



Inspire Sustainable Lives in Every Home.

2022 Sustainability Report

Arçelik



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ABOUT THIS REPORT

This year, we are pleased to share our 15th Sustainability Report. At Arçelik, our company strategy is based on sustainable growth and value creation. We carry out our operations as part of our business model that is integrated with this strategy and short, medium and long-term goals. In this Report, we explain how we have achieved and will achieve the goals we have set with a business approach that is focused on sustainability and the values we create for our stakeholders. At Arçelik, we are aware of our responsibilities towards the planet, people and the business world. We demonstrate our commitment to these 3 pillars and share our progress in our sustainability journey each year with our stakeholders through our sustainability reports.

Our 2022 Sustainability Report includes our sustainability strategy, targets, and progress in environmental, social and governance (ESG) areas and as well as our highlighted financial performance. Unless otherwise stated, the information and data included in our report were prepared within the scope of our operations carried out between

January 1, 2022, and December 31, 2022; 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.

As a member of the World Business Council for Sustainable Development (WBCSD), Arçelik's Sustainability Reports have been evaluated and scored by Reporting Matters since 2020. Improvements were made in this year's report in line with the feedback received for the 2021 Report. As a Koç Group company, Arçelik reflects **Stakeholder Capitalism Metrics (SCM)** in its reporting to investors and other stakeholders, as Koç Holding is a signatory to the Stakeholder Capitalism Metrics (SCM).

 *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 the Annex 2 section of our Report.*

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)

This report has been prepared in accordance with:



The International Integrated Reporting Framework (IIRC)



The report is written in accordance with the GRI Standards.



The standards set by the Sustainability Accounting Standards Board (SASB)



As a signatory of TCFD (Task Force on Climate-Related Financial Disclosures), comprehensive risk and opportunity analysis for climate-related financial disclosures also take place in this report



ABOUT THIS REPORT

About the Concept of this Report

In 2019, we started to tell our sustainability story visually, rather than simply documenting numbers, declaring: 'This is Not a Report'. Inspired by the UN's 'Decade for Action' agenda, in 2020 we called on our stakeholders to take action on environmental, social and governance challenges: 'Act Together Now'. Last year, we highlighted examples of how when each of us take action, we can create a positive impact on the world, with the rallying cry: 'Lead the Change, Shape the Future'.

This year, to mark the 15th year of our sustainability journey, we continued telling that story under the banner: 'Inspire Sustainable Lives in Every Home'. The sustainable solutions that make our homes work, affect the future of our planet, which is itself home to all living things, ourselves included. As a brand committed to improving everyday lives and upholding our commitments to sustainability, we put your home at the heart of our mission, as 'home' has a special meaning to all of us.

In line with our vision and goals, we prepare our reports with three themes that we have determined will create value worldwide by integrating our strategic priorities and material issues. First, we stay **In Touch with Our Planet** to reduce our footprint and help conserve vital resources. Second, we stay **In Touch with Human Needs** to improve people's lives and support society in their needs. Third, we stay **In Touch with Business** to be a progressive global citizen and make sustainability a part of the way our employees do business.

Here are the tools to jump to information quickly:

 *Redirects to external source of information.*

 *Allows internal navigation throughout the report.*

Navigation Icons

 **PRODUCT DESIGN AND RAW MATERIAL SELECTION**

 **MARKETING AND SALES CHANNELS**

 **PRODUCT MANUFACTURING**

 **USE PHASE**

 **PRODUCT PACKAGING**

 **REPAIR AND REMANUFACTURING**

 **PRODUCT WAREHOUSE AND LOGISTICS**

 **TAKE BACK AND RECYCLING**

 **FINANCIAL CAPITAL**

 **SOCIAL AND RELATIONAL CAPITAL**

 **NATURAL CAPITAL**

 **HUMAN CAPITAL**

 **INTELLECTUAL CAPITAL**

 **MANUFACTURED CAPITAL**

 **EMPLOYEES**

 **SUPPLIERS**

 **B2B CUSTOMERS**

 **B2B CUSTOMERS - CONSUMERS**

 **INVESTORS**

 **GLOBAL PARTNERSHIPS AND NGOs**



CEO'S LETTER



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Over the past few years, the world has faced several headwinds that have unsettled the global order. The war in Ukraine dramatically escalated, and its ramifications on social and economic orders dominated the global agenda. Consequently, inflation reached record-high levels, and many countries were confronted with a severe cost of living crisis. The subsequent global uncertainty and socio-economic instability posed several challenges to businesses, including supply chain disruption and soaring energy prices. Unfortunately, mounting pressures have led sustainability to take a back seat. However, with relentless extreme weather events effecting communities all over the globe, decarbonizing our economy is of more vital importance than ever.

WE REMAIN STEADFAST IN OUR COMMITMENT TO SUSTAINABILITY

Arçelik has long been an advocate for sustainable development, setting an example in its industry. I am proud to share that our commitment to sustainability has never wavered, even

during these turbulent times. On the contrary, we continued to work towards our net-zero target with even greater determination.

Decarbonizing our industry requires us to be more innovative across our operations, and we make a great effort to ensure that our manufacturing phases are sustainable. Our manufacturing plant in Ulmi, Romania, for instance, has been awarded Sustainability Lighthouse status by the World Economic Forum in 2022 for its commendable adoption of the latest technologies and implementation of sustainability initiatives. This plant serves as a prime example of our dedication to a net-zero future with numerous environmentally friendly measures, including using 100% green electricity, ensuring resource efficiency and advanced wastewater treatment. We strive to replicate our on-site sustainability measures across our plants.

To secure a net-zero future, businesses must adopt a holistic approach. In addition to our efforts to manufacture

more sustainably, we are seeking ways to provide our consumers with technologies that promote resource efficiency. To this end, we place tremendous significance on sustainable product innovation. Our latest SaveWater technology, for instance, is designed to reduce water consumption by reserving and reusing water in different cycles throughout the product range.

Our sustainability initiatives continue to be recognized and praised by several authorities. Arçelik has once again been listed as the highest-scoring household durables company on the Dow Jones Sustainability Indices, achieving a score of 87 out of 100 (as of December 2022). Additionally, our company has been recognized on The Global 100 Most Sustainable Corporations Ranking of Corporate Knights, for the third time in a row. Our Arçelik and Beko brands also have prominent listings in the Real Leaders Top 300 Impact Companies of 2023 as well, ranking 16th and 17th, respectively.



CEO'S LETTER

EQUALITY IS A PREREQUISITE FOR SUSTAINABLE DEVELOPMENT

Sustainability encompasses much more than just environmental protection. To advance sustainably as a society, we must work towards creating a world where everyone is treated equally, regardless of their gender, ethnic background, or sexual orientation.

At Arçelik, we see the diversity of our workforce as an organizational strength and strive to create an inclusive working environment where everyone's voice is heard. Thanks to our commitment to addressing gender disparities, our company has been included in the Bloomberg Gender Equality Index for the first time in 2023. Our efforts to raise awareness about gender equality in and outside the workplace and to strengthen our equality practices will continue.

Sustainability is now a business imperative. Tackling climate crisis requires us to be innovative, agile, and collaborative on all fronts. At Arçelik, we will continue to consider decarbonization a driver of growth and strive to create social, economic, and environmental value for our ecosystem while working tirelessly to meet the needs and expectations of our customers.

I would like to express my deepest condolences and extend my heartfelt sympathies to all those impacted by tragic earthquakes that hit southern Türkiye in February 2023 and left us profoundly saddened. The scale of the disaster is enormous, and the need for help is dire. We mobilized our resources immediately to offer a glimmer of relief and support the affected communities. Creating value for society is ingrained in Arçelik's

culture. As a company committed to sustainable development, it is our utmost responsibility to give back to our communities. With this principle in mind, we will continue to help rebuild life in the region to the best of our abilities.

Reporting plays a pivotal role in tracking our progress, providing a comprehensive overview of our sustainability efforts and initiatives, while inspiring others to follow suit. This year, there is one aspect that sets this report apart from the rest. Our colleagues from 30 countries around the world have actively contributed to crafting the preface. The tireless efforts, unwavering commitment, and motivation of our team are the building blocks of Arçelik's sustainability leadership today.

I would like to thank all my colleagues who wholeheartedly believe in a green, just future and work relentlessly to inspire sustainable lives in every home, as well as our stakeholders, business partners, and consumers for always being a source of inspiration for us to go above and beyond.

Yours sincerely,

Hakan Bulgurlu
CEO, Arçelik



EMPLOYEE FOREWORD

Dear Stakeholders,

The Arçelik family is dedicated to fostering a sustainable life in all regions we operate in. We strive to create sustainable solutions at every stage of our business and in the areas we have an impact on. We are delighted to share that our accomplishments in global sustainability indices and our industry-leading position in sustainability are the result of the collective efforts of Arçelik employees. With great pride, we present the foreword of our 2022 Sustainability Report, which highlights our global sustainability performance. The foreword was written by us, the Arçelik employees, from 30 different countries, including Germany, Austria, Australia, Bangladesh, Czechia, China, Egypt, Italy, France, Indonesia, Spain, Netherlands, India, Malaysia, Morocco, Pakistan, Philippines, Poland, Romania, Russia, Serbia, Singapore, South Africa, Taiwan, Thailand, Türkiye, United Arab Emirates, United Kingdom (UK), United States, and Vietnam.

Today, we recognize that our planet faces a daunting struggle for survival. The climate crisis and the multitude of challenges we confront, such as energy crisis, water scarcity, food security, deforestation, biodiversity loss, waste management, air pollution, agricultural land degradation, social injustice, gender inequality, educational access, poverty, and more, underscore the urgent need for collective action. The climate crisis is no longer a distant prediction; it is an unfolding reality. As we witness unprecedented heat waves, extreme weather events, and increasing wildfires worldwide, we know that we hold the power to put a stop to this detrimental trajectory. Through individual action, corporate responsibility, NGO engagement, and governmental support, we can create significant change by taking action together.

The Arçelik family fully recognizes its responsibility. We know that we can play a vital role in helping our planet

through the power of technology and innovation. We take responsibility for creating a more livable world with our new sustainable products and technologies, our renewable energy investments, our zero-carbon target, our patented circular economy practices such as the use of recycled PET bottles, our sustainability goals, and the transformation we create in our entire value chain together with our suppliers. We support the development of sustainable business models and the reduction of the ecological footprints of our business partners and customers by guiding them to environmentally friendly choices.

The 2022 sustainability performance outlined in this report demonstrates the significant strides we have taken toward a better world and a more equitable future. Our aspiration is to inspire sustainable living in every household worldwide because we consider our true home to be our planet.

We earnestly invite all our stakeholders to embrace more effective actions in safeguarding our home and our planet. Our efforts in sustainability must go beyond what we have achieved thus far. Although borders may separate our nations, we all inhabit the same home, and the decisions we make affect everyone. For this reason, it is in our hands to create a domino effect and reach a more livable world. Because we know that if we really want, we can change the world together!

Arçelik Employees



ARÇELİK AT A GLANCE

As a global company with 13 brands (Arçelik, Beko, Grundig, Blomberg, ElektraBregenz, Arctic, Leisure, Flavel, Defy, Altus, Dawlance, Voltas Beko and Stinol), we offer products and services with subsidiaries in 52 countries, and 30 production facilities in 9 countries with over 40,000 employees worldwide.

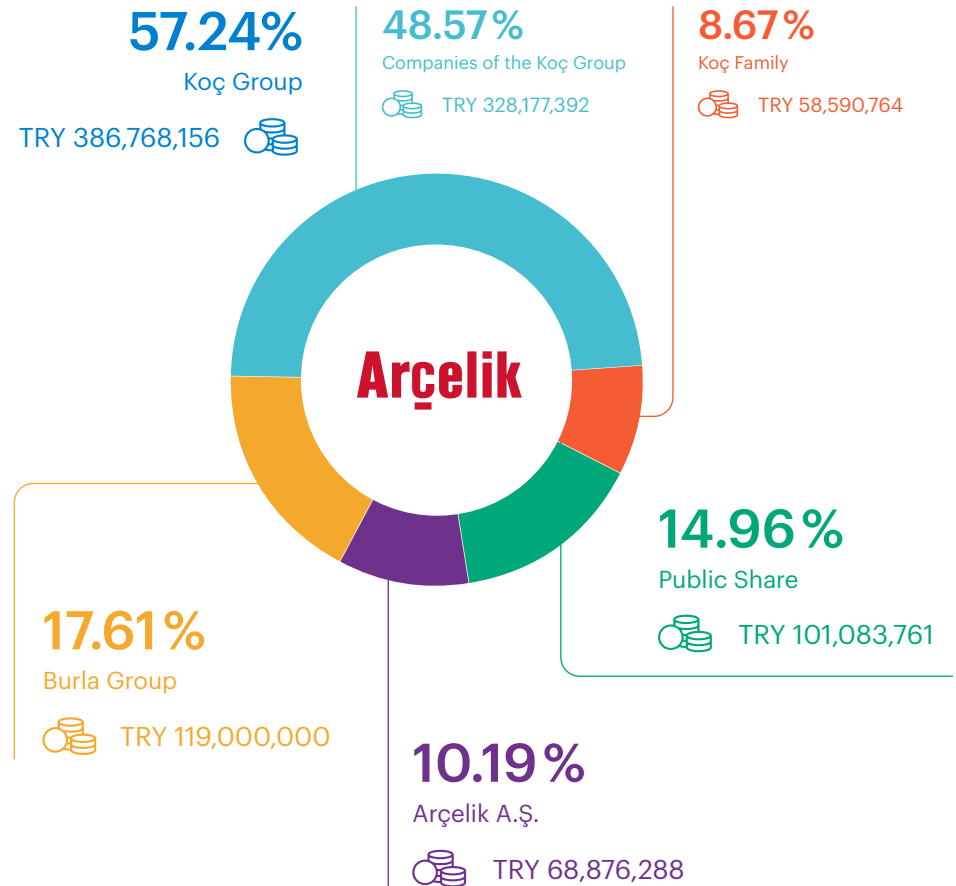
We are among the three largest white goods companies in Europe regarding market share ranking based on volumes. We reached a consolidated turnover of more than EUR 7.7 billion, with 70% of our revenues coming from the international markets. We have up to 3,000 registered global patent applications with 29 R&D and Design

Centers & Offices and more than 2,300 researchers. In 2022, for the fourth consecutive year, Arçelik scored highest among 46 companies assessed in DHP Household Durable Industry in the Dow Jones Sustainability Index of the S&P Global Corporate Sustainability Assessment. Our first Industry 4.0 factory located in Ulmi, Romania, was selected as one of the World Economic Forum (WEF) Sustainability Lighthouses. Our Company was also listed in the Top 20 of the Real Leaders 300 Impact Companies of 2023 and in the Corporate Knights' "2023 Global 100 Most Sustainable Corporations in the World" for the third consecutive year.

OWNERSHIP STRUCTURE

Dated January 2023

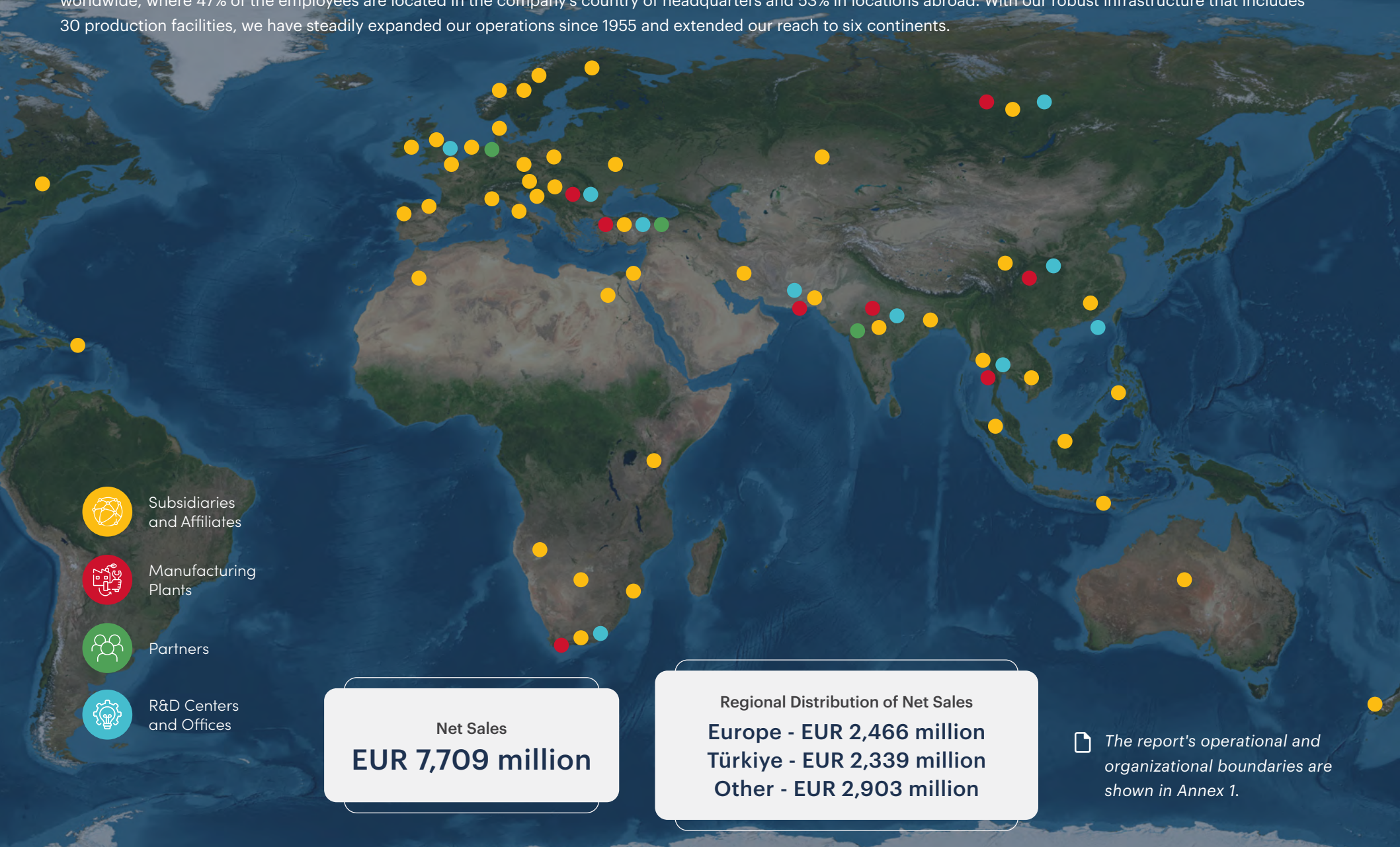
Paid in Capital (100%): TRY 675,728,205






GLOBAL OPERATIONS


Arçelik maintains its operations in 52 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 30 production facilities, we have steadily expanded our operations since 1955 and extended our reach to six continents.



 Subsidiaries and Affiliates


 Manufacturing Plants

 Partners

 R&D Centers and Offices

Net Sales
EUR 7,709 million

Regional Distribution of Net Sales
Europe - EUR 2,466 million
Türkiye - EUR 2,339 million
Other - EUR 2,903 million

 *The report's operational and organizational boundaries are shown in Annex 1.*



2022 HIGHLIGHTS



Financials

Net Sales
EUR 7,709 million

EUR 74.7 million
all environmental related investments and expenditures

Published
Green Bond Allocation and Impact Report
for years 2018 - 2022

Net Sales by Product Group (EUR)

White Goods
6,078 million

Consumer Electronics
530 million

Other
1,100 million

EUR 3.3 million
fund from Horizon Europe Projects



Business

Our CEO, **Hakan Bulgurlu** has been announced as the New Executive Committee (ExCo) member for WBCSD and elected as the new President of Home Appliance Europe (APPLiA)

In addition to being a Global Lighthouse, **Arçelik's Ulmi Plant** designated as one of the ten Sustainability Lighthouses by WEF

Arçelik started to invest **EUR 70.8 million** for the new Singer manufacturing plant at the Bangladesh Special Economic Zone (BSEZ)

Long-term environmental target commitment received from
173 suppliers

Attended **COP27** where the Company signed the Alliance of CEO Climate Leaders open letter for world leaders and also supported Action Declaration of Corporate Knights

Arçelik announced the **Contribution Agreement** to Form a New Standalone European Home Appliance Business with Whirlpool



Environment

Committed Net Zero in 2050
aligned with SBTi Net Zero Standard

7,525 tonnes CO₂e emissions prevented
94,324 GJ energy saved with Energy Efficiency Projects

Opened our first-ever **climate friendly flagship store** with platinum-level LEED certification

Listed in the **Corporate Knight's Earth Index** with its best practices in smart energy management

65% green electricity usage in global manufacturing operations

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

176,984 m³ of saved water

2022 HIGHLIGHTS

People

- USD 8 million** funds transferred to women entrepreneurs
- Established a new partnership with **Water.org** to provide **10,000 Kenyans with access to safe water**
- 24-hour plogging activity** carried out with Arçelik employees in 50 different countries around the world to raise awareness for sustainable living
- A Global **We-inTech program** carried out in Pakistan, Romania, South Africa and Türkiye to empower women engineers
- Launched the **Climate-Friendly Movement** through our İYİ-GE Platform to raise awareness on climate change

Product

- SaveWater technology** showcased at Internationale Funkausstellung (IFA) 2022 Trade Fair
- 13,207 tonnes** of recycled plastic used in Arçelik products
- 1.65 million** WEEE units recycled in our recycling plants since 2014
- 20 Factories +19,000 pieces of equipment**
- 3,622 users**
- 5 languages**
- Between **84%-99%** recyclability rate of products
- 49.4%** of turnover from energy efficient products

Innovation

- Positioned in the **top 200** in The World Intellectual Property Organization (WIPO) ranking for 10 years
- Engaged in **40 Proof of Concepts (PoCs)** with startups and established **16** collaborations
- R&D Spending **EUR 90.2 million**
- 32 projects** funded in the scope of Horizon Europe
- World's first carbon neutral hackathon **"Hack the Normal Europe"** held with 700 participants from 70 country
- 500** R&D projects carried out



AWARDS AND RECOGNITIONS

For the awards and recognitions, please refer to our website.

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

By scoring **87 (out of 100)** in the 2022 S&P Global Corporate Sustainability Assessment, Arçelik achieves **the highest score** for the **4th time in a row** out of 46 companies assessed in the DHP Household Durables Industry
(Score date: December 16, 2022, DJSI Emerging Markets).



Arçelik has been recognized for leadership in corporate transparency and performance on Water Security with an **A score** and Climate Change with an **A- score** by the global environmental non-profit CDP. We took our place among the companies with the **highest score** in terms of climate issues with our corporate supply chain as part of CDP's annual Supplier Engagement Rating (SER).



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.**

For the full list, please refer to [Bloomberg Gender-Equality Index](#).



As part of the Sustainable Markets Initiative in the UK, the **Terra Carta Seal** is awarded to companies whose ambitions are aligned with those of the Terra Carta, a recovery plan for Nature, People and Planet. The Terra Carta Seal was given to only 45 companies and Arçelik is the first and only company from our industry to be appointed a Terra Carta Seal Holder.



Our Ulmi Plant in Romania and Eskişehir Plant in Türkiye have been listed in the **"WEF Global Lighthouse Network"** for the successful adoption of Fourth Industrial Revolution (4IR) technologies to enhance productivity and performance.

Please refer to [WEF Global Lighthouse Network website](#) to explore more.



Arçelik has been recognized in the Corporate Knights' 2023 Global 100 Index for the **3rd consecutive year.**



Arçelik has been **listed since 2014** in Borsa Istanbul Sustainability Index (BIST). With the beginning of the BIST Sustainability 25 Index calculation, Arçelik has been listed as of 2022.



AWARDS AND RECOGNITIONS

For the awards and recognitions, please refer to our website.



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



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



Arçelik won awards in 3 categories at the Sustainable Business Awards, organized for the 9th time this year. While we received an award in the **Sustainable Business Reporting** category for the 4th consecutive year with our 2021 Sustainability Report, we received an award in the **Sustainability Communication** category with the İYİ-GE Movement. Arçelik-LG was awarded in the **Circular Plastics Management** category with the project 'Making a Difference in the Sustainability Journey of the Air Conditioner Product with the Development and Use of RePPet Raw Material.



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 has been rated **AAA** on the Morgan Stanley Capital International Sustainability Index since 2016 and AA in 2015.



Arçelik achieved **1st place** in its sector with **92/100** in Refinitiv 2022 ESG evaluation.



Arçelik received **12.8** from Sustainalytics ESG Risk Rating and was assessed to be at low risk of experiencing material financial impacts from ESG factors.



Arçelik ranked in **top 1%** of the top ESG-scored companies in the 2023 S&P Sustainability Yearbook.



Arçelik scored **50/100** in the "Vigeo Eiris" ESG rating.



Beko 100 Women Dealers project has been awarded a **"Gold Stevie"** in the Women in Business Awards / Communications Campaign of the Year / Diversity, Equality, Inclusion Category.



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.

To get more information on our global partnerships, memberships and engagements, please refer to our Annex 5: Selected Memberships and Arçelik's Contributions.



We strongly support the UNGC and incorporate its **Ten Principles** into all our business operations. We annually disclose and report our progress following how we applied these Principles.

For our *Communication on Progress (CoP)* and various activities and engagements listed on our *Participant profile*, please refer to *Global Compact website*.

We are proudly 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 detailed information, please refer to *CFO Taskforce website*.



We are one of the endorsing companies of the **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.

Please refer to the *Corporate Citizenship* section to get more detailed information on this new partnership.

We are committed to being a Net-Zero company by 2050 and officially joined the **Business Ambition for 1.5°C, Race to Zero Campaign** in September 2021. The Business Ambition for 1.5°C Campaign began as an urgent call to action from a global coalition of UN agencies, business and industry leaders, in partnership with the Race to Zero.



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 10. SCM Index*.



Arçelik has approved Science Based Targets in line with the Paris Agreement's scenario of keeping the global temperature rise "well below 2 °C". Accordingly, our targets are to reduce Scope 1 and Scope 2 GHG emissions by 30%, and Scope 3 GHG emissions from the use of sold products by 15% by 2030, compared to the base year of 2018. Arçelik has also committed to set a Net Zero 2050 target aligned with the **SBTi Net-Zero Standard** in March 2022 and needs to set a new near term and long term SBTi target aligned with a 1.5 degree scenario until March 2024. The base year of the new target will be 2022 and the new target will be much more challenging, including all group companies and joint ventures as well as all major domestic appliance product groups.



EP100, bringing together more than 100 energy-smart companies dedicated to using energy more efficiently, is managed by the Climate Group in partnership with the World Green Building Council. Through this membership, we are committed to increasing energy efficiency by doubling our global economic output for each unit of energy consumed from 2010 to 2030 and we plan to implement ISO 50001 Energy Management Systems in all our manufacturing plants by 2025.

In 2022, as a signatory of EP100, Arçelik published its progress in the related targets for the first time and was included with its best practice in smart energy management in the **Climate Group Progress and Insights Report**.



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 **IPG Plastics Commitments Progress Reports**.



GLOBAL PARTNERSHIPS AND ENGAGEMENT



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 2022, we were involved in two working groups under WBCSD that helped us accelerate our transition to climate action. **The SOS 1.5 Initiative** offers an industry-specific roadmap to achieve 1.5°C targets. **The CFO Network** initiative enables the acceleration of financial transformation in the areas of impact standardization, investor engagement, leadership and integration.

Also this year, our CEO, Hakan Bulgurlu was announced as the New Executive Committee (ExCo) member in 2023 for WBCSD.

Additionally, Arçelik joined WBCSD's Reporting Matters program in 2020 to evaluate the compatibility of its sustainability report with international reporting standards. In the scope of this program, Arçelik's 2021 Sustainability Report was evaluated and this 2022 report was prepared in light of the feedback received.



One of our top priorities is concentrating our efforts on combating the climate crisis and incorporating climate-related risk disclosures into our corporate reporting, as well as enterprise risk management systems. As a supporter of the **Task Force on Climate-related Financial Disclosures (TCFD)**, our ambition is to further develop our business towards achieving a low carbon future and ensuring our business is resilient and adaptable for climate-related risks and opportunities. By supporting TCFD, we aim to strengthen the link between climate change and the resulting financial impacts on our business. We have been a signatory of TCFD since 2020 and disclose information about the risks and opportunities of climate change.

[For detailed information on Arçelik's TCFD Risk Assessment Responses, please refer to Annex 11.1: TCFD.](#)



Ahead of **COP27**, Arçelik became one of the 100 signatories of the World Economic Forum's (WEF) open letter that addresses world leaders to accelerate net-zero transition. In light of this vision, we work with our stakeholders to encourage all to participate in this alterity.

[For the open letter addressed to world leaders, signed by companies that support accelerating the decarbonization process, including Arçelik, please refer to WEF website.](#)



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 Coalitions, starting from 2021, Arçelik submitted 3 commitments to achieve concrete change and set 6 transformative objectives which aim to advance gender equality in technology and innovation over the next 5 years.

In 2022, Arçelik announced its progress in the related targets for the first time in its corporate reports. Please refer to **Corporate Citizenship** section of the report to find more information on the Action Coalition projects and Arçelik's progress in 2022.

[For detailed information, please refer to Our Action Coalition Commitments.](#)



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 elements 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 take an active role in the events and projects organized by UN Women.

In 2022, Arçelik participated in Gender Responsive Procurement Summit and the launch event of the Gender-Responsive Crisis Management Guidebook for the Private Sector, which Arçelik contributed to the development of through feedback in the pilot phase.



Introduction

Strategic Approach
to Sustainability

In Touch
with Our Planet

In Touch
with Human Needs

In Touch
with Business

Annexes

A large industrial building with a brick facade and a sign that says "Arcelik". The building is set against a cloudy sky. In the foreground, there is a wet asphalt road with yellow crosswalk markings. The overall scene is dimly lit, suggesting dusk or dawn.

Home is
where we
establish a strong
relationship with
our shareholders.



CORPORATE GOVERNANCE

CORPORATE VALUES

At Arçelik, we are aware of the importance of fulfilling our promises to maintain trust and stability. By basing our corporate management on the principles of accountability, responsibility, openness, transparency, and equality, we establish a sound and reliable relationship with our stakeholders, while strengthening the affiliation of our employees. Our management approach harmonizes these corporate values and culture with profitability while creating an effective working environment. We sustain our long-standing success with our transparent management bodies.

In line with these values, we give importance to ensuring that shareholders' rights to obtain information are fulfilled fairly. Our Investor Relations Department is responsible for recording the voting results and sending reports to shareholders. Legislation, articles of association, and other in-house

regulations are complied within exercising shareholder rights. We take necessary measures to ensure the exercise of these rights and equal treatment.

Arçelik also has committed to increase the rate of women members in the BoD to 25% by 2025 in support of the corporate values. As of the year end of 2022, 2 out of 12 members of BoD are women and in line with this target, *Arçelik Board Diversity Policy* states that the priority is given to women candidates when nominating candidates with similar knowledge, expertise, and abilities to the BoD.

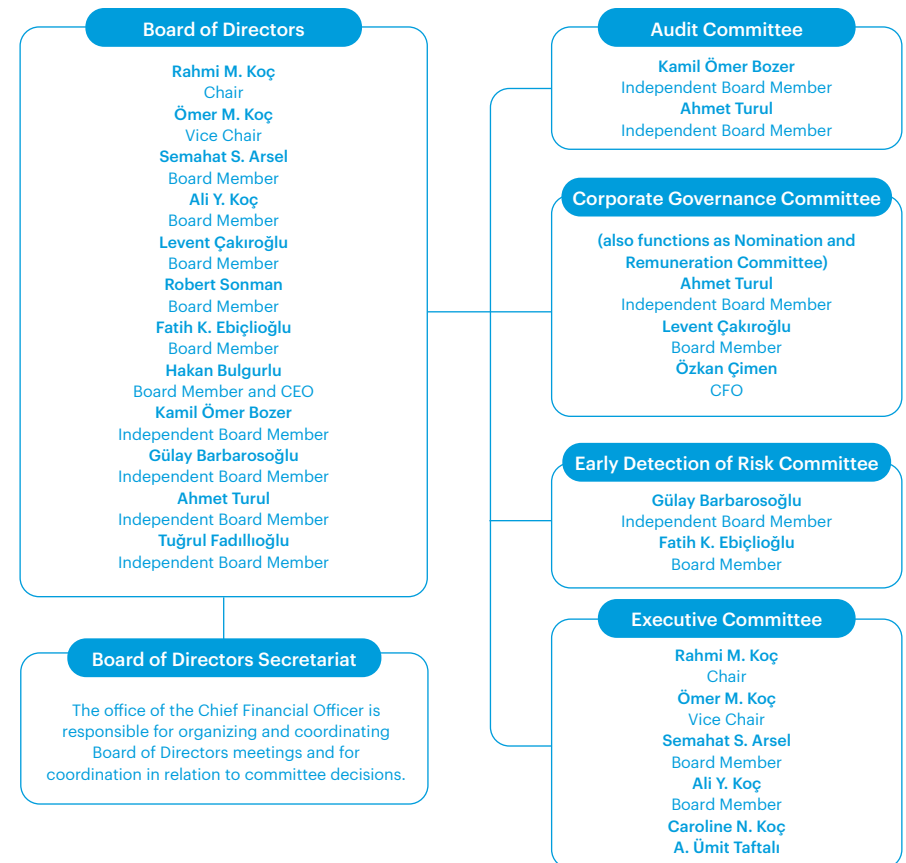
In order to support the corporate values at the highest management level Arçelik also ensures the segregation of duties. Thus, the Chairperson of the Board and the CEO, who is also a Board member, are different individuals.

Arçelik's Corporate Governance Rating, which was 9.67 in 2021, increased to 9.69 in 2022.

CORPORATE MANAGEMENT

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

In order to ensure the most efficient approach, all tasks are delegated to committees by the BoD which are the Audit Committee, Corporate Management Committee, Early Detection of Risk Committee and the Executive Committee.



For details related to the Organizational Structure please refer to the Annex 12.

For detailed information on ratings please refer to 2022 Corporate Governance Rating Report.



CORPORATE GOVERNANCE

SUSTAINABILITY GOVERNANCE

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

BoD is the highest governance body regarding the management of the sustainability strategy. At BoD level, a Board Member - who is also Koç Holding Consumer Durables' President - has been tasked with reporting the ESG related issues to the BoD. In addition, the Quality, Sustainability and Corporate Affairs Executive Director is the Company's highest ranking individual responsible for assessing and managing sustainability-related strategies, risks & opportunities.


There are also several Board level committees that oversee sustainability topics. The Risk Management Committee is the highest governing body for the management of all risks and opportunities of Arçelik. Thus,

governing ESG-related risks including climate-related ones falls under the oversight of this committee.

The Sustainability Council (SC), Global Ethics Committee and Human Rights Committee are C-level chaired entities also responsible for sustainability governance. The SC gathers quarterly and determines corporate sustainability and climate change strategies, ensures their integration with the Company's business processes, and monitors sustainability performance. The C level executive team serve as inherent members of the SC. Other D-level executives also participate as inherent members of the Council, depending on the issues to be discussed at the meetings. The everyday work and efforts are undertaken by Sustainability Working Groups (WGs) which are Environment, Energy, Green Chemistry, Climate Change, Sustainable Supply Chain, Sustainable Packaging, Recycled Plastics and Occupational Health and Safety. The meeting agenda of SC is determined by the work of these groups.

The Human Rights Committee is the executive management level committee that gathers quarterly to discuss the progress of the human rights corrective action plans for the organization's operations as well as for suppliers. The committee oversees the work of Arçelik's Human Rights Department which was formed in 2022. Within the organizational structure of this department, there are employees responsible for human rights who report to the Human Rights Department in each factory. The Human Rights Department is responsible for the overall coordination of human rights audits (both third party and internal audits) at Arçelik sites and at joint ventures as well as the successful implementation of the corrective action plans determined based on the gap analysis carried out due to the findings from the audits. In addition, the Human Rights Committee serves as a platform for alignment on Global DEI (Diversity, Equity, Inclusion) integration into leadership DNA. The Culture and Leadership Development Team that was formed in 2022 acts as the Global Center of Excellence responsible for integration of the

company. The DEI Local think tank teams under the operational level Global DEI Committee report to the HQ Culture & Leadership Development Team.

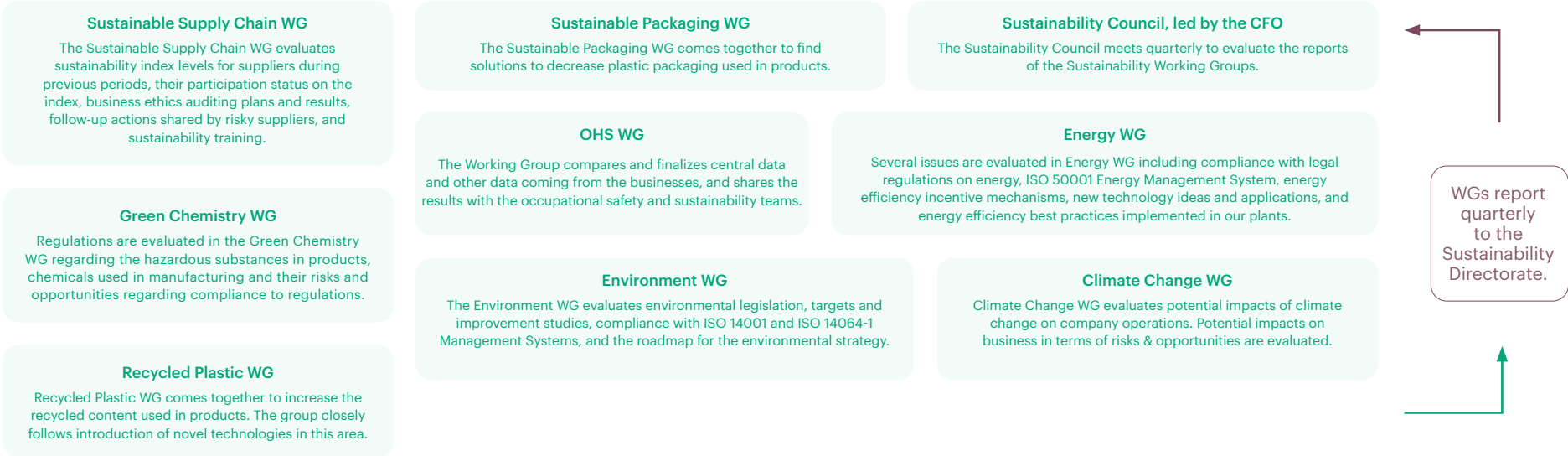
 [For details related to the Organizational Structure please refer to Annex 12.](#)



CORPORATE GOVERNANCE



SUSTAINABILITY WORKING GROUPS (WGs)

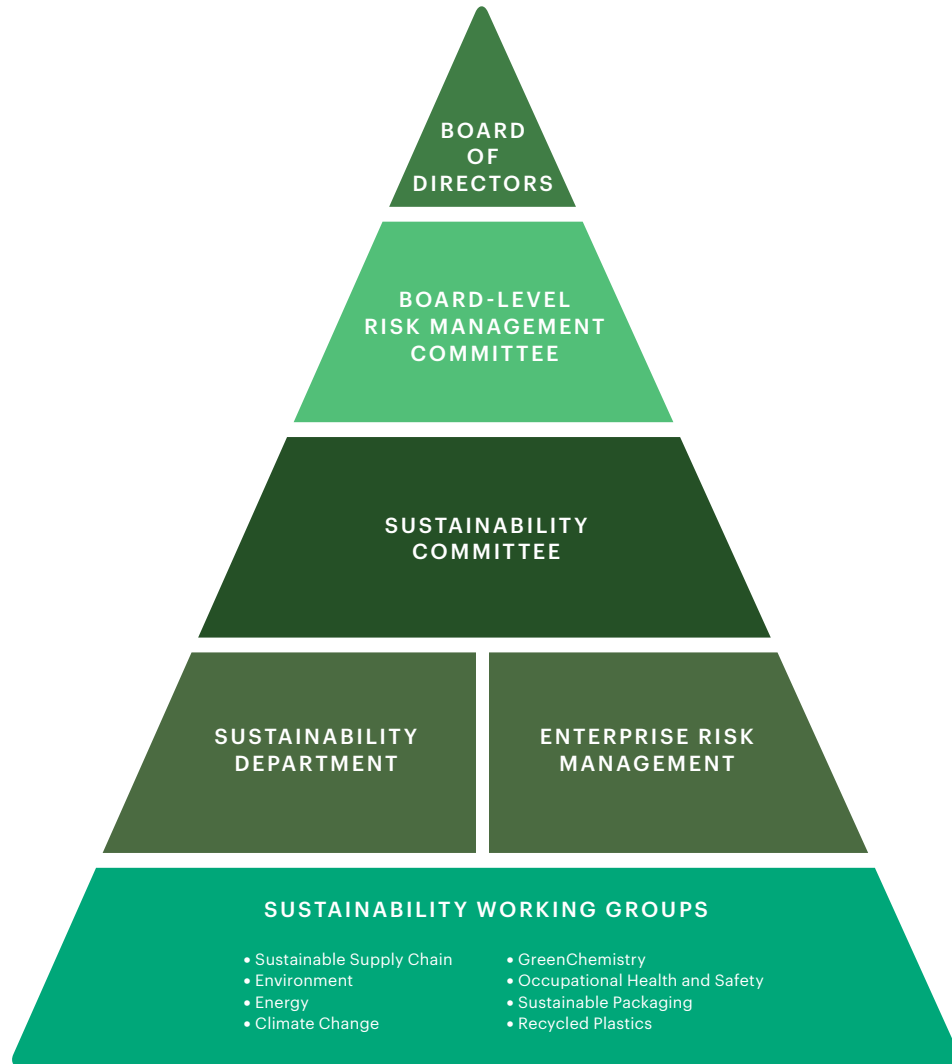


For details related with the Organizational Structure please refer to the Annex 12.



CORPORATE GOVERNANCE

ENTERPRISE RISK MANAGEMENT AND ESG-RELATED RISKS



While the Board of Directors acts as the highest governing body responsible for oversight of risk management in Arçelik, the CFO is the highest-ranking person with responsibility for monitoring and auditing risk management performance.

The Risk Management Committee was established in 2010 to act as an advisory committee to the Board of Directors in terms of early detection of financial and operational risks. Finance and Enterprise Risk Management Directorate coordinates and oversees financial, strategic, operational, compliance and external risks that may affect the company. The Directorate is structurally independent from business lines.

Finance and Enterprise Risk Management Director is the highest-ranking person with dedicated management responsibility on an operational level. The Directorate reports the identified risks to the Risk Management Committee. The risks that Arçelik has exposure to are reviewed at least twice a year.

In addition, the Internal Audit Management evaluates and improves

the effectiveness of internal control and governance processes and shares the results regularly with the Board-level Audit Committee. Thus, Internal Audit Management and Finance and Enterprise Risk Management are independent from each other.

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

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

[For further information on the financial-nonfinancial risk matrix of Arçelik and mitigation action plans, please refer here.](#)

Being a TCFD signatory, it is essential for the Company to integrate the risks arising from the climate crisis and other ESG-related risks into the Enterprise



CORPORATE GOVERNANCE

Risk Management System to execute the relevant action plans in line with the Company's Net Zero 2050 strategy and corporate sustainability strategy. Arçelik Enterprise Risk Management Department and Sustainability Department work in close coordination to identify, evaluate, measure and prioritize ESG related risks and opportunities.

[For detailed TCFD report, please refer to Annex 11.1 TCFD Reporting.](#)

[For details related to Other ESG-related risks and opportunities, please refer to Annex 11.3.](#)

As climate change is the predominant risk factor in ESG related risks, the Board Member - who is also Koç Holding Consumer Durables' President - who has been tasked with reporting the ESG related issues to the BoD also oversees the climate-related risks. In addition, Arçelik Sustainability Management Department is responsible for qualitative-quantitative identification of climate related and other ESG risks based on scenario analysis in terms of

both physical and transition risks and reports such risks to the Enterprise Risk Management Department. Enterprise Risk Management Department includes these climate related risks and other ESG risks in its reports to the Risk Management Committee, which is the board level committee with oversight of climate-related issues, at least two times a year.

The Quality, Sustainability and Corporate Affairs Executive Director serves as the highest-ranking individual with responsibility for assessing and managing climate-related and other ESG-related issues and execution of the entire sustainability strategy at the management level in the Company.

The Sustainability Council (SC), chaired by the CFO is the highest management level committee responsible for assessing and managing climate and other ESG-related risks and opportunities. The SC gathers quarterly to evaluate the company's ESG risks and opportunities and shapes the strategy going forward.

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

[For details related to the BoD integration with the company's risks, please refer to Annex 11.3.](#)





CORPORATE GOVERNANCE

SUSTAINABILITY LINKED EXECUTIVE COMPENSATION

In order to ensure effective implementation of the Company’s long term ESG strategy and its Science Based Targets, 2030 Environmental and Social Targets and 2050 Net Zero Strategy, the ESG KPIs mentioned below are included in the C and D level executives’ annual performance evaluation score cards linked to annual compensation and bonuses as incentives. In the same manner, the same KPIs are also included in the business unit managers and related expert employees’ performance evaluation score cards in determination of their annual compensation and bonuses as incentives. The KPIs are provided below in detail:

TARGETS	DETAILED KPI	INCLUDED IN THE PERFORMANCE EVALUATION SCORECARDS OF...
DECARBONIZATION	<p>Decreasing Scope 1-2 GHG emissions</p> <ul style="list-style-type: none"> Increasing energy and water efficiency in production to decrease Scope 1-2 emissions Increasing the share of renewable energy systems’ installed capacity for on-site consumption Increasing the waste reduction rate of factories in production 	CEO, CFO, Chief Technology Officer, Related Factory Executive Directors, Quality, Sustainability and Corporate Affairs Executive Director, related Business Unit Managers, and experts
	<p>Decreasing Scope 3 use phase GHG emissions</p> <ul style="list-style-type: none"> Production and sale of energy efficient appliances aligned with Science Based Targets requirements to decrease Scope 3 emissions in customer use phase 	CEO, CFO, Chief Technology Officer, Chief Marketing Officer, Related Factory Executive Directors, R&D Executive Director, Quality, Sustainability and Corporate Affairs Executive Director, Product Management Executive Director, related Business Unit Managers, expert employees
SUSTAINABLE SUPPLY CHAIN STRATEGY	<p>Supply Chain Sustainability Integration</p> <ul style="list-style-type: none"> Increasing number of in-house and third-party supplier ethics audits Increasing number of suppliers reporting their environmental and social data to the Supplier Sustainability Index system Increasing number of suppliers setting GHG emission reduction targets aligned with Arçelik’s requirements & Arçelik’s targets set for suppliers Reducing logistics emissions from transportation to decrease logistics-related Scope 3 emissions 	CEO, Chief Purchasing & Supply Chain Officer, Purchasing Executive Director, Supply Chain Executive Director, Quality, Sustainability and Corporate Affairs Executive Director, related Business unit managers and experts



CORPORATE GOVERNANCE

TARGETS	DETAILED KPI	INCLUDED IN THE PERFORMANCE EVALUATION SCORECARDS OF...
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CIRCULARITY

<ul style="list-style-type: none"> Recycled plastics- product Recycled cardboard-packaging 	<ul style="list-style-type: none"> Increasing recycled content in products Switching to hybrid and 100% EPS free designs in product packaging 	CEO, CTO, Related Factory Executive Directors, R&D Executive Director, Quality, Sustainability and Corporate Affairs Executive Director, Product Management Executive Director, related Business Unit Managers, and experts
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SUSTAINABLE FINANCE

Green financing	<ul style="list-style-type: none"> Completion of green bond impact and allocation report process- determination of green investments, allocation of the investments to related projects and successful audit results. 	CFO, Finance Executive Director, Chief Technology Officer, Related Factory Executive Directors, Quality, Sustainability and Corporate Affairs Director, related Business unit managers and experts
Sustainable Finance Reporting	<ul style="list-style-type: none"> Creating infrastructure for IFRS Sustainability Reporting Standards 	CFO, Executive Finance Director, Quality, Sustainability and Corporate Affairs Executive Director, related Business unit managers and experts

HUMAN RIGHTS & DEI & CULTURAL TRANSFORMATION

Human Rights	<ul style="list-style-type: none"> Seamless execution of human rights roadmap based on defined actions 	Chief Human Resources Officer, Human Rights Executive Director, related Business unit managers and experts
DEI Transformation	<ul style="list-style-type: none"> Seamless execution of DEI roadmap based on defined actions 	Chief Human Resources Officer, Human Resources Executive Director, related Business unit managers and experts
Employee Engagement & Turnover	<ul style="list-style-type: none"> A numerical increase targeted in the employee engagement rate Enabling a decreasing trend in employee turnover rate 	CEO, Chief Human Resources Officer, Human Resources Executive Director, related Business unit managers and experts



CORPORATE GOVERNANCE

POLICY INFLUENCE

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

Arçelik works in collaboration with all public bodies, NGOs, trade associations and other related organizations or institutions in the advancement of the proposed legislation and/or other related regulations which may affect legitimate business interests that are compatible with international human rights legislation and the Paris Agreement. While working with these related bodies, it is of outmost importance that the policies of the Trade and Industry Associations and

all other stakeholders in which Arçelik is a member complies with the Paris Agreement and its climate change policy to keep global warming limited to 1.5 degrees as well as the UN Guiding Principles on Business and Human Rights.

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

organizations and the Paris Agreement as well as UN Guiding Principles on Business and Human Rights.

In addition, Arçelik does not involve in and/or make contribution to the political campaigns, political organizations, lobbyists, or lobbying organizations.

 *For further details, please refer to the Global Sectoral Relations Management & NGO Membership Policy Document as well as the Industry Associations Review Document.*

Arçelik supports suitable trade associations and sectoral organizations. Through this support, Arçelik made a total of EUR 1,318,610 contribution to certain associations. The policy influence activities represents more than 80% of data coverage within Arçelik's revenue.

 *For further details, please refer to Annex 5.*

Arçelik works in collaboration with all public bodies, NGOs, trade associations and other related organizations or institutions in the advancement of the proposed legislation and/or other related regulations which may affect legitimate business interests that are compatible with international human rights legislation and the Paris Agreement.



VALUE CHAIN

1 Product Design and Raw Material Selection

1

- Eco design criteria
- Focus on resource efficiency in design: materials, water, energy
- LCA studies on main product groups: most impact on the use phase of products
- Material reduction
- Recycled and recyclable materials: collaboration with suppliers
- Focus on ease of disassembly, repairability, durability, and recyclability
- Reliability and modularity projects for components
- Focus on aesthetics, product quality and safety
- Work with suppliers to minimize the impact of the operations in the value chain

2 Product Manufacturing

2

- Continue to invest in energy efficiency & renewable energy projects
- Expanding green electricity purchases and certificates
- Reduction of GHG emission in the manufacturing process
- Water reuse and recycling
- Rainwater harvesting
- Industry 4.0 manufacturing technologies
- Waste and chemical reduction activities
- Health and safety specific projects using AI
- Collaboration with start-ups and suppliers

3 Product Packaging

3

- Reduce packaging volume and weight
- Use recycled and recyclable packaging material alternatives
- Eliminate Expanded Polystyrene (EPS) with sustainable material options

6 Use Phase

6

- Transparent product information
- Reducing energy consumption during lifetime of the product
- Increasing awareness among consumers and influencing their product choices for more efficient products
- Warranty extension
- Developing solutions to understand consumers' needs and expectations

8 Take back and Recycling

8

- Two WEEE recycling plants in Türkiye since 2014
- Take-back programs in other countries
- Closed loop production: use of recycled materials in Arçelik products

4 Product Warehouse and Logistics

4

- Reduce GHG emissions through logistics optimization (route optimization, alternative transportations, container adjustments)
- Energy and water saving practices at warehouses
- Weekly and monthly based OHS field audits
- Digital Machinery Safety Systems and Forklift Accident Avoidance Systems

7 Repair and Remanufacturing

7

- Extensive repair network
- Repairability Index working groups for major appliances
- Repairability manuals for end users in customer care websites
- Connected products: synchronization with service technicians via digital tools to reduce service call rates
- Remanufacturing sites at production plants to give second life to products: sale of refurbished products

5 Marketing and Sales Channels

5

- Improve customer experience in the stores
- Ensure reliability, continuity, and respectability of all marketing and sales channels
- Support sustainable growth with social and environmental friendly practices

BUSINESS MODEL FOR VALUE CREATION

Where We Create Value	How We Create Value
Capital FINANCIAL CAPITAL <ul style="list-style-type: none"> Green loan agreement for EUR 150 million with the EBRD EUR 350 million Green Bond EUR 74.70 million environmental expenditures and investments 	<ul style="list-style-type: none"> Risk management Pricing, sales and marketing Systems in investment decisions Cost reduction Campaign and promotions Buyback on stocks
SOCIAL AND RELATIONAL CAPITAL <ul style="list-style-type: none"> 6,921 suppliers in more than 60 countries More than 7,000 authorized services in 19 countries Nearly 3,000 dealers Customer communication channels EUR 4,407,348 on corporate citizenship activities EUR 87 million sponsorship budget Internship programs Memberships to NGOs, trade association and partnerships with other organizations CSR projects (e.g. İYİ-GE, 100 Women Dealers, We-inTech, etc.) Approach to human rights and equal opportunity Purpose driven 13 brands in touch with societies in 52 countries 	<ul style="list-style-type: none"> Audits, surveys, and campaigns for stakeholders Trainings and support for suppliers & dealers Partnerships and sponsorships R&D Collaborations Quality control for products and services
NATURAL CAPITAL <ul style="list-style-type: none"> 65% green electricity usage in global manufacturing operations 406 energy efficiency projects 10.20 MW renewable energy installed capacity 1,490,105 m³ water withdrawal 8 water efficiency, reuse and recycling projects Shadow carbon pricing and internal water price practices 21 waste reduction projects 612.1 tonnes of recycled plastic packaging used 	<ul style="list-style-type: none"> Use of alternative and sustainable materials in products Continuous improvements in LCA Emission reduction operations Developing biodiversity focused projects and initiatives
HUMAN CAPITAL <ul style="list-style-type: none"> More than 40,000 employees globally DEI, Human Rights, and OHS structures and policies Gender and equal opportunity practices Average EUR 129,4 spent per FTE on learning and development Employee experience projects and programs In-company rewards and benefits Global Compliance Program and ethics hotline 256 Arçelik volunteers Freedom of association 	<ul style="list-style-type: none"> Flexible working hours Committee meetings Global Human Rights Due Diligence Process Reward mechanisms Sports clubs, social and wellbeing activities Performance and career evaluation (OKR) and development Young talent programs
INTELLECTUAL CAPITAL <ul style="list-style-type: none"> 31 years of R&D experience 30 R&D and Design centers 2,300+ employees in R&D centers EUR 90.37 million R&D investment Garage Innovation Hub, open innovation platform Market reports and customer research Digital academy platform Licenses and patents held 	<ul style="list-style-type: none"> Partnerships and engagements Hackathon series Information security management systems and agile transformation Brand road mapping processes
MANUFACTURED CAPITAL <ul style="list-style-type: none"> 30 production facilities in 9 countries Nearly 3,000 dealers Online shopping access of consumers in more than 100 countries New generation equipment that reduces environmental impact 193 warehouses and logistics network A total of 1.65 million m² warehouses in 36 countries 2 owned WEEE recycling facilities 	<ul style="list-style-type: none"> Distribution centers to strategic points Store infrastructure, service improvements, and quality audits Maintenance and repair of equipment Dissemination of sustainable stores Investments for safety, optimization, transport



Value We Create	
<ul style="list-style-type: none"> EUR 7.7 billion revenue EUR 272 million at total profit and 45.3% increase in profit 30% increase in income EUR 688,259 EBITDA EUR 94,452 dividend paid 22.2% OPEX/sales One of top 3 companies in Europe market 141,1% change in share price 	<ul style="list-style-type: none"> Accessing the financial funding Ensuring the continuity of operations Arçelik's market share Sustainable growth Indirect economic impact Increased trust in shareholders and investors
<ul style="list-style-type: none"> 128 ethical and social compliance audits No termination due to incompatibility in 2022 Serving 218,209 active customers in online channels The average score of customer satisfaction survey: 99,88% More than 1,000 CSR beneficiaries at total Within the scope of 500 Women Technicians, 8% increase in women technicians in 2022 407 students participating in internship programs 10,735 volunteered employee hours Index scores, recognitions and awards 	<ul style="list-style-type: none"> Sustainable brand perception and brand reputation Transparency and reliability Technical and market knowledge transformation Sustainable supply chain Strengthening stakeholder communication Good customer experience Social and environmental awareness
<ul style="list-style-type: none"> 94,324 GJ energy saving EUR 2,528,199 financial savings from energy efficiency projects 49.4% of energy efficient products in revenue 30% reduction of Scope 1-2 GHG emissions SBTI Net-Zero Standard Energy or/and water efficient products (Energy Efficient Ovens, Tumble Dryer, etc.) 176,984 m³ of water saved, and 18,362 m³ of water recovered Benefit from pricing methodologies 1.65 million WEEE units recycled in our recycling plants since 2014 107,798 tonnes of waste sent to recycling 2,571 tonnes of raw material saved 	<ul style="list-style-type: none"> Supporting the circular economy Social and environmental awareness Resource efficiency and savings Extensive combat against climate change Responsible sourcing and production
<ul style="list-style-type: none"> 39% of open positions filled by internal candidates 1.23% the Lost Time Injury Frequency Rate Diverse working environment with 72 countries. 27% women employee 23% women in management positions 10,109 employees subjected to regular performance and career development evaluation 1,185,376 hours of training 88% participation rate in the annual employee engagement survey and 69% global employee engagement rate 137 cases reported through hotline channels, 47 were substantiated. Total 14 activities with Arçelik volunteers 65.7% of our employees under a collective labor agreement, in global facilities 	<ul style="list-style-type: none"> Equal pay for equal work Health and safety of our employees Transparency, employee engagement, wellbeing and satisfaction Career and talent development Retention Decent working environment
<ul style="list-style-type: none"> 35 recruitments from R&D and innovation workshops (hubs) 12 R&D and innovation workshops (hubs) Top 200 in the WIPO ranking for 10 years Effective management of more than 17 main brands in 52 countries 16 Ongoing Horizon Projects Engaged in 40 Proof of Concepts (PoCs) with startups and established 16 collaborations Connected home appliances Over 3,000 international patents, approximately 800 design registrations, around 3,000 trademarks 61.7% of turnover obtained from low carbon products 	<ul style="list-style-type: none"> Innovative solutions Competitive advantage Highly accessible systems Business continuity Transfer of Information
<ul style="list-style-type: none"> 2 new production facilities included in the operation MDA online sales ratio reached to 27.7% in 2022 with 2.1pp yearly average increase since 2017 WEF sustainable lighthouse 1.65 million WEEE units recycled 	<ul style="list-style-type: none"> Operational efficiency High Production Capacity Customer access/communication through online channels Safe working environment



STAKEHOLDER ENGAGEMENT MAPPING

At Arçelik, we recognize the critical importance of understanding the needs and expectations of our stakeholders and we make it our priority to identify and address them to the best of our abilities. To do this, we employ a range of stakeholder engagement methods, including Meetings, Public Disclosures, Surveys & Interviews, Events, and Platforms & Training. These methods enable us to engage with and gain insights from our stakeholders, so we can gain insights to identify areas for improvement, such as developing more effective strategies for enhancing our products, production processes, supply chain activities, and community development initiatives. Our stakeholder engagement mapping process is a key component of these efforts, providing us with a clear direction for our stakeholder engagement activities and contributing to the sustainable success of our business in the sector.



EMPLOYEES

How We Engage

Our engagement efforts include annual satisfaction surveys, various listening mechanisms such as focus groups and pulse check surveys, social learning and communication platforms, C-D Level Business Strategy Townhalls, as well as training, workshops, and seminars. In addition, the Suggestion System allows employees to share ideas for improvement in line with company goals and strategies.

Topics Raised

- Decent wages and benefits
- Fair labor practices
- Respect for human rights and ethics
- Work-life balance
- Remote working opportunities
- Wellness, mindfulness, social and emotional support
- Career opportunities
- Bench strength for critical roles
- Learning and development
- Employee volunteering
- Diversity, Equality and Inclusion
- Purposeful and Inclusive Culture

Related Material Issue(s)

- Talent Management and Capacity Transformation
- Business Ethics and Transparency
- Occupational Health and Safety
- Diversity and Inclusion

How we Respond

- We provide equal wage for equal work and declare the results publicly in our report.
- We encourage right to unionization and collective labor agreements. Total unionization level reached 65.7% in global production facilities.
- Our global ethics hotline promotes ethical behaviour and creates a safe and inclusive workplace for all employees.
- Flexible working hours and remote working options allow for a healthy work-life balance. We offer online support for nutrition, health, and psychological well-being, as well as training webinars to expand intellectual potential. We also offer workshops on mindfulness and meditation to reduce stress and promote a positive mindset.
- We offer training programs, including function-based development and reskilling for hourly and monthly waged employees.
- Employees are recognized for years of service and provided with rewards and appreciation certificates annually. Regular one-on-one discussions between employees and their managers occur every six months to discuss achievements, challenges, and mentorship opportunities for improvement.
- Our employee activities program encourages engagement in sports, hobbies, and volunteering.
- Through our employee award system, we recognize outstanding projects in categories such as Environment Society Contributors, Digitalization, Collaboration Developers, Creative Innovators, and Growth Accelerators. Projects are evaluated based on category criteria by a committee consisting of management-level members. The winners are then selected, and the prizes are awarded.



SUPPLIERS

How We Engage

We engage with our suppliers through Supplier Summits, Supplier ESG Program, Supplier Audits, Supplier Development Programs and Projects, Supplier Trainings, and Supplier Visits, Innovation and Technology Days and Supplier Transparency Programs

Topics Raised

- Technical guidance and knowledge sharing around sustainability, quality, production processes, technology
- More engagement and encouragement initiatives
- Development of joint improvement projects
- Better financing and payment options

Related Material Issue(s)

- Supply Chain Management
- Business Ethics and Transparency
- Conflict Minerals Management
- Resource Efficiency in Product Manufacturing
- Sustainable Use of Raw Materials

How we Respond

- We have implemented Supplier Capacity Development Projects to enhance supplier capabilities and establish long-term partnerships.
- We provide Sustainability Trainings covering various topics such as environmental sustainability, quality, and ethics. Our webinars offer further resources, covering GHG Emissions accounting, Arçelik's sustainability strategy and expectations.
- We prioritize sustainability awareness and engagement, working together with suppliers to set targets.
- To date, 173 out of more than 450 suppliers have signed a letter committing to environmental goals and publicly reporting progress.
- Innovation and technology are prioritized through Programs Innovation and Technology Days and Supplier Innovation.
- We also value transparency and have Supplier Transparency Programs.



STAKEHOLDER ENGAGEMENT MAPPING



B2B CUSTOMERS

How We Engage

As part of our approach to engage with B2B customers, we provide training and seminars, hold annual meetings, conduct face-to-face interviews, and offer access to our Digital Dealer Order Platform. Additionally, we conduct regular satisfaction surveys to gain valuable feedback and insights from our customers.

Topics Raised

- Increased collaboration to work on mutual projects
- Enhanced financial support and technical guidance
- Product training
- Improvement in shipping and delivery services
- Improvement in product quality
- Product offerings with sustainability features
- Increased sustainability partnerships
- Increase in customer satisfaction and loyalty

Related Material Issue(s)

- Product Quality
- Eco-Efficient Products
- Business Ethics and Transparency
- Products and Services for Disadvantaged Groups
- Sustainable Packaging
- Open Innovation
- Product Solutions that Prevent Plastic Pollution
- Products Designed with a Circular Approach and Lifecycle Management

How we Respond

- We developed mutual projects to foster an omnichannel approach, such as online sales order system, to enhance the customer experience.
- Our online training and product training programs provide dealers and their employees with the necessary skills and knowledge to sell and promote our products effectively.
- Our 100 Women Dealers Project is an initiative to support gender equality in our dealer ecosystem.
- We provide financial support to authorized dealers to help them grow their business and improve their operations.
- Our support for architectural design processes helps authorized dealers create functional and attractive stores that reflect our brand values.
- We provide advertising and communication support to authorized dealers to help them promote their stores and our products.
- We provide training support to authorized dealers and their employees for competence development.
- We provide incentives to increase customer satisfaction and employee loyalty.
- We include sustainability features on displays in retailers to raise awareness and promote sustainable consumption.
- Circular economy business model pilot project with a retailer in the UK.
- We have developed projects aimed at enhancing environmental efficiency and digitalization.



B2B CUSTOMERS – Consumers

How We Engage

We gather consumer insights through surveys and monitor our corporate and brand websites as well as social media channels to measure satisfaction with our products and services.

Topics Raised

- Durable products with extended warranty
- Improved quality
- Energy and water efficient products
- Sustainability features such as recycled content

Related Material Issue(s)

- Product Quality
- Eco-Efficient Products
- Business Ethics and Transparency
- Information Security and Management of Cyber Risks
- Responsible Marketing and Responsible Consumption
- Product Solutions that Prevent Plastic Pollution
- Products Designed with a Circular Approach and Lifecycle Management
- Products and Services for Disadvantaged Groups
- Sustainable Packaging

How we Respond

- We developed new products, such as the SaveWater range, Hygiene Shield range, and Corner Wash technology in dishwashers, based on customer feedback.
- We are increasing the recycled content in our products, reducing plastic use, and incorporating features such as microplastics filtering and food preservation.
- Increasing energy-efficient products in the range.



STAKEHOLDER ENGAGEMENT MAPPING



INVESTORS

How We Engage

- To engage with investors, we use roadshows, ESG conferences, and one-on-one meetings, as well as investor presentations and quarterly earnings webcasts.
- We also provide regular updates through our annual and sustainability reports, annual meetings, public disclosure statements, and corporate website.

Topics Raised

- Transparent sustainability reporting, KPI and target breakdown
- Sustainability reporting to global indices with solid leadership scores
- Increased management of human rights issues
- Transparent reporting of conflict minerals

Related Material Issue(s)

- Business Ethics and Transparency
- Human Rights and Fair Working Conditions
- Supply Chain Management
- Risk Analysis and Regulatory Compliance
- Corporate Governance
- Investing in New Climate and Eco-Friendly Product and Service Solutions
- Open Innovation
- Conflict Minerals Management

How we Respond

- We reported top-performing results to sustainability indices on a global scale.
- As a TCFD signatory, we engage in TCFD reporting to enhance our disclosure of climate-related financial information.
- We disclosed our Conflict Minerals Reporting to ensure responsible sourcing and avoid supporting human rights abuses.
- Our Human Rights Audit Findings Disclosures demonstrate our commitment to transparency and ethical business practices.
- Our Sustainability Principles Compliance Report provides comprehensive information on our adherence to sustainability principles and guidelines.



GLOBAL PARTNERSHIPS AND NGOs

How We Engage

- We conduct frequent meetings and participate in working groups, global events, panels, and speaking opportunities.
- We also collaborate on global collective campaigns and joint CSR programs and projects.
- We ensure transparency through our annual and Sustainability Reports and maintain open communication channels to ensure effective collaboration towards our shared sustainability goals.

Topics Raised

- Commitment for climate action
- Creating social and environmental impact
- Commitment to productive energy use
- Improving standards concerning energy efficiency of products to reduce global GHG emissions, promote business innovation, and ensure consumer access to affordable and high-performing technologies
- Discussion partner for policy setting and public consultations
- Regular reporting of activities and improving sustainability reporting performance and transparency

Related Material Issue(s)

- Business Ethics and Transparency
- Climate Crisis and Reducing Carbon Emissions
- Energy Efficiency
- Sustainable Technology and Innovation
- Open Innovation
- Impact-Oriented Community Programs

How we Respond

- Arçelik has 2030 SBTs in line with well-below 2°C scenario and, also aims to be aligned with 1.5°C scenario towards its 2050 Net Zero target.
- We have joined the Business Ambition for 1.5°C and Race to Zero initiatives, committing to achieving net-zero emissions as soon as possible.
- As part of our commitment to sustainability, we have signed the G20 letter and participate in the WEF Global Lighthouse and Sustainable Lighthouse Networks, sharing our best practices as a pioneer in innovation.
- Arçelik is an active member and commitment maker of Climate Group EP100, sharing our progress and best practices with the EP100 community.
- We are one of the 100 signatories of the WEF Alliance of CEO Climate Leaders' open letter that addresses world leaders to accelerate transition at COP27, and we have signed the Corporate Knights Action Declaration on Climate Policy Engagement to accelerate the transition.
- We have signed the urgency statement of the We Mean Business Coalition to show our commitment to limiting global warming to 1.5°C and avoiding dangerous tipping points.
- At Arçelik, we shape our corporate sustainability agenda by joining UNGC initiatives, taking actions in line with the purposes of these initiatives, and reporting regularly. Our memberships are evaluated and reviewed periodically from a sustainability perspective to ensure alignment with international norms, values, and agreements.
- We actively contribute to the determination of Türkiye's Climate Change Policy as well as the legislation under the Green Deal in the EU. We are active members of trade associations such as APPLiA, Digital Europe, TUSIAD, AMDEA, GIFAM with active participation in consultations and working groups.
- Arçelik has joined UN Women's Action Coalition Initiative with three commitments and shares our progress annually to promote gender equality and empower women in the workplace.
- Arçelik prepared a Policy that determines the procedures for new membership requests and provides a framework to engage with the public institutions, non-governmental organizations, sectoral institutions on sectoral relations purposes. By implementing this Policy, Arçelik accepts that the Company and its affiliates do not and will not support any position conflicting with the international guiding principles and agreements related with human rights and the environment (such as United Nations Guiding Principles on Business and Human Rights, Paris Agreement, and etc).

For more details please refer here.

- Arçelik publishes corporate reports each year in line with international standards to share its targets, performance and practices with its stakeholders

Please refer to Annex 5 for "Selected Memberships and Arçelik's Contributions"



MATERIALITY ANALYSIS

At Arçelik, we attach utmost importance to positioning ourselves within the ever-changing circumstances in our working environment and global trends in sustainability. In order to do this, we identify and prioritize the issues that are creating or have the potential to create impact throughout our value chain and the effect they have in our business model. We conduct a materiality analysis and do it biannually to keep our analysis up to date. In 2022, we included the double materiality approach to our analysis in line with the requirement of European Union's Corporate Sustainability Reporting Directive (CSRD).

This approach allowed us to have a holistic sense of our material sustainability issues by understanding the reciprocal relationship between Arçelik and the ecosystem that Arçelik operates in and integrate sustainability-related issues into our business. In order to manage this, Sustainability and Enterprise Risk Management teams work on quantifying the financial impacts of the material issues and include them in the overall risk management strategy

as well as the reports presented to the Risk Management Committee managed by the Board of Directors. In the light of this understanding, we monitor, report and work on the identified issues to improve our sustainability performance.

The first step of our double materiality analysis is pooling the material topics via desktop research and short-listing through the external and internal stakeholder consultations. The short list of material issues also incorporates the latest materiality analysis conducted in 2021.

[For more information about the materiality analysis, please refer to our Materiality Map report.](#)

STEP 1

Pooling of Material Topics

Initial list of topics defined through:

- Literature review
- Sustainability standards (GRI Sustainability Reporting Standards, SDGs, ESG rating agencies, WEF Global Risks Report, The Value Reporting Foundation Framework, WBCSD)
- Sectoral and industrial developments

Short list created upon via online surveys with the key stakeholder feedback:

- Business partners
- NGOs
- Public institutions
- Suppliers
- Entrepreneurship ecosystem partners
- Employees
- Technical services
- Dealers (Arçelik and Beko)
- Students
- Investors
- Analysts
- Consumers



STEP 2

Prioritisation of Material Issues Based on Double Materiality Methodology

Evaluating the financial impact of the material issues on Arçelik based on:

- Continuation on Use of Resources
- Reliance on Relationships

Evaluating the environmental and social impact of Arçelik over the material issues based on:

- Scale of Impact
- Scope of Impact
- Remediability

Based on the findings, the double materiality matrix for Arçelik is created.



STEP 3

Evaluating the Materiality Analysis from the Business Perspective

High materiality issues that arise from the double materiality analysis are evaluated within the overall business strategy of Arçelik based on:

- Risks and Opportunities
- Business Case and Impact
- Strategies
- Targets and Metrics
- Executive Compensation





MATERIALITY ANALYSIS

The analysis identified the following 35 sustainability-related issues as material for Arçelik:

VERY HIGH PRIORITY

- 1. Climate Crisis and Reducing Carbon Emissions
- 2. Energy Efficiency
- 3. Eco-efficient Products
- 4. Product Quality
- 5. Water Management
- 6. Occupational Health and Safety
- 7. Supply Chain Management
- 8. Business Ethics and Transparency
- 9. Human Rights and Fair Working Conditions
- 10. Risk Analysis and Regulatory Compliance
- 11. Renewable Energy Production and Green Energy Use
- 12. Talent Management and Capacity Transformation

HIGH PRIORITY

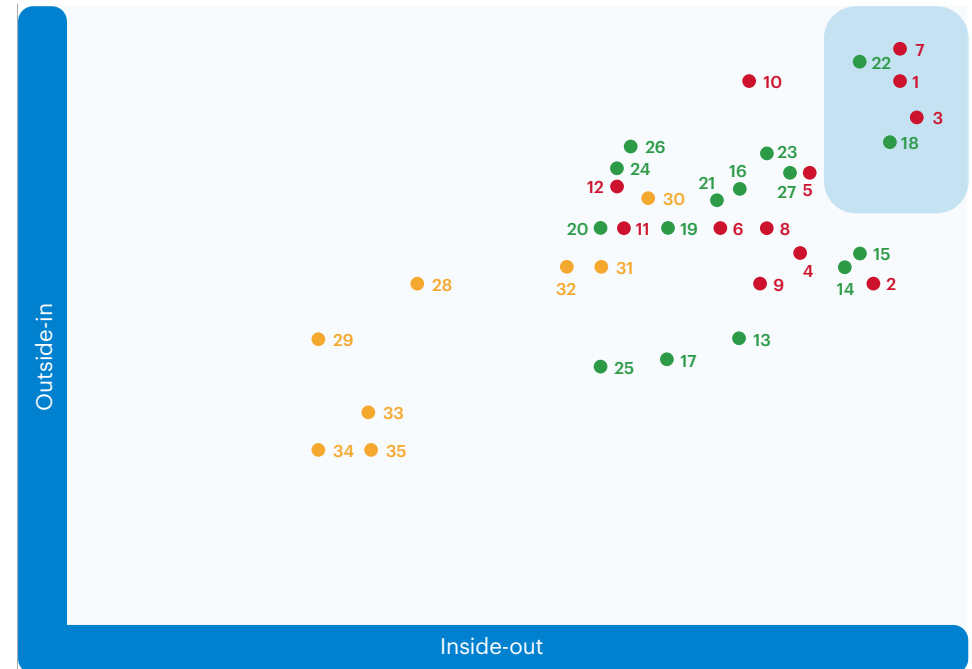
- 13. Product Solutions that Prevent Plastic Pollution
- 14. Resource Efficiency in Product Manufacturing
- 15. Operational Waste and Zero Waste Approach
- 16. Information Security and Management of Cyber Risks
- 17. Employee Well-being
- 18. Products Designed with a Circular Approach and Lifecycle Management
- 19. Diversity and Inclusion
- 20. Biodiversity
- 21. Digitalization
- 22. Product Safety and Chemical Management
- 23. Investing in New Climate and Eco-friendly Product and Service Solutions
- 24. Sustainable Use of Raw Materials
- 25. Open Innovation
- 26. Sustainable Technology and Innovation
- 27. Smart Product and Digital Technologies

MEDIUM IMPACT

- 28. Responsible Marketing and Responsible Consumption
- 29. Corporate Governance
- 30. Sustainable Packaging
- 31. Combating Deforestation
- 32. Conflict Minerals Management
- 33. Local Socio-Economic Development
- 34. Products and Services for Disadvantaged Groups
- 35. Impact-Oriented Community Programs

For the next step of the analysis, we evaluated each of our sustainability priority issues based both on their financial impact on Arçelik which is referred to outside-in materiality, and on Arçelik’s impact on the society and environment which is referred to inside-out materiality. The analysis was conducted based on the suggested methodology of the European Financial Reporting Advisory Group (EFRAG) in the draft document named “Double materiality conceptual guidelines for standard-setting”. The result of the analysis is represented in a matrix form, with inside-out materiality issues on the X-axis and the outside-in materiality issues on the Y-axis.

DOUBLE MATERIALITY



Highest priority issues based on double materiality analysis



MATERIALITY ANALYSIS

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

Outstanding Material Issues according to Arçelik’s Double Materiality Analysis

	ECO-EFFICIENT PRODUCTS	CLIMATE CRISIS AND REDUCING CARBON EMISSIONS	SUPPLY CHAIN MANAGEMENT
Risk/ Opportunity	<p>“Eco-efficient Products” is categorized as highly material both from the inside-out and outside-in impact evaluations.</p> <p> Please see the Double Materiality Matrix</p>	<p>“Climate Crisis and Reducing Carbon Emissions” is categorized as highly material both from the inside-out and outside-in impact evaluations.</p> <p> Please see the Double Materiality Matrix</p>	<p>“Supply Chain Management” is categorized as highly material both from the inside-out and outside-in impact evaluations.</p> <p> Please see the Double Materiality Matrix</p>
Business Case	<p>GHG emissions from the Scope 3 use phase of products are a major source of Arçelik’s overall emissions. With the deepening of climate crisis, various investors, strategic retails channels and regulations demand a decrease in GHG emissions from their business partners. Thus, not being able to meet the demand of eco-efficient products brings the risk of deteriorating relationships with key business partners and market loss for Arçelik. However, Arçelik has Science Based Targets to reduce energy consumption of appliances that bears an opportunity for business relationships.</p> <p>On top of this, increasing awareness and sensitivity regarding environmental issues led end-users to seek more eco-efficient products. In order to meet the demand, Arçelik makes additional investments in its business processes which brings cost-up for the end products. However, the cost-ups might not be reflected in all markets, and this might have a negative impact on Arçelik’s revenues.</p> <p>On the other hand, the sale of eco-efficient products also creates a market opportunity for Arçelik since there is room to grow in emerging markets for both sales and increasing the green revenue through energy efficient appliances. On top of this, the global efforts for transitioning to net zero creates new business opportunities in terms of energy tracking connected IoT devices and heat pump technologies to heat homes.</p> <p> For further information please refer to TCFD- Market and Technology Risk</p>	<p>Climate change and related impact brings various regulative requirements regionally and internationally. Regulations such as a potential ETS and Carbon Border Adjustment pose a threat for Arçelik since they are likely to increase Arçelik’s operational costs which would result in Arçelik losing its competitive advantage. In addition, climate-related impacts are asked about by investors and B2B partners when conducting trade relations and robust actions are expected from Arçelik. Not being able to meet the expectations bears a reputation risk and negative financial impact for Arçelik considering the deteriorating business partnerships. However, Arçelik has a comprehensive climate change strategy and works on alternative climate change scenarios to assess its potential transition risks and takes precautions accordingly.</p> <p>In this framework, Arçelik monitors its GHG emissions and has publicly available targets that are approved by SBTi. Even though this brings an additional cost for Arçelik regarding investments for producing energy efficient appliances, energy efficiency in production, renewable energy investments, green electricity procurement as well as waste reduction projects, the efforts provide a leverage for Arçelik in the market and from the view of investors which brings business opportunities.</p> <p> For further information please visit TCFD- Strategy- Policy Risk, Market and Strategy Risk, Reputation and Market Risk, Failure to Transition to a Low Carbon Economy</p>	<p>Arçelik has an extended supply chain and works with suppliers from a wide geography. It has purchasing offices in 9 different countries and more than 200 employees, makes purchases from more than 60 countries in total. In 2022, our global purchasing capacity has reached to nearly 2,000 (direct) material suppliers, and our total purchasing volume, including indirect and investment purchases, has reached approximately EUR 4.5 billion. Thus, supplier operations are an important part of Arçelik’s business and managing a sustainable supply chain presents an important business case for Arçelik.</p> <p>One of the most important business impacts of suppliers for Arçelik is GHG emissions. In order to decrease Scope 3 emissions and reach its net-zero targets, Arçelik’s effective management of supplier emissions is crucial. For this purpose, Arçelik has an Environmental Data Collection and Monitoring Process. In addition, Arçelik requires its suppliers to manage their energy-related and environmental impact through ISO 50001 and ISO 14001.</p> <p>Suppliers’ environmental and social misconduct or non-compliance might lead to a reputation loss for Arçelik and lead to a termination of contract with suppliers. In order to minimize this risk, Arçelik aims to identify and manage the ESG risks of its existing suppliers by collecting and analyzing their data via an in-house supplier index. ESG data and related evidence are collected through this index via an online survey and supplier performance is verified by an independent accredited audit firm. Arçelik suppliers are also subjected to third party ethics audits onsite. According to the results, mitigation measures are offered to suppliers, if necessary.</p> <p> For further information please refer to Sustainable Supply Chain Management</p>



MATERIALITY ANALYSIS

ECO-EFFICIENT PRODUCTS

Business Impact

Despite possible cost-up per product, eco-efficient products are expected to create a net positive impact on revenue since it will provide a brand leverage for Arçelik, meet more customers' demands, reaching to a more widespread market and increase prices of products.

Business Strategies

Arçelik has approved Science Based Targets (SBTs) for a well-below 2-degree scenario to reduce Scope 3 GHG emissions from the use phase of sold products by 15% by 2030 from a 2018 base year. In order to reach this target, Arçelik aims to increase the market penetration of energy-efficient products, phase out of high GWP products for certain product groups and implement new heating technologies with higher performance.

In 2022 49.4% of our revenue came from the sales of energy efficient products and we decreased the average energy consumption of our washing machines by 8.2%, and the energy usage of our tumble dryers, refrigerators, and dishwashers by 4.7%, 0.2%, and 0.4%, respectively compared to the previous year in Türkiye. Our eco-efficient products include FiberCather, AquaTech™, Cool Care, AutoProgram, Invertor Eco Motor, SaveWater, InterAct, SelfDry, 'A' Energy Class Dishwasher, FullFresh+, MultiZone, IronFinish

For further information, please visit [In Touch With Our Planet- Arçelik's 2050 Net Zero RoadMap and Product Use Phase](#)

CLIMATE CRISIS AND REDUCING CARBON EMISSIONS

Investments to comply with climate regulations and meet investors' and other business partners' demands create an additional financial cost for Arçelik. However, the expanding market reach of the brands and products and new business partnerships with the good reputation established thanks to climate-aware investment offers are expected to create a positive impact on revenue.

Arçelik decarbonization strategy is focused on manufacturing energy efficient appliances, increasing energy efficiency in production, procuring green electricity, applying internal carbon pricing for energy intensive machinery and equipment. In line with this, 71% of factories (HQ included) have ISO 50001 Energy Management Certificates, carried out a total of 406 energy-saving projects at production sites, obtained 65% of global electricity needs from renewable green electricity sources.

Arçelik has approved 2030 Science Based Targets for Scope 1-2 and Scope 3 on use of sold products and a net zero 2050 target.

Arçelik's strategy is inclusive of its value chain. Thus, Arçelik encouraged suppliers to give commitments and set their own GHG emission targets. Arçelik also collects emission data from them.

Arçelik places its strategy at a corporate policy level via its Climate Change Strategy, Strategy to Combat Climate Crisis, Global Environmental Policy and Energy Policy.

For further information, please visit [In Touch With Our Planet- Arçelik's 2050 Net Zero RoadMap and Energy Efficiency and Renewable Energy](#)

SUPPLY CHAIN MANAGEMENT

Supplier monitoring and auditing efforts create an additional cost for Arçelik. However, creating supplier awareness and improving the process at suppliers via sustainability projects creates synergies for Arçelik's Business and enables Arçelik to develop proactive strategies against upcoming or already implemented regulations such as the German Supply Chain Act and EU CSRD. Efforts in this area with effective supplier management also increase brand value and decrease the risk of financial loss due to possible non-compliance in the supply chain.

Arçelik has a Global Responsible Purchasing Policy that requires suppliers to comply with both applicable legislation and Arçelik values. This policy is an obligation for suppliers and Arçelik is entitled to terminate a contract in cases of serious violations.

Arçelik manages the risk of suppliers' involvement with Conflict Minerals through its Conflict Minerals Policy.

In addition, Arçelik commits that its suppliers operate in compliance with ILO Declaration on Fundamental Principles and Rights at Work, UN Declaration of Human Rights, UN Global Compact and UN Guiding Principles on Business and Human Rights.

Arçelik also collects commitments from its suppliers regarding environmental impact via a commitment letter signed by Arçelik CEO, Chief Purchasing and Supply Chain Officer and Chief Marketing Officer. To this date, 173 suppliers signed the commitment letter to set GHG emission/water/waste/ energy efficiency targets. Arçelik intends to disclose these targets publicly as of the end of 2023.

For further information, please visit [Sustainable Supply Chain Management and Global Responsible Purchasing Policy](#)



MATERIALITY ANALYSIS

ECO-EFFICIENT PRODUCTS

CLIMATE CRISIS AND REDUCING CARBON EMISSIONS

SUPPLY CHAIN MANAGEMENT

Targets and Metrics

Arçelik aims to reduce Scope 3 GHG emissions from use of sold products by 15% compared to 2018 base year according to its SBTi approved target. In order to do this, Arçelik puts effort in R&D Projects in order to develop products and Technologies with lower energy and water need.

For target year, progress and further information, please visit *In Touch With Planet – Targets Table*

Executive Compensation

Arçelik defines the target of “Decreasing Scope 3 use phase GHG emissions” and it is included in the scorecards of CEO, CFO, Chief Technology Officer, Chief Marketing Officer, Related Factory Executive Directors, R&D Executive Director, Quality, Sustainability and Corporate Affairs Executive Director, Product Management Executive Director and related Business Unit Managers.

The target is linked to annual compensation and bonuses as incentives.

For more information, please visit: *Sustainability Linked Executive Compensation*

Arçelik aims to establish renewable energy systems with 50MW capacity, purchase 100% green electricity in all manufacturing plants and make a minimum USD 50 million investment in renewable energy and energy efficiency by 2030. Arçelik also aims to reduce Scope 1-2 GHG emissions by 30% and Scope 3 emissions from use of sold products by 15% according to its SBTi approved targets.

Arçelik targets making a minimum USD 50 million investment in renewable energy and energy efficiency and doubling energy productivity by 2030. It also aims implementing ISO 50001 Energy Management Systems across our all-production facilities and reaching 450 MW Arçelik-branded PV panel sales per year by 2025.

For target year, progress and further information, please visit *In Touch With Our Planet – Targets Table*

Arçelik defines target of “Decreasing Scope 1-2 GHG emissions” and it is included in the scorecards of CEO, CFO, Chief Technology Officer, Related Factory Executive Directors, Quality, Sustainability and Corporate Affairs Executive Director, related Business Unit Managers.

The target is linked to annual compensation and bonuses as incentives.

For more information, please visit: *Sustainability Linked Executive Compensation*

Arçelik aims to ensure its suppliers to have ISO 50001 certificate for suppliers exceeding 1,000 ToE by 2025 and 500 ToE by 2030 and they apply for ISO 14001 by 2023.

Arçelik also has a target in place to collect, monitor and publicly disclose Scope 1-2 emission, energy, water, and waste data for suppliers as of 2025. Arçelik will also make sure the suppliers that have signed the Commitment Letter will have set publicly available Sustainability targets as of the end of 2023.

By 2023, Arçelik aims for 100% compliance of critical suppliers with its Conflict Minerals Policy

For target year, progress and further information, please visit *In Touch With Business – Targets Table*

Arçelik sets an executive level target for “Supply Chain Sustainability Integration”, and it is included in the scorecards of CEO, CPSCO, Purchasing Executive Director, Supply Chain Executive Director, Quality, Sustainability and Corporate Affairs Executive Director, related Business unit managers.

The target is linked to annual compensation and bonuses as incentives.

For more information, please visit: *Sustainability Linked Executive Compensation*



MATERIALITY ANALYSIS

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

[For detailed information on the risk and opportunities of other material issues for Arçelik, please see Annex: Other ESG Related Risks.](#)

We also conduct an in-depth impact valuation analysis for the issues that we have the most significant effect on society & environment according to the results of our double materiality analysis in order to assess the impact we have on our external stakeholders.

Impact Valuation of Arçelik’s Most Significant External Material Issues

ECO-EFFICIENT PRODUCTS

PRODUCTS DESIGNED WITH A CIRCULAR APPROACH AND LIFECYCLE MANAGEMENT

Material Issue for External Stakeholder

Keeping the global warming in line with the Paris Agreement commitments is critical. Arçelik needs to produce energy efficient appliances because almost 80% of Arçelik’s Scope 3 GHG emissions footprint is related to the use phase of the products during their lifetime. At homes, almost 40% of the energy spent comes from the use of electronic appliances. Increasing the sales of eco-efficient products would generate a positive impact on external stakeholders regarding climate transition.

The improper recycling of electronic waste causes the following environmental and societal harms:

- Improper collection and dismantling of e-waste without health and safety measures may release harmful chemicals into the environment
- Resource efficiency is also critical. Considering that e-waste is the fastest growing waste stream which is expected to reach c. 75 million tonnes by 2030 according to UN Global E-waste Monitor Report and large home appliances constitute almost more than half of all e-waste collected, Arçelik’s impact potential is significant for external stakeholders.
- E-waste is usually rich in precious metals such as gold, silver, platinum, and copper. When e-waste is discarded without proper recycling of these precious metals, a huge economics value is lost. For instance, according to the World Economic Forum, if gold could be recycled from the e-waste accumulated, it would make up c.11% of the total amount mined each year.

Cause of Impact

Arçelik makes sales to 52 countries worldwide. With its Science Based Targets in place to reduce Scope 3 emissions from the use phase of products globally, increased sale of eco-efficient products will help reduction of energy use and related carbon emissions in countries to which Arçelik makes global sales. This will lead to a reduction of energy use and related carbon emissions of products. Thus, the positive impact stems from the products/services element of the business value chain and covers >50% of business activity.

Arçelik is the only home appliance manufacturer in Europe to have its own WEEE Recycling Plants. With Arçelik’s efforts, proper WEEE recycling in Türkiye helps generate a positive impact on external stakeholders regarding the environment as well as health and safety for those involved in recycling.

Arçelik’s cause of impact is listed as follows:

Take back campaigns:

In order to ensure the increase of energy and water efficient appliances Arçelik makes take back campaigns. With these campaigns, Arçelik collects old products from the market regardless of their brand and replaces them with energy and water efficient ones. This leads to reduction of energy use and related carbon emissions of products.

Recovery of materials:

The old products are taken to Arçelik WEEE recycling plants to be dismantled, granulized and sold as raw material to recyclers. This involves recycling of metals as well as plastic and thus an economic value is recovered.

Proper recycling in accordance with health and safety measures:

Arçelik enables proper recycling of the WEEE in Arçelik WEEE recycling plants in accordance with health and safety measures.

Scope of operations:

Since Arçelik has control of the WEEE recycling operations in Türkiye, the positive impact stemming from this operation covers < 50% of business activity.



MATERIALITY ANALYSIS

ECO-EFFICIENT PRODUCTS

PRODUCTS DESIGNED WITH A CIRCULAR APPROACH AND LIFECYCLE MANAGEMENT

External Stakeholder Evaluated

The impact of eco-efficient products is evaluated considering both the environment and society.

The impact of increased WEEE treatment is evaluated considering both the environment and society.

Topic Relevance on External Stakeholders

Arçelik has a mission to create awareness among consumers about how to make informed choices on which products to choose and how to use them more efficiently to reduce energy and water consumption. Beko's Shed That Carbon campaign is dedicated to teaching consumers long lasting resource efficient habits for less harm on the environment. Coupled with the fact that demand for household appliances will soar especially in the developing regions particularly for refrigerators and air conditioners, increased sales and use of eco-efficient products will have a positive impact on the environment and society by avoiding additional GHG emissions to be put into the atmosphere if the products were produced without such energy efficiency targets. This serves to alter the impacts of carbon-related environmental degradation such as increasing average temperature and sea levels, deteriorating of biodiversity and societal negative externalities such as health problems, migration issues and labor productivity due to extreme weather events stemming from climate change.

Replacement of old products with energy and water efficient ones helps decrease energy and water consumption stemming from these products during their use phase. Proper dismantling and recycling of these household products helps rare precious metals and plastics to be put back into economy. Proper recycling methods help protect the health and safety of those involved in the e-waste recycling process.

Proper recycling methods has health and safety benefits and replacement of old products with energy and water efficient ones helps decrease energy and water consumption stemming from these products during their use phase. Since 2014, we have recycled roughly 1.65 million WEEE units in our WEEE recycling plants. We saved 469 GWh of energy between 2014 and 2022 by replacing old, high energy-consuming products with new, energy-efficient products. In addition, recycling of WEEE in our own recycling plants provides environmental benefits since it helps us bring these materials back into the economy and the use recycled raw material instead of virgin material and so preventing GHG emissions generated in virgin material extraction process. Thus, actions that Arçelik takes responsibly for end-of-life treatment of the products allow avoiding additional GHG emissions.

Output Metric

Using eco-efficient products saves energy compared to less-efficient alternatives. The amount of energy saving compared to previous year provided by Arçelik's eco-efficient products are calculated in terms of Avoided GHG emission.

Arçelik has two WEEE Recycling Plants Eskisehir and Bolu in Türkiye. In 2022, materials such as metal, plastic, copper, glass etc. from old products have been recycled in these plants and brought back into the economy for reuse purpose. Using these recycled materials instead of virgin materials provides avoidance from additional GHG emissions.

Avoided GHG Emission in 2022: 264,367 tonnes CO₂e

Avoided GHG emissions in 2022: 6,900 tonnes CO₂e

Impact Valuation

Social cost of carbon*

Social cost of carbon*

Impact Metric

Social cost avoided**: USD 50,229,730

Social cost avoided**: USD 1,311,000


* Social cost of carbon is taken as 190 USD per tonne based on the estimates from EPA's (Environmental Protection Agency) Report published in September 2022.

** Social cost avoided is calculated with the following formula: Avoided GHG emission x Social cost of carbon




MATERIALITY ANALYSIS

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

 *In order to learn more about sustainability-linked executive compensation, please visit [Sustainability Governance](#).*

In addition, the financial risks of these issues are evaluated within Arçelik's overall ERM system via carrying them to the Risk Management Committee and reporting them to the BoD. This chain of process allows us to include the sustainability risks into our overall risk management.

The materiality analysis conducted by Arçelik has a third-party assurance provided by British Standards Institute (BSI).

 *In order to see the external assurance statement, please visit [the Annex 2](#).*

What's next?

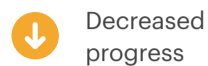
In line with international regulations and standards, in 2022, we adopted the double materiality approach, building on our latest materiality analysis conducted in 2021.

In 2023, we will renew our materiality analysis and during the creation of the pool of material issues, we aim to take a more strategic approach by categorizing the issues into more compact groups and showing their relationship to our sustainability strategy more strongly.

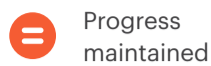
 *For more information, please refer to our [Materiality Map Report](#).*



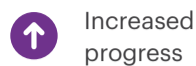
SUSTAINABILITY TARGETS



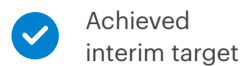
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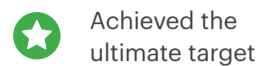
Progress maintained



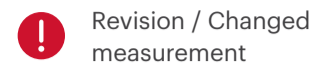
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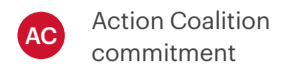
Achieved interim target



Achieved the ultimate target



Revision / Changed measurement



Action Coalition commitment

In Touch with Our Planet

TARGET YEAR	TARGET	PROGRESS IN 2021	PROGRESS IN 2022	STATUS IN 2022	RELATED MATERIAL ISSUES	CONTRIBUTION TO SDGs	
2030	Establish renewable energy systems with 50 MW capacity By 2025: 10 MW Capacity	3.26 MW	10.20 MW	✓	1. Climate Crisis and Reducing Carbon Emissions 11. Renewable Energy Production and Green Energy Use	7, 9, 12, 13	
	100% green electricity usage in global manufacturing operations*	69%	65%*	↓	1. Climate Crisis and Reducing Carbon Emissions 11. Renewable Energy Production and Green Energy Use	7, 9, 12, 13	
	* Please see the "What's next" box at the below for the detailed explanation.						
	Reduce energy consumption per product by 45% in all manufacturing plants ¹ (From 2015 baseline) <i>1-The first scope of the target included South Africa, Russia, Türkiye, Romania, China, Thailand, and Pakistan operations. Subsequently, Singer Bangladesh has been acquired; we have extended the scope and included Singer Bangladesh in the 2020 actuals. In 2021 the scope has been extended again due to new acquisitions such as the Manisa plants, Arçelik-Hitachi plants, and integration of the Voltas Beko plant. We have not revised our target year or target value, but the scope of the target has been changed to Global Operations. In 2022, the scope has been extended including Arçelik-LG. We continue to preserve our target year and target value.</i>	18.7%	26.5%	↑	1. Climate Crisis and Reducing Carbon Emissions 2. Energy Efficiency	7, 9, 12, 13	
	Doubling energy productivity* (compared to 2010 baseline) <i>* In 2022 the reporting scope was expanded to also cover all global manufacturing plants&HQ.</i>	61.9%	96%	↑	2. Energy Efficiency	7, 9, 12, 13	
	Make a minimum USD 50 million investment in renewable energy and energy efficiency (base year 2019)	USD 3,773,672	USD 16,353,840	↑	1. Climate Crisis and Reducing Carbon Emissions 2. Energy Efficiency	7, 9, 12, 13	
	Reduce Scope 1-2 GHG emissions by 30% (approved SBTi Target)	20% reduction	28% reduction	↑	1. Climate Crisis and Reducing Carbon Emissions	7, 9, 12, 13	
	Reduce Scope 3 GHG emissions from use of sold products by 15% (approved SBTi Target)	13% reduction	19% reduction	↑	1. Climate Crisis and Reducing Carbon Emissions	7, 9, 12, 13	
	Reduce water withdrawal per product by 45% in all manufacturing plants* (from 2015 baseline) <i>* excluding JVs</i>	31%	32%	↑	5. Water Management	6, 9, 12	
	Increase the water recycling and reuse ratio to 70% in all manufacturing plants* <i>* excluding JVs</i> Water recycling and reuse ratio = (Total recycled + reused water)/Total water withdrawal	9%	9%	=	5. Water Management	6, 9, 12	
	Increase the waste recycling rate* to 99% in all manufacturing plants** <i>* Recovered waste includes waste to recovery and waste to incineration with energy recovery. ** excluding JVs</i>	96%	96%	=	15. Waste Management	9, 12	
	Standardize Arçelik Green Chemistry Management System in products and manufacturing plants globally	39%	42%	↑	22. Product Safety and Chemical Management	12	
	Increase recycled plastic content* to 40% <i>* MDAs produced our manufacturing plants excluding JVs</i> By 2025: Increase to 20%	4.4%	8%	↑	13. Product Solutions that Prevent Plastic Pollution 24. Sustainable Use of Raw Materials	9, 12, 14	
	Increase bio-based material content* to 5% <i>* MDAs produced our manufacturing plants excluding JVs</i> By 2025: Increase to 2.5%	Limited bioplastic use	Limited bioplastic use	=	13. Product Solutions that Prevent Plastic Pollution 24. Sustainable Use of Raw Materials	9, 12	
2025	Implement ISO 50001 Energy Management Systems across all our manufacturing plants	58%	71%	↑	1. Climate Crisis and Reducing Carbon Emissions	12, 13	
	Reach the target of 450 MW Arçelik-branded PV panel sales per year By 2022: The sales target is 51 MW	9 MW Arçelik-branded PV panel sales between 2021 April - December.	85 MW Arçelik-branded PV panel sold in 2022.	↑	11. Renewable Energy Production and Green Energy Use 23. Investing in New Climate and Eco-Friendly Product and Service Solutions	7, 9, 12, 13	
2023	Business Plastic Initiative commitments of Arçelik that aim to prevent the usage of disposable plastic and apply circular economy practices to reduce waste		For progress of targets, please refer to Product Stewardship Section.	✓	13. Product Solutions that Prevent Plastic Pollution 24. Sustainable Use of Raw Materials	9, 12	

WHAT'S NEXT

In 2022, 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 2022 actuals seem lower than those for 2021. 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.



SUSTAINABILITY TARGETS



Decreased progress



Progress maintained



Increased progress



Achieved interim target



Achieved the ultimate target



Revision / Changed measurement



Action Coalition commitment

In Touch with Human Needs

TARGET YEAR	TARGET	PROGRESS IN 2021	PROGRESS IN 2022	STATUS IN 2022	RELATED MATERIAL ISSUES	CONTRIBUTION TO SDGs
2030	<p>Raise awareness among 241.3M unique people* about healthy living</p> <p>- Innovate technologies and projects that encourage healthy living - Raise awareness and knowledge about healthy living through education - Generate excitement</p> <p>By 2025: 164.2M total cumulated unique reach By 2023: 135.7M total cumulated unique reach</p> <p>* Total reach numbers consist of unique people. Each year brand will share cumulated unique reach numbers. The targeted number has been changed due to change in measurement method (from not unique cumulated reach to unique cumulated reach)</p>	<p>60 million people reach (single user) from Connections campaign.</p> <p>9 million people reach (single user) from sustainability range.</p>	<p>123.4 M total cumulated unique reach</p>		<p>28. Responsible Marketing and Responsible Consumption 35. Impact-Oriented Community Programs</p>	
	<p>Raise awareness on how to prevent food waste among 265.3M unique people* through Respect Food communication campaigns</p> <p>By 2025: 164.7M total cumulated unique reach By 2023: 124.5M total cumulated unique reach</p> <p>* Total reach numbers consist of unique people. Each year brand will share cumulated unique reach numbers. The targeted number has been changed due to change in measurement method (from not unique cumulated reach to unique cumulated reach) reach numbers.</p>	<p>50.5M unique people reach through various campaigns and 13.9M people with Ruhun Doysun contents</p>	<p>108.3 M total cumulated unique reach</p>		<p>28. Responsible Marketing and Responsible Consumption 33. Local Socio-Economic Development 35. Impact-Oriented Community Programs</p>	
	<p>Serve 6.4 M meals to people in need and save 1,810 tonnes of food from being wasted</p> <p>By 2025: 4M meals served & 1,326 tonnes of food prevented By 2023: 3M meals served & 1,267 tonnes of food prevented</p>	<p>By the end of 2021: 670 tonnes of food saved, 1.5M meals served to 850K guests</p>	<p>By the end of 2022: 1,070 tonnes of food saved, 2.4 M meals served to 1.2M guests</p>		<p>28. Responsible Marketing and Responsible Consumption 35. Impact-Oriented Community Programs</p>	
	<p>Support the needs of communities with local hero brands in Türkiye, Romania, South Africa, and Pakistan</p> <p>By 2026: Expand the program "You are an Engineer, You Are with Us" / "We-inTech" implemented only in Türkiye in 2019 to Romania, Pakistan, and South Africa</p>	<p>13 recruitments in R&D from local Türkiye workshops in 2021 and 2019 "Arctic Women Community" in Romania Mentorship for new mothers, and Equal Dictionary implementation for checking discriminatory words, and women's leadership webinars by Dawlance in Pakistan Hack the Normal</p>	<p>44 women engineering students from Türkiye, Pakistan, S.Africa and Romania participated in We-inTech program, reaching 162 women students in total since 2019</p>		<p>19. Diversity and Inclusion 33. Local Socio-Economic Development 35. Impact-Oriented Community Programs</p>	
2026	<p>With Arçelik and Beko brands in Türkiye: Provide STEM training to 100,000 girls</p> <p>Reach and train 20,000 students each year*</p> <p>* Due to the major earthquake that happened in Türkiye in February 2023, the program has been suspended and the yearly target has been postponed.</p>	Newly added	<p>241 teachers** from 81 provinces were trained</p>		<p>35. Impact-Oriented Community Programs</p>	
	<p>Increase the number of women entrepreneurs in the dealer ecosystem by boosting the percentage of women Beko dealers from 4.8% to 25%</p> <p>2022 : 9% 2023 : 12% 2024 : 16% 2025 : 21% 2026 : 26%</p>	Newly added	<p>9% with 92 dealers and 99 stores in 2022</p>		<p>12. Talent Management and Capacity Transformation 19. Diversity and Inclusion 35. Impact-Oriented Community Programs</p>	
	<p>Reach 2,500 women entrepreneurs through global-scale entrepreneurship programs and contribute to fund transfers for women-led startups every year*</p> <p>* Target has been revised, please refer to p.90 for detailed information.</p> <p>2022 : 250 participant, 500k \$ 2023 : 500 participant, 5M\$ fund 2024 : 500 participant, 8M\$ fund 2025 : 500 participant, 8M\$ fund 2026: 750 participant, 8.5M\$ fund</p>	Newly added	<p>USD 8 million fund was transferred 359 women entrepreneurs/candidates were reached</p>	 	<p>19. Diversity and Inclusion 25. Open Innovation 35. Impact-Oriented Community Programs</p>	
	<p>Enable women to gain new professional technical competencies and increase the percentage of women technicians working at Arçelik Authorized Services from 6.7% to 14%</p> <p>2022 : 8% 2023 : 9.5% 2024 : 11% 2025 : 12.5%</p>	Newly added	<p>8% with a total of 482 active women employees</p>		<p>12. Talent Management and Capacity Transformation 19. Diversity and Inclusion</p>	
2025	<p>With Arçelik brand in Türkiye: Raise awareness and increase knowledge among another 15M people including Arçelik consumers and children on adopting climate-friendly lifestyle</p> <p>* Total reach numbers do not reflect number of unique people.</p>	<p>Arçelik brand focusing on the vision of responsible production and consumption, carried out the transformation of Arçelik Designs Goodness with Love. The campaign reached a total of 14.7 million people since the it began in February 2021</p>	<p>Reached and touched 30M+ people in 2022 with all communication channels</p>		<p>1. Climate Crisis and Reducing Carbon Emissions 28. Responsible Marketing and Responsible Consumption 35. Impact-Oriented Community Programs</p>	

* Target has been revised, please see the "What's Next" box at right.

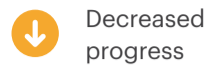
** Due to the major earthquake that happened in Türkiye in February 2023, the program has been suspended and the yearly target has been postponed.

WHAT'S NEXT

Based on the results achieved in the first year, the 2026 target has been revised. While the target of reaching women entrepreneurs was decreased to 2,500 due to the low number of women entrepreneurs in the entrepreneurship ecosystem, the financial target was increased to 30 million dollars since it was achieved in the first year.



SUSTAINABILITY TARGETS



Decreased progress



Progress maintained



Increased progress



Achieved interim target



Achieved the ultimate target



Revision / Changed measurement



Action Coalition commitment

In Touch With Business

TARGET YEAR	TARGET	PROGRESS IN 2021	PROGRESS IN 2022	STATUS IN 2022	RELATED MATERIAL ISSUES	CONTRIBUTION TO SDGs	
2030	Increase the average training hours per employee to 35 hours	18.7 hours (globally)	28.9 hours (globally)	↑	12. Talent Management and Capacity Transformation	4 QUALITY EDUCATION	
	Convert 40% of training activities to online platforms <i>By 2025: 20% of training activities on online platforms</i>	This rate was 6.6% in the training of monthly and hourly waged employees.	This rate was 8% in the training of monthly & hourly paid employees.	↑	12. Talent Management and Capacity Transformation 17. Employee Well-being	4 QUALITY EDUCATION	
	Increase the percentage of women:						
	- in the total workforce to 35%	26%	27%	↑			
	- in all management positions to 30%	19%	23%	↑			
	- in junior management positions to 35%	22%	24%	↑			
	- in top management positions* to 32% <i>* One and two levels away from the CEO</i>	25%	27%	↑	19. Diversity and Inclusion	5 GENDER EQUALITY, 8 ECONOMIC GROWTH	
	- in management positions in revenue-generating functions to 25%	16%	19%	↑			
	- in STEM related positions to 38% AC	18%	19%	↑			
	- Assign three women directors in STEM-related departments	1	1	=			
	Reach 5,000 supplier employees for OHS training <i>By 2022: OHS training for 1,000 supplier employees By 2023: OHS training for 1,500 supplier employees By 2025: OHS training for 2,500 supplier employees</i>	Newly added	1,840 supplier employees	✓	6. Occupational Health and Safety 7. Supply Chain Management	3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 17 PARTNERSHIPS FOR THE GOALS	
	Ensure suppliers* exceeding 500 ToE obtain the ISO 50001 certificate <i>* 90% of our purchasing volume By 2025: Ensure suppliers* exceeding 1,000 ToE obtain the ISO 50001 certificate * 90% of our purchasing volume</i>	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 within the scope.	↓ !	7. Supply Chain Management	7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	
2025	Collect, monitor, and publicly disclose compiled data of supplier's* Scope 1-2 GHG emissions, energy, water, and waste and encourage them to set their own targets <i>* 90% of our purchasing volume</i>	#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	↑	7. Supply Chain Management	4 QUALITY EDUCATION, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 17 PARTNERSHIPS FOR THE GOALS	
	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 has opened in Izmir, Turkey with climate-friendly house sample.	↑	28. Responsible Marketing and Consumption	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 17 PARTNERSHIPS FOR THE GOALS	
2023	Ensure our suppliers* apply for ISO 14001 certification <i>* 90% of our purchasing volume</i>	77%	99%	★	7. Supply Chain Management	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 17 PARTNERSHIPS FOR THE GOALS	
	Ensure 100% compliance of critical suppliers with Arçelik Conflict Minerals Policy	74%	73%	↓	7. Supply Chain Management	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 17 PARTNERSHIPS FOR THE GOALS	

WHAT'S NEXT

With the increase in the number of suppliers exceeding 1000 TEP, our scope has been wider. Towards our target, we will ensure the suppliers within our scope have the certificate.



CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS



At Arçelik, we support the UN Sustainable Development Goals (SDGs) and aim to positively impact society and the environment by addressing contemporary challenges. Our planetary and societal contributions are interconnected with our corporate values and business model. While prioritizing the SDGs, we examined their compatibility with our materiality issues, sustainability strategy and strategic targets.

PROCESS FOR SETTING SDG PRIORITIES

We believe that sustainable development is a collective responsibility that requires active participation from all stakeholders. To ensure that we are addressing the most critical sustainability issues, we work closely with our stakeholders to identify our materiality issues. Through this process, we engage with our stakeholders to understand their expectations and concerns, which helps

us to identify our key areas of impact and opportunity. By taking into account the perspectives of our stakeholders, we can better understand the social, environmental, and economic issues that matter most to our company and our stakeholders. This, in turn, allows us to determine our SDG priorities and shape our goals accordingly. Based on these priorities and goals, we develop and implement projects and initiatives that aim to contribute to the SDGs. By aligning our actions with the SDGs, we are committed to making a positive impact on society and the environment while also creating long-term value for our organization and stakeholders.

The following diagram shows our prioritized SDGs which have the most significant direct impacts on our Company's core business and sustainability strategy. In the following sections of the report, Arçelik's contribution to the SDGs is detailed through related activities and projects.

OUR STRATEGIC PRIORITIES CONTRIBUTING TO SDGS



To get more information on Arçelik's contribution to SDGs, please see the SDG indice in Annex 14.



Introduction

Strategic Approach
to Sustainability

**In Touch
with Our Planet**

In Touch
with Human Needs

In Touch
with Business

Annexes



Home is
Where We
Need to Use
Resources
More Efficiently.



IN TOUCH WITH OUR PLANET

With a strong focus on sustainability, we are committed to reducing our environmental footprint. To achieve this goal, we are steadily progressing on our roadmap to improving our environmental performance. Along with our work that contributes to **natural capital and intellectual capital** we align our actions with our strategic pillars **Climate Change and Decarbonization, Water Management, Circular Economy, Biodiversity, and Products that Reduce Environmental Footprint.**

Our environmental efforts are guided by legal compliance, policies and internationally recognized standards. In addition, 100% of our manufacturing plants have ISO 14001 Environmental Management System (EMS) Certificate which provides a systematic framework for integrating environmental management practices, supporting environmental protection, pollution prevention, waste minimization, as well as reducing energy, water and materials consumption.

During the reporting period, there were no significant* fines due to non-compliance with environmental legislation.

 *Please refer to the Sustainability Targets section to explore Arçelik's environmental targets and its 2022 progress.*



Related Capitals



Natural



Intellectual


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



CLIMATE CHANGE AND DECARBONIZATION

The effects of the climate crisis, such as heat waves, droughts, wildfires, sea-level rise and floods are becoming more prevalent globally. Immediate action is required to mitigate and adapt to the devastating and catastrophic risks around the world caused by climate change.

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

 For detailed information about our strategy and policies, please refer to *Climate Change Strategy, Strategy to Combat Climate Crisis, Global Environmental Policy, and Energy Policy.*



“By baking energy efficiency into everything they do, Arçelik is raising the sustainability bar for the entire home appliances industry.”

TOBY HEAPS
CEO, Corporate Knights

OUR SCIENCE BASED TARGETS

Approved Science Based Targets

Arçelik has approved Science Based Targets (SBTs) for a well-below 2-degree scenario to reduce Scope 1 and Scope 2 GHG emissions by 30% and Scope 3 GHG emissions from the use phase of sold products by 15% by 2030 from a 2018 base year.

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

Arçelik has also 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. This means that Arçelik will set even more ambitious near term and long-term Science Based Targets in line with a 1.5-degree scenario. We will revise the new base year target as 2022 and broaden the scope to include all of Arçelik’s joint ventures as well as all MDA (major

domestic appliance) product groups. We will submit our Net Zero Target to the Science Based Targets Initiative as of 2024 March for validation.

Our net-zero target means that from 2022 base year, we are on a pathway to decrease our global scope 1- 2 and Scope 3 emissions by 90% by 2050. We aim to do this by taking challenging innovative actions in our whole value chain and investing in qualified nature-based and/or technology-based carbon removal projects for our 10% residual emissions in line with the SBTi Net Zero Standard.

Note: 2030 near term reduction % will be determined based on SBTi approval on the commitment.



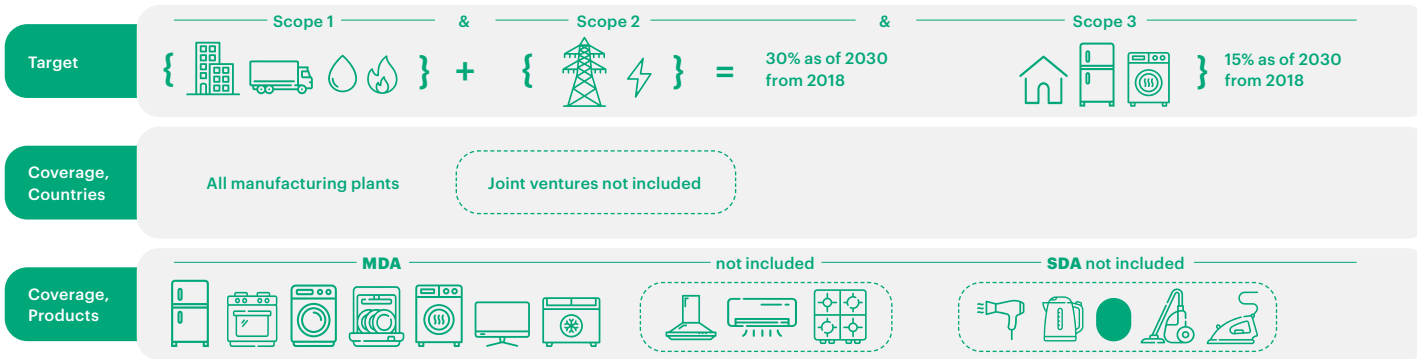
CLIMATE CHANGE AND DECARBONIZATION

Approved Near Term Target

Aligned with a well below 2 degree scenario

Joint ventures not included in scope & not all MDA included in the scope

Base Year 2018 - Target Year 2030



Approved SBTs (until 2030)

figures in MtCO₂e



Committed Net Zero 2050 Target

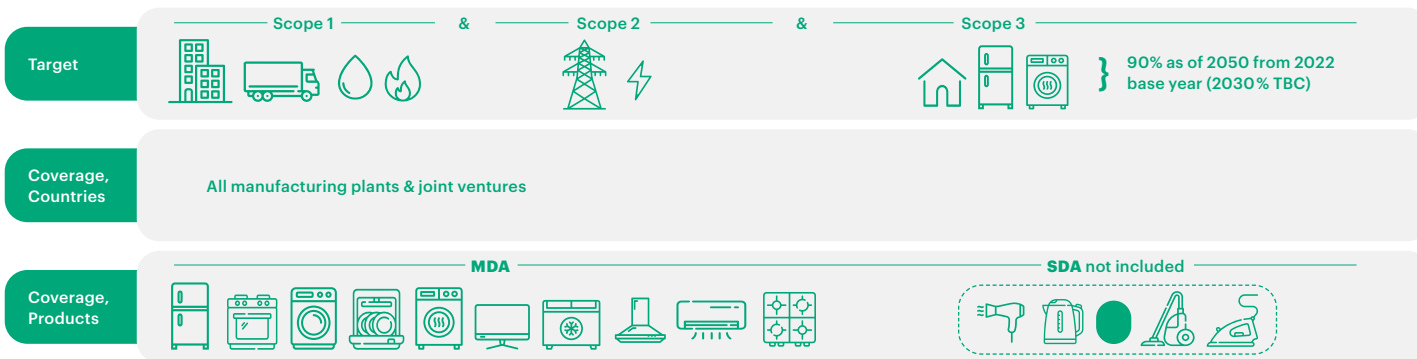
Aligned with a 1.5-degree scenario

All Arçelik production plants including joint ventures & all MDA products included in scope

Base Year - 2022 Near Term Target: 2030 Long Term Target: 2050

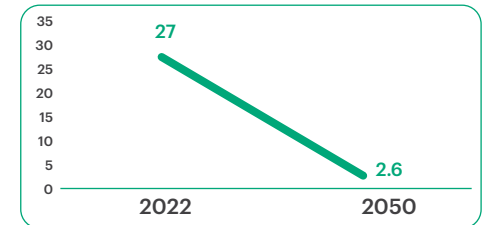
Reduce Scope 1, 2, 3 emissions 90% as of 2050 from 2022 baseline

Invest in permanent carbon removal credits for residual 10% emissions



Commitment to SBTi Net Zero (until 2050)

figures in MtCO₂e





CLIMATE CHANGE AND DECARBONIZATION

NET ZERO ROADMAP IN DETAIL

The below table provides the details of the actions already implemented and the actions planned to achieve emission reduction targets for Scope 1, 2, 3 emissions.

Actions Implemented

- Scope 1**
- 406 energy-saving projects at production sites, resulting in a total energy conservation of around 94,324 GJ implemented. As a result 7,525 tonnes of CO₂e emission avoided and EUR 2,528,199 is saved in 2022.
 - As of 2022, 71% of our factories (HQ included) have ISO 50001 Energy Management Certificates.

Please refer to *Energy Efficiency and Renewable Energy for details.*

- Scope 2**
- 65% of our global electricity needs are met from green electricity sources
 - With technologies such as photovoltaics, concentrated solar power and a solar wall, we have a total of 10.20 MW solar plants.
 - Arçelik Hitachi Thailand plant met approximately 23% of its annual electricity consumption from a long term PPA with floating solar plant in 2022.

Please refer to *Energy Efficiency and Renewable Energy for details.*

- Scope 3** **Emissions generated during use phase of products at customers homes:**
- “Digital Scope 3 Sales Emissions Monitoring System” has been developed
 - The average energy consumption of is decreased by 20% for washing machines, 4% for tumble dryers, 3.5% for refrigerators and 1% for dishwashers compared to the previous year
 - Since 2014, we have recycled roughly 1.65 million WEEE units in our WEEE recycling plants. We saved 469 GWh of energy between 2014 and 2022 by replacing old, high energy-consuming products with new, energy-efficient products.

Please refer to *Energy Efficiency and Renewable Energy and Product Stewardship and Annex 4 for details.*

Actions Planned

- Scope 1**
- 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 & LEED certified manufacturing plants
 - Increasing the number of ISO50001 certified factories to 100% and doubling economic output for every unit of energy consumed globally by 2030
 - Electrification in manufacturing
 - Low GWP refrigerant usage in manufacturing
 - Transition to 100% electric cars & forklifts in TR, Romania, Russia (2030) & transition to 100% electric cars & forklifts globally (2050)
 - Use of green hydrogen where possible (to be considered after 2030)

- Scope 2**
- More than 50MW renewable energy investment planned
 - Aiming for 100% renewable electricity with installed renewable energy systems for self consumption, EACs and PPAs in global manufacturing plants - our target for 2030
 - Using more renewable thermal energy in manufacturing plants

- 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 heatpump technologies, VCC compressor with higher performance
 - Using non-flourinated refrigerant heatpump 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



CLIMATE CHANGE AND DECARBONIZATION


Actions Implemented

Scope 3

Logistics Emissions:

- Lower emission transportation types are prioritized. 90% of transportation is made by seaway and the rail use rate is increased 45% compared to 2021 in Türkiye. For international shipping, the seaway usage increased 90% and the railway increased 45% in 2022 compared to previous year.
- Shipment numbers are reduced with higher volumes of shipment and alternative solutions for optimization.

Emission impact of warehouses are improved by transitioning to automatic lighting systems which result in 27% decrease in electricity use compared to previous year, implementing solar panels at Antalya, Ankara and Erzurum warehouses which achieved 4.5 tonnes of emission avoidance and by replacing standard-type of redressors with high-frequency ones which achieved 7 tCO₂ annual savings.

 *Please refer to Global Logistics and Warehouse Management and Annex 4 for details.*

Supplier Emissions

- 173 suppliers have signed a Commitment Letter indicating that they will set GHG emissions, water consumption, waste reduction and energy efficiency targets. 81 suppliers have set their targets.

A project on efficient motors at suppliers started in 2022 which aims to replace 1,366 motors with more efficient ones for 40 supplier

Actions Planned

Scope 3

Logistics Emissions:

- 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 sources

 *Please refer to Global Logistics and Warehouse Management for details.*

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 % of recycled raw materials purchased from suppliers - increasing recycled plastic content to 40% in total products
- Requiring ISO14001 Environmental Management Systems Certificates and ISO 50001 Energy Management Certificates from certain suppliers.

 *Please refer to Sustainable Supply Chain Management for details.*



CLIMATE CHANGE AND DECARBONIZATION

The details of our net-zero roadmap and the actions that will be taken to reduce Scope 1, 2 and Scope 3 emissions are publicly available on our website.

In March 2023, at the Ordinary General Assembly Meeting, we informed our shareholders about our Action Plan for Transition to a Low-Carbon Economy, which includes our commitment to achieving alignment with the Science Based Targets Net Zero Standard, and the details of the target to increase the capacity of renewable energy systems within the scope of the target. The plans are included in the Shareholder Meeting Minutes.

We presented our Net-Zero Roadmap to all shareholders during the Ordinary General Assembly Meeting.

GHG EMISSIONS

We have calculated the GHG emissions using IPCC guidelines and in accordance with ISO 14064-1 GHG Standard. Arçelik's GHG values have been verified by an independent organization in accordance with ISO 14064-3 Standard with "reasonable

assurance level", since 2010. We have calculated our direct (Scope 1) and energy-indirect (Scope 2) GHG emissions in accordance with the ISO 14064-1 Standard since 2010 in Arçelik Türkiye; since 2015 in the Arctic Găești Plant in Romania; since 2016 in Beko LLC Russia; since 2019 in Defy South Africa, Arctic Romania Ulmi Plant and Dawlance Pakistan; since 2020 in Beko Thailand; and since 2022 in Singer Bangladesh production plants. It is also verified by an independent accredited organization at the "reasonable assurance" level.

We have been calculating and verifying our GHG emissions from logistics activities since 2013, following ISO 14064-1 Standard. In 2019, we extended our Scope 3 inventory to cover GHG emissions from raw materials, product packaging and recycling, raw material and component transportation, waste generated in production stages, wastewater treatment, use of sold products, domestic, export, and import logistics activities of products, end of life stage of the products, business travels and employee commuting were calculated according to ISO 14064-1 Standard. Our calculations have been

verified by an independent accredited organization at the "reasonable assurance" level.

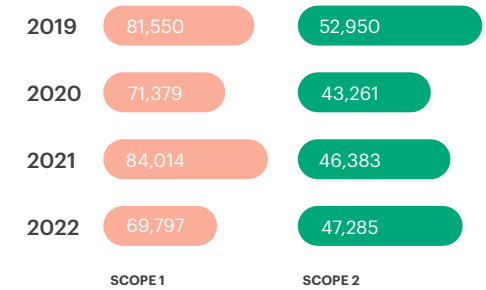
For detailed information on our progress regarding our emissions and Environmental Performance Indicators, please refer to Annex 4.

Decreasing Scope 3 emissions stemming from products is a critical strategy towards Arçelik's Net Zero Emissions target. Thus, an in-house "Digital Scope 3 Sales Emissions Monitoring System" has been developed through the collaboration of the relevant teams from different departments.

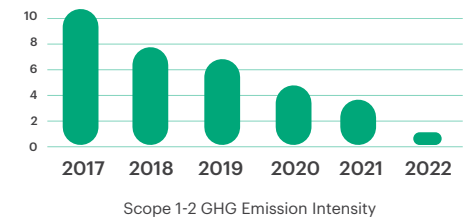
The system is able to calculate the use-phase emissions in 24 product categories including major and small home appliances and air conditioners, retrieving country-based sales and SKUs (Stock Keeping Unit) as well as product emissions data of 41 different countries.

For Assurance and Verification of Arçelik's GHG emissions in line with ISO 14064 Standard, please refer to our website.

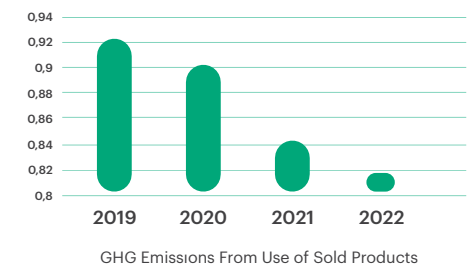
Scope 1 and Scope 2 GHG Emissions* (tonnes CO₂e)



Scope 1 and Scope 2 GHG Emissions Intensity* (tonnes CO₂e / TRY million)



GHG Emissions From Use-Phase of Products (tonnes CO₂e / Product quantity)



* Data covers all manufacturing plants in Turkey, Romania, Russia, South Africa, Thailand, Pakistan and Bangladesh. IHP Appliances JSC Refrigerator and Washing Machine Plant, Joint ventures, and subsidiaries are not included.



CLIMATE CHANGE AND DECARBONIZATION

Scope 3 GHG Emissions in 2022 (tonnes CO₂e)

Indirect-Other (Scope 3) (tonnes CO₂e)

Purchased goods and services	3,571,364
Upstream transportation and distribution (raw material and components)	72,124
Business travel	3,020
Employee commuting	67,788
Waste generated in operations	5,501
Downstream transportation and distribution of products	122,661
Use phase of sold products	23,086,153
End of life of sold products	19,825
Others-upstream	26
Others-downstream	1,556
Total Scope 3	26,950,018

For detailed information on the use of electric vehicles and route optimizations we have made in our supply chain for emission reduction, please refer to *Building a Sustainable Supply Chain* section of our report.

ENERGY EFFICIENCY AND RENEWABLE ENERGY

At Arçelik, we are working on finding solutions to reduce our use of energy, such as through our various energy efficiency projects and increased use

of renewable energy. As a member of the EP100, a global initiative led by the international non-profit Climate Group, we have committed to increasing the number of ISO 50001 certified factories to 100% and doubling economic output for every unit of energy consumed globally by 2030, compared to 2010. As of 2022, 71% of our factories (HQ included) have ISO 50001 Energy Management Certificates. In addition, we have reached 96%* towards our aim of doubling economic output for every unit of energy consumed globally by 2030, compared to 2010.

We have invested in better alternatives and improvements for energy efficiency, and have worked on areas such as insulation, heat recovery, energy efficient motor transition, and process optimization in compressed air, heating, ventilation, air conditioning systems, and lighting systems. We have carried out a total of 406 energy-saving projects at production sites, resulting in a total energy conservation of around 94,324 GJ. As a result of our enhanced efficiency, we have been able to avoid emitting 7,525 tonnes of CO₂e and save EUR 2,528,199.

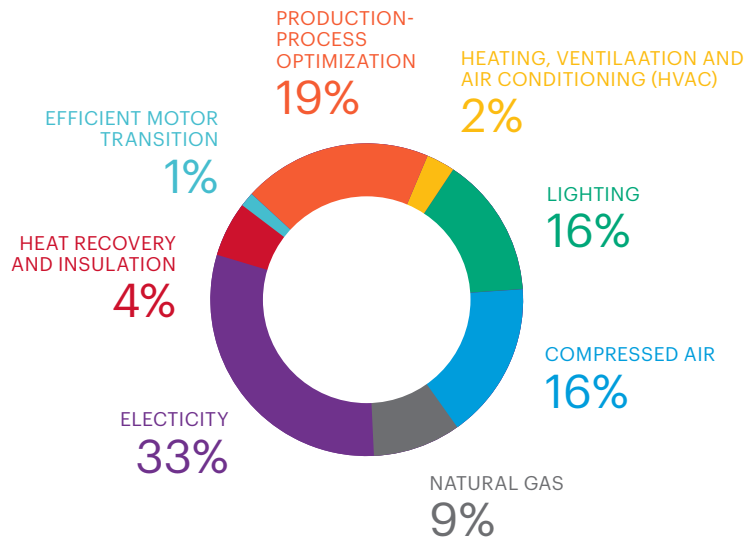
Manufacturing Plant	Location	Project Qty	Energy Saving (GJ)	Prevented GHG Emissions (tCO ₂ e)	Financial Saving (EUR)
Arçelik	Türkiye	154	65,598	4,522	1,793,742
Arctic	Romania	35	7,567	561	230,796
Beko LLC	Russia	58	3,362	225	18,794
Defy	South Africa	6	119	31	3,238
Beko Thai	Thailand	3	1,584	205	44,962
AHTH	Thailand	111	13,383	1,738	380,550
Dawlance	Pakistan	29	2,183	170	41,770
Singer	Bangladesh	5	407	53	10,893
AHSH	China	5	120	21	3,455
Total		406	94,324	7,525	2,528,199

*This ratio calculated with FY 2022 data. In the EP100's 2022 Annual Report, Arçelik's data was given as FY 2021 data.

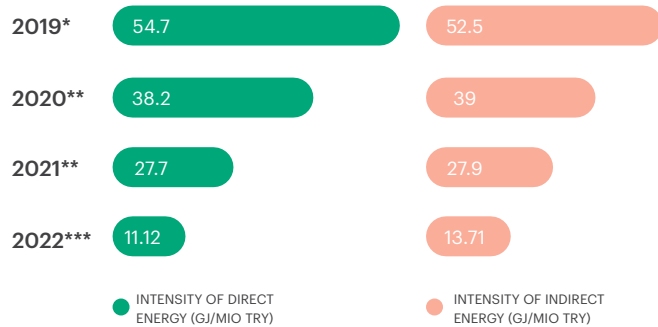


CLIMATE CHANGE AND DECARBONIZATION

Arçelik Global - 2022 Projects



Energy Intensity (GJ/TRY million Revenue)



* The scope includes manufacturing plants in Türkiye, Romania, Russia, South Africa, China, Thailand, and Pakistan.
 ** The scope includes manufacturing plants in Türkiye, Romania, Russia, South Africa, Thailand, and Pakistan.
 *** The scope includes manufacturing plants in Türkiye, Romania, Russia, South Africa, Thailand, Pakistan and Bangladesh.

In 2022, our green electricity covered 65% of our global operations which is in line with our target of increasing the green electricity ratio to 100% in all countries where we have production facilities by 2030. Türkiye and Romania manufacturing plants purchased 100% green electricity. Arçelik Hitachi Thailand plant met approximately 23% of its annual electricity consumption from a long term PPA with floating solar PV plant in 2022.

With the different technologies we have in some of our factories such as photovoltaics, concentrated solar power and a solar wall, we reached a total of 10.20 MW solar plant capacity as of the end of 2022. In 2022, we generated 10,762 GJ of electricity and prevented 1,258 tonnes of CO₂e emissions.

COOLING TOWER FAN MODERNIZATION

At Arçelik Eskişehir Compressor Plant, we modernized the existing cooling tower's aluminum fans with FRP (Fiberglass Reinforced Plastic) fans which have high tensile and rupture strength. Thanks to the materials we used in FRP fans which have aerodynamic blade structures, we achieved an average of 10% increase in flow rate and more than 40% energy savings, according to the results of the performance test. In 2022, with this project, we have saved 41,315 kWh electricity and prevented 19 tonnes of CO₂e emission, with a saving of EUR 6,150.

EFFICIENT BOILER INVESTMENT

To achieve energy efficiency in Eskişehir Refrigerator Plant, we replaced the boiler with low efficiency and no heat recovery system with an efficient boiler, burner and heat recovery system (economizer). With this investment, we have saved 39,441 Sm³ natural gas and prevented 76 tonnes of CO₂e emission, with a saving of EUR 46,550.



CLIMATE CHANGE AND DECARBONIZATION

INTERNAL CARBON PRICING: SHADOW PRICE

Internal carbon pricing paves the way for reducing financial risks that may arise in the short and medium terms. We use internal carbon pricing mechanism as a strategic decision making related to capital investments. To determine the true cost of investments we use Shadow Price internal carbon pricing mechanism with a price of EUR 50 per tonnes of CO₂e applied for the machinery and equipment investments above 50 kW installed capacity and EUR 50,000 capital cost. We also use internal carbon price to determine policy risks in terms of climate change scenario analysis related to the potential introduction of mechanisms similar to Emissions Trading Systems (ETS) or potential coverage of essential raw materials / end products by the EU Green Deal. The internal carbon price mechanism applied helps us change internal behavior especially in purchasing practices, drive low carbon investments and identify which investments better seize low carbon opportunities, navigate risks related to GHG regulations, stress

test major risk items. We also encourage our suppliers to use internal carbon pricing and we explain them the reason behind our own shadow carbon pricing mechanism to help create the supplier engagement and awareness needed.

Solar Business



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

We offer two models, 540/545 W solar panel, including 144 half-cut M10 cells, designed for industrial usage and 455 W solar panel, including 144 half-cut M6 cells for private usage. All models come with a 12-year product warranty and at least 83% linear performance guarantee for a period of 25 years.

In August 2022, we signed an annual solar panel production agreement with a solar panel manufacturer in Türkiye to produce Arçelik branded solar panels with the raw materials, purchased by Arçelik Procurement Department. Thus, we can control the quality of all raw materials and audit all production processes in conformity with the Arçelik Solar Panel Acceptability Criteria.

By deploying Arçelik-branded panels in the Turkish market and generating up to 85MW of capacity by the end of 2022, we contributed towards our customers saving 55,000 tonnes of carbon emissions overall.



WATER MANAGEMENT

As an industry-leading company, we reduce water risks by leveraging the latest technologies in both our production operations and our products. We work to identify water risks, not only in the regions where we manufacture but also in all regions where the suppliers are located, to increase water recycling and reuse, and to reduce water withdrawal. At Arçelik, reducing our consumers' water footprint as well as that of our operations is one of our top priorities. To decrease our water withdrawal in all our manufacturing plants, we perform water efficiency, water recycling and reuse projects.

Arçelik's Water Policy is integrated with our Environmental Policy as well as our Energy, Health and Safety, Quality, and GHG Management Systems, which are covered by our sustainability approach in line with our Global Business Ethics Principles. The aim of the policy is to minimize the impact of our activities on water in production and in products.

Arçelik's water policy covers:

- Performing our activities beyond regulatory compliance,
- Improving our water performance by focusing on reducing water withdrawal, increasing water efficiency, enhancing water monitoring, and increasing water recycling and reuse in line with our water targets and goals,
- Minimizing our water-related environmental impacts throughout the product lifecycle by adopting innovative technologies,
- Raising the environmental awareness of our employees, stakeholders and society,
- Providing water sanitation and hygiene, and
- Supporting water stewardship by collaborating with related stakeholders and participating in national and international water initiatives.

 *For detailed information, please refer to Water Policy.*

The water targets and goals determined in line with our policies, sustainability approach, and international



management systems are monitored monthly. Arçelik regularly checks the efficiency and continuity of international systems through audits by independent institutions. The Sustainability Council (SC) is the top management level committee responsible for all environmental management issues, including setting water targets and goals in line with business risks and opportunities and our business strategy. The SC, chaired by our CFO, meets quarterly and monitors progress on water targets and discusses the water strategy, major plans and actions, and performance objectives for the

following year's plan. In the first stage, the company-level water targets and goals are identified by the SC and then distributed to the related bodies at country level and site/facility level.

As part of maintaining ISO 14001 EMS Certification, water management plans and water-related risks and opportunities are considered. In 2022, we used third party sources such as municipal water and water tanker, groundwater, and rainwater in our production plants. Surface water is not used in our production plants.



WATER MANAGEMENT


CEO Water Mandate

In the first quarter of 2022, Arçelik had become 1 of the 200+ companies that have signed the CEO Water Mandate. A UN Global Compact Initiative, the CEO Water Mandate is a commitment platform for business leaders and learners to advance water stewardship by committing to action across 6 core areas:

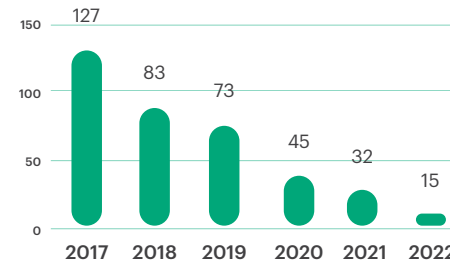
- Direct Operations
- Supply Chain and Watershed Management
- Collective Action
- Public Policy
- Community Engagement
- Transparency

As an endorsing company, in line with Arçelik’s Water Policy, we commit to meet the expectations of the CEO Water Mandate and report our progress annually.

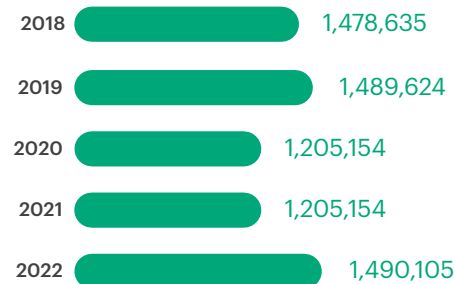
As a part of our commitments, we established a new partnership with Water.org to support a community program that will empower 10,000 Kenyans in need of access to safe water and sanitation solutions.

 For more detailed information on our collaboration with Water.org, please refer to *Community Development and Partnerships*.

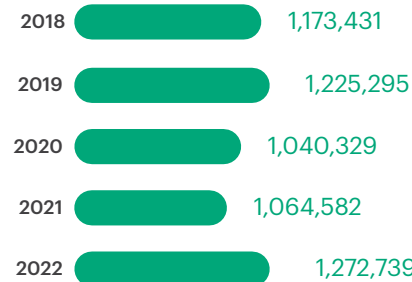
Water Intensity (m³/TRY million)



Total Water Withdrawal* (m³)



Amount of Discharged Water (m³)



In the last 13 years, we have saved 2.35 million m³ of water with water efficiency and rainwater harvesting projects implemented in Arçelik Türkiye, Arctic Romania, Beko LLC Russia, Defy South Africa, Beko Thailand, Dawlance Pakistan and Singer Bangladesh manufacturing plants. This is equivalent to the daily water consumption of approximately 2.9 million Turkish households.

In 2022, we saved a total of 176,984 m³ of water, thanks to water efficiency and rainwater harvesting projects carried out in Arçelik Türkiye, Arctic Romania, Beko LLC Russia, Defy South Africa, Beko Thailand, Dawlance Pakistan and Singer Bangladesh manufacturing plants.

WATER EFFICIENCY PROJECTS

- We recycled and reused the wastewater from R&D laboratories, wastewater from the function test system on the assembly line and the final rinse wastewater in the paint shop at the Arçelik Washing Machine Plant in Istanbul, Türkiye. In addition, we

* Data covers all manufacturing plants in Turkey, Romania, Russia, South Africa, Thailand, Pakistan and Bangladesh. IHP Appliances JSC Refrigerator and Washing Machine Plant, Joint ventures, and subsidiaries are not included.




WATER MANAGEMENT

recovered and reused the effluent water of a biological wastewater treatment plant and rainwater. These actions saved a total of 114,108 m³ of water.

- At the Arctic Washing Machine Plant in Ulmi, Romania, we saved 18,362 m³ of water by recycling and reusing wastewater and harvesting rainwater.
- At the Arçelik Refrigerator and Compressor Plants in Eskişehir, Türkiye, we saved 7,832 m³ of water by reducing the number of active working nozzles used in the pallet washing process, preventing water leakages, and reusing water in the paint shop.
- At the Arçelik Refrigerator Plant in Manisa, Türkiye, we reduced 12,500 m³ of water by decreasing chemical usage.

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

Arçelik Türkiye, Arctic Romania, Beko LLC Russia, Beko Thailand, Defy South Africa, Dawlance Pakistan and Singer Bangladesh production plants in 2022 is 267 tonnes Chemical Oxygen Demand (COD) per year.

 *For a detailed breakdown of our performance against our Water Management KPIs, please refer to Annex 4.*

WATER RISK MANAGEMENT

Our Environmental Coordination Working Group is responsible for water risk management and water efficiency activities in line with our company strategy and regularly reports to our Sustainability Council (SC). The SC, monitors and evaluates water risks, strategies, and their impact on our business objectives quarterly, prioritizing risks and opportunities in accordance with Arçelik's scoring methodology. The risks and opportunities are scored according to the financial, reputational, production, human and legal effects, and the highest score is defined as the impact

point according to the methodology. We use the **World Resources Institute's (WRI) Aqueduct Water Risk Atlas** to assess water risks at our worldwide locations, and analysis results are evaluated annually. Environmental risks and climate-related physical risks are considered in the evaluation criteria of new joint ventures/acquisitions added to Arçelik group of companies.

PHYSICAL RISK ACTION PLAN ON WATER RISKS

In a potential scenario where, global warming cannot be reduced to "Well-below 2°C" and eventually to "1.5°C", companies will face financial and operational risks arising from physical risks in relation to excessive global warming, which is expected to be between 2.6°C and 4°C based on the Intergovernmental Panel on Climate Change's (IPCC) Representative Concentration Pathways (RCPs). These are GHG concentration trajectories: RCP 2.6 (Low Climate Scenario), RCP 4.5 (Moderate Climate Scenario) and RCP 8.5 (High Climate Scenario). Based on Arçelik's internal analysis, as well

as using S&P's TruCost Methodology, water stress risks were determined as the most significant risks for Arçelik in terms of physical climate risks. Long-term action plans have been created according to the results of water risk analysis. The physical risk assessments are based on the S&P Trucost Approach, which leverages Arçelik's physical risks at the asset level, as well as those of its suppliers, taking into consideration climate hazard indicators such as water stress, flood, heat waves, cold waves, hurricane, and sea-level rise, and their impact on Arçelik's operations. The Low, Moderate and High RCPs are taken into consideration with a forecast for the 2030 and 2050 fiscal years from a 2020 baseline. According to the Trucost Physical Risk assessment, Arçelik's overall physical risk score is moderate, the main risk being water stress. India, Romania, and Türkiye (Ankara and Çayırova) sites are prone to high water stress risk. Based on Trucost analysis, Arçelik's suppliers' main physical risks are also related to water stress.

As a risk adaptation plan, we have also set our 2030 target to increase the



WATER MANAGEMENT

water recycling and reuse ratio* to 70% in all manufacturing plants (excluding JVs) aiming to achieve a closed-loop water system in production.

In 2019, as part of the International Finance Corporation’s (IFC) Water Efficiency Project, we compared 17 manufacturing plants located in Türkiye, Romania, Russia, South Africa, Thailand, and Pakistan according to the industry’s best practices in Europe in the IFC database. With the IFC, we identified improvement areas at our manufacturing plants for water efficiency and prepared the Water Efficiency Report. We set our 2030 water target using the outcomes of the report. With this target, we aim to reduce water withdrawal per product by 45% in all manufacturing plants** (excluding JVs) by 2030 compared to 2015. Water efficiency investments needed to reach such targets have been included in our green bond framework. The table on the right summarizes our operations’ water stress baseline levels based on the WRI’s Aqueduct Water Risk Atlas.

WATER STRESS BASED ON WRI AQUEDUCT WATER RISK ATLAS***	WATER WITHDRAWAL (m³)	% OF TOTAL WATER WITHDRAWAL	WATER DISCHARGE (m³)	% OF WATER DISCHARGE	WATER CONSUMPTION	% OF WATER CONSUMPTION	OPERATIONS
Extremely High (>%80)	540,338	36%	450,952	35%	89,387	41%	<ul style="list-style-type: none"> HQ Office - İstanbul, Türkiye Refrigerator Plant- Eskişehir, Türkiye Compressor Plant – Eskişehir, Türkiye Manisa Washing Machine and Refrigerator Plant, Manisa, Türkiye Electronics Plant- Tekirdağ, Türkiye Tumble Dryer Plant- Tekirdağ, Türkiye Electric Motor Plant- Tekirdağ, Türkiye Cooking Appliances and A/C Plant - Karachi, Pakistan Washing Machine and Refrigerator Plant- Karachi, Pakistan
High (40%-80%)	443,591	30%	420,552	33%	23,039	10%	<ul style="list-style-type: none"> Dishwasher Plant- Ankara, Türkiye Washing Machine Plant- İstanbul, Türkiye Arctic Washing Machine Plant, Ulmi, Romania Arctic Refrigerator Plant, Gaesti, Romania Defy, Refrigerator Plant, Ezakheni, South Africa

INTERNAL WATER PRICE

To encourage investments in water infrastructure and determine the real price of water, we use the Internal Water Price. In this calculation, we have identified the water stress in the basins where we operate and completed three different scenario analyses and water stress projections for 2030 and 2040.

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

** Includes all manufacturing plants excluding IHP Appliances JSC and JVs.

*** Water consumption data is calculated as water withdrawal amount minus water discharge amount.



WASTE MANAGEMENT

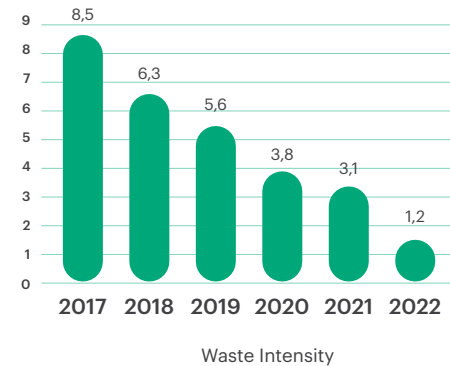
The near-zero waste concept aims to reduce, reuse, and recycle waste at its source, and minimize all waste where landfill and energy recovery are applied. We aim to increase our waste recovery rate*, which was 96% in our production in 2022, to 99% by 2030.

To be able to reach our near zero-waste target with our integrated waste management approaches, we use resources more efficiently, prevent and reduce waste resulting from our

operations, and improve the effectiveness of separating waste at the source. We send our waste for recycling and to energy recovery instead of landfill to increase our waste recovery rate.

We invest in technologies that consume fewer resources, reduce the amount of virgin raw materials used and minimize overall chemical consumption and waste generation by redesigning product manufacturing processes.

Waste Intensity** (tonnes/TRY million)



96% waste recovery rate in 2022.

WASTE REDUCTION PROJECTS

- At the Arçelik Electronics Plant in Tekirdağ, Türkiye, we reduced 480 tonnes of packaging waste by reusing waste cardboard and waste wooden pallets generated in the plant.
- We reduced 120 kg of paint waste at our Beko LLC Refrigerator and Washing Machine Plant in Kirzhach, Russia by optimizing the size of the sample during painting and by modifying the painting chambers.
- At the Arçelik Refrigerator Plant in Eskişehir, Türkiye, we prevented 2,544 tonnes of packaging waste by switching from a wooden palette to a smart palette.
- At the Arçelik Refrigerator Plant in Eskişehir, Türkiye, we prevented 60 tonnes of packaging waste by thinning the case bag used in the material supply processes.
- At the Arçelik Washing Machine Plant in Manisa, Türkiye, we prevented 12.6 tonnes of scrap waste with the screwdriver optimization which reduce the unnecessary implemented force on the washing unit.

Waste by Type in 2022	Waste Amount (tonnes)	
	Hazardous Waste	Non-Hazardous Waste
Waste to Recovery	1,838	105,953
Waste to Incineration (With energy recovery)	301	502
Waste to Incineration (Without energy recovery) Operations	12	75
Waste to Landfill	513	4,246
Waste to Other Disposal Operations	36	586
Total	2,700	111,362

* Recovered waste includes waste to recovery and waste to incineration with energy recovery in this target. IHP Appliances JSC and Joint venture plants are not included.

** Data covers all manufacturing plants in Turkey, Romania, Russia, South Africa, Thailand, Pakistan and Bangladesh. IHP Appliances JSC Refrigerator and Washing Machine Plant, Joint ventures, and subsidiaries are not included.



ENVIRONMENTAL MANAGEMENT

Arçelik runs business processes in conformity with legal requirements and international management standards, particularly including ISO 14001 Environmental Management System, ISO 50001 Energy Management System and ISO 14064 GHG Management System integrated with ISO 9001 Quality Management System. The effectiveness and continuity of the management systems implemented at Arçelik is guaranteed through regular audits by third-party organizations with international accreditation and periodically repeated Internal System Controls.

We consider environmental management extremely important in the fight against the climate crisis and environmental pollution and increase our investments and expenditures in this field every year.

ENVIRONMENTAL INVESTMENT AND EXPENDITURES

The total expenses stated in the table refer to the sum of Capital Investment and Operating Expenses related to environmental investments, and our Total Expenses for the year 2022 are EUR 74.70 million.

All Environmental Related Investments and Expenditures (in Million Euro)	2019	2020	2021	2022
Capital Investments	1.36	2.41	3.06	32.03
Investments and expenditures for environmental protection energy efficiency in production and renewable energy investments¹				
Operating Expenses	5.06	4.57	6.67	6.61
Total Expenses	6.42	6.98	9.73	38.63
Capital Investments	3.91	4.50	2.26	7.47
Research and Development (R&D) investments and expenditures for projects providing resource efficiency benefits²				
Operating Expenses	22.9	20.68	20.13	28.60
Total Expenses	26.81	25.18	22.40	36.07
Grand Total Expenses	33.22	32.16	32.13	74.70

¹ Investment and expenditures for environmental protection and energy efficiency mainly includes environmental measurement and analysis cost, waste disposal and transportation cost, wastewater treatment plant expenses, the cost of employees working for the environment and energy, certification and authorization cost, consulting and training cost, and maintenance and repair costs, environmental related investments and energy efficiency investments in production. Data coverage is Arçelik Türkiye, Arctic Romania, Beko LLC Russia, Defy South Africa, Beko Thailand, Dawlance Pakistan, and Singer Bangladesh manufacturing plants and Arçelik Global HQ.

² Research and Development investments and expenditures for projects providing resource efficiency benefits include development, upgrade, and use phase stages. These benefits include decreased energy consumption, decreased water consumption, decreased waste generation, GHG emissions' reduction, pollution reduction, decreased raw material consumption, or increased product durability/longevity. Data coverage is global.



ENVIRONMENTAL MANAGEMENT



FINANCIAL SAVING OF ENVIRONMENTAL PROJECTS

In 2022, we saved approximately EUR 1,347,000 with our water efficiency and waste reduction projects in all our plants in the reporting scope.

ENVIRONMENTAL TRAINING

We provide training for our employees to increase their competence and to spread sustainability across our value chain. In this context, we provide environmental training both in Türkiye and in our global operations. In 2022, 6,151 employees were given 19,001 person*hours, and 1,318 subcontracted company employees were given 2,034 person*hours of environmental training. On the topic of social responsibility, 67 people were given 125 person*hours of training. In the reporting period, we provided 21,160 person*hour environmental training in total.

COMPLIANCE WITH ENVIRONMENTAL LEGISLATION

During the reporting period, there were no significant* fines due to non-compliance with environmental legislation.

AIR EMISSIONS

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

The following emissions for SO₂, TOC, VOC, and NO_x are based on the most recent emission analysis reports for our operations in Türkiye produced by an accredited laboratory.

Air Emissions (tonnes/year) - 2022

SO ₂	1.9
TOC	35.5
VOC	6.1
NO _x	407.8

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



CHEMICALS MANAGEMENT

PRODUCT RELATED CHEMICALS MANAGEMENT

At Arçelik, we care about the safe process chemical management, use, transportation, storage, and disposal of chemicals in our entire supply chain to reduce the impact of our production processes on the environment and people as much as possible. We apply certain procedures to our products in accordance with the KL-00093: "Arçelik Chemical Conformity Specification" and national chemical requirements. The procedures we apply cover issues such as supplier contribution, parts assurance, and labor. There are also EU directives and regulations such as the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) and the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), which are applied during the development of part of products and during mass production.

Firstly, we expect our suppliers to understand the global regulations and directives and approve the contract of which they are a part. In our contracts with suppliers, we also request

documents as stated in the annexes of our chemical conformity specification procedure. We expect our suppliers to comply with all legal requirements from the beginning of the contract.

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

The global regulations relating to chemicals and chemicals in products are monitored by the central chemical management department under the Environment Department and shared with all subsidiaries (green chemistry team members) to meet customer requirements all over the world. We have made some changes in regulations



as special projects to provide perfect customer satisfaction and produce ecofriendly home appliances.

Swedish tax is one of these special projects, in which we are striving hard to create non-halogenated products to take advantage of tax reduction. In 2022, we achieved a 90% tax reduction which means there is no bromine, chlorine and additive phosphorus for 4 SKU ovens.

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

- Regulation and test trainings
- Q-Star audits
- Periodic workshops

An external third party has developed regulation training on ROHS, REACH, POP (Persistent Organic Pollutions), PAH (Polycyclic Aromatic Hydrocarbons), BPR (Biocidal Product Regulation), FCM and national legislation, and production-related chemical training was performed on safety data sheets (SDS). Q-star audits were planned and performed for all subsidiaries in Türkiye and plants in other countries. Questions raised were related to chemical regulations, chemical management of newly developed products, the proficiency of



CHEMICALS MANAGEMENT

those responsible and staff evaluation. Three periodic workshops were prepared, and the relevant central and green chemistry team members shared the latest news on chemicals.

PRODUCTION RELATED CHEMICALS MANAGEMENT

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

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

- Transport of chemicals

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

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

MANAGEMENT OF BANNED/ RESTRICTED CHEMICALS IN ARÇELİK

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

CHEMICAL COMPLIANCE

The regulations and other requirements related to chemicals management issues in the scope of Arçelik A.Ş.'s activities, products and services are defined by the Environment Department. The Environment Department follows defined regulations and other requirements via various bodies (TR Official Journal, EU Official Journal, ECHA etc.). After pre-assessment, changes are shared with Green Chemistry Team members. Green Chemistry Team members announce the new developments with the related department in their plants/directorates. In addition to regulations for product-related chemicals, customer and market requests are followed and evaluated by the Environment Department and those responsible in Green Chemistry.

GREEN CHEMISTRY WORKING GROUP

Regulations governing the use of chemicals in products, as well as the risks and opportunities associated with compliance with these regulations, were assessed in 2022.

EMPLOYEE TRAINING

Chemical training includes topics such as health and safety implications, hazardous chemical classification and labeling, SDS, chemical storage, general safety rules and behaviors, environmental accidents and emergencies/emergency drills, and other OHS-related topics.


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



BIODIVERSITY



Being aware of the vital importance of natural ecosystems for all of us, we aim to protect biodiversity through initiatives towards our commitments. At Arçelik, we recognize biodiversity loss as a one of the global issues which is under pressure from several aspects. At Arçelik, we have assessed our biodiversity risk assessment within the scope of our own operations to address our nature-related impacts and dependencies.

 *Regarding the details of the assessment conducted, please refer to “Biodiversity and No Deforestation” page on our website.*

Based on the outputs of the assessment, we apply Mitigation Hierarchy through preventing, minimizing, and mitigating factors that threaten biodiversity periodically. The pressure on biodiversity stemming from climate change, resource usage, pollution is aimed to be reduced by Arçelik’s long-term targets based on water, energy, SBTi-aligned GHG emissions targets. Arçelik aims to work to improve


biodiversity footprint towards No Net Loss as of 2050 especially in selected priority areas such as areas in close proximity to key biodiversity protected areas. Such actions will include calculating the biodiversity footprint of the area, designing projects that will help increase biodiversity of endangered or vulnerable species classified by IUCN Red List or national declarations and measure the improvements against the initial footprint. With this focus on biodiversity protection, we will cooperate with third parties specialized in biodiversity protection if necessary.

Arctic Factory in Ulmi to Natura 2000 which is known as Birds Directive Special Protection Area (SPA), where we have a border area of 431,369 m² is the only manufacturing field where we have a border with protected areas and Important Biodiversity Areas. In the region, we are already required to measure PM10, NO₂, and SO₂ quarterly under the National Air Quality Act 104/2011. In 2021, Arçelik has committed to go beyond by setting its roadmap with EPC Consultanță de



BIODIVERSITY


Mediu, an environmental consulting company specializing in biodiversity conservation to create improvement for the biodiversity value of the land under the Company's responsibility through reducing the pressure and supporting the natural development of the habitat following IUCN Guidelines. The determined actions will allow to improve the biodiversity footprint in terms of Mean Species Abundance on the area (MSAxha). In 2022, a legal permission process has been initiated to inform local public authorities regarding our project.

 *The measures that will be applied on the site are detailed on "Biodiversity and No Deforestation" page on our website.*

NO DEFORESTATION

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

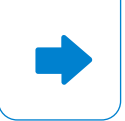
At Arçelik, we are working to eliminate deforestation within our supply chain. Arçelik's Biodiversity and No Deforestation Policy is launched within the scope of activities affecting deforestation along the value chain in the reporting year. As a result of our deforestation assessment, we focused on paper and wood- based packaging materials for our products.

 *For more information about our policy about our Biodiversity and No Deforestation Policy, please refer to our website.*

We are committed to no gross deforestation from our operations' activities by 2050. We incorporate the below principles to achieve this goal;


Commitment to no gross deforestation from our operations' activities by 2050	Target Status
Continue to only use paper/cardboard/ wooden packaging from more sustainable sources certified by global third-party certification systems such as Forest Stewardship Council (FSC) or other national schemes under the framework of the Programme for the Endorsement of Forest Certification (PEFC) for our products packaging.	New
Using at least 80% recycled cardboard outer boxes for our own product boxes by 2030	83%
Decreasing wooden plate consumption for our own product packaging to 5% by 2030	New
Monitor the supply chain to encourage no deforestation.	New
Having enabled our significant suppliers to have switched to recycled cardboard outer boxes for at least 80% of their products.	44.3%

* Corresponding to 90% of purchasing volume



PRODUCT STEWARDSHIP

Arçelik innovates products and services to reach a closed circular economy by increasing products' recyclability rates, the usage of recycled content in products and their packaging, reusing products and parts, eliminating potentially harmful substances, and by properly managing the end-of-life processes including take-back and recycling. We extend product life through increasing the durability, repairability, and reusability of our products and alternative end-of-life stages to contribute to a circular economy.

 Please refer to page 25 to see our detailed Value Chain.





PRODUCT STEWARDSHIP

1


Product Design and Raw Material Selection



We invest in moving from a linear economy to a circular model. Circular design principles are applied to reach a circular and net-zero carbon emission economy. In the product design phase, intensive work is carried out to produce energy- and water-efficient products. Considering the EU Green Deal and its regulations, studies are also carried out on the reparability and modularity of the products. We employ new technologies and solutions that use natural resources responsibly during production and develop products that include more recycled and alternative raw materials, with a high recyclability rate.

At Arçelik, a low carbon product has been defined as products that use less raw materials, recycled raw materials and consume less energy and water than the lowest allowable energy and water efficiency classes.

There are other aspects of reducing environmental impact of products that are incorporated into our product design requirements but are not addressed directly by the low carbon product calculation methodology metric. In 2022, 61.7% of our revenue was obtained from our low carbon products and avoided emissions were 294,439 tonnes of CO₂e emissions.

 *For further information on our calculation methodology, please refer to Annex 4.*

MATERIAL REDUCTION

Arçelik put great importance on various activities to enhance reducing material consumption under its product development stage. A total of 2,571 tonnes of material, including plastics by 646 tonnes, metals by 1,108 tonnes, chemicals by 68 tonnes, packaging materials by 741 tonnes, electronic components by 68 tonnes and glasses by 3 tonnes, was reduced compared to previous model material usage in 2022. Thanks to all efforts, we prevented 5,685 tonnes of CO₂e emissions.

RECYCLED AND BIO-COMPOSITE MATERIAL IN PRODUCTS

Our circular economy initiatives focus on increasing recycled plastics in all product ranges as well as increasing bio-plastics in some product ranges. In 2019, we set our target to increase recycled plastic content to 40% and bio-based plastics content to 5% by 2030. In addition, we became a signatory of the Business Plastic Initiative (IPG) as of March 2021. As such, we have set our 2023 commitments to minimize consumption of plastics through increasing recycled plastics usage.

Arçelik R&D develops high-performance and recycled plastic formulations to replace their virgin counterparts without compromising the durability of the products. Our holistic approach takes almost all the plastics in our products into consideration to maximize the plastic recycled content. A total of 13,207 tons of recycled plastics and 11.3 tonnes of bio-composite plastics were used in 2022.

1 Product Design and Raw Material Selection





PRODUCT STEWARDSHIP

1 Product Design and Raw Material Selection



Examples of our projects with recycled and bio-composite material are shown below:

Recycled waste fishnets and industrial thread in the oven, dishwasher and washing machines

Arçelik recycles waste fishing nets and industrial thread in an innovative way and uses them in different parts of its product groups in order to prevent the damage caused by waste fishing nets released into the seas and oceans. Thanks to innovative recycled material formulations, we use high-performance recycled polyamide compounds obtained from waste nets and industrial thread. A total of 8.83 tonnes of recycled waste fishing net and 218 tonnes of recycled industrial thread was used in oven, washing machine and dishwasher parts in 2022.

Recycled plastic produced by the recycling of Arçelik's Packaging Waste

We recycle polyethylene-based packaging waste generated during the transportation

of components in our Refrigerator and Dishwasher Plants. In 2022, 82.7 tonnes of PE packaging waste were used in dishwashers and refrigerator components.

Recycled waste PET bottles in washing machines, washer-dryer, tumble dryers, dishwashers, and air conditioners

Starting this project in 2017, we developed the "Leopet" raw material patented by Arçelik by using recycled waste PET bottles to show how waste material can be transformed into a valuable alternative raw material. In 2022, we used approximately 58.2 million recycled waste PET bottles in washing machines and washer-dryer tubs. A new formulation has been developed by Arçelik's R&D department and serial production of these raw materials was started for tumble dryers in 2021. In 2019, we began a collaboration with Arçelik-LG to expand the use of Leopet raw material in air-conditioners. We used approximately

19 million recycled waste PET bottles for this in 2022. From 2017 until the end of 2022, approximately 192.2 million recycled waste PET bottles have been used in Arçelik's washing machines, washer-dryer, tumble dryers, dishwashers, and air conditioners.

Recycled plastics obtained from Arçelik's WEEE recycling plants

In this project, we separate and recycle plastic parts of waste dishwashers, which are sent to our WEEE recycling plants and used as recycled polypropylene materials in the fan parts of our dishwashers. The chemical formulation of recycled polypropylene has been developed by Arçelik's R&D department. In 2022, fan parts of dishwashers were produced by recycling approximately 2,154 dishwasher baskets obtained from WEEE recycling plants.

Washing Machine Plastic Pulley Part Produced from Graphene Obtained by Recycling from End-of-Life Tires and Polyamide Material Obtained from Textile Wastes

One of the high-strength and dynamic parts of the Arçelik washing machine

is the plastic pulley and is currently produced from petroleum-based plastic raw materials. Raw material that has a lower environmental impact compared to the virgin raw material is developed with R&D studies by formulation of graphene obtained by recycling from waste tires and polyamide-based polymers recycled from textile wastes.

Bio-based Materials in Small Domestic Appliances (SDAs)

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





PRODUCT STEWARDSHIP

1 Product Design and Raw Material Selection



BioFridge

BioFridge, which includes bioplastic parts and bio-based polyurethane together, was exhibited for the first time at IFA 2019, and the version containing other bioplastic parts except polyurethane was offered for sale in numerous markets, including Türkiye and the UK. The version with polyurethane insulation is planned to be put on sale in 2023.

In the BioFridge, the egg trays are made from 20% eggshell wastes and 79% bioplastics. Each fridge's two egg trays contain eggshell waste from 5 eggs.

The fan cover is made from PLA (Poly Lactic Acid) bio-plastic. PLA based materials are 97% bio-based from sustainable resources such as corn starch or sugarcane. The door seal is 25% made of soybean oil based material.

Small Home Appliances made with High Performance Recycled Plastic Materials

Arçelik adds value to end-of-life plastics and ensures their reuse and reduces carbon emissions compared to production with petroleum-based primary plastic raw materials. Details of recycled plastic rates used in the consumer electronics, vacuum cleaner and personal care products categories:

- Consumer electronics
 - 90% of all plastic in Band 360 bluetooth speaker,
 - 92% of all plastic in Portable 360 bluetooth speaker,
 - 100% coverage across the entire body of the Jam Earth BT Speaker.
- Vacuum cleaner
 - 58-67% of all plastics in the bagged Atak,
 - 43% of all plastic in the Luna 4,
 - 23% of all plastic in Orion 8,
 - 41% of all plastic in Ares,
 - 40% of all plastics in Altus AL 606 & AI 615,
 - 27-39% of all plastics in the Jaguar,
 - 38-56% of all plastics in the bagless Atak,
 - (all accessories and cables are excluded for all of them)
- Personal care products
 - In the ProClub hair clipper models, the outer plastic ratio is between 43% and 72%,
 - In ProClub shaver models, the ratio of outer plastic is between 58% and 85%.





PRODUCT STEWARDSHIP

1 Product Design and Raw Material Selection



"In Circularise we truly believe end-to-end traceability along supply chains is possible through digitalisation technologies to create end-products trustful chain of custody from their upstream raw materials. With this shared vision, Arçelik joined us last 2022 in a pioneering project together with 14 sustainability frontrunner companies to prove digital traceability of one of their biofridges."

LAURA CORREDOR
IT Circular Project Manager

CASE STUDY

ISCC and Circularise pilot blockchain technology with 10 companies including Arçelik, to complement mass balance certification. Mass Balance chain of custody is a solution that facilitates to gradually replace fossil materials with sustainable alternatives and supports a shift towards a circular economy.

In this project, participants came together to explore Circularise's blockchain-based digital system with the ISCC PLUS certification in order to enable a transparent and digital flow of information regarding innovative and sustainable materials through the supply chain, which will help us ensure tracking of accurate and transparent data, and ease overall circular economy implementations in the lead-up to full transition.

[More information on this project, please refer here.](#)



RECYCLABILITY OF PRODUCTS

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

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

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

Arçelik Products' Recyclability Rates

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

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



PRODUCT STEWARDSHIP

1 Product Design and Raw Material Selection



LONGEVITY/DURABILITY

We support the circular business model by designing long-lasting products. We design reliability tests in collaboration with universities, research and testing institutions and taking into account user feedback. We are developing methods by which we can measure the durability of major and small domestic appliances with accelerated and forced failure tests. In this way, we offer long-lasting and high-quality products to the market. In addition to the tests designed on the product and considering the usage conditions, reliability tests are also applied for the most critical components, as we aim to increase the durability of the components required for the product to maintain its functionality. In this way, costly breakdowns and the risk of product obsolescence are eliminated. Also, we have started testing method evaluation studies on how we can measure the durability of our products. New test centers are being established to support all these studies.

With the entry into force of the EN 45552 endurance standard, we created the Endurance Platform as part of our in-house Sustainability Strategies. We evaluate business results company-wide through periodic reviews with executive management team. In this process, we support the preparation of the washing machine durability standard, which will be the first product-specific durability standard at EU level, by actively participating in the standardization studies via CEN-CENELEC.

At the same time, we contribute to the French Durability Index work, which is expected to come into force in 2024 and will cover 5 pilot products (washing machines, lawnmowers, TV, laptops, smartphones) by conveying our views on various platforms.

RELIABILITY & 6 SIGMA DAY

As part of our in-house event, Reliability/Quality Day, we share the work carried out on product quality and safety. We aim to ensure safe design

and production by transferring new technical knowledge throughout the company. By creating a product safety culture, we reduce product and service failure rates.

For more information about this topic, please refer to Product Quality and Safety section of the report.



Modular Design

A modular design allows customers to create new designs simply and agile by replacing components without having to replace the entire product, thereby reducing unnecessary resource waste. In that regard, we have come a long way on a cross-functional modularity project involving a variety of product groups, from washing machines to TVs. In doing so, up to 40% reductions in part diversity and 60% common part ratio are achieved on platforms that have completed modular product transitions. Thus, it also decreases inventory levels and increases serviceability of the spare parts.



PRODUCT STEWARDSHIP

1 Product Design and Raw Material Selection



ENVIRONMENTAL IMPACTS OF PRODUCTS – LIFE CYCLE ASSESSMENT

In line with our sustainability approach and commitment to protect the environment, we work to minimize the environmental impacts of our products throughout their lifecycle through new-generation practices, and to reduce our environmental footprint by effectively managing all stages of our value chain. In line with this principle, we began conducting full life cycle assessment (LCA) studies for our products and have so far completed studies for our washing machine, refrigerator, dishwasher, oven, and tumble dryer. We analysed the impact of our products by evaluating them through 11 environmental impact categories* during their lifetime. The full LCA assessment covers 16% of our total products.

In Arçelik, all environmental impacts through the life cycle of a product are taken into consideration and we develop a lot of projects in all life cycle stages of our products to minimize our environmental footprint. According to the LCA results, the use phase has the largest impact in almost all environmental impact categories during our products' life cycles. The global warming potential of our products are shown in the table below:



Life Cycle Assessment Phases – Global Warming Potential (GWP) Results

PRODUCT	RAW MATERIAL EXTRACTION AND TRANSPORTATION	MANUFACTURING	PRODUCT TRANSPORTATION	USE PHASE	END OF LIFE
Washing Machine	12%	0.21%	0.17%	87%	0.9%
Refrigerator	19%	0.07%	0.18%	80%	0.9%
Dishwasher	7%	0.07%	0.13%	92%	0.7%
Oven	21%	0.44%	0.25%	77%	1.3%
Tumble Dryer	13%	0.10%	0.08%	86%	0.7%

* 11 major environmental impact categories: Global warming potential, abiotic depletion, abiotic depletion (fossil fuels), ozone layer depletion (ODP), human toxicity, freshwater aquatic ecotoxicity, marine aquatic ecotoxicity, terrestrial ecotoxicity, photochemical oxidation, acidification and eutrophication.



PRODUCT STEWARDSHIP

2 Product Manufacturing



2 Product Manufacturing



We create sustainable products by prioritizing low carbon production and digital transformation. For the production processes in our factories, we put energy and resource efficiency as well as digital transformation at the center. Two Arçelik production facilities – the Arctic 4.0 Ulmi Washing Machine Factory and the Eskişehir Refrigerator Factory – are included in the WEF Global Lighthouse Factory Network. Arctic 4.0 Ulmi Washing Machine Factory is also included in the WEF Sustainability Lighthouse Network.

For the details of our environmental operations in production, please refer to Climate Change and Decarbonization, Water Management, Waste Management, Environmental Management, Chemicals Management, Air Emissions, and Biodiversity sections of the report.

Eco Social plus Social Value : Eco Factory +SV

The awards herein are designated to honor the entrepreneurs from various sectors who have been running their industrial factories with an emphasis on efficient resource management and environmentally friendly processes. In addition, these honorable awards are given to those who intend to promote community activities and enhance community value using a circular economy based on the context of an eco-industrial town. The objectives thereof are to heighten the community and local economy as well as create social value, which will lead to the ideal goal of a livable eco-industrial town.

Beko Thai, was awarded the Silver Level of Eco Factory plus Social Value 2022 from the Ministry of Industry of the Thai Government.

Our Arctic 4.0 Ulmi Plant was designated one of the 10 sustainability lighthouse sites in the Global Lighthouse Network in 2022.

Arçelik Ulmi Washing Machine Plant stands out for the following:

- Romania's production plant to hold the LEED Platinum certification.
- Uses 100% green electricity. It has renewable energy systems for heating and cooling, such as roof top solar panels (PV) (930 kWp) and concentrated solar power (700 kWth) and plans to increase PV capacity by 160% by the first half of 2023.
- A "digital twin" model of the plant self-adjusts the lighting and optimizes the

cooling and heating systems. Building Management System uses an algorithm that employs roughly 15,000 real-time data points from more than 650 energy-measurement devices and sensors.

- The lighting system uses 62.9% less electricity than a non-automated system, and the need for natural gas boilers is reduced by 34.5% for domestic hot water preparation.
- Due to the high-water stress level of the factory location, an advanced wastewater treatment plant was

established, treating 100% of domestic and industrial wastewater, and recycling and reusing 68% of its water withdrawal.

All efforts resulted in a 13,9% energy savings per product, a 25% reduction in water withdrawal per product, and a 22% reduction in Scope 1 and 2 GHG emissions per product in production. Since it began its operations, the plant has prevented 684 tonnes of CO₂ emissions.



PRODUCT STEWARDSHIP

3 Product Packaging



3 Product Packaging



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

- Reduce our products' packaging volume and weight to produce minimum waste
 - Carry out reuse and recycling projects to reduce the environmental impacts caused by our packaging processes
 - Increase the recycled content of packaging and choose easily recyclable and sustainable materials
- Sustainable transition of our packaging.

EXPANDED POLYSTYRENE (EPS)

In line with our agile management approach, we are working towards replacing Expanded Polystyrene (EPS) with sustainable materials in all categories of major and small domestic appliances. There are some challenges in working on this topic. However, thanks to all the huge efforts of the R&D Packaging Team, we are the first home appliance manufacturer worldwide to offer a Beko brand of major domestic appliances line-up* with EPS-free packaging. This lineup that includes

dryer, dishwasher, refrigerator, hob, oven, and washing machine products have launched in IFA 2022 and released into the market in Q4 2023. The aim is to expand it to all product ranges.

Additionally, we used approximately 255 tonnes of 100% recycled and recyclable cardboard and 168.5 tonnes of molded pulp instead of EPS in the hobs, hoods, televisions, tumble dryers, refrigerators, small domestic appliances and consumer electronics categories.

RECYCLED CARDBOARD

As Arçelik, we continue to work toward paper-based packaging consumption while prioritizing the procurement of sustainable sources certified or recycled paper. In 2022, we saved approximately 591,433 trees from being cut down by using 34,790 tonnes of recycled cardboard for products packaging globally. Additionally, 83% of the cardboard used for packaging is either sustainable sources certified.

OTHER PACKAGING STUDIES

- We used approximately;
- 29.4 million recycled PET bottles in the major domestic appliance product packaging strips.
 - 107 tonnes of recycled plastic in accessory and product bags.
 - 85 tonnes of recycled shrink in product packaging.

In 2022, we carried out projects to reduce our environmental impact caused by product packaging:

PRODUCTS*	AREA OF USAGE	MATERIAL	SUSTAINABLE MATERIAL ALTERNATIVES
Major and Small Domestic Appliances, TVs and Consumer Electronics Categories	Outer Box	Cardboard	Recycled cardboard
Compressor, Hobs, Hoods, Refrigerators, Tumble dryers Small Domestic Appliances and Consumer Electronics Categories	Styrofoam	Expanded Polystyrene (EPS)	Recycled cardboard or Pulp mold
Cooking Appliances, Refrigerators, Washing Machines, Tumble Dryers, TVs and Small Domestic Appliances	Accessory and Product Bag	Different Plastic Types	Recycled Plastic or Paper (for accessory bag)
Cooking Appliances, Refrigerators, Washing Machines, Tumble Dryers and Dishwashers	Strip, Shrink Film	Different Plastic Types	Recycled Plastic





PRODUCT STEWARDSHIP

4 Product Use Phase



4 Product Use Phase



Our primary focus is on reducing the overall usage of energy and water in our products, which not only helps our customers save money, but also decreases their environmental impact. To promote sustainability, we engage with our customers through various channels, such as advertisements, documentaries, and publications, to raise their awareness about water and energy efficiency. In 2022, more than 49.4% came from the sales of energy-efficient products, and we continuously strive to enhance the performance of our products year after year. As an example, in Türkiye, we were able to decrease the average energy consumption of our washing machines by 8.2%, and the energy usage of our tumble dryers, refrigerators, and dishwashers were reduced by 4.7%, 0.2% and 0.4%, respectively, compared to the previous year. With the new EU energy label regulation, the lowest energy level for refrigerators, washing machines, and dishwashers has become Class F. Models that were classified as energy efficient in the previous year have now moved into the category of non-energy efficient products in 2022. The main reason for this decline is primarily the transition to this regulation. In the coming years, we will continue to rapidly increase the number of products with high energy ratings.

Some products from our sustainable product portfolio are given on the next pages.

	2019	2020	2021	2022
Percentage of our turnover from Energy-Efficient Product	48	50	51.6	49.4
Percentage of Energy-Efficient Products*	53	57	66	71.7

* Calculations are based on the following formula: (Total energy-efficient eleven product categories' sales quantity/Total eleven product categories' sales quantity)x100. 11 product categories: Dryer, Dishwasher, Freezer & Refrigerator, AC, Oven, TV, Washer Dryer, Washing Machine, Electric Storage Water Heater, Hood.





PRODUCT STEWARDSHIP

4 Product Use Phase



DISHWASHERS

Energy Efficient Dishwashers with Heat Pump Technology

Arçelik's energy efficient technology provides a unique solution for those looking to minimize their carbon footprint with no performance compromise. Our heat pump dishwashers allow users to achieve perfect cleaning results in an energy efficient way. For example, through using innovative heat pump technology, our dishwashers use up to 10% less energy than A energy class limit. The dishes are washed with optimum heat efficiency by reusing heat in a closed loop and using natural air flow when the automatic door opens at the cycle's completion.



Dishwashers with EcoFocus Technology

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

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

SaveWater 6.9 L

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

Dishwashers with SelfDry Function

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



MaxiDry (Dishwasher)

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

AutoDose (Dishwasher)

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

InterAct (Dishwasher)

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



PRODUCT STEWARDSHIP

4

Product Use
Phase

WASHING MACHINES

AquaTech Technology

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



SaveWater Tumble Dryer & Washing Machine Couple

Arçelik's SaveWater technology directs the water collected in the tumble dryer to the washing machine to be used in the washing cycle. The saved water is used in the next wash for the first fill of the washing cycle, providing significant savings in water consumption. In the tumble dryer, up to 5.2 L* water is saved in one cycle which means we are giving the water of 1 of every 12 washes back to you.

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

AutoDose (Washing Machine)

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

FiberCatcher Technology

Arçelik's FiberCatcher Technology includes a built-in microfiber filtration system that can filter up to 90% microplastics. We developed Microfiber filtration technology to prevent microplastics from entering the seas and oceans from wastewater pipes while washing petroleum-based synthetic textile products in washing machines. To help protect marine life, we designed washing machine with an integrated synthetic microfiber filtering system FiberCatcher, which catches up to 90% of synthetic fibers released during synthetic wash cycles. The filter is made using 98% recycled plastic and contains up to 60 recycled PET bottles in its tubs, contributing to marine life conservation. In line with our open innovation and multi-stakeholder approach, we strive to work with different industries, NGOs, universities, and other stakeholders in and outside the sector to develop this technology further.

AutoProgram (Washing Machine)

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

TUMBLE DRYERS

Tumble Dryers with EcoGentle™ Heat Pump Technology

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

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

Tumble Dryers with IronFinish Technology

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



PRODUCT STEWARDSHIP

4

Product Use
Phase

REFRIGERATORS

AeroFlow

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



From fridge
to freezer
with a touch

EverFresh+®

The EverFresh+ technology allows food to stay fresh for up to 3 times longer* in a special crisper compartment. The compartment's humidity is precisely controlled, and condensation is reduced via air channels, temperature variations are minimised, which allows food to stay fresh for longer.

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

Hybrid Cooling - Pakistan

Due to the immature electricity infrastructure in Pakistan, power outages are very frequent in the market. This jeopardizes the safety of food stored in the refrigerator during a power outage. Arçelik's Hybrid Cooling technology, allows food to be stored in a freezer environment for up to 8 hours in long-term power cuts, under conditions suitable for food.

Refrigerators

The most energy efficient refrigerators are available in 60 cm Combi EVO models with B energy class. 60 cm No Frost Combi Refrigerators consume 59% less energy compared to refrigerators with F energy class.

HarvestFresh

HarvestFresh simulates natural 24h sun cycle to preserve vitamins for longer*. The innovative HarvestFresh technology allows vitamins to be preserved for longer*. Unique crisper technology developed for fridges uses not one, but 3 efficient colours, that mimic the 24 hours sun cycle and natural sunlight.

* Tested by third party accredited laboratory based on Vitamin C and Vitamin A measurements in tomatoes, green peppers, carrots, spinach, celery, parsley, coriander, red peppers and kale directly exposed to the light technology compared with Day 0 conditions over a 5-day period.



MultiZone

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

*Tested by internal laboratories

Vacuum Compartment - Hitachi

The Vacuum Compartment provides and protects the vacuum environment by sealing and closing it in a pressure resistant way. The air inside is drawn in via a vacuum pump and reduces the oxygen to achieve approximately 0.8 atm (atmospheric pressure) throughout use.

Solar Fridges

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



PRODUCT STEWARDSHIP

4 Product Use Phase



COOKING APPLIANCES

Ovens

Energy efficiency is considered in our ovens too. Energy classes of all our built-in ovens are A energy class and above. The most energy efficient ovens have A++ energy consumption.



Hoods

Motor technology in inclined and T-type hoods is designed for a quieter, longer-lasting, and more energy-efficient experience. Inclined-type hood with A++ energy consumption, connectivity with HomeWhiz, and automatic working with HobtoHood connection.

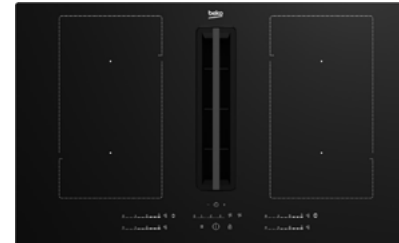
AeroPerfect™ Technology (Oven)

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

Split & Cook (Oven)

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

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



TempAssist (Hob)

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

Hob Extractor

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

Hob To Hood Connectivity

In Hob to Hood Technology, the hood communicates with induction hob to automatically adjust its ventilation level according to cooking needs. The hob and hood both are equipped with Bluetooth modules for communication. The hob evaluates the operation on zones and calculates an optimum operation speed for the hood. After calculation, it sends this optimum speed to hood via Bluetooth connection. Also, both hood & hob have additional Wi-Fi modules for connecting to HomeWhiz app so that you can control your appliances from your mobile as well. It's through the hob's Bluetooth technology, they're able to be in constant communication with the hood fan and it's through this innovation that households are able to use optimum energy at optimum speed.





PRODUCT STEWARDSHIP

4 Product Use Phase



TELEVISIONS

TV's Remote Controllers with Eco Mode

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

TV's with Ambient Light Sensor

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

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

SUSTAINABLE SMART SOLUTIONS VIA HOMEWHIZ



Eco Fuzzy Mode for Refrigerator

Eco Fuzzy Mode for refrigerators is the economic mode for freezer compartment of the fridges. If Eco Fuzzy mode is selected, refrigerator can be used in economic mode after 6 hours unless the door is not open during this period.

Energy Tracking in Air Conditioners

Wi-Fi connected air conditioners may track and monitor energy consumption, so precautions can be taken and intelligent recommendations can be provided to the users so they can take steps to reduce their energy consumption.



Door is Open Notification for Refrigerator

Connected refrigerators notify users if the door remains open to prevent food waste and food damage.

Electricity Cut - Off Warning for Refrigerator

This prevents food waste and damage with the help of electricity cut - off warning on HomeWhiz. Users may get notification if an electricity-cut off is occurred.



Energy & Water Consumption Indicator

Energy & water consumption recommendation feature provides an environmental-friendly solution. It gives the opportunity to compare selected programs in terms of consumption. To protect natural resources, by considering the consumption values, the program that consumes the least can be selected by the user.



PRODUCT STEWARDSHIP

5 Repair and Remanufacturing Repairability



5

Repair and Remanufacturing Repairability



REPAIRABILITY

To serve the circular economy concept, Arçelik has established a solid and user-friendly system that increases the repairability of products such as washing machines/washer dryers, refrigerators, dishwashers, and televisions. Thanks to this system, which was implemented in 2021 in accordance with eco-design regulations, we provide defined spare parts and related instructions to our customers online.

Our system, which is available in 24 languages, eliminates our customers' access and replacement problems regarding spare parts by removing the need to call a service agency for minor interventions and parts. The system is accessed via our website and includes 75 country brand pairs in 33 European countries, including Türkiye. In addition, we provide private label and original equipment manufacturer customers access to the system so that they can benefit from all necessary service documents and spare parts.

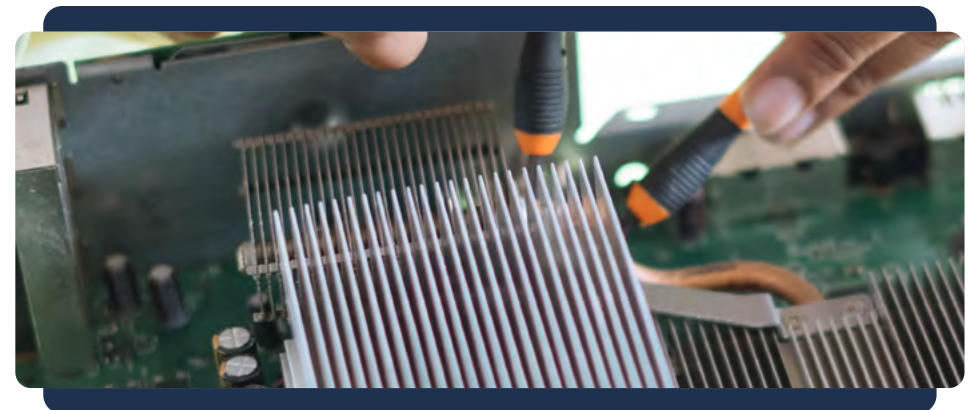
With the provisions following the Circular Economy Action plan, the assessment and representation of the repairability of products will be mandatory in EU. France has been the pioneer country in Circular Economy efforts since 2020 by publication of France Anti-Waste and Circular Economy Law also known as AGECE Law. In January 2021, as a provision of AGECE Law, France became the first country to provide a repairability index for five categories of electronic devices (smartphones, laptops, washing machines, TVs, and lawnmowers). The index aims to provide consumers with transparent and reliable information about product content and encourages consumers to make more informed and sustainable choices while guiding manufacturers to offer more circular products. On November 2022, the coverage of the French Repairability Index is extended to top-loading washing machines, vacuum cleaners (cordless, corded, and robot), dishwashers and high-pressure cleaners. The Index evaluates products with documentation, disassembly, availability of spare parts, price of spare parts and product-specific aspects such

as usage-meter and software reset. The product's final score out of 10 is then presented with a pictogram showing the level of repairability of the product and displayed to the consumer in-store and online.

At Arçelik, we immediately took the necessary improvement actions to reach higher repairability levels scores. Our products are constantly evaluated by the quality and structural design teams and relevant repairability improvement projects are initiated based on the data received from authorized services (authorized services or authorized repairer). In 2021, we introduced a usage-meter for washing machine products and in

2022, this feature is also integrated into dishwasher products. Component designs are altered by introduction of indicators so that the repair actions get easier to execute with better understanding of the structure. With these continuous improvements, we aim to be the leader in the Repairability Index in the French market.

We completed the transition to the repairability index of our Beko washing machines in France and launched them on the market in early 2021. We distribute our spare parts to our major distributors from our headquarters in Rouen, France. We have 90 approved technical stations to support our customers and their built-in appliances.





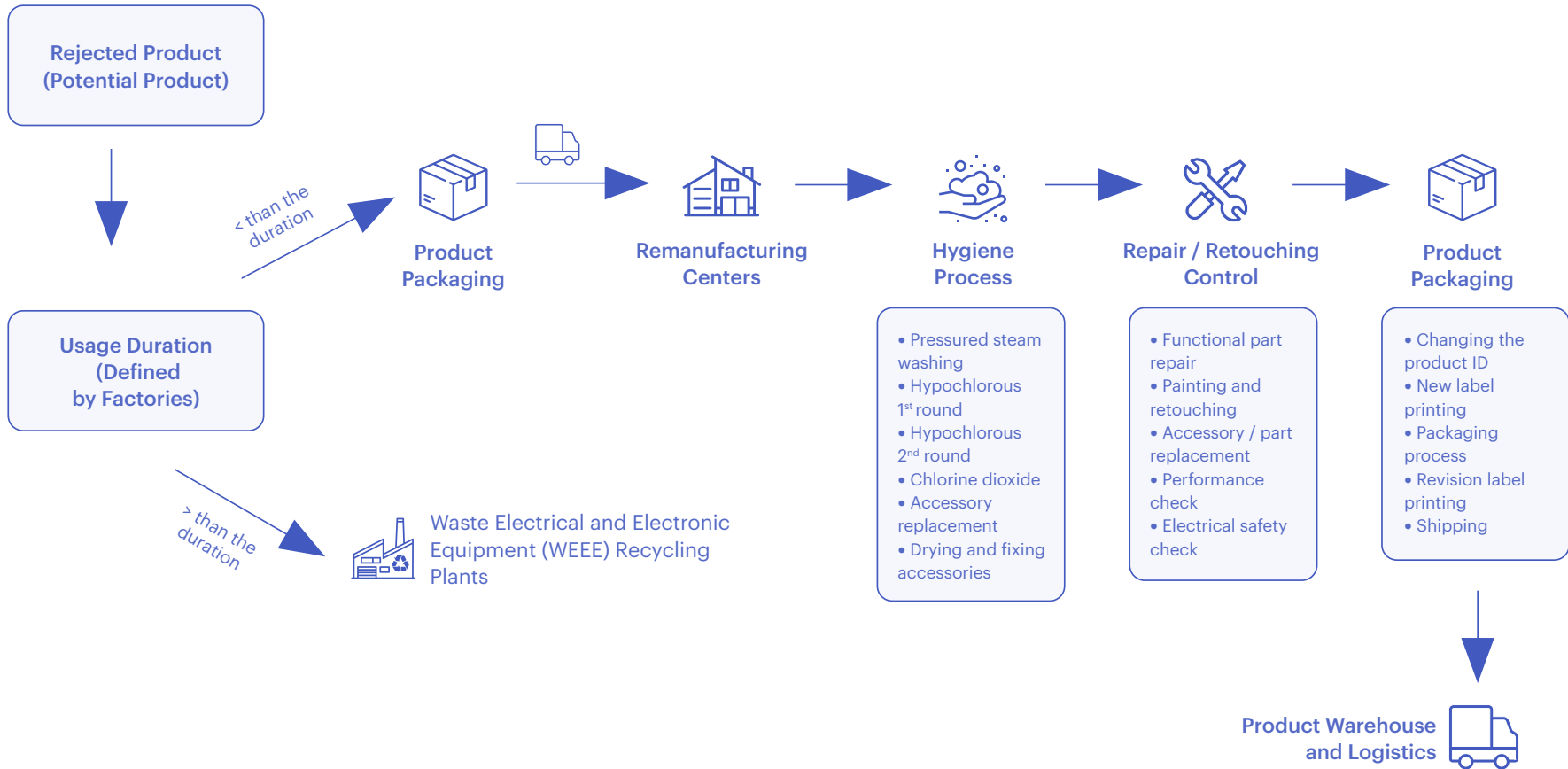
PRODUCT STEWARDSHIP

5 Repair and Remanufacturing Repairability



REMANUFACTURING

To encourage reuse and resource efficiency, remanufacturing centers have been available at our Türkiye plants since 1997. Refurbished products refer to the products that have been used for a certain period at the customer, products with cosmetic defects displayed in dealer stores or products that have been damaged in logistic process. Such products are reprocessed and resold to the consumer at a reasonable price. With part replacements and comprehensive performance tests, product quality and performance features are brought to the same level as the new product. In 2022, 54,629 products including consumer electronics, televisions, major and small domestic appliances are refurbished.





PRODUCT STEWARDSHIP

6 End of Life Responsibility



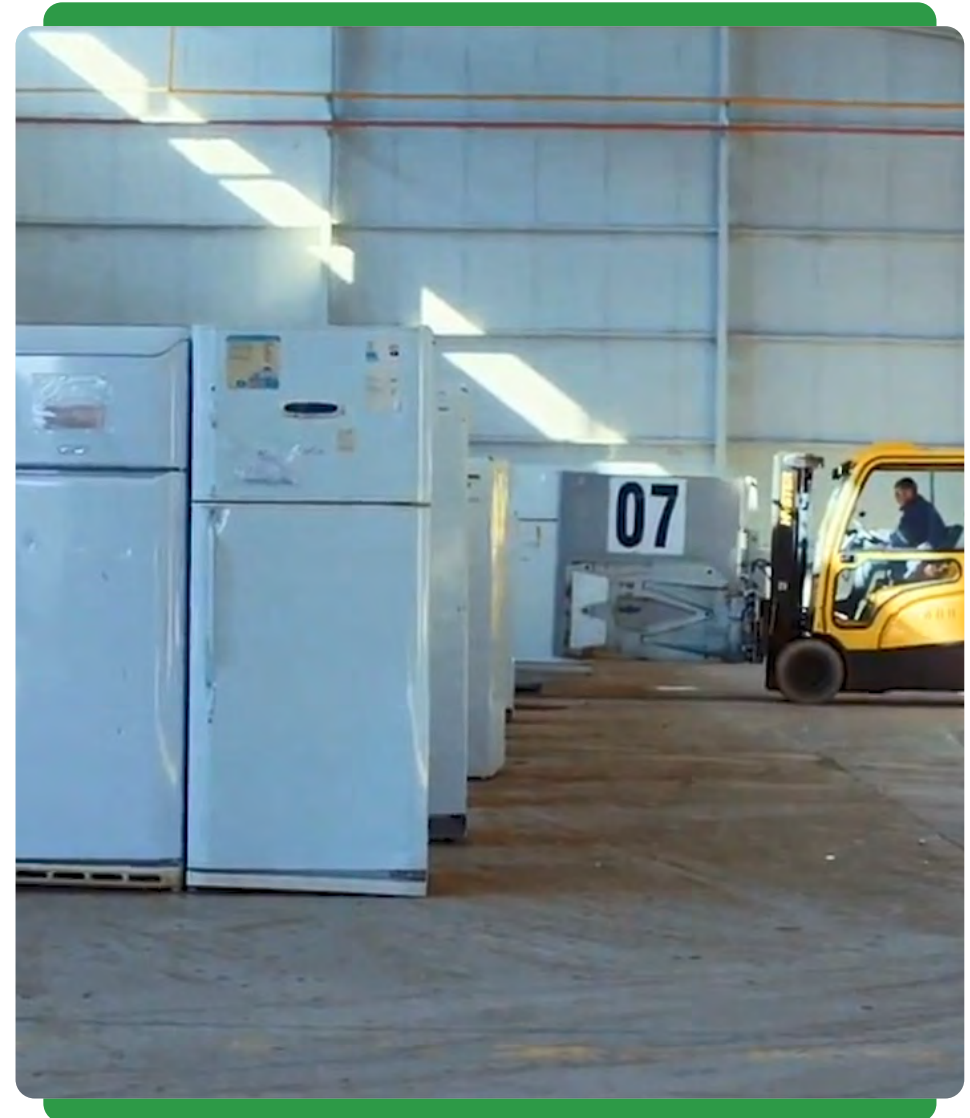
6 End of Life Responsibility

We established two Waste Electrical and Electronic Equipment (WEEE) Recycling Plants in Türkiye in 2014. Through our extensive network of authorized dealers and service shops, we collect old products from the market, regardless of brand, and replace them with new, energy-efficient items. The products collected from the market are then recycled in these plants: refrigerators at the Eskişehir plant, and other white goods and SDAs at the Bolu plant.

Since 2014, we have recycled roughly 1.65 million WEEE units in our WEEE recycling plants. We saved 469 GWh of energy between 2014 and 2022 by replacing old, high energy-consuming products with new, energy-efficient products. This is equivalent to the daily electricity consumption of about 54

million Turkish households. This quantity is also equal to the annual energy production of 69 wind turbines with a capacity of 2.5 MW each. In addition, by recycling waste products, we have prevented about 214,000 tonnes of CO₂ emissions. In terms of water, we saved approximately 8.3 million tonnes of water by replacing old-tech products with new ones. This quantity is equivalent to nearly 10.2 million Turkish households' daily water consumption.

Arçelik's businesses in other countries meet their producer responsibilities under WEEE management through compliance schemes which they join.





GREEN FINANCING

GREEN BOND

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

GREEN LOAN

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

€350 mn

GREEN BOND

+175

INVESTORS

5 year

MATURITY

€1.6 bn

DEMAND

3%

INTEREST PER ANNUM

0.5

IMPROVEMENT ON INITIAL PRICE TARGET (IPT)

For detailed information, please refer to [Green Financing Framework](#).

Please refer to [Arçelik’s Green Bond Allocation and Impact Report for years 2018-2021](#).

Please refer to [Green Bond Allocation and Impact Report 2022](#).



Introduction

Strategic Approach
to Sustainability

In Touch
with Our Planet

**In Touch
with Human Needs**

In Touch
with Business

Annexes

A group of diverse people of various ages and ethnicities are standing in a circle on a grassy field, holding hands and raising them in the air. The scene is set outdoors with trees in the background under a bright sky. The text is overlaid on this image.

Home is
a Resilient
Community that
Reaches its
True Potential.



IN TOUCH WITH HUMAN NEEDS

We focus on improving people’s lives by staying In Touch with Human Needs. In line with our vision – **Respecting the World, Respected Worldwide** – and our ambition, we set targets and strategic priorities for human needs. Based on our Corporate Citizenship approach, we aim to operate as a purpose-driven brand, and we work to remove the barriers to society’s progress and development to achieve long-term value for our entire community.

 *Please refer to the Sustainability Targets section to explore Arçelik's social targets and its 2022 progress.*



Related Capitals



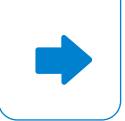
Natural



Intellectual



Human



CORPORATE CITIZENSHIP

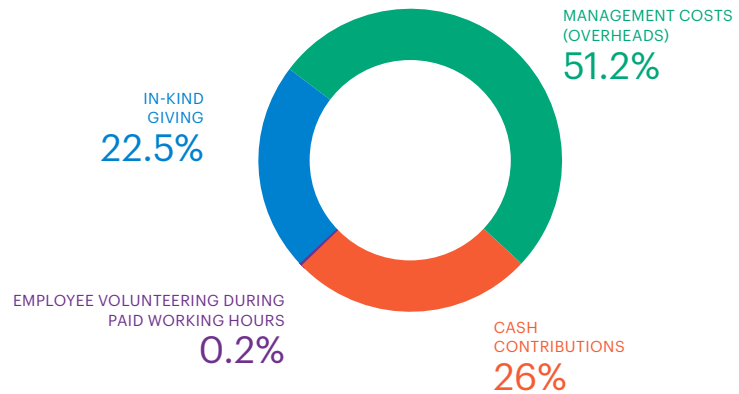
At Arçelik, we are aware of the impacts of our operations, programs, and products on local communities and societies. Our corporate citizenship approach, which is guided by *Our Global Corporate Citizenship Policy* and *Our Civil Society Cooperation Policy*, is centered on respect for society and aims to create a better world for future generations. In both our operational geography and beyond, we implement various social projects by focusing on the fields of education, gender equality, inclusion and diversity, food waste, healthy living.

Developing community investment programs, being a significant partner in commercial initiatives, and providing charitable donations are some of the actions within our corporate citizenship vision. To analyze our impact, we observe, calculate, and report the expenses related to corporate citizenship activities. These expenses include direct costs such as cash contributions, in-kind giving, management costs and indirect costs such as employee volunteering.

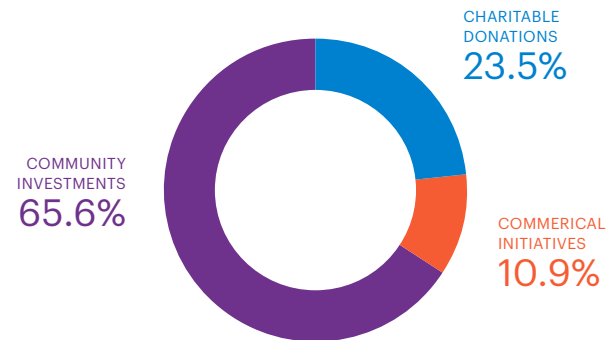
We spent EUR 4,407,348 on corporate citizenship activities



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



Type of Philanthropic Activities





SUPPORTING SOCIETY WITH EQUAL OPPORTUNITIES AND INCLUSION

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

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

GENDER EQUALITY

We promote gender equality throughout our supply chain and the society we engage with. We have been a signatory of the WEPs (Women's Empowerment Principles) since 2017, and actively promoting gender equality among key stakeholders, raising awareness, increasing women's employment opportunities, and supporting their professional development. In addition, in cooperation with the UN Women's Generation Equality Forum, under the leadership of Koç Holding, we launched a gender equality movement in technology and innovation. We became a supporter of the Action Coalition platform and submitted our commitments to achieve concrete

change in the technology and innovation field for women, by 2026.

 [Click to see our Action Coalition targets.](#) 

Our commitments include the following gender-equality projects:

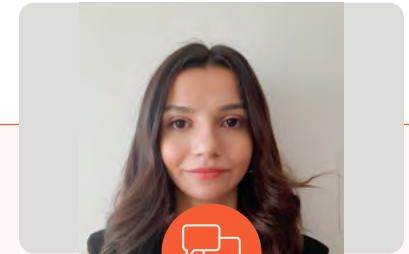


WE-inTech

As part of our Action Coalitions commitments, in 2019, we launched "You are an Engineer, You are with us" project, which aim to encourage the next generation of women engineers and R&D professionals in Türkiye. However, we decided to expand this project for women studying in engineering and

science faculties at universities in three more countries (Romania, Pakistan, and South Africa). Therefore, in 2022, the project was rebranded as "WE-inTech" to expand the scope of the project in global manner and will be adapted according to the local needs of the targeted countries to increase the presence of women in R&D and innovation fields.

The "WE-inTech" program has started to reach 3rd or 4th grade women university students to support their career development in R&D and innovation and to ensure their full and effective participation. In 2022, in the light of our Action Coalition commitment a global program was conducted and 44 women engineering students from Türkiye, Pakistan, South Africa and Romania participated in three-day webinar event, reaching 162 women students in total since 2019. Following the event, the program will continue with a one-year mentorship process and more seminars and trainings. Three days of workshops included training, inspirational speeches, and discussions with senior management. To represent the dynamic and social structure of next



One of my greatest excitements when starting the We-inTech program was the opportunity to be a part of the next-generation R&D experience in the Arçelik R&D ecosystem. After three days of idea development workshops, inspiring speeches, and various pieces of training, we started our one-year journey by working on a project with our mentors. In addition to serving as a great source of motivation for working in R&D fields, the program also provides the opportunity to get to know the company culture of Arçelik Global.

BUKET ERDOĞAN
We-inTech 2022 Program
Participant



SUPPORTING SOCIETY WITH EQUAL OPPORTUNITIES AND INCLUSION

generation R&D, students had a chance to practice what they have learned in agile project management and design thinking concept development sessions. For three days, students studied within diverse teams and worked with mentors to generate ideas on the topic of "Life at Home. In addition, students will be evaluated for internships, and job opportunities in open roles for R&D and production technologies fields.



500 Women Technicians ● ● AC

Increasing the share of women employees working in STEM (Science, Technology, Engineering, Mathematics) areas at Arçelik is one of our Action Coalition commitments. We aim to increase the proportion of women

technicians working at Arçelik Authorized Services from 6.7% to 14% by 2026. Therefore, we designed the 500 Women Technicians program to enable women to gain new professional technical competencies and to provide equality through talent transformation. However, in 2020, when the '500 Women Technicians' project started, only 1.5% of technicians were women employees. At the same time, the transition of authorized services to the central call system has raised concerns about potential job losses for women. To address this issue, the Arçelik Service Academy provides technician training to women, enabling them to upskill and continue their careers in the technician network. Therefore, potential job losses were prevented and also gender diversity and inclusion in the technical workforce was promoted. In 2022, with 8 new trainings given to new women technicians and women technician ratio was increased to 8% with a total of 482 active women employees.

Equal Dictionary ●

At Arçelik, we promote gender equality by leveraging the power of technology.

We create Equal Dictionary keyboard which is an application that supports gender equality in language by using technology. It can be used on mobile devices and computers and warns or offers alternative expressions when users use sexist, derogatory or discriminatory expressions while messaging. In 2022, the mobile application of Equal Dictionary keyboard was downloaded a total of 3,101 times and users were offered 599 new word suggestions instead of sexist expressions.

Industry 4.0 Skill Development Program for Women Operators ●

Industry 4.0 Skill Development Program for Women Operators is designed specifically for women operators to enhance their professional development in line with our approach of supporting women employees in all areas of working life. The aim of the program is promoting the participation and contributions of women in the Industry 4.0 transformation. Therefore, this program offers a comprehensive 26-day behavioral and technical training for development of women operators.

In 2022, 16 women participated in the program.

QUALITY IN EDUCATION



Digital Wings Project ● ● AC

The Digital Wings project aims to contribute to gender equality in business life by equipping young girls with technology and 21st century competencies. As part of our Action Coalition commitments, via the Digital Wings Project, we will provide technology-design, IT and software training to 100,000 girls (aged 10-14) in 81 provinces in Türkiye until 2026 To achieve this goal, in cooperation with the Ministry of National Education, we prepared textbooks for the 6th, 7th and 8th grades which enable students to strengthen their technological



SUPPORTING SOCIETY WITH EQUAL OPPORTUNITIES AND INCLUSION

literacy and develop their creative problem-solving skills by presenting their project studies. The program, which began with the training of 200 teachers in 2020, resumed in 2022 following its suspension due to the pandemic. A 3-day training for teachers was conducted in October, with the participation of 241 teachers from 81 provinces. Starting in 2022, the program aims to reach 20,000 students annually until it is completed in 2026.

What's Next?

The students and schools in the 11 cities, which were included in the scope of this project, were seriously affected by the major earthquake that happened in Türkiye in February 2023. For this reason, our target is suspended for the 2022-2023 academic year in these cities. Now, Arçelik is redesigning the content and implementation method of the project in the affected areas.



PREP ●

We organize a mentoring program, PREP, that aims to strengthen university students' competencies, prepare them for the future and make them a part of the digital transformation. Thus, PREP offers technical, soft-skill, and language training to students. The program, which started in 2021 with 2 universities, continues in the 2022-2023 period with 9 universities. 25 students participated in "Prep 1.0" and 111 students participated in "Prep 2.0". A total of 16 people were recruited as staff and 17 people were recruited as project engineers from "Prep 1.0" and "Prep 2.0." In addition, agreements have been made again with 9 universities including Ege University, Fırat University, Eskişehir Technical University, Eskişehir Osmangazi University, Istanbul

Technical University, Kocaeli University, Celal Bayar University, Bolu İzzet Baysal University and Gebze Technical University for the "Prep 3.0" and the application period has been completed.

A Ticket for Your Future ●

The "A Ticket for Your Future" program was designed to bring best talents in foreign countries back to Türkiye by reversing the brain drain. Although the project was temporarily suspended in 2020 and 2021 due to the pandemic, in 2022, the scope of the project has been revised and strengthened by taking into account the trends in talent acquisition and the expectations of candidates. In line with this purpose, successful Turkish students studying at the 3rd and 4th year undergraduate, graduate or doctoral levels of universities abroad were contacted. In 2022, 19 students participated in the 2-week program. Throughout the program, new products and business models on sustainability were studied with design thinking methodology. Students developed their ideas in 4 groups with the support of mentors from our company. At the end of the program, projects were presented

to the top management and feedback was received. In addition, 7 out of 46 participants included in the Program started to work at Arçelik.



Erasmus+ VET Learner and Staff Mobility Accreditation and First Term Vocational Training Mobility Project ● Erasmus+ VET Learner and Staff Mobility Accreditation is a tool developed for institutions and organizations that want to implement cross-border exchange and cooperation in the field of vocational and technical education. As Arçelik, we believe that Erasmus+ accreditation provides significant improvement opportunities for organizations to support vocational



SUPPORTING SOCIETY WITH EQUAL OPPORTUNITIES AND INCLUSION

and personal development. Thanks to this project, we became an accredited institution in 14 countries, and we organized vocational training activities that lasted for 47 days. Our program, which is valid for 2021–2027, supports initial and continuing vocational education and training, and work-based learning in all its forms. In 2022, we hosted 79 students and 13 teachers from different geographies such as Romania and the Czech Republic at our production facilities and provided them internship opportunities with the newest technologies, improving their knowledge and competencies and learning different cultures. A grant of EUR 312,730 has been allocated to the second term of projects, which will last until August 31, 2023, and 80% of this amount is transferred to our projects.

EMPOWERING ENTREPRENEURSHIP ECOSYSTEM

Beko 100 Women Dealers

As one of our Action Coalition targets is to increase the number of women entrepreneurs, we designed The Beko 100 Women Dealers project which is

a purpose driven project supporting women's economic empowerment and strengthening the role of women in business life and society. Our target is to raise the share of women dealers at Beko from 4.8% to 25% by 2026.




As the main drawback for women entrepreneurs was to find sustainable, profitable, and long-term investment opportunities, Beko aims to provide strong and reliable support to women entrepreneurs, regardless of sectoral experience, when they step into business life. As part of the project, women entrepreneurs are empowered by means of training on finance, product and sales, and mentorship activities while being assisted with finding suitable store

locations, decoration, and rent support, a free cash register obtained from TOKEN financial technologies, and extra display package discounts.

Within the scope of the “Beko 100 Women Dealers” project, the rate of women dealers increased from 4.8% to 9% with 92 dealers and 99 stores in 2022. Thanks to the project, women employment ratio in the dealers and their stores has increased to more than 50%.

In 2022, the project was awarded the “Golden Stevie Award” in the category of “Diversity, Equality, Inclusion” by the Stevie Awards, which is one of the world's most coveted prizes for achievement in business for organizations and individuals.

 [For more detail about Golden Stevie Award, please click here.](#)



Arçelik Garage Innovation Hub Action Coalition Target

As Arçelik, we started fund transfers and entrepreneurship programs for women entrepreneurs and their candidates within the scope of the “Action Coalition” and “Garage Innovation Hub”. In this way, thanks to the “Limited Partner” agreements signed with Venture Capital funds, we succeeded in reaching our 2026 target of transferring funds of 4 million Euros in our first year.

In addition, we set sub-targets for each year in order to reach women



SUPPORTING SOCIETY WITH EQUAL OPPORTUNITIES AND INCLUSION

entrepreneur candidates who want to set up their own technological enterprise and women who have already a technology startup. The sub-targets set and realized for 2022 are listed below:

- Supporting 250 women entrepreneurs / entrepreneur candidates in 2022

✓ As of the end of October, with acceleration, mentoring, hackathon and ideathon program, 359 women entrepreneurs/entrepreneur candidates were reached.

- Facilitating the transfer of funds of USD 4 million to women entrepreneurs

✓ A fund of USD 8 million was transferred in 2022.

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

What's Next?

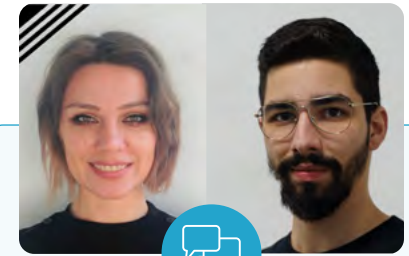
Based on the results achieved in the first year, we revised this target. While the target of reaching women entrepreneurs was decreased to 2,500 due to the low number of women entrepreneurs in the entrepreneurship ecosystem, the financial target was increased to 30 million dollars since it was achieved in the first year. Our new target is "Reach 2,500 women entrepreneurs through global-scale entrepreneurship programs and contribute to fund transfers for women-led startups every year."

Hack the Normal Sustainability ● ●

We held the third Hack the Normal online hackathon, which was hosted by Garage Innovation Hub and Beko on May 13-15th, 2022, following the event in Africa in 2021. With the main focus on sustainability, we structured the project as an open innovation gateway for the

European Innovation Ecosystem. Hack the Normal Sustainability, organized by the Next Web and Financial Times Talent, supported participants in developing sustainable living solutions and new technologies through training and mentorship during a 2.5-day hackathon. With 700 participants from 70 countries, who created unique and practical solutions to some of the most significant environmental issues, including climate change, water management, and circular economy, Hack the Normal was the biggest hackathon with its sustainability theme and was the first carbon-neutral hackathon. It also provided the opportunity for winners to participate in 'Startup Wise Guys' accelerator program to commercialize and develop their project, in addition to EUR 50,000 monetary prize.

Nine winners of Hack the Normal Sustainability completed an 8-week online acceleration journey, prepared by Startup Wise Guys. During the program, the teams developed their business models and products by participating in training and coaching sessions while



"We had an amazing time during Beko's "Hack the Normal Sustainability" hackathon and have learned about business models, customer validation, MVPs, and much more.

What we wish we knew before the Hackathon is that communication is the key. The more you communicate in the team and with your mentor, the better and quicker you will solve the problems. It's good to take often breaks to give a quick rundown of what you are doing and planning (and do plan backups). And the most important is to let yourself have fun and enjoy the experience of the Hackathon, it's the best gift!"

ANIDA AND NERMAN
Parabola Team at Hack The Normal Sustainability Program



SUPPORTING SOCIETY WITH EQUAL OPPORTUNITIES AND INCLUSION

 **2.5 day**
Hackathon

 **70**
countries

 **+700**
participants

 **EUR 50,000**
prize pool

 **Topics:** climate change, water management, and the circular economy

 **“Start-up Wise Guys”** Participation


benefiting from the mentor network of both Startup Wise Guys and Arçelik. The program focused on three areas:

1. Forming a solid team
2. Offering a viable product that meets the needs of consumers
3. Creating an attractive investor deck

Some teams graduating from the program prepare for an investment tour,

while others work with our partners and us to develop partnerships.

In addition to awarding the top 3 in 3 categories as last year, we also awarded 9 teams as the Beko Special Award this year.

 *For more information, please [click here](#).*

Accessibility Hackathon ●

Accessibility Hackathon is an online program designed by our Garage Innovation Hub, Amazon Web Services (AWS), and Futurlinn to encourage the generation of new ideas focusing on accessibility problems in the home, public and other areas. 118 people applied as team members and individuals. The participants in this event, held on October 28–30, had the chance to expand their networks while receiving online training and mentoring in entrepreneurship. Three teams were entitled to receive EUR 3,450. In addition to these rewards, the winning team was entitled to receive a pre-incubation program by Garage Innovation Hub for two months.

CATEGORY	TEAM	DESCRIPTION
Circular Economy	Salubata	Sustainable modular shoes from PET recycling
Circular Economy	Team 5	ESG Pension Fund for reassuring after sales support and lengthening the life/repairability of products
Circular Economy	Team Obsoletely	E-waste management solution
Water Management	Koalas/Ozoner	Ozoner technology for low temp / no detergent laundry
Water Management	Shaypers	Water leak detection system
Water Management	Aqua Gratis	Recycled water solution for newly fitted bathrooms
Climate Change	Cool Team	Smart lock system that auto-switches off the electricity of unused devices at home (e.g. TV, stereo etc)
Climate Change	Parabola	Sustainable AC design approach (solar powered, new fan design)
Climate Change	Appliansaver	Low energy consuming appliance marketplace





SUPPORTING SOCIETY WITH EQUAL OPPORTUNITIES AND INCLUSION

SUSTAINABLE LIVES AND PROTECTING NATURE

Ghost Fishing Nets Project with WWF ●

As Arçelik, we implemented a project with WWF Türkiye (Doğal Hayatı Koruma Vakfı - World Wide Fund for Nature's Türkiye Office) and Marine Life Conservation Society for ghost fishing nets that threaten biodiversity. Within the scope of the "Ghost Nets Project", ghost fishing nets detected during exploratory dives in the Prince Islands in the Sea of Marmara were removed with special dives. The removed fishing nets will be recycled and used in our products. Awareness seminars will be held for fishermen and local people, a local communication mechanism will be established where they can inform when they lose the net, and the environmental and aquatic life impact of the project will be determined and reported with the contribution of academics.



"Marine Life Conservation Society carries out important works for the future of the Marmara Sea, the last refuge of the Mediterranean, Black Sea and Aegean, and the entire sea-ocean ecosystem. Like our other stakeholders, Arçelik's contribution and support is important in the projects we carry out for the cleaning of plastic, ghost nets and other fishing gear that pose a great threat to the sustainability of marine life and biodiversity all over the world. It is our biggest goal to leave cleaner seas for future generations, and to reduce sea pollution and its impact on marine life, with these multi-stakeholder works carried out with the public, non-governmental organizations, universities and the private sector."

VOLKAN NARCI
President, Marine Life
Conservation Society



"In WWF-Türkiye, we are working to stop marine pollution and reverse its impact on marine species. Ghost gear is the most deadly form of marine plastic pollution and its elimination is essential to preserve the health of our seas. We believe that our partnership with Arçelik to remove abandoned fishing gear and to raise awareness for this silent killer of the deep is critical in decreasing the amount of ghost gear, both directly and indirectly. With a broader understanding of the immense pressure the human activities put on our seas, mitigating and reversing our impact is together possible."

ASLI PASİNLİ*
CEO, WWF-Türkiye

* Photographer: Mert Terliksiz

Arçelik, İyi-Ge ●

Based on our "The world is our home" approach, we develop ideas and projects that will help create a better world, better home. We aim to design houses with love for a sustainable society. In this context, our slogan of "Designs innovation with love", which has been placed in the minds of consumers a long time ago, has been transformed into "Arçelik, designs goodness with love". This transformation and this new purpose were explained to consumers with a very simple question asked to find out how to improve life and the world: "What can be done?".

With the difficulty and length of the journey in mind, the Goodness Development Board (İYİ-GE), which stand for goodness development, was established in July 2021 to tackle this question. Consisting of representatives of Türkiye's leading NGOs, scientists, climate activists, and artists, the İYİ-GE Board works every year to develop new solutions for responsible production and responsible consumption. By including İYİ-GE in our decision-



SUPPORTING SOCIETY WITH EQUAL OPPORTUNITIES AND INCLUSION

making processes, we create a multi-voiced, transparent structure in our sustainability activities. As a responsible company that operates by considering the future of our planet and the environment, we aim to grow and develop our activities in this field through collaborating with other stakeholders.

The first project of the İyi-Ge Platform "Climate Friendly Movement", which was launched in 2022, aims to mobilize consumers by minimizing the water and energy consumption and waste amount of every household in Türkiye. The Climate Friendly Movement raises awareness of the climate crisis and transforms lives.

İyi Gelen Innovation ●

İyi Gelen Innovation Program (Do-Good), has started creating new product and service ideas that endow climate-friendly home concepts for responsible production with our Brand Management team and İyi-Ge Committee. The program began on November 18, 2021 and lasted 2 months. The design thinking process is applied

during the program in 7 sessions with 16 İyi-Ge Committee members and 20 Arçelik participants from different departments. The participants identified 93 problems, of which 24 were prioritized. Consequently, 68 ideas and 8 concepts were developed. At the end of the program, 3 ideas were transferred to the company product roadmap, and pre-feasibility studies were carried out for the top prioritized idea.



Grundig, Respect Food ●

While Grundig aims to inspire people to take a step for a better future without compromising on quality, sustainability, and aesthetics, it emphasizes that a better future starts from our homes and introduces its tagline as "It Starts at Home". With its technologies that reduce carbon footprint and its "Respect Food" program, the brand encourages consumers to choose sustainable alternatives.

The technologies that Grundig developed with a better future vision, help responsible consumption. It brings products and technologies with reduced environmental footprints that contribute to the circular economy with energy efficient products, washing machine tubs produced by using recycled PET bottle, microfiber filter that prevent microplastic from entering water resources, recyclable packaging. It also aims to raise awareness by the advertisement investments for these products and technologies.

Moreover, with the "Respect Food" approach, Grundig develops new

technologies and conducts joint projects with national and global organizations for tackling food waste. For instance, it releases refrigerator technologies that preserve food in the freshest way and cooking technologies that cook food in the most optimized way that eliminates waste of uncooked or burnt meal. In addition, Grundig organizes the "Respect Food" campaigns to raise awareness about food waste. With the communication campaigns created for the "HotAero Pro" technology in the cooking category and "Grundig Aerofresh" technology in cooling category, consumers were encouraged to take steps against food waste.

Furthermore, in 2022, Grundig carried out its roof campaign, "eco-anxiety", to encourage consumers to take responsibility with its sustainability vision and addressing the consumer's concern for the future. Another example of food waste communication campaign is Grundig's communication campaign for 2022 World Food Day. With this campaign, Grundig reaches millions of people with its content that will raise



SUPPORTING SOCIETY WITH EQUAL OPPORTUNITIES AND INCLUSION

awareness about the extent of food waste, waste areas and prevention. It aims to raise its voice and to take more steps to reduce waste through various partnerships.



Beko Global, Shed That Carbon ●

In its 60 years of history, Beko has always been guided by the aim of offering innovative products that are good for the planet and consumers. The purpose of Beko is to develop healthy technologies and enable future generations to have a healthier life in a healthier world. For this reason, Beko works tirelessly to provide technologies and solutions to protect the health

of both humans and the planet. In order to protect human health, Beko introduces a wide range of technologies that protect the nutritional values of food and healthy cooking methods. Furthermore, with the belief that a healthy life is only possible on a healthy planet, Beko works to bring technologies that protect nature. It strives for the conscious use of natural resources and reduction of carbon footprint with products that include recycled and natural materials, energy, and water efficient technologies.

Beko also conducts campaigns to raise awareness among its consumers about environmental issues and encourage them to take action. In 2022, the "Shed That Carbon" campaign was launched to raise awareness among individuals about their personal carbon footprints and encourage them to take steps to reduce their carbon emissions. At the end of the campaign, 17.1 million people and 619 million video views were reached. 4.5 million people interacted with the ads to get more information and 3 million people visit our website.

CASE STUDY - Dawlance

Dawlance has worked to communicate effectively with consumers through theatre, cricket, literary festivals, and cooking shows. As part of its environmental benefit strategy, Dawlance committed to developing a sustainability project in 2021 and planted 10,000 trees in 2022 to offset its carbon footprint. The first phase of tree planting took place with the planting of 2,000 walnut trees in Chitral, which will help offset the carbon footprint from the customer service operation. In addition, Dawlance has collaborated with the Hunar Foundation to recycle the POS materials used/has been used in various promotional activities into stylish tote bags.

CASE STUDY - Beko Thailand

Beko aims to enhance the marine ecosystem and promote the conservation of nature resources, including coral reefs and aquatic life, while also raising awareness of environmental responsibilities and mitigating the impact of global climate change. To achieve this goal, around 100 participants, including Beko employees, their families, and students, came together to plant coral and release 80 aquatic organisms into the marine environment.



CORPORATE VOLUNTEERISM



Corporate volunteerism is a fundamental part of corporate citizenship at Arçelik. We encourage our employees to become active and responsible global citizens who strive to be a part of the solution.

The priority areas of action in line with our material sustainability issues are identified in our Corporate Volunteerism Policy:

Raising awareness of environmental sustainability, particularly on plastics and the climate crisis

Providing digital skills and competencies

Providing technical skills through education and training

Promoting gender equality and women's empowerment

Arçelik Volunteers initiative was established to bring together Arçelik employees from all over the world who want to volunteer and create a greater impact. Therefore, Arçelik Volunteers invite all Arçelik employees to take action with the projects they develop in areas prioritized as a strategic global team. Employees can join the Arçelik Volunteers Club in any country where Arçelik does business. Each location has an ambassador who conducts, coordinates and reports the local activities.

Arçelik Volunteers use technology to create a better future and provide sustainable solutions that benefit both society and the environment under the "We Share We Care" initiative. We share our knowledge and expertise with others in a kind and generous way. We strive to make the planet, our lives, and technology better through socially responsible initiatives and act as responsible global citizens with good relationships and professional attitudes. We create value for all stakeholders in our entire value chain.



CORPORATE VOLUNTEERISM

Arçelik Volunteers:

Work to develop technologies and solutions that serve the local needs and priorities of people living in countries where we do business.

Focus on sustainable life through events and projects.

Addresses social problems. Act to solve these problems.

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

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

Respect the environment and lead environmental sustainability efforts.

Believe in gender equality and equal representation.

Keep up to date with all digital and technological developments.

To raise awareness for healthy and sustainable living and the importance of environmental clean-up, a plogging activity was carried out with Arçelik employees in 50 different locations around the world within 24 hours in October 2022. Our employees in 50 different locations around the world carried out plogging activities within

24 hours in October 2022. With the plogging activity, paper, plastic, metal, and glass wastes left in natural areas are collected by more than 2000 Arçelik employees who traveled approximately 202 km. Our employees collect a total of 5 tons of recyclable waste and transporting it to recycling facilities.



"I do go out to walk or jog sometimes but first time to do plogging - walking and pick litter at the same time. I didn't even notice that there's so much cigarette butts in the beach which is the world's most littered plastic item. It was really fun and fulfilling experience together with my AHME team knowing that we contribute to care for the environment and our community."

ALMA AVENDANO
Arçelik Dubai, United Arab Emirates



"First of all, it felt so great to clean environment... But the better point is we did this TOGETHER :) And I realised that; Normally we think "we protect environment that we own" However I understood "we own environment that we protect". Because after the plogging activity I wanted to visit the area again with my family and the reason why I was feeling that is my area and I have continue to protect it. I wanted to be there...We went there, we spent time and I saw again what we have done. It was very proud..."

ALPTUĞ AY
Arçelik İstanbul, Türkiye



CORPORATE VOLUNTEERISM

CASE STUDY

In Thailand

Beko carried out a biodiversity awareness project which was completed in July 2022.. With this project, Beko aimed to conserve marine resources for biodiversity and create a positive impact coupled with environmental awareness by restoring coral reefs and releasing aquatic animals back into the ocean. With 100 participants, including the Marketing Department, Marine Science Camp, Plutaluang Wittaya School, and families of the Beko employees participating in the project, we restored 24 coral reefs in total and released 80 aquatic animals back into the ocean.

In Spain

We activated volunteering day and gave 3 days off per year to the employees for volunteering activities such as helping to the old people, children, blood donations and bone marrow donations.

In Bangladesh

In Bangladesh, we aim to empower local communities. For this purpose, employees visited a school in the Naya Paltan district of Dhaka, which is a low-income and disadvantaged area. Lunch was also arranged for the children during the visit. Employees provided students with school bags and stationery supplies.

In South Africa

We support physically disabled youth in their communities since 2018 through learnership programs. Defy South Africa has recently partnered with Inkanyezi Special School in Ladysmith where they took on 10 learners on a 12-month national certificate in manufacturing, engineering, and related activities qualification which is a nationally recognized qualification. This qualification specifies the key skills, knowledge and values required to access engineering and manufacturing qualifications in the

Further Education and Training Band. Moreover, in South Africa, we provide food parcels and cash donations for Mandela Day. We conducted repairs to Defy products for existing appliances and also planted a sustainable vegetable garden and donated garden tools to maintain the garden.

In Austria

Beko Grundig Austria took part in a charity running event, with all participant fees being donated to the Herz Kinder Österreich organization. This non-profit group provides support and care for children suffering from heart disease. In addition to raising funds for a worthy cause, the event also aimed to promote the benefits of exercise as a preventative measure against heart and circulatory ailments.

In Türkiye

With the 'Geleceğe Tam Not' project which is a corporate social

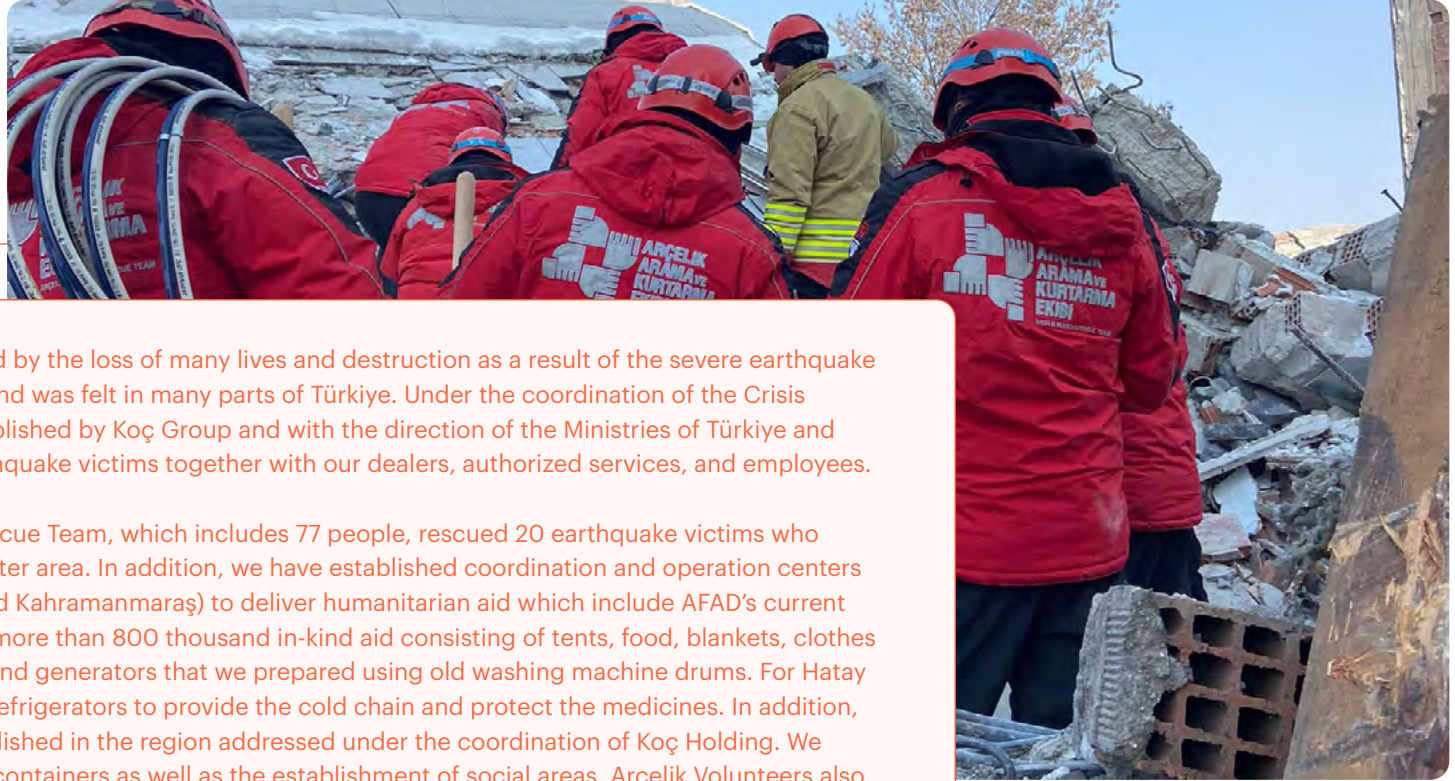
responsibility project affiliated with Okula Destek Association, we aim to provide voluntary lessons primarily in mathematics and science to 5th, 6th, and 7th grade middle public-school students. Our purpose has been to provide online mathematics courses to the children of our hourly-waged workers, dealers, and service employees who belong to these age groups. Through the project, 486 students, 60% of whom were girls, took weekly lessons during 15 months from 16 volunteer trainers amongst our employees.

In addition, in Türkiye, more than 200 Arçelik employees consisting of Arçelik running team, authorized dealers, and service centers, participated in the 44th Istanbul Marathon. The "Run for Kindness" move aims to raise awareness and support the Turkish Education Foundation - Mustafa V. Koç Scholarship Fund.



CORPORATE VOLUNTEERISM

Major Earthquake in Türkiye



As Arçelik, we are deeply saddened by the loss of many lives and destruction as a result of the severe earthquake that occurred in Kahramanmaraş and was felt in many parts of Türkiye. Under the coordination of the Crisis Management Centre which is established by Koç Group and with the direction of the Ministries of Türkiye and AFAD, we have supported the earthquake victims together with our dealers, authorized services, and employees.

In this context, our Search and Rescue Team, which includes 77 people, rescued 20 earthquake victims who were trapped in rubble in the disaster area. In addition, we have established coordination and operation centers in 3 locations (Hatay, Adıyaman and Kahramanmaraş) to deliver humanitarian aid which include AFAD's current needs in the region. We delivered more than 800 thousand in-kind aid consisting of tents, food, blankets, clothes and heaters, stoves, solar panels, and generators that we prepared using old washing machine drums. For Hatay hospital station, we delivered our refrigerators to provide the cold chain and protect the medicines. In addition, the needs of container cities established in the region addressed under the coordination of Koç Holding. We contributed the equipment of the containers as well as the establishment of social areas. Arçelik Volunteers also started a campaign among the employees and donated toys and books to the earthquake area.

In addition, we have continued to fulfill the need of hot food and clean clothes at Arçelik Fixed Support Points. We have served earthquake victims with our hygiene trucks in Kahramanmaraş, Hatay, Adıyaman, Gaziantep, Diyarbakır, Malatya and food trucks in Kahramanmaraş, Hatay and Adıyaman.

We will be ready to reach more earthquake victims by expanding and adding new aid locations with our all effort. Moreover, we will continue to get information about current needs by following the region instantly and will address these needs.



COMMUNITY DEVELOPMENT AND PARTNERSHIPS

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

 *For more information, please refer to Civil Society Cooperation Policy.*

OUR PARTNERSHIPS

Collaboration with Water.org

In order to protect water, which is one of the main sources of life for a healthy planet, Beko collaborated with the US-based non-profit organization Water.org

to undertake a project that supports the access of disadvantaged areas to clean water in Kenya. Through the program, we have implemented a social responsibility program with our global brand Beko, which will ensure that 10,000 Kenyans have permanent access to safe water and sanitation solutions. Beko will support Water.org and its local partner AMFI Kenya, with the resources it provides within the scope of the partnership, which will last for two years, and will support the dissemination of solutions with micro-credits that will provide access to safe water in areas that do not have reliable water resources.



“Arcelik’s support for Water.org is essential to helping us scale our solutions, which breaks down the financial barriers between people living in poverty and access to safe water and sanitation. Together, Arcelik and Defy have reached more than 2,000 people with safe water and sanitation in Kenya. This partnership includes ensuring positive impact on the local watershed underscoring Arcelik’s admirable commitment to sustainability.”

GARY WHITE
CEO and Co-Founder
of Water.org

Food For Soul

Chef Massimo Bottura who represents Grundig values such as quality, aesthetics, and sustainability since 2018, became the voice of the brand in this awareness-raising process with the title of brand ambassador. Bottura, who has been selected as one of the 100 most influential people by Time magazine and who is a “Goodwill Ambassador of the United Nations Environment Program”, accelerates the fight against the global food waste problem with Food for Soul. With the cooperation of “Food for Soul”, which has been successfully continuing for 6 years, Grundig works to reduce food waste and provides food to people in need. In partnership with “Food for Soul”, it continues its efforts to combat food waste globally. As a result of this partnership since the beginning of the project, more than 1,070 tons of food were prevented from being wasted and 2.4 million plates were delivered to people in need through 13 Refettorios* all over the world.

* Refettorios are physical spaces designed as community hubs to inspire and empower human potential. These kitchens are the places where people in situations of social and economic vulnerability are served nutritious meals cooked with surplus ingredients that would have otherwise been thrown away. Main goal is to develop spaces and experiences that can have a real impact and that can help make our communities more resilient, open opportunities for economic growth and make our food system more equal and healthy.




COMMUNITY DEVELOPMENT AND PARTNERSHIPS

Beko & Barnardo's Partnership

For more than 150 years, Barnardo's has been helping vulnerable families and children in the UK, creating safe and loving home environments. We share Barnardo's ambition and are proud to support them as a charity partner. In addition to donating appliances and raising funds for the charity, our partnership raises awareness to create support for the most disadvantaged families and children in today's society. Since partnering with the charity in 2013, we have donated over 900 home appliances to Barnardo's beneficiaries across the UK. For every claim to the promotion received, we pledged a box of fruit and vegetables to a Barnardo's. Through this promotion, we pledged over 5,500 boxes of fresh fruit and vegetables to Barnardo's, making a positive impact to the lives of the young people and families that Barnardo's supports.

OUR SPONSORSHIP AND DONATIONS

We implement our sponsorship and donation activities within the scope of the Global Donation and Sponsorship Policy.

 *For more information, please refer to Global Donation and Sponsorship Policy.*

Arçelik and Beko

Arçelik and Beko are actively involved in various sponsorship and sustainability initiatives. Arçelik has been positioned as the Sustainability Partner of the Türkiye's National Football Teams (Women & Men) and the main sponsor of Türkiye Football Federation (TFF) until 2025. Beko has sponsored Fenerbahçe 1907 Association for the 2022-2023 season and created the Beko Fan Zone area in the Ülker Arena to allow fans to experience its sustainable products. Additionally, both Beşiktaş Men's and Women's Football Teams are sponsored by Beko. Beko also supports Rahmi

M. Koç Museum and has sponsorship agreements with Boluspor and Eskişehir Sports Clubs. Finally, Beko is the field sponsor with the Beko brand throughout the 2020-2023 seasons at Formula1 races and Intercity.

 *For more information, please refer to Annual Report 2022.*





PRODUCTS THAT CREATE SOCIAL VALUE



SOLAR HYBRID FRIDGE

Developed for users who do not have access to uninterrupted provision of electricity, the sustainable and safe solar hybrid panel refrigerator offers a cooling system solution that uses electricity obtained from the electricity grid and solar energy alternately. With the refrigerator's use of increased insulation and renewable energy sources, a solution is provided for an existing need and a new approach is brought to environmentally friendly cooling systems.



SIMPLE BASE DRAWER FEATURE

In Bangladesh, our team observed that to tackle the frequent flooding problem, consumers had to place their products above the ground. To find a creative solution to this problem, a base drawer compartment was included in refrigerators which acts as a no-cooling zone to provide storage for items such as onions and potatoes. This is a unique feature in the market.



INVERTER COMPRESSOR NEED FOR INCREASED ENERGY EFFICIENCY

While the inverter compressor which increases energy efficiency is an ordinary feature of almost any product in the developed markets, in the emerging markets it becomes an important feature that is not easily available on the market.



STATIC EVERFRESH AND HYBRID COOLING TECHNOLOGIES IN REFRIGERATORS TO KEEP FOOD FRESH

In Pakistan and Bangladesh, where there are planned and unplanned electricity cuts, it becomes important to keep food fresh for a long time. Therefore, while static refrigerators are no longer a preferred option in the developed markets, the Static Everfresh solution and hybrid cooling technologies are preferred, as they help keep food preserved during these cuts with the technology to provide freshness for up to twice as long. These are unique features in both markets. It is now available in Europe as well.



Home is a Safe Working Environment within the Value Chain.



IN TOUCH WITH BUSINESS

At Arçelik, we are aware of business’s critical role in achieving a sustainable future. Our goal in leading the household industry continues with the consciousness of transforming our business and building a future in collaboration with our stakeholders. Therefore, in addition to our work that contributes to human, financial, manufactured, intellectual, and natural capital we incorporate sustainable values into our technologies while innovating to solve future challenges and meet society’s needs. We believe it is essential to integrate our sustainability principles into each element in our business model.

Please refer to the Sustainability Targets section to explore Arçelik’s business targets and its 2022 progress.



Related Capitals



Natural



Intellectual



Human



Financial



Manufactured



SUSTAINABLE ECONOMIC GROWTH

Respecting the World, Respected Worldwide” is central to Arçelik’s journey, which means we create economic value for all our stakeholders while also building the company’s economic growth on our sustainable values. By putting all three economic, social and environmental pillars of sustainability at the center of our governance, we make sure that we fulfill our responsibilities to our investors, society, and the environment.

We increase our sales by reaching more customers with our customer-oriented business approach. With our sales revenues, investments, and growth-oriented activities, provide economic benefits for our business partners and investors, while also transforming these economic benefits into sustainable values.

Financial Indicators (EUR M)*

	2020	2021	2022
Net Sales	5,091	6,513	7,709
Increase in Net Sales (%)	28%	67%	96%
EBITDA	696	688	690
EBITDA Margin (%)	14%	11%	9%
Total Assests	5,798	8,127	7,612
Increase in Assets (%)	34%	83%	55%
Financial Borrowing	2,127	3,112	2,961
Total Equity	1,747	2,011	1,560
Net Income*	355	293	249
Earnings per share (cent)	0,5	0,4	0,4

Direct Economic Value Generated and Distributed (EUR M)*

	2020	2021	2022
ECONOMIC VALUE GENERATED BY THE COMPANY			
Revenue	5,091	6,513	7,709
ECONOMIC VALUE DISTRIBUTED BY THE COMPANY			
Operating Costs (Excl. payments to employees)	4,064	5,374	6,416
Payments to Employees (incl. wages & benefits)	548	660	800
Payments to providers of capital			
Dividends	-	143	80
Payments to Public Administration			
Cash Taxes Paid	21	48	44
Payments to Community	6	6	4
ECONOMIC VALUE RETAINED BY THE COMPANY			
	452	282	363

* Net Income indicates parent share of the profit for the period.



SUSTAINABLE ECONOMIC GROWTH

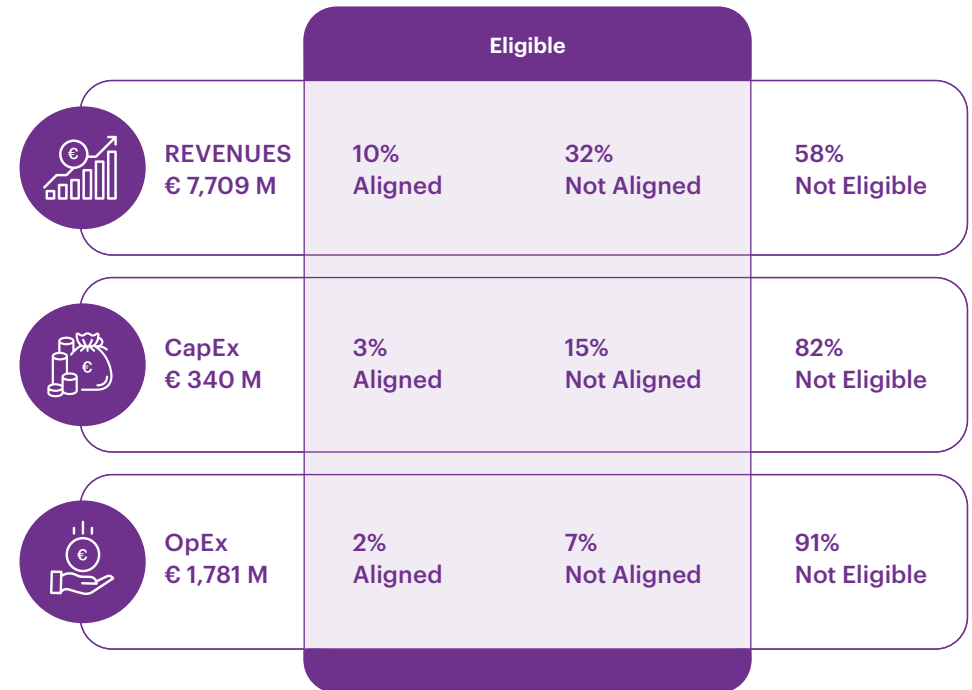
THE EU TAXONOMY REPORTING

The EU Taxonomy Regulation and the Delegated Acts are a classification system for organizations to identify which of their economic activities, or the economic activities they invest in, can be deemed 'environmentally sustainable'. It is now legally in force within the European Union. According to reporting obligations and timeline in the regulation Arcelik, which is not an EU-based company, is currently not within the scope of the Taxonomy regulation for this financial year.

We have voluntarily published the 2022 EU Taxonomy Report in Annex 13.

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

Please also find detailed information on Arçelik's green bond and green loan in the Green Financing section.





BUSINESS ETHICS AND TRANSPARENCY

At Arçelik, we firmly believe in upholding the highest standards of business ethics, as it is fundamental to our operations. To ensure that our interactions with stakeholders are always in line with these values, we rely on the guidance provided by our comprehensive Global Code of Conduct and Related Policies. By adhering to these policies, we aim to maintain our reputation in an ethical and transparent manner.

The Global Ethics Committee oversees the management and fulfillment of the Global Code of Conduct and Related Policies. The Global Ethics Committee is led by the CEO. Koç Holding Consumer Durables President, one of the members of the BoD, updates the Board about the activities of the Ethics Committee and the company's compliance with the Global Code of Conduct and related Policies. The Legal and Compliance Director quarterly reports to the Koç Holding Consumer Durables President.

The Global Code of Conduct shapes Arçelik's global activities. Therefore, each country manager is responsible for the implementation of the Global Code of Conduct and related Policies in daily

business practices and ultimately, this responsibility resides with our CEO.

THE IMPLEMENTATION OF 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. In 2020, we communicated the Global Code of Conduct and related Policies in 18 languages and completed the launch globally along with the global deployment of the ethics hotline.

At the beginning of their employment, our employees read and accept the Global Code of Conduct and Related Policies and obtain relevant training in their orientation program. In addition, 100% of our operations are evaluated based on a corruption perception index. To ensure compliance with the Global Code of Conduct, we created a comprehensive training program including face-to-face and online training for all employees globally. In 2022, we trained 17,150 employees on

Global Code of Conduct. The training covers the Global Code of Conduct and Related Policies, including the fight against bribery and corruption, as well as the prevention of human rights violations and the prevention of discrimination and harassment, responsible purchasing, and conflict of interest. We also provide one-to-one training to our CEO and all our Assistant General Managers on the Global Code of Conduct and Related Policies. In addition to the trainings about ethics, our company organizes separate online interactive trainings in order to raise the awareness of its employees about compliance risks such as; Antibribery and Corruption, Sanctions and Export Controls, Personal Data Protection, Competition Law and Anti Money Laundering.

As stated in Arçelik's Global Code of Conduct, we did not donate or provide charitable contributions to political parties, politicians, or political candidates, and did not allow activities in support of political demonstrations and propaganda in the workplace during the reporting period. Moreover, the Company's resources and fixtures

(tools, computers, e-mails, etc.) were not used for political activities and/or campaigns.

REPORTING NON-COMPLIANCE

All stakeholders can report cases related to non-compliance with the Global Code of Conduct and Related Policies through website-based ethics hotline (www.ethicsline.net) implemented in all countries. In addition, some countries receive notifications also through ethics hotline phone numbers. In 2022, the number of subsidiaries with the ethics hotline phone number increased with the addition of Egypt, France, Ireland, United Kingdom, Poland, USA, Indonesia, Malaysia, Singapore, Taiwan, UAE, Vietnam. We ensure that everyone sharing their concerns will be protected from retaliation and all investigations will be handled with complete confidentiality. In the Arçelik *Global Code of Conduct Operations Policy*, the consequences of substantiated breaches are described. Also, in the Arçelik *Global Whistleblowing Policy*, reporting channels and the protection of whistleblowers are explained. Arçelik's Global Code of Conduct



BUSINESS ETHICS AND TRANSPARENCY

and Related Policies, as well as its compliance management systems, are third-party audited in line with ISO 37301 Compliance Management System standard.

In 2022, 137 cases were reported through ethics hotline channels. We closed all the cases and have no ongoing investigations related to the cases reported in 2022.

Among the reported cases, 47 were substantiated. The total number of grievances reported and resolved on anti-corruption and bribery topics or money laundering or insider trading was zero during 2022.

Due to the substantiated cases in 2022, 8 employees' contracts were terminated.

Arçelik protects and remediates those who have been affected by a negative human rights impact. For this reason, we have set up a global whistleblowing mechanism that can be used to report possible improprieties to unethical acts such as breaches of the Global Code of Conduct and related Policies including the Global Human Rights Policy and Global Anti-Discrimination and Anti-Harassment Policy. A whistleblower can be anyone who communicates an allegation or any other information indicating acts that are noncompliant with the above-mentioned Policies. The harassment or victimization of anyone raising a concern is not tolerated and individuals making a disclosure will retain their anonymity unless they agree otherwise. We protect and remediate cases with adverse human rights impacts. We also ensure practical remediation actions to compensate for human rights harms that have occurred. Remediation actions include financial or non-financial compensation, apologies, offering rehabilitation, punitive sanctions, and administrative changes concerning organizational structure. We also have communication channels regarding feedback and complaints

from stakeholders. For the harassment concerning the mobbing issues, we take remediation actions including but not limited to psychological rehabilitation for an adequate remedy. Detecting the root cause of the harassment, changing the organizational structure of the related department where the issue happened, and changing the roles of some employees' positions are also steps we take in such circumstances. We impose punitive sanctions considering the mitigating and aggravating factors in maintaining the non-repetition of the breaches as stated in our *Global Code of Conduct Operations Policy*.

Penalties given to the employees as a result of their breaches against the Global Code of Conduct in 2022 were:

- Verbal Warning documented and placed in the employee's HR file,
- Written Warning placed in employee's HR file,
- Training and mentoring,
- Performance bonus cut,
- Downgrade in performance rating,
- Termination of employment.

TYPE OF SUBSTANTIATED CASES

NUMBERS OF SUBSTANTIATED CASES

Internal fraud*	4
HR issue	10
Harassment	1
Conflict of interest	5
Mobbing	3
Unethical behavior	19
Violation of laws and regulations	1
Sexual Harassment	2
Human Trafficking of Tier 2 supplier**	2
Total	47

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

** The contract between the Tier 1 logistics supplier and the Tier 2 logistics supplier has been terminated. The Tier 1 logistics supplier has been warned to take the necessary measures to prevent any potential/actual cases.



BUSINESS ETHICS AND TRANSPARENCY

HUMAN RIGHTS

At Arçelik, we fully respect human rights and prioritize providing a safe working environment throughout our value chain. Our commitment to these values is demonstrated by our adherence to the Arçelik Global Human Rights Policy and Human Rights Due Diligence Process, as well as our compliance with the regulations set forth by the International Labour Organization and the UN Guiding Principles on Business and Human Rights. Additionally, we are proud to be signatories of the UN Global Compact and the Code of Conduct published by Home Appliance Europe (APPLiA), reflecting our dedication to responsible corporate citizenship and ethical business practices.

Dedicated Human Rights Department is responsible for organizing regular third-party and internal human rights assessments within the global organization, preparing a risk mapping of potential and actual violations, and taking necessary mitigation and remedial actions pursuant to the Global Human Rights Due Diligence Process.

The Koç Holding Consumer Durables President, who is board member, has been assigned by the BoD of as the responsible board member to report on the human rights issues, potential risks and action plans.

The Human Rights department is also responsible for convening the Human Rights Committee (HRC). The HRC meets four times a year to systematically review and revise the risk mapping of potential human rights issues within our existing business and new business relations, as well as risks in the value chain. In terms of the value chain, our priority is assessing the risks of Tier-1 suppliers. The duty of the Human Rights Committee is to proactively ensure that the operations in the value chain do not have adverse impacts on individuals. The HRC is chaired by the Chief People Officer, and representatives from Production and Technology, Finance, Supply Chain, Purchasing, Occupational Health and Safety, Sustainability, Quality Systems, Global Compliance, Environment, Global Communications, Human Rights and Human Resources teams attend

the committee. The decisions made by the committee are reported to Board of Directors.

We also manage our human rights process for all locations on a systematic manner. For this reason, we have 'Location Human Rights Committees' (LHRC) for all manufacturing plants. The Committees are responsible for reviewing risk map and taking necessary mitigation and remediation actions related to Global Human Rights Due Diligence Process. The Committees are also responsible ensuring that the related location does not have any adverse impacts on individuals. The Management Team and the related departments heads are the members of these Committees. The Human Rights Location Responsibles are responsible for convening Location Human Rights Committees quarterly. After decisions are taken in the Committees, they are also reported to Company Human Rights Committee by Human Rights Department.

We fully respect human rights and prioritize providing a safe working environment throughout our value chain.

Human Rights Governance scheme is shown below:



The Chief People Officer reports quarterly to the relevant Board member on actual and or potential human rights violations and the remediation or mitigation action plans.

Please refer to the below section for human rights related risks and mitigation, remediation action plans.



BUSINESS ETHICS AND TRANSPARENCY

ARÇELİK GLOBAL HUMAN RIGHTS DUE DILIGENCE PROCESS

We are subject to regular audits due to our membership of the Business Social Compliance Initiative (BSCI) and the Suppliers Ethical Data Exchange (SEDEX). Through BSCI, our operations are regularly audited in topics such as social management systems, employee engagement, freedom of association and collective bargaining, prevention of discrimination, fair remuneration, OHS, prevention of precarious employment, prevention of forced and child labor, environmental protection, and ethical behavior. Customer-specific audits also may be performed per request. Our supply chain department also follows an audit plan to monitor the social compliance conditions of suppliers. We plan corrective actions for nonconformities that arise as a result of the audits and check the actions taken regarding these plans in the following audits. We fulfill all requirements in each country in which we operate, in line with the local and national laws and regulations. Signed contracts comply with legislation in the countries where

In 2022, all our factories, including joint ventures (30/30), were subject to human rights assessments internally or by third-party audits.

we operate and fully comply with local GDPR rules. We strictly follow, pay attention to, and commit to compliance. According to the results of BSCI and SEDEX audits, there was no finding for incidents of child labor, forced or compulsory labor in our own operations. In line with our zero-tolerance policy, we terminate our relationships with suppliers who may be involved in human rights violations.

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

The Human Rights risk assessment process is conducted systematically to identify, prevent and mitigate any human rights risks through the value chain due to the business operations. The risk assessment process covers all our facilities and joint ventures. All internal and external audit subjects are covered in the risk assessment process. Criteria for risk assessment regarding human rights are considered based on two factors: the likelihood of impact and the level of impact. The level of impact criteria depends on the scale, scope, and whether the situation is remediable. The level of impact risk rating scale ranges from low to high by considering the dimensions above. The likelihood of impact scale ranges from very unlikely to very likely regarding the probability of the situation. Considering the two aspects, the risks are divided into three groups: Low, Medium and High-level risks. After identifying the risk levels, we control and mitigate impacts which may occur as well as assess the residual risks after establishing preventive and correction action plans regarding human rights for its business operation. This is to ensure that the human rights

management approach is effective for controlling the impacts throughout the value chain.

In 2022, all our factories, including joint ventures (30/30), were subject to human rights assessments internally or by third-party audits. Thirty factories have been internally audited, and 12 have been third-party audited. We have mitigation plans for the identified risks in 30 factories, including joint ventures. Internal and third-party audits identified no major human rights issues in our operations and joint ventures. The results of internal and external audit findings are discussed in the Human Rights Committee, and corrective action plans follow the mitigation actions.



BUSINESS ETHICS AND TRANSPARENCY

Findings and the mitigation actions taken within the scope of external and internal audits are listed below.

INTERNAL AUDIT FINDINGS	DETAILS	NON-CONFORMITIES	IMPROVED	IN PROGRESS	OPEN	MITIGATION ACTIONS TAKEN
Social Management System	Lack of employee awareness about social compliance	10	6	4	0	<ul style="list-style-type: none"> BSCI training for hourly paid employee Following the working hours reports Informing the managers of the employees who work overtime
Workers Involvement and Protection	Subcontractor signature	3	0	3	0	<ul style="list-style-type: none"> BSCI code of conduct are being signed by the subcontractor
Fair Remuneration	Subcontractor involvement in calculation	2	2	0	0	<ul style="list-style-type: none"> Subcontractor employees are covered under fair remuneration calculation
Decent Working Hours	Overtime working	15	4	11	0	<ul style="list-style-type: none"> Follow the working hours reports monthly and discuss reports with the managers
Occupational Health and Safety	Lack of reporting	50	45	5	0	<ul style="list-style-type: none"> Emergency drill determinations have been added to the emergency risk analysis. The fire drill was held for the night shift. Missing building occupancy permits have been completed. Necessary arrangements have been made to prevent the electrical panels in the relevant areas from being blocked.
Protection of the Environment	Environment management implementations	2	1	1	0	<ul style="list-style-type: none"> Provide secondary containment Emergency eye solutions were provided
Total		82	58	24	0	
EXTERNAL AUDIT FINDINGS	DETAILS	NON-CONFORMITIES	IMPROVED	IN PROGRESS	OPEN	MITIGATION ACTIONS TAKEN
Social Management System	Social Compliance implementations	6	1	5	0	<ul style="list-style-type: none"> Subcontractors are included in social compliance management review meetings
Fair Remuneration	Fair remuneration calculation update	1	1	0	0	<ul style="list-style-type: none"> Updating fair remuneration calculation and checking the data
Decent Working Hours	Overtime working hours	8	2	6	0	<ul style="list-style-type: none"> Providing appropriate resting break for the employees by planning team Monitoring overtime by the Top Management and the HR Teams in the related meetings
Occupational Health and Safety	Reporting occupational safety issues, permissions	5	2	3	0	<ul style="list-style-type: none"> Completing the building occupancy permits Receiving the fire brigade compliance report
Ethical Business Behaviour	Lack of effective risk mapping regarding anti bribery and anti corruption	1	0	1	0	<ul style="list-style-type: none"> Preparing the anti corruption and bribery risk mapping
Total		21	6	15	0	



BUSINESS ETHICS AND TRANSPARENCY

RIGHT TO COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

As Arçelik, we respect and ensure the protection of our employees' right to collective bargaining and freedom of association. We aim to build a trusting relationship with our employees and unions, abide by the requirements of legislation and collective bargaining agreement, and ensure a peaceful workplace. We are member of the Turkish Employers' Association of Metal Industries (MESS), which is the authorized labor union representing employees. A collective labor agreement was signed between MESS and the Turkish Metal Union covering the period of September 1, 2021, to August 31, 2023. In our Global operations, Solidaritatea Union in Romania, NUMSA, UASA, MEWUSA and SAWU in South Africa, Trade Union of Arçelik Hitachi Home Appliances (Shanghai) Co. Ltd. in China, Hitachi Workers' Union of Thailand in Thailand, United Refrigeration Industries Workers Union, United Refrigeration Industries Labor Union, Dawlance Employees Worker Welfare Union and Dawlance Mazdoor Union in Pakistan are authorized labor unions.

In 2022, 65.7% of our employees were covered by collective agreements in countries where we have manufacturing plants, while only in Türkiye 100% of hourly paid workers work under a collective labor agreement. In cases of collective and/or individual layoffs or changes in duties, we apply the relevant provisions stipulated in the labor legislation and collective agreements applicable in the countries of operation. 217 of our employees served in labor unions, while two employers represented their group in employers' unions. A total of 219 employees and employers are in labor and employers' unions.


On the other hand, our Arçelik Global Responsible Purchasing Policy sets out the conditions regarding the freedom of association and collective bargaining rights of our suppliers' employees. In addition, 4 questions about freedom of association are asked in the business ethics audits that we conduct to our suppliers, it is included as a criterion in the sustainability index, where we evaluate the sustainability risks of our suppliers. We have an ethics line where behaviours contrary to our policy are reported.


Some of our Business Ethics and Human Rights statistics as at year-end:

The percentage of employees under a collective labor agreement in our global production facilities	2021 63.9%	2022 65.7%
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Factories and joint ventures subject to human rights assessments internally or by 3 rd party audits	2021 28/28	2022 30/30
--	-----------------------------	-----------------------------

Number of employees received Global Code of Conduct and related Policies	2021 >11,000	2022 >17,000
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 *For more information, please refer to the Global Code of Conduct and Related Policies.*

 *For more information about the governance of ethical issues and responsibilities of the Global Ethics Committee, please refer to the Global Code of Conduct Operations Policy.*



FUTURE FIT CULTURE, TALENT & ORGANIZATIONAL MANAGEMENT

HUMAN CAPITAL

We believe our human capital is the most valuable asset in our sustainability journey. At Arçelik, it is a top priority for us to provide a safe, healthy, diverse, and inclusive workplace for our employees where everyone feels engaged, included and rewarded. We aspire to achieve our long-term strategic goals as the sustainability leader of our industry, and our talented workforce will be a key driver along the way. We focus on retaining and developing our existing talent as well as attracting new talent. We try to build a more resilient and equitable working environment by raising our employees' standards, advancing equity, diversity, and inclusion, and preparing them for the future of work. We emphasize the cultural and behavioral change in integrating our sustainability strategy throughout our operations. We make a commitment to continuous improvement in all our human resource processes and in our future fit culture.

With the commitment to sustainable growth and becoming a purpose-driven organization, we initiated "Arçelik Global Culture Code" for reaching talents from various cultures, capabilities and roles and responsibilities, under a common goal, language, and values.

Our Global Purpose

We define the impact we want to create in the world together with our employees as "Inspire Sustainable Lives in Every Home". Our employees prioritize creating growth and a positive impact on communities and our planet by democratizing access to sustainable lifestyles worldwide, and to realize this impact by inspiring others in addition to taking actions themselves.

Our Values

Our values define the fundamental motives and beliefs that guide what we do as we deliver our Purpose.

Care for environment and community: We believe that it falls to each one of us to lead the way on sustainability, always acting in the best interest of the planet and our communities. We respect and care for communities and stand by them & support them through hard times.

Respect and compassion for each other: We are a global company that still feels like a family that supports and cares for each other. We unite in a common purpose as one Arçelik, as we value and include everyone from all backgrounds, harnessing our differences as one team.

Pride to win: We have a pioneering spirit that drives us to achieve the extraordinary, create new possibilities through our creativity and innovation and overcome challenges.

Passion to grow together: We support and help each other; we believe deeply in the power of empowered teams to create a great place to work that goes from strength to strength.



FUTURE FIT CULTURE, TALENT & ORGANIZATIONAL MANAGEMENT

The success of this culture journey rests on the behaviour of our people. We described 'Our Leadership DNA' to define our behaviours 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.



AGILE TRANSFORMATION

At Arçelik, thanks to our agile transformation, we have a combination of balance, coordination, speed, reflexes enabling us to respond faster and better to changing customer needs and to set up more effective collaboration with stakeholders. With our agile mindset, our process involves understanding, collaborating, learning, and staying flexible to achieve high performing results in terms of our job. It is essential for our working practices to give full authority to the teams and to establish structures where the teams focus on a common goal. With this approach, we aim to design leaner and more agile structures by revising our Global organization.

In this context, we have established an agile transformation governance structure in order to support the transformation across the company. The transformation is tracked in the following four dimensions:

- 1 Designing the company's transformation roadmap and implementing agile organizational structures in the Organizational Structure dimension.
- 2 Designing the tools through which employees can communicate their needs and expectations in the Employee Experience and Communication dimension, evaluating their experiences and ensuring the flow of information in the transformation process.
- 3 Understanding current agile maturity and developing agile training plans targeted at groups with different maturity levels in Culture and Capabilities dimension with the aim of changing mindsets and emphasizing iterative ways of working, autonomy, empowerment, feedback culture and continuous learning.
- 4 Preparing the systems and processes that Functions need in their agile transformation journeys, especially Human Resource processes.



FUTURE FIT CULTURE, TALENT & ORGANIZATIONAL MANAGEMENT



In line with our Agile strategies and goals, we aim to establish the organizational and operational structure that will enable us to carry out our current and future portfolio. After the conversion of the Central R&D teams to agile structure completed in the first half of 2021, the transformation of the second phase factory R&D teams in Türkiye completed in the first half of 2022. In line with the dynamic of the transformation, the motto "Alive Team – Agile Today, Excited" was supported by R&D's five Agile Values. Additionally,

production technologies and factory production engineering functions plan to launch in 2023. In addition to the business units that have achieved organizational transformation, or are continuing to work on transformation, we also have business units that implement their projects with agile methodologies.

We launched an agile transformation process for our employees in different departments and with complementary skills who received training on agile

transformation and took part in pilot projects. With this training, our aim is that the leaders who take part in agile transformations will discover the methods of creating autonomous teams, working with these teams and will learn to become inspiring leaders with their situational leadership style in the processes of disseminating information. Participants of the training will understand the positive effects of Agile working culture and will acquire the theoretical and practical knowledge they need. They will experience the challenges and coping methods, leadership styles, team dynamics and decision-making mechanisms that await them on this journey and will be supported by experienced coaches throughout the entire program.

The first phase of this training, namely Agile Academy, is the conversion of the Central R&D teams to agile and was completed in the first half of 2022. Agile trainings starting from pilot phase is assigned to employees for each role in all phases of the organizational study. Also, many functions within our company adopted the agile working

method as a team or on a project basis and started to be included in the trainings within the scope of Agile Academy.

In 2022, 1591 employees attended 12,111 hours of training under 12 training titles within the scope of Agile Academy. Moreover, between the years 2021-2022, 1,787 employees participated in the basic level trainings, while 1,506 people participated in the Arçelik Agile Transformation Journey training, which is internal training.



FUTURE FIT CULTURE, TALENT & ORGANIZATIONAL MANAGEMENT

DIVERSITY, EQUITY AND INCLUSION (DEI)

We are committed to building a purposeful, equal and diverse work environment for all. We maintain an inclusive culture that promotes decency and respect for all employees. We believe harnessing everyone’s full potential is the key to building a sustainable future for all. We make our efforts to build a workplace where all our employees, over 40,000, worldwide are valued for their distinctive skills, experience, perspectives, and identities so that they can unleash their full potential and contribute fully to our success and to our planet. To achieve this, we act in line with the understanding of diversity, equity and inclusion in our culture and these values are placed at the center of our business.

At Arçelik, we act in accordance with the Equality at Work Declaration and the Global Anti-Discrimination and Harassment Policy; our employees of all backgrounds are welcomed, regardless of their ethnicity, religion, language, race, age, gender, sexual orientation,

nationality, disability, or other cultural differences. We have a zero-tolerance policy against any form of discrimination based on an individual’s background.

In 2022, a dedicated global team focusing on diversity, equity and inclusion (DEI) and a supervisory position was formed. Our Chief People Officer, and Culture, Leadership and DEI (Diversity, Equity and Inclusion) Director are subjected to diversity goals. In order to better understand the expectations of our employees, a global survey specific to inclusion was conducted with 6,000 employees. Focus group interviews were held with employees to understand the outputs of the survey in more detail, and a global “Diversity, Equity and Inclusion Committee” was established to improve the employee experience by developing ideas on this subject. Thanks to the work of the committee and the team supported by the top management, in line with the all-encompassing DEI strategy below, the practices that started in 2022 will continue in 2023.

Diverse Talent and Equity in People Processes

Inclusive Culture

Empowering Community, Suppliers & Dealers

Inclusive Brand and Products

We aim to build future-fit talent and succession pools that are internationally, gender- and generation-wise diverse. As we are operating over 45 countries, we take this opportunity to mobilize our talents in international assignments and projects. Furthermore we deploy talent attraction and internship programs for young generations.

To further enhance diversity in our talent management processes, we have identified four global priority groups, namely gender, generation,

nationality, and disability. Additionally, our subsidiaries can select a local priority group based on regional needs, such as ethnicity. We regularly evaluate employee data related to these groups as a reference point and create succession plans and pools accordingly. Our aim is to prioritize diversity in talent management processes across all our global operations.

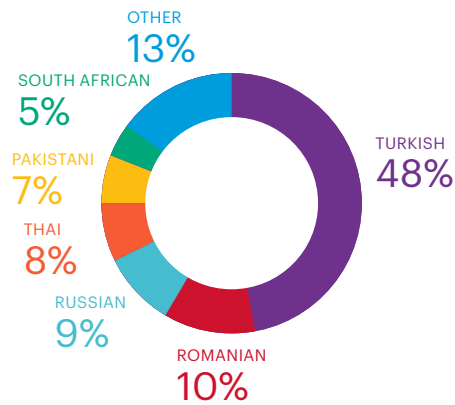




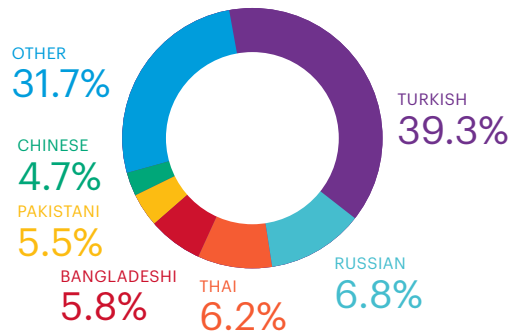
FUTURE FIT CULTURE, TALENT & ORGANIZATIONAL MANAGEMENT

We track our employee data in terms of DEI:

WORKFORCE BY NATIONALITY IN 2022



ALL MANAGEMENT WORKFORCE BY NATIONALITY IN 2022



For more information, please refer to Annex 6.1.

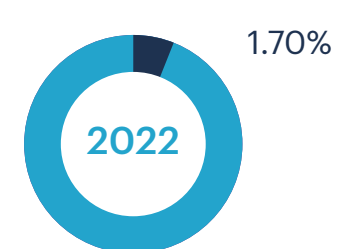
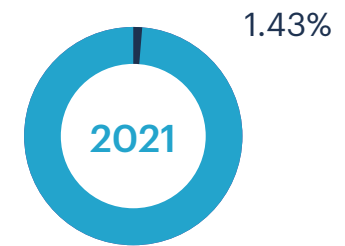
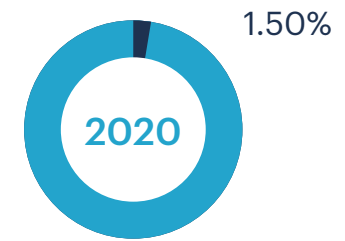
EMPLOYEES WITH DISABILITIES

Total Number of Employees with Disabilities



● WOMEN ● MEN

Total Share of Employees with Disabilities



● DISABLED





FUTURE FIT CULTURE, TALENT & ORGANIZATIONAL MANAGEMENT


GENDER EQUALITY AT ARÇELİK

We strive to increase the representation of women at all levels of our organization and raise awareness about the importance of gender diversity in business. To achieve this goal, we have established both qualitative and quantitative key performance indicators (KPIs) that enable us to track our progress and measure the effectiveness of our initiatives. We track these KPIs in our hiring and talent management procedures across all our subsidiaries to ensure an inclusive and supportive work environment for all employees. In addition, we track KPIs to increase the representation of women in STEM roles and have process based KPIs in recruitment, succession management, and attraction. To further promote gender equality and women's empowerment, we also encourage the employment of women within our ecosystem of external stakeholders, including suppliers, authorized technical service providers, dealers, and stores.

As a signatory of the **UN Women's Empowerment Principles (UN WEPs)** since 2017, we strive to ensure gender equality both in and outside the workplace. We believe in the importance of representation diversity, not only in candidate pools, but also in shortlisting and the final stage of recruitment. In addition, as a Koç Group company, we are a supporter of the Action Coalition platform. As part of it, we have made commitments to achieve gender equality in STEM fields.

 *You can access the Action Coalition commitments [here](#).*

 *Please refer to Supporting Society with Equal Opportunities section of the report to find more information on our Action Coalition projects.*

 *Please refer to In Touch with Human Needs target table section of the report to find more information about our progress at Action Coalition projects in 2022.*

In line with these targets, we have specific practices in our recruitment model to attract more women and to feed recruitment pipelines. We make sure that our job postings have inclusive and gender-neutral language by only including objective criteria, job description and avoiding discriminatory words. We have a recruitment plan to hire at least 50% women employees in order to reach our targets by 2030.

In 2022, we prioritized enhancing the visibility of women employees as role models and fostering attraction by featuring our women leaders as keynote speakers at university career activities. Additionally, we extended our support by sponsoring sessions that encouraged women in the STEM field at universities. Moreover, we have KPIs that we track to help increase the proportion of women in management. In 2022, the proportion of women in management positions in revenue-generating functions (i.e. sales) was 19%, and we have 28% of women in all of our revenue generating functions.

After adhering to our recruitment policy, we persist in implementing our vision of

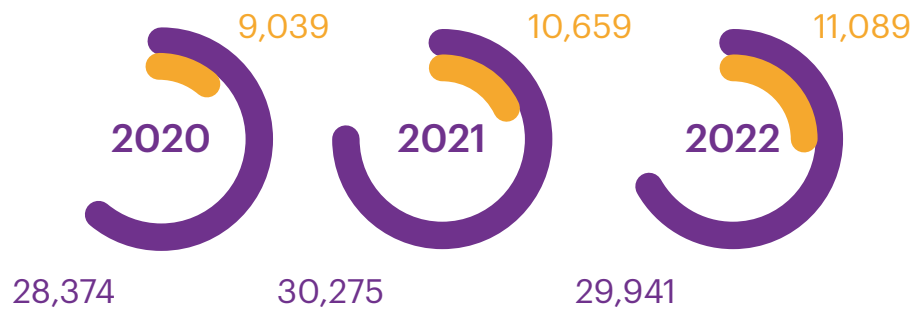


gender equality. This involves prioritizing the rights and benefits of our women employees. At Arçelik, we compare the gender pay gap, the pay gap between woman and man employees, which are calculated based on top management/management/non-management levels in 2022. Key Performance Indicators (KPIs) regarding pay equity are reviewed on quarterly basis. Performance review indicators are reviewed every year on our policies, procedures, documentations, targets, improvements, compliance related actions to ensure pay equity.

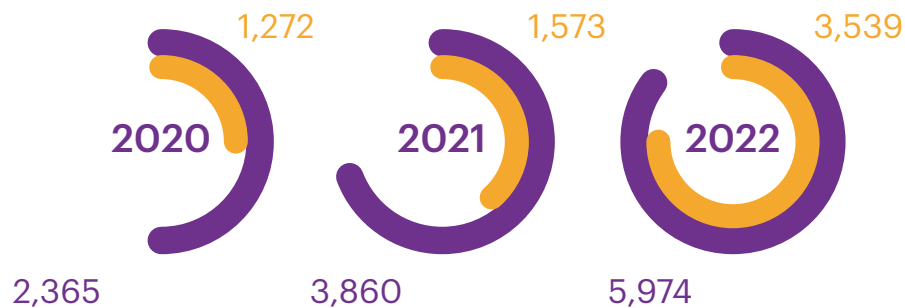


FUTURE FIT CULTURE, TALENT & ORGANIZATIONAL MANAGEMENT

Employees by Gender



Subcontractors by Gender



Ratio of Monthly Paid Women Employees (%)



Ratio of Hourly Paid Women Employees (%)



● WOMEN ● MEN

For more information, please refer to Annex 6.1.



FUTURE FIT CULTURE, TALENT & ORGANIZATIONAL MANAGEMENT

In addition to side benefits, we provide paid time off for bereavement and family support (in order to take care of family members when one has a physical or mental health condition which requires additional care). We also provide access to lactation and private rooms as well as paid time off for breastfeeding and adoption leave, which covers 84% of our employees globally. In addition, we want all our employees to be eligible for a common foundation of fully paid parental leave and benefits, regardless of the country in which they are based.

The policy features the following global paid leave standards:

- Minimum standard of 16 weeks of fully paid maternity leave
- Minimum standard of 5 calendar days of fully paid paternity leave

 *You can access the Global Paid Leave Standards from [here](#).*

 *For further details, please refer to [Annex 6.1 and Annex 2](#).*

In addition, we support women leadership via provided trainings. With the goal of achieving gender balance in the workforce, we aim to increase the number of women at all levels. In addition to women leadership training targeting the increase of women at management level, group discussions have been launched to support women employees to expand their professional network and learn from each other in specific competencies. In 2022, 23 people have benefited from the training and group discussions. In 2023, the program will be expanded to reach more women employees and a mentorship program for women leadership will also be implemented under the umbrella of a mentorship program.

ELIMINATING UNCONSCIOUS BIAS

At Arçelik, we have created initiatives to raise self-awareness of implicit bias and we provide tools to eliminate discriminatory behavior. Our learning catalogue, which is open to all employees, includes training programs such as “Synergy of Differences” and “

What's next?

Although our programs have been stopped during the pandemic process as they are face-to-face programs, we plan to implement our mentoring program in 2023. These programs include SheMate, which aims to encourage the return of women to work following parental leave and Babadestek programs, which aim to contribute to the development of family relations in healthy manner.

Managing Change and Diversity”. All employees are encouraged to complete the programs. In 2022, unconscious bias training was delivered to managers in China, Pakistan, Philippines, Thailand, and Italy. 149 managers completed the training. We aim to complete the deployment of this training to all managers in 2023 in the scope of our global DEI strategy. As a part of our recruitment and internal promotion process, we make our assessments through competency-based interviews, case studies, online simulations, and role plays. These assessments are conducted by third-party companies, and we arrange one-on-one feedback sessions for all the participants. In 2022, we involved 154 managers in internal

assessment processes. Hiring managers and recruiters are trained in competency-based interview techniques so they use the right methodologies and avoid discrimination. To ensure bias-free talent evaluation, we also integrated objective evaluation criteria into our talent management system where all managers complete “potential assessment forms” to determine potential employees.



FUTURE FIT CULTURE, TALENT & ORGANIZATIONAL MANAGEMENT

OUR REGIONAL EQUAL OPPORTUNITIES AND INCLUSION SUPPORT ACTIVITIES

In India

At VoltasBeko, 31% of hourly waged employees are women and women work in critical areas such as welding and door metal line. The company aims to increase the proportion of women in total employees. At present, 50% of the operators working on the new washing machine production line are women.



In Bangladesh

In 2022, the DEI program was held by Singer Bangladesh to embrace an inclusive, equitable work environment and to attract talent. In addition, Singer Bangladesh celebrated International Women's Day, Mother's Day, Breast Cancer Awareness Day, and Mental Health Day in the workplace to promote an inclusive workplace culture. Additionally, a dedicated topic on DEI was included in the orientation-training program and multiple awareness sessions on women's empowerment, sexual harassment, and health & safety were provided to ensure a safe working environment.



In Pakistan

We held a **Sensitivity and Self-Defense** workshop for employees and their families with the purpose of mentally preparing them for any physical and verbal attacks. In addition, a Hygiene Section was added in washrooms for our women employees to provide a comfortable working environment. To provide assistance, we have instituted a Childcare Allowance policy that applies to all women employees who are mothers, whether they are on a monthly or hourly pay schedule. Disability awareness sessions were held to raise awareness at plants about disability rights and legislation, where we discussed societal perception and appropriate language. The rights granted in the parental leave policy were extended to include employees who adopted children.

We have launched a women development program with the name **"Grit to Great"** which aims to empower our women employees to reach their full potential. It a full-year program where employees will go through a series of interventions and assignments to develop their resilience, perseverance and courage needed to overcome obstacles and achieve success in both their personal and professional life.

We have also launched a program **"D-Mindful Return"** which was designed for career minded mothers who have gone through a transformative experience of having a child. This program aims to empower and give them a tool to confidently navigate going back to work after baby.





FUTURE FIT CULTURE, TALENT & ORGANIZATIONAL MANAGEMENT

In the UK

In 2022, the Diversity, Equality & Inclusion (DE&I) Committee launched a calendar of regular bite-sized updates on cultural events. This is to raise awareness of different cultures, religious holidays, and wider groups of people. These updates can be on various topics which have included Eid al-Adha, Diwali, Men's Health Week, International Women's Day, Black History Month, South Asian Heritage Month, and International Day of Disabled Persons. During the Mandela Day initiative, they visited Cheshire home for the disabled in their community. They also provided a training session led by the company's Environmental engineer on basic gardening and assisted in starting the people of the home start their own vegetable garden.



In Romania

In terms of Women Community, which Arctic Romania initiated in 2021 and continued in 2022 with a mission to create gender equity awareness and women advancement at all levels in the company, the ratio of women leaders increased by 3.5% - which is supporting Romania Arctic's target of increasing the ratio of women to men in all leadership levels by a minimum 5% in 5 years (2021-2025). In 2023, the aim is to attract more volunteers to the network and increase the number of projects. While we continued our Talent Shine Program and Maternity Brochure which make Arctic mothers' lives easier and increasing their awareness of their rights, we also initiated additional projects which are Women Community Podcast, Equal Parenting Workshops, and Wellbeing Classes in 2022.



In Türkiye

The "Engelsizler Project" began in December 2021 with 14 employees. In the first three months, a partnership was established with Bilge Adam Technology company to provide technical and soft skill training. In addition, participants were assigned a mentor from within our company. Employees who completed the technical training were assigned to monitoring teams and took on First Line Support and Second Line Support roles. The process will continue with the relevant employees in 2023 and new appointments will be made based on the teams' needs.

Moreover, in Türkiye, we have been supporting the Mentally Handicapped Protected Workplace Life Center in Manisa Organized Industrial Zone since 2017. We aim to ensure the participation of young people with disabilities in working life to help them further integrate into society. In 2022, a working team consisting of eight employees with disabilities and a private trainer at Arçelik's Manisa Plant undertook the taping of the drainage pumps and the installation of sponges and covers on the discharge in the production of refrigerators. At Arçelik, we provide childcare allowance to our women employees in Türkiye.





FUTURE FIT CULTURE, TALENT & ORGANIZATIONAL MANAGEMENT

TALENT, PERFORMANCE AND CAREER MANAGEMENT

Our employees are key to our success. In a time where we work to transform our business to become more sustainable, we highly value the role that our employees play. Therefore, we make a great effort to develop their skills and competencies through talent and performance management programs.

With the principle **“To equip people with the right skills for the right job”**, we objectively evaluate performance, track development and provide training programs to improve our employees’ capabilities. On an annual cycle, we analyze organizational and individual capability needs, assess skills, and build training programs to close the gap and to meet required needs. We have both assigned programs based on roles and elective programs in accordance with individual needs.

And our goal is;

To provide our employees solutions allowing for the functional and behavioral knowledge and skill development

To support our employees with the appropriate development activities at the right time to get the most out of the development activities

To support the development of our employees as a whole by means of “training/ learning”, “interaction” and “experiencing” methods and diversify the development activities we offer them

We believe that our effective talent management has significant implications for our business success, and this will continue to improve our efforts to retain our employees and attract new talents. As part of our strategy in this regard, we pursue talent programs throughout the year. We act with the principle of enabling all our employees to take advantage of training, development and career opportunities fairly and consistently.

YOUNG TALENT ACQUISITION

Achieving a diverse work environment in terms of age is crucial to our work. At Arçelik, we consider it important to attract new talent to the company as much as to retain them. That is why we have a very strong employer branding strategy targeting fresh and soon-to-be graduates. We have various programs to boost young talent recruitment, young women talent recruitment, and young IT professionals, as well as targeting candidates studying abroad and seeking jobs in their home countries. We join forces with leading universities to attract young and high potential talents.

For more detail about our young talent acquisition program, please refer to Supporting Society with Equal Opportunities and Inclusion section of the report.

Talent Move

Talent Move is a multi-location talent program designed to increase our national representation and bolster our talent pipelines. By providing an international experience, we aim to attract young talent from diverse nationalities to our program. We actively seek out promising international students studying in Türkiye, offering them the opportunity to grow and develop within our culture while also sharing their technical expertise in their respective fields. With a targeted online Global Talent Networking event, we reached out to 107 candidates, building a diverse pool of potential talent to support our program. In 2022, the success of our program was evident as four Talent Move trainees were successfully transferred to our subsidiaries, contributing our efforts to create a more diverse and talented workforce.



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Fresh Start Internship Program

At Arçelik, we organized 43 youth communication events in 2022, preferring to organize more experience-oriented events to reach new graduates. The short-term summer internship program “Fresh Start”, which we organize every year in the summer, offers young and bright talents studying at the 3rd and 4th grades of universities the opportunity to experience working life at Arçelik. Over 15,000 applications are received on average every year to the program, which includes central training and projects that support the competence development of candidates in various fields. Provided that the internship has been successful, there is also the opportunity to work as a permanent

employee at Arçelik. In 2022, long and short-term internship options started to be implemented in the hybrid working system. More than 15,000 applications were made to the Arçelik Fresh Start internship program in 2022, of which 407 interns were selected. Students who did 20-day short-term and 30-day long-term internships were brought together in 25 events. More than 400 projects were presented in the online internship program, and more than 300 internship consultants accompanied the interns to the program for guidance. The Fresh Start internship program also offers students experiences in Arçelik’s factories and offices in different countries.

Applications and accepted interns by country are listed below:

8,506 applications and **23 interns** to Fresh Start Dawlance

300 applications and **20 trainees** to Fresh Start Arctic

85 applications and **22 trainees** to Fresh Start Beko Thai

100 applications and **11 trainees** to Fresh Start Beko China

7,500 applications and **12 trainees** to Fresh Start Singer Bangladesh

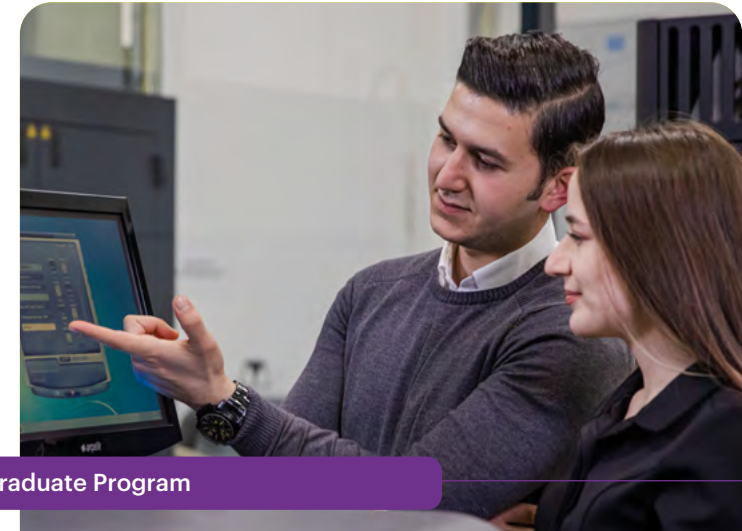




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University-Industry Cooperation Program

Cooperating with universities helps us get to know young talent better, while also helping them implement and adapt their academic skillsets into their work life. In this line, we made agreements with universities. For instance, İTÜ MasterBee agreements were signed with Istanbul Technical University and KOOP program agreements were signed with Yıldız Technical University. In 2022, 47 students gained work experience at Arçelik in addition to their studies.



Fit Graduate Program

Future In Talent (FIT) Graduate Engineering Program aims to attract technical master's degree graduate students who want a successful career with us after the completion of an intensive 3-year development program. Our FIT Graduate Program offers a personalized development plan, a mentor and a comprehensive training curriculum designed to provide graduates with practical experience and education with a focus on leadership development. The selection process for this program was launched at three technical universities in Romania. Although after the selection process, 10 engineering graduates joined the program to ensure a leadership and technical experts' pipeline, 3 students left the program, and 7 graduates continue.



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PERFORMANCE MANAGEMENT

Our performance management system focuses on transparency, stays agile and flexible, supports cooperation and is fed with open and continuous feedback dialogues. The system helps us to consistently track our employees' performance, ensuring that both employees and departments across the organization are working effectively towards achieving our business targets. Managing the performance of our employees is also an important part of engaging and motivating our workforce. All monthly paid employees are included in the performance management system.

Koç Dialogue Performance Management System is based on the objective and key results (OKRs) methodology, which includes a maximum of five objectives and a maximum of four key results for each objective. The OKR methodology involves setting specific, measurable, achievable, relevant, and time-bound objectives, and then tracking progress toward achieving those objectives through specific key results. The OKRs

are aligned across the organization to ensure that everyone is working towards the same goals. Each year, in accordance with our performance cycle, we set and communicate clear targets for our employees, help them understand how they contribute to the company's success, discuss, and agree on development need and desire, and offer opportunities to receive and give feedback regularly.

There are different types of OKRs that can be defined in Koç Dialogue, such as individual, collective, and development OKRs. Individual OKRs are set by an individual employee to achieve personal objectives and measure individual performance. Collective OKRs are set by a team or group of employees to achieve shared objectives and measure team performance, which can foster collaboration and a shared sense of purpose. Development OKRs are focused on personal or professional growth, helping employees acquire new skills and knowledge to advance in their careers and improve engagement and job satisfaction. Feedback and development dialogues



are a standard part of our performance and development process, defining a clear structure of feedback collection process between team managers and employees. There are five checking points during the year in which employees and managers have regular conversations about business and individual OKRs which are reviewed and adjusted regularly based on feedback and results to ensure continuous improvement. To support our managers and employees to have an effective feedback and career dialogues, we organize webinars and share playbooks. The agile feedback mechanism established with checking points throughout the year enables a dynamic

where employees/managers receive timely feedback, adjust performance expectations and goals alignment and enables recognition and appreciation in a timely manner.

Multidimensional performance appraisals in the Koç Dialogue where 360 degree feedback can be obtained by peers, supervisors, subordinates are a way to evaluate employee performance not just based on the results they achieve, but also on the specific actions they take to reach those results. This approach considers the different dimensions of performance that are critical to achieving objectives, such as the quality of work, the ability to



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work collaboratively with others, and the development of new skills and knowledge. Using a multidimensional approach to performance appraisals allows us to gain a more complete understanding of our employees' performance and provide more targeted feedback to help employees improve in areas where they may be falling short. This leads to greater employee engagement, improved performance, and better alignment with organizational goals.

To improve performance management for especially agile working teams, we have implemented a separate tool that collects team members' reviews of employees' performance using a specific template. This tool was introduced in 2022 for the Central R&D team, and we plan to expand its use to other agile working teams next year. By providing structured feedback, this tool offers clear guidance to managers prior to performance evaluations on the Koç Dialogue, a process for setting and reviewing individual goals and development plans. Through increased use of this tool, we aim to further improve our performance management

system's effectiveness for agile working teams.

We continue our preparation to bring the Koç Dialogue performance process to life globally in our subsidiaries by 2023. With this step, approximately 6,000 more monthly paid employees from 38 countries will be included in the process, and work will begin on both development OKRs and individual OKRs during the year with the Objective and Key Result (OKR) methodology. Following the culture launch, it was aimed to internalize the 5 Leadership DNAs and integrate them into all human resources processes. In this context, efforts were made to strengthen the definition of how business results were evaluated during the year-end evaluation period of the Koç Dialogue process.

As Arçelik, we advocate that the basis of organizational success is teamwork and cooperation along with individual success. In this direction, we use different development methods to improve the performance of its employees in line with its objectives.

LEARNING AND DEVELOPMENT

As a part of our continuous development approach, we provide a wide range of learning and development solutions to all our employees. We continuously review current and future needs to determine the contents of our development solutions.

At Arçelik, we offer trainings to support each phase of employee-life cycle such as orientation, compulsory trainings, purpose-driven trainings, competency development trainings, capability development programs, functional and technical trainings, language trainings and leadership programs. Our aim is to nurture continuous development mindset while supporting upskilling and reskilling of our employees with solutions to improve their knowledge, skills, and capabilities. In 2022, total training hours reached 1,185,376 person*hours while average hours per employee and the average amount spent on training and development were 28.9 hours and EUR 129.4 respectively in global operations.

We put effort into improving our training programs to meet our employees' needs to develop their skills and capabilities as well as our business strategy. For that, we annually analyze our training according to our company strategies and goals, organizational strategies, and needs, focus group studies, past learning records and analysis, future business trends, future talent and learning trends, development center assessment and 360° evaluation results.

Training programs at Arçelik are summed up in three main categories. Future in You focuses on career and potential leadership development, Leader in You on the development of leadership skills, and Talent in You on our employees' personal and professional development.

In 2022, total training hours reached 1,185,376 person*hour



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Talent in You

Talent In You programs are training solutions designed to respond to the functional, technical, competency development needs of all our employees. Talent in you program includes company orientation, capability building programs, functional and technical academies, obligatory training, competency development training, foreign language training, unique technical training, and leadership competency training. All our functional academies are Technical Academy 4.0, Tech Pro, HR Academy, Finance Academy, Supply Chain Academy, Digital Academy.

In 2022, we provided 523,877 hours of training to 22,279 employees. This included orientation programs focusing on new employees' compliance with corporate policies; development programs consisting of technical and professional training; common competence training; foreign language training; online programs with special social responsibility themes; and hobby training.

Through Talent in You program, we focus on the following:

- Ensuring technical competencies required for global competitiveness
- Improving digital and next-generation competencies
- Enriching critical expertise paths
- Developing Industry 4.0 competencies of technicians and operators in manufacturing technologies.

With TechPro Academy, we aim to improve the competencies of engineers, specialists and senior experts working in production and technology groups to increase our company's global competitiveness. The Academy was developed in collaboration with Koç University to be implemented both in Türkiye and Romania. The Academy, with its business-oriented content, has

an important role in translating academic knowledge and experience into business practice. In 2022, we provided 195 employees with 5,785 hours of training. TechPro Academy is group and individual performance evaluation through observation in training including workshops.

We have a program to enable our experienced employees with functional and technical expertise to share their technical know-how and experience in-house. We aim to create a pool of internal trainers and convert the training provided by outside firms into internal training. Besides establishing a culture of learning from each other, an internal training program also helps the integration of different teams with each other. As of the end of 2022, the number of internal trainers within the program is 83. In 2022, the internal program allows us to save more than 1.2 million TRY.

Benefits of these development programs are mainly developing soft and technical skills, increasing process awareness, increasing loyalty and satisfaction. Technical and soft skills are studied, detailed and analysed for some functions in terms of enhancing technical expertise, the capability development programs are related to these skills accordingly. Average training evaluation score in 2022 is 3.63 out of 4.

Group and individual performance evaluation through observation in training including workshops

- TechPro Academy focuses on homework evaluation of each individuals for appropriate training.
- Finance Academy is based on pre-test and post-test are applied for each course.
- HR Academy is based on pre-test and post-test are applied for appropriate course.



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Leader in You

We offer different training options within the Leader in You program to improve employees' skills in all management positions. With Leader In You program, we cover 100% of our target population among newly assigned/hired managers and potential employees who are assessed as ready to move on leadership pipeline. In 2022, 262 employees attended 4,879 hours of Leader in You sessions.

Leader in You Programs aim to support the development of Arçelik managers at three different stages of their careers which are "Team Managers, Managing Managers, Function Managers." We make transition programs to support the managers on these managerial levels such as Leadership Journey for managing team, Leadership Impact for managing manager and managing function, and Personal Development program run by our parent company Koç Holding for managing function level.

In 2022, 158 Leadership Journey graduates holding managerial positions for the first time in their careers at Arçelik Global participated in this program. We provided the participants with 22 hours of training per person and group action learning sessions. One of the opportunities under this category is competence training, focusing on corporate strategies, remote working, coaching skills, implementation of strategy, and managing differences and collaboration. We also do voluntary mentoring and coaching programs, executive competency training for ongoing support. We also encourage mid- and top-level executives to enhance their skills by presenting opportunities to participate in the online programs of many prestigious universities. 27 managers have followed various online programs like Harvard Business School, Getsmarter and Emeritus.

To empower women leaders, we also do Women Leadership Programs. It is our priority to track our potential employees. Therefore, we carry on different leadership potential programs such as Global Manager for expat potentials, Leadership Insight for future leaders.

The impact of business benefit is also reported in 2022, 25% of individuals who participated in the Global Manager Program experienced a career move.



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Future in You

With this program, we aim to prepare our future managers for their leadership roles in line with their career goals and individual development. To identify the employee's strengths and development areas and to create development plans by measuring their leadership potential, we include them in development center assessment applications. To provide a digital experience in line with future competencies and the pandemic conditions, we revised the course content and redesigned the digital experiences. In 2022, 28 employees and managers attended training sessions and received 1,222 hours of training under the Future in You program.

- The Global Manager program aims to support participants to work more effectively in an international environment. In 2022, 17 participants from eight different subsidiaries participated in this two-month program, consisting of 16 days, case studies, and business simulations, receiving 33 hours of training per person.

Digital competency focused trainings

We care about providing our employees with opportunities to hone their skills in line with our digital transformation roadmap. In 2022, 1,868 employees were provided with a total of 15,682 hours of such training.

Digital programs

We provide training sessions to help our employees embrace our digital transformation roadmap while developing their skills. Face-to-face development programs, including company orientation, catalog training, Leadership Journey, and functional academies, are now conducted on

online platforms. In 2022, 4,090 employees attended digital online training solution held by several universities and online platforms such as Coursera, Udemy and Emeritus. 93,729 hours of training were provided.


Designing the future for my country

We conduct seminars to ensure that our employees structure their relationship with technology, take steps for a fair, equal, and inclusive future, and design the future they dream of using the possibilities offered by new technologies. 319 employees have attended the program as part of their orientation.

Master class

Masters Class program was designed and implemented as an upskill / reskill program based on mutual transfer of strengths, learning from each other, and developing together. The program is aimed to combine knowledge and experience, conceptualize intuitive knowledge and transfer it from generation to generation. The goals are to develop the competence of our

young employees through learning from each other to increase the employees who have deep knowledge of their technical speciality, to network between senior master and master for supporting each other, to enhance the employee engagement and retain young employees. The "job shadowing" approach was implemented in the program, where our experienced specialists who are "senior masters" worked together with our newly graduated colleagues who are "masters" and shared their experiences as well as their knowledge. 164 participants worked together in groups of 2-3 people for 8 months on this program.

 *For information about environmental training, please refer to Environmental Management.*



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INTERNAL MOBILITY

In terms of professional career development, we have an internal job posting mechanism where vacant positions are available for employees to apply for and benefit from equal opportunities to be evaluated for a position in the organization. We encourage rotation within departments/ functions and/or subsidiaries locally and internationally. We follow up rotation experience as a criterion for senior level appointments and make sure our colleagues see and gain experience in different function/countries during their early career advancements in order to prepare them for broader roles. We follow the career paths of individuals who are positioned at succession plans and are in talent pools for critical roles in the organization. In line with this approach, Talent Mobility program was developed by taking the individual and organizational capabilities into consideration and through four key drivers: strategic assignments, talent development assignments, technical expert assignments and employee-driven assignments.

Strategic assignments are typically in top management roles with an impact on the country or wider business strategy. The assignment objectives are of a strategic nature, such as leading a new operation or merger and acquisitions (M&A) activities, instilling corporate control, or creating a continuous performance culture.

Technical expert assignment, on the other hand, is driven by business needs by covering specific technical skills or certifications which are scarce within the local workforce market. This type of assignment mainly aims to transfer the know-how and required capabilities to local employees during M&A and integration processes.

Talent development assignments is mainly growth orientation for employee development in terms of capability growth and experience acquisition. These opportunities are mainly provided to employees with high potential who are in the pipeline to fill strategic roles. Objectives range from global leadership capability development to multi-cultural exposure. This type of assignment is



occasionally used as a retention tool in high turnover risk cases.

Employee-driven assignments are the assignments or international moves which are requested by the employee rather than the business or HR, for family or other personal reasons, or for cultural enrichment.

All these assignments are categorized in terms of assignment length perspective: short-term and long-term assignments. Short-term assignments cover

international assignments of a temporary duration which may vary from one month to one year and does not usually imply a change of residence and can be both technical and developmental oriented while long-term assignments cover international assignments of a temporary duration lasting more than a year. In the long-term assignments, the employee is either expected to take up another assignment in the current/another location or return to his/her home country and categorized as;



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• **Strategic long-term assignments:**

Last from a minimum of three years to a maximum of five years

• **Technical expert long-term assignments:** last from a minimum of one year to a maximum of three years, with exceptional extensions to a maximum of five years

• **Talent development long-term assignments:** last from a minimum of one year to a maximum of three years
We manage internal promotions with two different methods:


Job Grading functions as the cornerstone of HR processes. Job ranking provides a consistent, transparent framework for all jobs and allows insight into the relative contribution of each job. Job grading provides a basis for our compensation management, recruitment and talent and career management. In an annual cycle we gather all grade review requests and promote our employees who meet the criteria.

Organizational Assignments are followed for promotions of our employees to our vacant roles. This is managed through internal job posting. Prior to publicly posting vacancies, we announce open positions to our employees. We receive internal applications and through succession plans (specially in management roles) where we assign the names of those who are in succession plans.

At Arçelik, we develop our succession plan that encompasses such vertical or horizontal appointments as advancements, job rotations for current management positions in our organization. Depending on the capability and readiness of employees within our organization, we define internal successors to managerial positions in terms of their readiness time interval.

We also follow up succession through talent pools and provide crafted

development plans depending on role and individual requirements. For certain role groups, we define the role requirements, success profiles and support employee groups with personalized development plans to fulfill requirements and be ready for the role. The succession for managerial positions is discussed and evaluated organization wide and done in order to sustain the business growth to provide the organization to grow from inside and create opportunities to individuals to develop within the organization. It is critical for us to utilize its internal human capital and invest in the right people to be ready for the right positions. Succession is also critical to submit the know-how of managerial roles to the individuals in the pipeline and support the organization's speed and agility to respond to changes and/or growth.

 *For internal hires and employees promoted data, please refer to Annex 6.1.*




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EMPLOYEE ENGAGEMENT

At Arçelik, we accepted employee engagement as our major focus area, as we are aware that employee engagement is one of the defining factors of work life satisfaction. Therefore, we are working to create a diverse, inclusive, and transparent environment in which all employees feel equally valued.

Our 2022 employee engagement survey has a global participation rate of 88% and an employee engagement rate of 69%. Results show that the engagement rates are 69% for our women employees and 69% for our male employees globally. On this survey, 29.4% of the participants are highly engaged employees.

 For a breakdown of the employee engagement data by gender, age, management level, please refer to Annex 6.1.


The employee engagement survey questions cover 13 categories in total such as diversity and inclusion, performance management, rewards and recognition, sustainability.

At Arçelik, we strongly pursue our goal to increase employee retention by understanding the reasons behind employee turnover. We consider both individual and industry-specific factors when determining the target turnover rate, analyzing the reasons behind voluntary and involuntary turnover and implement strategies to reduce the turnover rate.

What's next?

To overcome an increasing trend of total turnover that we measured last year, we undertook various projects to improve talent management processes, enhance employee experience, promote work-life balance, and prioritize employee well-being during 2022. We also aimed to leverage our competitive advantage as a global employer by improving rotation opportunities and providing location-independent career paths.

As a result of these initiatives, we observed a decline in the voluntary turnover rate from 7.7% to 6.6% in 2022, which is an encouraging outcome. Going forward, we remain committed to sustaining this positive trend. We take account of our employees' expectations for building a better working environment by listening to our employees at regular intervals, conducting an employee engagement survey once a year, planning and following actions based on the results, giving awards in certain categories at the reward ceremony every year, providing applications/services on protecting mental and physical health.

 For a breakdown of total employee turnover rate based on age group and gender, please refer to Annex 6.1.



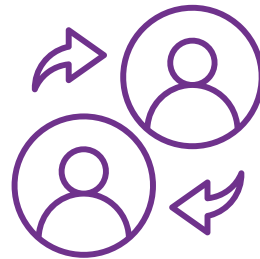
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To ensure the continuity of a high employee engagement, the prominent practices are as follows:

Employee engagement research continued to be conducted within the framework of confidentiality rules. When the results are announced, employees and managers create action plans together, and managers receive feedback from employees. This helps our current and future talent to form a strong bond with our company in their professional and personal lives.

While informing our employees regularly, we also bring together top management and employees by organizing regular events at town halls.

We reward our employees for their successful projects as part of our global Pioneers Award Programs and encourage them for future projects. The projects are awarded under 5 different categories: Environment Society Contributors, Digitalization, Collaboration Developers, Creative Innovators and Growth Accelerators. The projects that meet the criteria for each category compete for the prize and the winners are decided by a committee which includes members from the management level.



We regularly listen to our employees by conducting pulse surveys to collect their feedback. We care about their opinions and make action plans according to the results of the surveys. We share and realize these action plans with the relevant units.

We celebrate annually employee years of service (5, 10, and 15) and we give them reward and appreciation certificates.

The Suggestion System enables all employees to give suggestions on productivity increase, quality, and process improvement in line with the company's goals and strategies and share with the executive team.

We continue our one to one dialogue between employees and their managers every six months to discuss achievements and challenges and mentor them for their professional development.



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EMPLOYEE WELL-BEING

Well-Being Movement

In 2022, employees benefited from online webinar sessions, which were organized to raise awareness about different aspects of employee well-being. These webinars included guided physical, emotional, and mental exercises, which aim to enhance employees' mental and physical well-being. Throughout the year, Arçelik and Koç Sports Club aimed to increase the resilience of employees working remotely through online physical exercises, yoga, breathing, and meditation programs. By the end of 2022, our employees had begun receiving one-on-one online nutrition consultancy services in Türkiye, available both in Turkish and English options.

We also hosted an online well-being webinar about stress management in December with around 500 attendees. The topics discussed in the webinar included ways of managing stress, methods to protect well-being and activities to support physical, mental, social, and intellectual well-being. Two

trainings about "Mindfulness" and "Breath for Stress Management" will be added to the Training Catalogue for those who want to deepen their knowledge on this subject. The webinar was available for both employees and managers.

Furthermore, in 2022, a series of Healthy / Conscious Nutrition trainings

were organized and it was aimed to raise awareness among employees and to encourage healthy eating. More than 1,200 of our employees participated in online interviews. Parallel to the easing of pandemic conditions, gyms on campuses were gradually reopened from May 2022 in order to support the physical and mental health of the employees.

Arçelik Employees Sports Clubs

Arçelik sports teams pursue a range of different activities. There are 24 sports teams from 17 branches, established with the voluntary participation of approximately 800 employees within our brand and subsidiaries. These teams represented Arçelik in corporate leagues, Koç Group Sports Festivals and official leagues and organizations throughout the year. Within the scope of the 33rd Koç Group Sports Festival held in 2022, our 257 employees took part in competitions in 10 branches (tennis, cross running, badminton, table tennis, mountain bike, chess, and online branches) and won 15 individual/team trophies on behalf of us.

Arçelik Employees Clubs

We have 15 hobby clubs that appeal to different interests in order to support the hobbies that employees want to experience or develop outside of working hours. Clubs not only contribute to the individual social and cultural development of the employees, but also to act collectively, to get to know each other among the employees of different businesses / campuses with

Wellness Program in Philippines

In Beko Philippines, Wellness Program is pursued to promote healthy eating and active lifestyle. Program aims for employees to be more healthy, active, and engaged with the different activities in the company.

1st Program: Fresh Fruit Fridays – every Friday, there will be fresh fruits in the pantry as part of the employees' healthy meal.

2nd Program: Beko Fun Run – at least 80% of the employees join the event.

3rd Program: Beko Game Day – all employees participated in Beko Game Day/Sports Fest.

4th Program: Annual Year-End Party with Beko's Got Talent Contest



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similar interests, and to contribute to the strengthening of internal communication ties within our company. In 2022, in addition to physical activities, 22 online hobby workshops were organized as a hybrid, open to the participation of all our employees. The total number of participants exceeded 5,000 on this event series.

Flexible Working Hours Program

Our Flexible Working Hours Program gives our employees the opportunity to manage their time according to their needs. In line with the program, employees can manage their own work schedule with the condition of being present at the workplace between 10 a.m. and 4 p.m. and working a minimum of 45 hours per week. In 2022, the total number of flexible working hours reached 675,829.

Working From Home Arrangements

As Arçelik, we are an early adapter of home-office culture. Thanks to our digital transformation efforts, we have been able to manage the process smoothly during and after COVID-19.

Being fully aware of changing work habits and trends, we have announced the introduction of a permanent hybrid working model to support our employees further in 2022 and beyond. As a Koç Group company, we implemented in Türkiye in March 2022 the "Office Free Program" which allows employees to work at least two days in the office and for the remaining workdays, they are free to arrange their schedule to work remotely from anywhere they wish. As well as working at home, employees also have the option to work at other Koç Group company offices on their remote working days. We are in the process of establishing a global hybrid work framework that will allow employees the flexibility to work outside the office for several days a week. In 2022, employees worked a total of 3,968,485 hours remotely from our operations globally.


Part Time Working Options

In some countries, we provide part-time job opportunities and support part-time working options. In particular, at some of our locations, we provide women

employees with children under six years old the ability to work part time, in accordance with local legislation.

Employee Remuneration, Financial Compensation and Side Benefits

As Arçelik, we apply the principle of "equal pay for equal work" to all its remuneration procedures and our approach is to provide a competitive salary for our employees. *Our Global Salary Policy* guides us in remuneration and compensation processes. We also offer extensive benefits to further support our employees. Monthly paid employees can benefit from Flextra in Türkiye, a flexible and customizable benefits scheme. Employees are given several options to select from including life insurance, gift cards, check-ups and private pension plans, subject to the allocated budget.

 *For further information, please refer to Annex. 6.1. Social Performance Indicators.*

Benefits provided for employees in Türkiye are as follows:

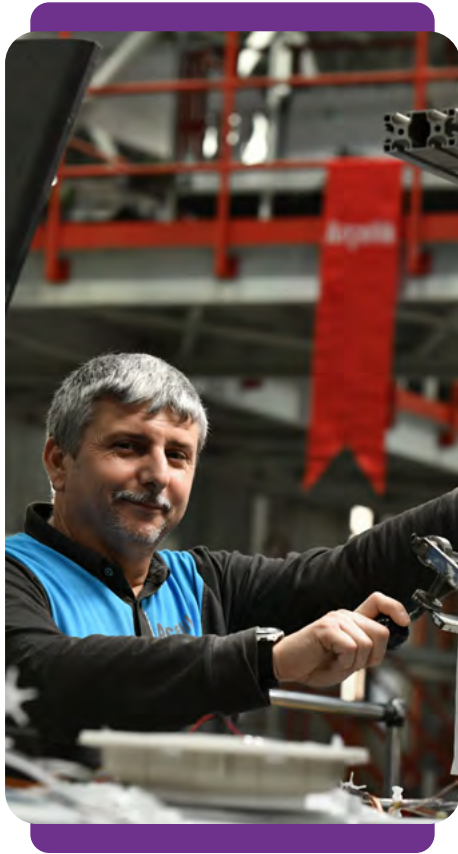
- Private health insurance
- Membership of the Koç Holding fund for retirement and social support
- Professional and personal development training
- Awards for supreme performance, devotion, contribution and creativity
- Transportation
- The Koç Family Program (provides employees of the Koç Group with special advantages regarding the products and services of Koç Group companies, special campaigns, and extra benefits); loan application (for car, house purchases, special events, etc.)
- Social benefits (funds for marriage, birth, education, etc.)
- Lunch
- Medical service at the workplace

Position-oriented benefits for employees in Türkiye such as:

- Accident insurance
- Health check-ups
- Mobile phones
- Car, oil expenses, repair and maintenance, etc.



EMPLOYEE HEALTH AND SAFETY



As Arçelik, we remain committed to promoting the health and safety of all individuals present on our premises, including our employees and contractors, through a range of proactive measures. We adopt employee health and safety as a natural part of working life and corporate culture and aim to continuously develop this culture. In all our activities, we analyze potential risks in advance and adopt proactive approaches to prevent these risks. We promote harmony and excellence in employee health and safety practices among employees and stakeholders by maintaining the sharing of knowledge and experience. Leading health and safety performance can potentially strengthen the brand as an employer efficiency and productivity. We consider this as a moral and a business imperative, and it is the reason why health and safety is our top priority. EHS contains both physical and mental health, we monitored employees' stress levels on a regular basis via global online surveys. We also attach great importance to zero-accident workplace. In this context, we take measures, carry out studies and follow up.

In 2022, we conducted regular global online surveys to monitor employee stress levels. Based on the feedback received, we implemented targeted engagement and communication activities to support our personnel's physical and psychological well-being. All Arçelik employees in Türkiye benefit from supplementary health insurance as a side benefit. Additionally, if employees desire insurance with a higher payment limit, they can buy further private health insurance provided by KHEV (Koç Holding Pension and Assistance Fund Foundation).

All employees in Türkiye have access to the online health platform Medihis, free of charge. Medihis is a psychological counseling service organized by Koç Pension Foundation. Our employees can contact various physicians, specialists, psychologists, and dietitians. They also can create and store their medical archives on Medihis, and access them 24/7 from anywhere. Managers and higher-level employees periodically receive check-ups in private hospitals free of charge.

ZERO ACCIDENT WORKPLACE

We leverage technology and digitalization to create the safest workplace and reach our zero occupational accident and zero occupational disease targets. In line with these targets, we assess our occupational health and safety (OHS) risks, conduct audits and raise awareness through training programs, and initiate behavioral change. We manage OHS through an integrated approach with our quality and environmental management systems. In 2019, we gained the first global management system certificate covering our headquarters and all our production facilities following the ISO 45001 OHS Management System Standard audit, conducted by third parties.

As of 2022, 86% of our operations are covered by ISO 45001 OHS Management System certification. In addition to these audits, BSCI audits are carried out by third parties for Arçelik's plants globally, as well as Arçelik internal online OHS audits and Koç Holding's audits in Türkiye. Weekly and monthly




EMPLOYEE HEALTH AND SAFETY

OHS field audits are also carried out by first-line managers in all manufacturing plants and warehouses.

Our Occupational Health and Safety Policy guides all our OHS processes at all operation locations. We ensure that we fulfill all our obligations in accordance with both international commitments and collective bargaining agreements and go beyond rules and regulations. We take actions in line with the Arçelik OHS Action Plan. To increase our overall performance on OHS issues, we embed OHS performance into the performance scorecards of the Chief Technology and Production Officer and the Chief People Officer, as well as relevant directors and all relevant employees.

In global operations, the Lost Time Injury Frequency Rate (LTIFR) for employees was 0.9 in 2022 and the Occupational Disease Frequency Rate was 0.06. The LTIFR for subcontractors was 2.64. Total working hours were 82,067,691 in global operations covering plants and offices. In 2022, the number of fatalities for employees and contractors at work was 0. The

verification for relevant OHS data is carried out by a third party.

 *For the Assurance Report, please refer to Annex 2.*

Different types of OHS risk assessments are carried out in work areas to identify hazards and risks. With the active participation of employees, workplace risks are reported via mobile applications and necessary precautions are taken. Health risk assessments are also prepared with the participation of occupational physicians. Ergonomic risk analysis is prepared, and appropriate equipment is researched so that employees can work more ergonomically.

The health status of our employees is monitored starting from the beginning of the working contract with periodic health checks. With the aim of preventing health problems, a healthy working environment is created by making regular environmental measurements.

Emergency Actions Plans are prepared for different types of emergencies and

to minimize the loss (including loss of life, property, reputation etc.) during an emergency. Trainings are provided tpr Emergency Response Teams and drills are organized regularly with the participation of our employees. Disaster awareness training is also organized for our employees.

By exceeding our target, we reached 34% reduction in LTIFR.

We have internal quantified targets on yearly and three-year bases to reduce the Lost Time Injury Frequency Rate (LTIFR) and the Lost Time Injury Severity Rate (LTISR) and to increase the employee near miss and potential

hazard awareness levels. The major projects for preventing accidents in our plants and warehouses are the implementation of Digital Machinery Safety Systems and Forklift Accident-Avoidance Systems. Additionally, we have organized driver safety training for company vehicle and shuttle drivers.

We emphasize employees' representation in OHS management and include our workforce in the decision-making processes. Our employees are represented on OHS committees and employee representatives share safety concerns and play an active role in determining preventative measures through a suggestion system.

Based on our OHS procedures, accident root cause investigations using different

LTIFR DATA	2020	2021	2022
LTIFR for employees	2.09	1.37	0.9
Data coverage as % of employees	90.8	96.9	100
LTIFR for contractors	4.23	2.72	2.64
Data coverage as % of operations	42.8	81	100



EMPLOYEE HEALTH AND SAFETY

methods such as Fishbone, 5 WHY, and ABC Analysis are prepared by our trained experts on accident investigation. The way the accidents occur, the root causes and the actions needed to prevent their recurrence are shared with our top management and plant management teams on a monthly basis. The root causes and preventive and corrective actions are evaluated with the relevant management teams and safety specialists at Directorate meetings and OHS Committee meetings. The contracts between us and our suppliers demand compliance with the OHS requirements of our *Global Responsible Purchasing Policy*. Contractor companies are obliged to comply with the OHS requirements stated in the Health and Safety Commitment, which is signed along with the Contract.

In addition, companies are evaluated within our Contractor OHS Management System. Contractor companies' evaluation results are shared with the Purchasing Department and necessary actions are taken according to the procedures.

OHS TRAINING

We give priority to awareness activities in OHS. In this context, we are trying to initiate a behavioral change within the company with the trainings and exercises we carry out. For this purpose, we have commissioned the Occupational Health and Safety Communication Management System to improve the OHS perspective and communication language with the help of videos. OHS, on-the-job and vocational training required by legislation is organized regularly, and employees receive periodic "Five-Minute Safety Talks". Supplier OHS awareness training is delivered via an online platform, and we aim to reach 5,000 suppliers' employees as part of our 2030 sustainability targets. With the online health application, health support is also provided in the areas employees might require. In 2022, a total of 452,387 person*hours of OHS training on regulatory requirements and technical matters were organized for employees at all Arçelik facilities, equivalent to 14.3 hours of OHS training per person. We included not only employees, but

also their families in the OHS culture change, and we expanded training to include business partners and suppliers. We provided a total of 65,777 hours of training to our subcontractors.

OHS AWARDS



MESS Safety Competition-“ İş Güvenliğinin Yıldızları”

This project is one of the most comprehensive OHS award organizations in Türkiye and the "Zero Risk" on Occupational Health and Safety projects and practices are awarded, we won first prize in the Digital OHS Category with the Intenseye - SafetyWhiz System Project, the pilot application of which started in the Washing Machine Plant and was completed in 2022 in our plants in Türkiye. Besides, with our In-Factory Autonomous Transport Systems Project applied on behalf of the Refrigerator Plan, we took the Recommended Practice Award. In the OHS Ambassadors category, we also received awards for our Automatic Mat Project for the electrical panels, which was implemented with the suggestion of our hourly paid employees.

TİSK “Ortak Yarınlar” 2022 Awards

With our Forklift Accidents Prevention Project, we have been granted OHS Scholarship Support given to our employees. In this way, thanks to the support of TİSK Microsurgery Foundation, 10 of our employees were entitled to an OHS education scholarship by TİSK.



As part of 28 April World Day for Safety and Health at Work, a video was published and an OHS competition was held. For more detail, please scan the QR code.



R&D, INNOVATION AND DIGITAL TRANSFORMATION

R&D AND INNOVATION

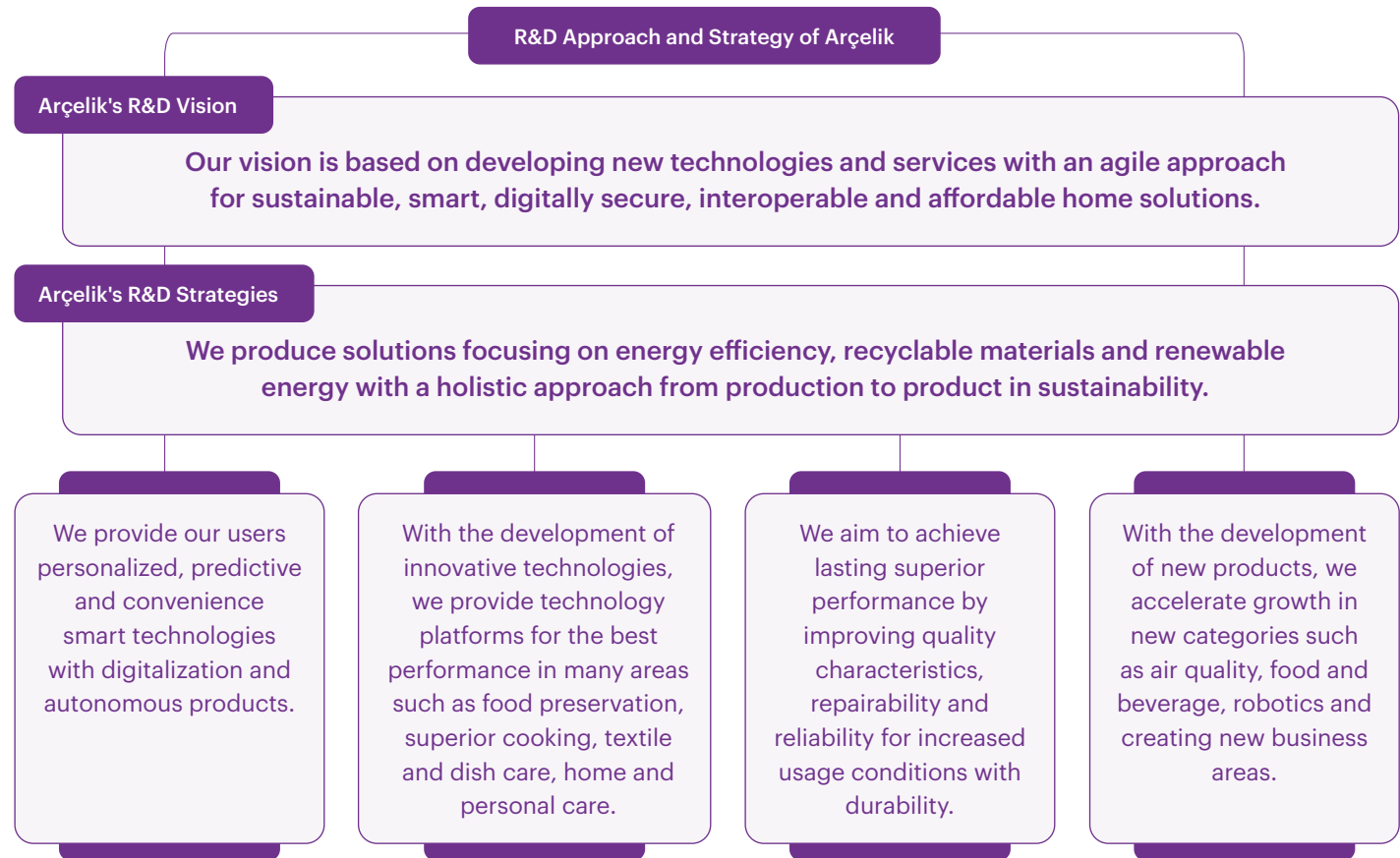
By combining the power of technology with our sustainability approach, we expand innovation in all our activities and throughout our entire value chain. We evaluate risks, opportunities, needs, and expectations of our stakeholders by following rapidly developing global technology trends. Considering changing needs and shifting behaviors, we work on new technologies such as artificial intelligence, data analytics, robotics, the internet of things (IoT), and automation, and offer more effective and sustainable solutions for our customers and the planet. Through collaborations and open innovation, we build on our capacity to bring the best solution to the market in less time.

We serve all over the world with more than 2,300 employees and a total of 30 R&D centers, 15 of which are located in Türkiye and 15 in other geographies. We carry out comprehensive R&D activities from gestation to the production of innovative products that add value to the users' lives with its own patented technologies in every

field of operation. Arçelik conducts studies in the fields of sustainable, environmental technologies, energy and water consumption, noise and vibration reduction, sensor technologies, IoT, smart home technologies, polymers, metal and surface coating technologies,

hygiene, water, and air filtration, air quality, and motor driving technologies.

As of 2022, we hold more than 3,000 registered patents, and we carry out more than 500 projects globally.





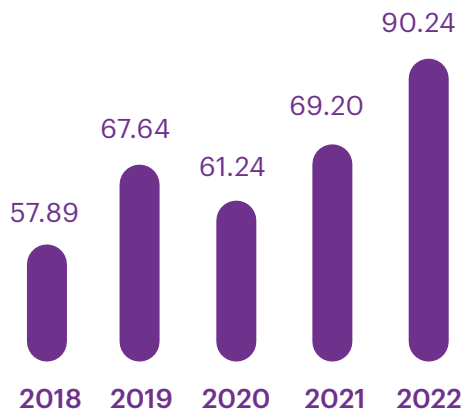
R&D, INNOVATION AND DIGITAL TRANSFORMATION

Our total R&D expenditure in 2022 are approximately EUR 90.2 million.

For detailed information on products, please refer to the Products that Create Social and Environmental Value section of the report.

For detailed information on Arçelik's R&D approach and strategy, please refer to Arçelik's Annual Report 2022.

Total R&D Expenditure (million EUR)



DIGITAL TRANSFORMATION AND INDUSTRY 4.0

By integrating Industry 4.0, which is a combination of physical and digital technologies, into our production and service systems, we create smart and connected product concepts by offering service-oriented business models and acting proactively in the face of changing consumer demands. We expanded the use of artificial intelligence in digital transformation management, production, and quality management applications, by focusing on Industry 4.0 with the transformation of production management systems. We have implemented practices that will largely eliminate perceptual quality problems and critical quality problems. We ensured the development of smart applications by providing standard management and monitoring of automatic routing tools in the production area on a common IoT platform.

With the aim of responding faster and better to changing customer needs, we challenge the traditional hierarchical structure with internal stakeholders from different departments, business units, and teams in the regions where we operate to collaborate more effectively.

By doubling the number of full-time employees in the digitalization department in 2022 compared to 2021, we maintain our intent on innovation and alteration with a total of 436 employees.

ATÖLYE 4.0

Arçelik Atölye 4.0 is an R&D center that establishes collaborations based on expertise and knowledge and aims to produce solutions in different fields with its teams carrying out inter-functional projects on various Industry 4.0 topics such as efficiency, quality, and OHS.

Our washing machine factory, located in Ulmi, Romania, was included in the "Global Lighthouse Network" in 2019, where the World Economic Forum (WEF) includes best practices from Industry 4.0 studies. In 2022, the Factory was awarded the "Sustainability Lighthouse" status, which is given to appreciate the manufacturers who increase their productivity with innovative technologies that reduce their environmental footprint and focus on Industry 4.0.



R&D, INNOVATION AND DIGITAL TRANSFORMATION

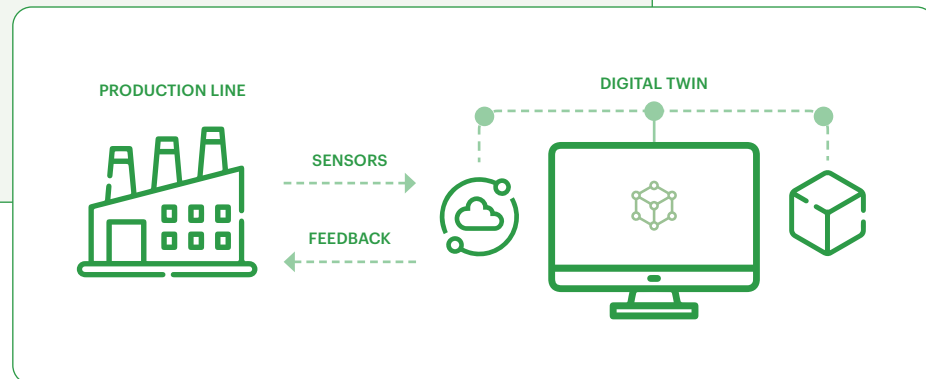
DIGITAL TWIN

Digitalization of Manufacturing Process: Arçelik Develops a Digital Twin

As part of the digitalization of the manufacturing process, in the "Digital Twin" project of the thermoforming process, in which the inner body of the refrigerator is produced, was modeled using the finite element method in cooperation with the Simularge start-up and its digital twin was created. The created digital twin estimates the quality of the output by performing data analytics with real-time sensor data on the production line and optimizes the process parameters to prevent possible quality errors with a closed-loop feedback algorithm. In this project, which was put into operation in Eskişehir Refrigerator Plant Factory 6 in 2021, a 30% improvement was achieved in the quality data for 2022.

On the other hand, It was featured in Springer's book "Digitalization Use Case Vol 2" in 2021 with the title "Digitalization of Manufacturing Processes with Startup Collaboration: Arçelik Developing a Digital Twin with Simularge" and published in the magazine "Sustainable Computing: Informatics and Systems Volume 35" with the name "Digital twin modeling for optimizing the material consumption: A case study on sustainability improvement of thermoforming process" and brought in the academic literature.

In 2022, it was expanded to the thermoform line of the Refrigerator Plant in Manisa and to the Bitumen oven line of the Dishwasher Plant in Ankara.





R&D, INNOVATION AND DIGITAL TRANSFORMATION

DIGITAL TRANSFORMATION PROJECTS

In the light of agile principles, we design digital transformation studies and projects that address at least one of the topics of customers, products and services, processes and systems, and people. Data analytics, education, open innovation, and collaboration in digitalization are our key enablers during this agile/digital transformation journey. With the transformation projects initiated in 2022, we achieved a total saving of EUR 2.69 million.

Digital Transformation Projects Implemented in 2022

R&D EXPERIENCE SHARING PLATFORM

With R&D Best Practice & Lessons Learned Platform, which is still in the pilot process, we create a medium for Arçelik R&D employees to share their valuable experiences with all plant R&D. This platform aims to enrich R&D know-how exchange and visibility while improving process & system perspectives and employee satisfaction. And this know-how exchange aims to ensure the communication of the experts' experience-based knowledge and to improve tacit knowledge levels throughout Arçelik R&Ds. Any category covering R&D processes and studies can take place on this platform. The value created in these categories can be time or cost savings, improvements in quality, performance, and sustainability. We obtain total improvement score of the experience-based knowledge by multiplying the value created by the frequency of use and diffusion potential. In addition to best practices, lessons learned stories are also welcome in this platform to improve R&D collaboration and synergy.

ROBOTIC PROCESS AUTOMATION (RPA)

The Automation of business processes provides time to employees that they need to reveal their talent & creativity. Improvement in process quality and risk elimination are other important benefits of the project. In this context, with this Project, we do not only support digitalization adventure of the company, but also increase in employee satisfaction. With RPA processes in 2022, we achieved EUR 2,690,000 cost-saving and saving of 53.8 FTE to be reinvested into market growth, customer relations and other value-added activities.

TECHNOLOGY SELF-ASSESSMENT

With this study, we aim to determine the areas of opportunity and threat that may arise in today's and tomorrow's competition by comparing the maturity of Arçelik technologies. We eliminate the cost of unnecessary investment by positioning Arçelik's technologies in line with the industry and identifying replacement technologies for declining and obsolete technologies. Within the scope of the Project, there are creating a current technology inventory, considering the development of technology, defining target technology areas, evaluating our technology needs to reach our target, and making activity plans for improvements on infrastructure, resources, etc. We are planning to update the study regularly.



R&D, INNOVATION AND DIGITAL TRANSFORMATION

CONNECTA

With this project, we aim to digitize daily office work for a better and leaner employee experience. In addition to the transition to a completely paperless office, we also support Arçelik employees to develop digital literacy. In terms of sustainability, more than 615,000 papers were saved in 2021, while in 2022, 612,000 papers were saved, which cost about EUR 6,000 in both years.

In 2022, we launched three new applications, and 21 apps were rolled out in 15 countries. There are 30,000 active users on Connecta in EU Region. Also, we reduced the infection risks by preventing over 4,000 employees to meet with managers, and HR teams for approvals.

ELECTRONIC DESIGN ENGINEERING PLATFORM

We expanded the DevOps to the Engineering Platform to further support electronics groups end-to-end. We increased the traceability within the company by centralizing all work requests to a common application. While we record both hardware and software R&D works to form a valuable big data chunk, dissemination is still in progress. On the other hand, we completed the "HW&SW life cycle for R&D departments" and dissemination is still in progress. In addition, our Engineering Platform - Electronics Portfolio module is developed to increase electronics work data including sub-modules-modules-projects relations and checklist-based data. This module will help to continuously monitor developer, squad, and project technical performance and increase traceability and reusability within electronic groups. This target will address information security, corporate solutions, commonization, traceability, and reusability topics by further increasing effectiveness within electronic R&D groups. With this project, we saved EUR 14,566.

CENTRAL R&D PROJECT MANAGEMENT

In order to increase efficiency and shorten project durations, we simplified the approval process of the projects in the central R&D project management by reducing the automatic approval times. With this improvement, we shortened the project durations by an average of 3 months. With this project, we saved EUR 98,314.

CONFIGURATION MANAGEMENT

In the configuration management project, we reviewed the product design, bill of material, management of production process data, and change management processes related to product development projects. 150% of design and manufacturing BOMs and feature-based variant configuration was introduced to the system. We reconsidered the Change Management approach with roles and responsibilities. With the improvement of these processes, product commissioning processes have been improved in terms of time, quality, and cost, and implemented in the washing machine, dishwasher, cooking appliances, dryer, and refrigerator groups of products. With this project, we saved EUR 208,412.

MAGNESIA MANISA PLM ROLLOUT

We established the PLM infrastructure in Washing Machine and Refrigerator plant in Manisa, Türkiye. We executed our standard production processes in Master Data Management (MDM) and Teamcenter with change management workflows and supported with SAP integration. We studied on Material master & BOM data management, item types & attributes, and product status. The design process worked on NX, and design data was kept on Teamcenter. While PTC Windchill was in use before, awareness sessions were organized to make people introduced with the new PLM system. Standard Arçelik process training was given on Teamcenter and NX.



R&D, INNOVATION AND DIGITAL TRANSFORMATION

Our motivation in this project is to increase the competencies of the employees in the Mechanical System Design units of R&D. By determining the competency requirements of employees, we aim;

- a) detecting training needs, creating new training, and carrying out the existing training,
- b) using competencies in rank assessments.

In the first quarter of 2022, the competency pool required for the Mechanical System Design teams to do their tasks was created. All departments determined the competency sets they need for each job role and level by selecting from the competency pool. After this stage, a competency card was prepared for each employee. In the second quarter of 2022, training needs and priority training areas were determined by analyzing employees' competency gaps. Also, training participation lists are prepared by examining these gaps. Around 20 expert employees volunteered to provide training on priority training topics. Within the scope of the Mechanical System Academy, all internal trainers received a trainer certificate. Starting from the third quarter of 2022, internal training started to be put into use. At the same time, we also made available the training to be taken from outside the company. The competency cards of the employees are revised depending on the training they receive and their practices in the projects.

MECHANICAL SYSTEM DESIGN ACADEMY

COMPLEXITY MANAGEMENT

In this project, we developed a modular design approach which allows individual modules to be re-developed, upgraded, or re-designed to fit unique customer needs. With this project, we shortened the product development process time in some major objectives and provided cost savings by increasing the common part usage ratio. We launched the complexity management project in 2021 and the roll-out of all plants is completed in 2022. We saved EUR 18,151,794 with this project. Also, we expect to get more savings by the introduction of new modular product platforms.

HITACHI PLM INTEGRATION PHASE I

With Product Lifecycle Management (PLM) Phase I project, two Arçelik Hitachi Home Appliances factories (Refrigerator Design, Washing Machine Design, and Small Product Design) located in Thailand will have a more advanced and suitable PLM environment in the design process. With the adoption of design processes in Arçelik standards, NX as a design tool and Teamcenter as a digital product lifecycle tool will be used in AHTH plant R&D. Thus, designers will be able to create designs with a 3D-centered working approach and by providing the link between the 3D design data and the technical drawings in the systems, the loss in the manual processes will be prevented. In addition, with the PLM Phase I project, these two factories, which are independent of each other and have different system usages, will have a standard system use and process, as in the existing Arçelik Global plants. With the Teamcenter system, 3D and 2D design data with datasets will be viewable and traceable in the historical and revision-based system. Management approval processes of the designs will be carried out in Teamcenter in the digital environment and traceability will be ensured with advanced reporting. In addition, we will make available all documents related to design data on Teamcenter and make them to be viewed and shared with relevant stakeholders.



R&D, INNOVATION AND DIGITAL TRANSFORMATION

SPC (STANDARD PART AND COMPONENT) PROJECT

In addition to creating a digital library of approved 3D and 2D data integrated into NX and Teamcenter (TC), we created a manageable and sustainable library system in accordance with Modular Design and Complexity Management. We re-prepared the component tree structure, and added the most used components to the system. The system is live and used globally. The number of screws has decreased by around 33% in Türkiye plants. Along with being online, accessibility, up-to-date and NX&TC integration, design time has been shortened. With this project, we saved EUR 621,461.

DATAFARM-SMARTFIX

Our main purpose with this project is to detect Wifi connected refrigerator problems before the customer realizes and fix them as soon as possible. Datafarm also generates a health report of the product and suggests spare parts according to the detected problem so that the service technician can make the correct intervention and be ready while visiting the customer. In order to achieve these goals, we built a farm with refrigerators. On these refrigerators, we simulated errors and collected data from them. According to these data, machine learning models were developed and checked their performance with the real products which are used by the customers. When the target performance was achieved, Datafarm has been served as a service to the Customer Care department called as smart fix. In the Smart fix service, the Datafarm machine learning model detects the anomaly according to data coming from WiFi-connected refrigerators and informs customer care service with suggested spare parts over an Application Programming Interface (API). Customer care service orders a spare part and visits the Customer and fixes the problem before the user realizes it.

CTP PROGRAM

With Structural Design Competency (CTP) Program, we aim to develop pioneering technologies for the global market and constantly increase our domestic and international design power. The CTP team works together with the CAD Process Owners (CPOs) to achieve this goal and take the responsibility for the central executive/leadership role in the designer's training, process developments, and integration projects. We defined a sufficient number of CPOs in R&D plants to achieve permanent, integrated, and value-added results throughout the Company. The program aims to develop new design tools in a 3D design environment and improving design processes contributes to Arçelik's design capabilities and enhances Arçelik's global design power. CTP Program especially focuses on working with global locations constantly to implement CAD, design, and engineering training; global CAD assessment programs and designer's competency systematics all around Arçelik's locations. The outcome of the program includes increasing designers' competencies and know-how. From 2017 to 2022, there is a steady increase in Designers' Competency Scores. Certified designers increased from 42 to 172, and CAD stars increased from 7 to 133 designers during this time period.



R&D, INNOVATION AND DIGITAL TRANSFORMATION

SMART SOLUTIONS

In line with the changing needs of society, we ensure that innovative experiences and knowledge are shared through collaborations, and smart solutions are improved to contribute to social and economic development. As our world becomes more interconnected and digitalized, we aim to reach future minds while generating ideas to make life easier for our customers and stakeholders. Simultaneously, we adopt open innovation as our corporate culture and collaborate with stakeholders such as start-ups, universities, suppliers, and companies from different sectors. We also encourage internal entrepreneurship as a part of our corporate culture. Our sustainability vision is at the core of our smart solution and open innovation initiatives.

HOMEWHIZ DEVELOPMENTS




We offer the HomeWhiz which is a mobile application and platform in particular makes controlling and monitoring easy for our consumer by providing a smart home experience from anywhere. The application offers smart suggestions to consumers and enabling energy consumption by monitoring and promoting more efficient energy usage. In 2022, we've implemented many developments for HomeWhiz and carried out studies to increase the interaction of the platform with different products and international consortiums. Many additional functions such as remote control of products and software update are supported with the HomeWhiz application. In 2022, we put into use the "SmartBakePro" technology to ensure the best cooking time suitable for the type of food in ovens, a notification mechanism that allows users to be warned in case of power cuts for the safety of food in the refrigerator, and automatic detergent ordering feature via Amazon in dishwashers. HomeWhiz has reached 70 countries, 18 languages and 16 brands with the developments made in 2022.

3-in-1 Filter Coffee Machine included in the premium product range, in which glass accessories are used and allowing our consumer to choose on the HomeWhiz application, has been developed by adding filter coffee feature to the existing automatic tea machine product.

Yogurt machine that provides the same taste every time with the advanced heating and cooling technology was introduced to consumers for the first time in Türkiye. It offers the opportunity to make yogurt with the use of raw and pasteurized milk, to ferment probiotic and traditional yogurt with the desired taste (sweet/normal/sour) through the integrated pH sensor, to make strained yogurt and kefir through the straining apparatus, and to prepare the yogurt in different flavors with the HomeWhiz application.

An inclined type hood has been implemented, with reduced sound level, increased suction power, improved energy consumption as A++, connectivity with HomeWhiz, and automatic operation with Hob to Hood connection.

 For detail information about Hob to Hood connectivity, please refer to Product Use Phase part of the Product Stewardship section.



R&D, INNOVATION AND DIGITAL TRANSFORMATION

RCoS+

The ultimate software development kit for RCoS+ embedded software architecture enables learning design and simulation easier. RCoS+ is an integrated and convenient development and learning platform for those who want to develop embedded software. RCoS+, which was expanded as an educational tool in universities in 2022, will serve RCoS SDK (Software Development Kit) Workshops for universities and students.

AIR CONDITIONERS

Energy Tracking in Air Conditioners

Wi-Fi connected air conditioners track the energy consumption amount. The smart recommendations are suggested to users for energy consumption reduction solutions.

REFRIGERATORS

Eco Fuzzy Mode for Refrigerator

It is the economic mode for freezer compartment of the fridges. If EcoFuzzy mode is selected, refrigerator can be used in economic mode after 6 hours unless the door is not open during this period.



Door is Open Notification for Refrigerator

Connected refrigerators notify users if the door remains open to prevent food waste and food damage.



HarvestFresh

HarvestFresh periodically and homogeneously applies the three primary colors, blue, green, and red, that plants need to create a natural living space in the crisper. This way, the levels of vitamins A and C are maintained for longer, extending the food's nutritional value for longer.



Aeroflow - Gentle air distribution for lasting freshness.

Nature put its own expiration date on its gifts. The appearance and shape of food is related to its freshness, and keeping this freshness for longer requires gentle care, just like in nature. Now, Beko's gentle and even care for food inside the fridge offers long-lasting freshness. With less direct cold air blowing on fresh food, less dehydration occurs. The innovative Beko AeroFlow™ cooling system minimizes temperature fluctuations inside the fridge and reduces temperature differentiations between shelves with surrounding gentle air distribution for lasting freshness. Since longer freshness of nutrients is a key element of healthy living, AeroFlow™ technology takes care of food inside the fridge in a gentler way. It surrounds food with evenly



R&D, INNOVATION AND DIGITAL TRANSFORMATION

distributed cold air to keep them fresh, vivid and juicy for longer. AeroFlow technology keeps the temperature fluctuation at a minimum level in the entire refrigerator, keeping the food fresh for 30% longer and providing a 20% reduction in weight loss, thus minimizing food waste.



Electricity Cut - Off Warning for Refrigerator

It prevents food waste and damage with the help of electricity cut - off warning on HomeWhiz. Users may get notification if an electricity-cut off is occurred.

DISHWASHERS

AutoDose - The right amount of detergent for efficient cleaning.

No more guesswork over how much detergent your dishwasher load's going to need! Beko is launching 1st dishwasher in Europe with AutoDose technology*. Just fill the detergent tank up to 1 month and let the AutoDose sensors dispense just the right amount of detergent for sparkling clean dishes every time, whatever program you choose. According to the program selection and the level of soiling, resulting in up to 28% less detergent usage for the wash cycles of lightly soiled dishes and gel detergent usage. If you prefer tablets or powder, you can bypass the AutoDose function too. If you've got a smart dishwasher with HomeWhiz® technology, you can use the HomeWhiz® app to automatically order detergent and rinse aid when your cleaning materials is running low. That's another thing taken care of!

** For household type only.*



MaxiDry - Perfectly dry. Perfectly clean.

Now your dishes get drier than ever with even shorter cycles than you're used to! Intensely heated air maximizes drying performance while speeding up the drying process. The hot air circulates throughout, removing every last drop of water from cutlery and glassware without using chemical additives such as rinse aid. Even the shortest programs get your dishes completely clean, dried and shiny.

WASHING MACHINES

AutoProgram

Automatic detection of fabric type & amount of clothes thanks to the AutoProgram results in optimized washing program. This prevents unnecessary water consumption.

AutoDose

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

Energy & Water Consumption Indicator

Energy & water consumption recommendation feature provides an environmental-friendly solution. It gives the opportunity to compare selected programs in terms of consumption. To protect natural resources, by considering the consumption values, the program that consumes the least can be selected by the user.



R&D, INNOVATION AND DIGITAL TRANSFORMATION

OPEN INNOVATION

Garage Innovation Hub (GIH)

Garage Innovation Hub is an innovation platform that we have developed as Arçelik, and it acts as a bridge that facilitates benefiting from the knowledge, experience, and connections of the players in its ecosystem, such as startups, mentors, investors, non-governmental organizations, representatives of private and public institutions and other interested parties. With its open innovation and entrepreneurship programs, Garage is an innovation center that enables different community members to collaborate and create new products, services, and systems supported by Arçelik's expertise, capabilities, and technical and financial support for our employees to turn their ideas into reality.

Garage Innovation Hub Portal

Portal has become the most preferred platform for a perfect match in the global innovation community. Active participation increased to 67 start-ups,

51 mentors, and 18 partners on the GIH portal. Value proposition defined, Collaboration Calls and Academy pages released. 15 blogs, 6 best case studies, 111 event announcements, 8 program pages, 2 helpful resources, and 1 Academy content were published.

Garage Innovation Hub (GIH) Highlights



200+
Engaged Partners



1,800+
Scouted Startups



250+
Collaborated Mentors

Open Innovation Day

The Garage Innovation Hub organized its first Open Innovation Day on April 29 with the participation of multiple start-ups, business leaders, and investors from around the world. 4 panels were held at the event with 14 speakers. The NFT competition brought the event to an end. After the Open Innovation Day, which took place with the participation

of 1,100 people, its spheres of influence reached 320.6 million people in Türkiye, the United States of America, England, China, Malaysia, Italy, the Philippines, Australia, and Singapore.

Scouting Program

As Garage Innovation Hub, we scout start-ups on the issues we prioritize that can add value to our internal venture projects and Arçelik departments. We have analyzed 1,800+ start-ups working on Computer Vision, Fintech (Blockchain&NFT, Buy Now Pay Later, Regulation Technologies, Wallet Security), and CleanTech (Green Energy, Water Management, Carbon Offset&Footprint, Decarbonization), which we prioritized in 2022. Also, this year we have one-on-one networked with +340 start-ups by participating in many events such as Slush, KWORKS Acceleration Program, TET R&D Project Competition, Keiretsu Angel Network Meetings and Demodays, ITU Çekirdek Big Bang and METU YYFI. As a result of these efforts, we matchmade 118 start-ups with Arçelik departments and contributed collaborations. In this way, we ensure that Arçelik departments are

matched with start-ups that will enable them to work more effectively and efficiently. At the same time, we support the development of internal venture projects.

Scouting Highlights



1,800+
Startup Analyzed



340+ start-ups
Networked with



120+
Startups Matched



40+
PoC Studies



16 Start-ups
Collaborated with

We aim to improve cooperation among start-ups and between start-ups and Arçelik and strengthen communication with start-ups that have collaborated with or received support from



R&D, INNOVATION AND DIGITAL TRANSFORMATION

Garage Innovation Hub and Arçelik. Meetings were held in person in Istanbul and Ankara in addition to 2 online get-togethers. There were 50 participants in the online conferences and 120 participants in the in-person meetings. By launching the Slack channel, start-ups were gathered under the community framework. It set the stage for communication and cooperation within the start-ups. Garage Innovation Hub newsletters and social media platforms highlighted start-up promotions and investment news.

5G@Endtech Acceleration Program

5G@Endtech Acceleration Program, created under the leadership of the Ministry of Industry and Technology, in cooperation with the Presidential Investment Office, KOSGEB, TÜBİTAK TÜSSİDE, Arçelik, Nokia, and Türk Telekom. The aim of the 5G@Endtech program is to support the commercialization and globalization processes of 5G-based enterprises in Türkiye.

5G@Endtech Highlights



300+hours of mentorship provided by technical mentors of Arçelik, Türk Telekom and Nokia



Garage Innovation Hub maintained **350+hours** of live PoC studies.



5G-focused start-ups received more than **TRY 1.5 million** support from KOSGEB.



One of the start-ups was supported by the Presidential Investment Office to participate in Slush, one of the world's most influential entrepreneurship events.

Arçelik possesses the first Private LTE network in the Turkish industry and this collaboration has been made to advance Arçelik's leadership in manufacturing digitalization. With the implementation of the 5G@Endtech Open Innovation Program, we were able to test and validate several use cases for relevance and feasibility.

During the program, startups developed solutions for 9 use cases related to practical issues encountered at Arçelik's production sites. Participating startups received PoC trials, training on various subjects, opportunities to benefit from KOSGEB support, field visits, and one-on-one mentoring contributions.

Innovation Champions Program

In 2022, 2nd cohort of the Innovation Champions Program was held, which was started to create a community that will lead the cultural change about innovation and entrepreneurship and provides corporate & start-up collaborations. 30 people were involved in the cohort, 13 from Europe, five from APAC, and one from the Middle

East. The program started with co-learning sessions on innovation, entrepreneurship, mentorship, ecosystem & communication, and panels and webinars with innovation experts. After the two cohorts, the program includes 51 mentors from 32 different functions and 13 countries. Mentors have joined 34 hours of co-learning sessions and 17 hours of ecosystem activities. In total, mentors have made mentorships with 133 start-ups for at least 240 hours.

Innovation Champions Highlights



30 people from Europe, APAC and Middle East



51 mentors from



32 different functions



13 Countries



R&D, INNOVATION AND DIGITAL TRANSFORMATION

Next Big Story

The Next Big Story program focuses on using innovation to turn consumer insights into new technologies and features that Arçelik brands will offer to the market. New features are included in selected product groups.

Sustainability, which is the current theme of the Next Big Story program, started in 2021 and continued in 2022 too. We conducted social media analysis, in-depth consumer interviews, competitive research and marketing communications research in our target markets to identify sustainability issues. The problems such as energy efficiency, food waste, freshness, durability of products, and environmental impact of materials were determined.

In response, we have produced more sustainable solutions and integrated them into our refrigerator products. In 2022 we tested nine sustainable refrigeration ideas in the first stage of consumer test. After conducting consumer research, pre-feasibility, and intellectual property studies, participants contributed three concepts

to the product roadmaps. In addition, we included the two product concepts, which were not continued in the program, in the R&D Food Preservation roadmap. In the study, there were 3 invention disclosure forms for different concepts.

BiGG3

BiGG is a pre-seed investment program that provides techno-entrepreneurs with a TRY 450,000 grant from The Scientific and Technological Research Council (TUBITAK Türkiye) for their businesses kickstart. BiGG3 is a consortium (METU Technopark, Kworks, and Arçelik) program accredited by TUBITAK. In the last two years, 632 applications have been received, and six cohorts have taken place. Four of the cohorts focused on general issues, and two on green technologies.

Our Garage Innovation Hub provided technical mentorship and technical information support to 166 entrepreneurs. Sixty-one successful business plans were submitted to TUBITAK after the incubation programs. Thirty-nine entrepreneurs qualified for

a TRY 9.5 million grant overall after TUBITAK's evaluation.

BiGG3 Highlights



6 Cohorts: **4** General/
2 Green Technologies



202/632
entrepreneurs selected
for incubation program



61 successful business
plans submitted to
Tubitak




TRY 9.5 million
grant for
39 entrepreneurs

Global Culture Ideathon

As a part of our Global Culture Launch event, 24-hour Ideathon was held on 11-12 October 2022. 150 applications from our employees in over 22 countries have been accepted. Thus, we have brought diverse participants and perspectives together worldwide, creating new ideas for our sustainability vision.

In total, 12 Teams & 7 mentors attended Ideathon. Teams prepared their presentations on different subjects, including training, less consumption, centralized carbon footprint monitoring, renewable energy, healthy living, preventing food waste, and recycling. The project that took first place, "Dijkstraing Your Way to Green to The Cloud," was about centralized carbon footprint monitoring. The second place, "The Food Hero Project" is organized to prevent food waste, while the 3rd team, "My Green Day," focuses on different sustainable workplace solutions.

 *For detailed information about the data collected during the application stage of the event, please refer to Arçelik A.Ş. Ideathon Privacy Statement.*



R&D, INNOVATION AND DIGITAL TRANSFORMATION

Ideation Highlights



24 Hour Ideathon



+22 Countries



12 Teams



7 Mentors



Please refer to Future Fit Culture, Talent & Organizational Management to get more information on Arçelik's culture codes, values and principles.

Refrigeration for Asia Pasific Ideation

We conducted APAC Ideation with the Central R&D Food Preservation Squad to innovate new product features which can contribute to the technology roadmap for the APAC region. In the workshops, 28 of the 76 ideas were qualified, and 7 were developed in a boot camp for the technology roadmap.

Metaverse ideation

Metaverse ideation clarified the types of applications we should do in Metaverse. This study brought together related people under our roof, and the participants co-developed potential ideas based on our target audience's needs. Potential target audiences for Arçelik are technology early-adopter, end consumers, and future consumers of Arçelik (8-12 years). We have finalized the project by creating a metaverse road map with nine ideas.

Patent Scouting Program

In 2022, we established a Patent Scouting Program with the Intellectual Properties team for inventors who want to commercialize their granted or applied inventions with Arçelik. This program, which we launched through the Garage Innovation Hub Portal, received nine applications about medical products, hoods, water purifiers, and food preparation machines. We transferred three applications to "Koç Yaşa Çok Yaşa" Medical Company and rejected five due to the narrow protection scope or irrelevant to the company's objectives.

One application is still in the evaluation phase.

Here2Next

Here2Next is a community for corporate companies that wants to collaborate effectively with start-ups. The platform's founders include 9 substantial corporations from various industries. The first action was publishing a Start-up Friendly Manifesto in June and inviting other corporates to become a stakeholder in the platform. Now, there are 24 stakeholders to share their good and bad experiences with start-up collaborations and learn from each other. There is also a Start-up Steering Committee (11 B2B start-ups) for managing a reverse mentoring process to consider their expectations and feedback. Here2Next held an event, called Here2Next Summit'22, to share best practices of the ecosystem about corporate-startup collaborations in November.

Start-up Rise Up

The "Start-up Rise Up" support program has been implemented to assist the

entrepreneurship ecosystem in growing and expanding. "Start-up Rise Up" is a YouTube-based Smart TV App that aims to assist start-ups in extending their customer base. The app helps start-ups find new users and customers while bringing technology-based products and services start-ups develop to TV viewers. Ten start-ups are currently featured on the TV App.

Please refer to Corporate Citizenship section of the report to get detailed information on the CSR projects carried out in R&D and innovation area.



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HORIZON EUROPE PROJECTS

EU Horizon Europe Framework Programs are among the prestigious platforms for worldwide stakeholders to collaborate. With a budget of EUR 95.5 billion, the EU's essential funding program for research and innovation is Horizon Europe. Additionally, the funding aims to tackle climate change and contribute to achieving the UN's SDGs through green projects. Horizon enables us to increase our strength in critical areas for our business, such as IoT and connected products, cybersecurity, sensors, robotics, artificial intelligence, energy efficiency, circular economy, innovative material technologies, forage technologies, advanced/data-driven/automated manufacturing system, 5G applications, edge/cloud computing, data mining/analytic technologies and home energy management, demand-side flexibility. We form strategic partnerships and collaborate with sector stakeholders to develop unique products, processes, and services. The technologies resulting from these partnerships provide greater profitability and solve social and environmental

questions. In recent years, 25 of our projects have been accepted within Horizon Europe. With the transformation of program into Horizon Europe in 2021, we made a strong start by securing six grant-supported projects related to production and sustainability topics. As a result, we are proud to be recognized as a company with the most projects in the Horizon Europe program from Türkiye. This achievement demonstrates our commitment to promoting sustainable practices and driving innovation in our industry. We are excited to continue our participation in Horizon Europe and contribute to its goals of promoting research and innovation for a sustainable future.

With our 25 Horizon 2020 and 16 Horizon Europe accepted projects, we became the Turkish company with the highest number of projects in the Horizon Europe program. Our involvement in these projects has provided EUR 3.3 million funds and expanded our network with 252 partnerships in these consortiums. The topics of our projects related to production and sustainability:

- Toxic-free metallization process for washing machine plastic surfaces
- Antimicrobial sol-gel coatings for refrigerator parts
- Zero waste in the thermoforming manufacturing line
- Ultrashort pulsed laser application for dishwasher plastics
- Zero waste of plastics by recycling and re-using raw material
- Bio-based foamed thermoplastics
- AI-powered evolution toward open and secure edge architectures
- Breakthrough in micro-bolometer imaging
- Digitalized value management for circular manufacturing systems
- Connected and interoperable hybrid energy storage systems
- Parallel processing platform for safe and secure AI
- Energy services for demand side markets

Our EU Horizon Projects with Numbers



EUR 3.3 million received Fund



25 Horizon 2020 Projects



16 Ongoing Horizon Europe Projects

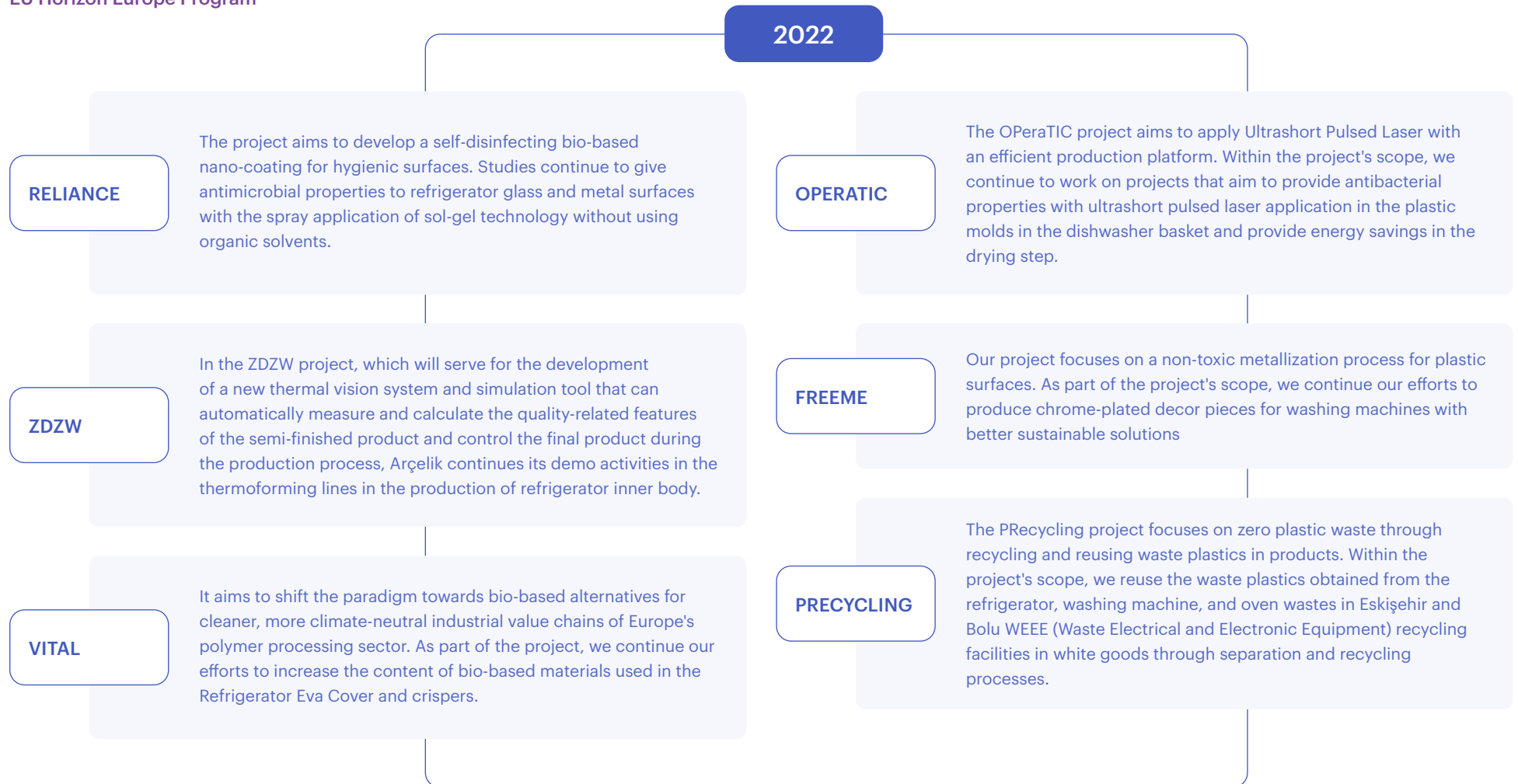


252 Partnerships Achieved



R&D, INNOVATION AND DIGITAL TRANSFORMATION

Ongoing Projects as Part of EU Horizon Europe Program





R&D, INNOVATION AND DIGITAL TRANSFORMATION

DATA PRIVACY AND CYBER SECURITY

Data Privacy

In line with the *Arçelik Global Data Privacy Policy*, we are committed to protecting the privacy of all parties we do business with and process personal data in compliance with all applicable data protection laws. The relevant parties are informed about how the personal data is processed, for what purpose it is used, for how long it is kept, and in which cases it can be shared with third parties. Our Company processes personal data lawfully, fairly and for specified, explicit and legitimate business purposes and with an appropriate justification (legal basis) under applicable data protection laws.

Our Global Compliance Department conducts periodic reviews and audits to ensure that all personal data processing activities are processed in accordance with the applicable data protection laws. In 2022, there were no legal complaints from the data subjects (customers, consumers, suppliers, business partners, and employees) and no detected cases of personal data and information security breaches.

Arçelik attaches great importance to cyber security, and accordingly, takes measures to manage the risks and ensures data privacy. These include training our employees to create awareness about data privacy, setting up firewalls, making simulation tests against phishing, scanning vulnerability, and adopting new technologies for system security. We provide data privacy training to our employees worldwide. We also carry out penetration testing every other year to detect vulnerabilities and improve our security. In 2022, a complete General Data Protection Regulation and Personal Data Protection Law Maturity Test audit was completed by an external auditor.

Data Security

The COVID-19 pandemic has accelerated digitalization, highlighting the importance of information and data security and privacy issues. Protecting personal data worldwide has become crucial due to the competitive market and economic fluctuations. In 2022, we constructed a resilient cyber environment that adheres to industry standards to protect our business from cybersecurity issues. The rapid development of computer and communication systems, technology, and the widespread use of internet infrastructure have increased the importance of data, which is now one of the most valuable assets.

We recognize our responsibility to secure and protect all related information and data. Our aim is to minimize the risk of infringement of our trade secrets, intellectual property, and patents. To achieve this goal, we take many precautions, implement strategies, and organize measures at all levels. We manage our information technologies and operational processes effectively to minimize cyber risks and prevent any potential loss of reputation, revenue, market share, and brand value that may arise from information security risks. We carry out projects with the utmost care, keeping information security in mind. Our approach ensures that we stay ahead of potential threats and provide a secure environment for our stakeholders.

The Information and Cyber Security Committee led by the Chief Strategy & Digital Officer is responsible for helping to build an effective information security management structure. As of 2020, Koç Holding Consumer Durables' President, one of the members of the BoD, was appointed as the Board Member responsible for overseeing Arçelik's cyber security strategy, given





R&D, INNOVATION AND DIGITAL TRANSFORMATION

his experience in this area and his active involvement in the Committee.

We carry out our information security processes in accordance with the ISO 27001 Information Security Management Certificate which covers 39% of supply chain, information technologies, human resources, finance and IoT cyber security operations. The main activities of our security management system include inspection, risk identification, regulation of action and corrective actions, follow-up of findings, determination of targets and opportunities, follow-up of violations, and updating of relevant legislation documents. Arçelik's security measures also comply with cybersecurity frameworks, such as the US National Institute of Standards and Technology (NIST) The Center for Internet Security (CIS), the Control Objectives for Information and Related Technologies (COBIT) and The Information Technology Infrastructure Library (ITIL). In addition, the Cyber Security Department operating under the umbrella of Information Technologies carries out governance, strategy, processes and resources to

help identify and prevent information security threats and cyberattacks. It also provides extensive incident response, vulnerability management, business continuity and disaster recovery programs. With our risk control strategies and projects to reduce cyber risks Continuous Vulnerability Scanning and Dynamic Application Security Testing tools and periodical penetration tests are conducted to analyze and improve the vulnerabilities of its assets.

For instance 60% of cyber-attack e-mails are blocked before they end up in the mailboxes of our employees in the reporting period.

Besides that, to increase security awareness among our employees, we share guides and provide periodic information security training and regularly conduct phishing tests to different employees at different times by changing their content.

As of 2020, The Global Cybersecurity Insurance Policy provides coverage for cyber risks and business interruption risks, minimizing our company's exposure to potential risks related to personal data usage. Cybersecurity risks are closely monitored by the Finance & Enterprise Risk Directorate and Risk Management Committee.

IoT Cyber Security

One of the important issues for our sector is the cyber security of Internet of Things (IoT) products. We are managing product security with 3 different virtual teams as Red Team, Blue Team, and Purple Team which are all in Cyber Security Technology Team. Red team is for offensive security and trying to find our own vulnerabilities for all technical domains including edge, mobile, and cloud services. Blue Team fixes the vulnerabilities that Red Team finds, and designs these in accordance with the IoT standards (IETSI EN303 645 etc.) Purple Team becomes the buffer between these 2 teams and is responsible mostly for managing Secure Software Development Life Cycle processes. Also, Purple Team follows national and international security

standards and gives related feedback to Red and Blue teams.

During the 2022 Red Team operations, more than 15 previously unknown vulnerabilities were discovered in our IoT products' end-to-end system. The Blue Team has taken prompt action to address all high-priority items on the list. To ensure a comprehensive vulnerability assessment, we engaged an independent security company to test our system for difficult-to-find vulnerabilities. However, they were unable to identify the same vulnerabilities that our IoT-specific Red Team had found. As a result, we have assembled a highly skilled and specialized Red Team with expertise in IoT-specific security testing to continue to identify and remediate potential vulnerabilities in our products.

Arçelik takes part in a working group for cyber security created by Türkiye's Presidency of Defense Industries. Participating parties come together in several workshops to standardize the IoT cyber security certification criteria for the Turkish market. The cybersecurity tests of our ovens,



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refrigerators, and washing machines were conducted by an accredited testing laboratory, and further tests will be conducted in future according to the new certification criteria. In 2022, Arçelik actively participated in the World Economic Forum's Cyber Security working group, engaging the Turkish governmental bodies and collaborating with six other countries to address IoT Cyber Security legislation. As part of our commitment to enhancing IoT security and promoting global collaboration, we advocated for a mutual recognition agreement between Türkiye and the UK, similar to those established between Finland and Singapore. We facilitated meetings between Türkiye's governmental bodies and the UK's Department for Digital, Culture, Media & Sport (DCMS) to initiate the process. We are pleased to report that the technical workings for the mutual recognition agreement have been completed, and we are awaiting feedback from the UK. Once established, this agreement will further strengthen our commitment to securing our products and ensuring the highest levels of customer satisfaction.

At Arçelik, we prioritize the security of our products and services. To that end, we use hardware security modules (HSMs) in our Wi-Fi modules and require our third-party vendors to provide us with HSMs in connected devices. Our Bluetooth-based devices have Evaluation Assurance Level 2 (EAL2) CC approval, and we are in the process of obtaining CC approval at EAL2 level for our Wi-Fi-based devices. We are collaborating with TÜBİTAK BİLGEM, Türkiye's globally accredited common criteria laboratory, and aim to complete the approval process in 2022. Furthermore, our HomeWhiz mobile application has Virtual Domain Environment approval. We are proud to have received recognition for our cybersecurity infrastructure, and we have been proposed by IASME to promote this work and our existing cybersecurity infrastructure as a specific use case on their website. Our current infrastructure has been published as one of the best cases on the IASME website, attesting to our Silver level maturity. To ensure the ongoing security of our products, we conduct



regular vulnerability analyses with our Red Team and Test and Verification Teams. We work with third-party partners to test our current ETSI EN303 645 compliance, underscoring our commitment to maintaining the highest standards of security and providing our customers with the best possible user experience. We receive notifications about vulnerability alerts from the e-mail address alert@homewhiz.com. After notifications about security concerns are accepted, we provide feedback to the notifier about how much time it will take to solve the problem. After the

work is completed, we again contact the notifier and show our appreciation for their efforts on our website.

 *For detailed information, please refer to [Global Data Privacy Policy](#), [Information Security Policy](#), [Global Personal Data Privacy Policy](#), and [Global Protecting and Retaining Information Policy](#).*



CUSTOMER AND CONSUMER EXPERIENCE

We recognize the importance of understanding and meeting the needs of our customers, which includes our dealers and stores in B2B sales, and consumers. This is why we take our responsibility to provide clear and accurate product information, ensure the security of their data, and make after-sales processes as seamless as possible for our end-users. In order to provide a better experience for our dealers and stores in B2B sales, we focus on improving our customer care services by providing facilitating solutions. Our commitment to creating a positive experience for both our customers and consumers demonstrates our dedication to building a strong and transparent relationship. By prioritizing customer satisfaction and consumer care, we differentiate ourselves from our competitors and drive growth and success in our business.

DEALERS (B2B) AND STORES

Our B2B customers are retail channels and dealers. We place a great deal of importance on our B2B customers and our connection with them, as these are the places where we have direct contact with customers. In this context, we held 6 meetings with strategic retailers on how to enhance cooperation on ESG related issues. Cooperating on increasing sales of energy efficient appliances stands out as a top priority for both Arçelik and retailers. We also conducted face-to-face interviews with 1,622 dealers out of 2,758 stores(dealers) in Türkiye, where Concept Plus Stores and Flagships are grouped together as omni-stores, aiming to enhance the customer experience in 2022. Concept Plus Shops offer the most commercialized experience with digital screens and are in line with the omni-behavior of customers, while Flagships offer useful solutions and digital touchpoints that allow customers to envision, experience, and be inspired.

We provide online and face-to-face training for our dealers to quickly keep

up with digital transformation and technical development. We carry out automation and digitalization projects to increase their work efficiency; we carry out communication and research studies to understand their expectations and satisfaction, and we develop projects to increase their satisfaction continuously with satisfaction surveys. With Rapid360, we ensured information security by transferring personal data stored on dealers' computers to the cloud, keeping them in a secure environment, and disseminating the project to all authorized dealers. We will provide a transition to a sustainable infrastructure in international standards that is not dependent on people.

We continue to develop sustainable solutions based on our responsible production and responsible consumption principle and consumer expectations. In this direction, we opened Türkiye's first Climate Friendly Store in Izmir, which has a platinum-level LEED certificate, to meet consumers' expectations and to set an example in sustainable retailing in Türkiye. The store was designed by

considering power, water saving, waste reduction, and recycling issues from the construction stage and includes Arçelik's first Climate Friendly House Sample in it.

On the other hand, to reduce costs and carbon emissions we carry out online sales at the stores closest to the consumers. More than 75% of the stores work in an integrated manner with this system and we are working on the integration of the remaining 25% of the stores into this system.

Arçelik opened its first climate friendly store.





CUSTOMER AND CONSUMER EXPERIENCE

ARÇELİK RETAIL ACADEMY

With the Arçelik Retail Academy, we have reached approximately 30.000 participants with the 6,800 sessions of training since the year it was opened. In 2022, we reached 7.394 people and continued providing our training both online and offline channels. While the number of people who completed all trainings in both platforms was 513.168, 5.204 people completed at least one online training and 5.252 people did in offline.

The Academy has expanded its programs for various target groups, including new generation leadership,

management expertise, and women dealers. A total of 120 individuals completed the New Generation Leadership Program, 412 people finished the Effective Management Program, and 1250 people graduated from the Sales Specialization program. The Academy plans to enhance its teaching methods by introducing real-time data monitoring, gamification, and engaging educational content. To help dealers improve their sales operations and retain knowledge, the Academy initiated the Dashboard Project. This project enables dealers to monitor key performance indicators of the Retail Academy instantly.

CUSTOMER EXPERIENCE

Transition to digital becomes even more important for businesses to maintain strong connections with their customers and enable smarter, customer-centric interactions. We strive to satisfy our customers and consumers by providing products and services of the highest quality and standards. We strive to be a beacon of reliability, continuity and respectability for all our customers, and we provide them various channels to reach out to us for their queries, including, annual meetings, face-to-face interviews, ABS platform, and satisfaction surveys.

For detailed information, please refer to the Stakeholder Engagement section of the report.

Our company has implemented a CRM (Customer Relationship Management) service project aimed at improving our customer interactions and relationships, as well as increasing our overall sustainability as a business. The project involved implementing a CRM software solution that captures and manages

customer data and interactions across all channels, including phone, email, chat, and social media.

Through the CRM system, our call center agents can access customer information quickly and efficiently, providing a more personalized and effective customer experience. We have also integrated the CRM system with our other business systems such as our customer service and sales management tools, which has improved our overall efficiency and effectiveness.

In addition, the CRM system has enabled us to track customer interactions and feedback, allowing us to identify areas for improvement and make data-driven decisions to enhance the customer experience. By listening to our customers and making improvements based on their feedback, we are able to build stronger, more sustainable relationships with them.

Overall, the CRM service project has helped us to increase our sustainability as a business by improving our customer service operations, reducing





CUSTOMER AND CONSUMER EXPERIENCE

customer churn, and enhancing our overall customer satisfaction. We will continue to invest in our CRM system and other sustainability initiatives to build a more sustainable future for our business and our customers.

Our salesforce **Customer Relationship Management (CRM) Service Cloud** System is using within 5 countries

(AT, PL, UK, RO, Defy) in 2022 and it is planned for Germany in April 2023. Additionally, as part of our Sirius Omni-Channel project, we are integrating the necessary features of a CRM (Customer Relationship Management) system into our Sirius CRM application to improve our customer interactions and relationships.

ACTIVITIES TO IMPROVE CAPABILITIES OF TECHNICAL SERVICES

GLOBAL TECHNICAL TRAINING

Our objective is to offer comprehensive technical details on all our products worldwide. Our global technical training team organizes training programs to establish more technically competent technicians in the field to fix our products during the product's lifecycle. We have trained more than 3000 technicians and technical service employees from our subsidiaries and distributors across more than 40 countries, in 2022, have been technically trained on the latest servicing methods for our products. Global technical training team started to produce in-house technical videos to be used by field technicians while repairing the products. We aim to distribute technical knowledge on repair issues as fast as possible using the Global Customer Care (GCC) Portal. Currently, there are 209 training videos available on the portal, which are accessible to 1200 users. This year, 21 new videos were added to the portal.

GLOBAL CUSTOMER CARE ACADEMY

The Global Customer Care (GCC) Academy is responsible for improving the technical and behavioral competencies of technical field personnel globally. We have distributed the training materials to all subsidiaries, which are now being translated into local languages for dissemination. In 2022, we have increased the number of educational content by 21% to 203 in GCC Academy Portal, and we currently have approximately 1,600 users.

In addition to the training initiatives carried out, the GCC service training team worked together with subsidiaries to enhance their technical infrastructure. A joint effort with Defy was launched to establish the Defy Service Academy process, and we have taken steps to upgrade the training structure in Bangladesh and Pakistan.

THE SERVICE ACADEMY

The Service Academy is responsible for improving the skills of authorized service staff who carry out after-sales service procedures for our operations in Türkiye. It provides technical, new product, and behavioral training to enhance employees' proficiency and ensure their continuous improvement. It also identifies the training needs of service owners and managers to develop their expertise in various aspects of business management, law, finance, human resources, and customer service.

All the training programs were updated and delivered through various channels, including a virtual classroom, video, and e-learning. In the year 2022, a total of 380,000 person-hours of New Generation Leadership training, which includes technical, behavioral, and management skills, was given to 12,990 authorized service personnel through 415 modules. About 9,000 personnel attended live virtual classes, and 12,255 attended e-learning/video training sessions with at least one module.

THE KITCHEN

The Kitchen is situated within Arçelik's Cooking Appliances Plant in Bolu, Türkiye, and serves as a place for consumers to engage with a range of Arçelik, Beko, and Gruding-branded products. This experience hub allows customers to provide valuable feedback and insights on the products and their cooking experiences, which is then used to inform the creation of new product ideas and features.

Last year, via The Kitchen, we centered on promoting healthy cooking practices and over the year, chefs prepared meals which are healthy and also have zero-waste approach.

NEXT GEN MERCHANDISING

We focus on enhancing our agility to better adapt to new-generation retailing. As a result, we introduced Online Experts - an online sales assistant equipped with digital capabilities that serves as the initial point of contact for consumers who visit our flagship stores virtually through their online devices. Through this technology, we enable our consumers to explore our products and services by interacting with their screens, thereby making our physical stores more easily accessible online.

We collaborate with top universities in Türkiye and facilitate various initiatives such as workshops, flagship visits, and C-level meetings to improve communication with the youth and foster product innovation. Additionally, we implement reverse mentoring by actively seeking out feedback and insights from our prospective consumers to better understand their needs and preferences.



CUSTOMER AND CONSUMER EXPERIENCE

AUTOMATION AND DIGITALIZATION ACTIVITIES TO INCREASE PRODUCTIVITY AND EFFICIENCY

GLOBAL PRODUCT REGISTRATION PROJECT

A customer registration platform has been developed to help customers share their product information and strengthen customer loyalty with easy and seamless after-sales processes. The platform was designed by our skilled UX team, who collected crucial requirements for each country during the registration process. Our primary objective is to cater to our customers' needs and expectations by providing them with relevant information at the appropriate time and touchpoints. For instance, we intend to share installation tips during the first month and maintenance tips in the sixth month to help our customers own long-lasting and eco-friendly products. Our data management policy prioritizes compliance with data protection laws and obtaining customers' consent for data gathering and archiving. Going forward, we plan to proactively design customer communications and interactions to offer support whenever needed.

EASY ACCESS TO PRODUCT INFORMATION PAGE VIA QR CODE

Our IT department and virtual manufacturing systems have significantly enhanced our QR code infrastructure. Our primary objective is to provide customers with a seamless gateway to access relevant information during equipment usage. By simply scanning a QR code, customers can view a comprehensive display screen that shows all equipment-related information. This state-of-the-art QR code infrastructure ensures that our customers can conveniently obtain the necessary information they need to utilize our equipment efficiently.

APPOINTMENT AND ROUTING PROGRAM (ROTAM)

ROTAM software helps our technicians at Arçelik subsidiaries to manage the booking process for customer visits in a more robust and professional way, increasing work efficiency and improving time and cost efficiency. This year, the new solution will be integrated with the Sirius system. The new route system optimization will offer an optimum route in terms of time and fuel consumption for its own or exclusive technicians.

SIRIUS

Our objective through the Sirius Project is to fully digitalize and standardize our GCC processes across all areas, including call centers, services, technicians, and employees in subsidiary head offices. This initiative will enhance the experience of our services in 63 different countries, providing more than 10,000 technicians with greater mobility through a platform that consolidates all technical data. Additionally, the project will create a digital environment where customers can easily reach us and track their service progress. The implementation of Sirius will have a beneficial impact on our Net Promoter Score, servicing processes, and first-time fix rate, while also promoting flexibility and reducing the use of paper. We are planning to start the usage of the product in 50 countries by the first half of 2024 and have reached 63 different countries by the end of the 2024. In only 7 months, 2,100 users and partners have used the application, which was brought to life in 18 countries on 5 continents. 1,150 workshops have been completed, and the current score in the monthly satisfaction surveys shared with users is 83 out of 100.

Our estimation for the impact of Sirius is based on the overall number of interventions and the cost of interventions in the countries where it will be implemented. We anticipate that Sirius will result in a 1% improvement in both repair and exchange rate KPIs. Furthermore, within Sirius, we have implemented strict payment control rules to minimize the risk of fraud, which is expected to reduce the number of repairs paid under warranty by 1%. These benefits have been projected for the years in which countries will adopt Sirius and we expect it to provide a return of EUR 1.16 million for 2023 and EUR 1.34 million for 2024.

USER MANUAL IMPROVEMENT PROJECT

The User Manual Improvement Project was initiated to create user manuals that are more concise, easier to understand, and printed in a more user-friendly format. In cooperation with schema ST4 consultants, we plan to complete our project, which we started in 2020. We also aim to enhance customer satisfaction by improving manual quality and terminology, as well as incorporating videos and infographics. Additionally, with the reduction in paper usage by at least 20%, we expect a cost-saving of approximately EUR 1.1 million across all factories and 85% customer satisfaction on digital user manuals.

As a result of our efforts, we saved approximately 6,392 trees from being cut down by reducing 376 tons of paper and saved approximately EUR 63,000 in costs.

DIGITAL AUDIT SYSTEM (DIDE)

DiDE is a digital audit initiative that we launched in Türkiye to assess the merchandising practices and display activities of all Arçelik and Beko dealers. Via a smartphone application, dealers are assigned a survey each month, and based on the results, they are given a monthly grade. In the event of a requirement, question, or issue, Digital Audit Specialists examine the survey and alert the pertinent units.



CUSTOMER AND CONSUMER EXPERIENCE

CUSTOMER SATISFACTION AND COMMUNICATION ACTIVITIES

VOICE OF THE CUSTOMER INITIATIVE

Publishing and presenting quarterly reports of Voice of the Customer Project, which measures customer experience at 20 customer contact points, has started in the beginning of 2022. 3 new journeys have been made live. Hot alert systems were established for negative customer returns that may arise during research to take instant action from the relevant units.

In order to provide customer-focused data, the CX indicators are analysed manually and the CX KPI Report is published monthly. In 2022, IT and the CX KPI team started the dashboard integration project that is planned to be launched by the end of 2023. Afterward, CX indices which will be generated by comparing Voice of the Customer findings and CX KPIs, offer the ability to track customer satisfaction levels, measure overall performance and make strategic decisions for an increase in customer loyalty that drives revenue growth.

THE VOICE OF THE FIELD PROJECT

With the Voice of Field Panels, customer experience-oriented feedback from dealer sales representatives, service personnel, and promoters is collected twice a year for a one-month period. Within the framework of this project, focus group studies and surveys are conducted if needed. All the gathered feedback is addressed to the relevant departments for actions to be taken. In 2022, the qualitative outputs obtained from the panelists since 2020 were integrated into the dashboard, enabling quantitative analysis and trend tracking. As a token of their appreciation, a celebration was organized for the top contributors, which is planned to be held every two years.

SOCIAL LISTENING ANALYSIS PROJECT

Social Listening Analysis Project: Social Listening Analysis continued in 2022 with a third party agency in order to code and analyze automatically our customers' posts and their reflections about our brands on social media and provide insights about them. Company training was arranged and made. Report templates were prepared to have quarterly reports in 2023.

MARKETPLACE ANALYSIS PROJECT

Customer Review Analysis of our products which are sold in marketplace (Hepsiburada, Trendyol) have been launched in 2022 with a third party agency in order to code and analyze automatically our customers' scores and comments about our Altus and Grundig brands on marketplace and provide insights about them. Company training was arranged and made. The dictionaries were finalized.

DEALER SATISFACTION SURVEY

To gather feedback from our B2B customers, we employ the Koç Holding Dealer Satisfaction survey. In 2022, the survey was distributed to 67% of dealers. In 2022, our average customer satisfaction score from the ones who responded to the survey was 87.

Dealer Satisfaction Survey Results



TRACKING RESEARCH STUDIES

Dealer non-buyer survey and Dealer mystery shopper survey continued throughout in 2022 in order to track our dealers' performances and non buyer customers' reasons and feedbacks. They were reported quarterly. Call Center mystery shopper survey was conducted once in 2022 in order to track call center agents' performances and reported accordingly, second Call Center mystery shopper study began in late 2022 and its report is expected to be ready in early 2023



CUSTOMER AND CONSUMER EXPERIENCE

CONSUMER EXPERIENCE


In a time of rapid digitalization and increasing customer expectations for fast and online systems in shopping, it is even more imperative for companies to maintain a strong connection with their customers, delivering smarter, more customer-centric interactions. Arçelik is very conscious of these evolving expectations and aims to meet the needs of its customers and consumers across all operational areas by providing products and services of exceptional quality and standards, and endeavors to establish a reputation as a dependable, reliable, and respectable brand that customers can rely on.

NEW GENERATION CONSUMER EXPERIENCE ACTIVITIES:

Sustainable Consumer Care With IoT

With HomeWhiz we allow our consumers to connect their devices to Wi-Fi networks and give them easy access to the Call Center in selected regions by pressing a single button on the product. The Support Service feature collects the essential product

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

 *For detailed information, please refer to Smart Solutions section.*

CONSUMER SATISFACTION AND COMMUNICATION ACTIVITIES:

Consumer (B2C) Satisfaction

We regularly measure the quality of our services via the Net Promoter Score (NPS) method, taking corrective and preventative actions based upon yearly results.

In 2021, we began monitoring our NPS performance data and consumer complaints on a global scale. In 2022, we developed a Service Quality Project and a High-Season Air Conditioner Project, targeting to boost our service quality and our NPS results was 48.7%

and we received 3,280,426 complaints, which we promptly addressed and resolved 94.6%. We also use the Koç Holding Consumer Satisfaction Survey to collect more feedback, which showed an increase in our overall rating from 89.23 to 90. This survey included a gender breakdown in three product categories, and the index score for women consumers increased from 90.7 to 90.73.

Global Consumer Satisfaction Survey

As Arçelik, we are present in more than 145 countries with a portfolio of 13 well-known brands. Our priority is to comprehend the requirements and anticipations of our consumers, and then apply our advanced technology to develop effective solutions. We strive to create a consumer-centered brand and product experience in all the countries where we have operations. Global Consumer satisfaction research was conducted for the first time in 2022. We are planning to continue conducting satisfaction surveys once a year.

Consumers' lifestyles are changing quickly, and they are concerned about

supply chain and economic issues. This has been difficult for companies, who must be prepared for changes in demand. To better understand consumer needs and expectations, a survey was conducted in 10 major markets. The results of this survey are used to measure consumer loyalty and help companies create solutions to meet consumer needs.

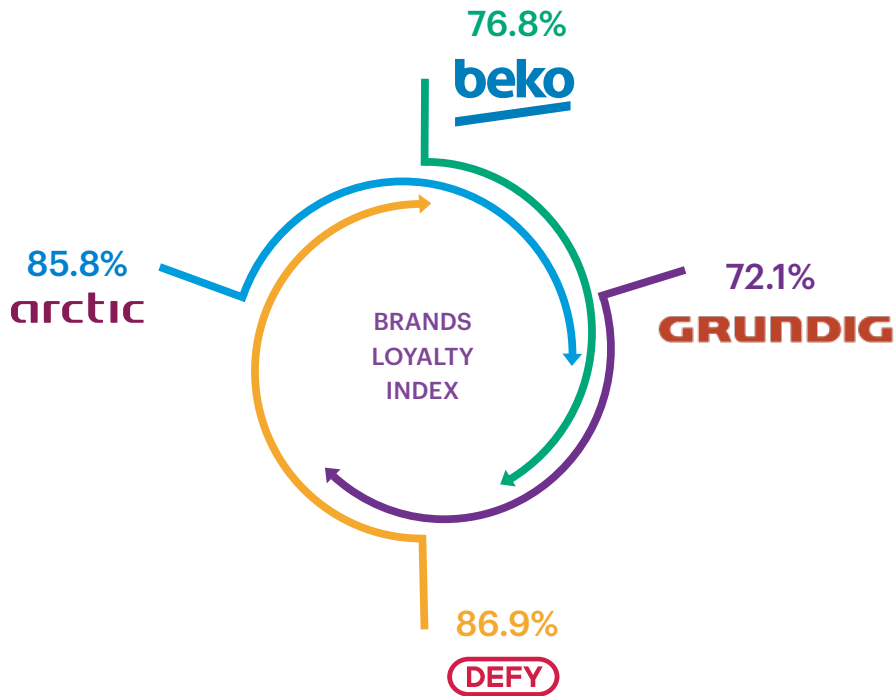
The survey which included roughly 300 participants in 10 countries and the data was adjusted for the population of each country, was aimed at consumers who had bought a refrigerator, freezer, washing machine, dishwasher, tumble dryer, or washer dryer oven in the last two years, and both our consumers and our competitors' consumers were included in the responses. To ensure gender equality, we chose a target group consisting of 50% women and 50% men. Once the results were gathered, they were analyzed accordingly. Our Global Consumer Satisfaction Survey has revealed that we have a strong relationship with our consumers around the world, with our Global Brand Loyalty Index scoring



CUSTOMER AND CONSUMER EXPERIENCE

77.1. The results of our regions in the survey are as shown below. Grundig has 72.1, which is our lowest score among other regions, but is still higher than the lowest score to be regarded as having a strong relationship, which is 70 points. While DEFY and Arctic have “very good” scores of 86.9 and 85.8 respectively, Beko has 76.8.

Arçelik Global Score: 77.1



10 Countries

France, Germany, Italy, Poland, Romania, Russia, South Africa, Spain, United Kingdom, Norway.

Sizable Population

Approximately 600 respondents per country participated in the survey, with the exception of Norway.

Loyalty

A total of 2,741 respondents who had purchased one of the four brands in one of the countries participated in the survey.

Competitors' Brand Loyalty

A total of 3,087 respondents who had purchased one of our main competitors' brands in one of the countries participated in the survey.

Timing

The data was collected in January-February 2022 via online survey.



CUSTOMER AND CONSUMER EXPERIENCE

PRODUCT QUALITY AND SAFETY

We stick to the most effective approaches for ensuring the safety of our consumer and the quality of our products. Our focus on consumer safety extends to both the design criteria for product safety and the management of product quality, which follows internationally recognized frameworks such as **ISO 9001 Quality Management** and **ISO 10002 Customer Satisfaction Management Systems**. In addition, all of our products meet the quality and safety standards established by reputable organizations such as the **International Electrotechnical Commission, European Standard, and Underwriters Laboratories**, as well as national standards that align with these regulations. Our technical design and manufacturing processes are modeled in accordance with safety regulations and standards in each relevant country. We closely monitor the work of the **International Electrotechnical Committee** and the **European Committee for Standardization/European Committee for Electrotechnical Standardization**, including the technical committees

and working groups that study safety standards. Our team of product safety experts contributes to these committees to enhance safety standards requirements. In addition, we subject our products to safety tests conducted by third-party laboratories, as well as our own laboratories that meet the necessary testing facility requirements. The results of these tests are reported to ensure transparency and accountability.

We also follow all applicable directives and regulations, including following:

- Biocidal Product Regulation
- Cybersecurity Act Regulation
- Ecodesign Directive
- Electromagnetic Compatibility Directive
- Energy Labelling Framework Regulation
- F-Gas Regulation
- Food Contact Materials Regulation
- Gas Appliances Regulation
- Low Voltage Directive
- Network and Information Systems Directive
- Packaging and Packaging Waste Directive
- Polycyclic Aromatic Hydrocarbons Regulations

- Radio Equipment Directive
- Registration, Evaluation, Authorization and Restriction of Chemicals Regulations
- Restriction of the Use of Certain Hazardous Substances Directive
- Waste Electrical and Electronic Equipment Directive

Our goals in product quality and safety for the year 2023 are:

- **Decrease rolling actual/estimated service call rate,**
- **Increase supplier quality,**
- **Extend the 6Sigma global program,**
- **Establishing a product safety audit systematic for the products in serial,**
- **Ensuring delivery of safe products to the markets all over the world,**
- **Create product safety awareness for suppliers.**

Instead of conducting internal audits based on ISO 9001, we have carried out Q-STAR audits, which aims to determine the level of maturity of these processes

and to pinpoint areas that require improvement by providing a systematic approach to ongoing enhancement efforts, with the objective of evaluating quality management processes at all of our operations since 2020.


The audit system evaluates various aspects of the management system, including quality control measures for incoming materials, production, and output, field quality control, supplier management, warehouse management, in-house management, assembly line management, depot management, and training and development of employees. It also assesses new product development, reliability, compliance, and safety of the final product.

To effectively execute and maintain our quality management systems, we have put in place initiatives such as 6 Sigma, Lean Manufacturing, Lean Sigma, Total Quality Management, and Advanced Data Analytics. We deployed a training program with updated 6 Sigma, Advanced Data Analytics and Reliability modules. We also launched a new project management portal. As we setup project targets for trained



CUSTOMER AND CONSUMER EXPERIENCE

employee, we periodically monitor and review proceedings. In 2022, 18 quality matrix projects, 10 Q-Star assessment including all domestic plants and 8 Q-Star oversea plants assessment were performed. In 2022, a total of 2,236 employees (8 out of 1,882 were trained under master black belt, 276 black belt, 730 green belt certificated personnel) were trained on 6 sigma methodology through 425 6 sigma projects. 129 employees have been trained in Advance Data Analytics, 142 employees have been trained in FMEA and, 53 employees have been trained in Reliability training. K101 training (Quality 101) was provided to 42 employees. Additionally, Quality awareness training was provided to all employees in 2022.

 *For more information about Management Systems, please refer to Annex 8.*



PRODUCT SAFETY MANAGEMENT

Product safety is a top priority for us. To ensure that our products and their components meet global standards and Arçelik Component-Test Instructions, we carry out thorough tests and controls. We have developed forced failure tests to ensure that our components fail safely. Additionally, we perform Failure Mode and Effects Analysis studies during the product design process to proactively identify and prevent potential failures. Once we have completed this stage, we conduct risk

assessments in line with both local and international regulations. If necessary, we take corrective actions to prevent or manage any potential risks. We also ensure that there is collaboration between our company and external parties to address any safety concerns. One of the responsibilities of the Central Product Safety Department is to perform annual safety audits on product manufacturing and design processes at our facilities. Additionally, the department conducts audits during the prototype and trial production stages of new product development

projects. Based on audit results, corrective actions and necessary measures are taken. The Product Safety Risk Assessment Team is responsible for evaluating product safety risks and determining the associated risk levels.

Our objective is to integrate a culture of product quality and safety throughout the company by enhancing employee training and increasing the number of employees receiving training. To achieve this goal, we strive to include more of our employees in capacity-building activities each year.

To ensure product data security, our Cyber Security Technology Team consists of three virtual teams. The first team tests all technical domains, including edge, mobile, and cloud services, for vulnerabilities related to the product. The second team addresses any identified gaps and designs mandatory items required by international IoT standards, such as ETSI EN303 645. The third team is responsible for managing Secure Software Development Life Cycle processes while adhering to national

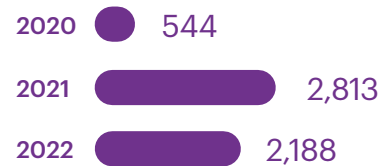


CUSTOMER AND CONSUMER EXPERIENCE

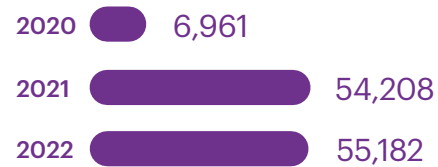
and international security standards. This team provides feedback to the other teams and acts as a buffer.

For further information on product data security, please refer to 'Product Cyber Security' section of report.

Number of Employees Receiving Product Quality and Safety Training



Total Hours of Product Quality and Safety Training (Person*Hours)



RECALL

One of our key objectives is to guarantee the safety of our products. To mitigate any uncertainties surrounding the quality and safety of our products, we leverage online platforms to promptly communicate with our customers and release official statements. Should a recall be deemed necessary, we adhere to local regulations and establish complimentary helplines to facilitate direct communication with our valued customers. Our recall procedures are founded on the principles of PAS 7100, which have been endorsed by the Office of Product Safety and Standards (OPSS). No recalls were made in 2022.

Arçelik Reliability & 6 Sigma Day

Every year, we host the Arçelik Reliability & 6 Sigma Day to ensure that safe design, reliable products and production are achieved by sharing the latest technical knowledge across the organization. This helps us enhance our product safety capacity and reduce the occurrence of service failures and safety incidents. In Reliability & 6 Sigma Day, teams discuss their progress in developing new reliability, safety and 6 Sigma methods and tools and we also invite experts from various fields to present and share their insights. During the 2022 Reliability Day, our teams implemented 63 Reliability and 6 Sigma projects.





SUSTAINABLE SUPPLY CHAIN MANAGEMENT

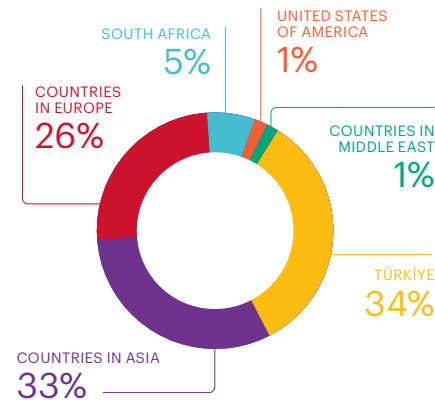
Adopting effective supply chain management plays a crucial role in managing a company's social and environmental impacts. At Arçelik, we are fully committed to integrating environmental, social, and governance metrics into our approach to the entire value chain. The Company's attitude and activities related to sustainability are also reflected in the suppliers. We support and make a serious effort to increase the sustainability performance of our suppliers. We make our purchasing operations sustainable and monitor their continuity through risk management processes, sustainable supplier indexes, supplier audits, communication activities, and supplier training.

We have a dynamic purchasing structure with purchasing offices in 9 different countries and more than 200 employees. Within Arçelik, we make purchases from more than 60 countries in total. In 2022, our global purchasing capacity reached nearly 2,000 Tier-1 material suppliers, and our total purchasing volume, including indirect and investment purchases, has reached approximately EUR 4.5 billion. With our

purchasing activities, we contribute to local development on several countries. While the largest proportion of purchases (34%) are in Türkiye, we contribute to local development in several other countries with purchasing activities as follows: countries in Asia, 33%; countries in Europe, 26%; South Africa, 5%; United States of America, 1%; countries in the Middle East, 1%.

In 2022, our global purchasing capacity reached nearly 2,000 Tier-1 material suppliers, and our total purchasing volume, including indirect and investment purchases, has reached approximately EUR 4.5 billion.

Purchasing Cost per Region of Origin



Raw material purchases constitute the largest part of our total purchasing volume. When metal and plastic materials, the main inputs of home appliance production, are evaluated together with the raw material purchases made by us and our suppliers, the cost of purchased materials is approximately 33% of the final cost of the product. In addition to their direct effects, raw materials are critical in determining the prices of component groups that require intensive use of raw materials. In 2022, raw material purchase rates were 50% polymers, 44% sheet material, 3% copper, and 3% aluminum.

ARÇELİK GLOBAL RESPONSIBLE PURCHASING POLICY

Arçelik Global Responsible Purchasing Policy sets out the expectations from suppliers such as compliance with the law, respecting and accepting ethnic and cultural diversities, protecting the human rights, fighting against bribery and corruption, establishing mutually beneficial relationships with all business partners, environmental regulations and protection. It is designed to ensure that suppliers' business practices comply with both applicable legal rules and Arçelik values. Accepting and complying with Arçelik Global Responsible Purchasing Policy is a contractual obligation. In case of a serious violation of this Policy in a systematic manner, Arçelik reserves the right to terminate the contract with its suppliers.

Our stakeholders can inform us about suspicious behavior or supplier violations of business ethics via an e-mail address (arcelikas@ethicsline.net), our website (www.ethicsline.net), or the telephone numbers given in our Global Responsible Purchasing Policy. Arçelik undertakes to handle all



SUSTAINABLE SUPPLY CHAIN MANAGEMENT

notifications about suspicious behavior and violations confidentially and protect those who provide such notifications, and we do not tolerate retaliation.

Arçelik is among the first signatories of the Code of Conduct published by **Home Appliance Europe (APPLiA)**, and we have committed to ensuring that our suppliers act in accordance with the **International Labor Organization Declaration on Fundamental Principles and Rights at Work**, the **United Nations Universal Declaration of Human Rights**, the **United Nations Global Compact**, and the **United Nations Guiding Principles on Business and Human Rights**.



International
Labour
Organization



SUPPLIER ESG PROGRAM

Supplier ESG Program is a procedure which is designed to ensure ESG strategies are embedded into supplier selection and evaluation criteria to identify material risks and impacts, ensuring that supplier business practices are in line with Arçelik Global Responsible Purchasing Policy. The Supplier ESG Program covers Environmental Management, Energy Management, Conflict Minerals Management, Human Rights and Ethics. Board of Directors is responsible for the oversight of the implementation of the Supplier ESG Program. Further details can be found in Supplier ESG Program document.

Supplier Selection Criteria


In the supplier selection process, all potential suppliers are assessed by a limited survey that covers quality, environment and business ethics aspects. For contract awarding to the existing significant suppliers, quality, timely delivery and ESG score determined based on the Supplier Sustainability Index are considered.

Based on the methodology explained in detail in the Supplier ESG Program, minimum 20% of ESG score is weighted in the final score of the supplier to be selected for contract awarding.

Supplier Screening Process:

In order to have a comprehensive understanding of the supply chain risks and dependencies from ESG and business perspective, Arçelik carries out a screening process as defined in the Supplier ESG Program to better manage the related risks. In supplier screening process, several risk factors are taken into account such as the country specific risks, commodity specific risks, sector specific risks as well as the dependence on the supplier and the potential ESG risks of the supplier. In determining significant suppliers for the company, business relevance aspects such as the purchasing volume, dependence on the supplier in terms of sourcing critical components or in terms of being an unsuitable supplier are combined with potential ESG risks of the supplier based on environmental risks, social risk and governance risks.

In 2022, based on supplier screening process, the number of significant Tier-1 suppliers are 488 which corresponds to %83,5 of total purchasing volume. The number of significant Tier-2 suppliers is 1,411 in 2022.

 *For further information on our Supplier ESG Program, please visit our website.*



SUSTAINABLE SUPPLY CHAIN MANAGEMENT

RISKS ON SUPPLY CHAIN

COUNTRY SPECIFIC

The macroeconomic, legislative, political and social risks related to specific countries are taken into account, including the corruption index levels. It is also important to look at country specific risks from a globalization/localization perspective. Countries such as Türkiye, China, Pakistan are among countries deemed as risks within country specific risks in terms of macroeconomic, political and social risks.

SECTOR SPECIFIC

Plastic processing and metal processing sectors are two significant sectors for Arçelik which have the potential to be risky in terms of environmental and social impact as well as from quality impact.

COMPONENT SPECIFIC

Electronic cards and compressors are significantly important components for Arçelik's business. The dependency on the suppliers of these components is taken into account from purchasing volume, quality, timely delivery, environmental and social risks such as conflict minerals risk in terms of 3TG metals.

Environment: Arçelik has set a prerequisite that from 2023 going forward, all Arçelik suppliers either have a ISO 14001 Environmental Management System certificate or have at least initiated the application process. This is the first evaluation criteria. Arçelik also evaluates potential environmental risks based on the process of the supplier and suppliers that have the potential to have a more harmful environmental impact are given a different risk level and prioritization for environmental impact data collection.

Social & Governance: Child labor, forced labor, corruption is among risks for which Arçelik has zero tolerance. Suppliers which operate in countries with high corruption risk, lack of clear rules for child and forced labor as well as lack of industrial unionization are deemed as risky in terms of social risks. Priority is given to these suppliers in ethics audits.

Supplier ESG Assessment

As part of the Global Responsible Purchasing Policy, we carry out a comprehensive Supplier ESG Assessment Process. The Supplier ESG Assessment Process for significant suppliers consists of 1) desktop assessment of suppliers via an online survey 2) onsite assessment of suppliers by Arçelik supplier development team employees 3) onsite assessment of suppliers by an accredited third-party auditor firm. We collect environmental and social data from our suppliers, we assess the compliance of our suppliers with supplier business ethics rules, which include Arçelik's expectations for legal practices, working conditions, ethical rules, occupational health and safety, and the environment. We plan corrective actions for nonconformities that arise as a result of the assessments and check the actions taken regarding these plans in the following audits. We may request the removal of any employee or terminate cooperation with a supplier upon finding them acting illegally.



SUSTAINABLE SUPPLY CHAIN MANAGEMENT

We require full compliance with Arçelik’s Global Responsible Purchasing Policy in these assessments and terminate contracts with any supplier in cases where child labor, forced labor, discrimination, bribery, or incidences of corruption are detected. Additionally, new suppliers are required to complete a short survey on quality, the environment, and business ethics, as defined in the Supplier Selection Criteria.

Supplier Sustainability Index

We developed an in-house Supplier Sustainability Index project under Supplier ESG Program. The project has been initiated with the direct (Tier 1) material and product suppliers. In 2022, we have continued working on building the same infrastructure with our logistics suppliers. Therefore, unless otherwise stated, all targets, KPIs indicated in this section belong to the direct material suppliers and OEM suppliers.

A dedicated in-house team in the Purchasing and Product Sourcing Departments works on this project in collaboration with the sustainability teams. We have also partnered with an independent accredited audit firm to help us carry out this project. The firm provides us the supplier data monitoring software platform and works in close collaboration with the purchasing team to reach out to the suppliers and act as an advisor for the questions raised by the suppliers. The aim is to understand our suppliers’ ESG-related risks and opportunities by collecting and analyzing their data. Our main intention is to enable Scope 3 emissions

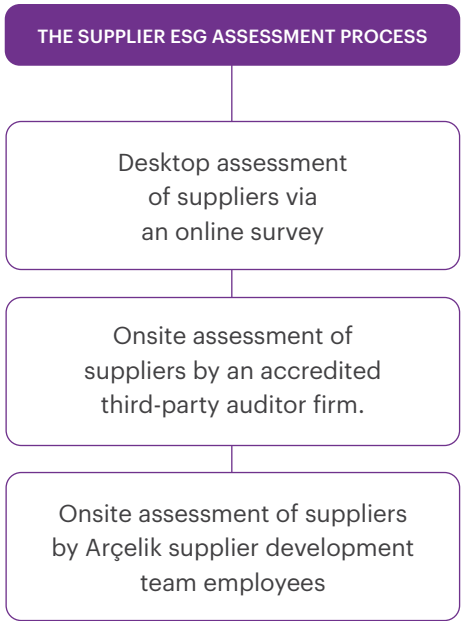
reduction in the value chain. Therefore, each year we carry out supplier screening processes considering ESG related risks and business relevance to determine significant suppliers which will be given priority in the assessment process.

As defined in “Supplier Screening” section, we define significant suppliers considering business relevance in terms of high purchasing volume, critical components provided or being non-substitutable combined with potential ESG risks of the suppliers. As a first step of the Index, 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 documentations 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.



As a second step of the Index, a comprehensive on-site audit covering ESG topics are aligned with Business Social Compliance Initiative (“BSCI”) and the Suppliers Ethical Data Exchange (“SEDEX”) and Responsible Business Alliance (“RBA”) carried out by third-party independent accredited third-party auditors with relevant certificates. Within the scope, the compliance of our suppliers with *Arçelik Global Responsible Purchasing Policy* is assessed, which include Arçelik’s expectations for legal practices, working conditions, ethical rules, occupational health and safety, and the environment.

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). Further information on scoring methodology is provided on Supplier ESG Program.





SUSTAINABLE SUPPLY CHAIN MANAGEMENT

In 2022, a total of 237 unique significant suppliers have been assessed through in-house Sustainable Supplier Index. 159 suppliers were assessed within Arçelik's assessment in collaboration made with a third party. 128 third party ethics audits were completed. 74.3% of the suppliers assessed are from Türkiye, 14.3% from Asia and 11.4% from Europe. In terms of supplier capacity improvement projects, our employees also conduct on-site visits to the suppliers to cooperate on issues on cycle time improvement, energy efficiency, quality. 186 on site visits to 594 suppliers have been completed by Arçelik employees. A total of 44 quality on-site audits based on quality improvement have been made in 2022.

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 the action plan to close the non-conformities. In case High and Middle Risk suppliers failed to improve their scores to Acceptable risk level within 10 months of the plans

launch, Arçelik reserves the right to terminate the contract with the supplier.

To find out more about the results of in-house and third-party assessment process, please refer to the Supplier Assessment Findings section.

For details of the Supplier Sustainability Index Data Collection process, please refer to the detailed information below:

Environmental Data Collection and Performance Monitoring Process:

This process consists of two parts: qualitative and quantitative data collection.

In the qualitative part, the following questions are asked:

- Sustainability reporting and tracking of environment/ energy performance KPIs
- Environmental Policy
- ISO 14001 Environmental Management Systems
- Compliance with environmental regulations and environmental penalties
- Compliance with Arçelik Chemicals

Compliance Management Policy

- Operational eco efficiency- third party verification of the Scope 1-2 emissions with respect to the ISO 14064 Standard
- ISO 50001 Energy Management Certificate Systems
- Recycled-reused materials used for Arçelik

Working on environmental projects such as LCA, waste heat recovery, wastewater recovery, CDP reporting, etc.

We believe that the suppliers we work with should, as a minimum, have established ISO 14001 Environment Management Systems and ISO 50001 Energy Management Systems. The ISO 14001 Environmental Management System provides guidance as to which environmental systems should be established. The ISO 50001 Energy System provides guidance as to which energy efficiency measures must be implemented. Suppliers are encouraged to build on top of these systems to increase their positive impact.

We have set the following targets:

- As of 2023, suppliers* are required to have the ISO 14001 Environmental

Management Systems Certificates.

- As of 2025, our suppliers* above 1,000 tons of oil equivalent (TOE) are required to have ISO 50001 Certificates.
- As of 2030, our suppliers* above 500 TOE are required to have ISO 50001 Certificates.

As a further deep dive into the quantitative environmental data collection part, it is important to emphasize our rationale behind this effort. Having committed to Net-Zero 2050 targets within the entire value chain, supply chain decarbonization is critical. We would also like to understand the environmental impact on a more general perspective of our supply chain. Therefore, we have started to increase our collaboration with our suppliers to improve their environmental performance.

The data we collect consists of:

- Direct and indirect scope 1 and 2 emissions
- Water withdrawal in m3: surface, well water, public grid water, tanker water, and rainwater harvest

* 90% of purchasing volume.



SUSTAINABLE SUPPLY CHAIN MANAGEMENT

- Recycled wastewater, wastewater
- Hazardous and non-hazardous waste, and packaging waste
- Specific energy consumption (TOE/product)
- Green electricity purchased
- Renewable energy for self-consumption

As of 2025, we have committed to collect the scope 1-2 GHG emissions, water withdrawal, wastewater, recycled water, hazardous and non-hazardous waste and energy consumption data for more than 450 suppliers, corresponding to 90% of our purchasing volume. We intend to make the consolidated data public to transparently report the impact of our supply chain. For our 2022 data collection, we collected environmental data from 159 suppliers, reaching 33% of our target.

Social and Governance Data Collection and Monitoring Process:

We ask suppliers to fill in the social and governance data in the survey and require them to provide supporting documentation as evidence.

Questions asked include:

- Compliance to Arçelik Responsible Purchasing Code of Conduct,
- Reporting on non-financial KPI's such as hours of trainings provided etc.
- Compliance with the Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, International Labour Organization
- Availability of a code of conduct policy covering corruption and bribery, corruption, discrimination, privacy of information, anti-competitive practices, money laundering, operational health and safety, environmental policy, whistleblowing policy
- Conflict minerals management policy/ declaration/ smelter audits
- Reporting on corruption/bribery
- Customer satisfaction measurement and reporting
- Supplier selection criteria on ESG-related KPIs
- Analysis of financial and non-financial risks

COMMITMENT LETTER

173 suppliers have committed to set GHG emission/water/waste/energy efficiency targets since 2021. We will monitor their progress.

We want to transform together with our supply chain and minimize the impact of the operations in the value chain in total. Therefore, it is important that we help and guide our suppliers set environmental targets, measure their progress, and reduce their impact. In November 2021, we started to circulate a letter (herein referred to as the "Commitment Letter") to our suppliers explaining our sustainability strategy, our sustainability credentials and our Science Based Targets as well as the 2030 environmental targets.



At Posiadalo Company we are proud to present and speak about sustainability reports through recent years with, which highlights our commitment to creating a more sustainable future. Through our strong partnership with companies like Arçelik, we are able to leverage our collective expertise and resources to drive meaningful change and create value for all stakeholders. Together we are paving the way towards a more sustainable and equitable world.

LUKASZ POSIADALO
The Owner/ CEO
Posiadalo Company, PL/RO



SUSTAINABLE SUPPLY CHAIN MANAGEMENT

This letter was signed by Arçelik's Chief Executive Officer, Chief Purchasing and Supply Chain Officer, Chief Marketing Officer, Purchasing Executive Director, Product Sourcing Executive Director and Quality, Sustainability and Corporate Affairs Executive Director. We have asked our suppliers to sign the Commitment Letter, and to commit to setting their own targets for GHG emissions, water consumption, waste reduction and energy efficiency. We also have a requirement that suppliers will share these targets publicly on their websites and in their sustainability reports and report on progress in the same way we do. To date, 173 suppliers have signed the Commitment Letter.

We have organized a webinar with committed suppliers to discuss what it means to set a target and share our experiences in setting our own emissions, waste, water, and energy efficiency targets.

We aim to ensure that, by the end of 2023, the 173 signatories of the Commitment Letter have set long-term GHG emission, water, energy efficiency

and waste reduction targets and publicly shared these targets on their websites and in sustainability reports.

We have also organized a webinar series for our procurement team to increase their level of integration for Arçelik's requirements from its suppliers and the targets set for suppliers.

We aim to have provided by the end of 2023, training for all purchasing and logistics employees on sustainability and sustainable value creation in the supply chain.

SUPPLIER ASSESSMENT FINDINGS

The unique number of significant suppliers assessed through surveys and audits in 2022 is 237. Based on the results, 58 suppliers have been rated as high-risk and middle-risk with substantial actual/potential negative impacts. We have agreed to work on corrective action plans with all the high-risk suppliers with substantial actual/potential negative impacts. For further details, please refer to "Potential Human Rights/OHS/Environmental Issues on



Supplier Assessment Finding" table and "Working with Suppliers to Improve Non-Conformities" section.

In addition, the findings of the previous period were taken into consideration. As a result, 20 follow-up audits were carried out by third party auditors and a total of 37% of the nonconformities were improved.

No actual cases of child labor, forced labor, discrimination, bribery, or corruption were detected during these audits. No contracts have been terminated for direct material and OEM Tier-1 suppliers within the scope of the

Supplier Sustainability Index Program in 2022. However, a complaint has been substantiated that was received to the Company's ethics hotline regarding human trafficking issue that a logistics supplier (Tier-2) of our own logistics supplier (Tier-1) has been involved. The contract between the suppliers has been terminated, and The Tier-1 logistics supplier who is not yet part of the Supplier Sustainability Index Program has been warned to take the necessary measures to prevent any potential/actual cases. Details are provided in "Reporting to Non-Compliance" section under "Business Ethics and Transparency" heading.



SUSTAINABLE SUPPLY CHAIN MANAGEMENT

POTENTIAL HUMAN RIGHTS/OHS/ENVIRONMENT ISSUES ON SUPPLIER ASSESSMENT FINDINGS

MAIN CATEGORY	TOPICS DETAILS	NON-CONFORMITIES	IMPROVED*	IN PROGRESS*	OPEN	MITIGATION ACTIONS TAKEN
Social Management System	Not provided employees' personal file Lack of employee dismissal procedures	447	182	2	263	Preparation of relevant documents and procedures
Workers Involvement and Protection	Lack of Wish and Complaint system	46	24	0	22	Establishment of Wish and Complaint system
The Rights of Freedom of Association and Collective Bargaining	Failure to effectively communicate worker representatives to all employees Lack of evidence of collective bargaining rights	11	2	0	9	Informing and educating all employees about their rights
No Discrimination	Lack of policy against discrimination	19	10	0	9	Preparation and implementation of relevant policy
Fair Remuneration	Payrolls are not provided	43	21	0	22	Providing the payrolls
Decent Working Hours	Night work system, overtime hours, at least one day off per week Lack of working hours records	127	63	0	64	Limitation of overtime working hours aligned with the local law Providing the working hours digital system records
Occupational Health and Safety	Lack of OHS training, proper storage of chemicals, presence of smoke detectors, emergency exists and correct location of fire extinguishers	422	248	0	174	Planning of OHS training Proper chemical storage Placement of smoke detectors to required areas Outward opened emergency exits Correct positioning of fire extinguishers
No Child Labour	Not provided employee ID copy	3	0	3	0	Directly contacting with suppliers for proving their relevant documents under GDPR rules
Special Protection for Young Workers	Young employee working hours Lack of policy for young worker employment	3	0	3	0	Limitation of working hours aligned with the local law Preparation of relevant policy
No Precarious Employment	Lack of written terms of workers' employment	13	4	0	9	Providing the employment contract
No Bonded Labour	Lack of policy for bonded labor	25	12	0	13	Preparation and implementation of relevant policy
Protection of the Environment	Environmental reporting, waste site, GHG emission calculation, environmental risk analysis, protection of chemicals	1290	382	9	899	Preparation of environmental reporting, calculating GHG emissions, implementation of action in the field
Ethical Business Behaviour	Insufficient verification	288	78	6	204	Submission of relevant documents of ethical business behaviour
Total		2,737	1,026	23	1,688	



SUSTAINABLE SUPPLY CHAIN MANAGEMENT

SUPPLIER DEVELOPMENT PROGRAMS

Working with Suppliers to Improve Non-Conformities

Once non-conformities are determined based on Arçelik's internal evaluation and third-party ethics audits, as indicated in the Supplier Assessment section and Supplier ESG Program in further detail, Arçelik sends corrective action plans to suppliers. Arçelik's dedicated sourcing team and Arçelik's third party service suppliers work with Arçelik suppliers to specifically improve non-conformities. This includes both on-site and online collaboration via suppliers. This effort gives suppliers guidance on which actions they need to take to better improve their ESG performance.

In 2022, a total of 2,737 findings from the results of survey and audits were identified in 237 significant suppliers, while the number of improved findings is 1,026. Furthermore, considering that we have agreed to work on corrective action plans with all the high-risk and middle-risk suppliers with substantial actual/potential negative impacts, we have provided first-hand assistance and

support in 2022 to 10 of the high-risk and middle-risk suppliers to implement those actions.

As Arçelik, we aim to ensure that the practices of our suppliers improve over time. Therefore, we have several initiatives including trainings, and technical capacity improvement programs. The total number of suppliers involved in these programs is 273 in 2022.

Supplier Trainings

An important part of our approach consists of working with suppliers to ensure the suppliers gain in-depth knowledge and awareness on Arçelik's ESG strategy, policies and procedures. The online trainings cover information on Arçelik's Global Responsible Purchasing Policy and ESG Program well as Arçelik's ESG targets and business strategy approach. The trainings consist of online webinars and technical consultancy services provided in collaboration with Arçelik's third party independent service provider consultant. Furthermore, in 2022, we activated the Digital Education Platform with the aim of digitizing our sustainability training programs

in 10 different areas including ISO Environment and Energy Management Systems, GHG inventory calculation method, conflict minerals, energy and environmental data collection, ROHS regulations, occupational health and safety and risk identification. In 2022, the total number of training hours has reached to 559 person*hours only on the platform. As stated in Supplier ESG Program, in the online supplier evaluation software tool, we included a benchmark section available for suppliers to access how their peers are performing as best-case examples. Suppliers can access summary reports of why the said-suppliers were rated as best performing based on Arçelik's Supplier Sustainability Index.

Technical Capacity Improvement Program

Arçelik aims to systematically improve the technical capacity of its suppliers in terms of ESG strategy and risk management. We are aware of the fact that this is a long-term journey. We aim to equip our suppliers with the necessary tools to stay proactive, to embed sustainability into growth strategy and to prepare for upcoming

regulations. We have witnessed major regulations coming into force, and our efforts to help suppliers proactively proved the strategy is working. We aim to increase production quality and efficiency of suppliers, support them towards adopting a sustainable production approach, and help them to maintain their competitiveness. We analyze the needs of suppliers and ensure access to resources allocated for further cooperation.

In 2022, efforts have been made to develop supplier infrastructure and technical competencies, and to disseminate new production technologies emerging in the industry in the supplier ecosystem.

Arçelik continues to carry out its activities in line with its sustainability goals by including its suppliers in the process. The target projects include the Supplier ESG Target setting project as well as focus projects on raw material reduction, increasing recycled material consumption, increasing energy efficiency, renewable energy usage and increasing digitalization capabilities of the suppliers.



SUSTAINABLE SUPPLY CHAIN MANAGEMENT

ESG TARGET SETTING PROCESS

As explained in the Commitment Letter section, Arçelik is working in close collaboration with the suppliers who signed the Commitment Letter to set publicly available targets as of the end of 2023. This is a significant awareness and action project. Arçelik provided customized trainings to these suppliers on how to set GHG reduction, water reduction, energy efficiency and renewable energy targets in a given base year against a target year, how to make measurements and how to take concrete actions based on Arçelik's expertise in these areas. Based on the number of suppliers that have set their targets, Arçelik expects the following impact:

Energy Efficiency: According to the study on efficient motors at suppliers, which was started in 2022, 13 million kWh energy gain and 3,000 tons fewer CO₂ emissions are targeted in order to replace 1,366 motors with more efficient new motors in 40 suppliers. As part of this project, an annual energy gain of 1 million kWh is targeted.

Material Reduction & Recycled Plastics: With the projects carried out within this scope, in the suppliers; 8.8 tons of raw material usage savings were achieved with the hybrid rubber transition project and 7.5 tons with the transition to filled and recycled silicone project. With these two projects, 113.6 tons less CO₂ emission is targeted.

Quality Improvement: In 2022, a total number of 110 projects which provide cost savings of EUR 6.8 million were deployed. In this direction, 134 company visits were made during the year to improve our suppliers' cycle time, energy efficiency, quality performance. Quality improvement studies were carried out in 47 different material groups with 18 companies that are open to improvement in terms of quality.

Digitalization: A team was formed in line with the Agile Project Management structure, and a study was carried out with a company from one of the largest auxiliary industries. The efficiency of the total structure is worked on by creating a model that is compatible with the digital maturity index of the Company and aligned with Value Chain Mapping. In this project, all processes of the supplier were examined end-to-end, necessary improvement actions were determined in the fields of efficiency, quality, and capacity. In line with their competencies, Arçelik suppliers have been provided with production competencies with new technologies that they have not been able to produce before, both to

increase their business volumes and to produce sustainable, high-quality, and cost-effective production. In this context, the infrastructure and technical competencies of the suppliers were improved, enabling the production of lower-cost products and their use by Arçelik. In 2022, within the scope of Arçelik OEM suppliers, 54 supplier process audits, 728 quality improvements, 204 design changes, 12 kaizen, and 62 cost improvement projects were completed.

SUPPLIER LOCALIZATION

With the aim of reducing dependency and supply risk, and to increase production technology know-how of suppliers, we develop initiatives and support domestic production in each region we operate. As part of the supply chain transformation, localization has been on the agenda of purchasing teams since the beginning of the pandemic to reduce supply risk and increase local production technology know how. In this direction, localization studies are carried out in cooperation with suppliers for the domestic production of 123 imported materials

TARGETS	The Number of Suppliers with Both 2025 and 2030 Targets	Base Year (2021)	Target (2025)	Target (2030)	Target Trend
Average Waste amount per Product (tonnes/product)	43	0.006	27%	44%	↓
Average Water Withdrawal Amount per Product (m ³ /product)	36	0.043	16%	25%	↓
Water Recycling Ratio,% (Total Recycled Water/ Total Water Withdrawal)	3	37.9	5%	10%	↑
Scope 1 GHG Emissions (tonnes CO ₂ e)	29	19,589	6%	10%	↓
Scope 2 GHG Emissions (tonnes CO ₂ e)	18	4,867	13%	26%	↓
Average Energy Consumption per Product (TEP/product)	41	0.083	52%	55%	↓
Purchase Green Electricity (kWh)	4	5,092,093	12%	30%	↑

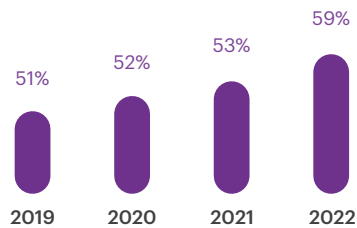
*The base year data covers the production for Arçelik.



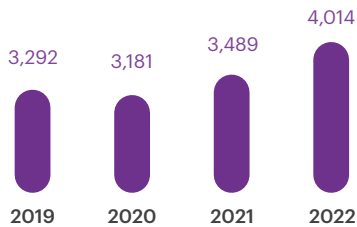
SUSTAINABLE SUPPLY CHAIN MANAGEMENT

in Türkiye. In 2022, localization was completed for 15 materials.

Payments to Local Suppliers (%) in Total Payments



Number of Local Suppliers



PURCHASING ACADEMY

Active since 2013, the Academy, implemented in partnership with the Chartered Institute of Procurement and Supply, aims to equip the Arçelik Purchasing Team with the knowledge and skills they need.

In 2022, 8 academy trainings are planned for the Turkish purchasing organization, and 77 people attended the trainings. In total, 14 people completed the program and graduated. Romania, Russia, China, Thailand, Pakistan, and India purchasing teams participated in the training process in the Company's global organizations. In 2022, a total of 3 academy trainings were organized for international teams and 40 people attended the trainings. It is planned to continue with the trainings prepared in line with the needs of the organization of the Purchasing Academy Program, including new employees.

SUPPLIER FINANCING

Arçelik has partnered with C2FO, a digital working capital platform

that enables suppliers to receive early payments on their invoices, at discounts that suppliers determine. The C2FO platform enables Arçelik to offer early payment of invoices to any of its suppliers. The suppliers request the early payment in exchange for a discount which, uniquely, they choose.

Suppliers of all sizes, not just a select few, can accelerate their receivables at a reasonable cost, accessing cash that is vital for their businesses given the uncertainties and high-inflation environment. In the meantime, Arçelik earns a yield for its free cash by investing the funds into its own ecosystem, rather than parking it in money market instruments. And it's all done without time consuming manual processes or paperwork.

For Arçelik's suppliers, the early payment option has been a useful tool to manage their cash flow and working capital. Because they receive payment sooner, suppliers can invest more in larger orders of inventory and materials at lower prices, helping them stay ahead of rising inflation.

Through C2FO's early payment tool, Arçelik has achieved an unprecedented level of flexibility in how it helps its suppliers mitigate the risks from rising inflation, volatile energy and materials prices, and geopolitical crisis in neighboring regions.

Each supplier has the ability to choose which invoices they want to have paid early and how much of a discount they are willing to offer. Unlike other working capital solutions, suppliers aren't required to secure underwriting or produce any cumbersome paperwork. The program is available to essentially every strategic supplier in Arçelik's network.

Lastly, by providing training services to small and medium-sized enterprise (SME) suppliers through C2FO about how to manage working capital,

Arçelik has elegantly thought through the long-term financial strength of its SME supplier base.



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CONFLICT MINERALS MANAGEMENT

The 3TG (tin, tantalum, tungsten, and gold) minerals used in the production of electronics and durable home appliances are usually extracted in high-risk conflict zones around the world. As per the UN's guidelines and restrictions on these minerals, Arçelik commits to not purchase these essential raw materials from high-risk conflict zones or in a way that will financially support the conflict. In compliance with the Organisation for Economic Co-operation and Development (OECD), Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas, the main purpose of Arçelik's Conflict Minerals Policy is to prevent the trade of 3TG minerals that finance armed conflicts or are extracted by forced labor. Our suppliers are required to fully comply with and support this policy. Our expectation from our suppliers is to question the 3TG minerals' presence in the materials used in production, to find the source of the smelting facilities if there is 3TG, and to share these findings transparently.

At Arçelik, being a member of the Responsible Minerals Initiative (RMI) makes us direct our efforts in concert with the international community to improve mineral sourcing practices and to utilize diverse information on high-risk minerals concerning their smelters or refiners (SORs) as well as their place of origin. Arçelik uses RMI tools to train its suppliers, determine the risk level of SORs worldwide, confirm the SORs' country of origin, and prepare for other precious materials like cobalt, mica, or copper.



As we did in 2021, Arçelik published its Conflict Minerals Due Diligence Report in 2022 and we have shared a conflict mineral reporting template with 462 first-tier suppliers to gather information about their due diligence and SORs. The response rate was 73%, meaning 337 of 462 suppliers filled out the survey.



The suppliers that answered the inquiry shared 289 SORs with Arçelik. Of these, 5 are no longer operational and 206

have been assessed as conformant and certified as Democratic Republic of Congo conflict free by the responsible minerals assurance process (RMAP) on behalf of the RMI. Five of them are active smelters or refiners that have committed to undergo an RMAP assessment, completed the relevant documents, and scheduled an on-site assessment. These may be in the preassessment, assessment, or corrective-action phases of the assessment. They may be accepted as conformant according to the RMI.

The other 78 SORs are not certified, and 19 of them not contacted with RMI. However, 59 of them are under process. It means they are in communications with RMI, suspend communications for any reasons, need outreach required or RMI review for due diligence.

Arçelik will remove non-certified smelters from the supply chain by implementing a risk-based approach. For the next steps, Arçelik is moving towards eliminating non-conformant SORs in the supply chain and providing all suppliers that work with conformant

SORs according to the action plan under Arçelik's improvements and risk mitigation activities. You can find further information and details about Arçelik's due diligence in our Conflict Minerals Due Diligence Report.

-  *You can find further information and details about Arçelik's due diligence in our Conflict Minerals Due Diligence Report.*
-  *You can see Arçelik's Conflict Mineral Policy for further details.*



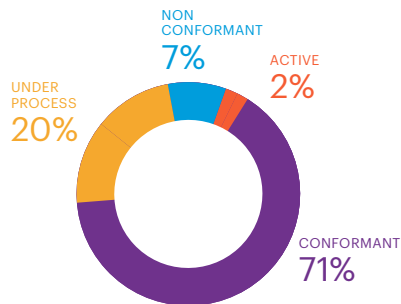
SUSTAINABLE SUPPLY CHAIN MANAGEMENT

2022 RMI STATUS of SORs by METAL

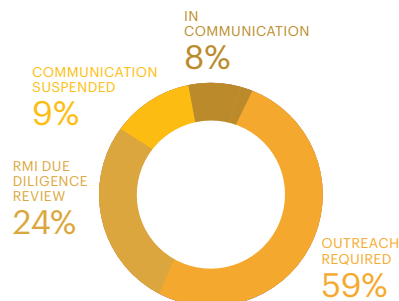
Number of Smelter & Refiners

	GOLD	TANTALUM	TIN	TUNGSTEN	TOTAL
UNDER PROCESS	44	1	5	9	59
ACTIVE	4	0	1	0	5
NON CONFORMANT	10	0	7	2	19
CONFORMANT	97	33	40	36	206

AUDIT STATUS: 289 SORs



UNDER PROCESS: 59 SORs



GLOBAL LOGISTICS AND WAREHOUSE MANAGEMENT

Almost 10% of Arçelik's GHG emissions result from the supply chain, including purchased goods and services as well as logistics. We cooperate with suppliers from different sectors to minimize our emissions and increase energy efficiency. Arçelik's GHG emissions arising from its logistics operations have been verified within the framework of ISO 14064-1 Standard since 2013. In order to improve the sustainability management of our logistics suppliers, several actions have been taken and a range of projects have been implemented, which are listed below:

- Supply Chain Sustainability Workshops were held periodically by the Central Supply Chain and Subsidiary Supply Chain teams.
- A Sustainability Form has been added to the project follow-up application of the Supply Chain Directorate. The form allows the sustainability outputs (energy saving, material saving, water saving, GHG emission reduction) of the

projects to be tracked and reported in a consolidated manner. The form provides teams at headquarters and subsidiary Supply Chain teams access to best practices. In this context, there are more than 70 active projects in practice.

- As part of efforts to prioritize transportation types with lower emissions across all stages of transportation, including import, export, and local distribution; we have increased the use of the maritime, railway, and intermodal transport routes. For example, we have increased the use of railways for domestic transportation between the port and the warehouse and from the warehouse to the port in Türkiye for import and export. Currently, 90% of export shipments in Türkiye subject to freight were carried by seaway. In addition, the rate of rail use has increased by 45% in domestic transportation compared to 2021.

- Trial routes and customers selected for increasing the use of 40 HC type of containers which has a higher volume compared to possible substitutes for international shipping. With the



SUSTAINABLE SUPPLY CHAIN MANAGEMENT

customers that agreed to take part in the trial, 40HC containers were used instead of an alternative –40DC-. This allowed more volumes in a single shipment and decreased the number of shipments. Thanks to this initiative, 315 tonnes of CO₂ savings were achieved in 2022.

- Changes were made to the in-vehicle loading configurations on the determined routes, switching from double loading to triple loading, transporting the same amount of product in fewer trips, contributing to the reduction of greenhouse gas emissions.
- In order to reduce paper consumption, digitalization studies were carried out for export and import operations. Additionally, 254 trees were saved by reducing the use of A4 paper. Similarly, the export document archive was transferred in a digital format and the physical archive was recycled. With this initiative, a Certificate of Appreciation was obtained from the TEMA Foundation
- A pilot study conducted with the Modales Application, which

examines driving habits and makes recommendations on fuel savings and safety warnings.

- As part of a pilot project, two electrical vehicles were put into use for local deliveries in Kocaeli and İstanbul. This enabled 7 tons of CO₂e to be avoided.
- Previously, the delivery of spare parts and finished goods were delivered separately, but a new initiative adopted by Arçelik combines shipments, which allows for fewer total shipments and therefore, reduced emissions.

In addition to the actions and projects listed above, a focus group was formed with the participation of relevant departments to determine the supply chain's long-term interal 2030-2050 sustainability targets. Workshops were held on 6 determined themes:

- Zero emissions
- Reducing/recycling/reusing material
- Energy-saving
- Increasing vehicle occupancy
- Transport mode change
- Energy systems management

A sustainability roadmap is being created for global logistics and warehouse operations which are set for year 2050 will focus on:

- Increasing the ratio of seaway usage in international transportation from and to Türkiye
- Using alternative fuel for international transportation
- Increasing the usage of electric vehicles and railway in local distributions in Türkiye
- Spreading the use of electric forklifts at production warehouses
- Involving logistics suppliers into sustainability programs that include trainings and audits and support them to create their own sustainability programs

90% of export shipments in Türkiye subject to freight were carried by seaway.

In addition, the rate of rail use has increased by 45% in domestic transportation compared to 2021.

Sustainable warehouse management is another important aspect for Arçelik. Thus, studies for sustainable product warehouses are carried out which are listed below:

- Forklift accident prevention systems have been installed to improve occupational safety in warehouses.

• Currently, the women employee ratio at Arçelik's central distribution and spare part warehouses is 16% and actions are in place to increase this. The number of female warehouse workers in Türkiye was increased from 60 to 104 (Monthly paid + Hourly paid) in 2022. Among them includes the first female forklift operator, order picker operator and team responsible.

• Rainwater collection systems were installed in the Arçelik export warehouse, Arçelik Pazarlama warehouse, Arçelik spare parts warehouse, and selected dealer joint warehouses. Through this system, the yearly water usage level was 12,206 m³ in 2022, which is 30% less compared to 2021.



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- After the transition to automatic lighting systems in warehouses, the electricity use was recorded as 3,296,383 kwh in 2022. Overall, a 27% improvement was achieved, compared to 2021. The saving amount is equivalent to the annual average electricity use of 774 households in Türkiye.
- The heaters in the warehouse ramp areas, which are placed to protect employees from cold during operations, are now operated by a sensor system, resulting in a reduction of natural gas used in warehouses. In 2022, 283,342 m³ of natural gas was used in warehouses in Türkiye, which is 41% less compared to 2021 - equivalent to the annual average natural gas use of 208 households in Türkiye.
- For each warehouse in Türkiye, feasibility studies were conducted to decide on the implementation of solar panels. Three warehouses were identified, including in Antalya, Ankara and Erzurum, and solar panels systems were implemented to the warehouse roofs. These projects allowed 4.5 tons of emission to be avoided.

- Electrical savings were achieved by using rectifiers with lower environmental footprint in forklift equipment.
- By changing the stacking method in the warehouse, efficiency is increased, and energy savings were achieved in handling.
- Packaging materials such as Styrofoam, airbags, and stretch film were replaced and the usage was reduced.
- Generally, spare parts distributions are carried out with cartoon boxes in Türkiye. To decrease the number of cartoon boxes used, foldable and durable boxes which allow the reuse of the same box for the following deliveries, were purchased and 650 foldable boxes were put in operation for transportation between 209 points. These efforts allowed 137,030 kg of paper to be saved.
- Wood, styrofoam, cardboard, air cushion, metal, and plastic materials are used for stacking fixation and support for in-vehicle loading in warehouses. Studies have been carried out on

the reduction, recycling, and reuse of these materials used. With these projects, which have been extended to all operational warehouses in Türkiye, significant material gains were achieved:

MATERIAL	USE IN 2022	SAVING ACHIEVED COMPARED TO 2021
Cardboard	1,079	95%
Wood	15,738	47%
Metals	111,605	10%
Plastics	208,310	52%

CASE STUDY

While a standard-type redressor is used for charging the batteries of forklifts used in finished product warehouses, a high-frequency redressor has been passed in 2022. This will allow savings in emissions, electricity, battery life, and maintenance costs. High-frequency redressors release 75% less H₂ into the atmosphere compared to 50Hz standard-type redressors. While the estimated annual emissions of the standard redressor is 21 tCO₂, this value is 15 tCO₂ when the carbon factor is considered in high-frequency redressors. Annual savings of 464 tCO₂ have been achieved. High-frequency redressors, provide a significant reduction in toxic gases released from the battery with cold charging. Since more than 4% of hydrogen in the environment creates a risk of burning, we also reduced this risk by changing the redressor.



SUSTAINABLE SUPPLY CHAIN MANAGEMENT

DIGITAL TRANSFORMATION IN GLOBAL LOGISTICS AND WAREHOUSE MANAGEMENT

Our Supply Chain Directorate assumes the role of implementing best practices in every project realized within the framework of the Company's innovative vision. We carried out digital transformation projects in many areas, such as demand and supply cycle, logistics management, production planning, and traceability, to increase end-to-end operational efficiency and to keep the level of customer satisfaction high.

Loading and Unloading Improvements

A system has been installed in which loading and unloading are made visible and managed on the ramps in the warehouses. This system will help to increase operational efficiency and capacity utilization, as well as reducing waiting time and costs. It is expected that the reduction in waiting time, will result in a reduction in carbon emissions.

The STORM

With the STORM project, processes that differ for each country are simplified and digitized, including forecasting, order tracking, confirmation of opportunity, logistics organization planning, and transportation management. For the entities in Türkiye, the project started with three subsidiaries selected as pilots in October 2020 and it was completed in April 2021 with live transitions of all subsidiaries and direct sales regions. For the Romanian Arctic phase of the project, the transition process was started in July 2021 and was completed in January 2022. The transition is planned for Russia and Thailand factories in 2023.



Digital Documentation

In the second half of 2022, a digital documentation process started for supply chain operations within the scope of the Company's digital archive project. The project aims to digitally archive documents and reduce the use of hard copies with the use of a single platform for document sharing. The transition is planned to be completed in March 2023.

Robotic Process Automation (RPA)

The RPA studies, which began with global supply chain units in 2021, is progressing with increasing momentum in 2022. While focusing on extendable

processes in global and central supply management, diversification studies continued with workshops and information meetings. As a result of these studies, robots for sales, goods entrance, and logistics processes were successfully initiated and brought new processes that can be solved with SAP automation. In 2023, dissemination efforts will continue, with a focus on benchmarking studies with different companies.

Subsidiary Supply and Demand Cycle and Logistics Management

The project focuses on bringing a lean solution in the field of demand-supply cycle and logistics management of the subsidiaries. The project, which will provide end-to-end supply chain monitoring of subsidiaries, is also expected to have a positive impact on operational efficiency and financial results. Analysis and negotiations will continue.

The ALBA (International Vehicle Traceability)

ALBA aims to improve vehicle traceability and achieve the following:



SUSTAINABLE SUPPLY CHAIN MANAGEMENT

end-to-end visibility and traceability for all parties of the supply chain ecosystem, eliminating manual tracking, process standardization through digital and automatic monitoring, shorter reaction times, and customer satisfaction.

Improvement in Damage Processes

The project aims to increase the traceability of claims and insurance processes. Relevant details can be tracked based on shipment through the system instead of manual processes. While stakeholders include warehouses, subsidiary supply chain teams, order management, export logistics teams, and quality teams, with this application, information sharing between teams has increased, and the insurance application process has been facilitated.



Digital Transformation Focus Group Work

It is a project that focuses on the digital transformation of pilot teams determined from the headquarters and global supply chain. The business processes of the determined teams are examined and potential transformation points are detected. For the points that can transform, revisions are made to eliminate value-added work and online applications are tested with a team consisting of different units from IT.

Business Intelligence - KPI Management

In order to increase supply chain visibility and traceability, several studies have been carried out to automatically calculate key performance indicators (KPIs) and share with all stakeholders in real-time. The basic supply chain KPIs are automatically calculated in the system and published digitally. In this way, it has been facilitated for all stakeholders throughout Arçelik to access accurate and secure information. Special screens have been designed where teams can easily see their performance and make detailed analyzes when necessary. Work continues for further increase in traceability.



Introduction

Strategic Approach
to Sustainability

In Touch
with Our Planet

In Touch
with Human Needs

In Touch
with Business

Annexes



ANNEXES



ANNEX 1: SCOPE OF THE REPORT

MANUFACTURING PLANTS

- Dishwasher Plant – Ankara, Türkiye
- Cooking Appliances Plant – Bolu, Türkiye
- Cooking Appliances Plant-2 – Bolu, Türkiye
- Refrigerator Plant – Eskişehir, Türkiye
- Refrigerator Plant (Plant 6) - Eskişehir, Türkiye
- Compressor Plant – Eskişehir, Türkiye
- Arçelik LG – Gebze, Türkiye***
- Washing Machine Plant – İstanbul, Türkiye
- Washing Machine Plant - Manisa, Türkiye
- Refrigerator Plant - Manisa, Türkiye
- Electronics Plant – Tekirdağ, Türkiye
- Tumble Dryer Plant – Tekirdağ, Türkiye
- White Goods Motor and Small Domestic Appliances Plant – Tekirdağ, Türkiye
- Refrigerator Plant – Dhaka, Bangladesh **
- TV and Air Conditioning Plant – Dhaka, Bangladesh **
- Hitachi Washing Machine Plant – Shanghai, China*
- Refrigerating Appliances Plant – Ezakheni, South Africa
- Defy Cooking Appliances, Tumble Dryer and Washing Machine Plant – Jacobs, South Africa
- Voltbek Refrigerator Plant – Gujarat, India***
- Refrigerator Plant – Hayderabad, Pakistan
- Cooking Appliances and A/C Plant – Karachi, Pakistan
- Washing Machine and Refrigerator Plant – Karachi, Pakistan
- Arctic Refrigerating Appliances Plant – Gaesti, Romania
- Arctic Washing Machine Plant – Ulmi, Romania
- BEKO LLC Refrigerator and Washing Machine Plant – Kirzhach, Russia **
- Hitachi Refrigerator Plant – Kabin Buri, Thailand*

- Hitachi Washing Machine Plant – Kabin Buri, Thailand*
- Refrigerator Plant – Rayong, Thailand
- IHP Appliances JSC Refrigerator Plant – Lipetsk, Russia****
- IHP Appliances JSC Washing Machine Plant – Lipetsk, Russia****

R&D CENTERS AND OFFICES

- Dishwasher Plant R&D Center – Ankara, Türkiye
- METU Teknokent R&D Center – Ankara, Türkiye*
- Cooking Appliances Plant R&D Center – Bolu, Türkiye
- Refrigerator and Compressor Plant R&D Center – Eskişehir, Türkiye
- R&D Directorate – İstanbul, Türkiye
- Arçelik Design Center – İstanbul, Türkiye
- Beylikdüzü R&D Center – İstanbul Türkiye*
- Washing Machine Plant R&D Center – İstanbul, Türkiye
- Digital Transformation, Big Data & AI Center – İstanbul, Türkiye
- Small Domestic Appliances R&D Center – İstanbul, Türkiye
- Manufacturing Technologies R&D Center – İstanbul, Türkiye
- Arçelik - LG R&D Center - Kocaeli, Türkiye***
- Refrigerator and Washing Machine R&D Office - Manisa, Türkiye
- Electronics Plant R&D Center – Tekirdağ, Türkiye
- Dryer Plant R&D Center – Tekirdağ, Türkiye
- Beko PLC R&D Office – Cambridge, UK **
- Arch R&D Office – Wuxi, China*
- R&D Office –Shenzhen, China*
- Defy R&D Office – Jacobs, South Africa
- Voltas – Beko R&D Office - Gujarat, India*

- Dawlance R&D Office – Haydarabad, Pakistan
- Dawlance R&D Office – Karaçi , Pakistan
- Arctic R&D Office –Ulmi, Romania
- Arctic R&D Office – Gaesti, Romania
- BEKO LLC R&D Office – Kirzhach, Russia ****
- IHP Appliances R&D Office– Lipetsk, Russia****
- Electronic and Optical Application R&D Office – Taipei, Taiwan*
- Arçelik Hitachi R&D Office - Kabin Buri, Thailand*
- Beko Thai R&D Office – Rayong, Thailand
- IHP Appliances JSC Washing Machine Plant–Lipetsk, Russia****

* Planet section, not included in environmental reporting in 2022.

** Not included in gender pay indicators reporting in 2022.

*** Not included in both environmental reporting and gender pay indicators reporting in 2022.

**** Not included in environmental, OHS and gender pay indicators reporting in 2022.



ANNEX 1: SCOPE OF THE REPORT

SUBSIDIARIES AND AFFILIATES

- Arçelik Pazarlama A.Ş. – Türkiye ***
- Beko PLC-England ****
- Arçelik - LG Klima San. ve Tic. A.Ş. - Türkiye ****
- Beko Ireland (UK Branch)- Ireland **
- Beko US – USA
- Beko Electronics Espana SL- Spain ***
- Beko Grundig Deutschland GmbH – Germany*
- Beko Israel Household Appliances Ltd- Israel*
- Beko A and NZ Pty Ltd. – Australia*
- Grundig Nordic AB- Sweden
- Beko Grundig Österreich AG – Austria ***
- Beko Grundig Schweiz GmbH- Switzerland
- Beko Azerbaijan MMC - Azerbaijan **
- Grundig Multimedia AG - Switzerland
- Arçelik Hitachi Home Appliances Sales Middle East Fze ("AHME") - United Arab Emirates
- Beko Italy SRL - Italy ***
- Beko Gulf FZE - United Arab Emirates
- Beko Central Asia LLC- Kazakhstan
- Singer Bangladesh Ltd - Bangladesh ****
- Beko Central Asia LLC- Kazakhstan
- Defy Botswana Proprietary Ltd.- Botswana
- Defy Sales East Africa Limited- Kenya
- Pan Asia Private Equity Ltd.- BVI
- Beko Hungary Kft- Hungary
- Beko Algéria EURL- Algeria
- Arçelik Hitachi Home Appliances Sales Malaysia Sdn. Bhd. ("AHMY") - Malaysia **
- Beko SA (Spolka Akcyjna) (Czech Branch - Czech Republic ***
- Beko Appliances Malaysia Sdn Bhd.- Malaysia***
- Arçelik Hitachi Home Appliances (Shanghai) Co., Ltd. ("AHSH") – China **
- Beko Egypt Home Appliances Industries LLC- Egypt
- Arch R&D Co. Ltd. – China*
- Beko Egypt Trading LLC- Egypt
- Beko Electrical Appliances Co. Ltd. – China*
- Defy Namibia Proprietary Ltd.- Namibia*
- Beko Shanghai Trading Company Ltd. – China*
- Grundig Nordic AS- Norway ***
- Grundig Nordic AS – Denmark ***
- Dawlance Private Ltd- Pakistan **
- PT Beko Appliances Indonesia - Indonesia*
- DEL Electronics Private Ltd- Pakistan **
- PT Home Appliances IND- Indonesia
- United Refrigeration Industries Ltd.- Pakistan **
- PT. Arçelik Hitachi Home Appliances Sales Indonesia ("AHID") – Indonesia **
- Beko Spolka Akcyjna- Poland ***
- Beko Morocco Household Appliances – Morocco **
- Beko Home Appliances Portugal, Unipessoal LDA - Portugal **
- Beko Pilipinas Corporation – Philippines **
- Arctic Foundation- Romania **
- Grundig Nordic AB (Finland Rep Office)- Finland **
- Arctic SA- Romania
- Beko France S.A.S. – France ***
- Arcwaste- Romania
- Defy Appliances (Proprietary) Ltd. - Republic of South Africa **
- Beko LLC- Russia ****
- Beko Grundig Croatia d.o.o- Croatia*
- IHP Appliances JSC- Russia ****
- Beko Grundig Deutschland GmbH (Croatia Branch)- Croatia*
- IHP Appliances Sales LLC- Russia ****
- VoltBek Home Appliances Private Ltd- India **
- Beko Balkans d.o.o- Sirbia
- Arçelik Hitachi Home Appliances B.V. ("AHHA")- Holland
- Arçelik Hitachi Home Appliances Sales (Singapore) Pte. Ltd. ("AHSG")- Singapore
- Ardutch BV- Holland
- Beko Slovakia SRO- Slovakia
- Retail Holdings Bhold BV- Holland
- Defy Swaziland Proprietary Limited- Swaziland
- Arçelik Hitachi Home Appliances Sales Hong Kong Ltd. ("AHHK")- Hong Kong
- Arçelik Hitachi Home Appliances (Thailand) Ltd. ("AHTH")- Thailand **
- Beko Hong Kong Ltd.- Hong Kong **
- Arçelik Hitachi Home Appliances IBC Co. Ltd. - Thailand
- Arçelik Hitachi Home Appliances Sales (Thailand) Ltd. ("AHST")- Thailand
- Beko APAC IBC Co. Ltd- Thailand
- Beko Thai Co. Ltd.- Thailand ***
- Arçelik Hitachi Taiwan Home Appliances Sales Ltd. ("AHTW")- Taiwan
- Ardutch BV (Taiwan Branch)- Taiwan*
- Beko Ukraine LLC- Ukraine*
- Arçelik Hitachi Home Appliances Sales Vietnam Co., Ltd. ("AHVN")- Vietnamese
- Vietbeko Limited Liability Company- Vietnamese***
- Beko A and NZ Pty Ltd. (New Zealand Branch)- New Zealand
- Beko Grundig Hellas Single Member SA- Greece
- VoltBek Home Appliances Private Limited- India **
- Arçelik Hitachi Home Appliances B.V.- Holland

* Included in environmental reporting in 2022.

** Included in OHS reporting in 2022.

*** Included in both environmental and OHS reporting in 2022.

**** Included in OHS reporting while excluded in gender pay indicators in 2022.

***** Excluded in all reportings in 2022.



ANNEX 2: ASSURANCE REPORTS

Independent Assurance Opinion Statement

To the Management of Arçelik A.Ş.

Scope and Objectives:

BSI was commissioned by Arçelik A.Ş. (hereinafter “Arçelik”) to conduct independent assurance of its 2022 Sustainability Report (‘the Report’), as published on the company’s website at <https://www.arcelikglobal.com/en/company/reports-presentations/discover/?val=3733> and to carry out an independent verification of total water withdrawal by source and waste, water pollutant load, energy consumption data, social and occupational health and safety indicators.

Our assurance engagement was planned and carried out in accordance with AA1000 Assurance Standard AA1000AS v3.

BSI’s Approach

BSI’s assurance engagements are carried out in accordance with our verification procedure. Reviewing the data collection and consolidation processes used to compile selected data, including assumptions made, and the data scope and reporting boundaries; We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We were engaged to provide Type 2 moderate level assurance, which covers:

- Evaluation of adherence to the AA1000AS v3 principles of inclusivity, materiality and responsiveness and impact (the Principles); and
- The reliability of specified sustainability performance information along with related claims in the report including:
 - Desk review
 - Site visit
 - Data sampling
 - Reporting

Inclusivity, Materiality, Responsiveness and Impact Principles;

Arçelik has made a commitment to its stakeholders. The participation of stakeholders has been initiated in developing and achieving an accountable and strategic response to CSR.

Arçelik publishes CSR information that enables its stakeholders to make informed judgments about the company’s management and performance. In our professional opinion the report covers the Arçelik’s materiality issues.



ANNEX 2: ASSURANCE REPORTS

Arçelik has implemented the practice to respond to the expectations and perceptions of its stakeholders. Furthermore, materiality assessment process based on the principle of double materiality in line with the European Union Corporate Sustainability Reporting Directive and with the methodology provided by European Financial Reporting Advisory Group is audited.

Assurance Level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Independence/Responsibilities of Arçelik and of the Assurance Providers

BSI was not involved in collecting and calculating data, or in the development of the Report. BSI's activities are independent from Arçelik. Arçelik has sole responsibility for preparation of the Report. In performing our assurance work, our responsibility is to the management of Arçelik.

The assurance team was composed of Lead auditors and Carbon Footprint Verifiers experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, and ISO 9001 EU ETS, GS, VCS, ISO 50001 etc. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI verification procedure. There is no limitation.

BSI's Opinion

Based on BSI's approach, we believe that Arçelik A.S. has:

- Met the requirements above
- Disclosed accurate and reliable water withdrawal by sources, waste data and energy consumption data
- Social Indicators
- Occupational health and safety indicators.



ANNEX 2: ASSURANCE REPORTS

METRIC NAME	Scope	Unit	Value
Waste Domestic*	Global	ton	5,136
Waste Packaging*	Global	ton	27,778
Waste Non-Hazardous*	Global	ton	75,033
Waste Hazardous*	Global	ton	2,612
Waste recycled*	Global	ton	104,836
Waste landfilled*	Global	ton	4,264
Waste incinerated with energy recovery*	Global	ton	783
Waste incinerated without energy recovery*	Global	ton	87
Waste, otherwise disposed*	Global	ton	589
Water withdrawal by municipal water*	Global	m ³	691,730
Water withdrawal by fresh surface water*	Global	m ³	0
Water withdrawal by fresh groundwater*	Global	m ³	603,849
Water discharged*	Global	m ³	1,146,067
Water pollution load (COD)*	Global	ton	242
Energy consumption*	Global	GJ	1,987,450
Arçelik employee global Lost-Time Injury Frequency Rate (LTIFR)	Global	-	0.93
Arçelik contractor Global Lost-Time Injury Frequency Rate (LTIFR)	Global	-	2.64
Arçelik employee Global Fatal Accident Number	Global	-	0
Arçelik contractor Global Fatal Accident Number	Global	-	0
Arçelik employee Global Occupational Disease Frequency Rate	Global	-	0.06
Arçelik Employee OHS Training	Global	Hour	426,620

*JVs are not included



ANNEX 2: ASSURANCE REPORTS

METRIC NAME	Scope	Unit	Value
Total number of significant suppliers in Tier-1	Global	Supplier	488
Percentage of total purchasing volume on significant suppliers in Tier-1	Global	Percentage	83.4
Total number of significant suppliers in Tier-2	Global	Supplier	1,411
Total number of unique significant suppliers assessed	Global	Supplier	237
Total number of unique significant suppliers with substantial potential/actual negative impacts supported in corrective action plan implementation	Global	Supplier	10
Total number of unique significant suppliers in capacity building programs	Global	Supplier	273
Total number of employees and managers attending in Future In You program	Global	Employee	28
Training hours in Future in You program	Global	Hour	1,222
Total number of employees attending in Leader In You program	Global	Employee	262
Training hours in Leader in You program	Global	Hour	4,879
Total number of employees attending in Talent In You program	Global	Employee	22,279
The number of training hours in Talent In You program	Global	Hour	523,877
The number of woman students attending in WeinTech: 44 in 2022, 162 since 2019	Global	Student	162
The number of women dealers (Beko 100 Women Dealers Program)	Türkiye	Dealer	92
The number of women technicians (500 Women Technicians Program)	Türkiye	Technician	482
Startups Matched under Scouting Program	Global	Startup	118
Start-ups Collaborated with under Scouting Program	Global	Startup	16



ANNEX 2: ASSURANCE REPORTS

METRIC NAME	Scope	Women	Men	Unit	Value
Executive level salary index (base salary only)	Global	37.14x	37.18x	Percentage	99.9
Executive level salary index (base salary and other cash incentives)	Global	63.72x	64.48x	Percentage	98.8
Management level salary index (base salary only)	Global	11.48x	11.38x	Percentage	100.9
Management level salary index (base salary and other cash incentives)	Global	14.93x	15.06x	Percentage	99.2
Non-management level salary index	Global	4.55x	4.66x	Percentage	97.6

Global scope does not include Russia operations.

Mehmet Kumru
GHG Product Champion IMETA Region/Sustainability Team Manager

Date: 05.06.2023



BSI Group Eurasia Belgelendirme Hizmetleri Ltd. Şti.
Değirmen Sokak, No:16, Ar Plaza, Ofis: 61/62 A Blok, Kozyatağı / İstanbul



ANNEX 2: ASSURANCE REPORTS



Independent Limited Assurance Report

To the Board of Directors of Arçelik A.Ş.

We were engaged by Arçelik A.Ş. (hereinafter “Company” or “Arçelik”) to provide limited assurance on whether the “Selected Information” disclosed in the Annexes section of this Sustainability Report (hereinafter “the Report”) has been prepared by Arçelik for the year ended 31 December 2022, in accordance with the reporting criteria established by Arçelik and disclosed in the section Annexes of the Statements.

The scope of our assurance is limited to the Selected Information listed and described below for the relevant activities carried out at Arçelik’s subsidiary, Beko LLC located in Russia:

METRIC NAME	Unit	Value
Waste Domestic	ton	108
Waste Packaging	ton	476.43
Waste Non-Hazardous	ton	2,830.63
Waste Hazardous	ton	87.66
Waste recycled	ton	2,962
Waste landfilled	ton	494.88
Waste incinerated with energy recovery	ton	19.48
Waste incinerated without energy recovery	ton	0
Waste, otherwise disposed	ton	26.20
Water withdrawal by municipal water	m3	0
Water withdrawal by fresh surface water	m3	0
Water withdrawal by fresh groundwater	m3	143,514
Energy consumption	GJ	216,831
Direct Emissions (Scope 1)	tCO2	8,467
Indirect - Energy Emissions (Scope 2)	tCO2	7,824
Purchased goods and services	tCO2	143,249
Upstream transportation and distribution (raw material and components)	tCO2	1,936

METRIC NAME	Unit	Value
Business travels	tCO2	230
Employee commuting	tCO2	8,989
Waste generated in operations	tCO2	332
Downstream transportation and distribution of products	tCO2	7,314
Use of sold products	tCO2	1,057,574
End of life of sold products	tCO2	503
Others-upstream	tCO2	0
Others-downstream	tCO2	23
Total Scope 1-2-3	tCO2	1,236,441
Anthropogenic Non-Biogenic GHG Emissions	tCO2	1,236,433
Non-Anthropogenic Biogenic GHG Emissions	tCO2	8
Anthropogenic Biogenic GHG emissions	tCO2	0
Arçelik employee global Lost-Time Injury Frequency Rate (LTIFR)	-	0
Arçelik contractor Global Lost-Time Injury Frequency Rate (LTIFR)	-	0
Arçelik employee Global Fatal Accident Number	-	0
Arçelik contractor Global Fatal Accident Number	-	0
Arçelik employee Global Occupational Disease Frequency Rate	-	0
Arçelik Employee OHS Training	hour	22,670



ANNEX 2: ASSURANCE REPORTS



Management's responsibilities

Management is responsible for the preparation and presentation of the Report for the Selected Information in accordance with the Arçelik's internally developed criteria as described in the Key Definitions section of Arçelik Reporting Guidance in the Report, and the information and assertions contained within it; for determining the Arçelik's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that Arçelik complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and the Selected Information are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

We apply International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Procedures performed

A limited assurance engagement on a Selected Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

A limited assurance engagement on a Selected Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:



ANNEX 2: ASSURANCE REPORTS



- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Selected Information.
- Re-performing, on a sample basis, the calculations used to prepare the Selected Information for the reporting period,
- Comparing the information presented in the Selected Information to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Selected Information.
- Reading the information presented in the Selected Information to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Arçelik.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Selected Information may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Selected Information, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Selected Information as defined in Key Definitions section of Arçelik Reporting Guidance in the Arçelik's 2022 Sustainability Report for the year ended 31 December 2022 is not presented, in all material respects, in accordance with the Arçelik's internally developed reporting criteria as explained in the Key Definitions section of the Arçelik Reporting Guidance given in the Report.



ANNEX 2: ASSURANCE REPORTS



In accordance with the terms of our engagement, this independent limited assurance report on the Selected Information has been prepared for Arçelik in connect with reporting to Arçelik and for no other purpose or in any other context.

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Arçelik, for any purpose or in any other context. Any party other than Arçelik who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Arçelik for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Şirin Soysal,
Partner
İstanbul, 5 July 2023



ANNEX 3: UNGC & WEPs DISCLOSURES

UNGC DISCLOSURE

Area	Principles	Relevant Report Section
HUMAN RIGHTS	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Sustainable Supply Chain Management p. 167, Business Ethics and Transparency p. 105
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	Business Ethics and Transparency p. 105
LABOR	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Business Ethics and Transparency p. 105
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.	Business Ethics and Transparency p. 105
	Principle 5: Businesses should uphold the effective abolition of child labour.	Business Ethics and Transparency p. 105
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Future Fit Culture, Talent & Organizational Management p. 111
ENVIRONMENT	Principle 7: Businesses should support a precautionary approach to environmental challenges.	Sustainable Economic Growth p. 103
	Principle 8: Business should undertake initiatives to promote greater environmental responsibility.	In Touch with Our Planet p.43
	Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.	Product Stewardship p.63
ANTI-CORRUPTION	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Business Ethics and Transparency p. 105

THE WOMEN'S EMPOWERMENT PRINCIPLES DISCLOSURE

Principle	Relevant Report Section
Principle 1: Establish high-level corporate leadership for gender equality	Supporting Society with Equal Opportunities and Inclusion p. 85 Future Fit Culture, Talent & Organizational Management p. 111
Principle 2: Treat all women and men fairly at work – respect and support human rights and non-discrimination	Future Fit Culture, Talent & Organizational Management p. 111
Principle 3: Ensure the health, safety and well-being of all women and men workers	Future Fit Culture, Talent & Organizational Management p. 111
Principle 4: Promote education, training and professional development for women	Future Fit Culture, Talent & Organizational Management p. 111 Supporting Society with Equal Opportunities and Inclusion p. 85
Principle 5: Implement enterprise development, supply chain and marketing practices that empower women	Supporting Society with Equal Opportunities and Inclusion p. 85 Sustainable Supply Chain Management p. 167, Future Fit Culture, Talent & Organizational Management p. 111
Principle 6: Promote equality through community initiatives and advocacy	Supporting Society with Equal Opportunities and Inclusion p. 85
Principle 7: Measure and publicly report on progress to achieve gender equality	Supporting Society with Equal Opportunities and Inclusion p. 85 Future Fit Culture, Talent & Organizational Management p. 111



ANNEX 4: ENVIRONMENTAL PERFORMANCE INDICATORS

	MANUFACTURING PLANTS & HQ*				OFFICES				TOTAL			
	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
GHG Emissions (tonnes CO₂e)												
Direct (Scope 1)	81,550	71,379	84,014	69,797	132	204	193	781	81,682	71,583	84,207	70,578
Indirect - Energy (Scope 2)	52,950	43,261	46,383	47,285	668	374	771	389	53,618	43,635	47,154	47,674
Total of Scope 1 and Scope 2	134,500	114,640	130,397	117,082	800	578	964	1,170	135,300	115,218	131,361	118,252
Indirect - Other (Scope 3)	6,262,807	25,073,870	26,413,811	26,950,018	0	0	0	0	6,262,807	25,073,870	26,413,811	26,950,018
Total	6,397,307	25,188,510	26,544,208	27,067,100	800	578	964	1,170	6,398,107	25,189,088	26,545,172	27,068,270
Energy consumption by fuel type (GJ)*												
Electricity (Non-renewable)	318,666	272,257	306,084	296,735	5,662	5,149	5,818	7,440	324,328	277,599	311,902	304,175
Electricity (Purchased renewable)	813,667	814,346	898,493	905,133	0	193	146	2,639	813,667	814,346	898,639	907,772
Electricity (Onsite renewable generation)	0	3,171	3,193	10,763	0	0	0	0	0	4,224	3,193	10,763
Natural gas	1,021,939	930,933	1,026,717	827,215	273	2,236	1,831	2,543	1,022,212	932,117	1,028,548	829,758
LPG	45,443	37,798	40,795	34,654	0	0	0	0	45,443	37,798	40,795	34,654
Fuel-Oil	18,860	13,644	15,035	387	0	0	0	0	18,860	13,644	15,035	387
Diesel	67,901	61,028	75,080	84,401	0	0	0	0	67,901	61,028	75,080	84,401
Biodiesel	0	0	86	695	0	0	0	0	0	0	86	695
Gas	26,346	22,258	40,307	38,940	0	0	0	0	26,346	22,258	40,307	38,940
Bioethanol	0	0	524	311	0	0	0	0	0	0	524	311
Propan	0	0	0	0	1,896	1,432	1,624	1,532	1,896	1,432	1,624	1,532
CNG	32	15	0	543	0	0	0	0	32	15	0	543
Hot Water	0	0	0	4,505	0	0	0	0	0	0	0	4,505
Total	2,312,854	2,155,451	2,406,315	2,204,281	7,832	9,010	9,419	14,154	2,320,686	2,164,461	2,415,734	2,218,436

* The Coverage of Scope 1 & Scope 2 GHG Emissions Data: In 2019, the reporting scope covered manufacturing plants in Türkiye, Arctic Refrigerating Appliances Plant in Romania, Refrigerator and Washing Machine Plant in Russia, Washing Machine Plant in China, all three manufacturing plants in South Africa, and Refrigerator Plant in Thailand. In 2020, the reporting scope was expanded to cover Arctic Washing Machine Plant in Romania, but Washing Machine Plant in China was removed from the reporting scope due to the sale of the plant. In 2021, the reporting scope was expanded to also cover all three manufacturing plants in Pakistan, but one of the manufacturing plants in South Africa was removed from the reporting scope due to the shutdown of the plant. In 2022 the reporting scope covered manufacturing plants in Türkiye, Arctic Refrigerating Appliances and Washing Machine Plants in Romania, Refrigerator and Washing Machine Plant in Russia, 2 manufacturing plants in South Africa, 3 manufacturing plants in Pakistan, 2 Singer plants in Bangladesh, and Refrigerator Plant in Thailand. Verified water data is in "Manufacturing Plants & HQ" column.



ANNEX 4: ENVIRONMENTAL PERFORMANCE INDICATORS

	MANUFACTURING PLANTS & HQ				OFFICES				TOTAL			
	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
Energy savings**												
Total annual energy savings (GJ)	96,408	55,953	62,907	94,324	0	0	0	0	96,408	55,953	62,907	94,324
Total annual greenhouse gas reduction (tCO ₂ e)	7,708	5,217	5,514	7,525	0	0	0	0	7,708	5,217	5,514	7,525
Total annual financial savings (EUR)	1,148,477	701,409	773,933	2,528,199	0	0	0	0	1,148,477	701,409	773,933	2,528,199
Water withdrawal by source (m³)												
Third party sources - Municipal water	688,260	553,372	685,597	691,730	4,307	4,342	9,922	13,383	692,567	557,714	695,519	705,113
Third party sources - Water tanker	0	0	29,402	4,399 ****	0	0	0	0	0	0	29,402	4,399
Ground water	768,114	584,827	608,062	747,363	0	0	0	0	768,114	584,827	608,062	747,363
Rain water	28,943	62,613	70,980	46,613 ****	0	0	0	0	28,943	62,613	70,980	46,613
Total	1,485,317	1,200,812	1,394,041	1,490,105	4,307	4,342	9,922	13,383	1,489,624	1,205,154	1,403,963	1,503,488
Water discharge by destination (m³)												
Fresh surface water	0	0	0	0	0	0	0	0	0	0	0	0
Ground water	0	0	0	0	0	0	0	0	0	0	0	0
Third-party destinations (municipal sewage line connected to municipal/industrial wastewater treatment plant)	1,220,988	1,035,987	1,054,660	1,272,739	4,307	4,342	9,922	11,267	1,225,295	1,040,329	1,064,582	1,284,006
Total water discharge	1,220,988	1,035,987	1,054,660	1,272,739	4,307	4,342	9,922	11,267	1,225,295	1,040,329	1,064,582	1,284,006
Water consumption*** (m³)												
Water consumption (m ³)	264,329	164,825	339,381	217,366	0	0	0	0	264,329	164,825	339,381	217,366
Environmental Training (person*hour)												
Environmental Trainings (person*hour)	23,330	16,595	29,818	21,160	-	-	-	-	23,330	16,595	29,818	21,160

** Energy savings data includes all global manufacturing plants.

*** Water consumption=Water withdrawal-Water discharge

**** not verified according to AA1000AS



ANNEX 4: ENVIRONMENTAL PERFORMANCE INDICATORS

	MANUFACTURING PLANTS & HQ				OFFICES				TOTAL			
	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
Raw material and material used by type (tonnes)												
Plastic Raw Materials	127,278	128,322	230,233	198,938	-	-	-	-	127,278	128,322	230,233	198,938
Metal Raw Materials	386,462	375,882	400,266	377,992	-	-	-	-	386,462	375,882	400,266	377,992
Materials	487,249	506,479	385,965	407,255	-	-	-	-	487,249	506,479	385,965	407,255
Chemicals	15,053	10,275	20,833	11,777	-	-	-	-	15,053	10,275	20,833	11,777
Packaging	-	-	89,998	78,425	-	-	-	-	-	-	89,998	78,425
Total	1,016,041	1,020,957	1,127,295	1,074,387	-	-	-	-	1,016,041	1,020,957	1,127,295	1,074,387
Waste by type (tonnes)												
Hazardous waste (tonnes)												
Waste to recovery	2,307	1,509	2,583	1,838	-	-	-	-	2,307	1,509	2,583	1,838
Waste to incineration (with energy recovery)	193	259	326	301	-	-	-	-	193	259	326	301
Waste to incineration (without energy recovery)	6	2	6	12	-	-	-	-	6	2	6	12
Waste to landfill	161	162	352	513	-	-	-	-	161	162	352	513
Waste to other disposal operations	122	118	31	36	-	-	-	-	122	118	31	36
Total hazardous waste	2,789	2,050	3,298	2,700	-	-	-	-	2,789	2,050	3,298	2,700
-Non-hazardous waste (tonnes)												
Waste to recovery	104,510	97,196	126,485	105,953	-	-	-	-	104,510	97,196	126,485	105,953
Waste to incineration (with energy recovery)	2,136	658	1,130	502	-	-	-	-	2,136	658	1,130	502
Waste to incineration (without energy recovery)	-	-	258	75	-	-	-	-	-	-	258	75
Waste to landfill	4,030	3,018	4,095	4,246	-	-	-	-	4,030	3,018	4,095	4,246
Waste to other disposal operations	1	341	633	586	-	-	-	-	1	341	633	586
Total Non-hazardous waste	110,677	101,213	132,601	111,362	-	-	-	-	110,677	101,213	132,601	111,362
Total Waste	113,465	103,263	135,899	114,062	-	-	-	-	113,465	103,263	135,899	114,062



ANNEX 4: ENVIRONMENTAL PERFORMANCE INDICATORS

OPERATIONAL ECO-EFFICIENCY: ENERGY INDICATOR	2019	2020	2021	2022	2022 Target
Total Non-Renewable Energy Consumption (MWh) (A)	416,441	371,648	417,783	357,885	361,926
Total Renewable Energy Consumption (MWh) (B)	226,019	227,088	250,638	254,416	
Total Energy Consumption (MWh) (A+B)	642,459	598,736	668,421	612,300	
Intensity (Total Energy Consumption/Revenue) (A+B)/Revenue (MWh/TRY million)	29.79	21.45	15.44	6.89	
Intensity Reduction (%) (Compared to previous years)	-9.5%	-28%	-28%	-55.3%	
GHG EMISSIONS*					
Direct GHG Emissions (Scope 1) (tonnes CO ₂ e)	81,550	71,379	84,014	69,797	85,822
Indirect - Energy (Scope 2) (tonnes CO ₂ e)	52,950	43,261	46,383	47,285	45,751
Total Scope 1&2 GHG emissions (tonnes CO ₂ e)	134,500	114,640	130,397	117,082	
Scope 1&2 GHG emissions intensity (tonnes CO ₂ e/TRY million)	6.2	4.1	3.01	1.2	
Reduction of Intensity compared to previous year (%)	6%	34%	27%	60%	
INDIRECT - OTHER (SCOPE 3) (tonnes CO₂e)					
Purchased goods and services	-	2,729,955	3,236,185	3,571,364	
Upstream Transportation and Distribution	-	-	-	72,124	
Waste Generated in Operations	-	-	-	5,501	
Business Travel	-	6,534	13,565	3,020	
Employee commuting	-	85,767	71,371	67,788	
Downstream transportation and distribution of products	-	180,888	203,484	122,661	
Use-phase of the products *****	-	22,040,094	22,855,049	23,086,153	
End of life of sold products	-	19,127	20,279	19,825	
Others** (upstream - downstream)	-	11,505***	13,878****	1,582	
TOTAL INDIRECT - OTHER (SCOPE 3) (tonnes CO₂e)	-	25,073,870	26,413,811	26,950,018	27,514,371

* The Coverage of Scope 1 & Scope 2 GHG Emissions Data: In 2019, the reporting scope covered manufacturing plants in Türkiye, Arctic Refrigerating Appliances Plant in Romania, Refrigerator and Washing Machine Plant in Russia, Washing Machine Plant in China, all three manufacturing plants in South Africa, and Refrigerator Plant in Thailand. In 2020, the reporting scope was expanded to cover Arctic Washing Machine Plant in Romania, but Washing Machine Plant in China was removed from the reporting scope due to the sale of the plant. In 2021, the reporting scope was expanded to also cover all three manufacturing plants in Pakistan, but one of the manufacturing plants in South Africa was removed from the reporting scope due to the shutdown of the plant. In 2022 the reporting scope covered manufacturing plants in Türkiye, Arctic Refrigerating Appliances and Washing Machine Plants in Romania, Refrigerator and Washing Machine Plant in Russia, 2 manufacturing plants in South Africa, 3 manufacturing plants in Pakistan, 2 Singer plants in Bangladesh, and Refrigerator Plant in Thailand.

** Other Scope 3 Emissions covers the treatment of packaging, production wastes, wastewater treatment, and mobile combustion of subcontractor."

*** Other Scope 3 emissions in 2020 cover: The treatment of packaging= 7,282 tonnes CO₂e , Production wastes= 4,204 tonnes CO₂e , Wastewater treatment= 14 tonnes CO₂e , Mobile combustion of subcontractor= 5 tonnes CO₂e , Total Others= 11,505 tonnes CO₂e

**** Other Scope 3 emissions in 2021 cover: The treatment of packaging= 9,171 tonnes CO₂e , Production wastes= 4,689 tonnes CO₂e , Wastewater treatment= 13 tonnes CO₂e , Mobile combustion of subcontractor= 5 tonnes CO₂e , Total Others= 13,878 tonnes CO₂e

*****The coverage of reported data is wider than the approved SBTs.



ANNEX 4: ENVIRONMENTAL PERFORMANCE INDICATORS

	2019	2020	2021	2022	
Scope 3 GHG emissions intensity (tonnes CO ₂ e /TRY million)	-	898	610	277	
GHG emissions from use of sold products (tonnes CO ₂ e/Product quantity)	-	-	-	0.78	
TOTAL SCOPE 1&2&3 GHG EMISSIONS (tonnes CO₂e)	6,398,107	6,398,107	26,544,208	27,067,100	
TOTAL SCOPE 1, 2 & 3 GHG EMISSIONS INTENSITY (tonnes CO₂e/TRY MILLION)	NA	902	613	278	
WATER WITHDRAWAL*	2019	2020	2021	2022	2022 Target
Total water withdrawal (m ³)	1,485,317	1,200,812	1,394,041	1,490,105	1,501,033
Water withdrawal intensity (m ³ /TRY million)	73	45	32	15	-
WATER POLLUTANTS					
Chemical Oxygen Demand (COD) (tonnes)	-	-	162	267	
Water pollutant intensity (tonnes/ TRY million)	-	-	0.004	0.003	
WATER RECYCLED OR REUSED (m³)					
Amount of water recycled and reused	58,120	110,545	128,412	110,036	
Percent of water recycled and reused	4%	9%	9%	9%	
WASTE*					
Hazardous waste (tonnes)	2,789	2,050	3,298	2,700	
Hazardous waste intensity (tonnes/TRY million)	-	0.076	0.080	0.027	
Total Waste (tonnes)	113,465	103,263	135,899	114,062	129,104 **
Total waste intensity (tonnes/TRY million)	5.6	3.8	3.1	1.16	
PRODUCTS		2019	2020	2021	2022
Percentage of eligible products fulfilling Energy Star requirements		0.35%	0.36%	0.8%	0.8%
Percentage of eligible products by revenue certified to the ENERGY STAR® program		0.8%	1%	1.1%	1.1%

* The Coverage of Water & Waste Data: In 2019, the reporting scope covered manufacturing plants in Türkiye, Arctic Refrigerating Appliances Plant in Romania, Refrigerator and Washing Machine Plant in Russia, Washing Machine Plant in China, all three manufacturing plants in South Africa, and Refrigerator Plant in Thailand. In 2020, the reporting scope was expanded to cover Arctic Washing Machine Plant in Romania, but Washing Machine Plant in China was removed from the reporting scope due to the sale of the plant. In 2021, the reporting scope was expanded to also cover all three manufacturing plants in Pakistan, but one of the manufacturing plants in South Africa was removed from the reporting scope due to the shutdown of the plant. In 2022 the reporting scope covered manufacturing plants in Türkiye, Arctic Refrigerating Appliances and Washing Machine Plants in Romania, Refrigerator and Washing Machine Plant in Russia, 2 manufacturing plants in South Africa, 3 manufacturing plants in Pakistan, 2 Singer plants in Bangladesh, and Refrigerator Plant in Thailand.

** Arçelik's target for total disposed solid waste has been determined as 6,363 tons which is calculated based on previous years disposed solid waste amount.



ANNEX 4: ENVIRONMENTAL PERFORMANCE INDICATORS

PRODUCTS	2020	2021	2022
Percentage of total revenue from energy efficient products	50	51.6	49.4
Percentage of total revenue from products that included recycled and/or bio composite plastic materials	46.6	38.6	41.2
Percentage of total revenue from reduced raw materials (resource efficiency) in products and packaging	37.6	17.1	33.5
LOW CARBON PRODUCT			2022
Percentage of total revenue from low carbon products			61.7
Total avoided emissions from reduced raw materials (resource efficiency) and recycled content in products (tonnes CO ₂ e)			30,072
Total avoided emissions for third-parties (energy efficient products) (tonnes CO ₂ e)			264,367
Total avoided emissions by low carbon products (tonnes CO ₂ e)			294,439

DEFINITION:

Energy efficient products: It refers to the reduced environmental impact that results from the use phase of products. The coverage is products which consume less energy than the lowest "allowable" energy efficiency classes based on the available regulations in the specific countries. "Allowable" refers to the lowest energy class allowed in the related market. It was calculated by considering products which have higher energy efficiency level than the allowable class on the related market.

For further information on energy efficient products, please refer to Product Use Phase section of this report.

Recycled or bio composite plastic materials used in products: It refers to improving the circularity of materials from the use of recycled materials. The coverage is products which included recycled plastics and/or bio composite materials.

For further information on recycled and bio-composite material in products, please refer to Product Design and Raw Material Selection section of this report.

Products and packagings reduced usage of raw materials: It refers to the reduced environmental impact that results from the production phase of products. The coverage is products which material reduction in comparison with the previous model. The material could be any material usage in product and/or packaging such as plastic, metal, hazardous chemical, packaging.

For further information on material reduction, please refer to Product Design and Raw Material Selection section of this report.

Low carbon products: It refers to products that use less raw materials, recycled raw materials and

consume less energy and water than the lowest allowable energy and water efficiency classes. Those three criteria contribute to the low carbon product calculation.

Avoided Emissions Calculation Methodology: **Avoided Emissions from reduced raw materials and recycled content in products** was calculated by amount of total recycled plastic and bio composite plastic consumption and amount of reduced raw material weights, and multiplied these amounts with material emission factors from DEFRA database published by UK Government.

Avoided Emissions from third-parties (energy efficient products) was calculated by multiplying energy saving amount from energy-efficient sold products in reporting year with electricity emission factor.



ANNEX 5: SELECTED MEMBERSHIPS AND ARÇELİK'S CONTRIBUTIONS

Institution / Organization	Gain or Contribution	2022 Membership Fee (EUR)	Share in total payments (%)
Home Appliance Europe (APPLiA)*	APPLiA is a Brussels-based trade association that provides a single, consensual voice for the home appliance industry in Europe, promoting industry's mission to advance lifestyles. APPLiA's main interest areas are sustainability, energy efficiency, green and digital transition, packaging, competitiveness and etc. There are several working groups where specific topics are discussed and general view of the sector is formulated. Arçelik's CEO is currently the president of APPLiA and technical teams of Arçelik actively attends to working group meetings. This allows Arçelik to adapt to legislative changes more quickly as well as comply with relevant changes in the market. APPLiA has national associations throughout the Europe, and Arçelik and its subsidiaries are members to these associations as well. (e.g. TÜRKBESE-Türkiye, APPLiA Romania, APPLiA Spain, APPLiA Italy, APPLiA Polska, APPLiA Ireland, APPLiA Sweden, APPLiA Slovakia, Elektroniikan Tukkukauppiat (ETK)-Finland, Fachverband der Elektro- und Elektronikindustrie (FEEI)-Austria)	233,987	21.9%
World Business Council for Sustainable Development (WBCSD)	Since 2021, we have been a member of WBCSD and actively support the Council's workstreams. In 2022, we will be one of the CFO Network and SOS 1.5 Program members organized by WBCSD and will collaborate on the workstream activities. The CFO Network Program aims to help shape the dialogue and the landscape, work with investors, and gain access to the tools and resources. Workstreams at SOS 1.5 Program are organized to support companies while running for well below 1.5 degrees Celsius targets, and their ultimate aim is to be net-zero companies in 2050.	139,255	12.55%
Turkish Employers Association of Metal Industries (MESS)	In cooperation and solidarity with the employers in the metal and electronic industries, MESS aims to develop well-balanced, reliable, and stable industrial relations, while increasing the competitiveness and the productivity of industry. Moreover, MESS also aims to provide sustainable and extensive peaceful working conditions, based on mutual trust and dialogue, in harmony and accordance with the common interests. Within the scope of the membership, Arçelik engages in activities that ensure compliance with occupational health and safety standards, and protection of employee and company rights. In addition, the membership allows us to benefit from MESS's knowledge and support regarding the practices that regulate business life. MESS claims to be the world's first employer's union to be a member of WEF. There is an initiative called MEXT, which is Türkiye's first digital production factory that is end-to-end integrated from sales forecasting, supply chain to production systems and quality management. MEXT claims to be the world's biggest digital transformation and capability building center and it provides "Digital maturity assessment" service, which is the world's largest 'digital transformation initiative in industry' in terms of scale. We also contribute to the research of MEXT as well.	132,238	11.92%
The Association of Manufacturers of Domestic Appliances (AMDEA)	Beko PLC that is a subsidiary of Arçelik is member of AMDEA for more than 15 years and the Managing Director of Beko PLC act as the Chair of the Association. AMDEA represents 80% of the appliance industry in the UK covering the manufacturers of small and large domestic appliances. AMDEA has two main committees namely, technical and consumer group that are supported by issue specific panels. Main issues are, circular economy, environment, sustainability targets, WEEE, cyber security.	129,743	11.69%
ZVEI e.V. (Zentralverband Elektrotechnik- und Elektronikindustrie)	It is the Electro and Digital Industry Association and promotes the industry's joint economic, technological and environmental policy interests on a national, European and global level. The industry has round about 890,000 employees in Germany plus 766,000 employees all over the world. Main topics of interest are sustainability & environment, circular economy, energy efficiency, cyber security and mobility. Beko Grundig Deutschland (Arçelik's Subsidiary) is at the supervisory board.	87,000	7.84%
Home Connectivity Alliance (HCA)	It is an organization that aims to provide consumers with more options within a safe, secure and interoperable connected home ecosystem. We are at the Board of HCA and attends actively to working groups contributing efforts to further interoperability.	57,169	5.15%

* NACs included



ANNEX 5: SELECTED MEMBERSHIPS AND ARÇELİK'S CONTRIBUTIONS

Institution / Organization	Gain or Contribution	2022 Membership Fee (EUR)	Share in total payments (%)
France White Goods Manufacturers Association (Groupement des Marques d'Appareils Pour la Maison - Gifam)	Beko France is a member of GIFAM, representing France's white goods industry. The Beko France Country Manager is the chair of GIFAM. Through this association, we follow laws and regulations in France, contribute to forming association opinions on these laws and regulations, and closely follow the rules regarding the circular economy and carbon-neutral targets. Country Director of Beko France is currently the chair of GIFAM and related employees actively attends to working group meetings.	56,000	5.05%
DIGITALEUROPE	It is an organization consists of the world's largest IT, telecoms and consumer electronics companies and heavily invest in Europe and also prominent trade associations from 30 different European countries. DigitalEurope acts in the belief that digitalisation as a key enabler for a resilient and sustainable ecosystem. Thus, it aims to convey the views of the industry to related public bodies and support the development of a regulatory framework that nurtures innovation, advances digitalization, and enhance growth. We actively attend to several working groups and contributes to the positive impact of digitalization.	37,209	3.35%
Confederation of British Industry (CBI)	CBI is a UK business organization representing 19.000 businesses. It provides a forum for discussing actions in public policy, social progress, development and sustainability. Beko PLC (Arçelik's subsidiary) is a member of CBI and contributes to views of the CBI on issues mostly related with energy efficiency (energy labelling), circular economy initiatives, eco-design, packaging and WEEE.	27,239	2.46%
Association of Home Appliance Manufacturers (AHAM)	AHAM is the single voice providing the industry with leadership, advocacy and a forum for action in public policy, standards and business decisions. AHAM helps manufacturers bring efficient, high-performing home appliances into the homes of consumers in the United States, Canada and around the world. It also promotes the industry's mission to increase appliance performance while reducing its impact on the environment. It plays an active role in the fields of energy efficiency, e-waste, resources, safety, and standardisation. Beko US (Arçelik's subsidiary) contributes and provides responses to current and draft regulations and policies through AHAM.	25,000	2.25%
Turkish Industry and Business Association (TÜSİAD)	With strong representative power in terms of the added value created by member organizations in our country's economy, TÜSİAD is also a member of Business Europe, which is considered to represent the European private sector. As an umbrella NGO representing our country's business world, TÜSİAD is an institution that actively participates in forming opinions as a public authority on a wide range of topics from sectoral developments to other related areas. In addition, TÜSİAD can closely monitor legislative works in the EU which concern our sector, and form opinions at the level of EU institutions by means of the Business Europe channel of which it is a member. We actively participate in and contribute to many TÜSİAD working groups and task forces. In particular, Arçelik leads the Working Group for the Environment and Climate Change and the EU Green Deal Task Force to actively work on the formation of country policies in these areas.	24,200	2.18%

The total amount paid in 2022 was EUR 1,318,610. The main institutions explained above represents a total payment of EUR 949,040 and 72% of total spending on annual fees to institutions to which we are a member.

 [For more information on our Global Sectoral Relations Policy, please refer to our website.](#)

 [For more information on our Civil Society Cooperation Policy, please refer to our website.](#)



ANNEX 5: SELECTED MEMBERSHIPS AND ARÇELİK'S CONTRIBUTIONS

OTHER INSTITUTIONS / ORGANIZATIONS

Institution / Organization	Gain or Contribution
Chamber of Commerce and Industry of Serbia	It is a national association of all Serbian businesspeople, which serves the best interests of its members and the Serbian economy. It consists of companies and entrepreneurs. Beko Balkans (Arçelik's subsidiary) contributes especially in compliance working group of the association.
STS Forum	It is a forum that bring together scientists and global leaders in the fields of politics, business and academia who meet yearly in Kyoto, Japan. In addition to annual meeting STS Forum gathers so many stakeholders at side events where the future of science and technology and ways to increase benefits for humanity and environment are discussed thoroughly. As a responsible manufacturer Arçelik closely follows developments in cutting-edge science and technology.
Turkish White Goods Manufacturers' Association (TÜRKBESD)	TÜRKBESD aims to develop the white goods industry in Türkiye, increase exports, work on technical issues, energy efficiency, and environmental compliance regarding products and manufacturing processes, ensure the technological development of the sector, and share views that will benefit the country, sector, and consumers regarding drafts of future domestic legislation. Arçelik has taken an active role in TÜRKBESD for many years and currently Arçelik is the chair of the BoD. TÜRKBESD has several technical working groups in which Arçelik actively contributes.
European Factories of the Future Research Association (EFFRA)	It is an industry-driven association promoting the development of new and innovative production technologies. It is the official representative of the private side in the "Made in Europe" partnership. This partnership is the voice and driver for sustainable manufacturing in Europe. It boosts European manufacturing ecosystems towards global leadership in technology, circular industries and flexibility. The Partnership contributes to a competitive, green, digital, resilient and human-centric manufacturing industry. As a member of EFFRA Arçelik contributes to the researches on production technologies.

Institution / Organization	Gain or Contribution
Domestic Appliances Association of South Africa (SADA)	SADA is a local trade association that provides a single, consensual voice for the home appliance industry, promoting industry's mission to advance the lifestyles of South Africans. Defy (Arçelik's subsidiary) holds a BoD position at SADA and actively contributes to issues related with the industry in general and also specific issues like circular economy, e-waste and energy labeling.
Pakistan Business Council	It consists of country's leading Corporates and Business Groups as an advocacy forum to improve the general business environment of the country. The Council has several committees on issues like taxation, foreign trade and environment. Dawlance (Arçelik's subsidiary) actively attends to meetings of environment committee and contributes to positive agenda of energy labeling and sustainability.
Empowering the digitalisation of Energy transition (EEBUS)	EEBUS is an organization that tries to empower the digitalisation of energy transition by ensuring compliance with physical and grid-initiated constraints at the grid connection and thus supports a stable grid operation. Hence, the purpose of EEBUS is the development and standardisation of a cross-domain and manufacturer-independent communication from grid to device level and required interfaces to allow for the interconnection between energy management relevant devices as well as corresponding control systems. Arçelik actively participates in the technical development of the EEBUS standard. This membership provides an opportunity for Arçelik in the fast-growing market of environment related energy transition. Thus, this helps Arçelik's efforts towards decarbonization and climate protection.
European Industrial Research Management Association (EIRMA)	Business R&D has a very significant role to play in business' agenda towards sustainability. EIRMA is at the centre of driving this development and of leading the necessary change. It plays an active role in capturing and spreading best practices of its members by using specific methodologies like, knowledge management and benchmarking. Arçelik shares its knowledge and contributes to insights on key issues in R&D and innovation management.



ANNEX 5: SELECTED MEMBERSHIPS AND ARÇELİK'S CONTRIBUTIONS

Institution / Organization	Gain or Contribution
Electronic Devices Manufacturers' Association (ECİD)	Its goals are to create an electronic sector that can compete globally and contributes to production, exports, employment, economic development and welfare in Türkiye. It is aimed to create an electronics industry that is sensitive to climate change and environmental problems by attaching importance to R&D and innovation. And supports digital transformation and can compete globally. Arçelik is at the Board of ECİD and contributes to the works of ECİD that supports digital transformation in the sector.
German Chamber of Commerce (IHK)	IHK represents commercial and industrial enterprises and those belonging to the service sector in Germany. It aggregates the interests of businesses across all sectors and branches of the economy in a democratic and deliberative manner. These interests are conveyed to it by the 79 local Chambers of Commerce and Industry across Germany. Beko Grundig Deutschland (Arçelik's subsidiary) is a member of IHK and follows valuable information about current industrial developments and challenges. Moreover, information and specific suggestions on the policies and draft regulations.
EP100	EP100 is a global initiative led by the international non-profit Climate Group, bringing together over 120 energy smart businesses committed to measuring and reporting on energy efficiency improvements. Each member company has its own commitment regarding energy efficiency. Arçelik's commitment is "Double energy productivity by 2030, relative to a 2010 baseline, and implement an energy management system (EnMS) across its global production facilities by 2025".
Foreign Economic Relations Board (DEİK)	DEİK aims to become a business diplomacy organization comprising Business Councils, Founding Institutions and individual members that represent Türkiye's business community and its leading entrepreneurs. DEİK has country based, sectoral based and special purpose councils that all focus on development. Arçelik is represented in various business councils by C-level to contribute to the increase in economic ties between countries.

Institution / Organization	Gain or Contribution
TechUK	TechUK is a technology trade association with white goods, consumer electronics and IT members. A network for innovation and collaboration across business, government and stakeholders to provide a better future for people, society, the economy and the planet is formed by the association. Beko (Arçelik's subsidiary) by being a member of TechUK contributes to the positive potential of technology.
Connectivity Standards Alliance (CSA)	CSA aims to ignite creativity and collaboration in the IoT, by developing, evolving, and promoting universal open standards that enable all objects to securely connect and interact. CSA tries to create, evolve and manage IoT technology standards through a well-established, collaborative process. Arçelik contributes this collaboration in standardization by attending to meetings among members.
Federation of European Heating, Ventilation and Air Conditioning Associations (REHVA)	REHVA is an umbrella organization that represents more than 120,000 HVAC designers, building services engineers, technicians and experts across European Countries. It provides a strong platform for international professional networking, and knowledge exchange pursuing the vision of improving health, comfort, safety and energy efficiency in all buildings and communities. Arçelik is one of the supporters of REHVA committing on advancing and developing high quality HVAC technologies, system solutions and engineering tools by international knowledge exchange, research and joint advocacy.
The Alliance for the Internet of Things Innovation (AIOTI)	AIOTI is an organization that aims to lead, promote, bridge and collaborate in IoT and Edge Computing and other converging technologies research and innovation, standardisation and ecosystem building. Arçelik became member to AIOTI in 2022 to contribute to the development of the IoT and Edge Computing market while preserving values like, privacy and consumer protection.



ANNEX 5: SELECTED MEMBERSHIPS AND ARÇELİK'S CONTRIBUTIONS

Institution / Organization	Gain or Contribution
European Cyber Security Organization (ECSO)	<p>ECSO is a European, cross-sectoral membership organisation that contributes to developing cybersecurity communities and building the European cybersecurity ecosystem. ECSO federates the European Cybersecurity public and private sector, including large companies, SMEs and start-ups, research centres, universities, end-users and operators of essential services, clusters and associations, as well as the local, regional and national public administrations across the European Union Members States, the European Free Trade Association (EFTA) and H2020 Programme associated countries.</p> <p>As a member of ECSO Arçelik contributes to cyber security standardization and certification working groups activities.</p>
White Goods Suppliers Association (BEYSAD)	<p>It is an association created jointly by firms providing services to white goods main industry firms as supply industry for the purpose of voicing their common issues more effectively and obtaining more tangible results in comparison with individual efforts. It is predominantly consists of SMEs. Arçelik is among the founders of BEYSAD and still actively contributes to its events and projects. According to its sustainability targets Arçelik strongly believes the significance of development as a sector throughout the whole supply chain.</p>
Turkish Marine Environment Protection Association (TURMEPA)	<p>TURMEPA is Türkiye's leading sea-oriented non-governmental organization that aims to leave a more liveable Türkiye that embraces clean seas to future generations. In this regard TURMEPA organizes activities to prevent our shores and seas from being polluted, encourage and developing the fight against pollution as well as ensuring public participation, leave a liveable and healthy environment to future generations. TURMEPA also organizes and attends to seminars regarding the effects of climate change on marine life.</p>

Institution / Organization	Gain or Contribution
UN GLOBAL COMPACT	<p>United Nations Global Compact (UNGC) is the largest corporate sustainability initiative for businesses who are committed to align themselves with UN SDGs. Arçelik is a strong supporter of UNGC and embeds its Ten Principles into its operations. Arçelik is also a member of UNGC's CFO Taskforce, CEO Water Mandate and Business Ambition for 1.5°C, Race to Zero Campaign. In addition, Arçelik annually discloses and reports its progress on how it applies the UNGC principles.</p>
Woman in Technology Association (Wtech)	<p>Wtech's main aim is to enable individuals to discover their own potential; to train curious, researcher, productive and self-confident people who are experts in technology and bring them into the business world. To ensure diversity in technology, Wtech aims to ensure that women are specialized and empowered with technical skills to take part especially within the scope of artificial intelligence. Wtech organizes several projects to increase both awareness and skills by various trainings.</p>

The amount paid to other institutions represent a total of EUR 160,487 which is 12,17% of the total spending on institutions.



ANNEX 6.1. SOCIAL PERFORMANCE INDICATORS

	2019		2020		2021		2022	
EMPLOYEES BY CATEGORY	Women	Men	Women	Men	Women	Men	Women	Men
Total number of employees	7,420	24,114	9,039	28,374	10,659	30,275	11,089	29,941
Number of monthly paid employees	2,233	5,771	2,273	5,757	3,150	7,210	3,479	7,418
Number of hourly paid employees	5,187	18,343	6,766	22,617	7,509	23,065	7,610	22,523
EMPLOYEES BY EMPLOYMENT TYPE	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time*
Number of employees by employment type/form	31,315	219	37,242	171	39,885	1,049	41,026	4
SUBCONTRACTORS BY GENDER	Women	Men	Women	Men	Women	Men	Women	Men
Number of subcontracted employees by gender	944	1,822	1,272	2,365	1,573	3,860	3,539	5,974
SUBCONTRACTORS BY EMPLOYMENT TYPE	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Number of subcontracted employees by employment type/form	2,759	8	3,632	5	5,405	28	6,569	2,944

WORKING HOURS	2019	2020	2021	2022
Total working from home hours	111,856	409,617	2,307,819	3,968,485
Total flexible working hours	33	1,316	370,798	675,829

	2019		2020		2021		2022	
HIRING**	Women	Men	Women	Men	Women	Men	Women	Men
Total number of new employee hires	721	1,332	634	1,024	495	876	586	857
Junior/low level management	64	238	33	111	113	180	20	41
Middle level management	12	56	13	42	28	43	19	42
Senior/top level management	1	10	0	2	3	9	3	6

* Part-time employees are calculated by multiplying by 0.5.

** Hiring data covers more than 80% of FTEs.



ANNEX 6.1. SOCIAL PERFORMANCE INDICATORS

INTERNAL HIRES	2019	2020	2021	2022
Percentage of open positions filled by internal candidates (internal hires)	31%	24%	37%	39%
Women	30%	30%	31%	28%
Men	70%	70%	69%	72%
Junior/low level management	24%	20%	20%	24%
Middle level management	33%	34%	30%	14%
Senior/top level management	3%	2%	3%	2%
Average hiring cost/FTE Currency (EUR)	1,394.04	981.29	1,458	771.09

PROMOTION	2019		2020		2021		2022	
	Women	Men	Women	Men	Women	Men	Women	Men
Percentage of employees promoted	18%	15%	15%	14%	16.7%	16.2%	33%	67%

EMPLOYEE TURNOVER	2019	2020	2021	2022
Total Employee Turnover Rate*	17.3%	14.5%	12.9%	12.8%
Voluntary Employee Turnover Rate	6.3%**	4.0%**	7.7%*	6.6%*
Involuntary Employee Turnover Rate*	-	-	5.2%	6.2%

* Covers all employees globally.

** Covers all monthly paid employees.



ANNEX 6.1. SOCIAL PERFORMANCE INDICATORS

TOTAL EMPLOYEE TURNOVER RATE	2019	2020	2021	2022
Women	14.04%	12.01%	16.4%	13.3%
Men	18.24%	14.48%	15.5%	12.6%
Under 30 years old	41.4%	39.9%	7.6%	29.0%
30-50 years old (including 30 and 50 years old)	9.7%	5.7%	4.1%	8.4%
Over 50 years old	7.3%	7.7%	0.2%	11.2%
Junior/low level management	-	-	0.8%	10.3%
Middle level management	-	-	0.1%	7.6%
Senior/top level management	-	-	0.0%	2.6%
VOLUNTARY EMPLOYEE TURNOVER RATE	2019**	2020**	2021*	2022*
Women	6.6%	4.4%	8.9%	7.4%
Men	6.2%	3.9%	11.1%	6.3%
Under 30 years old	8.9%	6.2%	5.5%	15.3%
30-50 years old (including 30 and 50 years old)	5.8%	3.6%	4.5%	4.5%
Over 50 years old	3.0%	1.4%	0.6%	4.4%
Junior/low level management	-	-	1.4%	6.8%
Middle level management	-	-	0.1%	3.6%
Senior/top level management	-	-	0.0%	0.9%

* Covers all employees globally.

** Covers all monthly paid employees



ANNEX 6.1. SOCIAL PERFORMANCE INDICATORS

INVOLUNTARY EMPLOYEE TURNOVER RATE	2021	2022
Women	12.3%	5.9%
Men	7.2%	6.4%
Under 30 years old	2.0%	13.7%
30-50 years old (including 30 and 50 years old)	5.6%	3.9%
Over 50 years old	1.0%	6.7%
Junior/low level management	0.4%	3.6%
Middle level management	0.1%	4.0%
Senior/top level management	0.0%	1.7%

EMPLOYEE LAYOFF	2019	2020	2021	2022
Total number of announced lay-offs	272	678	662	1,197

EMPLOYEES BY WORKING YEARS	2019		2020		2021		2022	
	Women	Men	Women	Men	Women	Men	Women	Men
Employees working for 0-5 years	4,707	7,917	5,340	9,367	7,053	9,716	4,820	11,680
Employees working for 5-10 years	1,484	7,285	2,012	8,598	2,802	8,563	2,322	5,921
Employees working for more than 10 years	762	9,379	2,343	9,753	2,437	10,363	3,947	12,340

AVERAGE SENIORITY	Women	Men	Hourly Paid	Monthly Paid	Global
	9.5	10.0	10.1	9.1	9.8



ANNEX 6.1. SOCIAL PERFORMANCE INDICATORS

DIVERSITY AND INCLUSION

Percentage representation of diversity and inclusion data is at least 80% FTEs.

	2019		2020		2021		2022	
	Women	Men	Women	Men	Women	Men	Women	Men
WORKFORCE BY POSITIONS								
Share of employees in the total workforce	22%	78%	24%	76%	26%	74%	27%	73%
Share of employees in all management positions, including junior, middle and senior management	16%	84%	21%	79%	19%	81%	23%	77%
Share of employees in junior management positions, ie. First level of management	24%	76%	26%	74%	22%	78%	24%	76%
Share of employees in top management positions ie. Maximum two levels away from the CEO or comparable positions	14%	86%	13%	87%	25%	75%	27%	73%
Share of employees in management positions in revenue-generating functions as % of all such managers	23%	77%	18%	82%	16%	84%	19%	81%
Share of employees in revenue generating functions							28%	72%
Share of the employees on entry level positions	32%	68%	38%	62%	31%	69%	36%	64%
Share of employees in STEM-related positions	17%	83%	16%	84%	18%	82%	19%	81%
Share of the employees in IT positions	21%	79%	22%	78%	27%	73%	25%	75%
Share of the employees in engineering positions	13%	87%	16%	84%	11%	89%	17%	83%
Share of employees that are contractors	12%	88%	18%	82%	14%	86%	37%	63%

	2019		2020		2021		2022	
	Women	Men	Women	Men	Women	Men	Women	Men
WORKFORCE BY AGE								
Under 30 years old	1,638	5,779	2,700	8,049	2,774	6,674	2,397	6,224
30-50 years old (including 30 and 50 years old)	5,399	14,810	5,905	16,502	6,484	20,472	7,083	20,094
Over 50 years old	383	3,525	434	3,823	1,399	3,131	1,609	3,623



ANNEX 6.1. SOCIAL PERFORMANCE INDICATORS

	2021		2022	
	Women	Men	Women	Men
EMPLOYEES WITH DISABILITIES				
Total number of employees with disabilities	80	507	114	583
Total share of employees with disabilities	1.43%		1.7%	

PARENTAL LEAVE	2019	2020	2021	2022
The percentage of women remained employed by the company 12 months after their return from parental leave	86%	88%	96%	84%

WOMEN WORKFORCE IN UNITED STATES	2020	2021	2022
Women in United States (US) employee base	39%	40%	35%
Multicultural women in United States (US) employee base	14%	15%	15%



ANNEX 6.1. SOCIAL PERFORMANCE INDICATORS

GENDER PAY INDICATORS

Percentage representation of consolidate pay data is at least 80% FTEs.

SALARIES BY LEVEL*	2021			2022		
	Average Women Salary (EUR) & Ratio	Average Men Salary (EUR) & Ratio	Average (Women/Men Salary)	Average Women Salary (EUR) & Ratio	Average Men Salary (EUR) & Ratio	Average (Women/Men Salary)
Executive level (base salary only)	133,171	116,767	114%	160,432	160,631	99.9%
	30.82x	27.03x		37.14x	37.18x	
Executive level (base salary + other cash incentives)	235,708	213,240	111%	275,288	278,551	98.8%
	54.56x	49.36x		63.72x	64.48x	
Management level (base salary only)	40,997	38,002	108%	49,584	49,163	100.9%
	9.49x	8.8x		11.48x	11.38x	
Management level (base salary + other cash incentives)	49,478	46,160	107%	64,504	65,038	99.2%
	11.45x	10.68x		14.93x	15.06x	
Non-management level	14,606	11,710	125%	19,653	20,129	97.6%
	3.38x	2.71x		4.55x	4.66x	

* In 2022, the methodology has been changed considering regional and country specific fluctuations.

GENDER PAY GAP METRICS	2022
Average pay gap (women to men)*	99.5%
Global mean (average) raw gender pay gap**	17%

* Percentage of compensation for women to men overall employees

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



ANNEX 6.1. SOCIAL PERFORMANCE INDICATORS

OTHER GENDER PAY METRICS	2021	2022
Percentage of women in top 10% compensated employees	29%	22%
Percentage of women in the top pay quartile	31%	28%
Percentage of women in the upper middle pay quartile	11%	35%
Percentage of women in the lower middle pay quartile	11%	35%
Percentage of women in the lower pay quartile	23%	36%

TRAINING AND DEVELOPMENT

Percentage representation of training data is at least 80% FTEs.

TOTAL TRAINING AND DEVELOPMENT DATA	2019	2020	2021	2022
Total training hours given to employees (employee*hour)	693,399	556,712	795,742	1,185,376
Average hours of training per employee (number)	25.1	17.7	18.7	28.9
Average amount spent per FTE on training and development (EUR)	169.6	90.8	110.5	129.4

AVERAGE HOURS OF TRAINING AND DEVELOPMENT PER FTE	2020	2021	2022
Per Gender			
Women	17	22.7	39.2
Men	18	16.7	23.5
PER AGE			
Under 30 years old	22.7	22.5	31.3
30-50 years old (including 30 and 50 years old)	11.8	19.2	26.9
Over 50 years old	9.8	17.12	26
PER LEVEL			
Junior/low level management	17.5	5.08	25.1
Middle level management	18.3	13.07	13.9
Senior/top level management	33.1	15.03	23.4



ANNEX 6.1. SOCIAL PERFORMANCE INDICATORS

AVERAGE AMOUNT SPENT ON TRAINING AND DEVELOPMENT PER FTE (EUR)	2020	2021	2022
PER GENDER			
Women	77.2	105.8	110.8
Men	95.2	98.4	136.2
PER AGE			
Under 30 years old	-	125.8	172
30-50 years old (including 30 and 50 years old)	-	105.1	128.2
Over 50 years old	-	97.6	53
PER LEVEL			
Junior/low level management	204.1	67.1	180.2
Middle level management	213.8	106.4	165
Senior/top level management	106.3	96.2	249.4

AVERAGE HOURS OF TRAINING BY CATEGORIES *	2020	2021	2022	
	Training hour per employee	Training hour per employee	Training hour per employee (Total hours of training / Numbers of trained employees in category)	Training hour per employee (Total hours of training / Total headcount)
Orientation	3.9	13.8	12.3	1.6
Purpose Driven Programs	-	7.6	8.5	13.6
Competency Development	6.7	19.5	23.5	2.8
Leadership Development	10	12.8	30.5	0.3
Capability Development (Technical & Functional)	9.5	13.3	36.0	10.6

* While Average hours of training by categories in 2021 calculated by formula of 'total hours of training/ numbers of trained employees in category', it is calculated by the formula of ' total hours of training/ total headcount' in 2022.



ANNEX 6.1. SOCIAL PERFORMANCE INDICATORS

	2020	2021	2022	
TRAININGS BY SUBJECTS - EMPLOYEES (EMPLOYEE*HOUR)**	Training hour per employee	Training hour per employee	Training hour per employee (Total hours of training / Numbers of trained employees in category)	Training hour per employee (Total hours of training / Total headcount)
Sustainability	7	1.8	2.1	0.1
Environment	2.1	1.3	3.1	0.5
Health & Safety	23	11.3	14.3	11.0
Chemicals	1.1	8.3	4.0	0.1
Regulations	3.5	5.4	3.7	0.7
Ethics	1.4	2.8	1.2	0.5
Total of Trainings for purchasing department	8.5	22.7	22.9	0.1

** While Training by subject-employees in 2021 calculated by formula of 'total hours of training/ numbers of trained employees in category', it is calculated by the formula of 'total hours of training/ total headcount' in 2022.

	2020	2021	2022	
TRAININGS BY SUBJECT - CONTRACTORS (EMPLOYEE*HOUR)**	Training hour per employee	Training hour per employee	Training hour per employee (Total hours of training / Numbers of trained employees in category)	Training hour per employee (Total hours of training / Total headcount)
Sustainability	0	21	4.6	0.3
Environment	1.7	2.5	3.6	0.3
Health & Safety	8.5	1.7	5.6	2.0
Chemicals	2.1	4	2.9	0.3
Regulations	1.5	21	2.3	0.2
Ethics	1.1	6	1.0	0.1

*** While Training by subject-contractors in 2021 calculated by formula of 'total hours of training/ numbers of trained employees in category', it is calculated by the formula of 'total hours of training/ total headcount' in 2022.



ANNEX 6.1. SOCIAL PERFORMANCE INDICATORS

PERFORMANCE EVALUATION	2019		2020		2021		2022	
	Women	Men	Women	Men	Women	Men	Women	Men
Employees subjected to regular performance and career development evaluation	2,233	5,771	2,273	5,757	3,150	7,210	3,179	6,930
Employee coverage of multidimensional performance appraisal	5,187	18,343	6,766	22,617	7,509	23,065	6,591	20,524

TREND OF EMPLOYEE ENGAGEMENT	2019	2020 ²	2021 ¹	2022 ¹
Data Coverage	92%	94%	94%	88%
Employee Engagement	69%	77%	72.6%	69%
Women	69%	79%	60%	69%
Men	68%	77%	74%	69%
Under 30 years old	69%	75%	70%	70%
30-50 years old (including 30 and 50 years old)	68%	77%	69%	68%
Over 50 years old	83%	89%	69%	75%
Junior/low level management	85%	89%	73%	70%
Middle level management	87%	89%	81%	79%
Senior/top level management	100%	100%	88%	91%

HUMAN CAPITAL RETURN ON INVESTMENT METRIC IN EUR M	2019	2020	2021	2022
Total Revenue (a)	5,032	5,091	6,513	7,709
Total Operating Expenses (b)	4,117	4,064	5,374	6,416
Total employee-related expenses (salaries + benefits) (c)	563	548	660	800
Human Capital Return on Investment (a - (b-c)) / c	2.6	2.9	2.7	2.6

¹ Globally carried out and consolidated data

² The data is available only for Türkiye operations on a yearly basis



ANNEX 6.2. OCCUPATIONAL HEALTH AND SAFETY INDICATORS FOR EMPLOYEES

OHS DATA - EMPLOYEES	2022
Total working hours (in a year)	82,067,691
The number of work-related fatalities	0
The number of fatalities resulting from commuting accidents	0
Occupational diseases often observed (e.g. Back pain, stress etc.)	Occupational diseases with physical factors, stress, anxiety

OCCUPATIONAL HEALTH AND SAFETY RATES FOR EMPLOYEES	2020	2021	2022
Lost Time Injury Frequency Rate*	2.09	1.37	0.9
Injury Severity Rate**	0.04	0.018	0.013
Occupational Disease Rate***	0.02	0.1	0.06
Safety Factor****	0.09	0.024	0.012
Total Recordable Injury Rate*****		2.95	2.44

* Lost Time Injury Frequency Rate = (Number of injuries caused the employees to lose at least a working day / Total official working hours) * 1,000,000

** Injury Severity Rate = (Number of lost days due to injuries / Total official working hours) * 1,000

*** Occupational Disease Rate = (Number of occupational diseases / Total official working hours) * 1,000,000

**** Safety factor = Injury frequency rate * Injury severity rate

***** Total Recordable Injury Rate = (Number of injuries including no-lost-time injuries / Total official working hours) * 1,000,000



ANNEX 6.2. OCCUPATIONAL HEALTH AND SAFETY INDICATORS FOR EMPLOYEES

OHS DATA - SUBCONTRACTORS	2022
Total working hours (in a year)	11,757,716
The number of work-related fatalities	0
The number of fatalities resulting from commuting accidents	0
Occupational diseases often observed (e.g. Back pain, stress etc.)	0

OCCUPATIONAL HEALTH AND SAFETY RATES FOR SUBCONTRACTORS	2020	2021	2022
Lost Time Injury Frequency Rate*	4.23	2.72	2.64
Occupational Disease Rate**		0	0
Total Recordable Injury Rate***		0	0

* Lost Time Injury Frequency Rate = (Number of injuries caused the employees to lose at least a working day / Total official working hours) * 1,000,000

** Occupational Disease Rate = (Number of occupational diseases / Total official working hours) * 1,000,000

*** Total Recordable Injury Rate = (Number of injuries including no-lost-time injuries / Total official working hours) * 1,000,000

EMPLOYEES AND CONTRACTORS OHS CONSOLIDATED DATA 2022

Total number of injuries that caused the employees and contractors to lose at least a working day relative to one million hours worked	1.12
Total number of injuries and fatalities reported by employees and contractors while working for the company	105



ANNEX 7: SPENDING ON CORPORATE CITIZENSHIP

TOTAL MONETARY VALUE OF CORPORATE CITIZENSHIP/PHILANTHROPIC CONTRIBUTIONS

TYPE OF CONTRIBUTION	Total Amount (EUR)
Cash contributions	1,147,761
Time: employee volunteering during paid working hours	10,735
In-kind giving: product or services donations, projects/partnerships or similar	992,786
Management costs (overheads)	2,256,066

TYPE OF PHILANTHROPIC ACTIVITIES

CATEGORY	Percentage of Total Costs
Charitable Donations	23.5%
Community Investments	65.6%
Commercial Initiatives	10.9%



ANNEX 8: MANAGEMENT SYSTEMS

MANAGEMENT SYSTEMS	CERTIFICATION YEAR	PERCENT OF ALL MANUFACTURING PLANTS	COUNTRY/FACILITY COVERAGE
ISO 9001	1992	100	Arçelik A.Ş. (Headquarters & Production Plants), Arçelik Pazarlama A.Ş., Arçelik-LG, Arctic, Beko LLC, Defy, Beko Thai, Dawlance, Arçelik Hitachi, Voltbek, Singer-Bangladesh(TV Plant), IHP Appliances
ISO 14001	1996	100	Arçelik A.Ş. (Headquarter & Production Plants), Arctic, Beko LLC, Defy, Beko Thai, Dawlance, Singer Bangladesh, Arçelik Hitachi, Arçelik LG, Voltbek, IHP Appliances
ISO 17025	2008	7	Arçelik A.Ş. Central Calibration & EMC Laboratories (Accredited Laboratories)
ISO 10002	2013	100	Arçelik Pazarlama A.Ş.
ISO 50001	2012	71	Arçelik A.Ş. (Headquarter & Production Plants), Arçelik-LG, Arctic, Arçelik Hitachi, Beko LLC, Dawlance (URIL and DPL-1 and 2 plants)
ISO 14064	2011	71	Arçelik A.Ş. (Headquarter & Production Plants), Arctic, Beko LLC, Defy, Beko Thai, Dawlance, Singer Bangladesh
ISO 45001	2022	86	Arçelik A.Ş. (Headquarter & Production Plants), Arçelik-LG, Arctic, Beko LLC, Defy, Beko Thai, Dawlance
ISO 27001	2013	39	Arçelik A.Ş. (Headquarters-Related Units)
TQM/GEN/T02 (Mastercard - Terminal Quality Management Compliance)	2019	100	Arçelik A.Ş. (Electronics Plant-Process Specific Certification)
BSCI (Business Social Compliance Initiative)	2010	57	Arçelik A.Ş. (Headquarter & Production Plants*), Arçelik-LG, Arctic, Beko LLC, Defy, Beko Thai (Production Plants)
SEDEX (Suppliers Ethical Data Exchange)	2010	32	Arçelik A.Ş. (Headquarter & Production Plants*)

* Excluding Refrigerator and Washing Machine Plants in Manisa, Türkiye



ANNEX 9: SASB DISCLOSURE

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) DISCLOSURE

TOPIC	Accounting Metric	Code	Report Section
Product Safety	Number of recalls issued, and total units recalled	CG-AM-250a.1	Customer and Consumer Experience p. 157
	Discussion of process to identify and manage safety risks associated with the use of its products	CG-AM-250a.2	Customer and Consumer Experience p. 157
	Total amount of monetary losses as a result of legal proceedings associated with product safety	CG-AM-250a.3	Product Stewardship, p. 63
Product Lifecycle Environmental Impacts	Percentage of eligible products by revenue certified to the ENERGY STAR® program	CG-AM-410a.1	Annex 4. Environmental Performance Indicators, p. 197
	Percentage of eligible products certified to an Association of Home Appliance Manufacturers (AHAM) sustainability standard	CG-AM-410a.2	-
	Description of efforts to manage products' end-of-life impacts	CG-AM-410a.3	Product Stewardship, p. 63



ANNEX 10: SCM INDEX

Pillars	Themes	Descriptions	References
PRINCIPLES OF GOVERNANCE: CORE METRICS AND DISCLOSURES	Governing purpose	<p>Setting purpose:</p> <ul style="list-style-type: none"> - The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. - Corporate purpose should create value for all stakeholders, including shareholders. 	<p>About this Report, p. 3 CEO's Letter, p. 5 Arçelik At a Glance, p. 8 Corporate Governance, p. 17</p>
		<p>Purpose-led management:</p> <p>How the company's stated purpose is embedded in company strategies, policies and goals.</p>	<p>Corporate Governance, p. 17 Business Model for Value Creation, p. 26 Sustainability Targets, p. 38</p>
	Quality of governing body	<p>Governance body composition:</p> <p>Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.</p>	<p>CEO's Letter, p. 5 Corporate Governance, p. 17 Stakeholder Engagement Mapping, p. 27</p>
		<p>Remuneration:</p> <p>1. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental and social topics, as connected to the company's stated purpose, strategy and long-term value.</p> <p>2. Remuneration policies for the highest governance body and senior executives for the following types of remuneration:</p> <ul style="list-style-type: none"> - Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses and deferred or vested shares - Sign-on bonuses or recruitment incentive payments - Termination payments - Clawbacks - Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives and all other employees 	<p>Corporate Governance, p. 17 Future Fit Culture, Talent & Organizational Management, p. 111 Annex 6.1. Social Performance Indicators, p. 208</p>
Stakeholder engagement	<p>Material issues impacting stakeholders:</p> <p>A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.</p>	<p>Stakeholder Engagement Mapping, p. 27 Materiality Analysis, p. 30</p>	



ANNEX 10: SCM INDEX

Pillars	Themes	Descriptions	References
PRINCIPLES OF GOVERNANCE: CORE METRICS AND DISCLOSURES	Ethical behaviour	<p>Anti-corruption:</p> <p>1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region.</p> <p>a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and</p> <p>b) Total number and nature of incidents of corruption confirmed during the current year, related to this year.</p> <p>2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.</p>	Business Ethics and Transparency, p. 105
		<p>Protected ethics advice and reporting mechanisms:</p> <p>A description of internal and external mechanisms for:</p> <p>1. Seeking advice about ethical and lawful behaviour and organizational integrity; and</p> <p>2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.</p>	Materiality Analysis, p. 30 Business Ethics and Transparency, p. 105 Sustainable Supply Chain Management, p. 167
	Risk and opportunity oversight	<p>Integrating risk and opportunity into business process:</p> <p>-Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes.</p> <p>-These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.</p>	TCFD Risk Assessment, p. 230
		<p>Economic, environmental and social topics in capital allocation framework:</p> <p>How the highest governance body considers economic, environmental and social issues when overseeing major capital allocation decisions, such as expenditures, acquisitions and divestments.</p>	Corporate Governance, p. 17 Sustainable Economic Growth p. 103



ANNEX 10: SCM INDEX

Pillars	Themes	Descriptions	References
PLANET: CORE METRICS AND DISCLOSURES PEOPLE: CORE METRICS AND DISCLOSURE	Climate change	Greenhouse gas (GHG) emissions: - For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tons of carbon dioxide equivalent (tCO ₂ e) GHG Protocol Scope 1 and Scope 2 emissions. - Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	Climate Change and Decarbonization, p. 44 Annex 4: Environmental Performance Indicators, p. 197
		TCFD implementation: - Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). - If necessary, disclose a timeline of at most three years for full implementation. - Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.	TCFD Risk Assessment, p. 230
		Paris-aligned GHG emissions targets: - Define and report progress against time-bound science-based GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. - This should include defining a date before 2050 by which you will achieve net-zero greenhouse gas emissions, and interim reduction targets based on the methodologies provided by the Science Based Targets initiative, if applicable. - If an alternative approach is taken, disclose the methodology used to calculate the targets and the basis on which they deliver on the goals of the Paris Agreement.	Climate Change and Decarbonization, p. 44 Water Management, p. 52
		Impact of GHG emissions: - Report wherever material along the value chain (GHG Protocol Scope 1, 2 & 3) the valued impact of greenhouse gas emissions. - Disclose the estimate of the societal cost of carbon used and the source or basis for this estimate.	Climate Change and Decarbonization, p. 44
	Nature loss	Land use and ecological sensitivity: Report the number and area (in hectares) of sites owned, leased, or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	Biodiversity, p. 61
Freshwater availability	Water consumption and withdrawal in water-stressed areas: - Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. - Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	Water Management, p. 52 Annex 4: Environmental Performance Indicators, p. 197	



ANNEX 10: SCM INDEX

Pillars	Themes	Descriptions	References
PEOPLE: CORE METRICS AND DISCLOSURE	Dignity and equality	Diversity and inclusion (%) : Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	Future Fit Culture, Talent & Organizational Management, p. 111 Annex 6.1. Social Performance Indicators, p. 208
		Pay equality (%) : Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	Future Fit Culture, Talent & Organizational Management, p. 111 Annex 6.1. Social Performance Indicators, p. 208
		Wage level (%) : 1. Ratios of standard entry level wage by gender compared to local minimum wage. 2. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	Future Fit Culture, Talent & Organizational Management, p. 111 Annex 6.1. Social Performance Indicators, p. 208
		Risk for incidents of child, forced or compulsory labour : An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	Climate Change and Decarbonization, p. 44
		Discrimination and harassment incidents (#) and the total amount of monetary losses (\$) : Number of discrimination and harassment incidents, status of the incidents and actions taken, and the total amount of monetary losses as a result of legal proceedings associated with: (a) law violations; and, (b) employment discrimination.	Supporting Society with Equal Opportunities and Inclusion, p. 85 Business Ethics and Transparency, p. 105 Sustainable Supply Chain Management, p. 167
		Freedom of association and collective bargaining at risk (%) : 1. Percentage of active workforce covered under collective bargaining agreements. 2. An explanation of the assessment performed on suppliers for which the right to freedom of association and collective bargaining is at risk, including measures taken by the organization to address these risks.	Business Ethics and Transparency, p. 105
		Human rights review, grievance impact & modern slavery (#, %) : 1.Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country. 2. Number and type of grievances reported with associated impacts related to a salient human rights issue in the reporting period and an explanation on type of impacts. 3. Number and percentage of operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	Business Ethics and Transparency, p. 105 Sustainable Supply Chain Management, p. 167



ANNEX 10: SCM INDEX

Pillars	Themes	Descriptions	References
PEOPLE: CORE METRICS AND DISCLOSURE	Health and well-being	Health and safety (%): 1. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. 2. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	Future Fit Culture, Talent & Organizational Management, p. 111 Sustainable Supply Chain Management, p. 167 Annex 6.1. Social Performance Indicators, p. 208
		Employee well-being The number of fatalities as a result of work-related ill-health, recordable work-related ill-health injuries, and the main types of work-related ill-health for all employees and workers.	Future Fit Culture, Talent & Organizational Management, p. 111 Annex 6.2. Occupational Health and Safety Indicators for Employees, p. 219
	Skills for the future	Training provided (#, \$): Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees). Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	Future Fit Culture, Talent & Organizational Management, p. 111 Annex 6.1. Social Performance Indicators, p. 208
PROSPERITY: CORE METRICS AND DISCLOSURES	Employment and wealth generation	Absolute number and rate of employment: Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region	2022 Highlights, p. 10 Annex 6.1. Social Performance Indicators, p. 208
		Economic contribution: 1. Direct economic value generated and distributed (EVG&D), on an accrual's basis, covering the basic components for the organization's global operations, ideally split out by: – Revenues – Operating costs – Employee wages and benefits – Payments to providers of capital – Payments to government – Community investment 2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.	2022 Highlights, p. 10 Annex 6.1. Social Performance Indicators, p. 208



ANNEX 10: SCM INDEX

Pillars	Themes	Descriptions	References
PEOPLE: CORE METRICS AND DISCLOSURE	Employment and wealth generation	Financial investment contribution: - Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy. - Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders	Sustainable Economic Growth, p. 103
		Infrastructure investments and services supported: Qualitative disclosure to describe the below components: 1. Extent of development of significant infrastructure investments and services supported. 2. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. 3. Whether these investments and services are commercial, in-kind or pro bono engagements.	Water Management, p. 52 Community Development and Partnerships, p. 98 Annex 11.4: Other ESG-Related Risks & Opportunities, p. 243
		Social value generated: 1. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts. 2. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities (e.g. national and international standards, protocols, policy agendas).	Business Model for Value Creation, p. 26
	Innovation of better products and services	Total R&D expenses (\$): Total costs related to research and development.	R&D, Innovation and Digital Transformation, p. 138
		Social value generated: Percentage of revenue from products and services designed to deliver specific social benefits or to address specific sustainability challenges.	Business Model for Value Creation, p. 26
	Community and social vitality	Total tax paid: The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Annex 11.4: Other ESG-Related Risks & Opportunities, p. 243
		Total Social Investment: Total Social Investment (TSI) sums up a company's resources used for "S" in ESG efforts defined by CECP Valuation Guidance.	Business Model for Value Creation, p. 26 Sustainability Targets, p. 38 Supporting Society with Equal Opportunities and Inclusion, p. 85
		Total tax paid by country for significant locations: Total tax paid and, if reported, additional tax remitted, by country for significant locations.	Annex 11.4: Other ESG-Related Risks & Opportunities, p. 243



ANNEX 11.1: TCFD

TCFD RECOMMENDATION

Arçelik's TCFD Response

Governance:

Disclose the organization's governance around climate-related issues and opportunities.

- a. Describe the board's oversight of climate-related risks and opportunities.
- b. Describe management's role in assessing and managing climate-related risks and opportunities.

a. Board Oversight of Climate Related Risks and Opportunities:

The Board of Directors (BoD) is the highest governing body for the management of sustainability strategy including climate risks and opportunities and is responsible for overseeing the implementation of Arçelik's Net Zero Strategy. One board member, who is also Arçelik's parent Company Koç Holding's Consumer Durables President, has been appointed by the BoD as the responsible board member to inform the BoD on major achievements, risks and opportunities faced by Arçelik in implementation of the Net Zero Strategy. In 2022, three reports were prepared to the attention of the BoD, which were presented in the BoD meetings. The submission of the commitment to make our 2050 Net Zero commitment in line with Science Based Targets initiative's (SBTi) Net Zero Standard to the SBTi, investments on renewable energy, engagement with suppliers on emission reduction target plans, Scope 3 product emission tracking system implemented on more than 40 subsidiaries were part of items included in these reports.

Arçelik's Net Zero 2050 Roadmap and the implementation action plan has been presented to the attention of BoD and the shareholders at the Annual General Shareholders Meeting held in 2022.

The Risk Management Committee is the Board level committee responsible to monitor and review the climate related risks and opportunities and has responsibility to oversee the implementation of the mitigation action plans for both transition risks and physical risks. In 2022, the infrastructure to integrate the climate related risk issues to these meetings was implemented. The climate related risk items discussed in the Risk Management Committee meetings were:

- Potential financial implications of the implementation of the EU Carbon Border Adjustment mechanism based on several scenario analysis of the cost of the potential tax
- Arçelik's Net Zero 2050 Commitment to the Science Based Targets initiative, the long-term investment needs, risks and opportunities on the way to implementation of the roadmap, including the cost of carbon on voluntary markets
- Water scarcity risk as a result of physical risk analysis, and the investments, actions needed to reach a 70% water recycling ratio in production facilities globally
- Regulations that would have direct financial impact on Arçelik operations such as the WEEE regulations as well as plastic packaging taxes

b. Management's Role in Assessing and Managing Climate Related Risks and Opportunities

Sustainability Council: The Sustainability Council (SC), chaired by the Chief Finance Officer (CFO) is the highest management level committee that governs the climate-related and other ESG risks and opportunities. The executive members of the Sustainability Council include the Chief Production and Technology Officer, Chief Strategy&Digital Officer, Chief People Officer, Chief Purchasing and Supply Chain Officer, Quality, Sustainability and Corporate Affairs Executive Director, Finance&Enterprise Risk Executive Director, R&D Executive Director, and Legal & Compliance General Counsel.

In order to ensure effective integration of the climate related risks and opportunities as well as other ESG risks, the SC gathers quarterly.

The purpose of the SC is to monitor the implementation of the Group Sustainability Strategy, with a specific focus on implementation of the Net Zero 2050 Roadmap. The below mentioned climate related issues have been discussed with necessary action plans during the meetings:

- Investment need and related action plans to increase the renewable energy capacity globally,
- Long term investment need related to the Science Based Targets Net Zero 2050 commitment, the potential implications of the price increases in the voluntary carbon markets, especially nature-based removals
- Biodiversity and deforestation commitments and the necessary action plans needed
- Information demand from trade partners in the retail channel on energy efficiency, recycled content, durability, reparability

Sustainability Working Groups: The Energy Working Group (WG), Green Chemistry WG, Environment WG, Operational Health and Safety WG, Sustainable Supply Chain WG, Climate Change WG and the Human Rights WG gather periodically throughout the year to determine the issues to be brought up at Sustainability Council Meetings.

Highest Management Level Position with Responsibility: The Quality, Sustainability and Corporate Affairs Executive Director, reporting directly to the CEO, is the highest management level position with responsibility to adapt strategic action plans for climate change related mitigation and adaptation risks. The Quality, Sustainability and Corporate Affairs Executive Director has been mandated by the BoD with a Board Decision to report and inform the BoD of the company's overall sustainability strategy.

Policy Influence: The role includes managing climate related policy making agenda with the external stakeholders such as NGOs, trade associations and other business partners, periodically reviewing and monitoring to make sure the alignment of such policy making activities to be in line with the Paris Agreement.

Sustainability-linked Pay: GHG emission reduction targets as part of the Science Based Targets of Arçelik (decreasing energy consumption in factories, decreasing Scope 3 use phase energy consumption of the products) are included in the performance scorecards of the CEO, CFO, Chief Product&Technology Officer, Chief Purchasing&Supply Chain Officer, Product Management Executive Director as well as the Quality, Sustainability and the Corporate Affairs Executive Director and Factory Executive Directors.



ANNEX 11.1: TCFD

TCFD RECOMMENDATION

Arçelik's TCFD Risk Assessment Response

Strategy

Disclose the actual and potential impacts of climate related risks and opportunities on the organization's business, strategy and financial planning, where such information is material.

- a. Describe the climate related risks and opportunities the organization has identified over the short, medium and long term
- b. Describe the Impact of climate related risks and opportunities on the organization's businesses, strategy and financial planning
- c. Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2 degree or lower scenario.

- a. Describe the climate related risks and opportunities the organization has identified over the short, medium and long term
- b. Describe the impact of climate related risks and opportunities on the organization's businesses, strategy and financial planning

As a company operating in a vast geography, Arçelik is exposed to different climate change and ESG-related risk factors in the short, medium and long term. Since the effects of climate change and other ESG risks on our operations cannot be observed immediately, time intervals are defined as differently.

Short-term	Medium-term	Long-term
1-3 years	3-10 years	+10 years

The climate related risks and opportunities are broken down to transition risks and physical risks based on the TCFD requirements. The transition risks are further broken down into; policy, market, reputation and technology risks.

Methodologies applied

The potential impacts of the transition to a low-carbon economy on Arçelik operations were analysed in terms of the policy, market, reputation, and technology risks. For policy risk and the related price of carbon, the S&P Trucost ESG methodology has been outsourced. The S&P Trucost ESG Methodology includes a Corporate Carbon Pricing Tool that analyses carbon price risk premiums on High, Medium, Low carbon price scenarios based on the responsiveness level of each scenario to limit global warming to 2 degrees Celsius. The scenarios have been based on 2030 and 2050 projections.

In the high carbon price scenario for 2030, Scope 3 emissions is the largest contributor to Arçelik's carbon pricing risk.

The market, reputation, and technology risk analysis are based on the internal expertise of Arçelik, using IEA STEPS, Sustainable Development Scenario (SDS), and International Energy Agency (IEA) Net- Zero 2050 Scenarios.

For physical risk, the S&P Trucost ESG methodology, WRI Aquaduct and Arçelik internal expertise have been used.

Various parameters were developed for alternative scenarios to observe the possible effects of the physical and transition risks of climate change. By using alternative scenarios, Arçelik develops resilient strategic business plans and reduces the vulnerability of its operations.

Related to climate change, Arçelik considers potential material impacts such as destructive natural events caused by rising temperatures, additional costs such as taxes on carbon and GHG emissions, and regulatory changes like EU's Carbon Border Adjustment Mechanism and shifting customer demand to more energy-efficient products. Arçelik evaluates the impact of all these potential risks on its operations in terms of both financial and non-financial results. These risks have decisive impacts on supply chain, product development, R&D, innovation, purchasing, production and sales, as well as on premises such as manufacturing plants and warehouses. Therefore, in critical decision-making processes such as setting strategic goals, allocating financial resources or making a new investment decision, the risks and possible impacts of climate change have been directly integrated into the process.

While deciding on robust strategies over climate related risks & opportunities, Arçelik considers the IPCC's low (RCP2.6), moderate (RCP 4.5) and high (RCP 8.5) scenarios, which are mainly depending on the global warming levels by 2100, together to decide on the company's short, medium and long-term targets. According to the possible scenarios indicated by the IPCC, the increase in global mean surface temperature averaged over 2081-2100 compared to pre-industrial periods would be as follows:

- RCP 2.6- 1.6°C
- RCP 4.5- 2.4°C
- RCP 8.5- 4.3°C



ANNEX 11.1: TCFD

TCFD RECOMMENDATION

Arçelik's TCFD Risk Assessment Response

Transition Risks

Risk Type: Policy Risk

Term	Financial Impact	Likelihood
Short-Medium & Medium-Long Term	High	High

Risk

In order to keep the global warming trajectory to an optimistic scenario aligned with 1,5-degree, reducing adverse and irreversible impacts of global warming is in the main agenda of international and regional organizations, there are increasing trend to set rules and standards for companies operating in different sectors. Arçelik's possible risks are shaped around the new regulations especially set by the EU from the perspective of the EU Green Deal and the potential ETS mechanisms to be applied in Arçelik's production countries globally. According to Arçelik's analysis, potential climate related policy risks of Arçelik are defined as:

- Increasing cost of carbon and potential introduction of ETS mechanisms in countries where Arçelik operates
- EU Green Deal potential tax via Carbon Border Adjustment Mechanism (CBAM) implications on Arçelik operations regarding cost increases in Arçelik's key production inputs such as steel and iron, potential impact on the company's exports from the non-EU countries to the EU (almost half of Arçelik's revenue),
- Cost up per product to innovate more energy efficient appliances to meet potential upcoming regulations in the global markets Arçelik operates, coupled with the mid-term 2030 Science Based Targets and the 2050 Net Zero Science Based Targets Commitment
- Rise in voluntary carbon prices especially the carbon removal credit prices
- Costs associated with reducing logistics emissions in the value chain
- Costs associated with helping suppliers transform to a low carbon economy and reduce raw material emissions for Arçelik production
- Possible revenue loss due to EU Energy Label regulations that sets a baseline for the energy performance levels of certain product groups

Opportunity

Below mentioned actions taken create GHG, water and waste reduction opportunities for Arçelik, all the while increasing the capacity to get access to green financing, increase investor and strategic customer confidence. Arçelik also continuously seeks new business opportunities generated by the transition to net zero.

- Approved 2030 Science Based Targets (SBTi's) for a well below 2°C scenario and pending targets for 1,5°C scenario.
- Commitment to make its Net Zero 2050 target aligned with the SBTi Net Zero Standard
- Green bond and green loan used solely to finance green investments to keep up with the climate targets including energy and water efficiency in production, energy efficient appliance production, recycled material usage, waste management- Arçelik Green Bond Allocation and Impact Report
- Commitment to EP100 to double energy productivity per revenue by 2030
- Ensure 100% green electricity purchase in global production facilities by 2030
- 50MW renewable energy investment by 2030
- EUR 50 internal carbon price mechanism applied on investment of machinery and equipment exceeding €50,000 and 50-kW capacity
- Policy influence actions taken with distinguished NGOs and trade associations to align the policy setters' actions with 1,5 degree goal of the Paris Agreement

Risk Type: Market and Technology Risk

Term	Financial Impact	Likelihood
Medium-Long	High	High

Risk

- Shift in demand expected to more energy-efficient appliances as part of efforts to keep the global warming in line with 1,5°C scenario (IEA STEPS, SDS, Net Zero 2050)
- Increasing number of companies committing to net zero targets and further improvement of innovative business models and emergence of new technologies on the way to net zero
- 40% of energy consumption is related to household appliances in homes. Demand for electricity is expected to grow especially in emerging economies as middle class increases. Demand for major domestic appliances such as dishwashers, washing machines, air conditioners and refrigerators is expected to increase significantly in the emerging markets as the purchasing power increases and as the world keeps getting warmer in the APAC region. Especially demand for air conditioners and refrigerators will increase in a fast manner.
- Arçelik intends to grow in the APAC region. The countries in these regions are not heavily regulated as in the EU. EU has stringent Energy Labelling requirements. In contrast, in the emerging markets, majority of countries lack even minimum energy labelling requirements. The unregulated market in terms of energy efficiency creates challenges for a company like Arçelik who has global Science Based Targets in place to reduce the energy consumption of the appliances it produces globally.
- GHG emissions related to the product use phase of appliances sold by Arçelik constitutes nearly 80% of Scope 3 emissions in Arçelik's value chain.
- In line with Arçelik's Net Zero commitment to the Science Based Targets Initiative, the company aims to follow a strategy to provide energy efficient appliances ahead of legislation in the developing countries where Arçelik operates such as South Africa, Pakistan, India and Bangladesh.
- Since Arçelik has a significant growth potential in Southeast Asia and other emerging markets, investment in PU installation technologies with significantly smaller GWP; investments in heat pump technologies and transition from HFCs will play a crucial part for producing energy-efficient products that exceed regulations in the market.
- Arçelik will have to incur increasing cost per product and investment expenditures to provide energy efficient appliances in the emerging markets despite the lack of energy efficiency regulations in these markets. It might not be able to reflect increasing costs to its customers and this might even impact the profitability of the company going forward.

Strategy



ANNEX 11.1: TCFD

TCFD RECOMMENDATION

Arçelik's TCFD Risk Assessment Response

Strategy

Opportunity

Creating demand to innovate for energy efficient appliances and new features to both boost sales and increase the green revenue in the emerging markets in a resource efficient manner is a major opportunity. Entering new business opportunities created by the transition to net zero in terms of energy tracking connected IoT devices and heat pump technologies to heat homes are also major opportunities.

- Previous experience in South African market to provide energy efficient appliances in a non-regulated market, which can be copied in other emerging markets:
 - Following the acquisition of DEFY in 2011, Arçelik invested heavily in R&D and innovation to increase energy efficient appliances put on the market despite lack of regulations and the costs. Arçelik enabled the faster introduction of energy efficiency requirements in the market and increased the average energy efficiency levels of the products from E class to A in 5 years. Now, the company has upgraded Arçelik's refrigerator product range to A+. The gap between what the company offers at minimum and the legal limit speaks of more than a 40% energy saving.
- Arçelik considers the low penetration rates and the lack of regulations in certain markets as an opportunity to educate customers on the importance of energy efficient appliances. Arçelik is aware of the opportunity that it can lead such markets with energy efficient products.
- Increasing investments to innovate for energy efficient appliances via green financing also provides an opportunity to finance these investments in a cost-effective manner.
- Arçelik sets sustainability awareness targets for its brand managers to increase the sustainability awareness of its major global brands Arçelik, Beko and Grundig. The GHG emission reduction targets aligned with the targets to keep with the Science Based Targets commitments are also included in the performance score cards of the C level, D level and manager level employees.
- Arçelik has introduced the Save Water range in the IFA Trade Fair in 2022 (tumble dryer and dishwasher combined) which provides water savings of 7.8 liters of water each water cycle.
- As examples of leading energy efficient products introduced in the market in 2022;
 - Arçelik has introduced the A-10% 60 cm platform dishwasher that consumes 10% less energy than the best A energy class in the market in the EU and Türkiye markets.
 - The patented Green and Clean technologies introduced with the Arçelik branded dishwashers in Türkiye market provides 25% more energy savings in each wash compared to conventional models.
 - The 9kg 1400 rpm A-30% washing machine introduced in the EU markets is also a very distinguished energy efficient model, 30% more efficient than the best A energy class in the market.
- Increasing number of IoT products which will be able to track energy efficiency levels of home appliances and direct end users into choosing less energy and water consuming programs will enable the company to enter into extended business opportunities with other distinguished business partners.
- Entry into residential heat pump business will also provide new opportunities for Arçelik.
- Arçelik's major retail customers also have Science Based Targets focused on reducing the impact of appliances sold by their channel. Therefore, Arçelik's Science Based Targets and offerings on energy and water efficient appliances coupled with Arçelik's leadership in sustainability indices makes Arçelik a trusted partner for strategic retail customers.

Risk Type: Reputation and Market Risk, Failure to Transition to a Low Carbon Economy

Term	Financial Impact	Likelihood
Short-term	Low	Low

Risk

- Increasing demand from investors and international/national sustainability indices for companies to commit to international credible initiatives like the Science-based Targets Initiative, implement further TCFD requirements, comply with newly introduced regulations such as the IFRS-ISSB or EU CSRD.
- Increasing demand from strategic retail partners of Arçelik to provide them with data on Arçelik's energy and resource efficient products. Retail channels started differentiating products with high energy efficiency and recycled content or water efficiency used in the products in their websites in sales offerings to the end users. Each retail channel has their own product grading system. Under lack of unified and internationally accepted grading criteria, this poses a competition threat to manufacturers because the system now is dependent on declarations from manufacturers.
- Arçelik reports to international indices such as Dow Jones Sustainability Indices, CDP, Corporate Knights, FTSE, MSCI and has Science Based Targets for 2030 and 2050. The company has the ambition to differentiate itself from the competition by getting best results from indices and also by keeping up with its commitments to the Science Based Targets initiative.
- The company is publicly traded with more than 30% of the shares held by international investors. Therefore, any failure from Arçelik's end to meet the company's ambitious targets for SBTi or placing in significant sustainability indices cause critical reputational damage.

Opportunity

- Arçelik is one of the pioneers among the company's industry and also among other sectors globally in terms of putting sustainability at the center of doing business.
- Board-level support to transform not only the company but also Arçelik's value chain.
- Arçelik's pathway for 2050 net-zero target clearly shows the company's great effort upon investor demands and the requirements defined by the indices and frameworks.



ANNEX 11.1: TCFD

TCFD RECOMMENDATION

Arçelik's TCFD Risk Assessment Response

- Arçelik has approved Science Based Targets and committed to the Science Based Targets Net Zero Standard to set a science-based net zero target. Arçelik also joined to the Business Ambition for 1.5 degree Celsius and the Race to Zero in 2021.
- Arçelik received the highest score from the Dow Jones Sustainability Index for four (2019, 2020, 2021,2022) consecutive years in the company's industry.
- The company also places in the Corporate Knights Top 100 Most Sustainable Companies list as 89th for third consecutive year.
- Arçelik is the 16th company on The Real Leaders Top 300 Impact Companies of 2023.
- The company has low risk ranking from ESG perspective by 12.8 by Sustainalytics.
- Arçelik actively reports to the CDP Climate Change and Water Security programs and has A-/A score for both of the reports.
- Finally, Arçelik is one of the 45 global companies awarded the Terra Carta Seal and the first and only company from the company's industry and Türkiye.

Physical Risks

Risk Type: Continuity of Operations

Term	Financial Impact	Likelihood
Medium-Long Term	Low	High

Risk

In a world where the RCP 4.5 moderate or RCP 8.5 scenarios become reality, the adaptation costs to put up with the continuity of operations will be significantly higher compared to the Low Climate RCP 2.6 scenario. In that case, the extreme weather events will have significant impacts on supply chains, on production and on purchasing power of customers.

Methodology

For physical risk scenario analysis, the S&P Trucost ESG methodology, WRI Aqueduct and Arçelik internal expertise have been combined to develop a methodology. The combined methodology leverages physical risks of Arçelik at the asset level, as well as its suppliers, taking into consideration climate hazard indicators such as water stress, flood, heatwaves, cold waves, hurricane, sea level rise, etc. and their impact on Arçelik's operations. The High Climate Scenario (RCP 8.5), the Moderate Climate Scenario (RCP 4.5) and the Low Climate Scenario (RCP 2.6) were taken into consideration with a forecast for the 2030 and 2050 fiscal years from a 2020 baseline.

- According to the Trucost Physical Risk assessment, Arçelik's overall physical risk score is moderate, main risk item being water stress.
- According to the detailed physical risk analysis focusing on water stress conducted by Arçelik's in-house team based on WRI Aqueduct data, Some Turkey locations (Eskişehir, Manisa Ankara) in addition to Pakistan and India are prone to water stress risk at an "extremely high" level. Especially, Dawlance factory in Pakistan is at the risk of not obtaining the consumption amount needed for production.
- Based on Trucost analysis, Arçelik's suppliers' main physical risks are related to water stress as well. Therefore, Arçelik has to consider water stress risks in water stress countries of Arçelik and the company's suppliers' operations and potential disruption in supply chains of critical materials in countries prone to high heatwave/cold wave/flood risks. Due to these risks, Arçelik might potentially incur reduced revenue and market loss from decreased production capacity, logistics problems, and supply chain interruptions. There might also be a potential CAPEX need in case of damage to production facilities or at a supplier/customer site.
- Since physical risks are expected to result in significant economic losses and social consequences, the purchasing power of customers especially in the APAC and Africa regions more prone to physical risks from climate catastrophe might decline and thus this potentially will have a negative impact on Arçelik sales.

Opportunity

- A dedicated in-house team worked comprehensively to determine the locations that are most prone to the water stress risk for all Arçelik operations and estimated the potential production losses. Arçelik started to work on this data to estimate potential financial losses, which will enable the Company to clearly identify mitigation actions and additional financial needs.
- Arçelik's production facilities are based in more than one location to manage business interruption risks better.
- While deciding on a new acquisition, extreme weather event risks and land resilience is factored into the due diligence process.
- The company also takes necessary precautions to diversify Arçelik's supply chain.
- Arçelik is also cooperating with suppliers to collect GHG emissions, water, waste and energy data from suppliers. Arçelik informs suppliers about the mitigation costs to be incurred today vs the adaptation risks to be incurred in the future if the planet cannot be on track with a 1,5 degree warming scenario.
- As a physical risk mitigation measure, Arçelik has set targets based on Trucost Approach risk assessment result to increase the water recycling ratio* to 70% in all production plants by 2030 aiming to achieve closed loop water system in production.

*Water recycling ratio = Total recycled water/Total water withdrawal.

*Arçelik became a CEO Water Mandate signatory at the beginning of 2022 and commits to make continuous improvements based on the six commitment areas set forth by the CEO Water Mandate, which are: 1) Direct Operations 2) Supply Chain & Watershed Management 3) Collective Action 4) Public Policy 5) Community Engagement 6) Transparency



ANNEX 11.1: TCFD

TCFD RECOMMENDATION

Arçelik's TCFD Risk Assessment Response

Strategy

- Enterprise and Insurance Management team under the Finance & enterprise risk Management Directorate calculates financial and non-financial risks related with the extreme weather events where Arçelik production facilities are located in correlation with all related bodies within the company.
- The company has several lines of insurance policies globally including Third Party and Pollution policies, all risk Property Damage and Business Interruption policies for the physical and non-physical risks in place to mitigate the adverse consequences as much as possible. Finally, based on modeling studies, in case of any events that are related with business interruption due to physical risks, compensation methodologies are already defined accordingly.

c. Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2 degree or lower scenario.

Transition Risk

Climate-related scenario: Transition scenarios - IEA STEPS

Scenario analysis coverage: Company-wide

A qualitative and quantitative approach considering reporting year, 2030 & 2050 years.

A combination of IPCC's RCP 8.5, 4.5 and SSP potential pathways are analysed in line with IEA STEPS Scenario.

This is a mid-scenario between business as usual with no or minimal change in emissions reductions, delayed regulations would not meet Paris Agreement promises to limit global warming in line with a 1.5°C.

Temperatures would rise somewhere between 1.6°C-3.2°C-5.4°C, increasing physical risks faced by Arçelik, thus the business disruption adaptation costs.

Facts:

- We have global 2030 Science Based Targets and committed to set a Net Zero 2050 SBT.
- More than 80% of the GHG emissions of Arçelik comes from the use phase of sold products. Production and sales of energy efficient yet affordable appliances are the key to drive revenue growth.

Parameters:

- Increased global warming leading to decreased GDP, slowdown in the economy from increased extreme weather events, increasing pandemics disrupting business, inflation hikes and increased material costs coupled with decreased consumer spending.
- Rise of middle-income consumers in the APAC and Africa region and increased demand for ACs and refrigerators in a continuously warming climate. Customers would demand more energy efficient appliances, but it is not clear if they pay extra for such appliances. Access to electricity globally would be slower compared to SDS/NZE Scenarios.

Assumptions:

- Cost of carbon not to increase as rapidly as in SDS/NZE Scenarios, EU ETS like mechanisms and CBAM to be delayed.
- Voluntary carbon markets to be still significant but at a lower cost.
- Arçelik to incur increased costs due to increase in physical risks-disruption at the supplier level and company level.
- Delay in minimum energy efficiency regulations in developing regions where we intend to grow. Increasing costs to design and produce energy efficient appliances despite consumer intention to pay extra.

Risks & Opportunities:

- We could potentially not be able to reflect increasing costs to consumers, leading to profitability risk. However, we have extensive R&D experience to produce energy efficient appliances, can innovate cost efficient production systems and increase its energy efficient product sales.
- Extreme weather events could increase risk of other pandemics and supply chain disruptions, causing further inflation hikes and increase production costs. However, our value chain exposure to acute/chronic risks are medium level and resilience plans are put in place.

Climate-related scenario: Transition scenarios - IEA SDS

Scenario analysis coverage: Company-wide

A qualitative and quantitative approach considering reporting year, 2030 & 2050 years. Scenario in line with RCP 2.6, keeping global warming in line with a well below 2°C goal.

Energy related SDGs are assumed to be met and current net zero pledges are achieved.

Arçelik's policy related risks as well as market, new technology risks are increased, and climate adaptation risks are minimized.



ANNEX 11.1: TCFD

TCFD RECOMMENDATION

Arçelik's TCFD Risk Assessment Response

Strategy

Facts:

- We have global 2030 Science Based Targets and committed to set a Net Zero 2050 SBT.
- More than 80% of the GHG emissions of Arçelik comes from the use phase of sold products.
- Production and sales of energy efficient yet affordable appliances are the key to drive revenue growth.

Parameters:

- Global economic losses due to global warming less impacted compared to a STEPS scenario, limited to c. 0,5% of global GDP.
- Inflation hikes expected to continue in the near future, increasing raw material costs.
- Rise of middle-income consumers in the APAC and Africa region, and increased access to electricity in least developed regions increasing demand for energy efficient appliances.
- 50% of population increase coming from Africa around 2050, a major market for Arçelik growth.

Assumptions:

- Increased carbon price, rapid introduction of ETS and minimum energy performance standards no later than 2025 in developing regions.
- Increased steel costs are visible due to CBAM's entry into force in 2026. Increased demand for carbon removal credits pushing voluntary removal credit prices more than EUR 80/ton as of 2030.
- Increased CAPEX need of Arçelik as of 2025 to invest in renewable energy and energy efficient appliances.

Risks:

- Increasing production costs to produce energy efficient appliances globally on Best Available Technology.
- Increases in carbon taxes and cost of steel increasing production costs, impacting profitability.
- Increased reputation risks faced by Arçelik if SBTi targets cannot be met coupled with demand from investors and particularly B2B customers.
- Increased demand from B2B customers on low carbon products, especially recycled plastics, low carbon steel and energy efficient appliances.
- Increased risk of rising price of blue carbon credits needed for Net Zero targets.

Opportunities:

- Strong innovative in-house R&D skills to produce most energy efficient products and answer market demand and grow in developing regions.
- Robust and publicly available decarbonization strategy, more than EUR 500 million green investment to meet SBTi targets. In-house nature based- technology based direct air capture removal know how.

Climate-related scenario: Customized publicly available transition scenario

Scenario analysis coverage: Company-wide

Temperature alignment of scenario: 1.5°C

Arçelik has outsourced S&P to conduct climate-related transition risk analysis in terms of policy risk for its own activities as well as its selected suppliers to understand to potential impact of transition to low-carbon economy based on different scenarios and timelines.

A qualitative and quantitative approach considering three time periods (2020 baseline,2030 and 2050) has been applied.

S&P Trucost Carbon Pricing Risk Assessment has been applied to measure the impact of rising carbon prices on Arçelik financial performance.

The below mentioned components have been considered to calculate the risks related to Arçelik and its value chain:

- Carbon Price Database of current carbon taxes, emissions trading schemes and fuel taxes in over 100 geographies.
- Carbon Price Scenarios, High (below 2°C aligned), Medium (below 2°C aligned delayed action), Low (based on current policy commitments,2-3°C aligned) carbon price scenarios.
- Projections of Arçelik revenue, OPEX and GHG emissions for future years based on assumptions concerning future growth.
- Modelling the pass-through of rising carbon prices to a company from its suppliers.



ANNEX 11.1: TCFD

TCFD RECOMMENDATION

Arçelik's TCFD Risk Assessment Response

Strategy

Risks:

- Rise in green electricity prices and availability of green electricity in countries where Arçelik operates
- EU CBAM, EU Green Deal implications on Arçelik operations regarding cost increases in Arçelik's key production inputs such as steel potential impact on the company's exports from the non-EU countries to the EU
- Cost up per product to innovate more energy efficient appliances to meet 2030 Science Based Targets
- Possible introduction of an ETS mechanism in countries in which Arçelik operates
- Costs associated with reducing logistics emissions in the value chain and costs associated with helping suppliers transform to a low carbon economy
- Rise in voluntary carbon removal credit prices

Opportunities:

- Arçelik has global 2030 Science Based Targets and committed to set a SBTi Net Zero 2050. Arçelik's net-zero roadmap is publicly available on its website.
- At the supplier level, Arçelik has collected a signed commitment letter from 173 of its core +450 suppliers to have set GHG reduction targets.

Physical Risk

Climate-related scenario: Customized Publicly Available Physical Scenario
Scenario analysis coverage: Company-wide

Arçelik has outsourced S&P to conduct a physical risk analysis for its own operations as well as of its selected suppliers to understand the damage to assets, interruption of operations and disruption to supply chains based on different climate warming scenarios and timelines.

S&P Trucost Climate Change Physical Risk Analytics has been applied to measure Arçelik's physical risks in terms of adaptation scenarios.

An asset level approach has been adopted at the company and portfolio level based on three time periods (2020 baseline, 2030 and 2050) and three climate scenarios (RCP 2.6, 4.5 and 8.5) to model the magnitude and the potential impact of both acute and chronic physical risks on company financials and operations.

Private Trucost owned datasets as well as other datasets including but not limited to WRI Aqueduct, CMIP5 multimodel-average, NOAA and Climate Central have been used. Seven key climate change physical hazards have been considered: flood, water stress, heatwave, cold wave, hurricanes, sea level rise and wildfires.

The below mentioned factors have been considered to calculate the risks related to Arçelik and its value chain:

- Excess Heat Factor (EHF) and Excess Cold Factor (ECF) Index to measure heatwave occurrence and intensity
- Baseline Water Stress Index to measure total water withdrawals to the available water sources
- Burnt Area in terms of wildfires, Riverine Flood Risk in terms of floods
- Coastal Inundation in terms of sea level rise
- Hurrican Index to measure the frequency and intensity of hurricanes.

5 analytical approaches have been considered:

Climate Hazard Mapping, Physical Asset Geolocation and Corporate Ownership Mapping, Asset and Company Level Physical Risk Scoring, Revenue Exposure Based on Physical Risk Estimation and Composite Score Calculation.

- Based on the outcomes of the S&P Trucost Climate Change Physical Risk Analysis, Arçelik and its suppliers are exposed to a moderate level of physical risk with greatest exposure to water stress, heat wave and cold wave.
- In addition to S&P Trucost analysis, Arçelik in-house team conducted a location-based scenario analysis on water stress risks. Using WRI Aqueduct water risk atlas, Arçelik team assessed the current situation of water stress at each location. Upon this, the team analyzed three scenarios for the year 2030 as optimistic, moderate and pessimistic. The team found out that, the locations at high water stress risk change at each scenario. However, certain locations such as Pakistan and India are at serious risk in all scenarios. Arçelik team is also working on an estimation of production loss due to water stress and its possible financial burden on the company if no precautions are taken.
- As water stress is the biggest risk factor, Arçelik has a target to increase water recycling ratio to 70% in global operations as of 2030. At the supplier level, Arçelik has collected a signed commitment letter from more than 173 of its core +450 suppliers to have set publicly available water reduction/recycling targets no later than the end of 2023 in their sustainability reports/websites.



ANNEX 11.1: TCFD

TCFD RECOMMENDATION

Arçelik's TCFD Risk Assessment Response

Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks

- a. Describe the organization's process for identifying and assessing climate related risks
- b. Describe the organizations process for managing climate related risks
- c. Describe how the process for identifying, assessing and managing climate related risks are integrated into the organization's overall risk management

a. Describe the organization's process for identifying and assessing climate related risks

The Enterprise Risk Management and Finance Directorate and the dedicated sustainability teams consisting of Sustainability, Environment, Energy, International Regulations and Sectoral Relations HQ teams as well as the related teams working in each factory work cooperatively to evaluate, measure and prioritize the climate-related risks and opportunities. Their main aim is designed to turn nonfinancial risk items into financial metrics. Various reports are prepared by taking physical and transition risks stemming from the climate change into account.

In consideration of the identification of such risks, the HQ teams and the factory teams work on location wise hazard maps and scenario analysis for climate related physical risks. As such, the water scarcity, floods, extreme weather likelihood and impact scenarios are considered for each location. Water scarcity risks turn out to be the most predominant risk that would affect operations both for company operations and operations at the supply chain.

For transition related policy risks, Arçelik HQ teams work on consolidated GHG emissions data of the Company together with respective future forecasts based on production, and work on scenario analysis on how the cost of carbon would change over time based on potential Emission Trading Scheme (ETS) scenarios and Carbon Border Adjustment Mechanism (CBAM) scenarios. The potential rise in the cost of carbon in voluntary markets and the Project offerings in the market for nature-based and technological carbon removal credits is also closely monitored and the related financial risks are computed.

Arçelik also receives third-party consultancy from insurance companies as well as consultancy companies such as S&P Trucost to determine the level of financial risk related to climate related transition and physical risks based on different scenario analysis.

Climate-related risks take the form of financial risks under both transition and physical risks and thus these risks are viewed as an integrated part of overall Risk Framework. Climate-related transition and physical risks are assessed as part of a qualitative and quantitative risk reporting based on how they would impact the balance sheet and cash flow of the Company. Arçelik has worked with S&P Trucost to determine the scenario analysis based potential future impacts of climate related risks on Company financials. Arçelik's major transition and physical risks due to climate change are explained in detail in the Strategy section together with mitigation plans. A brief summary of key climate-related transition and physical risks are indicated below:

Transition Risks:

Policy & Legal: Increase in the cost of carbon, introduction of EU Carbon Border Adjustment Mechanism carbon taxes, potential introduction of ETS mechanisms in countries where Arçelik operates, cost of green electricity, electricity consumption, incentives provided to energy efficiency projects, green investment needs, WEEE regulations, plastic taxes.

Technology & Market: Demand to keep up with more energy efficient appliances and cost of producing such appliances, keeping up with the introduction of new business models, net zero home concept, energy tracking appliances, risks associated with connected appliances.

Reputation: Risk of falling behind publicly declared Science Based Targets, energy and water efficiency targets, renewable energy targets.

Physical Risks:

Risk of location wise analysis of potential disruption in company operations due to physical risks in different warming scenarios. Predominantly water scarcity risks, flood, extreme heatwave risks are taken into consideration.

b. Describe the organizations process for managing climate related risks

The Enterprise Risk Management is responsible to follow best practises such as the ISO 31000 Risk Management Standard and the COSO Enterprise Risk Management Integrated Framework. Once climate related risk items are qualitatively and quantitatively evaluated, action plans and related investment needs are carefully laid out by each team involved in the process.

Such risks are first discussed at the Sustainability Council to inform the C-level and D-level about the implications of such risks and the decisions made at the Sustainability Council, together with the short term and long-term implications of the climate related risks are reported to the Risk Management Committee with the help of the Enterprise Risk Management Team.

In order to manage and mitigate the risks, action plans are taken into consideration. The company takes proactive measures in the process of managing such risks. For instance, the Green Financing Framework and the green bond and green loan operations already in place allow Arçelik to create the financing needed to be solely allocated to financial investments for green investments.



ANNEX 11.1: TCFD

TCFD RECOMMENDATION	Arçelik's TCFD Risk Assessment Response
<p>Risk Management</p>	<p>The internal carbon pricing tools used in the purchasing of machinery and equipment pave the way for the company to invest on lower emission generating production machinery.</p> <p>The publicly available global water recycling target at the production facilities enable efficient use of scarce water resources. The company also applies an internal water price on water efficiency projects.</p> <p>Arçelik proactively sets public targets to put itself and its suppliers into accountability to provide transparency on climate-related risks in the supply chain as part of the risk mitigation process. Arçelik has a publicly declared target in place to enable its suppliers to set publicly available GHG emission reduction, water and energy reduction, waste recycling targets as of the end of 2023 as cautionary measures to mitigate the risks in the supply chain.</p> <p>The climate targets to mitigate related transition and physical risks are also included in C and D level executive managers as well as line managers and employees annual score cards. The targets include GHG emission reduction, energy consumption and water withdrawal reduction, waste reduction, water recycling, increasing % of energy efficient appliance sales.</p> <p>c. Describe how the process for identifying, assessing, and managing climate related risks are integrated into the organization's overall risk management.</p> <p>The Board of Directors plays a central role in risk management processes. Risk Management Committee is the highest governing body overseeing the risks and implementation plans of the Group in a holistic manner. The Risk Management Committee advises the Board of Directors for early detection and evaluation of risks that may affect the Company, calculating their effects and possibilities, managing and reporting these risks in accordance with the Company's enterprise risk appetite, taking necessary measures to reduce the effects and possibilities of the identified risks, and, in this direction, the establishment of effective internal control systems.</p> <p>Enterprise Risk Management and Finance Directorate, operating within the structure of the Finance and Financial Affairs Deputy Directorate General, manages, coordinates, and oversees financial, strategic, operational, compliance, and external risks that may affect the Company through the risk management system it has established and reports to the Risk Management Committee. While the Finance and Enterprise Risk Management Directorate reports to the Risk Management Committee, the Internal Audit Management conveys information to the Audit Committee, and both units are functionally independent of each other.</p> <p>Risk Management Committee, Audit Committee, Global Ethics Committee are overall functions responsible from Board oversight of Company risks in an integrated manner.</p> <p>Arçelik Enterprise Risk Management Process is an integrated one, involving support from several functions. ISO 31000 Risk Management Standard and the COSO Enterprise Risk Management Integrated Framework are taken into considering during identification, review and risk mitigation processes. The predominant risks taken into consideration in the Risk Framework are including but not limited to the risks such as supply chain risks such as fluctuation in raw material prices, raw material shortages; liquidity risk, receivables risk, credit risk, interest rate, FX rate, regulatory risks, tax increases, product safety risks, cyber security risks, and climate related transition and physical risks.</p> <p>In this regard, the qualitative and quantitative findings related to climate related risks and the action plans are reported to the Risk Management Committee at least twice a year.</p>



ANNEX 11.1: TCFD

TCFD RECOMMENDATION	Arçelik's TCFD Risk Assessment Response
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Metrics

a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

Please refer to pages 44-55 and 176

- Combating Climate Crisis & Managing GHG Emissions 44-55 and 176
- Water Management 52-55
- Sustainable Supply Chain Management 176

b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks

Please refer to the following pages on Arçelik 2021 Sustainability Report for further information on:

Scope 1, Scope 2, Scope 3: pages 48-49, 200-201
Water Metrics: 201

c. Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets.

2030 Targets: Page 38

2050 Net Zero Roadmap: Page 46-47



ANNEX 11.2: TCFD INDEX

METRIC	Disclosure	Section/URL	Explanation
Governance	The Boards of Directors' oversight of climate-related risks and opportunities	Arcelik 2022 CDP Climate Change Report	C1.1a, C1.1b, C1.2a, C1.3a
	Management's role in assessing and managing risks and opportunities	Arcelik 2022 Sustainability Report Arcelik 2022 Annual Report	Please see pages 18-21 Please see pages 167-169
Strategy	Climate-related risks and opportunities the organization has identified over the short, medium, and long term	Arcelik 2022 CDP Climate Change Report Arcelik 2022 Sustainability Report	C2.1, C2.1a, C2.1b, C2.2, C2.2a, C2.3, C2.3a, C2.4, C2.4a, C3.1, C3.1a, C3.2, C3.2a, C3.3, C3.4
	The resilience of the organisation's strategy, taking into consideration different climaterelated scenarios, including a +2°C scenario or lower		Please see page 8, 54-55
Risk Management	The organisation's processes for identifying and assessing climate-related risks	Arcelik 2022 CDP Climate Change Report Arcelik 2022 Sustainability Report	C2.1, C2.1a, C2.1b, C2.2, C2.2a, C2.3, C2.3a, C2.4, C2.4a, C3.1, C3.1a, C3.2, C3.2a, C3.3, C3.4
	The organisation's processes for managing climate-related risks How processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management		Please see pages 20-21 Please see pages 167-169
Metrics and Targets	The metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Arcelik 2022 CDP Climate Change Report Arcelik 2022 Sustainability Report	C2.1, C2.1a, C2.1b, C2.2, C2.2a, C2.3, C2.3a, C2.4, C2.4a, C3.4a, C4, C4.1a, C4.1b, C4.2, C4.2a, C4.2b C6.1, C6.2, C6.3, C6.4, C6.5
	Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks The targets used by the organization to manage climate-related risks and opportunities and performance against targets		Please see Annex 4, pages 3, 8, 38 and 45-51 Please see pages 172-177



ANNEX 11.3: BOARD TABLE

ESG INTEGRATION INTO THE BOARD OF DIRECTORS (BOD)	Arçelik's Strategy	Reference
<p>ESG-related risks or issues in the board charter</p>	<p>Arçelik embeds sustainability as a business model in keeping with its vision spelled out as “Respecting the World, Respected Worldwide”. With this understanding, the company closely monitors best practices in sustainability, including those specified in the Capital Markets Board of Türkiye (CMB) Sustainability Principles Compliance Framework, and carries out its activities with the goal of achieving compliance with the generally accepted best practices in this field. Arçelik is already actively dealing with the majority of the principles and good practices stated in the Sustainability Principles Compliance Framework enforced by the CMB, and regularly reviews and evaluates its performance in this field, undertaking improvement activities. Accordingly, Arçelik achieved compliance with all non-mandatory principles in CMB's Sustainability Principles Compliance Framework with a “comply-orexplain” approach. While full compliance is achieved with the requirements of all principles, betterment efforts are in progress in some improvement areas due to reasons such as the global scale of the operations, ongoing efforts to ensure the full set of actions that will respond to different expectations under the applicable obligations, global uncertainties, the incompatibility of some of the principles with the company's existing structure, and difficulties in practice.</p>	<p><i>Arçelik 2022 Annual Report, p. 243</i></p>
<p>Board committee that focuses on ESG-related risks and issues</p>	<p>The Risk Management Committee is the highest governing body for the management of all risks and opportunities of Arçelik. Thus, governing ESG-related risks including climate-related ones falls under the oversight of this committee. The Sustainability Council (SC), Global Ethics Committee and Human Rights Committee are C-level chaired entities also responsible for sustainability governance.</p>	<p><i>Arçelik 2022 Annual Report, p. 239-243</i></p>
<p>Directors with ESG-related knowledge or expertise to the board or relevant committee</p>	<p>A Board Member -who is also Koc Holding Consumer Durables' President- has been tasked with reporting the ESG related issues to the BoD who also oversees the climate-related risks. The Quality, Sustainability and Corporate Affairs Executive Director serves as the highest-ranking individual with responsibility for assessing and managing climate- related and other ESG- related issues and execution of the entire sustainability strategy at the management level in the Company.</p>	<p><i>Arçelik 2022 Annual Report, p. 239-243</i></p>
<p>Topics included in the BoD agenda</p>	<p>The critical topics which will be included in the Sustainability Council is defined based on the risks which are reported to the Enterprise Risk Management and the Risk Committee. In parallel with that, physical risks are one of the main focus points of the Sustainability Council. For instance, the Council monitors and evaluates water risks, strategies and impact on business objectives quarterly. Risks and opportunities are prioritized by the Sustainability Council according to the scoring methodology of Arçelik. According to Arçelik's risk and opportunity scoring methodology, risks and opportunities are scored based on financial, reputational, production, human and legal impacts, and the highest score is defined as the point of impact. Other risks are defined with the mutual works of Sustainability WGs and related Committees.</p>	<p><i>Arçelik 2022 Annual Report, p. 239-243</i></p>



ANNEX 11.4: OTHER ESG-RELATED RISKS & OPPORTUNITIES

RISK 1:

Risk Type: Supply Chain Disruption Risk

Term: Short-Medium Term

Financial Impact: Medium

Likelihood: High

Risk

Based on the World Economic Forum 2023 Global Risks Report, failure to climate change mitigation and adaptation, natural disasters and extreme weather are among the most severe risks on a global scale over the next 10 years. While humanity is facing the risk of new diseases along with Covid, scientists warn that the impacts of global warming, if not mitigated, will highly likely be even more disruptive than that of Covid in terms of the social and economic impact. Given the current economic and political turmoil globally, there are also other possibilities such as community conflicts, social crises and economic warfare. The impacts of covid have caused supply chain disruption on a high scale. The same risk is highly likely to prevail in the long run due to increasing raw material prices, inflation, social and political risks coupled with the highly likely increase in extreme weather events. All these risks are likely to cause supply chain disruption on company and supplier operations in terms of the availability of critical components for production.

In terms of Scope 3 emissions, investors, customers, and international sustainability indices have an increasing demand to have a robust supplier ESG management program in place to mitigate risks that might arise in the supply chain and to transform the industry by setting sustainability targets and making transparent reporting not only for Arçelik operations but also for Arçelik's suppliers. Any failure to establish a robust ESG strategy in terms of suppliers' management might result in reputational risk as well as business loss from Arçelik's end. While not taking action together with its suppliers in line with its Net Zero Emissions commitment and other

sustainability targets pose a risk for not reaching the targets, physical risks are one of the most significant reasons to face with supply chain disruption especially from the perspective of reaching most significant materials that the company needs in key operations.

Opportunity

Arçelik's purchasing team has led a very successful strategy to hedge itself against critical component shortages by changes in the order structure and sourcing structure. The learnings from covid supply shortages have prepared the company for potential further shortages in the supply chain.

In terms of potential supply chain disruptions due to extreme weather events, Arçelik is in close collaboration with its suppliers to get them understand the risks associated with the climate crisis on operations and financials for Arçelik and its suppliers in the value chain. As mitigation measures, Arçelik started to collect GHG emissions, water, waste, energy data from its suppliers and asked its suppliers to commit to set publicly available long-term targets on these items to create a more resilient supply chain strategy for climate risk mitigation. Up to date, 173 suppliers have committed to set long term targets and improve their environmental performance. Arçelik intends to have the 173 suppliers set their targets as of the end of 2023 publicly.



ANNEX 11.4: OTHER ESG-RELATED RISKS & OPPORTUNITIES

RISK 2:

Risk Type: Digitalization, Connected Devices and Cybersecurity

Term: Short-Medium Term

Financial Impact: Medium

Likelihood: High

Risk

Connected appliances, data ownership, cybersecurity, smart home systems, AI, ESA (Energy Smart Appliances), Demand Side Flexibility, 5G/6G and cloud computing are among digitalization trends that will have impact upon home appliances industry. Arçelik needs infrastructure in place to store and secure the data and needs to comply with different regulations and standards enforced in each region. Complying with all Regulations in different regions causes financial burden for the company. Arçelik believes digitization, digitalization, connected devices and cybersecurity risks are interrelated. The company needs to keep up with the demand for connected devices in order not to fall back against the competition. Fragmentation on the data privacy issues in local markets that Arçelik operates and possible data localization obligations cause barriers to the flow of the data which jeopardize the company's competitiveness. This represents an important risk in demonstrating compliance and causes the risk of additional investment cost to localize data storage.

Opportunity

Together with the dedicated Sustainability Team, the specialized IoT Team in Arçelik closely follow up regulations posed by different regions and regulations in the EU (GDPR) and continue to advocacy activities in countries that the company has operations for setting predictable rules on data flows in line with the GDPR which promotes the protection of personal data without extra burden. Arçelik implements ETSI 303645 IoT security standards for connected products. For countries

which do not accept this standard as a reference (i.e., China and USA) there are different applications in line with different technical standards. Cybersecurity risks are closely monitored by the Enterprise Risk Directorate and Risk Management Committee. A cyber risk project has been conducted with consultancy of AON which was aiming to identify the cyber risk profile of Arçelik and determine the performance of current risk control strategies. In addition, Arçelik's balance sheet exposures resulting from the identified cyber risk scenarios have been evaluated. The Global Cybersecurity Insure Policy started to cover the cyber risks and business interruption risks to minimize the company's exposure risks related to use of personal data as of 2020. A hardware security module is integrated into Arçelik's connected devices. The company is a pioneer in its industry to integrate this module in the devices. In 2018, Arçelik was selected as the security champion in the UK by IoT Security Foundation. In 2021, based on the "Evidencing the Cost of the UK Government's Proposed Regulatory Interventions for IoT" report prepared by RSM UK Consulting LLP, YouGov and the European Center for International Political Economy for DCMS, the Beko HomeWhiz 2018 IoT Security Champion Smart Dishwasher has been selected as the only product to meet the UK market's cybersecurity criteria. In order to ensure secure smart home technology for our customers, HomeWhiz appliances are certified by VDE. The secure HomeWhiz servers ensure access to smart appliances is subject to strict authorization checks. Some of Arçelik products are also certified by Common Criteria, which is the internationally recognized cybersecurity certification at EAL2 level. Arçelik New IOT products' cybersecurity performance was tested by ISTEK, (IoT Security Test and Evaluation Center) in Türkiye Arçelik Electronic Plant's IIOT/OT network infrastructure's cybersecurity resilience was tested against malicious attacks by ISTEK in Türkiye. In addition, the connected Beko refrigerator became certified at silver level to the IASME IoT Security Assured Scheme.



ANNEX 11.4: OTHER ESG-RELATED RISKS & OPPORTUNITIES

RISK 3

Risk Type: WEEE Fees

Term: Short-term

Financial Impact: Medium

Likelihood: High

Risk

There are many factors affecting WEEE collection rate. The municipality collection infrastructure, consumer habits, unofficial collection streams and ability of the responsible organizations collecting the waste on behalf of manufacturers are the main criteria for WEEE activities. Based on the concept of Extended Producer Responsibility, Arçelik is responsible for the proper collection and treatment of the end-of-life products once they are put on the market by Arçelik. The company has a risk in not reaching WEEE collection targets and not effectively securing WEEE collection due to illegal collectors. A Modulated Fee, which is expected to be commissioned in Europe in the near future, will be applied by taking into account products' durability, reparability, reusability, and recyclability and the presence of hazardous substances, thereby taking a life-cycle approach. Arçelik may face the risk of high modulated fee payments.

Opportunity

In Türkiye, Arçelik has two WEEE recycling facilities. With take back campaigns, Arçelik collects old products from the market regardless of their brand. The collected old products are recycled in Arçelik's WEEE recycling facilities and contribute to a circular economy. Since 2014, we have recycled roughly 1.65 million WEEE units in our WEEE recycling plants. We saved 469 GWh of energy between 2014 and 2022 by replacing old, high energy-consuming products with new, energy-efficient products. This is equivalent to the daily electricity consumption of about 58 million Turkish households. This quantity is also equal to the annual energy

production of 75 wind turbines with a capacity of 2.5 MW each. In addition, by recycling waste products, we have prevented about 231,000 tons of CO₂ emissions. In terms of water, we saved approximately 8.3 million tons of water by replacing old-tech products with new ones. This quantity is equivalent to nearly 10.2 million Turkish households' daily water consumption. In countries outside of Türkiye, Arçelik works with collective schemes which are responsible to collect and recycle the WEEEs. The company works on increasing durability, reparability, reusability of the company's products and alternative end of life stages to contribute circular economy. Arçelik is considering the feasibility of expanding the company's WEEE plants in other countries. The company is working on introducing refurbished products in the Turkish and European markets.

RISK 4

Risk Type: Introduction of ICT Tools

Term: Short-term

Financial Impact: Low

Likelihood: High

Risk

This contains the risk of falling behind and not reaping the benefit of new technologies and losing interaction with the customer in terms of new ESG business models.

Opportunity

For the EU H2020 project called C-SERVEES which has been completed as of March 2023, Arçelik partnered with Circularise, a digital token software solutions company for supply chain visibility. For the CSERVEES demo project, Arçelik and Circularise used blockchain technology to create a digital twin of the recycled material and enabling suppliers to provide certification related to their raw material,



ANNEX 11.4: OTHER ESG-RELATED RISKS & OPPORTUNITIES

manufacturers to trace the parts and even customers to trace the recycled parts in the product via QR codes integrated in the product and/or product parts. Arçelik has also partnered with Circularise outside the Project to pilot the use of blockchain technology in certification of the bio-based materials for mass balance certification with the certification scheme ISCC. Arçelik foresees the digitized certification systems using tokens will be a norm in the near future and will be used on a variety of ESG certifications, from recycled materials to IREC certificates. Thus, Arçelik closely monitors and creates partnerships with such companies to gain experience and stay ahead of the game.

RISK 5

Risk Type: Plastic Pollution

Term: Short-term

Financial Impact: Medium

Likelihood: High

Risk

According to the 2023 Circularity Gap Report, the human needs can be met with only 70% of the materials that we currently use if we adopt a circularity approach. On the other hand, the global circularity rate decreased from 9.1% in 2018 to 7.2% in 2023. This setback in circularity and the understanding that the waste generated is actually of economic value slowly urges policy makers to take action and introduce measures to increase circularity, especially in terms of plastic packaging. On top of this, there is an increasing demand from customers for products that use recycled materials and recycled packaging. However, there are major risk items which need to be considered, such as:

- Regulations introducing plastic packaging tax and even going further to ban use of EPS in packaging and introducing EPR schemes for plastic packaging

- Plastic packaging tax introduced in the UK and Spain, to be introduced in Italy
- EPS ban has been introduced in France and is expected to be started in Australia in 2026.
- Introduction of packaging EPR responsibility for manufacturers in the UK, Philippines

- Regulations prohibiting import of recycled plastic and industrial symbiosis,
- Rising costs due to upcoming regulations and introduction of potential taxes on increasing recycled content in the products and in packaging, fluctuating recycled plastic raw material price, quality, durability
- Scarcity of plastic recycling infrastructure in countries where Arçelik operates
- Introduction of regulations on producers of washing machines related to microplastic filters in France as of 2025
- Feasibility studies on mandatory requirement of having a microfiber filter in washing machines, California, USA, beginning from January 2022 to impose integrating a filter system in all washing machines and laundromats, including laundry services in all machines owned or operated by a state entity. The implications on household appliances are not clear yet, but they are being worked on.

Note: In the UK, as of April 2022, all plastic packaging has to have at least 30% recycled content. Otherwise, a fee of 200 pound per tonnes will be applied. A similar plastic tax took effect in Spain as of January, 2023 with a fee of 450 euro per tonnes. Another similar one is about to go into effect in Italy. With increasing number of regulations, Arçelik may encounter high packaging costs.

Opportunity

Arçelik produces some of the most innovative products in the market which aim to find solutions to the plastic pollution, especially saving oceans from plastics. Arçelik R&D develops high-performance and eco-friendly recycled plastic formulations to



ANNEX 11.4: OTHER ESG-RELATED RISKS & OPPORTUNITIES

replace their virgin counterparts without sacrificing the durability of the products. Arçelik's holistic approach takes almost all the plastics in the company's products into consideration to maximize the plastic recycled content. A total of 13,207 tons recycled plastics and 11.3 tons bio-composite plastics was used in 2022. Please refer to Planet, Recycled Plastics for further information on Arçelik's innovative product range that uses recycled plastics as well as bio plastics. Arçelik is expanding the company's recycled plastics studies to include chemical recycling studies and is cooperating with some of the most reputable partners in this area. Arçelik is also exploring opportunities to use recycled materials from Arçelik's own WEEE recycling facilities in products to close the loop in production. The company is developing formulas to use packaging waste and turn it into a component to be used in Arçelik's products. A working group involving all factories and the central R&D has been established to switch to sustainable packaging alternatives and to mainly end the EPS consumption in packaging. In 2022, in the IFA Fair, Arçelik launched the first major domestic appliance EPS free full range as a home appliance manufacturer. Arçelik aims to put the hybrid and 100% EPS free models into serial production in selected European countries as of Q4 2023.

RISK 6

Risk Type: Human Rights and Ethics in the Entire Value Chain

Term: Short-Medium Term

Financial Impact: Low

Likelihood: Low

Risk

Potential human rights violations across own operations and in the value chain pose a reputation risk for companies. Key stakeholders expect companies to prove that they handle human rights risks in a responsible and accountable way throughout their own operations and supply chain. Regulations started to tackle this issue, as in

the case of Germany Supply Chain Due Diligence Act and the introduction of CSRD. Not being able to manage possible human rights violation bears the risk of losing brand and company reputation, employee commitment, customer loyalty, business partners, revenue and might bring legal consequences and potential disruptions in the supply chain..

Opportunity

All Arçelik employees and business partners, including the company's temporary employees and interns, are obliged to comply with the Global Code of Conduct and Related Code Policies, as well as Arçelik Global Human Rights Policy. Arçelik expects all stakeholders to internalize and follow these policies. The ethics related issues are coordinated by the Global Compliance Department. A Human Rights Department has been formed to coordinate the global internal/external social audits of Arçelik factories as well as Arçelik suppliers, to determine actual and/or potential human rights related risks and to take necessary precautions/ corrective action plans. There are two committees that report the ethics/human rights related issues to the Board of Directors. The Global Ethics Committee is led by the CEO. The Human Rights Committee is led by the Chief Human Rights Officer. Koç Holding Consumer Durables President, who is in the Board of Arçelik, is responsible to report to the Board about activities of the Global Ethics Committee and Human Rights Committee.

The actions taken to determine the ethics/human rights violations in own operations and in the value chain has enabled Arçelik to take precautions against potential risks. The public declaration of the audit findings has distinguished Arçelik among competitors as being one of the best examples in its industry. Arçelik's operations on Human Rights related issues have been showcased by WBCSD as one of the best examples. The actions taken at both own operations and in the supply chain prepare Arçelik against regulations such as the German Supply Chain Act and the CSRD.



ANNEX 11.4: OTHER ESG-RELATED RISKS & OPPORTUNITIES

RISK 7

Risk Type: Conflict Minerals

Term: Short-Medium Term

Financial Impact: Medium

Likelihood: Medium

Risk

The main risk arises from the lack of conflict minerals integrated supplier management. Arçelik needs to comply with EU Conflict Minerals Regulation. The company also aims to excel beyond regulations in conflict minerals management issue to tackle some of the most important social challenges within the value chain.

Opportunity

Arçelik has its own Conflict Minerals Management Program which is compliant with OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas. This enables Arçelik to prove its strategic customers that Arçelik is acting as a responsible supplier that wants to eliminate any social risks associated with the Conflict Minerals issues in its value chain. For details, please refer to Arçelik's Conflict Minerals Policy and Conflict Minerals Due Diligence Report 2022 for further information.

RISK 8

Risk Type: Employee Engagement

Term: Short-Medium Term

Financial Impact: Low

Likelihood: Low

Risk

There is the risk of not being able to attract and retain the best talent due to lack of communication of ESG strategies to employees. This brings the risk of not raising the next generation workforce in line with the company culture and requirements, the risk of inadequate actions for women empowerment in the workplace, especially in STEM-related fields and inability to react to adverse labor-consequences of technological advancements.

Opportunity

The below mentioned actions enable Arçelik to attract new employees and give a purpose to current workforce:

- The establishment of the Diversity, Equity, Inclusion Department and launch of the Global DEI roadmap in 2022 has put forth a strategy that fosters a cultural transformation within the organization.
- Long-term ambitious targets are set to provide the best working environment for employees. Targets include employee satisfaction and work/life balance, leadership and hourly training ,raise the next generation female directors in science, innovation and engineering-related fields, incorporating cultural commitments into global and local practices, creating talent management strategies (such as Leader in You, Talent in You and Future in You programs to equip employees with the competencies required to function the best in their role), supporting gender diversity, encouraging women and training the future women leaders
- Some of the actions taken in line with the targets are Women's Impact initiatives, Technical Academy 4.0 program to equip hourly-workers with the skills to embrace Industry 4.0 production strategies and mitigate adverse consequences of technological advancements on labor, Tech Pro Academy to develop engineering skills, Digital Training Programs, A Ticket For Your Future, a reverse brain drain project to attract the best talent in foreign countries back to Türkiye, university-industry cooperations, employing students doing a Master's thesis as part-time employees and allowing them write their thesis in a subject related to Arçelik.



ANNEX 11.4: OTHER ESG-RELATED RISKS & OPPORTUNITIES

RISK 9

Risk Type: Company and Brand Reputation Risk

Term: Short-Medium Term

Financial Impact: Low

Likelihood: Low

Risk

There is a pressure from strategic B2B customers, investors, financing institutions, consumers, especially millennials for responsible business and creating shared value with communities and other businesses. This brings the risk of deteriorating company and brand reputation as well as losing customers/investors in the event the investors and customers are not satisfied with the ESG integration strategies of the companies and the brands. Risk of not providing innovative and sustainable product portfolio for customers, not being able to create shared value for the customers served and the stakeholders who are a part of our value chain, lack of employee engagement in the absence of a strategy showing employees the financial, societal and environmental outcomes of business with purpose and losing employees due to lack of sustainability engagement and pay linked to sustainability.

Opportunity

Brands with purpose: Sustainability is integrated into the core strategy of Grundig and Beko Brands. Grundig focuses on respecting nature and respecting food and food waste while Beko focuses on healthy living on a healthy planet and tries to increase consumer awareness especially on how to save resources, use products more responsibly. Arçelik touches customers' lives with products that create solutions to some of the most complex sustainability issues, such as energy and water consumption as well as plastic pollution. Washing machine tubs and air conditions produced using recycled PET bottle, oven parts produced using recycled waste fishnets, the microfiber filter, the solar fridge and the save water

washing machine-dryer range using 5,6 liters less water in a washing cycle are some examples that create mutual value. It is important for Arçelik brands to own up to their messages to the consumers. In 2022, Beko brand launched the Beko & water.org partnership Project in which Beko will fund water.org to provide 10.000 Kenyans permanent access to safe water resources via micro loans. Beko will continue to fight against environmental/social issues and to link it with its brand strategy.

Arçelik's Sustainability as a Business Model strategy focuses on engaging employees in the core strategy of the company. With Arçelik's distinction from the competition with innovative product solutions offered and the best results achieved in the global indices coupled with access to better financing options with green bond and green loan projects adapted, the global organization sees firsthand that sustainability pays off. Sustainability targets related to GHG reduction, improving circularity, and improving other ESG criteria are included in the balance score cards of different departments such as Factory Product Directors, Purchasing Director, Chief Marketing Officer and the employees reporting to them and Arçelik reports on the progress against its public long-term targets in its Sustainability Report in a transparent manner.



ANNEX 12: CORPORATE GOVERNANCE TABLE

CORPORATE GOVERNANCE METRIC	Main Responsibilities
Board of Directors (BoD)	<p>Members: Mustafa Rahmi Koç (Chairperson), Mehmet Ömer Koç, Semahat Sevim Arsel, Yıldırım Ali Koç, Levent Çakıroğlu, Robert Sonman, Fatih Kemal Ebiçlioğlu, Hakan Hamdi Bulgurlu, Kamil Ömer Bozer, Müzeyyen Münire Gülay Barbarosoğlu, Ahmet Turul, Tuğrul Fadilloğlu</p> <p>Arçelik's BoD consists of 12 people with four of them are independent members. Each of the BoD members have various experiences related with Arçelik's business strategy. The BoD determines the ESG material issues, risks and opportunities and develops ESG policies accordingly. For effective implementation of the aforementioned policies, internal directives, business procedures, etc. may be prepared. The BoD takes decisions regarding these policies and discloses those new policies to the public. The BoD convenes as long as the Company's business requires. During 2022, the Board of Directors held 14 physical meetings with an average attendance of 98.8%. Except for the decisions taken at the said meeting, all of the other decisions were taken by the circulating method. In the meetings, sufficient and transparent information was received about Arçelik's strategy and activities, thus allowing strategic assessments; furthermore, the Board Members were regularly kept informed of the company's performance and developments. Absolute majority of the full membership is defined as meeting and decision quorums. Throughout the year, the Board of Directors passed 42 Board of Directors decisions. Independent Board Members agreed with all the decisions passed. Differing opinions and dissenting votes, along with their grounds, if any, voiced in Board meetings are recorded in the decision minutes, in which case detailed grounds of Members casting dissenting votes are publicly disclosed. Each Board Member is entitled to one vote. However, since no such opposition or different opinion was expressed in the Board of Directors meeting held in 2022, no such public disclosures were made or the statutory auditors were informed.</p>
Executive Committee	<p>Members: Mustafa Rahmi Koç (Chairperson), Semahat Sevim Arsel, Mehmet Ömer Koç, Yıldırım Ali Koç, Caroline N. Koç, Aykut Ümit Taftal</p> <p>The main responsibility of the Executive Committee is to make recommendations to the BoD in order to increase the effectiveness of the Board activities. One of the purposes of this committee is to monitor the developments in Arçelik and the company's sector more closely to inform the BoD when necessary since the BoD sometimes cannot be able to convene at the desired frequency and time. The Executive Committee ensures the successful transfer and dissemination of the issues related to the General Assembly or BoD resolution to the Company management within the framework of the determined directives and policies. The Committee evaluates the impacts in the economic, social and political environment in the sector in which the company operates to increase Arçelik's competitiveness with determined strategies. In addition, the Executive Committee is responsible to search for internal and external growth opportunities that can make the company achieve strategic goals including sustainability at the top of the agenda. The Committee's duties are to follow up the management of the strategies and projects adopted by the BoD and to evaluate important legal developments and their impacts that may affect the activities. On April 21, 2022, the Board of Directors appointed Chairman of the Board of Directors Mustafa Rahmi Koç as the Chairman of the Executive Committee and Board Members Semahat Sevim Arsel, Mehmet Ömer Koç, Yıldırım Ali Koç, Caroline N. Koç and Aykut Ümit Taftal as its members. The Committee held 12 meetings in 2022. The Board Committees did not need to benefit from the opinions of independent experts in 2022 in relation to their activities.</p>
Corporate Governance Committee	<p>Members: Ahmet Turul (Chairperson), Levent Çakıroğlu, Arçelik Chief Finance Officer</p> <p>Corporate Governance Committee was established within the Arçelik to monitor the company's compliance to carry out improvement studies and to offer related suggestions to the BoD. The Committee is responsible to evaluate if the Corporate Governance Principles are implemented and if not, determining the reasons thereof as well as the conflicts of interest arising from any non-compliance with these principles fully and making recommendations to the BoD to improve the corporate governance practices. Corporate Governance Committee also follows up with the Corporate Governance Principles which are published around worldwide to see if Arçelik can implement any required element into the company's own corporate governance criteria. Increasing the level of compliance for the implemented Corporate Governance Principles is critically important to ensure Arçelik's accuracy with corporate governance norms. In addition, the Committee builds a transparent system for determining, assessing and training suitable candidates for the membership of BoD and evaluating the proposals for candidate independent members including the management and investors, by taking into account whether the candidate fulfills the independence criteria and submitting its evaluation to the approval of the BoD. The Committee determines the recommendations of the members of the BoD and senior executives regarding the principles of remuneration, taking into account the longterm goals of the company, and monitoring them. Finally, it is the Committee's duty to present its proposals to the Board of Directors regarding the remuneration to be paid to the members of the BoD and senior executives, taking into account the degree of attainment of the criteria. On April 21, 2022, Ahmet Turul, an independent member of the Board of Directors, was appointed as the Chairman of the Corporate Governance Committee and Levent Çakıroğlu, a member of the Board of Directors, and Özkan Çimen, who manages the Investor Relations Department, were appointed as members. The Committee convenes as often as required by the duties assigned to it, and the Corporate Governance Committee held 6 meetings in 2022.</p>



ANNEX 12: CORPORATE GOVERNANCE TABLE

CORPORATE GOVERNANCE METRIC	Main Responsibilities
Audit Committee	<p>Members: K. Ömer Bozer (Chairperson), Ahmet Turu</p> <p>The Audit Committee ensures that the Board of Directors fulfills its duties and responsibilities in a healthy manner. The Audit Committee carries out its activities regularly as stipulated in the "Capital Markets Legislation and CMB Corporate Governance Principles". All members of the Audit Committee are elected among the independent board members. This committee consists of 2 members, with Kâmil Ömer Bozer as the Chairman and Ahmet Turul as the member. The Audit Committee, which was established within the Company to oversee the functioning of the accounting and reporting systems of the Company within the framework of the relevant laws and regulations, public disclosure of financial information, independent audit and the functioning and effectiveness of the internal control system, held 4 meetings in 2022.</p>
Risk Management Committee	<p>Members: Müzeyyen Münire Gülay Barbarosoğlu (Chairperson), Fatih Kemal Ebiçlioğlu</p> <p>The Risk Management Committee advises the BoD for early detection and evaluation of risks that may affect the Company, calculating their effects and possibilities, managing and reporting these risks in accordance with the Company's corporate risk appetite, taking necessary measures to reduce the effects and possibilities of the identified risks, and, in this direction, the establishment of effective internal control systems. The Committee references to the framework of Enterprise Risk Management to determine principles on risk management. Risk Management Committee also supervises whether practices in respective departments, which are responsible for reviewing risk management systems at least once a year and for risk management, are executed in compliance with committee decisions. The Committee also ensures early detection of technical bankruptcy and warns the BoD with this respect and develops suggestion over the problem. The Risk Management Committee held 6 meetings in 2022.</p>
Information Security Committee	<p>Members: Fatih Kemal Ebiçlioğlu, Arçelik Chief Strategy & Digital Officer (Chairperson), Arçelik Chief Financial Officer, Arçelik Legal & Compliance Director</p> <p>Information Security Committee is responsible to help building an effective information security management structure. The Senior Management participates in the Information Security Committee as representative of the BoD which periodically reviews the information security system. Senior Management performs the necessary resources and authority / responsibility allocations for the establishment and operation of the Information Security Management System. The Senior Management reports to the board member in charge of Information Security and Cyber Security Management.</p>
Global Ethics Committee	<p>Members: Arçelik Chief Executive Officer (Chairperson), Arçelik Chief Finance Officer, Arçelik Chief People Officer</p> <p>In order to ensure the continuity of Arçelik's Global Ethics Principles, the company's ethical code of conduct, which is based on the basic principles set by Vehbi Koç is great importance. The functioning and sound implementation of the Global Business Ethics Principles and Related Policies Arçelik are realized through the Global Ethics Committee established within the body. The Global Ethics Committee is led by Arçelik's CEO, reflecting that senior management's approach is directly related to the ethical culture. The Law and Compliance Directorate is responsible for arranging, periodically reviewing and revising human rights principles, and Human Resources is responsible for the implementation of these principles. At the same time, informing all employees of the Global Business Ethics Principles and Related Policies, ensuring that employees attach the necessary importance to these rules, and showing the necessary effort and leadership in complying with these rules are among the main duties and responsibilities of employees in the management role. Ethics Committee held 4 meetings in 2022.</p>



ANNEX 12: CORPORATE GOVERNANCE TABLE

CORPORATE GOVERNANCE METRIC	Main Responsibilities
Sustainability Council	<p>Members: Arçelik Chief Finance Officer (Chairperson), Arçelik Chief Executive Officer, Arçelik Chief People Officer, Arçelik Chief Commercial Officer, Arçelik Chief Marketing Officer, Arçelik Chief Strategy & Digital Officer, Arçelik Chief Technology Officer, Arçelik Quality,Sustainability&Corporate Affairs Director, Arçelik Global Communications Director, Arçelik R&D Director, Arçelik Legal & Compliance Director, Arçelik Human Rights Director, Arçelik Sustainability Manager, Arçelik Enterprise Risk & Insurance Management Manager</p> <p>Sustainability Council sets corporate sustainability and climate change policies and strategies, ensures those are integrated with internal business process, and track sustainability performance. Arçelik's CFO chairs to the Sustainability Council meetings and the Council convenes quarterly and is tasked with reporting the issues it deems critical to the Board. The Sustainability Council monitors and evaluates ESG risks, strategies and impact on business objectives quarterly. Risks and opportunities are prioritized by the Sustainability Council according to the scoring methodology of Arçelik. According to Arçelik's risk and opportunity scoring methodology, risks and opportunities are scored based on financial, reputational, production, human and legal impacts, and the highest score is defined as the point of impact. The Sustainability Council works in close collaboration with the Corporate Governance Committee, Risk Committee, Global Ethics Committee, and Audit Committee.</p>
Human Rights Committee	<p>Members: Arçelik Chief People Officer (Chairperson), Arçelik Industrial Relations & Administration Affairs, Arçelik Health & Safety Group Manager, Arçelik Quality,Sustainability&Corporate Affairs Director, Arçelik Purchasing Director, Arçelik Human Rights Director, Arçelik Legal & Compliance Director, Arçelik Talent Management, Culture and DEI Manager</p> <p>Arçelik established a Human Rights division under the umbrella of Human Resources in accordance with the company's Human Rights Policy and Human Rights Due Diligence Procedure. The division is in charge of performing regular audits within the company. The main responsibilities consist of human rights audits across all Arçelik businesses in particular, creating risk maps, ensuring improvements in due diligence activities, and reporting the types of observations as identified in due diligence procedures in the sustainability report and in other public sources. The division convenes the Human Rights Committee four times a year.</p>
Additional Information	<p>Reporters of BoD</p> <ul style="list-style-type: none"> Executive Committee Corporate Governance Committee Risk Management Committee Audit Committee Sustainability Council Reporters of Corporate Governance Committee Investor Relations Department Reporters of Risk Management Committee Finance & Enterprise Risk Directorate Global Ethics Committee (report to each other with Risk Management Committee) Sustainability Council (report to each other with Risk Management Committee) Reporters of Sustainability Council Sustainability Working Groups Global Communications, Sustainability Communication (report to each other with Sustainability Council) <p>Global Ethics Committee (report to each other with Sustainability Council)</p> <p>Led by CEO</p> <ul style="list-style-type: none"> Global Ethics Committee <p>Led by CFO</p> <ul style="list-style-type: none"> Sustainability Council Finance & Enterprise Risk Directorate Investor Relations Department <p>Led by CHRO</p> <ul style="list-style-type: none"> Human Rights Committee <p>Additionally</p> <ul style="list-style-type: none"> - Internal Audit Department is led by Audit Committee - CFO informs Audit Committee - Independent Auditor is selected by Audit Committee"



ANNEX 13: EU TAXONOMY REPORT

The EU Taxonomy regulation and the delegated acts are a classification system for organizations to identify which of their economic activities, or the economic activities they invest in, can be deemed 'environmentally sustainable'. It is legally in force within the European Union as part of the non-financial statement.

The EU Taxonomy requires companies to disclose how and to what extent their activities are associated with taxonomy-aligned economic activities in relation to turnover, capital expenditure (CapEx), and operating expenses (OpEx).

Taxonomy-eligible economic activity is an assessment of whether an economic activity has complied with the corresponding criteria description according to the EU Taxonomy. Taxonomy-aligned economic activity describes an eligible activity that meets the Taxonomy requirements to substantially contribute to at least one of the respective six environmental objectives; does no significant harm (DNSH) to any other objectives; and

meets the minimum safeguards. According to reporting obligations and timeline, Arçelik is currently not within the scope of the Taxonomy regulation. However, Arçelik has voluntarily reported the taxonomy mapped its eligibility and alignment to the EU Taxonomy.

REPORTING PRINCIPLES

The following disclosures and tables are based on the EU Taxonomy (EU 2020/852) and Delegated Act (EU 2021/2139) was prepared.

- The primary economic activities based on NACE of Arçelik, a manufacturer of energy efficiency equipment for buildings.
- The Taxonomy objective is the climate change mitigation.
- Arçelik's eligible economic activities are:
 - household appliances*, space heating and domestic hot water systems, cooling and ventilation systems rated the highest two

populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369,

- heat pumps compliant with the technical screening criteria set out in Section 4.16 of Taxonomy Annex.
- The mentioned product groups above sold to the member states of the European Union, Great Britain, Norway, Switzerland, Albania, Bosnia and Herzegovina, Kosovo, Montenegro, Macedonia, Serbia and Türkiye markets are assessed as taxonomy eligible. The energy labelling standards in these countries complies with Regulation (EU) 2017/1369.
- Only products sold by Arçelik's own brands are included.
- The products and markets mentioned above such as sales of small domestic appliances are classified as taxonomy-non-eligible activities.

The proportion of turnover, CapEx, OpEx from products associated with taxonomy-aligned economic activities is

presented in the following tables.

The taxonomy-eligible turnover in 2022 financial year amounted to EUR 3,209 million, or 42% of total turnover. The share of taxonomy-aligned turnover, again in relation to the total turnover, amounts to 9%.

The taxonomy-eligible CapEx in 2022 financial year amounted to EUR 60 million, or 18% of total CapEx. The share of taxonomy-aligned CapEx, again in relation to the total CapEx, amounts to 2%.

The taxonomy-eligible OpEx in 2022 financial year amounted to EUR 162 million, or 9% of total OpEx. The share of taxonomy-aligned OpEx, again in relation to the total OpEx, amounts to 2%.

*including dryer, dishwasher, freezer & refrigerator, oven, hood, televisions, washer dryer, washing machine



ANNEX 13: EU TAXONOMY REPORT

PROPORTION OF TURNOVER				Substantial Contribution Criteria**						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards (17)***	Taxonomy aligned proportion of total turnover, year N (18)	Taxonomy aligned proportion of turnover, year N-1 (19)****	Category (enabling activity) (20)	Category (transitional activity) (21)
Economic Activities (1)	Code (2)*	Absolute turnover (3)	Proportion of Turnover (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)					
	3.5	Million, EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Manufacture of energy efficiency equipment for buildings	3.5	732	10	100	0	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	10	N/A	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		732	10	10	0	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	10	N/A	E	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of energy efficiency equipment for buildings	3.5	2,477	32																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2,477	32																	
Total (A.1+A.2)		3,209	42																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities		4,500	58																	
Total (A+B)		7,709	100																	

* Activity description according to the Climate Delegated Act.

** The reporting requirements cover the two climate-related targets (5) and (6). There is no reporting requirements for the environmental targets (7) to (10).

*** Compliance with the social minimum safeguards specified by the EU Taxonomy Regulation.

**** There is no reporting requirements for last year.



ANNEX 13: EU TAXONOMY REPORT

PROPORTION OF CAPEX				Substantial Contribution Criteria***						DNSH criteria ('Does Not Significantly Harm')										
Economic Activities (1)	Code (2)*	Absolute turnover (3) **	Proportion of Turnover (4) **	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)****	Taxonomy aligned proportion of total turnover, year N (18)	Taxonomy aligned proportion of turnover, year N-1 (19) *****	Category (enabling activity) (20)	Category (transitional activity) (21)
	3.5	Million, EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)																				
Manufacture of energy efficiency equipment for buildings	3.5	8	3	100	0	N/A	N/A	N/A	N/A		Y	Y	Y	Y	Y	Y	3	N/A	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		8	3	3	0	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	3	N/A	E	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Manufacture of energy efficiency equipment for buildings	3.5	52	15																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		52	15																	
Total (A.1+A.2)		60	18																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Capex of Taxonomy-non-eligible activities		280	82																	
Total (A+B)		340	100																	

*Activity description according to the Climate Delegated Act.

** Where turnover is aligned, the CapEx is related to Arçelik investments in assets used to manufacture Taxonomy-aligned products.

*** The reporting requirements cover the two climate-related targets (5) and (6). There is no reporting requirements for the environmental targets (7) to (10).

**** Compliance with the social minimum safeguards specified by the EU Taxonomy Regulation.

***** There is no reporting requirements for last year.



ANNEX 13: EU TAXONOMY REPORT

PROPORTION OF OPEX				Substantial Contribution Criteria***						DNSH criteria ('Does Not Significantly Harm')										
Economic Activities (1)	Code (2)*	Absolute turnover (3) **	Proportion of Turnover (4) **	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)****	Taxonomy aligned proportion of total turnover, year N (18)	Taxonomy aligned proportion of turnover, year N-1 (19) *****	Category (enabling activity) (20)	Category (transitional activity) (21)
	3.5	Million, EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Manufacture of energy efficiency equipment for buildings	3.5	29	2	100	0	N/A	N/A	N/A	N/A		Y	Y	Y	Y	Y	Y	2	N/A	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		29	2	2	0	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	2	N/A	E	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of energy efficiency equipment for buildings	3.5	133	7																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		133	7																	
Total (A.1+A.2)		162	9																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities		1,619	91																	
Total (A+B)		1,781	100																	

* Activity description according to the Climate Delegated Act.

** Where turnover is aligned, the OpEx is related to Arçelik expenses associated with the ex-factory cost of Taxonomy-aligned products.

*** The reporting requirements cover the two climate-related targets (5) and (6). There is no reporting requirements for the environmental targets (7) to (10).

**** Compliance with the social minimum safeguards specified by the EU Taxonomy Regulation.


***** There is no reporting requirements for last year.




ANNEX 13: EU TAXONOMY REPORT

MINIMUM SAFEGUARDS

Arçelik's Global Code of Conduct and Related Policies commits to comply with the OECD Guidelines for Multinational Enterprises, the ILO Declaration on Fundamental Principles and Rights at Work, UN Global Compact, UN Guiding Principles on Business and Human Rights, Universal Declaration of Human Rights, Women's Empowerment Principles and Worst Forms of Child Labour Convention and Universal Declaration of Human Rights. Arçelik complies with all of these standards in all economic activities including the taxonomy-aligned ones.

 *Please see [Business Ethics and Transparency Section](#) and [Sustainable Supply Chain Management Section](#) for further information on ethics and human rights topics.*

Do no significant harm (DNSH)
Arçelik's climate mitigation economic activities meet with do no significant harm to the other environmental objectives including climate change adaptation, water and marine resources, circular economy, pollution, and biodiversity and ecosystems.

 *Please see [In Touch with our Planet Section](#) for further information on these topics.*



ANNEX 14: CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

With the methodology we use (See “Contribution to the UN Sustainable Development Goals” p.41) we have concluded the SDGs that are relevant to Arçelik. Our initiatives, sustainable products, smart solutions and social engagements help us contribute to specific SDGs. This table demonstrates the most relevant SDGs for Arçelik, our contributions and the related reference in the report.

TARGETS FOR THE SDGS OF RELEVANCE FOR ARÇELİK

RELATED SUB-TARGETS	OUR CONTRIBUTIONS	REFERENCES
GOAL 4: QUALITY EDUCATION		
<p>4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational, and tertiary education, including university</p> <p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p> <p>4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples, and children in vulnerable situations</p> <p>4.c By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing States</p>	<p>We support lifelong learning and skills development of employees and women and men within the local societies with technical, vocational and personal development trainings; setting targets to increase average training hours; providing online training to increase the reach; and developing CSR projects and partnerships with education institutions to support quality education in countries of operation, especially in STEM-related areas</p>	<p><i>Supporting Society with Equal Opportunities and Inclusion p. 85</i></p> <p><i>Gender Equality, Diversity and Inclusion p. 114</i></p> <p><i>Talent, Performance and Career Management p. 121</i></p>
GOAL 5: GENDER EQUALITY		
<p>5.1 End all forms of discrimination against all women and girls everywhere</p> <p>5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life</p> <p>5.c Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels</p>	<p>We work toward eliminating gender-based discrimination within our workforce with our policies, commitments and project. We participate in global initiatives such as Women's Empowerment Principles and a supporter of the UN Women's Generation Equality Forum's Action Coalitions to support women's empowerment. We are setting targets to increase women employee ratio at all levels globally including leadership positions; securing gender-equal pay; supporting women entrepreneurs, young professionals, and girls with local hero brands through CSR projects. We create opportunities for women to help them gain new professional competencies in technical roles, especially in STEM areas, to reduce the gender gap and ensure women's inclusion in business life.</p>	<p><i>Supporting Society with Equal Opportunities and Inclusion p. 85</i></p> <p><i>Gender Equality, Diversity and Inclusion p. 114</i></p>



ANNEX 14: CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

TARGETS FOR THE SDGS OF RELEVANCE FOR ARÇELİK

RELATED SUB-TARGETS	OUR CONTRIBUTIONS	REFERENCES
GOAL 6: CLEAN WATER AND SANITATION		
<p>6.3 By 2030, improve water quality by reducing pollution, eliminating dumping, and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater, and substantially increasing recycling and safe reuse globally</p> <p>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p>	<p>In line with Arçelik's water policy, we aim to improve our water performance by developing projects to reduce water withdrawal, increase water efficiency, enhance water monitoring and increase water recycling & reuse in line with our water targets & goals minimizing our water related environmental impacts throughout the product lifecycle adopting innovative technologies; raise awareness among our employees, stakeholders and society; support water stewardship by collaborating with related stakeholders, and participating national and international water initiatives (such as the UNGC CEO Water Mandate)</p>	<p><i>Sustainability Targets p. 38</i> <i>Global Partnerships and Engagement p. 14</i> <i>Water Management p. 52</i></p>
GOAL 7: AFFORDABLE AND CLEAN ENERGY		
<p>7.3 By 2030, double the global rate of improvement in energy efficiency</p> <p>7.B By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States and landlocked developing countries, in accordance with their respective programmes of support</p>	<p>In addition to setting targets to support production and use of clean energy; doubling energy productivity globally within the scope of membership EP100; developing innovative technologies we also developed products serving to the specific needs of the developing countries such as appliances that are compatible to work against electricity interruptions and flooding. This way we contribute to the upgrade of technology for supplying modern and sustainable energy services for developing countries</p>	<p><i>Sustainability Targets p. 38</i> <i>Energy Efficiency and Renewable Energy p. 49</i> <i>Products that Create Social Value p. 100</i></p>
GOAL 8: DECENT WORK AND ECONOMIC GROWTH		
<p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>	<p>Arçelik provides a decent working environment that opens space for and supports innovation, R&D and creativity. Events and projects focusing on innovation and creativity are conducted and the participation to them is encouraged. Arçelik makes efforts to encourage the innovation atmosphere within the society with its projects and cooperation as well. Arçelik also supports entrepreneurship both within its own workforce and in its operating environment, especially for women, with providing incentives. Arçelik ensures the decent working environment is provided to all employees in an equal manner irrespective of their gender, age or disability status as stated in its policies and commitments.</p>	<p><i>R&D, Innovation and Digital Transformation p. 138</i> <i>Business Ethics and Transparency, p. 105</i> <i>Future Fit Culture, Talent and Organizational Management p. 111</i></p>



ANNEX 14: CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

TARGETS FOR THE SDGS OF RELEVANCE FOR ARÇELİK

RELATED SUB-TARGETS	OUR CONTRIBUTIONS	REFERENCES
GOAL 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE		
<p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p> <p>9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending</p>	<p>With our product stewardship approach, we develop resource-efficient product which contributes to the sustainability of our industry. On top of this, we also have an ambitious roadmap and effective actions in place in line with our Net-Zero Roadmap to improve our production processes such as limiting emissions and waste, responsible management of water, energy efficiency and prioritizing renewable energy and process improvements that enable material reduction.</p> <p>We contribute to the scientific research and technological enhancements with our R&D and innovation work which is conducted with a total of 30 R&D centres and more than 2,300 employees and resulted in more than 3,000 registered patents.</p>	<p><i>Climate Change and Decarbonization p. 44</i> <i>Water Management p. 52</i> <i>Waste Management p. 56</i> <i>R&D and Innovation p. 138</i> <i>Product Stewardship p. 63</i></p>
GOAL 10: REDUCED INEQUALITY		
<p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p> <p>10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard</p>	<p>Arçelik works towards reducing inequalities within its own workforce, by adopting unbiased hiring practices, providing an equal career path for all employees and providing empowerment opportunities. Arçelik also ensures the equal opportunities are promoted and protected via its policies and declarations on equal hiring and equal pay, and its equality advocacy in international and business organizations in line with our corporate values. Arçelik also promotes the inclusion of all via its community projects on trainings for young women, eliminating gender-related bias, vocational skills development and entrepreneurship support.</p>	<p><i>Supporting Society with Equal Opportunities and Inclusion p. 85</i> <i>Human Capital p. 111</i></p>
GOAL 12: RESPONSIBLE CONSUMPTION AND PRODUCTION		
<p>12.1 Implement the 10-Year Framework of Programs on Sustainable Consumption and Production Patterns</p> <p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p> <p>12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses</p> <p>12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse</p> <p>12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature</p>	<p>Arçelik has defined 2030 Sustainability Targets that include establishing renewable energy systems, reducing energy consumption while increasing green electricity purchase and energy productivity and enhancing water and waste recycling performance. Arçelik identified actions plans in line with these targets which enables the way to sustainable production practices and efficient use of natural resources. In order to conduct its production operations responsibly, Arçelik outlines a detailed chemicals and waste management framework.</p> <p>Preventing food waste is an important area of social responsibility for Arçelik. Thus a target is set for the year 2030 and communications campaigns are held in order to increase awareness and ensure access to information on food waste and initiatives started to save excessive meals from being wasted.</p>	<p><i>Sustainability Targets p. 38</i> <i>Energy Efficiency and Renewable Energy p. 49</i> <i>Water Management p. 52</i> <i>Waste Management p. 56</i> <i>Chemicals Management p. 59</i> <i>Sustainable Lives and Protecting Nature p. 91</i></p>



ANNEX 14: CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

TARGETS FOR THE SDGS OF RELEVANCE FOR ARÇELİK

RELATED SUB-TARGETS	OUR CONTRIBUTIONS	REFERENCES
GOAL 13: CLIMATE ACTION		
<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>	<p>In order to contribute to climate action, Arçelik has approved Science Based Targets and a Net-Zero roadmap which includes ensuring rapid GHG emission reduction by selling energy-efficient appliances; investing in renewable energy systems for self-consumption; and applying energy efficiency in production to reduce emissions. Arçelik identifies its physical and transition risks in terms of climate change and develops mitigation and adaption strategies in line with TCFD recommendations.</p>	<p><i>Sustainability Targets p. 38</i> <i>Climate Change and Decarbonization p. 44</i> <i>Product Stewardship p. 63</i> <i>TCFD table, Annex 11.1 p. 230</i></p>
GOAL 14: LIFE BELOW WATER		
<p>14.1 Prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution</p>	<p>We invest in R&D and develop new technologies to minimize the plastics pollution on water stemming from our products. We developed FiberCather technology as a built-in microfiber filtration system for washing machines to prevent microplastics from entering the seas and oceans from wastewater pipes while washing petroleum-based synthetic textile products in washing machines.</p>	<p><i>Water Management p. 52</i> <i>Product Stewardship p. 63</i></p>
GOAL 17: PARTNERSHIPS TO ACHIEVE THE GOAL		
<p>17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology, and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries</p> <p>17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships</p>	<p>Arçelik drives change with its stakeholders to reach the global 2030 targets; partnering with communities and NGOs to support society becoming a member and/or support of global initiatives to support collective action and taking leadership roles in sustainability initiatives including but not limited to United Nations Global Compact (UNGC), Science-Based Targets Initiative (SBTi), World Business Council for Sustainable Development (WBCSD), Task Force on Climate-Related Financial Disclosures (TCFD), World Economic Forum (WEF)- Alliance of CEO Climate Leaders, United Nations Women's Empowerment Principles (WEPs), UN Women's Generation Equality Forum, Action Coalitions</p>	<p><i>Global Partnerships and Engagement p. 14</i> <i>In Touch With Human Needs p. 83</i></p>



ANNEX 15: GRI CONTENT INDEX



For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.

This service was performed on the English version of the report.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION AND PAGE NUMBERS
GENERAL DISCLOSURES		
Corporate Profile		
GRI 2: General Disclosures 2021	2-1 Organizational details	<i>Arçelik At a Glance p.8</i>
	2-2 Entities included in the organization's sustainability reporting	<i>Arçelik At a Glance p.8 Global Operations p.9</i>
	2-3 Reporting period, frequency and contact point	<i>About this Report p. 3</i>
	2-4 Restatement of information	<i>Sustainability Targets p. 38 Annex 4: Environmental Performance Indicators p. 193 Annex 6.1. Social Performance Indicators p. 204</i>
	2-5 External Audit	<i>Annex 2: Assurance Reports p. 187</i>
	2-6 Activities, value chain and other business relationships	<i>Global Partnerships and Engagement p.14 Stakeholder Engagement Mapping p. 27 Business Model for Value Creation p. 26</i>
	2-7 Employees	<i>Arçelik At a Glance p. 8 Future Fit Culture, Talent & Organizational Management p. 111 Annex 6.1. Social Performance Indicators p. 204</i>
	2-8 Workers who are not employees	<i>Annex 6.1. Social Performance Indicators p. 204</i>
	2-9 Governance structure and composition	<i>Arçelik Annual Report 2022 p. 214-224</i>
	2-10 Nomination and selection of the highest governance body	<i>Corporate Governance p. 17 Arçelik Annual Report 2022 p. 239-242</i>
	2-11 Chair of the highest governance body	<i>Corporate Governance p. 17 Arçelik Annual Report 2022 p. 214-224</i>



ANNEX 15: GRI CONTENT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION AND PAGE NUMBERS
GENERAL DISCLOSURES		
Corporate Profile		
GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance p. 17 Arçelik Annual Report 2022 p. 214-224
	2-13 Delegation of responsibility for managing impacts	Corporate Governance p. 17
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance p. 17
	2-15 Conflicts of interest	Arçelik Annual Report 2022 p.232-334
	2-16 Communication of critical concerns	Annex 11.1: TCFD p. 230
	2-17 Collective knowledge of the highest governance body	Arçelik Annual Report 2022, p. 214-224
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance p. 17
	2-19 Remuneration policies	Corporate Governance p. 17
	2-20 Process to determine remuneration	Corporate Governance p. 17
	2-21 Annual total compensation ratio	The compensation data is classified as confidential.
	2-22 Statement on sustainable development strategy	CEO's Letter p. 5
	2-23 Policy commitments	Corporate Governance p. 17
	2-24 Embedding policy commitments	Annex 11.1: TCFD p. 230 Annex 11.2: TCFD Index p. 241 Annex 11.3: Board Table p. 242 Annex 11.4: Other ESG-Related Risks & Opportunities p.243
	2-25 Processes to remediate negative impacts	Sustainable Supply Chain Management p. 167 Business Ethics and Transparency p. 105
	2-26 Mechanisms for seeking advice and raising concerns	Business Ethics and Transparency p. 105
	2-27 Compliance with laws and regulations	In Touch with our Planet p. 43 Environmental Management p. 57
2-28 Memberships associations	Annex 5: Selected Memberships and Arçelik's Contributions p.203	
2-29 Approach to stakeholder engagement	Stakeholder Engagement Mapping p. 27	
2-30 Collective bargaining agreements	Business Ethics and Transparency p. 105	



ANNEX 15: GRI CONTENT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION AND PAGE NUMBERS
PRIORITIES		
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	<i>Materiality Analysis p. 30</i> <i>Business Model for Value Creation p. 26</i>
	3-2 List of material topics	<i>Materiality Analysis p. 30</i>
Climate Crisis and Reducing Carbon Emissions		
GRI 305: Emissions 2016	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Climate Change and Decarbonization p. 44</i> <i>Sustainable Supply Chain Management p.167</i>
	305-1 Direct (Scope 1) GHG emissions	<i>Annex 4: Environmental Performance Indicators p. 197</i>
	305-2 Energy indirect (Scope 2) GHG emissions	<i>Annex 4: Environmental Performance Indicators p. 197</i>
	305-3 Other indirect (Scope 3) GHG emissions	<i>Annex 4: Environmental Performance Indicators p. 197</i>
	305-4 GHG emissions intensity	<i>Annex 4: Environmental Performance Indicators p. 197</i>
	305-5 Reduction of GHG emissions	<i>Climate Change and Decarbonization p. 44</i> <i>Sustainable Supply Chain Management p.167</i>
	305-6 Emissions of ozone-depleting substances (ODS)	<i>This data is not material to Arçelik's Operations.</i>
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	<i>Climate Change and Decarbonization p. 44</i>
Energy Efficiency		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Climate Change and Decarbonization p. 44</i>
	GRI 302: Energy 2016	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	<i>Annex 4: Environmental Performance Indicators p. 197</i>
	302-2 Energy consumption outside of the organization	<i>Annex 4: Environmental Performance Indicators p. 197</i>
	302-3 Energy intensity	<i>Annex 4: Environmental Performance Indicators p. 197</i>
	302-4 Reduction of energy consumption	<i>Climate Change and Decarbonization p. 44</i> <i>Annex 4: Environmental Performance Indicators p. 197</i>
	302-5 Reductions in energy requirements of products and services	<i>Climate Change and Decarbonization p. 44</i>



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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION AND PAGE NUMBERS
PRIORITIES		
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	<i>Materiality Analysis p. 30</i> <i>Business Model for Value Creation p. 26</i>
	3-2 List of material topics	<i>Materiality Analysis p. 30</i>
Climate Crisis and Reducing Carbon Emissions		
GRI 305: Emissions 2016	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Climate Change and Decarbonization p. 44</i> <i>Sustainable Supply Chain Management p.167</i>
	305-1 Direct (Scope 1) GHG emissions	<i>Annex 4: Environmental Performance Indicators p. 197</i>
	305-2 Energy indirect (Scope 2) GHG emissions	<i>Annex 4: Environmental Performance Indicators p. 197</i>
	305-3 Other indirect (Scope 3) GHG emissions	<i>Annex 4: Environmental Performance Indicators p. 197</i>
	305-4 GHG emissions intensity	<i>Annex 4: Environmental Performance Indicators p. 197</i>
	305-5 Reduction of GHG emissions	<i>Climate Change and Decarbonization p. 44</i> <i>Sustainable Supply Chain Management p.167</i>
	305-6 Emissions of ozone-depleting substances (ODS)	<i>This data is not material to Arçelik's Operations.</i>
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	<i>Climate Change and Decarbonization p. 44</i>
Energy Efficiency		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Climate Change and Decarbonization p. 44</i>
	GRI 302: Energy 2016	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	<i>Annex 4: Environmental Performance Indicators p. 197</i>
	302-2 Energy consumption outside of the organization	<i>Annex 4: Environmental Performance Indicators p. 197</i>
	302-3 Energy intensity	<i>Annex 4: Environmental Performance Indicators p. 197</i>
	302-4 Reduction of energy consumption	<i>Climate Change and Decarbonization p. 44</i> <i>Annex 4: Environmental Performance Indicators p. 197</i>
	302-5 Reductions in energy requirements of products and services	<i>Climate Change and Decarbonization p. 44</i>



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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION AND PAGE NUMBERS
Eco-Efficient Products		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Product Stewardship p. 63</i>
GRI 301: Materials 2016	301-1 Materials used by weight or volume	<i>Product Stewardship p. 63</i>
	301-2 Recycled input materials used	<i>Product Stewardship p. 63</i>
	301-3 Reclaimed products and their packaging materials	<i>Product Stewardship p. 63</i>
Product Quality		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Product Stewardship p. 63</i> <i>Customer and Consumer Experience p. 157</i>
GRI 305: Emissions 2016	301-1 Materials used by weight or volume	<i>Business Model for Value Creation p. 26</i> <i>Product Stewardship p. 63</i>
GRI 301: Materials 2016	301-2 Recycled input materials used	<i>Product Stewardship p. 63</i>
	301-3 Reclaimed products and their packaging materials	<i>Product Stewardship p. 63</i>
	305-3 Other indirect (Scope 3) GHG emissions	<i>Product Stewardship p. 63</i>
Water Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Water Management p. 52</i>
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	<i>Water Management p. 52</i>
	303-2 Management of water discharge-related impacts	<i>Water Management p. 52</i>
	303-3 Water withdrawal	<i>Annex 4: Environmental Performance Indicators p. 197</i>
	303-4 Water discharge	<i>Annex 4: Environmental Performance Indicators p. 197</i>
	303-5 Water consumption	<i>Water Management p. 52</i>
Occupational Health and Safety		
Occupational Health and Safety	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Future Fit Culture, Talent & Organizational Management p. 111</i>



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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION AND PAGE NUMBERS
GRI 301: Materials 2016	403-1 Occupational health and safety management system	<i>Future Fit Culture, Talent & Organizational Management p. 111</i>
	403-2 Hazard identification, risk assessment, and incident investigation	<i>Future Fit Culture, Talent & Organizational Management p. 111</i>
	403-3 Occupational health services	<i>Future Fit Culture, Talent & Organizational Management p. 111</i>
	403-4 Worker participation, consultation, and communication on occupational health and safety	<i>Future Fit Culture, Talent & Organizational Management p. 111</i>
	403-5 Worker training on occupational health and safety	<i>Future Fit Culture, Talent & Organizational Management p. 111</i>
	403-6 Promotion of worker health	<i>Future Fit Culture, Talent & Organizational Management p. 111</i>
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<i>Future Fit Culture, Talent & Organizational Management p. 111</i>
	403-8 Workers covered by an occupational health and safety management system	<i>Future Fit Culture, Talent & Organizational Management p. 111 Annex 6.2. Occupational Health and Safety Indicators for Employees p. 219</i>
	403-9 Work-related injuries	<i>Future Fit Culture, Talent & Organizational Management p. 111 Annex 6.2. Occupational Health and Safety Indicators for Employees p. 219</i>
	403-10 Work-related ill health	<i>Future Fit Culture, Talent & Organizational Management p. 111 Annex 6.2. Occupational Health and Safety Indicators for Employees p. 219</i>
Supply Chain Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26 Sustainable Supply Chain Management p. 167</i>
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	<i>Sustainable Supply Chain Management p. 167</i>
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	<i>Sustainable Supply Chain Management p. 167</i>
	308-2 Negative environmental impacts in the supply chain and actions taken	<i>Sustainable Supply Chain Management p. 167</i>
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	<i>Business Ethics and Transparency p. 105 Sustainable Supply Chain Management p. 167</i>
	GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor



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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION AND PAGE NUMBERS
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	<i>Sustainable Supply Chain Management</i> p. 167
	414-2 Negative social impacts in the supply chain and actions taken	<i>Sustainable Supply Chain Management</i> p. 167
Business Ethics and Transparency		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation</i> p. 26 <i>Business Ethics and Transparency</i> p. 105
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	<i>Business Ethics and Transparency</i> p. 105
	205-2 Communication and training about anti-corruption policies and procedures	<i>Business Ethics and Transparency</i> p. 105
	205-3 Confirmed incidents of corruption and actions taken	<i>Business Ethics and Transparency</i> p. 105
GRI 206: Anti-Competitive Behavior 2016	414-1 New suppliers that were screened using social criteria	<i>Business Ethics and Transparency</i> p. 105
	414-2 Negative social impacts in the supply chain and actions taken	<i>Business Ethics and Transparency</i> p. 105
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	<i>R&D, Innovation and Digital Transformation</i> p. 138
Human Rights and Fair Working Conditions		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation</i> p. 26 <i>Business Ethics and Transparency</i> p. 105 <i>Future Fit Culture, Talent & Organizational Management</i> p. 111
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	<i>Future Fit Culture, Talent & Organizational Management</i> p. 111 <i>Annex 6.1. Social Performance Indicators</i> p. 208
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<i>Future Fit Culture, Talent & Organizational Management</i> p. 111 <i>Annex 6.1. Social Performance Indicators</i> p. 208
	401-3 Parental leave	<i>Future Fit Culture, Talent & Organizational Management</i> p. 111 <i>Annex 6.1. Social Performance Indicators</i> p. 208
GRI 408: Child Labor 2016	405-1 Diversity of governance bodies and employees	<i>Future Fit Culture, Talent & Organizational Management</i> p. 111 <i>Annex 6.1. Social Performance Indicators</i> p. 208
GRI 409: Forced or Compulsory Labor 2016	405-2 Ratio of basic salary and remuneration of women to men	<i>Future Fit Culture, Talent & Organizational Management</i> p. 111 <i>Annex 6.1. Social Performance Indicators</i> p. 208
GRI 414: Supplier Social Assessment 2016	406-1 Incidents of discrimination and corrective actions taken	<i>Business Ethics and Transparency</i> p. 105 <i>Future Fit Culture, Talent & Organizational Management</i> p. 111
	411-1 Incidents of violations involving rights of indigenous peoples	<i>Business Ethics and Transparency</i> p. 105 <i>Future Fit Culture, Talent & Organizational Management</i> p. 111



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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION AND PAGE NUMBERS
Risk Analysis and Regulatory Compliance		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26 Business Ethics and Transparency p. 105</i>
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	<i>Sustainable Economic Growth p.103</i>
	201-2 Financial implications and other risks and opportunities due to climate change	<i>Annex 11.1: TCFD p. 230 Annex 11.2: TCFD Index p. 241 Annex 11.4: Other ESG-Related Risks & Opportunities p.243</i>
	201-4 Financial assistance received from government	<i>There was no financial assistance received from the government during the reporting year.</i>
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	<i>Corporate Governance p. 17 Business Ethics and Transparency p. 105</i>
	205-2 Communication and training about anti-corruption policies and procedures	<i>Corporate Governance p. 17 Business Ethics and Transparency p. 105</i>
	205-3 Confirmed incidents of corruption and actions taken	<i>Corporate Governance p. 17 Business Ethics and Transparency p. 105</i>
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<i>Corporate Governance p. 17 Business Ethics and Transparency p. 105</i>
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<i>Business Ethics and Transparency p. 105 Sustainable Supply Chain Management p. 167</i>
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	<i>Business Ethics and Transparency p. 105 Sustainable Supply Chain Management p. 167</i>
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	<i>Business Ethics and Transparency p. 105 Sustainable Supply Chain Management p. 167</i>
Renewable Energy Production and Green Energy Use		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26 Business Ethics and Transparency p. 105</i>



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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION AND PAGE NUMBERS
GRI 302: Energy 2016	302-1 Energy consumption within the organization	<i>Annex 4: Environmental Performance Indicators p. 197</i>
	302-2 Energy consumption outside of the organization	<i>Annex 4: Environmental Performance Indicators p. 197</i>
	302-3 Energy intensity	<i>Annex 4: Environmental Performance Indicators p. 197</i>
	302-4 Reduction of energy consumption	<i>Climate Change and Decarbonization p. 44</i> <i>Annex 4: Environmental Performance Indicators p. 197</i>
	302-5 Reductions in energy requirements of products and services	<i>Climate Change and Decarbonization p. 44</i>
Talent Management and Capacity Transformation		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Future Fit Culture, Talent & Organizational Management p. 111</i>
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	<i>Annex 6.1. Social Performance Indicators p. 208</i>
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<i>Future Fit Culture, Talent & Organizational Management p. 111</i> <i>Annex 6.1. Social Performance Indicators p. 208</i>
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	<i>Future Fit Culture, Talent & Organizational Management p. 111</i> <i>Annex 6.1. Social Performance Indicators p. 208</i>
	404-2 Programs for upgrading employee skills and transition assistance programs	<i>Future Fit Culture, Talent & Organizational Management p. 111</i>
	404-3 Percentage of employees receiving regular performance and career development reviews	<i>Annex 6.1. Social Performance Indicators p. 208</i>
Product Solutions that Prevent Plastic Pollution		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Waste Management p. 56</i> <i>Product Stewardship p. 63</i>
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	<i>Waste Management p. 56</i> <i>Product Stewardship p. 63</i>
	306-2 Management of significant waste-related impacts	<i>Waste Management p. 56</i> <i>Product Stewardship p. 63</i>
	306-3 Waste generated	<i>Waste Management p. 56</i>
	306-4 Waste diverted from disposal	<i>Waste Management p. 56</i>
	306-5 Waste directed to disposal	<i>Waste Management p. 56</i>



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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION AND PAGE NUMBERS
Resource Efficiency in Product Manufacturing		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Product Stewardship p. 63</i>
GRI 301: Materials 2016	301-1 Materials used by weight or volume	<i>Product Stewardship p. 63</i>
	301-2 Recycled input materials used	<i>Product Stewardship p. 63</i>
	301-3 Reclaimed products and their packaging materials	<i>Product Stewardship p. 63</i>
Operational Waste and Zero Waste Approach		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Waste Management p. 56</i> <i>Product Stewardship p. 63</i> <i>Annex 4: Environmental Performance Indicators p. 197</i>
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	<i>Waste Management p. 56</i> <i>Product Stewardship p. 63</i> <i>Annex 4: Environmental Performance Indicators p. 197</i>
	306-2 Management of significant waste-related impacts	<i>Waste Management p. 56</i> <i>Product Stewardship p. 63</i> <i>Annex 4: Environmental Performance Indicators p. 197</i>
	306-3 Waste generated	<i>Waste Management p. 56</i> <i>Annex 4: Environmental Performance Indicators p. 197</i>
	306-4 Waste diverted from disposal	<i>Waste Management p. 56</i> <i>Annex 4: Environmental Performance Indicators p. 197</i>
	306-5 Waste directed to disposal	<i>Waste Management p. 56</i> <i>Annex 4: Environmental Performance Indicators p. 197</i>
Information Security and Management of Cyber Risks		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>R&D, Innovation and Digital Transformation p. 138</i>
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	<i>R&D, Innovation and Digital Transformation p. 138</i>



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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION AND PAGE NUMBERS
Employee Well-being		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Future Fit Culture, Talent & Organizational Management p. 111</i>
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<i>Future Fit Culture, Talent & Organizational Management p. 111</i>
Products Designed with a Circular Approach and Lifecycle Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Product Stewardship p. 63</i>
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	<i>2022 Highlights p. 10</i> <i>Sustainable Economic Growth p. 103</i>
	201-2 Financial implications and other risks and opportunities due to climate change	<i>Annex 11.1: TCFD p. 230</i> <i>Annex 11.2: TCFD Index p. 241</i> <i>Annex 11.4: Other ESG-Related Risks & Opportunities p.243</i>
	201-4 Financial assistance received from government	<i>There was no financial assistance received from the government during the reporting year.</i>
GRI 301: Materials 2016	301-1 Materials used by weight or volume	<i>Product Stewardship p. 63</i>
	301-2 Recycled input materials used	<i>Product Stewardship p. 63</i>
	301-3 Reclaimed products and their packaging materials	<i>Product Stewardship p. 63</i>
Diversity and Inclusion		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Supporting Society with Equal Opportunities and Inclusion p. 85</i> <i>Future Fit Culture, Talent & Organizational Management p. 111</i>
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	<i>Corporate Governance p. 17</i>
	405-2 Ratio of basic salary and remuneration of women to men	<i>Future Fit Culture, Talent & Organizational Management p. 111</i> <i>Annex 6.1. Social Performance Indicators p. 208</i>
	406-1 Incidents of discrimination and corrective actions taken	<i>In the reporting period there were no incidents of discrimination.</i>



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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION AND PAGE NUMBERS
Biodiversity		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Materiality Analysis p. 30</i> <i>Biodiversity p. 61</i>
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<i>Biodiversity p. 61</i>
	304-2 Significant impacts of activities, products and services on biodiversity	<i>Biodiversity p. 61</i> <i>Product Stewardship p. 63</i> <i>Sustainable Supply Chain Management p. 167</i>
	304-3 Habitats protected or restored	<i>Biodiversity p. 61</i>
Digitalization		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>R&D, Innovation and Digital Transformation p. 138</i>
Product Safety and Chemical Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p.26</i> <i>Chemicals Management p. 59</i> <i>Customer and Consumer Experience p. 157</i>
GRI 405: Diversity and Equal Opportunity 2016	416-1 Assessment of the health and safety impacts of product and service categories	<i>Arçelik complies with all international and local regulations concerning health and safety impacts of its products.</i>
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	<i>There were no incidents of non-compliance with regulations and/ or voluntary codes concerning the health and safety impacts of products and services within the reporting period.</i>
Investing in New Climate and Eco-friendly Product and Service Solutions		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Product Stewardship p. 63</i> <i>R&D, Innovation and Digital Transformation p. 138</i>



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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION AND PAGE NUMBERS
Sustainable Use of Raw Materials		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Product Stewardship p. 63</i>
GRI 301: Materials 2016	301-1 Materials used by weight or volume	<i>Product Stewardship p. 63</i>
	301-2 Recycled input materials used	<i>Product Stewardship p. 63</i>
	301-3 Reclaimed products and their packaging materials	<i>Product Stewardship p. 63</i>
Open Innovation		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>R&D, Innovation and Digital Transformation p. 138</i>
Sustainable Technology and Innovation		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>R&D, Innovation and Digital Transformation p. 138</i>
Smart Product and Digital Technologies		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Product Stewardship p. 63</i> <i>R&D, Innovation and Digital Transformation p. 138</i>
Responsible Marketing and Responsible Consumption		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i>
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	<i>Arçelik complies with all international and local regulations concerning product information and labeling.</i>
	417-3 Incidents of non-compliance concerning marketing communications	<i>No incidents of non-compliance with regulations and voluntary codes concerning marketing communications have taken place during the reporting period.</i>
Corporate Governance		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Global Partnerships and Engagement p. 14</i> <i>Corporate Governance p. 17</i> <i>Business Model for Value Creation p. 26</i> <i>Stakeholder Engagement Mapping p. 27</i> <i>Materiality Analysis p. 30</i>



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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION AND PAGE NUMBERS
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	<i>In case of collective and / or individual layoffs or changes in duties, Arçelik applies the relevant provisions stipulated in the labor legislation and collective agreements applicable in the countries of operation.</i>
Sustainable Packaging		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26 Product Stewardship p. 63 Sustainable Supply Chain Management p. 167</i>
GRI 301: Materials 2016	301-1 Materials used by weight or volume	<i>Product Stewardship p. 63 Sustainable Supply Chain Management p. 167</i>
	301-2 Recycled input materials used	<i>Product Stewardship p. 63 Sustainable Supply Chain Management p. 167</i>
	301-3 Reclaimed products and their packaging materials	<i>Product Stewardship p. 63</i>
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	<i>Sustainable Supply Chain Management p. 167</i>
	308-2 Negative environmental impacts in the supply chain and actions taken	<i>Sustainable Supply Chain Management p. 167</i>
Combating Deforestation		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26 Biodiversity p. 61</i>
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<i>Biodiversity p. 61</i>
	304-2 Significant impacts of activities, products and services on biodiversity	<i>Biodiversity p. 61 Product Stewardship p. 63</i>
	304-3 Habitats protected or restored	<i>Biodiversity p. 61</i>
Conflict Minerals Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26 Sustainable Supply Chain Management p. 167</i>
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	<i>Sustainable Supply Chain Management p. 167</i>
	308-2 Negative environmental impacts in the supply chain and actions taken	<i>Sustainable Supply Chain Management p. 167</i>



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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION AND PAGE NUMBERS
Local Socio-Economic Development		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Supporting Society with Equal Opportunities and Inclusion p. 85</i> <i>Community Development and Partnerships p. 98</i>
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	<i>Supporting Society with Equal Opportunities and Inclusion p. 85</i> <i>Community Development and Partnerships p. 98</i>
Products and Services for Disadvantaged Groups		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Product Stewardship p. 63</i> <i>Corporate Citizenship p.84</i> <i>Supporting Society with Equal Opportunities and Inclusion p. 85</i> <i>Community Development and Partnerships p. 98</i>
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	<i>Product Stewardship p. 63</i> <i>Corporate Citizenship p.84</i> <i>Supporting Society with Equal Opportunities and Inclusion p. 85</i> <i>Community Development and Partnerships p. 98</i>
Impact-Oriented Community Programs		
GRI 3: Material Topics 2021	3-3 Management of material topics	<i>Business Model for Value Creation p. 26</i> <i>Corporate Citizenship p.84</i> <i>Supporting Society with Equal Opportunities and Inclusion p. 85</i> <i>Community Development and Partnerships p. 98</i>
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	<i>Corporate Citizenship p.84</i> <i>Supporting Society with Equal Opportunities and Inclusion p. 85</i> <i>Community Development and Partnerships p. 98</i>

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