

Sustainability at Heart: *Where feels Like Home Begins*

Arçelik

2023 SUSTAINABILITY REPORT
EXECUTIVE SUMMARY



INTRODUCTION

STRATEGIC
APPROACH TO
SUSTAINABILITY

IN TOUCH WITH
PLANET

IN TOUCH WITH
HUMAN NEEDS

IN TOUCH WITH
BUSINESS



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

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

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

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

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#FeelsLikeHome



INTRODUCTION

STRATEGIC
APPROACH TO
SUSTAINABILITY

IN TOUCH WITH
PLANET

IN TOUCH WITH
HUMAN NEEDS

IN TOUCH WITH
BUSINESS

CONTENT


THE REPORT CAN ALSO BE
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EN/SUSTAINABILITY**

INTRODUCTION	4	IN TOUCH WITH OUR PLANET	27	IN TOUCH WITH BUSINESS	40
About this Report	5	Climate Action	28	Sustainable Financing	41
CEO's Letter	6	Water Management	31	Business Ethics and Transparency	42
Arçelik at a Glance	8	Waste Management	32	Future Fit Culture, Talent & Organizational Management	44
Global Operations	9	Chemicals Management	33	Employee Health and Safety	48
2023 Highlights	10	Biodiversity	33	R&D, Innovation and Digital Transformation	49
Awards and Recognitions	11	Product Stewardship	33	Product Quality and Safety	50
Global Partnerships and Engagement	12			Customer and Consumer Experience	51
Global Trends Impacting our Business	14			Sustainable Supply Chain Management	52
STRATEGIC APPROACH TO SUSTAINABILITY	15	IN TOUCH WITH HUMAN NEEDS	36		
Corporate Governance	16	Corporate Citizenship	37		
Business Model and Value Chain	19				
Stakeholder Engagement Mapping	20				
Materiality Analysis	21				
Contribution to the UN Sustainable Development Goals	23				
Sustainability Targets	24				

INTRODUCTION

STRATEGIC
APPROACH TO
SUSTAINABILITY



IN TOUCH WITH
PLANET

IN TOUCH WITH
HUMAN NEEDS

IN TOUCH WITH
BUSINESS



Icons Indicating Hyperlinks

-  Redirects to external source of information
-  Allows internal navigation throughout the Report

Icons Indicating Material Issues

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



ABOUT THIS REPORT

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

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

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

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

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

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

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

ALIGNING OUR DISCLOSURES WITH REPORTING STANDARDS AND FRAMEWORKS

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



United Nations
Global Compact
(UNGC)



UN Sustainable
Development
Goals (SDGs)



Women's
Empowerment
Principles
(WEPs)



The International
Integrated
Reporting
Framework (IIRC)



The standards by
the Sustainability
Accounting Standards
Board (SASB)



The Standards by
Global Reporting
Initiatives



Task Force on Climate- Related Financial
Disclosures (TCFD)

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



In order to see the TSRS Compliance Disclosure of our ESG data, please see [2023 Annual Report](#).



The assurance statements we have received as a result of the audits carried out in accordance with recognized international standards on the selected indicators are included in [Annex 2. Assurance Reports of our 2023 Sustainability Report](#).

CEO LETTER

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

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

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

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

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

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

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

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


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


RENEWABLES HAVE BECOME A KEY ENABLER FOR DECARBONIZATION


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



HAKAN BULGURLU
CEO, Arçelik

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CEO LETTER

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

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

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

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

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

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

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

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

Yours Sincerely,

Hakan Bulgurlu, CEO

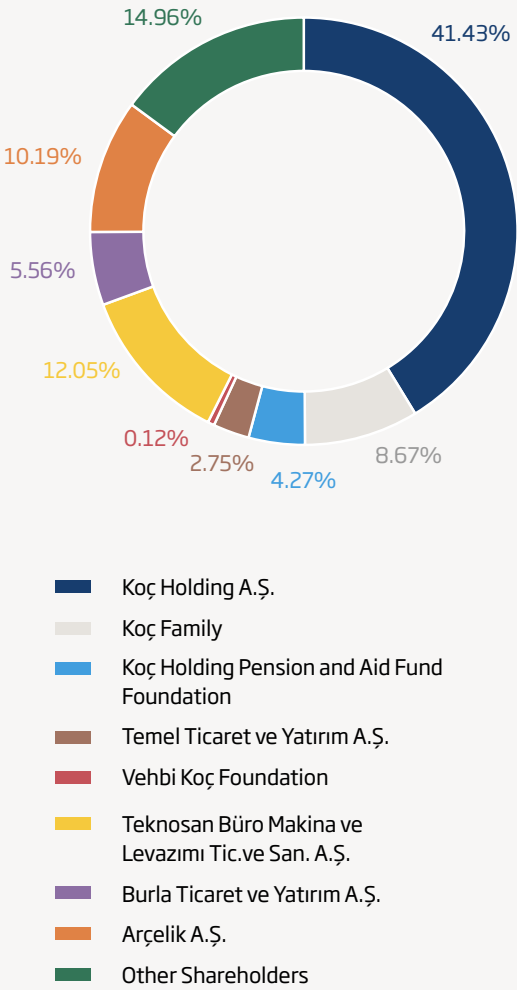


Arçelik serves as the central entity of a global network comprising 82 subsidiaries across 53 countries, with 31 production facilities in nine countries and a workforce exceeding 40,000 employees worldwide. The company's portfolio includes renowned brands such as Altus, Arctic, Arçelik, Beko, Blomberg,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

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

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

Share in Capital (%)







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

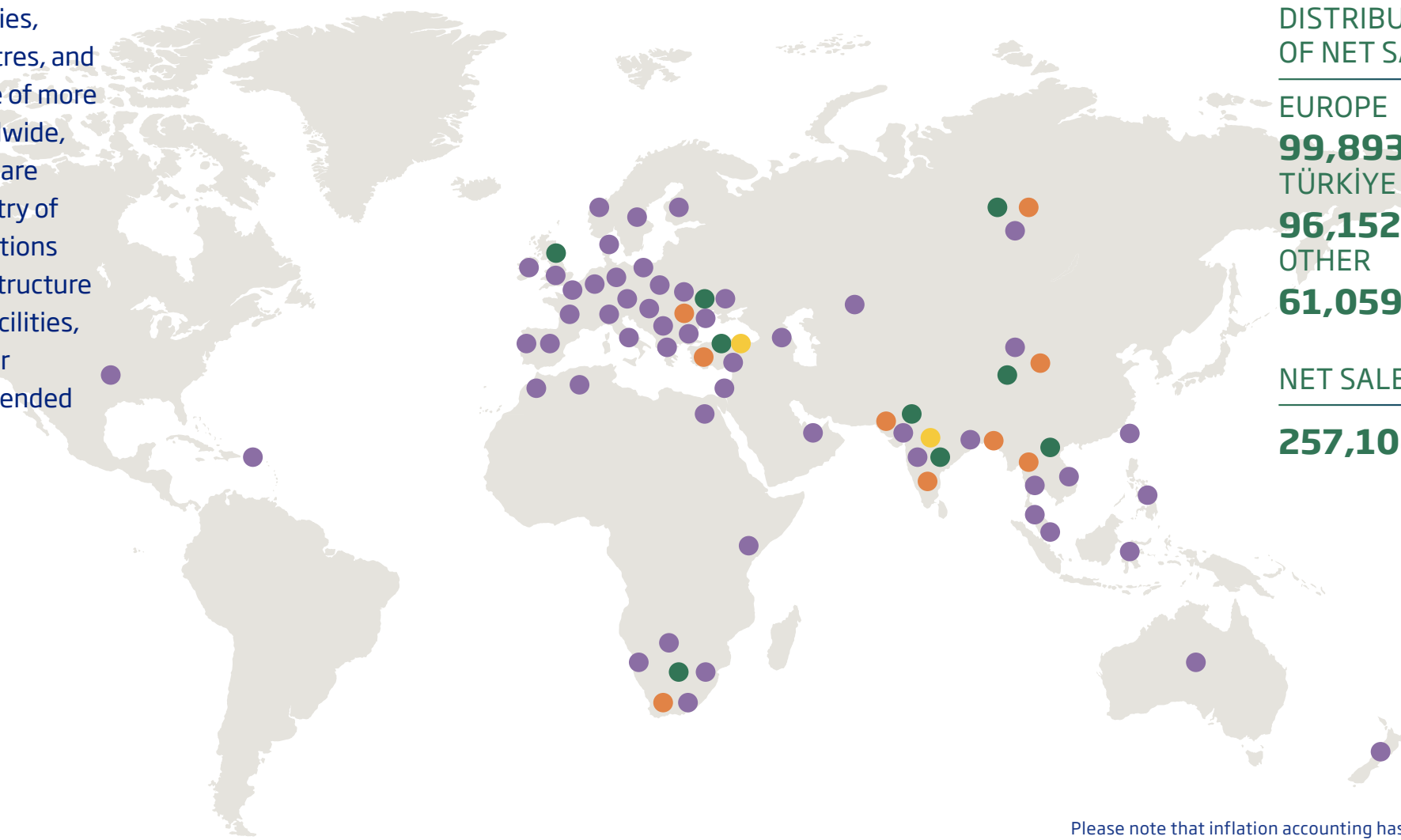


*Licensee limited to certain jurisdictions.

GLOBAL OPERATIONS

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

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




REGIONAL DISTRIBUTION OF NET SALES (TRY)

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

NET SALES (TRY)
257,104 MILLION

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

 The report's operational and organizational boundaries are shown in [Annex 1.Scope of the Report of our 2023 Sustainability Report](#).



In Touch with
Business

Financials

TRY 5,732 Million
all environmental related investments and expenditures

Net Sales
TRY 257,104 Million

EUR 3.77 Million
fund from Horizon Europe Projects

Net Sales by product group (TRY)

White Goods TRY 197,173 Million	Consumer Electronics TRY 18,924 Million	Other TRY 41,006 Million
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Completed allocation of
EUR 350 Million Green Bond

Established
Sustainability-Linked Financing Framework

Business

Over **EUR 4.5 Million**
total purchasing volume reached

Long-term environmental target commitment received from
166 Suppliers

Innovation

TRY 396.7 Million
saving achieved with digital transformation projects

500 R&D Projects
carried out

more than **3,100 registered patents** held

Commenced Proof of Concept (PoC) phases with 22 startups and formed
25 collaborative partnerships

22 Projects
funded in the scope of Horizon Europe

In Touch with
Planet

Environment

Committed to be Net Zero in 2050
aligned with SBTi Net Zero Standard

64%
green electricity usage in all manufacturing operations

288,973 m³
water saved and recycled

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

Products

2,049 Tonnes
of material reduction

16,543 Tonnes
of recycled plastic used in Arçelik products

1.75 Million
WEEE units recycled in our recycling plants since 2014

50.2% turnover from energy efficient products

62.4%
turnover from low-carbon products

Energyspin and AI Sense technology
showcased at IFA

In Touch with
Human Needs

People

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

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

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

Reached **503 women entrepreneurs**

STEM
trainings to girls in Türkiye

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

USD 13.1 Million
funds transferred to women entrepreneurs

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

Products that create social value

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

AWARDS AND RECOGNITIONS

INTRODUCTION

STRATEGIC
APPROACH TO
SUSTAINABILITY

IN TOUCH WITH
PLANET

IN TOUCH WITH
HUMAN NEEDS

IN TOUCH WITH
BUSINESS



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

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



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



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



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



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



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



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



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

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



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



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



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



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



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

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

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





GLOBAL PARTNERSHIPS AND ENGAGEMENT

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

For further information about our global partnerships, memberships and engagements, please refer to [Annex 10. Selected Memberships and Contributions of our 2023 Sustainability Report](#).

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



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

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

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

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



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

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

Climate Action:

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

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



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

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

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

Finance & Investment:

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

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



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

Water Resilience:

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



GLOBAL PARTNERSHIPS AND ENGAGEMENT

- Arçelik has committed to being a Net Zero 2050 company aligned with the **SBTi Net-Zero Standard**. In this regard, Arçelik set a new near term and long term SBTi target aligned with a 1.5-degree scenario. The base year of the new target is 2022 and the new target is much more challenging, covering all manufacturing facilities including joint ventures as well as MDAs, SDAs, TVs and A/Cs for the use phase emissions.
- Arçelik has become one of the signatories of **the Business Ambition for 1.5°C, Race to Zero Campaign** in September 2021, which is an urgent call to action from a global coalition of UN agencies, business and industry leaders, in partnership with the Race to Zero.
- **EP100**, including over 100 energy-smart companies dedicated to using energy more efficiently, is governed by the Climate Group in partnership with the World Green Building Council. As a signatory company, Arçelik set targets to increase energy efficiency by doubling our global economic output for each unit of energy consumed from 2010 to 2030 and plan to implement ISO 50001 Energy Management Systems in all manufacturing plants by 2025.
- **The Business World Plastics Initiative (IPG)** implemented by Global Compact Türkiye, Business Council for Sustainable Development Türkiye (SKD Türkiye) and Turkish Industry and

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

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

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

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

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


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

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

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

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


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

 [For further details, please refer to Annex 19. SCM Index of our 2023 Sustainability Report.](#)

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

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

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

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

INTRODUCTION

STRATEGIC
APPROACH TO
SUSTAINABILITY

IN TOUCH WITH
PLANET

IN TOUCH WITH
HUMAN NEEDS

IN TOUCH WITH
BUSINESS



ENVIRONMENTAL
TRENDS

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

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

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



SOCIETAL
TRENDS

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

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

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



DIGITALIZATION
TRENDS

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

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

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



REGULATORY
TRENDS

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

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

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

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

For further information regarding how global trends are impacting our business, please refer to the [Materiality Analysis and Annex 14, Sustainability-Related Risks and Opportunities](#) sections of our 2023 Sustainability Report.

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

INTRODUCTION

STRATEGIC
APPROACH TO
SUSTAINABILITY

IN TOUCH WITH
PLANET

IN TOUCH WITH
HUMAN NEEDS

IN TOUCH WITH
BUSINESS

Creating a Sustainable Future that feels like Home

Corporate Governance	16	Contribution to the UN Sustainable Development Goals	23
Business Model and Value Chain	19	Sustainability Targets	24
Stakeholder Engagement Mapping	20		
Materiality Analysis	21		



THE BOARD OF DIRECTORS

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



BOARD OF DIRECTORS

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

BOARD OF DIRECTORS SECRETARIAT

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

AUDIT COMMITTEE

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

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

CORPORATE GOVERNANCE COMMITTEE

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

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

EARLY DETECTION OF RISK COMMITTEE

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

- Gülray Barbarosoğlu
Independent Board Member
- Fatih K. Ebiçlioğlu
Board Member

EXECUTIVE COMMITTEE

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

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

CORPORATE GOVERNANCE

SUSTAINABILITY GOVERNANCE

BoD

Highest governance body that oversees sustainability governance.

Koç Holding Consumer Durables’ President

Responsible for reporting the sustainability-related issues to the BoD three times a year

The Chief Sustainability, Quality & Customer Care Officer

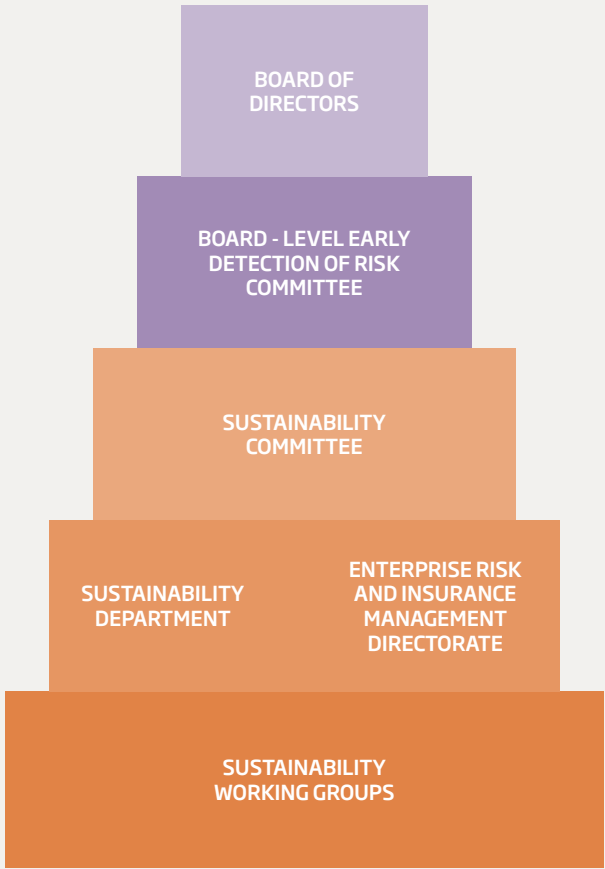
Highest ranking individual for sustainability management

C-level committees for sustainability topics

- The Sustainability Council (SC)
- Global Ethics Committee
- Human Rights Committee



SUSTAINABILITY RISK MANAGEMENT



SUSTAINABILITY-LINKED EXECUTIVE COMPENSATION

INTRODUCTION






STRATEGIC
APPROACH TO
SUSTAINABILITY

IN TOUCH WITH
PLANET

IN TOUCH WITH
HUMAN NEEDS

IN TOUCH WITH
BUSINESS



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

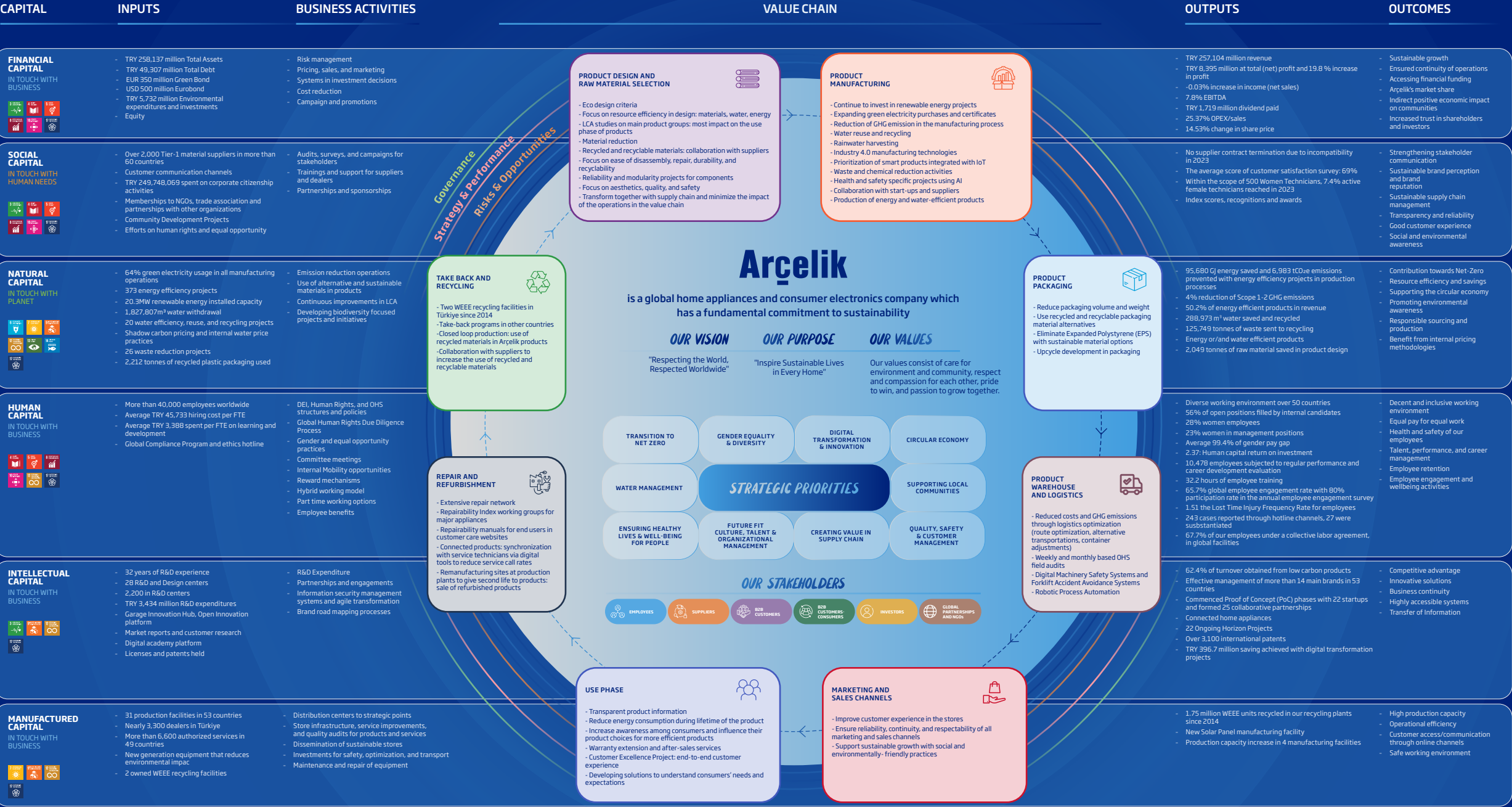
INTRODUCTION

STRATEGIC APPROACH TO SUSTAINABILITY

IN TOUCH WITH PLANET

IN TOUCH WITH HUMAN NEEDS

IN TOUCH WITH BUSINESS



INTRODUCTION

STRATEGIC
APPROACH TO
SUSTAINABILITY

IN TOUCH WITH
PLANET

IN TOUCH WITH
HUMAN NEEDS

IN TOUCH WITH
BUSINESS



STAKEHOLDERS

	HOW WE ENGAGE	TOPICS RAISED	HOW WE RESPOND	RELATED MATERIAL ISSUES
EMPLOYEES	<ul style="list-style-type: none">Ongoing communication between employees and managersRegular communication enhanced with C and D Level Business Strategy TownhallsEmployee engagement through annual satisfaction surveys, various listening mechanisms including focus groups and pulse check surveys, and a suggestion system allowing employees to share ideas for improvement in line with company goals and strategiesSupport for social learning and communication platforms, trainings, workshops, and seminars to enhance employee development	<ul style="list-style-type: none">Purposeful and inclusive culture, company's strategy and values, learning and development, respect for human rights and ethics, wellness, mindfulness, social and emotional support, fair labor practices, work-life balance, employee volunteering, diversity, equity and inclusion	<ul style="list-style-type: none">Online resources for health, nutrition, and psychological well-being, alongside training webinars and workshops on mindfulness, contributing to stress reduction and positive mindset cultivationVarious training programs tailored to different employee groups for skill development and reskillingFlexible work arrangements, including remote options, support a balanced work-life dynamicEthical behavior fostered by our ethics hotline, cultivating a safe and inclusive workplace cultureAnnual rewards and appreciation certificates with regular one-on-one discussions between employees and managers facilitating mentorship and improvement opportunities	<ul style="list-style-type: none">Business Ethics and TransparencyFuture Fit Culture, Talent & Organizational ManagementEmployee Health and Safety
SUPPLIERS	<ul style="list-style-type: none">Supplier engagement through surveys, meetings, audits, projects and training under Supplier ESG ProgramInnovation and Technology Days and Supplier Transparency Programs	<ul style="list-style-type: none">Technical guidance and knowledge sharing around sustainability, quality, production processes, technologyEnhanced engagement and encouragement initiatives including the development of joint improvement projectsEnsured supply chain and supplier sustainability including business ethics, environmental protection, health & safety, and human rights	<ul style="list-style-type: none">Engagement through contacts with suppliers meeting our requirements and commitment to the Supplier Code of ConductSupplier Capacity Development Projects implemented to enhance supplier capabilities and establish long-term partnershipsEncouraging committing to environmental goals by sending a letter and publicly reporting progress offered and working together with suppliers to set targets	<ul style="list-style-type: none">Climate ActionBusiness Ethics and TransparencyFuture Fit Culture, Talent & Organizational ManagementSustainable Supply Chain Management
B2B CUSTOMERS	<ul style="list-style-type: none">Ongoing communication with B2B customersB2B customer engagement through training, seminars, annual meetings, face-to-face interviews, and our Digital Dealer Order PlatformGathering valuable feedback and insights from our customers with regularly conducted satisfaction surveysC and D level senior executive engagements to drive sustainability across organizationsCustomer questionnaires and surveys	<ul style="list-style-type: none">Increased collaboration and customer relationship to work on mutual projects and form sustainability partnershipsProduct training and offerings focusing on sustainable features including R&D and innovation, high-quality and safetyGHG emission reductions including net zero commitments, circular and renewable solutions, water management, and waste and plastic recyclingImprovement in shipping and delivery services	<ul style="list-style-type: none">Mutual project formations to foster an omnichannel approach such as online sales order system to enhance customer experienceGlobal Service Partner Satisfaction Surveys to measure our service partners' satisfaction level and receive their feedbackTraining programs providing authorized dealers the necessary skills and knowledge to sell and promote our products effectively and enhancing competence development while focusing on promoting sustainable consumption and circularity	<ul style="list-style-type: none">Climate ActionProducts StewardshipBusiness Ethics and TransparencyR&D, Innovation and Digital TransformationProduct Quality and SafetyCustomer and Consumer Experience
B2B CUSTOMERS- CONSUMERS	<ul style="list-style-type: none">Ongoing communication with B2B customers - consumersGathering consumer insights through surveys and monitor our corporate and brand websites as well as social media channels to measure satisfaction with our products and servicesAwareness created through advertisingCustomer Services and Customer Contact Center responding to customer inquiries	<ul style="list-style-type: none">Durable and high-quality products with extended warranty, a circular approach and improved qualityFocus on R&D and Innovation and energy and water efficient productsSustainability features such as recycled content, sustainable packagingBusiness ethics and transparencyInformation security and management of cyber risks	<ul style="list-style-type: none">Customer responses provided through phone calls, emails, social media, self service, and call centerIncreased recycled content in our products, reducing plastic use, and incorporating features such as microplastics filtering and food preservationFocus on sustainable features in our products	<ul style="list-style-type: none">Climate ActionProduct StewardshipBusiness Ethics and TransparencyR&D, Innovation and Digital TransformationProduct Quality and SafetyCustomer and Consumer Experience
INVESTORS	<ul style="list-style-type: none">Ongoing communication with investorsInvestor engagement through ESG conferences, one-on-one meetings, investor presentations, and quarterly earnings webcastsRegular updates through our annual and sustainability reports, annual meetings, public disclosure statements, and corporate website	<ul style="list-style-type: none">Transparent sustainability reporting, KPIs, and targets breakdownSustainability reporting to global indices with solid leadership scores	<ul style="list-style-type: none">Top-performing results to sustainability indices on a global scaleSustainability Principles Compliance Report providing comprehensive information on our adherence to sustainability principles and guidelinesAnnual Report, Sustainability Report, Green Bond Allocation and Impact Report, Conflict Minerals ReportResponding to investor questionnaires	<ul style="list-style-type: none">Corporate GovernanceClimate ActionProduct StewardshipR&D, Innovation and Digital TransformationBusiness Ethics and TransparencyFuture Fit Culture, Talent & Organizational ManagementEmployee Health and SafetySustainable Supply Chain Management
GLOBAL PARTNERSHIPS AND NGOS	<ul style="list-style-type: none">Ongoing communication with our global partners and NGOsFrequent meetings, and participation in working groups, global events, panels, and speaking opportunitiesCollaboration on global collective campaigns and joint CSR programs and projects enhancing sustainability developments	<ul style="list-style-type: none">Commitment for climate action and energy efficiency of our products to reduce global GHG emissions, promote business innovation, and ensure consumer access to affordable and high-performing technologiesDiscussions for policy setting and public consultations, sustainability, biodiversity, circularity and recycling, human rights, and climate changeRegular reporting of activities and improving sustainability reporting performance and transparency	<ul style="list-style-type: none">Policy determining the procedures for new membership requests and providing a framework to engage with the public institutions, non-governmental organizations, and sectoral institutions on sectoral relations purposesSustainability ReportCommitments for sustainability, waste and water management, biodiversity, and human rights <p>For further information, please refer to our Global Sectoral Relations Management & NGO Membership Policy.</p>	<ul style="list-style-type: none">Climate ActionWaste ManagementWater ManagementProduct StewardshipCorporate CitizenshipBusiness Ethics and TransparencyFuture Fit Culture, Talent & Organizational ManagementR&D, Innovation and Digital Transformation

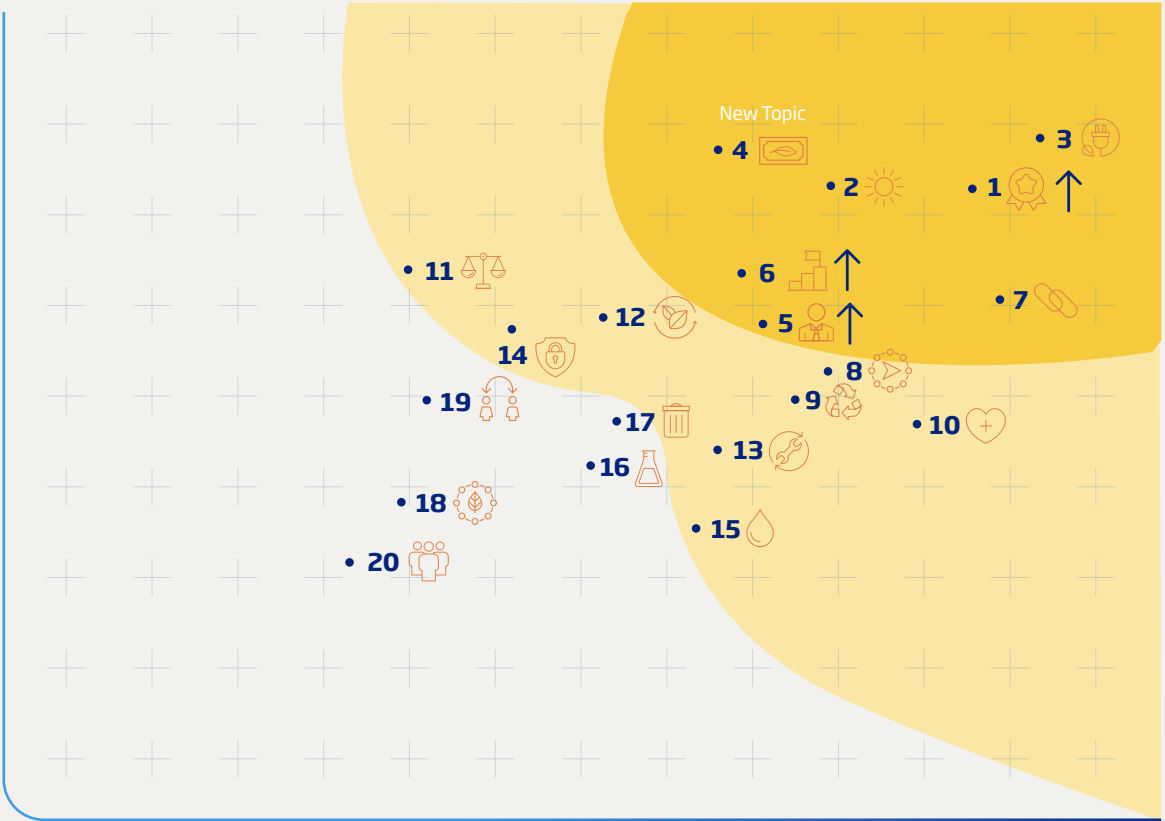
MATERIALITY ANALYSIS

- Compliance with
 - EFRAG's double materiality methodology
 - Dynamic materiality approach
- Reviewed, approved and signed off by the BoD
- Independent third-party assurance

Material topics according to the stakeholder surveys including C-level feedback:

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

OUTSIDE-IN – FINANCIAL MATERIALITY



INSIDE-OUT – IMPACT MATERIALITY

MATERIALITY ANALYSIS

Enterprise Risk Matrix of Arçelik



Financial and non-financial risks Arçelik is exposed to are reviewed at least twice a year

ENTERPRISE RISK MANAGEMENT OF ARÇELİK

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

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

For further information, please see Materiality Analysis section of this Report



CONTRIBUTION TO UN SUSTAINABLE DEVELOPMENT GOALS

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

PROCESS FOR ESTABLISHING SDG PRIORITIES

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

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

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

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



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

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

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

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

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

For further information, please refer to [Annex 16. SDG Index of our 2023 Sustainability Report](#).





SUSTAINABILITY TARGETS

In Touch with Planet

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

1 In 2023, the scope of this target has been extended due to new acquisitions and the integration of new plants. Besides, we could not purchase EAC for our Russia Plants since green electricity certification issuing body has ceased their operations in Russia. This is why the 2023 actuals seem lower than those for 2022. We will continue purchasing green electricity in all countries where Arçelik has production facilities (based on the availability of green electricity in those countries) by 2030. In addition to this, we are installing solar power plants to meet our own electricity consumption.

2 In 2023, the reporting scope covered all manufacturing plants by adding IHP Russia plants. Due to this, the progression of the target was affected.

3 The increase stems from the newly added data from the sales of certain brands into the existing emissions data.



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

4 In 2023, the reporting scope covered all manufacturing plants by adding IHP Russia plants and JVs. Due to this, the progression of the target was affected.

5 Water recycling and reuse ratio = (Total recycled + reused water)/Total water withdrawal

6 This recycled rate equals to the diversion rate from landfill. Recovered waste includes waste to recovery and waste to waste incineration with energy recovery.

7 MDAs produced at manufacturing facilities excluding JVs and IHP Russia Plants.

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



IN
PROGRESS



ACHIEVED
INTERIM TARGET



ACHIEVED
ULTIMATE TARGET



SUSTAINABILITY TARGETS

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

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

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



ACTION COALITION



IN PROGRESS



ACHIEVED INTERIM TARGET



ACHIEVED ULTIMATE TARGET

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

*One and two levels away from the CEO
**90% of purchasing volume of Tier-1 material and OEM suppliers.
***With the increase in the number of suppliers exceeding 1000 TEP, our scope has been wider.
****The reason behind the reduction of our purchasing volume of our suppliers having ISO 50001 and 14001 is because of the change in our year-end supplier list and the option we offer to the suppliers to apply for the certificate within the 3 months after they entered to the scope and therefore the certification period for the suppliers within the scope still are in progress.

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



INTRODUCTION

STRATEGIC
APPROACH TO
SUSTAINABILITY

IN TOUCH WITH
PLANET

IN TOUCH WITH
HUMAN NEEDS

IN TOUCH WITH
BUSINESS



A Sustainable Planet: Making Earth *feel like Home*

Related Material Issues



For further information regarding material issues, please refer to the [Navigation System](#) section of the Report.

Climate Action	28	Chemicals Management	33
Water Management	31	Biodiversity	33
Waste Management	32	Product Stewardship	33

Related SDGs



Related Capitals





CLIMATE ACTION

Our Science Based Target

Arcelik committed to the Science Based Targets Initiative to become a Net Zero Company as of 2050 in line with the Science Based Targets Net Zero Standard*. Within the scope of this commitment, we submitted our new near-term and net-zero targets which are aligned with the 1.5°C climate scenario to the Science Based Targets Initiative (SBTi). These targets are currently at validation process of the SBTi.

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

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

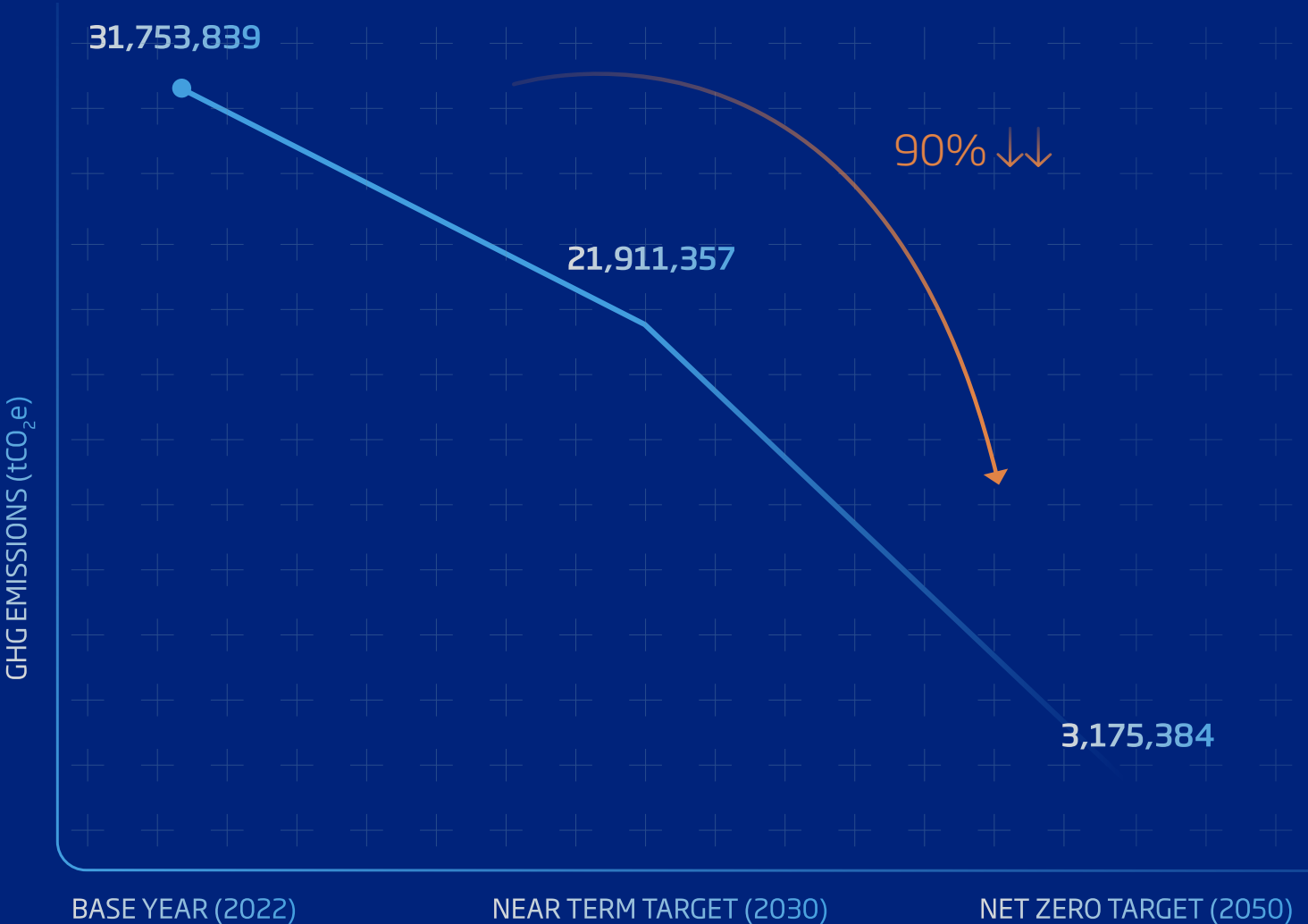
By 2050: **90% reduction** in all Scope 1, 2 and 3 emissions

Investing in carbon removal projects for the **residual 10%** of emissions

* CO₂, CH₄, N₂O, HFCs and SF₆ are included within the scope of the target.

**Use-phase emissions for dishwasher, dryer, electric storage water heater, frontload washing machine, hob, hood, microwave, oven, refrigerator, television, vacuum cleaner, washer dryer and air conditioner product groups are included.

Net Zero Roadmap



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

Scope 1&2

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

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


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

Scope 3 Logistics Emissions:

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

Scope 3 Supplier Emissions:

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

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

Energy Efficiency and Renewable Energy

Commitments through the membership of EP100

- Having ISO 50001 certification for all our factories (78% in 2023)
- Doubling the economic output for every unit of energy consumed globally by 2030, compared to 2010 (100% in 2023)



Key Projects

With a total of 373 energy saving projects at production sites, the results:

- Energy conservation of around 95,680 GJ
- Emissions saving 6,983 tCO₂e
- Financial saving TRY 40,833,009

Green Electricity

64%

green electricity usage in manufacturing facilities globally, which is in line with our target of increasing the ratio to 100% in all countries where we have manufacturing facilities by 2030.

20.3 MW solar plant capacity

in manufacturing facilities globally



Internal Carbon Pricing: Shadow Price

EUR 50 per tonnes of CO₂e

applied in 2023 for the machinery and equipment investments above 50 kW installed capacity and EUR 50,000 capital cost.



Solar Business

Approximately 301 MW of capacity

manufactured with the deployed Arçelik branded panels in the Turkish market by the end of 2023 since 2021.



WATER MANAGEMENT

CEO Water Mandate

We commit to meeting the expectations of the CEO Water Mandate and report on our progress annually. Thus, we are committed to action in Direct Operations, Supply Chain and Watershed Management, Collective Action, Public Policy, Community Engagement, Transparency.

Key Projects

A total of 288,973 m³ of water is saved thanks to water efficiency and rainwater harvesting projects carried out at various locations.

Water Risk Management

Scenario Analysis for water stress risk

Scenario	Locations with High Water Stress	Locations with Extremely High-Water Stress
RCP 2.6	<ul style="list-style-type: none">-Washing Machine Plant, Istanbul, Türkiye-Refrigerator Plant, Rayong, Thailand-BEKO LLC Refrigerator and Washing Machine Plant, Kirzhach, Russia-Arctic Refrigerating Appliances Plant, Gaesti, Romania-Arctic Washing Machine Plant, Ulmi, Romania	<ul style="list-style-type: none">-Refrigerator Plant, Eskişehir, Türkiye-Compressor Plant, Eskişehir, Türkiye-Refrigerator Plant, Manisa, Türkiye-Washing Machine Plant, Manisa, Türkiye-Dishwasher Plant, Ankara, Türkiye-Hitachi Washing Machine Plant, Shanghai, China-Hitachi Refrigerator Plant, Kabin Buri, Thailand-Hitachi Washing Machine Plant, Kabin Buri, Thailand-Washing Machine and Refrigerator Plant, Karachi, Pakistan-Cooking Appliances and A/C Plant, Karachi, Pakistan-Refrigerator Plant, Dhaka, Bangladesh-TV, Air Conditioning and Washing Machine Plant, Dhaka, Bangladesh-Vltbek Refrigerator Plant, Gujarat, India
RCP 4.5	<ul style="list-style-type: none">-Washing Machine Plant, Istanbul, Türkiye-Refrigerator Plant, Rayong, Thailand-BEKO LLC Refrigerator and Washing Machine Plant, Kirzhach, Russia-Arctic Refrigerating Appliances Plant, Gaesti, Romania-Arctic Washing Machine Plant, Ulmi, Romania-Hitachi Washing Machine Plant, Shanghai, China	<ul style="list-style-type: none">-Refrigerator Plant, Eskişehir, Türkiye-Compressor Plant, Eskişehir, Türkiye-Refrigerator Plant, Manisa, Türkiye-Washing Machine Plant, Manisa, Türkiye-Dishwasher Plant, Ankara, Türkiye-Hitachi Refrigerator Plant, Kabin Buri, Thailand-Hitachi Washing Machine Plant, Kabin Buri, Thailand-Washing Machine and Refrigerator Plant, Karachi, Pakistan-Cooking Appliances and A/C Plant, Karachi, Pakistan-Refrigerator Plant, Dhaka, Bangladesh-TV, Air Conditioning and Washing Machine Plant, Dhaka, Bangladesh-Vltbek Refrigerator Plant, Gujarat, India
RCP 8.5	<ul style="list-style-type: none">-Washing Machine Plant, Istanbul, Türkiye-Refrigerator Plant, Rayong, Thailand-BEKO LLC Refrigerator and Washing Machine Plant, Kirzhach, Russia-Arctic Refrigerating Appliances Plant, Gaesti, Romania-Arctic Washing Machine Plant, Ulmi, Romania-Hitachi Washing Machine Plant, Shanghai, China	<ul style="list-style-type: none">-Refrigerator Plant, Eskişehir, Türkiye-Compressor Plant, Eskişehir, Türkiye-Refrigerator Plant, Manisa, Türkiye-Washing Machine Plant, Manisa, Türkiye-Dishwasher Plant, Ankara, Türkiye-Hitachi Refrigerator Plant, Kabin Buri, Thailand-Hitachi Washing Machine Plant, Kabin Buri, Thailand-Washing Machine and Refrigerator Plant, Karachi, Pakistan-Cooking Appliances and A/C Plant, Karachi, Pakistan-Refrigerator Plant, Dhaka, Bangladesh-TV, Air Conditioning and Washing Machine Plant, Dhaka, Bangladesh-Vltbek Refrigerator Plant, Gujarat, India

WATER MANAGEMENT

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



11-140 TRY/m³ total unit prices

Internal Water Price (IWP) calculation includes monthly water bills, operational expenses, inflation rates and other direct/indirect water and wastewater prices.

WASTE MANAGEMENT

95% of waste recycling rate
in all manufacturing facilities.



CHEMICALS MANAGEMENT

Arçelik Chemical Conformity Specification & Arçelik specification requirements & national chemical requirements have been prepared in a technical specification and shared with relevant parties.



BIODIVERSITY



Arçelik aims to work to improve biodiversity footprint towards No Net Loss as of 2050 especially in selected priority areas and is committed to no gross deforestation from our operations’ activities by 2050.

PRODUCT STEWARDSHIP

Material Reduction

2,049 tonnes of material reduction

including plastics by 977 tonnes, metals by 316 tonnes, chemicals by 5 tonnes, packaging materials by 750 tonnes, electronic components by 0.5 tonnes compared to previous model material usage.

Recycled Materials in Products

16,543 tonnes of recycled plastics

were used in products. 753 tonnes recycled waste PET bottles, 10 tonnes recycled waste fishnets, 348 recycled wasted industrial thread, 86 tonnes recycled plastic produced by the recycling of Arçelik’s packaging waste, 2.2 tonnes from compounding recycled graphene derived from waste tire with recycled PA recycled from waste yarn in major domestic appliances while 707 tonnes recycled plastics in only some of the small domestic appliances.

PRODUCT STEWARDSHIP

Energy and Water Efficient Products

50.2%

of our turnover from energy-efficient products.

74.4%

of energy-efficient product*

*Calculations are based on the following formula: (Total energy-efficient eleven product categories' sales quantity/ Total 11 product categories' sales quantity) x 100.

11 product categories: Dryer, Dishwasher, Freezer & Refrigerator, AC, Oven, TV, Washer Dryer, Washing Machine, Electric Storage Water Heater, Hood.

Durability, Reparability and Refurbishment

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

Product Packaging

318 tonnes of 100% recycled and recyclable cardboard and 100 tonnes of molded pulp

instead of EPS in the hobs, hoods, televisions, tumble dryers, refrigerators, small domestic appliances, and consumer electronics categories.

31,253 tonnes of recycled cardboard

42 million recycled PET bottles

in the major domestic appliance product packaging strips



254 tonnes of recycled plastic

in accessory and product bags

1,358 tonnes of recycled plastic

in shrink packaging of the products



PRODUCT STEWARDSHIP

End of Life Responsibility

1.75 million WEEE units

have recycled in our WEEE recycling plants from 2014 to the end of 2023.

Environmental Impacts of Products During Their Life Cycle

Environmental impact categories

considered in the analysis of the impact of our products by evaluating them during their lifetime.



INTRODUCTION

STRATEGIC
APPROACH TO
SUSTAINABILITY

IN TOUCH WITH
PLANET

IN TOUCH WITH
HUMAN NEEDS

IN TOUCH WITH
BUSINESS

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

Related SDGs



Related Material Issues



Related Capitals

- Natural
- Intellectual
- Human

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

Corporate Citizenship

37



CORPORATE CITIZENSHIP

Our corporate citizenship approach, guided by Our Global Corporate Citizenship Policy and Civil Society Cooperation Policy, aims to create a better world for future generations while focusing on respecting society. At Arçelik, we aim to improve lives and strengthen local communities through our activities in the areas of:

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

We spent TRY 249,748,069 on corporate citizenship activities in 2023.



Gender Equality

We became a supporter of the Action Coalition initiative and submitted our commitments to achieve concrete change in the technology and innovation field for women by 2026.

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

Our commitments include the following gender-equality projects:

WE-inTech ● ● AC

project aiming to empower women in R&D and innovation fields in Türkiye, Pakistan, South Africa, and Romania

105 women

engineering students reached

500 Women Technicians ● ● AC

program aiming to increase the proportion of women technicians working at Arçelik Authorized Services from 6.7% to 14% by 2026

7.4% active female technicians

reached with 440 employees

Quality Education

Digital Wings ● ● AC

project aiming to provide technology-design and IT and software trainings to 100,000 girls (aged 10-14) in 81 provinces in Türkiye until 2026

35,372 girls

reached across 81 provinces of Türkiye

Leadership at Work, Equality in Internship ● ●

project aiming to support women's representation in the economic and social life with the power of Arçelik & Beko authorized dealers and services

132 women

participated and completed the program

CORPORATE CITIZENSHIP

INTRODUCTION

STRATEGIC
APPROACH TO
SUSTAINABILITY

IN TOUCH WITH
PLANET

IN TOUCH WITH
HUMAN NEEDS

IN TOUCH WITH
BUSINESS



Empowering Entrepreneurship Ecosystem

Her Business Her Power ● ● ● AC

project aiming to empower women entrepreneurs in our dealership ecosystem

108 women dealers

reached with the women employment ratio in the dealers and their stores increasing to 51%

Arçelik Garage Innovation Hub ● ● ● AC

aiming to reach 2,500 women entrepreneurs and contributing to fund the transfer to women-led startups every year by 2026

503 women

entrepreneurs/entrepreneurial candidates supported

Sustainable Living and Environment

Ghost Fishing Nets Project with WWF ●

partnership to recycle fishing nets in the Sea of Marmara

4 sacks

of fishing nets collected, recycled, and used in our products





CORPORATE CITIZENSHIP

CORPORATE VOLUNTEERISM

Earthquake Relief Efforts

Support for earthquake victims provided after the severe earthquake that occurred in Türkiye along with the establishment of social areas and container cities

Corporate Social Responsibility

Coastal clean-up project aiming to raise awareness about environmental pollution carried out in Defy South Africa

Donation of unused electrical equipment for education purposes in Arçelik Hitachi Home Appliances

PARTNERSHIPS

Collaborated with Water.org
to help empower 10,000 Kenyans in need with the water or sanitation

7,300 people
reached in the region thanks to Beko's support

Increased efforts to tackle food waste
through Grundig partnerships with Massimo Bottura and Food for Soul to support disadvantaged groups

2,100 tonnes
of food were prevented from being wasted



INTRODUCTION

STRATEGIC
APPROACH TO
SUSTAINABILITY

IN TOUCH WITH
PLANET

IN TOUCH WITH
HUMAN NEEDS

IN TOUCH WITH
BUSINESS



Sustainable Business Practices: Where Success *feels like Home*

Related SDGs



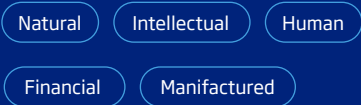
Related Material Issues



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

Sustainable Financing	41	R&D, Innovation and Digital Transformation	49
Business Ethics and Transparency	42	Product Quality And Safety	50
Future Fit Culture, Talent & Organizational Management	44	Customer and Consumer Experience	51
Employee Health and Safety	48	Sustainable Supply Chain Management	52

Related Capitals





SUSTAINABLE FINANCING

TRY 5,732 Million*

environmental related investments and expenditures

TRY 257,104 Million*

Net Sales

EUR 350 Million Green Bond

allocation completed net proceeds to Eligible Green Projects.

EUR 150 Million Green Loan

agreement signed with the European Bank of Reconstruction and Development (EBRD) in 2021.

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

Sustainability-Linked Financing Framework

Launched in April 2024 is based on its sustainability agenda and goals. The framework includes the Company's 2030 goals for GHG emissions reductions for scope 1&2 and scope 3 from use of sold products and increase the percentage of women in the total workforce.



BUSINESS ETHICS AND TRANSPARENCY

THE IMPLEMENTATION OF OUR CODE OF CONDUCT

All our employees and business partners, including our temporary employees and interns, are obliged to comply with the Global Code of Conduct and Related Policies, and we expect them to internalize and follow these rules.

2,673 employees
trained in the Global Code of Conduct



A global whistleblowing mechanism is available to all stakeholders for cases related to non-compliance with the Global Code of Conduct and Related Policies through the website-based ethics hotline (www.ethicsline.net), implemented in all countries.

Practical remediation actions are taken to compensate for human rights harms that have occurred. Remediation actions include financial or non-financial compensation, apologies, offering rehabilitation, punitive sanctions, and administrative changes concerning organizational structure.

Punitive sanctions considering the mitigating and aggravating factors are imposed in maintaining the non-repetition of the breaches as stated in Arcelik Global Code of Conduct Operations Policy.

Reporting Non-Compliance

27 substantiated cases
out of 243 cases were reported through ethics hotline channels.

Zero grievance reported and resolved
on anti-corruption and bribery topics, or money laundering or insider trading.

HUMAN RIGHTS

All our employees and business partners, including our temporary employees and interns, are obliged to comply with the Global Code of Conduct and Related Policies, and we expect them to internalize and follow these rules.

31 out of 31 factories

were subject to human rights assessments internally or by third-party audits.

Right to Collective Bargaining and Freedom of Association

67.7% of our employees

were covered by collective agreements in countries where we have manufacturing plants.



HUMAN CAPITAL

INTRODUCTION

STRATEGIC
APPROACH TO
SUSTAINABILITY

IN TOUCH WITH
PLANET

IN TOUCH WITH
HUMAN NEEDS

IN TOUCH WITH
BUSINESS



Our Purpose

is our common cause; it defines why we exist and unites us in a shared ambition for the future: “Inspire Sustainable Lives in Every Home”.

Our Values

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

Our Leadership DNA

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



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

Agile Transformation

The transformation is monitored in the following four areas:

Organizational Structure

Designing of the roadmap and implementing agile organizational structures.

Employee Experience and Communication

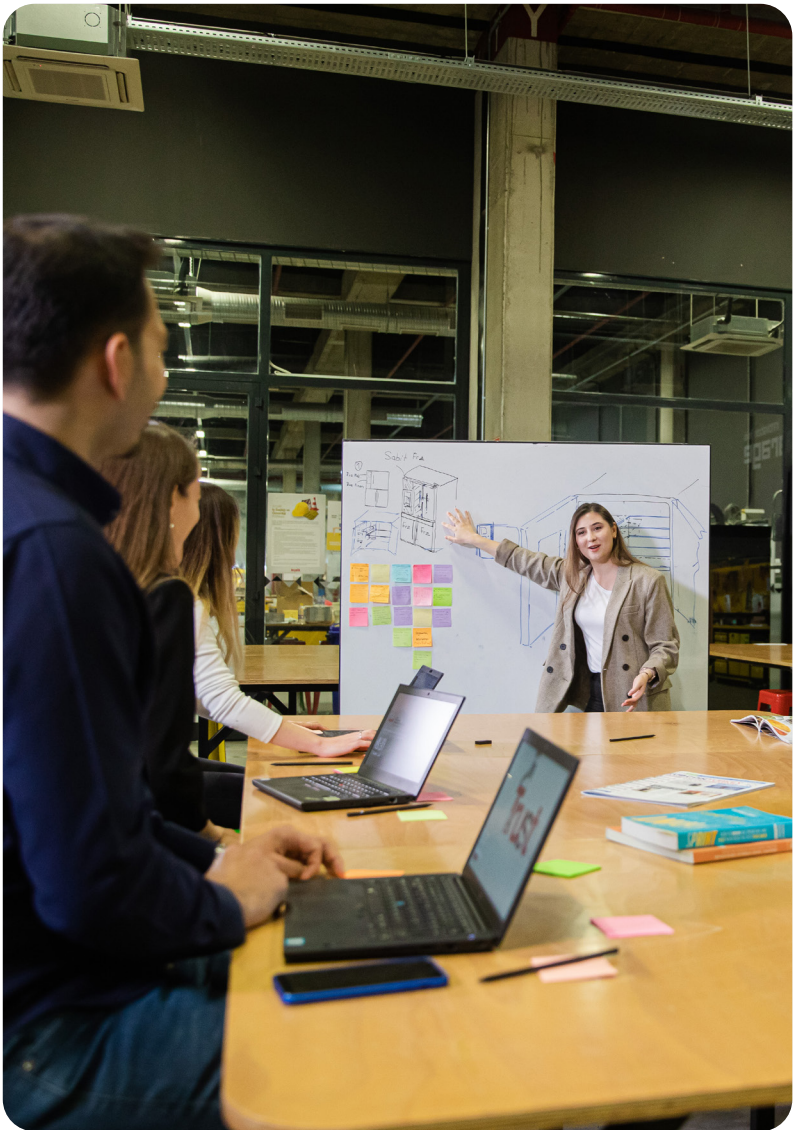
Tools are designed for employees to communicate their own needs and expectations, their experiences are evaluated, and information flow is ensured during the transformation process.

Culture and Capabilities

The measurement of agile maturity level and the development of company-wide training and development plans are carried out in this dimension.

Business Processes and Infrastructure

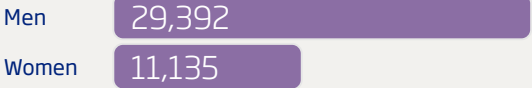
Preparing the systems and processes that functions need for their agile transformation journeys, especially Human Resource processes.



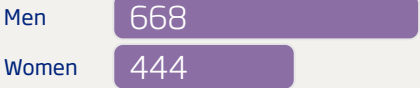


Human Capital Indicators

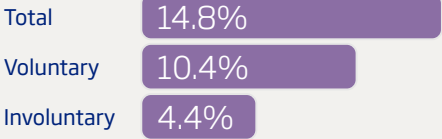
Total number of employees



Total number of new employee hires



Employee Turnover



Diversity, Equity, and Inclusion



99.4%

Average pay gap* (women to men)

*Percentage of compensation for women to men overall employees

19%

Global mean (average) raw gender pay gap**

**The mean compensation for women is subtracted from the mean compensation for men, and then divided by the mean compensation of the higher compensation.

99.9%

Average Ratio of women to men salary at executive level (base salary only)

98.5%

Average Ratio of women to men salary at executive level (base salary + other cash incentives)

100.6%

Average Ratio of women to men salary at management level (base salary only)

100.3%

Average Ratio of women to men salary at management level (base salary + other cash incentives)

97.7%


Average Ratio of women to men salary at non-management level



Talent, Performance and Career Management

Young Talent Programs



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

Performance Management

Koç Dialogue

is based on three pillars, which are Objective Key Results (OKRs), Multi-Dimensional Scales, Feedback and Development Dialogue.

Approximately 6,000 more monthly paid employees

from 38 countries in our subsidiaries included in the Koç Dialogue performance process.



FUTURE FIT CULTURE, TALENT & ORGANIZATIONAL MANAGEMENT

INTRODUCTION

STRATEGIC
APPROACH TO
SUSTAINABILITY

IN TOUCH WITH
PLANET

IN TOUCH WITH
HUMAN NEEDS

IN TOUCH WITH
BUSINESS



Future Fit Development

1,304,926

hours of training

32.2 hours

average hours per employee on training and development

TRY 3,388

average amount spent per employee on training and development

6.1%

of these training sessions was conducted through online learning platforms.

Future Fit Core

779,086

hours of training

5%

of these training sessions were conducted through online learning platforms.

Future Fit Leadership

33,946

hours of training

12%

of these training sessions were conducted through online learning platforms.

Future Fit Capability

491,894

hours of training

7.6%

of these training sessions were conducted through online learning platforms.

Talent Mobility and Promotion

Strategic Assignments & Technical Expert Assignments & Developmental Assignments & Employee Driven Assignments

Employee Well-Being

Arcelik Employees Sports Clubs & Hybrid Working Program & Part-Time Working Options



EMPLOYEE HEALTH AND SAFETY

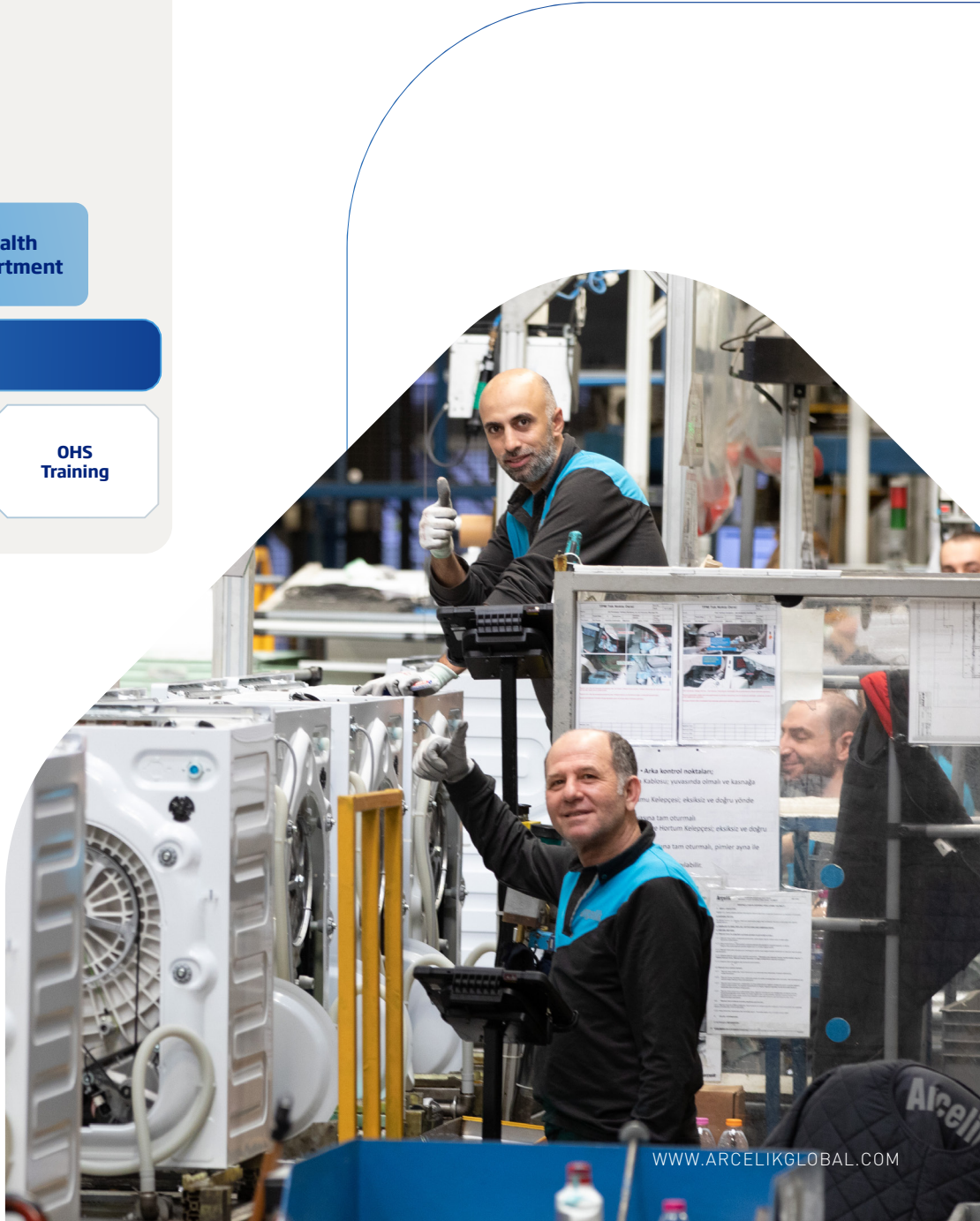
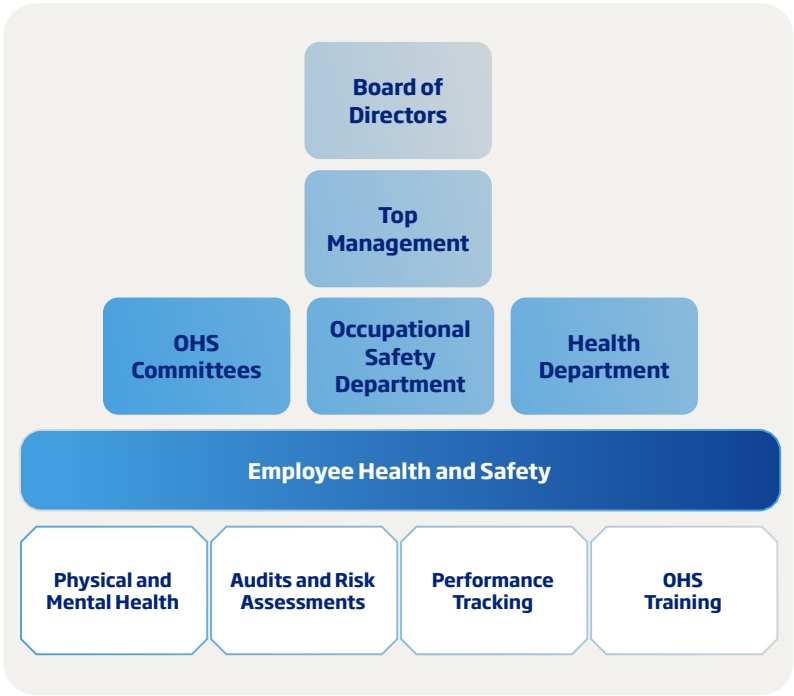
1.51
Lost Time Injury Frequency Rate (LTIFR) for employees

3.21
Lost Time Injury Frequency Rate (LTIFR) for subcontractors

0.1
Occupational Disease Frequency Rate for employees

359,303
person*hours of OHS training to employees

26,978
hours of training to our subcontractors



R&D, INNOVATION AND DIGITAL TRANSFORMATION

R&D AND INNOVATION

500 R&D Projects

carried out and 3,100 patents registered globally

TRY 3,434* Million R&D Expenditure

DIGITAL TRANSFORMATION PROJECTS

TRY 396.7 Million

saving achieved with digital transformation projects

22.5%

energy saving achieved in the Bitumen oven line of the Dishwasher Plant in Ankara with the development of the Digital Twin

OPEN INNOVATION

22 Proof of Concepts

realized with 189 start-ups matched with Arçelik's business units

25 collaborations

focusing on themes such as marketing, cybersecurity, manufacturing technologies established

HORIZON EUROPE PROJECTS

EUR 3.77 Million funds

from Horizon Europe projects with more than 150 partnerships established

22 projects

funded in the scope of Horizon Europe by being the company with the most projects present in in the program



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

PRODUCT QUALITY & SAFETY



PRODUCT QUALITY AND QUALITY MANAGEMENT

Structured quality management mechanism established across all processes

- Q-STAR audits configured to measure the maturity level of the quality management process
- Reliability & 6 Sigma Day to share the work carried out on product reliability, quality and safety

PRODUCT SAFETY MANAGEMENT

Risk assessments conducted in accordance with regional and international standards and regulations

International product safety standards and Arçelik's Product Safety Design Criteria taken as the basis for product safety

Zero recalls were issued in 2023 based on approaches of PAS 7100, endorsed by the Office of Product Safety and Standards (OPSS)



CUSTOMER AND CONSUMER EXPERIENCE

INTRODUCTION

STRATEGIC
APPROACH TO
SUSTAINABILITY

IN TOUCH WITH
PLANET

IN TOUCH WITH
HUMAN NEEDS

IN TOUCH WITH
BUSINESS



3,000 dealers

with different concepts located throughout Türkiye

More than 49,000 collaborations

established with retailers and retail chains in different locations around the world

Transition to 100% electric vehicles

for the service network fleet marking the first step toward a greener transportation strategy

37 tCO₂ emissions

projected to be avoided by this transition annually





SUSTAINABLE SUPPLY CHAIN MANAGEMENT



SUPPLIER ESG PROGRAM

Supplier Selection Criteria

A minimum of 20% of ESG score

is weighted in the final score of the supplier to be selected for the contract.

Supplier Screening Process

In determining significant suppliers for the company, business relevance aspects are combined with potential ESG risks of the supplier.

2,000 Tier-1 material suppliers from over 60 different countries

Over EUR 4.5 billion
total purchasing volume reached

Accepting and complying with Arçelik Global Responsible Purchasing Policy is contractual obligation.



Supplier Sustainability Index

SUPPLIER SUSTAINABILITY INDEX

Survey

Qualitative and quantitative ESG data are collected through a comprehensive online survey prepared in line with GRI Sustainability Reporting Standards, and verification is provided by the third-party independent accredited audit firm based on evidence of the suppliers. Suppliers that do not fill out the supporting documentation or the data requirements do not get any points. We assess the suppliers based on the data provided to understand their level of maturity in terms of ESG integration into their business based on our internal assessment.

Business Ethics Audit

A comprehensive on-site audit covering ESG topics aligned with Business Social Compliance Initiative (BSCI) and the Suppliers Ethical Data Exchange (SEDEX), and Responsible Business Alliance (RBA) is carried out by an independent accredited third-party auditor with relevant certificates. Within the scope, the compliance of our suppliers with Arçelik Global Responsible Purchasing Policy is assessed, which includes Arçelik's expectations for legal practices, working conditions, ethical rules, occupational health and safety, and the environment.

PERFORMANCE ASSESSMENT AND CORRECTIVE ACTION PLANS

The results of both assessments (survey and business ethics audit) mentioned above are combined to scale the performance of the suppliers as high, medium, or low risk (acceptable, good, and excellent). If any findings constitute a potential risk, as a mitigation measure, we send corrective action plans to suppliers. As defined in the Supplier ESG Program, suppliers are given a certain period to improve and work on an action plan to address the non-conformities. If High and Middle Risk suppliers fail to improve their scores to an Acceptable risk level within 10 months of the plan's launch, Arçelik reserves the right to terminate the contract with the supplier.



Further information regarding the scoring methodology and in-house and third-party assessment processes, please refer to the [Supplier Assessment Findings section of the Report](#).

Commitment Letter

166 suppliers

have committed to set GHG emission/water/waste/energy efficiency targets since 2021.



Supplier Assessment Findings

Suppliers

Tier-1 material and OEM

Screening

based on business
relevance and ESG impacts
within value chain risks

593
unique
suppliers

93.4% of our purchasing volume

Supplier Sustainability
Index

ESG Survey and/or
Business Ethics

334
unique
suppliers

58.6% of our purchasing volume

Middle and high risks
suppliers that we agreed
on to work on corrective
action plans

104
unique
suppliers

13.8% of our purchasing volume

Supplier Development Programs

Working with Suppliers to Improve
Non- Conformities

Supplier Training

Technical Capacity Improvement Program

Conflict Minerals Management

As a member of the Responsible Minerals
Initiative (RMI)

we make efforts in concert with the international
community to improve mineral sourcing practices and
to utilize diverse information on high-risk minerals
concerning their smelters or refiners (SORs) as well as
their place of origin. For further information, please
refer to [Arcelik Conflict Minerals Due Diligence Report](#).

Focus Areas of Logistics ESG Transformation Strategy and Performance



Arcelik

Sustainability at Heart: *Where feels Like Home Begins*

-  [FACEBOOK.COM/ARCELIKGLOBAL](https://www.facebook.com/ARCELIKGLOBAL)
-  [LINKEDIN.COM/COMPANY/ARCELIKGLOBAL/](https://www.linkedin.com/company/ARCELIKGLOBAL/)
-  [X.COM/ARCELIKGLOBAL](https://twitter.com/ARCELIKGLOBAL)
-  [INSTAGRAM.COM/ARCELIKGLOBAL/](https://www.instagram.com/ARCELIKGLOBAL/)
-  [PREVIOUS SUSTAINABILITY REPORTS](#)

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2023 SUSTAINABILITY REPORT EXECUTIVE SUMMARY

