaborations and smart solutions are improved to contribute to social and economic development in line with the changing needs of society. As our world becomes more interconnected and digitalized, we aim to reach futuristic minds while generating ideas to simplify life for our customers and stakeholders. We simultaneously adopt open innovation and encourage internal entrepreneurship as part of our corporate culture while collaborating with stakeholders such as start-ups, universities, suppliers, and companies from different sectors. Our sustainability vision is at the core of our smart solutions and open innovation initiatives.

For further information regarding smart solutions for products and services, please refer to the [Product Stewardship section of the Report](#).



OPEN INNOVATION

Garage Innovation Hub (GIH)

The Garage Innovation Hub is an innovation platform acting as a bridge to facilitate the utilization of knowledge, experience, and connections of the players in its ecosystem (such as start-ups, mentors, investors, non-governmental organizations, representatives of private and public institutions, and other interested parties) developed by Arçelik. We primarily focus on scouting start-ups aligned

with our business units' priorities and internal venture projects, aiming to bring innovative solutions into our fold. In 2023, over 900 start-ups were scouted.

With its open innovation and entrepreneurship programs, the Garage Innovation Hub is an innovation center enabling different community members to collaborate and create new products, services, and systems supported by Arçelik's expertise, capabilities, and technical and financial support for our employees to turn

their ideas into reality. We actively engage in entrepreneurship events such as the Koç University Entrepreneurship Research Center (KWORKS) Acceleration Program, Turkish Electro Technology (TET) R&D Project Competitions, Keiretsu Forum Türkiye Meetings, and various demo days. Through these initiatives, we have successfully networked with over 520 start-ups, expanding our entrepreneurship ecosystem.

Programs implemented in the scope of the GIH in 2023

PROJECT NAME	PROJECT DESCRIPTION & DETAILS
Startup Collaboration	As a testament to our dedication, we have matched 189 start-ups with Arçelik's business units, realized 22 Proof of Concepts (PoCs) and fostered the development of 25 collaborations focusing on themes such as marketing, cybersecurity, manufacturing technologies, IT, and AI. Through these collaborations, we estimated a financial impact of approximately TRY 33.3 million in 2023 as well as strategic effects in areas such as access to technology, rapid product development, quality, and security. These efforts ensure that Arçelik's business units are strategically connected with start-ups, enhancing their efficiency and effectiveness. Simultaneously, we champion the growth of internal start-up projects, creating a synergy that propels innovation across our organization.
Patent Scouting Program	The Patent Scouting Program was established with the Intellectual Properties team for inventors willing to commercialize their granted or applied inventions with Arçelik. This program, which we launched through the Garage Innovation Hub Portal, received eight applications on topics such as food preparation, compressor, laundry, earthquake detection and microplastic filtering in 2023.
5G@Endtech Acceleration Program	5G@EndTech is the 5G Production Technologies Open Innovation and Entrepreneurship Acceleration Program developed in collaboration with the Ministry of Industry and Technology, the Presidency Investment Office, KOSGEB, TÜBTAK TÜSSİDE, Arçelik, Nokia, and Türk Telekom, aiming to support the commercialization and globalization processes of 5G-based businesses in Türkiye. Within this program, a demo day took place with the participation of 13 startups that successfully completed their PoCs on January 20, 2023. The demo day, attended by the Minister of Industry and Technology and the President of Koç Holding Durable Goods Group, featured representatives from more than 15 corporate firms and 10 investment networks. In 2023, collaboration efforts continued with four startups that successfully conducted their PoC studies. The solution's activation process has started for one of the start-ups, and two EU and one TÜBİTAK project applications have been submitted. Furthermore, three successful start-ups, including Robolaunch's collaboration with Ford Otosan, were presented to the Koç Group Digital Transformation Leaders.



PROJECT NAME	PROJECT DESCRIPTION & DETAILS
Innovation Champions Program	<p>In 2023, the third edition of the Innovation Champions program was implemented with 30 mentors representing 13 companies in Türkiye and in some countries other than Türkiye such as Migros, Anadolu Efes, Yapı Kredi, Farklabs, Tofaş, Coşkunöz Holding, Nokia, Koç Yaşa Çok Yaşa, Türk Traktör, Ford Otosan, Opet, Turkish Airlines, and Arçelik. The mentors participated in five comprehensive sessions covering concepts of next-generation entrepreneurship, innovation, value proposition, innovation ecosystem, and mentoring practices. Following the training period, during the 3rd Cohort of Innovation Champions Mentorship Program, they provided mentorship in a program actively involving 33 start-ups from nine different countries.</p> <p>Upon completion of the third cohort, a community was formed with 75 mentors from Arçelik and various companies. All Innovation Champions have, to date, interacted with over 200 start-ups, conducted over 400 hours of mentorship, participated in more than 50 hours of joint learning sessions, and engaged in 20 hours of community events. The Innovation Champions community has successfully executed six PoC processes and established five collaborations in total with the three cohorts held.</p>
Sustainability Venture	<p>Exploratory studies, market research and analyses have been conducted to create a new venture generating value associated with Arçelik's sustainability strategies and business model. Accordingly, nine opportunity areas have been prioritized. Digital prototypes were developed for three of the generated ideas and a test was conducted to validate the customer for one concept. In order to assess the business potential, business model design, market size research, competition analysis, preliminary feasibility study, and market entry strategy were worked on. The studied product concept is documented to be evaluated within the new venture cohort in 2024.</p>
BiGG	<p>KWORKS BiGG is a pre-seed investment program which provides techno-entrepreneurs with a TRY 450,000 investment from TÜBİTAK BiGG Fund to kickstart their businesses. It supports entrepreneurs with mentors part of 13 Koç Group companies (including Arçelik) on technical feasibility and with KWORKS' mentors on the innovation dimension and commercial potential of business ideas.</p> <p>KWORKS BiGG ran one cohort in 2023, where 178 applications were received. Moreover, 55 entrepreneurs received mentoring and training support in the incubation program. Additionally, technical mentorship and technical information support was given to eight entrepreneurs. 20 successful business plans were submitted to TÜBİTAK at the conclusion of the incubation program. Two entrepreneurs were entitled to receive TRY 900,000 investment after TÜBİTAK's evaluation.</p>
Here2Next	<p>Here2Next, with Arçelik being one of its founders, operates as a platform where corporate companies converge to enhance collaboration processes with start-ups, emphasizing the development of sustainable partnerships.</p> <p>In 2023, the second Here2Next Summit showcased the ongoing efforts of the first Here2Next. The event witnessed significant engagement, averaging 370 start-up interactions per company, gathering insights from 22 corporates on start-up collaboration. Noteworthy meetings with 120 start-ups resulted in an impressive 88 successful collaborations, positioning Arçelik as the organization with the highest number of collaborations based on performance results.</p>
Innovation Boosters	<p>Innovation Boosters is an internal community building program focusing on encouraging design-led innovation by equipping Arçelik employees with facilitation skills and paving the way for more effective workshops to generate productive innovation outputs. Bringing 21 participants from 16 departments together, the program included seminars on Design Thinking led by the Garage Innovation Hub and theoretical and practical training on Workshop Facilitation by our program partner Userspots. Through their newly acquired skills, Innovation Boosters conceptualized more than 90 ideas by designing and facilitating workshops related to their own projects.</p> <p>Under the mentorship of the Garage Innovation Hub, facilitation will continue by expanding the variety of topics addressed, the number of ideas generated, and the innovative impact created by their ideas across Arçelik.</p>



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HORIZON EUROPE PROJECTS

The EU Horizon Europe Framework Programs are among the prestigious platforms for worldwide stakeholders to collaborate. With a budget of EUR 95.5 billion, the EU's essential funding program for research and innovation is Horizon Europe. The funding aims to tackle climate change and contribute to achieving the UN's SDGs through green projects.

Horizon encourages Arçelik to increase its strength in critical areas for its business such as the implementation of IoT and connected products, cybersecurity, sensors, robotics, artificial intelligence, energy efficiency, circular economy, innovative material technologies, forage technologies, advanced/data-driven/ automated manufacturing system, 5G applications, edge/cloud computing, data mining/analytic technologies and home energy management, and demand-side flexibility. We form strategic partnerships and collaborate with sector stakeholders to develop unique products, processes, and services. The technologies resulting from these partnerships provide greater profitability to solve social and environmental questions.

We are proud to be recognized as a company with the most projects present in the Horizon Europe

program from Türkiye with 22 of our projects being accepted. This achievement demonstrates our commitment to promoting sustainable practices and driving innovation in our industry. We are excited to continue our participation in Horizon Europe and contribute to its goals of promoting research and innovation for a sustainable future.

Our involvement in these projects has provided EUR 3.77 million funds and expanded our network with more than 150 partnerships in these consortiums.



Ongoing Projects as Part of EU Horizon Europe Program in 2023

ECOFACT

The project aims to enable production systems to optimize energy performance and at the same time develop a green marketing approach by examining the energy and environmental impact of the manufactured product. Within the project's scope, Arçelik continues to work on the integration of suppliers' data in LCA/LCCA analyses to support production planning, eco product design, smart energy and environmental data monitoring, and digital twin integration for smart forecasting to reduce base loads.

Auto-DAN

The project aims to optimize energy consumption in buildings and evaluate live energy performance. Within the project's scope, Arçelik continues to work on smart hardware integration, communication protocols for the interoperability of products and the decision-making system, and the design of smart white goods to be connected to the energy gate of the common system.

StorAlge

The project aims to offer ultra-low power and high security System on Chip (SoC) solutions that provide competitive artificial intelligence (AI) for Edge applications. Within the project's scope, Arçelik is actively engaged in refining and optimizing the washing control algorithm requirements and specifications for the washing machine, where the AI-enabled applications will be implemented.

ENOUGH

Within the project's scope, which studies technologies, tools and methods that will contribute to the entire food value chain from farms to tables in order to achieve climate neutral enterprises, Arçelik continues to design new generation household refrigerators with improved cooling performance with the transition to the EU new energy label and consumer behavior data.

ZDZW

The project aims to work on the development of a new thermal vision system and simulation tool that can automatically measure and calculate the quality-related features of the semi-finished products and control final products during production processes. Arçelik continues its demo activities in the thermoforming lines in f the refrigerator's inner body production.

VITAL

The project aims to generate fundamental knowledge and expertise that will aid manufacturers in substituting synthetic thermoplastics with those derived from bio-based sources. For this purpose, bio-based alternatives for cleaner and climate-neutral industrial value chains in Europe's polymer processing sector are aimed. As part of the project, we continue our efforts to increase the content of bio-based materials used in the Eva Cover Refrigerator and crispers.

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OPeraTIC

The project aims to apply Ultrashort Pulsed Laser with an efficient production platform. Within the project's scope, we continue to work on providing antibacterial properties with ultrashort pulsed laser applications in plastic molds of the dishwasher basket and provide energy savings in the drying step.

FreeMe

The project focuses on a non-toxic metallization process for plastic surfaces. As part of the project's scope, we continue our efforts to produce chrome-plated decor pieces for washing machines with sustainable solutions.

PRecycling

The project focuses on zero plastic waste through recycling and reuse of waste plastics in products. Within the project's scope, we reuse the waste plastics obtained from the refrigerators, washing machines, and ovens in Eskişehir and Bolu WEEE (Waste Electrical and Electronic Equipment) recycling plants in white goods through separation and recycling processes.

RELIANCE

The project aims to develop a self-disinfecting bio-based nano-coating for hygienic surfaces. Studies continue to give anti-microbial properties to refrigerator glasses and metal surfaces with the sol-gel technology's spray application without using organic solvents.

REEFLEX

The project aims to provide a centralized interoperability platform with Demand Response (DR) flexibility for energy efficiency in buildings fed by different end-user profiles and needs. Within the project's scope, Arçelik aims to develop white goods compatible with DR technology connected to the project platform to enable customers to manage their appliances from a common platform and indirectly help balance the load on the grid.

FlexCHESS

The project aims to put systems bringing various energy storage systems together, making them easily accessible to a wide range of users through a user-friendly interface. Within the project's scope, Arçelik aims to ensure the integration and control of energy consuming devices into the system with CHESS-Plugs.

BRIGHTER

The project aims to develop next-generation fast thermal microbolometers and multispectral microbolometers that will enable faster and more detailed imaging beyond current technology. Within the project's scope, Arçelik aims to conduct the application and comparative analyses of electronic card faults in continuous production processes through thermal controls.

REBECCA

The project aims to design a reconfigurable AI hardware-supported innovative multicore processor and enhance intermediate layers to execute Edge-AI applications in different fields. Within the project's scope, Arçelik aims to integrate the developed processor into their electronic boards to enhance machine learning algorithms in camera-equipped refrigerators and perform image analysis on cloud-independent products.

DiCiM

The project aims to reveal circular production systems' potential with integrated digital solutions for digitized value management. Within the project's scope, Arçelik aims to create monitoring systems and digital solutions for reassessment in factories and incorporate reusable components into the white goods' value chain in recycling facilities, targeting process automation.

VERGE

Using 5G, artificial intelligence in design, and extended reality technologies, the project addresses concurrent product reviews, collaborative product design, and virtual product prototyping. Within the project's scope, Arçelik aims to facilitate collaborative design among designers in different locations through developed technologies, considering the end-users' role.

DEDALUS

The project focuses on developing smart climate control solutions compatible with demand response to balance demand in electrical grids within smart building management systems, including smart air conditioners, gateways, and smart plugs.

R-Podid

With this project, AI-based fault detection models will be developed to enable the early detection of motor faults that may occur in television production lines, focusing on reducing energy consumption.

LoLiPoP IoT

The project aims to integrate a new sensor data infrastructure and energy optimization algorithms in ovens, painting process, and powder coating to implement an Industry 4.0-compliant digital monitoring and control system.

EECONE

The project aims to focus on compressor electronic components to establish critical raw material traceability and database creation, and to develop recycling techniques for these materials.

DATA PRIVACY AND CYBERSECURITY

Data Privacy

We are committed to protecting the privacy of all parties we collaborate with, and process personal data in compliance with all applicable data protection laws in line with the [Arçelik Global Personal Data Privacy Policy](#). The relevant parties are informed about how the personal data is processed, for what purpose it is used, for how long it is kept, and in which cases it can be shared with third parties. Our company processes personal data lawfully, fairly, and for specified, explicit, and legitimate business purposes with an appropriate justification (on a legal basis) under applicable data protection laws.

Data Privacy Related Indicators	2023
Total number of personal data breaches	1
Total number of individuals affected by the breaches	30,376
Total number of customer data breaches	0
Total number of clients, customers, and Arçelik employees affected by the breaches	0
Total number of substantiated complaints received from outside parties and substantiated by the organization concerning breaches of customer privacy	0
Total number of substantiated complaints from regulatory bodies concerning breaches of customer privacy	0
Total number of identified leaks, thefts, or losses of customer data	0

Our Global Compliance department conducts periodic reviews and audits to ensure that all personal data processing activities are processed in accordance with the applicable data protection laws.

Arçelik complies with worldwide data protection and privacy laws and regulations. We systematically monitor and document valid complaints and personal data requests from third parties through our internal process. In identifying a potential breach of personal data, our specialized team consisting of experts in the areas of privacy, cybersecurity, legal, and communications departments takes immediate and effective action.

Recently, a supplier which has a Software as a Service (SaaS) application related with Salesperson Motivation, Rewards and Sales Performance caused an information security incident which led to unauthorized access to dealers and authorized services employees' personal data. Even if our company-owned or controlled systems were not compromised by this incident, the incident was taken into account seriously from the very beginning due to the privacy commitment of our stakeholders. Since Arçelik's customer, employee, financial, or credit card data were not included in the systems, those data subjects and categories were not affected in any way. This incident

was promptly managed and communicated with our team ensuring compliance with all commercial and legal obligations. The Arçelik Data Breach Management Response Plan Policy and Incident Response Procedure was implemented in response and a "Personal Data Breach Notification" was sent to the Personal Data Protection Authority within 72 hours, being the legal period. Additionally, we immediately notified data subjects affected by this breach through direct calls and announcements on our website and social media. During the legal process, the Personal Data Protection Authority asked for additional information and transparent information was provided in our response letter where we explained Arçelik should not be held responsible for the breach since all necessary actions were taken and that the breach occurred in our supplier's independent system. The situation was managed effectively. The actions taken in response to the situation further emphasized Arçelik's commitment to high standards of data security. Currently, the legal process is still ongoing, and the Authority's decision is pending.

Arçelik is deeply committed to cybersecurity and takes measures accordingly to manage risks and ensure data privacy. These include training for our employees to raise awareness about data privacy.

In order to protect the fundamental rights and freedoms of individuals within the company, third-party and internal audits are conducted specifically in high-risk areas/units.



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Data Security & Cybersecurity

Protecting personal data worldwide has become crucial due to the competitive market and economic fluctuations. We recognize our responsibility to secure and protect all related information and data. Our aim is to minimize the risk of infringement of our trade secrets, intellectual property, and patents. We take precautions, implement strategies, and organize measures at all levels to achieve this goal. We manage our information technologies and operational processes to effectively minimize cyber risks and prevent any potential loss of reputation, revenue, market share, and brand value that may arise from information security risks. We carry out projects with the utmost care, keeping information security in mind.

Our approach ensures that we stay ahead of potential threats and provide a secure environment for our stakeholders. We carry out our information security processes in accordance with the ISO 27001 Information Security Management Certificate which covers supply chain, information technologies, human resources, finance and IoT cybersecurity operations. The Information Security Committee led by the Chief Strategy & Digital Officer is responsible for building an effective information security management structure.

As of 2020, Koç Holding’s Consumer Durables’ President, one of the members of the BoD, was appointed as the Board Member responsible of overseeing Arçelik’s cybersecurity strategy, given his experience in this area and his active involvement in the Committee. Cybersecurity risks are also closely monitored by the Finance & Enterprise Risk Directorate and Risk Management Committee.

The main activities of our security management system include inspection, risk identification, regulation of action and corrective actions, follow-up of findings, determination of targets and opportunities, follow-up of violations, and updating of relevant legislation documents. Our security measures comply with cybersecurity frameworks such as the US National Institute of Standards and Technology (NIST) The Center for Internet Security (CIS), the Control Objectives for Information and Related Technologies (COBIT), and The Information Technology Infrastructure Library (ITIL).

The Cybersecurity department operating under the umbrella of Information Technologies carries out governance, strategy, processes, and resources to identify and prevent information security threats and

cyberattacks. Vulnerability Scanning and periodical penetration tests are conducted to analyze and improve vulnerabilities related to assets with our risk control strategies and projects aiming to reduce cyber risks. We additionally carry out penetration testing to detect vulnerabilities and improve security.

Additionally, we share guides, provide periodic information security training, and regularly conduct phishing tests to different employees at different times with different contents to increase security awareness among our employees. Global Cybersecurity Insurance Policy provides coverage for cyber and business interruption risks, minimizing our company’s exposure to potential risks related to personal data usage.



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IoT Cybersecurity

One of the important issues for our sector is the cybersecurity of Internet of Things (IoT) products. We are managing product security with three different virtual teams as Red, Blue, and Purple Teams within the Cybersecurity Technology Team. Red team is responsible for offensive security and vulnerabilities for all technical domains including edge, mobile, and cloud services. Blue Team fixes the vulnerabilities found in the Red Team and adjusts these in accordance with the IoT standards. Purple Team becomes the buffer between these two teams and is mostly responsible for managing Secure Software Development Life Cycle processes along with following national and international security standards and giving related feedback to Red and Blue Teams.

We conduct regular vulnerability analyses with our Red Team and Test and Verification Teams to ensure the ongoing security of our products. In order to be ready for the upcoming regulation for the EU we got ETSI EN303 645 approval for our connected product groups from VDE, underscoring our commitment to maintaining the highest standards of security, and providing our customers with the best possible user experience. In 2023, for the same reason, we got an official approval from SafeShark

Laboratories for the upcoming Product Security Telecommunication Infrastructure Bill for the UK. In 2023, as Arçelik we organized Türkiye's biggest IoT Cybersecurity Capture the Flag (CTF) event together with Presidency of the Republic of Türkiye Digital Transformation Office. In the competition called Hackmasters, 20 finalists tried to catch the flags that our IoT Cybersecurity Team embedded into a smart home environment.

In addition, some of Arçelik products are also certified by Common Criteria, which is the internationally recognized cybersecurity certification at EAL2 level. Furthermore, our HomeWhiz mobile application has Virtual Domain Environment approval. We are proud to have received recognition for our cybersecurity infrastructure and being proposed to promote this work as a specific use-case published as one of the best cases on IASME's website. Furthermore, the connected Beko refrigerator became certified at silver level to the IASME IoT Security Assured Scheme.

Arçelik is part of a working group for cybersecurity created by Türkiye's Presidency of Defense Industries. Participating parties come together in several workshops to standardize the IoT cybersecurity certification criteria for the Turkish market. In 2023, under the Hackmaster

2022 Teknofest Challenge, Türkiye's biggest IoT Cybersecurity based CTF (Capture the Flag) competition designed and organized by Arçelik Central R&D IoT Cybersecurity Team supported by Turkish Presidency Digital Transformation Office, we aimed to increase the awareness about IoT Cybersecurity, reach talented cybersecurity professionals in Türkiye, and show how IoT Cybersecurity is different from other cybersecurity domains.

All things considered, we prioritize the security of our products and services at Arçelik. To that end, we use hardware security modules (HSMs) in our Wi-Fi modules and require our third-party vendors.

➤ For further information, please refer to our [Information Security Policy](#), [Global Personal Data Privacy Policy](#), and [Global Protecting and Retaining Information Policy](#).



PRODUCT QUALITY AND SAFETY



At Arçelik, we strive to provide high-quality products and services regarding customer needs based on our policies. Our priority is to ensure consumer safety and quality assurance throughout the life cycle of our products.

PRODUCT QUALITY AND QUALITY MANAGEMENT

Arçelik has a structured quality management mechanism across all processes: from product development, design, and manufacturing to sales and after-sales services. Arçelik’s headquarters and its manufacturing plants have obtained ISO 9001 Quality Management Certification to maintain a high level of product quality and ensure the effective management of each division.

Q-STAR audits have been configured to measure the maturity level of the quality management process and identify priority improvement areas, creating a traceable method for continuous improvement. This audit has been carried out at all divisions of the company beside ISO 9001 internal audits since 2020.

Arçelik’s quality management processes in accordance with the company vision and strategies have been carried out in a holistic manner to satisfy continuity and improvement

for the highest-level product quality. Quality improvements for each manufacturing facilities and related suppliers have been coordinated end-to-end including product quality, perceptual quality, electronics quality and logistics quality aspects within the alignment of Central Product Quality Directorate and related manufacturing facilities’ Quality Assurance Departments

We are also implementing measures such as Six Sigma, Lean Manufacturing, Lean Sigma, Total Quality Management and Advanced Data Analytics on an ongoing basis to effectively execute and maintain our quality management system.

 For further information, please refer to our [Quality Policy](#).

 For further information on other management system certifications and which location obtained certificates, please refer to [Annex 11. Management Systems](#).

Training Topics	2023	
	Number of participations	Total Training hours (person*hours)
6 Sigma	425	34,000
Advance Data Analytics	109	2,616
Design and Process Failure Mode and Effects Analysis (FMEA)	341	2,832
Reliability	125	6,304
Quality 101	88	1,408
Quality Awareness	2,248	1,499

What’s Next? 

Our goals in product quality and safety for the year 2024 are:

- Increasing our overall Product Quality in compliance with our Service Call Rate Decreasing Road Map and maintaining the highest level of customer satisfaction in all product categories accordingly.
- Ensuring delivery of safe products to markets all over the world.
- Being a model organization that is a pioneer in product safety in the durable consumer goods sector.
- Achieving the highest level of reliability testing so that we can offer reliable and durable products to our customers.
- Increasing the completion rate of Q-Star assessment findings.
- Increasing the number of 6 Sigma projects and Reliability projects globally including all manufacturing facilities based on the number of trained persons.
- Increasing the participation rate of Quality Awareness training.

PRODUCT QUALITY AND SAFETY

Arçelik Reliability & 6 Sigma Day

As part of our in-house event, the Reliability & 6 Sigma Day, we share the work carried out on product reliability, quality and safety. We aim to ensure safe design and production by transferring new technical knowledge throughout the company. By creating a product safety culture, we reduce product and service call rates. In the Reliability & 6 Sigma Day, teams discuss their progress in developing new reliability, safety and 6 Sigma methods and tools and we also invite experts from various fields to present and share their insights. During the 2023 Reliability & 6 Sigma Day, our teams implemented 75 Reliability and 6 Sigma projects.

PRODUCT SAFETY MANAGEMENT

At Arçelik, we give utmost priority to product safety in all processes including supply, design, production, storage, shipment, installation and after-sales service. We comply with all applicable product-related directives, regulations and standards of each country and region where we conduct business. We take international product safety standards and Arçelik's Product Safety Design Criteria as the basis for product safety. We also closely monitor the work of the International Electrotechnical Committee and the European Committee for Standardization/European

Committee for Electrotechnical Standardization, including the technical committees and working groups that study safety standards. Our team of product safety experts contributes to these committees to enhance safety standards requirements.

We test our products and their components according to global standards and Arçelik Component/Test Instructions. With the developed forced failure tests, we check whether the components fail safely. We also take a step further and evaluate possible risks of our products with Failure Mode and Effects Analysis (FMEA) studies and eliminate them at the design phase.

We conduct risk assessments in accordance with regional and international standards and regulations, while systematically monitoring identified risks and corrective actions.

Product safety risk evaluations are updated and followed by the established Product Safety Risk Committee periodically every two weeks. The Product Safety Risk Committee conducts necessary reports to the Risk Management Committee before the Board of Directors and C-Level. The Head of Enterprise Risk and Insurance, Legal, Product Safety, Global After-Sales and Global Communication are the members that make up the Committee.

We ensure continuous improvement and continuity in product safety through routine internal products and process audits carried out by our Central Product Safety Department. We emphasize the importance of product safety by providing product safety trainings to our suppliers and each employee, improving their technical and behavioral competencies.

4,165 employees have completed product safety training courses involving a total of 52,733 person*hours in the reporting year.

Recall

The health and safety of our customers are among our top priorities. For this reason, when a recall is required, we make announcements to our consumers using the most effective communication channels in accordance with local legislation. In order to eliminate customers' concerns over product safety, we publish product safety alerts on our website and provide free call center services for recalls. Our recall procedure is based on approaches of PAS 7100 which have been endorsed by the Office of Product Safety and Standards (OPSS). No recalls were issued in 2023.

[For further information please refer to our Product Safety Policy.](#)



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At Arçelik, we identify our customers' and consumers' needs, requirements, and expectations by better understanding their sensibilities and values to meet them in the future. Our objective is to improve customer and consumer satisfaction and service capabilities to differentiate ourselves from our competitors and drive growth and success in our business.

DEALERS AND RETAIL STORES

At Arçelik, we place a great deal of importance on our B2B customers and our connection with them, as they are the direct contact points with consumers. Thus, sustainability at dealer stores is crucial. Our focus points are to increase digitalization, ensure alignment with our quality standards, maximize consumer satisfaction, and emphasize storytelling about our brands' strategies.

We have also established partnerships with our strategic retailers to enhance cooperation in line with our ESG priorities such as increasing sales of energy-efficient appliances. With a wide range of development programs, we provide online and face-to-face training for our dealers to always keep their knowledge up to date. We carry out automation and digitalization projects to increase their work efficiency; we carry out communication and research studies to understand their

expectations and satisfaction, and we develop projects to increase their satisfaction continuously with surveys. In addition to these activities, dealers and retail stores are regularly audited by internal and external auditors to ensure meet Arçelik' quality requirements.

Nearly 3,000 dealers with different concepts are located throughout Türkiye as of the end of 2023. In addition, we collaborate with more than 49,000 retailers and retail chains in different locations around the world. We also have concept stores that enable customers to experience the products with digital tools.

Retail Academy

Arçelik Retail Academy offers further development programs for dealers located in Türkiye to expand their knowledge and learn new skills and abilities. In the reporting period, we reached 7,869 participants through in-person and e-learning courses while 87,233 person*hours of training were provided.

Auditing

DiDe has been designed as a digital audit system for dealers. Dealers located in Türkiye have filled out a questionnaire monthly, which is graded by the system and checked by auditors. The grade is then finalized by Digital Audit Specialists and necessary improvement actions are taken based on the results.

FiDe (Physical) has been designed as an audit system performed physically. Dealers located in Türkiye have scored by conducting documentation and visual audits. There are two different auditors for these audits: our experts and third-party services.

AFTER-SALES SERVICES

At Arçelik, after-sales services aim to provide consumers with the best quality standards of repair and maintenance, accordingly, providing service with more than 6,600 authorized services in 49 countries. We also provide customer support via different communication channels such as telephones, e-mails, chatbots, messaging apps, websites, and social media accounts.

Technical Training

Our objective is to offer comprehensive technical details to our after-sales service providers worldwide for all our products. Training programs have configured more technically competent technicians in the field to fix our products during the product's lifecycle. In 2023, 19,428 technicians and technical service employees from 49 countries have undertaken physical training and e-learning courses while 402,723 person*hours of training were provided.

In addition to basic training, there are technical videos which can be used by field technicians while repairing the products.

Transition to 100% electric vehicles for the service network

Arçelik is prioritizing sustainability by introducing 100% electric utility vehicles into its service network fleet, marking the first step toward a greener transportation strategy. Eleven electric vehicles have been incorporated into the fleet to serve various countries. The deployment of dedicated charging stations across all locations ensures efficient operation of the electric fleet. This transition is projected to avoid approximately 37 tCO₂e annually, reflecting Arçelik's commitment to reducing its environmental impact. Additionally, 2 electric vehicles were put into use in service operations in Türkiye. We will continue the transition to 100% electric vehicles throughout our global operations.

SATISFACTION AND COMMUNICATION ACTIVITIES

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CUSTOMER	<p>Voice of Field Project The Voice of the Field project, which is executed twice a year and each lasting for one-month period, enables us to obtain experience-oriented feedback and suggestions from our dealers, service employees, and promoters, who are directly in contact with our customers. Within the framework of this project, focus group studies and surveys are conducted for subjects requiring more details.</p>
	<p>Koç Holding Dealer Satisfaction Survey The Koç Holding Dealer Satisfaction survey was conducted to collect feedback from our dealers. In 2023, a total of 1,903 dealers were contacted for the survey resulting in 69% coverage and our average customer satisfaction score was recorded as 87.</p>
	<p>Global Service Partner Satisfaction Survey The survey was conducted in 26 countries, in 17 different local languages and 2,277 service points to measure our service partners' satisfaction level and gather feedback.</p>
CONSUMER	<p>Voice of Consumer Initiative The initiative measures consumer experience at 22 transaction points via surveys including the two new surveys made live in 2023. Additionally, alert systems for negative consumer feedback allow the relevant departments to take quick actions following the research and thus, close the loop.</p>
	<p>Tracking Research Studies Dealer non-buyer surveys and dealer mystery shopper surveys, which are conducted quarterly and every two months respectively, enable us to track our dealers' performances and understand non-buyer consumers' reasons.</p>
	<p>Consumer Journey Mapping Project Consumer journey mapping projects were conducted in 2 countries for TV and built-in oven products to improve the consumer experience, understand and optimize every interaction to meet consumer needs. The output of the projects were 64 development items in the short term and will increase consumer satisfaction, loyalty and advocacy in the medium and long term.</p>
	<p>Sustainable User Manual Improvement Project To enhance the user manual experience, it is important to tailor it to the needs and preferences of the consumer. The content should be clear, detailed, and easily accessible, especially for self-assembling consumers and those seeking post-purchase information. Additionally, eco-friendly and sustainable practices should be implemented in the creation and distribution process of user manuals.</p>
	<p>Social Listening Analysis Project Social Listening Analysis allows us to analyze our consumers' posts on social media continuously providing valuable insights about our products and brands.</p>
	<p>Marketplace Analysis Project The initiative enables us to analyze our consumers' scores and comments about our Altus and Grundig branded products on marketplaces continuously.</p>

CONSUMER	<p>Koç Holding Consumer(B2C) Satisfaction Survey The Koç Holding Dealer Satisfaction survey was conducted to collect feedback from end-users of our products.</p> <p>A nationally representative sample was built. 3,832 end-users from 51 different cities of Türkiye took part in the research in total:</p> <ul style="list-style-type: none"> • Beko/Arçelik past two-year MDA purchasers: 2,411 respondents • Beko/Arçelik past two-year TV purchasers: 616 respondents • Beko/Arçelik past two-year air conditioner purchasers: 805 respondents <p>Our overall consumer satisfaction score in 2023 was recorded as 89.95.</p>
	<p>Global Consumer Satisfaction Survey With our 13 global brands in over 145 countries, we focus on understanding consumers' needs, and expectations, and develop solutions with our leading technology. Our priority is to comprehend the requirements and anticipations of our consumers, and then apply our advanced technology to develop effective solutions. We strive to create a consumer-centered brand and product experience in all the countries where we have operations.</p> <p>Our Global Consumer Satisfaction Survey was conducted to gauge our consumers' (end users') experiences across various touchpoints and overall loyalty to the brand. The research targeted consumers who had purchased major domestic home appliances from Arçelik Global within the last two years. It included three prominent Arçelik Global brands, namely, Beko, Arctic and Defy and covered nine countries which are our major markets.</p> <p>Countries: England, France, Germany, Italy, Poland, Romania, Russia, Spain, South Africa</p> <p>Sizeable Population: Approximately 300 respondents per country participated in the survey.</p> <p>Overall Loyalty Score of Arçelik Group Brands: 77.5 (+0.4 increase compared to 2022)</p> <p>Loyalty Score of Beko: 75.9 (0.9 decrease compared to 2022) Loyalty Score of Arctic: 89.1 (3.3 increase compared to 2022) Loyalty Score of Defy: 90.5 (3.6 increase compared to 2022)</p> <p>Competitors' Brand Loyalty: 79.1 Timing: The data was collected in November 2023 via online survey</p> <p>IMPORTANT NOTE: While Norway was one of the countries in which we conducted the consumer satisfaction survey, it has been excluded from the study in 2023. This means that Grundig consumers did not take part in the research this year. When comparing last year's and 2023's results, this minor change in the country scope must be considered.</p>

CUSTOMER AND CONSUMER EXPERIENCE

USER EXPERIENCE

At Arçelik, we seek to satisfy our customers and consumers by providing products and services of the highest quality and standards. We strive to become a beacon of reliability, continuity and respectability for all customers. In order to deliver user experiences that meet consumer and customer needs, we have conducted three main projects as follows.

The Kitchen

The Kitchen, based in Arçelik Cooking Appliances Plant in Bolu Türkiye, serves as a user experience location with a range of selected Arçelik, Beko, and Grundig-branded products. This means customers can offer feedback and gain insights on our products by having cooking experience, reviewing product performance and studying recipes, which then serves as input for new products and ideas. Regarding our sustainability strategy, the Kitchen also supports healthy cooking practices, local farmers, and a near zero waste management approach.

Next Gen Merchandising

We strive to create new ways of retailing. As a result, we introduced Online Experts - an online sales assistant equipped with digital capabilities that serves as the initial point of contact for consumers who visit our flagship stores virtually

through their online devices. Through this technology, we enable our consumers to explore our products and services by interacting with their screens, thereby making our physical stores more easily accessible online.

We collaborate with top universities in Türkiye and facilitate various initiatives such as workshops, flagship visits, and C-level meetings to improve communication with the youth and foster product innovation. Additionally, we implement reverse mentoring by actively seeking

out feedback and insights from our prospective consumers to better understand their needs and preferences.

Brand Roadmapping Process

Arçelik is dedicated to blending innovative home solutions with environmental responsibility through its Brand Roadmapping (BRM) Process, a strategic tool guiding product development and communication. Main approach is insight-driven, leveraging market analytics, consumer feedback, and technological trends to create products

that not only meet but anticipate consumer needs. This mechanism fosters collaboration across product development teams to create innovative and eco-conscious paths for up to five years. The result is comprehensive roadmaps outlining strategic vision and operational plans to deliver innovative products and sustainable brand narratives. By 2023, sustainability projects constitute 35% of these roadmaps, showcasing a commitment to sustainability in business strategy.



CUSTOMER AND CONSUMER EXPERIENCE

DIGITILIZATION EFFORTS FOR CUSTOMER AND CONSUMER EXPERIENCE

At Arçelik, we attach importance to digital transformation in our systems to improve customer and consumer experience and provide more efficient and effective services for consumer and customer. Examples of our projects are shown alongside:



Global Product Registration Project	Appointment and Routing Program (ROTAM)	Sirius	Customer Relationship Management (CRM)	Call Center Analytic	Apollo	FixMate
As of 2022, a customer registration platform enables consumers to help by providing their needs and expectations such as installation and maintenance tips.	ROTAM software helps our technicians at Arçelik subsidiaries to manage the booking process for customer visits in a more robust and professional way, increasing work efficiency and improving time and cost efficiency. Route system optimization will offer an optimum route in terms of time and fuel consumption for its own or exclusive technicians. With our Appointment Routing Program system, we can give appointments to our customers through our call center, service, dealer and self-service channels within two hours.	Through the Sirius Project, our objective is to fully digitalize and standardize our after-sales services processes across all areas, including call centers, services, technicians, and employees in subsidiary head offices. This initiative will enhance the experience of our services in the different countries, providing more than 10,000 technicians with greater mobility through a platform that consolidates all technical data. Additionally, the project will create a digital environment where customers can easily reach us and track their service progress. Implementing Sirius will enable our Net Promoter Score, servicing processes, and first-time fix rate while promoting flexibility and reducing the use of paper.	CRM service project aims to improve consumer interactions and relationships. The CRM system has enabled us to track consumer interactions and feedback, allowing us to identify areas for improvement and make data-driven decisions to enhance the consumer experience. By listening to our consumers and making improvements based on their feedback, we are able to build stronger, more sustainable relationships with them.	The digital transformation of call center infrastructure to Amazon Connect system which is cloud-based, flexible and scalable represents the most significant milestone in this journey. Our primary focus is leveraging the call quality analytics capabilities of this new system for enhancing the customer experience in the call process. The Amazon Connect system transition has been completed successfully for South Africa and Austria Call Center Operations. It started to work smoothly with Amazon Connect and Salesforce CRM system integration to provide better service to our customers. Rollouts will be continued until the end of 2024.	In 2023, we launched our new data management portal, Apollo, which will continuously expand with additional modules. The initial modules introduced were the authorized service and dealer information module, along with the authorized service opening and closing process module. These modules have enabled us to transition away from paper usage processes, fully embracing digitalization. Upcoming modules include the SMS tracking-management system and Authorized Service Information Modules, all aimed at further reducing reliance on paper usage and digitalizing key processes.	FixMate operates discreetly in the background, utilizing data to predict service needs and associated materials accurately. During estimation, it thoroughly analyzes customer records to determine the potential use of certain materials, offering recommendations to technicians based on this analysis. Moreover, technicians can access these material recommendations through Artemis (Arçelik Technician Mobile Operating System), empowering them to proactively bring along materials that may be required even before the customer visit, thus enhancing efficiency and service quality.

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Integrating effective supply chain management is essential to manage environmental, social, and governance related impacts, risks, and dependencies along with business perspective. As a company with a supplier network worldwide, our commitment is to integrate environmental, social, and governance metrics in our approach to the entire value chain.

We have a dynamic purchasing structure with purchasing offices in 10 different countries and more than 200 employees. With approximately 2,000 Tier-1 material suppliers from over 60 different countries, our total purchasing volume reached over EUR 4.5 billion in 2023. While purchases in Türkiye make up 36.7%, we contribute to local development with purchasing activities at countries in Asia, 37.5%; countries in Europe 18.9%; South Africa 5.7%; United States of America 0.6%; and countries in the Middle East 0.6%.

Raw material purchases constitute the largest part of our total purchasing volume. In 2023, raw material purchase rates were 42.8% polymers, 49.5% sheet material, 3.3% copper, and 4.4% aluminum. When metal and plastic materials, the main inputs of home appliance production, are evaluated together with the raw material purchases made by us and our suppliers. Prices

of component groups that require intensive use of raw materials are also affected by the price of raw materials.

ARÇELİK GLOBAL RESPONSIBLE PURCHASING POLICY

The Arçelik Global Responsible Purchasing Policy includes principles for suppliers to agree, such as compliance with the laws and regulations and Arçelik’s values in terms of environment, social and governance issues. The outline of the Policy covers several critical sub-issues including but not limited to environmental protection, human rights, bribery and corruption.

We have committed to ensuring that our suppliers act in accordance with the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, and the United Nations Guiding Principles on Business and Human Rights.

Accepting and complying with Arçelik Global Responsible Purchasing Policy is a contractual obligation. In case of repeated serious violations of this Policy, Arçelik reserves the right to terminate the contract with its suppliers. Our

stakeholders can inform us about suspicious behavior or supplier violations of business ethics via an e-mail address (arcelikas@ethicsline.net), our website (www.ethicsline.net), or the telephone numbers given in our Global Responsible Purchasing Policy. Arçelik undertakes to handle all notifications about suspicious behavior and violations confidentially and protect those who provide such notifications, and we do not tolerate retaliation.

SUPPLIER ESG PROGRAM

The Supplier ESG Program is a procedure designed to ensure ESG strategies are embedded into supplier selection and evaluation criteria to identify material risks and impacts, ensuring that supplier business practices are in line with the Arçelik Global Responsible Purchasing Policy.

The Supplier ESG Program, which covers local and international material and OEM suppliers, addresses Environmental Management, Energy Management, Conflict Minerals Management, Human Rights and Ethics. The Board of Directors is responsible for the oversight of the implementation of the Supplier ESG Program.

We conduct a comprehensive Supplier ESG Assessment Process to ensure that the business

practices of our suppliers are in line with the Global Responsible Purchasing Policy. The Supplier ESG Assessment Process for significant suppliers consists of desktop assessment of suppliers via an online survey, onsite assessment of suppliers by Arçelik supplier development team employees and on-site assessment of suppliers by an accredited third-party auditor firm. We require full compliance with Arçelik’s Global Responsible Purchasing Policy in these assessments and terminate contracts with any supplier in cases where child labor, forced labor, discrimination, bribery, or incidences of corruption are detected. We may request the removal of any employee or terminate cooperation with a supplier upon finding them acting illegally.

 For further information regarding the program, please refer to the [Supplier ESG Program](#).

 For information regarding relevant key performance indicators, please refer to [Annex 12. Supplier Performance Indicators](#).



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Supplier Selection Criteria

In the supplier selection process, all new potential suppliers are assessed by a limited survey that covers quality, environment and business ethics aspects. When awarding contracts to existing significant suppliers, quality, timely delivery and ESG score are determined based on the Supplier Sustainability Index. Based on the methodology explained in detail in the Supplier ESG Program, a minimum of 20% of ESG score is weighted in the final score of the supplier to be selected for the contract.

Supplier Screening Process

In order to have a comprehensive understanding of the supply chain risks and dependencies from an ESG and business perspective, Arçelik carries out a screening process as defined in the Supplier ESG Program to better manage the related risks. In the supplier screening process, several risk factors such as the country-specific risks, sector specific risks, and commodity specific risks, as well as the dependence on the supplier and the potential ESG risks of the supplier, are taken into account.

In determining significant suppliers for the company, business relevance aspects such as the purchasing volume, dependence on the supplier in terms of sourcing critical components or in terms of being a non-substitutable supplier are combined with potential ESG risks of the supplier based on environmental risks, social risk and governance risks.

Country-Specific	The macroeconomic, legislative, political and social risks related to specific countries are taken into account, including the corruption index levels. It is also important to look at country specific risks from a globalization/localization perspective. Countries such as Türkiye, China, Pakistan are among countries deemed as risks within country specific risks in terms of macroeconomic, political and social risks.
Sector-Specific	Plastic processing and metal processing sectors are two significant sectors for Arçelik which have the potential to be risky in terms of environmental and social impact as well as from quality impact.
Component-Specific	Electronic cards and compressors are significantly important components for Arçelik's business. The dependency on the suppliers of these components is taken into account from purchasing volume, quality, timely delivery, environmental and social risks such as conflict minerals risk in terms of 3TG metals.
Environmental	Arçelik has set a prerequisite about ISO 14001 which is the first evaluation criteria in terms of environmental perspective. Arçelik also evaluates potential environmental risks based on the process of the supplier and suppliers that have the potential to have a more harmful environmental impact are given a different risk level and prioritization for environmental impact data collection.
Social & Governance	Child labor, forced labor, corruption are among the risks for which Arçelik has zero tolerance. Suppliers which operate in countries with high corruption risk, lack of clear rules for child and forced labor as well as lack of industrial unionization are deemed as risky in terms of social risks. Priority is given to these suppliers in ethics audits.



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Supplier Sustainability Index

We have an in-house Supplier Sustainability Index project developed under the Supplier ESG Program. The project has been initiated with the Tier-1 material and product (OEM) suppliers. In 2023, we have continued working on building the same infrastructure for our logistics suppliers. Therefore, unless otherwise stated, all targets and KPIs indicated in this section belong to the Tier-1 material suppliers and OEM suppliers.

A dedicated in-house team in the Purchasing, Small Domestic Appliances, and Product Sourcing Departments works on this project in collaboration with the sustainability teams. We have also partnered with an independent accredited audit firm to help us carry out this project. The firm provides us with the supplier data monitoring software platform and works in close collaboration with the purchasing team to reach out to the suppliers and act as an advisor for questions raised by the suppliers.

The aim is to understand our suppliers' ESG-related risks and opportunities by collecting and analyzing their data. Our main intention is to enable Scope 3 emissions reduction in the value chain. Therefore, each year we carry out supplier screening processes considering

ESG related risks and business relevance to determine significant suppliers which will be given priority in the assessment process. As defined in the "Supplier Screening" section, we define significant suppliers considering business

relevance in terms of high purchasing volume, critical components provided or being non-substitutable combined with potential ESG risks of the suppliers.

SUPPLIER SUSTAINABILITY INDEX	
Survey	Business Ethics Audit
<p>Qualitative and quantitative ESG data are collected through a comprehensive online survey prepared in line with GRI Sustainability Reporting Standards, and verification is provided by the third-party independent accredited audit firm based on evidence of the suppliers. Suppliers that do not fill out the supporting documentation or the data requirements do not get any points. We assess the suppliers based on the data provided to understand their level of maturity in terms of ESG integration into their business based on our internal assessment.</p>	<p>A comprehensive on-site audit covering ESG topics aligned with Business Social Compliance Initiative (BSCI) and the Suppliers Ethical Data Exchange (SEDEX), and Responsible Business Alliance (RBA) is carried out by an independent accredited third-party auditor with relevant certificates. Within the scope, the compliance of our suppliers with Arçelik Global Responsible Purchasing Policy is assessed, which includes Arçelik's expectations for legal practices, working conditions, ethical rules, occupational health and safety, and the environment.</p>
PERFORMANCE ASSESSMENT AND CORRECTIVE ACTION PLANS	
<p>The results of both assessments (survey and business ethics audit) mentioned above are combined to scale the performance of the suppliers as high, medium, or low risk (acceptable, good, and excellent). If any findings constitute a potential risk, as a mitigation measure, we send corrective action plans to suppliers. As defined in the Supplier ESG Program, suppliers are given a certain period to improve and work on an action plan to address the non-conformities. If High and Middle Risk suppliers fail to improve their scores to an Acceptable risk level within 10 months of the plan's launch, Arçelik reserves the right to terminate the contract with the supplier.</p>	

Further information regarding the scoring methodology and in-house and third-party assessment processes, please refer to the [Supplier Assessment Findings section of the Report](#).



Partnering with Arçelik in our common mission towards sustainable development and Environmental, Social, Governance (ESG) has been invaluable for ILPEA. ILPEA has been involved from the very beginning of this joint journey, actively participating in data tracking initiatives and sharing medium and long-term performance targets through innovative digital ESG reporting platforms. Our continuous collaboration has fostered cutting-edge product innovations aimed at significantly reducing the environmental impact, underscoring our shared dedication to sustainability leadership.

Vincenzo Siciliano
Vice President, Global Procurement & ESG, ILPEA Group

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Environmental Dimension- Qualitative & Quantitative	<ul style="list-style-type: none"> • Environmental reporting including environmental and energy performance KPIs • Environmental policy & ISO 140001 Environmental Management System Certification • Compliance with environmental legislation • Arçelik Chemical Compliance Management Policy • Operational eco-efficiency (third party verification of the Scope 1 and 2 GHG emission with respect to ISO 14064 Standard) • ISO 50001 Energy Management System Certification • Measurement (greenhouse gas emissions, energy, waste, fuel, water)
	<ul style="list-style-type: none"> • Scope 1 and 2 GHG emissions • Water management (water consumption, recycled water, wastewater generation) • Waste management • Air pollutants • Electricity consumption • Natural gas consumption • Oil consumption (direct burning induced consumption, direct vehicle induced consumption) • Specific energy consumption • Green electricity purchased • Renewable Energy for self consumption • Energy efficiency projects
Social Dimension- Qualitative	<ul style="list-style-type: none"> • Social reporting • Compliance with Universal Declaration of Human Rights • Compliance with Arçelik Global Responsible Purchasing Policy • Conflict minerals management policy, declaration, smelter audits
	<ul style="list-style-type: none"> • Human capital indicators • Diversity, Equity & Inclusion
Governance & Economic Dimension- Qualitative	<ul style="list-style-type: none"> • Risk analysis • Internal rules/policies • Reporting of violations • Customer satisfaction • Corporate business ethics policy • Supplier sustainability risks • Supplier performance measurement criteria


As a further deep dive into the qualitative environmental data collection part, we believe that the suppliers we work with should, as a minimum, have established ISO 14001 Environmental Management Systems and ISO 50001 Energy Management Systems. The ISO 14001 Environmental Management System provides guidance as to which environmental systems should be established. The ISO 50001 Energy System provides guidance as to which energy efficiency measures must be implemented. Suppliers are encouraged to build on top of these systems to increase their positive impact. We have set the following targets:

- Arçelik aims to maintain its target regarding having suppliers * with ISO 14001 Environmental Management Systems certificate. Therefore, it has become a prerequisite that from 2023 going forward, existing/new suppliers have an ISO 14001 Environmental Management System certificate or have at least initiated the application process.
- Our suppliers* above 1,000 tonnes of oil equivalent (TOE) are required to have ISO 50001 Certificates.
- Our suppliers* above 500 TOE are required to have ISO 50001 Certificates.

*90% of purchasing volume of Tier-1 material and OEM suppliers.

As a further deep dive into the quantitative environmental data collection part, it is important to emphasize our rationale behind this effort. Having committed to Net-Zero 2050 targets within the entire value chain, supply chain decarbonization is critical. We would also like to understand the environmental impact from a more general perspective of our supply chain. Therefore, we have started to increase our collaboration with our suppliers to improve their environmental performance.

- 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 more than 500 suppliers, corresponding to 90% of our purchasing volume.
- Arçelik has also set a new target that the suppliers* are expected to reach 100% green electricity usage by 2030. This green transition will be a significant step to decarbonize our value chain as well as our industry.

 For our progress toward the targets regarding suppliers, please refer to the [Sustainability Targets section of the Report](#).

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Commitment Letter

Since 2021, a total of 166 suppliers have committed to set GHG emission/water/waste/energy related targets. We will monitor their progress. 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 to set environmental targets, measure their progress, and reduce their impact. In November 2021, we started to circulate a letter (herein referred to as the “Commitment Letter”) to our suppliers explaining our sustainability strategy, our sustainability credentials and our Science Based Targets as well as the 2030 environmental targets.

This letter was signed by Arçelik’s Chief Executive Officer, Chief Purchasing and Supply Chain Officer, Chief Marketing Officer, Chief Sustainability, Quality, and Customer Care Officer, Purchasing Executive Director, Small Domestic Appliances Executive Director, and Product Sourcing Executive Director. We have asked our suppliers to sign the Commitment Letter, and to commit to setting their own targets for GHG emissions, water consumption, waste reduction and energy efficiency. We also have a requirement that suppliers share these targets publicly on their websites and in their

sustainability reports and report on progress in the same way we do. To date, 166 suppliers have signed the Commitment Letter.

During this journey, we encouraged our suppliers to set their targets. As of the end of 2023, the 110 signatories of the Commitment Letter have set long-term GHG emission, water, energy efficiency and waste reduction targets and publicly shared these targets on their websites and in sustainability reports.

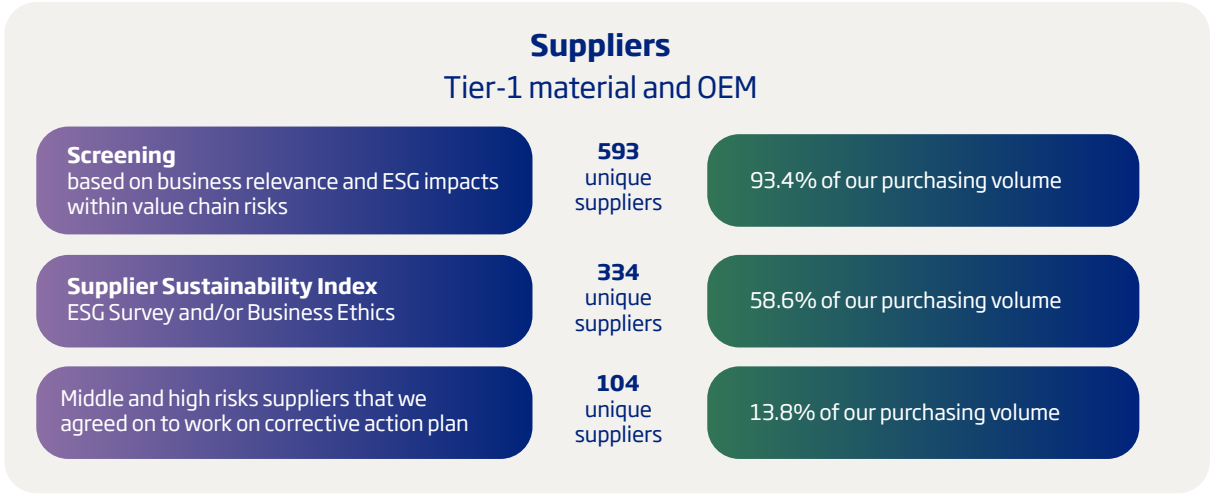
Supplier Assessment Findings

No actual cases of child labor forced labor, violation of freedom association right, discrimination, bribery, or corruption were detected during these audits. No contracts have been terminated for Tier-1 material and OEM suppliers within the scope of the Supplier Sustainability Index Program in 2023.

The graphic below summarizes the overall supplier ESG assessment process and findings.

For further information, please refer to Annex 12. Supplier Performance Indicators.

Target Types	Suppliers with Both 2025 and 2030 Targets	Base Year (2021)	Targeted Ratio by 2025	Targeted Ratio by 2030	Targeted Trend
Average Waste amount per Product (tonnes/product)	33	0.013	15%	25%	↓
Average Water Withdrawal Amount per Product (m³/product)	42	0.433	7%	16%	↓
Water Recycling Ratio, % (Total Recycled Waterw/ Total Water Withdrawal)	5	27	18%	23%	↑
Scope 1 GHG Emissions (tonnes CO ₂ e)	9	615	26%	33%	↓
Scope 2 GHG Emissions (tonnes CO ₂ e)	9	2,204	24%	31%	↓
Average Energy Consumption per Product (TEP/product)	14	0.103	16%	23%	↓
Green Electricity Purchase (kWh)	8	10,295,800	34%	53%	↑



*The base year data covers the production for Arçelik.

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The table below provides the overall supplier ESG assessment findings.

Potential Human Rights/OHS/Environment Issues on Supplier Assessment Findings in 2023

Main Category	Topics Details	Non-conformities	Improved*	In Progress*	Open	Mitigation actions taken
Social Management System	Not provided employees' personal file Lack of employee dismissal procedures Inadequacy of risk assessment	1,092	241	33	818	Preparation of relevant documents and procedures Conducting a risk assessment in labor/OHS/ environmental/ethical issues
Workers Involvement and Protection	Lack of Wish and Complaint system Lack of confidentiality in the complaint system	22	9	0	13	Establishment of Wish and Complaint system Ensuring that the wish and complaint system is kept confidential
The Rights of Freedom of Association and Collective Bargaining	Failure to effectively communicate worker representatives to all employees Employee not recognizing the union representative	17	6	0	11	Informing and educating all employees about their rights and making the union's activities visible (union meeting)
No Discrimination	Lack of policy against discrimination Insufficient employment of disabled personnel	31	11	0	20	Preparation and implementation of relevant policy Employment of disabled personnel in compliance with regulations
Fair Remuneration	Payrolls are not provided	60	22	0	38	Providing the payrolls
Decent Working Hours	Night work system, overtime hours, at least one day off per week Lack of working hours records	322	162	0	160	Limitation of overtime working hours aligned with the local law Providing the working hours digital system records
Occupational Health and Safety	Lack of OHS training, proper storage of chemicals, presence of smoke detectors, emergency exists and correct location of fire extinguishers Lack of root-cause analysis of work accidents	4	2	0	2	Planning of OHS training Proper chemical storage Placement of smoke detectors to required areas Outward opened emergency exits Correct positioning of fire extinguishers Submission of root-cause analysis
No Child Labor	Not provided employee ID copy	2	0	0	2	Directly contacting with suppliers for proving their relevant documents under GDPR rules
Special Protection for Young Workers	Young employee working hours Lack of policy for young worker employment	5	0	0	5	Limitation of working hours aligned with the local law Preparation of relevant policy
No Precarious Employment	Lack of written terms of workers' employment	19	5	0	14	Providing the employment contract
No Bonded Labor	Lack of policy for bonded labor Failure to inform employees about disciplinary policies	834	175	32	627	Preparation and implementation of relevant policy Providing relevant training to employees
Protection of the Environment	Environmental reporting, waste site GHG emission calculation environmental risk analysis, protection of chemicals	50	15	0	35	Preparation of environmental reporting, calculating GHG emissions, implementation of action in the field
Ethical Business Behavior	Insufficient verification Lack of adequate documentation regarding conflict minerals Absence of a policy on bribery and corruption					Submission of relevant documents of ethical business behavior Providing documentation regarding conflict minerals Preparation of relevant policy
Total		2,465	650	65	1,750	

In addition, the findings of the previous period were taken into consideration. As a result, 10 follow-up audits were carried out by third party auditors and a total of 26% of the non-conformities were improved.

*follow-up audits and CAPA management system.



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Supplier Development Programs:

Working with Suppliers to Improve Non-Conformities

Once non-conformities are determined based on Arçelik's internal evaluation and third-party ethics audits, as indicated in the Supplier Assessment section and Supplier ESG Program in further detail, Arçelik sends corrective action plans to suppliers. Arçelik's dedicated sourcing team and Arçelik's third party service suppliers work with Arçelik suppliers to specifically improve non-conformities. This includes both on-site and online collaboration via suppliers. This effort gives suppliers guidance on which actions they need to take to better improve their ESG performance.

Findings from the results of the survey and audits were identified in significant suppliers, while the number of improved findings is 650. Furthermore, considering that we have agreed to work on corrective action plans with all the high-risk and middle-risk suppliers with substantial actual/potential negative impacts, we have provided first-hand assistance and support in 2023 to 17 of the high-risk and middle-risk suppliers to implement those actions. At Arçelik, we aim to ensure that the practices of our suppliers improve over time. Therefore, we have several initiatives including training and technical capacity improvement programs.

Supplier Training

An important part of our approach consists of working with suppliers to ensure the suppliers gain in-depth knowledge and awareness of Arçelik's ESG strategy, policies and procedures. The online training covers information on Arçelik's Global Responsible Purchasing Policy and ESG Program well as Arçelik's ESG targets and business strategy approach. The training consists of online webinars and technical consultancy services provided in collaboration with Arçelik's third-party independent service provider consultant. Furthermore, in 2023, we activated the Digital Education Platform with the aim of digitizing our sustainability training programs in 11 different areas including ISO Environment and Energy Management Systems, GHG inventory calculation method, energy and environmental data collection, ROHS regulations, conflict minerals, occupational health and safety, risk identification and business law & social security legislation as well as business ethics. The suppliers who completed online training are 26% from Asia, 21% from Europe, 53% from Türkiye.

In 2023, the total number of training hours has reached to 482 person*hours only on the platform. As stated in Supplier ESG Program, in the online supplier evaluation software tool, we included a benchmark section available

for suppliers to access how their peers are performing as best-case examples. Suppliers can access summary reports of why the said suppliers were rated as best performing based on Arçelik's Supplier Sustainability Index.



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Technical Capacity Improvement Program
 Arçelik aims to systematically improve the technical capacity of its suppliers in terms of ESG strategy and risk management. We know this is a long-term journey. We aim to equip our suppliers with the necessary tools to stay proactive, to embed sustainability into growth strategy and to prepare for upcoming regulations. We have witnessed major regulations coming into force, and our efforts to help suppliers proactively proved the strategy is working. We aim to increase production quality and efficiency of suppliers, support them towards adopting a sustainable production approach, and help them to maintain their competitiveness. We analyze the needs of suppliers and ensure access to resources allocated for further cooperation.

In 2023, efforts have been made to develop supplier infrastructure and technical competencies, and to disseminate new production technologies emerging in the industry in the supplier ecosystem. Arçelik continues to carry out its activities in line with its sustainability goals by including its suppliers in the process. The target projects include the Supplier ESG Target setting project as well as focus projects on raw material reduction, increasing recycled material consumption, increasing energy efficiency, renewable energy usage and increasing digitalization capabilities of the suppliers.

ESG Target Setting Process
 Arçelik has been working in close collaboration with the suppliers who signed the Commitment Letter to set publicly available targets. As of the end of 2023, we provide details in the table of the number of suppliers with their base year and target year values in different areas.

This is a significant awareness and result-based project. Arçelik provided customized trainings to these suppliers on how to set GHG reduction, water reduction, energy efficiency and renewable energy targets in a given base year against a target year, how to make measurements and how to take concrete actions based on Arçelik's expertise in these areas. Based on the number of suppliers that have set their targets, Arçelik expects the following impact.



As a long-standing supplier to Arçelik, we are delighted to have the opportunity to be part of their drive for sustainability. Our collaboration in providing materials for their energy efficient home appliances demonstrates how partnerships can drive change. We recognize the need for further improvements in the supply chain to achieve even greater positive impact together. It seems obvious that Arçelik's and



Howdens has partnered with Beko UK and Arçelik for nearly 20 years, making them one of Howdens' top suppliers. Howdens' ambition is to be the most sustainable supplier for Kitchen and Joinery products. In November 2023, in full support of Howdens Road to Zero - Zero Waste and Zero Emissions, Beko UK and Howdens agreed to engage the wider appliance industry value chain. Arçelik, Beko and Howdens ran a Supplier Collaboration summit in Istanbul; inviting several core suppliers to share their pathways on reducing emissions, emissions data, decarbonisation plans and best practice. The suppliers were local and from across Europe and great attendance demonstrated the sectors' desire to engage and learn as well as commit to both Howdens and Arçelik's Science Based Net Zero transition plans.

The benefits of such initiatives were seen instantly with healthy Q&A sessions on new ideas with materials and packaging along with challenges on getting started, how to calculate data, integrity of data and how we run another session!

Arçelik's updated commitment to set further ambitious targets with SBTi is most reassuring and reaffirms that Arçelik, along with their entire value chain, is actively engaged in seeking improvements of value and reducing the appliance industry's impact on the environment.

Claire Toomey
 Sustainability & ESG Lead
 Howden Joinery Limited

EJOT's approaches to improving their carbon footprints are very similar. We are convinced that both companies will be successful.

Andreas Radel
 Ejot Tezmaç General Manager

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2023	Energy Efficiency	Material Reduction & Recycled Plastics	Quality Improvement	Digitalization
Number of suppliers	52 Tier-1 material suppliers	1 Tier-1 material suppliers & 6 OEM suppliers	16 Tier-1 material suppliers & 85 OEM suppliers	22 Tier-1 suppliers
Aim of the projects	<ul style="list-style-type: none"> Transformation towards efficient motors at suppliers started in 2022 to provide energy and CO₂e emissions savings. 	<ul style="list-style-type: none"> Less raw material usage is aimed through transition to filled and recycled silicone (hybrid rubber) project. Replacing virgin plastics with recycled plastics reduces the environmental effect of products. 	<ul style="list-style-type: none"> The aim with the projects is to improve the suppliers in terms of: <ul style="list-style-type: none"> Productivity & cost improvement Cycle time Energy efficiency Quality performance 	<ul style="list-style-type: none"> All processes of the supplier to be examined end-to-end, necessary improvement actions to be determined in the fields of efficiency, quality, and capacity.
Outcomes	<p>The implementation of 345 motors to 16 suppliers in 2023 resulted in a saving of 1 million kWh of energy and a reduction of 422 tCO₂e emissions.</p>	<p>Raw material usage savings:</p> <ul style="list-style-type: none"> 5.1 tonnes of raw material usage and approximately 15 tCO₂e emission prevented with filled and recycled silicone (hybrid rubber) transition project <p>In OEM side:</p> <ul style="list-style-type: none"> 707 tonnes of recycled plastic 	<p>Quality improvement studies through 242 visits to 108 suppliers provide:</p> <ul style="list-style-type: none"> 101 cost improvement projects and EUR 9 million cost savings 73 different material groups <p>In OEM side:</p> <ul style="list-style-type: none"> 723 Corrective actions and 218 design changes 77 cost improvement projects, and EUR 3.7 million cost savings 	<p>Benefits through improving suppliers' production competencies with innovative technologies that they have not been able to produce before:</p> <ul style="list-style-type: none"> increasing their business volumes to produce sustainable, high-quality cost-effective production Lean and digital maturity improvement <p>Value Stream Mapping (VSM) was carried out with key suppliers to enhance the overall efficiency of the total structure for entire processes thoroughly examined, identifying necessary improvement points and determining actions in the areas of efficiency, quality, and capacity.</p> <p>The Supplier Production Systems Assessment method was implemented for 22 companies, resulting in the formulation of improvement plans</p>



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Conflict Minerals Management

The 3TG (tin, tantalum, tungsten, and gold) minerals used in the production of electronics and durable home appliances are usually extracted in high-risk conflict zones around the world. As per the UN's guidelines and restrictions on these minerals, Arçelik commits to not purchase these essential raw materials from high-risk conflict zones or in a way that will financially support the conflict. In compliance with the Organization for Economic Co-operation and Development (OECD), Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas, the main purpose of Arçelik's Conflict Minerals Policy is to prevent the trade of 3TG minerals that finance armed conflicts or are extracted by forced labor. Our suppliers are required to fully comply with and support this policy. Our expectation from our suppliers is to question the 3TG minerals' presence in the materials used in production, to find the source of the smelting facilities if there is 3TG, and to share these findings transparently.

At Arçelik, being a member of the Responsible Minerals Initiative (RMI) makes us direct our efforts in concert with the international community to improve mineral sourcing practices and to utilize diverse information on high-risk

minerals concerning their smelters or refiners (SORs) as well as their place of origin. Arçelik uses RMI tools to train its suppliers, determine the risk level of SORs worldwide, confirm the SORs' country of origin, and prepare for other precious materials like cobalt, mica, or copper.

Arçelik will remove non-certified SORs from the supply chain by implementing a risk-based approach. As a first step, Arçelik requires the relevant SORs to be entitled to conformant and certified, while Arçelik's action plan regarding improvements and risk mitigation addresses eliminating non-conformant ones in the supply chain as a further step.

 For more information regarding Arçelik's performance regarding conflict minerals, please refer to [Annex 12. Supplier Performance Indicators](#).

 Further information about due diligence, please refer to our [Conflict Minerals Due Diligence Report](#).

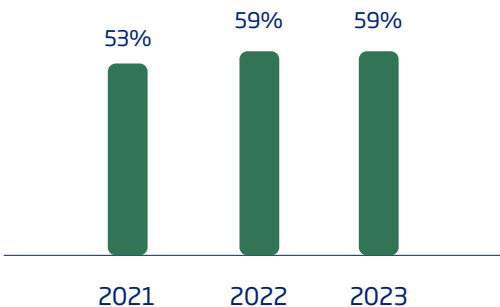
 For further information, please refer to [Arçelik's Conflict Minerals Policy](#).

SUPPLIER LOCALIZATION

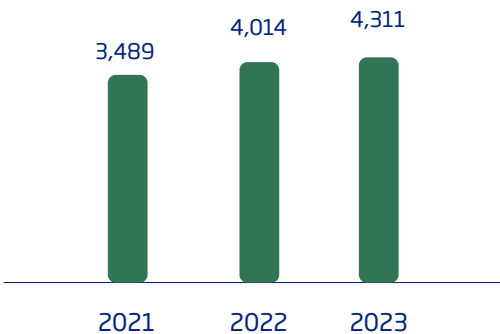
With the aim of reducing dependency and supply risk, and to increase production technology know-how of suppliers, we develop initiatives and support domestic production in each region we operate. As part of the supply chain transformation, localization has been on the agenda of purchasing teams since the beginning of the pandemic to reduce supply risk and increase local production technology know-how. Within this context, in 2023, localization studies in cooperation with suppliers continued for 27 imported materials in Türkiye in 2023 and were completed for five materials to be produced domestically.

In the OEM side, localization study in SDA category completed for two suppliers.

Payments to Local Suppliers* (%) in Total Payments



Number of Local Suppliers*



*Coverage: Direct and indirect suppliers

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SUPPLIER FINANCING

Arçelik has partnered with C2FO, a digital working capital platform enabling suppliers to receive early payments on their invoices at discounts they determine. The C2FO platform enables Arçelik to offer early payment of invoices to any of its suppliers. The suppliers request early payment in exchange for a discount which, uniquely, they choose. Suppliers of all sizes, not just a select few, can accelerate their receivables at a reasonable cost, accessing cash that is vital for their businesses given the uncertainties and high-inflation environment. In the meantime, Arçelik earns a yield for its free cash by investing the funds into its own ecosystem, rather than parking it in money market instruments. And it is all done without time-consuming manual processes or paperwork. For Arçelik's suppliers, the early payment option has been a useful tool to manage their cash flow and working capital. Because they receive the payment sooner, suppliers can invest more in larger orders of inventory and materials at lower prices, helping them stay ahead of rising inflation. Through C2FO's early payment tool, Arçelik has achieved an unprecedented level of flexibility in how it helps its suppliers mitigate the risks from rising inflation, volatile energy and materials prices, and geopolitical crisis in neighboring regions.

Each supplier has the ability to choose which invoices they want to have paid early and how much of a discount they are willing to offer. Unlike other working capital solutions, suppliers are not required to secure underwriting or produce any cumbersome paperwork. The program is available to essentially every strategic supplier in Arçelik's network. Lastly, by providing training services to small and medium-sized enterprise (SME) suppliers through C2FO about how to manage working capital, Arçelik has assessed the long-term financial strength of its SME supplier base.

PURCHASING ACADEMY

The Academy, which was established in partnership with the Chartered Institute of Procurement and Supply, has aimed to reinforce the knowledge and skills of the Arçelik Purchasing Team since 2013. The training process in 2023 included procurement teams from Romania, Russia, China, Thailand, Pakistan, South Africa, Egypt, and Bangladesh.

 [For further information, please refer to the Future Fit Development section of the Report.](#)

GLOBAL LOGISTICS SUPPLY CHAIN MANAGEMENT

Engagement with logistics suppliers in terms of ESG topics and creating synergies to enhance their ESG performance is important within the context of Arçelik's sustainability roadmap. With this perspective, Arçelik's Supply Chain Process & System Development Management at headquarters and subsidiary Supply Chain teams work in close collaboration with the Sustainability Department in order to create a strategic roadmap for transformation, collecting and analyzing data of the processes, and identifying areas for improvement by keeping an eye on international developments and initiating projects.

Logistics ESG Transformation Strategy
In order to identify a roadmap for logistics ESG transformation and create a medium and long-term strategy for 2030 and 2050, a focus group was formed with the participation of relevant departments. The priority areas are determined as: **decreasing emissions, reducing/recycling/reusing material, green transition at warehouses, sustainable strategic partnerships, and women employment in operations.**

In line with these strategic categories, several ESG initiatives are taking place in logistics operations.



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Decreasing Emissions

Arçelik declares that it will **reduce its emissions resulting from logistics operations by 90% by 2050** and the efforts are going to reach this target are as follows:

- Transportation modes resulting in less emission such as seaways and railways are aimed to be prioritized for all transportation. The use of railways for transportation between the port and warehouse in Türkiye has increased to 2,248 from 2,084 compared to the previous year, which accounts for a total of 7.9% increase.
- In 2022, a pilot project started to decrease the number of shipments by using higher volume containers (40HC) instead of lower volume (40 DC) in certain international shipments. After seeing successful results, the project continued in 2023. 127 shipments were shifted to 40HC, which resulted in avoiding 17 tCO₂e.
- By combining certain shipments of spare parts and finished goods in Türkiye operations, the total number of shipments decreased. In 2023, 251 tCO₂e avoided thanks to combined delivery. Also, an initiative to switch from double to triple in-vehicle loading configurations has been applied to 171 shipments in 2023. This resulted in 226 tCO₂e savings.

- As part of a pilot project, two electrical vehicles were put into use for local deliveries in Kocaeli and İstanbul. At the end of 2023, an electronic truck was put into use which is expected to enable 140 tCO₂e avoidance.

Reducing/recycling/reusing material

- A digitalization process has started to reduce paper consumption in export from and import to Türkiye. This resulted in reduction of paper consumption from 28.6 tonnes in 2022 to 17.2 tonnes in 2023. Similarly, the export document archive from Türkiye was transferred in a digital format and the physical archive was recycled. With this initiative, a Certificate of Appreciation was obtained from the TEMA Foundation. The transition is completed for export operations from Türkiye in November 2023.
- 1,000 foldable boxes were put in operation in 2023 for spare parts distributions in Türkiye, which allowed the reuse of the same box for the following deliveries. This resulted in 160,928 kg of cardboard being saved.
- The material uses for stacking fixation and support for in-vehicle loading is being improved via material reduction, recycling, and reuse. Thanks to these efforts, significant material reduction has been achieved at Türkiye production finished goods warehouses.



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Green transition at warehouses

- With solar panel systems installed at Antalya and Erzurum warehouses' roofs in 2022, a capacity was created to meet 5.2 tonnes of electricity from solar energy which represents a potential of 2,284 tonnes of avoided emission for 2023. Solar panel systems are installed at Diyarbakır warehouse as well.
- Electrical savings were achieved by using high-frequency redressors with lower environmental footprint in forklift equipment. The initiative started in 2022 and a total of 215 redressors were implemented to Türkiye production, distribution, and spare parts warehouses in 2023 which saved approximately 906 tCO₂e. As of the end of 2023, all marketing warehouses in Türkiye completely switched to high-frequency redressors. In addition to emission savings, shifting from standard-type redressors to high-frequency redressors extends battery life, decreases maintenance costs, releases 75% less H₂ and toxic gases.
- With the transition to automatic lighting systems in warehouses, the electricity use was recorded as 2,468,978 kwh in 2023 compared to 3,296,383 kwh in 2022 which resulted in emission saving of 320,794 tCO₂e.

- After the heaters used by warehouse workers started operating by a sensor system, they contributed to a reduction of natural gas usage. In 2023, 1,702,356 m³ natural gas was used compared which resulted in 184,323 kg CO₂e emissions saving.

Sustainable strategic partnerships

- Among our global network of nearly 150 logistics suppliers, our sustainability training initiative commenced with 57 third-party logistics providers (3PLs). As of the end of 2023, a total of 22 3PLs successfully completed the training program. Following the completion of training for our 3PLs, the program will be extended to engage with other suppliers.
- Meetings are held with our major forwarders to understand their sustainability roadmap and discuss potential collaboration areas.

Women employment in operations

- Thanks to the efforts to increase the ratio of female warehouse employees at central distribution and spare parts warehouses in Türkiye, the number of women workers increased from 88 in 2022 to 110 in 2023 including in positions such as forklift and reach truck operators.

Collection and Analysis of Logistics ESG Data

The first step of working towards the logistics ESG targets is to make sure the related data is gathered correctly and analyzed effectively.

Arçelik's GHG emissions arising from its logistics operations have been verified within the framework of ISO 14064-1 Standard since 2013. Since 2022, a Sustainability Form has been added to the project follow-up application of the Supply Chain Directorate. The form allows the sustainability-related outputs (energy saving, material saving, water saving, GHG emission reduction etc.) of the projects at Arçelik warehouses to be tracked and reported in a consolidated manner.

Additionally, the ALBA (International Vehicle Visibility) project, which was initiated in 2022, aims to improve vehicle traceability and achieve end-to-end visibility for all parties of the supply chain ecosystem while ensuring process standardization through digital and automatic monitoring. With ALBA, manual tracking will be eliminated, and shorter reaction times will be achieved. The preparation phase continued in 2023 and the phase 1 scope of the project, which includes Türkiye exports and imports, is planned to go live in 2024.

Operational Improvements

Arçelik also improves its end-to-end logistics operations via several projects. While STORM Project allows the digitalization supply planning cycle and transportation management; Robotic Process Automation (RPA) studies enable integrating robots for repetitive tasks that can be solved with automation. In order to increase supply chain visibility and traceability, Business Intelligence KPI project started to automatically calculate and share supply chain performance and make detailed analysis when necessary. As another example of operational improvement, Arçelik also installed a forklift accident prevention system to improve occupational safety in warehouses.



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Exploring Sustainability: More insights on Making it feels like Home



PRODUCTION FACILITIES

- Dhaka, Bangladesh Refrigerator Plant*
- Dhaka, Bangladesh TV, A/C and Washing Machine Plant*
- Shanghai, China Arçelik Hitachi Washing Machine Plant
- Gujarat, India¹ Voltbek Refrigerator Plant*
- Hyderabad, Pakistan Refrigerator Plant
- Karachi, Pakistan Refrigerator and TV Plant
- Karachi, Pakistan Washing Machine, A/C and Cooking Appliances Plant
- Gaești, Romania Arctic Refrigerator Plant
- Ulmi, Romania Arctic Washing Machine Plant
- Kirzhach, Russia BEKO LLC Refrigerator and Washing Machine Plant
- Lipetsk, Russia IHP Appliances JSC Refrigerator Plant
- Lipetsk, Russia IHP Appliances JSC Washing Machine Plant
- Ezakheni, South Africa Refrigerating Appliances Plant
- Jacobs, South Africa Defy Cooking Appliances, Dryer and Washing Machine Plant
- Cabin Buri, Thailand¹ Arçelik Hitachi Refrigerator Plant
- Cabin Buri, Thailand¹ Arçelik Hitachi Washing Machine Plant
- Rayong, Thailand Refrigerator Plant
- Ankara, Türkiye Dishwasher Plant
- Bolu, Türkiye Cooking Appliances Plant
- Bolu, Türkiye Cooking Appliances Plant - Plant-2
- Eskişehir, Türkiye Refrigerator Plant
- Eskişehir, Türkiye Plant-6
- Eskişehir, Türkiye Compressor Plant
- Gebze, Türkiye¹ Arçelik LG*
- İstanbul, Türkiye Washing Machine Plant
- İstanbul, Türkiye Solar Panel Plant
- Manisa, Türkiye Refrigerator Plant
- Manisa, Türkiye Washing Machine Plant

- Tekirdağ, Türkiye White Goods Engine and Small Home Appliances Plant
- Tekirdağ, Türkiye Tumble Dryer Plant
- Tekirdağ, Türkiye Electronics Plant

¹Joint Venture Plants

*Excluding gender pay related data.

**Excluding environmental data.

R&D AND DESIGN CENTERS AND OFFICES

- Wuxi, China Arch R&D Office**
- Gujarat, India¹ VoltasBeko R&D Office*
- Hyderabad, Pakistan Dawlance R&D Office
- Islamabad, Pakistan Dawlance NUST R&D Office**
- Karachi, Pakistan Dawlance R&D Office
- Gaești, Romania Arctic R&D Office
- Ulmi, Romania Arctic R&D Office
- Kirzhach, Russia Beko LLC R&D Office
- Lipetsk, Russia IHP Appliances R&D Office
- Jacobs, South Africa Defy R&D Office
- Cabin Buri, Thailand¹ Arçelik Hitachi R&D Office
- Rayong, Thailand Beko Thai R&D Office
- Ankara, Türkiye Dishwasher Plant R&D Center
- Ankara, Türkiye METU Technocity R&D Center**
- Bolu, Türkiye Cooking Appliances Plant R&D Center
- Eskişehir, Türkiye Refrigerator and Compressor Plant R&D Center

¹Center of joint venture



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- İstanbul, Türkiye R&D Directorate
 - İstanbul, Türkiye Arçelik Design Center
 - İstanbul, Türkiye Beylikdüzü R&D Center
 - İstanbul, Türkiye Washing Machine Plant R&D Center
 - İstanbul, Türkiye Digital Transformation, Big Data and AI Center**
 - İstanbul, Türkiye Small Domestic Appliances R&D Center
 - İstanbul, Türkiye Manufacturing Technologies R&D Center
 - Kocaeli, Türkiye¹ Arçelik - LG R&D Office*
 - Manisa, Türkiye Manisa Plant, R&D Center
 - Tekirdağ, Türkiye Electronics Plant R&D Center
 - Tekirdağ, Türkiye Dryer Plant R&D Center
 - Cambridge, United Kingdom Beko PLC R&D Office***
- ¹Center of joint venture

SUBSIDIARIES AND BRANCHES ****

- Algeria - Beko Algéria EURL
- Australia - Beko A and NZ Pty Ltd.
- Austria - Beko Austria AG
- Azerbaijan - Beko Azerbaijan MMC
- Bangladesh - Singer Bangladesh PLC
- Belgium - Beko Belgium NV
- Botswana - Defy Botswana Proprietary Ltd.
- BVI - Pan Asia Private Equity Ltd.
- China - Arçelik Hitachi Home Appliances (Shanghai) Co., Ltd.
- China - Arçelik Hitachi Home Appliances Sales Hong Kong Limited
- China - Arch R&D Co. Ltd.
- China - Beko Electrical Appliances Co. Ltd.
- China - Beko Hong Kong Limited

- China - Beko Shangai Trading Co.
 - Croatia² - Beko Grundig Croatia d.o.o.
 - Czech Republic - Beko Spólka Akcyjna (Beko Poland Branch)
 - Denmark - Grundig Nordic DK (Branch office of Grundig Nordic AS, Norway)
 - Egypt - Beko Egypt Home Appliances Industries LLC
 - Egypt - Beko Egypt Trading LLC
 - Finland - Grundig Nordic AB (Rep Office of Beko Nordic AB, Sweden)
 - France - Beko France SAS
 - Germany - Beko Germany GmbH
 - Greece - Beko Greece S.M.S.A.
 - Hungary - Beko Hungary Kft
 - India - VoltBek Home Appliances Private Ltd
 - Indonesia - PT Beko Appliances Indonesia
 - Indonesia - PT Home Appliances IND
 - Indonesia - PT. Arçelik Hitachi Home Appliances Sales Indonesia
 - Ireland - Beko Ireland (Beko PLC branch)
 - Israel - Beko Israel Household Appliances Ltd.
 - Italy - Beko Italy SRL
 - Kazakhstan - Beko Central Asia LLC
 - Kazakhstan - IHP Kazakhstan LLP
 - Kenya - Defy Sales East Africa Limited
 - Malaysia - Arçelik Hitachi Home Appliances Sales Malaysia - Sdn. Bhd.
 - Malaysia - Beko Appliances Malaysia Sdn Bhd
 - Morocco - Beko Morocco Household Appliances
- ²Beko Germany GmbH's Croatian branch "Podružnica Hrvatska-Beko Germany GmbH" was transferred to Beko Grundig Croatia d.o.o. on February 16, 2023, and was liquidated and deleted from the Croatian Trade Registry.
- *Excluding gender pay related data.
 **Excluding environmental data.
 ***Excluding both environmental and OHS data.
 ****50 out of 82 locations exclude environmental data and 82 of 82 exclude waste data. Also, 30 of 82 exclude one or two different social data (OHS, gender pay, L&D related)

SUBSIDIARIES AND BRANCHES **** (CONTINUED)

- Namibia - Defy Namibia Proprietary Ltd.
- Netherlands - Arçelik Hitachi Home Appliances B.V.
- Netherlands - Beko Bangladesh BV
- Netherlands - Beko BV
- Netherlands - Beko Europe BV
- Netherlands - Beko Netherlands BV
- New Zealand - Beko A and NZ Pty Ltd. New Zealand Branch (Australia Branch)
- Norway - Beko Nordic AS
- Pakistan - Dawlance Private Limited
- Pakistan - DEL Electronics Private Limited
- Pakistan - United Refrigeration Industries Ltd.
- Philippines - Beko Pilipinas Corporation
- Poland - Beko SA
- Portugal - Beko Portugal, Unipessoal Lda
- Romania - Arctic Foundation
- Romania - Arctic SA
- Romania - ARCwaste Collection SRL
- Russia - Beko LLC
- Russia - IHP Appliances JSC
- Russia - IHP Appliances Sales LLC
- Serbia - Beko Balkans DOO
- Singapore - Arçelik Hitachi Home Appliances Sales (Singapore) Pte. Ltd.
- Slovakia - Beko Slovakia SRO
- South Africa - Defy Appliances Proprietary Limited
- Spain - Beko Electronics Espana SL
- Swaziland - Defy Swaziland Proprietary Limited
- Sweden - Beko Nordic AB
- Switzerland - Beko Switzerland GmbH
- Switzerland - Grundig Multimedia AG

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

****50 out of 82 locations exclude environmental data and 82 of 82 exclude waste data. Also, 30 of 82 exclude one or two different social data (OHS, gender pay, L&D related)

PARTNERS

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



Independent Assurance Opinion Statement

To the Management of Arçelik A.Ş.

Scope and Objectives :

TÜV SÜD Türkiye was commissioned by Arçelik A.Ş. (hereinafter “Arçelik”) to conduct independent assurance of its 2023 Sustainability Report (‘the Report’), as published on the company’s website at <https://www.arcelikglobal.com/en/company/reports-presentations/sustainability-reports/> and to carry out an independent verification of total water withdrawal by source and waste, energy consumption data, social and occupational health and safety indicators.

Our assurance engagement was planned and carried out in accordance with AA1000 Assurance Standard AA1000AS v3.

TÜV SÜD’s approach

TÜV SÜD’s assurance engagements are carried out in accordance with our verification procedure. Reviewing the data collection and consolidation processes used to compile selected data, including assumptions made, and the data scope and reporting boundaries; We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We were engaged to provide Type 2 moderate level assurance, which covers:

- Evaluation of adherence to the AA1000AS v3 principles of inclusivity, materiality and responsive-ness and impact (the Principles); and

- The reliability of specified sustainability performance information along with related claims in the report including:

- Desk review
- Site visit
- Data sampling
- Reporting

Inclusivity, Materiality, Responsiveness and Impact principles;

Arçelik has made a commitment to its stakeholders. The participation of stakeholders has been initiated in developing and achieving an accountable and strategic response to CSR.

Arçelik publishes CSR information that enables its stakeholders to make informed judgments about the company’s management and performance. In our professional opinion the report covers the Arçelik’s materiality issues.

Arçelik has implemented the practice to respond to the expectations and perceptions of its stakeholders.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Independence/Responsibilities of Arçelik and of the Assurance Providers

TÜV SÜD was not involved in collecting and calculating data, or in the development of the Report. TÜV SÜD’s activities are independent from Arçelik. Arçelik has sole responsibility for preparation of the Report. In performing our assurance work, our responsibility is to the management of Arçelik.

The assurance team was composed of Lead auditors and Carbon Footprint Verifiers experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, and ISO 9001 EU ETS, GS, VCS, ISO 50001 etc. “Add value. Inspire trust.” Since it was established more than 150 years ago, TÜV SÜD has been guided by this purpose: to make progress attainable by protecting people, the environment and assets from technology-related risks. More than 26,000 employees at over 1,000 locations in around 50 countries around the world work to provide safety, security, certainty and added value for our customers.

Materiality Analysis

Arçelik publishes sustainability information that enables its stakeholders to make informed judgments regarding the company’s management and performance. In our professional opinion, the report covers Arçelik’s materiality issues, their related business impact, and the associated risks and opportunities.

Arçelik has implemented the practice of responding to the expectations and perceptions of its stakeholders. Furthermore, in 2023, the company conducted a materiality assessment process based on the principles of dynamic materiality and double materiality, in line with the European Union Corporate Sustainability Reporting Directive and the methodology provided by the European Financial Reporting Advisory Group.

TÜV SÜD’s Opinion

Based on TÜV SÜD’s approach, we believe that Arçelik A.S. has:

- Met the requirements above
- Disclosed accurate and reliable water withdrawal by sources, waste data and energy consumption data
- Social Indicators
- Occupational health and safety indicators.



VERIFIED DATA:

1) ENVIRONMENTAL PERFORMANCE INDICATORS

Metric name	Scope	Unit	Value
Total water withdrawal	Global	m ³	1,827,807
-Water withdrawal by municipal water	Global	m ³	923,058
-Water withdrawal by surface water	Global	m ³	54,089
-Water withdrawal by groundwater	Global	m ³	794,781
Total water discharged	Global	m ³	1,579,893
Total COD	Global	ton	352
Total TSS	Global	ton	101
Total Oil and Grease	Global	ton	21.9
Total Nitrites (NO ₂ -N)	Global	ton	3.7
Total Chromium	Global	ton	0.11
Total Lead (Pb)	Global	ton	0.15
Total Cadmium (Cd)	Global	ton	0.05
Total Nickel (Ni)	Global	ton	0.1
Total waste recycled	Global	ton	124,579
Total waste disposed	Global	ton	7,789
-Waste landfilled	Global	ton	5,310
-Waste incinerated with energy recovery	Global	ton	1,170
-Waste incinerated without energy recovery	Global	ton	243
-Waste, otherwise disposed	Global	ton	1,066
Electricity (Non-renewable)	Global	GJ	572,011
Electricity (Purchased renewable)	Global	GJ	957,694
Electricity (Onsite renewable generation)	Global	GJ	44,200
Natural Gas	Global	GJ	790,814
LPG	Global	GJ	69,561
Fuel-Oil	Global	GJ	110
Diesel	Global	GJ	65,799
Biodiesel	Global	GJ	1,916
Gas	Global	GJ	42,886
Bioethanol	Global	GJ	2,504

Propane	Global	GJ	0
CNG	Global	GJ	321
Hot Water	Global	GJ	55,028
Steam	Global	GJ	91,541
Total energy consumption	Global	GJ	2,694,386
-Total non-renewable energy consumption	Global	GJ	1,692,492
-Total renewable energy consumption	Global	GJ	1,001,893
Total energy consumption	Global	MWh	748,440
-Total non-renewable energy consumption	Global	MWh	470,137
-Total renewable energy consumption	Global	MWh	278,304

2) SOCIAL PERFORMANCE INDICATORS - Gender Pay Indicators

Metric name	Scope	Women	Men	Unit	Value
Executive level salary index (base salary only)	Global	41.11x	41.16x	percentage	99.9%
Executive level salary index (base salary and other cash incentives)	Global	67.81x	68.82x	percentage	98.5%
Management level salary index (base salary only)	Global	15.6x	15.5x	percentage	100.6%
Management level salary index (base salary and other cash incentives)	Global	20.34x	20.27x	percentage	100.3%
Non-management level salary index	Global	6.17	6.32x	percentage	97.7%

3) OCCUPATIONAL HEALTH AND SAFETY INDICATORS - Employees

Metric name	Scope	Unit	Value
Lost-Time Injury Frequency Rate (LTIFR) for employees	Global	-	1.51
Fatal Accident Number of employees	Global	-	0
Occupational Disease Frequency Rate for employees	Global	-	0.10
OHS Training for employees	Global	hour	359,303

Contractors

Metric name	Scope	Unit	Value
Lost-Time Injury Frequency Rate (LTIFR) for contractors	Global	-	3.21
Fatal Accident Number of contractors	Global	-	0

4) SUPPLIER PERFORMANCE RELATED KPIS - Supplier Screening

Metric name	Scope	Unit	Value
Total number of significant suppliers in Tier-1	Global	number	593
Percentage of total purchasing volume on significant suppliers in Tier-1	Global	percentage	93.4%
Total number of significant suppliers in Tier-2	Global	number	1,901

Supplier ESG Assessment

Metric name	Scope	Unit	Value
Total number of unique significant suppliers assessed	Global	number	334

Supplier Assessment Findings

Metric name	Scope	Unit	Value
Total number of unique significant suppliers with substantial potential/actual negative impacts supported in corrective action plan implementation	Global	number	17

Supplier Development Programs

Metric name	Scope	Unit	Value
Total number of unique significant suppliers in capacity building programs	Global	number	206

5) PROGRESS OF SUSTAINABILITY TARGETS - In Touch with Planet

Metric name	Scope	Unit	Value
Renewable energy systems capacity	Global	MW	20.3
Ratio of green electricity usage	Global	percentage	64%
Reduction ratio of energy consumption per product (based on 2015)	Global	percentage	25.7%
Reduction ratio of water withdrawal per product (based on 2015)	Global	percentage	25%
Ratio of water recycling and reuse	Global	percentage	7%
Rate of waste recycling	Global	percentage	95%
Ratio of manufacturing facilities that implement Arçelik Green Chemistry Management System	Global	percentage	42.4%
Ratio of recycled plastic used	Global	percentage	10%
Ratio of manufacturing facilities that implement ISO 50001 Energy Management System	Global	percentage	78%

In Touch with Human Needs

Metric name	Scope	Unit	Value
Total number of women engineering students participated in We-inTech program	Global	number	267
Total number of girls received STEM training	Global	number	35,372
Total number of women entrepreneurs/entrepreneurial candidates supported	Global	number	503
Percentage of women Beko dealers	Global	percentage	10%
Percentage of women technicians working at Arçelik Authorized Services	Global	percentage	7.4%

In Touch with Business

Metric name	Scope	Unit	Value
Average training hours per employee	Global	number	32
Percentage of online training	Global	percentage	6%
Percentage of women in the total workforce	Global	percentage	28%
Percentage of women in all management positions	Global	percentage	23%
Percentage of women in junior management positions	Global	percentage	25%
Percentage of women in top management positions	Global	percentage	27%
Percentage of women in management positions in revenue generating functions	Global	percentage	18%
Percentage of women in STEM related positions	Global	percentage	21%

Mehmet Kumru
Head of Sustainability, Director

Date: 12.05.2024



ANNEX 3. ENVIRONMENTAL PERFORMANCE INDICATORS

EMISSIONS

Scope 1-2 GHG Emissions (tCO ₂ e)	2021	2022*	2023*
Direct GHG Emissions (Scope 1)	84,014	82,947	78,559
Indirect - Energy (Scope 2)	46,383	92,501	89,762
Total Scope 1&2 GHG Emissions	130,397	175,448	168,321

Scope 3 GHG Emissions (tCO ₂ e)	2021	2022*	2023*
Category1: Purchased Goods and Services	3,236,185	5,151,064	4,726,308
Category2: Capital Goods	N/A	186,235	263,682
Category3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	N/A	19,116	18,474
Category4: Upstream Transportation and Distribution	N/A	85,622	101,539
Category5: Waste Generated in Operations	4,702	6,491	5,200
Category6: Business Travel	13,565	3,540	3,758
Category7: Employee Commuting	71,371	78,021	87,018
Category8: Upstream Leased Assets	N/A	-	-
Category9: Downstream Transportation and Distribution	203,484	162,190	163,945
Category10: Processing of Sold Products	9,171	3,708	1,593
Category11: Use of Sold Products	22,855,049**	25,821,408**	26,673,327**
Category12: End-of-Life Treatment of Sold Products	20,279	23,990	22,345
Category13: Downstream Leased Assets	N/A	35,236	30,299
Category14: Franchises	N/A	-	-
Category15: Investments	N/A	1,770	2,361
Others	5	-	-
Total Scope 3 GHG Emissions	26,413,811	31,578,391	32,099,849

Total Scope 1&2&3 GHG Emissions	26,544,208	31,753,839	32,268,170
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GHG Emission Intensity (tCO ₂ e/TRY million)	2021	2022	2023
Scope 1&2 GHG emissions intensity	3.01	1.8	0.98
Scope 3 GHG emissions intensity	610	324.8	186.4
Total Scope 1, 2 & 3 GHG emissions intensity	613	326.6	187.4

GHG Emission Intensity from Use of Sold Products (tCO ₂ e/ Product quantity)	2021	2022	2023
GHG emission intensity from use of sold products	0.84	0.78	0.9

Air Emissions (tonnes)	2021	2022	2023
NO _x	387.5	407.8	202.1
VOC	1.2	6.1	1.1
SO _x	1.8	1.9	3.0
TOC	36.1	35.5	37.6

ENERGY

Energy Consumption by Fuel Type (GJ)	2021	2022	2023
Electricity (Non-renewable)	306,084	296,735	572,011
Electricity (Purchased renewable)	898,493	905,133	957,694
Electricity (Onsite renewable generation)	3,193	10,763	44,200
Natural gas	1,026,717	827,215	790,814
LPG	40,795	34,654	69,561
Fuel-Oil	15,035	387	110
Diesel	75,080	84,401	65,799
Biodiesel	86	695	1,916
Gas	40,307	38,940	42,886
Bioethanol	524	311	2,504
Propane	0	0	0
CNG	0	543	321
Hot Water	0	4,505	55,028
Steam	N/A	N/A	91,541
Total	2,406,314	2,204,282	2,694,386

*The coverage of GHG Emissions data: All plants, including JVs.

**The coverage includes MDAs, SDAs, TVs and A/Cs



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Energy Savings	2021	2022	2023
Total annual energy savings (Gj)	62,907	94,324	95,680

Energy Intensity	2021	2022	2023
Total non-renewable energy consumption (MWh) (A)	417,783	357,885	470,137
Total renewable energy consumption (MWh) (B)	250,638	254,416	278,304
Total energy consumption (MWh) (A+B)	668,421	612,300	748,440
Energy intensity* (Total energy consumption/Revenue) (MWh/TRY million)	15.44	6.89	2.4
Energy intensity of direct energy* (GJ/TRY million)	27.7	11.1	3.1
Energy intensity of indirect energy* (GJ/TRY million)	27.9	13.7	5.5

WATER

Water Withdrawal by Source (m³)	2021	2022	2023
Third party sources - Municipal water	685,597	691,730	923,058
Third party sources - Water tanker	29,402	4,399	0
Ground water	608,062	747,363	794,781
Rainwater	70,980	46,613	54,089
Total	1,394,041	1,490,105	1,827,807**

Water Discharge by Destination (m³)	2021	2022	2023
Fresh surface water	0	0	0
Ground water	0	0	0
Third-party destinations (municipal sewage line connected to municipal/industrial wastewater treatment plant)	1,054,660	1,272,739	1,579,893
Total Water Discharge (m³)	1,054,660	1,272,739	1,579,893

Water Consumption (m³)	2021	2022	2023
Water consumption***	339,381	217,366	247,914

Water Intensity (m³/TRY million)*	2021	2022	2023
Water withdrawal intensity	32	15	10.6

*Inflation accounting has been applied to revenue of 2023 according to IAS 29 Financial Reporting in Hyperinflationary Economies.
 **A total of 55,879 m3 of water, supplied from steam received from the third party, was included in the total water withdrawal.
 ***Water consumption=Water withdrawal - Water discharge

Water Pollutants (tonnes)	2021	2022	2023
Total Chemical Oxygen Demand (COD)	162	267	352
Total Suspended Solid (TSS)	N/A	N/A	101
Total Oil and Grease	N/A	N/A	21.9
Total Nitrites (NO ₂ -N)	N/A	N/A	3.7
Total Chromium	N/A	N/A	0.11
Total Lead (Pb)	N/A	N/A	0.15
Total Cadmium (Cd)	N/A	N/A	0.05
Total Nickel (Ni)	N/A	N/A	0.1
Water pollutant intensity (tonnes/TRY million)*	2021	2022	2023
Total Chemical Oxygen Demand (COD)	0.004	0.003	0.003

Water Recycled or Reused (m³)	2021	2022	2023
Amount of water recycled and reused	128,412	110,036	124,378
Percent of water recycled and reused	9%	9%	7%

Areas with Water Stress	2021	2022	2023
Water withdrawal from "high" water stress locations (m³)	428,673	443,591	488,668
Rate of water withdrawal from "high" water stress locations compared to total water withdrawal	31%	30%	27%
Water discharge at "high" water stress locations (m³)	393,366	420,552	424,696
Rate of water discharge at "high" water stress locations compared to total water discharge	37%	33%	27%
Water consumption at "high" water stress locations (m³)	35,307	23,039	63,972
Rate of water consumption at "high" water stress locations compared to total water consumption	10%	11%	25%
Water withdrawal from "extremely high" water stress locations (m³)	427,608	540,338	727,156
Rate of water withdrawal from "extremely high" water stress locations compared to total water withdrawal	31%	36%	40%
Water discharge at "extremely high" water stress locations (m³)	308,792	450,952	544,805
Rate of water discharge at "extremely high" water stress locations compared to total water discharge	29%	35%	35%
Water consumption at "extremely high" water stress locations (m³)	118,816	89,387	182,351
Rate of water consumption at "extremely high" water stress locations compared to total water consumption	35%	41%	73%



ANNEX 3. ENVIRONMENTAL PERFORMANCE INDICATORS

WASTE

Waste by Type (tonnes)	2021	2022	2023
Hazardous Waste			
Waste to recovery	2,583	1,838	3,122
Waste to incineration (with energy recovery)	326	301	722
Waste to incineration (without energy recovery)	6	12	190
Waste to landfill	352	513	470
Waste to other disposal operations	31	36	61
Total Hazardous Waste	3,298	2,700	4,565
Non-Hazardous Waste	2021	2022	2023
Waste to recovery	126,485	105,953	121,457
Waste to incineration (with energy recovery)	1,130	502	448
Waste to incineration (without energy recovery)	258	75	53
Waste to landfill	4,095	4,246	4,840
Waste to other disposal operations	633	586	1,004
Total Non-Hazardous Waste	132,601	111,362	127,803
Hazardous & Non-Hazardous Waste	2021	2022	2023
Waste to recovery	129,068	107,791	124,579
Waste to incineration (with energy recovery)	1,456	803	1,170
Waste to incineration (without energy recovery)	264	87	243
Waste to landfill	4,447	4,759	5,310
Waste to other	664	622	1,066
Total Hazardous & Non-Hazardous Waste	135,889	114,062	132,367
Waste Intensity* (tonnes/TRY million)	2021	2022	2023
Hazardous waste intensity	0.08	0.027	0.03
Non-hazardous waste intensity	3.02	1.13	0.74
Total waste intensity	3.1	1.16	0.77

*Inflation accounting has been applied to revenue of 2023 according to IAS 29 Financial Reporting in Hyperinflationary Economies.

YEARLY TARGETS

Metrics	2023 Targets
Non-renewable energy consumption (MWh)	497,180
Waste disposed amount* (tonnes)	7,950
Net freshwater consumption (m³)	282,938
Direct GHG emissions** (Scope 1, tonnes of CO ₂ e)	80,873
Indirect GHG emissions** (Scope 2, tonnes of CO ₂ e)	90,188

*Waste disposed target has been determined based on Arçelik's target to increase waste recycling rate to 99% in 2030.

**Scope 1 and Scope 2 yearly targets have been determined based on Arçelik's approved science based target aligned with Well-below 2 degrees Celsius.

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Material Used (tonnes)	2021	2022	2023
Product Materials (including plastic, metal and components)	1,016,464	984,185	1,125,605
Chemicals	20,833	11,777	21,655
Packaging Materials	89,998	78,425	87,090
Total Material Used (tonnes)	1,127,295	1,074,387	1,234,350

Recycled Material (%)	2021	2022	2023
Recycled plastic content	4.4	8	10

Refurbished Products (number)	2021	2022	2023
Total refurbished products	52,291	54,629	66,370


Energy Efficient Products	2021	2022	2023
Percentage of eligible products fulfilling Energy Star requirements	0.8	0.8	0.56
Percentage of eligible products by revenue certified to the ENERGY STAR® program	1.1	1.1	0.65
Percentage of total revenue from energy efficient products	51.6	49.4	50.2

Resource Efficient Products	2021	2022	2023
Percentage of total revenue from products that included recycled and/or bio composite plastic materials	38.6	41.2	51.3
Percentage of total revenue from reduced raw materials (resource efficiency) in products and packaging	17.1	33.5	38.3

Low Carbon Products	2021	2022	2023
Percentage of total revenue from low carbon products		61.7	62.4
Total avoided emissions from reduced raw materials (resource efficiency) and recycled content in products (tCO ₂ e)	N/A	30,072	46,796
Total avoided emissions for third parties (energy efficient products) (tCO ₂ e)		264,367	316,294
Total avoided emissions by low carbon products (tCO ₂ e)		294,439	363,090

Definition:

Energy efficient products: It refers to the reduced environmental impact that results from the use phase of products. The coverage is products which consume less energy than the lowest "allowable" energy efficiency classes based on the available regulations in the specific countries. "Allowable" refers to the lowest energy class allowed in the market. It was calculated by considering products which have higher energy efficiency than the allowable class on the market.

 For further information regarding energy efficient products, please refer to the [Energy and Water Efficient Products section of this Report](#).

Recycled or bio composite plastic materials used in products: It refers to improving the circularity of materials from the use of recycled materials. The coverage is products which include recycled plastics and/or bio composite materials.

 For further information regarding recycled and bio-composite material in products, please refer to the [Recycled and Bio-Composite Material in Products section of this Report](#).

Products and packaging reduced usage of raw materials: It refers to the reduced environmental impact that results from the production phase of products. The coverage is products which material reduction in comparison with the previous model. The material could be any material usage in product and/or packaging such as plastic, metal, hazardous chemical, packaging.

 For further information regarding material reduction, please refer to the [Product Packaging section of this Report](#).

Low carbon products: It refers to products that use less raw materials, recycled raw materials and consume less energy and water than the lowest allowable energy and water efficiency classes. Those three criteria contribute to the low carbon product calculation.

Avoided Emissions Calculation Methodology

Avoided Emissions from reduced raw materials and recycled content in products was calculated by amount of total recycled plastic and bio composite plastic consumption and amount of reduced raw material weights and multiplied these amounts with material emission factors from DEFRA database published by UK Government.

Avoided Emissions from third parties (energy efficient products) were calculated by multiplying energy saving amount from energy-efficient sold products in reporting year with electricity emission factor.

Product Safety Assessment	2021	2022	2023
Percentage of significant product and service categories for which health and safety impacts are assessed	100	100	100



ANNEX 5. SOCIAL PERFORMANCE INDICATORS

The percentage representation of consolidated data is at least 80% FTEs.

WORKFORCE, TALENT ATTRACTION AND RETENTION

Number of Employees by Employment Type	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
Total number of employees	10,659	30,275	11,089	29,941	11,135	29,392
Number of monthly paid employees	3,150	7,210	3,479	7,418	3,433	7,011
Number of hourly paid employees	7,509	23,065	7,610	22,523	7,702	22,381
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Total number of employees by employment type	39,885	1,049	41,026	4	40,468	59
Number of subcontracted employees by employment type/form	5,405	28	6,569	2,944	7,095	319

Hiring*	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
Total number of new employee hires	495	876	586	857	443	668
Junior/low level management	113	180	20	41	12	39
Middle level management	28	43	19	42	11	43
Senior/top level management	3	9	3	6	0	3

*Scope is for monthly waged FTEs globally

Internal Hires	2021	2022	2023
Open positions filled by internal candidates (internal hires)	37%	39%	56%
Women	31%	28%	32%
Men	69%	72%	68%
Junior/low level management	20%	24%	15%
Middle level management	30%	14%	15%
Senior/top level management	3%	2%	1%

Hiring Cost (TRY)	2021	2022	2023
Average hiring cost per FTE	15,263	13,397	45,733

Promotion (%)	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
Employees promoted	17%	16%	33%	67%	35%	65%

Employee Turnover	2021	2022	2023
Total Employee Turnover Rate	12.9%	12.8%	19.0%
Voluntary Employee Turnover Rate	7.7%	6.6%	13.8%
Involuntary Employee Turnover Rate	5.2%	6.2%	5.2%

Total Employee Turnover Rate	2021	2022	2023
Women	16.4%	13.3%	15.9%
Men	15.5%	12.6%	20.2%
Under 30 years old	7.6%	29.0%	34.5%
30-50 years old (including 30 and 50 years old)	4.1%	8.4%	12.1%
Over 50 years old	0.2%	11.2%	19.7%
Junior/low level management	0.8%	10.3%	12.3%
Middle level management	0.1%	7.6%	10.0%
Senior/top level management	0.0%	2.6%	5.2%

Voluntary Employee Turnover Rate	2021	2022	2023
Women	8.9%	7.4%	11.4%
Men	11.1%	6.3%	14.8%
Under 30 years old	5.5%	15.3%	26.1%
30-50 years old (including 30 and 50 years old)	4.5%	4.5%	9.6%
Over 50 years old	0.6%	4.4%	13.8%
Junior/low level management	1.4%	6.8%	6.5%
Middle level management	0.1%	3.6%	5.1%
Senior/top level management	0.0%	0.9%	1.8%

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Involuntary Employee Turnover Rate	2021	2022	2023
Women	12.3%	5.9%	4.6%
Men	7.2%	6.4%	5.5%
Under 30 years old	2.0%	13.7%	8.5%
30-50 years old (including 30 and 50 years old)	5.6%	3.9%	3.4%
Over 50 years old	1.0%	6.7%	8.7%
Junior/low level management	0.4%	3.6%	5.9%
Middle level management	0.1%	4.0%	4.9%
Senior/top level management	0.0%	1.7%	3.5%

Employee Layoff	2021	2022	2023
Total number of announced layoffs	662	1,197	1,210

Employees by Working Years	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
Number of employees working for a period of 0-5 years	7,053	9,716	4,820	11,680	4,371	10,298
Number of employees working for a period of 5-10 years	2,802	8,563	2,322	5,921	2,445	5,985
Number of employees working for a period of more than 10 years	2,437	10,363	3,947	12,340	4,320	13,109
Average seniority years	-	-	9.5	10	10.1	10.6
	-		9.8		10.4	

Trend of Employee Engagement	2021	2022	2023
Employee Engagement	73%	69%	66%
Women	60%	69%	69%
Men	74%	69%	64%
Under 30 years old	70%	70%	61%
30-50 years old (including 30 and 50 years old)	69%	68%	62%
Over 50 years old	69%	75%	77%
Junior/low level management	73%	70%	67%
Middle level management	81%	79%	80%
Senior/top level management	88%	91%	89%

DIVERSITY AND INCLUSION

Governance Body by Age Groups and Gender	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
Total number of the members of Board of Directors	2	10	2	10	2	10
Under 30 years old	0	0	0	0	0	0
30-50 years old (including 30 and 50 years old)	0	0	0	0	0	0
Over 50 years old	2	10	2	10	2	10

Workforce by Age Groups and Gender	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
Total number of employees by gender	10,659	30,275	11,089	29,941	11,135	29,392
Under 30 years old	2,774	6,674	2,397	6,224	2,294	6,310
30-50 years old (including 30 and 50 years old)	6,484	20,472	7,083	20,094	7,131	19,625
Over 50 years old	1,399	3,131	1,609	3,623	1,711	3,456
Total number of subcontracted employees by gender	1,573	3,860	3,539	5,974	2,385	5,029

Gender Equality by Positions (%)	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
Employees in the total workforce	26%	74%	27%	73%	27%	73%
Employees in all management positions, including junior, middle and senior management	19%	81%	23%	77%	23%	77%
Employees in junior management positions, ie. First level of management	22%	78%	24%	76%	25%	75%
Employees in top management positions ie. Maximum two levels away from the CEO or comparable positions	25%	75%	27%	73%	27%	73%
Employees in management positions in revenue-generating functions (ie. sales) as % of all such managers	16%	84%	19%	81%	18%	82%

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Gender Equality by Positions (%) (Continued)	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
Employees in revenue generating functions	-	-	28%	72%	27%	73%
Employees on entry level positions	31%	69%	36%	64%	39%	61%
Employees in STEM-related positions	18%	82%	19%	81%	21%	79%
Employees in IT positions	27%	73%	25%	75%	29%	71%
Employees in engineering positions	11%	89%	17%	83%	18%	83%
Subcontracted employees	14%	86%	37%	63%	32%	68%

Parental Leave (Number)	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
Total number of employees that were entitled to parental leave	10,659	30,275	11,089	27,404	11,135	29,392
Parental Leave (%)	2021		2022		2023	
Return to work rates of women employees that took parental leave	52%		58%		48%	
Retention rate of women employees employed by the company 12 months after their return from parental leave	96%		84%		70%	

Workforce by Nationality (%)	2021		2022		2023	
	Turkish	54%	Turkish	48%	Turkish	49%
	Romanian	11%	Romanian	10%	Romanian	11%
	Pakistani	8%	Russian	9%	Russian	8%
	Thai	7%	Thai	8%	Thai	7%
	South African	6%	Pakistani	7%	Pakistani	7%
	Bengal	4%	South African	5%	South African	5%
	Other	10%	Other	13%	Other	12%

All Management Workforce by Nationality (%)	2021		2022		2023	
	Turkish	50%	Turkish	39%	Turkish	42%
	Thai	9%	Russian	7%	Bangladeshi	7%
	Pakistani	7%	Thai	6%	Thai	6%
	South African	6%	Bangladeshi	6%	Pakistani	6%
	Bengal	4%	Pakistani	5%	Russian	6%
	Romanian	2%	Chinese	5%	Chinese	6%
	Other	22%	Other	32%	Other	27%

Employees with Disabilities	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
Total number of employees with disabilities	80	507	114	583	137	608
Total share of employees with disabilities	1.4%		1.7%		1.8%	

ANNEX 5. SOCIAL PERFORMANCE INDICATORS

GENDER PAY INDICATORS

Salaries by Level	2022			2023		
	Average Women Salary (TRY) & Ratio	Average Men Salary (TRY) & Ratio	Average (Women/ Men Salary)	Average Women Salary (TRY) & Ratio	Average Men Salary (TRY) & Ratio	Average (Women/ Men Salary)
Executive level (base salary only)	1,387,113	1,216,254	99.9%	4,550,668	4,556,786	99.9%
	37.14x	37.18x		41.11x	41.16x	
Executive level (base salary + other cash incentives)	2,455,150	2,221,123	98.8%	7,507,101	7,618,704	98.5%
	63.72x	64.48x		67.81x	68.82x	
Management level (base salary only)	427,025	395,832	100.9%	1,726,782	1,717,335	100.6%
	11.48x	11.38x		15.60x	15.50x	
Management level (base salary + other cash incentives)	515,366	480,801	99.2%	2,251,515	2,244,507	100.3%
	14.93x	15.06x		20.34x	20.27x	
Non-management level	152,136	121,975	97.6%	683,570	699,805	97.7%
	4.55x	4.66x		6.17x	6.32x	

Gender Pay Gap Metrics (%)	2022	2023
Average pay gap* (women to men)	99.5%	99.4%
Global mean (average) raw gender pay gap**	17%	19%

Other Gender Pay Gap Metrics (%)	2022	2023
Percentage of women in top 10% compensated	22%	22%
Percentage of women in the top pay quartile	28%	28%
Percentage of women in the upper middle pay quartile	35%	35%
Percentage of women in the lower middle pay quartile	35%	38%
Percentage of women in the lower pay quartile	36%	40%
Ratios of standard entry level wage by gender compared to local minimum wage	-	Women: 242% Men: 226%

*Percentage of compensation for women to men overall employees.

**The mean compensation for women is subtracted from the mean compensation for men, and then divided by the mean compensation of the higher compensation.



TRAINING & DEVELOPMENT

Learning and Development	2021	2022	2023
Total hours of training for employees (employee*hour)	795,742	1,185,376	1,304,926
Average hours of training per employee (number)	18.7	28.7	32.2
Average amount spent per FTE on learning and development (TRY)	1,156	2,248	3,388

Average Hours of Training & Development (number)	2021	2022	2023
Women	22.7	39.2	39.5
Men	16.7	23.5	29.4
Under 30 years old	22.5	31.3	55
30-50 years old (including 30 and 50 years old)	19.2	26.9	27
Over 50 years old	17.1	26	21.4
Junior/low level management	5.1	25.1	49.1
Middle level management	13.1	13.9	32.7
Senior/top level management	15	23.4	41.2

Average Hours of Trainings by Subjects - Employees (number)	2022	2023
Sustainability	0.1	0.2
Environment	0.5	0.8
Energy	-	0.3
Health & Safety	11	8.9
Chemicals	0.1	0.2
Regulations	0.7	0.7
Ethics	0.5	0.1
Trainings for purchasing department	0.1	0.1

Average Hours of Training by Development Category	2022	2023
Orientation	1.6	5.4
Purpose-Driven Programs	13.6	12.7
Competency Development	2.8	1.2
Leadership Development	0.3	0.8
Capability Development (Technical & Functional)	10.6	12.2

Performance Evaluation (number)	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
Employees subjected to regular performance and career development evaluation	3,150	7,210	3,179	6,930	3,448	7,030
Employee coverage of multidimensional performance appraisal	7,509	23,065	6,591	20,524	7,669	22,349



ANNEX 6. OCCUPATIONAL HEALTH AND SAFETY INDICATORS

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OHS Indicators of Employees	2021	2022	2023
Total working hours	91,573,177	82,067,691	84,920,583
The number of work-related fatalities	0	0	0
The number of occupational diseases related fatalities	0	0	0
The number of fatalities resulting from commuting (organized by the company)	0	0	0
The number of injuries reported while working for the company (incl. at least a working day lost injuries)	125	74	128
The number of injuries reported while working for the company (incl. no lost time injuries)	270	200	240
The number of cases with occupational diseases	9	5	9
Occupational diseases often observed (e.g. Back pain, stress etc.)	Occupational diseases with physical factors	Occupational diseases with physical factors, stress, anxiety	Occupational diseases with physical factors, stress, anxiety, cardiovascular disease

Rates of OHS Indicators for Employees	2021	2022	2023
Lost Time Injury Frequency Rate*	1.37	0.9	1.51
Injury Severity Rate**	0.018	0.013	0.03
Safety Factor***	0.024	0.012	0.05
Total Recordable Injury Rate****	2.95	2.44	2.83
Occupational Disease Rate*****	0.1	0.06	0.10
Data coverage of all data reported above as % of employees	100	100%	99.43%

OHS Indicators of Contractors	2021	2022	2023
Total working hours	15,804,354	11,757,716	11,814,842
The number of work-related fatalities	0	0	0
The number of occupational diseases related fatalities	0	0	0
The number of fatalities resulting from commuting (organized by the company)	0	0	0
The number of injuries reported while working for the company (incl. at least a working day lost injuries)	43	31	38
The number of injuries reported while working for the company (incl. no lost time injuries)	43	31	64
The number of cases with occupational diseases	0	0	0
Occupational diseases often observed (e.g. Back pain, stress etc.)	Occupational diseases with physical factors	Occupational diseases with physical factors, stress, anxiety	0

Rates of OHS Indicators for Contractors	2021	2022	2023
Lost Time Injury Frequency Rate*	2.72	2.64	3.21
Injury Severity Rate**	1.37	0.9	0.021
Safety Factor***	0.024	0.012	0.067
Total Recordable Injury Rate****	2.72	2.64	5.41
Occupational Disease Rate*****	0	0	0
Data coverage of all data reported above as % of operations	100	100	100

OHS Indicators of Employees and Contractors	2021	2022	2023
Total working hours	107,377,531	93,825,407	96,735,425
The number of work-related fatalities	0	0	0
The number of occupational diseases related fatalities	0	0	0
The number of fatalities resulting from commuting (organized by the company)	0	0	0
The number of injuries reported while working for the company (incl. at least a working day lost injuries)	168	105	166
The number of injuries reported while working for the company (incl. no lost time injuries)	313	231	304
The number of cases with occupational diseases	9	5	9

Rates of OHS Indicators for Employees and Contractors	2021	2022	2023
Lost Time Injury Frequency Rate*	1.57	1.12	1.72
Total Recordable Injury Rate****	2.91	2.46	3.14

*Lost Time Injury Frequency Rate = (Number of injuries caused the employees to lose at least a working day / Total official working hours) * 1,000,000
 **Injury Severity Rate = (Number of lost days due to injuries excluding fatalities / Total official working hours) * 1,000
 ***Safety Factor= Lost Time Injury Frequency Rate * Injury Severity Rate
 ****Total Recordable Injury Rate= (Number of injuries including no-lost-time injuries and fatalities / Total official working hours) *1,000,000
 *****Occupational Disease Rate = (Number of occupational diseases / Total official working hours) * 1,000,000



ANNEX 7. SPENDING IN CORPORATE CITIZENSHIP

TOTAL MONETARY VALUE OF CORPORATE CITIZENSHIP/ PHILANTHROPIC CONTRIBUTIONS

Total Amount of Contribution by Type (TRY)	2021	2022	2023
Cash contributions	54,441,052	19,939,248	68,211,377
Time: employee volunteering during paid working hours	1,906,660	186,492	4,948,095
In-kind giving: product or services donations, projects/partnerships or similar	4,499,520	17,246,976	344,234,384
Management costs (overheads)	381,624	39,193,055	0

TYPE OF PHILANTHROPIC ACTIVITIES

Total Cost by Category (%)	2021	2022	2023
Charitable Donations	15%	23%	88%
Community Investments	74%	66%	4%
Commercial Initiatives	11%	11%	8%

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Financial Indicators (in TRY Million)	2023
Net Sales	257,104
Increase in Net Sales (%)	-0.03%
Net Sales by Regional Distribution	
Türkiye	96,152
Europe	99,893
Asia Pacific	36,267
Africa	12,158
Other	12,634
Net Sales by Product Group	
White goods	197,173
Consumer electronics	18,924
Other	41,006
EBITDA	20,077
EBITDA Margin (%)	7.8%
Total Assets	258,138
Increase in Assets (%)	11.1%
Financial Borrowing	49,307
Total Equity	59,563
Net Income*	8,395
Earnings per share (cent)	12.635
Share buybacks	7,981
Total capital expenditures (CapEx)	13,791
Total operating expenditures (OpEx)	63,762
Total research and development expenses	1,944

*Net Income indicates parent share of the profit for the period.

➤ Please note that inflation accounting has been applied to data of this Annex according to IAS 29 Financial Reporting in Hyperinflationary Economies. For further information about "inflation accounting", "financial assistance received from government" and "tax strategy, governance, control, and risk management", please refer to [2023 Annual Report](#).

Direct Economic Value Generated and Distributed (in TRY Million)	2023
Economic value generated (A)	257,104
Revenue	257,104
Economic value distributed (B)	248,436
Operating costs (excl. payments to employees)	214,240
Employee wages and benefits	31,247
Payments to providers of capital (Dividends)	1,719
Payments to government	813
Payments to community	417
Economic value retained (A-B)	8,668

Defined Benefit Plan Obligations and Others Retirement Plans (in TRY Million)	2023
Estimated amount	2,334
Percentage of employees covered by pension or/and benefit plan	98%

Human Capital Return on Investment Metric (in TRY Million)	2023
Revenue (A)	257,104
Total Operating Expenses (B)	214,240
Employee wages and benefits (C)	31,247
Human Capital Return on Investment (A - (B-C)) / C	2.37

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The EU Taxonomy regulation and the delegated acts are a classification system for organizations to identify which of their economic activities, or the economic activities they invest in, can be deemed “environmentally sustainable”. It is legally in force within the European Union as part of the non-financial statement.

The EU Taxonomy requires companies to disclose how and to what extent their activities are associated with taxonomy- aligned economic activities in relation to their turnover, capital expenditure (CapEx), and operating expenses (OpEx).

A Taxonomy-eligible economic activity is an assessment of whether an economic activity has complied with the corresponding criteria description according to the EU Taxonomy. A Taxonomy-aligned economic activity describes an eligible activity that meets the Taxonomy requirements to substantially contribute to at least one of the Taxonomy’s six environmental objectives*; does no significant harm (DNSH) to any other objectives; and meets the minimum safeguards.

According to reporting obligations and timeline, Arçelik is currently not within the scope of the Taxonomy regulation. However, Arçelik has voluntarily reported the taxonomy and mapped its eligibility and alignment to the EU Taxonomy as of 2022.

Reporting Principles

The following disclosures and tables are based on the EU Taxonomy (EU 2020/852) and Delegated Acts (EU 2021/2139, EU 2021/2178, EU 2022/1214 and EU 2023/2486).

- Arçelik’s primary economic activities, based on the Nomenclature of Economic Activities (NACE), are a manufacturer of energy efficiency equipment for buildings in connection with the Climate Change Mitigation (CCM) objective and a manufacture of electrical and electronic equipment in connection with the Transition to Circular Economy (CE) objective.
- In addition, “installation, maintenance and repair of energy efficiency equipment” in connection with the CCM objective, “repair, refurbishment and remanufacturing”, “sale of second hand goods” and “sale of spare parts” in connection with the CE objective are economic

activities that are also relevant to us but about which we have not reported on as they have a minor economic impact for Arçelik.

- We aim to report on the alignment related to the CE objective for future disclosures. We will also continue to monitor legislative developments and adjust our disclosures as necessary.
- Arçelik’s eligible economic activities related to the CCM objective are:
 - household appliances**, space heating and domestic hot water systems, cooling and ventilation systems rated the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369,
 - heat pumps compliant with the technical screening criteria set out in Section 4.16 of Taxonomy Annex.
- The above-mentioned product groups are sold to the member states of the European Union, Great Britain, Norway, Switzerland, Albania, Bosnia and Herzegovina, Iceland, Kosovo, Montenegro, Macedonia, Serbia, Ukraine and

Türkiye markets are assessed as taxonomy eligible. The energy labelling standards in these countries comply with Regulation (EU) 2017/1369.

- Only products sold by Arçelik’s own brands are included.
- Products, brands, and markets not mentioned above are classified as taxonomy non-eligible activities.
- Total (A+B) of Turnover and CapEx mentioned in the following tables represent the consolidated value of Arçelik. However, Total (A+B) of OpEx mentioned in the following tables only represent R&D expenditures, the consolidated value of Arçelik is TRY 63,762 million. The reason for applying this methodology is that the other categories including general administrative and marketing expenses that make up operating expenditures are not material within the EU Taxonomy Reporting Framework.
- For the CapEx and OpEx, an allocation key has been used based on the sales quantity of aligned and not-aligned products.

*climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

**including tumble dryer, dishwasher, freezer& refrigerator, oven, hood, televisions, washer dryer, washing machine

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The proportion of turnover, CapEx, and OpEx from products associated with taxonomy-aligned economic activities is presented in the following tables.

The taxonomy-eligible turnover in the 2023 financial year amounted to TRY 133,143 million, or 52% of total turnover. The share of taxonomy-aligned turnover, again in relation to the total turnover, amounts to 14%. Taxonomy aligned turnover increased by 4% compared to last year. The main reason for this is the increased sales of energy efficient products in washing machines and tumble dryers.

The taxonomy-eligible CapEx in 2023 financial year amounted to TRY 6,482 million, or 47% of total CapEx. The share of taxonomy-aligned CapEx, again in relation to the total CapEx, amounts to 11%. Taxonomy aligned turnover increased by 8% compared to 2022. The main reason for this is to be able to dedicate more investments for manufacturing facilities in the scope and make a distribution based on sales, not the production quantity.

The taxonomy-eligible OpEx in 2023 financial year amounted to TRY 970,387 million, or 50% of OpEx. The share of taxonomy-aligned OpEx, again in relation to the OpEx, amounts to 12%. Taxonomy aligned turnover increased by 10% compared to 2022. The

main reason for this is the change in methodology. In 2022, the denominator included all consolidated OpEx of Arçelik, while in 2023, only R&D expenditures were included in the denominator.

Substantial contribution criteria	Proportion of Turnover			Proportion of CapEx			Proportion of OpEx*		
	Eligible		Not Eligible	Eligible		Non Eligible	Eligible		Not Eligible
	Aligned	Not Aligned		Aligned	Not Aligned		Aligned	Not Aligned	
Climate Change Mitigation	14% TRY 36,502 million	38% TRY 96,641 million	48% TRY 123,961 million	11% TRY 1,552 million	36% TRY 4,930 million	53% TRY 7,309 million	12% TRY 232 million	38% TRY 738 million	50% TRY 974 million
Climate Change Adaptation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Water	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pollution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Circular Economy**	-	-	-	-	-	-	-	-	-
Biodiversity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	100% TRY 257,104 million			100% TRY 13,791 million			100% TRY 1,944 million		

*Total OpEx mentioned in the summary table represent only R&D expenditures, the consolidated value of Arçelik is TRY 63,762 million.

**Currently, 'Climate Change Mitigation(CCM)' and 'Circular Economy(CE)' objectives are applicable for Arçelik. However, this summary table has been prepared in related to the CCM objective. we aim to report the alignment in related to the Circular Economy objective for future disclosure.

N/A: Not Applicable

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PROPORTION OF TURNOVER

Financial year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards ³	Taxonomy aligned proportion of turnover, year 2022	Category (enabling activity)	Category (transitional activity)	
Economic Activities	Codes ¹	Absolute turnover	Proportion of Turnover	Climate Change Mitigation ²	Climate Change Adaptation	Water	Pollution	Circular Economy ²	Biodiversity and ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity					
		TRY million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Manufacture of energy efficiency equipment for buildings	3.5	36,502	14%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	10%	E	
Manufacture of electrical and electronic equipment	1.2	-	-	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	-	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		36,502	14%	Y	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	10%	E	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of energy efficiency equipment for buildings	3.5	96,641	38%																	
Manufacture of electrical and electronic equipment	1.2	-	-																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		96,641	38%															32%		
Total (A.1+A.2)		133,143	52%															42%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities		123,961	48%																	
Total (A+B)⁴		257,104	100%																	

Y = Yes; N = No; EL = Eligible; N/EL = Not eligible
¹Activity description according to the Climate and Environmental Delegated Acts.
²The reporting requirements cover the two climate-related objectives as well as the environmental objectives.
³Compliance with the social minimum safeguards specified by the EU Taxonomy Regulation.
⁴Turnover equals total Net Sales of Arçelik. For further information information, please refer to [Annex 8. Economic Performance Indicators](#).



ANNEX 9. EU TAXONOMY

PROPORTION OF CAPEX

Financial year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards ³	Taxonomy aligned proportion of turnover, year 2022	Category (enabling activity)	Category (transitional activity)	
Economic Activities	Codes ¹	Absolute turnover	Proportion of Turnover	Climate Change Mitigation ²	Climate Change Adaptation	Water	Pollution	Circular Economy ²	Biodiversity and ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity					
		TRY million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Manufacture of energy efficiency equipment for buildings	3.5	1,552	11%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	3%	E	
Manufacture of electrical and electronic equipment	1.2	-	-	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	-	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,552	11%	Y	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	3%	E	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of energy efficiency equipment for buildings	3.5	4,930	36%																	
Manufacture of electrical and electronic equipment	1.2	-	-																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4,930	36%															15%		
Total (A.1+A.2)		6,482	47%															18%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities		7,309	53%																	
Total (A+B)⁴		13,791	100%																	

Y = Yes; N = No; EL = Eligible; N/EL = Not eligible
¹Activity description according to the Climate and Environmental Delegated Acts.
²The reporting requirements cover the two climate-related objectives as well as the environmental objectives.
³Compliance with the social minimum safeguards specified by the EU Taxonomy Regulation.
⁴CapEx equals total cash outflows from purchases of property, plant and equipment and intangible assets of Arçelik. For further information information, please refer to [Annex 8. Economic Performance Indicators](#).



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PROPORTION OF OPEX

Financial year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards ³	Taxonomy aligned proportion of turnover, year 2022	Category (enabling activity)	Category (transitional activity)	
Economic Activities	Codes ¹	Absolute turnover	Proportion of Turnover	Climate Change Mitigation ²	Climate Change Adaptation	Water	Pollution	Circular Economy ²	Biodiversity and ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity					
		TRY million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Manufacture of energy efficiency equipment for buildings	3.5	232	12%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	2%	E	
Manufacture of electrical and electronic equipment	1.2	-	-	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	-	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		232	12%	Y	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	2%	E	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of energy efficiency equipment for buildings	3.5	738	38%																	
Manufacture of electrical and electronic equipment	1.2	-	-																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		738	38%															7%		
Total (A.1+A.2)		970	50%															9%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities		974	50%																	
Total (A+B)⁴		1,944	100%																	

Y = Yes; N = No; EL = Eligible; N/EL = Not eligible
¹Activity description according to the Climate and Environmental Delegated Acts.
²The reporting requirements cover the two climate-related objectives as well as the environmental objectives.
³Compliance with the social minimum safeguards specified by the EU Taxonomy Regulation.
⁴Total OpEx equals to only R&D expenditures: the consolidated value of Arçelik is TRY 63,762 million. For further information information, please refer to [Annex 8. Economic Performance Indicators](#).



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Minimum safeguards

Arçelik’s Global Code of Conduct and Related Policies commit to comply with the OECD Guidelines for Multinational Enterprises, the ILO Declaration on Fundamental Principles and Rights at Work, UN Global Compact, UN Guiding Principles on Business and Human Rights, Universal Declaration of Human Rights, Women’s Empowerment Principles and Worst Forms of Child Labour Convention and Universal Declaration of Human Rights. Arçelik complies with all these standards in all economic activities including the taxonomy-aligned ones.

For further information, please refer to the [Business Ethics and Transparency](#) and [Sustainable Supply Chain Management](#) sections of the Report.

Do no significant harm (DNSH)

Arçelik’s climate mitigation economic activities meet with the do no significant harm to the other environmental objectives including climate change adaptation, water and marine resources, circular economy, pollution, and biodiversity and ecosystems.

For further information, please refer to the [Corporate Governance](#), [In Touch with Planet](#) and [Annex 14. Sustainability-Related Risks and Opportunities](#) sections of the Report.

Climate change adaptation: Arçelik identifies its sustainability-related risks and opportunities by following global, regional, and sectoral trends and analyses, climate scenarios, and stakeholder feedback. It is essential for the company to integrate the risks arising from the climate crisis and other ESG-related risks into the Enterprise Risk Management System to execute the relevant action plans in line with the company’s Net Zero 2050 and corporate sustainability strategy. We identify, evaluate, measure, and prioritize qualitative-quantitative of climate related and other ESG risks based on scenario analysis in terms of both physical and transition risks. Sustainability risks, including climate-related physical and transition risks are considered in the evaluation criteria of business decisions.

For further information, please refer to the [Corporate Governance](#), [Climate Action](#) and [Annex 14. Sustainability-Related Risks and Opportunities](#) sections of the Report.

Water and marine resources: We work to identify water risks not only in the regions where we have manufacturing operations, but also in all regions where our suppliers are located, to increase water recycling and reuse, and reduce water withdrawal. WRI Aqueduct Water Risk Atlas is used to assess water risks at our worldwide locations, and analysis results are evaluated annually.

For further information, please refer to the [Water Management](#) and [Annex 14. Sustainability- Related Risks and Opportunities](#) sections of the Report.

Circular economy: Arçelik innovates products and services to reach a closed-loop circular economy by increasing products’ recyclability rates, the usage of recycled content in products and their packaging, reusing products and parts, eliminating potentially harmful substances, and properly managing the end-of life processes including take-back and recycling.

For further information, please refer to the [Product Stewardship](#) and [Annex 14. Sustainability-Related Risks and Opportunities](#) sections of the Report.

Pollution: Arçelik complies with the EU directives, regulations, and other requirements in the scope of its activities, products, and services. We apply certain procedures to our products in accordance with the “Arçelik Chemical Conformity Specification”. Arçelik runs business processes in conformity with legal requirements and international management standards.

For further information, please refer to the [Waste Management](#), [Chemicals Management](#), [Product Stewardship](#) and [Annex 14. Sustainability-Related Risks and Opportunities](#) sections of the Report.

Biodiversity: At Arçelik, we have assessed our biodiversity risk within the scope of our own operations to address our nature-related impacts and dependencies. Based on the outputs of the assessment, we apply a mitigation mechanism through preventing, minimizing, and mitigating factors that threaten biodiversity periodically. The pressure on biodiversity, stemming from climate change, resource usage, and pollution, is aimed to be reduced through Arçelik’s long term targets based on water, energy, and GHG emissions targets.

For further information, please refer to the [Biodiversity](#) and [Annex 14. Sustainability-Related Risks and Opportunities](#) sections of the Report.

ANNEX 10. SELECTED MEMBERSHIPS AND CONTRIBUTIONS

MAIN INSTITUTIONS

Institution / Organization	Gain or Contribution	2023 Membership Fee (TRY)	Share in total payments (%)
Home Appliance Europe (APPLIA)*	APPLIA is a Brussels-based trade association that provides a single, unanimous voice for the home appliance industry in Europe, promoting the industry's mission of improving their customers' lifestyles. APPLIA's main interest areas are sustainability, energy efficiency, green and digital transition, packaging, competitiveness etc. There are several working groups where specific topics are discussed, and a general view of the sector is formulated. Arçelik's CEO is currently the president of APPLIA and technical teams of Arçelik actively attend to working group meetings. This allows Arçelik to adapt to legislative changes swiftly as well as to comply with relevant changes in the market. APPLIA has national associations throughout the Europe, and Arçelik and its subsidiaries are members to these associations as well. (Some national associations are as follows: TÜRKBESD-Türkiye, APPLIA Romania, APPLIA Spain, APPLIA Italy, APPLIA Polska, APPLIA Ireland, APPLIA Sweden, APPLIA Slovakia, Elektroniikan Tukkukauppiat (ETK)-Finland) APPLIA Czechia, APPLIA Hungary, APPLIA Denmark, APPLIA Norway, ASSOCLIMA, Fachverband Der Elektro- Und Eletonikindustrie (FEEI), APPLIA Portugal (AGEFE), APPLIA Nederland, Fachverband Elektroapparate für Haushalt und Gewerbe Schweiz (FEA), Techlink NPO)	11,447,143	29.73%
World Business Council for Sustainable Development (WBCSD)	We have been a member of WBCSD and have been actively supporting the Council's workstreams since 2021. We are a member to the CFO Network and SOS 1.5 Programs organized by WBCSD and have been collaborating on the workstream activities. The CFO Network Program aims to help shape the dialogue and the landscape, work with investors, and gain access to the tools and resources. Workstreams at SOS 1.5 Program are organized to support companies while running for well below 1.5 degrees Celsius targets, and their ultimate aim is to be net-zero companies in 2050.	3,297,705	8.56%
Turkish Employers Association of Metal Industries (MESS)	MESS works in tandem with the employers of metal and electronics industries to develop well-balanced, reliable, and stable industrial relations, while increasing competitiveness and productivity. Moreover, MESS also aims to foster a sustainable, cordial and peaceful working environment, based on mutual trust and dialogue, in harmony and accordance with common interests. Within the scope of its membership, Arçelik engages in activities that ensure compliance with occupational health and safety standards, and protection of employee and company rights. In addition, the membership allows us to benefit from MESS's knowledge and support regarding the practices that regulate business life. MESS claims to be the world's first employer's union to be a member of WEF, and has an initiative called MEXT, which is Türkiye's first digital production factory that is end-to-end integrated from sales forecasting, supply chain to production systems and quality management. MEXT claims to be the world's biggest digital transformation and capability building centre and it provides "Digital maturity assessment" service, which is the world's largest "digital transformation initiative in industry" in terms of scale. We also contribute to the research of MEXT.	4,684,499	12.16%
The Association of Manufacturers of Domestic Appliances (AMDEA)	Beko PLC, a subsidiary of Arçelik has been a member of AMDEA for more than 15 years, with the Managing Director of Beko PLC serving as the Chair of the Association. AMDEA represents 80% of the appliance industry in the UK, covering manufacturers of small and large domestic appliances. AMDEA has two main committees, namely technical and consumer group that are supported by issue specific panels. Main areas of focus are as follows: circular economy, environment, sustainability targets, WEEE, cybersecurity.	3,640,877	9.45%
ZVEI e.V. (Zentralverband Elektrotechnik- und Elektronikindustrie)	ZVEI, the Electro and Digital Industry Association, promotes the industry's collective economic, technological and environmental policy interests on a national, European and global level. The industry has round about 890,000 employees in Germany plus 766,000 employees all over the world. Main topics of interest are sustainability & environment, circular economy, energy efficiency, Cybersecurity and mobility. Beko Grundig Deutschland GmbH (Arçelik's Subsidiary) is currently at the Board of ZVEI's Consumer Electronics Section.	2,280,714	5.92%
Home Connectivity Alliance (HCA)	It is an organization that aims to provide consumers with more options within a safe, secure and interoperable connected home ecosystem. Arçelik is at the Board of HCA and attend actively to working groups contributing efforts to further interoperability.	1,421,596	3.69%
France White Goods Manufacturers Association (Groupement des Marques d'Appareils Pour la Maison - Gifam)	Beko France is a member of GIFAM, representing France's white goods industry. Beko France's Country Director is also the chair of GIFAM, and employees in related fields actively attend working group meetings. Through this association, we follow laws and regulations in France, contribute to forming association opinions on these laws and regulations, and closely follow the rules regarding the circular economy and carbon-neutral targets.	2,010,328	5.22%
DIGITALEUROPE	It is an organization which consists of the world's largest IT, telecommunications and consumer electronics companies that heavily invest in Europe and prominent trade associations from 30 different European countries. DigitalEurope acts in the belief that digitalisation is a key enabler for a resilient and sustainable ecosystem. Thus, it aims to convey the views of the industry to related public bodies and support the development of a regulatory framework that nurtures innovation, advances digitalization, and enhance growth. We actively attend to several working groups and contributes to the positive impact of digitalization.	1,192,377	3.10%
European Industrial Research Management Association (EIRMA)	Business R&D has a very significant role to play in business' agenda towards sustainability. EIRMA is at the centre of driving this development and of leading the necessary change. It plays an active role in capturing and spreading best practices of its members by using specific methodologies like, knowledge management and benchmarking. Arçelik shares its knowledge and contributes to insights on key issues in R&D and innovation management.	256,260	0.67%
Association of Home Appliance Manufacturers (AHAM)	AHAM is a unanimous voice providing the industry with leadership, advocacy and a forum for action in public policy, standards and business decisions. AHAM helps manufacturers bring efficient, high-performing home appliances into the homes of consumers in the United States, Canada and around the world. It also promotes the industry's mission to increase appliance performance while reducing its impact on the environment. It plays an active role in the fields of energy efficiency, e-waste, resources, safety, and standardisation. Beko US (Arçelik's subsidiary) contributes and provides responses to current and draft regulations and policies through AHAM.	1,243,792	3.23%
Turkish Industry and Business Association (TÜSIAD)	With strong representative power in terms of the added value created by member organizations in Türkiye's economy, TÜSIAD is also a member of Business Europe, which is considered to represent the European private sector. As an umbrella NGO representing Türkiye's business world, TÜSIAD is an institution that actively participates in forming opinions as a public authority on a wide range of topics from sectoral developments to other related areas. In addition, TÜSIAD can closely monitor legislative works in the EU which concern our sector, and form opinions at the level of EU institutions by means of the Business Europe channel of which it is a member. We actively participate in and contribute to many TÜSIAD working groups and task forces. In particular, Arçelik leads the Working Group for the Environment and Climate Change and the EU Green Deal Task Force to actively work on the formation of country policies in these areas.	525,000	1.36%

*Memberships to National Associations (NACs) are included.

The total amount paid in 2023 was TRY 38,509,450. The main institutions explained above represents a total payment of TRY 32,000,297 and 83.10% of total spending on annual fees to institutions to which we are a member.

➤ For further information, please refer to [Global Sectoral Relations Management & NGO Membership Policy](#) and [Civil Society Cooperation Policy](#).



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OTHER INSTITUTIONS / ORGANIZATIONS

Institution / Organization	Gain or Contribution	Institution / Organization	Gain or Contribution
Chamber of Commerce and Industry of Serbia	It is a national association of all Serbian businesspeople, which serves the best interests of its members and the Serbian economy. It consists of companies and entrepreneurs. Beko Balkans (Arçelik's subsidiary) contributes especially in compliance working group of the association.	Domestic Appliances Association of South Africa (SADA)	SADA is a local trade association that provides a single, consensual voice for the home appliance industry, promoting industry's mission to advance the lifestyles of South Africans. Defy (Arçelik's subsidiary) holds a BoD position at SADA and actively contributes to issues related with the industry in general and also specific issues like circular economy, e-waste and energy labeling.
STS Forum	It is a forum that brings together scientists and global leaders in the fields of politics, business and academia who meet yearly in Kyoto, Japan. In addition to annual meetings, STS Forum gathers stakeholders at side events where the future of science and technology and ways to increase benefits for humanity and environment are discussed thoroughly. As a responsible manufacturer, Arçelik closely follows developments in cutting-edge science and technology.	Pakistan Business Council	It consists of country's leading Corporates and Business Groups as an advocacy forum to improve the general business environment of the country. The Council has several committees on issues like taxation, foreign trade and environment. Dawlance (Arçelik's subsidiary) actively attends to meetings of environment committee and contributes to positive agenda of energy labelling and sustainability.
Turkish White Goods Manufacturers' Association (TÜRKBESD)	TÜRKBESD aims to develop the white goods industry in Türkiye, increase exports, work on technical issues, energy efficiency, and environmental compliance regarding products and manufacturing processes, ensure the technological development of the sector, and share views that will benefit the country, sector, and consumers regarding drafts of future domestic legislation. Arçelik has taken an active role in TÜRKBESD for many years and currently Arçelik is the deputy chair of the BoD. TÜRKBESD has several technical working groups in which Arçelik actively contributes.	Spanish association of Consumer Electronics and IT producers (AMETIC)	AMETIC is an association representing the digital industry sector in Spain focusing on the areas of electronics, information and communications technology, telecommunications, and digital content. Members include organizations of varied sizes and fields, from SMEs to large global companies. The Association works to promote the development of a robust and innovative digital industry. Beko Spain (Arçelik's subsidiary) actively contributes to policy monitoring and advocacy activities.
Empowering the digitalisation of Energy transition (EEBUS)	EEBUS is an organization that tries to empower the digitalisation of energy transition by ensuring compliance with physical and grid-initiated constraints at the grid connection and thus supports a stable grid operation. Hence, the purpose of EEBUS is the development and standardisation of a cross-domain and manufacturer-independent communication from grid to device level and required interfaces to allow for the interconnection between energy management relevant devices as well as corresponding control systems. Arçelik actively participates in the technical development of the EEBUS standard. This membership provides an opportunity for Arçelik in the fast-growing market of environment related energy transition. Thus, this helps Arçelik's efforts towards decarbonization and climate protection.	Recycling of Used Plastics Limited (RECOUP)	RECOUP is a charity organization which gathers a network of over 180 members, committing to a more sustainable use of plastics. To achieve this goal, RECOUP undertakes activities which stimulate the development of plastics waste and effective resource management, research, and analysis on future plastics recycling systems. Beko Plc (Arçelik's subsidiary) has been a member of RECOUP since 2021 and has participated in promoting more sustainability in the use of plastics throughout our sector.
European Factories of the Future Research Association (EFFRA)	It is an industry-driven association promoting the development of new and innovative production technologies. It is the official representative of the private side in the "Made in Europe" partnership. This partnership is the voice and driver for sustainable manufacturing in Europe. It boosts European manufacturing ecosystems towards global leadership in technology, circular industries and flexibility. The Partnership contributes to a competitive, green, digital, resilient and human-centric manufacturing industry. As a member of EFFRA Arçelik contributes to the research on production technologies.	Durban Chamber of Commerce (DCC)	The Durban Chamber of Commerce was founded in 1856 and is Africa's oldest and largest metropolitan Chamber. Defy (Arçelik's subsidiary) has been a member to the DCC since 1928 and currently serves as chair on the Environmental Affairs Forum and the Safety and Justice Forum. As a member, we are showcasing good business practices in terms of sustainability and contribute to increasing partnerships on sustainability development and knowledge sharing.
Electronic Devices Manufacturers' Association (ECID)	Its goals are to create an electronic sector that can compete globally and contributes to production, exports, employment, economic development and welfare in Türkiye. It is aimed to create an electronics industry that is sensitive to climate change and environmental problems by attaching importance to R&D and innovation. And supports digital transformation and can compete globally. Arçelik is the deputy chair of the BoD and contributes to the works of ECID that supports digital transformation in the sector.	TechUK	TechUK is a technology trade association with white goods, consumer electronics and IT members. A network for innovation and collaboration across business, government and stakeholders to provide a better future for people, society, the economy and the planet is formed by the association. Beko (Arçelik's subsidiary) by being a member of TechUK contributes to the positive potential of technology.

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Institution / Organization	Gain or Contribution	Institution / Organization	Gain or Contribution
German Chamber of Commerce (IHK)	IHK represents commercial and industrial enterprises and those belonging to the service sector in Germany. It aggregates the interests of businesses across all sectors and branches of the economy in a democratic and deliberative manner. These interests are conveyed to it by the 79 local Chambers of Commerce and Industry across Germany. Beko Grundig Deutschland (Arçelik's subsidiary) is a member of IHK and follows valuable information about current industrial developments and challenges. Moreover, information and specific suggestions on the policies and draft regulations.	Connectivity Standards Alliance (CSA)	CSA aims to ignite creativity and collaboration in the IoT, by developing, evolving, and promoting universal open standards that enable all objects to securely connect and interact. CSA tries to create, evolve and manage IoT technology standards through a well-established, collaborative process.
EP100	EP100 is a global initiative led by the international non-profit Climate Group, bringing together over 120 energy smart businesses committed to measuring and reporting on energy efficiency improvements. Each member company has its own commitment regarding energy efficiency. Arçelik's commitment is "Double energy productivity by 2030, relative to a 2010 baseline, and implement an energy management system (EnMS) across its global production facilities by 2025".	Federation of European Heating, Ventilation and Air Conditioning Associations (REHVA)	REHVA is an umbrella organization that represents more than 120,000 HVAC designers, building services engineers, technicians and experts across European countries. It provides a strong platform for international professional networking, and knowledge exchange pursuing the vision of improving health, comfort, safety and energy efficiency in all buildings and communities. Arçelik is one of the supporters of REHVA committing on advancing and developing high quality HVAC technologies, system solutions and engineering tools by international knowledge exchange, research and joint advocacy.
Foreign Economic Relations Board (DEİK)	DEİK aims to become a business diplomacy organization comprising Business Councils, Founding Institutions and individual members that represent Türkiye's business community and its leading entrepreneurs. DEİK has country based, sectoral based and special purpose councils that all focus on development. Arçelik is represented in various business councils by C-level to contribute to the increase in economic ties between countries.	The Alliance for the Internet of Things Innovation (AIOTI)	AIOTI is an organization that aims to lead, promote, bridge, and collaborate in IoT and Edge Computing and other converging technologies research and innovation, standardisation and ecosystem building. Arçelik became member to AIOTI in 2022 to contribute to the development of the IoT and Edge Computing market while preserving values like privacy and consumer protection.
Association of Cooling and Refrigeration Companies in Indonesia (PERPRINDO)	PERPRINDO is an Indonesian organization that aims to bridge the gap in communication between the industry and those who regulate it. Arçelik Hitachi (Arçelik's subsidiary) became a member of the association in 2023 and contributes to sustainability and energy efficiency matters.	UN GLOBAL COMPACT	United Nations Global Compact (UNGC) is the largest corporate Sustainability initiative for businesses who are committed to align themselves with UN SDGs. Arçelik is a strong supporter of UNGC and embeds its Ten Principles into its operations. Arçelik is also a member of UNGC's CFO Taskforce, CEO Water Mandate and Business Ambition for 1.5°C, Race to Zero Campaign. In addition, Arçelik annually discloses and reports its progress on how it applies the UNGC principles. Arçelik also joined the Forward Faster initiative which challenges businesses to raise their ambitions in 2030 goals. We made significant commitments in three key areas: Climate Action, Water Action, and Sustainable Finance.
White Goods Suppliers Association (BEYSAD)	It is an association created jointly by firms providing services to white goods main industry firms as supply industry for the purpose of voicing their common issues more effectively and obtaining more tangible results in comparison with individual efforts. It is predominantly consisting of SMEs. Arçelik is among the founders of BEYSAD and still actively contributes to its events and projects. According to its sustainability targets Arçelik strongly believes the significance of development as a sector throughout the whole supply chain.	Woman in Technology Association (Wtech)	Wtech's main aim is to enable individuals to discover their own potential; to train curious, researcher, productive and self-confident people who are experts in technology and bring them into the business world. To ensure diversity in technology, Wtech aims to ensure that women are specialized and empowered with technical skills to take part especially within the scope of artificial intelligence. Wtech organizes several projects to increase both awareness and skills by various trainings.
Turkish Marine Environment Protection Association (TURMEPA)	TURMEPA is Türkiye's leading sea-oriented non-governmental organization that aims to leave a more liveable Türkiye that embraces clean seas to future generations. In this regard TURMEPA organizes activities to prevent the shores and seas from being polluted, encourage and develop the fight against pollution as well as ensuring public participation, leave a liveable and healthy environment to future generations. TURMEPA also organizes and attends to seminars regarding the effects of climate change on marine life.	Bangladesh Employer's Federation (BEF)	The BEF is an organisation bringing together companies of all sectors. Singer Bangladesh (Arçelik's subsidiary) has been a member of the Federation since its founding, participating in the policy tracking and regulation compliance activities.

The amount paid to other institutions represent a total of TRY 6,509,153 which is 16.9% of the total spending on institutions.



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Management Systems	Certification Year	Percent of Manufacturing Facilities	Coverage
ISO 9001	1992	97	Arçelik A.Ş. (Headquarters & Manufacturing Facilities*), Arçelik Pazarlama A.Ş., Arctic, Beko LLC, Beko Thai, Defy, Dawlance, Singer Bangladesh, IHP Appliances, Arçelik Hitachi, Arçelik-LG, Voltbek
ISO 14001	1996	97	Arçelik A.Ş. (Headquarters & Manufacturing Facilities*), Arctic, Beko LLC, Beko Thai, Defy, Dawlance, Singer Bangladesh, IHP Appliances, Arçelik Hitachi, Arçelik-LG, Voltbek
ISO 17025	2008	13	Arçelik A.Ş. Central Calibration & EMC Laboratories (Accredited Laboratories)
ISO 10002	2013	100	Arçelik Pazarlama A.Ş.
ISO 50001	2012	78	Arçelik A.Ş. (Headquarters & Manufacturing Facilities*), Arctic, Beko LLC, Dawlance, IHP Appliances, Arçelik Hitachi, Arçelik-LG
ISO 14064	2011	100	Arçelik A.Ş. (Headquarters & Manufacturing Facilities), Arctic, Beko LLC, Beko Thai, Defy, Dawlance, Singer Bangladesh, IHP Appliances, Arçelik Hitachi, Arçelik-LG, Voltbek
ISO 45001	2019	97	Arçelik A.Ş. (Headquarters & Manufacturing Facilities*), Arctic, Beko LLC, Beko Thai, Defy, Dawlance, Singer Bangladesh, IHP Appliances, Arçelik Hitachi, Arçelik-LG, Voltbek
ISO 27001	2013	39	Arçelik A.Ş. (Headquarters-Related Units)
BSCI (Business Social Compliance Initiative)	2010	61	Arçelik A.Ş. (Headquarter & Production Plants**), Arctic, Beko Thai, Dawlance Refrigerator Plant, Defy, Arçelik Hitachi (Thailand operations), Arçelik LG
SEDEX (Suppliers Ethical Data Exchange)	2010	39	Arçelik A.Ş. (Headquarter & Production Plants***), Beko LLC, IHP Appliances

*Excluding Solar Panel Facility in İstanbul/Türkiye.

**Excluding Solar Panel Facility in İstanbul/Türkiye, Refrigerator and Washing Machine Plants in Manisa/Türkiye.

***Excluding Solar Panel Facility in İstanbul/Türkiye, Electronics Plant in Tekirdag/ Türkiye, Refrigerator and Washing Machine Plants in Manisa/Türkiye.

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ANNEX 12. SUPPLIER PERFORMANCE INDICATORS



Overall Supplier Information	2022	2023
Tier-1 material suppliers (number)	2,046	2,056
Overall purchasing volume of Tier-1 material suppliers (EUR)	Approximately 4.5 billion	Over 4.5 billion
Countries of the suppliers (number)	60+ countries	60+ countries
Geographical spread of the Tier-1 suppliers in terms of purchasing volume (%)	Türkiye: 34% Asia: 33% Europe: 26% South Africa: 5% United States of America: 1% Middle East: 1%	Türkiye: 36.7% Asia: 37.5% Europe: 18.9% South Africa: 5.7% United States of America: 0.6% Middle East: 0.6%
Local Tier-1 direct and indirect suppliers (number)	4,014	4,311
Payments to local direct and indirect suppliers in total payments (%)	59	59

SUPPLIER ESG PROGRAM INDICATORS

The Program covers material and OEM suppliers.

Supplier Screening	2022	2023
Significant suppliers in Tier-1 (number)	488	593
Total purchasing volume on significant suppliers in Tier-1 (%)	83.4	93.4
Significant suppliers in Tier-2 (number)	1,411	1,901

Supplier ESG Assessment	2022	2023
Unique significant Tier-1 suppliers assessed (number)	237	334
Unique significant Tier-1 subjected ESG assessment (number)	159	253
Unique significant Tier-1 subjected to business ethics audits (number)	128	197
Geographical spread of the suppliers assessed	74.3% from Türkiye, 14.3% from Asia and 11.4% from Europe	66% from Türkiye, 23% from Asia and 11% from Europe

Supplier Assessment Findings	2022	2023
Unique significant Tier-1 suppliers with substantial potential/actual negative impacts supported in corrective action plan implementation (number)	10	17
Terminated supplier contracts due to ESG non-compliance (number)	0	0
Terminated or not renewed supplier contract due to violations related to corruption (number)	0	0

Supplier Development Programs	2022	2023
ESG Training to suppliers (person*hour)	559	482
ESG related findings from the assessment of unique significant Tier-1 suppliers (number)	2,737	2,465
Improved ESG related findings from the assessment of unique significant Tier-1 suppliers (number)	1,026	650
Unique significant Tier-1 suppliers in capacity building programs (number)	273	206
On-site visits on cycle time improvement, energy efficiency, quality (number)	186 to 594 suppliers	752 visits to 193 suppliers
On-site audits on quality (number)	44	60
ESG training to Arçelik employees at procurement team (person*hour)	10	55

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Conflict Minerals Management Indicators		
Supplier Conflict Minerals Assessment	2022	2023
Suppliers in Tier-1 that we shared a conflict mineral survey (number)	462	483
Respond rate to the survey (%)	73%	67%
Smelters or refiners (SORs) that are reported through the survey by the suppliers in Tier-1 (number)	289	350

Responsible Minerals Initiative (RMI) Status of Smelters or Refiners (SORs)	2022	2023
SORs which are conformant and certified as conflict free (number)	206	215
SORs which are committed to undergo responsible minerals assurance process (RMAP) (number)	5	11
SORs which are not conformant but under process (number)	59	89
SORs which are not conformant and not certified as conflict free (number)	19	23

 For further information, please refer to [Arçelik Conflict Minerals Report](#).

ANNEX 13. BUSINESS CASE AND IMPACT VALUATION RELATED TO MATERIAL TOPICS

Arçelik outlines material issues with the highest priority levels emerged from its Double Materiality Analysis and identifies the business cases and impact of these issues throughout the value chain to build a concrete evaluation and roadmap.

OUTSTANDING MATERIAL ISSUES ACCORDING TO ARÇELIK’S DOUBLE MATERIALITY ANALYSIS

	Energy and Water Efficient Products	Climate Action	Sustainable Supply Chain Management
Risk / Opportunity	<p>“Energy and Water Efficient Products” is categorized as highly material both from the inside-out and outside-in impact evaluations.</p> <p><i>Please see the Double Materiality Matrix.</i></p>	<p>“Climate Action” is categorized as highly material both from the inside-out and outside-in impact evaluations.</p> <p><i>Please see the Double Materiality Matrix.</i></p>	<p>“Sustainable Supply Chain Management” is categorized as highly material both from the inside-out and outside-in impact evaluations.</p> <p><i>Please see the Double Materiality Matrix.</i></p>
Business Case	<p>With the deepening of climate crisis, various investors, strategic retails channels and regulations demand a decrease in environmental footprint from their business partners. Since the energy and water use of Arçelik’s products is an important part of our global footprint, putting eco-efficient products on the market is crucial.</p> <p>On top of this, increasing awareness and sensitivity regarding environmental issues led end-users to seek more eco-efficient products.</p> <p>Thus, not being able to meet the demand for eco-efficient products presents the risk of deteriorating relationships with key business partners and market loss for Arçelik.</p> <p>However, Arçelik has Science Based Targets to reduce energy consumption of appliances and water consumption targets that bears an opportunity for business relationships. Arçelik makes additional investments in its business processes to meet this demand.</p> <p>Producing eco-efficient products brings cost-ups for the end products. These cost-ups might not be reflected in all markets, and this might have a negative impact on Arçelik’s revenues.</p> <p>On the other hand, the sale of eco-efficient products also creates a market opportunity for Arçelik since there is room to grow, especially in the emerging markets for eco-efficient appliances.</p>	<p>Climate change and related impact brings various regulative requirements regionally and internationally such as ETS and CBAM. These are likely to increase Arçelik’s operational costs which would result in Arçelik gaining a competitive advantage.</p> <p>In addition, climate-related impacts are considered by investors and B2B partners when conducting trade relations and robust actions are expected from Arçelik.</p> <p>Thus, not being able to manage the climate impact effectively might result in Arçelik bearing additional costs brought by regulations and lead to a deteriorating relationship with business partners.</p> <p>However, Arçelik has a comprehensive climate change strategy and works on alternative climate change scenarios to assess its potential transition risks and takes precautions accordingly. In this framework, Arçelik monitors its GHG emissions and has publicly available targets.</p> <p>Effective management of climate-related impacts brings cost-up due to investments for producing energy efficient appliances, energy efficiency in production, renewable energy investments, green electricity procurement as well as waste reduction projects.</p> <p>On the other hand, these efforts provide business opportunities for Arçelik since it will minimize regulation-related costs for the future such as carbon tax and CBAM and increase its reputation from the viewpoint of business partners.</p>	<p>Arçelik has an extended supply chain and works with suppliers from a wide geography. It has purchasing offices in 10 different countries and makes purchases from more than 60 countries. In 2023, our global purchasing capacity has reached to nearly 2,000 direct material suppliers, and our total purchasing volume, including indirect and investment purchases, has reached approximately EUR 4.5 billion.</p> <p>Thus, managing a sustainable supply chain presents an important business case for Arçelik. Suppliers’ environmental and social misconduct or non-compliance might lead to a reputation loss for Arçelik.</p> <p>However, Arçelik has an in-house supplier index through which ESG data and related evidence is collected via an online survey and supplier performance is verified by an independent accredited audit firm. Suppliers are also subject to third-party ethics audits onsite. According to the results, mitigation measures are offered to suppliers. The business contracts may also be terminated if necessary.</p> <p>In addition, effective management of supplier emissions is crucial for Arçelik’s net zero targets. For this purpose, Arçelik has an Environmental Data Collection and Monitoring Process. Arçelik also requires its suppliers to manage their energy-related and environmental impact through ISO 50001 and ISO 14001.</p>
Business Impact	<p>Despite possible cost-up per product, eco-efficient products are expected to create a net positive impact on revenue since it will provide brand leverage for Arçelik, enhanced market reach and an increase in the prices of products. Arçelik will also be able to meet more customers’ and strategic partners’ demands.</p>	<p>Despite possible cost-ups due to the investments to comply with climate regulations and meet investors’ and other business partners’ demands, the expanding market reach of the brands and products and new business partnerships with the good reputation established thanks to climate-aware investment offers are expected to create a positive impact on revenue.</p>	<p>Despite cost-ups from supplier monitoring and auditing efforts, effective management of supply chain prevents potential reputation losses from possible environmental and/or social misconduct in the value chain and not being able to meet Scope 3 reduction targets due to poor supplier performance. Also, creating supplier awareness and improving their processes create synergies and enable Arçelik to develop proactive strategies against existing and upcoming regulations such as the German Supply Chain Act and EU CSRD.</p>



ANNEX 13. BUSINESS CASE AND IMPACT VALUATION RELATED TO MATERIAL TOPICS

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	Energy and Water Efficient Products	Climate Action	Sustainable Supply Chain Management
Business Strategies	<p>Arçelik's approved and under-approval Science Based Targets include the reduction of Scope 3 GHG emissions from the use phase of sold products and water targets that aim to reduce the water withdrawal per product.</p> <p>In order to reach these targets, Arçelik aims to increase the market penetration of energy and water-efficient products, phase out of certain products with high Global Warming Potential (GWP) and implement new heating technologies with higher performance. In 2023 50.2% of our revenue came from the sales of energy-efficient products and we decreased the average energy consumption of our washing machines and refrigerators by 1% and 4% respectively compared to the previous year in Türkiye. We have eco-efficient products in Dryer, Dishwasher, Freezer & Refrigerator, AC, Oven, TV, Washer Dryer, Washing Machine, Electric Storage Water Heater, Hood product groups.</p>	<p>Arçelik's climate action strategy is focused on manufacturing energy and water-efficient appliances, increasing energy and water efficiency in production, establishing renewable energy systems, and using green electricity and effective water management.</p> <p>In line with these, Arçelik aims to increase the locations with ISO 50001 Energy Management Certificates, carries out energy-saving projects at production sites, makes renewable energy investments, conducts sustainable water management projects, responsibly manages its WEEE. Arçelik also monitors and improves its climate impact throughout its value chain. Arçelik encourages suppliers to give commitments and set their own GHG emission targets, collects emission data from them. Arçelik also works on ways to decrease its emissions from logistic processes.</p> <p>At the corporate relations and strategy level, Arçelik has Climate Change Strategy, Global Environmental Policy, Energy Policy and Policy of Review on Industry Association Memberships.</p>	<p>Arçelik has a Global Responsible Purchasing Policy that requires suppliers to comply with both applicable legislation and Arçelik values. This policy is an obligation for suppliers and Arçelik is entitled to terminate the contract in cases of serious violations.</p> <p>Arçelik manages the risk of suppliers' involvement with conflict minerals through its Conflict Minerals Policy. In addition, Arçelik commits that its suppliers operate in compliance with the ILO Declaration on Fundamental Principles and Rights at Work, UN Declaration of Human Rights, UN Global Compact and UN Guiding Principles on Business and Human Rights.</p> <p>Arçelik also collects commitments from its suppliers regarding environmental impact via a commitment letter signed by Arçelik CEO, Chief Purchasing and Supply Chain Officer and Chief Marketing Officer. To this date, 166 suppliers signed the commitment letter to set GHG emission/water/waste/ energy efficiency targets.</p>
Targets and Metrics	<p>Arçelik aims to reduce Scope 3 emissions from the use of sold products according to its under-approval 1.5-degree SBTs. Arçelik also has the target to reduce water withdrawal per product by 45% in all manufacturing facilities by 2030.</p> <p>In order to do this, Arçelik puts effort into R&D Projects in order to develop products and technologies with lower energy and water needs.</p>	<p>Arçelik aims to establish renewable energy systems with 50MW capacity, purchase 100% green electricity, reduce energy consumption per product by 45%, double the energy productivity, make a minimum USD 50 million investment in renewable energy and energy efficiency by 2030. It also aims to implement ISO 50001 Energy Management Systems across our all-production facilities and reach 450 MW Arçelik-branded PV panel sales per year by 2025.</p> <p>Arçelik aims to reduce Scope 1, 2 and 3 GHG emissions according to its under-approval 1.5-degree SBTs by 2030 and reduce water withdrawal per product by 45%, increase the water recycling and reuse ratio to 70% and increase the waste recycling rate to 99% in all manufacturing plants.</p>	<p>Arçelik aims to ensure its suppliers have ISO 50001 certificate for suppliers exceeding 1,000 ToE by 2025 and 500 ToE by 2030. Arçelik also has a target in place to collect, monitor and publicly disclose Scope 1-2 emission, energy, water, and waste data for suppliers as of 2025.</p> <p>Arçelik also aims that all suppliers that have signed the Commitment Letter to set publicly available sustainability targets.</p>
Executive Compensation	<p>Arçelik defines the target of "Decreasing Scope 3 use phase GHG emissions" and it is included in the scorecards of CEO, CFO, Chief Technology Officer, Chief Marketing Officer, Chief Sustainability, Quality & Customer Care Officer, Officer, Europe Chief Commercial Officer, Related Executive Directors and Business Unit Managers. The target is linked to annual compensation and bonuses as incentives.</p>	<p>Arçelik defines targets of "Decreasing Scope 1-2 GHG emissions" and "Decreasing Scope 3 use phase GHG emissions" and it is included in the scorecards of CEO, CFO, Chief Technology Officer, Chief Marketing Officer, Chief Sustainability, Quality & Customer Care Officer, Related Executive Directors and Business Unit Managers. The target is linked to annual compensation and bonuses as incentives.</p>	<p>Arçelik defines the target of "Supply Chain Sustainability Integration", and it is included in the scorecards of CEO, Chief Sustainability, Quality, and Customer Care Officer Chief Purchasing and Supply Chain Officer, Related Executive Directors and Business unit managers. The target is linked to annual compensation and bonuses as incentives.</p>



ANNEX 13. BUSINESS CASE AND IMPACT VALUATION RELATED TO MATERIAL TOPICS

IMPACT VALUATION OF SIGNIFICANT MATERIAL ISSUES

	Energy and Water Efficient Products	Climate Action
Material Issue for External Stakeholder	<p>Almost 40% of the energy spent at home comes from the use of electronic appliances. This is also an important part of Arçelik's footprint since almost 80% of Arçelik's Scope 3 GHG emissions are related to the use phase of the products during their lifetime.</p> <p>Thus, increasing the sales of eco-efficient products would generate a positive impact on external stakeholders regarding climate transition.</p>	<p>E-waste is the fastest growing waste stream which is expected to reach c. 75 million tons by 2030* and large home appliances constitute almost more than half of all e-waste collected.</p> <p>The improper recycling of electronic waste may cause the release of harmful chemicals into the environment. Also, e-waste is usually rich in precious metals such as gold, silver, platinum, and copper. When e-waste is discarded without proper recycling of these precious metals, virgin materials are used which result in emissions**.</p> <p>Thus, effective WEEE management would generate a positive impact on external stakeholders regarding the environment as well as health and safety for those involved in recycling.</p>
Cause of Impact	<p>Since Arçelik has 14 brands that are being sold, increased sale of eco-efficient products will help reduce energy use and related carbon emissions globally.</p> <p>This will lead to a positive impact stemming from the products/services element of the business value chain and covers >50% of business activity.</p>	<p>Arçelik carries out take back campaigns through which it replaces appliances in use with more energy-efficient ones and helps the reduction of emissions. As the only home appliance manufacturer in Europe to have its own WEEE Recycling Plants, Arçelik recovers metals as well as plastic at these plants. WEEE facilities also enable proper recycling plants in accordance with health and safety measures.</p> <p>Since Arçelik has control of the WEEE recycling operations in Türkiye, the positive impact stemming from this operation covers < 50% of business activity.</p>
External Stakeholder Evaluated	The impact of energy and water efficient products is evaluated considering the environment, society, consumers and external employees..	The impact of increased end of life responsibility of products is evaluated considering the environment, society, consumers and external employees.
Topic Relevance on External Stakeholders	Arçelik has a mission to create awareness among consumers about how to make informed choices on which products to choose and how to use them more efficiently to reduce energy and water consumption. Beko's Shed That Carbon campaign is dedicated to teaching consumers long lasting resource efficient habits for less harm on the environment. Coupled with the fact that demand for household appliances will soar especially in the developing regions particularly for refrigerators and air conditioners, eco-efficient products will have a positive impact on the environment and society by avoiding additional GHG emissions being put into the atmosphere if the products were produced without such energy efficiency targets. This serves to alter the impacts of carbon-related environmental degradation and societal negative externalities such as health problems, migration issues and labor productivity due to extreme weather events stemming from climate change.	Replacement of old products with energy and water efficient ones helps decrease energy and water consumption stemming from these products during their use phase. Proper dismantling and recycling of these household products helps rare precious metals and plastics to be put back into the economy and decrease the use of virgin materials which leads to emission avoidance generated in virgin material extraction process. Proper recycling methods help protect the health and safety of those involved in the e-waste recycling process as well. Since 2014, we have recycled roughly 1.75 million WEEE units in our WEEE recycling plants. We saved 487 GWh of energy between 2014 and 2023 by replacing old, high energy-consuming products with new, energy-efficient products. Thus, the action that Arçelik takes for the end-of-life treatment of products helps avoid additional GHG emissions.
Output Metric	<p>Using eco-efficient products saves energy compared to less-efficient alternatives. The amount of energy-saving thanks to Arçelik's eco-efficient products are calculated in terms of Avoided GHG emission.</p> <p>Avoided GHG Emission in 2023: 316,294 tCO₂e.</p>	<p>Arçelik has two WEEE Recycling Plants, Eskisehir and Bolu in Türkiye. In 2023, materials such as metal, plastic, copper, glass etc. from old products have been recycled in these plants and brought back into the economy for reuse. Using these recycled materials instead of virgin materials avoids additional GHG emissions.</p> <p>Avoided GHG emissions in 2023: 24,010 tCO₂e.</p>
Impact Valuation	Social cost of carbon***	Social cost of carbon***
Impact Metric	Social cost avoided****: USD 60,095,860	Social cost avoided****: USD 4,561,900

*UN Global E-waste Monitor Report.

**According to the World Economic Forum, if gold could be recycled from the e-waste accumulated, it would make up c.11% of the total amount mined each year.

***Social cost of carbon is taken as 190 USD per ton based on the estimates from Environmental Protection Agency's Report published in September 2022.

****Social cost avoided is calculated with the following formula: Avoided GHG emission x Social cost of carbon.



ANNEX 14. SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

MANAGEMENT OF SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

Arçelik identifies its sustainability-related risks and opportunities by following global, regional, and sectoral trends and analyses, climate scenarios and stakeholder feedback. Arçelik defines, quantifies and categorizes its material sustainability-related risks and opportunities in line with International Sustainability Standards Board (ISSB) Framework which encompasses TCFD recommendations.

Being a company that places sustainability at the heart of its strategy, it is essential for Arçelik to integrate the risks arising from the climate crisis and other sustainability topics into the ERM system to execute the relevant action plans in line with the corporate sustainability strategy.

Arçelik's sustainability-related risk and opportunity management are outlined under four categories below:

Governance

Board-Level Responsibility

BoD is the highest governance body responsible for monitoring sustainability-related risks and opportunities as well as ensuring the appropriate skills and competencies are available to oversee these risks and opportunities. At BoD level, a Board Member - who is also Koç Holding Consumer Durables' President - has been tasked with reporting the sustainability-related issues to the BoD three times a year.

In 2023, three reports were prepared to the attention of the BoD, which were presented in the BoD meetings. These reports included topics such as the approval of new sustainability related policies and procedures, scores and ratings received from sustainability indices, updates on energy efficiency projects and solar power, supplier engagement efforts, double materiality analysis, received grants for environmental projects and so on. In addition, Arçelik's Net Zero target and IFRS ISSB reporting updates has been presented to the attention of BoD and the shareholders at the Annual General Shareholders Meeting held in 2023.

The Board-level Risk Management Committee is the highest governing body for the management of all risks and opportunities of Arçelik. Thus, governing ESG-related risks including climate-related ones falls under the oversight of this committee.

Sustainability-related risks and opportunities are included on the agenda of this Committee's meetings. In 2023, climate-related issues presented at the Committee meetings were:

- Possible cost up of Arçelik to meet the 2050 Net Zero target which bears the risk of decreasing competitive advantage
- Possible reporting and tax implications from Carbon Border Adjustment Mechanism (CBAM)
- Emerging regulations regarding sustainable packaging and related cost ups for transition to alternative packaging solutions

Executive Responsibility

The Chief Sustainability, Quality & Customer Care Officer serves as the **highest-ranking individual with responsibility for assessing and managing climate-related and other sustainability issues and execution of the entire sustainability strategy at management level** in the Company. There are also C-level committees that oversee sustainability topics: The Sustainability Council (SC), Global Ethics Committee and Human Rights Committee. The SC, gathers quarterly and determines corporate sustainability and climate change strategies, ensures their integration with the Company's business processes, and monitors sustainability performance. The C-level executive team serve as inherent members of the SC. Other D-level executives also participate as inherent members of the Council, depending on the issues to be discussed at the meetings.

In 2023, the topics discussed at SC were:

- Arçelik's new 2050 SBT and related roadmap
- Suppliers' sustainability development and possible initiatives
- Updates on voluntary carbon market
- Emerging sustainable packaging regulations
- Implications of CBAM
- Sustainability reporting and disclosure requirements and updates
- Analysis of performance on sustainability indices

The Sustainability Department is **responsible for qualitative-quantitative identification of climate-related and other sustainability risks** based on scenario analyses in terms of both physical and transition risks and reports such risks to the Enterprise Risk Management Department.

The agenda of SC is determined with the **work of sustainability WGs** (Sustainable Supply Chain, Sustainable Packaging, Energy, Green Chemistry, OHS, Climate Change, Environment and Recycled Plastic) which gather periodically.

Arçelik's Global Sectoral Relations Management is **responsible for coordinating relations in line with Arçelik's sustainability strategy** with Trade and Industry Associations, operational NGOs and civil society organizations in all jurisdictions in which Arçelik operates. The Chief Sustainability, Quality & Customer Care Officer is responsible for reviewing and monitoring the alignment of the policies of the NGOs, trade associations and other related organizations or institutions with Arçelik's decarbonization strategy and the requirements of the Paris Agreement.

In order to ensure effective implementation of the Company's sustainability strategy, the sustainability-related KPIs are included in the related employees', including C and D-level executives' annual performance evaluation score cards that are **linked to annual compensation and bonuses** as incentives.



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Strategy

Risk and Opportunity Evaluation Criteria:

Arçelik defines its significant sustainability-related risks and opportunities with their place within the value chain, type (physical/transition), primary potential financial impact, time horizon, likelihood and magnitude and impact figure. The criteria according to which Arçelik defines its risks are:

Place of risk/opportunity in the value chain	
Upstream	Processes at the early stages of production, such as supply, purchase and transportation to production facilities of raw materials
Direct Operation	Production processes
Downstream	Processes at the final stages where final products are distributed to customer, such as storage, shipping and order management

Risk type*	
Physical climate risks	Acute Chronic
Climate transition risks	Current Regulation Emerging Regulation Technology Risk Legal Risk Market Risk Reputational Risk
Other sustainability-related risks	

Time horizon	
Short-term	1-3 years
Medium-term	3-10 years
Long-term	10-30 years

* Please note that all of these risk types are considered throughout Arçelik's value chain but no prevalent risks are found under some categories.

Magnitude	
Low	1% decrease in EBITDA
Moderate	1% - 3% decrease in EBITDA
High	3% - 5% decrease in EBITDA
Severe	5% - 10% decrease in EBITDA
Critical	10% decrease in EBITDA

Likelihood	
Virtually certain	About as likely as not
Very likely	Unlikely
Likely	Very unlikely
More likely than not	Exceptionally unlikely

Scenario Analyses:

While deciding on robust strategies over climate related risks & opportunities, Arçelik considers the IPCC's low (RCP2.6), moderate (RCP 4.5) and high (RCP 8.5) scenarios, which are mainly depending on the global warming levels by 2100, together to decide on the company's short, medium and long-term targets. Arçelik assesses its risks according to these scenarios via following tools:

- For policy risk and the related price of carbon, the S&P Trucost ESG methodology has been outsourced. The S&P Trucost ESG Methodology includes a Corporate Carbon Pricing Tool that analyses carbon price risk premiums on High, Medium, Low carbon price scenarios based on the responsiveness level of each scenario based on 2030 and 2050 projections. In the high carbon price scenario for 2030, Scope 3 emissions is the largest contributor to Arçelik's carbon pricing risk.
- The market, reputation, and technology risk analyses are based on the internal expertise of Arçelik, using IEA STEPS, Sustainable Development Scenario (SDS), and International Energy Agency (IEA) Net- Zero 2050 Scenarios.
- For physical risk, the S&P Trucost ESG methodology, WRI Aqueduct and Arçelik internal expertise have been used.



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Scenario	Coverage	Assumptions	Risks and Opportunities
<p>Transition scenario - IEA STEPS:</p> <ul style="list-style-type: none"> A qualitative and quantitative approach considering reporting year, 2030 & 2050 A combination of IPCC's RCP 8.5, 4.5 and (Shared Socioeconomic Pathways) SSP, analyzed in line with IEA STEPS Scenario A mid-scenario between business as usual with no or minimal change in emissions reductions and delayed regulations that does not meet Paris Agreement promises to limit global warming in line with 1.5°C Temperature rise between 1.6°C-3.2°C-5.4°C, increasing physical risks faced by Arçelik, thus the business disruption adaptation costs 	Company-wide	<ul style="list-style-type: none"> Increased global warming leading to decreased GDP, slowdown in the economy from increased extreme weather events, increasing pandemics disrupting business, inflation hikes and increased material costs coupled with decreased consumer spending Rise of middle-income consumers in the APAC and Africa region and increased demand for ACs and refrigerators in a continuously warming climate Customers demanding more energy efficient appliances, not clear whether they would pay more Slower access to electricity globally compared to SDS/NZE Scenarios Cost of carbon not to increase as rapidly as in SDS/NZE Scenarios, carbon tax mechanisms to be delayed Voluntary carbon markets to be still significant but at a lower cost Arçelik to incur increased costs due to increase in physical risks-disruption at own operations and supply chain Delay in minimum energy efficiency regulations in developing regions where we intend to grow Increasing costs to design and produce energy efficient appliances despite consumer intention to pay extra 	<ul style="list-style-type: none"> We could potentially not be able to reflect increasing costs to consumers, leading to profitability risk. However, we have extensive R&D experience to produce energy efficient appliances, can innovate cost efficient production systems and increase energy efficient product sales Extreme weather events could increase the risk of other pandemics and supply chain disruptions, causing further inflation hikes and increasing production costs. However, our value chain exposure to acute/chronic risks are medium level and resilience plans are in place
<p>Transition scenario - IEA SDS:</p> <ul style="list-style-type: none"> A qualitative and quantitative approach considering reporting year, 2030 & 2050 Scenario in line with RCP 2.6, keeping global warming in line with a well below 2°C goal Energy related SDGs are assumed to be met and current net zero pledges to be achieved Arçelik's climate transition risks are increased, climate adaptation risks are minimized 	Company-wide	<ul style="list-style-type: none"> Less global economic losses due to global warming compared to a STEPS scenario Inflation hikes expected to continue in the near future Increasing raw material costs Rise of middle-income consumers and access to electricity in in the APAC and Africa region increasing the demand for energy efficient appliances 50% of population increase coming in Africa in 2050 creating a major market for Arçelik's growth Increased carbon price, rapid introduction of ETS and minimum energy performance standards no later than 2025 in developing regions Increased steel costs due to CBAM's entry into force in 2026 Increased demand for carbon removal credits pushing voluntary removal credit prices up Increased CAPEX needs of Arçelik as of 2025 to invest in renewable energy and energy efficient appliances 	<p>Risks:</p> <ul style="list-style-type: none"> Increasing production costs to produce energy efficient appliances globally on Best Available Technology Increase in carbon taxes and cost of steel impacting profitability Increased reputation risks faced by Arçelik if SBTi targets cannot be met Increased demand from customers on low carbon products, especially recycled plastics, low carbon steel and energy efficient appliances Rising price of carbon credits needed for Net Zero targets <p>Opportunities:</p> <ul style="list-style-type: none"> Strong innovative in-house R&D skills to meet the energy efficient product demand and manage the grow in developing regions Robust and publicly available decarbonization strategy, more than EUR 500 million green investment to meet SBTi targets. In-house nature based-technology based direct air capture removal know how.



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Scenario	Coverage	Assumptions	Risks and Opportunities
<p>Customized publicly available transition scenario - 1.5°C aligned:</p> <ul style="list-style-type: none"> Arçelik has outsourced S&P to conduct climate-related transition risk analysis in terms of policy risk for its own activities as well as its selected suppliers to understand to potential impact of transition to low-carbon economy based on different scenarios and timelines A qualitative and quantitative approach considering 2020, 2030 & 2050 S&P Trucost Carbon Pricing Risk Assessment has been applied to measure the impact of rising carbon prices on Arçelik financial performance 	Company-wide	<p>Carbon pricing risk assessment has been done via:</p> <ul style="list-style-type: none"> Carbon Price Database of current carbon taxes, emissions trading schemes and fuel taxes in over 100 geographies High (below 2°C aligned), Medium (below 2°C aligned, delayed action), Low (2-3°C aligned) carbon price scenarios Projections of Arçelik revenue, OPEX and GHG emissions for future years based on assumptions concerning future growth Modelling the pass-through of rising carbon prices to a company from its suppliers 	<p>Risks:</p> <ul style="list-style-type: none"> Rise in green electricity prices and availability of green electricity in countries where Arçelik operates Impact on the company's exports from the non-EU countries to the EU due to cost increases in Arçelik's key production inputs such as steel coming from regulations such as EU Green Deal and CBAM Possible introduction of an ETS mechanism Cost up per product to innovate more energy efficient appliances to meet 2030 Science Based Targets Costs associated with reducing logistics emissions in the value chain and helping suppliers transform to a low carbon economy Rise in voluntary carbon removal credit prices <p>Opportunities:</p> <ul style="list-style-type: none"> Arçelik has publicly available global 2030 Science Based Targets and committed to set a SBTi Net Zero 2050 Arçelik has a supplier sustainability transformation strategy and collected a signed commitment letter from 166 of its core suppliers to set GHG reduction targets
<p>Customized Publicly Available Physical Scenario:</p> <ul style="list-style-type: none"> S&P Trucost Climate Change Physical Risk Analytics has been applied to measure Arçelik's physical risks in terms of adaptation scenarios for its own operations and selected suppliers An asset level approach has been adopted at the company and portfolio level for 2020, 2030 and 2050 and for RCP 2.6, 4.5 and 8.5 climate scenarios to model the magnitude and the potential impact of both acute and chronic physical risks on company financials and operations Private Trucost owned datasets as well as other datasets including but not limited to WRI Aqueduct, CMIP5 multimodel-average, NOAA and Climate Central have been used Seven key climate change physical hazards have been considered: flood, water stress, heatwave, cold wave, hurricanes, sea level rise and wildfires In addition to S&P Trucost analysis, Arçelik in-house team conducted a location-based scenario analysis on water stress risks. Using WRI Aqueduct water risk atlas, Arçelik team assessed the current situation of water stress at each location. Upon this, the team analyzed three scenarios for the year 2030 as optimistic, moderate and pessimistic 	Company-wide	<p>The below mentioned factors have been considered to calculate the risks related to Arçelik and its value chain:</p> <ul style="list-style-type: none"> Excess Heat Factor (EHF) and Excess Cold Factor (ECF) Index to measure heatwave occurrence and intensity Baseline Water Stress Index to measure total water withdrawals to the available water sources Burnt Area in terms of wildfires, Riverine Flood Risk in terms of floods Coastal Inundation in terms of sea level rise Hurricane Index to measure the frequency and intensity of hurricanes <p>5 analytical approaches have been considered:</p> <ul style="list-style-type: none"> Climate Hazard Mapping Physical Asset Geolocation and Corporate Ownership Mapping Asset and Company Level Physical Risk Scoring Revenue Exposure Based on Physical Risk Estimation Composite Score Calculation 	<ul style="list-style-type: none"> According to the S&P analysis, Arçelik and its suppliers are exposed to a moderate level of physical risk with greatest exposure to water stress, heat wave and cold wave According to the analysis of the in-house team, certain locations are likely to be under extremely high-water stress in 2030. Arçelik team also worked on an estimation of production loss due to water stress and its possible financial burden on the company if no precautions are taken As an opportunity, Arçelik has a target to increase water recycling ratio to 70% in global operations as of 2030. At the supplier level, Arçelik has collected a signed commitment letter from its core suppliers to have set publicly available water reduction/recycling targets

Identified Sustainability-Related Risks and Opportunities: Using the aforementioned scenarios, Arçelik has identified its outstanding sustainability-related risks and opportunities and characterized them according to the criteria above.

For further information, please refer to the [Climate Risks and Opportunities Section](#) and [Other Sustainability-Related Risks and Opportunities Section](#) of this Annex.



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Risk Management

Process for identifying and assessing climate related risks:

Arçelik identifies and assesses its climate-related risks and opportunities by following global, regional, and sectoral trends and analyses, climate scenarios and stakeholder feedback. Arçelik identifies risks by working on location wise hazard maps and scenario analysis with relevant HQ and factory teams for its own operations and supply chain.

The Sustainability Working Groups (which are Sustainable Supply Chain, OHS, Sustainable Packaging, Climate Change, Energy, Environment, Green Chemistry and Recycled Plastic) quarterly reports to the Sustainability Department about sustainability-related risks, including climate risks. Sustainability Department is responsible for qualitative-quantitative identification of climate-related and other ESG risks based on scenario analyses in terms of both physical and transition risks and reports such risks to the Enterprise Risk Management Department. The Enterprise Risk Management Department includes these risks in its reports to the Board-level Early Detection of Risk Committee. Sustainability risks, including climate-related physical and transition risks are considered in the evaluation criteria of business decisions. These risks are presented to the BoD by The Board Member - who is also Koç Holding Consumer Durables' President - who has been tasked with reporting climate risks to the BoD.

Arçelik also receives third-party consultancy from companies such as S&P Trucost to support these processes.

When assessing its material sustainability-related risks and opportunities, Arçelik makes evaluations in line with International Sustainability Standards Board (ISSB) Framework which encompasses TCFD according to their potential impact and perceived likelihood.

Process for managing climate related risks:

The Enterprise Risk Management follows frameworks such as the ISO 31000 Risk Management Standard and the COSO Enterprise Risk Management Integrated Framework. Once climate related risk items are qualitatively and quantitatively evaluated, action plans and related investment needs are carefully laid out by each team involved in the process. Such risks are discussed at the Sustainability Council to inform the C-level and D-level and reported to the Early Detection of Risk Committee with the help of the Enterprise Risk Management Team. In order to manage and mitigate the risks, action plans are taken into consideration.

The company takes proactive measures in the process of managing such risks including but not limited to the following:

- Green bond and green loan operations conducted within the Green Financing Framework to allow Arçelik create the financing needed for green investments,
- Internal carbon pricing tools used in the purchasing of machinery and equipment to pave the way for investing on lower emission generating production machinery,
- The publicly available global water recycling target at the production facilities and internal water price application used to enable the efficient use of water resources,
- Targets declared to encourage suppliers to set publicly available GHG emission reduction, water and energy reduction, waste recycling targets as cautionary measures to mitigate the risks in the supply chain,
- Climate related KPIs integrated in C and D level executive managers' as well as line managers' and employees' annual score cards

Process for integrating climate risks into the organization's overall risk management:

The Early Detection of Risk Committee is the highest governing body for the management of all risks and opportunities of Arçelik. Thus, governing sustainability-related risks including climate-related ones falls under the oversight of this committee.

Being a company that places sustainability at the heart of its strategy, it is essential for Arçelik to integrate the risks arising from the climate crisis and other sustainability topics into the ERM system to execute the relevant action plans in line with the Company's Net Zero 2050 and corporate sustainability strategy. Thus, Arçelik Enterprise Risk and Insurance Management Directorate and Sustainability Department work in close coordination to identify, evaluate, measure and prioritize sustainability-related risks and opportunities and integrate the material topics into the Arçelik's risk matrix.

The outstanding risks and opportunities that arise from ERM studies and surveys are transferred onto a risk matrix in order to clarify their potential impacts and likelihoods and enable prioritization and proactive action. Climate risks are also included in this assessment as a way to incorporate the outstanding sustainability issues.

Targets and Metrics

- ▾ For Arçelik's sustainability and climate related targets and relative metrics, and performance against these targets, please refer to the [Sustainability Targets section of this Report](#).
- ▾ For Arçelik's Scope 1,2 and 3 emissions, please refer to [GHG Emissions](#) section and [Annex 3. Environmental Performance Indicators section of this report](#).
- ▾ For Arçelik's risks related to Scope 1,2 and 3 emissions, please refer to [Climate Risks and Opportunities Section of this Annex](#).

ANNEX 14. SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

CLIMATE RISKS AND OPPORTUNITIES

Risk 1: Carbon Border Adjustment Mechanism

DESCRIPTION OF RISK

Company-specific description	Regulation on EU Carbon Border Adjustment Mechanism (CBAM) entered into force in 2023 and will take effect with a transition period until the end of 2025. In this context, importers of certain emission-intensive inputs to the EU will have obligations to report on imported goods, embedded and indirect emissions. Arçelik has a washing machine and a refrigerator production facilities in Romania under the operations of its subsidiary named as Arctic. A certain percentage of the steel used in production is imported from outside of the EU. Arctic, as an importer (reporting declarant) will have an obligation to report the volume and the embedded emissions on the imported steel in the transition phase. From 2026 onwards, CBAM certificates will need to be purchased over the respective EU ETS price.
Where in the value chain does the risk driver occur?	Upstream
Risk type	Emerging regulation (Transition Risk)
Primary Risk Driver	Enhanced emissions-reporting obligation
Primary potential financial impact	Increased indirect (operating) costs
Time horizon	Short-term
Likelihood	Very likely
Magnitude of impact	Low

FINANCIAL IMPACT OF RISK

Potential financial impact	TRY 171,205,512
	The potential cost up per product in case CBAM is applied after the reduction of free allowances and estimated decrease in GHG emissions is multiplied by the estimated productions in 2026 for Arctic production plants.
Cost of response to risk	TRY 226,448,480
	The use of green steel is considered as an alternative scenario. We have taken into account a scenario based on estimated global steel prices of both green and regular flat steel products and we have estimated our cost increase according to the volume of necessary steel inputs for our production in 2026.

	Figure (TRY)	Related Item at the Consolidated Financial Tables of Arçelik
Potential financial impact	TRY 171,205,512	Forecast value
Cost of response to risk	TRY 226,448,480	Forecast value

Risk 2: Meeting Science Based Targets (SBTs)

DESCRIPTION OF RISK

Company-specific description	Arçelik committed to being a Net Zero company in 2050 according to the Science Based Targets Net Zero Standard and set a 1,5°-aligned target with 2022 base year and expanded the scope to include all joint ventures. Considering that 80% of Arçelik's Scope 3 emissions are stemming from the energy consumed during the use phase of the appliances sold, producing resource-efficient products is critical in order to meet the SBTs. To keep on track with the SBT commitment, Arçelik will have to invest heavily in R&D to produce the appliances more efficiently, which is very highly likely to result in increased cost per product.
Where in the value chain does the risk driver occur?	Downstream
Risk type	Market (Transition Risk)
Primary Risk Driver	Uncertainty in market signals
Primary potential financial impact	Increased indirect (operating) costs
Time horizon	Short-term
Likelihood	Likely
Magnitude of impact	High

FINANCIAL IMPACT OF RISK

Potential financial impact	TRY 891,845,381
	Potential impact is calculated based on the scenario where Arçelik faces cost up per product in order to meet its SBTs while other actors in the market keep producing at lower costs due to lack of resource efficiency efforts. In this case, the sales prices in the market won't increase and the risk for Arçelik to lose profitability will arise due to its increasing costs.
Cost of response to risk	TRY 713,896,455
	Arçelik invests heavily in R&D to produce the resource efficient appliances more efficiently and present them to the customers at a lower cost as a response to the risk. Additionally, Arçelik creates awareness among users about sustainability in order to increase the probability of consumers' willingness to bear extra costs for resource efficient products.

	Figure (TRY)	Related Item at the Consolidated Financial Tables of Arçelik
Potential financial impact	TRY 891,845,381	Forecast value
Cost of response to risk	TRY 713,896,455	Operating expense item in P&L Cash Flow from Investing Activities

ANNEX 14. SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

Risk 3: Water Stress Risk

DESCRIPTION OF RISK

Company-specific description	Arçelik received consultancy services from S&P which uses TruCost Methodology and reviewed Arçelik's location-based water stress risk taking into consideration International Panel on Climate Change (IPCC)'s Representative Concentration Pathways (RCP). Arçelik also carries out internal water risks assessment at global sites annually using WRI Aqueduct Water Risk Atlas Arçelik concluded that some of its operation locations might be under high water stress in 2030 according to in house calculations conducted based on RCP 4.5. This brings the risks of discontinuity in production.
Where in the value chain does the risk driver occur?	Direct operations
Risk type	Chronic physical
Primary Risk Driver	Water scarcity
Primary potential financial impact	Decrease in contribution margin due to potential production loss
Time horizon	Medium
Likelihood	More likely than not
Magnitude of impact	Moderate

FINANCIAL IMPACT OF RISK

Potential financial impact	TRY 329,894,184 Based on the RCP 4.5 global warming scenario, locations that are expected to be under "Very High" water stress category are evaluated to face potential production loss. Potential financial impact is calculated considering the loss of gross profit per product due to the lack of water needed for production in 2030.
Cost of response to risk	TRY 18,985,645 Arçelik works to identify water risks and invest to increase water recycling and reuse, and to reduce water withdrawal. In line with this, the cost of response to risk is the amount equal to the sustainable water management expenditures made in 2023.

	Figure (TRY)	Related Item at the Consolidated Financial Tables of Arçelik
Potential financial impact	TRY 329,894,184	Forecast value
Cost of response to risk	TRY 18,985,645	Cash Flow from Operating and Investing Activities

Risk 4: Reputation Risk

DESCRIPTION OF RISK

Company-specific description	Green financing tools present the opportunity of lower interest rate compared to conventional debt instruments. As Arçelik, we benefit from EUR 350 million green bond and a EUR 150 million green loan. The green financing provided to Arçelik shows the investor and financing institutions' confidence in Arçelik to execute its green transformation strategy. Arçelik's ESG claims have been backed by strong third-party credentials such as receiving the highest score in its sector in the Dow Jones Sustainability Indices or being included in the Corporate Knights 100 Most Sustainable Companies List. In case Arçelik fails to keep up with its ESG commitments, there is a risk that Arçelik might lose its credibility. This might decrease the appetite of investors to offer green financing. In such a scenario, Arçelik might incur a potential increase in the cost of borrowing.
Where in the value chain does the risk driver occur?	Direct operations
Risk type	Reputation (Transition Risk)
Primary Risk Driver	Increased stakeholder concern or negative stakeholder feedback
Primary potential financial impact	Decreased access to capital
Time horizon	Long-term
Likelihood	Unlikely
Magnitude of impact	Moderate

FINANCIAL IMPACT OF RISK

Potential financial impact	TRY 285,089,250 Potential impact is calculated as the additional cost Arçelik would face at payback if all of the green financing which is benefitted at a lower interest rate would be obtained from conventional credits.
Cost of response to risk	TRY 1,621,280 In order to benefit from green financing options, Arçelik receives green bond auditing service. The total cost of auditing between 2018-2023 is calculated as the cost of response to risk.

	Figure (TRY)	Related Item at the Consolidated Financial Tables of Arçelik
Potential financial impact	TRY 285,089,250	Forecast value
Cost of response to risk	TRY 1,621,280	Expense item in P&L

ANNEX 14. SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

Risk 5: Carbon Pricing

DESCRIPTION OF RISK

Company-specific description	<p>Currently, we do not have any financial obligations under any carbon pricing mechanism, as there are no carbon pricing mechanisms in place in the countries we operate in for our industry. On the other hand, increasing decarbonization efforts accelerate the use of these mechanisms. If we get involved in such mechanisms, the additional cost that we face might create a disadvantage for our cost-competitiveness.</p> <p>In order to be ready for such regulations and minimize the potential financial burden we might face in the future; we take action to reduce our Scope 1-2 GHG emissions globally.</p>
Where in the value chain does the risk driver occur?	Direct operations
Risk type	Emerging regulation (Transition risk)
Primary Risk Driver	Carbon pricing mechanisms
Primary potential financial impact	Increased indirect (operating) costs
Time horizon	Medium-term
Likelihood	Unlikely
Magnitude of impact	Moderate

FINANCIAL IMPACT OF RISK

Potential financial impact	TRY 263,724,618
	Financial impacts are calculated according to an unlikely scenario of Arçelik being subject to ETS mechanism in 2030 for all of its operations. Arçelik's estimated Scope 1- 2 emissions for the year 2030 is calculated considering green electricity, renewable energy and energy efficiency efforts. Total impact is calculated by multiplying the 2030 emissions with forecasted carbon prices.
Cost of response to risk	TRY 2,722,781,796
	Arçelik invests in green electricity certificates, energy efficiency projects and renewable energy in order to decrease its Scope 1-2 emissions and minimize its risk. The cost of response to risk is calculated as the total investment until 2030.

	Figure (TRY)	Related Item at the Consolidated Financial Tables of Arçelik
Potential financial impact	TRY 263,724,618	Forecast value
Cost of response to risk	TRY 2,722,781,796	Forecast value

ANNEX 14. SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES



Opportunity 1: Products with Less Negative Environmental Impact

DESCRIPTION OF OPPORTUNITY

Company-specific description	<p>With the growing importance of climate-related risks, consumers' awareness and sensitivity regarding the low carbon footprint is increasing. This leads consumer to demand and prefer more energy-efficient household products and creates a financial opportunity of increasing sales of these product groups.</p> <p>Arçelik holds an opportunity since it already has a wide energy-efficient product portfolio and is already making energy-efficient product sales. Arçelik also had the opportunity of investing in innovation for energy-efficient products with more favorable financing options thanks to green financing. Due to this, Arçelik also has the opportunity of reflecting less additional cost on energy-efficient products.</p>
Where in the value chain does the opportunity occur?	Downstream
Opportunity type	Market
Primary Opportunity Driver	Development of new products or services through R&D and innovation
Primary potential financial impact	Increased revenues resulting from increased demand for products and services
Time horizon	Short-term
Likelihood	Likely
Magnitude of impact	Critical

FINANCIAL IMPACT OF OPPORTUNITY

Potential financial impact	TRY 129,121,375,268
	Financial impact is equal to Arçelik's 2023 turnover from energy-efficient products.
Cost of response to opportunity	TRY 796,379,176
	In order to be able to realize the opportunity of growing demand for energy-efficient products, Arçelik will need to meet the market demand. For this reason, Arçelik continuously works on energy performance improvements in products via R&D studies. The cost to realize opportunity is equal to Arçelik's 2023 R&D spending for energy-efficient products.

	Figure (TRY)	Related Item at the Consolidated Financial Tables of Arçelik
Potential financial impact	TRY 129,121,375,268	Net sales
Cost of response to opportunity	TRY 796,379,176	Cash Flow from Operating and Investing Activities

Opportunity 2: Green Financing

DESCRIPTION OF OPPORTUNITY

Company-specific description	We benefit from a EUR 500 million green financing consisting of a EUR 350 million green bond and a EUR 150 million green loan with better borrowing conditions. The proceeds support the company's green project financing including investments in energy and eco-efficient and circular economy adopted products and energy efficiency in production.
Where in the value chain does the opportunity occur?	Direct operations
Opportunity type	Resilience
Primary Opportunity Driver	Access to favorable financing conditions
Primary potential financial impact	Increased access to capital
Time horizon	Short-term
Likelihood	Very likely
Magnitude of impact	Moderate

FINANCIAL IMPACT OF OPPORTUNITY

Potential financial impact	TRY 285,089,250
	Green financing options provide lower interest rates compared to conventional credit alternatives in order to support the green transformation of business. Thus, the calculated financial impact shows the saving of Arçelik in 5 years thanks to using green financing compared to conventional financing tools.
Cost of response to opportunity	TRY 1,621,280
	The success of the company's green transformation commitments such as its approved Science Based Targets and the Net Zero commitment depends on access to green financing alternatives. The cost to realize opportunity is the total costs of audit services during the processes.

	Figure (TRY)	Related Item at the Consolidated Financial Tables of Arçelik
Potential financial impact	TRY 285,089,250	Forecast value
Cost of response to opportunity	TRY 1,621,280	Expense item in P&L

ANNEX 14. SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

Opportunity 3: Renewable Energy Investment

DESCRIPTION OF OPPORTUNITY

Company-specific description	With the likely introduction of ETS mechanisms, reducing scope 1-2 emissions becomes an important leverage in order to minimize the potential risks of carbon tax. Arçelik holds an opportunity since it has a plan to establish renewable energy systems with 50MW capacity and a target of increasing the green electricity ratio to 100% in all countries where we have production facilities by 2030.
Where in the value chain does the opportunity occur?	Direct operations
Opportunity type	Energy source
Primary Opportunity Driver	Use of lower-emission sources of energy
Primary potential financial impact	Reduced indirect (operating) costs
Time horizon	Medium-term
Likelihood	Very likely
Magnitude of impact	Critical

FINANCIAL IMPACT OF OPPORTUNITY

Potential financial impact	TRY 2,787,375,256	Thanks to Arçelik's renewable energy investments and road plan, Arçelik will make savings from the cost paid to grid, have reduction from green electricity certificate cost and reduce carbon tax risk. The savings are estimated by taking the production projections of Arçelik and changing costs of grid, green electricity certificates for the years 2024-2030. In addition we also took into account the savings achieved from a possible carbon tax in 2030 thanks to reduced emissions.
Cost of response to opportunity	TRY 1,615,385,265	In order to seize the opportunity of cost saving, Arçelik needs to realize the planned renewable energy investments. Thus, the cost to realize opportunity is equal to Arçelik's planned investment to renewable energy for 2022-2026.

	Figure (TRY)	Related Item at the Consolidated Financial Tables of Arçelik
Potential financial impact	TRY 2,787,375,256	Forecast value
Cost of response to opportunity	TRY 1,615,385,265	Forecast value

Opportunity 4: Solar Power Business

DESCRIPTION OF OPPORTUNITY

Company-specific description	Arçelik has started solar panel production in Türkiye with the 550,000-production quantity target per year. As there is already a considerable demand for panels in Türkiye and Europe, being a supplier of panels will bring a financial opportunity. The panels produced by Arçelik are expected to meet the demand of other Koç Holding companies -which is the parent of Arçelik. Any other buyers from both Türkiye and international markets, especially Europe are possible customers as well.
Where in the value chain does the opportunity occur?	Direct operations
Opportunity type	Products and services
Primary Opportunity Driver	Ability to diversify business activities
Primary potential financial impact	Increased revenue through a new line of products
Time horizon	Short-term
Likelihood	Very likely
Magnitude of impact	Critical

FINANCIAL IMPACT OF OPPORTUNITY

Potential financial impact	TRY 2,166,652,930	Total financial gain expected in 2024 from solar panels presented to market is calculated.
Cost of response to opportunity	TRY 253,697,400	The cost is equal to Arçelik's total investments as of the end of 2023 in order to realize the solar power business.

	Figure (TRY)	Related Item at the Consolidated Financial Tables of Arçelik
Potential financial impact	TRY 2,166,652,930	Forecast value
Cost of response to opportunity	TRY 253,697,400	Forecast value

ANNEX 14. SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

OTHER SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES

Item 1: Supply Chain Disruption

Term	Medium
Likelihood	Likely
Financial Impact	Moderate
Risk Explanation	Based on the World Economic Forum's Global Risks Report 2024, extreme weather events, critical change to Earth systems, biodiversity loss and ecosystem collapse and natural resource shortages are estimated to be the four most severe risks on a global scale over the next 10 years. In addition, social crises of involuntary migration and societal polarization are also among the top 10 risks. All these risks are likely to cause supply chain disruption on company and supplier operations in terms of the availability of critical components for production, logistics and transportation safety, shortage on human resources and so on.
Opportunity Explanation	<p>With the learning from COVID pandemic and related material shortages, Arçelik established a successful strategy to hedge itself against critical component shortages by changes in the order structure and sourcing structure. This sound strategy creates an opportunity for Arçelik to manage possible shortages in the future that might arise to other sustainability-related risks such as extreme weather events, biodiversity loss or migration.</p> <p>Arçelik also ensures its supply chain's resilience via Supplier ESG Program. The program enables Arçelik to assess all potential suppliers by a limited survey that covers quality, environment and business ethics aspects and involves a screening process to better manage the related risks. Arçelik also works to improve its suppliers by asking them to set publicly available long-term targets on emissions, water, waste and energy performance. As of the end of 2023, 166 suppliers have committed to setting long-term targets and improving their environmental performance.</p> <p>Supplier ESG Program also creates an opportunity for Arçelik since investors, customers, and international sustainability indices have an increasing expectation from companies to have a robust supplier ESG management program in place to mitigate risks that might arise in the supply chain and to transform the industry by setting sustainability targets and making transparent reporting not only for the company's operations but also for suppliers. Thus, Supplier ESG Program results in reputational advantage as well.</p>

Item 2: Digitalization, Connected Devices and Cybersecurity

Term	Medium
Likelihood	Likely
Financial Impact	Moderate
Risk Explanation	Connected appliances, data ownership, cybersecurity, smart home systems, AI, ESA (Energy Smart Appliances), Demand Side Flexibility, 5G/6G and cloud computing are among digitalization trends that will have impact upon home appliances industry. Arçelik needs infrastructure in place to store and secure the data and needs to comply with different regulations and standards enforced in each region. Complying with all Regulations (PSTI in UK, 2014/53/EU -2022/20 Delegated Act, Data Act, AI Act in EU) in different regions causes financial burden for the company. Arçelik believes digitization, digitalization, connected devices and AI & cybersecurity risks are interrelated. The company needs to keep up with the demand for connected and smart appliances in order not to fall back against the competition. Fragmentation on the data privacy and data management issues in local markets that Arçelik operates and possible data localization obligations cause barriers to the flow of the data which jeopardize the company's competitiveness. This represents an important risk in demonstrating compliance and causes the risk of additional investment cost to localize data storage.
Opportunity Explanation	<p>Together with the dedicated Sustainability Team, the specialized IoT Team in Arçelik closely follow up regulations posed by different regions and regulations in the EU (GDPR) and continue to advocacy activities in countries that the company has operations for setting predictable rules on data flows in line with the GDPR which promotes the protection of personal data without extra burden. Arçelik implements ETSI 303645 IoT security standards/UK PSTI regulation for connected products. For countries which do not accept this standard as a reference (i.e., China and USA) there are different applications in line with different technical standards. In order to be ready for the upcoming regulation for EU we got ETSI EN303645 approval for our connected product groups from VDE. And with the same reason we got an official approval from SafeShark Laboratories for the upcoming Product Security Telecommunication Infrastructure Bill for UK.</p> <p>Cybersecurity risks are closely monitored by the Enterprise Risk and Insurance Management Directorate and Early Detection of Risk Committee. A cyber risk project has been conducted with consultancy of AON which was aiming to identify the cyber risk profile of Arçelik and determine the performance of current risk control strategies. In addition, Arçelik's balance sheet exposures resulting from the identified cyber risk scenarios have been evaluated. The Global Cybersecurity Insurance Policy started to cover the cyber risks and business interruption risks to minimize the company's exposure risks related to use of personal data as of 2020.</p> <p>A hardware security module is integrated into Arçelik's connected devices. The company is a pioneer in its industry integrating this module in the devices. The secure HomeWhiz servers ensure access to smart appliances is subject to strict authorization checks. Some of Arçelik products are also certified by Common Criteria, which is the internationally recognized cybersecurity certification at EAL2 level. Arçelik Electronic Plant's IIOT/OT network infrastructure's cybersecurity resilience was tested against malicious attacks by ISTEK in Türkiye. In addition, the connected Beko refrigerator became certified at silver level to the IASME IoT Security Assured Scheme.</p> <p>In 2023, as Arçelik we organized Türkiye's biggest IoT Cybersecurity Capture the Flag (CTF) event together with Presidency of the Republic of Türkiye Digital Transformation Office.</p>

INTRODUCTION

STRATEGIC APPROACH TO SUSTAINABILITY

IN TOUCH WITH PLANET

IN TOUCH WITH HUMAN NEEDS

IN TOUCH WITH BUSINESS

ANNEX



ANNEX 14. SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

Item 3: WEEE Fees

Term	Short
Likelihood	Very likely
Financial Impact	Moderate
Risk Explanation	Based on the concept of Extended Producer Responsibility, Arçelik is responsible for the proper collection and treatment of the end-of-life products once they are put on the market by Arçelik. The company has a risk in not effectively securing WEEE collection due to illegal collectors and not reaching WEEE collection targets since the collection rate are affected by dependents such as collection infrastructure, consumer habits, unofficial collection streams and. A Modulated Fee, which is expected to be commissioned in Europe in the near future, will be applied by taking into account products' durability, reparability, reusability, and recyclability and the presence of hazardous substances, thereby taking a life-cycle approach. Arçelik may face the risk of high modulated fee payments.
Opportunity Explanation	In Türkiye, Arçelik has two WEEE recycling facilities. With take back campaigns, Arçelik collects products that have finished their lifetime from the market regardless of their brand, and recycles them in Arçelik's WEEE recycling facilities. Since 2014, we have recycled roughly 1.75 million WEEE units in our WEEE recycling and saved 487 GWh of energy by replacing old, high energy-consuming products with new, energy-efficient product, which prevented nearly 240,000 tCO ₂ e by recycling waste products and saved approximately 8.6 million tons of water by replacing old-tech products with new ones. In countries outside of Türkiye, Arçelik works with collective schemes which are responsible for collecting and recycling the WEEEs. The company works on increasing durability, reparability, reusability of the company's products and alternative end of life stages to contribute to a circular economy. Arçelik is considering the feasibility of expanding the company's WEEE plants in other countries. The company is working on introducing refurbished products in the Türkiye and EU markets.

Item 4: Plastic Pollution

Term	Medium
Likelihood	Very likely
Financial Impact	Moderate
Risk Explanation	<p>According to the 2024 Circularity Gap Report, 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. Even though these are favorable for the nature, they bear certain business risks, such as:</p> <ul style="list-style-type: none"> Regulatory obstacles to recycled plastic waste imports and industrial symbiosis practices in Türkiye where we have high production volume Plastic packaging tax introduced in the UK and Spain, to be introduced in Italy as of July 2024, EPS ban expected to start in France and Australia by 2025, Regulations prohibiting import of recycled plastic and industrial symbiosis in the countries where our production volume is high such as Türkiye, Rising costs due to upcoming regulations and introduction of potential taxes on increasing recycled content in the products and in packaging, fluctuating recycled plastic raw material price, quality, durability Scarcity of plastic recycling infrastructure in countries where Arçelik operates Introduction of regulations on producers of washing machines related to microplastic filters in France as of 2025 Feasibility studies on mandatory requirement of having a microfiber filter in washing machines, California, USA, beginning 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. The implications for household appliances are not clear yet, but they are being worked on. <p>However, the aforementioned regulations lag to enter into force for some jurisdictions due to the controversies. Thus, this risk is considered a medium-term risk.</p> <p>Note: In the UK, plastic packaging with less than 30% recycled content is subject to a 210.82 GBP (in 2023) per tonne plastic packaging tax. A similar plastic tax took effect in Spain as of January, 2023 for non-reusable plastic packaging with a fee of 450 EUR per tonne. (Please note that there some exemptions of these taxes.). Another similar one is about go into effect in Italy. With an increasing number of regulations, Arçelik may encounter high packaging costs.</p>
Opportunity Explanation	Arçelik produces some of the most innovative products in the market which aim to find solutions to plastic pollution. 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. A total of 16,543 tonnes recycled plastics and 30 tonnes bio-composite plastics was used in 2023. Arçelik is expanding the company's recycled plastics studies to include chemical recycling studies and is cooperating with some of the most reputable partners in this area. Arçelik is also exploring opportunities to use recycled materials from Arçelik's own WEEE recycling facilities in products to close the loop in production. The company is developing formulas to use packaging waste and turn it into a component to be used in Arçelik's products. A working group involving all factories and the central R&D has been established to switch to sustainable packaging alternatives and to mainly end the EPS consumption in packaging. We have launched Beko brand of major domestic appliances line-up with EPS-free packaging in IFA 2022. This line-up includes dryer, dishwasher, refrigerator, hob, oven, and washing machine products. In order to make the widespread initiation of this, we continued to work to it to all product ranges throughout 2023.

ANNEX 14. SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

Item 5: Human Rights and Ethics in the Entire Value Chain

Term	Medium
Likelihood	Unlikely
Financial Impact	Low
Risk Explanation	Potential human rights violations across own operations and in the value chain pose a reputation risk for companies. Key stakeholders expect companies to prove that they handle human rights risks in a responsible and accountable way throughout their own operations and supply chain. Regulations started to tackle this issue, as in the case of Germany Supply Chain Due Diligence Act and the introduction of CSRD. Not being able to manage possible human rights violation bears the risk of losing brand and company reputation, employee commitment, customer loyalty, business partners, revenue and might bring legal consequences and potential disruptions in the supply chain.
Opportunity Explanation	All Arçelik employees and business partners, including the company's temporary employees and interns, are obliged to comply with the Global Code of Conduct and Related Code Policies, as well as Arçelik Global Human Rights Policy. Arçelik expects all stakeholders to internalize and follow these policies. The ethics related issues are coordinated by the Global Compliance Department. A Human Rights Department has been formed to coordinate the global internal/external social audits of Arçelik factories as well as Arçelik suppliers, to determine actual and/or potential human rights related risks and to take necessary precautions/corrective action plans. There are two committees that report the ethics/human rights related issues to the Board of Directors. The Global Ethics Committee is led by the CEO. The Human Rights Committee is led by the Chief Human Rights Officer. Koç Holding Consumer Durables President, who is in the Board of Arçelik, is responsible to report to the BoD about activities of the Global Ethics Committee and Human Rights Committee. The actions taken to determine the ethics/human rights violations in own operations and in the value chain has enabled Arçelik to take precautions against potential risks. The public declaration of the audit findings has distinguished Arçelik among competitors as being one of the best examples in its industry. Arçelik's operations on Human Rights related issues have been showcased by WBCSD as one of the best examples. The actions taken at both own operations and in the supply chain prepare Arçelik against regulations such as the German Supply Chain Act and the CSRD.

Item 6: Conflict Minerals

Term	Medium
Likelihood	About as likely as not
Financial Impact	Moderate
Risk Explanation	The main risk arises from the lack of conflict minerals-integrated supplier management. Arçelik needs to comply with Section 1502 of the Dodd-Frank Act of 2010. According to this regulation, Arçelik must report the source of conflict minerals in the materials that are purchased every year. The fact that there are various mineral suppliers whose sources are not known or are not found conformant by RMI (Responsible Mineral Initiative) increases the risk level. At this point, the risk may not be due to non-compliance with the Dodd-Frank Act, but rather that the organizations evaluating Arçelik will determine that Arçelik does not make responsible purchasing. This situation may reduce Arçelik's score in rating agencies and mean possible investments or financing loss.
Opportunity Explanation	Arçelik has its own Conflict Minerals Management Program which is compliant with OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas. This enables Arçelik to prove its strategic customers that Arçelik is acting as a responsible supplier that wants to eliminate any social risks associated with the Conflict Minerals issues in its value chain.

ANNEX 14. SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

Item 7: Biodiversity Loss

Term	Long
Likelihood	Unlikely
Financial Impact	Low
Risk Explanation	<p>Since biodiversity is trending towards declining, there is a risk of many business activities to be disrupted. The activities depend on the vital ecosystem services providing resources and resilience to physical risks. On the other side, the activities trigger negative impacts on biodiversity and disruption on ecosystem services, that in return causes some risks such as physical, reputational and regulatory risk. Biodiversity loss and ecosystem collapse are found as the top 4 risks within the next 10 years according to World Economic Forum Global Risks Report 2024. Therefore, at Arçelik, we have assessed our nature-related impacts and dependencies based on sectoral and location to better address the circumstances that would create a risk for Arçelik's own operations using tool such as Science Based Targets for Nature (SBT-N) Materiality Screening Tool and WWF - Biodiversity Risk Filter for sectoral inventories and species inventories and biodiversity areas were evaluated using the Integrated Biodiversity Assessment Tool (IBAT).</p> <p>Arçelik has prioritized climate change and water scarcity as critical nature-related issues in terms of impact in its manufacturing facilities. While nature-related dependency was found relatively lower, water use is crucial for uninterrupted operations, particularly due to reliance on groundwater. Proximity to high biodiversity is also a significant consideration for both impact and dependency assessments.</p>
Opportunity Explanation	<p>At Arçelik, we recognize biodiversity loss as a one of the global issues which is under pressure from several aspects. Arçelik aims to decrease GHG emissions significantly with its Net Zero emissions target by 2050, and since climate change is one of the nature-related material issues of our industry, this ambitious target will enable to reduce the pressure on biodiversity. Additionally, since water scarcity is another material issue in this regard, our progress towards our water withdrawal and water recycling and reuse ratio targets by 2030, will reduce our dependency on water withdrawal significantly. Arçelik aims to work to improve biodiversity footprint towards No Net Loss as of 2050 especially in selected priority areas such as areas in close proximity to key biodiversity areas. Such actions will include calculating the biodiversity footprint of the area, designing projects that will help increase biodiversity. We have the ambition to improve the biodiversity on the site of Ulmi factory which has a border to Natura 2000, which is known as Birds Directive Special Protection Area (SPA), by implementing actions to reduce pressures and support the natural development of habitats by 2027. In 2023, the actions determined as a result of the study in collaboration with EPC, Consultanță de Mediu, an environmental consulting company specializing in biodiversity conservation, were implemented on the factory area.</p>

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ANNEX 15. CORPORATE GOVERNANCE TABLE

Corporate Governance Body	Members	Mandate	Activity in 2023
Board of Directors (BoD)	<p>Rahmi M. Koç* Ömer M. Koç Semahat S. Arsel Ali Y. Koç Levent Çakıroğlu Robert Sonman</p> <p>Fatih K. Ebiçlioğlu Hakan Bulgurlu Kâmil Ömer Bozer Gülşay Barbarosoğlu Ahmet Turul Tuğrul Fadilloğlu</p>	<ul style="list-style-type: none"> Executive Committee, Corporate Governance Committee, Risk Management Committee, Audit Committee and Sustainability Council report to BoD The BoD determines the ESG material issues, risks and opportunities and develops ESG policies accordingly. For effective implementation of the aforementioned policies, internal directives, business procedures, etc. may be prepared. The BoD takes decisions regarding these policies and discloses those new policies to the public. 	<ul style="list-style-type: none"> 15 physical meetings held with an average attendance of 95%. Except for the decisions taken at the physical meetings, decisions were taken by the circulating method. 42 decisions were made. Differing opinions and dissenting votes, along with their grounds, if any, voiced in Board meetings are recorded in the decision minutes, in which case detailed grounds of Members casting dissenting votes are publicly disclosed. Each Board Member is entitled to one vote. However, since no such opposition or different opinion was expressed in the meetings in 2023, no such public disclosures were made, or the statutory auditors were informed.
Executive Committee	<p>Rahmi M. Koç* Ömer M. Koç Semahat S. Arsel Ali Y. Koç Caroline N. Koç Aykut Ümit Taftalı</p>	<ul style="list-style-type: none"> Makes recommendations to the BoD in order to increase the effectiveness of the Board activities Monitors the developments in Arçelik and the company's sector more closely to inform the BoD when necessary Ensures the successful transfer and dissemination of the issues related to the General Assembly or BoD resolution to the Company management within the framework of the determined directives and policies Evaluates the impacts in the economic, social and political environment in the sector in which the company operates to increase Arçelik's competitiveness with determined strategies Responsible to search for internal and external growth opportunities that can make the company achieve strategic goals including sustainability at the top of the agenda 	<ul style="list-style-type: none"> 12 meetings were held. The committee did not need to benefit from the opinions of independent experts in 2023 in relation to their activities.
Corporate Governance Committee	<p>Ahmet Turul* CFO Levent Çakıroğlu</p>	<ul style="list-style-type: none"> Investor Relations Department reports to this Committee Evaluates the implementation of Corporate Governance Principles and makes improvement recommendations Determining the conflicts of interest arising from any non-compliance with these principles fully, if any Follows global corporate governance best practices for points of possible improvements Builds a transparent system for determining, assessing and training suitable candidates for the membership of BoD, evaluates the proposals for candidate independent members and submits its evaluation to the approval of the BoD Present its proposals to the BoD regarding the remuneration to be paid to the members of the BoD and senior executives, taking into account the degree of attainment of the criteria 	<ul style="list-style-type: none"> 6 meetings were held.
Audit Committee	<p>Kamil Ömer Bozer* Ahmet Turul</p>	<ul style="list-style-type: none"> Leads Internal Audit Department Informed by the CFO Selects the independent auditor Carries out its activities regularly as stipulated in the "Capital Markets Legislation and CMB Corporate Governance Principles" Oversees the functioning of the accounting and reporting systems within the framework of the relevant laws and regulations, public disclosure of financial information and independent audit 	<ul style="list-style-type: none"> 4 meetings were held.

*Chair of the Committee.



ANNEX 15. CORPORATE GOVERNANCE TABLE

Corporate Governance Body	Members	Mandate	Activity in 2023
Early Detection of Risk Committee	Gülay Barbarosoğlu* Fatih K. Ebiçlioğlu	<ul style="list-style-type: none"> Finance & Enterprise Risk Directorate, Global Ethics Committee and Sustainability Council report to this Committee. Advises the BoD for early detection and evaluation of risks that may affect the Company, ensures early detection of technical bankruptcy and warns the BoD Calculates the effects and possibilities of risks, manages and reports these risks in accordance with the Company's corporate risk appetite Takes necessary measures to reduce the effects and possibilities of the identified risks, and, in this direction, the establishment of effective internal control systems Supervises respective departments that are responsible for reviewing risk management systems at least once a year and for risk management to be in compliance with committee decisions 	<ul style="list-style-type: none"> 6 meetings were held.
Information Security Committee	Chief Strategy & Digital Officer* Fatih K. Ebiçlioğlu CFO Legal & Compliance Director	<ul style="list-style-type: none"> Responsible to help building an effective information security management structure The Senior Management participates in the Information Security Committee as representative of the BoD which periodically reviews the information security system Senior Management performs the necessary resources and authority / responsibility allocations for the establishment and operation of the Information Security Management System The Senior Management reports to the board member in charge of Information Security and Cybersecurity Management 	
Global Ethics Committee	CEO* CFO Chief People Officer	<ul style="list-style-type: none"> Ensures the functioning and sound implementation of the Global Code of Conduct and Related Policies 	<ul style="list-style-type: none"> 4 meetings were held.
Sustainability Council	CFO* Chief People Officer Chief Marketing Officer Chief Technology Officer Global Communications Executive Director Legal & Compliance Director Sustainability Director CEO Chief Commercial Officer Chief Strategy & Digital Officer Chief Sustainability, Quality, and Customer Care Officer R&D Director Human Rights Director Enterprise Risk & Insurance Management Manager	<ul style="list-style-type: none"> Sustainability Working Groups, Global Communications and Sustainability Communication report to this Council Sets corporate sustainability and climate change policies and strategies, ensures they are integrated into business processes Tracks sustainability performance Monitors and evaluates ESG risks, strategies and impact on business objectives Meets quarterly The CFO reports critical issues arising from the work of this Committee to the BoD 	<ul style="list-style-type: none"> 4 meetings were held. Main topics discussed at these meetings were Arçelik's new 2050 SBT and related roadmap, suppliers' sustainability development and possible initiatives, updates on voluntary carbon market, emerging sustainable packaging regulations, implications of CBAM, sustainability reporting and disclosure requirements and updates, analysis of performance on sustainability indices.
Human Rights Committee	Chief People Officer* Chief Financial Officer Chief Production & Technology Officer Chief Purchasing and Supply Chain Officer Chief Sustainability, Quality and Customer Care Officer General Counsel Industrial Relations, Human Rights, AA, OS Director Global Communications Executive Director Sustainability Director Environment Director Government and Sectoral Affairs Director Quality Systems Head Occupational Safety Head People Experience and Human Rights Head	<ul style="list-style-type: none"> Functions under Human Resources in accordance with the company's Human Rights Policy and Human Rights Due Diligence Procedure Performs regular audits within the company Creates risk maps, ensures improvements in due diligence activities Meets four times a year 	<ul style="list-style-type: none"> 3 meetings were held.

*Chair of the Committee.





RELATED SUB-TARGETS	OUR CONTRIBUTIONS	REFERENCES
GOAL 3: GOOD HEALTH AND WELL-BEING		
<p>3 Ensure healthy lives and promote well-being for all at all ages</p>	<p>We are committed to encouraging healthy eating habits, developing products that enable people to live healthier and more sustainable lives, and supporting the health and safety of all our employees.</p>	<p>Sustainability Targets p.34 Product Stewardship p.57 Corporate Citizenship p.72 Future Fit Culture, Talent & Organizational Management p.101 Employee Health and Safety p.124 Product Quality and Safety p.139 Sustainable Supply Chain Management p.145</p>
GOAL 4: QUALITY EDUCATION		
<p>4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational, and tertiary education, including university</p> <p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p> <p>4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples, and children in vulnerable situations</p> <p>4.c By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing States</p>	<p>We support lifelong learning and skills development of employees and women and men within the local societies with technical, vocational and personal development trainings; setting targets to increase average training hours; providing online training to increase the reach; and developing CSR projects and partnerships with education institutions to support quality education in countries of operation, especially in STEM-related areas.</p>	<p>Corporate Citizenship p.72 Supporting Society with Equal Opportunities and Inclusion p.73 Diversity, Equity, and Inclusion p.104 Talent, Performance and Career Management p.109</p>
GOAL 5: GENDER EQUALITY		
<p>5.1 End all forms of discrimination against all women and girls everywhere</p> <p>5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life</p> <p>5.c Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels</p>	<p>We work toward eliminating gender-based discrimination within our workforce with our policies, commitments and project. We participate in global initiatives such as Women's Empowerment Principles and a supporter of the UN Women's Generation Equality Forum's Action Coalitions to support women's empowerment. We are setting targets to increase women employee ratio at all levels globally including leadership positions; securing gender equal pay; supporting women entrepreneurs, young professionals, and girls with local hero brands through CSR projects. We create opportunities for women to help them gain new professional competencies in technical roles, especially in STEM areas, to reduce the gender gap and ensure women's inclusion in business life.</p>	<p>Supporting Society with Equal Opportunities and Inclusion p.73 Future Fit Culture, Talent & Organizational Management p.101 Diversity, Equity, and Inclusion p.104</p>
GOAL 6: CLEAN WATER AND SANITATION		
<p>6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all</p> <p>6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations</p> <p>6.3 By 2030, improve water quality by reducing pollution, eliminating dumping, and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater, and substantially increasing recycling and safe reuse globally</p> <p>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p>	<p>In line with Arçelik's water policy, we aim to improve our water performance by developing projects to reduce water withdrawal, increase water efficiency, enhance water monitoring and increase water recycling & reuse in line with our water targets & goals minimizing our water related environmental impacts throughout the product lifecycle adopting innovative technologies; raise awareness among our employees, stakeholders and society; collaborate with third party institutions to ensure vulnerable groups' access to clean water (water.org collaboration); support water stewardship by collaborating with related stakeholders, and participating national and international water initiatives (such as the UNGC CEO Water Mandate).</p>	<p>Global Partnerships and Engagement p.12 Sustainability Targets p.34 Water Management p.46</p>



RELATED SUB-TARGETS	OUR CONTRIBUTIONS	REFERENCES
GOAL 7: AFFORDABLE AND CLEAN ENERGY		
<p>7.3 By 2030, double the global rate of improvement in energy efficiency</p> <p>7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States and landlocked developing countries, in accordance with their respective programmes of support</p>	<p>In addition to setting targets to support production and use of clean energy; doubling energy productivity globally within the scope of membership EP100; developing innovative technologies we also developed products serving to the specific needs of the developing countries such as appliances that are compatible to work against electricity interruptions and flooding. This way we contribute to the upgrade of technology for supplying modern and sustainable energy services for developing countries.</p>	<p>Sustainability Targets p.34 Energy Efficiency and Renewable Energy p.42 Products that Create Social Value p.89</p>
GOAL 8: DECENT WORK AND ECONOMIC GROWTH		
<p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>	<p>Arçelik provides a decent working environment that opens space for and supports innovation, R&D and creativity. Events and projects focusing on innovation and creativity are conducted and the participation to them is encouraged. Arçelik makes efforts to encourage the innovation atmosphere within the society with its projects and cooperation as well. Arçelik also supports entrepreneurship both within its own workforce and in its operating environment, especially for women, with providing incentives. Arçelik ensures the decent working environment is provided to all employees in an equal manner irrespective of their gender, age or disability status as stated in its policies and commitments.</p>	<p>Business Ethics and Transparency p.94 Future Fit Culture, Talent and Organizational Management p.101 R&D, Innovation and Digital Transformation p.127</p>
GOAL 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE		
<p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p> <p>9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending</p>	<p>With our product stewardship approach, we develop resource-efficient product which contributes to the sustainability of our industry. On top of this, we also have an ambitious roadmap and effective actions in place in line with our Net-Zero Roadmap to improve our production processes such as limiting emissions and waste, responsible management of water, energy efficiency and prioritizing renewable energy and process improvements that enable material reduction. We contribute to the scientific research and technological enhancements with our R&D and innovation work which is conducted with a total of 28 R&D centres and more than 2,300 employees and resulted in more than 3,000 registered patents.</p>	<p>Climate Action p.38 Water Management p.46 Waste Management p.51 Product Stewardship p.57 R&D, Innovation and Digital Transformation p.127</p>
GOAL 10: REDUCED INEQUALITY		
<p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p> <p>10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard</p>	<p>Arçelik works towards reducing inequalities within its own workforce, by adopting unbiased hiring practices, providing an equal career path for all employees and providing empowerment opportunities. Arçelik also ensures the equal opportunities are promoted and protected via its policies and declarations on equal hiring and equal pay, and its equality advocacy in international and business organizations in line with our corporate values. Arçelik also promotes the inclusion of all via its community projects on trainings for young women, eliminating gender-related bias, vocational skills development and entrepreneurship support.</p>	<p>Supporting Society with Equal Opportunities and Inclusion p.73 Human Capital p.101</p>



RELATED SUB-TARGETS	OUR CONTRIBUTIONS	REFERENCES
GOAL 12: RESPONSIBLE CONSUMPTION AND PRODUCTION		
<p>12.1 Implement the 10-Year Framework of Programs on Sustainable Consumption and Production Patterns</p> <p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p> <p>12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses</p> <p>12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse</p> <p>12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature</p>	<p>Arçelik has defined 2030 Sustainability Targets that include establishing renewable energy systems, reducing energy consumption while increasing green electricity purchase and energy productivity and enhancing water and waste recycling performance. Arçelik identified actions plans in line with these targets which enables the way to sustainable production practices and efficient use of natural resources. In order to conduct its production operations responsibly, Arçelik outlines a detailed chemicals and waste management framework. Preventing food waste is an important area of social responsibility for Arçelik. Thus, a target is set for the year 2030 and communications campaigns are held in order to increase awareness and ensure access to information on food waste and initiatives started to save excessive meals from being wasted.</p>	<p>Sustainability Targets p. 34 Energy Efficiency and Renewable Energy p. 42 Water Management p. 46 Waste Management p. 51 Chemicals Management p. 52 Sustainable Living and Environment p. 77</p>
GOAL 13: CLIMATE ACTION		
<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>	<p>In order to contribute to climate action, Arçelik has approved Science Based Targets and a Net-Zero roadmap which includes ensuring rapid GHG emission reduction by selling energy efficient appliances; investing in renewable energy systems for self-consumption; and applying energy efficiency in production to reduce emissions. Arçelik identifies its physical and transition risks in terms of climate change and develops mitigation and adaption strategies in line with TCFD recommendations. We are creating and implementing projects to raise awareness about climate change (DOMINO: The Little One, iyi-ge).</p>	<p>Sustainability Targets p. 34 Climate Action p. 38 Product Stewardship p. 57 Corporate Citizenship p. 72 Annex 14. Sustainability-Related Risks and Opportunities p. 192</p>
GOAL 14: LIFE BELOW WATER		
<p>14.1 Prevent and significantly reduce marine pollution of all kinds, in particular from land based activities, including marine debris and nutrient pollution</p>	<p>We invest in R&D and develop new technologies to minimize the plastics pollution on water stemming from our products. We developed FiberCatcher technology as a built-in microfiber filtration system for washing machines to prevent microplastics from entering the seas and oceans from wastewater pipes while washing petroleum-based synthetic textile products in washing machines. Furthermore, Arçelik, in partnership with WWF, carried out a project aimed at addressing ghost fishing nets threatening biological diversity. Through exploratory dives conducted in the Prince Islands of the Marmara Sea and subsequent specialized dives, ghost fishing nets identified were retrieved and recycled for use in Arçelik products.</p>	<p>Water Management p. 46 Product Stewardship p. 57 Sustainable Living and Environment p. 77</p>
GOAL 17: PARTNERSHIPS TO ACHIEVE THE GOAL		
<p>17.16 Enhance the global partnership for sustainable development, complemented by multistakeholder partnerships that mobilize and share knowledge, expertise, technology, and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries</p> <p>17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships</p>	<p>Arçelik drives change with its stakeholders to reach the global 2030 targets; partnering with communities and NGOs to support society becoming a member and/or support of global initiatives to support collective action and taking leadership roles in sustainability initiatives including but not limited to United Nations Global Compact (UNGC), Science-Based Targets Initiative (SBTi), World Business Council for Sustainable Development (WBCSD), Task Force on Climate-Related Financial Disclosures (TCFD), World Economic Forum (WEF)- Alliance of CEO Climate Leaders, United Nations Women's Empowerment Principles (WEPs), UN Women's Generation Equality Forum, Action Coalitions.</p>	<p>Global Partnerships and Engagement p. 12 In Touch with Human Needs p. 71</p>

ANNEX 17. UNGC & WEPS DISCLOSURES

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UNGC DISCLOSURE

Area	Principles	Relevant Report Section
HUMAN RIGHTS	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	Business Ethics and Transparency p.94 Sustainable Supply Chain Management p.145
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	Business Ethics and Transparency p.94
LABOR	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Business Ethics and Transparency p.94
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.	Business Ethics and Transparency p.94
	Principle 5: Businesses should uphold the effective abolition of child labor	Business Ethics and Transparency p.94
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Business Ethics and Transparency p.94 Future Fit Culture, Talent & Organizational Management p.101
ENVIROMENT	Principle 7: Businesses should support a precautionary approach to environmental challenges.	Sustainable Financing p.94
	Principle 8: Business should undertake initiatives to promote greater environmental responsibility.	In Touch with Planet p.37
	Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.	Product Stewardship p.57
ANTI-CORRUPTION	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Business Ethics and Transparency p.94

THE WOMEN'S EMPOWERMENT PRINCIPLES DISCLOSURE

Principles	Relevant Report Section
Principle 1: Establish high-level corporate leadership for gender equality	Supporting Society with Equal Opportunities and Inclusion p.73 Future Fit Culture, Talent & Organizational Management p.101
Principle 2: Treat all women and men fairly at work - respect and support human rights and non-discrimination	Future Fit Culture, Talent & Organizational Management p.101
Principle 3: Ensure the health, safety and well-being of all women and men workers	Future Fit Culture, Talent & Organizational Management p.101
Principle 4: Promote education, training and professional development for women	Supporting Society with Equal Opportunities and Inclusion p.73 Future Fit Culture, Talent & Organizational Management p.101
Principle 5: Implement enterprise development, supply chain and marketing practices that empower women	Supporting Society with Equal Opportunities and Inclusion p.73 Future Fit Culture, Talent & Organizational Management p.101 Sustainable Supply Chain Management p.145
Principle 6: Promote equality through community initiatives and advocacy	Supporting Society with Equal Opportunities and Inclusion p.73
Principle 7: Measure and publicly report on progress to achieve gender equality	Supporting Society with Equal Opportunities and Inclusion p.73 Future Fit Culture, Talent & Organizational Management p.101

ANNEX 18. SASBM DISCLOSURE

TOPIC	Accounting Metric	Code	Report Section
Product Safety	Number of recalls issued, and total units recalled	CG-AM-250a.1	Product Quality and Safety, p. 140
	Discussion of process to identify and manage safety risks associated with the use of its products	CG-AM-250a.2	Product Quality and Safety, p. 140
	Total amount of monetary losses as a result of legal proceedings associated with product safety	CG-AM-250a.3	Product Quality and Safety, p. 140
Product Lifecycle	Percentage of eligible products by revenue certified to an energy efficiency certification	CG-AM-410a.1	Annex 4. Product Indicators, p. 168
	Percentage of eligible products by revenue certified to an environmental product lifecycle standard	CG-AM-410a.2	Annex 4. Product Indicators, p. 168
	Description of efforts to manage products' end-of-life impacts	CG-AM-410a.3	Product Stewardship, p. 70

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ANNEX 19. SCM INDEX

Pillars	Themes	Descriptions	References	
<p>INTRODUCTION</p> <p>STRATEGIC APPROACH TO SUSTAINABILITY</p> <p>IN TOUCH WITH PLANET</p> <p>IN TOUCH WITH HUMAN NEEDS</p> <p>IN TOUCH WITH BUSINESS</p> <p>ANNEX</p>	<p>Governing purpose</p>	<p>Setting purpose:</p> <ul style="list-style-type: none"> - The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. - Corporate purpose should create value for all stakeholders, including shareholders. 	<p>About this Report, p. 5 CEO's Letter, p. 6-7 Arçelik At a Glance, p. 8 Corporate Governance, p. 16 Business Model and Value Chain, p. 25</p>	
		<p>Purpose-led management: How the company's stated purpose is embedded in company strategies, policies and goals.</p>	<p>Corporate Governance, p. 16 Business Model and Value Chain, p. 25 Sustainability Targets, p. 34-36</p>	
	<p>PRINCIPLES OF GOVERNANCE: CORE METRICS AND DISCLOSURES</p>	<p>Quality of governing body</p>	<p>Governance body composition: Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.</p>	<p>CEO's Letter, p. 6-7 Corporate Governance, p. 16-20 Stakeholder Engagement Mapping, p. 26-27</p>
			<p>Remuneration:</p> <ol style="list-style-type: none"> 1. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental and social topics, as connected to the company's stated purpose, strategy and long-term value. 2. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: <ul style="list-style-type: none"> - Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses and deferred or vested shares - Sign-on bonuses or recruitment incentive payments - Termination payments - Clawbacks - Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives and all other employees 	<p>Corporate Governance, p. 23 Future Fit Culture, Talent & Organizational Management, p. 101 Annex 5. Social Performance Indicators, p. 169</p>
		<p>Stakeholder engagement</p>	<p>Material issues impacting stakeholders: A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.</p>	<p>Stakeholder Engagement Mapping, p. 26-27 Materiality Analysis, p. 28-32</p>
		<p>Ethical behavior</p>	<p>Anti-corruption:</p> <ol style="list-style-type: none"> 1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region. <ol style="list-style-type: none"> a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b) Total number and nature of incidents of corruption confirmed during the current year, related to this year. <ol style="list-style-type: none"> 2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption. 	<p>Business Ethics and Transparency, p. 94-95</p>
			<p>Protected ethics advice and reporting mechanisms:</p> <p>A description of internal and external mechanisms for:</p> <ol style="list-style-type: none"> 1. Seeking advice about ethical and lawful behavior and organizational integrity; and 2. Reporting concerns about unethical or unlawful behavior and lack of organizational integrity. 	<p>Materiality Analysis, p. 28-32 Business Ethics and Transparency, p. 94-99 Sustainable Supply Chain Management, p. 145-150</p>





Pillars	Themes	Descriptions	References
	Risk and opportunity oversight	<p>Integrating risk and opportunity into business process:</p> <ul style="list-style-type: none"> - Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. - These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship. 	<p>Corporate Governance, p. 19-22 Materiality Analysis, p. 31-32 Annex 14. Sustainability-Related Risks and Opportunities, p. 192-205</p>
		<p>Economic, environmental and social topics in capital allocation framework:</p> <p>How the highest governance body considers economic, environmental and social issues when overseeing major capital allocation decisions, such as expenditures, acquisitions and divestments.</p>	<p>Corporate Governance, p. 17-18</p>
<p>PLANET: CORE METRICS AND DISCLOSURES</p> <p>PEOPLE: CORE METRICS AND DISCLOSURE</p>	Climate change	<p>Greenhouse gas (GHG) emissions:</p> <ul style="list-style-type: none"> - For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tons of carbon dioxide equivalent (tCO₂e) GHG Protocol Scope 1 and Scope 2 emissions. - Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate. 	<p>Climate Action, p. 41 Annex 3. Environmental Performance Indicators, p. 165</p>
		<p>TCFD implementation:</p> <ul style="list-style-type: none"> - Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). - If necessary, disclose a timeline of at most three years for full implementation. - Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement - to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C - and to achieve net-zero emissions before 2050. 	<p>Climate Action, p. 39-40 Annex 14. Sustainability-Related Risks and Opportunities, p. 192-196</p>
		<p>Paris-aligned GHG emissions targets:</p> <ul style="list-style-type: none"> - Define and report progress against time-bound science-based GHG emissions targets that are in line with the goals of the Paris Agreement -to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. - This should include defining a date before 2050 by which you will achieve net-zero greenhouse gas emissions, and interim reduction targets based on the methodologies provided by the Science Based Targets initiative, if applicable. - If an alternative approach is taken, disclose the methodology used to calculate the targets and the basis on which they deliver on the goals of the Paris Agreement. 	<p>Climate Action, p. 39 Sustainability Targets, p.34</p>
		<p>Impact of GHG emissions:</p> <ul style="list-style-type: none"> - Report wherever material along the value chain (GHG Protocol Scope 1, 2 & 3) the valued impact of greenhouse gas emissions. - Disclose the estimate of the societal cost of carbon used and the source or basis for this estimate. 	<p>Annex 13. Business Case and Impact Valuation Related to Material Topics, p. 191</p>
		<p>Land use and ecological sensitivity: Report the number and area (in hectares) of sites owned, leased, or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).</p>	<p>Biodiversity, p. 54</p>
	Freshwater availability	<p>Water consumption and withdrawal in water-stressed areas:</p> <ul style="list-style-type: none"> - Report for operations where material: megaliters of water withdrawn, megaliters of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. - Estimate and report the same information for the full value chain (upstream and downstream) where appropriate. 	<p>Water Management, p. 46-50 Annex 3. Environmental Performance Indicators, p. 166 Annex 14. Sustainability-Related Risks and Opportunities, p. 198</p>



Pillars	Themes	Descriptions	References
PEOPLE: CORE METRICS AND DISCLOSURE	Dignity and equality	<p>Diversity and inclusion (%): Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).</p>	<p>Future Fit Culture, Talent & Organizational Management, p.103 Annex 5. Social Performance Indicators, p.169-172</p>
		<p>Pay equality (%): Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.</p>	<p>Future Fit Culture, Talent & Organizational Management, p.101 Annex 5. Social Performance Indicators, p.172</p>
		<p>Wage level (%):</p> <ol style="list-style-type: none"> Ratios of standard entry level wage by gender compared to local minimum wage. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO. 	<p>Future Fit Culture, Talent & Organizational Management, p.105 Annex 5. Social Performance Indicators, p.172</p>
		<p>Risk for incidents of child, forced or compulsory labor: An explanation of the operations and suppliers considered to have significant risk for incidents of child labor, forced or compulsory labor. Such risks could emerge in relation to:</p> <ol style="list-style-type: none"> type of operation (such as manufacturing plant) and type of supplier; and countries or geographic areas with operations and suppliers considered at risk. 	<p>Business Ethics and Transparency, p.95-100 Sustainable Supply Chain Management, p.149-151 Annex 14. Sustainability-Related Risks and Opportunities, p.204</p>
		<p>Discrimination and harassment incidents (#) and the total amount of monetary losses (\$): Number of discrimination and harassment incidents, status of the incidents and actions taken, and the total amount of monetary losses as a result of legal proceedings associated with:</p> <ol style="list-style-type: none"> law violations; and, employment discrimination. 	<p>Business Ethics and Transparency, p.95-100 Sustainable Supply Chain Management, p.149-151</p>
		<p>Freedom of association and collective bargaining at risk (%):</p> <ol style="list-style-type: none"> Percentage of active workforce covered under collective bargaining agreements. An explanation of the assessment performed on suppliers for which the right to freedom of association and collective bargaining is at risk, including measures taken by the organization to address these risks. 	<p>Business Ethics and Transparency, p.100 Sustainable Supply Chain Management, p.146-148</p>
		<p>Human rights review, grievance impact & modern slavery (#, %):</p> <ol style="list-style-type: none"> Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country. Number and type of grievances reported with associated impacts related to a salient human rights issue in the reporting period and an explanation on type of impacts. Number and percentage of operations and suppliers considered to have significant risk for incidents of child labor, forced or compulsory labor. Such risks could emerge in relation to: <ol style="list-style-type: none"> type of operation (such as manufacturing plant) and type of supplier; and countries or geographic areas with operations and suppliers considered at risk. 	<p>Business Ethics and Transparency, p.95-100 Sustainable Supply Chain Management, p.145, 149-151</p>

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Pillars	Themes	Descriptions	References
PEOPLE: CORE METRICS AND DISCLOSURE	Health and well-being	<p>Health and safety (%):</p> <p>1. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked.</p> <p>2. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.</p>	<p>Future Fit Culture, Talent & Organizational Management, p.124-125 Annex 6, Occupational Health and Safety Indicators p.174</p>
		<p>Employee well-being: The number of fatalities as a result of work-related ill-health, recordable work-related ill-health injuries, and the main types of work-related ill-health for all employees and workers.</p>	<p>Future Fit Culture, Talent & Organizational Management, p.124-125 Annex 6, Occupational Health and Safety Indicators, p.174</p>
	Skills for the future	<p>Training provided (#, \$):</p> <p>Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees).</p> <p>Average training and development expenditure per full-time employee (total cost of training provided to employees divided by the number of employees).</p>	<p>Future Fit Culture, Talent & Organizational Management, p.113 Annex 5, Social Performance Indicators, p.173</p>
PROSPERITY: CORE METRICS AND DISCLOSURES	Employment and wealth generation	<p>Absolute number and rate of employment: Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.</p> <p>Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region</p>	<p>Future Fit Culture, Talent & Organizational Management, p.103 Annex 5, Social Performance Indicators, p.169-170</p>
		<p>Economic contribution:</p> <p>1. Direct economic value generated and distributed (EVG&D), on an accrual's basis, covering the basic components for the organization's global operations, ideally split out by:</p> <ul style="list-style-type: none"> - Revenues - Operating costs - Employee wages and benefits - Payments to providers of capital - Payments to government - Community investment <p>2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.</p>	<p>2023 Highlights, p.10 Annex 8, Economic Performance Indicators, p.176</p>
		<p>Financial investment contribution:</p> <ul style="list-style-type: none"> - Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy. - Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders 	<p>Annex 8, Economic Performance Indicators, p.176</p>

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Pillars	Themes	Descriptions	References
PROSPERITY: CORE METRICS AND DISCLOSURES	Employment and wealth generation	Infrastructure investments and services supported: Qualitative disclosure to describe the below components: 1. Extent of development of significant infrastructure investments and services supported. 2. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. 3. Whether these investments and services are commercial, in-kind or pro bono engagements.	Sustainable Financing, p. 91-93 Annex 7. Spending in Corporate Citizenship, p. 175 Annex 8. Economic Performance Indicators, p. 176 Annex 10. Selected Memberships and Contributions, p. 178-180
		Social value generated: 1. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts. 2. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities (e.g. national and international standards, protocols, policy agendas).	Annex 7. Spending in Corporate Citizenship, p. 175 Annex 8. Economic Performance Indicators, p. 176
	Innovation of better products and services	Total R&D expenses (\$): Total costs related to research and development.	Annex 8. Economic Performance Indicators, p. 176
		Social value generated: Percentage of revenue from products and services designed to deliver specific social benefits or to address specific sustainability challenges.	Business Model and Value Chain, p. 25
	Community and social vitality	Total tax paid: The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Annex 8. Economic Performance Indicators, p. 176
		Total Social Investment: Total Social Investment (TSI) sums up a company's resources used for "S" in ESG efforts defined by CECP Valuation Guidance.	Business Model and Value Chain p. 25 Corporate Citizenship p. 72-89 Annex 7. Spending in Corporate Citizenship, p. 175 Annex 8. Economic Performance Indicators, p. 176
		Total tax paid by country for significant locations: Total tax paid and, if reported, additional tax remitted, by country for significant locations.	-

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GRI Standard	Note	
GRI 1 Foundation 2021	Statement of use	Arcelik has reported the information cited in this GRI content index for the period 01/2023-12/2023 with reference to the GRI Standards.
	GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Page Numbers
General disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	Arcelik at a Glance, p.8 Global Operations, p.9
	2-2 Entities included in the organization's sustainability reporting	About this Report, p. 5 Annex 1. Scope of the Report, p. 159-161
	2-3 Reporting period, frequency and contact point	About this Report, p.5 Final page of this Report, p. 225
	2-4 Restatements of information	Sustainability Targets, p.34-36 Climate Action, p. 41 Sustainable Financing, p. 91 Annex 3. Environmental Performance Indicators, p. 165 Annex 9. EU Taxonomy, p. 177-178
	2-5 External assurance	Annex 2. Assurance Report, p.162-164
	2-6 Activities, value chain and other business relationships	Business Model and Value Chain, p.25
	2-7 Employees	Future Fit Culture, Talent & Organizational Management, p.103 Annex 5. Social Performance Indicators, p. 169
	2-8 Workers who are not employees	Annex 5. Social Performance Indicators, p. 169
	2-9 Governance structure and composition	Corporate Governance, p. 17-19, 21-22
	2-10 Nomination and selection of the highest governance body	Corporate Governance, p. 17
	2-11 Chair of the highest governance body	Corporate Governance, p. 18
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance, p.17-22
	2-13 Delegation of responsibility for managing impacts	Corporate Governance, p.17-22
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance, p.17-22
	2-15 Conflicts of interest	Business Ethics and Transparency, p.94
	2-16 Communication of critical concerns	Business Ethics and Transparency, p.94
	2-17 Collective knowledge of the highest governance body	Corporate Governance, p. 17
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance, p. 17-18

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GRI Standard	Disclosure	Page Numbers
General disclosures		
GRI 2: General Disclosures 2021	2-19 Remuneration policies	Corporate Governance, p. 23
	2-20 Process to determine remuneration	Corporate Governance, p. 23
	2-21 Annual total compensation ratio	Corporate Governance, p. 23
	2-22 Statement on sustainable development strategy	CEO Letter, p.6-7 Corporate Governance, p. 21
	2-23 Policy commitments	Policy Influence, p. 24 Business Ethics and Transparency, p.96-97
GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	Business Ethics and Transparency, p.94
	2-25 Processes to remediate negative impacts	Business Ethics and Transparency, p.94-95
	2-26 Mechanisms for seeking advice and raising concerns	Business Ethics and Transparency, p.94
	2-27 Compliance with laws and regulations	Business Ethics and Transparency, p.94
	2-28 Membership associations	Annex 10. Selected Memberships and Contributions, p. 183-185
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	Stakeholder Engagement Mapping, p. 26-27
	2-30 Collective bargaining agreements	Business Ethics and Transparency, p.96, 100 Employee Health and Safety, p.124
GRI 415: Public Policy 2016	415-1 Political contributions	Corporate Governance, p. 24 Business Ethics and Transparency, p.94
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Analysis, p. 28-30
	3-2 List of material topics	Materiality Analysis, p. 28-30
	3-3 Management of material topics	Materiality Analysis, p. 28-32 Annex 13. Business Case and Impact Valuation Related to Material Topics, p.189-191
Climate Action		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, p. 28-32
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Annex 14. Sustainability-Related Risks and Opportunities, p. 197-201

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Climate Action		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Annex 3. Environmental Performance Indicators, p.165-166
	302-3 Energy intensity	Annex 3. Environmental Performance Indicators, p.165-166
	302-4 Reduction of energy consumption	Annex 3. Environmental Performance Indicators, p.165-166
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Annex 3. Environmental Performance Indicators, p.165
	305-2 Energy indirect (Scope 2) GHG emissions	Annex 3. Environmental Performance Indicators, p.165
	305-3 Other indirect (Scope 3) GHG emissions	Annex 3. Environmental Performance Indicators, p.165
	305-4 GHG emissions intensity	Annex 3. Environmental Performance Indicators, p.165
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	Annex 3. Environmental Performance Indicators, p.165
	305-6 Emissions of ozone-depleting substances (ODS)	Annex 3. Environmental Performance Indicators, p.165
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Annex 3. Environmental Performance Indicators, p.165
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Climate Action, p.38
Water Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, p.28-32
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Management, p.46-50
	303-2 Management of water discharge-related impacts	Water Management, p.46-50
	303-3 Water withdrawal	Annex 3. Environmental Performance Indicators, p.166
	303-4 Water discharge	Annex 3. Environmental Performance Indicators, p.166
	303-5 Water consumption	Annex 3. Environmental Performance Indicators, p.166
Waste Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, p.28-32
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management, p.51
	306-2 Management of significant waste-related impacts	Waste Management, p.51
	306-3 Waste generated	Annex 3. Environmental Performance Indicators, p.167
	306-4 Waste diverted from disposal	Annex 3. Environmental Performance Indicators, p.167
	306-5 Waste directed to disposal	Annex 3. Environmental Performance Indicators, p.167

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Chemicals Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, p.28-32
Biodiversity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, p.28-32
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity, p. 54-55
	304-2 Significant impacts of activities, products and services on biodiversity	Biodiversity, p. 54-55
	304-3 Habitats protected or restored	Biodiversity, p. 54-55
	304- 4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity, p. 55
Product Stewardship		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, p.28-32
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Annex 4, Product Indicators p.168
	301-2 Recycled input materials used	Product Stewardship, p. 57 Annex 4, Product Indicators p.168
GRI 302: Energy 2016	302-5 Reductions in energy requirements of products and services	Product Stewardship, p. 59 Annex 4, Product Indicators, p.168
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Product Stewardship p.59, 61-63
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Product Stewardship p.57-59, 70
Sustainable Financing		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, p.28-32
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Annex 8, Economic Performance Indicators, p.176
	201-3 Defined benefit plan obligations and other retirement plans	Annex 8, Economic Performance Indicators, p.176
	201-4 Financial assistance received from government	Annex 8, Economic Performance Indicators, p.176
GRI 207: Tax 2019	207-1 Approach to tax	Annex 8, Economic Performance Indicators, p.176
	207-2 Tax governance, control, and risk management	Annex 8, Economic Performance Indicators, p.176



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GRI Standard	Disclosure	Page Numbers
Business Ethics and Transparency		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, p.28-32
	205-1 Operations assessed for risks related to corruption	Business Ethics and Transparency, p.94-100
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics and Transparency, p.94
	205-3 Confirmed incidents of corruption and actions taken	Business Ethics and Transparency, p.95, 98-99 Sustainable Supply Chain, p.150
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Ethics and Transparency, p.94
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Business Ethics and Transparency, p.94
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Business Ethics and Transparency, p.95, 98-99 Sustainable Supply Chain, p.150
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	Business Ethics and Transparency, p.95, 98-99 Sustainable Supply Chain, p.150
GRI 415: Public Policy 2016	415-1 Political contributions	Corporate Governance, p. 24 Business Ethics and Transparency, p.94
Future Fit Culture, Talent & Organizational Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, p.28-32
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Annex 5. Social Performance Indicators, p.172
	202-2 Proportion of senior management hired from the local community	Future Fit Culture, Talent & Organizational Management, p.103
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Future Fit Culture, Talent & Organizational Management, p.103 Annex 5. Social Performance Indicators, p.169-170
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Future Fit Culture, Talent & Organizational Management, p.120 Annex 5. Social Performance Indicators, p.169
	401-3 Parental leave	Future Fit Culture, Talent & Organizational Management, p.106 Annex 5. Social Performance Indicators, p.171
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Future Fit Culture, Talent & Organizational Management, p.113 Annex 5. Social Performance Indicators, p.173
	404-2 Programs for upgrading employee skills and transition assistance programs	Future Fit Culture, Talent & Organizational Management, p.113-118
	404-3 Percentage of employees receiving regular performance and career development reviews	Annex 5. Social Performance Indicators, p.173
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Annex 5. Social Performance Indicators, p.170
	405-2 Ratio of basic salary and remuneration of women to men	Annex 5. Social Performance Indicators, p.172



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GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Business Ethics and Transparency, p.95, 98-99 Sustainable Supply Chain, p.150
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Business Ethics and Transparency, p.98-100
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Business Ethics and Transparency, p.95, 98-99
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Business Ethics and Transparency, p.95, 98-99
Employee Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, p.28-32
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Employee Health and Safety, p.124
	403-2 Hazard identification, risk assessment, and incident investigation	Employee Health and Safety, p.124-125
	403-3 Occupational health services	Employee Health and Safety, p.124
	403-4 Worker participation, consultation, and communication on occupational health and safety	Employee Health and Safety, p.125
	403-5 Worker training on occupational health and safety	Employee Health and Safety, p.126
	403-6 Promotion of worker health	Employee Health and Safety, p.126
	403-7 Prevention and mitigation of occupational health and Safety impacts directly linked by business relationships	Business Ethics and Transparency, p.98-99 Employee Health and Safety, p.124-126 Sustainable Supply Chain Management, p.150
	403-8 Workers covered by an occupational health and safety management system	Employee Health and Safety, p.124
	403-9 Work-related injuries	Employee Health and Safety, p.125 Annex. 6 Occupational Health and Safety, p.174
	403-10 Work-related ill health	Employee Health and Safety, p.125 Annex. 6 Occupational Health and Safety, p.174
R&D, Innovation and Digital Transformation		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, p. 28-32
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	R&D, Innovation and Digital Transformation p.136
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	R&D, Innovation and Digital Transformation p.136

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GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, p.28-32
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Product Quality and Safety, p.139-140
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product Quality and Safety, p.140
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Product Quality and Safety, p.139-140
Customer and Consumer Experience		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, p.28-32
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Customer and Consumer Experience, p.141
Sustainable Supply Chain Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, p.28-32
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Sustainable Supply Chain, p.146
	308-2 Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain, p.150
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Sustainable Supply Chain, p.150
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainable Supply Chain, p.150
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainable Supply Chain, p.146
	414-2 Negative social impacts in the supply chain and actions taken	Sustainable Supply Chain, p.150
Corporate Citizenship		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Annex 8, Economic Performance Indicators, p.176
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis, p.28-32
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Corporate Citizenship, p.72-89

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STRATEGIC APPROACH TO SUSTAINABILITY

IN TOUCH WITH PLANET

IN TOUCH WITH HUMAN NEEDS

IN TOUCH WITH BUSINESS

ANNEX



Arçelik

Sustainability
at Heart:
*Where feels
Like Home
Begins*

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the Sustainability Department
sustainability@arcelik.com

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