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## 2020-2021 "Years of Quality"

2020 and 2021 were recognized as "Years of Quality" at Arçelik in an effort to ensure that a pursuit of quality is adapted at all levels of organization to improve consumer experience.

## Quality management impact analysis

Global research on COVID-19's quality management impact analysis reveals that companies face a number of challenges resulting from remote working. These include employee loyalty, employee management, and quality issues related to products and services.

WORLD  
FOR ALL  
OF US

# Corporate Responsibility

## CORPORATE SOCIAL RESPONSIBILITY APPROACH

Sustainable use of the Earth's limited resources is not only the responsibility of individuals, governments and nongovernmental organizations, but companies as well. The Company carries out its activities with a view to create a more livable world to future generations.

Responsibilities towards "Sustainable Development," environmental awareness and social sensitivity and operating in full compliance with laws, ethical standards and human rights, constitute the "Corporate Social Responsibility" approach of Arçelik.

Arçelik draws its strength from its corporate values and the principle of "I exist only as long as my country exists" formulated by our late founder Vehbi Koç, the Company strives to fulfill its responsibilities together with its employees and all of its business partners.

## CORPORATE GOVERNANCE APPROACH

Arçelik's corporate values and culture, ethical approach, good governance philosophy and business ethics guide employees in fulfilling their responsibilities.

In line with international business standards, integrating the four key principles of corporate governance — accountability, responsibility, openness and transparency — into its way of doing business is key to building trust between the company and its stakeholders and its long-term productivity and success.

Arçelik A.Ş. understands that the methodology of fulfilling its promises of trust and stability to its stakeholders, especially to its investors, can only be achieved through sound corporate governance. The company sees the effects of its strong performance on the "Corporate Governance Principles," especially during meetings with corporate investors. The company not only depends on its business results and robust capital structure to achieve its profitability targets, but also on its "Corporate Reputation," an important asset that has been carefully cultivated over many years.

# Corporate Governance Principles Compliance Report

## SECTION I: CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

Implementation of Corporate Governance Principles, which were issued by the Capital Markets Board of Turkey (CMB) under Resolution No. 35/835 on July 4, 2003, and shared with the public in July 2003, is particularly important for the credibility of and access to finance for publicly traded companies. These principles that reveal the quality of corporate governance have been adopted by the Company. As per CMB Resolution No. 48/1588 dated December 10, 2004, it was resolved that the companies traded at Istanbul Stock Exchange (ISE) include their statements related to their conformance with mentioned Corporate Governance Principles in their annual reports and on their websites (if any), as of 2004. In accordance with the above mentioned resolution, Arçelik A.Ş. has set up an in-house team to examine the compliance with these principles, and in consequence of these studies as of 2004, information on Compliance with Corporate Governance has been included in its annual reports and on its website. Most recently, the Corporate Governance Principles were revised in accordance with the Corporate Governance Communiqué (II-17.1) of the Capital Markets Board published in the Official Gazette on January 3, 2014.

While fully complying with the mandatory principles, which are in effect in 2020, within the scope of Corporate Governance Communiqué (II-17.1), the Company has also complied with the majority of non-mandatory principles. Despite the objective of full compliance with the non-mandatory Corporate Governance Principles, full alignment has not yet been achieved with the challenges in practice in some of the principles, the ongoing discussions at both our country and abroad regarding compliance with some of the principles, and the lack of alignment of some principles with the current structure of the market and the Company. We are working on the principles that have not yet been implemented. We plan to start implementing these plans following the completion of administrative, legal and technical infrastructure groundwork, to contribute to the effective management of our company. We provide below the comprehensive studies carried out at the company within the framework of corporate governance principles and the principles that have not yet been complied with in the relevant departments and any conflicts of interest, if any, arising from them.

In 2020, Corporate Governance efforts were carried out in accordance with the Capital Markets Law, which contains the CMB's regulations on corporate governance principles, and the communiqués prepared pursuant to this Law. Amendments required to the articles of association to comply with New Turkish Commercial Code and the Capital Markets Law were approved at our Ordinary General Assembly dated March 28, 2013. At the 2020 Ordinary General Assembly, our Board of Directors and Board of Directors committees were established in accordance with the regulations of the Corporate Governance Communiqué. Prior to the General Assembly, the process of determining and announcing independent candidates to the public was carried out and the elections were completed in accordance with the regulations. The committees established under the Board of Directors are actively carrying out their operations. The Remuneration Policy for the Board Members and Senior Executives was redefined and the approval of the shareholders was obtained at the Ordinary General Assembly. The General Assembly information document and general assembly information, such as privileged shares, voting rights, organizational changes, resumes of the Board of Directors member candidates, remuneration policy of the Board of Directors and senior management, related party transactions report and other information required to be disclosed were submitted to the investors three weeks before the Ordinary General Assembly held on March 25, 2020. All related party transactions were submitted to the Board of Directors for their information and upon the approval of the independent members, the Board of Directors resolved to continue the transactions. In addition, the Company's corporate website and annual report were reviewed and revisions were made in order to fully comply with the Principles.

Necessary work will be carried out in the upcoming period by taking into account the developments and practices in the legislation in order to comply with the Principles.

Our Company's corporate governance rating was 9.58 on a 10 point scale (95.80%) as publicly announced under our material event disclosure dated July 19, 2019 and issued by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA). Our rating was updated as 9.60 on a 10 points scale (96.02%) after the revision performed by SAHA on July 17, 2020.

Our Corporate Governance Rating has been determined as a result of an evaluation made under four main sections (Shareholders, Public Disclosure and Transparency, Stakeholders, Board of Directors) weighted based on the CMB's Corporate Governance Principles and its current distribution based on the main sections are provided below:

Main Sections	2019 Rating	2020 Rating
Shareholders	9.51	9.51
Public Disclosure and Transparency	9.87	9.87
Stakeholders	9.95	9.95
Board of Directors	9.27	9.33
<b>Total</b>	<b>9.58</b>	<b>9.60</b>

The corporate governance rating report issued by SAHA is available on our Company's website at [www.arcelikas.com](http://www.arcelikas.com). On its report dated July 17, 2020, SAHA specified the aspects affecting the change in the ratings as follows;

- In accordance with The Communique, the duties of Nomination and Remuneration Committees are being carried by the Corporate Governance Committee within Arçelik's Board of Directors and Arçelik's Corporate Governance Committee, has specifically been more efficient and functional particularly with regard to the functions of Nomination and Remuneration Committees during

this rating period.

Our Company has been included in ISE (BIST) Corporate Governance Index since July 31, 2009.

### Corporate Governance Principles Not Yet Implemented

Arçelik A.Ş. believes in the importance of full compliance with the Corporate Governance Principles. However, full compliance with some of the principles has not yet been achieved due to the challenges encountered in the implementation of some principles, ongoing arguments both in Turkey and in other countries about compliance with specific principles, and the unsuitability of certain principles with regard to current structures of the market and the company.

The following are the main principles of the Corporate Governance Principles, which are not mandatory as per the regulation and which are not yet to be fully complied with. Further explanations on the subject are provided in the relevant sections of the annual report. The Company has no conflict of interest due to its failure to fully comply with the non-mandatory principles.

- With regard to Principle 1.3.10, a separate agenda item is included on the General Assembly agenda for donations, and the General Assembly is informed about the major institutions to which donations are made.
- With regard to Principle 1.5.2; minority rights were not granted to those with less than one twentieth of the capital under the articles of association, and in line with general practices, minority rights have been granted within the framework of general provisions of regulations. No requests have been received from investors regarding this issue, and general best practice examples are followed up, and no changes are foreseen in the near future.
- With regard to Principle 4.3.9, it is thought that providing diversity in terms of knowledge, experience and perspective to our Board of Directors will contribute positively to the activities of the Company and the effective operation of the Board of Directors, and the current board structure reflects this point of view. A target rate and a target date have not been set to achieve a minimum female member ratio at the Board of Directors, and the ratio of female board members is 17 percent. Assessment efforts are underway. Detailed information is provided below in Section 5.1.
- With regard to Principle 4.4.1, physical board meetings were held only once in 2020 due to the COVID-19 outbreak, and all other resolutions were passed through circulation, except for those passed at the meeting. However, the members of the Board of Directors were regularly informed about the company's performance and developments. Taking into account the meetings held, the majority of the members of the Board physically participated in most of the meetings.

- With regard to Principle 4.4.5, although our Company has processes on how to hold board of directors meetings that were maintained consistently for many years, but there is no written internal regulation specific to this issue. Considering the effective work of the board of directors, there is no urgent need to make a definition in this regard.
- With regard to Principle 4.4.7, as described in section 5.1 below, the Board Members are not limited to taking other duties outside the company due to the significant contribution they have made to the Board of Directors through their work and industry experience. Our annual report includes the resumes of our board members. Considering the effective work of the Board of Directors, no change is foreseen in the short term in the current practice, which is considered not to create any adverse situation in terms of corporate governance.
- With regard to Principle 4.5.5, the appointment of the committees is carried out in accordance with the related regulations by taking into account the knowledge and experience of the board members. Only one independent board member was assigned to two committees. Members serving on more than one committee ensure communication and increase cooperation opportunities between committees working on related issues. Taking into account the productive work of the members of the board of directors with the contribution of their knowledge and experience, the existing committee structure is effectively evaluated; no need for change is foreseen in the near future.

- With regard to Principle 4.6.1, performance evaluation and rewarding of those with administrative responsibility were carried out, but no specific work was conducted at the Board of Directors level. Best practices on the subject are being researched, and their implementation can be evaluated in the medium term.
- With regard to Principle 4.6.5, the payments made to the members of the Board of Directors and executives with administrative responsibilities at the Ordinary General Assembly and in the footnotes of the financial statements are made public collectively in parallel with the general practices. Market practices are closely monitored on the subject which is considered important for the confidentiality of personal information and it is envisaged that the application will be in line with the common practice.

The Company has no conflict of interest due to its failure to fully comply with the non-mandatory principles.

The Corporate Governance Compliance Report (GGCR) and the Corporate Governance Information Form (CGIF) for 2020 prepared in accordance with the CMB Resolution No. 2/49 dated January 10, 2019 and approved by the Board of Directors are available alongside this report. The related documents are also available on our Company's corporate governance page on the Public Disclosure Platform. (<https://www.kap.org.tr/tr/cgif/4028e4a240e95dc90140ed55b43900cf>).

In line with the efforts for full compliance with the corporate governance principles, a corporate governance action plan is prepared for the corporate governance improvement areas identified in the Corporate Governance Rating Report for Arçelik A.Ş. issued by SAHA.

## SECTION II: SHAREHOLDERS

### 2.1. Investor Relations Department

The duties of the Investor Relations Department, which facilitates the communication between the Company and investors, are carried out by Finance and Corporate Risk Director Özkan Çimen, Capital Markets Regulation Compliance Manager Faik Bülent Alagöz, and Investor Relations Manager Orkun İnanbil, under the coordination of Polat Şen, Assistant General Manager of Finance and Accounting. The Board of Directors resolved to appoint Polat Şen as board member of the Corporate Governance Committee on April 10, 2020.

The licenses of the individuals serving at the Investor Relations Department in 2020 are provided below:

Name	Function	License Certificate Type	License No.
Polat Şen	Assistant General Manager of Finance and Accounting	-	-
Özkan Çimen	Finance and Enterprise Risk Director	-	-
Faik Bülent Alagöz	Capital Markets Regulation Compliance Manager	Capital Market Activities Advanced Level License / Corporate Governance Rating Specialist License	203781/700495
Orkun İnanbil	Investor Relations Manager	-	-

Contact details of the Investor Relations Department managers in 2020 are as follows:

**Polat Şen**  
Assistant General Manager of Finance and Accounting  
0212 314 31 00  
polat.sen@arcelik.com

**Özkan Çimen**  
Finance and Enterprise Risk Director  
0 212 314 39 01  
ozkan.cimen@arcelik.com

**Fax** : 0212 314 34 90  
**e-mail** : yatirimciiliskileri@arcelik.com-investorrelations@arcelik.com

**Faik Bülent Alagöz**  
Capital Markets Regulation Compliance Manager  
0212 314 31 03  
bulent.alagoz@arcelik.com

**Orkun İnanbil**  
Investor Relations Manager  
0212 314 31 14  
orkun.inanbil@arcelik.com

Activities carried out in 2020 in order to provide detailed information to investors about the Company's operations is summarized in the following table:

Number of investor conferences and roadshows attended domestically and abroad:	11
Number of interviews with investors and analysts:	415
Number of teleconferences organized for the disclosure of financial results for 2019 year-end and Q3 2020:	4
Number of meetings and events held for the press in Turkey and abroad:	7

Major activities executed in Investor Relations Department are as follows:

- To ensure that the records of shareholders are kept in a proper, secure and up-to-date manner,
- To meet the shareholders' verbal and written information requests regarding the Company, with the exception of confidential information and trade secrets,
- To ensure that the General Assembly is held in compliance with the applicable legislation, the Articles of Association and other internal regulations of the Company,
- To prepare documents to be used by shareholders at general meetings,
- To ensure that the voting results are recorded and the reports related to the results are sent to the requesting shareholders,
- To observe and monitor all matters related to public disclosure, including legislation and the Company's disclosure policy,
- To inform investors by attending the meetings held at the headquarters and conferences and meetings organized by various institutions in Turkey and abroad,
- To provide information to analysts who make assessments about the company,
- To meet the information requests of academicians who conduct research on the company and the industry,
- To prepare the content of the investor relations section on the corporate website (www.arcelikas.com) in Turkish and English, to update it as frequently as possible and to ensure that shareholders can access the Company information on the Internet quickly and easily,
- To make the information and explanations that may affect the exercise of shareholder rights available to shareholders on the company website,
- To inform the public by making the necessary Material Event Disclosures through the Public Disclosure Platform (PDP), taking into account the Capital Markets Board Communiqué (II-15.1) of the CMB,
- To monitor the changes in the Capital Markets Law related legislation and to bring it to the attention of the relevant units within the company,
- To represent the Company at the Capital Markets Board, Borsa Istanbul and the Central Registry Agency.

The report prepared regarding the activities conducted by Investor Relations Department in 2020 was submitted to the Corporate Governance Committee to review on February 22, 2021.

### 2.2. Use of Shareholders' Rights to Obtain Information

All shareholders are treated equally by taking measures to ensure the exercise of shareholders' rights and to comply with the legislation, the Articles of Association and other internal regulations. The Investor Relations Department at Arçelik A.Ş. is run by the Assistant General Manager of Finance and Accounting. The main objective of the Company is to ensure that the shareholders' rights to information are duly and fully fulfilled. Furthermore, the Company enables its shareholders to exercise their rights, which they are entitled to as partners, fully and in the shortest time possible.

The Company does not distinguish between shareholders in exercising the right to obtain and review information. Each shareholder is entitled to receive and review information.

Inquiries directed to the Investor Relations Unit, with the exception of confidential information and trade secrets, are answered either by phone or in writing by contacting the most authorized person of the relevant issue. As explained in Section 3.1 of this report, all information and explanations that may affect the use of shareholder rights are provided on the corporate website.

In order to expand the rights of shareholders to obtain information and to exercise their rights properly, the Company continuously

updates the financial statements as well as the necessary information and documents and makes them available to the shareholders in Turkish and English on the Company's corporate website (www.arcelikas.com). In the period, written and verbal information requests from shareholders were responded verbally or in writing, regardless of the differences the shareholders in line the Capital Markets Legislation.

Material event disclosures, financial statements and other information about the Company, which are required to be disclosed with the Public Disclosure Platform (PDP), are also sent with electronic signature.

Although the right to request a special auditor as an individual right is not regulated in our Articles of Association, as per Article 438 of Turkish Commercial Code, each shareholder may request from the general meeting of shareholders a special audit to clarify certain events, even if they are not included in the agenda, if they are required to exercise their shareholder rights and if the right to obtain or review has been used previously. The shareholders have made no such request to this date. In addition, the Company's activities are periodically audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., an independent auditing firm (a member firm of Ernst & Young Global Limited) elected at the General Assembly.

### 2.3. General Meetings of Shareholders

The announcement for a General Meetings of Shareholders is made at least three weeks prior to the date of the General Meeting of Shareholders by means of all kinds of communication, including electronic communication, to ensure that the maximum number of shareholders are reached in addition to the procedures stipulated by the legislation. This is provided for in our Articles of Association.

In addition to the announcements and disclosures the company must make as per the legislation, the following matters are announced to the shareholders on the company website:

a) The total number of shares and voting rights that reflect the company's shareholding structure as of the date of the announcement,

b) Changes in the management and operations of the Company and its subsidiaries that will significantly affect the company's operations that took place in the previous accounting period or planned for the next accounting period,

c) If the agenda of the General Meeting includes the discharge, replacement or election of the members of the Board of Directors, the reasons for dismissal and replacement, information about the candidates nominated for the Board of Directors;

d) Requests of shareholders, the CMB and/or other institutions and organizations related to the company for any items to be included on the agenda,

e) If an amendment to the articles of association is on the agenda, the previous and new versions of the amendments to the articles of association together with the relevant board of directors resolution.

Concerning the fulfillment of the obligation stipulated in paragraph (c), resumes of the candidates to be nominated for the Board of Directors; their employment history for the past 10 years and reasons for leaving their prior employment; the nature and materiality of their relationships with the company and the company's affiliates, whether they can be considered independent or not, and in the event that these individuals are elected as members of the board of directors, information on similar issues to affect the company operations.

All of the shares that make up the company's capital are registered shares. Prior to General Meetings, an information document on the agenda items is prepared and announced to the public via the PDP and corporate website. Pursuant to the Articles of Association, General Meetings are held open to the public, including to stakeholders and the media, without the right to speak.

The Company held one Ordinary General Meeting in 2020.

During the Ordinary General Meeting, which was held on Wednesday, March 25, 2020 and during which the Company's 2019 activities were discussed, 60.023.945.844 shares (88.83 percent) out of 67,572,820,500 shares, which is the total of Company's capital, were represented physically and on electronic environment. Shareholders of the company (directly or by proxy), stakeholders and the media attended the meeting. Representatives from several intermediary institutions and banks providing settlement and custody services also attended the meeting as observers. Questions asked by shareholders are answered during General Meetings. If the question asked is not related to the agenda or is too extensive to be answered immediately, the question asked is answered in writing by the Investor Relations Department. The question raised at the General Assembly on March 25, 2020 was answered by the Investment Relations Department and was recorded to the General Assembly Meeting Minutes.

- In accordance with the Articles of Association, the announcement of the General Meeting was notified at least three weeks prior to the General Assembly date in the PDP, the Turkish Trade Registry Gazette, the corporate website, the Electronic General Assembly System, and the e-Company, in order to reach the maximum number of shareholders possible in addition to the procedures stipulated by the legislation.
- Corporate Governance Principles are complied with in all notifications.
- Financial statements and reports, including the Annual Report, dividend distribution proposal, information document prepared on the agenda items of the General Assembly and other documents forming the basis of the agenda items, and the final version of the Articles of Association and the amendment text, if any amendments are to be made in the Articles of Association, and justification are made available to and kept open for inspection at the Company headquarters and on the corporate website, at locations most easily accessible to shareholders, as of the date of the announcement for the invitation to the General Meeting.
- The agenda items of the Company's General Assembly are expressed clearly and without causing any different interpretations. Information to be provided prior to the General Assembly is provided by referring to the agenda items they relate to.
- Samples of power of attorney forms are included in the announcement text and posted on the corporate website before the General Meeting for those who will be represented by proxy.
- Before the meeting, the voting procedure is announced at the meeting and submitted for the information of the shareholders on the website.
- The Company did not receive any requests from the shareholders regarding the addition of items to the agenda at the General Meeting held on March 25, 2020.

General Assembly Meetings are held in a manner that does not cause inequality among shareholders, at the lowest possible cost for the shareholders and in the least complicated manner. Shareholders residing in Turkey or abroad are facilitated to attend the meeting and are allowed to attend General Meetings.

In addition, all the documents that foreign shareholders may require to be informed about the General Assembly and the agenda are translated into English and sent through the banks that perform clearing, settlement and custody transactions of these shareholders in Turkey and posted on the Company's website.

Care is taken to hold its general meetings in a central location in the city in order to increase and facilitate participation. The number of attendees is monitored annually and venues is are determined by the number of attendees. The Ordinary General Meeting was held on March 25, 2020 at Divan İstanbul Elmadağ, Asker Ocağı Caddesi No:1 34367 Şişli İstanbul. The location of the General Meeting was easily accessible to all shareholders. Invitations to General Meetings are issued by the Board of Directors according to the provisions of the Turkish Commercial Code (TCC), the Capital Market Law and the Articles of Association. The public is informed about General Assemblies via a disclosures filed with the PDP as soon as the Board of Directors passes a resolution to that effect.

Pursuant to CMB regulations, financial statements must be disclosed to the public within 11 weeks of the end of the accounting period. The company, on the other hand, announces its financial statements earlier. The financial statements for the end of 2020 were also announced in the fourth week. Following the announcement of the results, the General Meeting work begins, and the General Meeting convenes after the necessary legal procedures are completed. This year's General Meeting will be conducted within three months after the end of the accounting period. During the General Assembly Meeting, agenda items are conveyed to the shareholders in an impartial and detailed manner, with a clear and understandable method; a healthy discussion environment is created where shareholders are provided with equal opportunities to express their opinions and raise questions. The members of the Board of Directors, other relevant persons, the authorities responsible for preparing the financial statements and the independent auditor shall be present at the General Assembly meeting to provide the necessary information and answer the questions.

Shareholders are given the opportunity to present their opinions and suggestions regarding the remuneration policy for the Board Members and senior executives.

The General Assembly shall be provided with information about any transactions that take place pursuant to permits obtained by the shareholders who have control of the Board of Directors, the members of the Board of Directors, the executives with administrative responsibility and their spouses and relatives up to the second degree to perform the activities that fall within the scope of Articles 395 and 396 of the Turkish Commercial Code. In 2019, there were no significant transactions that could lead to a conflict of interest between these persons and the publicly traded company or its subsidiaries pursuant to Article 1.3.6 of the Communiqué on Corporate Governance.

Pursuant to Article 415(4) of the Turkish Commercial Code No. 6102 and Article 30(1) of the Capital Markets Law No. 6362, the right to participate and vote in General Meetings is not subject to the requirement that they deposit their shares with any institution. Therefore, our partners who wish to participate in General Shareholders Meetings are not required to block their shares before the Central Registry Agency.

At the General Assembly, votes of shareholders on the agenda subjects are recorded in the minutes of meeting. Each agenda item is voted separately at the meeting. The General Assembly is held under the supervision of a representative of the Ministry of Trade.

The General Assembly is informed about the donations and aids made by the company to foundations and associations for social aid purposes, with a separate agenda item. At the meeting of the Ordinary General Assembly held in 2020, a separate agenda item was used to inform the General Assembly about the donations and grants made in 2019 and the upper limit of the donation that could be made in 2020 was set as 0.2 percent (two thousandths) of the previous year's revenue, and there was no change in the donation policy.

The minutes of the General Assembly are available on the corporate website and the minutes of the meeting are available for the review of the shareholders at the Company headquarters and copies are provided to the requesting parties.

## 2.4. Voting and Minority Rights

The voting procedure to be used at the meetings of the General Assembly is announced to the shareholders at the beginning of the meeting. Practices that complicate voting rights in the company are avoided and each shareholder, including those shareholders living abroad, is given the opportunity to vote in the easiest and most appropriate way, either physically or electronically.

The Company's Articles of Association do not include any special voting privileges. Each share comes with one vote. The Company's shareholders do not include any legal entity that is a subsidiary of the Company. There is no provision in the Articles of Association that prevents a non-shareholder from voting by proxy.

Shareholders representing the minority shares form the Management together with the majority shareholders, with their participation in the General Assembly. In 2020, our company has not received any criticism or complaint on this matter. Minority rights have not been set lower than one twentieth of the capital by the Articles of Association.

## 2.5. Dividend Rights

Our dividend distribution policy contained in Agenda Item 6 approved by the shareholders at the Ordinary General Assembly held on March 27, 2014, has been determined as:

"Our Company distributes dividends in accordance with the provisions of the Turkish Commercial Code, the Capital Markets Regulations, Tax Regulations and other related regulations, and the article of the Articles of Association regarding dividend distribution. In dividend distribution, a balanced and consistent policy is maintained between the shareholders and the Company's interests in accordance with the Corporate Governance Principles. In principle, as long as the related regulations and financial means allow, a minimum of 50 percent of the distributable period profit calculated in accordance with the Capital Markets Regulations is distributed as cash and/or bonus shares, provided that it can be covered from the current resources in our legal records, taking into account market expectations, long-term company strategy, investment and financing policies, profitability and cash position. The aim is to make the profit distribution within one month at the latest after the General Assembly meeting, and the General Assembly decides on the profit distribution date. The General Assembly or, if authorized, the Board of Directors may decide to distribute dividends in installments in accordance with the Capital Markets Regulations. The Articles of Association of the Company states that General Assembly may take a decision to distribute advance dividends provided that it is authorized by the General Assembly and complies with the Capital Markets Regulations.

The Company's dividend policy is included in the Annual Report and publicly announced on the corporate website.

The dividend distribution of the Company is carried out in accordance with the TCC and the CMB within legal periods. According to the financial statements for the accounting period January 1, 2019 to December 31, 2019, prepared by Arçelik A.Ş. Management at the Ordinary General Meeting of Shareholders on March 25, 2020, based on the Turkish Financial Reporting Standards (TFRS) and audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., it was seen that there was a Net Profit of 924,833,309 Turkish lira for the parent company according to the financial statements for the accounting period January 1, 2019 to December 31, 2019 and a current year profit of 457,588,624.50 Turkish lira according to Tax Procedure Law records, and the proposal of the Board of Directors to distribute dividends totaling 500,000,000 Turkish lira and set the dividend payment date as April 1, 2020 was read out. Kerem Kaşitoğlu, the representative of the Koç Holding Fund for Retirement and

Social Support, took the floor and read out his proposal on profit distribution.

Kaşitoğlu proposed that, as companies had to be more cautious about their finances and need to have more liquidity pandemic during the pandemic, that the proposal of the Board of Directors to distribute profits, which was created more than a month earlier when the effects of the Coronavirus on the country and the world economy were less predictable, not accepted due to the current conditions we are in, that no dividends be distributed, that 5 percent general legal reserves required to be set aside for 2019 according to Article 519 of the Turkish Commercial Code reached the 20 percent limit of the capital in the total legal reserves in the TPL records as of December 31, 2019, and consequently, that the entire profit for 2019 ve reserved as Extraordinary Reserves.

Both proposals were submitted to a separate vote. The Board of Directors' dividend distribution proposal was rejected by shareholders representing shares of 361,057,205.17 Turkish lira against shareholders representing shares of 239,182,253.27 Turkish lira. The proposal of the Representative of Koç Holding Fund for Retirement and Social Support, a shareholder, to transfer the profit to the Extraordinary Reserves by not distributing it was accepted by shareholders representing shares of 455,527,742.17 Turkish lira against shareholders representing shares of 144,711,716.27 Turkish lira.

## 2.6. Transfer of Shares

The Articles of Association does not contain any practices that may make it difficult for shareholders to transfer their shares and special provisions restricting the transfer of shares. The regulations of the Capital Markets Board are applied for the transfer of the Company's registered shares traded on the stock exchange.

## SECTION III: PUBLIC DISCLOSURE AND TRANSPARENCY

### 3.1. Corporate Web Site and Its Content

The Company actively uses its corporate website www.arcelikas.com, as stipulated by the CMB Principles, in order to maintain its relations with shareholders more effectively and rapidly, and to be in continuous communication with the shareholders. The information contained herein is regularly updated. The information on the Company website is the same and/or consistent with the disclosures made pursuant to the provisions of the relevant legislation and does not contain any conflicting or incomplete information.

In addition to the information required to be publicly disclosed by the applicable laws, the company's website provides the following information: trade registry information, the latest partnership and management structure, the notification that the company has not issued any privileged shares, the latest version of the company's Articles of Association together with dates and numbers of the Turkish Trade Registry Gazettes that contain the amendments made; material event disclosures, financial statements, annual reports, prospectuses and IPO circulars, agendas of General Assembly and list of attendants and minutes, proxy voting form, dividend distribution policy, disclosure policy, ethical rules of the company and answers to frequently asked questions. Accordingly, information for at least the last five (5) years is available on the website.

The company's website is provided both in Turkish and English in compliance with the content and design required by the CMB's Principles. The Investor Relations Department is responsible for preparing the content of the Investor Relations section of the corporate website, updating the information that has changed and adding additional information. Efforts to provide better services to investors on the corporate website are ongoing.

The Company is controlled by its parent company, Koç Holding A.Ş., Koç Family and the companies owned by them.

### 3.2. Annual Report

The Company's Board of Directors prepares the company's annual reports in sufficient detail to ensure that the public is able to access complete and accurate information about the company's activities and as per the information listed in Corporate Governance Principles.

In addition to the information required to be included by the applicable law and in other parts of Corporate Governance Principles, annual reports contain the following:

- Information on positions held by members of Board of Directors outside the company in their resumes and their declaration of independence,
- Information on the names of members of the committees of the Board of Directors, the frequency of meetings and the functions carried out,
- Information about social rights of employees, vocational training they receive, and corporate social responsibility activities conducted by the Company that have social and environmental impact.

## SECTION IV - STAKEHOLDERS

### 4.1. Informing Stakeholders

Stakeholders refer to third parties who are directly affected by the Company's operations. The Company informs its stakeholders on matters of interest by inviting them to meetings or using telecommunication tools, when necessary. The Company respects and protects the rights of stakeholders acquired through laws, mutual agreements and contracts, taking into account that cooperation with stakeholders will be in the interest of the Company in the long term. The corporate governance structure of the Company allows all stakeholders, including employees and representatives, to convey their concerns about illegal and unethical transactions to the management. Among the duties of the Audit Committee is examining the complaints received by the Company. In addition, the Internal Audit Department evaluates the complaints and submits them to the Audit Committee.

The methods and criteria to be applied for reviewing and finalizing complaints received by the partnership in relation to the accounting and internal control system and independent audit of the partnership, and evaluating the notifications made by the company employees regarding the accounting and independent audit matters of the partnership within the scope of the confidentiality principle shall be determined by the audit committee responsible for the audit.

The Company's employees and approximately 3,000 dealers across Turkey constitute an important interest group in direct relations with the Company. The Company regularly informs its employees through the practices, communiques, circular letters, regulations and written notifications and at the same time it holds regular "Dealer Meetings" throughout the year to keep its dealers up-to-date on practices and campaigns, company policies, targets and recent economic developments as well as to create a more effective system by listening to the dealers' problems and concerns.

In addition, we have practices to increase cooperation at every step with approximately 5,800 direct and indirect suppliers, which we see as an important link in our supply chain and as a stakeholder. These are, primarily, the Technology and Innovation collaboration days, supplier days, supplier training sessions, audits, visits, Arçelik corporate website and our supplier portal. With these practices, we provide general information about Arçelik's vision, strategy, business objectives and future actions, and share our expectations from our suppliers in terms of sustainability.

Relations with employees under the Collective Bargaining Agreement are carried out through union representatives. The

company is a member of the Turkish Metal Industrialists Union (MESS) and the blue collar employees of the company are members of the Turkish Metal Union. The Collective Bargaining Agreement, valid from September 1, 2019 to August 31, 2021, was signed on January 29, 2020, covering our unionized employees working in all Arçelik businesses.

### 4.2. Stakeholders' Participation in Management

Both employees as internal customers and dealers as external customers are developed in a way that does not disrupt the Company's operations by adding mechanisms and models that support the participation of stakeholders, especially the Company employees and dealers, in the company management, including a suggestion system, call center, website and one-on-one meetings.

To encourage the participation of the stakeholders in the management, their requests determined by means of suggestions or surveys are reflected on the operations of the company. The Labor Union's opinion and consensus is taken and resolutions are made jointly for the implementation changes regarding the working conditions and environment and rights provided to employees. Furthermore, dealers who have direct business relations with the Company through "Reseller Meetings" are encouraged to participate in the Company management.

The Company considers customer and supplier satisfaction among its top priorities. Customer satisfaction is reported and monitored regularly. The Company attaches great importance to the confidentiality of customer and supplier data, which are considered as trade secrets. The Company's customer satisfaction policy, which is mentioned below, is shared with the stakeholders in writing and all business and management processes are shaped within the framework of this policy.

Customer Services Directorate serves all brands operating under the Arçelik umbrella. Consumer requests and recommendations are received and responded to via Call Center, email, [www.arcelik.com.tr](http://www.arcelik.com.tr), [www.beko.com.tr](http://www.beko.com.tr), [www.grundig.com.tr](http://www.grundig.com.tr), [www.altus.com.tr](http://www.altus.com.tr), live chat, WhatsApp, social media, fax, mail, service and dealer channels.

The main duties of the Customer Communication Center are to collect feedback from customers regarding the services/products of all brands and to transfer them to the relevant units. The Center strives to provide the best service experience to consumers 24/7. These feedback summarize the expectations and needs of consumers and aims to contribute to the development of new products.

At the center of business processes and activities, Arçelik Customer Communication Center maintains its operations with a system that allows customers to easily communicate their requests and suggestions, and where the information received is collected in a transparent and secure manner, and can be monitored and reported from a single center. Records obtained in accordance with legal regulations are processed objectively and confidentially with a fair evaluation, and processes are constantly checked and necessary improvements are made. The Customer Communication Center processes have been integrated with the management system and a structure that controls each other has been developed. The management objectives of the Company are fed through this system.

In 2020, Asist Support, Koç Finans and Arçelik IT Help Desk continued to provide services to both internal and external customers. The IT Help Desk team offers Turkish and English language alternatives to customers 24/7 in 12 locations in Turkey and 17 countries abroad. Call center services for Arçelik's German and Austrian brands are also based in Turkey.

In 2020, CRM activities focused on outbound calls through specific and active campaigns made significant contributions to the revenues of the Company.

Many processes at the Customer Communication Center have been centralized with process optimizations that aim to achieve maximum efficiency.

A Call Centralization Project was implemented to achieve a consistent quality of service for all customer issues communicated via phone. With this project, customer calls to Authorized Services are automatically forwarded to the Call Center. As part of the measures taken for the pandemic, all Call Center employees work from home since March 2020.

In 2020, a major portion of Call Center operations were outsourced with cost benefits and flexibility in mind. We started working with two new companies for our outsourced operations to balance risks associated with the sustainability of operations. As a result, we are currently working with five call center service providers in three provinces.

The pandemic has changed the way customers communicate with brands, as have many other aspects. Social Media, Chat and WhatsApp Corporate channels are now more important in terms of communication and interaction rather than just being positioned as alternative channels.

During the pandemic, we launched the "Call & Click" application to help customers shop without leaving home. With this application, orders and claims received by the Call Center were communicated to Authorized Resellers, which in turn significantly increased our company revenues.

In 2020, two Call Center Projects, Octopus and Crystal Experience, received directorial awards in the #Digitalization category.

In 2020, we added a Product Replacement Function to the Customer Care Center to maintain effective communication with customers during the product replacement process. We also organized several training programs for our call center business partners and created a team within their organizations. In this way, we ensure that customers who wish to replace an item interact with expert employees at the Call Center and their problems are swiftly resolved.

In 2020, the pandemic caused companies to operate with limited stocks and to deal with the problems related to the provision of spare parts and finished goods. Therefore, creating a dynamic and agile operational decision-making process was crucial to meet customer demands as effectively as possible. At Arçelik, daily operations were maintained at pre-pandemic levels despite the challenges created by the pandemic thanks to the immense efforts of our teams. We are also running critical projects to optimize the Product Replacement process.

Arçelik Customer Services Directorate operates in 81 provinces and 619 points of contact with 11,850 Authorized Service employees, 5,950 service technicians and a fleet of 5,218 service vehicles. In 2020, approximately 15 million service requests were met. Our vast service network has a major role in boosting customers' loyalty to Arçelik brands with a focus on offering the best possible service.

The Turkish Standards Institute (TSE) has been auditing our Authorized Services' compliance with the applicable safety and hygiene standards since the start of the pandemic as part of the "TSE COVID-19 Safe Services Certification" process. Authorized Services made significant efforts regarding COVID-19 risk assessments, infection prevention and control action plans, internal and external communication plans, building emergency response teams, drafting case management instructions, COVID-19 return to workplace procedures, developing the fever measurement process, implementing the regular training method, creating cleaning and disinfection plans, and placing posters, boards and warnings to prevent infection. All Services in Turkey has successfully passed the audits and received the "TSE COVID-19 Safe Services Document."

As in previous years, Authorized Services were audited by the Turkish Standards Institute in 2020. As a result of these audits, 40 Arçelik Authorized Services received the "Customer-Friendly Organization" (MDK) certification. In the second phase of project, Arçelik and Beko brands successfully obtained the "Customer-Friendly Brand" (MDM) certification. Our operations in this area will continue to be audited by independent institutions with sustainability in mind.

During the pandemic, our teams provided effective disinfection services for homes and businesses all around Turkey thanks to our vast service network by using green products in compliance with the applicable regulations.

The Customer Service Directorate sets standards in line with Arçelik's corporate structure and develops all its processes to provide customers with a reliable service experience. As a reflection of this approach, Arçelik Authorized Service employees follow our corporate dress code at work. Moreover, service units were updated to better reflect our corporate approach and trained technicians were assigned to provide more detailed information about complex products to customers.

The mileage calculation of the regions outside the residential area served by the Authorized Services is done by an automatic road payment system. This automation system integrates with the Appointment system and determines the appropriate receipt steps via the most efficient daily route.

We started implementing a balanced scorecard system which helped Authorized Services define business objectives at the technician level. Each technician's progress is monitored and their areas of improvement are determined based on five criteria. The balanced scorecard system can be monitored on Authorized Service and Customer Care portals.

Concept service activities aimed at improving brand perception and service quality continued throughout the year. We strove to create an innovative and strong image in many areas from the first interaction with the customer to the design of product and service sale points. Fully-equipped kitchens are available at concept service locations to allow customers experience the products and be directly trained by expert technicians on their use.

Furthermore, the efforts for increased quality of service and customer satisfaction included improving welcoming and registration areas, customer experience areas, small home appliance repair/registration, accessory stands, lounges, signboards, signalization and personnel ID tags at service locations.

On-duty services and weekend and holiday services are among the areas where Arçelik Customer Care makes a difference in the industry and creates a competitive advantage. Authorized Services also offer services for customers until late hours on weekdays. Arçelik Customer Care continuously updates and improves its technological infrastructure. ROTAM project provides significant contributions to efficient management of service processes and enables customers to make appointments from all channels, effectively and efficiently manage the workforce of authorized services and ensure route optimization. Customer appointments can be made with two-hour intervals. Customers can use the advanced digital infrastructure of the Call Center to make appointments and benefit from more flexible scheduling with the next-generation appointment system. Service date and time are provided to customers by phone or via face-to-face meetings. A follow-up text message is also sent to them.

At Arçelik, our service vision is this: "Expert technicians at your service on time, solving your problems at one go." This vision is supported by the "Find My Technician" app launched in Turkey in December 2019. Arçelik customers can now access contact numbers and basic information about service appointments. They can use the link on the app to easily see the whereabouts of technicians on the map and the estimated time of their arrival. Moreover, a photo of the technician is sent to the customer for security. A text message is also sent to the customer as a reminder for the time of appointment.

Service technicians use the Technician Assistant System to deal with product problems online. Product and spare part tracking data are shared with customers during the repair process via SMS. The purpose of this system is to provide accurate data for the customers and create added value.

Authorized Services offer different time options for additional product guarantees, if requested by the customer.

Technical assistance services are offered for 27,500 product models in Turkey. Post-sales service processes are certified with ISO 10002 Customer Satisfaction Quality Management System Document. The quality of service is regularly measured with the Net Promoter Score (NPS) method. Corrective and preventive measures are taken to improve after-sales processes based on NPS results.

160,000 hours of training for 9,100 Authorized Service employees were offered by the Technical Training Unit (Service Academy). In addition to hands-on learning modules and individual performance measurement modules, in 2020, an online learning platform and

remote training modules were introduced to boost efficiency and ensure continuous development.

Corporate Solutions Authorized Services offered virtual class trainings on A/C Products in the second half of 2020. Authorized Service technician training sessions that were conducted face-to-face before the pandemic were divided into virtual class training and in-class training after the pandemic. The tests are administered in the traditional written format by using the test module on the Service Academy platform. Test format reporting was made available with the new software update. In 2020, the training sessions reached a total of 36,100 person-hours, 260 for Corporate Solutions Authorized Service employees and the remaining for various customers.

We use robotic systems (RPA) to check the EFT and bank transfer payments made by customers in case of price differences in product replacements. This system allows the automatic approval of receipts and initiates the logistics process for the new product. This shortens waiting times for customers and increases customer satisfaction.

We are working on classifying 330,000 existing spare parts and 17,000 new spare parts added every year based on 14 criteria. As such, we aim to improve the spare part planning, pricing and storage processes. Spare parts are selected from the diverse spare parts pool based on special formulas and criteria to offer substantial benefits to customers and shorten service time. Selected spare parts are proactively shipped to the services before a customer puts in a request.

The central planning of regional warehouses was a major step toward centralizing the spare parts planning processes. As of the end of 2020, plans for all regions will be centralized. The aim is to standardize planning and increase the efficiency of stock management. This will result in shorter service times and minimum stable materials.

The automatic Order Flow Project was implemented to swiftly meet spare part orders, eliminate manual procedures, and effectively manage spare part transfers between warehouses. With this project, the system starts scanning the warehouses beginning with the nearest one to find missing spare parts and automatically sends the order to the relevant service. This will lessen delays due to manual procedures and ensure a fast and efficient spare part supply process.

Exploded views of current and future products will be designed to be more effective, legible and user-friendly using the latest technologies. This will minimize errors and ensure fast and accurate responses to customer requests.

The Digiport program launched in 2020 makes it easier for Authorized Services to send questions about materials and products from the field. This created advantages in terms of diversity of categories and tracking, and decreased the reporting workload.

Pricing Automation Process automates the processes of stock definition, costing and initial price definition. The project also increased staff efficiency and eliminated the risk of user error. Moreover, it allowed us to quickly and accurately draft the material lists for products that are sent to the field. This facilitated the control and tracking of material definitions from day one. The Dynamic Pricing Model increased profitability by creating up-to-date sales prices based on the purchasing cost of materials and the changing conditions in the market.

We united all plants' material definition process for products assigned to the Product Procurement Directorate (TUD). Product trees were created on SAP for the materials generated by TUD, and the efforts for product tree definitions are still in progress.

Material sales were available only through Authorized Services until recently. Following the system improvements, it is now available from the contracted B2B companies (KMEM, Demirdöküm, BİM, etc.). The Spare Parts Directorate can now issue invoices for stocks at the contracted amount. The Dynamic Pricing Model also had a positive impact on profitability in this field. Material costs and current market conditions are evaluated through regular data checks. Sales prices are updated when deemed necessary. Prices were updated for equivalent materials and a balanced pricing structure was implemented based on classification categories.

A forklift - palette system was designed for suspended floors and high racks at Gebze and Çayırova spare part warehouses in line with OHS rules. With the new system highlighting occupational safety, forklifts place the palettes on high racks and the staff is now required to operate the tool to take the palette. The mechanical system does not consume energy and the tool eliminates occupational safety risks by providing a two-layered system.



A new project titled Secure Ramp was launched at all warehouses in 2020. A Sensor Alert System is activated to warn employees of any issues related to ramps in the warehouses to raise occupational safety awareness among employees. This warning system can be used at warehouses without ramp bellows that use reflective sensors. The sensor scans the immediate area around the ramp, and activates ramp warning lights to alert the passersby to any dangers; this prevents occupational accidents.

With the Quality Intelligence (QI) AI project, we classified services based on errors. This ensured faster and more detailed problem analysis for products. QI indicator tables allow exhaustive analysis of product problems, ensure an accurate and detailed information flow for quality improvements, promote accurate use of resources in quality projects and enable constant monitoring of quality improvement results.

Field teams provide services for thousands of customers on a daily basis. In 2020, their tablets with ARON-2 software were replaced with ARTEMIS which is equipped with a new software platform.

ARTEMIS is;

- Compatible with all mobile devices,
- Fully integrated with the Call Center,
- Makes and receives calls through the telecommunications network,
- Allows monitoring of geographical coordinates,
- Provides easy access to customer's address with map support,
- Allows users to make appointments or place spare part orders to meet consumer demands thanks to its agile, flexible, and interactive system.

With ARTEMIS, technicians can perform all their operations on their own mobile devices without the need to carry a second mobile device with them. ARTEMIS also features a task progress tracker and facilitates interactive communication with customers.

This way, we aim to enhance technician efficiency, improve service quality, and deliver an outstanding customer experience.

In 2020, Arçelik supported frontline health workers for their selfless devotion to maintaining public health during the COVID-19 pandemic. Accordingly, the Company donated 17,304 white goods and small domestic appliances to 202 hospital across Turkey to make sure health workers needs in terms of hygiene and nourishment are met. Hospitals were contacted through a

combined effort by the sales and service teams as well as the dealers. The products were delivered and installed by Arçelik Authorized Services.

Arçelik Authorized Services also helped deliver 1,869 ventilators, a much-needed piece of technology during the pandemic, to 150 pandemic hospitals around Turkey.

Arçelik prioritizes to match the high-quality and eco-friendliness of its products with the way it delivers these products to its customers. In this context, the Dynamic Ring System developed for spare parts ensures fast delivery of products and reduces fuel consumption.

The Foldable Dispatch Box Project is a major step in protecting the environment in the area of Customer Services. Increased demand resulted with an increase in the number of dispatch boxes used. As these boxes are not recyclable, a project was launched to reduce the cost of keeping 209 authorized services in operation on a daily basis, and the result is the foldable dispatch boxes. In this way, cardboard consumption has been reduced and a cost advantage has been achieved. Foldable dispatch boxes ensure that the products are delivered undamaged and more products can be transported with service vehicles.

In line with the Corporate Solutions Business Model, Arçelik offers survey, assembly, maintenance and repair services through 125 Corporate Solutions Authorized Services in Turkey.

Special products and services were offered in the areas of central air-conditioning (VRF systems, A/C hubs, cooling products and fan coils) and professional display solutions.

As the Corporate Solutions Air Conditioning Product Group, collaborations were made with the Arçelik brand in TFF, MESS and important investments in sports, health and technology within the body of the Ministry of Health.

In 2020, 340 PID screens were installed at Intercity Tuzla racetrack before Formula 1 Turkey Grand Prix, a major sports event in Turkey. Beko's Corporate Solutions Professional Displays Product Group was among the solution partners of this important event, which is critical for the promotion of the country.

Arçelik continued to support digital transformation of education in Turkey in 2020. Within the scope of the cooperation initiated with the Ministry of National Education on the supply of smart boards, all after-sales services including the assembly of approximately 43,000 interactive boards in 2,200 schools were organized.

Gas leakages caused by the assembly kit was improved by 7 times with the new assembly kit and an annual 1,863 tons of CO<sub>2</sub> emissions will be prevented.

Internal stakeholders continued to be the most important supporters of Arçelik Customer Services in fulfilling its obligations under the Waste Electrical and Electronic Equipment Control (WEE). Collection of WEEs for recycling from homes of customers and training of customer representatives were two critical factors in boosting customer satisfaction.

The business model designed in line with Arçelik's sustainability vision was implemented on service receipt deliveries all around Turkey. Cardboard package support system, which is used to prevent any damages during transportation, has started with Airplus airbags, an easier-to-use and recyclable material. This resulted with savings in storage space and a reduction in injury risks as an improvement in terms of OHS. Use of Airplus air bags reduced the package supporting process by 40 seconds and resulted with a 58 percent improvement. This created a savings of 244 person/hours. The same workforce can now pack 200 products instead of 120.

#### Education and Development

Arçelik believes that education is the most critical prerequisite for a prosperous society and a bright future, and continued its social projects in 2020.

#### Electrical Household Appliances Technical Training Program – Arçelik Laboratories

Arçelik has been emphasizing the importance of vocational education for many years, emphasizing the need for cooperation between schools and enterprises, and carries out projects to this end.

The Arçelik Electrical Household Appliances Technical Service Program is a first in Turkey. The program is designed to train human resources that keep up with the industry trends and adapt quickly to emerging technologies. The Program is carried out in collaboration with the Ministry of National Education General Directorate of Vocational and Technical Education and aims to train students to become technicians in white goods and air conditioning product groups after receiving training at Arçelik laboratories. The laboratories were equipped with state-of-the-art measuring tools and devices used for servicing electric home appliances.

The second phase of the program was completed between 2011 and 2014, and the second phase was held in the 2015-2019 period.

The program started with four vocational high schools in the 2011-2012 academic year and reached a total of nine vocational high schools in Istanbul, Diyarbakır, Trabzon, Izmir, Ankara, Bursa and Tatvan in the 2015-2016 academic year.

The number of graduates of the program reached 115 in 2013; 112, in 2014; 208, in 2015; 216, in 2016; 216 in 2017; 209, in 2018; 139, in 2019; and 161, in 2020.

As of the end of the 2019-2020 school year, the total number of students who graduated from the Electrical Household Appliances Technical Service Program reached 1,376. From among the graduates, 181 students have been employed at Arçelik Authorized Services.

A total of 65 instructors from the Arçelik Electrical Household Appliances Technical Service Department have received technical training for a total of 22,500 person-hours at the Service Academy since 2011, as part of the Arçelik Turkey Service Academy Training Program. Training sessions continue in line with the needs.

Employees of Authorized Services were supported with 1,174,450 masks (23,489 packages), 1,544,350 pairs of gloves (28,431 packages), 10,134 visors, 375 free-standing disinfectant stands, 572 hand disinfectants, and 6,632 individual hand disinfectants during the COVID-19 pandemic. The Company is still providing these services.

Arçelik has come up with different solutions in the face of increasing hygiene needs during the pandemic process. Disinfecting services have started to be provided throughout Turkey with a wide service network using the biocidal product licensed by the Turkish Ministry of Health in accordance with official regulations. During this process, disinfection was initiated as a business model and a new commercial business area was created for Authorized Services. Above all, customers, homes and workplaces have been disinfected with Arçelik assurance.

It is an inevitable necessity to take measures to mitigate the risk of earthquakes that cause irreversible losses on human life and residential areas. Arçelik therefore launched the Refrigerator Safety Fastening Kit for the purposes of "reducing non-structural risks of earthquakes" as a means to avoid the damages caused by earthquakes. With the refrigerator fastening kit, products are fixed to the wall to reduce the risk of toppling. Kits are mounted by experienced Arçelik Authorized Services.

### 4.3. Human Resources Policy

The Arçelik family closely follows global developments while moving towards our objectives of lasting success and the sustainable transfer of the value we create to future generations. Our shared objectives in line with the vision of “Respects the Globe, Respected Globally” are to ensure that we conduct our business with integrity, create a working environment without any discrimination of unfair treatment, ensure that individuals from different backgrounds, cultures and perspectives work together to develop new ideas and solutions and create a secure and sustainable global value chain.

The Human Resources Policy of Arçelik A.Ş., determined in accordance with the Company strategies, common values and code of conduct, was documented and shared with the employees of local and overseas affiliates. Human Resources Director is responsible for determining and managing the principles of the company’s human resources policy and managing of the relations with the employees. In addition, the Human Resources Directorate is responsible for implementing the human rights principles regulated by the Legal Affairs and Compliance Directorate, periodically revised and revised when necessary. Arçelik A.Ş. recruits talents based on certain criteria and within this criteria Arçelik Leadership Profile is being used covering Grow, Respect and Lead skills are as follows:



Our fundamental principles which direct the Human Resources Policy are given below and in Human Resources practices we act in line with these principles.

- There is a global/local balance in Human Resources systems and practices. As an international company, we respect local regulations, practices and requirements. Where Human Resources policies and practices conflict with local legislation, the relevant country’s legal regulations are taken into account.
- Human Resources Policy of Arçelik A.Ş. is fully aligned with the company’s business strategies and also responds to future needs on top of current organizational requirements.
- All Human Resources Policies and Practices respect and support human rights and oblige the company to avoid any discrimination and create equal opportunities for its employees. Arçelik does not discriminate on ethnicity, race, language, religion, age, sex, sexual preference, nationality, disability, cultural difference or political views. This principle is accepted throughout the company and no formal complaints have been received from employees regarding discrimination. Arçelik Code of Conduct and Codes of Practice, Arçelik A.Ş. Personnel Regulation and all relevant policies put forward binding rules and the company ensures that these rules are implemented to permanently prevent any discrimination and in-house physical, mental and emotional abuse likely to occur between the employees.
- Fairness, consistency and trust lies at the heart of all human resources practices implemented. In line with this principle, job definitions, salaries, criteria of performance and reward system intended for the employees are announced to the employees in accordance with the determined schedule and it’s ensured that all employees are informed equally. Arçelik A.Ş. develops a variety of training programs to address the development needs of all monthly and hourly paid employees, in line with its organizational competence needs, and is offered starting from the start of their employment. Within the scope of the training process, which starts with orientation, functional competencies are also supported by academic and technical training, while social skills are supported by competency training. These solutions are globalized through online training platforms.

- Career plans of employees are made in accordance with knowledge, skills and competences. At annual human resources planning meetings, we identify critical positions and potential employees who will carry the company into the future, monitor the performance of potential employees and support their development, and prepare them for their possible future roles. There are succession plans in place for all management positions and potential employees are included in these plans. This helps us develop candidates to managerial positions and also prevent any interruptions in the corporate management in case of any possible changes in these positions. In 2020, 7.9 percent of our employees underwent assignment, promotion and rotation processes.
- For the purpose of improving Human Resources Standards continuously, Human Resources Practices are revised systematically and regularly and in light of latest developments and the feedback received, Human Resources processes are re-structured.
- At Arçelik A.Ş., opinions of the relevant union are obtained and mutual understanding is ensured before the decisions to be taken regarding the human resources policy changes and system revisions intended for the unionized employees. All unionized employees informed of the changes.
- The confidentiality of our employees is ensured by protecting their personal information pursuant to legal regulations. Arçelik A.Ş. strives to meet current and future business needs in the recruitment and placement process, and provides equal opportunities to all candidates with appropriate training, knowledge, skills, competencies and experience in line with the ethical principles.

The average length of service and age of employees in Turkey is 8.1 years and 34.1 years, respectively.

The Company’s approach in the training and development process is to improve the Company’s performance by working with the principle of continuous improvement in line with the Company’s vision and business goals. We aim to use internal resources effectively and efficiently while planning the current and future development needs of our employees in line with business needs.

In 2020, a total of 417,144 hours of training were provided to employees at our company. The average hourly rate of the training per person was 24.8 hours per monthly paid employees, 23.1 hours per weekly paid employees with 23.5 hours of training provided on average.

Arçelik believes that teamwork and cooperation are the foundation of organizational success, together with individual achievements. Accordingly, the Company uses different development methods to improve the performance of its employees in line with its objectives. The activities carried out in this field are included in the Global Organization section of the Annual Report.

Arçelik A.Ş. evaluates, rewards and make it known within the company any success, invention and/or suggestion that would benefit the Company in order to increase the motivation, commitment and productivity of the employees, put into use the best practices and encourage behaviors that foster productivity. The company determines a fair employment policy through the approach, laws and competitive understanding in compensation management.

Arçelik continues to conduct annual online surveys in Turkey and abroad every two years, knowing that commitment to the workplace is one of the determining factors of happiness in business life.

In 2020, 94 percent of Arçelik employees participated in the Employee Engagement Survey. The result of the overall engagement index was 77.1 percent as the highest result so far. According to the survey results, good practices that were implemented in previous years will be maintained and further projects will be developed to target areas in need of improvement.

Number of Employees	December 2020
Arçelik Turkey Total	20,714
Arçelik Overseas Total	16,699
<b>ARÇELİK GRAND TOTAL</b>	<b>37,413</b>

Arçelik focuses its strong employee experience and continues to listen to its employees while carrying out its actions. Arçelik listens to the opinions of the employees throughout the year with different tools such as one-on-one interviews, surveys and focus group studies and prioritizes the actions.

In 2020, Arçelik received 16,332 applications to Fresh Start Internship Program, which allows the Company to reach new graduates. The event, which was held online for the first time this year, lasted 20 days and 27 events were held. 202 projects were submitted in the online internship program, which included 202 interns, and more than 190 internship advisers participated in the program.

Employee-manager interviews called Development Dialogues continued to be disseminated and strengthened with trainings to support online development weeks and feedback culture. In order to support the children of employees in their career choices, Arçelik Career Days were organized online with Arçelik experts and engineers.

The Service Award Ceremony, which is held physically every year and awarded to our senior employees, and the Pyramid Climbers Award Ceremony, where successful projects are awarded, were held online for the first time this year. In all our directorships, the Success Builders Award Ceremony was held online without interruption and successfully implemented.

Arçelik supports its female employees through the Women Impact program. Arçelik has undertaken many projects to support female employees in their careers by strengthening their role in business life, increase employment rates, and strengthen the bond and support system between female employees in Arçelik. In this context, "She Mate" mentorship program is implemented for the return and adaptation of female employees who have been on maternity leave. Arçelik also launched Women in Leadership and Integral Leadership special development programs to support the leadership development of female employees, and in 2020, efforts continued to transfer these programs online due to COVID-19.

In order to raise awareness of the expressions that cause gender discrimination in language and behavior, efforts were made to migrate Seminars and Workshops on Gender Stereotypes Learned through Language and Behavior online and these seminars are planned to be implemented in 2021.

"Kızcode" program is held for the children of Arçelik employees aged between 11-15 offering coding and animation trainings.

The purpose of this program is to help our girls expand their perspectives on technology and digitalization, unearth their talents and evaluate their projects on different platforms. With the onset of the COVID-19, our coding training was moved online and allowing them to reach larger audiences.

With the father support program, we aimed to strengthen intra-family communication. We plan to implement the training sessions aimed at minimizing sexist approaches online in 2021.

### Industrial Relations

Arçelik A.Ş. respects and supports the rights of its employees to unionize in accordance with the company's industrial relations policy. The company pays strict attention to maintaining the peaceful working environment it has created on the basis of mutual trust between its employees and unions and by respecting the applicable law and collective bargaining agreements. The Company takes local conditions, customs and practices, which are specific to the regions and countries in which it operates, into account in order to maintain the peaceful working environment it has created, even though these are not included in the agreements into which the company has entered.

Within the frame of Industrial Relations Policy, Arçelik considers labor unions as social stakeholders and not adversaries. Therefore, the Company always attaches great importance to be on good terms with labor unions and to maintain good relations. Providing better working conditions to the social stakeholders is an important goal of the Company. Accordingly, besides conforming to law, social aids such as better working conditions, better occupational health and safety, maternity, death, education and marriage supports are included in collective bargaining agreements and care is taken for their implementation.

Arçelik A.Ş. strives to ensure the peace and continuity of work in accordance with the relevant provisions of the Collective Labor Agreement. The following are the social rights applied to all employees, unionized or non-unionized:

- 4 salary bonuses per year,
- Fuel allowance,
- "Leave allowance" before annual leaves,
- "Special allowance" before religious holidays,
- Monthly payment under the name of child pay,
- Childbirth, marriage, bereavement, military service and education allowances,
- Social leaves (marriage leave, bereavement leave, maternity leave, natural disaster leave)

- Transportation and daily food allowances in kind,
- Complementary health insurance,
- Annual leave entitlements are specified under collective bargaining agreements. The right of leave granted beyond the legal periods is applied to all employees, unionized or non-unionized.
- Starting pay levels and salaries of unionized employees are determined based on the type of work they will perform according to the collective bargaining agreement.

A Collective Labor Agreement valid from September 1, 2019 to August 31, 2010, was signed on January 29, 2020 between the Turkish Metal Workers Union and the Turkish Metal Industrialists Union (MESS), of which we are a member.

### Occupational Health and Safety (OHS)

The maxim of our founder Vehbi Koç that "Our most important asset is our human resources" is one of the fundamental elements of our Arçelik's corporate vision. Protecting the health and ensuring the safety of our employees and visitors in our facilities is our top priority. Accordingly, we manage our OHS activities in accordance with the requirements of the relevant legislation, Arçelik OHS Policy and the goal of continuous improvement.

*Arçelik Occupational Health and Safety Policy:*

*Arçelik and its employees comply with all applicable national and international occupational health and safety laws and regulations and create a safe and healthy working environment in line with occupational health and safety management system based on continuous improvement.*

- *We perform our activities to: Analyze and minimize the occupational health and safety risks arising in the working environment,*
- *Conduct training activities in order to develop and increase the awareness of occupational health and safety issues,*
- *Take measures to achieve a zero work accident rate and a zero occupational disease rate and increase productivity.*
- *In line with these objectives, we manage our activities under the umbrella of Quality and Environmental Management Systems, and are working hard to become an exemplary business within the consumer durables industry through a pioneering approach to occupational health and safety.*

In accordance with our OHS Policy, OHS issues are included in the targets of the relevant departments and employees and monitored

throughout the year with the performance management system. With topics determined under the Arçelik Occupational Health and Safety Action Plan and projects developed in relation with such topics, both continuation is ensured for compliance with the relevant legislation and aims to prevent a possible occupational accident and health problem.

In 2020, the Accident Frequency Rate, which indicates the frequency of occupational accident compared to the total actual working time, was 2.80 and the Accident Severity Rate, which indicates the working day loss occurred due to occupational accidents compared to the total actual working time, was 0.062.

Arçelik supports the employees in continuously establishing communication in this regard both with each other and with their managers and provides guidance on OHS matters.

At Arçelik, which aims "zero work accident rates and zero occupational disease rates" for all its employees; engineering solutions such as security and automation systems intended for preventing them in the phase of design and planning, performing health checks of its personnel at recruitment and subsequent periods, and various other methods and tools such as personal protective equipment are used to prevent work accidents and occupational diseases.

In 2020, occupational safety specialists and workplace physicians organized a total of 151,398 person-hours of OHS training on regulatory requirements and technical matters at all Arçelik facilities.

Arçelik General Directorate and all production facilities continued to meet the requirements of the global management system certificate following the inspections of ISO 45001 Occupational Health and Safety Management System Standard carried out in our international and national locations in 2020.

In order to evaluate our efforts to protect the health and safety of our employees during the pandemic, Arçelik's production facilities in Turkey received a "Safe Production Certificate" and Arçelik's production facilities abroad received a "Trusted Workplace Certificate" following the audits carried out by independent accredited audit institutions.

#### 4.4. Code of Conduct and Social Responsibility

The company aims to ensure customer satisfaction, offer world-class products and services of universal quality by using natural resources efficiently, and contribute to economic and social development. Accordingly, the Company strives to be a global symbol of credibility, continuity and respectability in the eyes of all of its customers, shareholders, employees, suppliers, dealers and authorized services; in other words, all of its stakeholders

We accept the standards established by Vehbi Koç, the founder of Koç Group, as our guiding principles;

- Our Customers are our benefactors,
- Our ultimate goal is to always be the best,
- Our most important capital is our human resources,
- Our goal is to create wealth for continuous development,
- We strive to strengthen the Turkish economy from which we derive our own strength,
- Superior business ethics and honest working principles are the foundations of our business conduct.

The company has based its Global Code of Business Ethics and Related Policies on the above mentioned principles in order to provide its employees and others who represent the Company with a guiding document that would help them when making decisions.

In 2019, Arçelik A.Ş. Ethical Conduct Rules and Application Principles were updated based on the developing and growing structure of Arçelik A.Ş. as Global Code of Business Ethics and Related Policies and we have distributed it to all affiliates in 2020. In order to inform the Legal Affairs and Compliance Directorate about actions that are not in compliance with our renewed Global Code of Business Ethics and Related Policies, an Ethics Hotline has been implemented for our production countries and also mechanisms that can be notified via email and website-based Ethics Hotline for all other countries have been implemented. Arçelik is committed to protecting notifiers by handling all notifications confidentially.

Arçelik Legal Affairs and Compliance Directorate has created face-to-face and online training programs to ensure full compliance with the Global Code of Business Ethics. The training includes the Global Code of Business Ethics and Related Policies, including the fight against bribery and corruption, as well as the prevention of discrimination and human rights violations. In 2020, more than 8,500 employees, 28.3 percent of Arçelik's total workforce, received live training via remote access. However, we conducted our trainings with one-on-one sessions for our senior management.

Arçelik A.Ş. complies with the human rights and employee rights directives set forth by international initiatives of which it is a voluntary member. The Company ensures that its approach and applications are audited by independent audit companies. The Company is a part of Koç Group which has signed the United Nations Global Compact and complies with the human rights and employment standards principles therein. The Company discloses its performance in this area for review of its stakeholders through annual and sustainability reports.

With the Code of Business Conduct, Arçelik undertakes to act in compliance with the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the Universal Declaration of Human Rights (UHDR) independently of whether or not these principles have been adopted in the countries in which it operates.

All employees of our company are treated equally, regardless of ethnicity, race, language, religion, age, gender, nationality, disability and cultural differences. This approach starts with the recruitment policy and is based on the principles of the right person for the right job, equal pay for equal work, merit-based promotion and equal opportunities for all. The principles of respect for human and employee rights are at the heart of all our human resources processes. In this sense, we provide our employees with a non-discriminatory and fair working environment where employees have equal opportunities, there is mutual trust and respect for human rights, implement a merit-based payment and additional benefits policy and secure our employees' rights to unionize and engage in collective bargaining.

We commit to act in accordance with the laws and regulations to offer equal rights and prevent discrimination throughout the value chain, secure a non-discriminatory working environment and prevent "Child Labor and Forced Labor" in line with the labor legislation as well as policies established within this framework. We take due care to ensure that the practices we apply at our Company are also embraced by all of our stakeholders and employees. All of our employees are expected to demonstrate attitudes and behaviors that will ensure the integrity of our company and to maintain the reputation and improve the integrity of our company and its corporate structure. All our employees and business partners, including temporary employees, are obliged to comply with the Global Code of Business Ethics and Related Policies. Global Code of Business Ethics and Related Policies are disclosed to public in detail on our Company's website. <https://www.arcelikglobal.com/tr/sirket/hakimizda/global-is-etigi-ilkeleri/>

A copy of the Global Code of Business Ethics and Related Policies are provided to all Arçelik employees in exchange for their signatures, at the day of their employment. Furthermore, a copy of the Global Code of Business Ethics and Related Policies is provided to all new recruits and their completion status is regularly checked.

We attach great importance to our code of ethics based on the fundamental principles established by Vehbi Koç, the founder of Koç Group, to ensure the continuity of our system. Arçelik Global Ethics Committee oversees the process and implementation of the Global Code of Business Ethics and Related Policies. The Global Ethics Committee is led by our CEO, underlining the fact that the approach of the senior management is directly related to establishing an ethical culture.

The Global Ethics Committee consists of the CEO (Chairman), CFO, Legal Affairs and Compliance Director, Human Resources Director and relevant Assistant General Managers. The Legal Affairs and Compliance Directorate is responsible for regulating human rights principles, periodically reviewing them and revising them when necessary, and the Human Resources Directorate is responsible for implementing these principles.

Furthermore, it is the fundamental duty and responsibility of the employees in managerial positions to display the required level of effort and leadership, to announce the Global Occupational Ethics Principles and relevant Policies to all employees, to ensure that the employees put required level of importance on those policies, and to ensure that the all employees act in alignment with them all the time.

The Code of Business Ethics shapes Arçelik operations globally. Therefore, our daily compliance with the Global Code of Business Ethics and Related Policies is under the responsibility of the country manager of each geographical operation, this includes all commercial and functional activities in this region, and ultimately, this responsibility has been entrusted to our CEO. "The Responsibility of the CEO" applies to all Global Code of Business Ethics and Related Policies. All group companies, functions and all department managers must comply with these rules.

All stakeholders are expected to comply with the Global Code of Business Ethics and Related Policies

Arçelik is among the companies to sign the Code of Business Ethics published by the European Association of Home Appliances Manufacturers (APPLiA). The Code of Conduct guarantees a

sustainable performance in relation to the working conditions, environmental laws and standards that are stipulated and required by national laws and international conventions.

Furthermore, Arçelik ensured that its production facilities are audited by independent audit firms based on the criteria established by Business Social Compliance Initiative (BSCI) and the Suppliers Ethical Data Exchange (Sedex), which are widely accepted in the European Union, and obtains compliance reports as a result of regular audits.

The company has adopted an approach which focuses on protecting and preserving the environment and natural resources in cooperation with its partners both during production and non-production activities while at the same time developing and manufacturing innovative products. It undertakes within the frame of Global Occupational Ethics Principles that compliance with national and international legal requirements intended for the protection of the environment and human health within the scope of its activities is the minimum standard. The company regularly organizes training programs for its employees to extend the awareness about the protection of environment and natural resources and combating with climate change and carries out projects with public and nongovernmental organizations in Turkey to raise awareness of the public and maintains its support for carried out projects and efforts.

The corporate citizenship approach discussed in detail in the Social Responsibility section of the report is based on the goal of respect for society and leaving a better world for future generations. In both its operational geography and beyond Arçelik implements various social projects that are in touch with human needs. Arçelik's understanding of corporate citizenship is aligned with the UN Sustainable Development Goals, and its corporate citizenship strategy focuses on supporting seven global goals: Good Health and Well-Being, Quality Education, Gender equality, Decent Work and Economic Growth, Responsible Consumption and Production, Climate Action, and Partnerships for the Goals.

Corporate citizenship in Arçelik focuses on the following issues:

- Add value to society and the environment with its global brands and to work for a purpose.
- Work to develop smart technologies and solutions that serve the local needs and priorities of people living in countries where it does business.
- Establish partnerships involving different stakeholders by going beyond the sector to expand its sphere of influence, support sustainability and social responsibility

Arçelik focuses on leading change and improving lives with social programs and projects it conducts with its global and local brands. While these projects enable each brand to expand its customer pool by reinforcing its reputation in the field of social responsibility, they have been implemented to create maximum social impact in line with the company's priorities in the field of corporate citizenship:

- Healthy future generations through education and innovative technologies
- Fighting food waste within the scope of the philosophy of Respect for Food
- Solutions to the needs of local communities in Turkey, Romania, South Africa and Pakistan through volunteering programs empowering young people and women

Sustainability approach of the company is to act by looking after the social, economic, environmental and ethical dimensions of its operations, to follow-up these dimensions by integrating them into the corporate business targets and to manage its operations with sustainability principles within the frame of corporate policy and strategies. The company evaluates the risks and opportunities regarding the sustainability and expectations of the internal and external stakeholders as important inputs for its operations.

The General Manager assumes executive responsibility for the social and environmental performance of the company whilst the Corporate Brand and Projects Management is responsible for coordinating and reporting on Arçelik's corporate citizenship programs. Led by the Strategic Communication Group Management within the Global Communication Directorate, the team works closely with both internal and external stakeholders to implement social projects in line with Arçelik's material issues. Employee volunteering programs within the scope of these corporate citizenship projects are coordinated by the Social Clubs Management within the HR Directorate.

The Sustainability Board chaired by CFO is responsible for managing sustainability issues in Arçelik, determining climate crisis policies and strategies according to risks and opportunities, integrating sustainability with business processes, and monitoring sustainability performance. The Board that is created with the participation of the Senior Management of Arçelik, the members of the board control and coordinate the sustainability activities in the fields of their responsibility and chair Sustainability Work Groups. In order to ensure the implementation and dissemination of the decisions taken in the Sustainability Board and to report the relevant developments, five separate working groups were formed: Environment, Energy, Green Chemistry, Sustainable Supply Chain, and OHS. Risk and opportunity studies that are carried out by the Working Groups and presented to the Sustainability Board are reported to the Risk Management Committee twice a year. In order to ensure that sustainability is integrated at the highest level into company strategies, Koç Holding Durable Consumption Group Chairman and Quality, Sustainability and Official Relations Director, one of the members of the Board of Directors, report to the Board of Directors on sustainability every quarter and ensure the development of sustainability strategies. In line with the Board of Directors resolution No. 1047 and dated December 29, 2020, Koç Holding President of Consumer Durables who is also a Board Member in Arçelik has been appointed as the Board Member responsible to oversee the cybersecurity strategy of Arçelik Global given his experience in this area and he involves actively in the Information Security Committee.

Presenting its priorities, practices and business results in the field of sustainability to its stakeholders in an efficient and transparent way, Arçelik publishes an annual "Sustainability Report" in accordance with Global Reporting Initiative (GRI) standards every year since 2008. Arçelik 2019 Sustainability Report, prepared in accordance with the GRI Standards Core option, includes the Company's activities on ethics and compliance system, stakeholder management, talent management, responsible production and consumption, R&D and innovation, sustainability management in the value chain, gender equality, training, and other social development issues. The Company's efforts on climate change crisis are explained in the section titled "Environmental Approach to Products and Production" of the Annual Report.

Activity and Sustainability reports are available on [www.arcelikas.com](http://www.arcelikas.com) and [www.arcelikglobal.com](http://www.arcelikglobal.com) websites.

## SECTION V: BOARD OF DIRECTORS

### 5.1. Structure and Formation of Board of Directors

#### Members of Board of Directors (MoBD)

MoBD Name	Function	Independence Status	Date of Appointment	Term of Office	Functions in Board of Directors and Committees	Tasks out of the Company
Mustafa Rahmi Koç	Chairman	Not Independent Member	25.03.2020	1 year	Chairman of the Board, Chairman of Executive Committee	Board Membership for Group and Non-Group Companies
Mehmet Ömer Koç	Deputy Chairman	Not Independent Member	25.03.2020	1 year	Deputy Chairman of the Board, Member of Executive Committee	Board Membership for Group Companies
Semahat Sevim Arsel	Member	Not Independent Member	25.03.2020	1 year	Board Member, Member of Executive Committee	Board Membership for Group Companies
Yıldırım Ali Koç	Member	Not Independent Member	25.03.2020	1 year	Board Member, Member of Executive Committee	Board Membership for Group Companies
Levent Çakıroğlu	Member	Not Independent Member	25.03.2020	1 year	Board Member, Member of Corporate Governance Committee	Board Membership for Group Companies
Robert Sonman	Member	Not Independent Member	25.03.2020	1 year	Board Member	Board Membership for Non-Group Companies
Fatih Kemal Ebiçlioğlu	Member	Not Independent Member	25.03.2020	1 year	Board Member, Member of Risk Management Committee	Board Membership for Group Companies
Hakan Hamdi Bulgurlu	Member, General Manager	Not Independent Member	25.03.2020	1 year	Board Member	Board Membership for Group Companies
Kâmil Ömer Bozer	Member	Independent Member	25.03.2020	1 year	Board Member, Committee Chairman Responsible for Audits	Board Membership for Group and Non-Group Companies
Müzeyyen Münire Gülay Barbarosoğlu	Member	Independent Member	25.03.2020	1 year	Board Member, Chairman of Risk Management Committee	
Ahmet Turul	Member	Independent Member	25.03.2020	1 year	Board Member, Chairman of Corporate Governance Committee, Member of Committee Responsible for Audit	Board Membership for Non-Group Companies
Tuğrul Fadilloğlu	Member	Independent Member	25.03.2020	1 year	Board Member	Board Membership for Non-Group Companies

The table above lists information on non-executive Board Members, except for the General Manager Hakan Hamdi Bulgurlu, as defined by the CMB Corporate Governance Principles.

As per the Articles of Association, the activities of the Company are carried out by a Board of Directors that compose of at least five (5) members who will be elected with the resolution of General Assembly within the framework of Turkish Commercial Code and the Capital Markets Board regulations. In accordance with the Structure of the Board of Directors regulation included in the Article 4.3 of Capital Markets Board's Corporate Governance Principles (CMB CGP), arrangements that are required for including independent members in the Board of Directors, have been accepted at the General Assembly dated March 29, 2012, by making necessary amendments in the Articles of Association. The General Assembly of the Company held on March 25, 2020 resolved that the Board of Directors be composed of 12 members, including four independent members which is no less than one third in line with CGC CGP article 4.3.4.

The Board Members are determined in such a way to function efficiently and in a constructive manner, make quick and rational decisions and organize the activities of the committees effectively.

Within the scope of Articles 395 and 396 of the Turkish Commercial Code, the approval regarding the Board Members to carry out the activities that are included in the Company's field of activity on their own or behalf of others and to participate in the companies that carries out such activities has been obtained at the General Assembly held on March 25, 2020.

The duties of the Chairman and CEO of the Board of Directors are carried out by different individuals. The members of the Board of Directors take care to set aside the time required for the company's business and there are no restrictions on the assumption of other duties or duties outside the company. No such limitations are needed, particularly because of the significant contribution of independent members' business experience and industry experience to the Board of Directors. Shareholders are informed about the member's background and duties outside the company prior to General Assemblies. The Annual Report contains the resumes of the Board Members, the CEO and the Assistant General Managers.

The duties of the Nomination Committee and the Remuneration Committee are performed by the Corporate Governance Committee. Number of independent member nominees submitted to the Corporate Governance Committee for the General Assembly

dated March 25, 2020 is four, statements of independence and resumes of these individuals were evaluated in the resolution of the Corporate Governance Committee dated January 7, 2020 and January 23, 2020 and of the Board of Directors dated January 8, 2020 and January 24, 2020 and it was decided that all of them are determined to be independent member nominees. By getting the approval of Capital Market Board through the letter dated January 21, 2020 and January 31, 2020 for four independent member nominees (Kâmil Ömer Bozer, Müzeyyen Münire Gülay Barbarosoğlu, Ahmet Turul, and Tuğrul Fadilloğlu) and these four nominees are selected as independent members of board of directors for one year by the General Assembly dated March 25, 2020. No situation arose that compromises the independence of an auditor in the activity period for 2020.

Following the General Assembly on March 25, 2020, when the members of the Board of Directors were elected, the Chairman and the Deputy Chairman of the Board of Directors were determined by taking a decision on the assignment.

The members of the Board of Directors are experienced professionals who have served professionally for many years. The Company benefits from the knowledge and experience of the members of the Board of Directors at the highest level. Board members can freely express and express their views, free from any influence.

We believe that ensuring the diversity of accumulation of knowledge, experience and opinion before the Board of Directors will make positive contribution to the efficient operation of the Board of Directors and to the company activities. Work has started with the aim of reaching a minimum of 25% for female board members within 5 years, who are also a tool to ensure that different views are represented on the Board. Our policy is publicly available. Currently, the Board of Directors has two female members, Semahat Sevim Arsel and Münire Gülay Barbarosoğlu, and the rate of female members is 17 percent.

## 5.2. Operating Principles of Activity of the Board of Directors

The Board of Directors holds meeting when it is required for the activities of the Company. The Board of Directors held one physical meeting in 2020 due to COVID-19 outbreak with an attendance ratio of 91.66 percent and 40 resolutions were passed by the Board of Directors throughout the year. Independent board members approved all resolutions. If there are different opinions and grounds for opposing votes explained at the Board of Directors meetings,

the decision is recorded in the minutes. In this case, the detailed justifications for the members who cast opposing votes are disclosed to the public. Each member of the Board of Directors has one vote. However, no public disclosure was made since no such opposition or disagreement was expressed at the Board of Directors meetings held in 2020.

The Agenda of the Board of Directors are determined by the notification of matters that it is clearly decreed by the applicable law to be concluded by the resolution of the Board of Directors, made by related departments to Company's Senior Management and the Board Members. In addition, the agenda of the meeting can also determined by a member of the Board of Directors notifying the senior management of the Company about a decision on an important matter. The matters that are requested to be discussed at the Company's Board of Directors are gathered at the office of the Assistant General Manager of Finance and Accounting, consolidated and raised on the agenda.

Arçelik A.Ş. has appointed Assistant General Manager of Finance and Accounting for determining the agenda of Board of Directors' Meetings, issuing resolutions of the Board of Directors, informing the Board Members and providing communication.

The Board of Directors meetings are held at the company headquarters or at a convenient location in the city where the headquarters is located. Important Board resolutions are announced to the public through the Public Disclosure Platform (PDP) and posted on the website in Turkish and English.

The Company has subsidiaries and affiliates. Considering that it would be in the Company's interest for its members to take part in the management of these companies, Board Members are not restricted from taking these duties outside the Company.

The Company's Board of Directors is clearly defined in the Articles of Association. The authorized signatures are detailed in the company's signature circular.

The Board of Directors takes a leading part in maintaining efficient communication between the company and the shareholders, settling and resolving disputes and for this purpose the Board of Directors works in close cooperation with Corporate Governance Committee and the Investor Relations Unit.

"Management liability insurance" is provided for the members of the Board of Directors and senior executives of the Company.

The Board of Directors oversees the Company's activities and evaluates any possible conflict of interests as well as the outcome of such conflict in terms of the Company and takes the course of action to safeguard the interests of the Company. The Board also evaluates the compliance of related-party transactions with the applicable regulations and considers the risk of misconduct with due diligence.

## 5.3. The Number, Structure and Independence of the Committees Established Under the Board of Directors

According to the Articles of Association, the Board of Directors may establish committees or sub-committees that consist of its members and/or non-members on matters that it deems appropriate, provided that they comply with the provisions of the relevant legislation.

The provisions set out in Article 4.5 of the CMB Corporate Governance Principles were applied in the selection of the members in the committees formed after the Ordinary General Assembly held on March 25, 2020.

An "Audit Committee" was established in the company to ensure that the Board of Directors fulfills its duties and responsibilities properly. The Audit Committee regularly carries out its activities in compliance with the Capital Markets Regulation and the CMB's Corporate Governance Principles. All members of the Audit Committee were selected from among the independent members of the Board of Directors. This committee was composed of two members, and Kamil Ömer Bozer was appointed as the Chairman and Ahmet Turul was appointed as a member. An in-house Audit Committee was established for the purpose of auditing the operations of accounting and reporting systems to be in compliance with the applicable laws and regulations, public disclosure of financial statements, the operation and efficiency of internal audit systems and it held four meetings in 2020.

Tasks, Responsibilities and Working principles of Audit Committee;

- Designation of the independent audit firm, drafting of the independent audit agreement, initiation of the independent audit process, and supervising the activities of the independent auditor,
- Evaluation of the independent audit firm based on the independence criteria, statement of independence and additional services that can be provided by the firm,
- Evaluation of the feedbacks made to the Committee by the independent audit firm about the independent audit

- as well as significant issues on accounting policy and implementations, determination of alternative application and public disclosure options related with the CMB's accounting standards and accounting principles previously notified to the Company by the independent auditor as well as possible outcomes and implementation proposals,
- The methods and criteria to be applied for reviewing and finalizing complaints received by the partnership in relation to the accounting, reporting and internal control system and independent audit of the Company, and determining the methods and criteria to be used for evaluating the notifications made by the company employees regarding the accounting, reporting, internal control and independent audit matters of the partnership within the scope of the confidentiality principle,
  - Reporting of the annual and interim financial tables to be disclosed to the public to the Board of Directors in writing, alongside the opinions of the Company's managers and independent auditors on the compliance of these with the accounting principles used by the Company, and their reliability and accuracy with their own assessment, and
  - Performing other tasks assigned to the Committee by the CMB Regulations and the Turkish Commercial Code.

Detailed information on Tasks, Responsibilities and Working Principles of Audit Committee is available at [www.arcelikas.com](http://www.arcelikas.com).

In accordance with the Corporate Governance Principles issued by Capital Markets Board, an in-house Corporate Governance Committee was established for the purpose of monitoring the compliance of the Company, performing activities for improving the compliance and providing recommendations to the Board of Directors. Tasks of the Nomination Committee and Compensation Committee are also carried out by the Corporate Governance Committee. On Friday, April 10, 2020, Ahmet Turul, an independent board member was appointed as the chairman of the Corporate Governance Committee and board member Levent Çakıroğlu and Polat Şen, Manager of the Investor Relations Department, were appointed as members. The Corporate Governance Committee held seven meetings in 2020.

Tasks, Responsibilities and Working Principles of the Corporate Governance Committee;

- Establishes whether the corporate governance principles are implemented at the Company, the grounds for non-implementation, if applicable, and the conflicts of interest arising from failure to fully comply with these principles and provides recommendations to the Board of Directors for

- improving corporate governance practices,
- Monitors the work of the Investor Relations Unit.
  - Reviews the "Corporate Governance Principles Compliance Report" to be disclosed to the public to check whether the information included therein is accurate and consistent with the information available to the Committee,
  - Ensures that the Corporate Governance Principles are developed, adopted and implemented in the Company and conducts works on issues where they are not implemented and provide recommendations to the Board of Directors for improving the degree of compliance,
  - Tracks the Corporate Governance Principles in the world to provide recommendations to the Board of Directors for implementing the necessary elements in the Company,
  - Establishes a transparent system on determining, evaluating and training candidates suitable for the Board of Directors and managerial positions with administrative responsibilities and carries out works to determine policies and strategies in this regard.
  - Evaluates the nominations for independent Board membership including the management and investors, taking into consideration whether the candidate bears the independence criteria or not, and presents its relevant assessment to the Board of Directors for approval.
  - Carries out evaluations for the selection of independent members to perform the duties in the first general assembly meeting to ensure the minimum number of independent members in case of vacancy in independent memberships of the Board, and informs the Board in writing.
  - Makes regular evaluations on the structure and efficiency of the Board of Directors and submits recommendations to the Board of Directors on potential changes in this regard.
  - Determines and observes the approach, principles and practices on the performance evaluation and career planning of the members of the Board of Directors and senior executives.
  - Formulates and monitors its proposals regarding the principles for compensating the Board of Directors and senior executives, in view of the long-term goals of the Company.
  - Establishes criteria to be used in remuneration in connection with the performance of the Company and the member.
  - Taking into consideration the degree of fulfilling the criteria, submitting recommendations to the Board of Directors on remuneration to be given to the members of the Board of Directors and senior executives, are the duties of the Committee.

Detailed information on Tasks, Responsibilities and Working Principles of Corporate Governance Committee is available at [www.arcelikas.com](http://www.arcelikas.com).

From among the independent members, Müzeyyen Münire Gülay Barbarosoğlu has been elected as the Chairman and Board Member Fatih Kemal Ebiçlioğlu has been appointed as the member of Risk Management Committee, which has been established for the purpose of early detection and evolution of financial strategic, operational, compliance and all external risks that may affect our Company, calculating the effects and probabilities, managing these risks in accordance with the Company's enterprise risk appetite profile, regular reporting of risks, considering in decision-making mechanisms and accordingly providing recommendations and suggestions to the Board of Directors for creating and integrating efficient internal control systems. The Risk Management Committee held six meetings in 2020.

Tasks, Responsibilities and Working Principles of the Risk Management Committee;

- In the context of Corporate Risk Management (ERM) defines and evaluates the actual and potential risk factors that may impact the Company in reaching its objectives and determines the principles on managing relevant risks in accordance with the risk-taking profile of the company and ensures that these are used in the decision-making mechanisms,
- Identify the risks to be held, managed, shared or completely eliminated in the company according to the probability and impact calculations,
- Ensuring the integration of risk management and internal control systems into the corporate structure of the company,
- Reviews the risk management systems and observes that practices in the relevant departments undertaking risk management responsibility are carried out in compliance with the committee decisions,
- Provides early identification of technical bankruptcy, warns the Board of Directors in this regard and develops recommendations regarding measures,
- Performing other tasks assigned to the Committee by the CMB Regulations and the Turkish Commercial Code.

Detailed information on Tasks, Responsibilities and Working Principles of Risk Management Committee is available at [www.arcelikas.com](http://www.arcelikas.com).

In order to offer efficient coordination between the Board of Directors and the management structure, an Executive Committee has been formed, tasked with increasing the efficiency of the Board of Directors, ensuring efficiency in the subjects of business

development and investment in areas aligned with strategic aims, and to offer suggestions and recommendations in that respect. The purpose of this committee is to closely monitor the developments in the Company and its industry and to inform the Board of Directors when necessary, since the Board of Directors cannot meet at the required frequency and time; Coordinate the Company's administrative structure with the Board of Directors; Develop appropriate strategies for the company and provide recommendations for the effectiveness of the activities. Chairman of the Board of Directors Mustafa Rahmi Koç was appointed as the Chairman of the Executive Committee and board members Semahat Sevim Arsel, Mehmet Ömer Koç and Yıldırım Ali Koç and Caroline N. Koç were appointed as committee members.

Tasks, Responsibilities and Working Principles of the Executive Committee;

- Ensures that the necessary preparations, analyses and evaluations such as impact on activities, financial aspect, legal situation and compliance with strategic priorities, are completed before significant issues to be decided by the Board of Directors are submitted for approval by all the members,
- Ensures submission to the Company management and deployment of issues decided by the General Assembly or a Board Decision in accordance with specified directives and policies,
- Checks that the Company activities are performed in compliance with Board Decisions and annual business plans,
- Tracks the economic, social and political developments in the industry in which the Company operates to evaluate their impact and determines strategies to increase competitive power,
- Determines potential opportunities in accordance with the set strategies by monitoring the dynamics of the industry,
- Monitors the strengths and weaknesses of the company through internal analyses and the opportunities and threats through external analyses,
- Investigates internal and external growth opportunities that will ensure that the Company reaches its strategic objectives,
- Observes the functioning of systems that will ensure creation of the Company business programs, their revision according to external developments and their use as performance criteria,
- Tracks the management of strategies and projects accepted by the Board of Directors,

- Evaluating important legal developments that may impact the activities and their impacts are the duties of the Committee.

Detailed information on Tasks, Responsibilities and Working Principles of Audit Committee is available at the website [www.arcelikas.com](http://www.arcelikas.com).

The duties, operation principles and the members of these committees were disclosed in detail to the public by posting on the Company's website ([www.arcelikas.com](http://www.arcelikas.com)).

#### 5.4. Risk Management and Internal Control Mechanism

The Board of Directors established, and in certain periods, reviews the risk management and internal control systems to identify risks that may affect the Company's stakeholders, especially the shareholders, and minimize their impacts and reduce the likelihood that they will occur.

With the decision taken by Arçelik A.Ş. Board of Directors at the meeting on 16.07.2010 for the purpose of ensuring efficient operation of committees within the body of Board of Directors in accordance with Article 378 of Turkish Trade Law number 6102 and Corporate Governance Communiqué of Capital Market Board; a Risk Management Committee was formed in order to carry out activities for early identification of risks which may jeopardize the existence, development and continuity of the company, application of relevant actions concerning identified risks and managing risks. M. M. Gülay Barbarosoğlu, Independent Member of the Board of Directors, is the chairperson of this Committee. Other member of the committee is Fatih Kemal Ebiçlioğlu, a Board Member.

The Risk Management Committee held six meetings in 2020. The Risk Management Committee's task is offering proposals and recommendations to the Board of Directors on early detection and evaluation of risks which may affect the company, determination of their impacts and possibilities, managing and reporting these risks in accordance with the company's risk appetite, taking actions for mitigating the impacts and probabilities of risks and establishing effective internal control systems.

The Enterprise Risk Management Directorate managed by the Assistant General Manager of Finance and Accounting uses risk management systems to manage, coordinate and supervise the financial, strategic, operational, compliance and external risks which

may affect the Company and reports them to the Risk Management Committee.

The Internal Audit Department is managed by the Assistant General Manager of Finance and Accounting to ensure the healthy execution of internal control mechanism, and delivers reports to the Audit Committee at the meetings held during the year. Committee constantly supervises the execution and effectiveness of system and presents to Board of Directors the issues and suggested solutions regarding the risk management and internal control mechanism when required.

#### 5.5. Strategic Targets of the Company

The Board of Directors of the company keeps the risk, growth and return equilibrium of the Company at an optimum level through the strategic decisions taken and manages and represent the Company by primarily looking after the Company's long-term interests with a smart and cautious risk management approach.

The Board of Directors determines the strategic targets of the Company, identifies the needed human and financial resources and audits the performance of management.

The Board of Directors audits the compliance of the Company's activities with legislation, the Articles of Association, internal regulations and policies established.

Mission and Vision as well as Main Business Targets of the company are indicated below:

The mission of the company is to develop, manufacture, offer and provide products, which meet the customer needs by going beyond their expectations, make life easier and which are affordable, user-friendly and reliable, to provide after-sales services and continuously develop and grow in target markets by ensuring the satisfaction and long-term loyalty of the customers and employees and utilizing the resources in most efficient manner and meeting the expectations of stakeholders in line with corporate values, targets and strategies of Koç Group.

The company has adopted the vision of "Respects the Globe, Respected Globally." Company "Respects the Globe" because it is environmentally friendly, respects human beings and is aware of their responsibilities. The Company is "Respected Globally" because it always aims higher.

The Company's main business goals are as follows:

- Achieve sustainable growth by growing in existing markets and expanding into new markets
- Continuing the level of profitability to achieve sustainable growth
- Focus on R&D, innovation, quality, design, brand and customer
- Improving the capabilities for offering pioneering, innovative and environment and climate-sensitive products, solutions and technologies during the product life cycle to provide added value for customers and society
- Developing and retaining global organization and capabilities by managing the differences with a human-oriented approach.

The Board of Directors evaluates and approves the Company's vision and main business goals. These goals are shared with the public in the annual reports, on the company's website and through meetings or statements by means of various communications channels as well as the PDP.

During the Board of Directors meetings held periodically pursuant to the Articles of Association of the Company, the Company monitors its targets and activities in line with its previous performances. The current situation of the Company is revised and in case it is deemed necessary in consequence of current situations, new targets and strategies are developed.

#### 5.6. Financial Rights

Covering every kind of right, interest and remuneration, which are provided to the Board Members and top managers and the criteria and remuneration policies that are used to determine these, the "Remuneration Policy for the Board Members and Senior Executives" of our Company has been submitted to the examination of our shareholders on our website through the Fact Sheet issued three weeks prior to the Ordinary General Assembly dated March 29, 2012, and put into practice upon the approval of the General Assembly. The aforementioned policy, which discusses 2019 activities and disclosed to the public through our company's web site, is also put on the agenda of Ordinary General Assembly in which 2020 activities shall be discussed and will be submitted to the opinion of the shareholders. Payments made within the framework of Remuneration Policy for the Board Member and Senior Executives are evaluated by Corporate Governance Committee and the Board of Directors every year. In the footnotes of our financial statements, the payments made to the Board Members and Senior Executives collectively are made public collectively in parallel with the general practices. There is no transaction that may cause conflict of interest such as granting loans and credits to our Board Members or managers, giving guarantees in favor of them.

Share options or payment plans based on the performance of the company are not used for the remuneration of the independent members of the Board of Directors.



# Declaration of Compliance on Sustainability Principles

Arçelik adopts sustainability as a business model with its “Respects the Globe, Respected Globally” vision. With this understanding, we aim to continuously improve our performance by incorporating good practices into our sustainability management system. Many of the principles and good practices specified in the “Sustainability Principles Compliance Framework” put into effect by the Capital Markets Board in 2020 are already actively managed by Arçelik and the relevant performance is regularly reviewed, evaluated and remedial practices are implemented. When evaluated in this context, many of the principles specified in the CMB’s “Sustainability Principles Compliance Framework” have been complied with. Full compliance with the requirements of some principles has not yet been achieved due to different reasons such as operations carried out on a global scale, ongoing work to ensure a set of practices that meet different expectations in the liabilities to which they are subject, and difficulties in implementation. It is aimed to re-evaluate the sustainability targets and key performance indicators for the principles that cannot be fully complied with and to ensure full compliance with the principles that cannot be fully complied with by the studies to be carried out by reviewing the relevant practices. Applications for the principles within the scope of CMB Sustainability Principles Compliance Framework are included in the section titled “Sustainability and Corporate Responsibility” of the Arçelik Annual Report. In addition, the Sustainability Report available on the Arçelik corporate website as well as the website content and detailed information are presented to the evaluation of the relevant stakeholders. The explanations regarding the principles that cannot be fully complied with within the scope of the information shared are as follows:

- Environmental, Social, Governance (EHS) Key Performance Indicators are presented to stakeholders in detail within the scope of the “Sustainability Report” published annually. It is not possible to access local and international sector comparison information of all these indicators and to share all indicators in this way due to the lack of sufficient and reliable information. However, it is possible to talk about the data that our stakeholders can make comparisons on relevant issues within the scope of national and international index evaluations.

- The “Sustainability Report” provides information on greenhouse gas emissions, waste generation, energy and water use as specified in the Framework and in breakdown under the Environmental Principles within the scope of the Compliance Framework. The reason for sharing the relevant information as it is in the Annual Report is the continuation of the verification process of the data provided in this context. Upon completion of the verification process, the relevant information will be submitted to the stakeholders in the Sustainability Report.
- Effects on biodiversity are monitored and supervised under the responsibility of the relevant departments. Detailed reporting on the implications will be shared with our stakeholders in the upcoming periods as part of the Sustainability Report.
- While fully complying with the mandatory principles, which are in effect in 2020, within the scope of Corporate Governance Communiqué ( II-17.1), the Company has also complied with the majority of non-mandatory principles. Although full compliance with the non-mandatory Corporate Governance Principles is also aimed, full compliance has not yet been achieved due to different reasons such as operations carried out on a global scale in some of the principles, ongoing efforts to provide a whole of practices that will meet the different expectations in the liabilities subjected to, and a consolidated data set on a global scale that will respond to all these reporting needs, and the time required for the preparation of the content does not match the timing expectations of the reporting practices.
- As stated in the Corporate Governance Principles, while compliance with the principles for stakeholders is ensured, the necessary measures to strengthen communication with stakeholders are continuously observed and implemented. Efforts are ongoing to develop processes that will enable a wider use of the views of stakeholders in determining measures and strategies in the field of sustainability.

EXPLANATION OF PRINCIPLE	ANNUAL REPORT SECTION, PAGE NUMBER	REFERENCES
The Board defines EHS priorities as well as risks and opportunities before developing EHS policies. Corporate regulations, business policies, or similar documents may be formulated to ensure efficient execution of these policies. The Board makes and publicly discloses resolutions for these policies.	Sustainability Management, Page 89	
Defines the Corporate Strategy in line with EHS priorities, risks and opportunities. Determines and publicly discloses short-term and long-term objectives in line with the Corporate Strategy and EHS policies.	Sustainability Management, Page 89	
Defines and publicly discloses the committees/units responsible for executing the EHS policies. The relevant committee/unit reports the activities performed as part of the policies to the Board of Directors at least once a year and within the time frame established by Board regulations on the public disclosure of annual reports.	Sustainability Management, Page 89	
Defines and publicly discloses execution plans and action plans in line with the short-term and long-term objectives.	Sustainability Priorities, Page 89 Arçelik 2019 Sustainability Report, Page 11-14	<a href="https://www.arcelikglobal.com/tr/surdurulebilirlik/surdurulebilirlik-raporlari/surdurulebilirlik-raporu-2019/">https://www.arcelikglobal.com/tr/surdurulebilirlik/surdurulebilirlik-raporlari/surdurulebilirlik-raporu-2019/</a>
Defines the EHS Key Performance Indicators (KPIs) and publishes annual comparative progress reports. Reports KPIs as compared to local and international industry data if verifiable data exists.	Sustainability Principles Compliance Statement, Page 156 Arçelik 2019 Sustainability Report, Page 107-114	<a href="https://www.arcelikglobal.com/tr/surdurulebilirlik/surdurulebilirlik-raporlari/surdurulebilirlik-raporu-2019/">https://www.arcelikglobal.com/tr/surdurulebilirlik/surdurulebilirlik-raporlari/surdurulebilirlik-raporu-2019/</a>
Explains planned innovation activities to improve the sustainability performance of business processes, products and services.	"Innovative and Superior Technology, Page 57-61 Green Products, Page 116-117"	
Publishes reports on the Company's sustainability performance, objectives and actions at least once a year. Details the sustainability activities performed within the year in the annual report.	"Sustainability Reporting, Page 90 Corporate Website Arçelik 2019 Sustainability Report"	<a href="https://www.arcelikglobal.com/tr/surdurulebilirlik/surdurulebilirlik-raporlari/tum-raporlar/">https://www.arcelikglobal.com/tr/surdurulebilirlik/surdurulebilirlik-raporlari/tum-raporlar/</a>

EXPLANATION OF PRINCIPLE	ANNUAL REPORT SECTION, PAGE NUMBER	REFERENCES
It is vital to provide stakeholders with direct and precise information about the Company's position, performance and development. Detailed data and information can be shared at the corporate website and custom reports can be prepared to meet the requirements of different stakeholders.	Sustainability Reporting, Page 90 Corporate Website	<a href="https://www.arcelikglobal.com/tr/surdurulebilirlik/genel-bilgi/">https://www.arcelikglobal.com/tr/surdurulebilirlik/genel-bilgi/</a>
Strives to uphold transparency and reliability. Presents objective explanations in statements and reports about the developments on priority issues as part of its balanced approach.	Sustainability Reporting, Page 90 Arçelik 2019 Sustainability Report, Page 15-17	<a href="https://www.arcelikglobal.com/tr/surdurulebilirlik/surdurulebilirlik-raporlari/surdurulebilirlik-raporu-2019/">https://www.arcelikglobal.com/tr/surdurulebilirlik/surdurulebilirlik-raporlari/surdurulebilirlik-raporu-2019/</a>
Provides information on the most relevant UN Sustainable Development Goals to its business.	Arçelik and Sustainability, Page 88	
Gives information on new and/or concluded lawsuits against the Company related to environmental, social and corporate management.	Sustainability Management, Page 89	
Discloses the sustainability performance measurements verified by independent third parties (independent sustainability assurance providers) and strives to improve such verification processes.	Sustainability Reporting, Page 90	
Announces environmental management policies and applications, action plans, and environmental management systems (ISO 14001 standard) and programs.	Technologies Making The Planet Better, Page 110-111	
Ensures and discloses its compliance with environmental laws and other regulations.	Compliance with National and International Environmental and Energy Regulations, Page 114-115	
Prepares environmental reports as part of its sustainability principles and explains the report's limitations, reporting frequency, reporting date, data collection process, and reporting conditions.	Environmental Performance Indicators, Page 111	
Presents the highest-ranking officer, committees and tasks in environmental affairs and in addressing climate change.	Technologies Making The Planet Better, Page 111	
Lists incentives offered to manage environmental issues including meeting the objectives.	Sustainability Management, Page 89	

EXPLANATION OF PRINCIPLE	ANNUAL REPORT SECTION, PAGE NUMBER	REFERENCES
Explains how environmental issues are integrated with business objectives and strategies.	Technologies Making The Planet Better, Page 110 Sustainability Management, Page 89	
Describes the sustainability performance of business processes, products and services as well as the actions taken for improvement.	Technologies Making The Planet Better, Page 110-117	
Provides information on how environmental issues are managed not only in operations but throughout the value chain, and how suppliers and customers are involved in the strategies.	Technologies Making The Planet Better, Page 110	
Provides information on its engagement in environmental policy-making processes (at the industry, regional, national and international levels) as well as environmental organization memberships, collaborations with relevant institutions and NGOs, and the tasks performed and the activities supported in this regard.	Fight Against Climate Crisis, Page 112	
Environmental indicators: Greenhouse gas emissions (Scope 1: Direct, Scope 2: Energy indirect, Scope 3: Other indirect), Air quality	Environmental Performance Indicators, Page 111	
Publishes comparative reports regularly on its environmental impact as part of its policies on energy management, water and wastewater management, waste management, and biodiversity preservation.	Environmental Performance Indicators, Page 111 Sustainability Principles Compliance Statement, Page 156	
Details standards, protocols, methodologies and base years for data collection and calculation.	Technologies Making The Planet Better, Page 110-111	

EXPLANATION OF PRINCIPLE	ANNUAL REPORT SECTION, PAGE NUMBER	REFERENCES
Explains environmental indicators for the report year as compared to previous years (indicates increases or decreases).	Environmental Performance Indicators, Page 111	
Develops and discloses short-term and long-term objectives to limit its environmental impact and provides information about the annual progress toward the objectives. These objectives are recommended to be based on scientific studies as proposed by the United Nations Framework Convention on Climate Change.	Fight Against Climate Crisis, Page 112	
Describes the strategies developed and the actions taken for combating the climate change.	Fight Against Climate Crisis, Page 112	
Gives information on developed programs or procedures to prevent or minimize the potential negative impact of products and/or services; and discloses the actions taken to decrease third-party greenhouse gas emissions.	Green Products, Page 116-117 Compliance with National and International Environmental and Energy Regulations, Page 114-115 Fight Against Climate Crisis, Page 112	
Presents the number of actions taken and the projects and initiatives launched to reduce its environmental impact; and describes the environmental benefits and cost savings achieved in this regard.	Technologies Making The Planet Better, Page 111 Fight Against Climate Crisis, Page 112 Management of Water Risks, Page 113 Recycling Plants, Page 114	
Reports total energy consumption data (raw materials excluded) classified as Scope-1 and Scope-2.	Environmental Performance Indicators, Page 111	
Provides data on the consumption and production of electricity, heat, steam and cooling in the report year.	Environmental Performance Indicators, Page 111 Sustainability Principles Compliance Statement, Page 156	
Promotes the use of renewable energy resources and zero or low-carbon electricity, and provides information on such efforts.	Fight Against Climate Crisis, Page 112	
Discloses data on the generation and use of renewable energy.	Environmental Performance Indicators, Page 111 Sustainability Principles Compliance Statement, Page 156	
Develops energy efficiency projects and discloses the achieved reductions in energy consumption and emissions.	Fight Against Climate Crisis, Page 112	

EXPLANATION OF PRINCIPLE	ANNUAL REPORT SECTION, PAGE NUMBER	REFERENCES
Publishes reports on the amounts and origins of the surface water and groundwater used, recycled and discharged (total water used per resource, resources effected by such use; the share and volume of the recyclable and reusable water) as well as the procedures implemented in this regard.	Environmental Performance Indicators, Page 111 Management of Water Risks, Page 113 Sustainability Principles Compliance Statement, Page 156	
Explains whether its operations or activities employ a carbon pricing system (Emission Trade System, Cap & Trade or Carbon Tax).	Fight Against Climate Crisis, Page 112	
Provides information on the carbon credits accumulated or purchased in the reporting period.	Fight Against Climate Crisis, Page 112	
Discloses whether carbon pricing is implemented at the company, and if so, gives detailed information on such procedures.	Fight Against Climate Crisis, Page 112	
Provides information about the platforms on which it makes mandatory or voluntary disclosures about its environmental data.	Arçelik and Sustainability, Page 88 Sustainability Reporting, Page 90	
Develops the Corporate Human Rights & Employee Rights Policy which ensures full compliance with the Universal Declaration of Human Rights, ILO Agreements approved by Turkey and the legal framework regulating human rights and business life in Turkey. Discloses the roles and responsibilities regarding the policy and its implementation.	Human and Employee Rights, Page 92	
Ensures equal opportunities in recruitment. Its policies highlight fair labor, improvement of working conditions, employment of women and inclusion at all levels (regardless of gender, religion, language, race, ethnic origin, age, disability, etc.) throughout the supply and value chain.	Equal Opportunity and Inclusion, Page 93	
Describes the measures taken throughout the value chain to safeguard minority rights and the rights of individuals that are sensitive to certain economic, environmental and social factors (low-income groups, women, etc.).	Human and Employee Rights, Page 92	
Reports developments on the preventive and corrective actions taken to eliminate discrimination, unfairness, human rights violations, or forced labor; and provides information on the measures implemented to prevent child labor.	Human and Employee Rights, Page 92	
Develops policies on investing in employees (training, development policies), employee compensation, benefits, labor unions, balancing between professional and personal life, and talent management. Creates policies for resolution of employee complaints and disputes, and manages dispute resolution processes. Provides regular information on efforts to maximize employee satisfaction.	Human and Employee Rights, Page 92 Talent Management, Page 93	
Develops and discloses occupational health and security policies. Provides information on the measures taken to prevent occupational accidents and reveals accident data.	Occupational Health and Safety, Page 95	

EXPLANATION OF PRINCIPLE	ANNUAL REPORT SECTION, PAGE NUMBER	REFERENCES
Develops and discloses personal data protection and data security policies.	Personal Data Protection, Page 97 Corporate Website - Policies	<a href="https://www.arcelikglobal.com/media/5164/05_2020-bilgiguvenligi_politikasi.pdf">https://www.arcelikglobal.com/media/5164/05_2020-bilgiguvenligi_politikasi.pdf</a> <a href="https://www.arcelikglobal.com/tr/surdurulebilirlik/politikalarimiz/politikalar/">https://www.arcelikglobal.com/tr/surdurulebilirlik/politikalarimiz/politikalar/</a>
Develops and discloses ethics policies (business ethics, compliance processes, advertisement and marketing ethics, transparency, etc.).	Ethics and Compliance, Page 96 Corporate Website	<a href="https://www.arcelikglobal.com/tr/sirket/hakkimizda/global-is-etigi-ilkeleri/">https://www.arcelikglobal.com/tr/sirket/hakkimizda/global-is-etigi-ilkeleri/</a>
Describes its works promoting social investments, social responsibility, financial inclusion and financial access.	Technologies Making Life Better, Page 98-106	
Organizes employee meetings and employee programs on EHS policies and processes.	Sustainability Management, Page 89	
Manages sustainability efforts based on the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, NGOs, etc).	Stakeholder Engagement, Page 90 Arçelik 2019 Sustainability Report, Page 104-105	<a href="https://www.arcelikglobal.com/media/5832/arcelik_master_tr_online_1808.pdf">https://www.arcelikglobal.com/media/5832/arcelik_master_tr_online_1808.pdf</a>
Develops and discloses customer satisfaction policies to manage and solve customer complaints.	"Customer Satisfaction, Page 97 Corporate Website"	<a href="https://www.arcelikglobal.com/media/5257/mu-sterimnuniyetipolitikasi.pdf">https://www.arcelikglobal.com/media/5257/mu-sterimnuniyetipolitikasi.pdf</a>
Ensures continuous and transparent communication with stakeholders; provides information on the subject and frequency of communication with each stakeholder and the progress made in terms of sustainability.	Stakeholder Engagement, Page 90 Arçelik 2019 Sustainability Report, Page 104	<a href="https://www.arcelikglobal.com/media/5832/arcelik_master_tr_online_1808.pdf">https://www.arcelikglobal.com/media/5832/arcelik_master_tr_online_1808.pdf</a>
Gives information about the international reporting standards it has adopted (Carbon Disclosure Project [CDP], Global Reporting Initiative [GRI], International Integrated Reporting Council [IIRC], Sustainability Accounting Standards Board [SASB], Task Force on Climate-related Financial Disclosures [TCFD], etc.)	Sustainability Reporting, Page 90 Fight Against Climate Crisis, Page 112	
Provides information on memberships to international institutions and signed principles (Equator Principles, United Nations Environment Programme Finance Initiative [UNEP-FI], United Nations Global Compact [UNGC], UN Principles for Responsible Investment [UNPRI], etc.) as well as adopted international principles (e.g., International Capital Market Association [ICMA] Green/Sustainable Bond Principles).	Sustainability Reporting, Page 90	
Strives to be included in the Borsa Istanbul Sustainability Index and other sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI CSY Indices, etc.).	Arçelik and Sustainability, Page 88-89	

EXPLANATION OF PRINCIPLE	ANNUAL REPORT SECTION, PAGE NUMBER	REFERENCES
Strives to ensure compliance with the Corporate Governance Principles as per II-17.1 Capital Markets Board Corporate Governance Communiqué as well as other corporate governance principles.	Sustainability Principles Compliance Statement, Page 156	
Defines the corporate governance strategy by taking account of sustainability, the environmental impact of its operations and the applicable principles.	Sustainability Management, Page 89	
Ensures compliance with the stakeholder-related items of the Corporate Governance Principles, and takes necessary measures to strengthen communication with stakeholders. Seeks stakeholder opinion when determining sustainability measures and strategies.	Sustainability Principles Compliance Statement, Page 156	
Strives to raise awareness on sustainability through social responsibility projects, trainings and activities.	Technologies Making Life Better, Page 98-106 Sustainability Management, Page 89	
Complies with and contributes to international sustainability standards and initiatives.	Sustainability and Corporate Responsibility, Page 90 Arçelik 2019 Sustainability Report, Page 106	<a href="https://www.arcelikglobal.com/media/5832/arcelik_master_tr_online_1808.pdf">https://www.arcelikglobal.com/media/5832/arcelik_master_tr_online_1808.pdf</a>
Develops anti-bribery and anti-corruption policies and programs to ensure tax integrity.	Anti-bribery and Anti-corruption, Page 97	

# Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS</b>						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
<b>1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION</b>						
1.2.1 - Şirket yönetimi özel denetim yapılmasını zorlaştıran işlem yapmaktan kaçınmıştır.	X					
<b>1.3. GENERAL ASSEMBLY</b>						
1.3.2 - The Company ensures the clarity of the General Assembly agenda and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the Board of Directors about transactions conducted on their behalf within the scope of the Company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There was no transaction notice in this way.
1.3.8 - Members of the Board of Directors who are concerned with specific agenda items, auditors and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				Donations and aids were included in the agenda of the General Assembly with a separate article collectively and information was given about important donations.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.4. VOTING RIGHTS</b>						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The Company does not have shares that carry privileged voting rights.	X					
1.4.3 - The Company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	Arçelik A.Ş. does not have a cross-ownership relationship that brings with it the domination relationship.
<b>1.5. MINORITY RIGHTS</b>						
1.5.1 - The Company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares and expand the scope of the minority rights.			X			Even though minority rights are not determined less than one in twenty by the Articles of Association, in parallel with general practice, the minority was granted rights under the general provisions of the regulations. There was no demand from investor regarding this issue, general best practice examples are followed. It is not foreseen to make a change in this regard in the near future.
<b>1.6. DIVIDEND RIGHT</b>						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the Company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the Company.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.7. TRANSFER OF SHARES</b>						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
<b>2.1. CORPORATE WEBSITE</b>						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
<b>2.2. ANNUAL REPORT</b>						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					Since there are no legislative amendments that could significantly affect the Company's activities, and no conflicts of interest existed with the institutions that received services on such issues, no disclosure was made in the annual report.
<b>3.1. CORPORATION'S POLICY ON STAKEHOLDERS</b>						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT</b>						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
<b>3.3. HUMAN RESOURCES POLICY</b>						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
<b>3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY</b>						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
<b>4.1. ROLE OF THE BOARD OF DIRECTORS</b>						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
<b>4.2. ACTIVITIES OF THE BOARD OF DIRECTORS</b>						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		X				Work has started with the aim of reaching a minimum of 25% for female board members within 5 years, who are also a tool to ensure that different views are represented on the Board. Our policy is publicly available. Currently, Ms. Semahat S. Arsel and Ms. M.M. Gülay Barbarosoğlu participates in the Board of Directors as 2 woman members in compliance with the Corporate Governance Principles. The ratio of the woman board member is 17% level.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
<b>4.4. BOARD MEETING PROCEDURES</b>						
4.4.1-Each board member attended the majority of the board meetings in person.	X					Due to the COVID-19 outbreak in 2020, the Board of Directors held an actual meeting once and the rate of attendance was 91.66%, all of the other decisions, except those taken at the said meeting, were taken by hand-by hand method. In addition, the members of the board of directors were regularly informed about the company's performance and developments.
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	Although there is a possibility to provide feedback, there has been no notification made by the board members who could not attend the meeting
4.4.4 - Each member of the board has one vote.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.			X			Although there have been consistently sustained processes in our Company for many years, there is no written internal regulations regarding this issue. There is no urgent need to make a definition in this regard, taking into account the effective work of the board of directors.
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				Due to the significant contribution of Directors to the Board, the experience of the members of the Board of Directors is not limited to taking on other duties outside the company. Curriculum vitae of our board members are included in our annual report. Considering the effective work of the board of directors, there is no change in the current practice, which is considered not to create any negative situation in terms of corporate governance, in the short term.
<b>4.5. BOARD COMMITTEES</b>						
4.5.5 - Board members serve in only one of the Board's committees.		X				The assignment of the committees is made in accordance with the relevant regulations, taking into account the knowledge and experience of our board members. Only one independent board member has been appointed on two committees. Members in more than one committee provide communication between the committees involved in related matters and increase the opportunities for cooperation. The existing committee structure is evaluated effectively, taking into account the efficient work of the board members with the contribution of their knowledge and experience; No need for changes in the near future is anticipated.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	There is no consultancy service for this purpose.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>4.6. FINANCIAL RIGHTS</b>						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			Although the performance evaluation and rewarding of those who have administrative responsibility are made, no special study has been conducted on this issue at the level of the board of directors. Best practices on the subject are being researched, and their implementation can be evaluated in the medium term.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			Payments made to the members of the Board of Directors and senior executives are disclosed to the public collectively in line with the general practices in the General Assembly and in our financial statements footnotes. Market practices are closely monitored on an issue that is considered important in terms of confidentiality of personal information, and it is envisaged to act in parallel with common practice.



# Corporate Governance Information Form

1. SHAREHOLDERS	
<b>1.1. Facilitating the Exercise of Shareholders Rights</b>	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	11 conferences were attended and 415 investors and analysts were informed.
<b>1.2. Right to Obtain and Examine Information</b>	
The number of special audit request(s)	-
The number of special audit requests that were accepted at the General Shareholders' Meeting	-
<b>1.3. General Assembly</b>	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	<a href="https://www.kap.org.tr/tr/Bildirim/823071">https://www.kap.org.tr/tr/Bildirim/823071</a>
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	It is presented.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transaction.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no such transaction.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II- 17.1)	<a href="https://www.kap.org.tr/tr/Bildirim/821530">https://www.kap.org.tr/tr/Bildirim/821530</a>
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations / Policies / Donations Policy
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	<a href="https://www.kap.org.tr/tr/Bildirim/269764">https://www.kap.org.tr/tr/Bildirim/269764</a>
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	14-a
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	The General Assembly was made open to the public, including stakeholders and the media without the right to speak.
<b>1.4. Voting Rights</b>	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
The percentage of ownership of the largest shareholder	40,56%

<b>1.5. Minority Rights</b>	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	-
<b>1.6. Dividend Right</b>	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations / Policies / Compensation Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	<p>According to the financial statements for the accounting period 01.01.2019 - 31.12.2019 prepared by Arçelik A.Ş. Management according to Turkey Financial Reporting Standards (TFRS) and audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., 924,833,309.85 TRY is the net term profit belonging to the parent company, and 457,588,624.50 TRY is the current year profit according to Tax Procedure Law (TPL) records; therefore, the proposal of the Board of Directors to distribute a total of 500,000,000.00 TL of dividends to be paid to shareholders in cash and to set the dividend payment date as 01.04.2020 was read. Regarding this item, Mr. Kerem Kaşitoğlu, representative of the Shareholder Koç Holding Emekli ve Yardım Sandığı Vakfı, took the ground and read his proposal about the share distribution. He proposed that under the Coronavirus conditions, which has influenced world, the companies are cautiously following their financing structures and being in a period where they need to have more liquidity; the proposal of the Board of Directors regarding the distribution of profit, which was decided more than a month ago, while the effects of Coronavirus on domestic and global economy was less predictable, is not acceptable under the current conditions therefore dividends must not be distributed, since the amount of 5% of the general legal reserves that should be reserved in accordance with Article 519 of the Turkish Commercial Code has reached the 20% limit of the general legal reserves available in the Tax Procedure Law records as of 31.12.2019, the entire profit of 2019 to be allocated as Extraordinary Reserves. Both proposals were submitted for voting, separately. Dividend distribution proposal of the Board of Directors was rejected on the basis of dissenting votes representing 361,057,205.17-TRY against affirmative votes representing 239,182,253.27-TRY. The proposal of not to distribute dividends and to allocate the entire profit as Extraordinary Reserves, made by the representative of the Shareholder Koç Holding Emekli ve Yardım Sandığı Vakfı was accepted by the majority of votes on the basis of affirmative votes representing 455,527,742.17-TRY against dissenting votes representing 144,711,716.27-TRY.</p>
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	<a href="https://www.kap.org.tr/tr/Bildirim/832230">https://www.kap.org.tr/tr/Bildirim/832230</a>
<b>General Assembly Meetings</b>	
General Meeting Date	25/03/2020
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0
Shareholder participation rate to the General Shareholders Meeting	89%
Percentage of shares directly present at the GSM	0%
Percentage of shares represented by proxy	89%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Investor Relations / Corporate Governance / General Meeting / Minutes of Meetings
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	Investor Relations / Corporate Governance / General Meeting / Minutes of Meetings
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	-
The number of declarations by insiders received by the board of directors	130
The link to the related PDP general shareholder meeting notification	<a href="https://www.kap.org.tr/tr/Bildirim/832230">https://www.kap.org.tr/tr/Bildirim/832230</a>

## 2. DISCLOSURE AND TRANSPARENCY

### 2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations / Company Overview, Financial Reports & Presentations, Stock Information, Latest Developments Investor Event Calendar, Corporate Governance, Policies & Merger, Partial Demerger & Debt Securities Issuance
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Investor Relations / Company Overview / Shareholder Structure / Real person and legal entities who indirectly controls more than 5% of capital.
List of languages for which the website is available	Turkish & English

### 2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Board of Directors 2020 / Management 2020 / Statements of Independence of Independent Board Member Candidates.
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Corporate Governance Principles Compliance Report / Section V: Board of Directors / 5.3. Number, Structure and Independence of the Committees Established by the Board of Directors
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Corporate Governance Principles Compliance Report / Section V: Board of Directors / 5.2. Activity Principles of Board of Directors
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	-
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	-
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	There is no such case.
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no such case.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Global Organization & Corporate Governance Principles Compliance Report / Section IV - Stakeholders / 4.3. Human Resources Policy

## 3. STAKEHOLDERS

### 3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Investor Relations / Policies / Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	-
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Internal Audit Manager
The contact detail of the company alert mechanism	<a href="http://www.arcelikas.com/">http://www.arcelikas.com/</a>

### 3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Investor Relations / Corporate Governance / Corporate Governance Reports / Corporate Governance Compliance Reports /
Corporate bodies where employees are actually represented	In our company, both unionized and non-unionized colleagues participate in the management with different methods and share their views. With the Employee Engagement Survey conducted every year, the opinion of each colleague is taken as an anonymous questionnaire in the form of open-ended responses. With various communication meetings, information about the company is shared with employees, dealers and other stakeholders and questions and comments of these stakeholders are taken.

### 3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	A succession plan is created for all key management positions. This Succession Plan is finalized by submitting the approval of the Chairman of the Board of Directors following the approval of the CEO.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Global Organization & Corporate Governance Principles Compliance Report / Section IV - Stakeholders / 4.3. Human Resources Policy
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Global Organization & Corporate Governance Principles Compliance Report / Section IV - Stakeholders / 4.3. Human Resources Policy
The number of definitive convictions the company is subject to in relation to health and safety measures	-

### 3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations / Policies / Ethical Codes
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Investor Relations / Financial Reports and Presentations / Annual Reports / Corporate Responsibility & Sustainability / Sustainability Report / Social Development
Any measures combating any kind of corruption including embezzlement and bribery	Principles related to the subject are included in the Arçelik Code of Ethical Conduct.

## 4. BOARD OF DIRECTORS-I

## 4.2. Activity of the Board of Directors

Date of the last board evaluation conducted	-
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	No delegation was delegated among the board members.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	4
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Corporate Governance Principles Compliance Report / Section V: Board of Directors / 5.4. Risk Management and Internal Control Mechanism
Name of the Chairman	Rahmi M. Koç
Name of the CEO	Hakan H. Bulgurlu
If the CEO and Chair functions are combined; provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	The name of the section on the corporate website that demonstrates current diversity policy targeting women directors: Company / Policies / Board Diversity Policy
The number and ratio of female directors within the Board of Directors	2 (17%)

## Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director or Not	Whether Independent or Not	The First Election Date to Board	Link to PDP Notifications That Included the Independency Declaration	Whether the Independent Director Considered by the Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting and/or Finance or Not
Mustafa Rahmi Koç	Non-executive	Not independent director	16/03/1967		Not applicable	No	Yes
Mehmet Ömer Koç	Non-executive	Not independent director	12/04/2005		Not applicable	No	Yes
Semahat Sevim Arsel	Non-executive	Not independent director	05/04/2006		Not applicable	No	Yes
Yıldırım Ali Koç	Non-executive	Not independent director	25/03/2009		Not applicable	No	Yes
Levent Çakıroğlu	Non-executive	Not independent director	25/03/2009		Not applicable	No	Yes
Robert Sonman	Non-executive	Not independent director	15/04/1994		Not applicable	No	Yes
Fatih Kemal Ebiçlioğlu	Non-executive	Not independent director	23/03/2015		Not applicable	No	Yes
Hakan Hamdi Bulgurlu	Executive	Not independent director	25/03/2016		Not applicable	No	Yes
Kamil Ömer Bozer	Non-executive	Independent director	19/03/2018	<a href="https://www.kap.org.tr/tr/Bildirim/823071">https://www.kap.org.tr/tr/Bildirim/823071</a>	Considered	No	Yes
Müzeyyen Münire Gülay Barbarosoğlu	Non-executive	Independent director	19/03/2018	<a href="https://www.kap.org.tr/tr/Bildirim/823071">https://www.kap.org.tr/tr/Bildirim/823071</a>	Considered	No	No
Ahmet Turul	Non-executive	Independent director	19/03/2019	<a href="https://www.kap.org.tr/tr/Bildirim/823071">https://www.kap.org.tr/tr/Bildirim/823071</a>	Considered	No	Yes
Tuğrul Fadilloğlu	Non-executive	Independent director	25/02/2020	<a href="https://www.kap.org.tr/tr/Bildirim/823071">https://www.kap.org.tr/tr/Bildirim/823071</a>	Considered	No	Yes

## 4. BOARD OF DIRECTORS-II

## 4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	1
Director average attendance rate at board meetings	91.66%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	7
The name of the section on the corporate website that demonstrates information about the board charter	There is no determination in this direction.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no determination in this direction.

## 4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Corporate Governance Principles Compliance Report / Section V: Board of Directors / 5.3. Number, Structure and Independence of the Committees Established by the Board of Directors
Link(s) to the PDP announcement(s) with the board committee charters	<a href="https://www.kap.org.tr/tr/Bildirim/837307">https://www.kap.org.tr/tr/Bildirim/837307</a>

## Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Audit Committee		Kamil Ömer Bozer	Yes	Board member
Audit Committee		Ahmet Turul	No	Board member
Corporate Governance Committee		Ahmet Turul	Yes	Board member
Corporate Governance Committee		Levent Çakıroğlu	No	Board member
Corporate Governance Committee		Polat Şen	No	Board member
Committee of Early Detection of Risk		Müzeyyen Münire Gülay Barbarosoğlu	Yes	Board member
Committee of Early Detection of Risk		Fatih Kemal Ebiçlioğlu	No	Board member
Other	Executive Committee	Mustafa Rahmi Koç	Yes	Board member
Other	Executive Committee	Mehmet Ömer Koç	No	Board member
Other	Executive Committee	Semahat Sevim Arsel	No	Board member
Other	Executive Committee	Yıldırım Ali Koç	No	Board member
Other	Executive Committee	Caroline Nicole Koç	No	Not Board member

## 4. BOARD OF DIRECTORS-III

## 4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Principles Compliance Report / Section V: Board of Directors / 5.3. Number, Structure and Independence of the Committees Established by the Board of Directors
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Principles Compliance Report / Section V: Board of Directors / 5.3. Number, Structure and Independence of the Committees Established by the Board of Directors
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	The activities of the Nomination Committee are carried out by the Corporate Governance Committee.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Principles Compliance Report / Section V: Board of Directors / 5.3. Number, Structure and Independence of the Committees Established by the Board of Directors
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	The activities of the Remuneration Committee are carried out by the Corporate Governance Committee.

## Yönetim Kurulu Komiteleri - II

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Report of the Board of Directors and the Chairman's Message & Message from the General Manager
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations / Policies / Wage Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Corporate Governance Principles Compliance Report / Section V: Board of Directors / 5.6. Financial Rights

## Composition of Board Committees-II

Names of the Board Committees	Name of committees defined as "Other" in the first column	The Percentage of Non-executive Directors	The Percentage of Independent Directors In The Committee	The Number of Meetings Held In Person	The Number of Reports On Its Activities Submitted to the Board
Audit Committee		100%	100%	4	4
Corporate Governance Committee		66.67%	33.33%	7	7
Committee of Early Detection of Risk		100%	50%	6	6
Other	Executive Committee	100%	0%	12	12

ARÇELİK IS  
ALWAYS WITH  
YOU IN THE  
CHANGING  
WORLD



The fastest transformation  
for Deniz is

working  
from home

ARÇELİK  
FOR  
YOU

## Manufacturing of mechanical ventilators and product donations to hospitals

Arçelik, Aselsan, Baykar and Biosys collaborated in coordination with Turkish ministries to manufacture mechanical ventilators to help fight the COVID-19 pandemic. More than 5,000 ventilators were manufactured and distributed in 20 countries including Turkey. White goods and small domestic appliances were donated to more than 600 hospitals in over 20 countries to meet the needs of health professionals.

## United Nations Calls For Help

The UN estimates that the number of people in need of emergency aid peaked with an increase of 40% as a result of the COVID-19 pandemic and 235 million people will be in such need in 2021.

WORLD  
FOR ALL  
OF US

# Arçelik and Sustainability

## In Touch Technology

### In Touch with our Business

We are committed to engaging with employees, partners and customers to establish innovative systems that pave the way for how we do business in the future. By working closely with employees, we aim to internalize the principles of innovation and digitalization to improve the planet and the lives of people across the value chain. Through close collaborations, we strive to share our sustainability knowledge and expertise with our suppliers and customers to help them make better, more sustainable choices.



### In Touch with our Planet

We aim to integrate sustainability into every product made and accelerate our transition to carbon-neutral and zero-waste operations by 2030 in order to protect the world's natural resources and reduce GHG emissions. By collaborating with key stakeholders, we support them to reduce their environmental footprint whilst also reducing our own footprint with solutions to global issues such as plastic pollution, e-waste management and the climate crisis.



### In Touch with Human Needs

We strive to become a trusted lifestyle solutions provider to the digital household. By developing innovations and technologies that promote sustainable living, we are constantly challenging ourselves and the industry in which we operate to make smart and sustainable products accessible to the masses. Through these product developments we aim to improve lives and empower local communities.



In line with its holistic approach, In Touch Technology, Arçelik manages priority issues, short-to-mid-term objectives, and risks and opportunities with the active engagement of internal and external stakeholders.

- Household Appliances Industry Leader in the Dow Jones Sustainability Index in 2019 and 2020, and listed for the 4<sup>th</sup> time in a row.
- Listed on the BIST Sustainability Index for the 7<sup>th</sup> time. The Index lists the best-performing Borsa Istanbul companies in terms of corporate sustainability.

- A supporter of the Task Force on Climate-related Financial Disclosures (TCFD), a major initiative that leads companies to implement concrete measures in combating the climate crisis.
- Ranked 34<sup>th</sup> in the Corporate Knights Global 100 Most Sustainable Corporations in the World 2021 list, and also included in the Corporate Knights Clean200 list.
- Ranked 13<sup>th</sup> in Top 150 Impact Companies list of 2021 compiled by Real Leaders, the world's first sustainable business and leadership magazine.

- A- rating in Carbon Disclosure Project (CDP) 2020 Climate Change and Water Security Programmes
- Awarded a Gold Medal for being in the top 1% in its sector, and included in the S&P Global Sustainability Yearbook 2020, which lists companies that perform best in their respective industries in terms of environmental, social and governance (ESG) metrics.
- Listed for the 5<sup>th</sup> time in FTSE4Good Emerging Index, which measures the ESG of companies. The Index is maintained by FTSE Russell, a subsidiary of London Stock Exchange Group (LSEG) and a global provider of benchmarks, analytics, and data solutions with multi-asset capabilities.

### MATERIAL SUSTAINABILITY ISSUES

Arçelik conducts periodic stakeholder analyses to identify the expectations of stakeholders in terms of sustainability when determining material sustainability issues. The results provided provide an assessment of the performance and expectations in the relevant areas. Arçelik used feedbacks from 1,061 stakeholders during the course of the materiality assessment conducted in 2019 to identify its priorities and set short-to-mid-term objectives about these priorities following an extensive review. Performance indicators for these targets are carefully monitored within the scope of activities. Priority issues are matched with the UN Sustainable Development Goals (SDGs) and the performance as well as contributions to these SDGs are presented to the stakeholders in a transparent manner.

Detailed information on sustainability priorities, short-to-mid-term targets and contributions to SDGs is available in [2019 Sustainability Report](#).

### SUSTAINABILITY MANAGEMENT

Arçelik Sustainability Council was established to determine the corporate sustainability and climate change policies and strategies, to ensure their integration with the company's internal business processes and to monitor the sustainability performance. The Sustainability Council is chaired by the CFO and the Quality, Sustainability and Corporate Affairs Director is the Secretary General on the Council. The Board convenes every six months and is responsible for reporting critical issues to the Board of Directors. According to the decision number 992 taken by the Board of Directors on March 28, 2019, Koç Holding Consumer Durables President, one of the members of the Board of Directors, and the Director of Quality, Sustainability and Corporate Affairs, report

quarterly to the Board of Directors on the activities implemented within the company in line with the ultimate sustainability strategy and the targets set. Please [visit the web site](#) for detailed information on the organization, duties, and responsibilities of the Council.

Corporate policies are one of the most important elements that illustrate how and in what way the Arçelik activities are managed. Drafted by the approval of the Board to ensure effective performance monitoring, these policies clearly demonstrate Arçelik's management approach to issues within the scope of sustainability management. The opinions of stakeholder groups that may be relevant in the development of policies are actively sought. You can visit Arçelik's corporate web site to learn more about the policies that have been created for this purpose and shape sustainability activities.

It is of particular importance to thoroughly review the risks and opportunities for the priorities to ensure the sustainability of Arçelik operations. Risks and opportunities that are identified by the working groups as part of sustainability management and presented to the Sustainability Board are reported to the Risk Management Committee twice a year. [For detailed information on environmental, social and governance risks and opportunities, please click.](#) There were no lawsuits brought against environmental, social and corporate governance issues during the reporting period.

Employees are regularly provided with information and training opportunities on practices and policies on environmental, social and governance issues in order to raise sustainability awareness and improve sustainability performance.

At Arçelik, suggestions that prevent work accidents by employees with hourly wages and monthly salaries, improve product quality and/or customer satisfaction, ensure energy efficiency in production and protect the environment, contribute to employee loyalty, and enhance productivity and reduce costs, improve process and service quality are presented to the relevant personnel through the online suggestion system. All suggestions considered for implementation are scored based on its category, area covered by the category, and the level of improvement, and the "suggestion points" that correspond to each applicable proposal are accumulated and converted into awards and the employees are rewarded.

Every year, Arçelik organizes the Top Performers Awards to recognize "creative innovators", "those who add value to the environment and society", "those who develop collaborations" and "digitizers," who carry the company forward with their projects.

**STAKEHOLDER ENGAGEMENT**

Stakeholder opinions and feedback regarding Arçelik activities are important to further improve sustainability performance. Accordingly, Arçelik collaborates with different non-governmental organizations (NGOs), public institutions, industry players, opinion leaders, and business partners. Arçelik strives to increase its sustainability performance by differentiating the number of channels it meets with its stakeholders.

You can find detailed information on major institutions, memberships and communication channels related to stakeholder engagement in the [2019 Sustainability Report](#).

Arçelik believes that the value created will increase with the spread of the sustainability approach across the entire value chain. Arçelik strives to integrate sustainability into all business processes and spread the same perspective across the entire ecosystem with the training programs aimed at suppliers for a more sustainable future, planet-friendly products for consumers, and future-proof innovations developed with employees and business partners.

**SUSTAINABILITY REPORTING**

Key performance indicators on environmental, social and corporate governance, progress on short-to-medium and long-term goals, and the results obtained are presented annually to stakeholders in a transparent and accountable manner.

The Arçelik Sustainability Report is prepared in accordance with the Global Reporting Initiative (GRI) Standard, a globally recognized framework for sustainability reporting. Furthermore, the report is prepared by taking into consideration the United Nations Global Compact (UNGC), the UN Sustainable Development Goals (SDGs) and the Women Empowerment Principles (WEPs) to which Arçelik is a signatory.

Data related to greenhouse gas emissions, water and waste generated at the facilities operating in Turkey, which are becoming more critical every day as part of the fight against climate change, are also subject to third party assurance and submitted to stakeholders for their input as part of the sustainability reporting process.

**2020  
Industry  
Leader**

Dow Jones Sustainability Index Household Appliances category

2021 Top 150 Impact Companies list of 2021 compiled by Real Leaders

**Ranked 13<sup>th</sup>**

**Ranked 34<sup>th</sup>**

Corporate Knights Global 100 Most Sustainable Corporations in the World 2021 list

**210**

energy efficiency projects,

**EUR 625K**

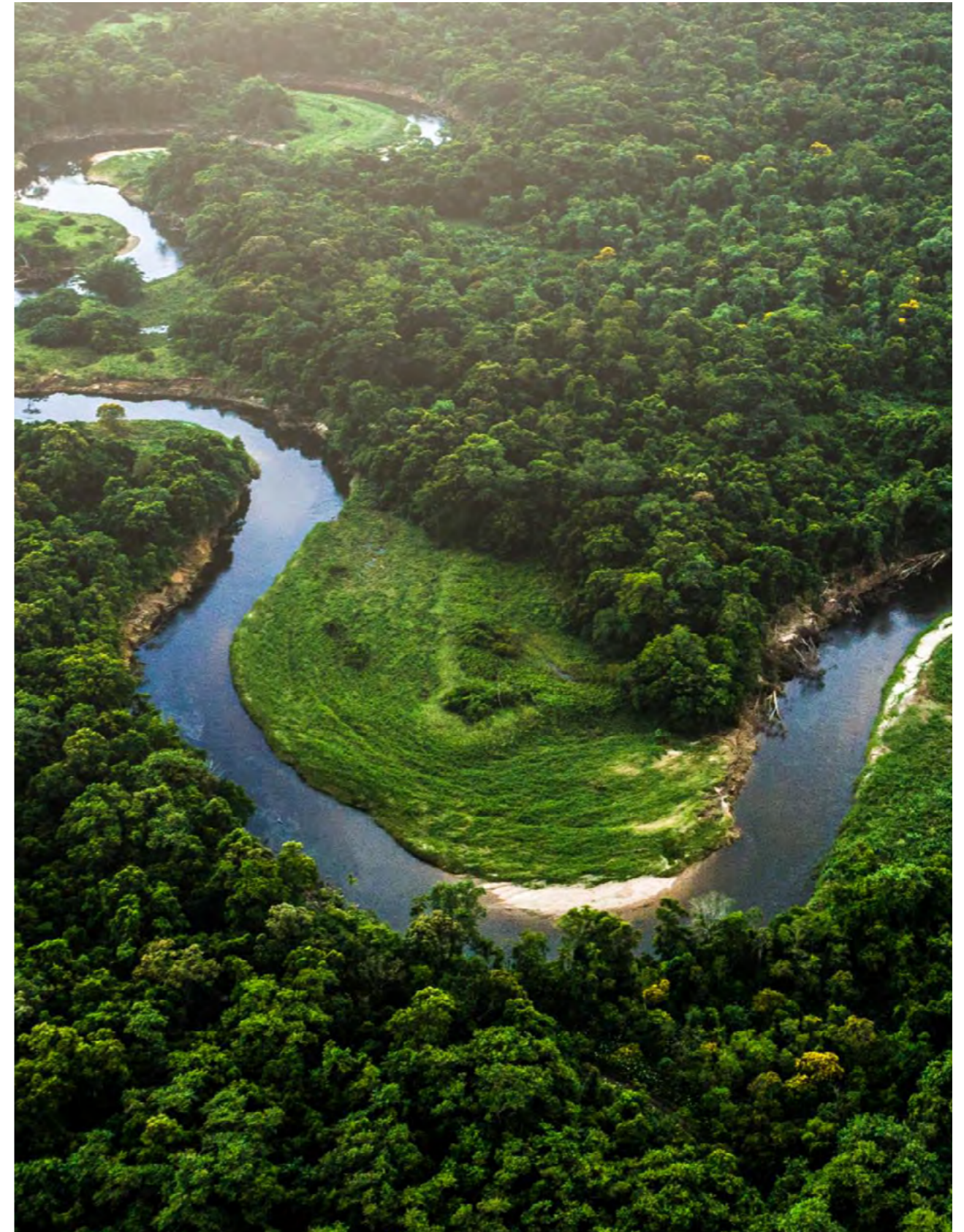
financial savings

**Safe  
Production  
Certificate**

TSE COVID-19

**carbon-neutral  
in global  
production**

Through the carbon credit earned with its own Carbon Financing Project



# In Touch with Business

Arçelik sees sustainability as an integral part of its business model and a lifestyle. By placing innovation and digitalization at the core of its business, Arçelik strives to build the much-anticipated business world of the future with his employees and stakeholders. Arçelik adopts a fair, equal and inclusive approach that focuses on the needs of its employees, a safe working environment and a culture of business conduct that espouse high ethical values. Arçelik aims to create sustainable value not only within its operations but also in the entire value chain.

## HUMAN AND EMPLOYEE RIGHTS

Arçelik provides its employees with a fair and egalitarian work environment where human and employee rights are firmly entrenched. The Company's approach and position on human and employee rights are based on the requirements set forth by the United Nations Global Compact (UNGC) and International Labor Organization (ILO) initiatives and these efforts are reported in a transparent manner as guided by these principles.

At Arçelik, all human resources processes, from recruitment to remuneration, are carried out in accordance with the principle of equality. In line with the principles of merit-based assignments and equal opportunities, a fair working environment is ensured by taking into account such criteria as educational attainment, knowledge, skills, competence and experience. Arçelik does not tolerate discrimination based on ethnic origin, language, religion, age, sex, sexual orientation, nationality, disability or culture differences. You can access policies related to human and employee rights on the web site.

Arçelik respects the freedom of its employees to unionize and to sign collective bargaining agreements. Arçelik is a member of the Turkish Employers' Association of Metal Industries (MESS) at workplaces covered by the Turkish operations. All hourly paid employees in Turkey are covered by a collective bargaining agreement. Arçelik also respects trade union rights of its employees in its overseas operations.

Arçelik does not tolerate any practices such as child labor, forced labor and forced labor in its own operations and operations of its suppliers. Arçelik is subject to a number of audits under different classifications as a member of the Business Social Compliance Initiative (BSCI) and Suppliers Ethical Data Exchange (SEDEX).

The issues covered by BSCI audits include social management system, employee engagement, right to unionize and freedom of collective bargaining, anti-discrimination, fair compensation, working hours, Occupational Health and Safety (OHS), prevention of precarious work, preventing child or forced labor, protecting the environment and ethical business conduct. Arçelik complies with the relevant legal regulations and requirements in all countries in which it operates. Performs supplier audits to ensure that human rights and employee rights principles are implemented throughout the supply chain.

Arçelik cares about the wellbeing of its employees, not just in their business lives but also in their private lives. The purpose of flexible working hours implemented at Arçelik is to help employees create a balance between business and private life and increase their motivation and wellbeing.

## EQUAL OPPORTUNITY AND INCLUSION

In line with its understanding of equality of opportunity and inclusion, Arçelik supports the participation of all disadvantaged groups, especially women, girls and people with disabilities, in society and economic life.

Arçelik strives to increase female employment and raise awareness of gender equality by supporting women's empowerment and active involvement in business life. Arçelik encourages employment of women not just at its offices and manufacturing facilities but also by its suppliers, authorized technical service providers, dealers and stores.

You can find detailed information on gender equality and women's empowerment practices in the Sustainability Report.

Participation of people with disabilities in economic life is possible by creating a barrier-free environment for them. With the Accessible Home Agent Project, Arçelik supports the employment of people with disabilities who have difficulty coming to work due to physical health problems. This project enables people with disabilities to work from home, allowing the development of a more diverse workforce. Arçelik collaborates with universities and associations to develop projects for training people with disabilities as qualified professionals.

## TALENT MANAGEMENT

The employees are the driving force behind Arçelik's global achievements and high sustainability performance. Arçelik continuously invests in bettering employee experience, providing a satisfactory working environment. Arçelik's talent management approach is based on the placement of the right person in the right job, objective performance evaluation, and training programs to improve competencies.

The development and performance of employees are monitored through a 360-degree assessment processes. Arçelik implements a performance management process that focuses on the needs of the employees and focuses on development and feedback. The outcomes of the process are used to prepare plans that support employee career development. The development journey of the employees prepared for their leadership roles is closely monitored by the Development Center practices.

Training and development programs are designed to improve employee performance in line with Arçelik's vision and business objectives. The current and potential future needs of the employee are determined by considering the job requirements and the requirements of different positions. The training focuses on three main categories: Talent In You, Future In You and Leader In You.

**"Talent In You" Program** focuses on personal and professional development of employees. Training programs that improve the technical and professional competencies of employees, foreign language training, social responsibility and hobbies are provided as part of the program.

**"Future In You" Program**, focuses on the careers and leadership potential of employees. Employees with potential are prepared for their new roles and their development is supported throughout their career journeys.

**"Leader In You" Program**, focuses on employee leadership development. Training sessions are organized to develop their work and leadership muscles in line with the needs of managers at all levels.

Apart from the programs grouped under these three areas, various training programs are organized to strengthen the professional development and expertise of employees. Arçelik staff members are encouraged to take online training programs to develop new competencies.

**Technical Academy 4.0** strengthens the competencies of technicians and operators in Industry 4.0, their loyalty to and satisfaction with Arçelik, and their awareness and confidence in business processes.

**Tech Pro Academy** develops the competencies of all engineers, experts and senior experts working in the production and technology group. Studies have been carried out with Koç University as part of the localization of the Academy in Romania in collaboration with Valahia University Targoviste. Training sessions were organized under the titles "Material and Process Flow" and "Next Generation Production Technologies" in the 2020 training plan, and 160 people participated in 14 sessions.

**The Critical Expertise Project** to unlock the potential of R&D employees who wants to specialize in a specific field.

**Digital Competency-Driven Training** provides employees with competencies in line with the company's digital transformation policy and road map.

Recruiting young talents is a major aspect of Arçelik's skill management approach. Arçelik believes that young people's innovative perspectives and dynamism will make a significant contribution to its business. Arçelik develops collaborations with universities and runs internship programs to recruit young talents and support their development. One of the programs is the Fresh Start Internship Program, which is designed to help university students prepare themselves for the business world and gain experiences that will shape their future careers. Another program is the A Ticket for Your Future. This program is designed to attract young university students working in innovation and creativity from all around the world to Arçelik.





### Corporate Volunteerism: This Is Us!

In 2020, Arçelik continued to play an active role in solving social problems and established its corporate policies accordingly. Arçelik has published its Corporate Volunteerism Policy to enable the voluntary participation of its employees with the awareness of active and responsible world citizens in order to solve social problems in the priority areas identified in its Corporate Citizenship Policy. The policy lists the high-priority social issues as the sustainable living (environmental protection, combating climate crisis, energy, water, waste, plastic, food waste, healthy living), technology and digitalization, equal opportunities in education, and gender equality. In these areas, the principles of participation of employees who will take voluntary duties in projects and activities were also defined.

In 2020, an annual activity schedule was prepared for Arçelik Volunteers Club, which work in accordance with the policy. Volunteer events designed in many areas such as the environment, fight against plastic pollution, sustainable office, digitalization, and education have been put on hold due to COVID-19. More than 100 Arçelik employees volunteered to support the Science Heroes Meeting Tournaments, which is the Turkey leg of the First LEGO League Tournaments, with more than 300,000 children and young people participating in more than 100 countries in January-February-March, ahead of the pandemic.

### Arçelik Employees Sports Clubs

Arçelik's employees from various businesses and locations volunteered to participate in sports activities in athletics/running, badminton, basketball, cycling, soccer, rowing, table tennis, volleyball, sailing and swimming. These teams competed at official leagues, corporate leagues, Koç Holding Sports Leagues and/or Sports Festivals throughout the year:

- The Women's Volleyball Team won the 2020 Turkey Championship in the Fonex Corporate Volleyball League.
- A group of 300 employees, authorized dealers, and authorized service providers participated in the Runatolia 15<sup>th</sup> International Marathon in Antalya on March 1, 2020. In this charity run, volunteers raised funds on behalf of the TEV Mustafa V. Koç Scholarship Fund.
- 31<sup>st</sup> Koç Group Sports Fest was limited to online activities as a result of the measures against COVID-19 and the sailing team won the championship trophy.



### OCCUPATIONAL HEALTH AND SAFETY

Arçelik's primary objective in occupational health and safety (OHS) is zero work accidents and zero occupational diseases. To ensure a safe working environment, Arçelik leverages new technologies, conducts risk analyses, organizes awareness-raising training and conducts auditing activities.

Occupational health and safety is conducted in an integrated manner with quality and environmental management systems. Arçelik embraces an OHS approach that targets the entire value chain as well as its operations and employees, and manages the practices in this area in line with the OHS Policy.

**Arçelik Headquarters building and all Arçelik production facilities are certified to the ISO 45001 Occupational Health and Safety Management Standard.**

Actions to be taken to achieve the objectives set are listed in the OHS Action Plan. Arçelik strives to achieve a successful OHS performance in all countries in which it operates, setting uniform indicators and concrete targets across all geographies. In order to ensure that performance in this area is internalized and managed as a success factor, OHS issues have been included in all department and employee objectives within the scope of the Performance Management System.

In 2020, the accident frequency rate and the severity rate for Arçelik's Turkish operations were 2.80 and 0.062, respectively. In the same period, the accident frequency rate and occupational illness rate for Arçelik's global operations were 2.09 and 0.1, respectively.

OHS trainings are conducted for its employees and suppliers with the aim of establishing a common health and safety awareness and culture. In 2020, Arçelik employees and supplier employees

received 151,398 and 5,174 person-hours of OHS training, respectively. OHS trainings and drills aim to increase awareness of unsafe behaviors and create behavior change.

Employees participate in OHS management through OHS Committees and suggestion system. The committees can provide support and advise on OHS. As of 2020, 405 members, including 47 employee representatives, were employed in 26 Occupational Health Committees in Turkey.

### SUSTAINABLE SUPPLY CHAIN

Arçelik strives to create value for all its stakeholders in the value chain with a sustainable supply chain and continuously supports its suppliers to improve their environmental and social performance. Risk management processes, sustainable supplier index, supplier audits, communication activities and supplier training are the main tools for integrating sustainability approaches and practices into the value chain. Arçelik takes international agreements as reference for its sustainable supply chain approach. Arçelik is among the first companies to sign the Code of Business Ethics published by the European Association of Home Appliances Manufacturers (APPLiA). Arçelik carries out its procurement management in accordance with the Global Responsible Sourcing Policy, which is included in the Global Business Ethics Principles document. The Global Responsible Sourcing Policy details the expectations from suppliers regarding legal compliance, working conditions, human rights, occupational health and safety, and the environment.

Arçelik identifies social, environmental and economic risks in its supply chain with certain methods. Suppliers that are in critical position regarding sustainability risks are subject to risk assessment in accordance with the Sustainable Supplier Index and are subject to Business Ethics Audits. Supplier Business Ethics Audits evaluate the suppliers in terms of their compliance with Arçelik's expectations on social, environmental and economic issues. Supplier-specific improvements and actions are scheduled in case of non-compliance. All suppliers of directly sourced materials were assessed for quality, environment and business ethics.

A Supplier Training Platform was established to increase the knowledge and awareness of suppliers on sustainability issues. Through this platform, suppliers are informed about the environment, business ethics, occupational health and safety issues and the requirements of national and international regulations. In

2020, 10 training programs on sustainability were organized for suppliers and 4,000 person-hours of training were provided.

On top of training, suppliers are supported by Supplier Development Programs. Arçelik collaborates with suppliers that continuously improve their performance. Projects carried out in cooperation with Arçelik and suppliers provide competitive advantage for suppliers and help reduce costs and improve quality. With these projects, Arçelik improves product quality, shorten production times and increases productivity.

In line with UN guidelines and restrictions, Arçelik avoids sourcing minerals required for manufacturing electronic devices and durable home appliances from high-risk conflict zones to prevent any financial support to such conflicts. In line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and under the Conflict Minerals Project launched in 2016, Arçelik has established a Conflict Minerals Management System and evaluates high-risk suppliers in terms of the use of 3TG minerals (tin, tantalum, tungsten and gold).

### ETHICS AND COMPLIANCE

At Arçelik, business ethics and compliance are governed by Global Code of Business Conduct and Related Policies. The CEO and the Global Ethics Committee are responsible for orderly implementation of the principles and policies. The permanent members of the Global Ethics Committee are the CEO (Chairman), the CFO, the Legal and Compliance Director, and the Human Resources Director.

Legal and Compliance Director reports the resolutions and compliance activities of the Global Ethics Committee to the Chairman of the Durable Consumer Goods Group of Koç Holding and to inform the Board of Directors each quarter.

The Legal and Compliance Directorate is responsible for regulating human rights principles, periodically reviewing them and revising them when necessary, and the Human Resources Directorate is responsible for implementing these principles. With the Global Code of Business Conduct, Arçelik undertakes to act in compliance with the UN Global Principles Agreement, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the Universal Declaration of Human Rights (UHDR) independently of whether or not these principles have been adopted in the countries in which it operates. All Arçelik employees and business partners, including interns, are required

to comply with the Global Code of Business Conduct and Related Policies and are expected to adopt and comply with these rules. Awareness on this subject is raised through training programs. At the same time, it is the responsibility of all managers to report the Global Code of Business Conduct and Related Policies to all employees, to ensure that the employees give the necessary attention to these rules, and to show the necessary effort and leadership to ensure compliance with these rules.

A copy of the Global Code of Business Ethics and Related Policies are provided to all employees in exchange for their signatures, at the day of their employment. Furthermore, a copy of the Global Code of Business Ethics and Related Policies is provided to all new recruits and their completion status is regularly checked.

Arçelik Legal and Compliance Directorate has created face-to-face and online training programs to ensure full compliance with the Global Code of Business Ethics. The training includes the Global Code of Business Ethics and Related Policies, including the fight against bribery and corruption, as well as the prevention of discrimination and human rights violations. In 2020, more than 9,000 employees, 24.7% of Arçelik's total workforce, received live training via remote access. However, senior managers were trained at face-to-face sessions.

Reports on any noncompliance with the Global Code of Business Ethics and Related Policies are made via an online ethics hotline. In countries where manufacturing takes place, a call-in ethics phone line is available. Arçelik is committed to protecting notifiers by handling all notifications confidentially.

Arçelik is a signatory to the APPLiA Code of Conduct. The Code of Conduct guarantees a sustainable performance in relation to the working conditions, environmental laws and standards that are stipulated and required by national laws and international conventions.

Furthermore, Arçelik ensured that its production facilities are audited by independent audit firms based on the criteria established by Business Social Compliance Initiative (BSCI) and the Suppliers Ethical Data Exchange (Sedex), which are widely accepted in the European Union, and obtains compliance reports as a result of regular audits.

[You can find the Global Code of Business Ethics and Related Policies here.](#)

### ANTI-BRIBERY AND ANTI-CORRUPTION

Arçelik's anti-bribery and anti-corruption approach and rules are covered under the Global Code of Business Ethics and Related Policies. Anti-bribery and anti-corruption are managed in line with the Global Anti-bribery and Anti-corruption Policy.

As per this policy, Arçelik does not engage in any improper behavior, such as accepting or paying bribes. Employees are not allowed to offer, give or accept gifts and payments that may be perceived as a bribe. Employees are obliged to report the matter to the Global Compliance Department in the event of a bribe solicitation or offer.

Arçelik does not tolerate any form of corruption, embezzlement, facilitating payment and bribery. All financial records reflect every expenditure fully and accurately. Arçelik's financial systems do not allow unrecorded transactions or assets.

### PROTECTION OF PERSONAL DATA

Standards on the protection of personal data are defined in accordance with the Global Code of Business Ethics and Related Policies. A Data Protection Officer (DPO) function has been allocated as Global Compliance Manager at Arçelik. This function supervises all personal data processing activities of Arçelik and its subsidiaries and ensures that they are processed in accordance with the law.

Arçelik is committed to the principle of protecting the confidentiality of its subsidiaries and affiliates, customers, suppliers, employees and subcontractors, all of its stakeholders with whom it has a commercial business relationship. Personal data is processed and protected in accordance with data protection laws. Arçelik is obliged to comply with the relevant laws and regulations when applicable laws require a higher level of protection than those determined by the company.

Personal data cannot be used for any purpose other than the initial purpose for which they are collected. Individuals are informed on which personal data are processed by the Company, the purpose of processing, how long they will be maintained and under which conditions they will be shared with third parties. The relevant persons are entitled to be removed from the database, not to be communicated with, to be included in the database, to obtain information about processed data, to learn about the third parties to whom the data is transferred, to request correction or deletion of processed data.

### CUSTOMER SATISFACTION

Arçelik adopts a customer-centric approach in an effort to create the perfect customer experience. Customer satisfaction is managed in accordance with the Customer Satisfaction Policy.

Customers can send their requests and suggestions to Arçelik Customer Communication Center via telephone, email, social media, and in some countries, via WhatsApp and chat. Customer requests are communicated to the relevant units and the processes are monitored and reported in a transparent and secure manner. All notifications received from customers are handled in compliance with legal regulations, objectively, fairly and confidentially.

Arçelik continuously monitors the impact of its products and services on its customers. To this end, the company implements customer satisfaction and customer loyalty surveys every year and conducts mystery customer visits and audits for the dealers.

After-sales service processes are managed with ISO 1002 Customer Satisfaction Quality Management System and measured regularly with Net Promoter Score (NPS). Regulatory and corrective actions are taken and a variety of projects are implemented based on customer feedback. With these projects, Arçelik aims to improve its NPS score, standardize service quality and provide services that exceed customer expectations.

# In Touch with Human Needs

**1,376 graduates**

from Arçelik laboratories

**181 students employed**

in Authorized Services

**A Ticket For Your Future Program**

**46 participants**

**7 of them employed by Arçelik**

**in the Designing the Future for My Country Seminar**

**1,142 participants**

**in the Geleceği Yakal@ (Catch the Future) Workshop**

**133 participants**

**358 participants**

in the Kızcode Program

Arçelik considers creating solutions that meet the needs of society as the foundation of its corporate citizenship strategy. Arçelik develops products to remove obstacles to social welfare and focuses on improving lives in the areas in which it operates.

While demonstrating a solution-oriented approach to social problems, Arçelik creates projects that will make a difference in socioeconomic and cultural makeup of the society and create added value.

Arçelik's model includes a multi-stakeholder structure at every stage of its social development projects. Arçelik develops long-term partnerships with public and NGOs the regions in which it operates and structures all its processes in line with the United Nations Sustainable Development Goals (SDGs). Arçelik is engaged in a number of social projects to leave a better world for future generations in line with the "Partnerships for the Goals."

In line with its mission, Arçelik defined its priorities as Gender Equality, Quality Education, Climate Action, Industry, Innovation and Infrastructure, Responsible Consumption and Production, and Good Health and Wellbeing.

All members of the Arçelik Family all around the world make great contributions to the sustainability and implementation of the Company's social volunteerism projects. Production facilities, sales and marketing offices develop new business opportunities as well as projects that leave a mark on the social development of their region.

Operating in a wide geography globally, Arçelik contributes to the local development in terms of financial inclusion and access to finance with the employment and economic activities it creates, especially in the developing regions where production facilities are located. It creates economic value for the financial development of the ecosystem affected by its activities.

## EDUCATION AND DEVELOPMENT

Arçelik believes that education is the most critical prerequisite for a prosperous society and a bright future, and continued its social projects in 2020.

### Electrical Household Appliances Technical Training Program – Arçelik Laboratories

Arçelik has been emphasizing the importance of vocational education for many years, emphasizing the need for cooperation between schools and enterprises, and carries out projects to this end.

The Arçelik Electrical Household Appliances Technical Service Program is a first in Turkey. The program is designed to train human resources that keep up with the industry trends and adapt quickly to emerging technologies. The Program is carried out in collaboration with the Ministry of National Education General Directorate of Vocational and Technical Education and aims to train students to become technicians in white goods and air conditioning product groups after receiving training at Arçelik laboratories. The laboratories were equipped with state-of-the-art measuring tools and devices used for servicing electric home appliances.

The second phase of the program was completed between 2011 and 2014, and the second phase was held in the 2015-2019 period. The program started with four vocational high schools in the 2011-2012 academic year and reached a total of nine vocational high schools in Istanbul, Diyarbakır, Trabzon, İzmir, Ankara, Bursa and Tatvan in the 2015-2016 academic year.

The number of graduates of the program reached 115 in 2013; 112, in 2014; 208, in 2015; 216, in 2016; 216 in 2017; 209, in 2018; 139, in 2019; and 161, in 2020.

As of the end of the 2019-2020 school year, the total number of students who graduated from the Electrical Household Appliances Technical Service Program reached 1,376. From among the graduates, 181 students have been employed at Arçelik Authorized Services.

A total of 65 instructors from the Arçelik Electrical Household Appliances Technical Service Department have received technical training for a total of 22,500 person-hours at the Service Academy since 2011, as part of the Arçelik Turkey Service Academy Training Program. Training sessions continue in line with the needs.

Employees of Authorized Services were supported with 1,174,450 masks (23,489 packages), 1,544,350 pairs of gloves (28,431 packages), 10,134 visors, 375 free-standing disinfectant stands, 572 hand disinfectants, and 6,632 individual hand disinfectants during the COVID-19 pandemic. The Company is still providing these services.

Arçelik has come up with different solutions in the face of increasing hygiene needs during the pandemic process. Disinfecting services

have started to be provided throughout Turkey with a wide service network using the biocidal product licensed by the Turkish Ministry of Health in accordance with official regulations. During this process, disinfection was initiated as a business model and a new commercial business area was created for Authorized Services. Above all, customers, homes and workplaces have been disinfected with Arçelik assurance.

It is an inevitable necessity to take measures to mitigate the risk of earthquakes that cause irreversible losses on human life and residential areas. Arçelik therefore launched the Refrigerator Safety Fastening Kit for the purposes of "reducing non-structural risks of earthquakes" as a means to avoid the damages caused by earthquakes. With the refrigerator fastening kit, products are fixed to the wall to reduce the risk of toppling. Kits are mounted by experienced Arçelik Authorized Services.

### A Ticket For Your Future

The A Ticket for Your Future Program has been launched to bring back skilled workforce studying abroad to Turkey. Accordingly, Arçelik reaches out to successful Turkish students in their junior or senior years or postgraduate and Ph.D. students studying abroad are reached. Of the 46 participants included in the program, seven started working in Arçelik. Whether the project, which was postponed due to the pandemic in 2020, will continue in the upcoming period will be evaluated under the prevailing conditions.

### Arçelik Retail Academy

Founded four years ago, the Arçelik Retail Academy aims to communicate the Company's retail approach and vision to authorized dealers and relevant sales channels at points of sale. As an institutional education function, the academy continues to grow rapidly with a consumer-centric curriculum and educational and teaching tools that increase learning by triggering interaction.

In 2020, the Arçelik Retail Academy focused on the digitalization and transformation topics, the indispensable part of the new normal. In this context, it aims to increase the motivation and performance of its target audience through training and development activities. In addition to being a solution partner for all units serving the field with new business models planned in the new era, the aim is to ensure the widespread use of Academy transfers in the field and thus contribute positively to business outcomes.

### Digital Wings

Arçelik started the Digital Wings Project in collaboration with the Turkish Ministry of National Education, support of Arçelik and Beko brands and technical assistance of Bilkom. The purpose of the project was to raise a generation equipped with 21st century skills

and self-confidence and familiar with technological developments. Under the project, 200 teachers from 100 schools were trained in Istanbul in March 2020. The project was put on hold in line with the recommendation of the Ministry of National Education as schools moved to remote education due to their pandemic. The project will continue again once the schools begin face-to-face training.

#### Designing The Future For My Country

Arçelik carries out various projects with its employees and dealers in support of the "Designing the Future for My Country" Project carried out by Koç Holding. With the seminars carried out under this project, employees are encouraged to prepare themselves for the future and redefine their relationship with technology to shape the future. The purpose is to use technology to set the environment for a fair, egalitarian and inclusive future. In 2020, 1,142 people attended the seminar program, which was moved online due to the COVID-19 outbreak.

#### Right Approach to Disability for my Country

In 2020, training seminars aimed at supporting the spread of social awareness on issues of disability and accessibility were held.

The seminars were on right approaches to individuals with sight, hearing, physical and speech disability as well as those with learning disability or other impairments. During the year, 357 people attended training seminars.

#### Geleceği Yakal@ (Catch the Future) Workshop

We organized workshops in collaboration with Turkish Employers' Association of Metal Industries to introduce young people to coding, improve technological literacy by providing them with an accurate understanding of digitalization, and help them grasp the logic of algorithms. In 2020, 133 people benefited from workshops on coding, robotics and 3D design organized for the high school-aged children of Arçelik employees. A total of 394 people participated in the workshops launched in 2019.

#### FIT4FoF Project

Arctic is a member of the European Consortium, which is established to define the skills that will be needed in the factories of the future and to structure the training programs accordingly. With the FIT4FoF project designed for this purpose, the activities will be designed to determine the needs of employees, analyze technology trends, value-added manufacturing, mechatronic/machine automation, data analysis tools, cyber security and human

machine interface, identify new job profiles and determine training requirements. Arctic started a pilot project at the Washing Machine Plant in Ulmi, Romania, in October.

#### Arçelik Turkey – Pepee TV

The collaboration between Turkey's first digital children's television Pepee TV and Arçelik and Beko brands continued in 2019 with the aim of raising environmental awareness among children. Under this collaboration, eight animation movies were shot on climate change, soil, air, water, forests, responsible consumption and energy efficiency. The films also include "infomercials" to raise awareness on the environment. In 2020, millions of children in Turkey watched the contents.

#### Gender Equality and Women's Empowerment

Contributing to the development of an egalitarian approach in business and social life and raising awareness on gender equality are among the issues Arçelik cares about and is one of the priority areas of corporate citizenship strategy.

The SDG 5 calls for achieving gender equality and empowering all women and girls and defines gender equality as a fundamental human right. Arçelik aligned its sustainability roadmap with these goals and signed the United Nations Women's Empowerment Principles (WEPEs) in 2017.

#### Supporting Women in the Workforce

Arçelik continued its pre-pandemic projects to support the female workforce affected by the pandemic process and to ensure that more women enter the workforce. Arçelik also added new ones to these projects.

#### 500 Women Technicians Project

The 500 Women Technicians Project aims to make the untapped female workforce that came out following the centralization of the Arçelik call center. Accordingly, the project calls for the employment of at least one female technician in the authorized services that serve all the brands in Turkey and supports the female workforce negatively impacted by the pandemic. Under the project, free training opportunities will be provided to female service personnel who will be trained as technicians for the first time. Support will be obtained from public stakeholders such as the Turkish Employment Agency (ISKUR) and the Ministry of Family and Social Affairs and authorized services will be encouraged to employ female technicians.

#### 100 Women Beko Dealers Project

Arçelik launched 100 Women Beko Dealers Project in order to increase the representation of women in the entrepreneurship ecosystem. The project aims to support the economic and social development of women, encourage entrepreneurship and support women who evaluate the option of being Beko dealers with the experience gained from the extensive and well-established dealer

organization in Turkey. Entrepreneurial women who want to buy dealerships receive financial and moral support at all stages from the application stage, from store selection to rent support, from management training to mentorship. In 2020, more than 1,600 new applications were received, 29 new women dealers were included in the Beko dealer ecosystem, increasing the total number of women dealers to 39.

#### You Are An Engineer, You Are With Us

You Are An Engineer, You Are With Us Project was launched to encourage female students of engineering and basic sciences to work in the fields of technology and innovation and educate them on the dynamic structures of new-gen R&D. In 2019, 60 students attended the workshops and were matched with 47 role models and mentors from Arçelik. Throughout 2020, interviews and efforts continued to improve the technical competencies of the students and prepare them for professional life. Students experienced first hand R&D operations at Arçelik and contributed to their individual and professional development. The results of the projects were shared with their mentors and managers at the end of the process.

Students selected from among the 60 students who participated in the program had the opportunity to be employed as interns at Arçelik under the Fresh Start summer internship program. The preparations are in progress for the second program, which will be held in February 2021.

#### Development Programs: Women in Leadership and Holistic Leadership

The Women in Leadership Program was designed as an important support program for female executives. The program supports the leadership skills of women, helps them create a social network for a better self-representation and ensures that they have a better impact on organizational decision-making processes. Based on similar objectives, a Holistic Leadership Program for all employees has been implemented. In 2020, design efforts were started to transform both face-to-face program to virtual classes. The objective is to finish the process in 2021.

#### Seminars and Workshops on Gender Stereotypes Learned through Language and Behavior

The program drives discussion on the meaning of not-well-thought-out words and attitudes in terms of equality and focuses on certain words and stereotypes generating gender inequality. Awareness has been raised on how and why protective sexism triggers discrimination. Efforts on transforming the classroom program into virtual classes were carried out in 2020 and the work is planned to be implemented in 2021.



### SheMate Mentorship Training

In 2020, four experienced mothers participated in this mentoring program as mentees, which allows mothers working at Arçelik to share their experiences with new mothers. The total number of matchings has reached 55. The program is designed to facilitate the adaptation of postpartum women to work, encourage them to know that they can be a mother and pursue a career at the same time, to strengthen the idea of women returning to work and to make them feel the power of sisterhood.

In 2020, the Program's processes were revised to redesign the employee experience from a perspective. The program will be implemented in 2021, supported by different training programs and enriched with new design.

### Gender Equality Seminars

The seminar was organized to create awareness on the reasons and consequences of gender inequality with a focus on male-female roles and the inequality and discrimination resulting from these in private and business life. A total of 22,343 people attended the seminars which since the launch in 2015. In 2020, 58 people participated in the seminars due to COVID-19. An online version is scheduled for launch in 2021.

### Equal Dictionary

The Equalize with Equal Dictionary Project aiming to achieve gender equality by leveraging the power of technology, also continued in 2020. Equal Dictionary keyboard, which is used on mobile devices and computers, warns the user and offers alternative discourses when he or she uses sexist expressions, belittles women or men, or creates discrimination in language. As of the end of 2020, the mobile app of the project was downloaded 29,873 times, the web page had more than 40,000 visits, and words were corrected hundreds of thousands of time.

### Kizcode

The Kizcode Program was designed to train the daughters aged 11-15 of Arçelik employees on coding and animation. In 2020, coding training with COVID-19 was migrated to the virtual platform and reached wider audiences. During the year, 358 people attended the training sessions and 434 people have been trained since the program was launched in 2018. As a result of the training, girls have been given an opportunity to expand their perspectives on technology and digitalization, unearth their talents and evaluate their projects on different platforms.

### Father Support Program

The Father Support Program, which was established to contribute to the development of democratic culture in the family, includes steps for fathers to spend more time with their children, to establish a healthy communication, to be informed about their needs and to develop gain positive behaviors. In 2020, face to face Studies on transforming the implemented program into virtual classrooms have been initiated, and it is planned to be implemented in 2021.

### Egalitarian Parenting Approaches and Parenting in the Time of Corona

The program aims to inform parents about the fundamental relationship and communication skills they will build with their children in the context of gender equality and has been reorganized in 2020 under the title "Parenting in the Time of Corona" due to COVID-19. A total of 426 employees participated in the training together with their spouses. The Koç Academy's different content that supports parents for the content and purpose of this training has been presented to the employees to reinforce the program.

### Supporting Public Health and Local Communities

#### Dawlance – Pakistan

During the pandemic process in 2020, 10 ventilators manufactured by Arçelik were donated to major hospitals in Pakistan to improve the condition of healthcare facilities within the framework of the initiative "Dawlance for Humanity."

On the World Children's Day, Dawlance educated children and educators at the Dar-ül-Sukun Foundation in Karachi to raise awareness on COVID-19. Also, a donation was made to the institution which hosts and cares for children and adults with disabilities. This event was organized in collaboration with Dr. Tahir Barlas, a leading expert in Pakistan.



One of the important projects implemented during the pandemic was the incubation rooms designed to ensure that healthcare workers stay in a self-ventilated glass chamber and to protect social distance by keeping patients out. Dawlance also manufactured and donated adjustable face shields to hospitals for frontline health workers.

Dawlance donated 150 products to different hospitals throughout the year, including refrigerators, freezers, air conditioners, microwave ovens, water fountains and electric water heaters. Dawlance refrigerators and freezers are often used to keep large quantities of COVID-19 test kits and test specimens below the ideal temperature of -20 degrees, demonstrating the reliability of these products.

#### Arctic – Romania

Arctic supported frontline health professionals in their struggle against COVID-19 throughout the year. In Romania, Arctic donated 1.4 million worth of Arctic and Beko home appliances to health professionals and hospitals. More than 1,500 Beko household appliances were distributed as part of the collaboration with the Romanian Red Cross. Donations were made as part of Beko's global campaign, while the #StayhomelikeaPro slogan supported healthcare teams' efforts to prevent and control the spread of the virus.

In September, Arctic donated ventilators manufactured by Arçelik to hospitals in Dâmbovia County to support local medical teams.

The Arctic service network is the largest network for large and small domestic appliances in Romania. During this period, the company initiated a special campaign and addressed all calls received from customers aged over 65. Free services were offered for these individuals for all three brands in the portfolio.

Encouraging people to take measures against COVID-19 has been an essential part of the Company's mission in 2020. Arctic and Beko have integrated their agendas and invited everyone to wear masks with the #WearAMask global campaign. The global campaign has been adapted locally and nationwide awareness has been raised on the importance of wearing masks.

Arctic believes in the importance of nurturing a culture of collaboration and solidarity for the safety of its employees, business partners, customers and everyone else. A campaign called "Respect for the Frontliners" was launched and health professionals were supported with the hashtag #RespectLinialntai on social media and other channels at the plants and service units.

#### Beko – The United Kingdom

Within the scope of the fight against COVID-19 pandemic, Beko launched the #BekoGiving initiative and donated products to the National Health System (NHS), which is at the frontline saving lives. More than 1,700 products were donated to NHS-affiliated hospitals, ambulance services and charities across the country supporting homeless.

Within the scope of the initiative, 400 small household appliances were donated to more than 150 families as part of the collaboration with Barnardo's, a British charity that is dedicated to helping vulnerable children and young people. Within the framework of the seven years of partnership with Barnardo's, Beko has provided assistance of approximately £200,000 to families and children in need, including in kind gifts.

#### Grundig – The United Kingdom

In harmony with the message of Respect Food, Grundig has launched the "GiveBack" in collaboration with Currys PC World, the

UK's largest electrical retailer. As part of the campaign, more than 120 charity organizations selected by Currys PC World store staff have been donated 240 domestic appliances worth £120,000.

**elektrabregenz – Austria**

In 2020, the company continued to support Pro Juventute to protect homeless and needy children and donated kitchen appliances to renovated orphanages. The proactive collaboration between elektrabregenz and Pro Juventute, which contribute to social awareness of Pro Juventute's programs, will continue in 2021.

**Responsible Consumption**

**Respect Food**

The need to fight rapidly increasing food waste in the world led Grundig, which believes in the philosophy of "Respect Food," to projects that promote responsible consumption.

Grundig has undertaken a number of joint projects with local and global organizations to draw attention to food waste, and has led its R&D efforts into new technologies that will prevent food waste. As a global brand with high environmental awareness, Grundig invites society to fight against food waste and strives to raise awareness

through its collaborations. Chef Massimo Bottura, who epitomizes Grundig values such as quality, aesthetics and sustainability, is the voice of the brand in this awareness-raising process with the title of brand ambassador. Massimo Bottura, who was selected as the UN Environment Program Goodwill Ambassador and selected as one of the 100 most influential people by Time magazine, in a move to accelerate the fight against the global food waste problem, helps shape the sustainability journey of the brand in this process.

In addition to this partnership, Grundig also strengthens its Respect for Food philosophy and supports awareness of food waste through collaborations from different fields.

**Food for Soul**

Grundig has continued its collaboration with Food for Soul, a non-profit organization that fights food waste, since 2016. Food for Soul was founded by Chef Massimo Bottura to highlight a series of initiatives by working with chefs, artists, food suppliers, designers and organizations.

Through this collaboration, Grundig supports the Food for Soul organization to educate consumers about food waste and raise awareness about respect for food. This has helped Refettorios,



and Naples. In this context, by the end of 2020, more than 500 tons of food and more than 785,000 dishes are served and the fight against food waste continues, and Refettorios continue to spread and increase their impact.

Focused on the SDGs and extending the collaboration with Food for Soul and Massimo Bottura on a number of platforms, Grundig launched a campaign on the World Food Day. Web episodes were broadcast during the days of COVID-19 and informative contents were shared on Instagram and respectfood.com.

**Grundig Turkey – Ruhun Doysun**

Inspired by Koç Holding's sustainability vision, Grundig Turkey developed the concept of "Brand With A Purpose" and in line with the global perspective, it launched Ruhun Doysun Initiative in Turkey.

Grundig Ruhun Doysun, organized with the theme "A Lifestyle" in 2017, "Respect Food," in 2018, and "Discover," in 2019, has become a growing awareness movement every year through YouTube series, website, social media accounts, magazine books, events. Grundig Ruhun Doysun project started with a focus on digital. "A Lifestyle" and "Respect Food" seasons were broadcast on a national TV channel and a digital platform. "Explore" season was broadcast on a national TV channel and a digital platform in April 2020 and a national TV channel in May 2020. Repeat broadcasts of the project continue on the same national channel.

Grundig Ruhun Doysun started as a project to create awareness and it is now among the first brands to come into mind about respecting food. As of 2020, the number of followers reached 542,000 on Instagram, 161,000 on Youtube and more than 700,000 on all social media channels. Videos on the Youtube channels were watched more than 100 million times. The project has become an opinion leader that extends its philosophy to the masses.

Magazines-books titled "Respect Food" and "Discover" are now on sale through grundig.com.tr as well as e-commerce web sites and major bookstores.

**Healthy Living**

**Eat Like A Pro**

Eat Like A Pro Program was launched by Beko in an effort to raise awareness on child obesity, a major global concern. The collaboration with UNICEF started in 2018 and various programs were implemented in 2019 in six South American countries (Costa Rica, Cuba, Mexico, Ecuador, Colombia and Brazil) to create an impact on families and children. As part of the cooperation that



which are restaurants that make gourmet meals for the homeless, extend the scope of their operations to different locations in order to reduce food waste and provide for people in need. As an official partner of the organization, Grundig helped Food for Soul in the opening of five Refettorios in Rio de Janeiro, London, Paris, Milan,





continued in 2020, although the schools were closed due to Even though the collaboration between FCB and Beko was affected by COVID-19 during the final period of the 2019/2020 season, it continued with a shared objective of supporting and encouraging healthy living.

Beko continued to provide fun nutrition-related content through social media platforms and FCB's digital channels, and to deliver players' favorite Nutrition recipes for all fans. Tips and tricks for healthy cooking at home are also included in the shared recipes.

Eat Like A Pro ambassador and FCB player Gerard Piqué led an awareness campaign initiated by Beko on World Health Day. During the campaign, #StayHome and #LikeAPro hashtags were used to invite people to stay home, wash their hands frequently, and actively help frontline health workers at hospitals. The campaign reached 8 million people through Beko social media channels and encouraged other Beko partners (FCB and Fenerbahçe) to participate in the campaign.

Beko expanded into the e-sports sector in 2019 by signing a one-year sponsorship agreement with the League of Legends European Championship (LEC), Europe's largest e-sports league. In 2020,

Beko renewed this agreement to continue preparing special content that inspired healthy living for the players who are interested in e-sports and the next generation. By using famous broadcaster names that are followed with interest by LEO audiences, Beko-branded Products and technologies were communicated, and post-game interviews and original content on the healthy lives of professional players were brought to the audience.

#### One Healthy Movement

The project was launched at all Arçelik locations in Turkey in September 2018 to help Arçelik employees develop healthy living habits. All employees were given a health check before participating in the project. At the end of the project, 1,608.6 kg of body weight was lost in total and 2,916 dietitian calls were made.

#### Awards And Achievements In 2020

- Arçelik was recognized as the *Industry Leader in Durable Household Appliances category for the second time* in the **Dow Jones Sustainability Index** in 2020. The company is listed in the Index for the fourth time in a row.
- Arçelik was listed in **BIST Sustainability Index** for the *seventh time*. The Index lists the best-performing Borsa Istanbul companies in terms of corporate sustainability.
- Arçelik continues to show a firm commitment to contributing to *forward-looking environmental, social and governance (ESG) performance management* as one of the supporters of the **Task Force on Climate-related Financial Disclosures (TCFD)**, which is a crucial initiative in developing visibility and transparency-based reporting skills and implementing concrete measures to fight climate crisis.
- The Company placed *34<sup>th</sup>* in **Corporate Knights Global 100 Most Sustainable Corporations in the World 2021** list. Arçelik also made the **Corporate Knights Clean200** list.
- Arçelik ranked *13<sup>th</sup>* in **2021 Top 150 Impact Companies** list of 2021 compiled by **Real Leaders**, the world's first sustainable business and leadership magazine.
- Arçelik received *A- rating* in **Carbon Disclosure Project (CDP) 2020 Climate Change** and **Water Security Programmes**.
- Arçelik received *Gold Medal* and included in the by making the **S&P Global Sustainability Yearbook 2020**, which lists companies that *perform best in their respective industries* in terms of environmental, social and governance (ESG) metrics. **The Yearbook** is launched under **S&P Global**. <https://yearbook.robecosam.com/>
- Arçelik won *four awards* at the **2020 Sustainable Business Awards Turkey** organized by the **Sustainability Academy Turkey**. Award-winning projects included *2019 Sustainability Report* in the "Sustainable Business Reporting" category, *Innovative Engineering Plastics from Waste Fish Nets for White Goods* in the "Sustainable Innovation" category, *100 Female Beko Dealers* in the "Women Empowerment" category, and *Grundig Food for Soul Season 3* in the "Sustainability Communication" category.
- Listed for the *5<sup>th</sup>* time in **FTSE4Good Emerging Index**, which measures the environmental, social and governance performance of companies. The Index is maintained by **FTSE Russell**, a subsidiary of **London Stock Exchange Group (LSEG)** and a global provider of benchmarks, analytics, and data solutions with multi-asset capabilities.
- Campaigns organized by global brands Beko and Grundig throughout the year were among the *top 10 most creative and effective advertisements in the world*. At the **Global Kantar Creative Effectiveness Awards**, Grundig's "It Starts At Home – Pet Tub" campaign was listed among the *10 Most Creative & Effective Digital Advertisements* and Beko's "Wash Your Excuses Away – Aquatech" campaign was listed among the *10 Most Creative & Effective TV Advertisements*.
- Dawlance has proved its superiority in competition and innovation by winning the "Dawlance SYNC" campaign and the *Best Digital Marketing Communication Award* at the **PDA-2020 Pakistan Digital Awards**.
- Beko Spain won the *"2020 Product of the Year"* award in product innovation with **AutoDose DW** and **AquaTech WM**. "Product of the Year" awards recognize the best innovative products in the market every year. Beko products were listed in the *top-10* in all categories.
- Arçelik and Beko were both recognized at the **"The ONE Awards,"** the first and only integrated marketing award given to brands that have increased their reputation the most throughout the year. Arçelik received the award in the *white goods category* and Beko was awarded in the *SDA category* in the competition, which assessed over 50 categories.

- Arçelik, the market leader in the Turkish coffee machines segment, launched a communication campaign for Telve under the slogan *"Telve for Love"* and it was ranked number one at **YouTube Ads Leaderboard** in December 2019.
- Beko won an **"2020 Energy Star® Partner of the Year Sustained Excellence Award"** in the United States. Beko won this prestigious award, which is given to those who are selected as the *"Partner of the Year"* back to back, for the second year in a row.
- The Beko Malaysia After Sales Service team has received the **Best Repair Time Award** from **Senheng**, one of Malaysia's largest and most modern commercial channels, by fulfilling all customer services at the same speed and quality.
- **Tech Brands Turkey**, which selects Turkey's most technological advanced brands every year, used Nielsen Turkey's online methodology for measurement in 2020. Arçelik won the *"Tech Brands Turkey"* award in the White Goods category with the votes of 1,000 participants from 12 cities representing the Turkish population.
- Beko Russia won *two bronze awards* at the **Silver Mercury Marketing Communication Festival**. Beko received the *Best Digital Communication Application* in Public Relations and *Best Idea Leader Practice awards* for its #WashYourExcusesAway campaign.
- Dawlance won a **Golden Effie Award** in the Home Appliances category at the second edition of **Effie Awards Pakistan 2020**. Dawlance participated for the first time in this competition where its Customer Service Campaign won the *biggest* award in its category
- Defy's mechanical ventilators won the *"The President's Special Award for Pandemic Service"* from the **Royal Academy of Engineering**. *The Cambridge University Open Ventilator System Initiative team*, supported by Arçelik's Beko subsidiaries in the UK and Defy in South Africa, was deemed worthy of this award as a result of Defy's efforts to manufacture affordable ventilators in developing countries during the pandemic.
- Singer Bangladesh won an *"e-Commerce Movers Awards 2020"* from the **e-Commerce Association of Bangladesh (e-CAB)** for its contributions to the e-commerce industry during the COVID-19 pandemic. This award is also a testament to the recognition of the outstanding effort made by Singer Bangladesh to move e-commerce forward across the country when it is needed most.
- Beko won *first prize* in the *Best Motivation Program category* in the Commercial Marketing program at the **"POP AI Russia Awards 2020"** for its long-term motivation program for its supporters. **POP AI** is the marketing event that brings together the most advanced technologies in the retail marketing industry, and **POP AI Global** consists of 1,400 companies with offices worldwide.
- Beko dryer DE744RX1 received a *"Gut" assessment and qualified* to use the *StiWa logo* in the Sept 2020 magazine published by **Stiftung Warentest**, a German consumer organization conducting an objective search and comparison of products and services.
- Defy named an **"Icon Brand" in the 2020/2021 Ask Africa Icon Brands Survey** in the Combined Refrigerator / Freezer category.
- **The Electrical and Electronics Exporters' Association of Turkey (TET)** named Arçelik as the *top exporter* of white goods in 2019.
- Arçelik is the *only Turkish company* to make the *List of 100 Companies with the Largest Number of International Patent Applications* issued by the **World Intellectual Property Organization (WIPO)** in the last five years.
- Arçelik was named the *"People's Choice"* in the *Corporate Web Site* category at the **Golden Spider**.
- Defy is *one of the few businesses in South Africa* to be certified to the **ISO14064-1:2006 Greenhouse Gas Emissions Management System**.
- Arçelik's Sustainability Report won a *Silver Stevie Award* in the *"Best E-Book"* category.
- Arçelik's Çayırova Washing Machine Plant won the *second prize* at the **Industrial Energy Efficiency (SENER 20)** Project Competition.
- Beko PowerClean™ Cordless Vacuum Cleaner won the **2020 IF Design** and **2020 Red Dot Design awards**.
- In the evaluation made by **Test Magazin**, a leading German consumer magazine:
  - Grundig Hand Blender (BL 6840) was ranked *"good"* with **88.2%**.
  - Grundig Rotary Shaver (MS 6840) was ranked *"good"* with **88.7%**.
  - Grundig Steam Brush (ST 7950) was ranked *"very good"* with **1.3**.
- In the evaluation made by **Haus & Garten**, a leading German consumer magazine:
  - Grundig Egg Boiler (EB 8680) was ranked *"good"* with **1.9**.
  - Arçelik Egg Boiler (YP 9944 I) was ranked *"good"* with **1.9**.
  - Espresso machine (KVA 4830) was ranked *"good"* with **1.8** and received the "price/performance" award.
- In the evaluation made by **Stiftung Warentest (StiWa)**, a leading German consumer magazine:
  - Grundig Bagless Vacuum Cleaner (VCC 6670) was listed as *"Satisfying"* with **2.9**
- In the evaluation made by **Gesundheit & Hygiene**, a leading German consumer magazine:
  - Grundig Bagless Vacuum Cleaner (VCC 5850) was ranked *"good"* with **2.0**.
  - Grundig Bagless Vacuum Cleaner (VCC 3850) was ranked *"good"* with **2.0**.
- **Digital Fernsehen** magazine published in Germany ranked Grundig DTR7000 Digital Radio as *"very good"* with **87%**.
- **SATVISION** magazine published in Germany ranked Grundig DSB2000 Soundbar *"very good"* with **92.5%** and Grundig CMS5000 HIFI *"very good"* with **92.7%**.



# In Touch with Our Planet

Arçelik designs all of its products and services to the consumer around the concepts of sustainability and efficiency. The goal of contributing to the economy, people, the environment and society is the main factors that shape Arçelik's business processes. In line with these objectives, the Company focused on environmentally activities and energy-efficient products in 2020 to contribute to the economy and sustainability.

With the innovative products and operations implemented in line with the In Touch with Our Planet, Arçelik strives to protect the world's resources and take important steps to reduce its environmental footprint. Cooperation with different stakeholders continued throughout the year to address environmental issues impacting the industry such as climate crisis, plastic pollution, waste management and water crisis. In addition to integrating sustainability into developed products, Arçelik also helps partners across its value chain from customers to suppliers reduce their environmental footprint.

Within the scope of training sessions aimed at raising environmental awareness and creating value throughout value chain, the company personnel and subcontractor employees were provided with 15,683 person-hours of environmental training in 2018; 23,330 person-hours in 2019; and 16,595 person-hours in 2020.

The Sustainability Council chaired by the CFO is responsible at the highest level for all efforts related to the environment management. The work of the Council is supported by the Environment, Energy, Green Chemistry, Climate Change, Sustainable Supply Chain work groups. Strategies and targets are reviewed and implemented by the Climate Change Working Group, which consists of Quality, Sustainability and Corporate Affairs Director, Environment and Energy Managers, Environmental and Energy Specialists and Production Managers.

Arçelik is making significant investments to reduce its environmental footprint and continuously improve its environmental performance. Arçelik invested TRY 22.75 million in Turkey and €1.1 million abroad in 2018; TRY 25.5 million in Turkey and €2.4 million abroad in 2019; and TRY 29.8 million in Turkey and €3.3 million abroad in 2020, as part of its efforts to protect environment.

The company has managed to reduce the environmental impact of its products and thereby improve its production costs through its work at 15 R&D and Design Centers. Its sustainability efforts take Arçelik one step ahead in the global arena and provides a competitive advantage.

Business processes, particularly ISO 14001 Environmental Management System and ISO 50001 Energy Management System, which are integrated with ISO 9001 Quality Management System, are regulated in accordance with international product and management standards. The effectiveness and continuity of the management systems implemented at Arçelik is guaranteed through regular audits by independent organizations with international accreditation and periodically repeated Internal System Controls. Arçelik's direct (Scope-1) and energy-indirect (Scope-2) greenhouse gas emissions are calculated in accordance with the ISO 14064-1 Standard since 2010 in Turkey; 2015, in Romania; 2016, in Russia; and 2019, in South Africa. It is also verified by an independent accredited organization at the "reasonable assurance" level.

The Company calculates and verifies greenhouse gas emissions from its logistics activities from 2013 until today in accordance with ISO 14064-1. Regarding the 2019 Scope-3 emissions, the Scope-3 inventory in Turkey operations were expanded to cover, the treatment of raw materials and materials, product packaging and recycling, the treatment of waste and waste water produced in production, the product usage phase, domestic, export and import logistics activities of its products, end of life, business trips and personnel services were calculated according to ISO 14064-1 standard. The calculations were verified by an independent accredited entity at the "reasonable assurance" level.

As of the end of 2020, the rate of total plants both in Turkey and abroad that are certified by ISO 14001, is 90%.

Building on the sustainability concept in all business processes, Arçelik is committed to increasing the installed capacity of 2 MW renewable energy to 10 MW by 2025 and 15 MW by 2030 in line with its sustainability goals.

Water efficiency and waste reduction efforts at the plants resulted with savings of

**EUR 400,000** in 2019

**EUR 1,593,000** in 2020

Environmental Performance Indicators*	2018	2019	2020
Total Energy Consumption (GJ)	1,990,027	2,019,551	**
Direct Energy Consumption (GJ)	1,021,830	1,025,126	**
Indirect Energy Consumption (GJ)	968,197	994,425	**
<i>Indirect (purchased) renewable energy consumption (GJ)</i>	666,939	789,128	**
<i>Indirect (purchased) non-renewable energy consumption (GJ)</i>	301,258	238,098	**
Renewable Energy Generated (GJ)	-	2,732	**
Total Water Consumption (m <sup>3</sup> )	1,478,635	1,489,624	**
<i>Well Water (m<sup>3</sup>)</i>	763,745	768,114	**
<i>Mains Water (m<sup>3</sup>)</i>	712,091	692,567	**
<i>Rain Water (m<sup>3</sup>)</i>	1,885	28,943	**
Total Amount of Discharged Water (m <sup>3</sup> )	1,173,431	1,225,295	**
Total Waste (ton)	111,789	113,465	**
Direct (Scope 1) Greenhouse Gas Emissions (ton CO <sub>2</sub> e)	72,939	69,541	**
Indirect (Scope 2) Greenhouse Gas Emissions (ton CO <sub>2</sub> e)	38,504	42,963	**
All Other Indirect Emissions (Scope 3) Greenhouse Gas Emissions (ton CO <sub>2</sub> e)	132,828	6,262,807	**

\* SCOPE: Arçelik Turkey, Arctic Romania, Beko LLC Russia, Beko China, Beko UK, Beko France, Defy South Africa, Grundig Nordic AB, Grundig Nordic AS, Beko Thai, Offices.

\*\* These figures are at the stage of external auditing as the Arçelik 2020 Sustainability Report is prepared.

The 2020 Sustainability Report containing audited figures will be shared with all stakeholders on [www.arcelikglobal.com](http://www.arcelikglobal.com).

NOTE: The scope of environment and energy data is the same as the scope of the Sustainability Report.

**FIGHT AGAINST CLIMATE CRISIS**

Considering the probability and impact dimensions in the World Economic Forum's (WEF) Global Risk Report published in 2020, it is seen that eight out of 10 risks, which were included for the first time in the report's history, are related to the environment and climate crisis.

Arçelik continues to contribute to national and international efforts in this area with its sensitivity to the climate crisis, and develops solution-oriented international cooperation and supports the steps, policies and commitments made. Since 2012, the Company has participated in the Carbon Disclosure Project (CDP), one of the world's most prestigious environment initiatives. In 2020, the Company received the A- rating in CDP's Climate Change and Water Security programs. Arçelik also participates in the World Climate Conference and shares best practices since 2011.

Arçelik has set Science Based Targets to reduce Scope 1, 2 and 3 emissions. These targets were approved by Science Based Targets Initiative (SBTi). Accordingly, Arçelik's aims to reduce its Scope 1 and Scope 2 GHG emissions by 30% and its Scope 3 GHG emissions (Use of Sold Products) by 15% by 2030, compared to the base year of 2018.

As part of the commitment to combat climate crisis, work is underway to reduce environmental impacts not only within Arçelik but also throughout the entire value chain. In 2020, more than 300 participants and suppliers were informed about the ISO 50001 Energy Management System, energy efficiency and renewable energy topics.

Arçelik Global achieved financial savings of €625,000 with 210 energy efficiency projects in 2020 and prevented 4,891 tons of CO<sub>2</sub>e greenhouse gas emissions.

As of 2020, Arçelik launched the "Shadow Price Carbon Pricing Model," which supports its decision to invest in low-carbon emission technology in investments of €50,000 and with an installed capacity of 50 kW and above. In the lifetime cost analysis of its investments, the shadow carbon price was set at €30 per ton of CO<sub>2</sub>e.

Arçelik earned 305,407 tons of carbon credits from 2013 to 2018 under the "Energy Efficient Refrigerators Carbon Financing Project in Turkey" launched in 2013. The 305,407 tons of carbon credits provided by this project have been validated according to the Verified Carbon Standard, by an independent verification organization. Arçelik will become carbon neutral by offsetting its direct and energy indirect (Scope 1 and Scope 2) greenhouse gas emissions of its global production facilities in 2019 and 2020 with this carbon loan obtained by placing high energy-efficient refrigerators on the market.

Collaborations with NGOs and public institutions continued throughout the year in order to contribute to a sustainable future and development. The Company shares its experiences and achievements gained from leading practices with its stakeholders. In this context, a strong representation activity is carried out in many national and international NGOs (TOBB, DEİK, TÜRKBESD, APPLIA, DIGITALEUROPE, and so on), which represent a cross-section of many industries. Within this framework, Arçelik is able to adapt much faster to trends that transform the entire ecosystem, such as climate change and digitalization, and steers its activities with its strong R&D capacity. Within the scope of the European Green Deal, which is the new growth strategy of the European Union and includes the goal of becoming a carbon-neutral continent in 2050, comprehensive studies have been carried out to raise awareness and present best practices in coordination with relevant stakeholders. Arçelik Garage hosted the Efficient Meetings event organized by the Energy Efficiency Association on February 20, 2020. The Company participates in the working groups such as Climate Change and Low-Carbon Economy, the Partnership for Market Readiness (PMR), and Energy Efficiency Task Force in the Turkish Industry and Business Association (TUSIAD) as well as the Consumer and Technology Task Force, the EU Green Deal Task Force, Renewable Transformation Task Force and the Energy Working Group.

Short, medium and long-term climate-related risks and opportunities defined by the company are presented at the end of the section. You can visit the [website](#) for the entire table. Please click [here](#) to further details about Arçelik Climate Change Strategy.

**Management of Water Risks**

Over the last 11 years, 1.98 million m<sup>3</sup> of water was saved as a result of the efforts for water efficiency and reclaiming rain water. This amount is equivalent to the daily water consumption of approximately 2.5 million households.

The Environmental Coordination Working Group carries out water risks management and water efficiency activities in accordance with the Arçelik strategy and reports them to the Sustainability Council. The Sustainability Council monitors and evaluates water risks, strategies and impact on business objectives quarterly. Risks and opportunities are prioritized by the Sustainability Council according to the scoring methodology of Arçelik. According to Arçelik's risk and opportunity scoring methodology, risks and opportunities are scored based on financial, reputational, production, human and legal impacts, and the highest score is defined as the point of impact. Physical risks and future scenario risks are determined by WWF Water Risk Filter and WRI Aqueduct Water Risk Atlas, and the analysis results of these tools are reviewed annually. Action plans are created to reduce water risks according to the water risk analysis. In this context, 18 production facilities in Turkey, Romania, Russia, China, South Africa, Thailand and Pakistan were compared to the industry's best practices in Europe in the IFC database as part of the IFC Water Efficiency Project in 2019. A Water Efficiency Report was issued for Arçelik manufacturing plants in collaboration with IFC and areas of improvement were determined. Arçelik's 2030 water targets were determined based on the project outputs. In addition to water use, in order to protect water resources and biological diversity in all areas of operation, the wastewater discharged is treated in chemical and biological treatment facilities in accordance with its characteristics to ensure that it remains below the legal wastewater discharge limits, and their compliance with the standards is periodically checked. No surface water is used for the operations.

**Waste Management**

Arçelik uses innovative approaches and practices reduce manufacturing waste and the environmental impact of its products. While the amount of packaging used in the products is reduced, solutions are produced for electrical and electronic equipment that have reached their end of life, environmental impacts are managed throughout the product life cycle, with a focus on recycling. As part of the Zero Waste target, performance is increased in the prevention and reduction of waste from operations and separation of waste at its source. With the investments made in innovative technologies, the amount of raw material usage, chemical use and waste generation in product design and production processes are reduced. Environmental impact of a product should be considered starting with the design phase. Accordingly, Arçelik products are designed to be recyclable and have a reduced environmental impact.

**Recyclability Rates of Raw Materials and other Materials Used In Arçelik Products**

Material	Status
Metal	100%
Plastic	100%
Glass	100%
Chemicals*	Non-recyclable
Rubber	100%
Others	81%
Components	80%

\* Chemicals do not include oils. 78% of oils can be recycled.

**Arçelik Product Recyclability Rate**

Products	Status
Washing Machines	99%
Condenser Tumbler Dryers	98%
Refrigerators	99%
Dishwashers	84%
Electronic Devices	88-92%
Ovens	91%

Arçelik continues to raise awareness of zero waste through education, information and recognition and supports the Zero Waste Project implemented by the Ministry of Environment and Urban Planning in line with this approach.

## RECYCLING PLANTS

Arçelik fulfills its obligations under the WEEE Control Regulation. Waste Electrical and Electronic Equipment (WEEE) recycling facilities were established in Eskişehir and Bolu in 2014 to recycle the products back to nature and encourage them to be considered as sources within the scope of Extended Manufacturer's Responsibility. To minimize the environmental impact of the products throughout their lifecycle, refrigerators are recycled in Eskişehir and other white goods and small home appliances are recycled in Bolu. The facility in Eskişehir is the first recycling plant in Turkey to meet all technical requirements for plants to process refrigerators/coolers/air conditioning devices and to collect with a closed system CFC-based (chlorofluorocarbon) gases harmful to the ozone layer in old refrigerators. Approximately 1.3 million WEEE recycling units were recycled from 2014 to 2020 in the WEEE recycling facilities in Eskişehir and Bolu, resulting in a total energy savings of 326 GWh. A total of 160,000 tons of CO<sub>2</sub> were prevented by recycling waste products; 6.5 million tons of water was saved by replacing old-tech products with new eco-friendly products.

Arçelik's businesses in other countries meet their obligations as manufacturers under WEEE management through accredited institutions to which they join.

## Compliance with National and International Environmental and Energy Regulations

Arçelik uses ISO 14001 Environmental Management System Standard and ISO 50001 Energy Management System Standard as the basis for monitoring compliance with the applicable legislation. Arçelik carries out its legal obligations through collection and recycling mechanisms in EU Member States in line with the Extended Manufacturers' Responsibility and the WEEE Directive 2012/19/EU. The company is also a member of many systems that offer services in the collection, recycling and disposal of products that complete the product life cycle.

Arçelik complies with Directive 2011/65/EU replacing Directive 2002/95/EC, which provides for limiting the use of certain hazardous substances in electrical and electronic appliances, and with the amendment 2015/863/EU to the same Directive. The Company recognizes and supports the REACH Regulation as one of the most important legal processes protecting the environment and human health, ensuring that all chemicals used are recorded and controlled, the flow of chemical safety information required when transiting from the manufacturer to the user, and this flow is accessible to consumers. At Arçelik, REACH processes are followed up by a competent team. Arçelik carries out all of its operations with an environmentally friendly perspective, and uses environmentally friendly hydrocarbon refrigerator gases that do not harm the ozone layer and have a low impact on global warming.

The company has turned to alternatives with lower global warming potential in the coolant gases of the heat pumps in the dryer machines it produces, and started to use hydrocarbon gases with a global warming effect of near zero. As of April 2018, energy efficiency and environmental design criteria for water heaters and ambient heaters were updated and minimum requirements were increased. Arçelik fulfills its regulatory obligations.

Arçelik supports the implementation of energy efficiency, energy policies and implementation of test standards and regulations in developing countries with the United for Efficiency (U4E) of which it is a member, led by the United Nations Environment Program (UNEP) and the Global Environment Facility (GEF). Pursuant to the Energy Efficiency Law, the Company employs engineers with the Energy Manager Certificate in their businesses whose energy consumption value is above the stated value. Arçelik implements numerous energy efficiency projects annually under the guidance of energy managers to prevent unnecessary energy consumption from production. Arçelik also makes notifications of energy consumption information within the legal periods at the relevant production locations in accordance with local regulations.

No major\* penal fees were imposed due to non-compliance with the environment regulations during the reporting period.

In line with the company's vision, sustainability activities range from raw materials, packaging/user guide materials to supplier ethics audits. In this context, the efforts made to use environmentally friendly product packaging in 2020 are as follows:

- The company has started using 100% recycled cardboard in its products and the project is expected to be completed by the end of 2021. As of the end of 2020;
  - Arçelik saved 1,053 trees from being cut down by using 62 tons of 100% recycled materials for packaging its tea makers, Turkish coffee makers, toasters and vacuum cleaners.
  - Arçelik saved 9,112 trees from being cut down by using 536 tons of 100% recycled materials for packaging its hoods and storage water heaters.
  - The focus of product packaging processes was on less resource consumption and the use of recycled/recyclable materials. Projects are underway to replace the styrofoam packaging material used in small household appliances and hood product groups with sustainable materials. Efforts are ongoing to replace styrofoam with viol in toaster packages. Technical approvals for the project were completed in 2020. The project, whose technical approval was completed in 2020, will prevent the use of 1.5 tons of styrofoam annually and prevent the emission of 4 tons of CO<sub>2</sub>. Expansion in the toaster category is planned to be completed in 2021.

– With the replacement of styrofoam with cardboard in the hood segment, annual use of 37 tons of styrofoam and 110 tons of CO<sub>2</sub> emissions were prevented.

- Eight Arçelik suppliers are scheduled to switch to using Ecolabel-certified user guides with 80% recycled materials for 16 small home appliances.

Environmental efforts related with the products and manufacturing are extended to ensure compliance by the suppliers. Legal compliance, chemical compliance and business ethics compliance of the suppliers in strategic collaboration with the Company were regularly audited by independent auditors in 2020.

The highest measured values for SO<sub>2</sub> and TOC parameters according to the latest emission analysis reports by an accredited laboratory in Turkish operations are 0.38 kg/h for SO<sub>2</sub> and 1.89 kg/h for TOC parameter. Emission levels are below legal limits at all plants.



\*Major refers to penal fees equal to or more than \$10,000.



## ENVIRONMENT-FRIENDLY PRODUCTS

### Oven, dishwasher and washing machine parts manufactured from waste fishing nets and synthetic yarns

Arçelik recycles waste fishing nets and textile wastes in an innovative way and uses them in different parts of its product groups in order to prevent the damage to the ecosystem caused by ghost fishing nets left in the seas and oceans. Recycled fishnets replace polyamide, a major raw material used in ovens, thanks to its high mechanical and thermal properties. Approximately 8 tons of waste fishing nets and 99 tons of textile waste were recycled in 2020 by using high-performance recycled polyamide compounds obtained from waste nets and synthetic yarns in oven, washing machine and dishwasher parts thanks to innovative recycling technologies.

### BioFridge

Arçelik reduces the amount of petroleum-based plastic used in products by reusing organic materials and integrating them into traditional plastics. The carbon footprint of this bioplastic, which increases the durability of materials produced from soy, eggshell and corn with the developed technology, is 80% is lower from traditional plastics used today. The BioFridge is made using bio-based polyurethane insulation material (Bio-Cool) and biocomposite raw materials that contain at least 15% organic material such as soy and castor oil.

BioFridge, in which Bioplastics and Bio-based polyurethane are used together, was exhibited for the first time at IFA 2019. The product had received a lot of positive feedback and a version containing only bioplastics was offered for sale in the UK market. The version, which includes Bio-Cool insulation, is planned to be launched in 2021. CO<sub>2</sub> emission per unit is reduced by 6 kg with bioplastic materials and Bio-Cool insulation materials.

### Small domestic appliances made from organic composites

"Bio" components manufactured of biomaterials are also used in small domestic appliances. Fibers from mashed tomatoes, tomato paste and ketchup are used in manufacturing hand blenders; coffee grounds used in manufacturing coffee machines; and recycled tea fibers used in manufacturing tea makers to reduce the use of plastics. These innovative and eco-friendly products are scheduled for launch in 2021.

### PET Tub

"Leopet," a raw material patented by Arçelik, is a high-performance plastic obtained from recycled PET bottles and used in washing machines and washer-dryer tubs. By the end of 2020, with washing machines sold worldwide, 28.2 million recycled PET bottles were recycled to contribute to the circular economy. The use of plastic waste in performance plastics eliminated the negative perception of recycled plastics. With the purpose of deploying good practices at the affiliates, A/Cs developed by Arçelik and LG were manufactured with the use of 3.6 million recycled PET bottles in 361,000 units in 2020.

### FiberCatcher: Microfiber filtering system

A microfiber filtration technology has been developed in order to prevent microplastics in its content from entering the seas and oceans from waste water pipes during washing of petroleum-based



textile products in the washing machine. Microfibers are filtered up to 90% with the filtration system integrated in washing machines to help reduce water pollution. Developed within the scope of FiberCatcher technology, this filter itself is made using 98% recycled plastic. Arçelik emphasized that within the framework of open innovation and cooperation culture, it is open to developing this technology together with companies within and outside the sector, NGOs, universities and all stakeholders.

### Small domestic appliances manufactured of high-performance recycled plastics

Atak vacuum cleaner, Jaguar vacuum cleaner and Newline toaster products were launched in Turkey in 2020, with the aim of reducing the use of new plastic materials by increasing the recycled plastic usage rate. The ratio of recycled plastic raw materials reach 31 percent in Atak vacuum cleaners; 17 percent, in Jaguar vacuum cleaners; and 73 percent, in Newline toasters.

## SUSTAINABLE SUPPLY CHAIN

In line with the In Touch with Our Planet motto, Arçelik takes the necessary steps for improvements in all business and employment processes in addition to product and production processes.

In 2020, the rate of forklifts that use LPG was reduced by 10%. In transportation operations, direct transportation rates in domestic warehouses were increased and 109 tons of CO<sub>2</sub>e greenhouse gas emissions were prevented. The use of high and variable frequency rectifiers in battery charging stations prevented the batteries from heating up, thus reducing the hydrogen emissions.

Arçelik increased its usage of maritime transportation for exports from 85% to 88% in 2020. Arçelik's goal for 2021 is to improve this level to 89%. The Company also attaches great importance to rail transport, and its railway usage rate was 2.7% in 2020. For transportations from warehouses to ports in Turkey, railway has also been used as an alternative to road transportation. As a result, this low emission deliveries benefited the environment in addition to the cost advantage they bring.

## Customer Services

In 2020, Arçelik supported frontline health workers for their selfless devotion to maintaining public health during the COVID-19 pandemic. Accordingly, the Company donated 17,304 white goods and small domestic appliances to 202 hospital across Turkey to make sure health workers needs in terms of hygiene and nourishment are met. Hospitals were contacted through a combined effort by the sales and service teams as well as the dealers. The products were delivered and installed by Arçelik Authorized Services.

Arçelik Authorized Services also helped deliver 1,869 ventilators, a much-needed piece of technology during the pandemic, to 150 pandemic hospitals around Turkey.

Arçelik prioritizes to match the high-quality and eco-friendliness of its products with the way it delivers these products to its customers. In this context, the Dynamic Ring System developed for spare parts ensures fast delivery of products and reduces fuel consumption. The Foldable Dispatch Box Project is a major step in protecting

the environment in the area of Customer Services. Increased demand resulted with an increase in the number of dispatch boxes used. As these boxes are not recyclable, a project was launched to reduce the cost of keeping 209 authorized services in operation on a daily basis, and the result is the foldable dispatch boxes. In this way, cardboard consumption has been reduced and a cost advantage has been achieved. Foldable dispatch boxes ensure that the products are delivered undamaged and more products can be transported with service vehicles.

In line with the Corporate Solutions Business Model, Arçelik offers survey, assembly, maintenance and repair services through 125 Corporate Solutions Authorized Services in Turkey. Special products and services were offered in the areas of central air-conditioning (VRF systems, A/C hubs, cooling products and fan coils) and professional display solutions.

Arçelik's Corporate Solutions A/C Product Group made major collaborations with the Turkish Football Association, MESS and the Ministry of Health in sports, health and technology segments.

In 2020, 340 PID screens were installed at Intercity Tuzla racetrack before Formula 1 Turkey Grand Prix, a major sports event in Turkey. Beko's Corporate Solutions Professional Displays Product Group was among the solution partners of this important event, which is critical for the promotion of the country.

Arçelik continued to support digital transformation of education in Turkey in 2020. As part of the collaboration with the Ministry of National Education on smart boards, all after-sales services including the installation of approximately 43,000 interactive boards were organized in 2,200 schools.

Internal stakeholders continued to be the most important supporters of Arçelik Customer Services in fulfilling its obligations under the WEEE. Collection of WEEEs for recycling since 2014 from homes of customers and training of customer representatives were two critical factors in boosting customer satisfaction.

The business model designed in line with Arçelik's sustainability vision was implemented on service receipt deliveries all around Turkey. Cardboard package support system, which is used to prevent any damages during transportation, has started with Airplus airbags, an easier-to-use and recyclable material. This resulted with savings in storage space and a reduction in injury risks as an improvement in terms of OHS. Use of Airplus air bags reduced the package supporting process by 40 seconds and resulted with a 58% improvement. This created a savings of 244 person/hours. The same workforce can now pack 200 products instead of 120.



# Climate-Related Risks and Opportunities

Climate-Related Risks. Transition to Low Carbon Economy 2C/1.5C Scenario							
Policy Risk	Risk	Strategy/Opportunity	Impact Duration	Financial Impact	Relevant Priorities	Collaborations	Resources
<p>Increased Carbon Price: Possible Cost Impact of New Carbon Taxes and Initiatives for Reducing Greenhouse Gas Emissions</p> <p>Relevant trend: Global Warming &amp; Climate Change</p>	<p>*Emission trade mechanisms *Carbon tax and increased greenhouse gas emission prices *Dependence on non-renewable energy resources *Litigation and legal risks</p>	<p>*Annual neutralization of Scope-1 and Scope-2 emissions in global manufacturing: - Reduction of greenhouse gas emissions through energy and resource efficiency projects in manufacturing -Renewable energy investments -Green electricity supply -Using the Clean Development Mechanism (CDM) -Transition to low-carbon economy - Developing carbon financing projects *Internal carbon pricing to help the Company make decisions on investments which will result with the reduction of direct and indirect emissions from its global operations *Deployment of ISO 50001 Energy Management System at the plants *Collaboration with national and international organizations and memberships to climate-related agencies</p>	Mid-Long-Term	High	<p>4-Climate Change 6-Energy Efficiency in Manufacturing 1-R&amp;D and Innovation 15-Corporate Governance</p>	<p>*Turkish Republic Ministry of Energy &amp; Natural Resources *Özyeğin University, Department of Energy, Environment &amp; Economy *UN Environment Program, United4Efficiency (U4E) *SE4ALL, Coal Coalition *High Commission Level in Carbon Pricing *APPLiA *Digital Europe *TUSIAD</p>	
<p>EU Green Deal: Carbon Limit Regulation taxes to prevent carbon leaks</p> <p>Relevant trend: Global Warming &amp; Climate Change</p>	<p>*Possible carbon limiting regulations resulting from the EU Green Deal will have an impact on the exports from non-EU countries to EU countries</p>	<p>Scenario analyses to monitor the developments and reduce risks</p>	Mid-Term	Medium	<p>4-Climate Change</p>	<p>Digital Europe APPLiA TUSIAD</p>	
<p>EU Energy Label Regulations which will be effective in March 2021 and require products to the more energy efficient</p> <p>Relevant trend: Global Warming &amp; Climate Change</p>	<p>* New EU energy label at manufacturing departments and web sites as of March 1, 2021 * More energy-efficient products from A to G energy class to replace the current A+++ scale * New investments in manufacturing processes</p>	<p>* Huge investments in and resources for R&amp;D * EUR 100 million credit to support energy-efficient product investments * Opportunities to reduce greenhouse gas emissions in EU and Turkey</p>	Short-Mid-Term	High	<p>4-Climate Change 2-Environmental and Social Products</p>	<p>APPLiA Digital Europe TURKBESD, Turkish Republic Ministry of Energy &amp; Natural Resources</p>	
<p>Increased demand for electronics in developing countries due to the emerging middle class</p> <p>Relevant trend: Global Warming &amp; Climate Change, Emerging Middle Class, Increased Population</p>	<p>* Lack of regulations at less-developed and developing markets resulting with increased greenhouse gas emissions resulting from the use of products</p>	<p>*Arçelik will develop projects and lead the market to offer products at the best energy efficiency level before any regulations are made effective in the developing markets we operate *Collaboration with decision makers and national &amp; international institutions in creating new regulations on climate</p>	Mid-Long-Term	High	<p>4-Climate Change 2-Environmental and Social Products</p>	<p>U4E SE4ALL</p>	
Climate-Related Risks. Transition to Low Carbon Economy 2C/1.5C Scenario							
Reputation Risk	Risk	Strategy/Opportunity	Impact Duration	Financial Impact	Relevant Priorities	Collaborations	Resources
<p>Failure in adapting to low carbon economy</p> <p>Relevant trend: Global Warming &amp; Climate Change</p>	<p>*Increased demand to reduce greenhouse gas emissions by international indices and definition of Science-Based Targets (SBT) to reduce emissions *Investors are under more pressure by CDP and Dow Jones on where they invest and whether or not the companies they invest in have strategies for compliance with 1.5/2C scenarios.</p>	<p>*Arçelik's science-based targets (SBT) to reduce Scope-1, Scope-2 and Scope-3 (user phase) emissions are approved by Science-Based Targets initiative (SBTi). *Long-term objectives and strategies based on investing in energy efficiency and renewable energy in manufacturing *Arçelik signed the 2C Objectives Declaration organized by the Corporate Leaders Network.</p>	Mid-Term	Low	<p>4-Climate Change</p>		<p><a href="https://sciencebasedtargets.org/companies-taking-action?country=Turkey#table">https://sciencebasedtargets.org/companies-taking-action?country=Turkey#table</a></p>

Climate-Related Risks. Transition to Low Carbon Economy 2C/1.5C Scenario							
Physical Risk	Risk	Strategy/Opportunity	Impact Duration	Financial Impact	Relevant Priorities	Collaborations	Resources
<p>Interruption of operations due to extreme weather conditions</p> <p>Relevant trend: Global Warming &amp; Climate Change</p>	<p>*WEF Global Risks Report 2021 defines extreme weather conditions as the most significant risk.</p> <p>*Extreme weather conditions like floods, drought or increased sea levels is a business continuity risk.</p>	<p>*Manufacturing plants at multiple locations to prevent business interruptions</p> <p>*Calculation of financial and non-financial risks by the Risk Management Team and inclusion in the risk analyses as a risk factor</p> <p>*Arçelik's global assurance policies including Third-Party &amp; Pollution Policies to prevent negative effects to the extent possible and Property Damage &amp; Business Interruption Policies to prevent physical and non-physical damages</p> <p>*In case of any issue regarding business interruptions, compensation mechanisms are based on current models.</p>	Mid-Long-Term	Low	4-Climate Change		<p><a href="http://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2021.pdf">http://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2021.pdf</a></p>
Climate-Related Risks. Transition to Low Carbon Economy 2C/1.5C Scenario							
Market Risk	Risk	Strategy/Opportunity	Impact Duration	Financial Impact	Relevant Priorities	Collaborations	Resources
<p>Access to capital, increased demand from investors and credit institutions</p> <p>Relevant trend: Global Warming &amp; Climate Change</p>	<p>*Increased demand by investors from the business community to deploy an effective strategy on ESG (Environmental, Social &amp; Governance) risks and opportunities</p> <p>*The shares of the majority of Arçelik companies are publicly traded by European investors.</p>	<p>*European Bank for Reconstruction and Development (EBRD) provided EUR 100 M credit for R&amp;D investments on EU Energy Labeling Rules and regularly monitors Arçelik's ESG performance.</p> <p>EBRD's audits reveal a strong ESG performance and this is the reason for credits with favorable conditions.</p> <p>*We consider the increased demand from investors as an opportunity to integrate ESG criteria with the basic strategies and add low carbon emission measures to our sustainability strategy.</p>	Short-Term	Low	4-Climate Change		
Business Interruption Risks							
Physical Risk	Risk	Strategy/Opportunity	Impact Duration	Financial Impact	Relevant Priorities	Collaborations	Resources
Business Continuity	*Failure of an organization to deliver the products and services with the required capacity within an acceptable schedule during an interruption.	<p>* Business Continuity Management Plans are deployed by the Corporate Risk Directorate at the Headquarters and certain pilot locations to monitor and reduce risks in line with ISO 22301 Standard. Compensating the negative impact of unexpected situations on company activities, financial tables, reputation and stakeholders.</p> <p>*Arçelik covers the possible damages with third-party insurance policies, pollution policies, physical and non-physical risk policies and business interruption policies on a global scale.</p> <p>*Following the COVID-19 pandemic which emerged in late 2019, Crisis Management &amp; Business Continuity Management Plans were implemented. Measures taken to reduce the negative impact of these risks are available in the Annual Report.</p>	Short-Mid-Term	Medium	*15-Corporate Management 7-Occupational Health & Safety		