

NOW IS THE TIME TO

TAKE ACTION TOGETHER



Arçelik

*SUSTAINABILITY
REPORT
2020*



NOW IS THE TIME TO TAKE ACTION TOGETHER

#ACTTOGETHERNOW



As we released our 2019 Sustainability report last year to all our stakeholders, we expressed that for us it wasn't simply a report, but a business model. In light of our vision of *Respecting the World, Respected Worldwide*, we consider sustainability as an ultimate goal, and not a tool; and place it at the center of all our operations.

We take our message one step further in the 2020 Sustainability Report you are about to start reading, and invite all our stakeholders to take action in finding transformative solutions to the environmental, social, and governance-related challenges we face today. Through our narrative of "*Now is the time to take action together*", we are not only sharing the concrete steps we take today for a more livable world, but we also expand on our 2030 roadmap with the medium- and long-term targets in scope of our In Touch Technology framework.

The United Nations, calling on all actors to action, launched the *Decade of Action* at the beginning of 2020; ushering in a new decade to deliver the Sustainable Development Goals by 2030. As Arçelik, we wanted to draw attention to this call in our 2020 Sustainability Report, and to encourage our entire ecosystem to take action with us. The right time to act is now, not tomorrow; and transformation is only possible together. For the future of our planet, and for the right of future generations to live in a better world; *now is the time to take action together*.

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SCOPE OF THE REPORT

Here are the tools to jump to information quickly:



Redirects to external source of information.



Allows internal navigation throughout the report.



Redirects to external videos.



Starts communication via e-mail.



You can send any questions, opinions or suggestions about the report and Arçelik's sustainability performance via email using: globalcommunications@arcelik.com or sustainability@arcelik.com

GRI 102-45, 102-46

The 13th Arçelik Sustainability Report covers sustainability strategy, goals and progress in environmental, social and governance (ESG) areas along with the financial performance highlights of Arçelik A.Ş. (Arçelik) for the period between 1 January – 31 December 2020.

Arçelik is a company in which sustainable growth and value creation are the essential components of our business model. This report reveals how Arçelik embeds sustainability in the core of its business and performs towards its short-medium-long term targets, as well as how the company creates value for its stakeholders in the framework of In Touch Technology.

Unless otherwise indicated, the standard disclosures in the 2020 report include the consolidated performances of operations in Turkey, Romania, Russia, South Africa, and Thailand, which consist of manufacturing plants and sales offices, and the sales operations in the United Kingdom, Poland, Germany, France, Sweden, Norway, Finland, and Denmark*. Overall, the performance in the 13 countries listed above are included in the scope of the report, making 15 of 22 manufacturing plants, 19 out of 24 R&D centers and offices, 11 out of 51 subsidiaries and affiliates, covering all 12 brands and 68% of employees. The Report also includes country specific ESG performance highlights.

The reporting coverage is not the same for all social indicators reported, and the coverage for individual indicators is clearly indicated next to the relevant

data and information.** Regarding the environmental indicators, the three manufacturing plants located in Pakistan were also included in the reporting coverage in 2020 for GHG emissions and energy indicators.

We have received external assurance on select material environmental indicators including GHG emissions, waste and water data and select diversity and inclusion data. *(Please see Annex 2 for Assurance Reports).*

This report has been prepared in accordance with the GRI Standards: Comprehensive option. Arçelik's performance towards international frameworks such as the United Nations Global Compact (UNGC), the UN Sustainable Development Goals (SDGs) and the Women's Empowerment Principles (WEPs) can also be found in this report *(Please see Annex 3 for UNGC and WEPs disclosure references)*. Koç Holding is a signatory of Stakeholder Capitalism Metrics (SCM) and as a Koç Group company, Arçelik reflects SCM in its reporting to investors and other stakeholders. *(Please see Annex 10 for SCM Index)*. Arçelik also incorporates climate-related risk and opportunity disclosures in this report in line with the Taskforce on Climate-related Financial Disclosures (TCFD) framework. *(More information can be found in Enterprise Risk Management section)*. Finally, our science-based Scope 1, Scope 2, and Scope 3 emissions from the use of our sold products reduction targets, which are critical for combating the climate crisis, were approved by the Science Based Targets initiative (SBTi) in November 2020 and can be found in this report *(Please see Combating the Climate Crisis section)*.

* Please see Annex 1 for the detailed reporting coverage, and a list of manufacturing plants, subsidiaries, and affiliates within the reporting scope.

** Details on the social indicators' reporting coverage *can be found in Annex 1.*



MESSAGE FROM THE CEO

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Dear Stakeholders,

We can no longer treat sustainability as a luxury or a whim. The age we live in demands that we take sustainability not simply as a business strategy, but as a way of life.

Arçelik is now a leader in sustainability. We work every day to incorporate sustainable values in our products, our business model and our corporate culture. We strive to give our consumers a chance to build a greener, better future for themselves and their loved ones.

* Singer Refrigerator Plant and TV & AC Plant in Bangladesh acquired in 2019, Voltbek in India which started production in 2020, and Arçelik-LG A/C joint venture plant in Turkey are excluded from calculations.

This report is a showcase for all our efforts and our commitments. At Arçelik, we are working with a vision that will bring in meaningful, structural changes. Our vision - **Respecting the World, Respected Worldwide** - allows us to view sustainability as our North Star, and to never diverge from it.

The year of 2020 was a challenging time. Under the pressure of COVID-19, the business world had to adapt and adjust. I am proud to tell you that even through the pandemic, we never steered away from our sustainability goals, and made some significant achievements.

We continued to create more sustainable products through innovation. Our engineers and R&D teams work tirelessly to develop energy-efficient products and innovations that help the environment. Our R&D capabilities also enabled us to respond to the needs of our community: following COVID-19, and at rapid speed, we completed the design and production of 5,000 mechanic ventilators and distributed them in Turkey and across the globe.

We became carbon-neutral in our global manufacturing operations* (Scope 1 and Scope 2) in 2019 and 2020, with our own carbon credit generated by the Energy Efficient Refrigerators Carbon Financing Project. We are incredibly proud of becoming carbon-neutral by generating enough carbon credits to offset our Scope



Our purpose-driven business model and our commitment and drive for a better future remain just as vibrant and relevant today. Our efforts are being recognized in global platforms.

1 and 2 GHG emissions through our project focusing on producing more energy efficient products.

Arçelik is already a leading figure in its industry, but we continue to challenge ourselves every day by setting ambitious targets on our sustainability journey. Our 2030 targets have been set in line with the Sustainable Development Goals (SDGs) and aim to contribute to the solution of environmental and social challenges.

Last year, our targets to reduce GHG emissions were approved by the Science Based Targets initiative (SBTi). These targets are set in line with the Paris Agreement's goal of limiting global temperature increase to "well-below 2°C" for Scope 1 and 2 GHG emissions, and position us among the 700+ companies worldwide with approved targets. From a 2018 base year, we have committed to reducing our absolute Scope 1 and 2 GHG emissions by 30% by 2030; we have taken this one step further by committing to also reducing our absolute Scope 3 GHG emissions from the use of our sold products by 15% within the same time frame.

In times of pressure, principles often fade away. This is never the case in Arçelik. Our purpose-driven business model and our commitment and drive for a better future remain just as vibrant and relevant today. Our efforts are being recognized in global platforms. In 2020, we were named, for the second year in a row, the Industry Leader in the Dow Jones Sustainability Index. Other key recognitions in 2020 included being

listed in the Corporate Knights Global 100 List and among the Real Leaders 150 Top Impact Companies.

The COVID-19 pandemic revealed the vulnerabilities in the global economic system, and how global risks can threaten the very basics of our trade structures. It also renewed the need for more sustainable models of design, production, and consumption.

At Arçelik, we will continue to speak the language of a better, more sustainable future.

Sincerely,

Hakan BULGURLU, CEO

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ABOUT ARÇELİK

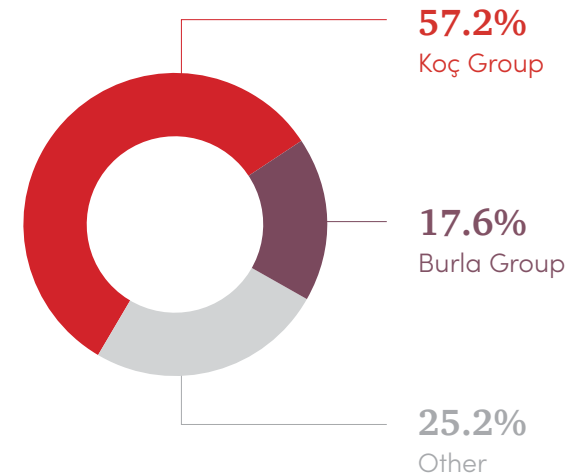
As Europe’s second-largest white goods company according to market share ranking based on quantity, Arçelik reached a consolidated turnover of more than EUR 5 billion in 2020.

With more than 30,000 employees throughout the world, 12 brands (Arçelik, Beko, Grundig, Blomberg, elektrabregenz, Arctic, Leisure, Flavel, Defy, Altus, Dawlance, and Voltas Beko), sales and marketing offices in 43 countries, and 22 production facilities in eight countries, Arçelik offers products and services across the globe. As Europe’s second-largest white goods company according to market share ranking based on quantity, Arçelik reached a consolidated turnover of more than EUR 5 billion in 2020. With 65% of its revenues coming from international markets, Arçelik is the R&D leader in Turkey – holding nearly 3,500 international patent applications to date through the efforts of more than 1,700 researchers in 15 R&D and Design Centers in Turkey and 13 R&D Offices across 10 countries. According to the results published by the United Nations World Intellectual Property Organization (WIPO), we are the only Turkish company in the top 100 list of Companies with the Highest Number of International Patent Applications in the last five years.

Arçelik was named as the Industry Leader in the Household Durables category for the second year

in a row in the Dow Jones Sustainability Index and was awarded a Gold Class Sustainability Award and recognized as an Industry Mover in the 2021 S&P Sustainability Yearbook. The company became carbon-neutral in its global manufacturing plants* (Scope 1 and Scope 2) in the 2019 and 2020 fiscal years, with its own carbon credits in accordance with PAS 2060 Carbon Neutrality Standard.

Ownership Structure



* Singer Refrigerator Plant and TV & AC Plant in Bangladesh acquired in 2019, Voltbek in India which started production in 2020, and Arçelik-LG A/C joint venture plant in Turkey are excluded from calculations.



Financials

EUR 5,091 million
Net Sales

65%
of consolidated sales are international sales

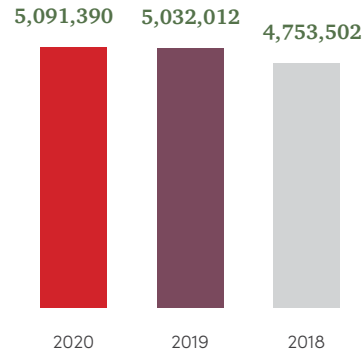
over EUR 5.8 million
spending on social investments

EUR 6.98 million
for environmental investments and expenditures

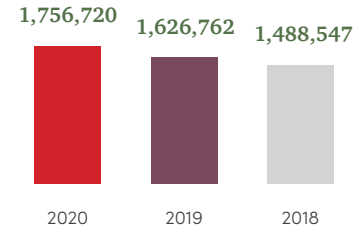
Consolidated operating profit
EUR 515,119 million

Net profit
EUR 358,628 million*

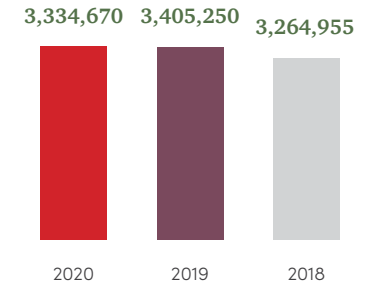
Net Sales (EUR)



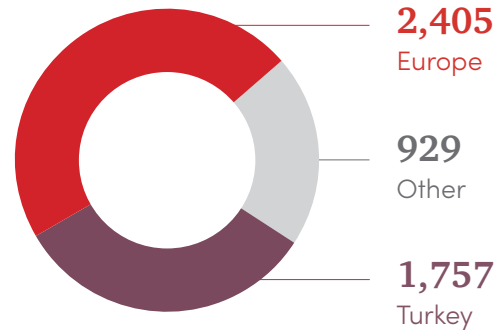
Turkey (EUR)



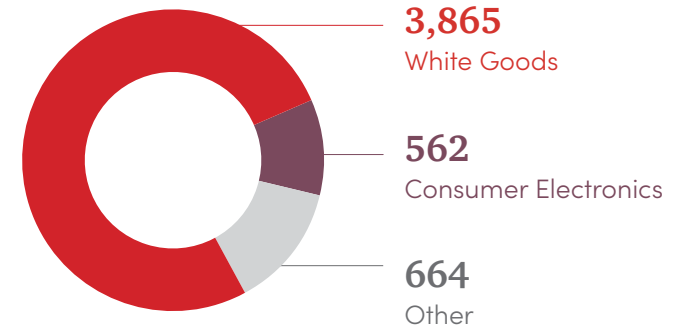
International (EUR)



Regional Distribution of Net Sales (EUR million)



Net Sales by Product Group (EUR million)



* Calculated by adding incomes and expenses from fixed sales assets deducting the exchange difference income and expenses, and deducting the impact of dividend income from foreign exchange rate incomes and expenses resulting from trade receivables and payables, advance payment discount, affiliate sales profits and financial assets ready to sell.



Global Operations

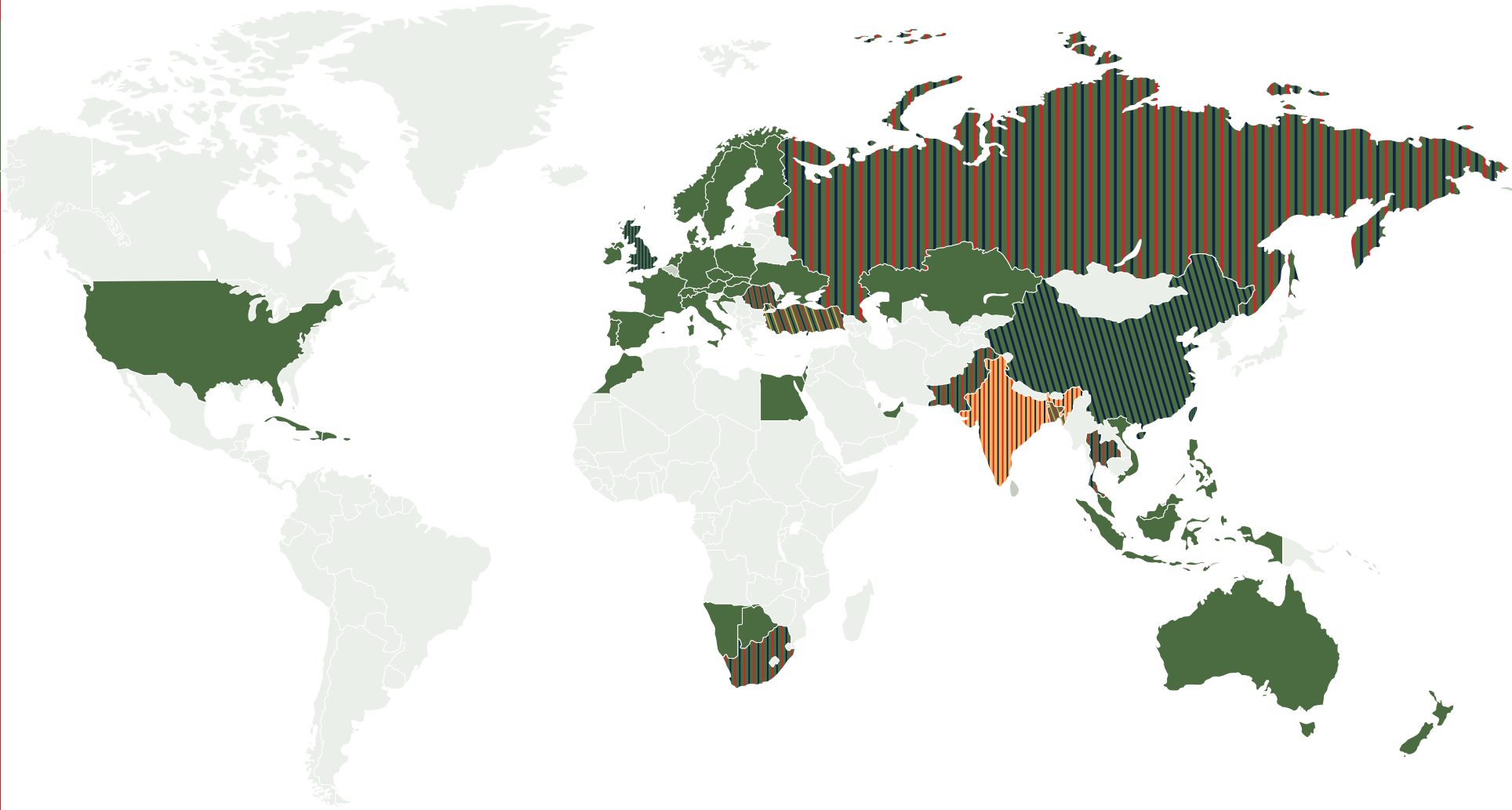
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- Subsidiaries and Affiliates
- Manufacturing Plants
- Partners
- R&D Centers and Offices
- Indicates Multiple Fields of Activity

The full list of global operational network can be found in the 2020 Annual Report, and the report's operational and organizational boundaries are shown in Annex 1.



2020 ESG PERFORMANCE CARD



IN TOUCH WITH OUR PLANET

Material Issue and Related Report Section(s)

Definition and Boundaries

2020 Performance Picks

Climate Change

Combating the Climate Crisis

As a responsible business advocate and a global company with carbon-neutral production, we map our climate-related risks and manage them effectively in line with our science-based targets. We invest in solutions to mitigate and adapt to the climate change. We develop energy-efficient products that help our customers to reduce their environmental footprint.

- Our targets to reduce GHG emissions were approved by the Science Based Targets initiative, in line with the Paris Agreement's goal of limiting global temperature increase to "well-below 2°C".
- We became **carbon-neutral** in our global manufacturing operations* (for Scope 1 and Scope 2) in 2019 and 2020, with our own carbon credits generated by the Energy Efficient Refrigerators Carbon Financing Project.
- Through energy efficiency activities and projects, **5,217 tons** of CO₂e emission reduction was achieved.
- **100%** green electricity is procured in Turkey and Romania manufacturing plants, making up more than **75%** of global electricity consumption of manufacturing plants.
- Scope 1 and Scope 2 GHG emissions were reduced by **73%** in Turkey operations compared to 2010.
- **3,171 GJ** of electricity was generated with **930 kWp** installed capacity of photovoltaic solar panels in the Washing Machine Plant in Romania, preventing **238 tons** of CO₂e GHG emissions.

* Singer Refrigerator Plant and TV & AC Plant in Bangladesh acquired in 2019, Voltbek in India which started production in 2020, and Arçelik-LG A/C joint venture plant in Turkey are excluded from calculations.

Energy Efficiency in Production

Combating the Climate Crisis

We focus on increasing efficiency through operational improvements, equipment maintenance, and mostly through investments in innovative energy-efficient technologies. We identify areas that require improvement through effective audit mechanisms we have implemented, leading to an increase in production capacities.

- Total number of energy efficiency projects: **238**
- Total amount of energy savings: Nearly **56,000 GJ**
- Total amount of financial saving: **EUR 701,409**

Water Management

Water Management

We invest in technologies to reduce water withdrawal in production with applications within the context of recycling and reuse. We also use an Internal Water Price (IWP) to determine the real price of water and encourage investments in water infrastructure.

- Total financial savings through waste reduction and water efficiency projects: **EUR 1,593,000.**
- Total cubic meters of water saved with efficiency projects: **352,844 m³.**
- Through water efficiency projects in our manufacturing plants, we have achieved:
 - **18%** reduction in water withdrawal in Turkey,
 - **13%** in Romania,
 - **9%** in Russia,
 - **29%** in Thailand,
 - **13%** in South Africa.

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Waste Management

Near Zero-Waste

We implement innovative approaches and develop holistic solutions to reduce waste generation from our production processes and increase collection and recycling at our Waste Electrical and Electronic Equipment (WEEE) recycling plants in Turkey. We focus our efforts on tackling plastic pollution and WEEE by developing technologies that minimize loss and support a circular economy.

- Total financial savings through waste reduction and water efficiency projects: **EUR 1,593,000**.
- The rate of recycling and recovery in total waste was **96%** in the manufacturing plants included in the reporting scope.
- The waste recycling rate increased to **98%** in Turkey operations.
- The average hazardous waste per product was reduced by **30%** in manufacturing in Turkey, Romania Gaesti, Russia, China, and South Africa operations, compared to 2012.
- Approximately **1.3 million** WEEE units were recycled between 2014 and 2020, a total of **326 GWh** of energy was saved, nearly **160,000 tons** of CO₂ emissions were prevented, and around **6.5 million tons** of water was saved.
- Packaging:
 - Approximately **88%** recycled cardboard were used in **29,196 tons** of boxes used for packaging across all plants globally, and **341,5 tons** of 100% recycled and recyclable cardboard boxes were used in the SDAs produced in Turkey.
 - EPS has been replaced with **39,6 tons** of 100% recycled and recyclable cardboard in ventilation hoods and Turkish coffee makers.
 - Approximately **3.84 million** recycled PET bottles were used in the MDAs packaging strips.
 - The amount of packaging waste generated in manufacturing plants was reduced by **366 tons** per year through packaging improvement efforts with suppliers.

Circular Economy

Product Stewardship

We invest in diverting from a linear economy to a circular model. We use 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. We redefine our product design and manufacturing processes in line with circularity principles helping to extend the product life cycle.

- PET Tub: **28.2 million** recycled PET bottles were used, adding up to **58 million** in total since 2017. CO₂ emissions were reduced by **2,200 tons** and **19,000 GJ** of energy was saved.
- EcoSustain: The proportion of recycled plastic raw material, Eco-Sustain, has reached **31%** in Atak vacuum cleaners, **17%** in Jaguar vacuum cleaners, and **64%-73%** in toast & grills. A total of **190,4 tons** of recycled plastics were used in these product categories.
- **Eight tons** of recycled waste fishing nets and **111,7 tons** of industrial thread waste were transformed into high-performance recycled polyamide compounds which were then used in oven, washing machine and washer-dryer and dishwasher parts.
- BioFridge: The version with bio-based fan cover and bio-composite with eggshells was released into the market, and the efforts to use bioplastics in SDAs were accelerated. We used coffee grounds in coffee machines, and tea fibers in tea makers.

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2020 ESG PERFORMANCE CARD



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Products that Create Environmental and Social Value

R&D and Innovation

Energy Efficiency

At Arçelik, a sustainable product respects the environment and the people who are part of value chain. We value sustainable procurement of raw materials, sustainable design of each product and low impact production. Arçelik also put great importance in increasing product recyclability and lowering end consumer resource consumption.

- **50%** of our turnover was from energy-efficient products (In 2020, ACs were also included in the calculation).
- Compared to 2019, average energy consumption was reduced for tumble dryers in Turkey by **23%**, refrigerators, dishwashers, and washing machines by **4%**, **3%**, and **1%**, respectively.

Biodiversity

We consider our impacts on ecosystems with a holistic approach managing interrelated issues such as water and waste.

- A part of Arctic Ulmi factory is near Natura 2000 area named “Lacurile de pe Valea Ilfovului” for Birds Directive Special Protection Area (SPA), so, according to the National Air Quality Law 104/2011, Arçelik has to measure PM10, NO₂ and SO₂ quarterly. This is the only production site near to the protected areas and Key Biodiversity Areas (KBAs), where **431,369 m²** of border area is located between our production site and the protected area.
 - A total of **1,100** shrubs were planted in Washing Machine Plant in Ulmi, Romania, and Singapore daisies and **10,000** vetivers were planted in Refrigerator Plant in Rayong, Thailand.

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Healthy Living



By building long-standing partnerships with local and global NGOs and institutions, we develop projects and programs to fight childhood obesity, promote balanced diets and encourage societies to live lightly and have healthier lifestyles.

- Beko – Eat Like A Pro, in collaboration with UNICEF, reached **172,000** children across Latin America region through school-based interventions, and approximately **76,500** teachers were provided with training. During COVID-19, an estimated total of **25 million** school children, and **3.5 million** people were reached through different channels.
- Beko Spain – Eat Like A Pro Navidad distributed **1,200** Christmas menus to families at risk of social exclusion.
- HarvestFresh – Skeptical Kid campaign was released in **30+** countries, and reached over **18.7 million** people.
- Beko – Live Like A Pro reached more than **8 million** people through #StayHome challenge, **11.8 million** people through Don't Go Back to Normal Program. A total of **246** tutorial "How to" videos received more than **3.7 million** total views.
- Grundig – FullFresh+ Technology campaign received **109.6 million** impression and a **9.6 million** reach.

Food Waste



Through our Respect Food approach, we implement long-term programs and projects and build partnerships to create awareness and minimize food waste. We also develop new, innovative products to help preserve food.

- Grundig – Respect Food, having met its 2023 target in advance, helped to create **+450,000** meals and prevented **230 tons** of food from being wasted, increasing the total number of prevented food waste to **+500 tons**.
- Grundig – World Food Day campaign reached **18.5 million** people and received **18,206** reactions in countries that Grundig operates including Italy, Spain, Romania, France, Turkey where the brand also strengthened the bonds with its consumers during the pandemic.
- Grundig Turkey – the Ruhun Doysun campaign reached **542,000** followers on Instagram, **160,000** on YouTube and more than **700,000** on all social media channels. Videos had **+100 million** views.

Social Investment Programs



We strive to understand the expectations of local communities where we operate and develop products focused on specific needs. We believe in the importance of an empowered community for social and economic development. We implement joint projects with NGOs, international organizations and local communities that remove barriers to society's progress. We track and publicly report the financial contributions made to the main institutions guiding our work.

- Over **EUR 5.8 million** was spent globally for social investment and corporate citizenship activities.
- Beko Turkey – 100 Women Dealers Project received over **1,600** new applications from the beginning of the project in 2019, and **29** new women dealers joined the Beko retailer ecosystem.
- 500 Women Technicians Project was launched in Turkey to support women in the workforce.
- Equal Dictionary was downloaded **29,873** times, the web page had more than **24,000** visits and the words were corrected over **250,000** times. A total of **599** new word suggestions were made by **226** users.
- You Are an Engineer, You Are With Us Project (Sen Mühendissin: Bizimlesin) involved **60** female engineering students with the opportunity to be employed as interns at Arçelik under the Fresh Start Internship Program.

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Products that Create Environmental and Social Value

R&D and Innovation

Supporting Society with Equal Opportunities and Inclusion

At Arçelik, a sustainable product respects the environment and the people who are part of value chain. We value sustainable procurement of raw materials, sustainable design of each product and low impact production. Arçelik also put great importance in increasing product recyclability and lowering end consumer resource consumption.

- Beko – HygieneShield Range that provides more than **99%** virus reduction, including coronavirus, was released in **seven** key markets including Spain, Germany, the UK, Turkey, the Balkans, Romania, and Poland, also was released into the Turkish market with Arçelik-branded Ultra Hygiene Series.
- HarvestFresh technology promotes healthy nutrition by simulating the 24-hour sun cycle in nature, thus ensuring that fruit and vegetables can sustain their vitamin content for a longer time.
- Solar Hybrid Range was launched by Defy using both the electrical grid and solar energy, and therefore using up to **44%** less energy in the fridge, and **38%** less energy in the freezer.

Products for Disadvantaged Groups

Community Development

We consider the specific needs of disadvantaged groups including women, youth, the elderly, and people with disabilities throughout our product development processes. Our R&D investments and innovation help us better develop solutions based on the insights and feedback collected, and our flexible operations enable us to take rapid action during unexpected crises such as COVID-19.

- Serial production of ventilators: **5,000** units in three weeks; **1,927** units were delivered to **150** pandemic hospitals in Turkey and **3,073** units were distributed to **18** countries, including some of the hardest hit such as Brazil, Somalia, Chad, Niger, Libya, and Nigeria. The collective expertise in the design, industrialization, and localization of the ventilator was given to the Turkish Ministry of Industry and Technology on a not-for-profit basis.
- Product donations: White goods and SDAs were donated to **550+** hospitals across **20** countries. In Turkey, more than **5,000** Arçelik- and Beko-branded products were delivered to **202** hospitals across **75** provinces.

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Talent Management

Human Capital

Talent and Performance Management

Through the “right person for the right job” principle, we objectively evaluate performance, provide training programs to improve employees’ skills.

- Total working from home hours reached **8,410,607** and the total flexible working hours were **540,235**.
- 776** employees attended digital programs and trainings.
- Global development planning rate increased to **43%** and 360° evaluation rate increased to **15%**.
- 24%** of open positions across all operations were filled by internal candidates.
- Globally, the total turnover rate decreased to **14.47%**, while the voluntary turnover rate decreased to **4.03%**.
- A total of **419,257 hours** of training (**23.5 hours** per person) was provided in Turkey, and **556,712** hours of training (**17.7 hours** per person) was provided in global operations.
- The participation rate in the employee engagement survey increased to **94%** in Turkey and **94.6%** in global operations. The engagement rate of our employees increased by **8.6%** in Turkey compared to 2019 and reached **77.1%**, the highest achieved in the last five years allowing us to be included in the best employers’ score. Engagement rate of our employees in global operations (survey is conducted every two years) increased by **11.3%** compared to 2018 and reached **64%**.
- Through the Suggestion System, **4,743** suggestions were received in Turkey, and **41%** of them were implemented.
- A total of **2,177** hours of voluntary activities were carried out with the participation of **440** Arçelik employees across **five** countries.

Equal Opportunity and Diversity

Human Capital

Diversity and Inclusion

We have a zero-tolerance policy towards discrimination against people based on their ethnic origin, religion, language, race, age, gender, sexual orientation, nationality, disability, or cultural differences, and we abide by the rules of fair treatment and merit in all our HR processes. We embrace equality, diversity and inclusion and help disadvantaged groups to overcome social and economic barriers. With our Global Salary Policy, we ensure that the total wages earned by employees are determined according to competitive and fair corporate policies and market trends. “Equal pay for equal work” is a guiding principle for a fair remuneration system, and extensive side benefits complement the professional and personal journeys of our employees through a flexible benefits scheme.

- The share of female employees* is:
 - **24.2%** in total workforce
 - **20.8%** in all management positions
 - **25.6%** in junior management, and **13.3%** in top management positions
 - **18.4%** in revenue-generating management functions, and **21.9%** in support functions
 - **16.1%** in STEM-related positions.
- Arçelik supports and applies the equal pay for equal work policy.** The ratio of average female to male salary is:
 - **113.5%** in executive level
 - **97%** in executive level (base salary and other cash incentives)
 - **96.2%** in management level (base salary only)
 - **90.2%** in management level with other cash incentives
 - **108.2%** in non-management level.
- The **Global Anti-Discrimination and Anti-Harassment Policy**, and **Arçelik Board Diversity Policy** was published.

* Covers employees in all operations, going beyond the reporting scope.

** We strictly follow the equal pay for equal work policy at Arçelik without gender discrimination. The change in rates arises from the weighted mean salary ratio of females-to-males and we always pay equal wages for equal jobs.

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Definition and Boundaries

2020 Performance Picks

Responsible Procurement and Supply Chain Management



We focus on responsible production and consumption practices and a circular economy approach across our entire value chain. We designate our critical suppliers by taking global sustainability indices and work together to improve our suppliers' environmental and social performances.

- Nearly **EUR 3 billion** was spent for direct, indirect, and investment purchases, and **50%** of total payments were made to local suppliers.
- Some **8.8%** of all suppliers were classed as critical, tier 1 suppliers. The number of payments made to critical and direct suppliers was **EUR 1.3 billion**, which represents **46%** of total payments made.
- A Supplier Sustainability Index was sent to critical suppliers. Up to now, **133** of the suppliers were evaluated; **1%** of them were included in the High-Risk category and **7%** in the Middle Risk category. These suppliers were audited within the scope of business ethics audit.
- A self-assessment was made to **126** suppliers internally, **36** critical suppliers were audited by a third party, and a total of **476** areas open to improvement were identified.
- During the audits, **two** suppliers' contracts were terminated due to conflicts of interest.
- A total of **36** suppliers were audited through the Conflict Minerals Management process.
- We helped protect both our suppliers' health and business continuity during COVID-19 through training and audits. A total of **325** audits were carried out in more than **130** suppliers at home and abroad.
- We provided a total of **3,345** person*hours of training on various topics such as COVID-19, OHS, environment, ethics, data transformation and process technologies.
- A total of **35** supplier process inspections and **3,160** product inspections were carried out. Furthermore, **438** projects were implemented to support our suppliers with a focus on quality improvement, efficiency increase, digital transformation, and design changes.
- A total of **12 million kWh** of energy was saved through **132** efficiency projects conducted with **52** suppliers.
- In 2020, **68.6%** of all critical suppliers have ISO 14001 certificate and **1.5%** of all critical suppliers have ISO 50001 certificate.

Occupational Health and Safety



Our OHS approach is based on the principle of zero accidents and fostering employee well-being. We strictly consider national and international and regulations and create a healthy and safe working environment with our Work Health and Safety Management System. We conduct risk assessments, provide training programs to change behavior, and carry out audits to ensure that rules are followed. We benefit from technology and digitalization to ensure the safest possible working environment.

- The long term injury frequency rate (LTIFR) occurred per 1 million working hours, was **2.09** and the rate of occupational disease was **0.1** in all operations.*
- A total of **299,131 hours** (**10.3** person*hours) of OHS training was provided to employees, and **36,753 hours** of training was provided to subcontractors.
- The number and rate of high consequence work-related injuries were **one**, and **0.0082**, respectively. The main **three** types of work-related injuries were getting squeezed between objects (**32%**), cut by a material (**21%**) and straining of muscles (**11%**).

* Covers 90.84% of our full-time employees, going beyond the reporting scope.

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2020 ESG PERFORMANCE CARD



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R&D and Innovation

R&D and Innovation

We build a strong R&D and innovation infrastructure that boosts creativity and productivity, strengthens our competitive advantage, and ensures that all our business processes are aligned with current global trends. Through our well-equipped R&D and design centers worldwide, our qualified R&D staff, and the strategic collaborations, we build up competencies that enable us to design the future, today.

- Total number of R&D projects: **361**
- **15** R&D and Design Centers in Turkey and **13** R&D Offices across **10** countries
- Number of patents: Approximately **3,500**
- Number of R&D employees: **1,700+**
- Over this reporting period, we allocated **EUR 17,083,000** in Turkey, **EUR 1,029,000** in Romania, and **EUR 116,000** in our South Africa operations for the R&D of eco-friendly products.
- Total R&D budget: **EUR 55 million**, **33%** of spending to reduce environmental impact through development of eco-friendly products.

Digitalization and Consumer Experience

Digital Transformation and Industry 4.0

Dealers and Stores

We improve our operations in line with changing digital transformation trends which increase efficiency in our business processes and build competitive advantage, enabling us to better connect with our consumers. We harness the power of digitalization by increasing smart solutions within our facilities that bring innovation and greater advantages in our industry. We bring experience up to a new level by integrating new technologies that benefit our customers.

- Through Digital Audit System (DiDe) we saved **EUR 0.55 million** on total operations, achieved higher dealer penetration and applied our digitalization vision to our dealers.
- New user-oriented concept studies were developed for tumble dryer, small kitchen appliances, TV, and built-in ovens.
- We implemented agile execution of **16** projects by more than **300** people working under **33** teams.

Customer Satisfaction and Communication

Customer Care

Customer Safety and Quality Management

We conduct yearly satisfaction and loyalty surveys targeting both our consumers (end-users) and customers (vendor/dealers). We also regularly measure the quality of the service that we provide to our consumers via the Net Promoter Score (NPS) method. Within the scope of our vision of a "unique customer experience and reliable service", we implement effective solutions in line with the feedbacks we receive through the survey results, and take corrective actions in the after-sales processes based upon the NPS results. All Arçelik service points are ISO 10002 Quality Management-Customer Satisfaction System certified.

- **3,808** end-users from **51** different cities of Turkey participated in Koç Holding Consumer Satisfaction survey, and the average score was **89**.
- **1,719** Arçelik and Beko dealers in Turkey participated in Koç Holding Customer Satisfaction Survey and the average score was **84**.
- NPS score in Turkey decreased by nearly **5%** compared to 2019 due to the difficulties caused by the COVID-19 crisis. However, Beko Plc in the UK reached its highest score with **65.7**. Based on the results, **eight** main and **34** sub-projects were designed for 2021 to provide better quality services, and thereby increase the satisfaction level.

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Ethics and Transparency



Our Global Code of Conduct and related policies help to expand our business principles throughout the value chain. We aim to establish our standards of conduct, fight corruption, ensure that our people are respected and information safeguarded, and set the standards for external engagements. As part of the Code of Conduct, we carry out training and auditing activities for our suppliers to ensure their compliance with Arçelik Global Code of Conduct.

- The Global Code of Conduct and related Policies were communicated in **18** languages and the launch was completed globally.
- **9,000+** employees worldwide, **24.7%** of our total workforce, received online training on Arçelik Global Code of Conduct and related Policies including fight against bribery and corruption, as well as prevention of human rights violations and the prevention of discrimination and harassment, responsible purchasing and conflict of interest.
- **54** grievances were reported through Ethics Hotline channels and **32** cases were substantiated.

Corporate Governance



The principles of international business standards, accountability, responsibility, fair treatment, openness, and transparency are at the center of our corporate governance approach. The transparent management and robust governance approach we follow in all our business processes forms the basis of our company's long-standing success.

Arçelik Corporate Governance Rating increased from 9.58 to **9.60**.

Next Generation Operations



We strengthen our R&D and innovation competencies every day to adapt and respond to changing global conditions. With our focus on innovation, we are transforming our operations so that our products can add value to the lives of our customers, and thus we discover next-generation business opportunities.

- Next Big Story Program: **447** ideas were developed, **90** prototypes were created, and from **11** product concepts, **two** were turned into actual products.
- BiGG Arçelik Program: **156** business idea suggestions were received, and **91** tech-entrepreneurs were accepted onto a training program where their business ideas were transformed into business plans.
- Garage Talk Series was initiated to connect with different stakeholders and potential business partners.

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Data Security and Consumer Privacy



We are committed to protect the confidentiality of all our stakeholders with whom we have commercial business relations, including our affiliates and subsidiaries, customers, suppliers, employees, and sub-contractors. To constantly improve our performance, we conduct comprehensive risk analysis. We ensure the security of customer and consumer data through practices conducted in line with the ISO 27001 Information Security Management System standards.

- A complete General Data Protection Regulation (GDPR), and Personal Data Protection Law (KVKK) Maturity Test audit were completed by an external auditor.
- A working group has been created with coordination by the Republic of Turkey Presidency of Defense Industries to create a cyber security certificate for IoT-based products that are being sold on the Turkish market. An IoT cyber security certification criteria for Turkey was determined.
- The IoT Security Test and Evaluation Center (ISTEC) in Turkey carried out cyber security tests for our WiFi-connected ovens, refrigerators and washing machines.
- We became the pioneer in our industry by integrating a hardware security module into our connected devices.
- Our Beko HomeWhiz smart dishwasher, has been selected the only compatible IoT home appliance product for the UK market in terms of DCMS Code of Practice for Consumer IoT Security guideline *Evidencing the Cost of the UK Government's Proposed Regulatory Interventions for Consumer IoT*.

Product Quality and Safety



From material selection to design, and performance testing, we work to provide our consumers with the best experience and ensure their satisfaction by adopting international standards. We conduct Failure Mode and Effects Analysis (FMEA) during the product design process. We provide product safety training to our employees in the R&D, Production, and Quality departments across all our production facilities. We also consider after-sales product safety as we continuously analyze and monitor consumer complaints, service records, and collect feedback.

- We updated our recall procedure regarding latest approaches published as BS PAS 7100:2018 by Office for Product Safety and Standards (OPSS).
- A virtual Reliability Day was organized where the teams shared their efforts on new methods and tools for failure tests and the results of data analytics studies, and discussed areas of improvement.

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Country Performances in a Nutshell

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	THAILAND	RUSSIA	SOUTH AFRICA	ROMANIA
 Water Withdrawal per Product	↓ 16%	↓ 20%	↓ 32%	↓ 42%
 Total Waste per Product	↓ 32%	↓ 49%	↓ 11%	↑ 38%**
 Energy Consumption per Product*	↓ 20%	↓ 25%	↓ 13%	↓ 37%
 GHG Emissions (Scope 1 and 2) per Product	↓ 19%	↓ 26%	↓ 21%	↓ 49%
 Occupational Health and Safety Indicators	LTIFR Employees and OIFR Employees: 0	LTIFR Employees: 0,46 OIFR Employees and LTIFR Contractors: 0	LTIFR Employees: 2,38 OIFR Employees and LTIFR Contractors: 0	LTIFR Employees: 0,36 OIFR Employees and LTIFR Contractors: 0

* Data is based on the total energy consumption for only production purposes.
 ** Arctic Washing Machine Plant in Ulmi, Romania was also included in data scope in 2020.
 *** The base year is 2015 for Russia, South Africa, and Romania, and 2017 for Thailand. The manufacturing plants operating in *these countries* are listed in *Annex 1*.

Received the Carbon Footprint Certificate and Environmental Award from the Ministry of Environment and Natural Resources of Thailand and the Green Office Certificate, Bronze Level.



STRATEGIC APPROACH

As we strive to become a role model in our industry, the strategic management of sustainability has a crucial importance for us at Arçelik. We always consider the interests of both our business and our stakeholders at the same time to create shared value. That is why we adopted a robust strategic approach called In Touch Technology which leads our fundamental business practices. The strategy shows our ambition to create smart technologies that are in touch with the needs of the planet and society.

Our sustainable business model is based on three main objectives:

- Long-term sustainable growth.
- Improve the lives of consumers through smart innovations.
- Lead the way in being a responsible business.

We developed our targets for 2030, which are aligned with global agenda of the United Nations Sustainable Development Goals (SDGs).



**IN TOUCH
WITH OUR PLANET**



**IN TOUCH
WITH HUMAN NEEDS**



**IN TOUCH
WITH BUSINESS**



In line with our In Touch Technology framework, we have set our short-medium-long term targets towards 2030 which will ensure that we realize our commitments.

Today, there is a great need to reset the way we live our daily lives and how we do business in the face of the world's environmental and social complexities. On one hand, we are facing an environmental crisis due to climate change-related extreme weather events, while on the other hand, social inequalities and issues are deepening. In this increasingly complex world, the private sector is fundamentally challenged by global trends and developments. The COVID-19 outbreak proved the world's fragility in terms of economics, society, and globalization. The after-effects will be felt for the next decade as the recovery will be slow and challenging.

To tackle these challenges, the world needs a more inclusive and sustainable future and an economy in which businesses balance purpose and profit. We embed sustainability at the core of our business strategy in the scope of our vision, **Respecting the World, Respected Worldwide**, which enables us to create value for all our stakeholders. We take concrete steps today to make the world sustainable tomorrow with the technology we develop to improve the planet, life, and our business. In line with our **In Touch Technology** framework, we have set our short-medium-long term targets towards 2030 which will ensure that we realize our commitments. Our strategy comprises three main pillars that are addressed through our targets for 2030 connected to the bigger global agenda of the SDGs; In Touch with our Planet, In Touch with Human Needs, and In Touch with Business.

In order to respond the challenges brought with COVID-19, we strengthened our In Touch with Human Needs approach to better respond to current developments and acted to support local communities, develop urgently needed medical supplies, and help people adapt to the "new normal".



IN TOUCH WITH OUR PLANET

Shrinking our footprint to preserve vital resources

IN TOUCH WITH HUMAN NEEDS

Improving the lives of people

IN TOUCH WITH BUSINESS

Being a progressive global citizen

2030 AMBITION

Transform our business to accelerate our transition to carbon-neutral and near zero-waste operations.

Empower communities to reach a more equal and inclusive social structure, and build purpose-driven brands that create positive impact on society and environment.

Achieve long-term sustainable growth through integrating sustainability into decision making and business processes.

Increasing resource efficiency in manufacturing

- Establish renewable energy systems with **15 MW** capacity
- Purchase **100%** green electricity in global manufacturing plants
- Make an additional **USD 50 million** investment in renewable energy and energy efficiency
- Reduce energy consumption per product by **45%**
- Reduce water withdrawal per product by **45%**
- Increase the water recycling ratio to **70%** in all manufacturing plants
- Increase the waste recycling rate to **99%** in global operations
- Reduce Scope 1-2 GHG emissions by **30%**

By 2025:

- Reach the target of **450 MW** Arçelik-branded PV panel sales per year

Improving product efficiency and eco-friendly product range

- Increase recycled plastic content to **40%**
- Increase bio-based material content to **5%**
- Reduce Scope 3 GHG emissions from use of sold products by **15%**
- Standardize Arçelik Green Chemistry Management System in products and production globally

By 2025:

- Increase recycled plastic content to **20%**
- Increase bio-based material content to **2.5%**

Making it easier for people to live lightly and have healthier lifestyles

- Raise awareness among **80 million** people about healthy living
 - Innovate technologies and projects that encourage healthy living
 - Raise awareness and knowledge about health living through education
 - Generate excitement amongst families to adopt healthy living habits

Tackling food waste

- Serve **1 million** meals to **500,000** people in need
- Save **1,200 tons** of food from being wasted
- Raise awareness of ways to prevent food waste among **3.5 million** people

Supporting local communities

- Support the needs of communities with local hero brands in Turkey, Romania, South Africa, and Pakistan
- By 2023 with Arçelik brand in Turkey:
- Empower children and young people with 21st century skills and digital competencies, reach **250,000** young people
 - Promote gender equality – Empower female presence in STEM and other men dominated areas by providing business skills and equal access to finance to women
 - Lead project and programs for children and consumers to raise awareness on climate crisis

Ensuring diversity and human rights

- Increase the proportion of women,
 - in the total workforce to **26%**
 - in all management positions to **30%**
 - in junior management positions to **35%**
 - in top management positions to **20%**
 - in management positions in revenue-generating functions to **25%**
 - in STEM-related positions to **25%**
- Assign **three** women directors in STEM-related departments
- Increase the awareness of **100,000** students through OHS seminars

Enhancing responsible supply chain

- Make sure for **all global suppliers** exceeding 500 TOE (Ton of Oil Equivalent) to obtain the ISO 50001 certificate (Apply for all global suppliers exceeding 1000 TOE by 2025)
- By 2025:
- Collect, monitor, and publicly disclose environmental data of approximately **400 suppliers** making **90%** of our purchasing volume, and encourage them to set their own targets
- By 2023:
- Make sure that the ISO 14001 certificate apply for approximately **400 suppliers** making **90%** of our purchasing volume
 - Ensure **100%** compliance of critical suppliers with Arçelik Conflict Minerals Policy

Promoting decent employment and talent development

- Increase the average training hours per employee to **30** for hourly paid employees and **50** for monthly paid employees
- Convert **40%** of training activities to online platforms
- Ensure that more than **50%** of employees participate in at least one volunteering activity
- Establish a corporate volunteering platform in every country where we operate

* Target scopes and base years are provided in 2030 Future Journey tables throughout the report.

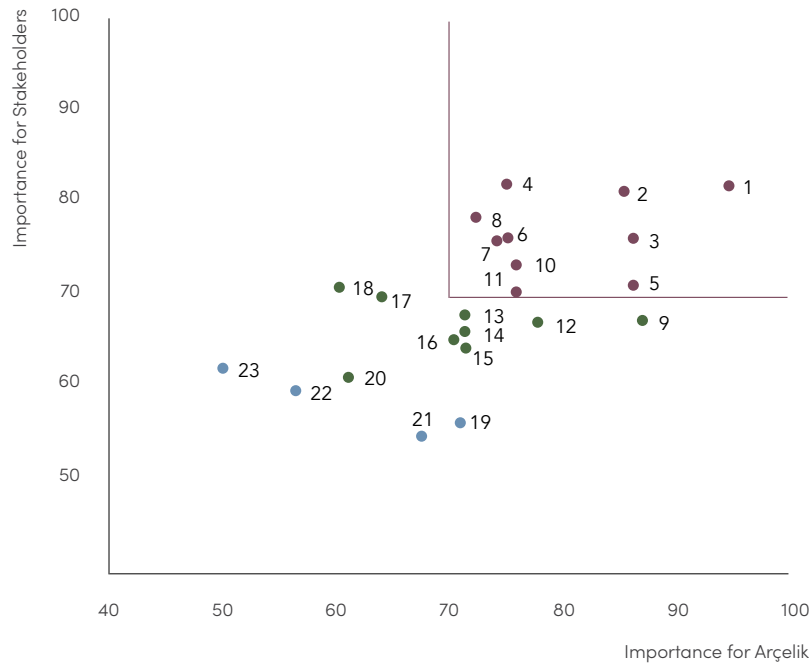


Every two years, we revisit the materiality analysis to determine in a more accurate way our material topics. In 2020, we reconsidered our material issues and carried out an analysis to better manage the impact created by COVID-19 and understand how to better tackle the issues that arose.

It is critical to determine and prioritize issues that have the most significant impact on both our stakeholders and our strategic business prospects. Our sustainability strategy is built on the issues that we carefully determine through a comprehensive and globally recognized materiality analysis. In this context, we conduct a broad stakeholder analysis, carry out a comprehensive literature review to assess external trends, and elaborate on the direction of Arçelik's business strategy. Our approach is based on respecting society and leaving a better world for future generations.

Please see our [Corporate Citizenship Policy](#) to gain a better understanding on how we integrate our material topics to ensure long-term sustainable growth and become a global citizen prioritizing being a purpose-led company.

Please see the [2019 Sustainability Report](#) for further details on how we determined our material issues.



VERY HIGH PRIORITY*

- 1 R&D and Innovation
- 2 Products that Create Environmental and Social Value
- 3 Digitalization and Consumer Experience
- 4 Climate Change
- 5 Customer Satisfaction and Communication
- 6 Energy Efficiency in Production
- 7 Occupational Health and Safety
- 8 Water Management
- 10 Data Security and Consumer Privacy
- 11 Product Quality and Safety

HIGH PRIORITY

- 9 Talent Management
- 12 Waste Management
- 13 Circular Economy
- 14 Ethics and Transparency
- 15 Corporate Governance
- 16 Next Generation Operations
- 17 Responsible Procurement and Supply Chain Management
- 18 Equal Opportunity and Diversity
- 20 Food Waste

MEDIUM PRIORITY

- 19 Healthy Living
- 21 Products for Disadvantaged Groups
- 22 Social Investment Programs
- 23 Biodiversity

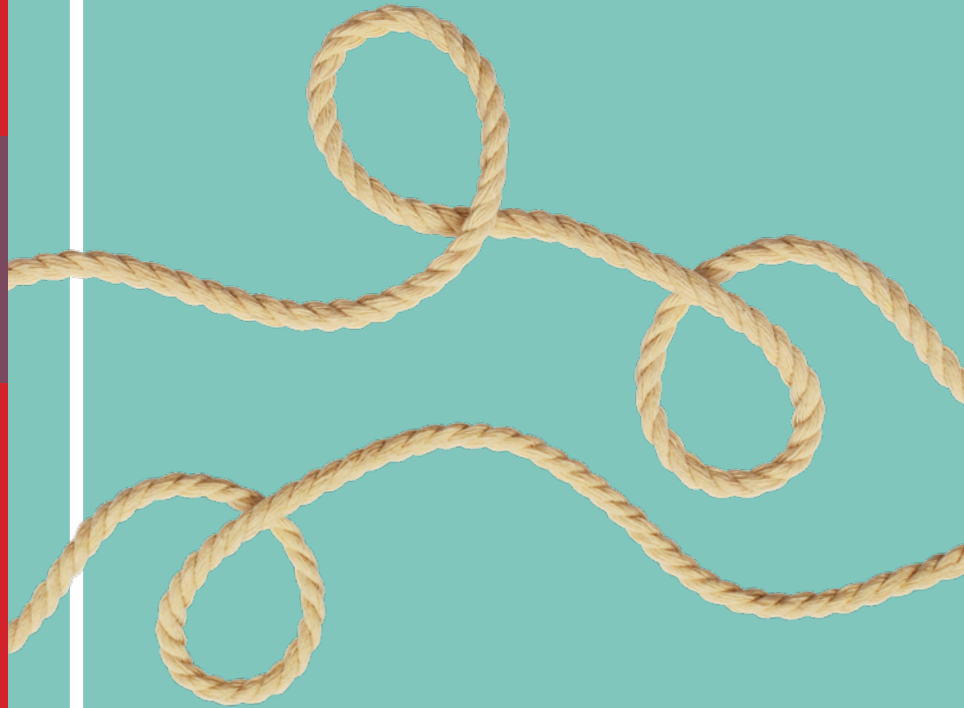
* Numbers represent the order of the topic, not the order of priority.

GRI 102-44, 102-47



NOW IS THE TIME TO

#ACTTOGETHERNOW



REDUCING VULNERABILITY OF OUR OPERATIONS

In the scope of our long standing effective ESG management system, we analyzed the impacts of different outcomes arisen from the pandemic on our way of doing business and strategy, and therefore, strengthened our capacity to become more agile and responsive during crises.

BE MORE RESILIENT



TIPS FOR YOU

If you run a business, **write down all your learnings, challenges and opportunities you face during the pandemic, whether big or small.** These are so important to build self-trust while also helping others.

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At Arçelik, for many years we have fostered the effective management of ESG issues, which has helped us to strengthen our capacity to become more agile and responsive during crises.

The COVID-19 pandemic continues to pose challenges to the way we do business, work and live. *As research* shows, it gravely threatens the progress made on reducing global poverty and inequality and damages social standards that have been improved in recent years. COVID-19 also confirms the necessity of the environmental, social and governance (ESG) agenda. At Arçelik, for many years we have fostered the effective management of ESG issues, which has helped us to strengthen our capacity to become more agile and responsive during crises. Even though the issues arising during the pandemic appear broadly related to the social dimension of sustainability, they are directly and indirectly connected to environmental aspects including climate change, waste management, water management, and the circular economy.

Arçelik has used its capacity to produce vital devices such as household durables with UV hygiene technology and mechanical ventilators. From the early stages of the pandemic, we acted according to our action plan prepared in line with the required measures determined by the Republic of Turkey Ministry of Health and Koç Group's Emergency Coordination Center, such as switching to remote working for head office employees and securing high-level hygiene practices in our manufacturing facilities, supply chain stores, and authorized services. To help the local communities where our operations are located, we donated personal protective equipment (PPE) such as facemasks and shields. We completed the production of 5,000 units within only three months

and distributed to around 20 countries. A total of 1,927 units were delivered to 150 pandemic hospitals around Turkey through Arçelik Authorized Services, and 3,073 ventilators were sent to 18 countries, including some of the hardest hit such as Brazil, Somalia, Chad, Niger, Libya, and Nigeria. The collective expertise in the design, industrialization, and localization of the ventilator was given to the Turkish Ministry of Industry and Technology on a not-for-profit basis.

In Turkey, in addition to ventilators, more than 5,000 Arçelik- and Beko-branded products were delivered to over 200 hospitals across 75 provinces with the support of dealers and authorized services. The donation campaign was on a global scale, and products consisting of white goods and small domestic appliances were donated to more than 550 hospitals across 20 countries including the UK, Italy, France, Germany, Romania, Pakistan, and Bangladesh.

As well as taking all these actions, we also focused on the implications of this crisis for our business from a broader perspective. Considering literature reviews and case studies prepared by global organizations such as the World Economic Forum, we analyzed the impacts of topics that arose during the pandemic on our way of doing business to find out how it affected our business and strategy. Discussion centered around the connection between newly raised topics and existing material issues for sustainability. You may also find more about major implications and impacts of COVID-19 on our business in related sections of this Report.

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		Critical Issues related to COVID-19					
Priority	Selected Material Issues	Health and wellbeing of Arçelik family	More agile and result-oriented way of doing business	More competitive and profitable product range in hygiene, quality and lifestyle, based on changing consumer needs	Strengthened e-commerce	Business continuity in production sites and offices	Enhanced quality policy and strategy
VERY HIGH	R&D and Innovation		Direct Impact	Direct Impact			
	Products that Create Environmental and Social Value			Direct Impact			
	Digitalization and Consumer Experience		Direct Impact		Direct Impact	Direct Impact	
	Climate Change		Indirect Impact		Direct Impact		
	Customer Satisfaction and Communication			Direct Impact	Direct Impact		Direct Impact
	Occupational Health and Safety	Direct Impact				Direct Impact	
	Water Management	Direct Impact					
	Data Security and Consumer Privacy				Direct Impact		
	Product Quality and Safety				Direct Impact		Direct Impact
HIGH	Talent Management		Direct Impact			Direct Impact	
	Waste Management	Direct Impact		Indirect Impact			
	Circular Economy						
	Ethics and Transparency						
	Corporate Governance			Indirect Impact			
	Next Generation Operations			Indirect Impact			
	Responsible Procurement and Supply Chain Management			Indirect Impact	Indirect Impact		Indirect Impact
MEDIUM	Healthy Living		Direct Impact	Direct Impact			
	Products for Disadvantaged Groups		Direct Impact	Direct Impact			

Direct Impact Indirect Impact



CRITICAL BUSINESS ISSUES RELATED TO COVID-19

Health and well-being of Arçelik family

Relation with Material Issues and Impact on our Business

Making sure all Arçelik employees are well and healthy is closely related to providing better OHS conditions. It is essential to implement effective measures in the workplace and assure safety in the offices and production facilities by also considering all potential procedural changes and integrated crisis management procedures.

Actions Taken

- We continuously monitored all health precautions, and hygiene measures for employees and suppliers:
 - High-level hygiene rules in production facilities, stores, dealers, authorized services, and supply chain operations
 - Spatial arrangements in offices, warehouses, and stores to ensure social distancing in all buildings
 - Renewed air conditioning systems in all areas to provide clean air
 - Plexiglass and separator installations in dining halls and offices
 - Thermal cameras installed at all site entrances
 - PCR scans and health surveys to prevent contamination
 - A numbering system to ensure isolation and filiation
 - Guidelines on Workplace Safety, Remote Agile Working, Professional & Private Life, and Safe & Healthy Vacations.
 - With the support of Arçelik Call Center, approximately 2,100 employees with chronic illnesses, pregnant or breastfeeding mothers, or those who live in the same house who are on maternity leave, have been continuously followed up.
 - Sensor taps were installed.
 - Separate collection and storage of COVID-19 related waste such as masks, gloves, etc.
- We increased employee engagement and communication activities to provide better psychological and physical support:
 - The mental state and anxiety levels of employees were regularly monitored. While the anxiety level was 59% in the first survey held on March, this rate dropped to 38% in April and 15% in June. In September, the anxiety level was 20%.
 - Regular Townhalls were built where senior management and employees were brought together, and the satisfaction rate was over 90%.
 - Internal communication activities were organized in all operations, and online events (Sustainability Day, Happy Hour, etc.) were held with participation of thousands of employees.
 - The Volume Up (Employee radio) was developed to bring Arçelik executives with employees from all levels to have a chat on life and enjoy during working hours – five Volume Up radio programs were made.
 - We established a team of voluntary Motivation Ambassadors and the Good Idea Platform, and organized 33 webinars on various issues such as yoga, mental and physical well-being, resilience, diet and sports, with the participation of more than 10,000 employees worldwide.
- The needs of employees with chronic illnesses were covered by providing benefits like shoe and supply check, holiday and New Year package, workwear, towels, soap, etc.
- As of the end of the year, TRY 1,000 (approximately EUR 125) worth of benefits per person were provided to all employees in Turkey due to their devoted work under pandemic conditions.



CRITICAL BUSINESS ISSUES RELATED TO COVID-19

More agile and result oriented way of doing business

Relation with Material Issues and Impact on our Business

We intensified our efforts towards adapting agile, flexible, and remote working models. To deliver excellent, uninterrupted consumer service without any product delays, we focused on becoming more result oriented and adapting agile working patterns. We aim to become an organization capable of making quick decisions, creating outputs that tangibly affect competition, and ensuring the continuity of business with autonomous micro teams.

Actions Taken

- We increased remote and hybrid working conditions:
 - From March 2020 onwards, the rate of working from offices was capped at 20–25% in headquarters. We monitored the R&D incentives by the Republic of Turkey, Ministry of Industry regularly, and updated the number of employees at offices according to the changing conditions of the pandemic, which requires keeping the rate of employees present at our offices at between 25% and 60% of the workforce.
 - In 2020, total hours of working from home reached 8,410,607 and the total number of flexible working hours was 540,235 in the countries included in the reporting scope.
 - We provided Wi-Fi, modem, and internet package support for 12 months to approximately 4,000 employees in Turkey.
 - The average daily number of online meetings increased from 70 to 3,300, compared to pre-pandemic times. In total, 530,514 online meetings were held in 2020.
 - Hybrid work model was implemented in different offices around Turkey as of June 2020, which will remain after the pandemic in line with a global framework.
- We accelerated our investments in artificial intelligence, data analytics and digitalization tools:
 - These are focused on personalizing the touchpoints and strengthening bonds with customers through artificial intelligence and advanced analytics algorithms. By using digital services such as ChatBot and robotic process automation more, productivity has been increased and costs have been reduced.
 - Sales and after-sales services have been largely digitized with virtual reality, augmented reality (AR) and safe engineering service (SES) technologies: AR supported user guides, while SES provided interactive support including virtual sales assistants and virtual store experiences.

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CRITICAL BUSINESS ISSUES RELATED TO COVID-19

More competitive and profitable product range in hygiene, quality, and lifestyle, based on changing consumer needs after COVID-19

Relation with Material Issues and Impact on our Business

We shifted our focus on products that create social value and searched for new business areas responding to social needs. Through the utility of our R&D and Innovation capacity, Arçelik invested in different product ranges. Since the very beginning, our business practices around digitalization have helped us to better understand consumers and respond to changing needs and lifestyles, of which will continue to have an impact on companies' competitiveness. Also, we will continue monitoring the needs and challenges for disadvantaged groups to empower people who are directly impacted by the pandemic.

Actions Taken

- As a company operating in nearly 150 countries, we conduct periodic market research in target markets to closely monitor consumer habits and shape business strategies. We conducted Consumer Connect research in 31 countries to understand rapidly changing consumer habits due to the pandemic.
 - The most important finding is that consumers have made personal and home hygiene a form of behavior and expect innovative and practical solutions against COVID-19 in cleaning.
 - While the product development cycle in the sector was 12-18 months, Arçelik analyzed these insights and turned them into an innovative product range that creates real benefits for consumers in just three months.
- As a result of the studies we made with local and global commercial teams to ensure the efficiency of the product portfolio, we reduced the product variety by more than 25% as of the end of 2020. We maintained the sales revenue by rearranging the product ranges in collaboration with our customers, based on production, and distribution efficiency as well as commercial efficiency.
- We used our R&D capacity to produce vital devices like antiviral household durables and mechanical ventilators. Through collaboration with different parties, we developed and initiated the serial production of mechanical ventilators. We produced 5,000 units in three months, delivered more than 20 countries, and donated 59 ventilators to hardest hit countries.
- We developed the HygieneShield product line consisting of different technologies such as UV hygiene, UV light, heat, and steam, and launched seven appliances that eliminate more than 99% of bacteria and viruses including coronavirus. We also informed our after-sales service centres on UV waste management of the products.
- We updated our HomeWhiz IoT-enabled products and software thanks to our Connected technology. We downloaded Oxi Hygiene program into certain Arçelik dishwasher and Beko washing machine models. We sent the new bleach container free of charge to the consumers already using the specific model, which allows to use bleach with maximum confidence and hygiene.

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CRITICAL BUSINESS ISSUES RELATED TO COVID-19

Strengthened e-commerce

Relation with Material Issues and Impact on our Business

During the pandemic period, a record increase has been observed in e-commerce worldwide. Taking advantage of the boost in e-commerce due to closures of shops, Arçelik increased its capability and capacity to operate digitally to meet the demand. However, this increased activity in e-commerce has consequences in terms of climate change.

Actions Taken

- The number of dealers in the online assignment system, which was 121 in March 2020, increased to **1,648**.
- Up to **seven times** growth was observed in the average daily turnover compared to the pre-pandemic period.
- The orders placed through online channels were delivered from dealer warehouses within **48 hours**, including assembly. Through this system, we delivered small domestic appliances, in a record time of **20 minutes**.
- Thanks to the digital dealership system, e-commerce volume increased **two times**.

Business continuity in offices and manufacturing plants

It is always a priority for Arçelik to secure an uninterrupted production in responding to stakeholder's need. Arçelik's rigorous risk management system strengthens its crisis response and management.

- We assessed the potential impacts and risks of COVID-19 and revisited business continuity plans. In December 2019, we established a crisis management team to prepare action plans against a number of possible scenarios.
 - We prepared weekly COVID-19 Business Impact Analysis and reported on current risks Arçelik may be exposed to in different locations due to the pandemic and actions to be taken.
 - We directed sales to nearby dealers with our unique open-source community infrastructure to ensure business continuity for dealers during the pandemic.
- A comprehensive global umbrella policy on Cyber Risk was implemented.
- We fully complied with the infection prevention and control procedures set forth by the Turkish Standards Institute (TSE). In June 2020, our plants in Turkey were audited based on several criteria by TSE auditors and the manufacturing plants were certified with TSE COVID-19 Safe Manufacturing Certification. In July 2020, all our manufacturing plants in subsidiaries completed the audits and received Trusted Workplace Certification.
- We conducted COVID-19 related supplier audits, provided training and information support to ensure business continuity in the value chain. From July 2020 until the end of the year, a total of **325** audits were carried out in more than **130** suppliers in all operations.

Enhanced quality policy and strategy

The increase in importance of customer satisfaction and communication has put pressure on critical e-commerce distribution networks, leading to delayed or non-deliveries. During the crisis, the importance of our quality policy increased.

- Following international product safety standards, we conduct risk assessments in accordance with local, national, and international standards and regulations while systematically monitoring identified risks and corrective actions.

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Stakeholder Engagement

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<p>DEALERS, AUTHORIZED SERVICES AND DISTRIBUTORS</p> <p>Joint projects / Training and seminars / Annual meetings / Face-to-face interviews / Websites / Corporate television channels</p>	<p>EMPLOYEES</p> <p>Employee suggestion / Employee satisfaction surveys / The Intranet / Internal publications and newsletters / Training and seminars</p>	<p>ASSOCIATIONS, INITIATIVES, AND NGOS</p> <p>Working groups / Seminars and conferences / Joint projects / Annual and Sustainability reports</p>
<p>INVESTORS</p> <p>Special circumstances disclosure / Roadshows / Investor presentations / Annual and Sustainability reports / Annual meetings</p>	<p>PUBLIC INSTITUTIONS</p> <p>Legislative work support / New regulations support</p>	<p>SUPPLIERS</p> <p>Online portals / Visits and audits / Supplier days / Training / Supplier Innovation Programs / Innovation and Technology Days / Supplier Transparency Programs</p>
<p>CONSUMERS (END-USERS)</p> <p>Consumer satisfaction surveys / Face-to-face interviews / Focus groups / 24/7 call center</p>	<p>CUSTOMERS (VENDORS, DEALERS)</p> <p>Customer satisfaction surveys / Annual meetings</p>	<p>MEDIA</p> <p>Press meetings / One-to-one interviews / Press tours</p>

GRI 102-40, 102-42, 102-43



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For more detailed information please visit [Combating the Climate Crisis section](#).

We became carbon-neutral in our global manufacturing plants* (for Scope 1 and Scope 2) in the 2019 and 2020 fiscal years. Our own carbon credit was generated through the Energy Efficient Refrigerators Carbon Financing Project implemented in Turkey, which was verified by a third party in compliance with the Verified Carbon Standard (VCS).

* Singer Refrigerator Plant and TV & AC Plant in Bangladesh acquired in 2019, Voltbek in India which started production in 2020, and Arçelik-LG A/C joint venture plant in Turkey are excluded from calculations.

Being one of the supporters of the Taskforce on Climate-related Financial Disclosures (TCFD), our targets to reduce GHG emissions were approved by the Science Based Targets initiative (SBTi) in November 2020. These are set in line with the Paris Agreement’s goal of limiting global temperature increase to "well-below 2°C" and place us *among the 700+ companies worldwide in 2021 to have such targets*. We have made a commitment to reduce our absolute Scope 1 and 2 GHG emissions by 30% and our absolute Scope 3 emissions from the use of our sold products by 15% by 2030 from a 2018 base year. To achieve our goals and retain our position as a leader, we will continue investing in energy efficiency, green electricity purchases and renewable energy systems.

In October 2020, Arçelik CEO Hakan Bulgurlu participated in the Economist Sustainability Week Insight Hour as part of a panel discussion titled “Lessons from the pandemic: Leveraging technology to advance sustainability”. Through this forum, we discussed the tools, systems, and innovations that exist to help businesses achieve their sustainability goals and reduce their environmental footprint.



SECTOR LEADERSHIP

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SUSTAINABILITY RECOGNITIONS	ACHIEVEMENTS IN 2020
 <p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p>	<p>Arçelik has once again been named as the Industry Leader in the Household Durables category, and was awarded a Gold Class Sustainability Award for being in the top 1% in its sector and recognized as an Industry Mover in the 2021 S&P Sustainability Yearbook.</p>
	<p>Arçelik was ranked #13 among 150 companies.</p>
	<p>Arçelik was ranked #34 in the Global 100 Most Sustainable Companies list announced in January 2021, and we were also recognized as the world's most sustainable home appliances and houseware company. We have also earned a place on the 2021 Clean200 List, published in partnership with U.S. non-profit, As You Sow.</p>
	<p>Arçelik has been constantly rated AAA on the Sustainability Index since 2016, and AA in 2015.</p>
	<p>Arçelik was rated as Prime in September 2020.</p>

SUSTAINABILITY RECOGNITIONS	ACHIEVEMENTS IN 2020
	<p>Arçelik has been listed since 2016 as a company with strong ESG performance as measured by FTSE Russell*, part of the London Stock Exchange Group.</p>
	<p>Arçelik received A- in the CDP 2020 Climate Change and Water Security Programs, and A in the CDP 2020 Supplier Engagement Program by reporting its operations in Turkey.</p>
	<p>Arçelik has been listed since 2014.</p>
	<p>In April 2021, Arçelik received an ESG Risk Rating of 16.5 by Sustainalytics** and was assessed to be at low level risk of experiencing material financial impacts from ESG factors.</p>
	<p>Arçelik obtained a score higher than 66/100 by EcoVadis, and was awarded a Gold EcoVadis Medal, placing us among the top 5 percent of companies assessed by EcoVadis.</p>
	<p>Arçelik received an overall score of 50/100 in the Vigeo Eiris ESG rating and was ranked #1 in the Technology-Hardware Emerging Market.</p>

* FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Arçelik has been independently assessed according to the FTSE4Good criteria and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

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 **Please see about all recognitions and awards on our website.**



2020 TARGETS SET IN 2016

Increase the number of country operations within the scope of the Sustainability Report to 13

Establish the Global Ethics and Compliance System

Increase the number of established Ethics Hotlines to 20

TARGET MET

TARGET MET

TARGET MET

13*

We launched the Global Ethics and Compliance System in 2019 and started training in 2020.

We established the Hotlines in all operations.



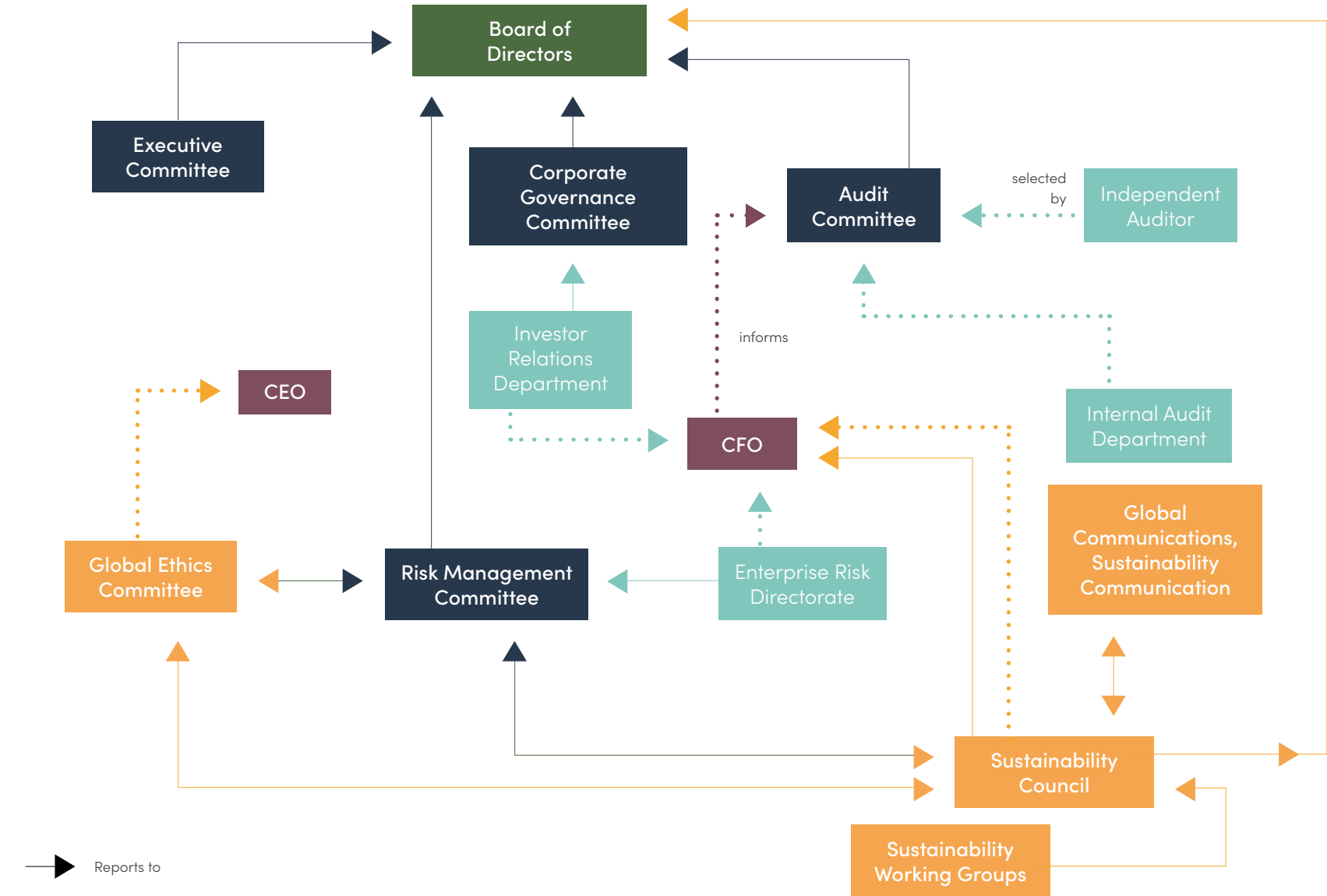
For detailed information on the members and the responsibilities of the Board and the Committees, please see the 2020 Annual Report and the Corporate Governance Compliance Report.

The management approach we adopt in all our business processes according to the principles of accountability, responsibility, fairness, and transparency is key to our company's long-term success.

The highest management body at Arçelik, the Board of Directors, consists of a total of 12 members – two of whom are female, with four independent members. The Chairperson of the Board and the CEO are different individuals, and the CEO is also a Board member. The Audit Committee, the Corporate

Governance Committee, the Risk Management Committee, and the Executive Committee operate under the Board of Directors. Arçelik's Corporate Governance Rating increased from 9.58 to 9.60 in 2020.

* The operations in Germany and Poland were included in the reporting scope, however China has been removed since we sold our manufacturing plant in 2020.



- Reports to
- Led by, if not specified
- Reports to each other

Sustainability Management consolidates outputs of working groups quarterly and reports them to Sustainability Council.

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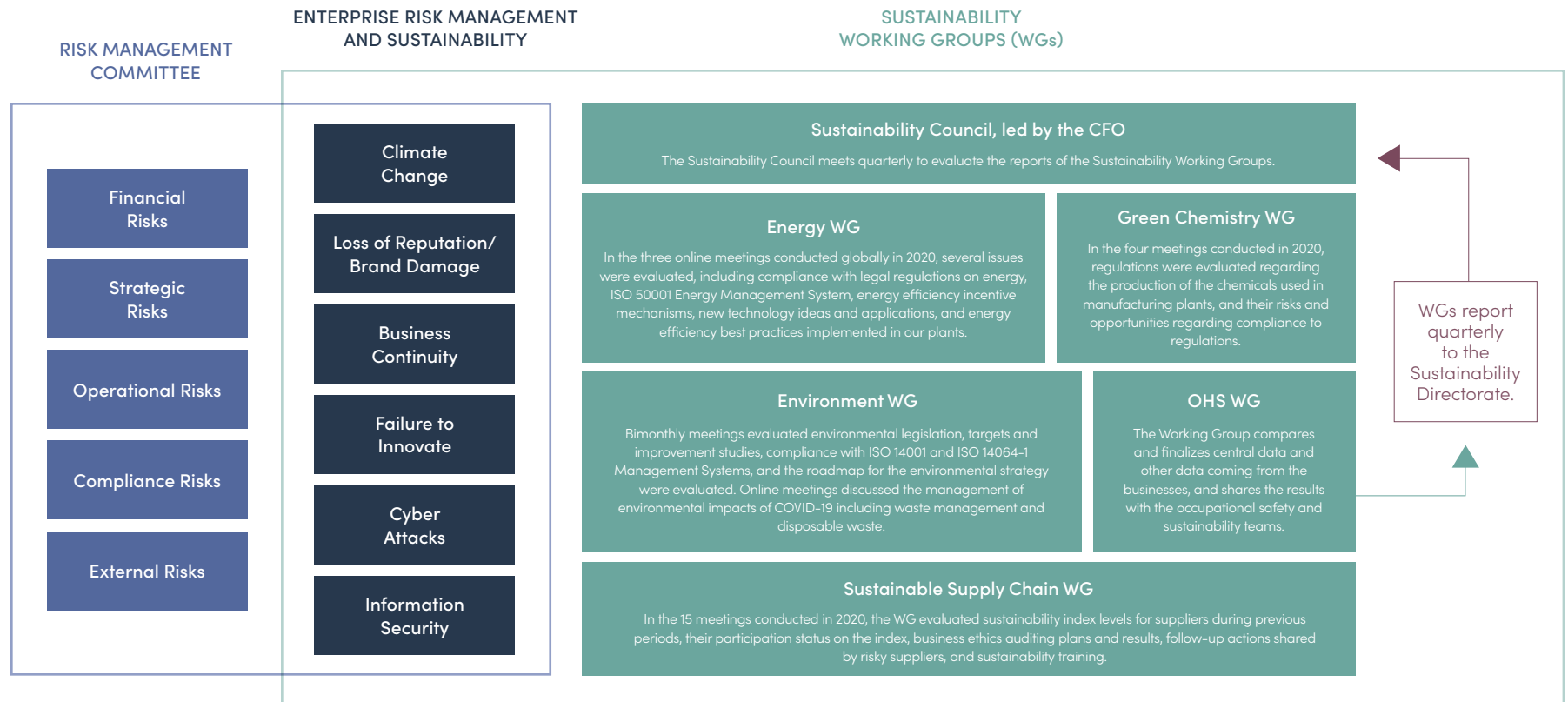
Please find detailed information about the responsibilities of the Sustainability Council, Sustainability Working Groups and the activities carried out in 2020 on our website.

As a global company, Arçelik aims to integrate sustainability into all business operations and its entire value chain. With our sustainability structure, we ensure that sustainability is top of Arçelik’s agenda.

To ensure full integration of sustainability into our strategies at the highest level, Koç Holding Consumer Durables’ President, one of the members of the Board of Directors, and the Director of Quality, Sustainability and Corporate Affairs, report quarterly to the Board of Directors on the activities implemented within

the company in line with the ultimate sustainability strategy and the targets set.

The Sustainability Council, chaired by the CFO, is responsible for the management of ESG issues, developing strategies according to risks and opportunities. Consisting of Arçelik Senior Management, the council members supervise and coordinate the sustainability activities in their areas of responsibility and chair the Sustainability Working Groups.





Over 9,000 employees, equivalent to 24.7% of all employees worldwide received online training on issues such as 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.

Business ethics are fundamental to us. Honesty, integrity, and superior business ethics are among Arçelik's core values. Arçelik's Global Code of Conduct and Related Code Policies guide us in our daily business conduct with stakeholders.

The Global Ethics Committee is responsible for the management and implementation of the Global Code of Conduct and Related Code Policies. The CEO leads the Global Ethics Committee, and Koç Holding Consumer Durables President, one of the members of the Board of Directors, informs the Board about the company's compliance with the Global Code of Conduct and related Code Policies and about the activities of the Ethics Committee. The Legal and Compliance Director reports to the Koç Holding Consumer Durables President every quarter.

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 Code 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.

Our employees read and accept the Global Code of Conduct and Related Code Policies at the start of their employment. In addition, 100% of our operations are evaluated based on a corruption perception index. To ensure compliance with the Global Code of Conduct, we designed an extensive training program consisting of face-to-face and online training for all employees globally. In 2020, over 9,000 employees

Countries	Total Number of Trained Assistant General Managers (including General Manager)	Total Number of Trained Directors (including Country Managers)	Number of Trained Managers and Team Leaders	Number of Trained Employees (including both hourly and monthly paid)	Total Number of All Trained Employees	Total Number of Employees
Turkey	7	35	599	4,303	4,944	20,714
Romania	0	8	63	476	547	3,526
Russia	0	8	20	221	249	1,281
Thailand	0	4	28	537	569	498
South Africa	0	11	87	2,310	2,408	2,545
China*	0	8	32	423	463	285
US	0	5	11	50	66	66

* The total number of all trained employees is higher in the countries due to turnover.



54 cases

were reported through Ethics Hotline Channels.

32 cases

were substantiated

worldwide, equivalent to 24.7% of all employees, received online training. The training covered the Global Code of Conduct and Related Code Policies, including 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 organized one-to-one sessions with the management team.

As stated in Arçelik's Global Code of Conduct, the Company did not donate 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 Code Policies through e-mail and a website-based ethics hotline implemented in all countries. Manufacturing countries receive notifications the same way, and also through ethics phone lines. We ensure that everyone sharing their concerns will be protected from retaliation and all investigations will be handled in complete confidentiality. In 2020, 54 grievances were reported through Ethics Hotline channels, 32 cases were substantiated, and 27 of the cases were led to investigation. The total number of

grievances reported and resolved on anti-corruption and bribery topics was zero during 2020.

Number of Substantiated Cases


Internal fraud*	9
Record falsification	4
Harassment	4
HR issue	3
Other	2
Conflict of interest	2
Illegal money lending	2
Infringements of health and safety rules	2
Unethical behavior on social media	2
Improper software usage	1
Sexual harassment	1

* Stock theft, commission from third party, organizing fake documents.

Actions taken against the reported and substantiated cases in 2020 were:

- Termination of employment
- Termination of employment and legal action against the employee(s) who breached the Global Code of Conduct and related Policies
- Further training for the relevant party who infringed the the Global Code of Conduct and related Policies
- Termination of the contracts of the third parties that infringed the Global Code of Conduct and related Policies.
- Written warning placed in employee's (HR) file who infringed the Global Code of Conduct and related Policies.

Due to the substantiated cases in 2020, 62 employees' employment were terminated.

 *The Global Code of Conduct and Related Code Policies*

 *The Global Code of Conduct Operations Policy*



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In line with *Arçelik Global Data Privacy Policy*, we are committed to protecting the privacy of all parties we do business with and processing personal data in compliance with all applicable data protection laws. The relevant parties are informed as to which 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. Personal data is only processed with the consent of data providers.

The Global Cyber Security Insurance Policy covers cyber risks and business interruption and minimizes our company risks related to the usage of personal data.

Our Legal and Compliance Department monitors all personal data processing activities at Arçelik and its affiliates and ensures that personal data are

processed in accordance with the law. Arçelik’s Data Protection Officer (DPO) is the global compliance manager. In 2020, there were no complaints and no detected cases of personal data violation.

CYBER SECURITY MEASURES

Arçelik takes measures to manage cyber security risks and ensure data privacy. These include firewalls, simulation tests against phishing, vulnerability scanning, data privacy awareness training and adapting new technologies for system security. We also carry out penetration testing every year to detect vulnerabilities and improve our security. In 2020, a complete General Data Protection Regulation (GDPR), Personal Data Protection Law (KVKK) Maturity Test audit was completed by an external auditor. We provide data privacy training to our employees worldwide.

The cyber security of Internet of Things (IoT) products is another important issue for our sector. Arçelik takes part in a working group created by the Republic of Turkey, Presidency of Defense Industries. Through several workshops, participating parties came together to standardize the IoT cyber security certification criteria for the Turkish market. The cybersecurity tests of our ovens, refrigerators and washing machines were conducted by an accredited testing laboratory, and further tests will be conducted in the following years according to the new certification criteria.

 **Global Data Privacy Policy**

 **Information Security Policy**



NOW IS THE TIME TO

#ACTTOGETHERNOW



**WE BECAME A
SUPPORTER OF TCFD**

We developed rationale scenario analysis and testing to evaluate and manage the non-financial (ESG-related) risks and their financial impacts on our business and operations, in scope of our enterprise risk management system.

REDEFINE VALUE



**TIPS
FOR YOU**

Question and understand the **true cost of the items and services** you buy and use.

Seek out more sustainable and eco-friendly alternatives while shopping.

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We maintain close contact with our suppliers and take necessary actions to reduce the impacts of the pandemic. We develop projects to reduce the dependency on single-center production, and to assess opportunities regarding resource diversity and local sourcing in different regions.



For detailed information about our company's risk governance and management, please see our 2020 Annual Report.

Arçelik Enterprise Risk Management balances company risks and the execution of corporate goals and strategies, while matching strategies and goals with associated risks. In this process, the best global practices are followed, such as the ISO 31000 Risk Management Standard and the COSO Enterprise Risk Management Integrated Framework are utilized and a hybrid framework is developed that best suits the Arçelik Enterprise Risk Management methodology. All identified risks are prioritized based on risk scores, financial impact metrics, and so on. Hence, the risks that require immediate attention are determined and risk management is performed on each function and operation to integrate the risk management strategy into the senior management's decision-making mechanism. Risk management activities also focus on raising employee awareness about risks and encouraging them to think about and report potential risks through the risk proposal system.

In consideration of environmental, social and governance risks, Enterprise Risk Management fosters climate change awareness, promotes occupational health and safety practices, and instills Arçelik's corporate culture. It participates in risk management projects by regularly exchanging information with company units to monitor such risks. The Enterprise Risk Management Directorate under the Assistant General Manager of Finance and Accounting ensures the management, coordination and surveillance of risks that may affect the company by means of the risk management system it established and

reports to the Risk Management Committee. The Risk Management Committee reports to the Board of Directors, identifying risks early and taking necessary actions to mitigate and manage those risks. Enterprise Risk Management is integrated with all business processes in production facilities, headquarter units and international subsidiaries, and affects the performance evaluation process of the risk owners.

COVID-19 PANDEMIC AS AN EMERGING RISK

The global spread of COVID-19 has caused illness, quarantines, cancellation of events and travel, business shutdowns, reduction in business activity and financial transactions, supply chain interruptions and overall economic and market instability. The outbreak of the pandemic has disrupted and is expected to continue to disrupt financial markets and the operations of businesses worldwide. As being an emerging risk of 2020, the outbreak's long-term economic impact, however, remains difficult to predict and quantify.

The processes used by enterprise risk management, enables Arçelik to quickly respond to this emerging pandemic risk. We evaluate COVID-19-related risks that may impact Arçelik's different departments and global operations and follow the latest developments on the pandemic at national and international levels to monitor the existing and potential risks. COVID-19 action plans were prepared in coordination with several departments, considering possible scenarios to



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ensure sustainable operation. We take the necessary actions to reduce the impact and probability of these risks to protect the health of our colleagues, stakeholders, business partners and consumers around the world, preventing disruptions to essential production and service processes.

Although, there has been significant uncertainty in potential effects of COVID-19 on the markets, related risks are constantly monitored, including disruptions on global trade and supply chain, changes in consumer purchasing habits and the macro-economic outlook, as governments and international agencies impose a range of measures to deal with the outbreak. We are aware that additional potential restrictions and curfews may adversely affect our supply chain and create risks for sales. Therefore, we maintain close contact with our suppliers and take necessary actions to reduce the impacts. We are developing projects to reduce the dependency on single-center production and to assess opportunities regarding resource diversity and local sourcing in different regions. These efforts help us take the necessary steps to lessen the impact and probability of pandemic-related risks.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS

Arçelik considers sustainability as its business model and monitors ESG risks that are in accordance with its corporate strategy. Our enterprise risk management

system includes the evaluation and management of both financial and non-financial risks by developing rationale scenario analysis and testing. The adoption of an integrated approach enables us to monitor, measure, and manage the ESG risks and their impact on the financials.

The most important ESG risks for Arçelik are identified as the climate crisis, cybersecurity, digitalization, data privacy, loss of reputation, business continuity including its interdependency, employee engagement, human rights and ethics and sustainable supply chain. We constantly monitor globally emerging risks and integrate them into our risk management system and regularly update our risk analysis.

Our ambition is to further develop our business towards achieving a low-carbon future and ensuring our business is resilient and adaptable for climate and other ESG-related risks and opportunities. By supporting TCFD, we strive to strengthen the link between climate change and its financial impacts on our business and operations.

We believe that the TCFD recommendations will further improve our reporting capabilities and act as a key mechanism to support the implementation of concrete measures, leading to investor interest around forward-looking ESG performance management.



By supporting the Taskforce on Climate-related Financial Disclosures (TCFD), we aim to strengthen the link between climate change and the resulting financial impacts on our business.

TCFD REPORTING AND OTHER ESG-RELATED RISKS & OPPORTUNITIES

Governance

The Enterprise Risk Management Directorate and the Sustainability team work together to quantify and prioritize the climate-related risks and turn non-financial risk items into financial metrics. The physical and transition risks arising from climate change are taken into consideration and various reports are prepared in this manner.

The Board of Directors (BoD) has the overall accountability of managing the Group’s sustainability topics. A Sustainability Board Member was appointed by BoD to oversight the relevant climate and other

TCFD is not just about your company’s impact on the environment. It’s about the environment’s impact on you, how you might manage the risks and the opportunities brought by climate change. Today, there are over 1,300 companies committed to a science-based target and 650 of these including Arçelik have had theirs approved. Congratulations on your achievements so far!

Hugh Jones

Managing Director, Business Services,
The Carbon Trust

ESG-related events. Sustainability, as a business model, has fully integrated into the Group’s corporate strategy. All sustainability-related risks and opportunities including climate change and other principal items are reported quarterly to the BoD by the appointed Sustainability Board Member. In 2020, four reports have been prepared to the attention of the BoD.

The climate-related and other ESG risks and opportunities are governed by the Sustainability Council that is chaired by the CFO. The executive members of the Sustainability Council include the CEO, Chief Technology Officer, Chief Strategy Officer, Quality, Sustainability and Corporate Affairs Director, Enterprise Risk Director, R&D Director, Purchasing Director, Legal and Compliance Director and Human Resources Director. The Sustainability Council has close corroboration with other committees of the Group such as Corporate Governance Committee, Risk Committee, Global Ethics Committee and Audit Committee. The Sustainability Council meets quarterly to monitor the sustainability projects and determine the sustainability strategy of the Group going forward.

A number of working groups are in place which report to the Sustainability Council;

- Energy Working Group
- Green Chemistry Working Group
- Environment Working Group
- OHS Working Group
- Sustainable Supply Chain Working Group

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The Sustainability Working Groups determine the issues to be discussed in the Sustainability Council meetings. In 2020, the investment need related to the carbon neutrality roadmap, the science-based targets (SBTs) and measures taken in terms of the EU Green Deal Circular Economy Action Plan were among some of the critical issues discussed during the meetings. The SBTs of Arçelik are included in the objective key results score cards of the CEO, CFO, CTO and the Quality, Sustainability and the Corporate Affairs Director.

Risk Management

Enterprise risk management, sustainability working groups and related business units work in collaboration while identifying and assessing the risks of climate change and other ESG issues in line with the strategy and targets of Arçelik. In terms of contribution to managing risks, each employee is considered as a stakeholder of the processes. Risks and opportunities in climate change and ESG issues are identified through the joint effort of sustainability working groups and enterprise risk management team. Additionally, the risk proposal system is in place to inform enterprise risk management about an emerging risk. Risks that entered into the proposal system are evaluated by enterprise risk management and those deemed appropriate are included in the company's risk inventory and monitored within the relevant risk management processes.

All identified risks are managed under the coordination of centrally located enterprise risk management. Risks are analyzed according to their financial and non-financial impacts. Risk Management Committee and Sustainability Committee are informed about any items with significant material impact. While evaluating non-financial impacts, different categories are considered such as operational, strategic, compliance with legal obligations and external factors.

The existing enterprise risk management framework is used in managing climate change and other ESG-related risks. Based on the framework, the owner of the risk as well as impact and probability ranges are defined. In addition, relevant business units who may be responsible for mitigation actions are incorporated into the process.

The environmental indicators reported by Arçelik are provided in detail in the following section, In Touch with our Planet.

Strategy

Arçelik has adopted sustainability as a business model and in line with its corporate strategy, it is exposed to different climate change and ESG-related risk factors in the short, medium and long term. Arçelik has international operations, capital-intensive investments such as the factory establishment and sales



Enterprise risk management, sustainability working groups and related business units work in collaboration while identifying and assessing the risks of climate change and other ESG issues in line with the strategy and targets of Arçelik.

organization spanning across the globe. Hence, time intervals are defined as 1-3 years for the short term, 3-10 years for the medium term, and over 10 years for the long term. Since the effects of climate change and other ESG risks on operations cannot be observed immediately, such a definition between time intervals seems appropriate.

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, 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.

The potential impacts of the transition to a low-carbon economy on Arçelik operations were analyzed in terms of the policy, market, reputation, and technology risks. For policy risk and the related price of carbon, the Trucost ESG methodology has been outsourced. The

remaining 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 Trucost ESG methodology 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.

Please find in the following pages a table consisting of detailed analysis of ESG risks, opportunities and their impacts on Arçelik.

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Risk Type	Explanation	Strategy & Opportunities	Impact	Related Material Issues
Policy Risk	<ul style="list-style-type: none"> In conducting the policy-related risks and the price of carbon, Trucost ESG Analysis services have been utilized, including the Corporate Carbon Pricing Tool, which analyzes the carbon price risks premium based on High, Medium and Low carbon price scenarios based on the responsiveness level of each scenario to limit the warming to 2 degrees Celcius. The scenario analyses are 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. Arçelik's risks are included but not limited to the introduction of strict measures by policymakers to keep up with the Paris Agreement and to achieve net zero emissions by 2050, such as the EU Green Deal and ETS schemes: <ul style="list-style-type: none"> - Rising direct and indirect carbon pricing risk based on increased regulatory costs in various countries, increased price of carbon (both voluntary and ETS credits) as well potential carbon taxes and their potential operational cost impact on Arçelik's carbon neutrality roadmap - Rising costs on Arçelik's key production inputs such as steel and glass and potential impact on Arçelik's exports from non-EU countries into the EU due to the application of the Carbon Border Adjustment Mechanism within the EU Green Deal - Increased green electricity prices and the impact on Arçelik's carbon neutrality roadmap for Scope 2 operations 	<ul style="list-style-type: none"> Arçelik's Science Based Targets have been approved as of November 2020. Accordingly, in line with well below 2 degrees scenario, from 2018 baseline, Arçelik is committed to reducing Scope 1 & 2 emissions by 30% and Scope 3 GHG emissions from use of sold products by 15% by 2030. Arçelik has become carbon-neutral in global manufacturing plants* for Scope 1 and Scope 2 in 2019 and 2020 fiscal years by offsetting with its own VCS accredited carbon credits obtained through Arçelik's Carbon Financing for Energy Efficient Refrigerators Project. Our target is to continue to be carbon neutral (for Scope 1 and Scope 2 emissions) in global production plants and thus we have set a carbon neutrality roadmap and we aim to invest an additional USD 50 million until 2030 in renewable energy, energy efficiency and green electricity. In 2019 and 2020, Arçelik has purchased 100% renewable electricity for Turkey and Romania operations which covers more than 75% of global electricity consumption of Arçelik facilities. Arçelik's target is to increase the coverage to 100% to purchase green electricity in all countries where Arçelik has production facilities (based on the availability of green electricity in those countries). In 2020, through energy efficiency activities and projects, 5,217 tons of CO₂e emission reduction was achieved. Due to the aggressive long term transition plan to the renewable electricity generation in own operations, Arçelik is confident it will increase its share of renewable electricity generation in terms of Scope 2 emissions. As of 2020, Arçelik has implemented the Internal Shadow Carbon Price mechanism to drive various expenditure decisions that would result in a reduction of Arçelik's direct and indirect emission from our global business operations. EUR 30 per ton CO₂e carbon price is applied in the feasibility stage of the investments which are higher than EUR 50,000 capital cost and 50 kW capacity. 	Term	Climate Change
			MEDIUM - LONG	
			Financial Impact	
			HIGH	
			Likelihood	
			HIGH	

* Singer Refrigerator Plant and TV & AC Plant in Bangladesh acquired in 2019, Voltbek in India which started production in 2020, and Arçelik-LG A/C joint venture plant in Turkey are excluded from calculations.



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Market and Technology Risk	<ul style="list-style-type: none"> Based on IEA STEPS, SDS and Net 2050 scenarios, it is evident that there will be a shift in demand to more energy-efficient appliances as efforts to keep the global warming within 2 degree Celcius increase. Especially considering the SDS and the Net 2050 scenario, the shift in demand to energy-efficient appliances even in countries where there is no current regulation in place might be faster than expected. In homes, 40% of energy consumption is related to household appliances. Electricity use will soar as the global middle-class demands more major domestic appliances such as refrigerators, washing machines and air-conditioners. Product use phase is an important step for our downstream risk assessment since it constitutes nearly 80% of Arçelik's total GHG emissions. Considering low dishwasher/washing machine penetration rates in countries like Pakistan, India, and Bangladesh where Arçelik has production facilities, this effect will be much higher. Currently there are different minimum energy labeling requirements in different countries. Regulations such as the EU Energy Labeling Requirements might also be introduced soon in the developing markets. There might be increasing investment needed to use Best Available Technology to stay ahead of regulation and put on the market the best energy class products. 	<ul style="list-style-type: none"> In line with Arçelik's Science Based Targets, Arçelik aims to follow a strategy to provide the best energy efficiency class ahead of legislation in the developing countries we operate in, such as South Africa, Pakistan, India, and Bangladesh. In order to keep up with the Science Based Targets set for 2030, Arçelik might incur an increase in operational costs and increased investment need. Arçelik's growth will predominantly be focused in Southeast Asia and other emerging markets. Investments in PU installation technologies with significantly smaller global warming potential, 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 Scope 3 emissions make up 99% of the entire emissions generated. 80% of the Scope 3 emissions generated in Arçelik result from the use phase of the products, interlinked to the energy efficiency levels of the products. The challenge comes from the Scope 3 target to reduce emissions generated from the use phase of sold products by 15% in 2030 compared to a 2018 baseline. Arçelik is well positioned to respond to regulatory changes for energy-efficient products, starting with the EU Energy Efficiency Legislation as of March 2021. Based on its previous experience in producing energy-efficient products ahead of the legislation, as in the example of DEFY, in South Africa, Arçelik is well positioned to take advantage of the demand for energy-efficient appliances to meet up with the Paris Agreement. In 2011, after the acquisition of Defy in South Africa, Arçelik invested heavily in innovation and product energy efficiency. As a result, the average energy efficiency class of our refrigerator sales in South Africa increased from "E" to "A" in 5 years; that means a more than 50% decrease in energy consumption. Now, we have upgraded our refrigerator product range to A+. The minimum energy efficiency standard in South Africa is B (and C for freezers). The gap between what we offer at minimum and the legal limit speaks of more than a 40% energy saving. We are the market leader by far in South Africa, and we are adapting quickly for the upcoming stricter minimum energy performance specifications. We acquired the leading white goods company Dawlance in Pakistan three years ago, where 70% of the population either have no access to the power grid or suffer daily power cuts. Currently, there is no regulatory mandate for energy efficiency standards and labeling of home appliances. Many fridges are still made containing fluorinated refrigerant gases (HFCs). We started introducing high-quality, energy-efficient and "affordable" products that meet the highest environmental standards. 	Term	Climate Change
			MEDIUM - LONG	
			Financial Impact	
			HIGH	
			Likelihood	
			HIGH	



Risk Type	Explanation	Strategy & Opportunities	Impact	Related Material Issues
Reputation and Market Risk, Failure to Transition to a Low Carbon Economy	<ul style="list-style-type: none"> There is increasing demand from investors and national/international sustainability indices for companies to commit to Science Based Targets and adopt TCFD implementations. The most significant investors and fund management companies are making ESG performance part of their investment criteria. The most reputable international credit agencies are including climate-related risks in their sovereign credit ratings and on a sectoral basis. Arçelik is a publicly traded company, with the majority of the shares held by European investors. We see an increasing trend of investor demand on explanation of our sustainability strategy and solid GHG reduction plans. Any failure from Arçelik's end to meet its Science Based Targets or fall behind in successfully implementing a thorough ESG perspective in all areas of the business that puts sustainability at the core might result in reputational damage. 	<p>Arçelik is one of the pioneers in its industry and also among other sectors globally in terms of putting sustainability at the center of its way of doing business. There is Board-level support to transform not only the company but also its value chain. Arçelik has a solid roadmap to execute its approved Science Based Targets to contribute to the transition to a low-carbon economy. We do not see a reputational risk, but rather we see an opportunity to keep on being a pioneer in our industry and to provide our investors, customers, and consumers with solutions, products, and services that put sustainability at the core of operations. Some of Arçelik's achievements are provided below:</p> <ul style="list-style-type: none"> Dow Jones Sustainability Index Household Durables Leadership in 2019 and 2020 fiscal years Inclusion as 34th in Corporate Knights Top 100 Most Sustainable Companies List 13th in the Real Leaders Top 150 Impact Companies of 2021 Low Risk Ranking by Sustainalytics A- in CDP Climate Program 2019 	Term	Climate Change
			SHORT	
			Financial Impact	
			LOW	
			Likelihood	
HIGH				

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Physical Risks	<p>The physical risk assessments are based on the Trucost Approach that leverages physical risks of Arçelik at the asset level, as well as its suppliers, taking into consideration climate hazard indicators such as water stress, flood, heatwaves, coldwaves, hurricane, sea level rise, etc. and their impact on Arçelik's operations. The High Climate Scenario (RCP 8.5), the Moderate Climate Scenario (RCP 4.5) and the Low Climate Scenario (RCP 2.6) are taken into consideration with a forecast for the 2030 and 2050 fiscal years from a 2020 baseline. According to the Trucost Physical Risk assessment, Arçelik's overall physical risk score is moderate, main risk item being water stress. India, Romania, Turkey (Ankara and Çayırova) sites are prone to high water stress risk. Based on Trucost analysis, Arçelik's suppliers main physical risks are related to water stress as well.</p> <p>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.</p>	<ul style="list-style-type: none"> • Our production facilities are based in more than one location in order to manage business interruption risks better. • During new acquisition or green field investment decisions, land resilience is also factored into the due diligence process. • In order to manage business interruption risks resulting from disruption of Arçelik's supply chain during a potential physical risk, Arçelik takes necessary precautions to diversify its supply chain. Arçelik also gained experience in terms of diversifying the supply chain based on the shortages created by the COVID-19 pandemic. • Based on the results of the physical risk assessment, water stress was the main risk item for Arçelik. For risk adaptation, Arçelik has set its target to increase the water recycling ratio* to 70% in all production plants by 2030 aiming to achieve closed loop water system in production. • The Insurance Management Team under the Enterprise Risk Directorate calculates financial and non-financial risks related to the consequences of climate events such as floods, storms, tsunami, earthquakes, etc. based on countries where Arçelik production facilities are located in correlation with all related bodies within the company. • Arçelik has several lines of insurance policies globally including Third Part 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. • Based on modeling studies, in case any event occurs related with business interruption, compensation methodologies are already defined accordingly. 	Term	Climate Change
			MEDIUM - LONG	
			Financial Impact	
			LOW	
			Likelihood	
			HIGH	

* Water recycling ratio = Total recycled water/Total water withdrawal.



Risk Type	Explanation	Strategy & Opportunities	Impact	Related Material Issues	
Pandemic Risk	Based on the World Economic Forum 2021 Global Risks Report, infectious diseases are now number one on the list in terms of impact. COVID-19 has major effects on humanity and its impacts still continue to challenge our everyday lives in a number of ways.	Our strategy to combat the pandemic crisis focused on the following items. We will continue to follow our business continuity plans to ensure the safest continuity of our operations. We will keep up with efforts to generate social value by producing ventilators. The hygiene series that eliminates the virus was also a great achievement from our end. Please refer to the COVID-19 Implications on our Business for further information.	Term	Talent Management	
	We believe that either COVID-19 or other infectious diseases may continue to threaten humanity in the coming future as the risk related to the climate crisis deepens. COVID-19 will continue to be a risk item and the probability of other infectious diseases will continue to have the following risks on Arçelik's operations:	Business continuity plans in place include but are not limited to the below mentioned items:	SHORT - MEDIUM		Products that Create Environmental and Social Value
	<ul style="list-style-type: none"> Risks related to the health and well being of Arçelik employees, especially in production where remote working is not an option. Risks related to the health and well being of Arçelik suppliers, dealers, customers, and consumers Disruption of essential production and service processes Business continuity risk due to interruption of activities related to procurement, production, and sales stemming from unprecedented shocks worldwide. (We had to temporarily halt our production and sales activities in Pakistan, Bangladesh, and South Africa due to the curfews declared by official authorities to combat the pandemic. These activities affected our sales region wide but the impact was limited. We are aware that potential restrictions in other regions may adversely impact our supply chain and create additional risks for production and sales). 	<ul style="list-style-type: none"> Coverage by several global insurance policies to protect the potential risks factors 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. Based on modeling studies, in case any event occurs that is related to business continuity, compensation methodologies are already defined accordingly. Hybrid working model which requires us to keep the rate of employees present in our offices between 25% and 60% of the workforce. Securing high-level hygiene practices in our production facilities, supply chain stores and authorized services. PCR scans and health surveys in order to avoid contamination. 	Financial Impact	Healthy Living	
			MEDIUM		
			Creating Shared Value Through Innovations: <ul style="list-style-type: none"> Production and donation of ventilators Invention of the Hygiene Shield Product Line with UV Hygiene Technology that eliminates more than 99% of the bacteria" 	Likelihood	
			HIGH		

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Technology and Reputation Risk, Digitalization, Connected Devices and Cybersecurity	<ul style="list-style-type: none"> • Connected appliances, data ownership, cybersecurity, smart home systems, AI, IoT, 5G/6G and cloud computing are among digitalization trends that will affect the home appliance industry. • The number of connected appliances put on the market by Arçelik Group is steadily increasing and in the medium term, we expect the number of countries where the connected appliances are sold to reach almost 140 countries where we are operating, amounting to millions of connected appliances. The more the number of connected appliances increases, the more the risk of managing the operations successfully grows. Customers need to be properly informed of the type of data collected and where this data can be potentially used. • We need the infrastructure in place to store and secure the data and we need to comply with the different standards posed in each country in terms of data storage. For instance, the UK has a different standard than the EU and other individual countries such as Singapore also set their own standards. We will need to comply with all standards posed by these countries, which will mean additional operational burden. • The fact that there is a lack of common standardization guidelines and of third-party companies making local/international tests makes it harder for producers to cope and comply with different requirements. In that regard, the test expenses related to different standards are highly likely to increase Arçelik's operational costs. • We see digitalization, connected devices and the related cybersecurity risks as interconnected. We need to keep up with the demand for connected devices in order not to fall back against the competition and we also need to provide the most secure experience to our customers to secure our reputation and to refrain from any regulatory fines and business loss for our failure to do so. • As a global company international data flows are essential for our operations particularly in light of rising digitalization trend in post COVID-19 period. On the other hand, fragmentation on the data privacy issues in local markets that we operate and possible data localisation obligations cause barriers to the flow of the data which jeopardize our competitiveness. This represent an important risk in demonstrating compliance and also cause risk of additional investment cost to localise data storage. 	<ul style="list-style-type: none"> • Together with the Sustainability team, the specialized IoT team in Arçelik closely follows regulations posed by different countries and also regulations in the EU (GDPR) and continues advocacy activities in countries that we operate in for setting predictable rules on data flows in line with the GDPR, which promotes the protection of personal data while not creating extra burden on business. • Arçelik implements ETSI 303645 IoT security standards for connected products. • The IoT team also has proactive studies in place to monitor the vast amount of data to be generated in the future from connected devices and to use the data to the benefit of our customers and our business. • 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 and its group company Stroz Friedberg. The project mainly aimed to identify the cyber risk profile of Arçelik and determine the performance of current risk control strategies. In addition, our balance sheet exposures resulting from the identified cyber risk scenarios have been evaluated. • The Global Cybersecurity Insurance Policy started to cover the cyber risks and business interruption risks to minimize our exposure to risks related to use of personal data as of 2020. • A hardware security module is integrated into our connected devices. We are the pioneer in our 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. Arçelik is also certified by Common Criteria, which is the internationally recognized cybersecurity certification at EAL2 level. • Arçelik New IOT products' cybersecurity performance was tested by ISTECC, (IoT Security Test and Evaluation Center) in Turkey. • Arçelik Electronic Plant's IIOT/OT network infrastructure's cybersecurity resilience was tested against malicious attacks by ISTECC in Turkey. 	Term	Data Security and Consumer Privacy Digitalization and Consumer Experience Next Generation Operations
			SHORT - MEDIUM	
			Financial Impact	
			MEDIUM	
			Likelihood	
			HIGH	



Risk Type	Explanation	Strategy & Opportunities	Impact	Related Material Issues
Policy Risk, WEEE Fees	<ul style="list-style-type: none"> The WEEE issue is a complex one, with a lot of factors affecting the collection rate. The municipality collection infrastructure, consumer habits, unofficial collection streams, and the ability of the responsible organizations collecting the waste on behalf of manufacturers all affect the collection rate. 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. Arçelik 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. 	<ul style="list-style-type: none"> In Turkey, Arçelik has two WEEE recycling plants. With take-back campaigns, Arçelik collects old products from the market regardless of their brand. The old products collected are then dismantled and sent to recyclers for further processing. In the last six years, energy saving equivalent to 52 wind turbines with a 2,5 MW capacity and water saving equivalent to daily water consumption of 8 million households have been obtained. In countries outside of Turkey, we work with collective schemes which are responsible to collect and recycle the WEEEs. We are closely monitoring the collection rates and make scenario analysis based on the collection rates. Arçelik works on increasing durability, reparability, reusability of our products, and alternative end of life stages to contribute to circular economy. Arçelik is considering the feasibility of expanding its WEEE recycling plants in other countries. Arçelik is working on introducing refurbished products in the Turkish and European markets. 	Term	Waste Management
			SHORT	
			Financial Impact	
			MEDIUM	
			Likelihood	
HIGH				
Market Risk, Introduction of ICT Tools	<ul style="list-style-type: none"> Risk of falling behind and not reaping the benefit of new technologies and losing interaction with the customer in terms of circular economy business models. 	<ul style="list-style-type: none"> Arçelik is involved in a EU H2020 project called "CSERVEES", which aims to boost circularity in the electrical and electronic sector. For the CSERVEES demo project, together with our partner Circularise, we are using blockchain technology to create a digital twin of the recycled material and enabling suppliers to provide certification related to their raw material, 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. The digital twins of the raw material will be produced via blockchain and with the QR code integrated at the back cover of the TV and in the washing machines, the end users will be able to get information on which type of recycled material has been used, as well as information on Arçelik and its circular economy efforts, etc. We especially see an opportunity for the end-of-life products in the dismantling process, since this could give us the opportunity to trace the formula of the plastic parts and whether they are Arçelik products or not. We are working with our project partner Circularise to expand our partnership outside the scope of the CSERVEES project to implement this technology in serial production. We especially see an opportunity in terms of the marketing benefits and interaction with the customers to tell them about our sustainability journey using QR codes. 	Term	Circular Economy
			SHORT	Products that Create Environmental and Social Value
			Financial Impact	
			LOW	
			Likelihood	
HIGH				

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<p>Policy and Market Risk, Plastic Pollution</p>	<ul style="list-style-type: none"> According to the 2021 Circularity Gap Report, to keep the economy thriving and to live in a habitable world, global circularity needs to be doubled from the current 8.6% to 17%. Due to the severity of the plastic crisis, countries have started to implement measures to tackle the plastic pollution problem, especially in terms of packaging. There is increasing demand from customers for products that use recycled materials and recycled packaging. The major risks from operational perspective are defined below: Regulations (i.e. Ecodesign Directive) which force industries to prevent plastic pollution and increase recycled plastic usage <ul style="list-style-type: none"> 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 and hazardous chemicals management concerns in using recycled plastic Scarcity of plastic recycling infrastructure in countries where we operate Introduction of regulations on producers of washing machines related to microplastic filters in France as of 2025. Starting from March 1, 2021, EU Ecodesign Directive to take into consideration the 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. 	<ul style="list-style-type: none"> Arçelik produces some of the most innovate products in the market which try to find solutions to the plastics pollution, especially saving oceans from plastic pollution. We have set our 2025 and 2030 targets to increase the recycled and bio-plastic content in products to 20% in 2025 and 40% in 2030. We have also set interim targets to increase the recycled plastic metric tons from 3,000 in 2021 to 15,000 as of the end of 2023. 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 its 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 its own WEEE recycling plants in products to completely close the loop in production. We are developing formulas to use packaging waste and turn it into a component to be used in our 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. 	<p>Term</p> <p>SHORT</p> <p>Financial Impact</p> <p>LOW</p> <p>Likelihood</p> <p>HIGH</p>	<p>Circular Economy</p> <p>Products that Create Environmental and Social Value</p>

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Reputation and Market Risk, Human Rights and Ethics in the Entire Value Chain	<ul style="list-style-type: none"> Reputation risk arising from potential human rights violations across own operations and in the value chain. Pressure from key stakeholders to prove that companies handle the human rights risks in a responsible and accountable way throughout their own operations and supply chain. Risk of losing brand and company reputation, employee commitment, customer loyalty, business partners, trust, and revenue, financial loss, occurrence of legal consequences, potential disruptions in the supply chain in case of a crisis, potential human rights violation. 	<ul style="list-style-type: none"> All our employees and business partners, including our temporary employees and interns, are obliged to comply with the Global Code of Conduct and Related Code 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. The Global Ethics Committee is led by the CEO. Koç Holding Consumer Durables President, who is in the Board of Arçelik, is responsible to report to the Board about the activities of the Global Ethics Committee and future compliance agenda of the Company. The Code of Conduct commits to comply with UN Global Compact, OECD Guidelines for Multinational Enterprises and Universal Declaration of Human Rights. Arçelik Global Human Rights Policy commits to comply with ILO Declaration on Fundamental Principles and Rights at Work, OECD Guidelines for Multinational Enterprises, 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 Labor Convention. In terms of Ethics and Human Rights, Arçelik operations and Arçelik suppliers are audited by independent auditors. 	Term	<ul style="list-style-type: none"> Ethics and Transparency Corporate Governance Responsible Procurement and Supply Chain Management
			SHORT - MEDIUM	
			Financial Impact	
			LOW	
			Likelihood	
LOW				
Reputation and Market Risk, Conflict Minerals	<ul style="list-style-type: none"> Lack of conflict minerals integrated supplier management. 	<ul style="list-style-type: none"> In 2016, in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas, Arçelik initiated the Conflict Minerals Project to closely monitor suppliers of conflict minerals as part of the strategy to mitigate the related risks. Arçelik has 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. Please refer to Arçelik's Conflict Minerals Policy for further information. 	Term	<ul style="list-style-type: none"> Ethics and Transparency Corporate Governance Responsible Procurement and Supply Chain Management
			SHORT - MEDIUM	
			Financial Impact	
			MEDIUM	
			Likelihood	
MEDIUM				

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Reputation and Market Risk, Sustainable Supply Chain	<ul style="list-style-type: none"> Increasing demand from investors, customers and international sustainability indices 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 our suppliers. Any failure to establish a robust ESG strategy in terms of supplier management might result in reputational risk as well as business loss from Arçelik's end. 	<ul style="list-style-type: none"> Arçelik works in close collaboration with suppliers to improve ESG activities of the suppliers, which leads to contributions to the environment and the society. Please refer to <i>Sustainable Supply Chain</i> for further information on value created with the suppliers Arçelik has set long-term sustainability targets for suppliers. Suppliers are required to act in line with these targets. Arçelik conducts a Supplier Sustainability Index in order to understand the supplier-related ESG risks and opportunities. The index covers a variety of questions focused on ESG performance. Suppliers that receive an insufficient score from the Index are categorized as High-Risk suppliers. These suppliers are asked to provide Arçelik with risk mitigation plans. Supplier ethics and human rights audits are also performed by third-party auditors. Arçelik is among the signatories of APPLIA's Corporate Social Responsibility Code of Ethics and also abides by the UN Global Compact, of which Koç Holding is a signatory. Arçelik also has a Responsible Purchasing Policy that is compliant with the Arçelik Global Code of Conduct and requires suppliers to abide by the rules set forth in the Policy, such as carrying out activities respecting human rights. 	Term	Responsible Procurement and Supply Chain Management
			SHORT - MEDIUM	
			Financial Impact	
			LOW	
			Likelihood	
MEDIUM				
Reputation Risk, Employee Engagement	<ul style="list-style-type: none"> Not being able to attract and retain the best talent due to lack of communication of ESG strategies to the employees Risk of not raising the next generation workforce in line with the company culture and requirements Risk of inadequate investment to employee development Inadequate actions for women empowerment in the workplace, especially in STEM-related fields Inability to react to adverse labor consequences of technological advancements 	<ul style="list-style-type: none"> Long-term ambitious targets to provide the best working environment for employees. Targets include employee satisfaction and work/life balance Leadership and hourly training targets for employees Targets to raise the next generation female directors in science, innovation, engineering-related fields Incorporating cultural commitments into global and local practices <p>Talent Management Strategies:</p> <ul style="list-style-type: none"> Training 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, training the future women leaders with 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 Turkey University-Industry Cooperation: Employing students doing a Master's thesis as part-time employees. Students employed in this manner write their thesis in a subject related to Arçelik. 	Term	Talent Management
			SHORT - MEDIUM	Corporate Governance
			Financial Impact	Next Generation Operations
			LOW	Equal Opportunity and Diversity
			Likelihood	Healthy Living
LOW	Social Investment Programs			

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Risk Type	Explanation	Strategy & Opportunities	Impact	Related Material Issues
Company and Brand Reputation Risk	<ul style="list-style-type: none"> • Pressure from customers, especially millennials, on demand for responsible business and creating shared value with communities and other businesses. • Risk of losing company and brand reputation as well as 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. • Risk of not creating 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. • Losing employees due to lack of sustainability engagement and pay linked to sustainability. 	<ul style="list-style-type: none"> • 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, Beko focuses on healthy living lifestyles, wellness and the fight against obesity and unhealthy eating choices. • Using responsible innovation, Arçelik touches customers' lives with products that create solutions to some of the most complex sustainability issues, such as plastic pollution and energy consumption. Washing machine tubs and air conditions produced using recycled PET bottle, oven parts produced using recycled waste fishnets, the microfiber filter and the solar fridge are some examples that create mutual value. • 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, employees see first hand that sustainability pays off. The strategy is to enhance the image of Arçelik and create employee satisfaction and make candidates want to work in Arçelik due to its effective ESG strategy and solutions. • 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 CTO, Factory Product Directors, Purchasing Director, Chief Marketing Officer, Quality, Sustainability and Corporate Affairs Director, and the employees reporting to them. 	Term	Customer Satisfaction and Communication
			SHORT - MEDIUM	
			Financial Impact	
			LOW	
			Likelihood	
			LOW	

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IN TOUCH WITH OUR PLANET

We aim to integrate sustainability into every product made and accelerate our transition to carbon-neutral and near zero-waste operations by 2030 to protect the world's natural resources and reduce greenhouse gas (GHG) emissions. By collaborating with key stakeholders, we support them to reduce their environmental footprint while also reducing our own footprint with solutions to global issues such as plastic pollution, waste electrical and electronic equipment (WEEE), water scarcity, and the climate crisis.

- 60** COMBATING THE CLIMATE CRISIS
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- 78** CHEMICALS MANAGEMENT
- 80** PRODUCT STEWARDSHIP

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IN TOUCH WITH OUR PLANET

2020 TARGETS SET IN 2016

Reduce average energy consumption per product by 45% in manufacturing*

Reduce average water withdrawal per product by 52% in manufacturing**

Increase renewable energy investments to 6 MW capacity

Reduce average hazardous waste per product by 11% in manufacturing**

Increase the waste recycling rate to 98% in Turkey operations

TARGET MET

TARGET MET

TARGET NOT MET***

TARGET MET

TARGET MET

46.37%

52%

2 MW

30%

98%

FUTURE JOURNEY: 2030 TARGETS

Increasing resource efficiency in manufacturing

- Establish renewable energy systems with 15 MW capacity
- Purchase 100% green electricity in global manufacturing plants
- Make an additional USD 50 million investment in renewable energy and energy efficiency
- Reduce energy consumption per product by 45%****
- Reduce water withdrawal per product by 45%*****
- Increase the water recycling ratio***** to 70% in all manufacturing plants
- Reduce Scope 1–2 GHG emissions by 30%*****
- Increase the waste recycling rate to 99% in global operations
- Reach the target of 450 MW Arçelik-branded PV panel sales per year by 2025

Improving product efficiency and eco-friendly product range

- Increase recycled plastic content to 40%
- Increase bio-based material content to 5%
- Reduce Scope 3 GHG emissions from use of sold products by 15%*****
- Standardize Arçelik Green Chemistry Management System in products and production globally

* Target includes Turkey, Romania Gaesti, China, Russia, and South Africa operations. The base year is 2010, not 2016.

** Target includes Turkey, Romania Gaesti, China, Russia, and South Africa operations. The base year is 2012, not 2016.

*** Despite the increase in the technological advancements in renewable energy coupled with increased efficiencies and decreased costs, the payback period of renewable energy investments is still considerably long. The fact that FX rates increased in countries we operate also affected the long payback period for renewable energy investments. Therefore, although we continue to invest in renewable energy in different technologies and capacities as pilot investment projects, our focus is more concentrated on energy efficiency projects with a shorter payback period.

**** Target includes Turkey, Romania, Russia, South Africa, Pakistan, Thailand, and Bangladesh operations – going beyond the reporting scope. The base year is 2015.

***** Target includes South Africa, Russia, Turkey, Romania, Thailand, and Pakistan operations – going beyond the reporting scope. The base year is 2015.

***** Water recycling ratio = Total recycled water/Total water withdrawal

***** The base year is 2018.



NOW IS THE TIME TO

#ACTTOGETHERNOW



*WE BECAME
CARBON-NEUTRAL*

We have succeeded in becoming carbon-neutral in global manufacturing plants for Scope 1 and 2 in 2019 and 2020 with our own carbon credits and have taken another important step in combating the climate crisis.

LIMIT GLOBAL WARMING



*TIPS
FOR YOU*

Prefer to use **low-carbon alternatives** for transportation.

Consider **not using elevators and escalators**, think twice and use the stairs when possible.

Turn off unused lights and all electronic devices such as television and computers completely.

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COMBATING THE CLIMATE CRISIS

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The climate crisis continues to be a catastrophic risk all around the globe. The impacts of climate change are being felt across the world in variety of forms, from rapidly declining ice cover to increased flooding, from extreme droughts to ravaging wildfires. *WEF's Global Risk Report 2021* puts climate action failure and extreme weather in the top three risks by likelihood. While these environmental risks have maintained their top spots over the last couple of years, the COVID-19 pandemic emerged as a new threat in the 2021 report. As a result of COVID-19-related country-wide restrictions, demand for oil and electricity rapidly declined, thus further reducing carbon emissions. *As reported by the International Energy Agency (IEA),*

global emissions are predicted to decline by around 5.8% compared to 2019. However, the *Green Stimulus Index* reports that only about 12% of the spending on economic rescue packages around the world is going towards low-carbon projects, so a post-pandemic business-as-usual scenario now seems more likely.

To limit the global temperature rise to well-below 2°C, Arçelik focuses on increasing its investment in energy-efficiency projects in all production phases. We also purchase renewable energy in markets where it is available to further lower our GHG emissions. With our energy-efficient products, we actively manage our Scope 3 emissions, provide energy efficiency and, thus, financial savings for our customers.


-  [Arçelik CEO Hakan Bulgurlu's blog post: We Need A Renewed Approach for Climate Action.](#)
-  [Global Environmental Policy](#)
-  [Energy Policy](#)
-  [Strategy to Combat the Climate Crisis](#)



Managing Greenhouse Gas Emissions

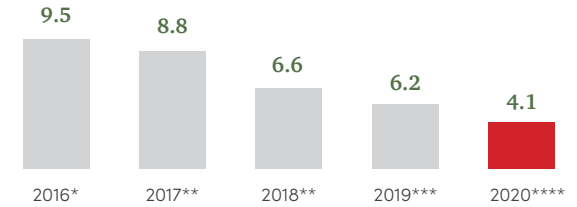
In line with our carbon neutrality roadmap and 2030 targets, we commit to make an additional investment of USD 50 million in energy efficiency, green electricity purchases and renewable energy systems.

Arçelik succeeded in becoming carbon-neutral in global manufacturing* for Scope 1 and Scope 2 in 2019 and 2020 with its own carbon credits and took another important step in the fight against climate crisis. Through the Carbon Financing Project for Energy Efficient Refrigerators we implemented in Turkey in 2013, we received the right to 305,407 tons of carbon credit earned between 2013 and 2018. By putting on the market refrigerators that are more energy efficient than the average, Arçelik received carbon credits that have been verified by a third-party verification company in compliance with the Verified Carbon Standard (VCS). Arçelik used its own carbon credits to offset our direct (Scope 1) and indirect-energy (Scope 2) GHG emissions generated in global manufacturing plants* in 2019 and 2020. Thus, we became carbon-neutral in global manufacturing plants* for Scope 1 and 2 in 2019 and 2020 fiscal years without purchasing any carbon offset credit, in accordance with the PAS 2060 carbon neutrality standard. In line with its carbon neutrality roadmap and 2030 targets, Arçelik commits to make an additional investment of USD 50 million in energy efficiency, green electricity purchases and renewable energy systems.

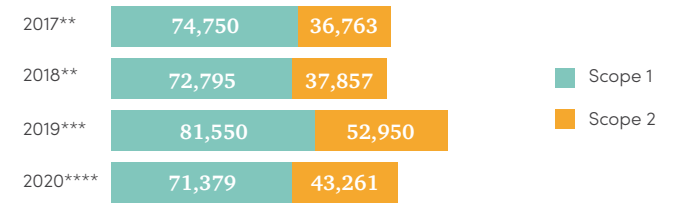
 Please see Annex 4 for Environmental Performance Indicators.

* Singer Refrigerator Plant and TV & AC Plant in Bangladesh acquired in 2019, Voltbek in India which started production in 2020, and Arçelik-LG A/C joint venture plant in Turkey are excluded from calculations.
** In 2019 and 2020, Refrigerator Plant in Haydarabad, Pakistan, Washing Machine and Refrigerator Plant and Cooking Appliances and A/C Plant in Karachi, Pakistan were also included in the calculation, going beyond the reporting scope.

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



Scope 1 and Scope 2 GHG Emissions (ton CO₂e)



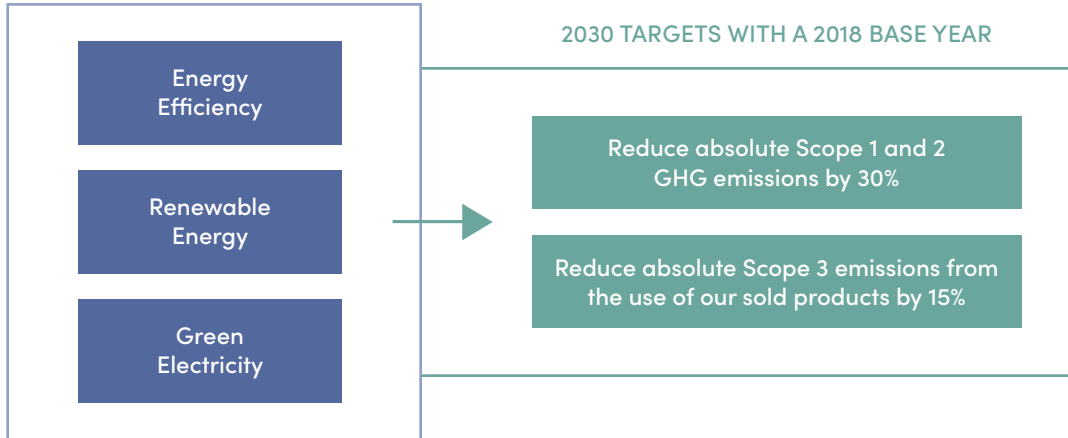
* Covers all manufacturing plants in Turkey, Arctic Refrigerating Appliances Plant in Romania, and Refrigerator and Washing Machine Plant in Russia.
** The reporting scope was expanded to also cover Washing Machine Plant in China.
*** The reporting scope was expanded to also cover Arctic Washing Machine Plant in Romania, all three manufacturing plants in South Africa, Refrigerator Plant in Thailand, Washing Machine and Refrigerator Plant, Cooking Appliances and A/C Plant, and Refrigerator Plant in Pakistan.
**** Washing Machine Plant in China was removed from the reporting scope due to the sale of the plant in 2020.

Scope 3 GHG Emissions in 2020 (ton CO₂e)

2020 Scope 3 Emissions (Ton CO ₂ e)	
Purchased goods and services	2,708,071
Transportation	886,791
Business travel	466,231
Employee commuting	85,767
Product logistics	334,793
Use of sold products	22,040,094
End of life of sold products	19,122
Others	11,443
Total	25,665,521

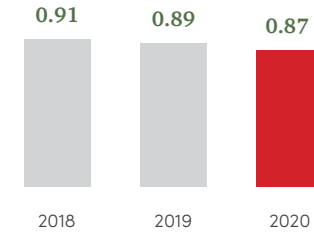


FOCUS AREAS IN OUR ROADMAP



emissions, and the biggest portion of these emissions are generated in the use phase of sold products, interlinked to the energy efficiency levels of the products. The challenge comes from meeting a Scope 3 target to reduce emissions generated from the use phase of sold products by 15% in 2030 compared to a 2018 baseline.

GHG Emissions From Use of Sold Products (ton CO₂e/Product quantity)



SCIENCE-BASED TARGETS

Arçelik's 2030 GHG emissions reduction targets were approved in November 2020 by the **Science Based Targets initiative (SBTi)**, for working toward a “well-below 2°C” scenario in line with the Paris Agreement. Arçelik commits to:

- reduce its absolute Scope 1 and 2 GHG emissions by 30%; and
- reduce its absolute Scope 3 GHG emissions from the use of sold products by 15% by 2030 from a 2018 base year.

By committing to the SBTi, we took our place among the 700+ companies worldwide that have made such efforts toward a low-carbon future. Scope 3 emissions are the major group of Arçelik's entire GHG

We congratulate Arçelik for setting emission reduction targets in line with climate science and the goals of the Paris Agreement. By setting targets grounded in climate science, Arçelik is positioning themselves as a leader in their sector and setting themselves up for success in the transition to a net-zero economy.

Alexander Farsan
Global Lead for Science Based Targets, World Wide Fund for Nature



We increased the usage of maritime transportation for exports from 85% to 88% in 2020, and our target for 2021 is to increase this figure to 89%.

This allows us to be a front-runner in climate action, addressing a radical energy reduction target of approximately 50% per product compared to current product efficiency levels. Our growth strategy is predominantly focused on South East Asia and other emerging markets where there is no requirement for minimum energy efficiency requirements, coupled with no significant decarbonization plans and minimal renewable energy power generation on grid.

GHG EMISSIONS IN THE SUPPLY CHAIN

It is important for us to assess the environmental impacts of our entire value chain and identify where to focus to better develop environmental performance, as most of our GHG emissions fall under Scope 3 emissions.

Arçelik partners with its suppliers from different sectors to reduce overall environmental impact, in addition to its production processes, specifically in energy efficiency and waste reduction. To this end, in 2020 we reduced the rate of forklifts that run on liquid petroleum gas by 10%. In transportation operations, direct transportation rates in domestic warehouses were increased and 109 tons of CO₂e GHG emissions were prevented. The use of high and variable frequency rectifiers in battery-charging stations prevented the batteries from heating up, thus reducing hydrogen emissions.

We increased the usage of maritime transportation for exports from 85% to 88% in 2020, and our target for

2021 is to increase this figure to 89%. We also focus our efforts on increasing the use of rail transport, which was 4.2% in 2020. Railway use as an alternative to road transportation from warehouses to ports in Turkey caused a reduction in local transportation costs while protecting the environment.

We focused our attention to increase railway usage as an alternative to roadway for export operations from Turkey to Europe. In the Q4 of 2020, railway distribution via Trieste became one of the methods we applied by direct railway from Halkalı or by intermodal transportation with Pendik RO-RO + railway. 40” containers were transported to Trieste port by seaway with the service departing from Safiport, then distributed by railway from Trieste to different countries of Europe.

In the second half of 2020, we initiated projects to use railway as an alternative to container transportation from our domestic locations to ports with local roadway companies. By switching some of the internal transportation we carry out by 100% roadway to local railway companies, we started to apply a sustainable and nature-friendly transportation mode as our main transportation activity in our inland transportation. Our domestic train journey, which started with DP World port transports from Eskişehir warehouse in June 2020, continued with ‘Ankara depot – Asyaport’ and ‘Eskişehir depot – Asyaport’ routes. At the end of June 2020, the first loading we made from Ankara warehouse to Asyaport was the 100th freight train



Please see our Operational Eco-Efficiency: GHG Indicators Table in Annex 4.



We are using the Shadow Carbon Pricing to determine the true cost of investments.

that passes through the Marmaray. Until the end of 2020, we transported over 600 containers by railway. Consistently, we evaluate the railway alternatives in all our Turkey locations where railway infrastructure is available. In 2021, our target is to increase the number of containers transported by railway and to expand the use of railways to different locations.

Moreover, in some subsidiaries there are ongoing projects which helps to reduce carbon emission such as Beko Spain which successfully migrated the whole from roadway to seabound transport. This change reduces the need of 870 trucks per year on average.

In 2020, we implemented seven packaging reduction projects with seven suppliers, saving 637 tons of nylon, cardboard and wooden pallets. In addition, we saved 12 million kWh of energy through 132 efficiency projects we conducted with 52 suppliers.

INTERNAL CARBON PRICING: SHADOW PRICE

According to the World Bank, carbon pricing is an instrument that captures the external costs of GHG emissions and ties them to their sources through a price, usually in the form of a price on CO₂ emitted. Putting a price on carbon can be used to mitigate the damage caused and allows carbon emitters to either pay for continuing emissions or push to further lower them.

Internal Carbon Pricing enables us to minimize the financial risks that may arise in the short and medium terms, such as the EU Green Deal and rapidly expanding carbon pricing mechanisms throughout the world. Being a global player in the climate change debate, we support high-level leadership activities and actively participate in different platforms driving the climate agenda. Arçelik CEO Hakan Bulgurlu is a high commissioner on the *Carbon Pricing Leadership Coalition* under the auspices of the World Bank, and has previously spoken *on the effective carbon pricing strategies that will enable the transition to a carbon-free global economy*.

At Arçelik, we had been using the Implicit Carbon Price Model since 2010. However, in 2020 we switched to a Shadow Price internal carbon pricing mechanism to drive various expenditure decisions that will result in a reduction of Arçelik's direct and indirect GHG emissions from our global business operations. A price of EUR 30 per ton of CO₂e carbon is applied for investments higher than EUR 50,000 capital cost and 50 kW capacity.

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Producing and purchasing renewable energy has an important role in reducing Scope 1 and 2 GHG emissions. For the last couple of years, procurement and production have become so vital that now companies rival local policy drivers in renewable energy growth. Since 2010, we have been purchasing green electricity in our Turkey manufacturing plants and the green electricity ratio in Turkey operations has increased year by year. As of 2019, 100% of the purchased electricity in our Turkey plants, including our HQ, is supplied from renewable energy sources. Since 2015 we have purchased 100% green electricity in Romania manufacturing plants, and in 2020, the proportion of green electricity in Arçelik Global's total electricity consumption reached more than 75%.

We generated 3,171 GJ of electricity in 2020, with 930 kWp installed capacity of photovoltaic solar panels at our Washing Machine Plant in Ulmi, Romania, preventing 238 tons of CO₂e GHG emissions.

SOLAR BUSINESS

Solar is becoming an important element of the world's transition to sustainable energy and a net-zero economy. The International Energy Agency (IEA) confirmed in 2021 that *solar power is now the cheapest form of energy in history*. While solar systems become mainstream and cheaper, it is expected that demand will increase accordingly. Besides huge potential, the current solar energy capacity is low mainly due to limited energy storage capabilities and the volatility of weather conditions.

Arçelik has accelerated its investments in renewable energy system as a new business area. Since 2019, the Energy Management teams of Arçelik and Arçelik Pazarlama A.Ş., which earned the Energy Efficiency Consultancy Company status from the Republic of Turkey Ministry of Energy and Natural Resources, operate in the solar energy sector as part of the solar panel project launched by Koç Holding. The teams join their efforts in the fields of engineering, selection of suitable systems, installation and follow up of the permit processes, system monitoring and maintenance of solar systems that generate energy. As of 2021, Arçelik switched to a new structure specifically designed for solar systems, and authorized 15 companies, expert in solar engineering, procurement and construction (EPC) with over ten years' experience, as Arçelik's solution partners in this business area. We plan to increase the number of authorized solar system solution partners to provide services across Turkey.

Through our solar business, Arçelik released two types of solar panels to the market: 445W for industrial use and 370W for private use. Both products have been released into the Turkish market by the end of 2021 quarter one, under 12-year product warranties and a minimum 83% production efficiency guarantee under Arçelik. Secondly, businesses with experience in EPC of solar panels will be transferred to Arçelik Solar dealers. Twenty dealers are expected to be operational in 2021.



We have implemented a total of 238 energy efficiency projects in our manufacturing plants included in the report's scope, and saved approximately 56,000 GJ of energy.

One of the key components in mitigating climate change is to increase energy efficiency. Currently, IEA's *Sustainable Development Scenario* predicts that 40% of the reduction in GHG emissions will come from increased efficiency over the next 20 years. However, due to COVID-19 and continuing low energy prices, global energy intensity is *expected to improve by only 0.8% in 2020*, much lower than the 1.6% achieved in 2019. As the time spent indoors increased with the pandemic, energy use patterns also changed. Small appliances and consumer electronics are among the highest for increased usage. As a result, the energy efficiency of products has become even more important in balancing increased household energy consumption.

through effective audit mechanisms. We invest in better alternatives and improvements in areas such as compressed air, energy efficiency in heating, ventilation, and air conditioning (HVAC) systems and lighting systems, insulation, heat recovery, energy efficient motor transition, and process optimization. We have implemented a total of 238 energy efficiency projects in our manufacturing plants included in the report's scope, and saved approximately 56,000 GJ of energy. This increase in efficiency resulted in a reduction of 5,217 tons of CO₂e emissions and a financial saving of EUR 701,409.



Energy Productivity 100 (EP100) which is led by the Climate Group, brings together a growing group of energy-smart companies improving their energy productivity to lower their GHG emissions. As Arçelik, we have applied to become a member of EP100 and committed to double our energy productivity by 2030, compared to 2010 baseline.

ENERGY EFFICIENCY IN PRODUCTION

We track and improve the operational energy efficiency by identifying areas that require upgrades

Manufacturing Plant	Location	Number of Projects	Energy Saving (GJ)	Emission Reduction (tCO ₂ e)	Financial Saving (EUR)
Arçelik Plants*	Turkey	132	41,198	3,920	476,803
Arctic Plants**	Romania	16	4,805	332	63,413
Beko LLC Refrigerator and Washing Machine Plant	Kirzhach, Russia	43	5,850	465	57,734
Defy Plants***	South Africa	14	194	51	4,022
Beko Refrigerator Plant	Rayong, Thailand	5	922	123	24,205
Dawlance Plants****	Pakistan	28	2,984	326	75,231
Total		238	55,953	5,217	701,409

*Covers all Arçelik plants in Turkey – Please see the full list in Annex 1.
** Covers both Arctic plants in Romania – Please see the full list in Annex 1.
*** Covers all Defy plants in South Africa – Please see the full list in Annex 1.
**** Covers all Dawlance plants in Pakistan – Please see the full list in Annex 1.

 **Energy Policy**
 **Please see our Operational Eco-Efficiency: Energy Consumption Table in Annex 4.**

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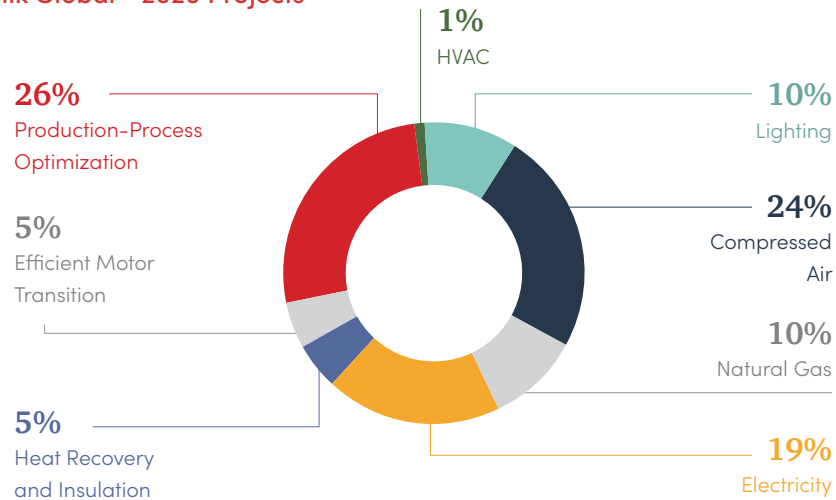
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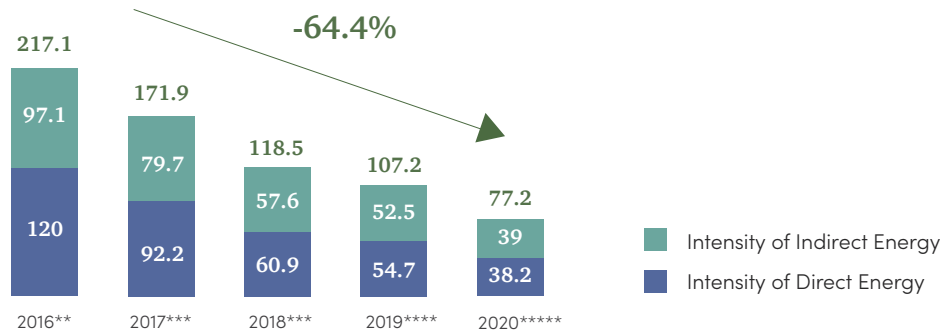


Energy Efficiency

Arçelik Global - 2020 Projects*



Energy Intensity (GJ/TRY million revenue)



Pressure 5.0 Project

We initially launched this project at our washing machine plant in Istanbul, Turkey, addressing the need to increase energy efficiency through compressed air system audits. We successfully detected and improved faulty applications and bottlenecks in main distribution lines. Following months of work and revisions, we reduced the compressor outlet pressure from 6.4 bar to 5.2 bar, while pressure loss between the compressor and the end line was reduced to 0.2 bar. We saved 359 tons of CO₂e and 810 MWh of energy annually. Following this success, we expanded the project to all our production facilities worldwide. In addition to the savings obtained from the energy consumption of the compressors through the pressure drop, an additional 33% reduction was achieved by preventing air leaks which caused the pressure of the air in the system to decrease. The Pressure 5.0 Project received second prize at the Energy Efficiency Projects in Industry competition organized by the Republic of Turkey, Ministry of Energy and Natural Resources.

* Refrigerator Plant in Haydarabad, Pakistan, Washing Machine and Refrigerator Plant and Cooking Appliances and A/C Plant is Karachi, Pakistan were also included in the calculation, going beyond the reporting scope.
 ** Covers all manufacturing plants in Turkey, Arctic Refrigerating Appliances Plant in Romania, and Refrigerator and Washing Machine Plant in Russia.
 *** The data scope was expanded to also cover Washing Machine Plant in China.
 **** The data scope was expanded to also cover Arctic Washing Machine Plant in Romania, all three manufacturing plants in South Africa, Refrigerator Plant in Thailand, Washing Machine and Refrigerator Plant, Cooking Appliances and A/C Plant, and Refrigerator Plant in Pakistan.
 ***** Washing Machine Plant in China was removed from the reporting scope due to the sale of the plant in 2020.



We include the new energy labels across our refrigerators, washing machines and washer-dryers, dishwashers, and electronic displays to help consumers make more sustainable choices.

ENERGY EFFICIENT PRODUCTS

We focus on decreasing overall energy use of our products, helping our customers ensure financial savings while reducing energy consumption and GHG emissions. In 2020, 50% of our turnover was from our energy-efficient products. While increasing our revenue from eco-friendly products, we also aim to improve product performance on a yearly basis. In 2020, we improved the average energy consumption of tumble dryer products in Turkey by 23%, refrigerators, dishwashers, and washing machines by 4%, 3%, and 1%, respectively, compared to 2019.

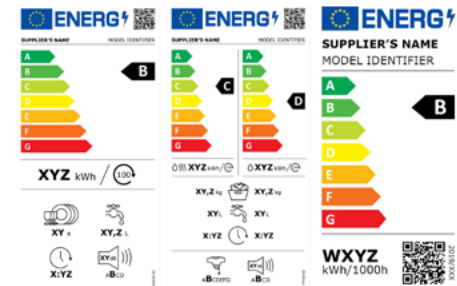
Adapting to the New Energy Labels

Labeling is important to inform consumers to make conscious choices and help with the comparison among alternatives before buying a product. With the label reform announced by the European Commission in August 2017, *five product groups were 'rescaled' in 2021*; refrigerators, dishwashers, washing machines (and washer-dryers), electronic displays, and lamps.

As of March 1, 2021, these product categories are being graded using the new, simpler A to G scale. This improved grading system considers real-life customer behavior and has removed the A+, A++ and A+++ levels – making it easier for consumers to recognise the best-performing products. Furthermore, achieving an A energy grade will be much harder than it was before. This industry change has been primarily

caused by the development of more energy-efficient products, and this reform explicitly encourages leading brands to invest more in innovation and energy efficiency. This means that energy-efficient products will have to increasingly reduce the amount of energy they consume.

As a global household appliance manufacturer operating in a vast geography, we include the new energy labels across our refrigerators, washing machines and washer-dryers, dishwashers, and electronic displays to help consumers make more sustainable choices. We started the process in 2020 and completed the transition in the EU countries in March 2021, providing our EU teams with relevant digital and conventional content to properly inform our consumers and to ensure targeted stakeholder outreach. We are also stepping up our efforts to invest in innovation and create more energy-efficient products. As we look ahead, we believe that the new energy labels are another step in the right direction to not only becoming a more sustainable business, but also a huge leap forward for the industry and our global brands.



 [Adapting to New Energy Labels video](#)



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ECOFACT: Eco-innovative Energy Factory Management System

ECOFACT is an EU-funded Horizon 2020 project based on enhanced Life Cycle Assessment (LCA) and Life Cycle Cost Analysis (LCCA) towards resource-efficient manufacturing. The project aims to support manufacturing industries in optimizing energy performance of production processes with regards to restrictions such as time and resources.

Being one of the pilot providers of the project with our Arctic Washing Machine Plant in Ulmi, Romania, we are working to optimize energy and the use of other natural resources through data collection from various process equipment and auxiliary facilities via several sensors we have implemented. We also plan to create a platform with a decision support system that will include one of our suppliers in Romania. Enhancing supplier collaboration will improve the quality of energy and environmental input data sharing for LCA/LCCA analysis.

Auto-DAN Project

This project aims to enable homes and small businesses across the EU to optimize their energy consumption and provide an assessment of the live energy performance of a building which considers the quality of appliances/systems installed, user operational habits and the smart readiness of a living complex. Within this project, we selected smart home appliances to be tested in pilot regions. Smart white goods in these buildings, which have an established

energy management system for optimization, will be connected to the energy gateway of the common system. We will also design intelligent hardware, collect data, and adapt machine learning to the products and training end-users.



NOW IS THE TIME TO

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*WE MANAGE WATER
EFFECTIVELY*

We invest in new production technologies to increase water reuse and efficiency in all operations. Apart from minimizing our water usage in production, reducing the overall water footprint of our consumers plays a key role in our product development strategy.

PRESERVE WATER RESOURCES



*TIPS
FOR YOU*

Turn off the faucet while brushing your teeth.

Only run the washing machine and dishwasher **when you have a full load.**

Fix leaks. Install a rain barrel for outdoor watering. **Share your knowledge** about saving water through conservation and efficiency with your neighbors and friends.

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WATER MANAGEMENT

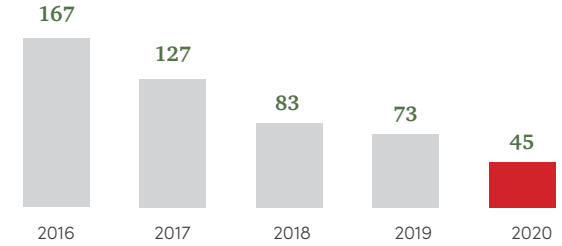
Over the course of 11 years, we have saved 1.98 million m³ of water with water efficiency and rainwater harvesting projects. This amount is equivalent to the daily water consumption of approximately 2.5 million Turkish households.

The increase in the human population and of urbanization is causing water usage to increase in all sectors, but especially in agriculture and industry. According to the *World Resources Institute (WRI)*, while domestic water use has grown by 600% since the 1960s, one-quarter of the world now faces extremely high water stress. Increasing per capita consumption, coupled with growing urban populations, is now causing water shortages in cities all around the world. To thrive in a finite world and provide better access to all society, water must be managed effectively. The first step should be to innovate products and services that minimize freshwater consumption and reduce/reuse water in production processes.

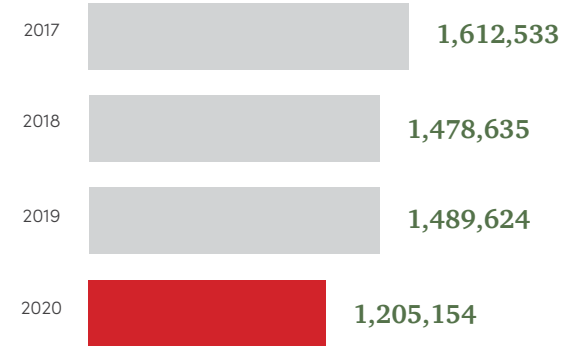
At Arçelik, we strive to fulfill our responsibility as a leading company by respecting water and by developing and using the most advanced technologies in our production and products. We invest in new production technologies to increase water reuse and efficiency in all operations. Apart from minimizing our water usage in production, reducing the overall water footprint of our consumers plays a key role in our product development strategy. Over the course of 11 years, we have saved 1.98 million m³ of water with water efficiency and rainwater harvesting projects implemented in the reporting scope countries. This amount is equivalent to the daily water consumption of approximately 2.5 million Turkish households.

* Covers only the manufacturing plants and the HQ included in the reporting scope.

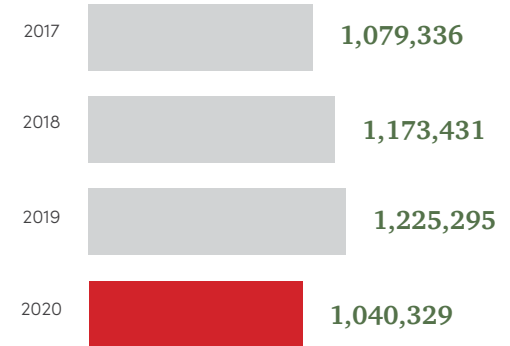
Water Intensity* (m³ / TRY million)



Total Water Withdrawal (m³)



Amount of Discharged Water (m³)





Compared to 2019, we reduced water withdrawal by;

18% in Turkey,

13% in Romania,

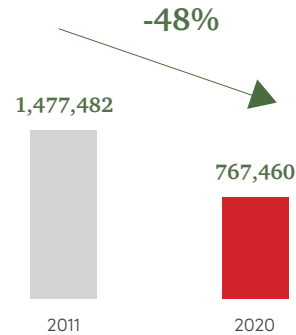
9% in Russia,

29% in Thailand, and

13% in South Africa operations.

Over the past 10 years, we reduced -almost halved- the total amount of water withdrawal in manufacturing in our Turkey operations by 48%.

Total Amount of Water Withdrawal in Turkey (m³)



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, ensuring that discharged wastewater remains below legal discharge limits in order to protect water resources and biodiversity in the regions, and we periodically check compliance with these standards. No surface water is used for the operations.

With the water efficiency and rainwater harvesting projects we carried out in 2020, we saved a total of 352,844 m³ of water in all our operations in the reporting scope. Through water efficiency projects implemented in different operations, we have achieved a 18% reduction in water withdrawal in

Turkey, 13% in Romania, 9% in Russia, 29% in Thailand, and 13% in South Africa operations compared to the previous reporting period.

- We recycled and reused the wastewater from the function test system on the assembly line and the final rinse wastewater in the paint shop. In addition, we recovered and reused the effluent water of a biological wastewater treatment plant and rainwater in the Arçelik Washing Machine Plant in Istanbul, Turkey. Thanks to these water efficiency projects and rainwater harvesting, we saved a total of 172,128 m³ of water.
- At the Arçelik Cooking Appliances Plant in Bolu, Turkey, we saved 91,130 m³ of water through water efficiency projects such as an increase in the equipment efficiency adjusting the water level, minimization of the number of nozzles used in the enamel process, and adjustment of pump pressure.
- We recovered and reused 56,509 m³ of water by increasing the capacity of the oil separator, decreasing the cleaning period of rinsing baths, and preventing water leakage in the water softening system in the Arçelik Refrigerator and Compressor Plants in Eskişehir, Turkey.
- At Beko LLC Refrigerator and Washing Machine Plant in Kirzhach, Russia, we saved 616 m³ of water thanks to reusing the water by eliminating oil and grease in the paint shop.
- At the Arctic Washing Machine Plant in Ulmi, Romania, we saved 15,416 m³ of water by recycling and reusing wastewater and rainwater.



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WATER RISKS MANAGEMENT

The Environmental Coordination Working Group carries out water risks management and water efficiency activities in accordance with the Arçelik strategy and reports them to the Sustainability Board. The Sustainability Board monitors and evaluates water risks, strategies, and impact on business objectives quarterly. Risks and opportunities are prioritized by the Sustainability Board according to the Arçelik scoring methodology. According to this 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. Environmental risks and climate related physical risks are considered in the evaluation criteria of new joint ventures/acquisitions added to Arçelik Global group of companies. Internally, water risks are determined by the WWF Water Risk Filter and WRI Aqueduct Water Risk Atlas, and the analysis results of these tools are reviewed annually.

Physical Risk Action Plan in Relation to Water Risks

In a potential scenario where the 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 vary between 2.6°C to 4°C based on the Intergovernmental Panel on Climate Change’s (IPCC) Representative

* Water recycling ratio = Total recycled water/Total water withdrawal

Concentration Pathways (RCPs), greenhouse gas concentration trajectories, RCP 2.6, RCP 4.5 and RCP 8.5.

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

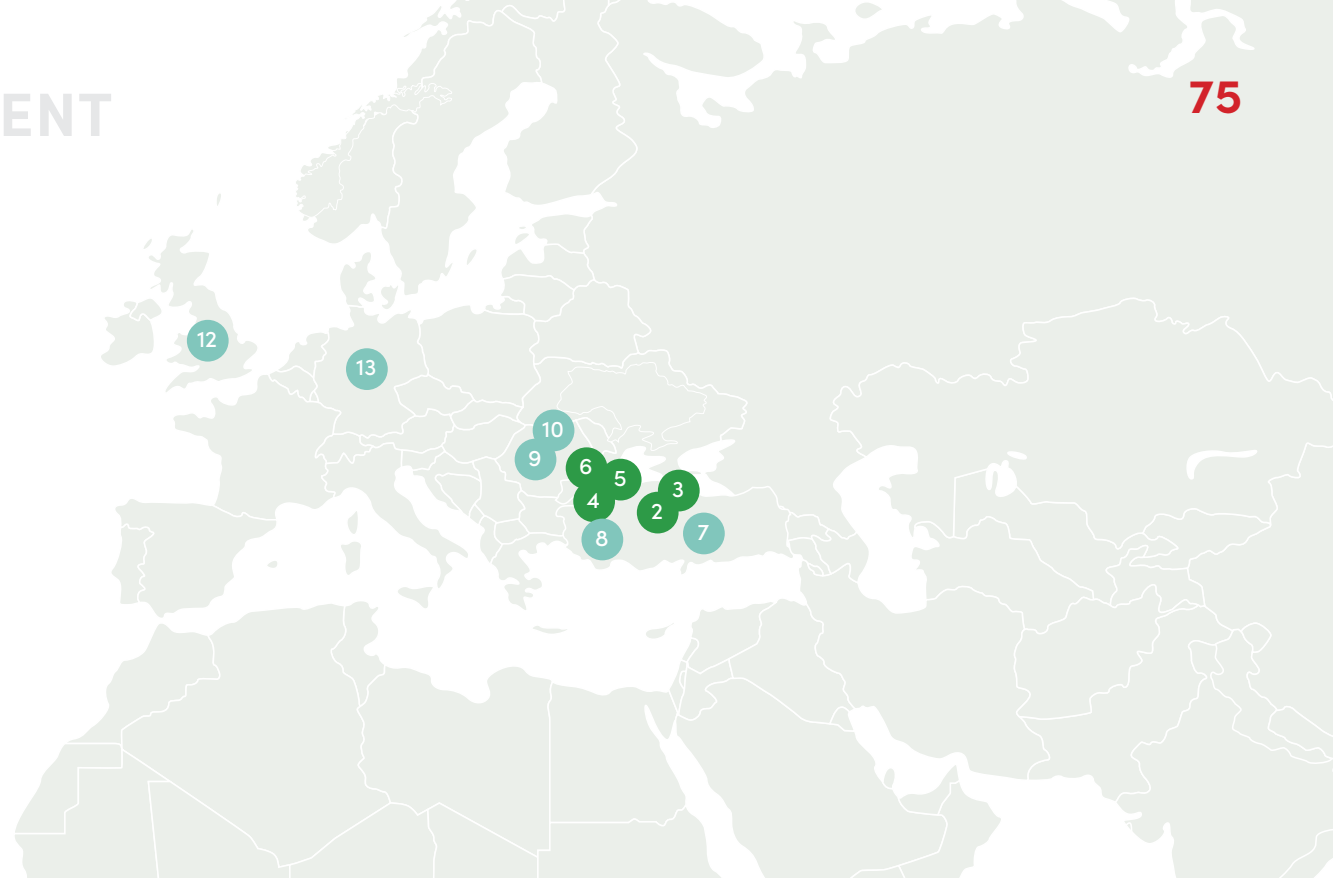
In 2019, 17 manufacturing plants located in Turkey, Romania, Russia, South Africa, Thailand, and Pakistan were compared to the industry’s best practices in Europe in the International Finance Corporation (IFC) database as part of the IFC Water Efficiency Project. With IFC, we prepared the Water Efficiency Report for Arçelik manufacturing plants and identified areas for improvement in water efficiency. In line with the project’s output, we set our water target for 2030. In the scope of our risk adaptation plans, we have also set our 2030 target to increase the water recycling ratio* to 70% in all manufacturing plants aiming to achieve a closed loop water system in production.



WATER MANAGEMENT

We use the Internal Water Price (IWP) to determine the real price of water and encourage investments in water infrastructure. In the IWP calculation, we identified the water stress in the basins where we operate and completed three different scenario analyses and water stress projections for 2020–2030–2040.

The table below summarizes Arçelik operations' water stress level for baseline based on WRI Aqueduct Water Risk Atlas.



Water Stress Based on WRI Aqueduct Water Risk Atlas	Water Withdrawal (m³)	Percentage of Total Water Withdrawal	Water Discharge (m³)	Water Consumption (m³)*	Operations
Extremely High (>80%)	300,300	25%	260,153	40,147	1 - HQ Office - İstanbul, Turkey 2 - Refrigerator Plant - Eskişehir, Turkey 3- Compressor Plant - Eskişehir, Turkey 4 - Electronics Plant - Tekirdağ, Turkey 5 - Tumble Dryer Plant - Tekirdağ, Turkey 6 - Electric Motor Plant - Tekirdağ, Turkey
High (40-80%)	493,202	41%	454,846	38,356	7 - Dishwasher Plant - Ankara, Turkey 8 - Washing Machine Plant - İstanbul, Turkey 9 - Arctic Refrigerating Appliances Plant - Gaesti, Romania 10 - Arctic Washing Machine Plant - Ulmi, Romania 11 - Refrigerating Appliances Plant - Ezakheni, South Africa 12 - Beko PLC, Beko House, Waford-UK 13 - Beko Grundig Deutschland GmbH - Germany

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

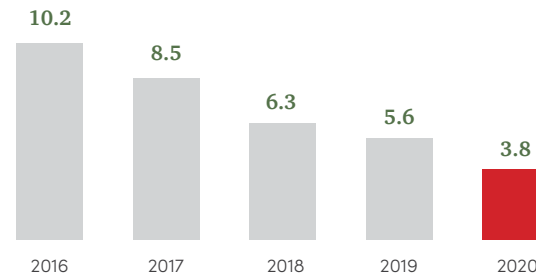


In 2020, the waste recycling rate was 96%. In line with the near zero-waste approach, we aim to increase the waste recycling rate in manufacturing to 99% in global operations by 2030.

The near zero-waste concept aims to divert all waste from landfill and incineration and prevent any discharge to land, water or air that would negatively affect the environment and human health, by redefining "waste". In line with the near zero-waste approach, we aim to increase the waste recycling rate in manufacturing to 99% in global operations by 2030. To be able to reach our near zero-waste target we use resources more efficiently, prevent and reduce waste resulting from our operations, and improve the effectiveness of separating waste at its source. Arçelik aims to be a global role model for its industry in waste management.

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

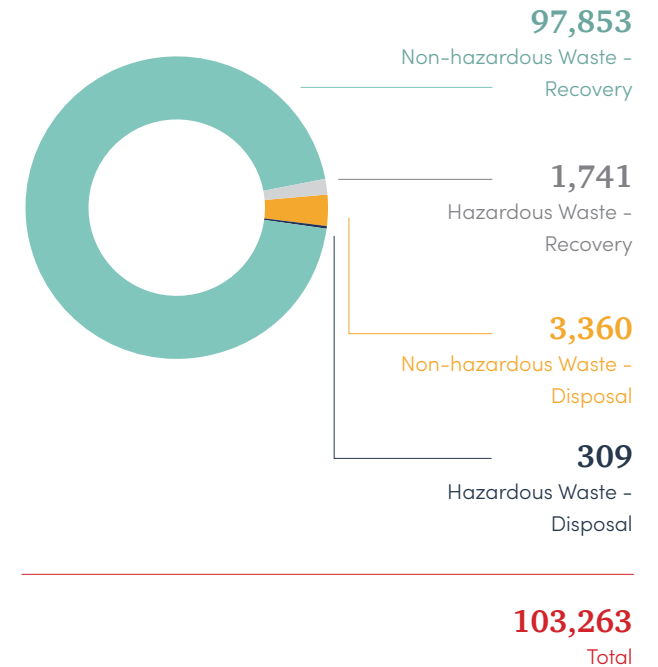
Waste Intensity* (Ton/TRY million)



* Covers only the manufacturing plants and the HQ included in the reporting scope.

In addition to our efforts to reduce waste during manufacturing, we also work to decrease the amount of paper used during training. We started to organize 6 Sigma training on the online platform and distributed our training materials as a soft copy. Thus, we prevented 42 trees from being cut down in 2020.

Amount of Waste by Type (Tons)





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WASTE REDUCTION PROJECTS

- At our **Dishwasher Plant in Ankara, Turkey**, we prevented 1.5 tons of hazardous waste by using intermediate bulk container (IBC) tanks instead of barrels in production.
- We prevented 10.6 tons of powder paint waste per year in **Arçelik Washing Machine Plant in Çayırova, Turkey** by collecting and reusing the paint waste spilled into the powder paint booth.
- We prevented 200 tons of non-hazardous waste

generation thanks to improvements in the molding process at **Arçelik Tumble Dryer Plant in Tekirdağ, Turkey**.

- We prevented 124 tons of metal waste by transition to a reusable plastic condenser holder instead of a single-use condenser holder in **Arçelik Refrigerator Plant in Eskişehir, Turkey**.
- At **Arçelik Electronics Plant in Tekirdağ, Turkey**, we prevented both WEEE and packaging waste generation by using reusable boxes instead of single-use packaging in product exchanges with services. Thanks to the project, we reduced 78 tons of WEEE and 11 tons of packaging waste.
- We replaced the plastic bag for user manuals with a paper bag at our **Refrigerator Plant in Rayong, Thailand**. Thanks to this project, we eliminated 1.5 tons of plastic waste per year. In addition, we reduced 3 tons of paper usage per year by rearranging the size, the number of pages, and font of the user manuals.
- Thanks to the changes made in the product design, we reduced 2.3 tons of aluminum usage per year at our **Refrigerator Plant in Rayong, Thailand**.
- We prevented 24 tons of steel scrap waste previously managed as non-hazardous waste by reusing at our **Defy Refrigerating Appliances Plant in Ezakheni, South Africa**.
- We collaborate with a production company in the scope of industrial symbiosis, and we sold our scrap metals produced at the **Defy Cooking Appliances, Dryer and Washing Machine Plant in Jacobs, South Africa** to the company to be used as raw materials.



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Central Management of Product Related Chemicals Management procedure obeys national and EU Regulations and other requirements related to banned and/or restricted chemicals in Arçelik. As part of how we manage chemicals in products, we manufacture them in compliance with legal regulations such as the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS), and the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). We perform the RoHS tests during the incoming quality control process via our analysis devices in our locations, while also requiring test reports from third party organizations.

PRODUCT-RELATED CHEMICALS MANAGEMENT STEPS

- Management of amendments, changes or customer requirements in regulations and other requirements related to chemical management in Arçelik.
- Specifying regulations and other requirements, assessment of current position
- Completion of plans for compliance.
- We deliver eco-friendly products to our customers, and we expect our suppliers to comply with the Arçelik Chemical Compliance Specifications Banned/ Restricted Chemical Substances, which is shared on the Arçelik Supplier Portal. To increase the level of awareness in this regard, we provided training on the management of chemicals to our domestic suppliers in 2020.

MANAGEMENT OF BANNED/RESTRICTED CHEMICALS IN ARÇELİK A.Ş.

- Determination of regulations and other requirements
- Assessment of Compliance to 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 scope of Arçelik A.Ş.'s all activities, products and services are defined by Environment Department.
- Currency of defined regulations and other requirements are followed by Environment Department via some groups (T.R. Official Journal, EU Official Journal, ECHA etc.). After pre-assessment changes are shared with Green Chemistry Team members.
- Green Chemistry Team members are announced the new developments with 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 Dept. and Green Chemistry Responsibles.



GREEN CHEMISTRY WORKING GROUP

In the four meetings realized so far, regulations regarding the use of the chemicals in products, and the risks and opportunities regarding compliance to these regulations were evaluated in 2020.

STAFF TRAINING

- Chemical training covers effects on health and safety, hazardous chemical classification and marking, MSDS, storage of chemicals, general safety rules and behaviors, environmental accidents and emergencies/emergency drills, issues in the scope of OHS.
- All personnel is responsible general information mentioned above and participate in the training.
- Those working with chemicals are informed about the rules to be followed during the work and operational instructions in addition to general information.
- Participation in the trainings is provided by the HR officer and the relevant unit officer.
- The information to be included in the training is decided together by the company, environment and OHS officials and the workplace doctor.

PRODUCTION RELATED CHEMICALS MANAGEMENT STEPS

1. Determination of legal and other requirements:
 - Preparation of technical specification.
2. Chemical Purchase:
 - Preliminary evaluation of the MSDS, Chemical and OHS Legislation and Arçelik A.Ş. Criteria.
 - Approval or disapproval is notified
3. Management of chemicals in Arçelik A.Ş.:
 - Transport of chemicals:
 - Chemicals Inventory List
 - Chemicals Risk Assessments
 - Labeling and marking of chemicals
 - Providing and storing MSDS
 - Storage of chemicals
 - Training by chemical supplier
 - Preparation of environmental and occupational accident and emergency action plans
4. Use
5. Disposal

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NOW IS THE TIME TO

#ACTTOGETHERNOW



**PROTECTING
OUR OCEANS**

We prevent up to 90% of microfibers from leaking into water resources with our FiberCatcher Technology, the first and only washing machine with a built-in microfiber filtration system.

REDUCE PLASTIC FOOTPRINT



**TIPS
FOR YOU**

Avoid single-use plastics: Do not ask for plastic cutlery when ordering home, bring your own shopping bag, do not launch balloons at a party.

Sort your plastic waste as efficiently as possible.

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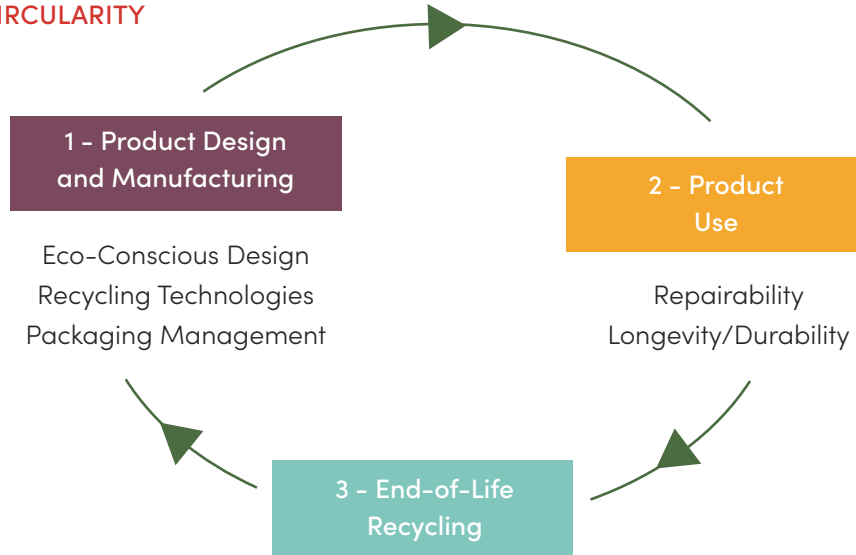
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PRODUCT STEWARDSHIP

ECO-CIRCULARITY



1 - Product Design and Manufacturing

Eco-Conscious Design
Recycling Technologies
Packaging Management

2 - Product Use

Repairability
Longevity/Durability

3 - End-of-Life Recycling

Arçelik innovates products and processes to reach a closed circular economy model by increasing products' recyclability rates, the usage of recycled content in products, and by properly managing the end-of-life processes including take-back and recycling. We work on increasing the durability, repairability, and reusability of our products and alternative end-of-life stages to contribute to a circular economy. We take different measures and develop programs/projects in all life stages of our products. We use recycled raw materials while increasing overall product recyclability in production. When products are sold to consumers, Arçelik supports longevity and repairability to minimize product environmental impact while preserving natural resources.



*Please see the section **Combating the Plastic Crisis** for more information.*

The eco-circularity approach aims to eliminate, rather than manage, waste and to redesign the current, one-way linear industrial system into a circular system model in which products and packaging are kept in a system by improving recyclability, efficiency and repairability. Under the European Green Deal, the EU Commission adopted a *new Circular Economy Action Plan*, focusing on the design and production of a circular economy, to ensure that the resources used are circulated in the economy as many times as possible.

The implications of the EU Green Deal and the Circular Economy Action Plan are important for Arçelik as a company generating almost half of its revenues from sales in Europe. In order to proactively manage the transition processes and implications in line with the Action Plan, in 2020, Arçelik was involved in World Economic Forum Circular Electronics Partnership (CEP), which is a pre-competitive industry platform that sets a vision and roadmap committing to a circular economy for electronics by 2030 with a network of top electronics companies, and group of pioneering global organizations. Along with the partnership, we were also involved in the preparation of *an action roadmap* released in March 2021, which identifies six pathways to circularity. As Arçelik, we actively took part in the working groups focused on three pathways: Pathway 1-Circular Design, Pathway 4-Take-Back and Collection, Pathway 6-Recycling and Sourcing.

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1 - PRODUCT DESIGN AND MANUFACTURING

Increasing plastic recycled content in products to 40% by 2030 is one of our ambitious sustainability targets.

The flow of plastics into the ocean is projected to triple by 2040 under a business-as-usual scenario. To stop this plastic pollution, industry and policymakers need to take drastic action. Increasing plastic recycled content in products to 40% by 2030 is one of our ambitious sustainability targets. To achieve this aspirational goal, we have started the Recycled Content Project at our production facilities worldwide. Arcelik R&D develops high-performance and eco-friendly recycled plastic formulations to replace their virgin counterparts without sacrificing the durability of the products. Our holistic approach takes almost all the plastics in our products into consideration to maximize the plastic recycled content. We design recyclable products with reduced environmental impact and share product recyclability rates.



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

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

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

Arçelik Products' Recyclability Rates

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

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We Became Signatory of the Business Plastic Initiative (IPG)

In cooperation with the United Nations Environment Program (UNEP), more than 450 organizations gathered under a common vision to address plastic waste and pollution at its source in October 2018. **The new Plastic Economy Global Commitment** aims to bring a systematic change to the plastic problem by including companies, governments, NGOs, universities, industrial organizations, investors, and other institutions that represent 20% of plastic production.

IPG is a collaboration founded by Global Compact Turkey, the Business Council for Sustainable Development (BCSD) Turkey, and the Turkish Industry and Business Association (TÜSİAD) in 2019. It brings together the stakeholders of the entire plastic value chain to make commitments on taking concrete actions to minimize the production and consumption of plastics.

Being a signatory of IPG, we have set our 2023 commitments in product manufacturing as of March 2021:

- Increasing the recycled plastic content in products from 3,000 to 15,000 tons per year
- Increasing the recycled plastic parts made from waste fishing nets from 8 tons to 25 tons per year
- Increasing the recycled plastic parts made from waste PET bottles from 28 million to 60 million per year
- Using 750 tons of biopolymer and bio composite raw materials including PLA per year
- Using plastics generated from our WEEE recycling plants in dishwasher, oven and tumble dryer product categories
- Recycling 600 tons of packaging waste generated from our manufacturing plants to be used in plastic parts
- Completing and approving R&D processes for using 30% recycled material content in plastic packaging including EPS, shrink, and strip
- Completing R&D processes for using recycled chemical raw materials in food contact product parts



FiberCatcher

Approximately two-thirds of all textile items are synthetic, and clothing made from synthetic polymers release microplastics called “microfibers” during domestic laundry. **As much as 0.19 million tons of these fibers, small enough to pass through conventional washing machine filters, enter the marine environment annually.** To prevent this critical environmental problem that affects marine life, we developed FiberCatcher, the first and only washing machine with a built-in synthetic microfiber filtration system. This technology prevents up to 90% of microfibers from leaking into water resources, by filtering them out through the filtration box located in the detergent drawer, which itself is produced from 98% recycled material (2% of the box includes filter cloth that is not produced from recycled material). The product will be released in different markets in 2021. In line with our open innovation and multi-stakeholder approach, we strive to work together with different industries, NGOs, universities, and all stakeholders in and outside of the sector to further develop this technology together.





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Leopet

Starting this project in 2017, we developed the Leopet raw material by using recycled waste PET bottles to show how waste material can be transformed into a valuable alternative raw material. To date, we have used approximately 58 million recycled PET bottles, including 28.2 million in 2020 alone, to produce high-performance, eco-friendly washing machine and washer-dryer tubs. Through this, we reduced our CO₂ emissions by 2,200 tons and saved 19,000 GJ of energy by reducing the use of virgin plastics.

Besides the environmental benefits, our PET Tub washing machines and washer-dryers also bring business benefits such as an increase in brand reputation and

awareness, which is a crucial part in adapting sustainability as a business model. Throughout 2020, Grundig released a new campaign including these products in the scope of its brand narrative **It Starts at Home**. Offering an alternative, sustainable life to consumers, the aim of the campaign was to increase awareness and encourage consumers to prefer sustainable solutions:

- In Norway, the campaign reached a targeted audience through different digital channels and received a total of 12.7 million impressions and 1.3 million views. The brand also obtained a +3.9% brand uplift.
- The campaign videos received a total of 4.4 million views according to the results provided by YouTube.
- In Spain, the campaign had 29.5 million impressions and received 3.4 million views which led to a +5.4% brand uplift score.

Our collaboration, which began in 2019 with Arçelik-LG to expand the use of Leopet raw material in air-conditioners (ACs), continued in 2020. By using up to 15 recycled PET bottles in each AC, we used over 3.8 million recycled PET bottles in nearly 385,000 products in two years. Our goal for 2021 is to increase the recycled plastic rate per AC from 2.3% to 9%.

 [PET Tub video](#)



Products made from fishing nets and industrial thread

Arçelik uses recycled waste fishing nets and industrial thread waste in different parts of its product groups to prevent damage to the marine ecosystem. Fishing nets replace polyamide, a major raw material used in oven products, thanks to its high mechanical and thermal properties. Since the beginning of the project in 2019 until the end of 2020, eight tons of recycled waste fishing nets and 111.7 tons of recycled industrial thread waste were transformed into high-performance recycled polyamide compounds which were then used in oven, washing machine and washer-dryer and dishwasher parts.



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PRODUCTS MADE FROM ORGANIC COMPOSITES

BioFridge

Arçelik reduces the amount of petroleum-based plastic used in product parts by using organic materials and integrating them into durable components. The BioFridge is made using both bio-based polyurethane insulation material (Bio-Cool) and biocomposite raw materials that contain organic material such as soy and castor oil. The egg trays are made of 20% eggshell waste and 80% bio-based plastics made from organic resources such as corn starch and sugarcane, and the fan cover is produced with 100% bio-based plastics. The door seal material is also partly made of soybean oil. The CO₂ emission per unit produced is reduced by 6 kg given biomaterials' 80% lower carbon footprint compared to petroleum based traditional materials.

BioFridge was exhibited for the first time at the world's leading trade fair for consumer and home electronics, the IFA 2019 in Berlin. As of today, the BioFridge with bio-based fan cover and bio-composite with eggshells is in the market and the version which includes Bio-Cool insulation will be released into the market in 2021.

 [BioFridge video](#)

Small domestic appliances (SDAs)

We took our upcycling efforts one step further and produced SDAs with biocomposites. We use coffee grounds in coffee machines and tea fibers in tea

makers. These innovative and eco-friendly products will be in serial production in 2021.

AUTODOSE

Beko AutoDose connected dishwashers aim to consume optimum detergent according to program selection and water amount. This feature, which enables consumers to fill the detergent tank once a month, automatically detects detergent and rinse aid use and achieves a reduction of approximately 28% in detergent per wash. The dishwashers can also be controlled and monitored from smartphones or tablets through the HomeWhiz app and be operated with voice control through an Amazon Alexa device.

 [More information on HomeWhiz and Smart Home solutions](#)

 [Autodose video](#)

RECYCLING TECHNOLOGIES

Eco-Sustain

The Eco-Sustain Project promotes the use of recycled polypropylene (PP), recycled polyethylene (PE), and recycled polyamide (PA), high performance recycled plastic materials in different product groups and components such as detergent drawers and pump filters in washing machines, bottom chassis in tumble dryers, refrigerator components, vacuum cleaners, and toast & grills.



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In 2020, we expanded the use of Eco-Sustain material in SDAs such as the Atak vacuum cleaner, Jaguar vacuum cleaner and toast & grills and hoods which were launched in Turkey. The proportion of recycled plastic raw materials has reached 31% in Atak vacuum cleaners, 17% in Jaguar vacuum cleaners, and 64%-73% in toast & grills. As a result of these studies, we used 124.6 tons of recycled plastics in the vacuum cleaner category, 48.7 tons in toast & grills, and 17.1 tons in hoods by the end of 2020, adding up to 190.4 tons in total.

Chemical Recycling Processes

We continue our efforts to implement chemical recycling processes to increase the recycled content in our products, particularly in refrigerators. This method provides more advantages compared to the traditional mechanical recycling such as recycled raw materials that have the same quality and purity with virgin grades, which are also food contact approved.

PACKAGING MANAGEMENT

Increasing the use of recycled/certified raw material plays a vital role in the reduction of virgin raw materials to minimize the impact of packaging waste. *The Circular Economy Action Plan* released by the European Commission in 2020 highlights the management of packaging waste as a material issue that needs to be addressed by EU member countries to ensure that all packaging in the EU market is reusable or recyclable in an economically viable way by 2030. The Commission is currently assessing options to review *the Packaging and Packaging Waste Directive*.

In parallel with these developments and considering the importance of EU market to Arçelik, we are working to reduce the environmental impact of product packaging through innovation and research. We design our products' packaging volume and weight to produce minimum waste, and we carry out reuse and recycling projects to reduce the environmental impacts caused by our packaging processes.

The efforts made to use environment friendly product packaging in 2020 include:

- We saved approximately **1,717** new trees from being cut down by using approximately **88%** recycled cardboard in the **29,196 tons** of boxes produced for products packaging globally.
- We used **341,5 tons** of 100% recycled and recyclable



We used recycled cardboard in 29,537 tons of boxes produced for our products' packaging globally and saved 1,737 new trees from being cut down.

cardboard boxes in the small domestic appliances produced in Turkey and sold to Turkey and Europe. Arçelik targets to switch to 100% recycled and recyclable cardboard boxes in global operations as of the end of 2022 fiscal year.

- Studies are initiated to replace Expanded Polystyrene (EPS) with sustainable materials for all major and small domestic appliance categories. In 2020, EPS has been replaced with **39,6 tons** of 100% recycled and recyclable cardboard in hoods and Turkish coffee makers.
- We used approximately **3.84 million** recycled PET bottles in the major domestic appliance product packaging strips.
- We started to use 100% recycled and recyclable paper in user manuals produced in Turkey.
- We have reduced our production packaging waste by **366 tons** per year by switching to reusable boxes for shipments of materials with our suppliers. As a result of our packaging improvement efforts with our suppliers, we have prevented the use of **271 tons** of plastic, cardboard and wooden pallets.
- We prevented **0.1 ton** of packaging waste in Beko LLC Refrigerator and Washing Machine Plant in Kirzhach, Russia by using rope nets instead of adhesive tapes.

From packaging waste to raw materials

We recycle the packaging waste generated during the transportation of components in our manufacturing plants, and use them as alternative raw materials in products such as salt funnels in dishwashers and refrigerator components.

Amount of recycled packaging per packaging type*



RECYCLED CARDBOARD
29,537 tons



TREES SAVED FROM BEING CUT DOWN
1,737 new trees



RECYCLED PET STRIPS
61,58 tons
=
RECYCLED PET BOTTLES
3.84 million

* Covers all operations worldwide, going beyond the reporting scope.



2 - PRODUCT USE

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REPAIRABILITY

Arçelik has established a solid and user-friendly system which increases the repairability of the products (washing machines/washer dryers, refrigerators, dishwashers, televisions), serving the circular economy concept. Thanks to this system, which was implemented from March 1, 2021, according to ecodesign regulation we provide defined spare parts and related instructions to our customers online. This means our customers can easily access spare parts and replace them by themselves, so they do

not need to call a service agent for certain small interventions. This system is available in 33 European countries (including Turkey) for 75 country-brand couples throughout our webpages. Additionally, we also provide all necessary service documents and spare parts to our original equipment manufacturer (OEM) and private label (PL) customers so that they can use them through their own systems. All related instructions are in 24 local languages.

Apart from the private sector's own initiative regarding repairability, the issue is planned to be regulated by international bodies. One of the objectives of the Circular Economy Action Plan is to make providing information on the repairability of electrical and electronic products mandatory, under a repairability index. As of January 1, 2021, France was the first country in Europe to have implemented a Repairability Index on five categories of electronic devices. The objective of the index is to provide transparent and credible information on product content to consumers, thus encouraging them to make better informed and sustainable choices, while pushing the manufacturers to offer more circular products. The Index applies to five categories: smartphones, laptops, washing machines, TVs, and lawnmowers. The Index assesses products across five criteria: documentation, disassembly, availability of spare parts, price of spare parts, and product-specific



We established a repairability system in line with the ecodesign regulation through which we provide defined spare parts and related instructions to our customers online.

aspects. The product’s final score is then presented by a pictogram, indicating the level of repairability of the product, and displayed to the consumer in store and online. We immediately took necessary improvement actions to reach higher repairability levels (scores). With these improvements, we aim to be among top three washing machine brands in the French market in terms of the Repairability Index.


In 2020, we completed our transition for our Beko washing machines in France and introduced the repairability indices in the market as of January 1, 2021. From our center in Rouen, France, we deliver spare parts to large distributors. Our 90 approved technical stations in the region intervene for our customers and their built-in appliances.

We also established the Global Spare Parts Unit, which improves customer satisfaction in after-sales services and develops a service and process model to increase the brand value in line with the market dynamics, customer trends, and customer satisfaction. The Global Spare Parts Unit works in collaboration with local teams in different countries to update and improve the local spare parts services offered. We also provide certified technicians and technical staff with technical and troubleshooting training materials on our Global Customer Care Portal. Our global partners can access technical information about our products from manusoft.arcelik.com, and through the guides we provide useful and practical information on product use, from unpackaging and installation to cleaning and troubleshooting. At Arçelik, with our globally operating brands, we are fully committed to further improve ourselves in achieving a circular transition.

In 2020, Arçelik was a co-lead in the DIGITALEUROPE Sustainable Consumers Working Group. We played an active part in the preparation of the position paper, ***DIGITALEUROPE’s vision for sustainable consumers: Consumer information, repair and product lifetimes.*** The paper covers DIGITALEUROPE’s vision for a sustainable consumer policy agenda at the intersection of consumer, eco-design and repair policies, as well as recommendations and key areas of action for EU legislators, based on the European Green Deal and the New Circular Economy Action Plan.

The new Repairability Index forces us to push our limits, and it involves not only consumers, but also distributors. Repairability is directly linked to the availability of spare parts. As Arçelik Group, we deliver spare parts all over the world through our international warehouse, and thus control the supply chain. Now, we are working with our factories on the dismantling of washing machines, as the ease of disassembly is another criterion of this Index.

Philippe Bustarret
Services Director, Beko France

 *Please find information in Annex 5 on other main institutions guiding our work.*



To extend the lifetime of our critical product components, we developed washing machine durability testing method.

LONGEVITY/DURABILITY

Durability can be explained as the ability of being able to last a long time without becoming damaged. We increase product durability to further support a circular business model. To extend the lifetime of our critical product components, we developed washing machine durability testing method based on studies by researchers at the University of Bonn, Germany. With this method, we observe possible failures in our products and apply the necessary improvements to our machines to prevent related failures.

To increase the durability of washing machines, electronic boards, shaft seals, door gaskets and discharge pumps have been selected for reliability studies. In addition, testing method evaluation studies have begun on how to measure the durability of the product.

Radial shaft sealings (RSS) are crucial components to prevent leakage that may lead to significant failures in washing machines. We designed RSS Accelerated life test device for **Shaft Seal Studies** in order to determine sealing performance under stress conditions such as elevated liquid temperature, increased detergent resolution and dynamic runouts. As output of the studies, leakage/failure cycles of samples were compared with respect to wear in both RSS and bushing side.

Arçelik started **Electronic Board Studies** because of the entry into force of EN 45552 durability standard. In this study, instead of performing tests at rated operational specs, we raised stress factors and performed tests above rated limits. By this method, we reduced test duration 20 times and observed several failure modes which are similar to field. Then we planned improvements and evaluated effectiveness of these improvements.

Gasket which provides the connection between the dynamic system of the washing machine and the body is one of the components that have the greatest effect on the movement of the dynamic group to the body. We have no method of objectively testing the effect of the gasket design on the movement of the dynamic system. Therefore, by means of a new test device, the gasket will be forced into error quickly. Through **Gasket Studies**, safe zones will be identified to verify that the design is appropriate.

Drain pumps has a great importance to complete program cycles. With **Discharge Pump Studies**, Arçelik examines the impellers after challenging test conditions with precision scanning devices and analyze the wear. We determine the sensitive tolerance ranges that will prevent the moving parts from wearing each other, we also evaluate alternative material choices to prevent wear. It is planned to expand these studies created for the washing machine to other product ranges in the coming years.

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3 - END-OF-LIFE RECYCLING

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C-SERVEES Project

Our washing machine and television plants have been involved in the Horizon 2020 C-SERVEES Project to support the circular transition and shift to circular economy business models such as renting and secondhand sales with a focus on resource efficiency in the electric and electronics industry. We produced 100 demo TVs and washing machines which were leased to university dormitories in Turkey and social housing in Spain for one year. These products will be collected when their leases expire, after which they will be renewed and provided to users as new products with the same quality standards.

We also monitor the recycled material content in these products using information and communication technology tools, in collaboration with our business partners. We used Circularise’s blockchain technology to trace recycled components in the products. By using QR codes, we can trace the materials, and the end users can obtain information about the recycled content in the products. This blockchain and QR code technology also helps the sorting of materials during the dismantling stage when the product reaches the end of its life.

Furthermore, a conventional scenario, in which the products are produced and consumed under linear economy models and the C-SERVEES scenario, in which the products are produced and consumed under the new circular economy models relying on the systemic eco-innovative services demonstrated in the project will be assessed by means of life cycle assessment tools, including environmental LCA, LCCA, and social life cycle assessment (S-LCA).

Arçelik’s two WEEE Recycling Plants in Turkey, established in 2014, collect old products from the market regardless of their brand and replace them with new, energy efficient ones through our widespread network of authorized dealers and service shops. The products collected from the market are then recycled in these plants. The Eskişehir Plant is equipped to recycle refrigerators while the Bolu Plant takes other white goods and SDAs.

We have recycled approximately 1.3 million WEEE units in our recycling plants since 2014. Between 2014 and 2020, Arçelik saved a total of 326 GWh of energy, the daily electricity consumption of about 41 million Turkish households, by replacing old products consuming high energy with new energy-efficient products. This amount is equivalent to the annual energy production of 52 wind turbines each with a 2.5 MW capacity. Saving energy also means that we prevented approximately 160,000 tons of CO₂ emissions by recycling waste products. In terms of water, we saved around 6.5 million tons of water by replacing old-tech products with new eco-friendly ones. This amount is equivalent to the daily water consumption of approximately 8 million Turkish households.



Please see other H2020 projects in In Touch with Business section.



IN TOUCH WITH HUMAN NEEDS

We focus on improving people's lives. We design smart technologies inspired by the future and respond to society's needs. We enlarge our impact area by developing innovative products and implement joint projects, with NGOs, international organizations, and local communities, that remove barriers to society's progress and development.

- 94** COMMUNITY DEVELOPMENT
- 110** HEALTHY LIVING
- 117** TACKLING FOOD WASTE
- 121** SMART SOLUTIONS

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2020 TARGETS SET IN 2016

Raising awareness on healthy nutrition and childhood obesity

TARGET MET

Beko – Eat Like A Pro reached 172,000 children across Latin America region through school-based interventions, and approximately 76,500 teachers were provided with training. During COVID-19, an estimated total of 25 million school children, and 3.5 million people were reached through different channels.

Beko Spain – Eat Like A Pro Navidad distributed 1,200 Christmas menus to families at risk of social exclusion.

HarvestFresh – Skeptical Kid campaign was released in 30+ countries, and reached over 18.7 million people.

Grundig – FullFresh+ Technology campaign received 109.6 million impression and a 9.6 million reach.

Raising awareness on combating food waste

TARGET MET

Grundig – Respect Food, since the beginning of the program, helped to create 785,000 dishes and prevented +500 tons of food from being wasted.

Grundig – World Food Day campaign reached 18.5 million people and received 18,206 reactions.

Grundig Turkey – the Ruhun Doysun campaign reached 542,000 followers on Instagram, 160,000 on YouTube and more than 700,000 on all social media channels, and the videos had +100 million views.

Raising awareness on gender equality

TARGET MET

Beko Turkey – 100 Women Dealers Project received over 1,600 new applications from the beginning of the project in 2019, and 29 new women dealers joined the Beko retailer ecosystem, increasing the total number to 39.

Equal Dictionary was downloaded 29,873 times, the web page had more than 24,000 visits and the words were corrected over 250,000 times. A total of 599 new word suggestions were made by 226 users.

You Are an Engineer, You Are With Us Project* involved 60 female engineering students with the opportunity to be employed as interns at Arçelik under the Fresh Start Internship Program.

500 Women Technicians Project was launched in Turkey to support women in the workforce.

FUTURE JOURNEY: 2030 TARGETS

Make it easier for people to live lightly and have healthier lifestyles

- Raise awareness amongst 80 million people about healthy living

Tackling food waste

- Serve 1 million meals to 500,000 people in need
- Save 1,200 tons of food from being wasted
- Raise awareness amongst 3.5 million people

Support local communities

Support local needs of communities with local hero brands in Turkey, Romania, South Africa and Pakistan: Promote gender equality, empower young people and children with 21st century skills and digital competencies

* The original project name is Sen Mühendissin: Bizimlesin.



NOW IS THE TIME TO

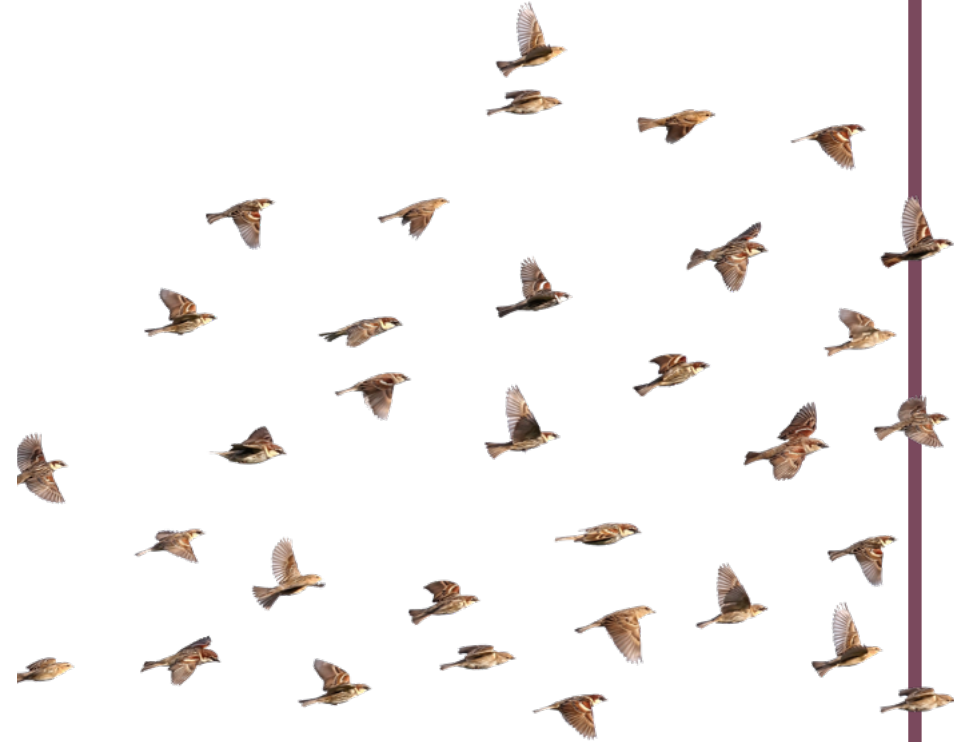
#ACTTOGETHERNOW



LIFESAVING MECHANICAL VENTILATORS DURING COVID-19

We produced 5,000 ventilators; delivered 1,927 units to 150 pandemic hospitals around Turkey through Arçelik Authorized Services, and distributed 3,073 units to 18 countries including some of the hardest hit. We gave the collective expertise in the design, industrialization, and localization of the ventilator to the Turkish Ministry of Industry and Technology on a not-for-profit basis.

LEAVE NO ONE BEHIND



TIPS FOR YOU

Do not marginalize, exclude and undermine the potential of any individual, family, or community.

Cooperate: Go beyond gender, geography, and age within your community to help reduce inequalities and vulnerabilities.

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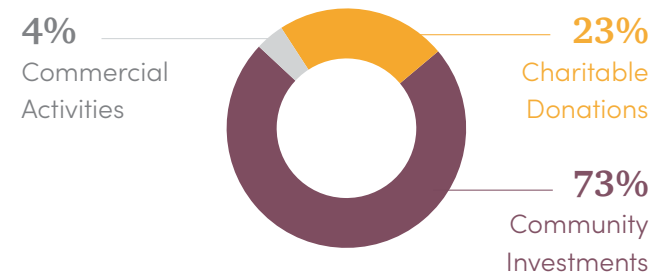
COMMUNITY DEVELOPMENT

Globally, we have spent over EUR 5.8 million in 2020 for social investment and corporate citizenship activities.

We believe an empowered community has a positive impact on the social and economic development of a country. We analyze the needs and expectations of local communities where we operate and develop programs and products accordingly. In line with our approach, In Touch with Human Needs, we ensure equal opportunities for all, regardless of their background, gender or ethnicity – particularly for disadvantaged and vulnerable groups. For this reason, we implement joint projects with NGOs, international organizations, and local communities that remove barriers to society’s progress.

volunteering. Globally, we have spent over EUR 5.8 million in 2020 for social investment and corporate citizenship activities.

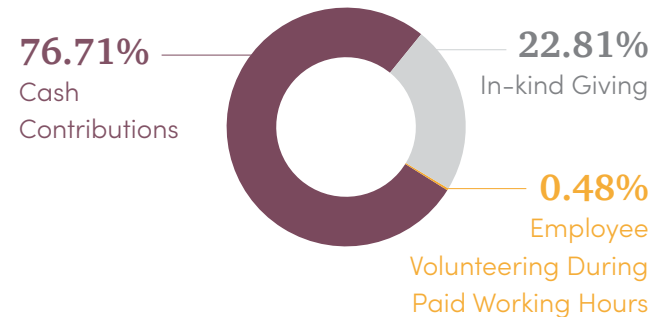
Distribution of Total Costs per type of Philanthropic Activity



In line with our Corporate Citizenship Policy, we focus on:

- building purpose-driven global brands that create a positive impact on society and the environment
- developing smart technologies and solutions that target specific needs and priorities in the communities where Arçelik operates
- going beyond the industry and partnering with stakeholders to expand Arçelik’s impact, endorse sustainability and social responsibility.


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



Under our corporate citizenship activities, we develop community investment programs, take part in commercial initiatives, and make charitable donations. We monitor, measure, and report globally on the costs related to the corporate citizenship activities, including direct costs such as cash contributions, and in-kind giving, and indirect costs such as employee

 *Arçelik Global Corporate Citizenship Policy*

 *Arçelik Civil Society Cooperation Policy*

 *Please see Annex 7 for more detailed information on spending and definition of philanthropic activities, and cost per philanthropic contribution type.*



A total of 5,000 units of mechanical ventilators were produced, and distributed to around 20 countries.

Investing in community resilience is essential for effective disaster response. The private sector's responsibility to contribute to a better world has long been discussed. The COVID-19 pandemic showed us the importance of collective action. The pandemic has aligned agendas and priorities for stakeholders, and strengthened multi-stakeholder collaboration. It has also created more space for the local private sector to engage with and be active in *disaster response and recovery*.

SERIAL PRODUCTION OF MECHANICAL VENTILATORS

Ventilators play a critical role in the treatment of COVID-19 patients in critical conditions, but many countries around the world saw the use of ventilators reach capacity as global demand surged with only a limited supply. Thanks to our flexible production capabilities and talented human capital, we undertook the mass production of life-saving mechanical ventilators by joining forces with some of the biggest names in technology and aviation. In a remarkable case of cross-industry 'collaboration for innovation', 120 engineers, including 60 from Arçelik and others from BioSys, Baykar Technologies and Aselsan, got together to use the rapid-prototyping facilities at Arçelik Garage, one of Turkey's largest open innovation centers, to design and test the initial prototype on a strict, two-week deadline.



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continue to develop and advance lifesaving solutions for the benefit of humanity.

We also supported the incubation center Open Ventilator System Initiative, led by UK's Cambridge University, with our companies Defy in South Africa and Beko Plc in the UK, and we ensured the development of a cost-effective ventilator. Developed to enable low-income countries to produce, the ventilator was deemed worthy of the the President's Special Award for Pandemic Service Award by the Royal Academy of Engineering.


Being part of the team developing low-cost ventilators for COVID-19 was both challenging and rewarding. Beko R&D was involved from the inception of the prototype design - in fact, a Beko vacuum cleaner motor was used to drive the system. By working with Defy and other South African partners, we are taking this product to be used during the pandemic and beyond. Preparing a completely new product for medical certification and manufacturing is an ambitious goal, but one that we are committed to achieve.


Graham Anderson
R&D Team Leader, Beko PLC R&D Office



We signed a protocol with the Republic of Turkey, Ministry of Health for the mass production of the ventilation equipment to be used to help the treatment of COVID-19.

In 2020, the production of 5,000 units was completed within only three months and they were distributed to around 20 countries. A total of 1,927 units were delivered to 150 pandemic hospitals around Turkey through Arçelik Authorized Services, and 3,073 ventilators were sent to 18 countries, including some of the hardest hit such as Brazil, Somalia, Chad, Niger, Libya, and Nigeria. The collective expertise in the design, industrialization, and localization of the ventilator was given to the Turkish Ministry of Industry and Technology on a not-for-profit basis. We strive to

 **Mass production process of mechanical ventilators film**

 **Arçelik CEO Hakan Bulgurlu's blog post: Building a Better Post COVID-19 World Together**



To provide better hygiene, nutrition, and opportunities for refreshment for healthcare workers, we donated white goods and SDAs to 202 hospitals across Turkey, and over 550 hospitals across 20 countries.

PUBLIC HEALTH AND DONATIONS DURING COVID-19

In 2020, to provide better hygiene, nutrition, and opportunities for refreshment for healthcare workers showing great sacrifices, we donated white goods and SDAs to hospitals around the world. We donated more than 5,000 units of Arçelik- and Beko- branded products to 202 hospitals around 75 cities across Turkey, and to over 550 hospitals across 20 countries worldwide including the UK, Italy, France, Germany, Romania, Pakistan, and Bangladesh.

Beko has initiated the Best Team in the World Campaign, the Health Professionals Support Movement for those who risk their lives in the fight against the pandemic. Beko donated products to more than 380 hospitals across 15 countries including

Romania, Turkey, Spain, France, Poland, and Czech Republic. The campaign had 56% average video completion and a 15.4 million reach in total.

In Turkey, with the support of Arçelik Authorized Services, we met several needs of our customers who were subjected to the restrictions for people aged 65 and over, including the grocery shopping and pharmacy needs. We also provided service priorities to them.

Also, in Italy, Beko guaranteed home after-sales assistance through its authorized technicians who were equipped with all the devices to carry out the service in total safety between March and June 2020. Special and priority support was provided for frontline health professionals.



Beko - Best Team in the World

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Supporting Local Communities During COVID-19

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- 1 Arctic
- 2 Beko UK
- 3 Beko Ukraine
- 4 Beko France
- 5 Beko Poland
- 6 Beko Spain
- 7 Beko Balkans
- 8 Beko Czech

EURASIA REGION

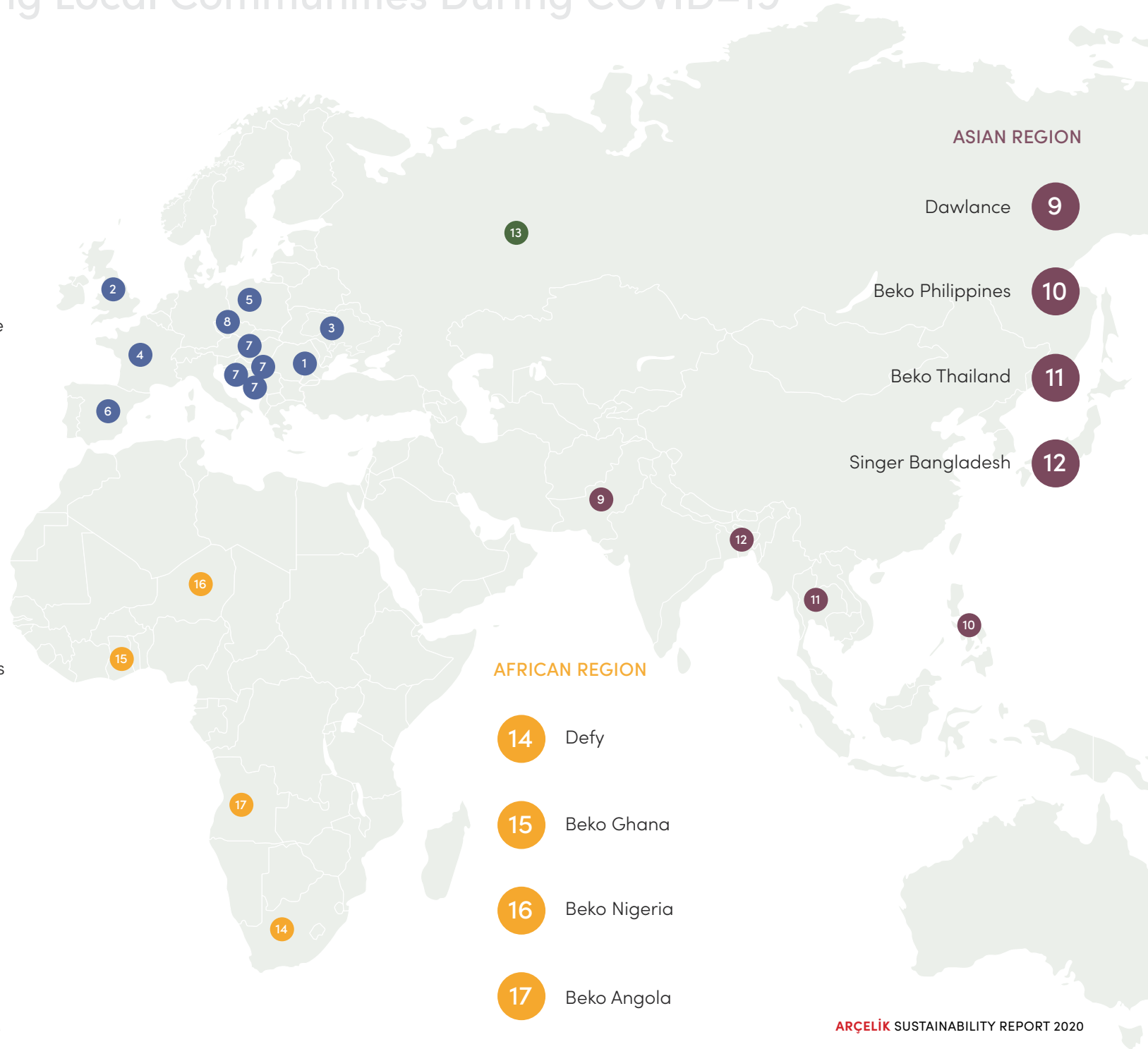
- 13 Beko Russia

ASIAN REGION

- 9 Dawlance
- 10 Beko Philippines
- 11 Beko Thailand
- 12 Singer Bangladesh

AFRICAN REGION

- 14 Defy
- 15 Beko Ghana
- 16 Beko Nigeria
- 17 Beko Angola





EUROPEAN REGION

1

Arctic, in the scope of its **Arctic for Health** approach, launched a solidarity movement titled **Respect for the frontline!** to show gratitude and appreciation for those professionals in the first line in the COVID-19 fight. The message has been brought to the public attention by Arctic in its factories and service units, through social media under the hashtag **#RespectLiniaIntai**, and outdoor media.

In partnership with the Romanian Red Cross and the Romanian Health Solidarity Federation, Arctic donated 75 units of household appliances to hospitals and ambulance services, and donated five mechanical ventilators to hospitals in Dambovita county.

Within the scope of Arctic for Health, a special campaign was dedicated to Arctic's senior/elderly customers during the state of emergency. They gave priority to senior customers and offer them free service to repairs of household appliances. All calls received by the call center for the service department have been treated with high priority and are free of charge for those who are over 65 years old. More than 100 families

received Arctic's free support during lockdown for out-of-warranty products.

Arctic's support for local communities also increased consumer engagement, brand awareness and reputation. Arctic ranked #1 position in the TOP 50 most powerful and loved Romanian brands, according to the annual ranking published by BIZ magazine, one of the most respected business publications in Romania.

Beko has also joined forces with Arctic and donated 1,157 major and small domestic appliances to 90 hospitals across Romania. Two brands came together and launched the **#WearAMask** campaign through digital content on social media, that encouraged people to practice safe measures to stop the spread of COVID-19.

2

Beko UK launched the **#BekoGiving** campaign to show appreciation to the UK's National Health Service (NHS), as well as charities and services that support vulnerable communities. The company donated nearly 500 products to more than 20 NHS hospitals, ambulance services, hospices and charities supporting the homeless across the country.

3

Beko Ukraine donated four mechanical ventilators to hospitals in Ukraine. Three devices were installed at the Regional Clinical Hospital in Ivano-Frankivsk, one of the pivotal hospitals in the treatment of COVID-19, and the fourth was transferred to the City Hospital in Brovary for use in the intensive care unit for new-borns. The company also donated 33 household appliances to 11 hospitals.

4

Beko France donated a total of 736 products to 22 hospitals in France, and also delivered more than 202 units of white goods for NGOs helping disadvantaged children and families.

5

Beko Poland donated 262 household appliances as well as first-need products and masks to 113 hospitals in Poland.

6

Beko Spain donated 424 products to 11 hospitals across the country.



7

Beko Balkans made a total of 103 product donations across Serbia, Kosovo, Bosnia, and Slovenia.

8

Beko Czech donated 27 products across seven hospitals.

ASIAN REGION

9

Dawlance in the scope of its **Dawlance for Humanity** approach, collaborated with the **Dar-ul-Sukun Foundation** on World Children’s Day. The Foundation provides care, rehabilitation, and protection to children with disabilities, and offers a broad range of services for children from all ages. Dawlance provided training to children to raise awareness on the impacts of COVID-19, and also donated to the Foundation. Dawlance also designed incubation rooms to ensure that healthcare workers stay in self-ventilated glass chambers that protect social distance and produced and donated adjustable face shields to hospitals for frontline health workers. The company donated 10 ventilators to major hospitals in Pakistan to improve the condition

of healthcare facilities, while also donating 120 products including refrigerators, freezers, air conditioners, microwave ovens, water fountains and electric water heaters to 36 hospitals throughout the year. Dawlance refrigerators and freezers are often used to keep large quantities of COVID-19 test kits and test specimens below the ideal temperature of -20°C, demonstrating the reliability of these products.

10

Beko Philippines made product donations (a total of 38 units of refrigerators, washing machines and freestanding cookers) to hard-hit cities and eight hospitals in Metro Manila, including the local government units of Pasig, San Juan, and Manila, and to the Philippine General Hospital, San Juan De Dios Medical Center, Quirino Memorial Medical Center and Delos Santos Medical Center.

11

Beko Thailand made 24 product donations to different hospitals in need.

12

Singer Bangladesh donated 20 products to different hospitals in the country.

EURASIA REGION

13

Beko Russia donated 76 products across 10 hospitals.

AFRICAN REGION

14

Defy donated nearly 196 products to 29 hospitals throughout the country.

15

Beko Ghana donated 27 products to hospitals.

16

Beko Nigeria donated seven products to hospitals across the country.

17

Beko Angola donated five products to hospitals.

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Embracing equality, diversity and inclusion helps to reduce social and economic barriers, build a strong community, support minority groups in achieving their potential and raise awareness of disadvantaged and vulnerable groups in society.

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Gender Equality and Women's Empowerment



Inclusion



Empowering the Young Generation



For more information on our work on gender equality and inclusion, please see the Human Capital section.



GENDER EQUALITY AND WOMEN'S EMPOWERMENT

BEKO 100 WOMEN DEALERS

Through the project implemented in 2019 in Turkey, *Beko* supports women's entrepreneurship. It aims to increase women's participation in the retailer ecosystem and economy by inviting them to become a Beko dealer. From the beginning of the project in 2019, Beko received over 1,600 new applications. From these, 29 new women dealers have joined the Beko retailer ecosystem, increasing the total number of women dealers to 39.

The Beko 100 Women Dealers Project has empowered and encouraged me to stand on my own two feet. This project is a good example of the importance and support Arçelik places on women's empowerment.

Hanife Ülker
Beko Dealer,
Antalya / Turkey



500 WOMEN TECHNICIAN

Planned to start in 2021, the project aims to transfer the untapped female workforce emerged as a result of Arçelik Call Center centralization process, to other business units within the company. In collaboration with the Turkish Employment Agency (İŞKUR) and the Republic of Turkey, Ministry of Family and Social Affairs, the project will encourage Arçelik authorized services to employ at least one female technician. Through 500 Women Technician Project, we will provide female service employees will be provided with technician trainings, while also supporting the female workforce negatively impacted by the pandemic.



EQUAL DICTIONARY

This project promotes gender equality by leveraging the power of technology. The *Equal Dictionary* keyboard we developed for the Turkish language warns the user when he/she uses sexist expressions, belittles women or men, and/or creates discrimination while writing over the mobile phone or PC. The keyboard offers alternative wording to the user. In 2020, the mobile app was downloaded 29,873 times, the website had more than 24,000 visits, and words were corrected over 250,000 times. A total of 599 new word suggestions were made by 226 users.



GENDER EQUALITY AND WOMEN'S EMPOWERMENT



KIZCODE TRAINING

We provide training in the areas of programming and coding to our employees' daughters between the ages of 11 and 15. In 2020, 358 young girls attended the training which were organized online due to the pandemic.

YOU ARE AN ENGINEER, YOU ARE WITH US*

Implemented in Turkey back in 2019, the project aims to encourage young people, particularly women, to work in engineering and new technologies, and to underline the importance of R&D and innovation for Turkey. Mentors were matched with the students from different universities, and they started to work on R&D projects together. In 2020, projects were carried to improve the technical competencies of the students and prepare them for professional life. Students experienced first-hand R&D operations at Arçelik that contributed to their individual and professional development. The results of the projects were shared with their mentors and managers at the end of the process. Students selected from among 60 participants had the opportunity to be employed as interns at Arçelik under the Fresh Start summer internship program. The second program was implemented in February 2021 as an online workshop, again with 60 new students. The one-year mentorship program that will end as of February 2022, has begun.

* Original project name: Sen Mühendissin: Bizimlesin



INCLUSION



BEKO ITALY: PARTNERSHIP WITH ARCHÈ FOUNDATION

Beko Italy collaborates with the *Archè Foundation* to support the most fragile children and families through product donations and installations in social housing units. For many years, the Foundation has offered temporary accommodation in apartments to mothers and children, who are taking their first steps towards autonomy, and to families with minors in difficulty. In 2020, Beko Italy provided the apartments with necessary household appliances. The company also guarantees a continuous maintenance service and assistance for all appliances at homes.



BEKO POLAND: SUPPORT TO RONALD MCDONALD HOUSE CHARITIES (RMHC)

Supporting RMHC for almost five years, Beko Poland donated products to equip a new Ronald McDonald House, a place where the parents of young patients of the Child's University Hospital in Kraków can stay close to their sick children.



GRUNDIG UK: GIVE BACK CAMPAIGN

In line with its *Respect Food philosophy*, *Grundig's Give Back campaign* is run in collaboration with Curry's PC World (an exclusive retailer for Grundig freestanding appliances.), the UK's largest retailer of electrical products. The target of the campaign by the end of 2020 was to donate products to local food charity organizations selected by store colleagues of Curry's PC World stores. Grundig UK helped over 120 charities by donating more than 240 appliances.

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COOKBOOK: 48 RECIPES FOR A GOOD CAUSE

The partnership between elektrabregenz and *Pro Juventute*, an Austrian child and youth welfare organization, has been established for ten years. elektrabregenz regularly donates household appliances to Pro Juventute, which provides new homes to children and young people who can no longer live with their families.

In 2020, during the COVID-19 pandemic, elektrabregenz and Pro Juventute implemented the Cookbook: 48 Recipes for A Good Cause project, enabling kids from the Pro Juventute residences to present their favorite recipes. Pro Juventute residents cooked their favorite recipes using elektrabregenz appliances. elektrabregenz then created a cookbook consisting of 48 recipes and photos taken during cooking. The books were delivered to all Pro Juventute residents and elektrabregenz employees as Christmas gifts. In 2021, the cookbooks will be available at selected electrical retailers, who will hand them over to customers when they buy an elektrabregenz-branded cooking appliance.

SOLAR HYBRID RANGE

In line with its approach, **Believe in Better**, Defy developed the Solar Hybrid Technology to power homes with the most affordable, versatile, and renewable technology that exists today. Having stable daytime energy, powered by the sun, will reduce energy consumption and with a smaller carbon footprint than coal-supplied electricity. The hybrid range runs using both the electrical grid and solar energy. This results in up to 44% less* energy consumption in the fridge, and 38% less* energy consumption in the freezer. Solar Hybrid products are available as of the first quarter of 2021 in six African countries: South Africa, Zambia, Namibia, Botswana, Mozambique, and Zimbabwe.

 [Solar Hybrid Range video](#)

* Compared to conventional units.

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We are hugely grateful for Beko's support over the last seven years during which time Beko's fundraising efforts and donations of products have made such a difference to the lives of so many vulnerable families across the UK. We are thrilled to be working with Beko to develop our partnership even further.

Paddy Griffiths

Assistant Director of Fundraising,
Barnardo's

BEKO UK: BARNARDO'S PARTNERSHIP

Beko has a long-standing charity partnership with *Barnardo's*, to help vulnerable and disadvantaged children, young people, and parents across the UK. Through this partnership, we aim to create long-term positive impact on the beneficiaries through support in fundraising, in-kind support, and volunteering, and also engage Beko UK employees in charitable fundraising and volunteering activities.

Through this seven-year partnership, Beko UK donated hundreds of Beko products to families in need across the country. More than 400 large appliances have been donated to over 200 families, and 400 SDAs have been donated to a further 150 families in 2020.

In addition, in 2020, Beko UK took part in Barnardo's *Kidsmas campaign*, a fundraising initiative that aims to raise money during the festive season to make Christmas happier and more special for disadvantaged children. To raise money for Kidsmas, Beko UK ran a social media campaign throughout December and Beko Plc employees took part in different fundraising activities such as a Christmas quiz. With the money raised from these activities, we provided the disadvantaged children with a total of 1,300 gifts during the festive season.

In 2021, Beko UK aims to grow the partnership with Barnardo's further and help families to eat more healthily in the scope of Beko's brand purpose of empowering people to adopt healthier lifestyles.



EMPOWERING THE YOUNG GENERATION

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PEPEE TV

Arçelik Turkey has collaborated with Pepee TV, Turkey's first digital children's television channel with remote control allowing children to watch educational cartoons and films. In 2019 and 2020, we prepared 19 different educational cartoons and films to increase the knowledge and awareness of children on sustainability-related issues such as the climate crisis, soil, air, water, forest, responsible consumption, energy efficiency, recycling, clean transportation, and biodiversity. The content has reached almost 1 million views across Turkey.



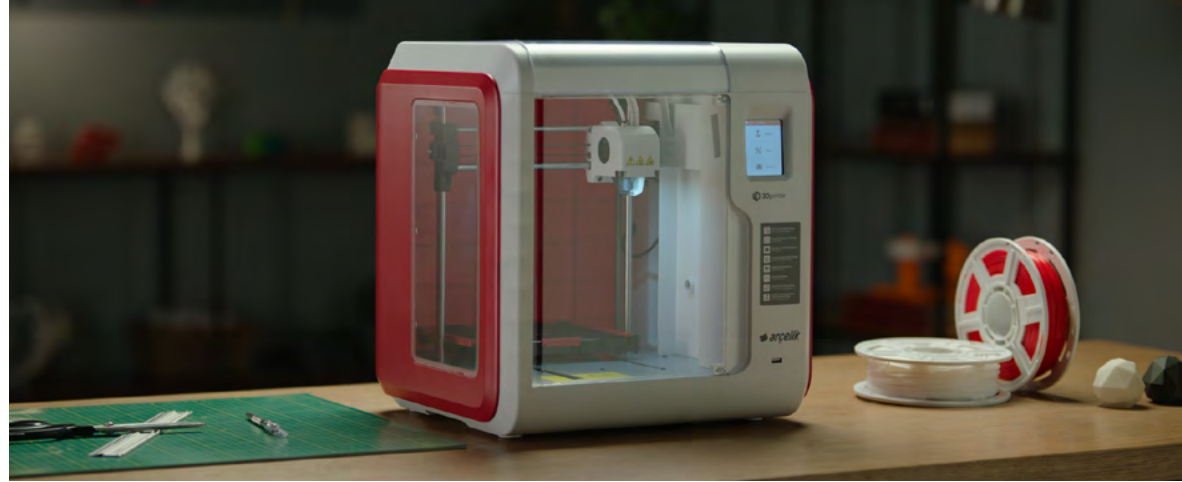
DIGITAL WINGS

Through collaboration with the Republic of Turkey, Ministry of National Education, Arçelik and Beko Turkey initiated the Digital Wings Project in 2019 with the technical assistance of Bilkom. The purpose of the project is to raise a generation equipped with 21st century skills, having high self-esteem, and familiar with technological developments. In March 2020, 200 teachers from 100 schools received trainers training. The project was put on hold as schools moved to remote education due to the COVID-19 pandemic, but will continue once the schools return to face-to-face training.



EMPOWERING THE YOUNG GENERATION

By the end of 2020, we provided nearly 43,000 interactive boards to more than 2,400 schools across Turkey.



SMART BOARD AND 3D PRINTERS FOR SUPPORTING DIGITALIZATION OF EDUCATION SYSTEM

Closely following changes in the education system, we develop patented solutions, technologies and products to meet new demands and needs in schools, and contribute to the digitalization of education in Turkey. Through our five-year collaboration with the Republic of Turkey, Ministry of National Education, which started in 2019, we continued providing Smart Boards and Arsense™ smart board software to schools to enable efficient and interactive learning experience for students and teachers. Through this project, we provided nearly 43,000 interactive boards to more than 2,400 schools by the end of 2020.

Arçelik 3D Printer and software developed for schools and educational workshops help transform 3D modelled designs into 3D objects and get reliable printouts. Released in the Turkish market in December 2019, the 3D printers have a user-friendly interface that allows learners to access the course content supporting the curriculum and enables children to adapt to technology and digital world while boosting their creativity through its content library and classroom management application. Eco-friendly PLA filament material helps children get better prints and the cloud-based management software facilitates both educational and design activities. By the end of 2020, 151 Arçelik 3D printers are being used in classrooms and also at homes as an additional education tool for children.



We have long-standing partnerships with local and global NGOs, intergovernmental organizations, and public institutions which work to promote balanced diets and healthy living in societies.

Global ambitions through the *SDGs* include eradicating malnutrition and ensuring healthy lives and well-being for all humans by 2030. *The Global Nutrition Report* brings together the latest data on the rise of obesity, with 15.1% of adult women (aged 18 years or over) and 11.1% of adult men living with obesity globally. At the same time, diabetes is estimated to affect 7.9% of adult women and 9.0% of adult men. *According to the World Health Organization (WHO)*, over 340 million children and adolescents aged 5–19 were overweight or obese in 2016. The most recent data shows that 38 million children under the age of 5 were overweight or obese in 2019.

During the COVID-19 crisis, the *WHO has underlined* that people who eat a well-balanced diet tend to be healthier, with stronger immune systems and a lower risk of chronic illnesses and infectious diseases. As a leading white goods manufacturer, we strive to be a part of the fight against childhood obesity. We have long-standing partnerships with local and global NGOs, intergovernmental organizations, and public institutions which work to promote balanced diets and healthy living in societies.



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From Eat Like a Pro...

Launched in 2018, Beko fights against the childhood obesity and promotes healthy nutrition through its global *Eat Like A Pro* Program. In cooperation with FC Barcelona (FCB), Fenerbahçe Men's Basketball Team, and Esports LEC, the program aims to teach children healthy eating habits by showing how their role models, FC Barcelona's star players, feed themselves to achieve their best performances. Beko also offers innovative products to give families access to fresh, delicious, and healthy meals in line with its approach set through the Eat Like A Pro Program.

Beko's partnership with UNICEF also continued in 2020. Between 2018 and 2020, 172,000 children across Latin America region including Brazil, Colombia, Costa Rica, Cuba, Ecuador, and Mexico were directly reached through school-based interventions such as improved school feeding and participatory discussions on healthy lifestyles. In addition, approximately 76,500 teachers were provided with training on promoting healthy lifestyles among school children.

In 2020, due to school closures during COVID-19, the physical activities in schools were adapted to digital channels such as TV, radio and social media. We reached an estimated 25 million children through these platforms, and raised their awareness and know-how on healthy lifestyles, healthy eating, and the importance of physical activity. Besides the Program's main beneficiary group consisting of school children, we also reached 3.5 million people with the purpose-driven contents through our social media channels.

During the reporting period, Beko and UNICEF also increased their efforts on evidence generation and advocacy to improve policies and local legislations across Latin America. For instance, in Mexico and Brazil, Beko contributed to ongoing efforts to build evidence, communicate, and advocate for the adoption of front-of-pack nutrition labelling, which is an important policy tool for countries to help consumers to make healthier food choices.

In 2020, Beko Spain also continued its local contribution to Beko's global initiative through its Eat Like A Pro Navidad program, and distributed 1,200 Christmas menus through the *Aladina Foundation* to families at risk of social exclusion during Christmas. Two chefs, experts in child nutrition, designed the menu based on Eat Like A Pro principles, and the consumers shared their Christmas recipes on Instagram, mentioning Beko Spain's account with the hashtag *#EatLikeAProNavidad*. For each menu that was shared on social media, Beko Spain delivered a dinner to the families in need at Christmas.





...to Live Like a Pro

As Beko decided to democratize both technology and healthy living for everyone, it changed the brand narrative as **Everyone can live a healthy life. Everyone can Live Like A Pro.** Under Live Like A Pro approach, Beko created its #StayHome campaign to relieve its consumers' stress during the COVID-19 period. Through this campaign, Beko gives strength for the times people spend at home.

#AtHome Challenge

Based on its long-term partnership with FC Barcelona which continued in 2020, Beko launched a check-in at home challenge endorsed by Barcelona player Gerard Piqué, through creating a symbolic page on Facebook and Instagram called "home". The challenge encouraged FC Barcelona and Fenerbahçe players to participate through "home" pages, where they encouraged followers to #StayHome #LikeAPro, reminding people of the importance of staying at home, washing hands and staying active to help health workers in hospitals. The challenge reached more than 8 million people through social media channels.

Don't Go Back to Normal

With the start of lockdowns and restrictions, our customers received a big challenge to adapt to their new lifestyle. The COVID-19 crisis caught everybody off guard, and put only one thought in everyone's minds: "When are things going to return to the way they were before?" At Beko, we started our Don't Go Back to Normal campaign to show the positive sides



of the "new normal". This program, aiming to push our consumers to acquire new, better and healthier lifestyles, reached 11.8 million people and had a 66% average video completion.

"How to" Videos

During COVID-19, our consumers have been using home appliances more than ever, so as Beko, we wanted to help them by giving easy them usage manuals to solve their problems quickly. We created 246 tutorial videos in 2020 and during the first quarter of 2021 showing how to "live like a pro" which had more than 3.7 million views.

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 [Live Like A Pro manifesto film](#)

 [Beko - Don't Go Back to Normal video](#)



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HARVESTFRESH TECHNOLOGY

Focused on promoting healthy lifestyle, HarvestFresh is an innovative lighting technology developed by Beko to preserve the vitamins in fruit and vegetables for longer. Even though they keep looking fresh, fruits and vegetables start to lose their vitamins when placed in the fridge. This innovative technology simulates the 24-hour sun cycle in nature, thus ensuring that fruit and vegetables can sustain their vitamin content for longer time. Unique crisper technology uses not one, but three efficient colors of light, mimicking the sunlight and the Sun's positions during the day and using a dark period to replicate nighttime, just like in nature. Implemented at the company's plant in Thailand in late 2019, HarvestFresh technology offers a solution for all segments thanks to its low cost and wide implementation range. This technology can be deployed at all plants and the objective is to create a positive impact in all markets.

Healthy living, one of our group-wide corporate citizenship priorities, is clearly linked to the business drivers at Arçelik. In 2020, Beko developed the Skeptical Kid campaign, supported by HarvestFresh technology, that covers both TV and digital communication. The campaign, based on a little girl who does not want to eat her veggies and who is encouraged by FCB players to eat healthily, was released in more than 30 countries and reached over 18.7 million people.



Promoting healthy living through combining Beko's cooling technologies and the philanthropic activities in collaboration with FCB players, the Skeptical Kid campaign had positive business benefit results that support our sustainable business model. For instance, in Ukraine, our Ad Recall Lift Rate increased by 3 points, our campaign awareness by 2.6 points, and the favorability rate by 1.5 points compared to the previous year, based on the results provided by Facebook. According to YouTube calculations, we received 7.4% relative lift in brand awareness score in Ukraine, and a 22.6% lift in Thailand. In addition, in Ukraine, the consideration set increased by 13.3%, and the HarvestFresh technology received a 169.1 points of product interest lift. The brand interest lift rate also increased by 48.1 points compared to 2019.

FULLFRESH+ TECHNOLOGY

Fullfresh+ Technology provides constant temperature and a high humidity level in the fridge's crisper drawer for ensuring ideal conditions inside the compartment for fruit and vegetables. This enables fruit and vegetables to stay naturally delicious and farm-fresh for up to three times longer. With its product campaign "Keep Fresh & Waste Less with Grundig FullFresh+ Technology", Grundig Spain aimed to inspire people how to keep fresh for longer and waste less. The campaign obtained 109.6 million impression and a 9.6 million reach.

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As a response to these shifting needs and trends, Beko has developed HygieneShield Range, a groundbreaking portfolio of household products.

HYGIENESHIELD RANGE

As the COVID-19 pandemic fundamentally shifts consumer behavior, emerging trends will shape the next generation who have been brought up in the shadow of the pandemic. Beko’s consumer research, Consumer Connected, conducted in 31 countries across the globe revealed that one of the primary concerns is hygiene. It also found that 75% of people clean the house more often, 64% do more laundry and 68% pay more attention to the cleanliness of packaging.

As a response to these shifting needs and trends, Beko has developed HygieneShield Range, a groundbreaking portfolio of household products. The range draws inspiration from nature, using UV light technology heat and steam for disinfection, to enable consumers to achieve excellent hygiene results at home. The new portfolio includes seven appliances with in-built disinfection programs and functions to enable consumers to achieve excellent hygiene results, thus and adjust to the “new normal”. The HygieneShield product line has been shown to provide more than 99% virus reduction*, including coronavirus, providing a level of reassurance unrivalled in the marketplace.



 *HygieneShield Press Kit*

 *HygieneShield Range videos*

* Please visit Beko and Arçelik stores, www.beko.com and www.arcelik.com.tr for specific information on products and virus types.

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In October 2020, to explore the long-term impact of COVID-19 on the home, Beko created *The Age of Nesting report* in partnership with foresight consultancy, *The Future Laboratory*. The report uncovers and explores the forces driving what it calls the Age of Nesting, investigating the impact this new era is having on consumer behavior and revealing how our homes will adapt to a new and rapidly unfolding future. It expands on the idea that “once a place to leave in the morning and return to at night, many homes are now occupied nearly 24/7 and this shift marks the beginning of a new era.” The report predicts this change will transform where we live, how we live, and the homes we live in within the next decade. This pandemic-proof living is one of the key markers of this future and the new living concepts that the Age of Nesting will inspire.

By the end of the first quarter of 2021, the products had been released in seven key markets including Spain, Germany, the UK, Turkey, the Balkans, Romania, and Poland. Throughout 2021, the products will also be released in the rest of our markets including Portugal, Ukraine, Israel, France, Italy, Egypt, and Russia. In line with Beko’s mission to “democratize hygiene with technologies inspired by the purifying power of nature”, the product range strengthened Beko’s brand image and contributed to sales growth. The line was also supported with various campaigns that helped raise awareness among consumers in these key markets:

- The media campaign that supported the launch of the new range received a total of **32 million** impression and **14 million** views. In Turkey, the TV campaign reached more than **14.3 million** people.
- An influencer activation campaign was launched in Spain, the UK, Poland, and Romania in the final quarter of 2020, as well as the first quarter of 2021. The campaign reached a total of **69 million** people with **79 million** impressions, and received **2.7 million** engagements.
- As part of Beko’s partnership with FCB, a HygieneShield LED board and a Steamcure LED were implemented in Camp Nou Stadium in Spain during FC Barcelona home games. From February to April 2021, the number of total Beko Spain website users reached **232,314**.

* The original name is Arçelik Ultra Hijyen Serisi.

In Turkey, the product range has also been released into the market with Turkey’s leader white goods brand, Arçelik. Arçelik-branded Ultra Hygiene* Series was launched with a strong communication pack developed with Technologies to Protect Your Home approach. This new product line addressing the current needs in Turkey brought positive business benefit impacts to Arçelik:

- The market share in white goods category increased by **4.3%** by the end of the last quarter of 2020.
- By the end of 2020, the differentiation score reached its highest value in one year.
- In the last quarter of the year, the innovative brand image was reinforced by **three points** and the trustworthy brand image was increased by **four points**, compared to the third quarter of 2020.

Now, more than ever, brands or organizations must be prepared for a future in which they help humankind to feel secure, supported, and inspired. If businesses are not prepared for this, in many ways they deserve to become the casualties of a new paradigm shift in how we broker the way we live, work and play.

Chris Sanderson
Co-founder, The Future Laboratory



Corensis helps physicians optimize their delivery of care, build operational efficiencies, and enhance the experience of patients and staff.

CORENSIS HEALTH KIOSK

Serving as a healthcare support system, the measurement platform *Corensis* enables the automation of medical measurements, and digitalization of medical record – increasing access to healthcare services in hospitals, medical centers and public areas.

Thanks to its unique design, smart voice and visual assistant, it allows patients to measure their body temperature, blood oxygenation level, respiratory rate, single-lead ECG, blood pressure, weight and height on their own.

Technology in the medical sector has had a significant effect on virtually all the procedures and practices of healthcare professionals. Corensis helps physicians optimize their delivery of care, build operational efficiencies, and enhance the experience of patients and staff. As the healthcare system increasingly focuses on providing a patient-oriented service, hospitals will be focusing on reducing costs, improving quality, and boosting patients' experience.

The initial goal of the Corensis journey, which started in November 2018, was to enhance the experience of all stakeholders in the medical sector, especially in hospitals. Therefore, the medical kiosk and platform are built to improve the efficiency both for patients and medical staff. Over the following months, Arçelik's in-house innovation team collected input from all stakeholders and completed the unique design and development of the Corensis Vital Measurement Platform.



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NOW IS THE TIME TO

#ACTTOGETHERNOW



TACKLING FOOD WASTE

Grundig's mission is based on inspiring people to design a better future by respecting food and respecting planet to leave the future generations a more sustainable world.

RESPECT YOUR FOOD



TIPS FOR YOU

Don't over buy. Keep track of what you've bought and used.

Check the "best-before" and "packaged on" dates when shopping.
Avoid foods that expire soon.

Store food correctly and keep your fridge organized.

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So far, over 500 tons of food had been saved from being wasted, and over 785,000 dishes were served in refectorios.

Data shows that globally, around 14% of food produced is lost between harvest and retail. Fruits and vegetables, plus roots and tubers, have the highest wastage rates of any food. *Global quantitative food waste per year is roughly 30% for cereals, 40-50% for root crops, fruits, and vegetables, 20% for oilseeds, meat and dairy, and 30% for fish.* Moreover, food waste in landfills leads to greenhouse gas emissions, which contribute to global warming. We implement projects to create awareness, minimize food waste and pursue innovation in technologies on preserving food.

Grundig's mission is based on inspiring people to design a better future by respecting food and respecting planet to leave the future generations a more sustainable world. While striving to produce high-level home appliances respecting the environment, Grundig also works to inspire people at home, through a collective purpose, to take everyday actions in pursuit of a better and more sustainable future. Knowing that what happens at home is then reflected outside on the planet, Grundig believes a better future starts at home. Through its brand narrative, **It Starts At Home** launched in 2019, Grundig takes steps to increase awareness on food waste with focus on Respect Food, and develop sustainable innovations to Respect Planet.

Through **It Starts At Home** campaign, explaining Grundig's brand identity and its better future mentality, Grundig obtained 1.1 points of increase in brand consideration set scores in EMENA region in 2020,

compared to the 2018 figures before the brand relaunch process. The top three countries that affected overall result positively with their high increase in consideration set were Romania with 5.1 points, Germany with 3.9 points, followed by Norway with 2.1 points.

RESPECT FOOD

Grundig has adopted the Respect Food philosophy to support the fight against rapidly increasing food waste, and inspire communities in the countries where it sells its products. Building on **It Starts At Home**, Grundig continues its efforts to offer an alternative sustainable life to consumers externally through awareness and call to action programs, and through improvements made at every stage of its value chain internally.

As a global brand with high environmental and social awareness, it has undertaken several joint projects with local and global organizations and has led its R&D efforts into new technologies that will prevent creating food waste at home. In line with its Respect Food approach, Grundig has a long-lasting partnership that also continued in 2020 with the **Food for Soul Initiative**, founded by Chef Massimo Bottura, which focuses on strengthening community resilience, opening opportunities for social mobility, and advocating a healthy and equitable food system. Food for Soul encourages communities to tackle food waste, highlighting a series of initiatives



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World Food Day Campaign

As part of Respect Food approach, Grundig implemented a one-week social media campaign named **30% For the Bin** on World Food Day, inviting everyone to take a small step towards minimizing food waste at home. The campaign reached 18.5 million people and received 18,206 reactions in countries that Grundig operates including Italy, Spain, Romania, France, Turkey where the brand also strengthened the bonds with its consumers during the pandemic.

in collaboration with chefs, artists, food suppliers, designers, and institutions. As an official partner of the initiative, Grundig helped Food for Soul establish Refettorios, restaurants that transform surplus ingredients that are perfectly edible but would otherwise go to waste into healthy and nourishing meals helping people to appreciate their hidden value, in different countries including Rio de Janeiro, London, Paris, Milan, and Naples. This has helped Refettorios to extend the scope of their operations to different locations to further reduce food waste and provide for more people in need.

By the end of 2020, more than 500 tons of food had been saved from being wasted, and more than 785,000 dishes were served with the help of over 100,000 chefs, culinary apprentices, and volunteers.

On September 2020, *UNEP appointed Massimo Bottura as its newest Goodwill Ambassador* to step up the fight against the global problem of food waste and loss. Through our communication campaign launched in five countries, we increased awareness on the SDGs and food waste, and reached over 6.5 million people.



From our very first meeting with Grundig back in 2015, I understood that we shared a similar philosophy on the issues of sustainability and the fight against food waste which at that time, was not a topic in the culinary world the way it is today. Grundig was one of the first companies to understand the mission of the Food for Soul Project and began supporting us from the very beginning without hesitation which gave me the confidence to continue our efforts. Together we have come a long way with Food for Soul Refettorios opening around the world. Together we can do even more in the future.

Massimo Bottura
Chef



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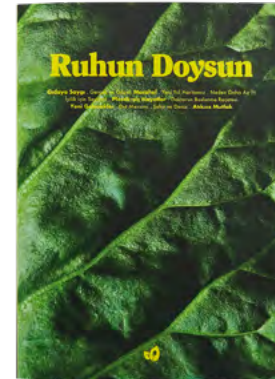


During COVID-19, Grundig created **Let's Stay at Home** webisodes with Massimo Bottura. This *mini-series of four videos* aimed to help people make the most of their food during and after the quarantine. The episodes in which Massimo shares tips on food's journey reached 4.4 million people and received 10.7 million impressions. We also reached a total of more than 8 million people in our key markets through digital contents we have prepared to raise awareness among our consumers under our #StayAtHome movement.

GRUNDIG TURKEY: RUHUN DOYSUN

Through its **Brand With A Purpose** approach which supports the umbrella brand purpose of Respect Food, Grundig continued its series started back in 2017 with **A Lifestyle**, and continued with **Respect Food** in 2018. **The Explore** series launched in December 2019, was released on two national TV channels and a digital platform during 2020. Repeat broadcasts of the previous seasons also continued on the same national channels.

Over the years, Ruhun Doysun Initiative has become a growing awareness movement in Turkey through YouTube series, website, social media channels, and magazine books. By the end of 2020, the number of followers had reached 542,000 on Instagram, 160,000 on YouTube and more than 700,000 on all social media channels. Videos on the YouTube channels were watched more than 100 million times.



Ruhun Doysun Initiative also creates magazine-books to extend its philosophy to the wider public. The magazine-books, having the same name as YouTube series, are now on sale through grundig.com.tr as well as via e-commerce web sites and major bookstores across Turkey.



Our innovative product portfolio, from smart home systems to products with less negative impacts on the environment, produce innovative and smart solutions for a more connected and digitalized world.

Today's customers are more demanding than ever and looking for convenience. Customers search for solutions that optimize time and are more efficient without compromising the quality of products. Our innovative product portfolio, from intercommunicating smart home systems to products with less negative impacts on the environment, produce innovative and smart solutions for a more connected and digitalized world. We offer an ecosystem that automatically updates and refreshes with innovative features and practical solutions for users, such as remote controls, software updates, program downloads and instant notifications to connected appliances. We help our customers with known issues to reduce their service time and providing intelligent support information about their products and usage.

SMART HOME

As homes are digitalizing, we are developing smart home solutions that use our innovative products and make life easier for our customers. The number of smart and connected appliances is ever growing, and there are now more than 1.5 million around the world.

Smart home products include central heating controls, smart valves, and IR Common Controls, devices that help to save energy by optimizing heating and cooling processes. The HomeWhiz mobile application for air conditioners increases energy efficiency by minimizing energy consumption through the smart energy management features. The HomeWhiz platform

allows our customers to remotely control different electronic home appliances, such as refrigerators, washing machines, dryers, dishwashers, ovens, stoves, ventilation hoods, air-cleaning appliances, air conditioners, TVs, telephones, and tablets. In addition to smart home appliances, the HomeWhiz application will introduce energy management for the home using smart plugs, smart bulbs, smart thermostats, and radiator valves for home energy saving and comfort, enhanced safety thanks to door sensors, motion sensors and security cameras; and air quality solutions via air quality measurement devices and air purifiers, all of which are accessible on a single interface.



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We are expanding our partnerships and creating an open ecosystem for increasing interoperability and diversity. We are leading more than 16 partners on the Sayem project, run by the Scientific and Technological Research Council of Turkey (TÜBİTAK), to create an innovation network consortium in our industry. Through this, we aim to cooperate with our partners to make HomeWhiz the IoT platform for smart homes in Turkey. We offer an ecosystem that automatically updates and refreshes itself with Alexa cloud technology, allowing our customers to control the entire HomeWhiz-compatible smart home ecosystem by voice command via the Grundig Fire TV Edition and Amazon Echo device.

We constantly update our HomeWhiz IoT-enabled products according to changing conditions. During the COVID-19 pandemic, we updated the software thanks to our connected technology and downloaded Oxi Hygiene program into certain Arçelik dishwasher and Beko washing machine models. We sent the new bleach container free of charge to consumers already using the specific model, which enables bleach to be used with maximum confidence and hygiene.

CARE PLUS

Care Plus enables us to explore and analyse our consumers' product usage habits and guides our consumers via the HomeWhiz mobile application. We also inform our consumers in cases of error or failure, so they can act at the right time. In 2020, we

focused on service button innovation and sustainable performance and preventive maintenance. Support Service is a service enabling expert customer representatives to assist customers by calling them after a request has been created with the help of a special button on the connected appliances. A customer needing support on how to use the appliance, facing a problem or wondering about new products or features, can use this special button. It primarily aims at:

- giving the message that Arçelik is always there for the customer
- increasing demand for connected appliances
- giving customers a reason to stay connected
- preventing fake services.



IN TOUCH WITH BUSINESS

Leading the household durables industry is only possible by transforming our business and building a future together with all our stakeholders. To respond to and solve today's challenges and society's changing needs, Arçelik innovates with purpose and creates substance while incorporating sustainable value into technology. We believe delivering the best customer experience with outstanding products is only possible by empowering human capital and using the power of innovation and digitalization beyond our value chain.

- 126** R&D AND INNOVATION
- 136** HUMAN CAPITAL
- 159** ZERO ACCIDENT WORKPLACE
- 162** CUSTOMER EXPERIENCE
- 173** SUSTAINABLE SUPPLY CHAIN



IN TOUCH WITH BUSINESS

2020 TARGETS SET IN 2016

Increase the number of collaborations and projects in R&D and innovation	Increase the rate of female managers in global operations* from 16% to 21%	Increase the average hours of training per employee in global operations to 42 for monthly paid employees and 28 for hourly paid employees	Increase employee engagement rates in operations in Turkey**** to 67.8% for monthly paid employees and 70.7% for hourly paid employees	Reduce accident frequency and accident severity rates in operations in Turkey by 25%	Develop the Supplier Sustainability Index to ensure that the rate of suppliers who are assessed as medium and high risk remains below 8%
TARGET MET	TARGET MET**	TARGET NOT MET***	TARGET MET	TARGET NOT MET*****	TARGET NOT MET
<p>+500 R&D projects</p> <p>Collaboration with +300 partners, universities, research institutes and companies from +20 countries</p> <p>28 projects funded by the EU</p>	20.8%	<p>Monthly paid: 25.3 hours</p> <p>Hourly paid: 23.1 hours</p>	<p>Monthly paid: 71.1%</p> <p>Hourly paid: 79.2%</p>	<p>12.5% reduction in accident frequency rate (AFR)</p> <p>15% increase in accident severity rate (ASR)</p>	8.3%

* In previous reporting periods, this target was measured and reported only for the countries included in the reporting scope. In 2020, we enlarged the target scope and covered employees in all operations. More information can be found in Annex 1.

** In 2020, the difficulties we faced in rotation, promotion and hiring due to COVID-19 crisis caused us to fall slightly behind our 2020 target. Yet, we will continue our efforts to increase this rate to 30% by 2030.

*** This target was measured and reported for Turkey operations only due to the lack of global monitoring system for training. However, as we accelerated digitalization in our business processes during the COVID-19 period, we started monitoring globally as of 2020, and will disclose our performance against our 2030 target as of 2021, which is to increase the average training hours per person to 50 hours for monthly paid and 30 hours for hourly paid employees.

**** Covers our business affiliate WAT Motor San. ve Tic. A.Ş. and WAT Motor R&D Center, going beyond the reporting scope.

***** The target was met by the end of 2019 with a 52% reduction in the AFR and 37% reduction in the ASR. In 2020, there was an increase in accidents due to new recruitments for hourly paid employees during COVID-19. We took necessary actions and prepared our roadmap in line with our “zero accident workplace” approach towards 2030.

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FUTURE JOURNEY: 2030 TARGETS

Ensuring diversity and human rights

- Increase the proportion of women*;
 - in the total workforce to **26%**
 - in all management positions** to **30%**
 - in junior management positions to **35%**
 - in top management positions*** to **20%**
 - in management positions in revenue-generating functions to **25%**
 - in STEM-related positions to **25%**
- Assign **three women** directors in STEM-related departments
- Increase the awareness of **100,000** students through OHS seminars

Enhancing responsible supply chain

- Make sure for **all global suppliers** exceeding 500 TOE (Ton of Oil Equivalent) to obtain the ISO 50001 certificate (Apply for all global suppliers exceeding 1000 TOE by 2025)
- By 2025:
- Collect, monitor, and publicly disclose environmental data of approximately **400 suppliers** making **90%** of our purchasing volume, and encourage them to set their own targets
- By 2023:
- Make sure that the ISO 14001 certificate apply for approximately **400 suppliers** making **90%** of our purchasing volume
 - Ensure **100%** compliance of critical suppliers with Arçelik Conflict Minerals Policy

Promoting decent employment and talent development

- Increase the average training hours per employee to **30** for hourly paid employees and **50** for monthly paid employees
- Convert **40%** of training activities to online platforms
- Ensure that more than **50%** of employees participate in at least one volunteering activity
- Establish a corporate volunteering platform in every country where we operate

* Covers employees in all operations, going beyond the reporting scope.
 ** Includes junior, middle and senior management positions.
 *** Maximum two levels away from the CEO or comparable positions.



R&D AND INNOVATION

361 R&D projects in 2020

15 R&D and Design Centers in Turkey

13 R&D Offices across **10** countries

Approx. 3,500 international patent applications

1,710 R&D employees

EUR 55 million of total R&D spending, **33%** of which was for eco-friendly products

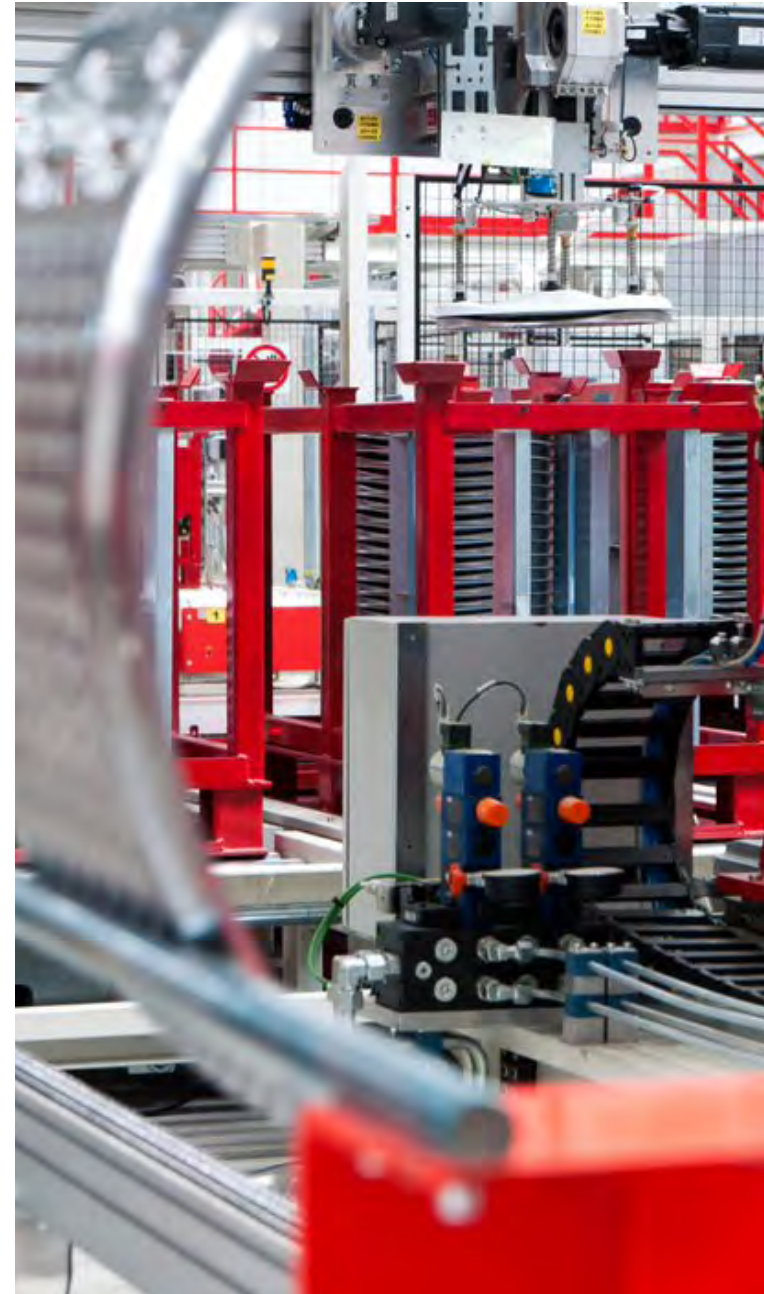
The only Turkish company in the Top 100 in the World Patent League

One of the six Turkish companies in the list of "Top 2,500 Companies That Make the Highest R&D Investment in the World"

The need for regenerative and restorative business models is increasing when we consider limited natural resources and current social problems. In this new age, disruptive and exponential technologies, are causing a shift in existing business models. *According to Deloitte's latest report*, Industry 4.0 can create a holistic approach, leverage capabilities, and drive smarter and flexible organizations that lead the way in next-generation business models.

From manufacturing to distribution, innovating with purpose to drive sustainability into advanced technology is the foundation of our operations. We regularly evaluate our processes and deliver more effective solutions responding to changing needs and behaviors, thanks to new technologies such as AI, data analytics, robotics, the IoT and automation. We invest in integrating the Industry 4.0 revolution into our business models. Through collaborations and open innovation, we build on our capacity for delivering the best solution in a shorter time to market.

The number of new products and services we have introduced to the market has increased in the last three years. We measure their impact on sales growth and turnover. In 2020, the share of new products, product features, and services in the total revenue was 33.47%. The total R&D spending to reduce environmental impact through the development of eco-friendly products represents 33% of our total R&D expenditure. Products and technologies that create environmental and social value are listed in *Annex 6*.



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Arçelik Garage leads design thinking and intrapreneurship mindset within the company, supporting the employees throughout the journey of product development, from idea to prototype and product launch.

Developing collaborations with stakeholders through a holistic approach enables companies to better address current social and environmental issues. In the scope of our open innovation culture embedded in our way of doing business, we collaborate with different stakeholders such as startups, universities, suppliers, and companies from across industries. This creates diverse ideas and perspectives, which helps ensure our business is ready to make the most of society's changing needs. Our open innovation approach creates value through our intellectual capital, R&D know-how and infrastructure.

ARÇELİK GARAGE

Arçelik Garage is one of the biggest open innovation centers in Turkey, where Arçelik transforms ideas into prototypes and then products. Arçelik Garage welcomes entrepreneurs from different backgrounds, ages, and professions. The startups and projects that bring new solutions to specific issues are selected in the Accelerator program, during which mentorship, R&D, and tech support for mass production are provided. After successfully completing the program, selected products are sold through our dealers, with the possibility of expanding sales to the countries where we operate.

The Garage also works as a prototyping center, with a daily capacity of between 50 and 100 products. This prototyping center is equipped with one of the biggest makerspace technologic infrastructures in

Turkey and helps entrepreneurs to test their ideas and receive customer feedback faster. The working groups constituted at the Garage bring academicians and students from universities in Turkey, as well as dealers, customers, employees, and industry representatives together to develop solutions and products. Acting as a co-working space, the Garage fosters design thinking and intrapreneurship, and serves as a space for our employees to experience digital transformation, accompanying them throughout the process from idea pitching to product launch. At the Garage, Arçelik employees are supported with technical and financial support to transform their ideas into reality.





Within the scope of the Next Big Story Program, 447 ideas were developed, 90 prototypes were created, and from 11 product concepts, two were turned into actual products: a tumble-dryer with UV light, and the new product line HygieneShield.

Next Big Story

Next Big Story is a program in which multidisciplinary teams from employees and external stakeholders create new product ideas in special product segments focused on consumer needs. Through this method, we aim to remove risks early, by building various competencies in project processes, and to produce products that will provide the company with the greatest profit.

In 2020, we conducted new user-oriented concept studies for dryers, small kitchen appliances, televisions, and built-in ovens. Through daily workshops conducted for different product groups within the scope of the Next Big Story program, 447 ideas were developed, 90 prototypes were created, and from 11 product concepts two were turned into actual products: a tumble-dryer with UV light, and the new product line *HygieneShield*. In the new two Next Big Story programs, which started in 2020 and will continue in 2021, idea developments will be conducted for generating new concepts for TVs and built-in ovens.

The HygieneShield Range was developed and launched to satisfy increased demand and changing consumer habits during the pandemic. It includes:

- **A UV cleaning cabinet**, which provides maximum hygiene for personal belongings and packaged goods in 20-40 minutes cycle with the Ultraviolet and Heat-Supported Hygiene program, killing 99.9% of bacteria and viruses.
- **A combi refrigerator with disinfection drawer**, disinfecting the surfaces of packaged foods, killing 99.9% of bacteria and viruses in nearly 40 minutes using UV light technology.
- **A tumble dryer with UV light technology**, ensuring full laundry hygiene through the UV Hygienic Refresh program that refreshes up to six dry pieces of clothing, and the UV Hygienic Drying program that dries and sanitizes up to 5 kg of washed laundry killing more than 99% of bacteria and viruses.
- **HygieneShield washing machine and washer dryer**, eliminating more than 99% of viruses and bacteria from 2 kg of clothes in 58 minutes through its hygiene therapy program with a smart algorithm, an additional heater channel and fan system which fills the drum with hot air to keep the laundry at 60°C to sanitize the clothes without water.
- **A built-in oven with saturated steam and heat**, offering two separate disinfection programs both involving heat and steam, working at 70°C and 120°C, respectively. Using the oven at 70°C for 15 minutes disinfects the surfaces of packaged food and makes the outside of baked goods more hygienic, without affecting their taste and structure. The 120°C program used for 20 minutes disinfects items like metal bowls and glass products.
- **HygieneShield dishwasher**, ensuring that the entire surface of every dish is perfectly hygienic through steam mist generated from using higher temperatures and additional hot rinsing, killing 99.999% of bacteria and viruses.

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Hack the Normal

In the face of the COVID-19 pandemic, a new normal has emerged. As consumer habits and ways of doing business have shifted, Arçelik's priorities have changed accordingly. In May 2020, when we experienced the first wave of COVID-19 lockdowns, we organized an international online hackathon, Hack the Normal, in collaboration with Atölye, a creative services organization in Istanbul. The aim was to explore this "new normal". In total, 300 entrepreneurs and 190 mentors and coaches from 31 different cities and five different countries looked for ways to effectively navigate new dynamics brought up by COVID-19 with an agile and collaborative approach and take steps that will create a difference. Participants searched for the answers to the question: "How can we create a positive impact on the new normal lifestyle introduced by COVID-19?" from three different angles: sustainable living, healthy living, and social living.

The team representing Arçelik Procurement Product Directorate was awarded first place with the concept of "Welcome Home Sanitizer". Work has now begun for the first-place product to be prototyped and put into practice.

Hack the Conversation

The second online hackathon we organized, in July 2020, was Hack the Conversation. Aimed at young and talented university students, the event welcomed 30 students working as 16 teams. During the 48-hour hackathon, they were asked to develop chatbot solutions within the Hack the Conversation framework that answered the changing needs and expectations of customers and employees. At the end of this hackathon, the teams presented their collective work that covered various ideas such as implementing virtual reality into chatbots, expanding the shopping experience during COVID-19, and implementing sentiment analytics based on e-commerce site reviews and ratings. As a result, three teams were selected by the jury to receive the prizes.

BiGG Arçelik Garage

Supported by TÜBİTAK, the Scientific and Technological Research Council of Turkey, the BiGG Arçelik program serves as an interface pre-incubation program between entrepreneurs and TÜBİTAK. In the first half of 2020, a total of 156 business idea suggestions were received and 91 tech-entrepreneurs were accepted onto the training program, where their business ideas were transformed into business plans. Some 25 successful projects were submitted to TÜBİTAK and eight entrepreneurs succeeded in receiving the grant of EUR 200,000 from TÜBİTAK, helping them to start running their businesses.

Garage Talks

Started in 2020, this series of event aims to connect with different stakeholders and potential business partners, thereby enlarging the ecosystem. Two sessions were held with the theme of innovation in the activities organized for the R&D department. Employees discovered trial-and-error methods, different examples of successful innovation methods, and in-house entrepreneurship practice at Koç Holding during Garage Talks.



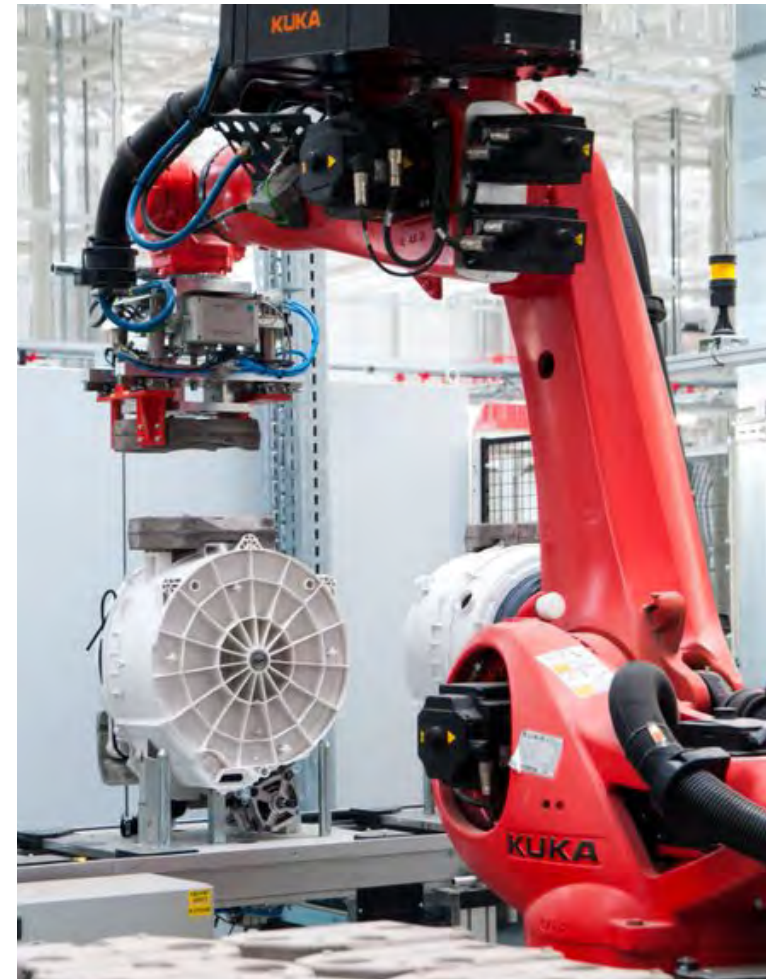
The pandemic has accelerated digital transformation across industries on a global scale. The developments in technology and digitalization have transformed business processes, products and services, and the overall way we work.

In the age of disruption, digital technologies are fundamentally shaping how businesses operate and deliver value. Through integration into business processes, existing systems are exposed to cultural, organizational, and operational change. This change pushes companies and teams towards adopting disruptive and creative thinking. This redesign of business processes in this era is only possible through digital transformation that helps organizations to scale their efforts to capture the benefits and keep up with their competitors. Industry 4.0 is also rapidly transforming market practices across the globe. The results of digitalization can be seen in all fields, from customer relations to mobility in the workforce, from optimization of manufacturing processes to the transformation of goods and services.

The pandemic has accelerated digital transformation across industries on a global scale. The developments in technology and digitalization have transformed business processes, products and services, and the overall way we work. At the same time, in the post-pandemic new normal we believe digitalization will become more important than ever to differentiate our business from the competition and to take swift and accurate action to meet changing consumer demands.

In line with these developing trends and changing behaviors powered by digitalization, we constantly monitor and transform our operations. The digital and agile transformation journey at Arçelik is initiated by the R&D and digitalization teams, led by the Chief

Strategy & Digital Officer. Our digitalization strategy mainly focuses on responding faster and better to changing customer needs. It does so by challenging the traditional hierarchical structure to establish more effective cooperation with internal stakeholders from different departments, business units and teams in the regions where we operate.





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ATÖLYE 4.0

Arçelik Atölye 4.0, being the first R&D Center in Turkey in the field of production technologies, runs global and local projects in various fields that support digital transformation. The team conducts cross-functional projects related to different Industry 4.0 topics, productivity, quality, and OHS. These projects give opportunities to find solutions in different areas, thanks to collaborations with knowledge-based expertise.

In 2020, due to the pandemic, we created a virtual platform where guests can visit Atölye 4.0 and learn about different projects and processes implemented within the Atölye 4.0 lab. Through videos and images, visitors can experience the lab environment and observe the ongoing projects.

Several projects developed within the Washing Machine and Refrigerator Plants in Turkey in these areas are listed below. Moreover, the Atölye 4.0 team provided support to Central R&D for the development of *mechanical ventilators* using their strong experience of automation systems.

DIGITAL TRANSFORMATION PROJECTS

Arçelik's agile and digital transformation journey continues to grow with the agile execution of 16 projects by more than 300 people working under 33 teams by the end of 2020. We select and design digital transformation works and projects to serve at least one of these focus areas: Customers, Products & Services, Processes and Systems, and People. Data analytics, education, open innovation, and collaboration in the field of digitalization are our key enablers during this agile/digital transformation journey. In 2020, employees with complementary skills from different teams, including R&D, production, purchasing, marketing, product management, industrial design and product supply, received training for agile transformation, and they took part in projects carried out with the principles of agility.



Digital transformation projects implemented in 2020

PROJECT NAME	VALUE GENERATED
Integrated Material Management (Malbis)	The Malbis project has been initiated to make the right material selection for newly designed product parts, to choose the material jointly between different R&D centers, and to encourage the use of sustainable materials, thereby providing cost advantages.
DevOps	The project is focused on information security, corporate solutions, commonization, traceability, and reusability.
R&D Research Reports Portal	The Report Filtering application was integrated into the in-house digital sharing platform, ensuring more efficient access to the R&D research reports library and allowing detailed searches. This speeded up the report uploading and review processes.
Project Management Process	The existing R&D project management process was updated, making it easier to follow with clear stages and decision points, and the contents of the control list were reviewed at decision points between stages. The infrastructure of all Arçelik R&D project management processes will be moved on to a digital platform that is being prepared, where project, portfolio and resource management will be conducted.
Design Guide Project	The most critical parts (with Function, Quality and Cost criteria) for all products were selected, and 300 Design Manuals (DMs) were prepared and digitalized. DMs were integrated into the TeamCenter system in which parts are designed, published, and stored during the product development process.
Configuration Management	We reviewed and optimized different processes within product development projects such as product design, product tree creation, and production process data management.
Global Product Lifecycle Management (PLM) Migration	The PLM transition was implemented in facilities worldwide.
Sharing Platforms	We developed two different sharing platforms "The Good Practice Scenarios Library Platform" and "The Experience Sharing Platform" to share and disseminate the practices, knowledge and experiences that create value in Arçelik's production processes globally, and to enhance the corporate sustainability culture within the company.

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Our Beko Homewhiz smart dishwasher, the 2018 IoT Security Champion, was included as the only product that meets the IoT security criteria in the smart white goods category in the report, *Evidencing the Cost of the UK Government's Proposed Regulatory Interventions for Consumer IoT*, prepared for the Government of the United Kingdom, Department for Digital, Culture, Media & Sport.

Our HomeWhiz appliances are certified by VDE and Common Criteria, which is the internationally recognized cybersecurity certification at EAL2 level, to ensure a secure smart home technology to our customers. The secure HomeWhiz servers ensuring access to smart appliances is subject to strict authorization checks.

New technologies play a key role in making human life easier, accelerating the fight against the climate crisis and digitalizing industries. Adopting these technologies brings new risks such as data leakage and cyber-attacks. *Businesses* must focus on these risks and invest in their security systems to protect the vast amounts of personal, non-personal and corporate sensitive data. The collection, use, sharing, and further processing of data must be done in line with international regulations such as the General Data Protection Regulation (GDPR). With COVID-19, *research* shows that cyber security risks increased due to the boom in digitalization which increased the exposure of companies and individuals more vulnerable to those risks.

Arçelik has an ISO 27001 Information Security Management System certificate, which covers 39% of its supply chain, information Technologies, human resources and finance operations. We established a committee for data security and cyber security in 2019, and identified committee members, including senior management.

In 2020, Koç Holding Consumer Durables' President, one of the members of the Board of Directors, has been appointed as the Board Member responsible to oversee the cyber security strategy of Arçelik Global given his experience in this area and he involves actively in the Information Security Committee. A working group has been created with coordination by the Republic of Turkey Presidency of Defense Industries to create a cyber security certificate for IoT-based products that are being sold on the Turkish

market. Several workshops were organized in 2020 with different companies from various industries, which led to the determination of the IoT cybersecurity certification criteria for Turkey. In 2020, the IoT Security Test and Evaluation Center (ISTEC) carried out cyber security tests of our Wi-Fi-connected ovens, refrigerators and washing machines, and the network infrastructure's cyber security resilience of the Arçelik Electronics Plant in Tekirdağ, Turkey was tested against malicious attacks. In the coming period, the accredited companies which can make the related certification tests will be announced. In 2021, we plan to implement tests for our IoT-based products.

As a result of workshops that were held over the last three years focusing on measures to be taken against cybersecurity risks, as well as modelling and studies completed in cooperation with our global consultant, we completed the Cyber Risks Insurance Policy in 2019. The insurance policy started to cover the cyber risks at the beginning of 2020. We also finished the renewal process for the 2021–2022 policy period of the coverage. A comprehensive policy including the risk of business interruption has been approved by reinsurers.

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.



In 2020, we submitted 72 international projects in different programmes including H2020, Eureka, Eurostars, ERA-Net, and TÜBİTAK 1509.

Strategic collaboration with our partners with diverse perspectives and backgrounds enables us to develop distinctive and innovative products. The technologies we build help us to generate solutions to environmental and social problems while growing our market share and profitability. We participate in the EU Horizon 2020 Framework Programmes (H2020) to strengthen our cooperation network on different platforms. Through these programmes, we build strategic collaborations in critical areas for our business such as the IoT and connected products, cyber security, sensors, robotics, artificial intelligence, energy efficiency, the circular economy, innovative material technologies, and food storage technologies.

In 2020, we submitted 72 international projects in different programmes such as H2020, Eureka, Eurostars, ERA-Net and the Scientific and Technological Research Council of Turkey (TÜBİTAK) 1509 (International Industrial R&D Projects Grant Programme). We applied for different national TÜBİTAK programmes during the reporting period: Two TÜBİTAK 1511 (Research Technology Development and Innovation Projects in Priority Areas G.P.), four TÜBİTAK 2247-A (National Leading Researchers Programme), three TÜBİTAK 1515 (Frontier R&D Laboratory Support Programme), one TÜBİTAK 1601 (Capacity Building for I&E Grant Programme), and finally one TÜBİTAK 2553 (Pakistan Science Foundation (PSF) Bilateral Cooperation Programme).

In 2020, Arçelik became the biggest beneficiary of the TÜBİTAK 2444 Industrial PhD Fellowship Programme, with 16 projects accepted in partnership with Koç University, Istanbul Technical University (ITU), Middle East Technical University (METU), Sabancı University, Özyeğin University and Marmara University. These projects enhanced significant collaborations with 400 partners from more than 20 countries.

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Ongoing projects as part of Horizon 2020

START YEAR	PROJECT NAME	VALUE GENERATED
2017	SafeConsumE	We develop solutions through R&D to reduce the health burden from food-borne illness in Europe through collaborations with universities and different companies in the food supply chain.
	C-SERVEES	Supporting circular business models, we will produce 100 promotional televisions and washing machines which will be leased to users for a year, collected when their leases expire, renewed, and provided to users as new products with the same quality standards. <i>Please go to the Product Stewardship section for more information.</i>
2018	CoLLaboratE	We contribute to solve problems related to the human-robot collaborating system that will help industrial robots learn to cooperate with human workers for performing new manufacturing tasks, with a special focus on the challenging area of assembly operations.
	PROMETHEUS	We deliver the next generation in high power ultra-short pulse laser surface processing. We reduce the energy consumption during the drying cycle in dishwashers and dryers.
2019	FormPlanet	We develop an integrated ecosystem to prevent manufacturing defects by increasing the production and performance efficiency in sheet metal forming with the help of new experimental and modeling methodologies.
	Arrowhead Tools	We aim to reduce engineering costs through digitalization and automation solutions. As an industrial partner of the project, we implement integrated tool chains to improve our current business processes such as project development and approval processes during hardware tests at the R&D center.
	MicroElectronics Training, Industry and Skills (METIS)	Through this project, we establish a sustainable framework to analyze key global trends affecting the sector, identify human capital for microelectronics, develop a Sector Skills Strategy, and design and deliver a modular and blended curriculum.
	Smart Human Oriented Platform for Connected Factories (SHOP4CF)	We aim to find the right balance between cost-effective automation, repetitive tasks and involve human workers in areas such as adaptability, creativity, and agility where they create the biggest added value.
2020	Intelligent Secure Trustable Things (InSecTT)	We work to create trust in AI-based intelligent systems and solutions as a major part of the IoT such as moving AI to the edge and making AI and machine learning (ML) based systems trustable, explainable, and not just a black box.
	Intelligent Reliability 4.0 (iRel40)	We aim to improve reliability for electronic components and systems by reducing failure rates along the entire value chain.
	Eco-Innovative Energy Factory Management System (ECOFACT)	We aim to ensure energy and resource efficiency optimization through data collection with sensors from the processes and auxiliary facilities, as well as creating a platform with decision support systems that also include the supply chain. <i>Please go to the Combating the Climate Crisis section for more information.</i>
	Auto-DAN	We aim to accurately measure and reduce energy consumption in buildings, using our smart products in selected pilot regions. Arçelik's smart white goods will be designed to be connected to the energy gateway of the common system.
2021	Reshaping Labour Force Participation with Artificial Intelligence (AI4LABOUR)	This project aims to design and plan the required training to obtain the necessary skills.
	Embedded Storage Elements on Next MCU Generation Ready for AI on the Edge (StorAlge)	The main objective is the development and industrialization of world-class semiconductor technologies.

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HUMAN CAPITAL

37,413

Employees Worldwide

24%

Female Employees

21%

Monthly Paid

79%

Hourly Paid

28%

Under 30 years old

63%

30-50 years old

9%

Over 50 years old

Employees are the key actors in leading Arçelik's sustainability journey, and they play a strategic role in achieving targets. Creating an inspiring, safe, and healthy work environment that thrives from diversity and inclusivity is essential in becoming the leader we are today. To ensure that the sustainability strategy and goals are integrated top-down and bottom-up, we focus on cultural and behavioral change programs and invest in talent management to reveal the full potential of our employees. Attracting new-generation talent cements our leadership position. We continuously innovate our training, development, and leadership programs to keep up with the current trends and needs and design the business environment of the future according to ever-changing global trends.



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Eight BSCI-SEDEX and three follow-up audits were carried out, which allowed us to identify the improvement opportunities for potential human rights issues.

Respecting human rights is a must for every company to successfully continue their business. With our *Global Human Rights Policy*, Arçelik guarantees that its work environment is safe and with decent conditions based on human rights. Cases of violations are never tolerated, and we integrate this understanding throughout our value chain. We strengthen our stance by participating in initiatives and fulfilling principles in this respect and voluntarily take part in global organizations such as the UN Global Compact (UNGC) and International Labour Organization (ILO) as well as UN Guiding Principles on Business and Human Rights. Arçelik is one of the first companies to sign the Code of Conduct published by the Home Appliance Europe (APPLiA).


Also, we are subject to several audits as a member of the *Business Social Compliance Initiative (BSCI)* and the *Suppliers Ethical Data Exchange (SEDEX)*. As a member of BSCI, we are 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. We fulfill these requirements in all countries we operate in accordance with the local laws and regulations. It is adhered to contracts signed with employees. Signed contracts comply with legislation in the countries where Arçelik operates and fully comply with local GDPR rules. We strictly follow, pay attention to, and commit to compliance.

In 2020, eight BSCI audits and four follow-up audits were carried out by third party auditing firms, which allowed us to identify the improvement opportunities for potential human rights issues shown on the next page. These audits take place every year. However, due to COVID-19 related restrictions, four BSCI-SEDEX audits could not be conducted in 2020. In addition, we audit our suppliers to ensure that relevant principles are implemented throughout the entire value chain. The principles of “The right person for the right job”, “Equal pay for equal work” and “Merit based on success and equal opportunities for all” are non-negotiable for us. From recruitment to remuneration, we consider these principles in human resources processes and evaluate only qualification criteria such as educational background, knowledge, skills, competence, and experience.

Depending on the production intensity (seasonal increase or other reasons), some of our employees are employed in our factories with a fixed-term service contract.

Within the scope of industrial relations policy, Arçelik respects the rights of employees to join industrial associations and unions. We pay careful attention to protect the peaceful environment in the workplace by the way of conforming to the requirements of legislation and collective bargaining agreement within the framework of trust formed with employees and unions.

 *Arçelik Global Human Rights Policy*

 *Please see the Supplier Audits section for more information.*

 *BSCI & SEDEX Audits overall score*



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Potential Human rights/OHS/environment Issues on BSCI & SEDEX Audits Findings

Main Category	Matter Description	Non-conformities	Improved*	In Progress*
Social Management System and Cascade Effect	Lack of efficient management system	16	10	6
Workers Involvement and Protection	Lack of employees' awareness of training	2	2	
The Rights of Freedom of Association and Collective Bargaining		0		
No Discrimination		0		
Fair Remuneration	Lack of documentation	2	2	
Decent Working Hours	Overtime working hours	14	5	9
Occupational Health and Safety	Emergency planning, Fire safety, Chemical management, Lack of Personal Protective Equipment	20	15	5
No Child Labor**	Lack of local policy	2	2	
Special Protection for Young Workers		0		
No Precarious Employment		0		
No Bonded Labor		0		
Protection of the Environment		0		
Ethical Business Behavior	No	0		
Total		56	36	20

* Follow-up audits and CAPA management system

** There was no child working in our production factories. It is expected that there will be a local policy rather than a global company policy.

Arçelik is a member of the Turkish Employers' Association of Metal Industries (MESS), which is the authorized labor union representing workers. A collective labor agreement was signed between MESS and the Turkish Metal Union covering the period of September 1, 2019 to August 31, 2021. Elsewhere, the Solidaritatea Union in Romania, Numsa, Uasa and SAWU in South Africa are authorized labor unions.

In 2020, 59.7% of the employees were covered by collective agreement in all countries where we have

manufacturing plants. In cases 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. A total of 244 Arçelik employees served in labor unions, while two employers represented their group in employers' unions. The total number of employees and employers who are member of labor and employers' unions is 246. All hourly paid workers in Turkey work under a collective labor agreement.

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In 2020, total hours of working from home reached 8,410,607 and the total number of flexible working hours was 540,235 in the countries included in the reporting scope.

Flexible and Hybrid Work Model

To establish a work-life balance in our corporate culture, we launched the Flexible Working Hours Program for all our monthly paid employees in Turkey, starting in January 2019. Provided that our employees are present at the workplace between 10 a.m. and 4 p.m. and work a minimum of 45 hours per week, they oversee their own work schedule.

With the COVID-19 pandemic, Arçelik adapted to a home-office culture relatively easy thanks to its digitalized processes. From March 2020 onwards, the rate of working from offices was capped at 20–25% in headquarters. We monitored the R&D incentives by the Republic of Turkey, Ministry of Industry regularly, and updated the number of employees at offices according to the changing conditions of the pandemic, which requires keeping the rate of employees present at our offices at between 25% and 60% of the workforce. In 2020, total working from home hours reached 8,410,607 hours in the countries included in the reporting scope, and the total number of flexible working hours was 540,235. We also provided routers and data packages to support almost 4,000 employees in Turkey.

The average daily number of online meetings was 70 before the pandemic and reached 3,300 during the pandemic. A total of 530,514 online meetings were held in 2020 and 522,683 of these were held following the switch to remote working on March 18. We constantly review new technologies on remote

working and security and continue our efforts to improve digital working conditions.

We will pursue a hybrid model of working by defining a global framework/guidance for a permanent practice that will remain after the COVID-19 pandemic. Employees whose job requirements are suitable for remote work, will work remotely on certain days of the week. Day ranges might be different depending on functions or locations.

In line with the Company's digital transformation policy and road map, face-to-face development programs, including company orientation, catalog training, the Leadership Journey, Groweek and functional academies, were adapted for online platforms in 2020. A total of 776 employees attended digitalization programs held by several universities and platforms, including Udacity, Coursera, Online Data Science, Massachusetts Institute of Technology, the London School of Economics and Koç University.

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NOW IS THE TIME TO

#ACTTOGETHERNOW



ACTING FOR EQUAL OPPORTUNITIES

We took a step forward in our efforts to achieve gender equality across all our operations worldwide, and have set additional targets for 2030 with a 2020 baseline to increase the proportion of women in different positions.

CHANGE YOUR POINT OF VIEW



TIPS FOR YOU

You can start by **challenging your friends to change the words** they use, i.e. business person, scientist

Choose gender-neutral toys, clothing, and books for your children.

Commit to evenly sharing household chores, parenting responsibilities and other unpaid work.

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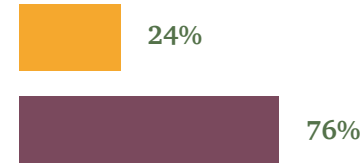
At Arçelik, we believe that every employee deserves fair and equal treatment. In line with our Diversity Policy, we value inclusion and diversity in top management and in the workforce globally.

Diverse and inclusive workplaces offer a safe and fair environment, boosting employee engagement. Companies that adopt and implement diversity and inclusion principles at the workplace see that the employee retention rate is five times higher, employees are almost ten times more likely to look forward to going to work, and they are over six times more likely to *have pride in their work*.

At Arçelik, we believe that every employee deserves fair and equal treatment. In line with our Diversity Policy, we value inclusion and diversity in top management and in the workforce globally. We attach importance to providing equal opportunities and diversity to create a workplace where any discrimination is not tolerated, and differences are seen as strength. Arçelik has zero-tolerance policies towards discrimination against people based on their ethnic origin, religion, language, race, age, gender, sexual orientation, nationality, disability, or cultural differences, and we abide by the rules of fair treatment and merit in all our human resources processes. In this context, there were no cases of discrimination in our operations in 2020.

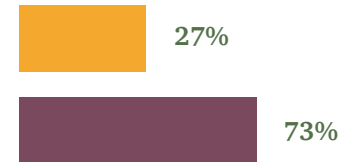
We care about the integration of people with disabilities into socioeconomic life under equal conditions. By the end of 2020, the total number of employees with disabilities in the workplace and manufacturing plants across all our operations globally was 584, equivalent to 1.6% of total FTEs.

Employee Distribution By Gender*



* Covers employees in all operations, going beyond the reporting scope.

Subcontractor Distribution By Gender*



* Covers subcontractors across all operations which accounts for 4,919 full-time subcontractors, going beyond the reporting scope.

Female Male

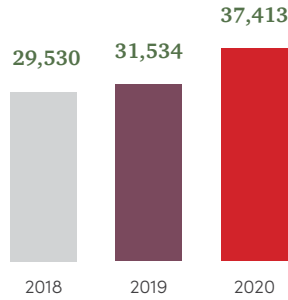
Please see Annex 1 for details.

Arçelik Global Board Diversity Policy

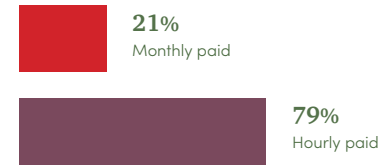
Arçelik Global Anti Discrimination and Anti-Harassment Policy



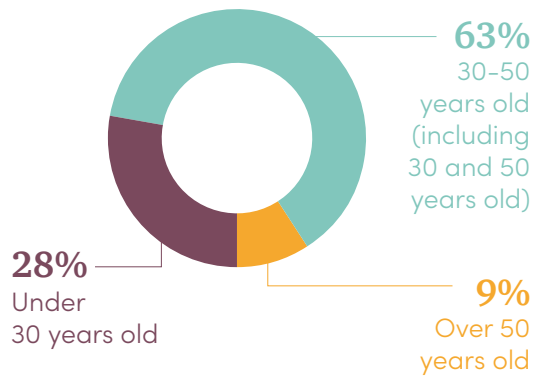
Total Number of Employees*



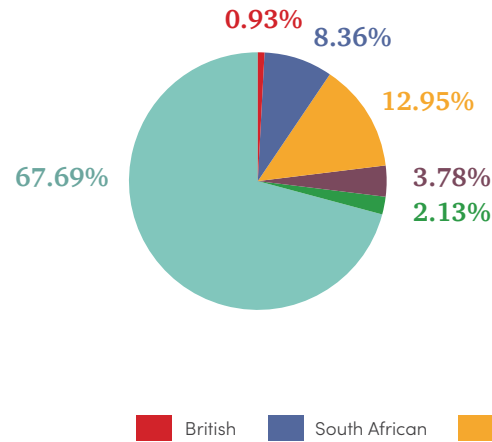
Employee Distribution by Category*



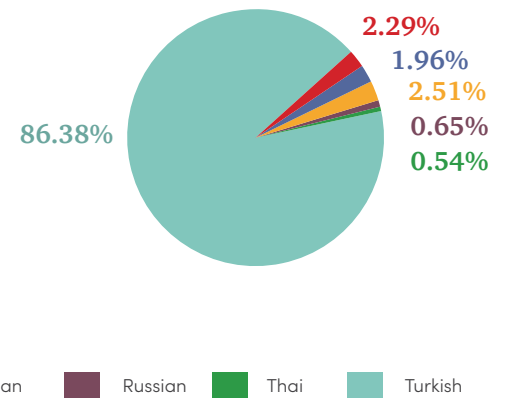
Workforce Breakdown by Age**



Workforce Breakdown by Nationality***



Distribution of Employees in All Management Positions by Nationality***



* Covers employees in all operations worldwide going beyond the reporting scope.

** Covers 84% of FTEs, going beyond the reporting scope.

*** Covers 83% of FTEs, going beyond the reporting scope.



Please see Annex 1 for details.



Please see Annex 6 for the details of Social Performance Indicators.

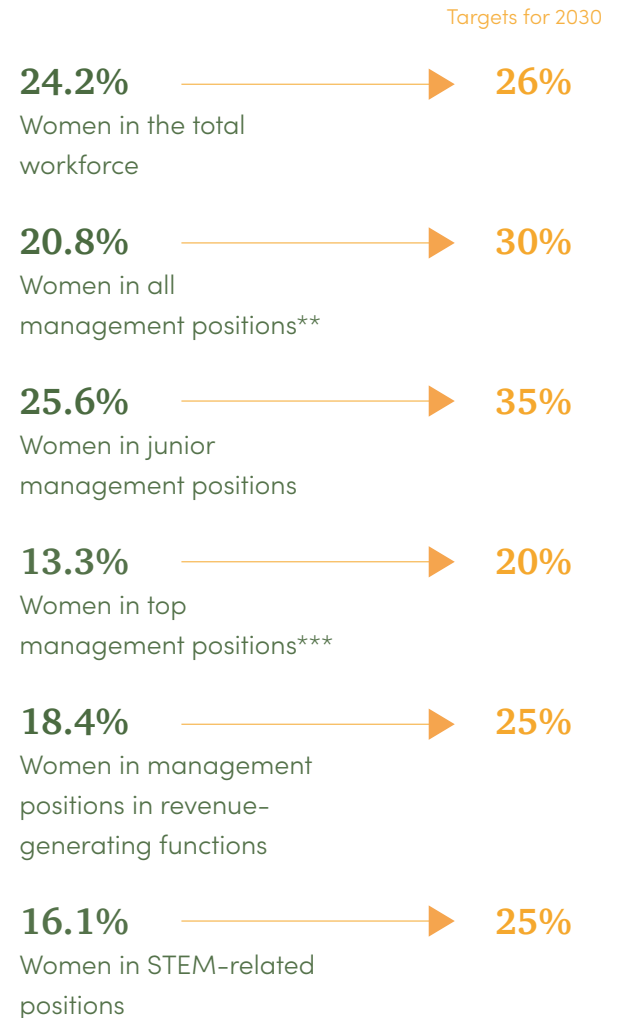


GENDER EQUALITY


Arçelik is committed to promoting and preserving a workplace environment that presents equal opportunities for all. To contribute toward equal and fair societies, we support gender equality and women’s participation in social and economic environments under equal conditions. We evaluate all our projects, operations, and practices through the perception of gender equality within the aim of closing the gender gap. We are a signatory of the UN Women’s Empowerment Principles (WEPs) since 2017. We focus on empowering women in business, one of the most essential factors in boosting socio-economic development.

In 2020, we took a step forward in our efforts to achieve gender equality across all our operations worldwide, and we have set additional targets for 2030 for different positions with a 2020 baseline.

Workforce Breakdown by Gender*



* Covers 100% of our full-time employees, going beyond the reporting scope.
 ** Includes junior, middle and senior management positions.
 *** Maximum two levels away from the CEO or comparable positions.

 Please see Annex 3 for WEPs disclosure references.



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In 2020, the ratio of women in management positions in revenue-generating functions (i.e. sales) to all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.) was 18.4% in all our operations.

Revenue-Generating Functions and Diversity*	Male	Female	Total
Managers in revenue-generating functions	444	100	544
Managers in support functions	860	242	1,102
Total	1,304	342	1,646

* Covers 100% of our full-time employees, going beyond the reporting scope.

Arçelik supports and applies the equal pay for equal work policy*. The salary index of our female and male employees** for 2020 is shown in the below table.

Salaries by Level***	Average Female Salary Ratio	Average Male Salary Ratio	Ratio (Average Female/Male Salary)
Executive level (base salary only)	26.50X	23.36X	113.5%
Executive level (base salary + other cash incentives)	48.13X	49.60X	97%
Management level (base salary only)	8.21X	8.53X	96.2%
Management level (base salary + other cash incentives)	9.37X	10.39X	90.2%
Non-management level	3.80X	3.51X	108.2%

* We strictly follow the equal pay for equal work policy at Arçelik without gender discrimination.

** The change in rates arises from the weighted mean salary ratio of females-to-males and we always pay equal wages for equal jobs.

*** Covers 87% of our full-time employees, going beyond the reporting scope. *Please see Annex 1 for details.*



With the help of programs and projects, Arçelik aims to promote gender equality among all employees and increase awareness. Most of these programs are open for employee relatives to participate, increasing the impact and reach. Besides, we offer nursery benefits to employees with children between 0 and 72 months old to achieve a work-life balance.

GENDER EQUALITY FOCUSED PROGRAMS*

Working Life and Parenting

SheMate Mentorship Program

The She Mate Program implemented within the scope of the Women’s Impact Initiative aims to facilitate the return of women to work following maternity leave. In this context, new mothers were matched with experienced working mothers within Arçelik. The number of employees benefiting from the program has reached 55 since it was launched in 2017.

Awareness

Equitable Parental Program

Implemented in 2018, the Equitable Parenting Program consisting of five seminars aims to increase the knowledge of parent employees about their basic relationship with their children and their communication skills within the framework of gender equality. With 426 employees in 2020, the total number of attendees taking part has now reached 983.

Gender Equality Seminars

We regularly hold these seminars to raise awareness of the reasons and consequences of gender inequality, and to tackle the issues of inequality and discrimination caused by gender roles in private life and at work. The total number of people attending since 2015 has reached 22,285.

For My Country Right Approach to Disability Seminar

In 2020, we organized training seminars to support the spread of social awareness of disability and accessibility. The seminars were on the right approaches to individuals with sight, hearing, physical and speech disabilities, as well as those with a learning disability or other impairments. Throughout the year, 357 employees attended the seminars.

* The Father Support Program, seminars and workshops on Gender Stereotypes Learned through Language and Behavior, Women in Leadership, and Holistic Leadership Training are among the ongoing training programs that raise awareness of gender equality and diversity. Due to the pandemic, these programs were suspended in 2020. However, all will be available online in 2021 with a new design.



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YOUNG TALENT ACQUISITION

In every industry, the skills required are changing rapidly. While investing in our current workforce, we also attach importance to attracting new talent from the younger generation. A working environment that supports diversity with the inclusion of different generations provides us with a competitive advantage. Through internships and training programs, Arçelik joins forces with different universities.

During my internship in the E-Commerce Department at Arçelik, I worked on the impacts of COVID-19 on customers, e-commerce and the overall white goods sector. I thought on how we as Arçelik can be a part of the solution and had the opportunity to discuss my ideas with the wider team. This program helped to increase my knowledge and change my perspective. However, I wish Fresh Start would last longer so that I could also take responsibility while my ideas were put into action.

Aslı Nur Çapan
Fresh Start '20 Intern,
Arçelik E-Commerce Project Assistant

Fresh Start Internship Program

The program aims to help university students prepare for the business world and gain experience that will guide them throughout their careers. In 2020, we received 16,332 applications in Turkey and 202 interns participated in 27 online events over 20 days. In 2020, the program was also implemented in Romania, Pakistan and South Africa where we received 4,408 applications in total. Five interns in Arctic Romania and 21 interns in Dawlance, Pakistan completed their internship journey. In 2021 the program will be expanded to two more countries, Thailand and China.

University-Industry Cooperation Program

We have agreements with various universities to help students apply the theoretical knowledge they acquire during their education to their business life, gain work experience, and prepare for life. In 2020, 90 students worked at Arçelik while continuing their higher education at university.

Catch the Future Workshop

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

 [Fresh Start video](#)

*Other programs including A Ticket for Your Future, EU Business Schools and Global Alliance in Management Education (CEMS schools) Program were suspended in 2020 due to the pandemic conditions.



The introduction of the development planning and 360° evaluation systems to 13 more countries increased our global development planning rate to 53% and the 360° evaluation rate to 19%.

Our employees play a key role in the transformation of our business. In line with our sustainability approach In Touch Technology, we digitalize human resources processes including performance management and development. Digitalization enables us to be more competent in developing the skills of our employees and attracting the right talent to our company.

In 2020, the performance management process continued to revolve around continuous improvement and feedback and is now implemented in 13 more countries, adding 1,212 new employees. The employees were actively involved in the performance management and development planning processes as well as the complementary 360° evaluation tool. In all Arçelik operations, among the 5,485 employees included in the development planning and 360° evaluation processes, 2,930 created development plans and tracked their actions throughout the year, 1,046 used the 360–evaluation tool, and feedback was provided in 5,565 evaluation processes. The introduction of the development planning and 360° evaluation systems to these countries increased our global development planning rate to 53% and the 360° evaluation rate to 19%.

In Turkey, a new performance system started as pilot studies for Koç Diyalog in 2020. The system focuses on a future roadmap instead of past performance management, with a lively and transparent target structure that supports the continuous exchange of ideas and dialogue. At Arçelik, the Purchasing

Department was chosen as the pilot group and 86 employees experienced the pilot performance system. In the first quarter of 2021, all companies in Turkey achieved the transition to the new performance system. Approximately 4,200 employees continue to experience the new performance process. By 2022, we plan to implement the new system in Pakistan, South Africa, Germany, the United States, and Middle East and North Africa (MENA) countries, covering approximately a total of 1,250 employees.

The Monthly Paid Performance Evaluation Process is carried out in line with the company's financial calendar to evaluate individual performance on an annual frequency. As the beginning of the annual cycle, all employees determine their individual business and competency targets together with their managers. These targets, followed by interviews and feedback throughout the year, are evaluated at the end of the year during a manager–employee meeting. In addition, development targets and plans are followed through the annual development planning process in order to focus on the personal development of employees throughout their careers. In line with the performance calendar, new training and development opportunities are offered to employees in line with the annual personal development goals. In addition, through the Hourly Wage Performance Evaluation Process, we review and evaluate the development and responsibilities of the employee twice a year under the supervision of his/her manager.

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EMPLOYEE REMUNERATION, FINANCIAL COMPENSATION AND SIDE BENEFITS

At Arçelik, we have an equal and competitive remuneration approach. We assessed salary markets, job family model and job grades, current salary structure, financial strength of the company, and individual performance as factors determined in our *Global Salary Policy*.

We offer extensive side benefits that complement the professional and personal lifestyles of our employees. Monthly paid employees are also eligible for Flextra, a flexible benefits scheme that they can customize according to their individual needs. They can choose between alternatives including life insurance, gift cards, check-ups and private pension plans within the benefits budget allocated to them.

Benefits provided for the employees are categorized under the following titles:

- Benefits for all employees: including private health insurance, membership of the Koç Holding Fund for Retirement and Social Support, private health insurance, professional and personal development training, awards for supreme performance, devotion, contribution and creativity, discount for the company's products, The Koç Family Program (provides employees of the Koç Group with special advantages regarding products and services of the companies of the Koç Group, 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 workplace, transportation, etc.

- Position oriented benefits: including accident insurance, check-up, lunch ticket, Flextra, mobile phone, car, oil expenses, car repair and maintenance, etc.

DIGITALIZATION IN RECRUITMENT

Talent management is one of our strategic priorities, which is directly related to achieving the company's goals. We primarily focus on recruitment of the right candidate for the right position. We objectively evaluate competency and skills. We drive the recruitment and candidate assessment processes through a digital platform. In the talent assessment process, we benefit from digitalization and improve Arçelik's leadership profile using competencies defined as Grow, Respect, and Lead.

Digitalization makes every step of recruitment much more effective in terms of finding the right candidate and creating positive experience. We fully digitalized the recruitment process around a new talent acquisition strategy implemented with HR Shared Services in Turkey. Arçelik Cubby, an online case study application which has comprehensive abilities for candidate interviews, and the Assessment Center were transformed into a fully digital experience and made available worldwide. We also developed a



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FIT4FoF Project

Arctic is a member of the European Consortium, which defines the skills that will be needed in the factories of the future and to structure the training programs accordingly. Within the scope of the FIT4FoF Project, the activities will be designed to determine the needs of employees, analyze technology trends, value-added manufacturing, mechatronic/machine automation, data analysis tools, cyber security and human machine interface, identify new job profiles and determine training requirements. In October 2020, Arctic started a pilot project at the Washing Machine Plant in Ulmi, Romania.

digital application platform to improve the recruitment experience for hourly-waged employees. The digitalization of recruitment processes increased efficiency and improved the applicant’s experience.

New Employee Hires*	Female	Male
Junior/low level management	33	111
Middle level management	13	42
Senior/top level management	0	2
Total new hires	634	1,024

* Covers monthly paid employees in all operations, going beyond the reporting scope.

We encourage our employees to pursue a long and continuously developing career journey at Arçelik. We announce open positions to our employees first. In 2020, we filled 24% of open positions with internal candidates across all our operations.



Please see Annex 1 and Annex 6 for more information





INTERNAL MOBILITY

Through our Talent Mobility Program, we develop both individual and organizational capabilities within the company. The Program has four key drivers:

Strategic assignments: These are typically in senior management roles with an impact on the country or wider business strategy. The assignment objectives are of a strategic nature, such as leading a new operation or mergers and acquisitions (M&A) activities, instilling corporate control or creating a continuous performance culture.

Technical expert assignments: Driven by business needs, these cover specific technical skills or certifications which are not available locally or considered rare in the sector. Assignment objectives mainly include the transfer of skills to local employees and information exchange, during M&A and integration processes.

Talent development assignments: The main objective is the development of employees' competencies and skills. These opportunities are mainly provided to high potentials who are in the pipeline to fill strategic roles. Objectives range from global leadership skills development to multi-cultural exposure. This type of assignments is occasionally used as retention vehicles in high turnover risk cases.

Employee-driven assignments: Some assignments or international moves are requested by the employee rather than the business or HR, for family or other personal reasons, or for cultural enrichment. Arçelik provides a support framework for employee-driven moves.

At Arçelik, we manage all four types of assignments in line with the below perspectives:

Short-term assignments cover international assignments of a temporary duration which may vary from one month to one year, that does not usually imply a change of residence. Short-term assignments can be of either technical or developmental nature.

Long-term assignments cover international assignments of a temporary duration lasting more than a year, after which the employee is either expected to take up another assignment or return to his/her home country:

- 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

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The training are planned according to personal development plans. In 2020, the average training duration per employee was 17.7 hours.

Permanent transfers refer to transfers to another country with no defined end date.

TRAINING

Professional development is a crucial part of our performance management approach that links to our vision and the principle of continuous development. At Arçelik, employees are encouraged to participate in training and development programs, which are prepared to meet their current and future needs as per the requirements of our business and different job positions.

We realize training need analysis 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.

The training are planned according to personal development plans, and functional development needs. We assign training to employees according to their competency development needs aligned with the corporate strategies, goals and future competency needs, and we also provide training which can be selected by the employee according to his/her preference. Assigned training include company

orientation, capability building programs, functional and technical academies, obligatory training, and leadership transition programs; while selected programs cover individual development needs such as language training, job specific technical training and competency training.

To follow our training targets, we follow the numbers below on a quarterly basis and take required actions:

- Training distribution figure (Total number of participants/average headcount)*: **84%**
- Class-based training occupancy rates (Number of maximum participants/number of attendees)**: **95**
- Online trainings rate**: **46%**
- Active development plan status rate*: **53%**
- Average training evaluation score**: **3.6 out of 4**
- Average training budget per employee (covers both monthly and hourly paid employees)*: **EUR 90.8**
- Average training duration per employee: **17.7 hours***



For detailed information on the contribution of training to our company's objectives and targets, training evaluation and follow-up, please click here.

* Covers all our operations worldwide, going beyond the reporting scope. Please see Annex 1 and Annex 6 for details.

** Covers the operations in Turkey only.



Training is categorized under three categories: **Future in You** focuses on career and potential leadership development, **Leader in You** focuses on the development of leadership skills, and **Talent in You** focuses on our employees' personal and professional development.

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Future in You

We design programs to enable and prepare our potential managers for their future roles according to their career aspirations and personal development. In 2020, **62** employees received **975** hours of training in across all operations. In order to identify the employees' strengths and development areas, and to create development plans by measuring their leadership potential, we include them into development center assessment applications. In 2020, **104** employees were included, and **43** potential employees who started their Leadership Insight Program in 2019 were supported with **65** hours of coaching session.

To provide a digital experience in line with future competencies and align the Program with the pandemic conditions, we reviewed our online program in 2020 and made them ready to be put into operation in 2021, Q1.

Leader in You

We provide various training under the Leader in You Program in order to strengthen the business and leadership skills of all levels of managers according to their needs. This category consists of various training courses, one of which is Leadership Journey. In 2020, **138** Leadership Journey graduates from **13** countries holding managerial positions for the first time in their careers at Arçelik Global participated to this Program. With the onset of the pandemic, the program swiftly transitioned to an online format and **365** coaching sessions and **13,248** hours of training were planned accordingly. In 2020, **6,912** training hours and **183** coaching hours were provided.

The mentorship program for supporting newly assigned leaders in their career transition was also adapted to an online process. In 2020, we supported **25** mentees through online system.

During the pandemic, class training was adapted for online platforms and **127** managers attended eight manager competence training sessions scheduled for the final quarter of 2020. The primary focus areas of competence training were corporate strategies, remote working, coaching skills, implementation of strategies, managing differences and collaboration.

The Leadership Impact Program developed to help senior management create a strong leadership culture was expanded this year. A total of **24** mid-level managers completed their trainings. In 2020, plans were drawn to digitalize the experience with further action scheduled for 2021.

We support mid-level and senior level executives in their development by providing opportunities to participate in the online programs of many prestigious universities. In 2020, some **70** managers attended various Harvard Business School programs and **30** mid-level managers attended Emeritus programs in accordance with their personal development needs.

Talent in You

In 2020, we provided **410,731** hours of training to **19,840** employees including 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 training, programs with special social responsibility themes, and hobby trainings. Through this program, we focus on:

- 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.

During the pandemic, online training courses were expanded with Turkish versions for field employees and English versions for global employees.



We also strengthen professional development and expertise at Arçelik with the following training programs.

TechPro Academy

TechPro Academy aims to improve the competencies of engineers, specialists and senior experts working in production and technology groups to increase the company's global competitiveness. The Academy was developed in collaboration with Koç University in Turkey, and implemented both in Turkey and Romania. The Academy, with its business-oriented content, is highly significant in terms of translating the academic knowledge and experience into business practice. In 2020, we provided 97 employees with 2,400 hours of training in collaboration with Koç University.

Digital Competency Focused Trainings

We care about providing our employees with opportunities to gain competencies that match the company's digital transformation policy and roadmap. In 2020, we provided 12,521 hours of training to 889 employees to foster their digital competencies.

Digital Programs

In 2020, employee training further supported skill development in line with our company's digital transformation policy and road map. Face-to-face development programs, including company orientation, catalog training, Leadership Journey, Groweek and functional academies, were adapted to online platforms. Online training programs were offered to employees for developing their critical skills. In 2020, a total of 1,605 employees attended digitalization programs held by several universities.

Designing the Future for my Country

Through the seminars we provide, we aim 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. Working in partnership with our employees and dealers, we have reached 5,365 participants in total, with 1,142 employees in 2020 alone. The program will be redesigned and converted to online in 2021.

Technical Academy 4.0

The Academy improves the competencies of technicians and operators in line with Industry 4.0 by focusing on lean and agile manufacturing, automation, robot programming, and digital transformation. The training was suspended in 2020 due to pandemic conditions.

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The engagement rate of our employees increased by 8.6% in Turkey compared to 2019, and by 11.3% in global operations compared to 2018.

We invest in engagement and behavioral change programs to ensure our corporate sustainability vision and strategic targets are lived bottom-up. Therefore, employee engagement is crucial to make employees feel they are a part of the team.

We conduct employee engagement surveys every year in Turkey* and every two years in our global operations through an independent HR consulting company. In 2020, we conducted the survey across all our operations and the participation rate increased to 94.6% globally, and 94% in Turkey. The engagement rate in our global operations increased from 52.7% to 64%, compared to the previous survey results in 2018, and increased from 68.5% to 77.1% in Turkey compared to 2019, the highest achieved in the last five years, allowing us to be included in the best employers' score.

In 2020, both total and voluntary turnover rates decreased globally** compared to 2019. Globally, the total turnover rate decreased to 14.47%, while the voluntary turnover rate decreased to 4.03%.

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. While informing

our employees regularly, we also bring together senior management and employees by organizing regular townhalls. Employee engagement research is 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. We reward our employees for their successful projects as part of the Pioneers Award Programs and encourage them for future projects.

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. In 2020, 4,743 suggestions were received in Turkey, and 41% of them were implemented.

* Covers our business affiliate WAT Motor San. ve Tic. A.Ş. and WAT Motor R&D Center, going beyond the reporting scope.

** Covers 100% of our full-time employees, going beyond the reporting scope. *Please see Annex 1 and Annex 6 for details.*



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Feedback and Development Dialogues

Designed by the HR team in Turkey, this program aims to enhance our development culture through feedback and launched in 2020 in Turkey with the participation of around 3,900 employees. The program consists of an online training journey, feedback giving and development planning dialogue between team manager and employee. In total, 676 team managers attended 66 training sessions, three webinar sessions, six micro homework sessions, and missions within an online digital academy. The main purpose of the program is supporting continuous and development-oriented dialogues between all employees, as well as improving the feedback and development culture while changing way of working to improve business performance accordingly. The program also aims to help standardize development coaching principles by managers or HR business partners and support a development planning culture.

The feedback and development dialogues training program rollout started with a small group in Europe, with 157 managers in attendance. In parallel with this project, in order to improve development culture and to introduce development tools and processes, GroWeek Online Development Week has been carried out for an audience of both managers and employees. To date, 14 training sessions and development coaching workshops have been held with 2,543 employees in attendance.

Feedback & Development Dialogues enables to integrate performance, human resources planning, feedback giving, and development planning dialogues on an online platform. Manager-employee communications became more effective thanks to career coaching by managers, and awareness of employees of their strengths and development areas increased.

EMPLOYEE HEALTH AND WELL-BEING

We care about the health and well-being of our employees and carry out many internal activities to improve working conditions. We have boosted our support for our employees to minimize the negative effects of COVID-19 on their mental health. Through regular pulse surveys we conducted throughout the year, we monitored the mental state, stress and anxiety levels of employees. The surveys include open-ended questions that ask the participants about their anxiety levels, remote working experiences and needs to identify the stress sources.

In Turkey, the anxiety level was 59% in the first survey held in March 2020, and this rate dropped to 38% in April and 15% in June. In September, the anxiety level was 20%. In Turkey, the number of employees participated in these four surveys varied between 2,000 and 3,000 and the participation rate constantly increased. In global operations, we conducted three pulse surveys in 2020 with the participation of 1,200 – 1,500 employees. According to the results, the anxiety level was 10% in June, 11% in September and 13% in December. We will also continue these surveys in 2021.

Throughout the year, we informed our employees transparently and regularly which helped to decrease their stress levels. We shared the number of COVID-19 cases and recoveries every week, organized webinars with our Health Coordinator and regular Townhalls with the senior management team to answer the



The main objective of Sustainability Day was to strengthen the internal dialogue around sustainability within the company, and to help increase the knowledge and awareness among our employees to support them in their personal sustainability journey.

questions of our employees, where the satisfaction rate was over 90%. We also prepared guidelines on Workplace Safety, Remote Agile Working, Professional and Private Life and Safe and Healthy Vacation. We prepared video series with our colleagues who got infected and recovered where they shared their experiences and recommendations with others.

Based on the insights we received through the pulse surveys conducted throughout the year, we also increased employee engagement and communication activities to provide better psychological and physical support. We organized virtual internal events such as Sustainability Day, Well-Being Week, and Happy Hours.

In November 2020, we organized the **first-ever virtual Sustainability Day**, open to all Arçelik employees across the globe. The main objective of this event was to strengthen the internal dialogue around sustainability within the company, and to help increase the knowledge and awareness among our employees to support them in their personal sustainability journey. We also hosted several sustainability expert speakers from around the world, and organized workshops to share experiences. The event was attended by 2,577 employees from 39 countries.

We established a team of volunteer Motivation Ambassadors and developed an ongoing project, **Good Idea**, in March 2020, in collaboration with the Human Resources and Global Communications teams, to support our employees' motivation and well-being during COVID-19. Serving as a communication platform established by a team of volunteers, Good Idea is an activity hub where we provide employees with tips and tricks to maintain their work-life balance during these trying times. We also organized internal challenges in which our employees shared different experiences such as do-it-yourself projects, work from home photos, and project ideas from waste materials.

We organized webinars on several topics to support development activities and reached over 10,000 participants worldwide through 33 webinars on various issues such as yoga, mental and physical well-being, resilience, diet and sports, etc.

Volume up! (employee radio) is another platform established in the guise of a radio station to make the time spent at work more enjoyable by bringing Arçelik executives with employees from all levels and inviting guests for inspirational chat in many topics related to life. We organized five radio programs in 2020.

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rowing, table tennis, volleyball, sailing, and swimming. In 2020, the teams competed in official leagues, corporate leagues, Koç Holding Sports Leagues and/or sports festivals throughout the year:

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



1 Healthy Movement

Within the context of Arçelik's goal to provide all employees with healthy living habits, we started the 1 Healthy Movement Project in September 2018 in our Turkey operations, in collaboration with a Nutrition and Diet Consultancy Center. All participating employees had health checks prior to the start. By the end of 2020, 2,916 dietitian interviews had taken place and a total of 1,608.6 kg of body weight had been lost.

Arçelik Employees Sports Clubs

Employees from various locations volunteer to participate in sports activities such as athletics/ running, badminton, basketball, cycling, soccer,

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In 2020, a total of 2,177 hours of voluntary activities were carried out with the participation of 440 Arçelik employees across five countries.

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.

Through our multistakeholder approach, we partner with public institutions and NGOs while designing our programs and projects around these issues, according to the principles we have defined in our *Civil Society Cooperation Policy*.

Arçelik volunteers plan activities and projects within the Arçelik Volunteers Club. In 2020, a total of 2,177 hours of voluntary activities were carried out with the participation of 440 Arçelik employees across five countries including Turkey, the UK, Ireland, Spain, and Norway.


A total of 102 employees in our Turkey operations volunteered in the Turkish leg of FIRST LEGO League, an international tournament organized with more than 300,000 children and young people across 100+ countries. The League introduces STEM to children ages 4-16 through fun, exciting hands-on learning where they gain real-world problem solving experience through a guided, global robotics program. Arçelik employees who became volunteer jury members, evaluated the teamwork processes, the teams’ projects and robots developed for addressing a social problem.

Our employees in Norway organized a Clean-Up Day and removed garbage from forest and beach near the office.

In 2020, the total cost of the time allocated to volunteering activities across five operations during working hours to Arçelik was EUR 28,230. We also spent EUR 44,835 for the organization of these activities, so allocated EUR 73,065 in total for all volunteering activities throughout the year.

 *Arçelik Global Corporate Volunteerism Policy*

 *Arçelik Civil Society Cooperation Policy*

 *For more information on corporate citizenship activities please see In Touch with Human Needs section.*



We manage occupational health and safety (OHS) with an integrated approach with quality and environmental management systems.

At Arçelik, protecting the health and safety of all our employees and subcontractors is crucial. We leverage technology and digitalization to create the safest workplace and reach our zero occupational accident and zero occupational disease targets. We conduct risk analyses, provide training and awareness raising programs to change behavior, and audits to ensure that rules are followed. We manage occupational health and safety (OHS) with an integrated approach with quality and environmental management systems. In 2019, we gained the first global management system certificate covering the HQ and all our production facilities following the ISO 45001 Occupational Health and Safety Management System Standard audits carried out in all our operations.

We attach importance to employees' representation in OHS management and involve our employees in the decision-making processes. Employee representatives share safety concerns, and they play an active role in determination of preventative measures through a suggestion system. There are 405 members in 26 OHS Committees in Turkey, and 47 representatives of the OHS Committees represent all employees.

With an integrated approach, we guide all geographies we operate in by our **Occupational Health and Safety Policy**. We guarantee to fulfill all our obligations in accordance with both international commitments and the collective bargaining

agreement beyond legal rules and regulations. To achieve our goals, we take actions in line with the Arçelik OHS Action Plan and include the Performance Management System in all departmental and employee targets. Our aim is to ensure that OHS performance is internalized and managed as a success factor.

In global operations*, the long term injury frequency rate (LTIFR) was 2.09 in 2020 and the rate of occupational disease was 0.1. The accident frequency rate for subcontractors was 4.23. Total working hours was 58,425,536 in all our manufacturing plants. The number and rate of high consequence work-related injuries were one, and 0.0082, respectively. The main three types of work-related injuries were getting squeezed between objects (32%), cut by a material (21%) and straining of muscles (11%). In 2020, the fatality number for both employees and contractors at work as a result of work-related injury was zero. Two Arçelik employees died in a commuting accident in 2020. The legal process regarding to the traffic accident continues.



Please see Annex 6 for the details of Social Performance Indicators, Occupational Health and Safety Section.



Arçelik Global Occupational Health and Safety Policy

* Includes performance beyond reporting scope. *Please see Annex 1 for more information.*



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COVID-19 MANAGEMENT

We took dedicated measures to protect the health of our employees, customers, and partners from the beginning of the COVID-19 pandemic. The Arçelik COVID-19 Protocol is always kept up to date. The vision behind this protocol is to set an example for Turkey on how to manage workplace disruption during the pandemic, ensure business continuity, create a safe environment for the employees, and help everyone by sharing our accumulated knowledge and information. An article by the WEF dated March 23, 2020, mentions this protocol as well as Arçelik and Koç Holding.

The Manufacturing Technologies Directorate drafted the protocol with the measures against COVID-19 during the initial phase of the pandemic when global operations and business processes took a hit. This protocol was updated with new measures and digital applications along the way. A measurement and evaluation method was developed to assess the effectiveness of these applications and improve them. Due to the multiple locations of our operations, evaluations and audits were conducted remotely based on checklists generated with the risk of infection in mind. All plants, warehouses, selected suppliers, and critical international offices were audited. Audit results are periodically reported to stakeholders in digital format.

We made spatial arrangements in offices, warehouses, and stores, and rapidly implemented

different measures for transportation, supply chain and stakeholders. We renewed air conditioning systems in all areas to provide clean air and support social distancing. Thermal cameras were set up at each site entrance for further control. The capacity of the shuttles was reduced by 50%, and social distancing was maintained in dining halls with two people sitting at a four-person table. In order to avoid contamination, employees were regularly subjected to PCR scans, and health surveys conducted to monitor the health status of employees.

A numbering system has been established for easy follow-up in case employees become ill. All employees were assigned a seat number, from the seat in the employee shuttles to the tables in the cafeteria. As soon as an infected employee was detected, healthcare personnel took the person to an isolation room, where the employee was quickly screened and filmed thanks to the tracking system. Daily and weekly medical staff meetings were held with employees who were taken into the quarantine process; communication and monitoring of the course of the disease continued.

We fully complied with the infection prevention and control procedures set forth by the Turkish Standards Institute (TSE). In June 2020, our plants in Turkey were audited in detail based on several criteria by TSE auditors and the plants were certified with TSE COVID-19 Safe Manufacturing Certification. In July



In 2020, we provided a total of 299,131 hours of OHS training on regulatory requirements and technical matters at all Arçelik facilities, and a total of 36,753 hours of training to our subcontractors.

2020, all our manufacturing plants in subsidiaries completed the audits and received Trusted Workplace Certification.

OHS TRAINING

Regular and updated OHS trainings are important tools when it comes to raising awareness among employees and creating a safe work environment culture. We launched the OHS Communication Management System to improve the perspective and communication language of OHS, using videos and images.

In 2020, occupational safety specialists and workplace physicians organized a total of 299,131 hours of OHS training on regulatory requirements and technical matters at all Arçelik facilities. We provided 10.3 hours of OHS training per person. We included not only employees, but also their families in the OHS culture change, and we provided occupational health and safety training to our business partners and suppliers. We provided a total of 36,753 hours of training to our subcontractors.



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CUSTOMER EXPERIENCE

In Turkey:

2,761

Beko & Arçelik Dealers

4

Flagships

152

Concept Plus

1,200

Concept Stores

According to recent research, with consumers' behavior shifting to buying appliances online, a need for developing direct-to-consumer channels has arisen. As a result, omnichannel transformation is accelerating the ways in which companies are adapting to this change in purchasing preferences. To be geared to compete in an increasingly digital market, omnichannel retail strategy plays a crucial role.

Consumers' adaptation to new conditions requires companies to adapt to them too, by re-segmenting their consumers to apprehend shifting attitudes and behaviors. The comparison of the annual growth pace of online sales and retail outlets before the outbreak suggests that one-quarter of global consumers are now more willing to buy appliances online. E-commerce had transforming power on the white goods industry prior to COVID-19; the pandemic has speeded the change. *According to one study*, a significant shift in consumer behavior could increase online purchases of white goods to 40% of total industry sales by 2025, up from 15–20% today.



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In 2020, Arçelik heavily invested in digitalization, accomplishing an omnichannel transformation. Integrating the customer experience across all channels requires enhanced customer experience quality at digital touchpoints, retail landscape and after-sales services. Thus, this omnichannel transformation was one of the largest transformation projects undertaken in our Turkey operations.

We respond to today's challenges and shifting conditions via smart technologies that are inspired by the future. In 2020, in line with the new conditions brought by the pandemic, we designed a system which connects dealers, customers, and the digital experience. We accelerated our investments in AI, data analytics and digitalization tools. We focused

on personalizing the customer touchpoints with AI and Advanced Analytics algorithms. By using digital services such as ChatBot and robotic process automation (RPA) more, we increased productivity and reduced costs. Sales and after-sales services have been largely digitalized with VR, AR and safe engineering service (SES) technologies such as AR supported user guides, interactive support through SES, virtual sales assistants and virtual store experiences. AR technology was embedded into our digital experience system which enabled the customers to place the products online in their homes. Experts at our stores also provide them with the necessary product information through live video chat.

Call center infrastructure, service appointment scheduling and service experience re-design were included holistically in our sales service transformation. In addition, we invest in next-generation tools including cloud-based ERP systems at dealers, supply chain visibility and a best of CRM to embrace new generation customers. Consequently, we have achieved full transparency and speed in our sales processes. The digital transformation process induced by the omnichannel transformation enabled us to create digitally transformed stores and enhance the digital experience, contributing to our brand reputation.



The Kitchen, through its farm to table approach, has now become a unique gastronomy center that supports both natural products and local people, placing healthy living at its core.

THE KITCHEN

Located in Arçelik Cooking Appliances Plant in Bolu, Turkey, the Kitchen serves as an experience hub where selected Arçelik-, Beko-, and Gruding-branded products are exhibited to the consumers. The main objective is to provide our customers with a unique experience to receive their feedbacks and insights on products and their cooking experiences, which then serve as an input for new product and feature idea creation processes.

The Kitchen, through its **farm to table** approach, has now become a unique gastronomy center that

supports both natural products and local people, placing healthy living at its core. Organic products are provided from local producers and from MicroGarden, an Arçelik owned product that enables users to grow and harvest herbs and microgreens in a controlled, healthy and fresh home environment through automatic water and air circulation mechanism and LED lamps to simulate the daylighting period. In 2020, we have built raised garden beds, a form of gardening in which the soil is enclosed in containment units where vegetable plants are spaced in such forms that they create a microclimate.

2020 DEVELOPMENTS OF THE KITCHEN

Social Responsibility Project	The Kitchen cooperated with Bolu Abant İzzet Baysal University’s Gastronomy and Kitchen Arts Department to support the cookery school students who experienced the real kitchen world and learned how to create recipes with the available materials while achieving zero food waste. The first module was successfully completed in 2020.
Product Information	In 2020, the new product ranges including Hygiene Mini, BI Oven, Full Steam, Steam- Assisted Oven, Mini and Indie Hobs (60-80-90 cm) were demonstrated to senior management at the Kitchen.
R&D Studies	To increase the density in the steam function and performance of stainless steel’s base temperature to meet the hygiene needs during the ‘new normal’ period, the Artisan Oven which will soon be released in the U.S. and Europe, was evaluated at the Kitchen. The Kitchen chef and Arçelik R&D team delivered a sensory analysis of food to evaluate the oven’s cooking performance.
Content Production and Online World	In 2020, The Kitchen was used as a studio in order to provide a cost-effective solution for production of “How To” films for each of the products in the HygieneShield range. During the pandemic, due to the inability to conduct activities in the experience area, health and special day recipes, and online five-minute breathing meditation and yoga exercises were organized to inspire and interact with people.

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Launched our e-commerce digital dealership system, we delivered thousands of online orders through our dealers and the e-commerce volume has increased two times compared to the previous year.

We position dealers as the windows of our brands and the place for providing our customers with the ultimate digitalized experience. During the pandemic, the number of dealers in the online assignment system, which was 121 in March 2020, increased to 1,648. Up to seven times growth was observed in the average daily turnover compared to the pre-pandemic period.

Launched our e-commerce digital dealership system, we delivered thousands of online orders through our dealers and the e-commerce volume has increased two times compared to the previous year. In Turkey, the number of our customers using online services and sales platforms increased almost four times. Online orders were fulfilled by the nearest dealers and delivered to order point at a record speed across the whole retail industry. SDAs, on the other hand, have been delivered in a record time of 20 minutes.

In Turkey, Concept Plus Stores and Flagships are clustered together as Omni-stores, enhancing the customer experience. These stores are designed in line with the digital transformation pillar of our retail strategy.

Flagships, through providing practical solutions and digital touchpoints, enable customers to imagine, experience and be inspired. In line with digital integration, flagships take advantage of innovative material use and combine it with a digital customer experience. For instance, customers are now able to

experience cooking activities with chefs via digital screens.

Concept Plus Stores provide the ultimate commercialized experience with digital screens and are aligned with the omni behavior of customers. These digital-ready stores include more digital touchpoints, inspiration and experience areas compared to conventional concept stores, helping to increase the interaction between product and customer.

In 2020, we served our customers across 24,153 stores in 13 countries included in the reporting scope. Thanks to the proper precautions we took during the pandemic, 100,000 customers were able to visit our stores during the most sensitive months, March and April. We implemented alternative touchpoints and services such as video calls, support for healthcare workers by prioritizing their repairs, introducing a no fee arrangement for healthcare workers and replacement offers when a visit is impossible.

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ARÇELİK RETAIL ACADEMY

Despite the mobility restrictions arising from the COVID-19 outbreak in 2020, the Arçelik Retail Academy continued to provide training through webinars. New programs were also assigned to retailers, which they could join via mobile apps. After face-to-face training was suspended globally, webinars took place in 130 sessions with the participation of approximately 6,000 members in Dealers' Sales Representative Program.

The Academy reinforced its branches for all target audiences in the areas of new generation leadership, expertise in management and women dealers. Among these were the Dealer Owners Development Program, Shop Managers Development Program and **100 Women Beko Dealers Development Program**. As a result, the number of curricula has increased from 135 to 288. The quick and agile adaptation of the online Learning & Development (L&D) transition was the result of our L&D infrastructure efforts, which we began implementing before the pandemic.

In 2020, Retail TV, the other function of Retail Training & Development Management, expanded its operations with various broadcasts during the pandemic to strengthen both communication with and motivation in dealers.

STOCK MANAGEMENT

Thanks to innovative solutions we provide our dealers with, we enable our customers to benefit from high-quality service. The technology solutions, including the barcode system, that ensure instant tracking and managing stock movement in stores, and the cloud-based Customer Relationship Management (CRM) run by the dealer management system both enhance customer data. This helps us address our customers' needs and offer products and services accordingly.

DIGITAL AUDIT SYSTEM (DIDE)

DiDe is a digital audit project we implemented in Turkey which helps to evaluate the display activities and merchandising standards of all Arçelik & Beko dealers. Every month, a survey is assigned to dealers via a mobile application, and they receive monthly ratings according to the results. Digital Audit Specialists evaluate the survey and inform the relevant units in case of any need, inquiry, or problem. Thanks to DiDe, in 2020, we saved EUR 0.55 million on total operations, achieved higher dealer penetration and applied our digitalization vision to our dealers.

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Customer care processes play a crucial role in ensuring customers' satisfaction and their interaction with products and services. Consumers' access to information about products and services empowers them, and the digital solutions we provide to our customers make their lives easier. Our Global Customer Care team contact the subsidiaries periodically and obtained information regarding country after-sales processes.

APPOINTMENT AND ROUTING PROGRAM (ROTAM)

This program, which is currently used by 340 customers, enables technicians at Arçelik subsidiaries to work more effectively. It does so by managing the appointment processes for technicians to visit customers in a more robust and professional way, and even determines the route the technician will take to get to the customer, thereby increasing their efficiency through improvements in time management and transportation costs. The transition phase has been completed with Beko Plc in the UK, achieving a saving of EUR 62,000 for a year due to the decrease in the licence fees. Since its introduction, the program has contributed to our customer satisfaction.

The transition now continues with Arçelik in Turkey and Arctic in Romania. In 2021, we plan to expand the Program with Defy in South Africa, Dawlance in Pakistan, and Beko in Poland, Czechia, and Slovakia.

At Arçelik Turkey, we implemented the pandemic module of the ROTAM software and developed the program's algorithms to deal with unexpected situations. Quarantined locations, efficient use of human resources, and dividing and operating technician teams in shifts according to quarantine conditions enabled us to provide an uninterrupted



During the pandemic, we introduced Call Center and other solutions to senior customers (those over 65 years old) who are unable to go out or shop online. Through Seniors First Project, we prioritized their out-of-warranty and inwarranty requests and served them free of charge.

service for both customers and authorized services. We have also integrated the ROTAM software into **Call Steering**, an Interactive Voice Response (IVR) technology that aims to provide customers with a self-service solution including the latest innovative technologies. Launched in 2018, the project enables customers to solve their problems through a call center without connecting to a customer representative.

ARTEMIS

Our Field Service Technicians Management tool, Artemis, provides electronic forms, enabling technicians to conduct service operations in a smarter way, as well as saving paper. Thanks to the project, we reached a yearly saving of EUR 308,058 by eliminating hardcopy forms and service papers as well as the maintenance of mobile printers and tablets and GSM data packages.

GLOBAL CUSTOMER CARE (GCC) E-SUMMIT

Due to the pandemic, the 2020 GCC Summit was hosted online on the MS Teams platform. The online event enabled us to enhance coverage with global participation. This year, operations in Romania and Thailand as well as the PISSA* and APAC** countries also took part, helping the participation rate increase by around 40% (193 attendees, 30 sessions and 74

presenters) compared to the previous year. This year's focus areas were field feedback, plant actions and transparency between all parties. Our main purpose regarding transparency was to ensure alignment for service quality.

CUSTOMER AND DEALER SATISFACTION

At Arçelik, our aim is to provide a seamless customer care journey and ensure best customer experience. Our customer care processes support customers whenever information is needed, or when an issue is raised, with the minimum customer effort. Our customers may contact call centers or use e-mails, web forms, or social media for their concerns.

To manage the COVID-19 related issues, a detailed guideline was published for technicians and call center agents. 90% of call centers worked remotely during the pandemic. Documents consisting of 150 questions and answers in five product groups were prepared and distributed across all our operations in order to quickly solve customers' problems over the phone. Content and Training teams produced How to use and fix videos.

Call Center and other solutions were introduced to senior customers (those over 65 years old) who are unable to go out or shop online. Through **Seniors First**

* Covers our operations in South Africa, Bangladesh, India, and Pakistan. Please see Annex 1 for the list of business affiliates and partners.

** Covers our operations in Vietnam, Thailand, Indonesia, China, the Philippines, Malaysia, and Australia & New Zealand. *Please see Annex 1 for the list of business affiliates.*

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In 2020, the NPS score in Turkey decreased by nearly 5% compared to 2019 due to the difficulties caused by the COVID-19 crisis, while Beko Plc in the UK reached its highest NPS score with 65.7.

Project, we prioritized their out-of-warranty and in-warranty requests and served them free of charge. Beko team prepared a Customer Care video called *Meet Beko Customer Care Team* to thank all our technicians and customer care employees for their efforts.

Arçelik conducts satisfaction surveys targeting both consumers (end-users) and customers (vendor/dealers) every year. The Koç Holding Dealer Satisfaction survey was conducted in Turkey in 2020 for 1,719 Arçelik and Beko dealers in total resulting in 65% coverage, and our average customer satisfaction score was measured as 84. Furthermore, 3,808 end-users from 51 different cities of Turkey participated in Koç Holding Consumer Satisfaction survey and our average score was 89,1 in 2020.

The quality of the service that we provide is regularly measured via the Net Promoter Score (NPS) method. Corrective and preventive efforts are continuously carried out based upon NPS results in the after-sales processes. We conduct consumer satisfaction surveys once a year in Turkey. In 2020, the NPS score in Turkey decreased by nearly 5% compared to 2019 due to the difficulties caused by the COVID-19 crisis. However, Beko Plc in the UK reached its highest NPS score with 65.7. To increase the score in Turkey, we will continue our efforts in 2021 through eight main and 34 sub-projects in the scope of our Customer Effort Minimization Program (PROMIS) to provide better quality services to our customers, and thereby increase their satisfaction.

Reporting Scope Countries	% of change in NPS scores compared to 2019
Turkey	-4.46%
UK	+1%
Sweden	-14%
Norway	+28%
Finland	-15%
Denmark	+2%
Germany	N/A
Romania	-50%
Thailand	-22%
France	+129%

 *Meet the Beko Customer Care Team*



Based on the 2020 NPS scores, we started work on new programs and projects to provide better quality services to our customers, and thereby increase their satisfaction.

Our focus areas in terms of customer satisfaction in 2020 were product quality, service speed, increased customer satisfaction, and customer insights. Through the ongoing CRM Project implemented across Arçelik, we:

- provide self-service experience with our customers including service status tracking and product registration
- increase revenue through personalized offers.

- standardize the customer experience across all channels and countries
- manage all communication channels, including the call center, digital channels and social media, from one single point
- reduce warranty costs by increasing the First Line Support Rate and addressing specific solutions on problems in products

SERVICE ACADEMY

Because of mobility restrictions due to the pandemic, the global service training team transferred all training to an online platform. Additional training content regarding new products has been added to the training program during the pandemic to yield the same results as face-to-face training.

ONGOING PROJECTS TO OBTAIN CUSTOMER CONCERNS

The **Set-up work for the Voice of the Customer** project aims to measure customer experience at 19 customer contact points. It aims to obtain the first results in 2021. Following that, it will be possible for relevant departments to take quick actions via alert systems for negative customer returns that may arise during research.

With the **KPI Dashboard** project, internal data analysis was first reported monthly in 2020 and this will continue to expand in 2021. The project will enable us to determine key performance indicators that affect customers' experience, to determine the measurement requirements, to coordinate the relevant teams, and to analyze and report the data.

The **Voice of the Field** project started in 2020 enables us to obtain experience-oriented feedback and suggestions from our dealers, service employees and promoters who are directly in contact with our customers. We have taken appropriate actions following the outputs shared with relevant departments and will continue the project in 2021.

Another project, **Social Listening Analysis**, will begin in 2021. In collaboration with a third-party agency, this will analyze our customers' posts and their perceptions of our brands automatically on social media and report the results bi-weekly, monthly and quarterly.



From materials selection to product design and utilization, customer safety and quality management are at the core of our processes.

Our safety and quality efforts are based on Arçelik's Product Safety Design Criteria prepared in line with international management frameworks including ISO 9001 Quality Management and the 10002 Quality Management-Customer Satisfaction System.

All technical design and manufacturing process are being modelled according to related countries' safety regulation and standards. The studies of the International Electrotechnical Committee and CEN/ CENELEC standardization studies (studies of technical committees and working groups) are being followed closely, for contributing to technical committees to improve safety standards' requirements by product safety experts. Furthermore, the product safety tests are being subjected and reported by 3rd party laboratories (VDE, Intertek, TUV, etc.) and/or our own laboratories having customer testing facility requirements, then product designs frozen and production approval given.

In order to improve customer experience and increase awareness of quality and safety within Arçelik, we declared 2020 and 2021 as the "Years of Product Quality".

PRODUCT SAFETY AND RISK COMMITTEE

All our products are certified according to standards by well-known testing and certification institutes. The Central Product Safety Department conducts audits on product safety in production and design processes at the plants once a year. The department also audits new product projects during the prototype and trial production stages and takes corrective actions and necessary measures according to audit results. We conduct Failure Mode and Effects Analysis (FMEA) to identify and prevent possible failures that may occur. In line with our vision of zero incident that supports our global expansion, we work to become a role model in product safety in consumer durables industry.

We analyze consumer concerns, service records, and customer and service employee feedback after sales processes. The Product Safety Risk Committee is responsible for assessing the product safety risks and identifying the risk levels. We take corrective actions and measures to prevent and manage potential risks by ensuring cooperation between parties inside and outside the company. We also provide product safety training to our employees in R&D, Production and Quality departments across all our plants.

Every year we organize the Arçelik Reliability Day to guarantee safe design and production through transferring new technical knowledge throughout the company. Creating a culture of product safety, we ensure a reduction in service failure rates and product

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Arçelik Product Safety Policy



Please see Annex 8 for the management systems and the coverage.



In 2020, we updated our recall procedure regarding latest approaches published as BS PAS 7100: 2018 by Office for Product Safety and Standards (OPSS).

safety-related incidents, and reward successful work within the organization. At the virtual Reliability Day we organized in December 2020, different teams shared their efforts on new methods and tools for failure tests and the results of data analytics studies, and discussed areas of improvement with the participation of senior management.

RECALL

The health and safety of our customers play a crucial role in our sales approach and are among our top priorities. If a recall is required, we make announcements to our consumers using the most effective communication channels in accordance with local legislation. For eliminating customers' concerns regarding product safety, we publish product safety alerts on our website and provide free call center services for recalls. We also updated our recall procedure regarding latest approaches published as BS PAS 7100:2018 by *Office for Product Safety and Standards (OPSS)*. In 2020, there was no recall.





NOW IS THE TIME TO

#ACTTOGETHERNOW



TOWARDS A COMMON SUSTAINABLE FUTURE

We initiated the Supplier Sustainability Data Monitoring and Development Project to closely monitor and evaluate the sustainability activities of our suppliers, collect data and provide consultancy services.

ADVANCE A SHARED VISION



TIPS FOR YOU

Do your part across the value chain. Be sure to **reduce, reuse, and recycle** wherever possible.

Be involved in **stakeholder engagement platforms** to be a part of the solution.

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SUSTAINABLE SUPPLY CHAIN

Arçelik is committed to sourcing responsibly materials and making our supply chain socially and environmentally responsible.

Effective and sustainable management of the supply chain has strategic importance in Arçelik’s profitability, growth, and path to realize its vision. We are committed to sourcing materials responsibly and integrating our environmental and societal purpose throughout our supply chain. Our complex supply chain encompasses suppliers from around the world. We work with suppliers that are complying with the EU and other international material and environmental-related regulations. Arçelik is also among the first companies to sign the Code of Conduct published by Home Appliance Europe (APPLiA) and commits that its suppliers act in accordance with the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the UN Universal Declaration of Human Rights and the UN Global

Compact, as well as the UN Guiding Principles on Business and Human Rights. Our efforts for conflict minerals are in line with the OECD Guidelines on Responsible Sourcing from Conflict Affected and High-Risk Areas.

The Arçelik Code of Conduct and Global Responsible Purchasing Policy determines the way we work with our suppliers, dealers and distributors and business partners. The policy includes our expectations regarding compliance, working conditions, human rights, operational health and safety and environment in line with our Code of Conduct and supplier audits.



 *Arçelik Code of Conduct*

 *Arçelik Global Responsible Purchasing Policy*



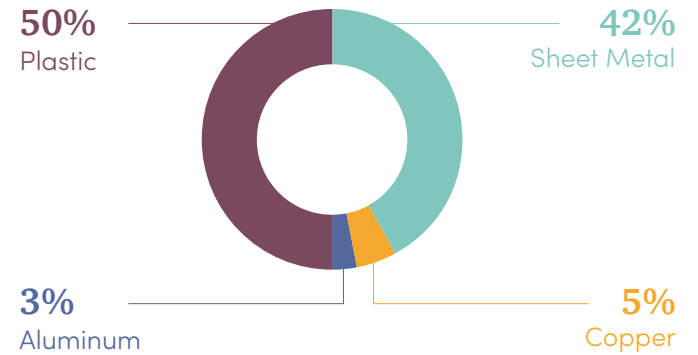
Supplier Evaluations

Based on the Kraljic Matrix, 8.8% of all suppliers are classed as critical, tier 1 suppliers. The number of payments made to critical and direct suppliers was EUR 1.3 billion in 2020, which represents 46% of total payments made.

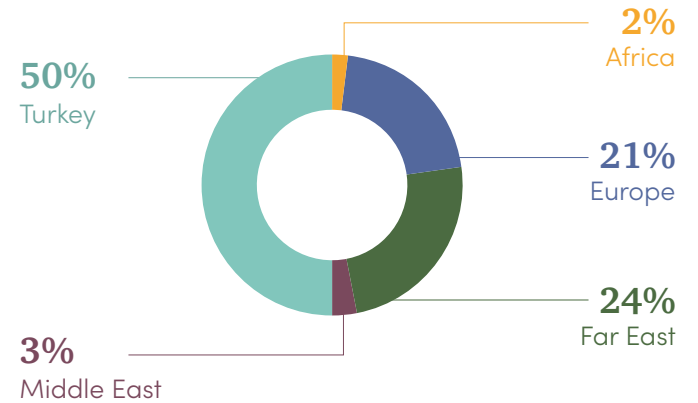
We monitor and manage our risks related to our supply chain with due diligence on a regular basis through sustainability evaluations and audits. We work together to create value for all our stakeholders in our supply chain. Through supplier training, we support our suppliers on building capacity and improving their social and environmental performance.

Arçelik has a global procurement department with 200 employees from eight countries. In 2020 in our Turkey operations, we spent nearly EUR 3 billion for direct, indirect, and investment purchases. We have approximately 2,000 (direct) sources in more than 50 countries. 259 of our suppliers make up 80% of our purchasing volume according to Kraljic Matrix. Based on the Kraljic Matrix, 8.8% of all suppliers are classed as critical, tier 1 suppliers. The number of payments made to critical and direct suppliers was EUR 1.3 billion in 2020, which represents 46% of total payments made.

Raw Material Procurement Distribution 2020



Purchasing Cost per Region of Origin





SUPPLIER SUSTAINABILITY INDEX

In 2018, we initiated the in-house Supplier Sustainability Index Project to conduct supplier sustainability risk assessment. We extend this project further as Supplier Sustainability Data Monitoring and Development Project in collaboration with an independent, accredited audit firm. We analyzed the sustainability risks in our supply chain and assessed 175 suppliers in 2020 based on those risks. With supplier monitoring through a self-assessment questionnaire that includes qualitative and quantitative metrics via a data collection platform accessible by suppliers we follow our suppliers' current and past three years sustainability performance. Up to now, 133 of our suppliers were evaluated 1% of them were included in the High-Risk category and 7% in the Middle Risk category. These suppliers were audited in 2020 within the scope of business ethics. By 2025, we aim to collect and monitor environmental data from approximately 400 suppliers making 90% of our purchasing volume, encourage them to set their own targets and publicly disclose their data. In 2020, we collected environmental data from 60 suppliers in scope of our efforts to reach this target.

* Covers all critical Tier-1 suppliers.

We have been working with Arçelik in the scope of the sustainable packaging project which supports the transition to 100% recycled materials in packaging. As a project partner, we provide support in the design and special angle bar supply. Despite the difficult conditions of the pandemic, the high involvement and desire of all teams shows that Arçelik will break new grounds in this field very soon.

İsmail Aslan
Segment Manager Textiles EMEA,
Sonoco Alcore



For details about supplier risk categorization as part of the Supplier Sustainability Index and Code of Conduct Audits, please visit our website.



More information on our efforts on sustainable packaging can be found in In Touch with our Planet section.

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In 2020, 36 critical suppliers were audited by third party audit firms, and a total of 476 areas open to improvement were identified.

As part of our *Code of Conduct* and *Global Responsible Purchasing Policy*, we carry out auditing activities for our suppliers. Audits check whether our suppliers comply with Arçelik's expectations in areas including compliance with laws, working conditions, human rights, OHS, and the environment. We plan corrective actions for non-compliance identified in these audits and, in follow-up audits, we check whether the required actions have been taken. We require full compliance with Arçelik Global Responsible Purchasing Policy in these audits and terminate contracts with any supplier in cases where child labor, forced labor, discrimination, bribery, or incidences of corruption are detected. Our stakeholders can inform us about suspicious behavior or supplier violations of business ethics via the e-mail address arcelikas@ethicsline.net, our website www.ethicsline.net, or the telephone numbers given in our Global Responsible Purchasing Policy. Arçelik undertakes to handle all notifications about suspicious behavior and violations confidentially, protects those who provide such notifications, and does not tolerate retaliation.

We require new suppliers to conduct self-evaluation audits on quality, the environment, and business ethics. A self-assessment was made to 126 suppliers that were commissioned in 2020. Our current critical suppliers are audited by independent audit companies for business ethics, occupational safety, and environmental issues. In 2020, 36 critical suppliers (due to the difficulties faced while reaching out to suppliers during the pandemic) were audited and



a total of 476 areas open to improvement were identified. In addition, the findings of the previous period were taken into consideration.

As a result of our audits findings, 13 follow-up audits were carried out by third party audit firms and 44% of the nonconformities were improved. No cases of child labor, forced labor, discrimination, bribery or corruption were detected during these audits. Two suppliers' contracts were terminated due to conflicts of interest.



Supplier Capacity Building

Potential Human Rights/OHS/Environment Issues in Supplier Business Ethics Audit Findings

Main Category	Topic Details	Non-conformities	Improved*	In Progress*
Social Management System and Cascade Effect	Number of disabled employees, existence of dismissal procedure	61	4	57
Workers Involvement and Protection	Existence of Wish and Complaint system	20	1	19
The Rights of Freedom of Association and Collective Bargaining	No	20	1	19
No Discrimination	No	0	0	0
Fair Remuneration	No	21	3	18
Decent Working Hours	Night work system, overtime hours, at least one day off per week	81	12	69
Occupational Health and Safety	Proper storage of chemicals, presence of smoke detectors, emergency exits	135	26	109
No Child Labor**	No employee ID copy	2	1	1
Special Protection for Young Workers	Young employee working hours	6	1	5
No Precarious Employment	Existence of subcontractor employee information records	10	2	8
No Bonded Labor	Working overtime with the consent of the employee	4	1	3
Protection of the Environment	Environmental management system, waste site, environmental risk analysis, protection of chemicals	110	35	75
Ethical Business Behavior	No	6	2	4
Total		476	89	387
		Total number of audits: 36	Total number of follow-up audits: 13	

We helped protect both our suppliers' health and business continuity during the COVID-19 pandemic through training and audits. Manufacturing processes were audited remotely, and online product audits were conducted to ensure high product quality. Before July 2020, a total of 325 audits were carried out in more than 130 suppliers at home and abroad. According to results of the audits, hygiene measures and corrective actions were monitored and, when necessary, alternative supplier transitions carried out without interrupting business continuity.

To leverage our sustainability activities and strategy and drive continuous improvement throughout our value chain, we engage with our suppliers, support them in building capacity on ESG management, and strengthen our relations through social and environmental training, supplier visits and meetings, and the supplier development program jointly delivered with our R&D teams.

* Follow-up and CAPA management system

** There was no specific child labor finding. There was lack of transparency of ID documentation.



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TRAINING

An important part of our approach consists of working with suppliers to ensure continuous improvement. The Supplier Education Platform includes free online training:

- Arçelik Suppliers Sustainability Strategies
- Global Code of Conduct and related Policies
- EU Horizon 2020 and Horizon Europe Support Programs Information
- ISO 50001: 2018 Energy Management System and Implementation Principles
- Energy Efficiency and Renewable Energy Applications in Industry
- Green Chemistry Management on Products
- ISO 14001: 2015 Environmental Management System
- ISO 14064-1: 2018 Greenhouse Gas Inventory Reporting
- Compliance with Environmental Legislation
- Occupational Health and Safety
- COVID-19

In 2020, we provided a total of 3,345 person*hours of training on the above mentioned topics.

SUPPLIER DEVELOPMENT PROGRAMS

At Arçelik, we believe in growing together with our suppliers. In 2020, we carried out 35 supplier process inspections and 3,160 product inspections. Furthermore we:

- implemented 438 projects to support them with a focus on quality improvement, efficiency increase, digital transformation, and design changes
- held 20 workshops on process improvement and alternative process applications, and also started working on 55 selected projects
- collaborated with our suppliers to manufacture 29 imported materials domestically
- added new suppliers to the food and personal care segments which allowed us to add cost-effective products to our portfolio
- supported our business partners to gain new manufacturing capabilities in areas different from their specialization to help them increase their business volume and ensure sustainable, high-quality and low-cost manufacturing especially for vacuum cleaners, irons, and beverages
- organized two Technology Days to which 230 suppliers participated and discussed different topics including machine learning models, quality control with digital tools, occupational security with video processing and RPA.



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**Arçelik Global
Conflict Minerals
Management Policy**

PURCHASING ACADEMY

Active since 2013, the Academy, implemented in partnership with the Chartered Institute of Procurement and Supply (CIPS), aims to equip the Arçelik Purchasing team with the knowledge and skills they need and increase their know-how. In 2020, a total of 37 people from our employees working in purchasing departments worldwide received 700 hours of training and will graduate from in 2021. The program will be redesigned and converted to online in 2021.

CONFLICT MINERALS MANAGEMENT

The 3TG (tin, tantalum, tungsten, and gold) minerals used in the production of electronics and durable home appliances are 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 OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas, the Conflict Minerals Project was launched in 2016 and the Arçelik Conflict Minerals Management System was established to evaluate our suppliers at risk in terms of 3TG usage. We have evaluated 748 of our suppliers which we considered to be at risk of containing 3TG minerals. We required these suppliers to complete the Conflict Minerals Reporting Template

(CMRT) developed by the Responsible Minerals Initiative (RMI). All these suppliers were sent a letter. In 2020, we extended this data collection process in collaboration with an independent accredited audit firm to raise further awareness and provide consultancy services for our suppliers. As of now, 427 out of 748 suppliers responded to the survey. According to responses, 36 suppliers were audited through the Conflict Minerals Management process by a third party independent auditing firm. For non-responsive suppliers we followed-up frequently with reminder communications. We also trained our suppliers on Conflict Minerals (Environmental Legislation Compliance training) in 2020. We will continue to improve the transparency of our supply chain and increase supplier response rates. We are in the process of becoming a member in Responsible Minerals Initiative (RMI) to make concerted efforts with the international community to improve mineral sourcing practices and to utilize diverse information on high-risk minerals concerning their smelters and refiners as well as their place of origin. Our RMI membership will allow us to identify the percentage of suppliers on our smelter list that are RMI compliant. We will audit those suppliers which we believe to be at risk based on the results of the responses provided to the Conflict Minerals Reporting Template.



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ANNEX 1: BOUNDARIES AND SCOPE

Our location-based reporting coverage has increased to 13 countries in 2020 with the inclusion of our offices in Germany and Poland. However, the reporting scope based on number of employees has decreased from 83% to 68% since we removed China operations from the reporting scope due to the sale of our manufacturing plant in China within 2020.

15 out of 22 manufacturing plants, 19 out of 24 R&D centers and offices, 11 out of 51 subsidiaries and affiliates were included in the scope of the report.

The reporting coverage is not the same for all social indicators we report on, and the coverage for individual indicators is clearly indicated next to the relevant data, information, and/or graphics.

- Human capital data, excluding the indicators listed below, cover all our operations and our full-time employees worldwide (data breakdown per reporting scope country is shown in Annex 6):
 - The salary index of our female and male employees covers 87% of our full-time employees.
 - Employee Satisfaction Index is carried every year in Turkey operations, and every two years in all operations worldwide, therefore data is available only for Turkey operations on a yearly basis.
 - Nationality data covers 83% of our full-time employees.
 - Workforce age breakdown covers 84% of our full-time employees.
 - Hiring data covers monthly paid employees in all operations.
- OHS performance data cover 90.84% of our full-time employees.
- Business ethics data, excluding audits, cover all operations worldwide.

Regarding the environmental indicators, in addition to the 13 countries of the reporting coverage, Pakistan with three manufacturing plants were also included in the reporting coverage in 2020, only for GHG emissions and energy indicators.

The quantitative and qualitative data in this Report were provided from the Operational Network below covering all 12 brands of Arçelik Global:

MANUFACTURING PLANTS

- Refrigerator Plant – Eskişehir, Turkey
- Compressor Plant – Eskişehir, Turkey
- Cooking Appliances Plant – Bolu, Turkey
- Dishwasher Plant – Ankara, Turkey
- Washing Machine Plant – Istanbul, Turkey
- Electronics Plant – Tekirdağ, Turkey
- Tumble Dryer Plant – Tekirdağ, Turkey
- Electric Motor Plant – Tekirdağ, Turkey
- Arctic Refrigerating Appliances Plant – Gaesti, Romania
- Arctic Washing Machine Plant – Ulmi, Romania
- Refrigerator and Washing Machine Plant – Kirzhach, Russia
- Refrigerator Plant – East London, South Africa
- Cooking Appliances, Tumble Dryer and Washing Machine Plant – Jacobs, South Africa
- Refrigerating Appliances Plant – Ezakheni, South Africa
- Refrigerator Plant – Rayong, Thailand
- Refrigerator Plant – Hayderabad, Pakistan*
- Washing Machine and Refrigerator Plant – Karachi, Pakistan*
- Cooking Appliances and A/C Plant – Karachi, Pakistan*
- Refrigerator Plant – Dhaka, Bangladesh**
- TV and Air Conditioning Plant – Dhaka, Bangladesh**

* Included in the reporting scope for Human Capital and OHS past performance “global” data in the In Touch with our Business section, and GHG and energy indicators, 2030 future journey in the In Touch with Planet section.

** Included in the reporting scope for Human Capital past performance “global” data, and 2030 future journey in the In Touch with Planet section.



The data breakdown per reporting scope country is shown in Annex 4 and Annex 6.



ANNEX 1: BOUNDARIES AND SCOPE

R&D CENTERS AND OFFICES

- R&D Directorate – Istanbul, Turkey
- Refrigerator and Compressor Plant R&D Center – Eskişehir, Turkey
- Washing Machine Plant R&D Center – Istanbul, Turkey
- Dryer Plant R&D Center – Tekirdağ, Turkey
- Cooking Appliances Plant R&D Center – Bolu, Turkey
- Dishwasher Plant R&D Center – Ankara, Turkey
- Electronics Plant R&D Center – Tekirdağ, Turkey
- METU Teknokent R&D Center – Ankara, Turkey*
- ITU Ari Teknokent R&D Center – Istanbul, Turkey*
- Arçelik Design Center – Istanbul, Turkey
- Beylikdüzü R&D Center – Istanbul Turkey*
- Small Domestic Appliances R&D Center – Istanbul, Turkey
- WAT Motor R&D Center – Tekirdağ, Turkey**
- Digital Transformation, Big Data & AI Center – Istanbul, Turkey
- Manufacturing Technologies R&D Center – Istanbul, Turkey
- Beko PLC R&D Office – Cambridge, UK
- Arch R&D Office – Wuxi & Shenzhen, China**
- Electronic and Optical Application R&D Office – Taipei, Taiwan**
- Arctic R&D Office – Gaesti, Romania
- Beko Thai R&D Office – Rayong, Thailand
- R&D Office – East London & Jacobs & Ezakheni, South Africa
- R&D Office – Karaçi & Haydarabad, Pakistan***
- R&D Office – Kirzhach, Russia

* Not included in environmental reporting.
 ** Included in the reporting scope for Human Capital past performance "global" data only, not included in environmental reporting.
 *** Included in the social reporting scope only for Human Capital and OHS past performance "global" data, and in the environmental reporting scope only for GHG and energy indicators in 2020.

SUBSIDIARIES AND AFFILIATES

- Arçelik Pazarlama A.Ş. – Turkey*
- WAT Motor San. ve Tic. A.Ş. – Turkey**
- Beko APAC IBC Co. Ltd. – Thailand**
- Beko Grundig Deutschland GmbH – Germany, Croatia**
- Beko France S.A.S. – France
- Beko LLC – Russia
- Beko PLC – UK, Republic of Ireland
- Beko Thai Co. Ltd. – Thailand
- Beko S.A. (Beko Polska) – Poland, Czech Republic
- Dawlance Electronics (Private) Ltd. – Pakistan***
- Dawlance (Private) Ltd. – Pakistan***
- Defy Appliances (Proprietary) Ltd. – Republic of South Africa
- Grundig Nordic AS – Norway, Denmark
- Grundig Nordic AB – Sweden, Finland
- Arctic SA – Romania

* Not included in environmental reporting.
 ** Included in the reporting scope for Human Capital and OHS past performance "global" data only, not included in environmental reporting.
 *** Included in the social reporting scope only for Human Capital and OHS past performance "global" data, and in the environmental reporting scope only for GHG and energy indicators in 2020.

GRI 102-45



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 2020 Sustainability Report (‘the Report’), as published on the company’s website at <https://www.arcelikglobal.com/en/sustainability/sustainability-reports/all-reports/> and to carry out an independent verification of total water withdrawal by source and waste, 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 it’s stakeholders. The participation of stakeholders has been initiated in developing and achieving an accountable and strategic response to CSR.

Arçelik publishes CSR information that enables its stakeholders to make informed judgments about the company’s management and performance. In our professional opinion the report covers the Arçelik’s materiality issues.

Arçelik has implemented the practice to respond to the expectations and perceptions of its stakeholders.



Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Independence/Responsibilities of Arçelik and of the Assurance Providers

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 and waste data and information
- Social Indicators
- Occupational health and safety indicators.

Verified Data

Water withdrawal Turkey, Romania (Arctic), Beko LLC Russia, Defy South Africa, Beko Thai.

Waste (hazardous waste, non-hazardous waste) Turkey.

Arçelik Employee and Arçelik Contractor Global Accident Frequency Rate

Arçelik Employee and Arçelik Contractor Global Fatal Accident Number

Arçelik Employee Global Occupational Disease Frequency Rate

Arçelik Employee OHS Training Hour



ANNEX 2: ASSURANCE REPORTS

Next Big Story, Consumer Loyalty Score, The Koç Holding Dealer Satisfaction Survey, supply chain audits, You are an Engineer, You are with Us Projects, 360 degree evaluation programs, Digital Transformation & Robotic Process Automation, NPS Score, ROTAM Project, Service Academy, Supplier Improvement Programs, Trainings (Kizcode, SheMate Program, Equitable Parenting Program, Gender Equality Seminars, , Talent in You, Future In You, Leader In You, TechPro Academy, Digital Competency Focused Trainings, Promoting Online Platforms), Designing the Future for My Country, Volunteer Activities, One Healthy Movement, Digital Wings Project, 3D Printers for Training, Smart Board, Food for Soul, Give Back Campaign, Employee Engagement Surveys , Fresh Start Internship Program, Equal pay for equal work policy- salary index, FIRST LEGO League tournament, BiGG Arçelik Garage, Hack the Normal, Hack the Conversation, R&D Related Collaborations, Field Service Technicians Management with Artemis Global Customer Care Retail Academy Call Center support regarding COVID-19 Thank You Campaign Townhall, Sustainability Day, Good Idea, Volume up!, Arçelik Employees Sports Club, Partnership with Barnardo's, Support to Ronald McDonald House Charities (RMHC), Partnership with Archè Foundation, Electrabregenz collaboration with Pro Juventute for Cookbook: 48 Recipes for A Good Cause, For My Country Right Approach to Disability Seminar, University-Industry Cooperation Program, Catch the Future Workshop, Pepe TV, Let's Stay at Home, World Food Day Campaign, Awareness movement with Ruhun Doysun, Skeptical Kid Campaign, Eat Like A Pro Navidad, Live Like a Pro Program, Best Team in the World Campaign and Donation, Eat Like a Pro: Partnership with UNICEF, Product Donations for Disadvantaged Groups during COVID 19, 100 Women Dealers, Equal Dictionary, Pulse Survey, Feedback and Development Dialogues, Freedom of Association, Training related numbers, Workforce breakdown by gender

The opinion expressed is formed on the basis of a moderate level of assurance and at the materiality of the professional judgement of the verifier.

Mehmet Kumru
Sustainability Team Manager

Date: 24.05.2021



AA1000
Licensed Assurance Provider
000-258



BSI Group Eurasia Belgelendirme Hizmetleri Ltd. Şti.
Değirmen Sokak, No:16, Ar Plaza, Ofis: 61/62 A Blok, Kozyatağı / İstanbul



ANNEX 3: UNGC & WEPs DISCLOSURES

UNITED NATIONS GLOBAL COMPACT (UNGC) DISCLOSURE

Area	Principles	Relevant Report Section
HUMAN RIGHTS	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	<i>Sustainable Supply Chain Employee and Human Rights</i>
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	<i>Ethics and Compliance Employee and Human Rights</i>
LABOR	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	<i>Ethics and Compliance</i>
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.	<i>Ethics and Compliance</i>
	Principle 5: Businesses should uphold the effective abolition of child labour.	<i>Ethics and Compliance</i>
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	<i>Sustainable Supply Chain</i>
ENVIRONMENT	Principle 7: Businesses should support a precautionary approach to environmental challenges.	<i>Enterprise Risk Management</i>
	Principle 8: Business should undertake initiatives to promote greater environmental responsibility.	<i>In Touch with Planet</i>
	Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.	<i>Product Stewardship</i>
ANTI-CORRUPTION	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	<i>Ethics and Compliance</i>

THE WOMEN'S EMPOWERMENT PRINCIPLES (WEPs) DISCLOSURE

Area	Relevant Report Section
Principle 1: Establish high-level corporate leadership for gender equality	<i>Gender Equality Diversity and Inclusion Supporting Society with Equal Opportunities and Inclusion</i>
Principle 2: Treat all women and men fairly at work – respect and support human rights and nondiscrimination	<i>Gender Equality Diversity and Inclusion</i>
Principle 3: Ensure the health, safety and well-being of all women and men workers	<i>Gender Equality</i>
Principle 4: Promote education, training and professional development for women	<i>Gender Equality Supporting Society with Equal Opportunities and Inclusion</i>
Principle 5: Implement enterprise development, supply chain and marketing practices that empower women	<i>Supporting Society with Equal Opportunities and Inclusion</i>
Principle 6: Promote equality through community initiatives and advocacy	<i>Supporting Society with Equal Opportunities and Inclusion</i>
Principle 7: Measure and publicly report on progress to achieve gender equality	<i>Supporting Society with Equal Opportunities and Inclusion</i>



ENVIRONMENTAL MANAGEMENT

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

- In 2020, we allocated **EUR 6.98 million** in all our plants in the reporting scope for environmental expenditure and investments.
- In 2020, we saved approximately **EUR 1,593,000** with our water efficiency and waste reduction projects in all our plants in the reporting scope.
- During the reporting period, there were no significant* fines due to non-compliance with environmental legislation.
- Over this reporting period, we allocated **EUR 17,083,000** in Turkey, **EUR 1,029,000** in Romania, and **EUR 116,000** in our South Africa operations for the research and development of eco-friendly products.
- We provide training for our employees to increase Arçelik’s competence and spread sustainability across our value chain. In this context, we provide environmental training both in Turkey and our global operations. In 2020, **12,674** employees received a total of **15,231** person*hours, and **1,086** subcontracted company employees received a total **1,364** person*hours of environmental training.

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.

According to the latest emission analysis reports on our operations in Turkey issued by an accredited laboratory, the highest SO₂, TOC, and NOx parameters measured are given below.

Air Emissions (kg/hour)	2020
SO ₂	0.38
TOC	1.89
NOx	12.38

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



OPERATIONAL ECO-EFFICIENCY: WATER, WASTE, ENERGY AND GHG INDICATORS

WATER	2016*	2017**	2018***	2019****	2020*****	2020 TARGET
Total water withdrawal (m ³)	1,787,301	1,610,171	1,477,008	1,485,317	1,200,812	1,464,277
Intensity (m ³ /TRY million)	167	127	83	73	45	-
WASTE						
Total waste (ton)	109,299	108,275	111,789	113,465	103,263	-
Intensity (ton/TRY million)	10.2	8.5	6.3	5.6	3.8	-

* Covers all manufacturing plants in Turkey, Arctic Refrigerating Appliances Plant in Romania, and Refrigerator and Washing Machine Plant in Russia.

** The reporting scope was expanded to also cover Washing Machine Plant in China.

*** The reporting scope was expanded to also cover Defy Refrigerator Plant, Cooking Appliances, Tumble Dryer and Washing Machine Plant, and Refrigerating Appliances Plant in South Africa.

****The reporting scope was expanded to also cover Refrigerator Plant in Thailand.

***** The reporting scope was expanded to also cover Arctic Washing Machine Plant in Romania. However, Washing Machine Plant in China was removed from the reporting scope due to the sale of the plant in 2020.



ANNEX 4: ENVIRONMENTAL PERFORMANCE INDICATORS

TOTAL ENERGY CONSUMPTION (MWh)	2016*	2017**	2018**	2019***	2020****	2020 TARGET
Non-renewable fuels purchased and consumed (natural gas, oil, etc.) (A)	356,474.7	324,792.0	283,171.4	327,922.4	296,021.2	-
Non-renewable electricity purchased (B)	48,901.4	77,899.6	82,159.1	88,518.4	75,626.9	-
Steam/heating/cooling and other energy (non-renewable) purchased (C)	0	0	0	0	0	-
Total renewable energy (wind, solar, biomass, hydroelectric, geothermal etc.) purchased or generated (D)	239,492.8	202,766.2	185,260.9	226,018.6	227,088.2	-
Total non-renewable energy sold (E)	0	0	0	0	0	-
Total non-renewable energy consumption (A+B+C-E)	405,376.1	402,691.6	365,330.5	416,440.8	371,648.0	407,527.4
Total cost of energy consumption (TRY)	94,204,532.9	99,288,910.3	124,828,704.7	210,940,607.5	222,366,950.2	-
Intensity (Total consumed energy) (A+B+C+D-E)/Revenue (MWh/TRY million)	60.3	47.8	32.9	29.8	21.4	-
Intensity reduction (%) (Compared to the previous year) (A+B+C+D-E)/Revenue (MWh/TRY million)		-21	-31	-10	-28	-
GHG EMISSIONS						
Direct GHG Emissions (Scope 1) (tonCO ₂ e)	79,508	74,750	72,795	81,550	71,379	79,511
Indirect-Energy GHG Emissions (Scope 2) (tonCO ₂ e)	21,595	36,763	37,857	52,950	43,261	51,626
Total GHG Emissions (Scope 1&2) (tonCO ₂ e)	101,103	111,513	110,652	134,500	114,640	131,138
Intensity (Scope 1&2) (tonCO ₂ e/TRY million)	9.5	8.8	6.6	6.2	4.1	-
Reduction of Intensity compared to previous year (%)	-	7%	25%	6%	34%	-

* Covers all manufacturing plants in Turkey, Arctic Refrigerating Appliances Plant in Romania, and Refrigerator and Washing Machine Plant in Russia.

** The reporting scope was expanded to also cover Washing Machine Plant in China.

*** The reporting scope was expanded to also cover Arctic Washing Machine Plant in Romania, all three manufacturing plants in South Africa, Refrigerator Plant in Thailand, Washing Machine and Refrigerator Plant, Cooking Appliances and A/C Plant, and Refrigerator Plant in Pakistan.

**** Washing Machine Plant in China was removed from the reporting scope due to the sale of the plant in 2020.



ANNEX 4: ENVIRONMENTAL PERFORMANCE INDICATORS

ENVIRONMENTAL PERFORMANCE INDICATORS (COUNTRY SPECIFIC)

	TURKEY				SOUTH AFRICA				RUSSIA				ROMANIA			
	2017	2018	2019	2020****	2017	2018	2019	2020****	2017	2018	2019	2020****	2017	2018	2019	2020****
GHG Emissions (ton CO₂e)*																
Direct (Scope 1)	56,540	55,236	47,900	43,109			3,242	3,098	7,069	8,305	9,049	8,604	10,023	8,015	9,230	8,125
Indirect - Energy (Scope 2)	21,898	22,852	0	0			28,009	24,075	8,761	8,759	7,654	7,597	0	0	0	0
Total of Scope 1 and Scope 2	78,438	78,088	47,900	43,109	0	0	31,251	27,173	15,830	17,064	16,703	16,201	10,023	8,015	9,230	8,125
Indirect - Other (Scope 3)			6,262,787	18,363,993				2,208,353				1,072,245				2,624,604
Total	78,438	78,088	6,310,687	18,407,102	-	-	31,251	2,235,526	15,830	17,064	16,703	1,088,446	10,023	8,015	9,230	2,632,729
Energy consumption by fuel type (GJ)*																
Electricity	764,505	699,890	642,459	647,269			106,138	96,751	71,596	87,876	76,797	76,623	143,613	143,547	171,208	170,249
Natural gas	797,066	651,164	595,167	580,893			25,421	23,071	115,833	135,415	149,092	141,758	124,559	107,919	128,786	100,899
LPG	16,923	13,924	11,092	9,599			12,041	10,206	6,381	7,965	6,940	6,715	16,258	12,747	12,482	10,337
Fuel-Oil	27,073	20,282	18,860	13,644			0	0	0	0	0	0	0	0	0	0
Diesel	22,660	24,173	25,345	21,127			5,999	6,941	274	686	826	580	7,544	9,208	12,275	11,143
Gas	11,576	12,230	13,953	11,533			3,043	3,649	1,760	1,806	2,198	2,068	2,837	1,626	1,030	514
Propane	0	0	0	0			0	0	0	0	0	0	0	0	0	0
CNG	0	0	0	0			0	0	0	0	0	0	0	0	0	0
Total	1,639,804	1,421,664	1,306,876	1,284,064			152,643	140,618	195,845	233,748	235,853	227,743	294,811	275,046	325,781	293,141
Energy savings*																
Total annual energy savings (GJ)	57,489	36,461	64,666	41,198	3,713	263	7,922	194	11,595	3,796	5,170	5,850	8,846	8,586	5,528	4,805
Total annual greenhouse gas reduction (tCO ₂ e)	5,132	3,459	4,818	3,920	249	31	724	51	1,136	360	331	465	911	919	470	332
Total annual financial savings (EUR)	605,366	472,891	657,345	476,803	46,051	7,104	78,282	4,022	152,012	41,606	34,490	57,734	116,489	126,677	81,105	63,413
Water withdrawal by source (m³)																
Municipal water	801,627	572,367	505,329	421,859		76,993	83,237	69,204	0	0	0	0	0	0	0	27,851
Ground water	374,382	376,488	404,589	292,352		0.14	0	0	118,532	147,194	137,531	124,692	249,272	240,063	225,994	167,783
Rainwater	500	445	22,697	53,249		1,440	6,246	8,924	0	0	0	0	0	0	0	440
Total	1,176,509	949,387	932,615	767,460		79,260	89,484	78,128	118,532	147,194	137,531	124,692	249,272	240,063	225,994	196,074
Water discharge by destination (m³)																
Fresh surface water	0	0	0	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	0	0	0
Third-party destinations (municipal sewage line connected to municipal/industrial wastewater treatment plant)	757,343	770,915	790,076	662,962		75,236	74,437	77,655	110,220	118,410	119,400	106,531	149,562	146,140	138,550	161,011
Total	757,343	770,915	790,076	662,962		75,236	74,437	77,655	110,220	118,410	119,400	106,531	149,562	146,140	138,550	161,011
Water consumption** (m³)																
Water consumption	419,166	178,472	142,538	104,497	0	4,024	15,046	473	8,312	28,784	18,131	18,161	99,710	93,923	87,444	35,063
Environmental Training (person*hour)																
Environmental Trainings (person*hour)	12,682	8,784	11,530	10,667		2,886	3,294	483	124	69	32	112	2,146	3,660	7,576	4,500
Raw material and material used by type (ton)																
Plastic Raw Materials	95,400	83,651	89,371	91,764		4,760	5,715	5,293	8,176	10,744	8,820	8,564	15,997	14,490	15,789	19,740
Metal Raw Materials	291,439	303,642	289,748	309,262		15,877	16,904	16,436	1,864	2,232	1,770	1,673	61,018	59,500	62,890	44,748
Materials (4)	297,353	316,812	349,130	351,158		17,681	11,477	8,913	28,737	39,582	31,698	39,389	62,164	60,660	68,780	79,421
Chemicals (5)	8,732	9,236	7,630	5,994		823	1,394	1,193	1,003	1,575	1,431	608	2,301	2,123	2,621	1,017
Total	692,924	713,341	735,879	758,178		39,141	35,489	31,835	39,780	54,132	43,720	50,234	141,480	136,773	150,080	144,925
Waste by type (ton)																
Hazardous Waste	2,801	2,259	2,419	1,670		176	182	171	100	105	126	151	55	31	15	27
Non-Hazardous Waste	86,103	85,695	87,443	75,264		4,685	4,928	4,701	3,258	3,803	3,257	2,802	14,041	12,704	11,857	17,384
Total	88,904	87,954	89,862	76,934		4,861	5,109	4,872	3,358	3,908	3,383	2,953	14,096	12,736	11,872	17,411

* Total GHG emissions, energy consumption and energy saving in 2019 and 2020 also include Pakistan with three manufacturing plants.

** Water consumption=Water withdrawal-Water discharge

*** GHG data of Beko Thai in 2019 was verified in accordance with TGO Guidance of the Carbon Footprint for Organization.

**** The boundaries of use phase of sold products were expanded.

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ANNEX 4: ENVIRONMENTAL PERFORMANCE INDICATORS

	THAILAND				OFFICES				TOTAL*****			
	2017	2018	2019***	2020****	2017	2018	2019	2020	2017	2018	2019	2020****
GHG Emissions (ton CO₂e)*												
Direct (Scope 1)			284	549	142	144	132	204	74,892	72,939	81,682	71,583
Indirect - Energy (Scope 2)			4,418	4,201	887	647	668	374	37,650	38,504	53,618	43,635
Total of Scope 1 and Scope 2	0	0	4,702	4,750	1,029	791	800	578	112,542	111,443	135,300	115,218
Indirect - Other (Scope 3)			20	334,573	0	0	0	0	0	0	6,262,807	25,665,521
Total	-	-	4,722	339,323	1,029	791	800	578	112,542	111,443	6,398,107	25,780,739
Energy consumption by fuel type (GJ)*												
Electricity			32,801	31,200	7,547	5,485	5,662	5,342	1,017,944	968,197	1,137,996	1,095,117
Natural gas			0	0	309	420	273	2,236	1,050,439	910,160	1,022,212	933,169
LPG			699	631	0	0	0	0	41,572	36,818	45,444	37,798
Fuel-Oil			0	0	0	0	0	0	27,073	20,282	18,860	13,644
Diesel			754	730	0	0	0	0	30,612	34,293	67,901	61,028
Gas			1,560	2,008	0	0	0	0	19,863	18,284	26,347	22,258
Propane			0	0	2,025	1,993	1,896	1,432	2,025	1,993	1,896	1,432
CNG			0	0	0	0	0	0	0	0	32	15
Total			35,814	34,569	9,881	7,898	7,832	9,010	2,189,529	1,990,027	2,320,687	2,164,461
Energy savings*												
Total annual energy savings (Gj)		2,312	6,081	922					82,308	51,608	96,408	55,953
Total annual greenhouse gas reduction (tCO ₂ e)		300	788	123					7,510	5,094	7,708	5,217
Total annual financial savings (EUR)		57,975	172,648	24,205					939,779	711,222	1,148,477	701,408
Water withdrawal by source (m³)												
Municipal water			48,372	34,458	2,362	1,628	4,307	4,342	869,847	712,091	692,567	557,714
Ground water			0	0	0	0	0	0	742,186	763,745	768,114	584,827
Rainwater			0	0	0	0	0	0	500	1,885	28,943	62,613
Total			48,372	34,458	2,362	1,628	4,307	4,342	1,612,533	1,478,635	1,489,624	1,205,154
Water discharge by destination (m³)												
Fresh surface water			0	0	0	0	0	0	0	0	0	0
Ground water			0	0	0	0	0	0	0	0	0	0
Third-party destinations (municipal sewage line connected to municipal/industrial wastewater treatment plant)			48,372	27,827	2,362	1,628	4,307	4,342	1,079,336	1,173,431	1,225,295	1,040,329
Total			48,372	27,827	2,362	1,628	4,307	4,342	1,079,336	1,173,431	1,225,295	1,040,329
Water consumption** (m³)												
Water consumption	0	0	0	6,631	0	0	0	0	533,197	305,203	264,329	164,825
Environmental Training (person*hour)												
Environmental Trainings (person*hour)			583	834	NA	NA	NA	NA	15,439	15,683	23,330	16,595
Raw material and material used by type (ton)												
Plastic Raw Materials			3,492	2,961	NA	NA	NA	NA	124,974	119,245	127,278	128,322
Metal Raw Materials			6,617	3,763	NA	NA	NA	NA	363,106	390,361	386,462	375,882
Materials (4)			19,515	27,598	NA	NA	NA	NA	396,491	443,370	487,249	506,479
Chemicals (5)			1,508	1,463	NA	NA	NA	NA	12,623	14,366	15,053	10,275
Total			31,131	35,785	NA	NA	NA	NA	897,284	967,342	1,016,041	1,020,957
Waste by type (ton)												
Hazardous Waste			31	31	NA	NA	NA	NA	2,987	2,601	2,789	2,050
Non-Hazardous Waste			1,112	1,062	NA	NA	NA	NA	105,288	109,189	110,677	101,213
Total			1,143	1,093	NA	NA	NA	NA	108,275	111,789	113,465	103,263

* Total GHG emissions, energy consumption and energy saving in 2019 and 2020 also include Pakistan with three manufacturing plants.

** Water consumption=Water withdrawal-Water discharge

*** GHG data of Beko Thai in 2019 was verified in accordance with TGO Guidance of the Carbon Footprint for Organization.

**** The boundaries of use phase of sold products were expanded.

***** 2017, 2018 and 2019 data cover Washing Machine Plant in China.

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ANNEX 5: MAIN INSTITUTIONS GUIDING OUR WORK

Institution / Organization	Gain or Contribution	2020 Membership Fee (EUR)	Share in total payments (%)
Turkish Employers' Association of Metal Industries (MESS)	The Turkey operation of Arçelik is a member of the MESS. The organized trade unions in other countries are labor unions. In Turkey we only have membership of the employers' union, and therefore, we pay dues to MESS only for operations in Turkey. The MESS Board Chairman also serves as Koç Holding Human Resources Director. Within the scope of our MESS membership, we engage in activities that ensure compliance with occupational health and safety standards, and protection of employee and company rights. In addition, our membership allows us to benefit from MESS's knowledge and support regarding the practices that regulate business life.	130,690	20.1
Home Appliance Europe (APPLiA)	We follow the laws and regulations in Europe and contribute to the formation of association opinions about the developments by participating in the working groups of APPLiA with our technical teams. This allows us to adapt to legislative changes more quickly as well as comply with relevant changes in the market.	122,866	18.9
The Association of Manufacturers of Domestic Appliance (AMDEA)	Since 2018, we have been a member of AMDEA, which has been chaired by the Country Manager of Beko Plc, our UK subsidiary. AMDEA is the sister organization of the EU organization called APPLiA. Through this organization, we follow laws and regulations in the UK, contribute to the formation of association views about these regulations and closely follow legislation regarding the circular economy.	95,114	14.6
France White Goods Manufacturers Association (Groupement des Marques d'Appareils Pour la Maison - Gifam)	Beko France is a member of Gifam, which represents the white goods industry in France. The Beko France Country Manager has been the chair of Gifam for the last two years. Through this association, we follow laws and regulations in France, contribute to form association opinions on these laws and regulations, and closely follow regulations regarding the circular economy and carbon neutral targets.	46,553	7.2
DIGITALEUROPE	We closely follow the legislative work, digital transformation policies, and joint ventures on digitalization (such as GAIA-X), which will greatly affect our rapidly digitalizing products in DIGITALEUROPE representing the European digital technology industry and contribute by conveying our opinions on these. We specifically evaluate the details in discussions on Artificial Intelligence, Cyber Security, Privacy, Cloud Computing, Data Management, Internet of Things, Digital Production, Industry 4.0, TV/Display Technologies, post-Brexit UK Trading, EU H2020 and European Incentives and Chemicals to serve the development of company policies.	35,985	5.5
Association of Home Appliance Manufacturers (AHAM)	Beko US is a member of AHAM, the white goods manufacturers' association of the US and Canada. Membership of this association helps Beko US to develop standards, build relations with official institutions and communicate with chambers of commerce.	29,451	4.5
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. Our company actively participates in and contributes to many TÜSİAD working groups and task forces. In particular, our company 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, announced by the EU as its new growth strategy.	25,312	3.9

Total amount paid in 2020 was EUR 650,340.

* The White Goods Manufacturers' Association of Turkey (TÜRKBEŞD) is not included in the 2020 payment report since the collection of fees of this Institution are suspended as of March 2020 considering COVID-19 measures.



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ANNEX 6: SOCIAL PERFORMANCE INDICATORS

GLOBAL HUMAN CAPITAL DATA

HIRING*								
	2017		2018		2019		2020	
	Female	Male	Female	Male	Female	Male	Female	Male
Total number of new employee hires*	613	1,135	833	1,298	721	1,332	634	1,024
Junior/low level management	58	95	65	96	64	238	33	111
Middle level management	29	60	19	78	12	56	13	42
Senior/top level management	2	8	1	7	1	10	0	2
	2017		2018		2019		2020**	
Open positions filled by internal candidates (internal hires)* (%)	23%		25%		31%		24%	
Female	21%		21%		30%		30%	
Male	79%		79%		70%		70%	
Junior/low level management	24%		27%		24%		20%	
Middle level management	51%		48%		33%		34%	
Senior/top level management	3%		4%		3%		2%	
Average hiring cost/FTE* (EUR)	1,122.09		1,023.78		1,394.04		981,29	

* Covers monthly paid employees in all operations, going beyond the reporting scope.

** The data has decreased due to COVID-19.

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ANNEX 6: SOCIAL PERFORMANCE INDICATORS

TRAINING AND DEVELOPMENT INPUTS (2020)	
Average duration per FTE of training and development (hours)	17.7
Average amount spent per FTE on training and development (EUR)	90.8
The coverage of the data reported (% of FTEs)	100
AVERAGE DURATION OF TRAINING AND DEVELOPMENT PER FTE (HOURS)	
Female	16.9
Male	18
Junior/low level management	17.5
Middle level management	18.3
Senior/top level management	33.1
AVERAGE AMOUNT SPENT PER FTE ON TRAINING AND DEVELOPMENT (EUR)	
Female	77.2
Male	95.4

TRAINING (2020)			
	Number of Employees Trained	Number of Training Hours	Number of Training Hours per Employee Trained
Employees			
Environment	7,392	16,143	2.2
OHS	7,392	170,713	23.1
Chemicals	1,708	1,942	1.1
Training for purchasing department	294	2,501	8.5
Regulations	1,551	5,549	3.6
Sustainability	484	3,400	7
Ethics	9,246	12,944	1.4
Technical training	12,125	126,128	10.4
	Number of Subcontractors Trained	Number of Training Hours	Number of Training Hours per Subcontractor Trained
Subcontractors			
Environment	2,667	4,598	1.7
OHS	4,444	37,817	8.5
Chemicals	34	70	2.1
Regulations	1,791	2,658	1.5
Ethics	269	299	1.1
Technical trainings	2,211	15,560	7

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TREND OF EMPLOYEE ENGAGEMENT				
	2017	2018*	2019	2020*
Data Coverage (% of total employees)	80%	88%	92%	94%
Employee Engagement (% of actively engaged employees)	62%	67%	69%	77%
Per Gender				
Female	66%	67%	69%	79%
Male	62%	67%	68%	77%
Per Age Group				
Under 30 years old	64%	68%	69%	75%
30-50 years old (including 30 and 50 years old)	62%	66%	68%	77%
Over 50 years old	81%	81%	83%	89%
Per Management Level				
Junior/Low Level Management	79%	76%	85%	89%
Middle Level Management	88%	85%	87%	89%
Senior/Top Level Management	100%	94%	100%	100%

* Carried out every year in Turkey operations, and every two years in all operations worldwide, therefore data is available only for Turkey operations on a yearly basis.

EMPLOYEE TURNOVER*				
	2017	2018	2019	2020
Total Employee Turnover Rate	23.36%	20.15%	17.26%	14.47%
Voluntary Employee Turnover Rate**	7.86%	7.91%	6.29%	4.03%

VOLUNTARY EMPLOYEE TURNOVER RATE (% OF TOTAL EMPLOYEES)				
Per Gender				
Female	9.72%	9.47%	6.62%	4.37%
Male	7.1%	7.27%	6.15%	3.89%

Per Age Group				
Employees who left work under 30 years old	11.22%	7.15%	8.92%	6.24%
Employees who left work 30-50 years old (including 30 and 50 years old)	7.10%	9.21%	5.85%	3.63%
Employees who left work over 50 years old	4.30%	0.80%	2.96%	1.40%

EMPLOYEE TURNOVER RATE (% OF TOTAL EMPLOYEES)				
Per Gender				
Female	20.53%	18.97%	14.04%	12.01%
Male	24.15%	20.48%	18.24%	14.48%

Per Age Group				
Voluntary employees who left work under 30 years old	44.09%	40.44%	41.37%	39.89%
Voluntary employees who left work 30-50 years old (including 30 and 50 years old)	14.84%	12.23%	9.70%	5.69%
Voluntary employees who left work over 50 years old	12.27%	10.99%	7.31%	7.68%

* Covers %100 of FTEs globally.

** Covers monthly paid employees.



ANNEX 6: SOCIAL PERFORMANCE INDICATORS

SOCIAL PERFORMANCE INDICATORS (COUNTRY SPECIFIC)

	TURKEY											
	2018				2019				2020			
	Female		Male		Female		Male		Female		Male	
Employees By Category												
Total number of employees	2,123		13,495		2,384		13,488		3,526		17,188	
Number of white-collar employees	1,078		2,810		1,146		2,873		1,176		3,010	
Number of blue-collar employees	1,045		10,685		1,238		10,615		2,350		14,178	
Total number of employees who are covered by collective bargaining agreements	1,068		11,046		1,261		10,940		2,336		14,176	
Employees by Employment Type												
	Full time		Part time		Full time		Part time		Full time		Part time	
Number of employees by employment type	15,618		0		15,872		0		20,714		0	
Number of white-collar employees	3,888		0		4,019		0		4,186		0	
Number of blue-collar employees	11,730		0		11,853		0		16,528		0	
	Monthly Paid		Hourly Paid		Monthly Paid		Hourly Paid		Monthly Paid		Hourly Paid	
Total Number of Employees by Category												
Total number of employees	1,078	2,810	1,045	10,685	1,146	2,873	1,238	10,615	1,176	3,010	2,350	14,178
New Employee Hires by Gender and Age												
	Female		Male		Female		Male		Female		Male	
Total number of new employee hires	363		934		330		502		1,109		3,940	
Under 30 years old	207		618		225		351		850		3,193	
30-50 years old (including 30 and 50 years old)	156		310		105		151		259		743	
Over 50 years old	0		6		0		0		0		4	
Subcontractors by Gender and Employment Type												
	Female		Male		Female		Male		Female		Male	
Number of subcontracted employees by gender	309		816		308		814		415		1,620	
	Full time		Part time		Full time		Part time		Full time		Part time	
Number of subcontracted employees by employment type	1,125		0		1,122		0		2,035			
Employee Turnover by Gender and Age												
	Female		Male		Female		Male		Female		Male	
Total number of employees who left work	792		3,548		551		3,487		654		3,030	
Total number of employees who left work under 30 years old	471		2,129		365		2,264		466		2,310	
Total number of employees who left work 30-50 years old (including 30 and 50 years old)	315		1,308		182		1,108		187		609	
Total number of employees who left work over 50 years old	6		111		4		115		1		111	
Number of all open positions			0				0				458	
Employees by Working Years												
	Female		Male		Female		Male		Female		Male	
Employees working for 0-5 years	1,268		4,550		1,591		4,878		2,272		6,401	
Employees working for 5-10 years	409		2,646		444		2,993		775		4,129	
Employees working for more than 10 years	446		6,299		349		5,617		479		6,658	
Parental Leave												
	Female		Male		Female		Male		Female		Male	
Number of employees entitled to parental leave	113		0		100		0		96		0	
Number of employees that returned to work after parental leave ended	90		0		92		0		100		0	
Foreign Employees												
	Female		Male		Female		Male		Female		Male	
Number of foreign employees	2		14		3		23		3		22	
Number of foreign employees in Senior Management									1		0	
Training												
Total training hours given to employees			526,834,00				569,585,00				411,247,00	
Average hours of training per employee			33,73				35,89				19,85	
Performance Evaluation												
	Female		Male		Female		Male		Female		Male	
Employees subjected to regular performance and career development evaluation	2,123		13,495		2,384		13,488		3,526		17,188	
Employee coverage of multidimensional performance appraisal	1,078		2,810		1,146		2,873		1,176		3,010	
Employee coverage of formal comparative ranking of employees within one employee category	1,078		2,810		1,146		2,873		1,176		3,010	
Employee coverage of management by objectives: systematic use of agreed measurable targets	1,078		2,810		1,146		2,873		1,176		3,010	
Employees with Disabilities												
	Female		Male		Female		Male		Female		Male	
Total number of employees with disabilities			508				505				556	
Physically disabled			66				66				62	
Speech impaired			3				4				4	
Visually impaired			31				30				33	
Hearing impaired			232				232				259	
Other			176				173				198	
Flexible Working												
	2019						2020					
Total working from home hours											6,046	
Total flexible working hours												

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ANNEX 6: SOCIAL PERFORMANCE INDICATORS

	SOUTH AFRICA											
	2018				2019				2020			
	Female		Male		Female		Male		Female		Male	
Employees By Category												
Total number of employees	722		1,902		806		1,872		750		1,795	
Number of white-collar employees	190		285		192		305		159		256	
Number of blue-collar employees	68		88		69		64		53		64	
Total number of employees who are covered by collective bargaining agreements	464		1,529		545		1,503		538		1,475	
Employees by Employment Type												
	Full time		Part time		Full time		Part time		Full time		Part time	
Number of employees by employment type	2,448		176		2,486		192		2,396		149	
Number of white-collar employees	454		21		419		19		407		8	
Number of blue-collar employees	1,994		155		2,067		173		1,989		141	
	Monthly Paid		Hourly Paid		Monthly Paid		Hourly Paid		Monthly Paid		Hourly Paid	
Total Number of Employees by Category	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Total number of employees	276	497	482	1,369	252	503	535	1,388	227	463	523	1,332
New Employee Hires by Gender and Age												
	Female		Male		Female		Male		Female		Male	
Total number of new employee hires	111		207		94		152		106		208	
Under 30 years old	56		107		38		72		37		100	
30-50 years old (including 30 and 50 years old)	55		100		55		75		64		105	
Over 50 years old	0		2		1		5		5		3	
Subcontractors by Gender and Employment Type												
Number of subcontracted employees by gender	19		63		19		63		134		184	
	Full time		Part time		Full time		Part time		Full time		Part time	
Number of subcontracted employees by employment type	82		0		82		0		318		0	
Employee Turnover by Gender and Age												
	Female		Male		Female		Male		Female		Male	
Total number of employees who left work	42		101		46		70		45		125	
Total number of employees who left work under 30 years old	8		22		17		23		5		19	
Total number of employees who left work 30-50 years old (including 30 and 50 years old)	24		47		25		39		23		53	
Total number of employees who left work over 50 years old	10		32		4		8		17		53	
Number of all open positions	62				23				29			
Employees by Working Years												
	Female		Male		Female		Male		Female		Male	
Employees working for 0-5 years	236		466		269		412		259		458	
Employees working for 5-10 years	202		343		219		428		207		393	
Employees working for more than 10 years	257		944		258		899		246		833	
Parental Leave												
	Female		Male		Female		Male		Female		Male	
Number of employees entitled to parental leave	695		0		746		0		728		1,668	
Number of employees that returned to work after parental leave ended	27		0		35		0		47		6	
Foreign Employees												
	Female		Male		Female		Male		Female		Male	
Number of foreign employees	2		16		3		17		3		18	
Number of foreign employees in Senior Management			1				1				1	
Training												
Total training hours given to employees	1,365,95				1,016,25				3,793,80			
Average hours of training per employee	0.52				0.38				1.49			
Performance Evaluation												
	Female		Male		Female		Male		Female		Male	
Employees subjected to regular performance and career development evaluation	243		347		225		333		218		316	
Employee coverage of multidimensional performance appraisal	243		347		225		333		218		316	
Employee coverage of formal comparative ranking of employees within one employee category	0		0		0		0		0		0	
Employee coverage of management by objectives: systematic use of agreed measurable targets	243		347		225		333		218		316	
Employees with Disabilities												
Total number of employees with disabilities												
Physically disabled	1				1				1			
Speech impaired	0				0				0			
Visually impaired	3				14				17			
Hearing impaired	16				0				0			
Other	1				2				2			
Flexible Working												
					2019				2020			
Total working from home hours					0				328,432			
Total flexible working hours					0				0			

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ANNEX 6: SOCIAL PERFORMANCE INDICATORS

	RUSSIA											
	2018				2019				2020			
	Female		Male		Female		Male		Female		Male	
Employees By Category												
Total number of employees	566	693	530	649	573	708						
Number of white-collar employees	67	85	72	92	75	93						
Number of blue-collar employees	499	608	458	557	498	615						
Total number of employees who are covered by collective bargaining agreements												
Employees by Employment Type												
	Full time		Part time		Full time		Part time		Full time		Part time	
Number of employees by employment type	1,259				1,179				1,281			
Number of white-collar employees	150				164				168			
Number of blue-collar employees	1,109				1,015				1,113			
	Monthly Paid		Hourly Paid		Monthly Paid		Hourly Paid		Monthly Paid		Hourly Paid	
Total Number of Employees by Category	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Total number of employees	70	85	515	594	74	91	482	532	75	93	498	615
New Employee Hires by Gender and Age	Female		Male		Female		Male		Female		Male	
Total number of new employee hires	134		241		112		223		105		261	
Under 30 years old	135		125		110		120		34		122	
30-50 years old (including 30 and 50 years old)	400		355		358		380		66		122	
Over 50 years old	124		120		100		111		5		17	
Subcontractors by Gender and Employment Type	Female		Male		Female		Male		Female		Male	
Number of subcontracted employees by gender	107		12		25		8		32		74	
	Full time		Part time		Full time		Part time		Full time		Part time	
Number of subcontracted employees by employment type	119				33							
Employee Turnover by Gender and Age	Female		Male		Female		Male		Female		Male	
Total number of employees who left work	72		95		85		118		94		165	
Total number of employees who left work under 30 years old	18		21		22		42		30		87	
Total number of employees who left work 30-50 years old (including 30 and 50 years old)	45		67		37		62		50		67	
Total number of employees who left work over 50 years old	9		7		26		14		14		11	
Number of all open positions												
Employees by Working Years	Female		Male		Female		Male		Female		Male	
Employees working for 0-5 years	227		478		281		387		238		458	
Employees working for 5-10 years	188		119		127		160		195		143	
Employees working for more than 10 years	141		106		128		96		140		107	
Parental Leave	Female		Male		Female		Male		Female		Male	
Number of employees entitled to parental leave	50				48		1		23			
Number of employees that returned to work after parental leave ended	25		1		15				3			
Foreign Employees	Female		Male		Female		Male		Female		Male	
Number of foreign employees	26		137		26		114		22		110	
Number of foreign employees in Senior Management	0		11		0		11		0		11	
Training												
Total training hours given to employees	32,492,00				17,231,00				9,583,00			
Average hours of training per employee	25.81				14.61				7.48			
Performance Evaluation	Female		Male		Female		Male		Female		Male	
Employees subjected to regular performance and career development evaluation	70		85		74		91		75		93	
Employee coverage of multidimensional performance appraisal	70		85		74		91		75		93	
Employee coverage of formal comparative ranking of employees within one employee category												
Employee coverage of management by objectives: systematic use of agreed measurable targets	70		85		74		91		75		93	
Employees with Disabilities												
Total number of employees with disabilities	5				5				6			
Physically disabled	5				5				5			
Speech impaired												
Visually impaired												
Hearing impaired									1			
Other												
Flexible Working	2019						2020					
Total working from home hours												
Total flexible working hours												

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ANNEX 6: SOCIAL PERFORMANCE INDICATORS

	ROMANIA											
	2018				2019				2020			
	Female		Male		Female		Male		Female		Male	
Employees By Category												
Total number of employees	1,607		1,427		1,845		1,659		1,874		1,652	
Number of white-collar employees	128		230		152		245		221		196	
Number of blue-collar employees	1,479		1,197		1,693		1,414		1,653		1,456	
Total number of employees who are covered by collective bargaining agreements	1,311		1,156		1,494		1,344		1,707		1,101	
Employees by Employment Type												
	Full time		Part time		Full time		Part time		Full time		Part time	
Number of employees by employment type	3,034		0		3,504		0		3,526		0	
Number of white-collar employees	358		0		397		0		417		0	
Number of blue-collar employees	2,676		0		3,107		0		3,109		0	
	Monthly Paid		Hourly Paid		Monthly Paid		Hourly Paid		Monthly Paid		Hourly Paid	
Total Number of Employees by Category												
Total number of employees	128	230	1,479	1,197	152	245	1,693	1,414	221	196	1,653	1,456
New Employee Hires by Gender and Age												
	Female		Male		Female		Male		Female		Male	
Total number of new employee hires	355		432		257		333		337		324	
Under 30 years old	88		110		77		139		77		126	
30-50 years old (including 30 and 50 years old)	219		246		23		34		214		146	
Over 50 years old	48		76		157		160		46		52	
Subcontractors by Gender and Employment Type												
Number of subcontracted employees by gender	370		280		413		348		473		302	
	Full time		Part time		Full time		Part time		Full time		Part time	
Number of subcontracted employees by employment type	650		0		761		0		775		0	
Employee Turnover by Gender and Age												
	Female		Male		Female		Male		Female		Male	
Total number of employees who left work	120		140		99		191		63		91	
Total number of employees who left work under 30 years old	41		63		24		66		14		41	
Total number of employees who left work 30-50 years old (including 30 and 50 years old)	73		69		64		104		41		48	
Total number of employees who left work over 50 years old	6		8		11		21		43		48	
Number of all open positions	0		0		0		0				227	
Employees by Working Years												
	Female		Male		Female		Male		Female		Male	
Employees working for 0-5 years	594		628		780		806		810		853	
Employees working for 5-10 years	251		199		221		175		212		163	
Employees working for more than 10 years	762		600		844		678		857		631	
Parental Leave												
	Female		Male		Female		Male		Female		Male	
Number of employees entitled to parental leave	40		0		59		1		68		10	
Number of employees that returned to work after parental leave ended	16		0		38		0		28		3	
Foreign Employees												
	Female		Male		Female		Male		Female		Male	
Number of foreign employees	1		13		1		14		1		11	
Number of foreign employees in Senior Management												5
Training												
Total training hours given to employees	14,822,00				33,008,00				60,773,00			
Average hours of training per employee	4.89				9.42				17.24			
Performance Evaluation												
	Female		Male		Female		Male		Female		Male	
Employees subjected to regular performance and career development evaluation	0		0		0		0		1,874		1,652	
Employee coverage of multidimensional performance appraisal	0		0		0		0					
Employee coverage of formal comparative ranking of employees within one employee category	0		0		0		0					
Employee coverage of management by objectives: systematic use of agreed measurable targets	0		0		0		0					
Employees with Disabilities												
Total number of employees with disabilities												6
Physically disabled												
Speech impaired												
Visually impaired												1
Hearing impaired												
Other												
Flexible Working												
	2019						2020					
Total working from home hours	0						181,440					
Total flexible working hours	0						1,200					

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ANNEX 6: SOCIAL PERFORMANCE INDICATORS

	THAILAND											
	2018				2019				2020			
	Female		Male		Female		Male		Female		Male	
Employees By Category												
Total number of employees	322		370		242		300		226		272	
Number of white-collar employees	51		90		57		87		53		82	
Number of blue-collar employees	271		280		185		213		173		190	
Total number of employees who are covered by collective bargaining agreements	0		0		0		0		0		0	
Employees by Employment Type												
	Full time		Part time		Full time		Part time		Full time		Part time	
Number of employees by employment type	692		0		542		0		498		0	
Number of white-collar employees	141		0		144		0		135		0	
Number of blue-collar employees	551		0		398		0		363		0	
	Monthly Paid		Hourly Paid		Monthly Paid		Hourly Paid		Monthly Paid		Hourly Paid	
Total Number of Employees by Category												
Total number of employees	51	90	271	280	57	87	185	213	53	82	173	190
New Employee Hires by Gender and Age												
	Female		Male		Female		Male		Female		Male	
Total number of new employee hires	70		214		42		99		16		24	
Under 30 years old	39		137		28		54		10		8	
30-50 years old (including 30 and 50 years old)	30		75		14		45		6		16	
Over 50 years old	1		2		0		0		0		0	
Subcontractors by Gender and Employment Type												
Number of subcontracted employees by gender	7		23		0		2		140		108	
	Full time		Part time		Full time		Part time		Full time		Part time	
Number of subcontracted employees by employment type	30		0		2		0		248		0	
Employee Turnover by Gender and Age												
	Female		Male		Female		Male		Female		Male	
Total number of employees who left work	71		135		113		159		49		108	
Total number of employees who left work under 30 years old	31		77		61		87		72		132	
Total number of employees who left work 30-50 years old (including 30 and 50 years old)	40		58		52		71		19		32	
Total number of employees who left work over 50 years old	0		0		0		1		0		2	
Number of all open positions	0		0		0		0					
Employees by Working Years												
	Female		Male		Female		Male		Female		Male	
Employees working for 0-5 years	322		370		242		300		187		243	
Employees working for 5-10 years	0		0		0		0		39		29	
Employees working for more than 10 years	0		0		0		0		0		0	
Parental Leave												
Number of employees entitled to parental leave	23		8		22		6		23		3	
Number of employees that returned to work after parental leave ended	15		8		20		6		18		3	
Foreign Employees												
	Female		Male		Female		Male		Female		Male	
Number of foreign employees	3		15		3		14		4		18	
Number of foreign employees in Senior Management			4				4				4	
Training												
Total training hours given to employees	10,630.00				25,457.00				4,006.26			
Average hours of training per employee	15.36				46.97				8.04			
Performance Evaluation												
	Female		Male		Female		Male		Female		Male	
Employees subjected to regular performance and career development evaluation	325		372		245		301		215		253	
Employee coverage of multidimensional performance appraisal	0		0		48		77		168		187	
Employee coverage of formal comparative ranking of employees within one employee category	0		0		0		0		0		0	
Employee coverage of management by objectives: systematic use of agreed measurable targets	0		0		245		301		215		253	
Employees with Disabilities												
Total number of employees with disabilities												
Physically disabled												
Speech impaired												
Visually impaired												
Hearing impaired												
Other												
Flexible Working												
	2019						2020					
Total working from home hours							41,703					
Total flexible working hours												

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ANNEX 6: SOCIAL PERFORMANCE INDICATORS

	OFFICES											
	2018				2019				2020			
	Female		Male		Female		Male		Female		Male	
Employees By Category												
Total number of employees	239		403		257		455		303		502	
Number of white-collar employees	238		308		256		342		302		379	
Number of blue-collar employees	1		96		1		113		1		123	
Total number of employees who are covered by collective bargaining agreements	-		-		-		-		-		-	
Employees by Employment Type												
	Full time		Part time		Full time		Part time		Full time		Part time	
Number of employees by employment type	615		27		681		31		779		26	
Number of white-collar employees	519		26		565		30		656		25	
Number of blue-collar employees	96		1		116		1		114		10	
	Monthly Paid		Hourly Paid		Monthly Paid		Hourly Paid		Monthly Paid		Hourly Paid	
Total Number of Employees by Category												
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Total number of employees	188	269	1	96	199	308	1	113	246	351	1	123
New Employee Hires by Gender and Age												
	Female		Male		Female		Male		Female		Male	
Total number of new employee hires	44		73		61		96		40		47	
Under 30 years old	18		22		25		20		17		13	
30-50 years old (including 30 and 50 years old)	22		36		27		60		17		23	
Over 50 years old	5		15		9		16		6		11	
Subcontractors by Gender and Employment Type												
	Female		Male		Female		Male		Female		Male	
Number of subcontracted employees by gender	2		3		1		6		18		40	
	Full time		Part time		Full time		Part time		Full time		Part time	
Number of subcontracted employees by employment type	5		0		7		0		58		0	
Employee Turnover by Gender and Age												
	Female		Male		Female		Male		Female		Male	
Total number of employees who left work	25		48		42		68		24		40	
Total number of employees who left work under 30 years old	14		11		13		17		9		6	
Total number of employees who left work 30-50 years old (including 30 and 50 years old)	9		29		18		43		12		24	
Total number of employees who left work over 50 years old	3		8		11		8		3		10	
Number of all open positions	23		49		28		57		38			
Employees by Working Years												
	Female		Male		Female		Male		Female		Male	
Employees working for 0-5 years	131		207		156		275		180		306	
Employees working for 5-10 years	52		99		61		79		66		92	
Employees working for more than 10 years	52		101		52		107		68		114	
Parental Leave												
	Female		Male		Female		Male		Female		Male	
Number of employees entitled to parental leave	15		8		9		19		24		18	
Number of employees that returned to work after parental leave ended	10		1		4		11		10		9	
Foreign Employees												
	Female		Male		Female		Male		Female		Male	
Number of foreign employees	8		11		14		10		10		8	
Number of foreign employees in Senior Management	2		2		2		2		4		2	
Training												
Total training hours given to employees	5,222,00				7,104,00				6,743,00			
Average hours of training per employee	8,13				9,98				8,38			
Performance Evaluation												
	Female		Male		Female		Male		Female		Male	
Employees subjected to regular performance and career development evaluation	137		247		186		372		244		443	
Employee coverage of multidimensional performance appraisal	7		30		7		29		4		27	
Employee coverage of formal comparative ranking of employees within one employee category	0		0		0		0		0		0	
Employee coverage of management by objectives: systematic use of agreed measurable targets	22		95		19		122		22		121	
Employees with Disabilities												
	Female		Male		Female		Male		Female		Male	
Total number of employees with disabilities			7				9				12	
Physically disabled			0				0				1	
Speech impaired			0				0				0	
Visually impaired			0				0				0	
Hearing impaired			0				1				1	
Other			7				8				7	
Flexible Working												
	2019				2020							
Total working from home hours	58.400				686.932							
Total flexible working hours	284.106				539.035							

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ANNEX 6: SOCIAL PERFORMANCE INDICATORS

	TOTAL											
	2018				2019				2020			
	Female		Male		Female		Male		Female		Male	
Employees By Category												
Total number of employees	5,257		17,920		5,822		16,123		7,026		21,845	
Number of white-collar employees	1,701		3,718		1,818		3,857		1,933		3,934	
Number of blue-collar employees	3,092		12,674		3,459		12,763		4,555		16,436	
Total number of employees who are covered by collective bargaining agreements	2,843		13,731		3,300		13,787		4,581		16,752	
Employees by Employment Type												
	Full time		Part time		Full time		Part time		Full time		Part time	
Number of employees by employment type	23,666		203		24,264		223		29,194		175	
Number of white-collar employees	5,510		47		5,708		49		5,969		33	
Number of blue-collar employees	18,156		156		18,556		174		23,216		151	
	Monthly Paid		Hourly Paid		Monthly Paid		Hourly Paid		Monthly Paid		Hourly Paid	
Total Number of Employees by Category	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Total number of employees	1,791	3,981	3,793	14,221	1,880	4,107	4,134	14,275	1,998	4,195	5,198	17,894
New Employee Hires by Gender and Age												
	Female		Male		Female		Male		Female		Male	
Total number of new employee hires	1,077		2,101		896		1,405		1,713		4,804	
Under 30 years old	543		1,119		503		756		1,025		3,562	
30-50 years old (including 30 and 50 years old)	882		1,122		582		745		626		1,155	
Over 50 years old	178		221		267		292		62		87	
Subcontractors by Gender and Employment Type												
	Female		Male		Female		Male		Female		Male	
Number of subcontracted employees by gender	814		1,197		766		1,241		1,212		2,328	
	Full time		Part time		Full time		Part time		Full time		Part time	
Number of subcontracted employees by employment type	2,011		0		2,007		0		3,434		0	
Employee Turnover by Gender and Age												
	Female		Male		Female		Male		Female		Male	
Total number of employees who left work	1,122		4,067		936		4,093		929		3,559	
Total number of employees who left work under 30 years old	583		2,323		502		2,499		596		2,595	
Total number of employees who left work 30-50 years old (including 30 and 50 years old)	506		1,578		378		1,427		332		833	
Total number of employees who left work over 50 years old	34		166		56		167		78		235	
Number of all open positions			134				108				789	
Employees by Working Years												
	Female		Male		Female		Male		Female		Male	
Employees working for 0-5 years	2,778		6,699		3,319		7,058		3,946		8,719	
Employees working for 5-10 years	1,102		3,406		1,072		3,835		1,494		4,949	
Employees working for more than 10 years	1,658		8,050		1,631		7,397		1,790		8,343	
Parental Leave												
	Female		Male		Female		Male		Female		Male	
Number of employees entitled to parental leave	936		16		984		27		962		1,699	
Number of employees that returned to work after parental leave ended	183		10		204		17		206		21	
Foreign Employees												
	Female		Male		Female		Male		Female		Male	
Number of foreign employees	42		206		50		192		43		187	
Number of foreign employees in Senior Management	2		18		2		18		5		23	
Training												
Total training hours given to employees			591,365,95				653,401,25				496,146,06	
Average hours of training per employee			24.78				26.68				16.89	
Performance Evaluation												
	Female		Male		Female		Male		Female		Male	
Employees subjected to regular performance and career development evaluation	2,898		14,546		3,114		14,585		6,152		19,945	
Employee coverage of multidimensional performance appraisal	1,398		3,272		1,500		3,403		1,641		3,633	
Employee coverage of formal comparative ranking of employees within one employee category	1,078		2,810		1,146		2,873		1,176		3,010	
Employee coverage of management by objectives: systematic use of agreed measurable targets	1,413		3,337		1,709		3,720		1,706		3,793	
Employees with Disabilities												
	Female		Male		Female		Male		Female		Male	
Total number of employees with disabilities			520				519				580	
Physically disabled			72				72				69	
Speech impaired			3				4				4	
Visually impaired			34				44				51	
Hearing impaired			248				233				261	
Other			184				183				207	
Flexible Working												
			2019				2020					
Total working from home hours			58,400								1,244,553	
Total flexible working hours			284,106								540,235	

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OCCUPATIONAL HEALTH AND SAFETY INDICATORS (COUNTRY SPECIFIC)

OCCUPATIONAL HEALTH AND SAFETY DATA		2018	2019	2020
Turkey	Injury Frequency Rate*	2.98	1.55	2.80
	Injury Severity Rate **	0.05	0.03	0.06
	Occupational Disease Rate***	0.24	0.29	0.18
	Safety Factor****	0.15	0.05	0.17
Russia	Injury Frequency Rate	0.89	0.46	0.00
	Injury Severity Rate	0.01	0.01	0.00
	Occupational Disease Rate	0.00	0.00	0.00
	Safety Factor	0.01	0.00	0.00
Thailand	Injury Frequency Rate	1.20	0.00	0.00
	Injury Severity Rate	0.00	0.00	0.00
	Occupational Disease Rate	0.00	0.00	0.00
	Safety Factor	0.00	0.00	0.00
Romania	Injury Frequency Rate	0.00	0.04	0.00
	Injury Severity Rate	0.00	0.00	0.00
	Occupational Disease Rate	0.00	0.00	0.00
	Safety Factor	0.00	0.00	0.00
South Africa	Injury Frequency Rate	0.15	0.24	0.24
	Injury Severity Rate	0.01	0.02	0.02
	Occupational Disease Rate	0.00	0.00	0.00
	Safety Factor	0.00	0.00	0.00
Offices	Injury Frequency Rate	7.64	3.50	4.72
	Injury Severity Rate	0.02	0.03	0.10
	Occupational Disease Rate	0.00	0.00	0.00
	Safety Factor	0.15	0.11	0.48
Total	Injury Frequency Rate	2.40	1.38	2.15
	Injury Severity Rate	0.04	0.03	0.04
	Occupational Disease Rate	0.03	0.04	0.02
	Safety Factor	0.09	0.04	0.09

Calculations are based on the following formulas:

* Injury Frequency Rate = (Number of injuries / 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) * 200,000

**** Safety factor= Injury frequency rate * Injury severity rate



ANNEX 7: SPENDING ON CORPORATE CITIZENSHIP

TOTAL MONETARY VALUE OF CORPORATE CITIZENSHIP/PHILANTHROPIC CONTRIBUTIONS

Type of Contribution	2020 (EUR)
Cash Contributions*	4,509,770
In-kind Giving**	1,341,111
Time: Employee volunteering during paid working hours***	28,230
Total	5,879,111

* The monetary amount paid in support of community projects including direct cash contributions and payments for materials and services.

** Contributions of products, equipment, services and other non-cash items to the community.

*** The cost of the time that an employee spends on a community program during working hours.

TYPE OF PHILANTHROPIC ACTIVITIES

Charitable Donations*	2020 (EUR)
Donations of cash, products, services or equipment to local, national and international charitable appeals.	1,044,240
Social 'sponsorship' of causes or arts / cultural events with name recognition for the company that is not part of a marketing strategy.	1,760
Costs of facilitating donations by customers and suppliers.	26,699
Gifts of products from inventory at cost.	260,588
Time: Employee volunteering during paid working hours	28,230
Community Investments**	
Membership of, and subscriptions to, charitable organizations that help to deliver the community engagement strategy.	188,400
Grants, donations (cash, product, services or equipment) to community partner organizations.	4,088,386
Commercial Initiatives***	
The sponsorship of events, publications and activities that promote corporate brands or corporate identity.	132,669
Cause-related marketing and activities to promote sales (i.e. making donations for each item bought)	40,276
Support for universities, and research and other charitable institutions related to the company's business or aiming to improve the image of the brand or perception of the company.	67,862
Total	5,879,111

* One-off or occasional support to good causes in response to the needs and appeals of charitable and community organizations, requests from employees, or in reaction to external events such as emergency relief situations.

** Long-term strategic involvement in, and partnership with, community organizations to address Arçelik's priority social issues to protect its long-term corporate interests and enhance reputation.

*** Business-related activities in the community promoting Arçelik's corporate and brand identities and other policies, in partnership with charities and community-based organizations.



ANNEX 8: MANAGEMENT SYSTEMS

Management Systems	Certification Year	Percent of All Manufacturing Plants	
ISO 9001	1992	100%	Arçelik A.Ş., Arçelik Pazarlama A.Ş., Arçelik-LG, Arctic, Beko LLC, Defy, Beko Thai, Dawlance, Voltbek, Singer-Bangladesh (Headquarters & Production Plants)
ISO 14001	1996	87%	Arçelik A.Ş., Arctic, Beko LLC, Defy, Beko Thai, Dawlance, Arçelik LG (Headquarter & Production Plants)
ISO 17025	2008	9%	Arçelik A.Ş. Central Calibration & EMC Laboratories (Accredited Laboratories)
ISO 10002	2013	100%	Arçelik Pazarlama A.Ş. (Customer Services)
ISO 50001	2012	57%	Arçelik A.Ş., Arçelik-LG, Arctic, Beko LLC (Headquarters & Production Plants)
ISO 14064	2011	83%	Arçelik A.Ş., Arctic, Beko LLC, Defy, Beko Thai, Dawlance (Headquarter & Production Plants)
ISO 45001	2019	87%	Arçelik A.Ş., Arçelik-LG, Arctic, Beko LLC, Defy, Beko Thai, Dawlance (Headquarters & Production Plants)
ISO 27001	2013	39%	Arçelik A.Ş. (Headquarters-Related Units)
PCI-DSS (Payment Card Industry - Data Security Standard)	2015	100%	Arçelik A.Ş. (Electronic Plant-Process Specific Certification)
TQM/GEN/T02 (Mastercard - Terminal Quality Management Compliance)	2019	100%	Arçelik A.Ş. (Electronic Plant-Process Specific Certification)
BSCI (Business Social Compliance Initiative) / SEDEX (Suppliers Ethical Data Exchange)	2010	73%	Arçelik A.Ş., Arctic, Beko LLC, Defy, Beko Thai (Production Plants)
COVID-19 Trusted Workplace Certification	2020	95%	Arçelik A.Ş., Arctic, Beko LLC, Defy, Beko Thai, Dawlance, Singer-Bangladesh (Production Plants)

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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	<i>Customer Safety and Quality Management, p. 171</i>
	Discussion of process to identify and manage safety risks associated with the use of its products	CG-AM-250a.2	<i>Customer Safety and Quality Management, p. 171</i>
Product Lifecycle Environmental Impacts	Description of efforts to manage products' end-of-life impacts	CG-AM-410a.3	<i>Product Stewardship, p. 81</i>

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ANNEX 10: SCM INDEX

Koç Holding is a signatory of Stakeholder Capitalism Metrics (SCM) and as a Koç Group company, Arçelik reflects Stakeholder Capitalism Metrics in its reporting to investors and other stakeholders.

Pillars	Themes	Descriptions	References
PRINCIPLES OF GOVERNANCE: CORE METRICS AND DISCLOSURES	Governing purpose	<p>Setting purpose: 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>	<i>Strategic Approach, p. 21-23</i>
		<p>Purpose-led management: How the company's stated purpose is embedded in company strategies, policies and goals.</p>	<i>Sustainability Governance, p. 37</i>
	Quality of governing body	<p>Governance body composition: Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.</p>	<i>Corporate Governance and Sustainability Governance, p. 35-37</i>
	Stakeholder engagement	<p>Material issues impacting stakeholders: A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.</p>	<i>Material Issues, p. 24</i>

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<p>PRINCIPLES OF GOVERNANCE: CORE METRICS AND DISCLOSURES</p>	<p>Ethical behaviour</p>	<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>	<p><i>Ethics and Compliance, p. 38-39</i></p>
		<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>	<p><i>Material Issues, p. 24</i></p>
	<p>Risk and opportunity oversight</p>	<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. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.</p>	<p><i>Enterprise Risk Management, p. 42-57</i></p>

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<p>PLANET: CORE METRICS AND DISCLOSURES</p> <p>PEOPLE: CORE METRICS AND DISCLOSURE</p>	Climate change	<p>Greenhouse gas (GHG) emissions: For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO₂e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.</p>	<p><i>Annex 4: Environmental Performance Indicators, p. 188</i></p>
		<p>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.</p>	<p><i>Enterprise Risk Management, p. 42-57</i></p>
	Nature loss	<p>Land use and ecological sensitivity: Report the number and area (in hectares) of sites owned, leased, or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).</p>	<p><i>2020 ESG Performance Card, p. 12</i></p>
	Freshwater availability	<p>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.</p>	<p><i>Water Management, p. 73</i></p>
	Dignity and equality	<p>Diversity and inclusion (%): Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).</p>	<p><i>Diversity and Inclusion, p. 141-146</i></p>
		<p>Pay equality (%): Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.</p>	<p><i>Diversity and Inclusion, p. 141-146</i></p>
		<p>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.</p>	<p><i>Diversity and Inclusion, p. 141-146</i></p>
		<p>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.</p>	<p><i>Employee and Human Rights, p. 137-139</i></p> <p><i>Supplier Audits, p. 177</i></p>

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PEOPLE: CORE METRICS AND DISCLOSURE	Health and well-being	<p>Health and safety (%):</p> <p>1. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked.</p> <p>2. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.</p>	<p><i>Annex 6: Social Performance Indicators, p. 203</i></p> <p><i>Zero Accident Workplace, p. 159-161</i></p>
	Skills for the future	<p>Training provided (#, \$):</p> <p>Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees).</p> <p>Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).</p>	<p><i>Talent and Performance Management, p. 147</i></p>
PROSPERITY: CORE METRICS AND DISCLOSURES	Employment and wealth generation	<p>Absolute number and rate of employment:</p> <p>Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.</p> <p>Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.</p>	<p><i>Employee Engagement and Volunteering, p. 154</i></p> <p><i>Annex 6: Social Performance Indicators p. 194-203</i></p>
		<p>Economic contribution:</p> <p>1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by:</p> <ul style="list-style-type: none"> - Revenues - Operating costs - Employee wages and benefits - Payments to providers of capital - Payments to government - Community investment <p>2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.</p>	<p><i>Financials, p. 8</i></p>
	Innovation of better products and services	<p>Total R&D expenses (\$):</p> <p>Total costs related to research and development.</p>	<p><i>R&D and Innovation p. 126</i></p>

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GRI Standards	Disclosure	References
GRI 101: Foundation 2016		
General Disclosures		
GRI 102: General Disclosures 2016	Organizational Profile	
	102-1	Arçelik A.Ş.
	102-2	7
	102-3	https://www.arcelikglobal.com/en/company/contact/
	102-4	7, 9
	102-5	7
	102-6	7
	102-7	7, 8
	102-8	141-142
	102-9	174-180
	102-10	There is no change.
	102-11	42-57
	102-12	193
	102-13	193
	Strategy	
	102-14	5, 6
	102-15	21-23, 32, 47-57
	Ethics and Integrity	
	102-16	38, 39
	102-17	38, 39
Governance		
102-18	36	
102-20	36, 37	

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures www.arcelikglobal.com appropriate sections in the body of the report. The service was performed on the English version of the report.

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GRI 102: General Disclosures 2016	102-21	32
	102-22	<i>Annual Report 2020, pg 151-155</i>
	102-23	<i>Annual Report 2020, pg 151-155</i>
	102-24	<i>Annual Report 2020, pg 151-155</i>
	102-25	<i>Corporate Governance Compliance Report 2019, pg 140, 141</i>
	102-26	35, 36
	102-27	37
	102-28	No specific study was performed for the purpose of performance evaluation at the board of directors level.
	102-29	24, 37, 42-46
	102-30	44-46
	102-31	44
	102-32	37
	102-33	44
	102-34	38
	102-35	38
	102-36	148, <i>Global Salary Policy</i>
	102-37	<i>Corporate Governance Compliance Report 2019, pg. 124, 141, 143</i>
	102-38	<i>Annual Report 2020, pg 151-155</i>
	102-39	<i>Annual Report 2020, pg 279-280</i>
	Stakeholder Engagement	
102-40	32	
102-41	138	
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102-44	24	

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Reporting Practices		
GRI 102: General Disclosures 2016	102-45	4, 182-183
	102-46	4
	102-47	24
	102-48	182
	102-49	182
	102-50	4
	102-51	4
	102-52	4
	102-53	4
	102-54	4
	102-55	212-221
	102-56	184-186
	GRI 200: Economic Standard Series	
Procurement Practices		
GRI 103: Management Approach 2016	103-1	16
	103-2	16
	103-3	16
GRI 204: Procurement Practices 2016	204-1	16

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GRI Standards	Disclosure	References
Anti-Corruption		
GRI 103: Management Approach 2016	103-1	38, 39
	103-2	38, 39
	103-3	38, 39
GRI 205: Anti-Corruption 2016	205-1	38
	205-2	39
	205-3	39
GRI 300: Environmental Standard Series		
Materials		
GRI 103: Management Approach 2016	103-1	81, 82
	103-2	81, 82
	103-3	81, 82
GRI 301: Materials 2016	301-1	81-87
	301-3	91
Energy		
GRI 103: Management Approach 2016	103-1	61, 66, 67
	103-2	61, 66, 67
	103-3	61, 66, 67
GRI 302: Energy 2016	302-1	189
	302-2	189
	302-3	189
	302-4	67, 68, 189
	302-5	67

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GRI Standards	Disclosure	References
Water and Effluents		
GRI 103: Management Approach 2016	103-1	72-75
	103-2	72-75
	103-3	72-75
GRI 303: Water and Effluents 2018	303-1	73-75
	303-3	189
	303-4	189
	303-5	74
Emissions		
GRI 103: Management Approach 2016	103-1	62-65
	103-2	62-65
	103-3	62-65
GRI 305: Emissions 2016	305-1	189
	305-2	189
	305-3	189
	305-4	189
	305-5	64-67
	305-7	188
Waste		
GRI 306: Waste 2020	306-1	76, 81
	306-2	76, 81, 86
	306-3	189
	306-4	76, 77
	306-5	76, 77

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GRI Standards	Disclosure	References
Environmental Compliance		
GRI 103: Management Approach 2016	103-1	188
	103-2	188
	103-3	188
GRI 307: Environmental Compliance 2016	307-1	During the reporting period, there were no fines of 10,000 USD or above due to non-compliance with environmental legislations.
Supplier Environmental Assessment		
GRI 103: Management Approach 2016	103-1	177
	103-2	177
	103-3	177
GRI 308: Supplier Environmental Assessment 2016	308-1	177
	308-2	178
GRI 400: Social Standard Series		
Employment		
GRI 103: Management Approach 2016	103-1	136-149
	103-2	136-149
	103-3	136-149
GRI 401: Employment 2016	401-1	194, 197-203
	401-2	137-139, 147
	401-3	197-203
Labor/Management Relations		
GRI 103: Management Approach 2016	103-1	136-149
	103-2	136-149
	103-3	136-149

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GRI Standards	Disclosure	References
GRI 402: Labor/ Management Relations 2016	402-1	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.
Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1	159-161
	103-2	159-161
	103-3	159-161
GRI 403: Occupational Health and Safety 2018	403-1	159-161
	403-2	159-161
	403-3	159-161
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	403-7	159-161
	403-8	159-161, 204
	403-9	159-161, 204
	403-10	159-161, 204
Training and Education		
GRI 103: Management Approach 2016	103-1	151-153
	103-2	151-153
	103-3	151-153
GRI 404: Training and Education 2016	404-1	151-153, 195, 197-203
	404-2	151-153
	404-3	147, 197-203

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GRI Standards	Disclosure	References
Diversity and Equal Opportunity		
GRI 103: Management Approach 2016	103-1	141-146
	103-2	141-146
	103-3	141-146
GRI 405: Diversity and Equal Opportunity 2016	405-1	142, 143, 195-201
	405-2	144
Non-discrimination		
GRI 103: Management Approach 2016	103-1	142
	103-2	142
	103-3	142
GRI 406: Non-discrimination 2016	406-1	142
Freedom of Association and Collective Bargaining		
GRI 103: Management Approach 2016	103-1	137, 138
	103-2	137, 138
	103-3	137, 138
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	197-202
Child Labor		
GRI 103: Management Approach 2016	103-1	138, 178
	103-2	138, 178
	103-3	138, 178
GRI 408: Child Labor 2016	408-1	138, 178

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GRI Standards	Disclosure	References
Forced or Compulsory Labor		
GRI 103: Management Approach 2016	103-1	138, 177
	103-2	138, 177
	103-3	138, 177
GRI 409: Forced or Compulsory Labor 2016	409-1	138, 177
Security Practices		
GRI 103: Management Approach 2016	103-1	137, 138
	103-2	137, 138
	103-3	137, 138
GRI 410: Security Practices 2016	410-1	All security personnel in Arçelik operations are trained on professional procedures and legal requirements, including the rights of the person.
Supplier Social Assessment		
GRI 103: Management Approach 2016	103-1	174-177
	103-2	174-177
	103-3	174-177
GRI 414: Supplier Social Assessment 2016	414-1	177
	414-2	175-178
Customer Health and Safety		
GRI 103: Management Approach 2016	103-1	171, 172
	103-2	171, 172
	103-3	171, 172
GRI 416: Customer Health and Safety 2016	416-1	Arçelik complies with all international and local regulations concerning health and safety impacts of its products.
	416-2	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,

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GRI Standards	Disclosure	References
Marketing and Labeling		
GRI 103: Management Approach 2016	103-1	162-164, 168, 169
	103-2	162-164, 168, 169
	103-3	162-164, 168, 169
GRI 417: Marketing and Labeling 2016	417-2	Arçelik complies with all international and local regulations concerning product information and labeling
	417-3	No incidents of non-compliance with regulations and voluntary codes concerning marketing communications have taken place during the reporting period.
Customer Privacy		
GRI 103: Management Approach 2016	103-1	40
	103-2	40
	103-3	40
GRI 418: Customer Privacy 2016	418-1	40

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