

Our Desire for a Better Future



ARZUM

Arzum 2022
Sustainability Report

Table of Contents

Input	3	Corporate Governance	31
About the Report.....	3	Ethics, Compliance and Work Against Corruption	33
Chairman’s Message.....	4	Risk Management	35
Chief Executive Officer’s Message.....	6	Internal Audit	36
Reporting Period Highlights.....	8	Supply Chain.....	37
Arzum At A Glance	9	Our Desire for a Greener World.....	38
Arzum in short	10	Our Desire for a Happier Employee and Society.....	42
Our Values	12	Happy Employee	42
Sustainable Growth.....	13	Human Resources Strategy	43
Our Business Model.....	13	Human Resources Practices	43
Our Strategic Priorities.....	14	Empowering Women Employees.....	46
Company Senior Management.....	15	Diversity and Inclusion	48
Board of Directors	15	Forced and Compulsory Labor.....	49
Executive Committee	16	Occupational Health and Safety	49
Operational Markets and Brands	17	Child Labor	50
Awards Received During the Reporting Period.....	20	Happy Society.....	51
Our Desire for a Better Future	21	User Health and Safety	51
Our Sustainability Approach.....	22	Product Information and Responsible Marketing	51
Our Material Topics	23	Customer Satisfaction.....	52
Our Sustainability Management.....	25	Quality, Innovation and R&D Studies.....	53
Our Sustainability Inventory.....	26	Social Investment and Contribution to Local Economy	53
Reporting Period Performance	27	Annexes	55
Our Desire for a More Developed Economy.....	29	Stakeholder Relations and Communication.....	56
Economic Performance.....	30	Memberships.....	58
		Tables.....	59
		Indexes of Standards and Frameworks Used in the Report.....	62



GRI 2 2-1, 2-3

About the Report

With more than 55 years of deep-rooted experience and a robust business model, we regularly present our economic results to our stakeholders in quarterly interim and annual financial reports.

With our responsibility as a global brand reaching millions of homes in many countries around the world, we are starting to monitor our impact not only in economic, but also in environmental and social areas with this first sustainability report, to improve the areas in need and to share it with you. To contribute to building “Our Desire for a Better Life”.

The content of our report was determined in the light of the materiality analysis conducted with our stakeholders, taking into account current trends and global developments. The information and data included in our report were provided by the Arzum Sustainability Committee (“ASC”), which was established with the decision of the Board of Directors and approved at our last General Assembly meeting, and the “Strategy and Sustainability Management”, “Environment”, “Social” and “Purchasing and Sustainable Supply Chain” working groups operating under the ASC within the framework of the sustainability data collection systematic.

We have prepared our report to cover our Türkiye operations between January 1, 2022 and December 31, 2022 in line with our financial calendar. Some selected data on our international operations in this report are shared for information purposes only. Although our sustainability report is limited to 2022 activities, 2020 and 2021 data are also included in some sections to

make our sustainability performance measurable and comparable with previous periods.

You can find the GRI indicators used in detail in the content index in the appendices section of our report, which was prepared in accordance with the “GRI Standards” revised by the Global Reporting Initiative (GRI).

Sustainability Accounting Standards Board (SASB) and World Economic Forum - Stakeholder Capitalism (WEF) index information can also be found in the same section.

The preparation of our report, which was not subject to external audit, was carried out under the leadership of the ASC with the contributions of representatives from the relevant units, and EWA Corporate Consulting supported the preparation process and the preparation of the report.

As a public company, the opinions and suggestions of all our stakeholders are of great importance to us. We will be happy to receive any comments, suggestions regarding the Arzum 2022 Sustainability Report and questions about our sustainability performance at surdurulebilirlik@arzum.com.

Chairman's Message

Esteemed Stakeholders,

Since 2020, our world has been struggling with various crises and challenges, especially the Covid-19 pandemic. With the development of industries and the overconsumption of limited resources due to the increase in human population, production and consumption worldwide, the world's struggle is not limited to the pandemic. Although the pandemic directly affects many areas such as health, global trade and production, unfortunately, global warming/climate change, energy, raw material and food crises are the main issues that make the world's struggle difficult. Since all the items we have listed directly affect every person and institution living in the world, they are among the items that every person or institution responsible for their world should prioritize.

As Arzum, in addition to the technological products we have developed to touch people's lives and make their lives easier, we have taken many steps in sustainability, which is always in our focus to improve the world. With a brand approach that is sensitive to society and the environment, we have adopted the title of "Responsible Consumption and Production" in the United Nations Sustainable Development Goals. We have addressed the "Our Desire for a Better Future" strategy under the headings "Our Desire for a More Developed Economy", "Our Desire for a Greener World", "Our

Desire for a Happier Employee and Society" and made improvements in many areas such as efficient and reuse of resources, gender equality, reduction of consumption, zero waste, reduction of carbon emissions, employee happiness and training, and even improved agriculture.

I believe that our efforts, which you will read in full detail in the Arzum Sustainability Report 2022, which we published for the first time this year, will contribute to the sustainability vision of many brands and manufacturers.

One of our most important sustainability goals was to make a meaningful effort towards our country's 2053 net zero target. In parallel with our company priorities, our stakeholders also demand and expect Arzum to address environmental issues such as combating and adapting to climate change, circular economy, operational waste and zero waste approach, recycled content in product packaging. Again, as Arzum, we include our stakeholders and users in the sustainability ecosystem we have created for a livable world in the future. We strive to raise awareness among all our stakeholders and users with the activities we carry out. In this way, we are not limiting sustainability within Arzum, but expanding our sphere of influence to a wider audience. With the awareness we raise, we enable our users and stakeholders to create demand from other brands on environment, energy, climate and gender equality.

Today, governments as well as the business world have reached an important level of sensitivity to the risks posed by climate change. With the European Green Deal's inclusion of combating climate change and emission reductions within the scope of carbon regulation at the border, protecting local and global competitiveness has become the most important issue for business. The way to realize low-carbon economic transformation is through strengthening innovation and R&D capacity. Arzum's innovation and brand-oriented investment, flexible production and supply model that requires limited investment will emerge as an important advantage in the low-carbon and circular economic transformation process and will bring many opportunities.

You will see our other prioritized issues on the economic and social axis in detail in our report. Our sustainability efforts will again be the driving force in achieving our sustainable growth target, which is our most important strategic priority. I am happy and proud to present our first sustainability report to you, our stakeholders, in a period of great change and transformation in our country and the world. I would like to thank all our stakeholders, especially my colleagues, who have contributed to our sustainability efforts. For a better future, we will continue our work with sustainable and innovative steps. As Arzum, I wish that this path we will walk together with our stakeholders and users will be full of success.

"Our desire for a better future"

T. Murat KOLBAŞI
Chairman of the Board





Chief Executive Officer's Message

Esteemed Stakeholders,

With our more than 55 years of deep-rooted history and the reliable and innovative brand we have created, we closely follow the changing and transforming world and trends, and determine our position within the framework of changing conditions at the global and local level. Although I witness that the word "Journey" is overused when describing change and development, I am extremely happy with the progress I have observed since the date we announced that we put sustainability at the center of our work.

Our sustainability journey is a continuation of the current journey of our company, which acts with the vision of being the brand that creates the most value for its stakeholders. This process requires us to ask questions about our products, to examine the role of our products in our aspiration for a better world, and the efficiency and effectiveness of our supply chain. Our collective recognition of the value that sustainability will add to our business and our personal lives, and our starting to act with this awareness will also strengthen the Arzum culture that has brought our company to this day.

The sustainability perspective affects our human resources, travel, mobility, new product development and all other key functions, as well as daily business decisions. Before we started working on our sustainability report, which we published for the first time, we completed two important studies; the Arzum Sustainability Performance Perception Analysis survey we conducted among our employees and the Current Situation Analysis from a Sustainability Perspective.

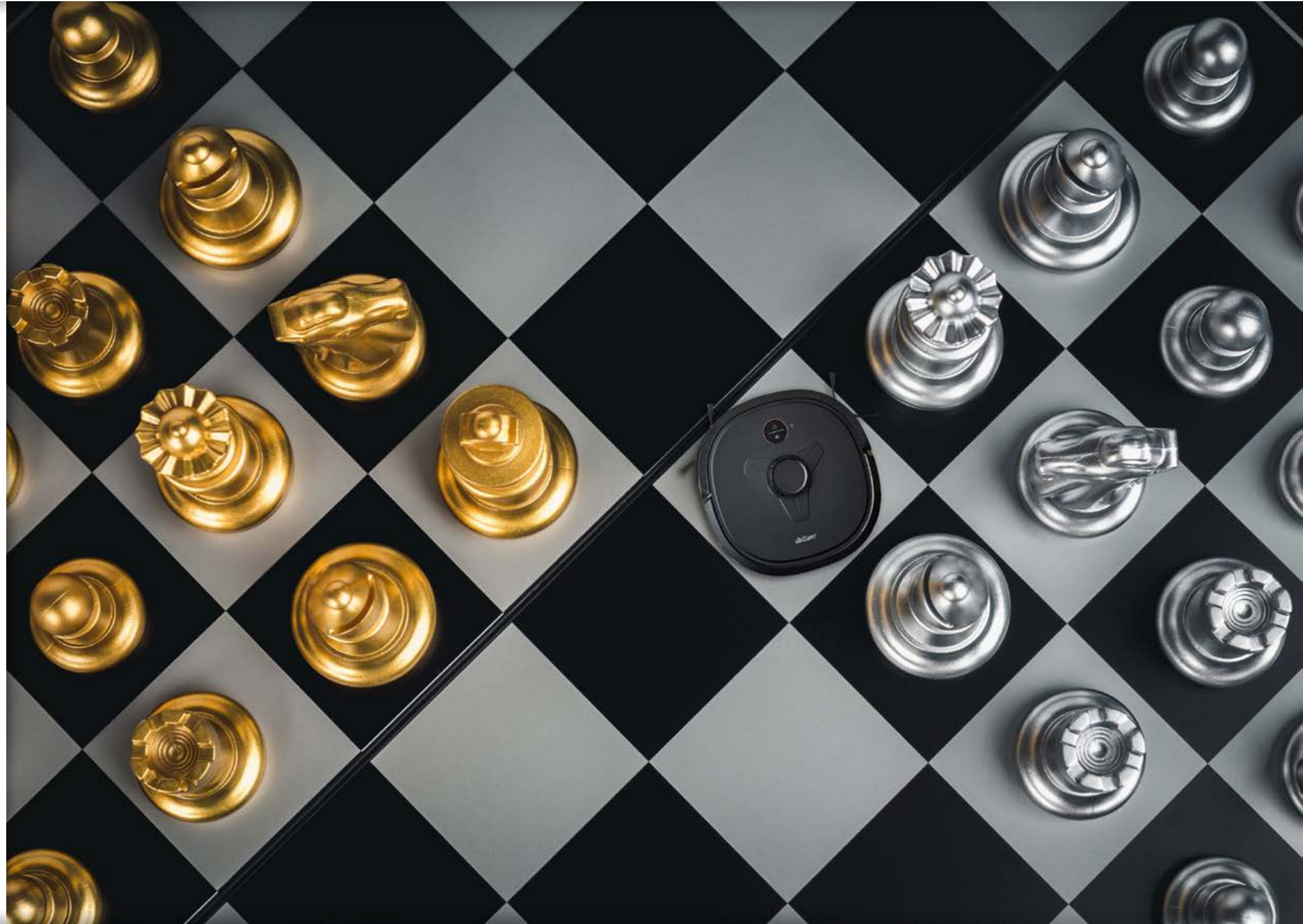
One of the other important studies we conducted was a sustainability inventory and the other was a materiality analysis. With our Sustainability Inventory study, we revealed how our projects realized within Arzum contribute to the UN (United Nations) Sustainable Development Goals. We shared the results of this study in our report. Another important study is the Materiality Analysis we conduct with our critical stakeholders, which serves as a compass for us in determining our sustainability materiality.

Our goal is to start Arzum on its sustainability journey within the scope of a well-structured roadmap, and to ensure that it continues its activities as a responsible company that constantly learns, is in harmony with its ecosystem, and strives to make life easier in all areas.

We know that making sustainability a business model requires focus, investment, innovation, change in work culture and collaborations. This first sustainability report, in which we present the non-financial story behind the financial results to our stakeholders, sincerely, transparently and honestly covers the areas where we have been successful, the goals we have achieved, and the sustainability priorities that we have not yet achieved but have set as targets.

I would like to sincerely thank our stakeholders for their contributions on this journey to realize our sustainability vision. We will continue to learn and develop with your contributions. Despite the economic, social and environmental challenges observed around the world, our goal is to build "Our Desire for a Better Future" by driving our commercial success and improving our company's sustainability performance.

S. Mete ZADİL
Chief Executive Officer



January 1, 2022 - December 31, 2022

Reporting Period Highlights

- Spreading 500 years of Turkish Coffee culture to the world
- 15 years of support for women chess athletes
- TL 40.6 million net profit and continued growth in shareholders' equity
- Establishment of Arzum Sustainability Committee
- In 4 focal points, Arzum Sustainability Working Groups started their activities in line with the strategies
- Inclusion in the Women Friendly Companies Index
- Export to 48 countries
- Receiving the Tech Brands Türkiye award
- Launch of Arzum OKKA Rich
- 1.5 billion TL sales revenue and real growth in turnover
- 5.7% increase in customer satisfaction
- Increase in the proportion of woman employees to 45%
- 33% women on the Board of Directors
- 21 new patent applications
- Availability at 20k+ points of sale
- Publication of the first Sustainability Report

Arzum At A Glance



GRI 2 2-1, 2-3, 2-6, 2-7

Arzum in short

Our Vision

To be the brand that creates the most value for its stakeholders.

Our Mission

To be a brand that makes life easier with innovative, technological, well-designed products and services that aim to enter every household, and to establish a sincere and warm relationship with its stakeholders.

Founded in the early 1950s by Kazım Kolbaşı, Kemal Kolbaşı, and İbrahim Kolbaşı, and born as a domestic brand in 1966, Arzum, with more than 55 years of deep-rooted history, has achieved high brand awareness and household penetration in Türkiye and has taken its success to an international dimension in a short time. In its journey of more than half a century, Arzum has become a sincere and reliable brand, identified with awards that aim to create the most value for its stakeholders, offering convenience to the lives of its consumers with products that focus on innovation and design. Reaching millions of homes in many countries around the world, Arzum continues to take firm steps towards becoming a global brand.

Adopting the principle of offering the best technology to its customers with its experience, Arzum has broken many grounds in the sector in Türkiye with its innovative approach. Arzum produced the first branded iron in 1967, the first mechanical vacuum cleaner in 1968, and the first Turkish-made food processor in 1991. In 2014, Arzum introduced the Arzum OKKA Turkish Coffee Machine, a first with its direct-to-cup service and self-washing features, to the domestic and global market. In 2020, it produced the first Turkish-made vacuum cleaner with Internet of Things (IoT) application in Türkiye.

Arzum, which launched the three-year warranty application in 2001 as a first in the small home appliances sector, switched to the 3+1 warranty application in 2018 and again introduced a first to its consumers.

Arzum, which has received many prestigious local and international awards for its innovative products, continues its activities in the small home appliances sector under three main product categories and six sub-product categories. It stands by its consumers with 650 products in the categories of Kitchen Appliances (Food Preparation, Cooking and Frying, Hot Beverage Preparation), Personal Care (Hair Dryers, Hair Stylers, Hair Removal Devices and Shavers), Electrical Household Appliances (Iron, Vacuum Cleaner, Heater-Cooler, Water Heater). Arzum also fulfills a global mission to spread Turkish coffee culture around the world with the Arzum OKKA brand. Arzum carries Turkish coffee culture to many countries around the world with the slogan “The brand that made the world love Turkish coffee: Arzum OKKA” slogan, Arzum carries Turkish coffee culture to many countries around the world.

Company Title:

Arzum Elektrikli Ev Aletleri ve Ticaret A.Ş.

Field of Activity:

Trade, import and export of Small Electrical Appliances

Number of Employees:

175

Contact Person:

Kemal Pektaş

Key Accounts Sales Group Manager

kemal.pektas@arzum.com

Arzum from 1950 to Present

The foundations of Arzum date back to the early 1950s, when Kazım Kolbaşı, Kemal Kolbaşı and İbrahim Kolbaşı founded a sole proprietorship.

1950

The trademark “Arzum” has been registered.

1966

Established under the name Güney İthalat Anonim Şirketi, Arzum started to carry out its activities under this legal entity.

1977

Arzum Dış Ticaret A.Ş. was established to market “Arzum” products.

1993

Arzum launches the first electric coffee pot.

2002

Felix Elektrik Ev Aletleri A.Ş. was established to reach a different segment.

2005

The title was changed and registered as Arzum Elektrik Ev Aletleri Sanayi ve Ticaret A.Ş.

2007

A partnership was established with Turkish Household Appliances BV, a subsidiary of Ashmore Group, one of the world’s leading private equity funds. In two transactions in 2008 and 2009, Ashmore Group acquired a 49% stake in Arzum and became a partner with the Kolbaşı Family.

2008

Arzum’s subsidiary in Hong Kong, Arzum Asia Pacific Ltd. was established. It has been the leader in the food preparation category and has been for 12 years.

2009

2010

Arzum issued bonds for the first time.

2011

Arzum Europe GmbH, Arzum’s subsidiary in Germany, was established. In the 2011 Blind Leaders Project Employee Volunteerism Awards Türkiye qualifiers, Arzum ranked 1st in its category and represented Türkiye in the European finals in London.

2013

100% subsidiary of Mediterra Capital Partners, SDA International acquired 49% of Arzum shares owned by Ashmore Group and partnered with the Kolbaşı Family.

2014

Arzum pioneered a new segment with the launch of the first direct-to-cup Turkish coffee machine under the “Arzum OKKA” brand.

2017

The Company received the “Leading Company” award in Türkiye in the “Organization and Culture” categories of InovaLig.

2019

The Ducati By Arzum brand was established through a global brand collaboration with the Ducati brand.

2020

Arzum shares started to be traded on Borsa Istanbul under the ticker symbol ARZUM. Arzum introduced Arzum Olimpia Smart, Türkiye’s first vacuum cleaner with IoT technology.

2021

Arzum introduced Arzum OKKA Rich Spin M, Türkiye’s first Turkish coffee machine with stirrer and coffee pot. Arzum Sustainability Principles Compliance Report was published.

2022

Arzum celebrated its 55th anniversary with an exhibition featuring 55 different designers. The event was a journey into the past with the book “Years of Arzum with Other Ages” designed by 55 designers inspired by Arzum. In cooperation with Galatasaray Sports Club, Arzum became the shirt sleeve sponsor of Galatasaray Hepsiburada Women’s Football Team, which competes in the Women’s Football Super League. Arzum Sustainability Committee was established. Arzum prepared its first Sustainability Report.

Our Values

Arzum aims to increase the satisfaction of all its stakeholders and to offer better quality products and services through innovation and sustainable growth.

We are Mindful

We take care for our customers, each other, the society and environment in which we live. We carry out our business elaborately to create a sustainable growth and difference.

Passionate

We are passionate about reaching to our goals. We are a success-focused, brand-committed and enthusiastically working team of which motivation is really high.

Reliable

We stand by our words for each other, our customers, suppliers. We stand by our business which we have carried out, words which we have given, products and services.

Innovative

We want to realize the better always, to become successful in being different and preferable and obtain sustainable successes. We are innovative not only with our products but also our approach for our business.

Sincere

We are sincere in the relationships with each other, our customers and suppliers. We attach great importance to be sincere, clear and frank for everybody with whom we are in contact.

Our Business Model

Arzum’s resilient business model is based on a balanced product portfolio, extensive and multiple sales channels, a culture of innovation, agile product development and R&D activities. The current business model enables Arzum to meet changing consumer needs with innovative products and changing channel structures. This business model creates value for stakeholders through strong growth, balanced profitability, low capital expenditure needs and high return on equity.

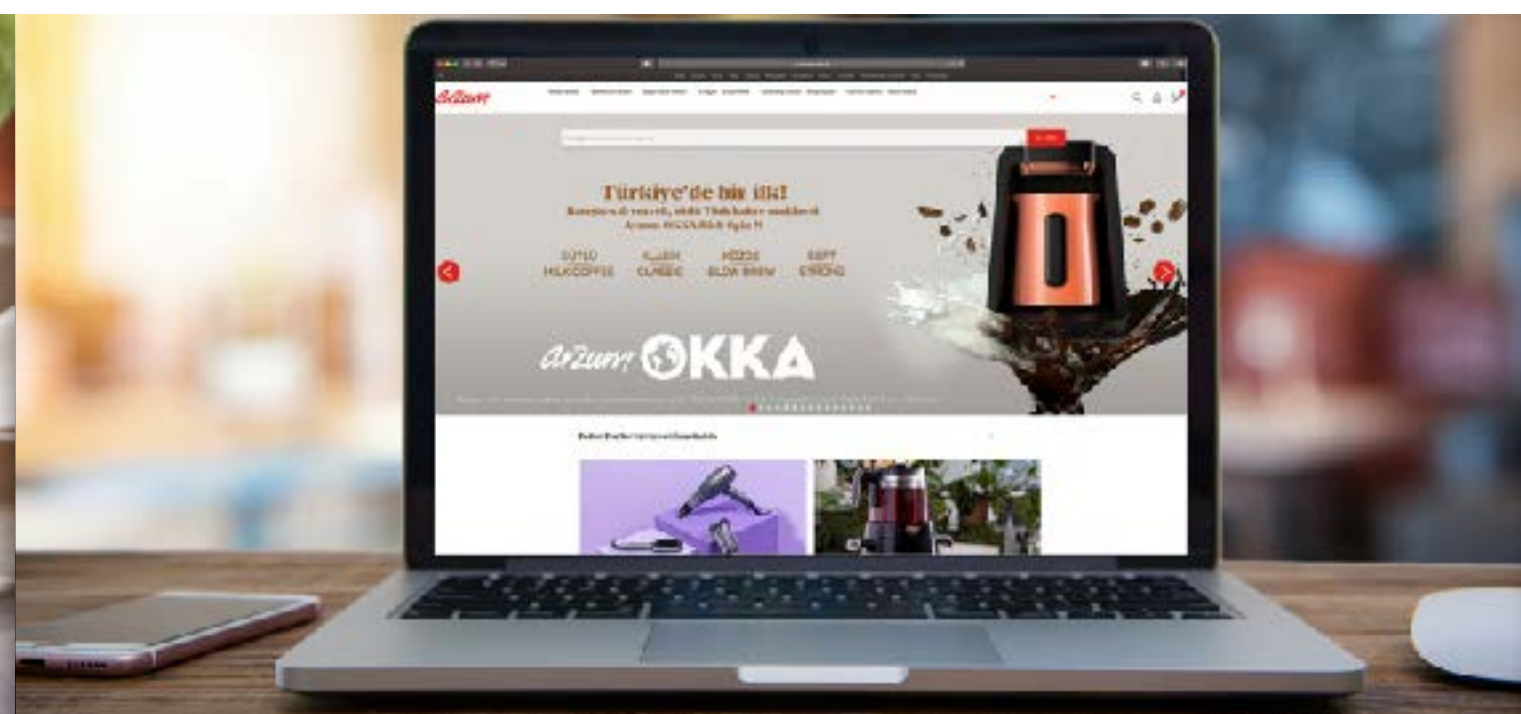
<p>Innovation and Brand Focused Investment Model</p>	<p>Flexible and Limited Deployment Production Model</p>	<p>Flexible Supply Model</p>
<ul style="list-style-type: none"> • It coordinates many different designers, inventors, engineers and manufacturers. • It has an agile nature, it implements ideas very quickly. • It is only in the Household Electrical Appliances (HEE) sector, it does not need large investments. • Investments are limited to R&D, mold, engineering and design. • Allocates resources to brand and operations management instead of facility investment. 	<ul style="list-style-type: none"> • There is no fixed rent risk as there is no exclusive channel. • The number of staff is limited. • Uses all sales channels flexibly. • The channel structure is quickly shaped according to consumer demand. 	<ul style="list-style-type: none"> • Uses the most flexible supply model according to product demand. There is no shortage of production line filling. • There is a chance to choose the most suitable supplier in terms of technology and capacity according to the product type.

Our Strategic Priorities



Strong position and organic growth in the Turkish household appliances sector

- Sustainable growth
- Customer satisfaction
- Becoming the employer of choice
- Operational excellence



Being one of the pioneers of its sector in e-commerce in Türkiye

- Increase share in online marketplaces



Transferring Türkiye's success in the electrical household appliances market to export markets

- Profitable and sustainable sales model
- Focus on strategic markets
- Effective maturity and risk management
- Strong collateral mechanisms
- Efficient transit or direct shipment planning
- Developing special products for export markets

GRI 2 2-11

Board of Directors

Talip Murat KOLBAŞI

Chairman of the Board



He graduated from Marmara University, Faculty of Business Administration in 1987. In 1988, he started his professional career at Arzum Elektrik Ev Aletleri A.Ş., where he managed the sales, business development and foreign trade departments respectively, and as of 2008, he served as Arzum's General Manager and Chairman of the Board of Directors. He has been the Chairman of Board since September 2015.

Yasemin Rezan KOLBAŞI

Deputy Chairman of the Board



She graduated from Marmara University, Faculty of Economics and Administrative Sciences in 1980. During her university years, she worked at the family company Güney İthalat A.Ş., then represented Arzum in international fair organizations and started working full time at Arzum after 1999. Since January 14, 1996, she has been a member of the Board of Directors.

Ali Osman KOLBAŞI

Deputy Chairman of the Board



He started her professional career at Arzum, then known as Güney İthalat ve Pazarlama A.Ş., where he worked at all levels and became a member of the Board of Directors. He played an active role in the recognition of the brand in Türkiye and the establishment of a dealer network.

Süleyman Mete ZADİL

Deputy Chairman of the Board



Süleyman Mete Zadil studied Civil Engineering at the University of Delaware between 1989 and 1993 and in 1995, he completed his Master's degree in Civil Engineering at Cornell University, which he started in 1993. After assuming managerial roles in many different companies after his graduation, S. Mete Zadil, who has been CEO of Arzum Electrical Household Appliances since 2015, handed over his position as of January 1, 2023.

Ahmet Cüneyt Yavuz

Independent Board Member



After studying Political Science at Boğaziçi University, he completed his master's degree in International Relations and Economics at Johns Hopkins University. Ahmet Cüneyt Yavuz, who started his professional career in 1992, was elected as an Independent Member of the Board of Directors for a period of 3 years at the General Assembly of Arzum in April 2021.

Elif Ateş ÖZPAK

Independent Board Member



She studied at Istanbul Law School (1992) and Harvard Law School (2000) and subsequently worked as a law firm partner and Turkcell legal counsel. In 2010, Elif Ateş Özpak founded Crescent Capital private equity fund with her partners and since 2017 she has been the Managing Director of Kybele Consulting Limited. In addition to being a dependent and executive member representing IFC (World Bank), she is an independent board member in many publicly traded companies. Elif Ateş Özpak was elected as an independent member for a term of 3 years at the General Assembly of Arzum dated April 2021.

İcra Kurulu

Süleyman Mete Zadi

Chief Executive Officer¹

**Şecaettin Arda Altınok**

Assistant General Manager
Responsible for Financial Affairs*

**Mehtap Yıldız**

Assistant General Manager for
Product Development & Marketing²

**Serhan Giray**

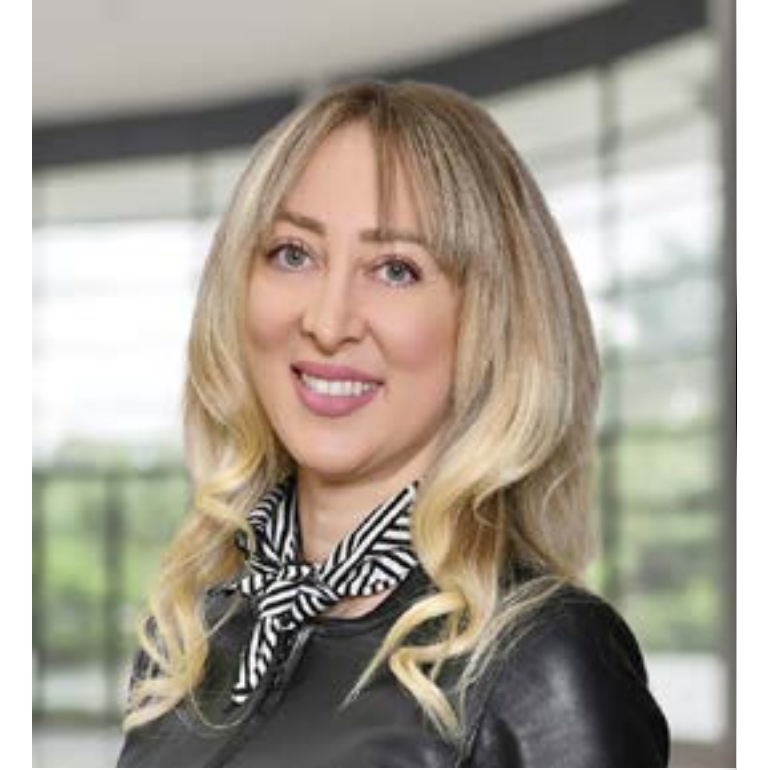
Assistant General Manager
Responsible for Sales*

**Arif Emre Ünal**

Assistant General Manager
Responsible for Operations*

**Didem Oral**

Assistant General Manager
Responsible for Human Resources³



¹ His duty ended as of January 1, 2023.

² His duty ended as of January 1, 2023.

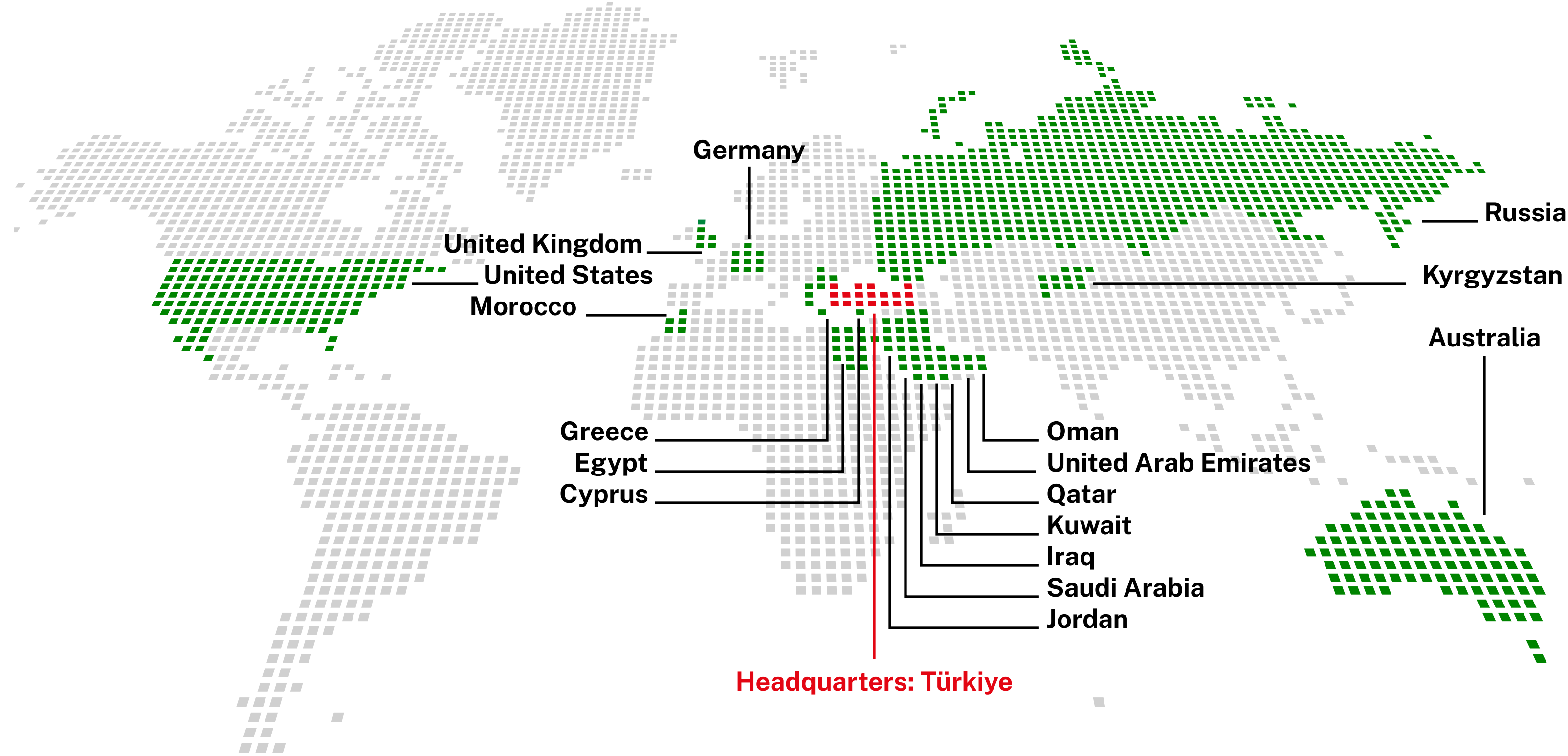
³ His duty ended as of January 31, 2023.

* On 31.01.2023, the Public Disclosure Platform (PDP) published a Material Event Disclosure titled "About the Changes in the Company's Organizational Structure", which contains detailed information regarding the appointments.

GRI 2 2-1, 2-6

Operational Markets and Brands

We export directly to 48 countries. Countries with a distributor structure and more intensive sales in terms of volume are listed below.



arzum

arzum
OKKA

felix

650

Arzum ürün sayısı

Arzum OKKA

We developed the Arzum OKKA Turkish coffee machine in 2014. Arzum OKKA, with its direct-to-cup service feature, offers coffee with the same ideal flavor and foam anywhere in the world, combined with patented cooking and brewing point sensing technology. Arzum OKKA, which has a one-touch self-cleaning feature, offers the opportunity to choose three different cup sizes with its slow brewing feature for roasted Turkish coffee. Grandio Bold, a member of the Grandio Series in the Arzum OKKA Family, has the ability to brew up to 4 cups of coffee at a time. Arzum OKKA Grandio Duo, on the other hand, offers up to 10 cups of coffee at once thanks to its large water tank capacity of 2.3 liters and two coffee pots.

Arzum OKKA Minio series guarantees the perfect cup of Turkish coffee every time. Arzum OKKA Minio is ideal for those who want to feel the taste of Turkish coffee on their palate, Arzum OKKA Minio Pro for those who cannot give up the steel coffee pot, and Arzum OKKA Minio Duo for those who want to prepare 8 cups of Turkish coffee with sugar and black at the same time with 2 separate coffee pots, each with a capacity of 4 cups. With a cooking capacity of up to 5 cups at a time, Arzum OKKA Minio Jet is a perfect match for all interiors, from homes to offices.

The latest member of the Arzum OKKA Family, OKKA Rich Spin M was developed for those who want to drink their coffee with milk. This feature of Arzum OKKA, the first model in Türkiye to be able to stir coffee while brewing as in the classical method, was transferred to Rich Spin M, one of the OKKA models with a coffee pot, making it the first brand to be able to stir coffee in coffee pot models as well. In addition to Turkish coffee with milk, OKKA Rich offers flavors to suit every palate with classic, strong and roasted Turkish coffee brewing options.

With OKKA Rich, it is possible to prepare a wide range of cocktails and drinks using

Turkish coffee varieties, hot chocolate, salep, different syrups and ingredients.

Turkish coffee is a coffee that integrates with the Turkish people through its brewing, presentation and 600 years of cultural history. Arzum is one of the first brands that comes to mind when it comes to Turkish coffee. It has made it its mission to spread this very valuable culture, Turkish coffee, all over the world. It is a great achievement that Turkish coffee, which Arzum took to the United Nations Educational, Scientific and Cultural Organization (UNESCO) together with the Turkish Coffee Culture Research Association, was registered as an “intangible cultural value of Türkiye” on December 5, 2013.

Arzum is working to spread Turkish coffee around the world with Arzum OKKA, which was developed in 2014, and other coffee machines added to this family in the following years. Today, the world journey of Turkish coffee continues unabated with the slogan “The brand that made the world love Turkish coffee: Arzum OKKA” slogan.

Last year, Arzum OKKA made an impressive advertisement in the NASDAQ building, one of the most famous buildings in New York’s Times Square in the United States, by dressing the facade of the building and saying “The square belongs to Arzum OKKA” twice and proudly carried Turkish coffee to New York.

In addition, Arzum OKKA collaborated with the Turkish Coffee Lady Foundation, which united with Arzum OKKA in its mission to spread Turkish coffee culture around the world, and Arzum OKKA became the main sponsor of the documentary “Beginning: Turkish Coffee Stories from Anatolia”, filmed in eight cities in Türkiye in 2021.





Arzum x Vahaa Smart Garden

Arzum, which makes life easier for its consumers with products developed by focusing on technology, design and innovation, has developed Arzum x Vahaa Smart Garden for those who long to escape from the chaos of city life and the mobility of crowds and transition to serenity and natural life, and Arzum x Vahaa Smart Garden, which Arzum, a brand identified with firsts, offers for sale as a result of its cooperation with the soilless agriculture ecosystem Vahaa, is also a first in Türkiye. Designed for people who live in the city and miss naturalness to grow their own food, Arzum x Vahaa Smart Garden offers consumers the comfort of growing fresh and delicious greens in every corner of their homes.

Arzum x Vahaa Smart Garden, which works with the Internet of Things (IoT) technology and soilless agriculture technique, enables consumers to easily and sustainably produce 365 days a year and prepare healthy meals by picking fresh greens from the branches every season. With the Vahaa mobile application, even someone with no agricultural

knowledge can start production on the first day.

With the Vahaa mobile application compatible with IOS and Android operating systems, consumers have the opportunity to easily follow all information about growing plants and the entire process from seed to harvest. Arzum x Vahaa Smart Garden, which can grow 6-18 plants at the same time, grows plants in the healthiest way by mimicking sunlight with germination, growth and fruiting light modes.

Arzum is aware that sustainability is one of the most important issues of today and the future all over the world and that the correct use of resources is of great importance. With the changes taking place, consumption habits have started to be questioned more and more.

The need for utility has become an important need for both brands and people. With Arzum x Vahaa Smart Garden, consumers also have the opportunity to support zero waste generation by plucking as much of the products they produce as they need.

Awards Received During the Reporting Period

Plus X Award 2022

Arzum OKKA Rich Spin M received the “Design and Ease of Use” award and Magiclean Neo Vertical Rechargeable Vacuum Cleaner received the “Design, Ease of Use and Functionality” award at the Plus X Award 2022.

Stevie International Business Awards

Arzum received the “Silver Medal” in the “Customer Service Department of the Year” category at the Stevie International Business Awards.

Felis Awards

The “Until the Last Drop” advertisement for the Meyvix Solid Juicer won Felis in the Consumer Durables and Electronics category of the Felis Awards.

Crystal Apple

The outdoor commercial “Until the Last Drop - Peach’s Design” won the Bronze Award in the “Sectoral Categories” at the Crystal Apple.

Arzum’s Mother’s Day in 2022 movie “There is My Mother” received the Crystal Apple in the “Online Film” category.

Arzum’s rechargeable kitchen series’ “Mountain” movie received the Silver Award in the “Online Film / Electronics, White and Durable Goods” category at the Crystal Apple, while “Forest” received the Bronze Award in the same category.

A.L.F.A Awards 2022

Arzum was named the “Customer Brand” of the year in the “Small Home Appliances” category at the A.L.F.A Awards 2022.

DP Awards

At the beginning of 2022, Arzum won awards in the “Special Day Communications on Social Media” and “Special Day Focused Campaigns” categories at the 13th DP Awards with its highly acclaimed Mother’s Day film “Arzum’s Most Beautiful Story” in 2021.

Feed The Future

Arzum OKKA Rich Spin M received the only award in the “Making Life Easier” category at this year’s Feed The Future Awards.

ECHO Awards

Arzum ranked first in the “Small Home Appliances” category at the ECHO Awards.

Türkiye Customer Experience Awards

With Arzum Seninle application, Arzum Seninle received the Bronze award in the categories of “Product or Service Development Innovation” and “Best Use of Technology - Retail and Wholesale” at the Türkiye Customer Experience Awards.

ISKDN index

Arzum took its place in the “Women Friendly Companies Stock Index”, which includes companies that attach importance to gender equality and is calculated as a result of the analysis conducted by Borsa İstanbul A.Ş. in cooperation with İş Portföy and Koç University Gender and Women’s Studies Research and Application Center (KOÇ- KAM).

Tech Brands Türkiye

Arzum was named “Türkiye’s most technological brand” in the “Small Home Appliances” category at Tech Brands Türkiye for the third time in a row in 2022, following 2020 and 2021.

DEİK

Murat Kolbaşı, Chairman of the Board of Directors of Arzum, was re-elected as DEİK Asia Pacific Region Coordinator Chairman and Hong Kong Business Council Chairman at the 2021 Ordinary General Assemblies of the Foreign Economic Relations Board’s Business Councils. Murat Kolbaşı also received the “Executive Board Process Management” Award at the DEİK Commercial Diplomacy Awards.

LACP Vizyon Ödülleri

LACP (League of American Communications Professionals) received four awards in the Vision Awards competition.

With its 2021 Annual Report, it received the Platinum Award, the highest award in its category, with 99 out of 100.

“Regional Special Achievement Award: Bronze Award in the “Best Financial Report” category.

With its 2021 Annual Report, Arzum ranked 19th in EMEA (Europe, Middle East and Africa Regions) in the category of all sectors, and ranked among the “Türkiye’s Top 20 Reports” in Türkiye.

Our Desire for a Better Future



GRI 2 2-22 / GRI 3 3-1

Our Sustainability Approach

In the past year, Arzum has worked hard to more accurately reflect our identity and the values we represent. The crises following the Covid-19 pandemic reminded us once again that sustainability is the most important step in realizing the vision of “Becoming the Brand that Creates the Most Value for its Stakeholders”.

The small home appliances sector in which we operate stands out with its qualities that can make a major contribution to sustainability and the circular economy. We are proud to announce our sustainability strategy, which we have created by taking into account our vision, the expectations of our stakeholders and the trends in our sector, with our first Sustainability Report.

With the slogan “Our Desire for a Better Future”, we focused on sustainability and defined our sustainability strategy that will shape our work today for tomorrow.

“Acting with the awareness of the climate crisis and the rapid depletion of our planet’s resources, Arzum makes life easier with innovative, technologically well-designed products and services, creates value for its stakeholders and the society in which it operates with its energy-efficient, durable, repairable, smart and eco-designed products, and carries out its activities throughout the value chain for sustainable change and transformation.”



GRI 3 3-2

Our Material Topics

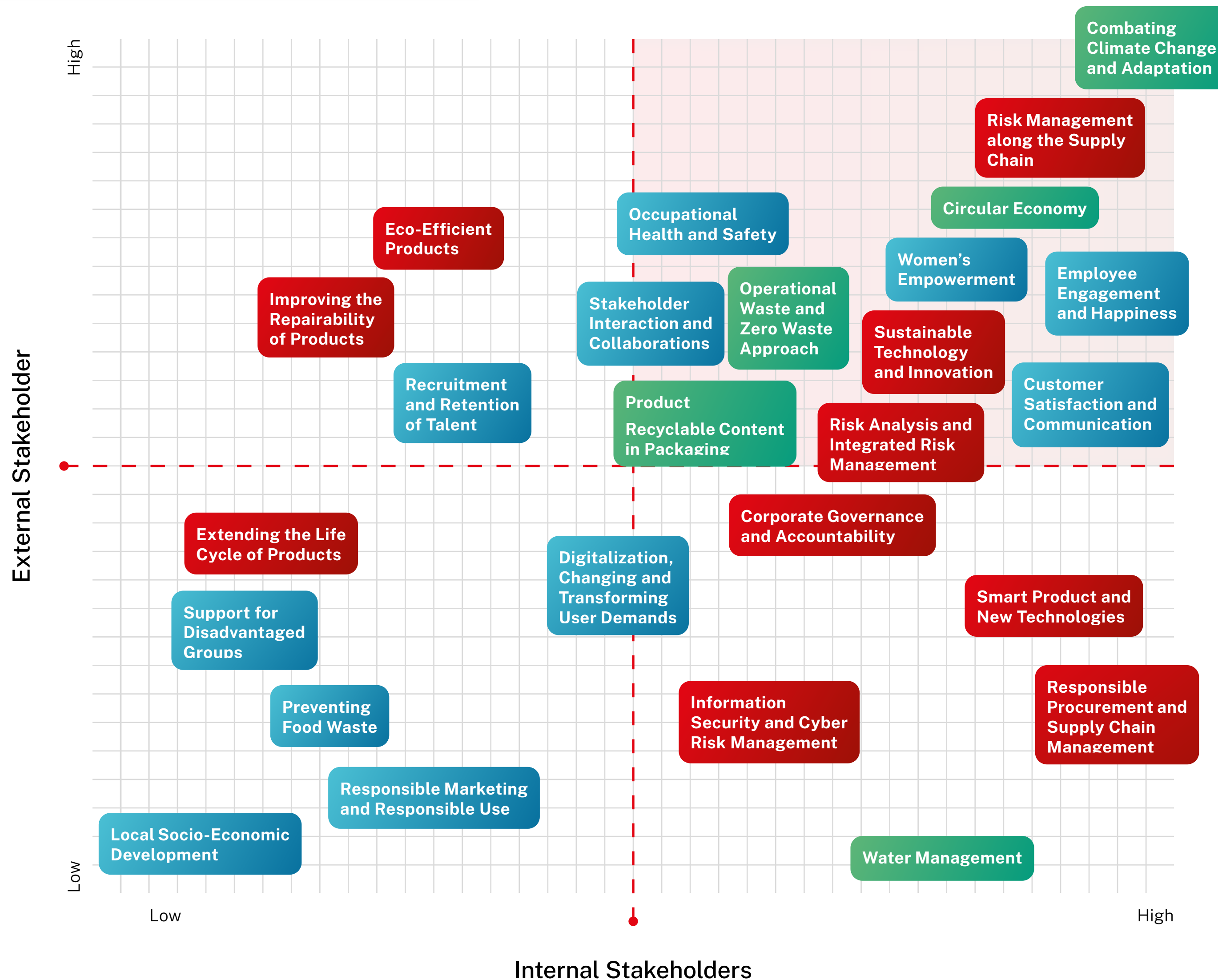
For the sustainability materiality analysis, we conducted a comprehensive study in harmony with our stakeholders. We held interviews with a total of 114 stakeholders, 70 internal and 44 external stakeholders.

End-users (B2C), customers, shareholders, investors, analysts, suppliers, competitors, influencers, sectoral organizations, Non-Governmental Organizations (NGOs), universities and technical services are the external stakeholders we interview for sustainability prioritization.

Prior to the meetings, we evaluated global and sectoral trends and narrowed down 78 main sustainability topics to 4 in order to find our most focused areas of work. Within the framework of 41 main topics, we asked our stakeholders to make a materiality assessment. As ASC, we analyzed the materializations made by our external and internal stakeholders within the framework of Arzum strategies and created our materiality matrix.

We have grouped our sustainability priorities under three pillars.

- For our planet
- For our operations
- For our social impact



We believe that all the topics in our matrix are important to our business. However, some of them stand out as critically important issues. As you can see from our matrix, the issues prioritized by both our external stakeholders and Arzum are listed below.



THE GLOBAL GOALS
For Sustainable Development

For our planet

- Climate change mitigation and adaptation
- Effective waste management and zero waste
- Circularity



For our operations

- Effective value chain, risk and opportunity management
- Technology and innovation for sustainability



For our social impact (employee and society)

- Women's empowerment
- Employee engagement, happiness and well-being
- Customer satisfaction and communication
- Stakeholder interaction and communication



We recognize the role and responsibility our brand has for our planet, our operations and the communities in which we operate.

GRI 2 2-23, 2-24 / GRI 3 3-3

Our Sustainability Management

Sustainability efforts at Arzum are carried out under the leadership and coordination of the Arzum Sustainability Committee (ASC), whose duties and working principles were established by the Board of Directors at the 2021 Ordinary General Assembly meeting held on April 21, 2022.

The members of the ASC may be elected from the Board of Directors and/or from outside. However, it is essential that the chairperson of the ASC

is a member of the Board of Directors. In this way, it is aimed to establish an organic link between sustainability efforts and the Board of Directors.

Arzum Independent Board Member Elif Ateş Özpak serves as the chair of the ASC and the committee consists of the Chief Executive Officer, the Executive Vice President in charge of Financial Affairs, the Executive Vice President in charge of Product Development & Marketing, the Executive Vice President in charge of Operations and the Executive Vice President in charge of Human Resources.

ASC is responsible for determining the sustainability policy and strategy and setting short, medium and long term targets.

The ASC's duties include monitoring and auditing

sustainability performance, identifying and evaluating risks and opportunities encountered in environmental, social, economic and corporate issues. The ASC makes recommendations and suggestions to the Board of Directors on these matters.

We have categorized the working groups operating under ASC under 4 main groups and pointed out the 4 focal points of our company under the theme of sustainability.

- Strategy and sustainability management working group
- Environment working group
- Community working group
- Procurement and sustainable supply chain working group

Our working groups consist of various department managers and technical experts. It is the ASC's goal to continue its work in a dynamic structure.

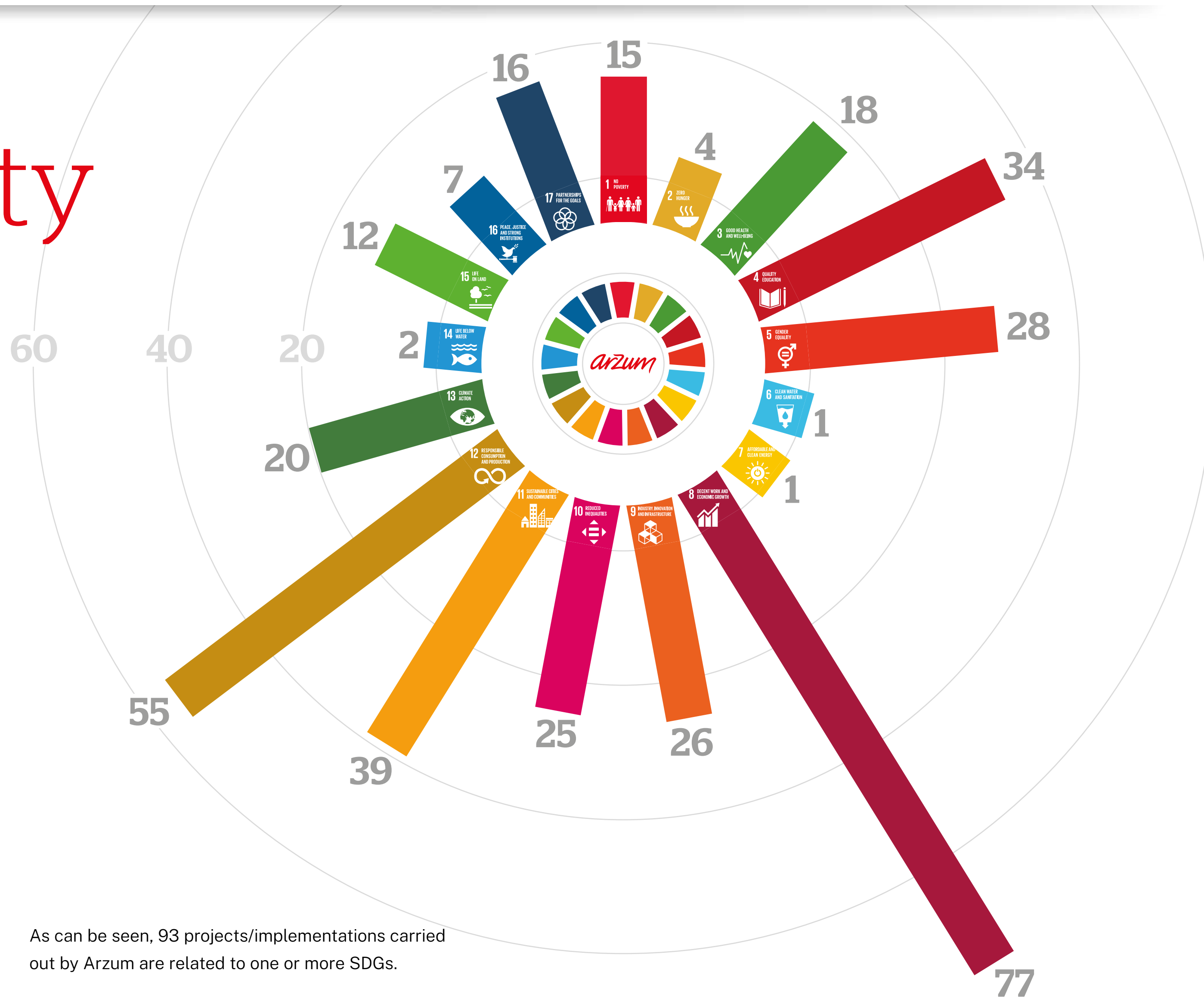


GRI 3 3-3

Our Sustainability Inventory

We evaluated 93 projects/ applications carried out by Arzum between 2020-2022 within the framework of a certain methodology and aligned them with the SDGs.

The United Nations Sustainable Development Goals (UNSDGs) are not just goals for humanity, but warnings that could have devastating consequences for humanity if we fail to achieve them. The Covid-19 pandemic has shown us the best example of this. We are still paying the economic and social price of a failure to tackle infectious diseases, a sub-goal of the Sustainable Development Goals (SDGs) on health, which is why it is so important for businesses to align their strategies with the SDGs. First, however, it is necessary to understand the direction of the company's compass, to determine which SDGs the current projects serve. For this purpose, we evaluated Arzum's projects realized between 2020 and 2022 within the framework of a certain methodology. As a result of this assessment, we analyzed the relationship between Arzum's projects and practices that create economic, environmental and social impact with UNSDG. Arzum takes a position within the framework of its core values and contributes to UNSDG in the following areas with its projects and practices.



As can be seen, 93 projects/implementations carried out by Arzum are related to one or more SDGs.

GRI 3 3-3

Reporting Period Performance



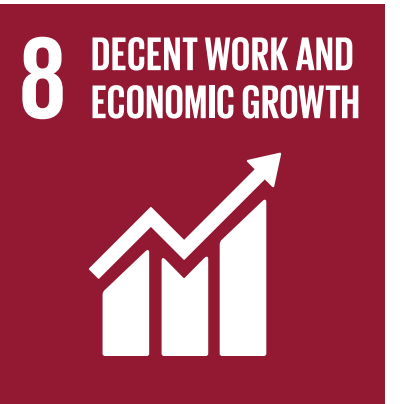
The evaluation of our sustainability performance in the reporting period is directly linked to access to data and the generation of the data required by sustainability.

During the process of publishing our first report, our data sets were reviewed from a sustainability perspective. The need to keep some existing and monitored data on a metric basis has been identified. Some of the data need further elaboration. We continue our efforts to diversify the data and ensure that it accurately reflects our sustainability performance.

Our communication with our stakeholders is based on transparency and accuracy. We inform all our stakeholders in a timely, complete, accurate, comprehensible and equal manner, taking into account the nature and confidentiality of information that is a trade secret and hinders the competitiveness of the company. We will not depart from the principles of transparency, accuracy and accessibility in our communication activities about our sustainability performance.

In the following pages of our report, we are pleased to share with you our performance on the sustainability axis within the scope of the activities we carried out as Arzum in 2022, in line with our goal of “ Our Desire for a Better Life”.





Our Desire for a More Developed Economy

Most of our projects realized by Arzum are related to SDG 8 “Decent Work and Economic Growth”.

Most of our projects realized by Arzum and aligned with the SDGs and included in the Sustainability Inventory are related to “Decent Work and Economic Growth”.

This is an important indicator of the prioritization of economic growth. But we know that economic growth does not always lead to development. When economic growth creates new economic opportunities without putting pressure on natural resources, it serves development and the goal of green growth is realized, which is why we prioritize green growth while improving our economic performance.



Economic Performance

Since the day we were founded, we have achieved high brand awareness and household penetration in Türkiye with our quality-based strategy and activities in the sector, while exporting to more than 60 countries. Thanks to our resilient business model that focuses on consumer needs, we delivered a successful economic performance in 2022. As a publicly traded company, while measuring our economic performance, we closely monitor governance, supply chain and risk management, as well as ethics, compliance and work against corruption issues that significantly affect economic performance.

Detailed, independently audited data on Arzum’s economic performance in 2022 is available in the “Arzum 2022 Annual Report”. Our financial data, which is transparently open to all stakeholders, can be accessed at <https://yatirimciiliskileri.arzum.com.tr/tr/anasayfa/>.

40,6
million TL
Net profit

1,5
billion TL
Sales revenue

60%
International
sales growth

Summarized Balance Sheet (TL)	2021	2022	Change (%)
Current Assets	666.823.194,00	1.208.240.363,00	81,2
Fixed Assets	77.127.703,00	117.637.469,00	52,5
Short Term Liabilities	537.392.474,00	1.108.835.357,00	106,3
Long Term Liabilities	30.924.179,00	15.048.670,00	(51,3)
Equity	175.634.244,00	201.993.805,00	15,0
Total Assets	743.950.897,00	1.325.877.832,00	78,2

Summary Income Statement (TL)	2021	2022	Change (%)
Revenue	815.345.959,00	1.537.905.868,00	88,6
Cost of Sales	(552.511.256,00)	(1.044.719.044,00)	89,1
Gross Profit	262.834.703,00	493.186.824,00	87,6
Operating Profit	94.123.341,00	158.539.492,00	68,4
EBITDA	92.242.146,00	170.991.931,00	85,4
Profit Before Tax	62.177.117,00	54.612.354,00	(12,2)
Net Profit	50.130.119,00	40.619.421,00	(19,0)

Basic Ratios (%)	2021	2022
Gross Profit Margin	32,2	32,1
Operating Profit	11,5	10,3
EBITDA Margin	11,3	11,1
Profit Margin Before Tax	7,6	3,6
Net Profit Margin	6,1	2,6
Return on Equity	28,5	20,1

Corporate Governance

Corporate governance, defined as “Corporate Governance is the combination of laws, regulations and voluntary private sector practices that enable a company to attract financial and human resources, to operate efficiently, and thereby create long-term economic benefits and stability for its shareholders in a manner that does not harm the interests of shareholders and the public.” by Ira M. Millstein, was created in parallel with the globalization of capital markets in order to ensure that organizations use their resources effectively and ensure their sustainability by reflecting different interests in a balanced manner to corporate strategies. By expanding the concept of unity of purpose among employees to include other stakeholders, corporate governance aims to create systems that objectively monitor management performance and enable performance improvement.

One of the most important ways of doing business today is responsibility towards all stakeholders. Therefore, at every stage of our activities, we have a responsibility towards the parties we are in contact with. Corporate governance, which constitutes a management understanding of the relations between all stakeholders that have a connection with us, is carried out within the framework of principles such as transparency, responsibility towards stakeholders, fairness and accountability.

At Arzum, we believe that all corporate governance principles and practices, whether mandatory or non-mandatory within the scope of the Capital Markets Board’s Corporate Governance Communiqué No. 11-17.1 (Communiqué), are an important part of sustainable and responsible growth.

Within this framework, our Company adopts the concepts of equality, transparency, accountability and responsibility of the Corporate Governance Principles and we pay utmost care and effort to comply with the Capital Markets Law and the secondary regulations and decisions of the Capital Markets Board.

Arzum was offered to the public on December 24, 2020 and is traded on Borsa Istanbul under the code “ARZUM”. As of the date of the first Ordinary General Assembly held on April 29, 2021 after the shares started to be traded on the stock exchange, we have complied with all of the mandatory articles of the Corporate Governance principles in the annex of the Capital Markets Board’s Corporate Governance Communiqué No. 11-17.1.

Decisions are taken at the Board of Directors level for all processes that meet the materiality criteria determined in accordance with the regulations of the Capital Markets Board and the obligation of being a publicly traded company. Apart from these decisions, decisions that need to be taken in accordance with the ordinary processes and activities of Arzum are taken directly by the Executive Board. Board decisions are documented by the Legal Counseling Department, which also acts as the Corporate Secretariat.

In practice, these decisions are followed up by the Board of Directors, Investor Relations + Legal Counseling Department and the department concerned by the decision.

The “Committees of the Board of Directors” within Arzum are as follows and you can access the working principles of these committees [by clicking here.](#)

- Corporate Governance Committee
- Audit Committee
- Early Detection of Risk Committee
- Executive Committee
- Sustainability Committee

The Corporate Governance Committee determines whether or not the corporate governance principles are implemented in the Company, if not, the reasons thereof and the conflicts of interest arising from the failure to fully comply with these principles, and makes recommendations to the Board of Directors to improve corporate governance practices and oversees the work of the Investor Relations Department. In addition, in accordance with the CMB Corporate Governance Communiqué, nomination and remuneration issues are among the duties of the Corporate Governance Committee.

The Committee evaluated the Company’s corporate governance practices and the Corporate Governance Principles Compliance Report for the fiscal year 2022 and monitored the work of the Investor Relations Department.

In addition, the Board of Directors has submitted its opinion to the Board of Directors on the determination of the amount of attendance fees to be paid to the non-executive members of the Board of Directors. The Board of Directors of the Company also evaluated the number of members and the structure and efficiency of the Board of Directors.

The Corporate Governance Committee convenes at least twice a year at the Company headquarters or at another location upon the invitation of the Committee Chairman. The Committee may be called for an extraordinary meeting by the Chairman of the Board of Directors or the Chairman of the Committee. The Corporate Governance Committee convened six times during the fiscal year 2022.

The distribution of duties of the Corporate Governance Committee, which is composed of 2 Independent Board Members who do not directly undertake executive functions and who are independent members of the Board of Directors, who have sufficient knowledge and experience in financial matters, and the Investor Relations Manager, is given below. In addition to the Independent Members, the Investor Relations Manager is also a member of the Committee.

Name Surname	Committee Position	Whether Independent Member or not	Whether Executive or Not
Elif Ateş Özpak	Chairman	Independent Member	Non-Executive
Ahmet Cüneyt Yavuz	Member	Independent Member	Non-Executive
Neslihan Aydoğdu	Member	-	-

The members of the Executive Committee and the Audit Committee, which undertake very important functions for effective corporate governance, are listed below.

Executive Committee			
Name Surname	Committee Position	Whether Independent Member or not	Whether Executive or Not
Talip Murat Kolbaşı	Chairman	Not Independent Member	Executive
Yasemin Rezan Kolbaşı	Member	Not Independent Member	Non-Executive
Ali Osman Kolbaşı	Member	Not Independent Member	Non-Executive

Audit Committee			
Name Surname	Committee Position	Whether Independent Member or not	Whether Executive or Not
Elif Ateş Özpak	Chairman	Independent Member	Non-Executive
Ahmet Cüneyt Yavuz	Member	Independent Member	Non-Executive

At Arzum, we design our medium and long-term strategies in a way to protect the rights and interests of all stakeholders, both internal and external, and to safeguard both our Company and the public interest. We formulate the Company's sustainability-

oriented strategy at the Executive Board level with five-year plans in the long term, and we review and monitor it annually. In determining our strategies, we receive guidance and support from our Board of Directors and Committees, particularly the ASC, Early Detection of Risk Committee and Corporate Governance Committee, in terms of identifying and monitoring financial and non-financial risks that directly or indirectly affect the Company's activities.

Within the scope of the Capital Markets Legislation and in order to ensure that the communication between the investors and the Company is carried out in a healthy and reliable manner, an "Investor Relations Department" has been established. The "Disclosure Policy" and the "Public Disclosure Procedure", which have been established on the basis of transparency and accuracy within the framework of the relevant legislation and published on the Arzum website, ensure that shareholders, the public and other stakeholders are informed in a timely, complete, accurate, understandable and equally accessible manner.

In this context, "Remuneration", "Employee Compensation", "Profit Distribution", "Donations and Aid", "Information Security Management", "Related Party Transactions", "Ethics Policy", "Occupational Health and Safety", "Customer Satisfaction", "Quality", "Diversity and Inclusion" and "PDPL" policy documents, which are an integral part of corporate governance, are also available on the website.

Arzum's corporate governance process and the progress made during this process are presented to all stakeholders and the public through Corporate Governance Principles Compliance Reports prepared in accordance with Capital Markets Legislation and included in the annual reports.

Ethics, Compliance and Work Against Corruption

Winning the future with effective moves is possible by acting in accordance with the rules of business ethics while operating in accordance with corporate values and universal principles.

We respect social values in the ecosystem in which we operate, act in accordance with our “Ethics Policy” and observe transparency.

Published in 2022, “Arzum Code of Conduct and Ethics Policy” sets out our approach to business ethics, the principles set out in our business ethics document cover all our employees, Board Members, suppliers, business partners, intermediaries, contractors, proxy workers and all third parties with whom we do business.

Failure to comply with Arzum Business Ethics and our other policies and procedures, or efforts to conceal it, are considered a violation of business ethics and Arzum Business Ethics Principles. All our employees should learn the purpose and content of Arzum Business Ethics, understand how the issues are addressed, relate them to their own business activities, understand and internalize their responsibilities.

As Arzum, we adopt the fight against money laundering, terrorist financing, corruption and similar crimes as an important principle within the framework of national and international legislation provisions. We hold our employees accountable to comply with all applicable laws and regulations on anti-money laundering and work against corruption.

Making a payment or offering a valuable commodity to influence an

individual’s business decision is considered a bribe or kickback. Arzum employees do not offer, solicit or accept any such payment.

Arzum does not tolerate bribery or corruption in any way. Taking or giving bribes is strictly prohibited. All employees and business partners are obliged to comply with the same standards.

As a requirement of its reputable position, Arzum works in full compliance with national and international legal and ethical regulations and we expect the same professional behavior from all of our corporate affiliates.

The “Ethics Committee”, which continues its activities within our Company, is responsible for establishing and developing an ethical culture and supervising the implementation of Arzum Business Ethics Principles. In this direction, it is one of the responsibilities to examine and audit nonconformities, to offer solutions in line with the results of the audit, to identify situations that prevent the implementation of Arzum Business Ethics principles and to offer solutions.

When our employees detect a situation against Arzum Business Ethics, they can first contact the Ethics Committee at etik@arzum.com. In addition, the Human Resources Department and the manager to whom they report are other authorities that employees can reach.

All stakeholders, including third parties (suppliers, business partners, customers, etc.) who are in a relationship with Arzum, have the opportunity to report the incident subject to notification by writing to the e-mail address etik@arzum.com or by calling Arzum Customer Services number 0850 222

1 800 when they detect a situation contrary to Arzum Business Ethics.

Although there were no incidents of non-compliance related to business ethics during the reporting period, our company received consultancy for the improvement of internal control and internal audit mechanisms in 2022 within the framework of our continuous development goal.

The purpose of the study is to evaluate the risks on the main business processes identified within our company in terms of financial, operational and compliance, to examine the controls expected to meet these risks in terms of design and implementation, and to identify areas open to improvement. It is aimed to implement actions in line with the recommendations developed as a result of the study, to increase the effectiveness of the internal control system and to continue its activities in a more controlled structure.

Within the scope of the study, the operability of the controls was also audited by using the sampling methodology regarding the existing controls in our company.

Internal audit work was performed within the scope of human resources, financial affairs, sales management, marketing (brand) management, category management, product purchasing management, operations, legal, investor relations and information technologies processes.

During the study, detailed interviews were conducted with process owners to understand the business and operations, documentation and policies and procedures, if any, were examined, and the existence and operability of controls were assessed.

The internal control structure for processes was compared with best practices, and control deficiencies and areas for improvement were identified on the axis of policies and procedures, documentation, security, segregation of duties, systemization, organization and monitoring. In this context, according to the COSO Internal Control Integrated Framework, control objectives are categorized under three main categories and risks are graded as “High”, “Medium” and “Low”.

As a result of the internal audit, **107** observations/improvement areas were identified.

Of the **107** observations identified during the study, **38** are at high risk level, **58** are at medium risk level and **11** are at low risk level.



Risk Management

In the globalized world we live in, we are aware that effective risk management throughout the value chain is fundamental to making the right decisions and doing business in a sustainable manner. Today, identifying risks is only one aspect of the issue; the interconnection of risks and the analysis of the impact of long-term trends on risk generation are essential elements of effective risk management.

The Early Detection of Risk Committee was established to advise and make recommendations to the Board of Directors on the early detection, evaluation, calculation of the impact and probability of strategic, operational, financial, legal and any other risks that may jeopardize our existence, development and continuity as Arzum, management of these risks in accordance with the corporate risk-taking profile, reporting, implementation of the necessary measures regarding the identified risks, and consideration in decision-making mechanisms.

Within the scope of the obligation set out in Article 378 of the TCC, the Early Detection of Risk Committee makes at least 6 reports a year, at least once every 2 months. As a matter of fact, it convened six times in the fiscal year 2022, reviewed and approved the audit reports. Committee minutes are kept by the Legal Consultancy Department, committee decisions are prepared by Investor Relations and all of them are documented within Arzum. Without being limited to these, the Committee and then the Board of Directors are informed in quick meetings for any situation where a risk is seen to arise. All committee decisions are also shared with the Board of Directors.

The Committee also continues its activities to review the risk management systems at least once a year and to oversee that the practices in the

relevant departments that assume responsibility for the management of risks are carried out in accordance with its decisions and to integrate risk management systems into Arzum's corporate structure.

The members of the Early Detection of Risk Committee, which is composed of independent members of the Board of Directors who do not directly undertake executive functions and who have sufficient knowledge and experience in financial matters, are listed below. In addition to the Independent Members, the Committee also includes the Assistant General Manager in charge of Financial Affairs as a member.

Name Surname	Committee Position	Whether Independent Member or not	Whether Executive or Not
Ahmet Cüneyt Yavuz	Chairman	Independent Member	Non-Executive
Elif Ateş Özpak	Member	Independent Member	Non-Executive
Şecaettin Arda Altınok	Member	-	-

Risks examined by the committee in 2022; Establishing the principles of transactions with the Company's related parties, reviewing PDPL processes, evaluating the risks on the Company's main business processes in terms of financial, operational and corporate compliance, evaluating the expected controls to meet these risks in terms of design and implementation, conducting

internal control studies to identify areas open to improvement, detailed analysis of the stock reports prepared for the Company's products, planning internal trainings in order to create awareness of the Company in terms of competition,

In addition to evaluating the company's financial risks such as exchange rate risk, credit risk, as well as all kinds of non-financial risks such as cyber-attacks, ISO 9001 audit outputs, etc., it organized meetings in a wide framework and actively evaluated the risks directly as the main committee 6 times during the year. Subcommittees under the main committee also actively evaluate the risks related to their own subjects and feed the Early Detection of Risk Committee at certain intervals as the work matures.

Internal Audit

In 2022, our Company received consultancy from DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Deloitte) for the improvement of internal control and internal audit mechanisms. As a result of the work carried out with Deloitte, the internal control structure for all processes in the main activities carried out within the Company was evaluated in terms of financial, operational and compliance aspects, compared with best practices, control deficiencies and areas open to improvement were identified, and suggestions for improvement were developed. During the study, Deloitte conducted detailed interviews with process owners to understand the business and operations, reviewed documentation and policies and procedures, if any, and assessed the existence of controls.

Within the scope of the study, the functionality of the controls was audited by using the sampling methodology regarding the existing controls in our Company. As a result of the study, the internal audit function within the Company was started to be carried out by the Internal Audit Department established in February 2023, with the implementation of actions in line with the suggestions developed for areas open to improvement.

Following the organizational changes within the Company, the Internal Audit Department was established under the General Manager in charge of Financial and Corporate Affairs. The department consisted of 1 person as Internal Audit Manager during the establishment phase, and the Internal Audit Department personnel have no

responsibility for the audited operational activities of the Company.

The members of the Audit Committee established pursuant to the Board of Directors' resolution are listed below.

Name Surname	Committee Position	Whether Independent Member or not	Whether Executive or Not
Elif Ateş Özpak	Chairman	Independent Member	Non-Executive
Ahmet Cüneyt Yavuz	Member	Independent Member	Non-Executive

It is aimed to establish and publish the internal audit methodology within the company in 2023, and it is planned to perform internal audit activities based on International Internal Audit Standards within the framework of official regulations and the audit plan to be approved by the Audit Committee, the activities of the Internal Audit Department aim to ensure operational efficiency and effectiveness, to produce timely, accurate and reliable financial and managerial information, to ensure compliance with applicable legal and regulatory requirements, to protect shareholders' investments and Company assets, and to manage risks effectively and efficiently.

Supply Chain

For years, Arzum has been carrying out development activities with inputs from many points and suppliers from all over the world, taking efficiency into consideration, and has seen the advantages of its flexibility in terms of keeping pace with change.

Thanks to its wide portfolio of domestic and international suppliers, all products needed during the pandemic period were supplied. In addition, new products were developed at existing and new suppliers.

Arzum has made it its mission to respond to consumer needs with a consumer-oriented approach and a unique organizational structure that aims to take quick action against changing dynamics. In 2021, in addition to the team in Türkiye, the structure created in China showed its results in 2022 and the team depth increased further. The team in China works under the main organization and continues its activities to support R&D, quality and procurement activities in projects in the Far East.

As of today, Arzum does not have any production facilities in Türkiye or abroad, but has long-term collaborations with different suppliers. As of 2022, approximately 90% of the company's product supply was sourced from manufacturers in Türkiye and 10% from suppliers abroad, while 70% of its product and spare parts supply in terms of units was sourced from manufacturers in Türkiye and 30% from suppliers abroad. In 2022, a total of 54 different suppliers from abroad were

Our Company, which has a high volume of overseas transactions in Small Home Appliances (SHA), also cooperates with suppliers in Türkiye to increase their capacities and improve their product development and R&D capabilities.

With the ASRM application, which manages supplier processes from end to end, Arzum is able to monitor all processes from order to delivery and improve with the supplier performance management module.

Our supplier selection criteria, which are generally dominated by financial criteria, have been reviewed and efforts have been initiated to add sustainability-related criteria to supplier scorecards. The performance of our existing suppliers is regularly monitored and supplier scorecards are prepared. Our suppliers are informed about the performance achieved and performance improvement action reports are requested if necessary.

New supplier selection is made after the audit activity carried out by Arzum quality department representatives. In 2022, 4 audits were conducted in Türkiye and 33 audits were conducted abroad.

As a result of the audits, no company was removed from the supplier list. However, the issues identified for the development of suppliers were reported and improvements were requested.





Our Desire for a Greener World

As Arzum, although we have not yet set short, medium and long term goals in environmental issues, the fact that our sustainability strategy has been determined and our sustainability priorities have been identified together with our stakeholders provides us with important information about the road map we will follow.

16
Digital transformation project

As mentioned in our sustainability priorities section, the issues prioritized for our planet and our operations are combating climate change and adaptation, effective waste management and zero waste, circularity, effective value chain, risk and opportunity management, and technology and innovation for sustainability.

In our durable business model, production is carried out by our suppliers, no equity investment is required and the channel structure can be quickly shaped according to consumer demand. For this reason, environmental sustainability activities related to production within Arzum are directly proportional to supplier relations, joint projects and the performance of the supplier. The most important global trend that will affect the sector in which we operate is the creation of sustainable product forms. Sustainable product form requires high performance in resource efficiency, waste management, biodiversity and digital transformation.

Therefore, these are the areas we have started to work on to make “Our Desire for a Greener World” possible.

Resource efficiency enables more value to be created through more efficient use of finite and exhaustible resources such as raw materials, energy and water. This reduces costs, prevents waste, reduces greenhouse gas emissions that harm the environment and contributes to the fight against climate change. As of 2026, the Borderline Carbon Regulation Mechanism (BCRM), which will be implemented within the scope of the European Union Green Deal (EU Green Deal), the effects of which we will feel first-hand, includes regulations regarding the raw materials that our industry uses intensively. Every work we will do on resource efficiency will enable us to effectively manage the risks that BCRM will create and will support us to maintain and improve our competitiveness.

Another important work is our route optimization project, which contributes greatly to the fight against climate change. In this context, daily dispatch plans are transferred to the application through an integrated system developed with Geowix, and the most efficient load distribution and the most efficient route plan are made. The biggest indicator of project success is that the number of stops per vehicle per day can reach up to 50 points. Another indicator is the 20% efficiency in average fuel consumption in a total of five vehicles in one day.

A National Circular Economy Action Plan is being prepared to bring sustainable product cycle to our country. In addition, efforts are underway to implement the Long Term Climate Change Strategy and Action Plan, the Climate Change Platform and the Green Deal Action Plan, which consists of nine main topics, 32 targets and 81 actions. The Circular Economy Action Plan prioritized actions in line with SDG 12 (responsible production and consumption). Topics of particular interest to the SHA sector include the implementation of eco-design criteria, access to repair and reuse facilities, and extended producer/brand owner responsibility for waste electrical and electronic equipment. Although they seem to make our lives easier, plastic and packaging waste, which directly harm the environment when not used correctly, are closely monitored due to the carbon neutrality target.

Another project we have realized within the framework of our goal of reducing packaging waste and preventing excessive packaging is our “Use of Plastic Crates in Shipments” practice.

Our spare parts deliveries within Istanbul started to be made with three different types of multi-use plastic crates instead of parcels, and 2,150 spare parts were shipped in three months.

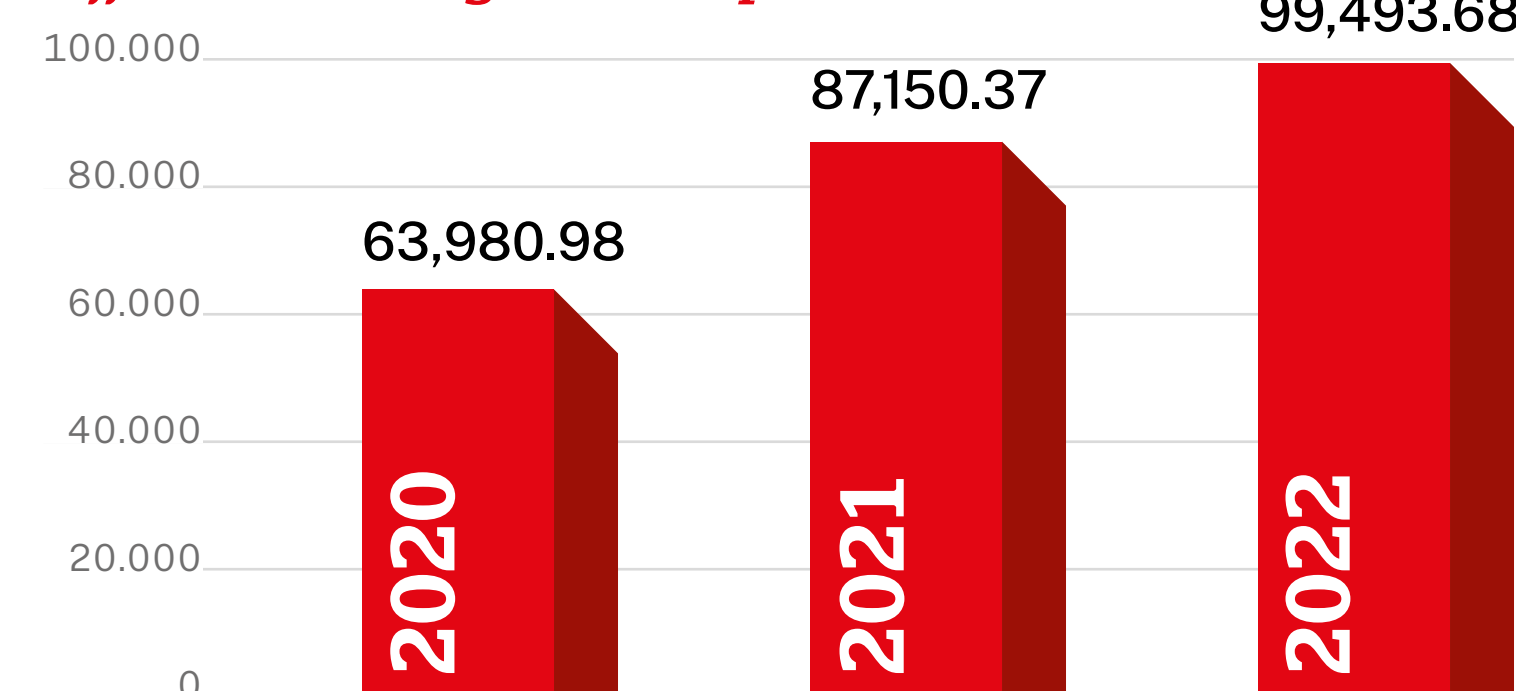
Parcel Conversion Project (Ceva Lojistik Arzum Operation):

Within the scope of our efforts to prevent and reduce our waste, the parcels coming out of our warehouse are converted into material used in the gap filling process with our cardboard converting machine, preventing damage to the parceled materials and the material in question is also used in spare parts shipment processes. As a result of our parcel recycling project;

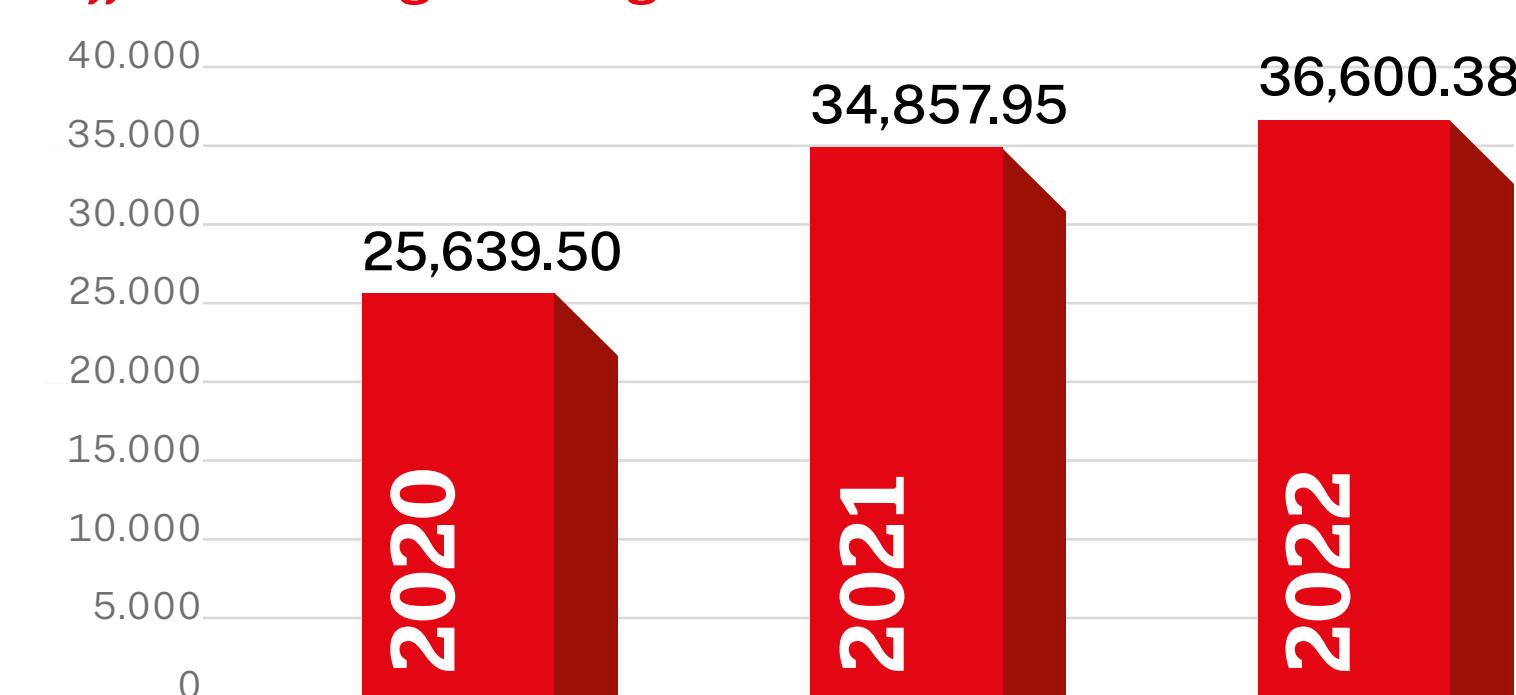
- 36 airbag coils per year (64,750 meters)
- 90 paper reels (57,400 meters) were purchased and consumed,
- 47 tons/year of cardboard waste was prevented.

Within the framework of the studies we have initiated in our office environments, our use of resources is monitored and projects are developed to improve them.

Office Electricity Consumption (kWh)



Office Heating-Cooling (kWh)



The amount of energy used in terms of office consumption and electricity used in heating and cooling processes is given in the table below.

Electric Energy Utilization (TJ)	
2020	0.49
2021	0.44
2022	0.32

Within the scope of our 2022 activities, while calculating our greenhouse gas emissions, the calculation methods expressed and described in the ISO 14064:1 - 2018 guidance document were used.

Our emission sources evaluated within the scope of the study are as follows.

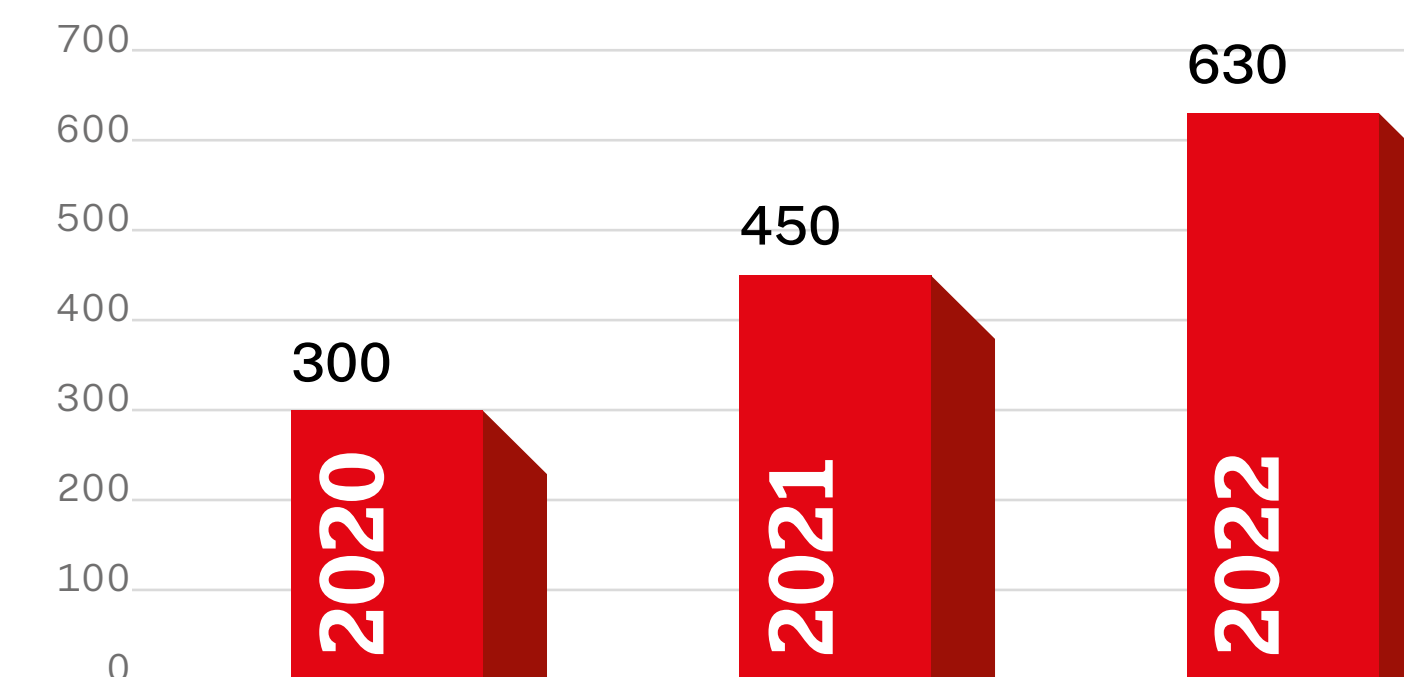
- Emissions from the use of electrical energy for lighting and electrical appliances
- Emissions from the use of electrical energy in air conditioners
- Emissions from refrigerant gases
- Emissions from the use of diesel fuel in generators
- Emissions from domestic raw material transportation

- Emissions from transportation of raw materials from abroad
- Emissions from domestic transportation of products
- Emissions from transportation of products abroad
- Emissions from raw material use
- Emissions from domestic wastewater management

With 2022 as the base year, the six greenhouse gases covered by the Kyoto Protocol were evaluated and carbon dioxide (CO₂); methane (CH₄); nitrous oxide (N₂O); hydrofluorochlorocarbons (HFCs) related to our operations were included in the study. Results are given in carbon dioxide equivalent (CO₂e).

ISO 14064:1_Summary (ton CO ₂ e)	
Category 1 Total	17.89
Category 2 Total	58.38
Category 3 Total	2,742.31
Category 4 Total	23,938.31
General Total	26,756.90

Water Consumption (m³)



Wastewater generated within organizational boundaries is domestic wastewater. Domestic wastewater is conveyed to the biological wastewater treatment plants of Istanbul Water and Sewerage Administration via the sewerage system and discharged to the receiving environment in accordance with the discharge criteria.

As Arzum, we will put more effort into products that consume less energy and have a low carbon footprint.

We are working on digitalization, which is among our sustainability priorities. Within the scope of digital transformation, some of our server systems were transferred to the private cloud system. This will reduce the number of servers and eliminate the need for server rooms. It is planned to transfer all applications that have not yet been transferred to the private cloud system to this system. Another result of Industry 4.0 implementation is the expansion of the team and product portfolio within the framework of the achieved ag security.

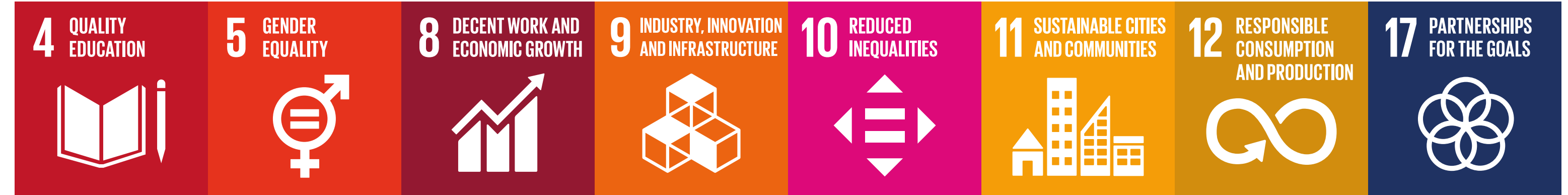
One of the main pillars of the new economy and its reflection in the commercial field is e-commerce. On a sectoral basis, the fashion and beauty category ranks first, followed by electronics, electrical appliances and personal care. In the future, super-app, artificial intelligence and cognitive technologies, visual commerce, voice commerce and subscription-based business models are expected to be prominent in the e-commerce field. Thanks to the acceleration of digitalization, it is believed that there will be a more diverse and richer e-commerce market for both the world and Türkiye, and that the demand for the market will be seen continuously.

116%
Increase in e-commerce sales

All the studies we conduct as a company show that Arzum is one of the leading brands and is on the list of priority brands that come to mind at the time of research or purchase. Our high brand awareness will contribute to increasing the impact of our sustainability-oriented efforts throughout our value chain.

Brand Awareness





Our Desire for a Happier Employee and Society

Happy Employee

Arzum respects human rights in line with the principles of the United Nations Global Compact (UNGC). Builds and implements all its processes based on the protection of human rights.

In the performance of their duties, employees must observe, promote and respect human rights.

Every employee is responsible for complying with these values of our company and applicable laws. Each manager is responsible for educating and encouraging employees to understand and comply with Company values and applicable laws.

Everyone within Arzum benefits equally from the rights and freedoms recognized by law. Arzum employees cannot discriminate based on gender, race, color, language, religion, belief, sect, philosophical and political opinion, ethnic origin, wealth level, place of birth, marital status, health status, disability, age, appearance, clothing style, sexual orientation or private life preferences. Any intimidating, degrading, humiliating or embarrassing behavior that intends or results in violating or eroding human dignity is considered psychological harassment, and it is the primary duty of employees as well as managers to ensure that the workplace is free from such behavior.



Human Resources Strategy

Arzum ensures the creation of positive, healthy and safe working environments where every employee is valued, treated with respect, fair practices, transparent and open communication, ideas are valued, appreciated, creativity is supported and positive, healthy and safe working environments are created.

The strategy of Arzum Human Resources created in this context,

- Talent acquisition and retention,
- Implementation of new working models for the new period,
- Creating a high performance culture,
- Becoming an employer of choice,
- Ensuring the adaptation of digitalization to company culture,
- Increasing productivity is a focus area.

Arzum prioritizes fulfilling its responsibilities towards all stakeholders in the best way possible.

It values its employees, one of its most important stakeholders. Accordingly, the Company continuously monitors employee needs and expectations and implements modern Human Resources practices.

Human Resources Practices

Arzum does not discriminate against any employee or job applicant on the basis of age (within the legal limit), race, religion, color, sex, disability, national origin, marital status, sexual orientation, gender preference, gender identity or any other similar grounds with respect to any terms and conditions of employment, including hiring, promotion, demotion, transfer, termination of employment, compensation or other forms of compensation, selection for training.

Recruitment and promotion processes are based on the needs of the organization and the professional skills and competencies of the candidates for the relevant position. Relatives of Arzum employees may not apply for positions reporting to them hierarchically or functionally. However, they may apply for other positions with the same assurances and conditions as other candidates. In the event that relatives of decision-makers are involved in the recruitment process, the situation is notified to the Human Resources Department in advance.

As in all other processes, recruitment is based on the principles of equality and justice. At Arzum, recruitment is a process that is handled and carried out in detail and meticulously. New recruits must fit Arzum's values, have Arzum competencies and the technical competencies needed in their role. In addition to interviews, various inventories, case studies, presentations and development center activities are used to get to know candidates closely during the recruitment process.

Arzum conducts a comprehensive orientation program for each new employee to quickly get to know and adapt to the company and their colleagues.



The process is implemented on the day the employee starts work. With the Buddy Program, which is implemented to facilitate the integration of new recruits and make them more productive, a Buddy is assigned for each new recruit. In order to accelerate the adaptation of new recruits, Buddy meets with them frequently and provides them with information about Arzum culture. New recruits meet with the Human Resources Department within six months at the latest after they start work in order to monitor their loyalty and satisfaction, and share their observations and feedback.

One of the focus areas of the Human Resources Strategy is to become a high-performance company. According to this strategy, the higher each individual performs, the higher the company's results will be. The main objective of the strategy is to outperform the previous company's performance year after year.

Human Resources aims to create a working environment that supports employees' high performance, creativity and innovative thinking.

Every year, all employees at all levels are included in the performance evaluation process.

The process starts with the reflection of the Company's goals to all employees, starting with the Chief Executive Officer. According to this approach, each employee contributes to the company's results in line with the scope of their role. The targets set at the beginning of each year are monitored throughout the year by the employee's immediate supervisor and the realization of the target is continuously evaluated. At the end of the year, targets are reviewed in line with concrete criteria, employee competencies are evaluated and an individual

development plan is prepared. The outputs of the performance appraisal process are used in individual development planning and salary increases.

Authorized Specialist Assist. Specialist Manager Assistant Director

Performance bonus, private health insurance, travel allowance, company cell phone, company line, 50% staff discount on purchases made through Arzum website, monthly sales bonus for sales roles, flexible working hours, remote working opportunity

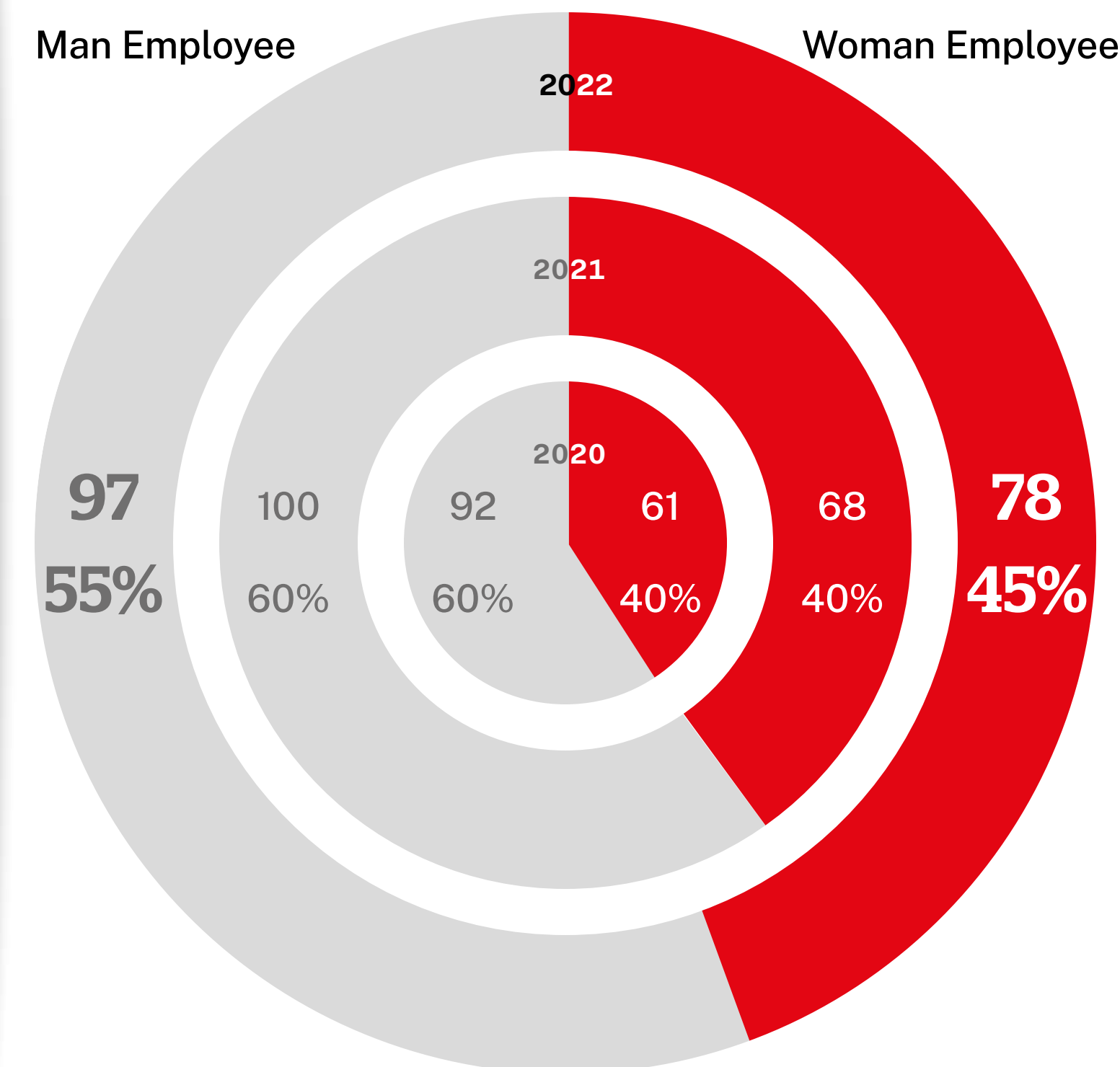
Manager Group Manager

Performance bonus, private health insurance, company car and gasoline support, company cell phone, company line, 50% staff discount on purchases made through Arzum website, monthly sales bonus for sales roles, flexible working hours, remote working opportunity

Director AGM & CEO & General Manager

Performance bonus, individual and family private health insurance, company car and gasoline support, company cell phone, company line, 50% employee discount on purchases made through Arzum website, monthly sales bonus for sales roles, flexible working hours, remote working opportunity

Number of Employees Subjected to Regular Performance Evaluation and W/M Distribution



We always prioritize the development of our employees. In addition to basic trainings throughout the year, we plan and implement trainings for the development of different competencies in line with the needs of our employees and our organization. We repeat our trainings regularly and as needed in line with legal obligations or changing working conditions.

Trainings Provided to Business Partners	2020	2021	2022
Average Number of People	145	149	165
Total Hours	1613	2864,5	3300
Man Hours	11,12	19,22	18,36

Training Hours Provided (including total training hours, training hours per employee, training hours provided to subcontractors)	2020	2021	2022
Average Number of People	168	149	165
Total Hours	2152	2864,5	3300

Trainings Provided to Business Partners	Number of Participants
Training for Beginners	50
Competition Board Training	45
New Product Trainings	1734
The Journey to Become a Market Dominating Team	15
Total	1844

Arzum employees are much more than the work they do, they also add value to the company. In this context, employee loyalty and satisfaction at Arzum are measured annually by independent consultants. The results of the measurement survey enable the determination of an action plan and the identification of areas that need to be focused on. All actions taken by Human Resources are in line with the Human Resources Strategy and employee needs.

Employee Satisfaction Rates	
2020	77%
2021	73%
2022	69%

In 2022;

Trainings provided to employees

Big Data and Business Analytics Specialization Program • Employee Experience Training • Child Development Training • E-Commerce Management - Excel Training • Feedback Training • Global HR Summit 2022 • Work 4.0 | Sustainable Business • Goal Setting Workshop • ISO270001 Information Security Management System Awareness Training • English Training • Human Resources Analytics Certificate Program • Human Resources Management Certificate Program • Trademark Registration Training • Trademark Management Training • Sports Oriented Marketing Communication • Strategic Purchasing and Negotiation Management Certificate Program • Sustainability Training • Tableau Training • Creative Writing Training • Sustainability Expertise Training • Payroll Practices Training • PDPL Training • Competition Law Training • Intellectual Property Rights Training • Safe Driving Training • Executive Assistant Training

Trainings provided to Business Partners

Training for Beginners • Competition Law Training • New Product Training • Journey to Become a Market Dominating Team

Empowering Women Employees

Empowering women in society and increasing women’s employment are among the issues Arzum focuses on at the social level. In this regard, developing the competencies of woman employees, increasing the number of woman employees and managers, and having a certain percentage of woman employees in senior management are among the Human Resources metrics monitored during the year.

Arzum attaches importance to women’s contribution to economic growth and believes that taking a break from business life is every woman’s right, as well as the right to start working again, and should be supported.

Postpartum Return to Work and Retention Rates					
2020		2021		2022	
Return to Work	Staying at Work	Return to Work	Staying at Work	Return to Work	Staying at Work
-	100%	100%	100%	100%	100%

45%
Woman employees rate

33%
Rate of women on the Board of Directors

100%
Return to work and retention rate after childbirth

Reasons for Leaving the Job for Woman Employees						
	2020		2021		2022	
Total Number of Quitted Employees	9		15		20	
Woman	2	22%	11	73%	9	45%
Reasons for Termination of Employment						
Marriage	0	0%	1	9%	0	0%
Resignation due to career opportunity	2	100%	6	55%	3	33%
Organizational structuring	0	0%	1	9%	2	22%
Performance	0	0%	3	27%	0	0%
Employer Termination - For Performance Reason	0	0%	0	0%	3	33%
City change	0	0%	0	0%	1	11%

Number of Employees Benefiting from Maternity/Paternity Leave and F/M Distribution					
2020		2021		2022	
Woman	Man	Woman	Man	Woman	Man
0	2	1	4	2	3

Number of Quits and F/M Distribution					
2020		2021		2022	
Woman	Man	Woman	Man	Woman	Man
2	7	11	4	9	11

Human Resources Manifesto

#hepbirlikte

I have an empathetic, empathetic, dynamic, dynamic, sometimes funny, sometimes classic HR.

Here, we have learned to build solid friendships that will not get old even after years, not superficial relationships; we have aimed to create a workplace that is both inclusive and full of diversity while expanding beyond borders; and while doing all this, we have not been afraid of change, we have chosen to create a working environment where we will achieve many successes together and write the most beautiful stories together.

Congratulations for motivating your work here

Encouragement to reap the rewards of your labor

Event to relieve stress

Lest you lose your excitement; there is always something **unexpected**.

In short, there is something for you here, there is an HR that cares about your well-being, that always contributes to you, that establishes the closest relationship with you. We know that we are always together on this journey! If you're ready, shall we?

Diversity and Inclusion

At Arzum;

Our Diversity and Inclusion Policy defines the way we work. Our policy is binding for all Arzum and group companies and as Arzum, we undertake to take every step in accordance with this policy.

We work with the belief that diverse groups generate more participation, creativity and a variety of ideas that contribute to the company. We recognize that fulfilling our five values of care, passion, trust, innovation and sincerity can only be achieved in an inclusive and diverse work environment.

We follow all examples of good practices in gender equality, diversity and inclusion, and we strive to adapt these examples to our Company and to be a workable Company for all segments of society.

annually and may seek support from the Corporate Governance Committee if necessary. The Arzum Corporate Governance Committee, which also fulfills the duties of the Nomination Committee, takes into account the diversity criteria in this policy when reviewing the composition of the Board of Directors to ensure the right balance of knowledge, skills and experience.

All Arzum employees are responsible for fostering a culture of promoting and practicing diversity and inclusion. Arzum stands against any direct or indirect discrimination, verbal or physical violence, mobbing (intimidation) and all forms of harassment. We take action by carefully examining the notifications of all our employees who encounter such a situation, which we would not want to happen, on the Arzum Ethics Line. In the event of such a situation, it is the responsibility of all our employees to take the matter to the Ethics Line. As Arzum management, we hold ourselves responsible for our employees to safely report on this Ethics Line.

We are committed to creating a culture and work environment where everyone is treated equally, regardless of race, age, nationality, color, religion, gender, gender identity or expression, marital status, disability, political opinion or any other legally protected status.

We aim to create a culture where stakeholders across our entire value chain, including our employees, suppliers, business partners, customers and partners, can do business with mutual trust in fairness and human rights. We respect the human dignity and rights of everyone we come together with because of our work.

With a similar approach, we aim to eliminate social barriers in job descriptions attributed to certain genders by being inclusive for recruitment at all levels of the company, including the Executive Board. At Arzum, beyond gender stereotypes, we take into account your talent, communication, competence and the added value you will add to move the Company forward. All selection and evaluation steps in the recruitment process are carried out with this motto by our business partners who carry out the recruitment process on our behalf.

We do not include discriminatory statements in our job advertisements. When selecting our employees, we ensure that they are evaluated based on their current potential and competence. In job interviews, we do not ask about a candidate's change of marital status or plans to have children. This confidential information cannot influence our recruitment and career decisions.

At Arzum, we encourage our business partners, customers, shareholders and all stakeholders to express their opinions/suggestions/requests and questions freely. We support the ideas of everyone we come into contact with in the context of diversity and inclusion and value freedom of expression.

We create fair opportunities for all employees regardless of any differences within the scope of diversity in all processes such as recruitment, career management, development planning, determination of wages and benefits, etc.

We support our woman employees who return to work after maternity leave and ensure that they return to work under the same duties and conditions. At the same time, we allow our man employees to work remotely for 2 weeks, apart from their legal paternity leave, and we care about their adaptation to the process.

We strive to support role models that represent diversity at all management levels and positions. Accordingly, the principle of diversity and inclusiveness is also applied in the composition of the Board of Directors. By 2030, we set a target not to reduce the ratio of woman members on the Board of Directors and the ratio of woman employees, especially mid-level managers, below 30%. And we always work to bring it down to 50%. The Board of Directors evaluates the progress achieved in achieving these targets

Forced and Compulsory Labor

Arzum ensures the creation of positive, healthy and safe working environments where every employee is valued, treated with respect, fair practices, transparent and open communication, ideas are valued, appreciated, creativity is supported and positive, healthy and safe working environments are created.

In all countries where Arzum operates, we work in accordance with the working hours and overtime provisions determined by laws and regulations, including our subcontractors and business partners.

Our employees can easily access all relevant documents, especially job descriptions, through the system.

During the reporting period, there were no incidents of forced and compulsory labor that were referred to the judiciary.

Occupational Health and Safety

Arzum’s Occupational Health and Safety (OHS) Policy and approach aims to improve the OHS awareness of employees, to continuously monitor the needs shaped by changing dynamics and to offer sustainable OHS solutions by putting people at the center.

Arzum makes every effort to create the most ideal conditions for the health and safety of all employees in line with its people-oriented approach that comes from its culture and its approach to occupational health and safety protected by law (Occupational Health and Safety Law No. 6331).

Especially within the scope of new era working needs shaped by digitalization and the Covid-19 pandemic, not only the physical health and integrity of employees, but also their mental and spiritual health are supported within the scope of the concept of employee well-being.

In line with the OHS approach and the responsibilities arising from the law, OHS trainings are provided to each new employee and these trainings are repeated at regular intervals. In order to strengthen OHS awareness among all Arzum employees, various OHS projects are implemented throughout the year.

Risk Level Table		
Location	Hazard Class	Level Class
Head Office	Moderate Danger	Level 1
Gebze-Depot Laboratory Unit	Moderate Danger	Level 2

Number of Work Accidents			
Types of Work Accidents	2020	2021	2022
Tripping/Falling	0	0	0
Limb Burning	0	0	0
Stinging/Cut	0	0	0
Electricity	0	0	0
Noise	0	0	0
Powder	0	0	0
Warm Environment	0	0	0
Cold Environment	0	0	0
Chemical Liquid Contact	0	0	0
Splash/Spray	0	0	0
Virus/Bacteria	0	0	0
Total	0	0	0

Child Labor

In the Labor Law No. 4857, which regulates the issue of child employment in our country, the expression “Those under 15 years of age cannot be employed, but as an exception, those who have completed 14 years of age and completed primary education can be employed in light work and limited working hours that will not interfere with their development and education” is included, but we do not employ personnel under the age of 18, although there is no obligation to do so.

As Arzum, we carry out our activities in accordance with the minimum age provisions specified in the Constitution, Labor Law and relevant legislation, and we do not employ child labor. We include vocational high school and university students in internship programs within the scope of short-term internship opportunities in order for candidates who will join the workforce to improve themselves and get to know the business world.

In this context, we offer internship opportunities to final year vocational high school students under the age of 18 who are obliged to do internship. Within the scope of compulsory internship, students are insured by their schools and their wages are paid by our company.

You can [access](#) the tables containing the performance indicators related to our employees in the appendices section. 



Happy Society

Contributing to social development is possible by increasing social welfare. We not only contribute to the welfare of society with the economic value we create, but also make individuals' lives healthier and more comfortable with our innovative products.

User Health and Safety

The health and safety of our products is as important as their performance, reliability and usability. That's why we follow and implement best practices for user safety and product quality. All of our products are designed to meet the requirements set out in national and international regulations. In addition, production processes are started after approval from independent test organizations prior to production.

While we do not include substances restricted for use in the SHA sector in our products, more than one safety element is used in our heater products, and additional tests are carried out for the suitability of substances and materials in contact with food.

In addition, glossy and non-slippery surfaces are used to prevent slipping as well as ergonomics at the hand contact points of products such as blenders, kettles and tea makers.

Product Information and Responsible Marketing

In making purchasing decisions, users rely on the media, advertisements, brochures, sales consultants, recommendations from family and friends who already have an opinion about the

product or service, and various online sources (product websites, forum sites, retail sites with consumer reviews and ratings).

In the information acquisition phase of the purchasing decision process, it is critical that users can access reliable information from sources they find trustworthy.

Arzum acts in accordance with the relevant legislation and ethical principles in the promotion and marketing of its products. Our Company provides consumers with the necessary information on all of the products and services it offers through labels on product packages, advertisements, websites and social media.

The customer experience in e-commerce, which is increasingly preferred, is changing the purchasing process. In this context, the Arzum website keeps information about the product, purchase and after-sales service process up-to-date in detail.

Profit from Products Returned from Dealers	2020	2021	2022
Number of Zero Spare Parts Obtained by Product Disassembly	50,073	113,892	223,379
Number of Refurbished Products	2,500	3,234	3,834

The products returned from the dealers are meticulously checked; unused products that cannot be sold as new are renewed and offered to our customers with a 1-year warranty. However, spare parts needed from unused products are obtained by dismantling the products. The spare parts are individually packaged and barcoded, and then taken to our warehouse. Thus, products that cannot be sold as new (damaged, etc.) are evaluated.

Other applications:

- We produce video content in which our products are introduced in detail. In this way, we recognize our products in the digital world in the best way and provide visual support for the user to use our product effectively.
- We include various food/beverage recipes on our Arzum website. Our users actively use their products and prepare healthy food and drinks while making recipes.
- With the tips we give to our users, we show how some of our products can extend their lifespan. (such as a reminder that the blender trigger should not be pressed for more than a certain amount of time, depending on the product).
- We take care to ensure that the visuals and written descriptions of our products on Arzum internet and e-commerce sites contain detailed, sufficient and accurate information.

Customer Satisfaction

As Arzum, we have been working to make life easier for our customers since 1966. In this direction, it is always our priority and indispensable that they are satisfied with the products and services we offer them. We aim to provide our customers with the best customer experience with a solution-oriented approach. While offering our products and services, we not only act in compliance with laws and regulations, but also consider sustainability.

We ensure that our customers can easily reach us through all our communication channels.

We evaluate our customers' notifications fairly and impartially within the framework of the relevant legislation and in accordance with our Company procedures. We try to find a solution to all requests we receive as soon as possible. We work with the goal of providing permanent customer satisfaction by evaluating the demands, suggestions and problems of our customers with an approach that will turn them into satisfaction. All our processes are collected in a traceable, reportable, secure and transparent environment. All customer records are handled and evaluated in accordance with legal regulations, objectively, fairly and confidentially, and processes are continuously controlled and improved.

We resolve all complaints received through Arzum Customer Services in accordance with Company procedures and Law No. 6502. On average, 86% of all requests received verbally or in writing at our call center are resolved at the first contact. Provides a return to the remaining 14% within a maximum of 24 hours. Satisfaction is measured by Net Promoter Score (NPS - Net Promoter Score). We conduct surveys with our consumers who receive service from our customer services and authorized services to evaluate the service they receive.

Some of the activities we carry out with a focus on ensuring customer satisfaction are as follows.

[Please click here](#) to access information about the Personal Data Protection Law. 

Arzum Asistan (WhatsApp and Webchat) - 0850 222 1 800

Artificial intelligence-supported Arzum Asistan was launched with the aim of maximizing customer experience by responding to customer requests instantly and creating a different channel in customer service. Our customers can quickly reach Arzum Asistan via arzum.com.tr, yedikparca.arzum.com.tr and destek.arzum.com.tr or they can contact us via WhatsApp at 0 850 222 1 800 Customer Services number.

Arzum Seninle (Artificial Intelligence Supported 3+1 Application)

Our "Arzum Seninle" application, which converts different warranty documents, invoices and product serial number labels from visual to text with the Optical Character Recognition (OCR) system with the support of artificial intelligence, thus providing our customers with great speed, convenience and no mistakes in registering +1 year additional warranty (total 4 years warranty), can be downloaded from Android and IOS markets.

Arzum Support Site (destek.arzum.com.tr)

Our customers can add their products, track all warranty and paperwork, see the spare parts of their products and order spare parts. They can participate in the NPS survey about their products, as well as view their digital service receipts on our website. They can access the user manuals of all their products collectively. Our customers can instantly inquire about the status of their products via the phone numbers on <https://destek.arzum.com.tr/>. They can also find answers to their questions as soon as possible with our Support Center. They can also benefit from a modern, fast and AI-powered recording experience for an additional +1 year warranty.

Arzum Spare Parts Website (yedikparca.arzum.com.tr)

On the spare parts website, consumers can procure spare parts / accessories for their products online in the fastest and safest way.

Easy Instruction Manuals

With Easy Instruction Manuals, our customers can access the fastest usage information about their products. When our customers receive their products from the service, an SMS is sent with the closure of the relevant record on the Arzum Service Automation System (ASOS). Easy Instruction Manuals have been prepared for coffee machines, vacuum cleaners without dust bags and blenders.

SMS Customer Information

When there is an update / delay regarding our customer's product in service, our customer is informed via SMS.

Digital Submission of Service Receipt

An information form summarizing the service received is sent digitally via SMS to our customers who receive services from our services.

In 2022, the highest number of R&D projects in Arzum's history was reached with 53 projects.

45%
Share of developed products in sales

Quality, Innovation and R&D Studies

As Arzum, we fulfill the requirements of ISO 9001 Quality Management System in order to increase our quality performance in all our processes and we are committed to continuous improvements.

Accordingly, in line with our goal of innovative and sustainable growth, we aim to increase the satisfaction of all stakeholders and to raise the value-added balance by improving the quality of products, services and operations through a philosophy of continuous improvement.

Arzum ensures operational excellence and continuously improves its performance with the management system it uses and demands. In addition to improving its performance, it has also upgraded its quality with the ISO 9001:2015 management system.

Products certified according to internationally recognized standards demanded from suppliers increase consumer satisfaction.

Social Investment and Contribution to Local Economy

We believe that the business world plays a major role in building a strong and stable society. With this in mind, we continue our contributions today to make a difference in society, just as we did in the past.

In 2022, Arzum donated a total of TL 442,654.12 to institutions such as the Türk Eğitim Vakfı (Turkish Education Foundation), Anne Çocuk Eğitim Vakfı (Mother and Child Education Foundation) - AÇEV, Türk Sanayicileri ve İş İnsanları Derneği (Turkish Industry and Business Association) - TÜSİAD, Türk Kahvesi Kültürü ve Araştırmaları Derneği (Turkish Coffee Culture and Research Association), Ege Orman Vakfı (Aegean Forest Foundation), and higher education institutions such as Sabancı University and Koç University.

Within the scope of our sponsorship activities, Galatasaray Women's Football Team, Women's Chess Championship and Turkish Coffee Lady were supported.



Galatasaray Women's Football Team Sponsorship:

Arzum became the shirt sleeve sponsor of Galatasaray Hepsiburada Women's Football Team, which competes in the Women's Football Super League.

With the sponsorship agreement signed at the Ali Sami Yen Sports Complex NEF Stadium, Galatasaray Women's Football Team's Women's Football Super League matches in the 2021-2022 season featured "Arzum" on the sleeve.



Women's Chess Championship Sponsorship:

Arzum has been supporting the Turkish Women's Chess Championship for 15 years without interruption. Arzum, which realizes projects that support women in every field, says "Hamle sırası kadınlarda, Arzum yanlarında (Women's turn, Arzum with them)" with this support. Aware of the need to support chess and the importance of encouraging children to take up the sport from an early age, Arzum closely monitors the increasing number of woman athletes every year. With these initiatives and support, the potential in chess is growing every year. Arzum will continue to work hand in hand with the Turkish Chess Federation, both in terms of supporting woman athletes and to reach a higher level in chess in general. Arzum's biggest goal in this field is to create a world champion from Türkiye.



Turkish Coffee Lady Sponsorship:

Prepared by the Turkish Coffee Lady Foundation under the sponsorship of Arzum OKKA, the documentary 'Beginning: Turkish Coffee Stories from Anatolia' Goes on World Tour

A cooperation was established with the Turkish Coffee Lady Foundation, which has the mission of spreading Turkish coffee culture around the world. Arzum OKKA is one of the main sponsors of the documentary 'Beginning: Turkish Coffee Stories from Anatolia' which the foundation shot in eight different cities in Türkiye in 2021. The documentary explained to all coffee lovers how Turkish coffee, the first coffee brewing method in history, spread from Istanbul to Europe and then to the world 600 years ago. The documentary was screened in Hollywood, the heart of the American film industry, as well as in Los Angeles and San Diego. 'Beginning: Turkish Coffee Stories from Anatolia' documentary was also screened in 10 more US states as part of the December 5 World Turkish Coffee Day events. Like Arzum OKKA, we will continue our cooperation with the Turkish Coffee Lady Foundation, which has been carrying out many activities to promote Turkish coffee culture to the world for years.



Annexes



GRI 2 2-28

Stakeholder Relations and Communication

Any person, organization or community affected by or influencing our activities is a stakeholder of ours. We are aware that understanding the expectations of our stakeholders is indispensable for the sustainable success of our company. In this context, Arzum stakeholder map was prepared with the participation of all relevant departments according to the characteristics, communication frequency and expectations of our stakeholders. Our stakeholder map is regularly reviewed and necessary changes are made within the scope of developments that arise while conducting our activities.

Stakeholder Group	Communication Frequency	Communication Methods
Employees	Organized	Company meetings/organizations Trainings and seminars Jointly developed projects Evaluation surveys Information e-mails Employee opinion and suggestion system Social responsibility activities Websites Social media platforms Activity reports Sustainability reports
Local and National Media	When necessary	Press releases Visits Press conferences Interviews Launches Websites Social media platforms Digital agencies Activity reports Sustainability reports

Stakeholder Group	Communication Frequency	Communication Methods
Customer - End User (B2C)	Organized	Satisfaction surveys Customer Communication Center (850 222 18 00) Usability tests for various products B2B websites and social media platforms Websites Social media platforms Authorized services Sustainability reports Activity reports
Customers - (B2B)	Organized	Trainings Customer meetings Visits Websites Social media platforms Sustainability reports Activity reports

Stakeholder Group	Communication Frequency	Communication Methods
Shareholders, Investors and Analysts	Organized	<ul style="list-style-type: none"> Attendance at meetings One-on-one meetings and visits Investor presentations Press releases General Assemblies Activity reports Sustainability reports PDP notifications
Public Institutions and Organizations	Regular/ When needed	<ul style="list-style-type: none"> Attendance at meetings and regular reporting of action outputs Participation in forums and conferences One-on-one meetings and visits Legislative opinion notifications Social responsibility activities Joint project groups with relevant sectors Websites Social media platforms Activity reports Sustainability reports
Suppliers	Organized	<ul style="list-style-type: none"> Information e-mails Trainings and seminars Supplier days and summit Meetings Visits and inspections Supplier transparency programs Jointly developed projects Events Sustainability reports

Stakeholder Group	Communication Frequency	Communication Methods
Competitors	When necessary	<ul style="list-style-type: none"> Participation in sectoral association and NGO meetings Sectoral forums Activity reports Sustainability reports
Society	When necessary	<ul style="list-style-type: none"> B2B websites and social media platforms Websites Social media platforms Sustainability reports Activity reports
Local governments	When necessary	<ul style="list-style-type: none"> Participation in seminars and summits Trainings One-on-one visits Activity reports Sustainability reports
Influencers	When necessary	<ul style="list-style-type: none"> PR practices Launches Social media platforms Advertising and collaborations

Stakeholder Group	Communication Frequency	Communication Methods
Sectoral Organizations and NGOs	Regular/ When needed	<ul style="list-style-type: none"> Jointly developed projects Sectoral reports Activity reports Sustainability reports Membership relations Strategic collaborations Events
Universities	When necessary	<ul style="list-style-type: none"> Career days Conferences and panels Activities of university clubs and societies Internship opportunities provided Jointly developed projects Sustainability reports
Technical Service	When necessary	<ul style="list-style-type: none"> Information e-mails ASOS contact Webinars One-on-one visits Sustainability reports

GRI 2 2-28

Memberships

As Arzum, we believe that our memberships are of great importance in the development of the SHA sector in which we operate. In this context, we attach importance to effective representation and participation.

- German-Turkish Chamber of Commerce and Industry
- United Brands Association
- Association of Listed Company Managers - KOTEDER
- Foreign Economic Relations Board
- Home and Kitchenware Industrialists' and Exporters' Association - EVSİD
- Financial Literacy and Inclusion Association - FODER
- İstanbul Ticaret Odası - İTO (Istanbul Chamber of Commerce - ICOC)
- İTO Bilgiyi Ticarileştirme Vakfı
- Küçük Ev Aletleri Sanayici ve İhracatçıları Derneği - KESİD
- Mutfak Dostları Derneği
- Müstakil Sanayici ve İşadamları Derneği (Independent Industrialists and Businessmen's Association) (MÜSİAD)
- Teknolojide Kadın Derneği (Women in Technology Association)
- Türkiye Kurumsal Yönetim Derneği (Corporate Governance Association of Turkey) - TKYD
- Türkiye Yatırımcı İlişkileri Derneği (Turkish Investor Relations Association) - TÜYİD
- TOBB Dayanıklı Meclis Malları Meclisi (Consumer Durables Assembly)
- TOBB Züccaciye Meclisi (Housewares Assembly)
- Turizm Restoran Yatırımcıları ve Gastronomi İşletmeleri Derneği (Tourism Restaurant Investors and Gastronomy Enterprises Association) - TURİYİD
- Tüketici Hakem Heyeti (Consumer Arbitration Committee)
- Tüm Restoranlar ve Turizmciler Derneği (All Restaurants and Tourism Association) - TÜRES
- Türk Aile İşletmeleri Derneği (Turkish Family Business Association) - TAİDER
- Türk Girişim ve İş Dünyası Konfederasyonu (Turkish Enterprise and Business Confederation)
- Türk Kahvesi Kültürü Araştırmaları Derneği (Turkish Coffee Culture and Research Association)
- Türk Sanayicileri ve İş İnsanları Derneği (Turkish Industry and Business Association) - TUSİAD
- Türkiye Beyaz Eşya Sanayicileri Derneği (White Goods Manufacturers' Association of Turkey) - TÜRKBEŞD
- Türkiye Elektrik ve Elektronik İhracatçıları Birliği (Turkish Electrical and Electronics Exporters' Association) (TET)
- Türk Girişim ve İş Dünyası Konfederasyonu (Turkish Enterprise and Business Confederation) - TÜRKONFED
- Yönetim Kurulu Üyeleri Derneği (Board Members Association)
- Züccacılar Derneği (Housewares Association) - ZÜCDER
- Wireless Power Consortium
- Hong Kong Electrical Appliance Industries Association

GRI 2 2-7, 2-8 / GRI 401 / GRI 405

Tables

Woman/Man (W/M) Breakdown of Total Number of Employees by Employment Contract Type						
	2020		2021		2022	
Number of Fixed Term Employees	153	100%	1	1%	0	0%
Number of Employees with Indefinite Term	0	0%	167	100%	175	100%
Woman	61	40%	68	40%	78	45%
Man	92	60%	100	60%	97	55%
including outsource, arzum europe & arzum asia pasific						

Distribution of Total Number of Employees by Employment Type						
	2020		2021		2022	
Number of Blue Collar Employees	0	0%	0	0%	0	0%
Number of White Collar Employees	153	100%	168	100%	175	100%
Total Number of Employees	153		168		175	

W/M and Age Distribution in Recruitment						
	2020		2021		2022	
January-December Total Number of Recruits	19		26		35	
Woman	6	32%	17	65%	23	63%
Man	13	68%	9	3%	12	37%
Age Distribution						
Under 30 years old	5	26%	8	31%	15	43%
30-50 years old	14	74%	18	69%	20	57%
50 +	0	0%	0	0%	0	0%

Number of Subcontractor Employees and F/M Distribution			
	2020	2021	2022
Subcontractor Total Number of Employees	4	5	5
Woman	3	4	3
Man	1	1	2

Age and F/M Distribution of Promotions						
	2020		2021		2022	
Total Number of Employees	12		31		22	
Woman	3	25%	14	45%	10	55%
Man	9	75%	17	55%	12	45%
Age Distribution						
Under 30 years old	1	8%	7	23%	6	2%
30-50 years old	11	92%	24	77%	16	73%
50 +	0	0%	0	0%	0	0%

Age and W/M Distribution of Employees						
	2020		2021		2022	
Total Number of Employees	153	100%	168	100%	175	100%
Woman	61	40%	68	40%	78	45%
Man	92	60%	100	60%	97	55%
Age Distribution						
Under 30 years old	19	12%	22	13%	34	%20
30-50 years old	125	82%	134	80%	132	%75
50 +	9	6%	12	7%	9	%5

Employee Turnover Rate by age and W/M Distribution						
	2020		2021		2022	
Average Number of Employees	146		149		165	
Total number of people who quit their jobs	9		15		20	
Employee Turnover Rate	6%		10%		13%	
Age Distribution						
Under 30 years old	1	11%	3	20%	6	30%
30-50 years old	8	89%	11	73%	14	70%
50 +	0	0%	1	7%	0	0%

Age and W/M Distribution of Management Employees						
	2020		2021		2022	
Board of Directors Total Number of Employees	5		6		6	
Woman	1	20%	2	33%	2	33%
Man	4	80%	4	67%	4	67%
Age Distribution						
Under 30 years old	0	0%	0	0%	0	0%
30-50 years old	0	0%	0	0%	0	0%
50 +	5	100%	6	100%	6	100%

Number of Employees with Disabilities, Age and F/M Distribution (age group under 30, 30-50, 50 and over)

	2020		2021		2022	
Total Number of Disabled Employees	2		3		3	
Woman	2	100%	2	67%	2	67%
Man	0	0%	1	33%	1	33%
Age Distribution						
Under 30 years old	0	0%	0	0%	0	0%
30-50 years old	2	100%	3	100%	3	100%
50 +	0	0%	0	0%	0	0%

F/M Distribution of Employees by Region

	2020		2021		2022	
	Woman	Man	Woman	Man	Woman	Man
İstanbul	58	71	65	77	76	77
Ankara	0	3	0	3	0	3
Adana	0	2	0	2	0	2
Erzurum	0	1	0	1	0	1
İzmir	1	1	1	1	1	1
Hong Kong	0	1	0	3	1	3
Niğde	0	1	0	1	0	1
Gebze Warehouse	2	12	2	12	0	8
Germany	0	0	0	0	0	1
Total	61	92	68	100	78	97

Indexes of Standards and Frameworks Used in the Report

GRI Content Index

Notice of Use	Arzum Elektrik Ev Aletleri ve Ticaret A.Ş. has reported the information set out in this GRI content index for the period January 1, 2022 - December 31, 2022 with reference to GRI Standards.	
GRI 1 Usage	GRI 1: Foundation 2021	
GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organization details	Arzum in Brief 10 - Markets and Brands 17 - Inside Back Cover
	2-2 Entities included in the organization's sustainability reporting	About the Report 3
	2-3 Reporting period, frequency and contact point	Report About 3 - Arzum in Brief 10
	2-4 Restatements of information	Arzum 2022 Sustainability Report is Arzum's first report.
	2-5 External assurance	The report was not subject to external audit
	2-6 Activities, value chain and other business relationships	Arzum in Brief 10 - Our Business Model 13 - Markets and Brands 17
	2-7 Employees	Arzum in Brief 10 - Tables 59
	2-8 Workers who are not employees	Tables 59
	2-9 Governance structure and composition	Corporate Governance 31
	2-10 Nomination and selection of the highest governance body	Corporate Governance 31
	2-11 Chair of the highest governance body	Board of Directors 15
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance 31
	2-13 Delegation of responsibility for managing impacts	Corporate Governance 31
	2-14 Role of the highest governance body in sustainability reporting	Our Sustainability Management 25
	2-15 Conflicts of interest	Corporate Governance 31
	2-16 Communication of critical concerns	Corporate Governance 31
	2-17 Collective knowledge of the highest governance body	Corporate Governance 31
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance 31
	2-19 Remuneration policies	Corporate Governance 31
	2-20 Process to determine remuneration	Corporate Governance 31
	2-21 Annual total compensation ratio	Arzum 2022 Activity Report
	2-22 Statement on sustainable development strategy	Our Sustainability Approach 22
	2-23 Policy commitments	Our Sustainability Management 25
	2-24 Embedding policy commitments	Our Sustainability Management 25
	2-25 Processes to remediate negative impacts	Risk Management 35

GRI Content Index

	2-26 Mechanisms for seeking advice and raising concerns	Our Sustainability Priorities 23 - Stakeholder Relations and Communication 56		
	2-27 Compliance with laws and regulations	Ethics, Compliance and Work Against Corruption 33		
	2-28 Membership associations	Memberships 58		
	2-29 Approach to stakeholder engagement	Stakeholder Relations and Communication 56		
	2-30 Collective bargaining agreements	Arzum does not have any employees subject to collective bargaining agreements.		
GRI 3: Material topics 2021	3-1 Process to determine material topics	Our Sustainability Approach 22		
	3-2 List of material topics	Our Material Topics 23		
	3-3 Management of material topics	Our Sustainability Management 25		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic Performance 30 - Social Investment and Contribution to Local Economy 53 - Arzum 2022 Annual Report		
	201-3 Defined benefit plan obligations and other retirement plans	Arzum 2022 Activity Report		
	201-4 Financial assistance received from government	Arzum 2022 Activity Report		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Ethics, Compliance and Work Against Corruption 33		
	205-2 Communication and training about anti-corruption policies and procedures	Ethics, Compliance and Work Against Corruption 33		
	205-3 Confirmed incidents of corruption and actions taken	Ethics, Compliance and Work Against Corruption 33		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Human Resources Practices 43		
GRI 207: Tax 2019	207-1 Approach to tax	Arzum 2022 Activity Report		
	207-2 Tax governance, control, and risk management	Corporate Governance 31		
	207-3 Stakeholder engagement and management of concerns related to tax	Corporate Governance 31		
GRI 301: Materials 2016	301-2 Recycled input materials used		Happy Society 51	
	301-3 Reclaimed products and their packaging materials		Happy Society 51	
GRI 303: Water and Effluents 2018	302-1 Energy consumption within the organization		Our Desire for a Greener World 38	
	302-5 Reduction in energy requirements of products and services		Our Desire for a Greener World 38	
	303-1 Interactions with water as a shared resource		Our Desire for a Greener World 38	
	303-2 Management of water discharge-related impacts		Our Desire for a Greener World 38	
	303-3 Water withdrawal		Our Desire for a Greener World 38	
GRI 305: Emissions 2016	303-4 Water discharge		Our Desire for a Greener World 38	
	303-5 Water consumption		Our Desire for a Greener World 38	
	305-1 Direct (Scope 1) GHG emissions		Our Desire for a Greener World 38	
	305-2 Energy indirect (Scope 2) GHG emissions		Our Desire for a Greener World 38	
	305-3 Other indirect (Scope 3) GHG emissions		Our Desire for a Greener World 38	
	305-4 GHG emissions intensity		Our Desire for a Greener World 38	
	305-6 Emissions of ozone-depleting substances (ODS)		Our Desire for a Greener World 38	
GRI 306: Waste 2020	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions		Our Desire for a Greener World 38	
	306-1 Waste generation and significant waste-related impacts		Our Desire for a Greener World 38	
	306-2 Management of significant waste-related impacts		Our Desire for a Greener World 38	
GRI 308: Supplier Environmental Assessment 2016	306-4 Waste diverted from disposal		Happy Society 51	
	308-1 New suppliers that were screened using environmental criteria		Supply Chain 37	
	308-2 Negative environmental impacts in the supply chain and actions taken		Supply Chain 37	

GRI Content Index

GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Tables 59
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Resources Practices 43
	401-3 Parental leave	Empowering Women Workers 46
GRI 402: Labor/Management Relationship 2016	402-1 Minimum notice periods regarding operational changes	Human Resources Practices 43
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety 49
	403-2 Hazard identification, risk assessment and accident investigation	Occupational Health and Safety 49
	403-3 Occupational health services	Occupational Health and Safety 49
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety 49
	403-5 Worker training on occupational health and safety	Human Resources Practices 43
	403-6 Promotion of worker health	Occupational Health and Safety 49
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety 49
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety 49
	403-9 Work-related injuries	Occupational Health and Safety 49
	403-10 Work-related ill health	Occupational Health and Safety 49
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Resources Practices 43
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Resources Practices 43
	404-3 Percentage of employees receiving regular performance and career development reviews	Human Resources Practices 43

GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity and Inclusion 48 - Tables 59
	405-2 Ratio of basic salary and remuneration of women to men	Human Resources Practices 43 - Diversity and Inclusion 48
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Diversity and Inclusion 48
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Supply Chain 37
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Child labor 50
GRI 409: Forced and Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Forced and Compulsory Labor 49
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Supply Chain 37
	414-2 Negative social impacts in the supply chain and actions taken	Supply Chain 37
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	User Health and Safety 51 - Quality, Innovation and R&D 53
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	User Health and Safety 51
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Product Information and Responsible Marketing 51
	417-2 Incidents of non-compliance concerning product and service information and labeling	Product Information and Responsible Marketing 51
	417-3 Incidents of non-compliance concerning marketing communications	Product Information and Responsible Marketing 51
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer satisfaction 52

SASB Index

Topic	SASB Metric	Code	Response/Reference
Water management	(1) Total water withdrawn (2) Total water consumed; percentage of each in areas of high or extremely high water stress	CG-HP-140a.1	See GRI 303 See GRI 303
	Description of water management risks and discussion of strategies and practices to mitigate those risks	CG-HP-140a.2	
Product environmental, health, and safety performance	Revenue from products containing REACH substances of high concern (SVHC)	CG-HP-250a.1	See GRI 301, GRI 306, GRI 308, GRI 416 and GRI 417
	Revenue from products containing substances on the California DTSC Candidate Chemicals List	CG-HP-250a.2	
	Discussion of process to identify and manage emerging materials and chemicals of concern	CG-HP-250a.3	
	Revenue from products designed with green chemistry principles	CG-HP-250a.4	
Packaging lifecycle management	(1) total weight of the packaging (2) percentage made from recycled or renewable materials (3) percentage recyclable, reusable and/or compostable	CG-HP-410a.1	See GRI 301 and GRI 306
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	CG-HP-410a.2	
Environmental and social impacts of the palm oil supply chain	Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains as (a) Identity Preserved, (b) Segregated, (c) Mass Balance, or (d) Book & Claim	CG-HP-430a.1	
Activity	Units of products sold, total weight of products sold	CG-HP-000.A	
	Number of manufacturing facilities	CG-HP-000.B	See GRI 2 2-1

WEF Index

Principles of Governance			
Theme	Core metrics and disclosure	Description	References
Governing purpose	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	Chairman's Message 4 Chief Executive Officer's Message 6
Quality of governing body	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	Corporate Governance 31
Stakeholder engagement	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.	Our Material Topics 23
Ethical behavior	Anti-corruption	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. a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b) Total number and nature of incidents of corruption confirmed during the current year, related to this year 2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption	Ethics, Compliance and Work Against Corruption 33
	Protected ethics advice and reporting mechanisms	A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organizational integrity; and 2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity	Ethics, Compliance and Work Against Corruption 33
Risk and opportunity oversight	Integrating risk and opportunity into business process	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	Risk Management 35



WEF Index

Planet			
Theme	Core metrics and disclosure	Description	References
Climate change	Greenhouse gas (GHS) 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	Our Desire for a Greener World 38
	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 preindustrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050	
Nature loss	Land use and ecological sensitivity	Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA)	Our Desire for a Greener World 38
Freshwater availability	Water consumption and withdrawal in water-stressed areas	Report for operations where material: megaliters of water withdrawn, megaliters of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool Estimate and report the same information for the full value chain (upstream and downstream) where appropriate	Our Desire for a Greener World 38

WEF Index

People			
Theme	Core metrics and disclosure	Description	References
Dignity and equality	Diversity and inclusion	Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity)	Diversity and Inclusion 48 Tables 59
	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	Human Resources Practices 43
	Wage level (%)	Ratios of standard entry level wage by gender compared to local minimum wage	Human Resources Practices 43
	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	Forced and Compulsory Labour 49 Child Labor 50
Health and wellbeing	Health and safety	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. 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	Occupational Health and Safety 49
Skills for the future	Training provided	Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees)	Human Resources Practices 43

WEF Index

Prosperity			
Theme	Key metrics and statements	Description	References
Employment and wealth generation	Absolute number and rate of employment	1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region 2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region	Occupational Health and Safety 49 Tables 59
	Economic contribution	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: <ul style="list-style-type: none"> - Revenues - Operating costs - Employee wages and benefits - Payments to providers of capital - Payments to government - Community investment 2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period	Economic Performance 30 Social Investment and Contribution to Local Economy 53 Arzum 2022 Activity Report
	Financial investment contribution	1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company’s investment strategy 2. Share buybacks plus dividend payments, supported by narrative to describe the company’s strategy for returns of capital to shareholders	
Innovation of better products and services	Total R&D expenses	Total costs related to research and development	Quality, Innovation and R&D Studies 53
Community and social vitality	Total tax paid	The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes	Economic Performance 30 Social Investment and Contribution to Local Economy 53 Arzum 2022 Activity Report

Arzum 2022 Sustainability Report has been prepared for informational purposes only. The Report, which uses content believed to be accurate and reliable for the period covered by the Report, has not been subject to external audit. The content contained in this Report shall not be construed as any representation, warranty or undertaking, nor is it guaranteed to be complete and unchangeable.

ARZUM

Headquarters:

Arzum Elektrikli Ev Aletleri ve Ticaret A.Ş.

Flatofis Binası Otakçılar Caddesi No:78 Kat:1 Blok No: B1B 34050 Eyüp / İstanbul - Türkiye

+90 212 467 80 80 • www.arzum.com.tr • surdurulebilirlik@arzum.com

Reporting Consultant:

EWA Corporate Consultancy

www.ewadanismanlik.com.tr

Report Design:

BEE Company

All rights in this Report belong to Arzum Elektrik Ev Aletleri ve Ticaret A.Ş.