

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Vestel Elektronik Sanayi ve Ticaret AŞ is a global group of companies, consisting of a total of 25 companies, 15 of which are overseas companies, operating in the areas of electronics, major household appliances, digital and mobile products. This CDP report scope covers Vestel Elektronik (electronics) manufacturing plants comprised of six plants (electronic card, EPS, plastic, sub-assembly, High-End, and digital plant) which are located in the Manisa Organized Industrial Zone. Vestel Elektronik (electronics) plants manufacture TVs, Visual Solutions (VS) and electronic cards.

As Vestel Elektronik, we meet different consumers in more than 160 countries with a wide product range based on our competencies in technology-design development and product customization. With over 7,000 employees, production capacity built on technological superiority and contribution to the country’s exports, we represent an important source of power for the Turkish economy.

As one of the world’s leading original design manufacturers (ODMs) in consumer electronics, we are one of the top three LCD TV manufacturers in Europe. We are among the most well-known brands in Turkey, and are the largest manufacturer in the Turkish TV market. As one of the leading technology companies in Turkey and across the globe, we continue to work with the aim of completing the Industry 4.0 transformation and making a transition to fully-automated smart plants. Backed by our competencies in artificial intelligence (AI) software and the internet of things (IoT), we also play a leading role in smart city and smart home platforms. In the global market, we also engage in branded product sales through acquired regional brands and licensed global brands in addition to our ODM based sales. Our collaboration with leading global brands, such as with Toshiba in TVs, through our brand licensing agreements reinforce our position in the European market. Boasting one of the most extensive sales and after-sales service networks in Turkey, we reach a wide consumer base through our “multi-brand and omni-channel strategy”. We account for 90% of Turkey’s TV exports, and have been the export champion of the electronics industry for 25 years. We have an annual production capacity of 10 million units in televisions.

Vestel achieved its highest brand value and brand ranking to date in the 2022 most valuable brand ranking by Brand Finance, an international finance institution. Having achieved a historic success by becoming one of the top 5 most valuable brands in Türkiye, Vestel has moved from 11th place to 4th place in the last year and is rapidly progressing towards its goal of becoming one of the top 3 most valuable brands in Türkiye .

Vestel Elektronik’s vision is to be a technology company creating social and environmental benefits through accessible and smart products that make life easier. With this vision, Vestel Elektronik’s strategy has three pillars:

*Technology and Human-Oriented Transformation

*A Net Zero Company

*Accessible and Smart Solutions That Make Life Easier

Through its strong R&D organization and competence in the development of technology, Vestel Elektronik aims to offer accessible, easy, smart and energy-efficient products to consumers by creating environmental and social benefits through its products. The Company strives to develop products with reduced environmental impact and high savings through R&D and innovation studies, and it devotes a significant part of the R&D budget to developing smart products that create benefits.

For a sustainable future and transition to an economy based on net zero emissions, Vestel Elektronik triggers transformation across its entire value chain. It leverages the power of Industry 4.0 and automation to support the reduction of energy consumption through operational improvements and innovative products. Vestel Elektronik implements circular models to improve resource efficiency in production and reduce its environmental impact from products.

Increasing its efforts to integrate environmental, social and governance (ESG) issues across the entire company, Vestel increased its S&P Global ESG score by 44% to 65 points in 2022. Vestel Elektronik plants’ CDP climate change score increased to B and Vestel Beyaz Eşya plants’ CDP climate change score increased to A-. Vestel Komünikasyon factory’s EcoVadis 2022 rating is Silver. In addition, Vestel Elektronik was included in Borsa İstanbul’s BIST Sustainability 25 Index, which was calculated for the first time in 2022 and is composed of large and liquid companies with high sustainability performance.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1 2022	December 31 2022

W0.3

(W0.3) Select the countries/areas in which you operate.

Turkey

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

TRY

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, an ISIN code	TRAVESTL91H6

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Neutral	Vestel Elektronik is located in Manisa Organized Industrial Zone. Water is not a direct raw material in our products; however sufficient amounts of good quality water is important because we use water in some production processes such as plastic injection, paint shop, EPS production. We also use water for personal hygiene purposes, garden irrigation and fire hydrants. However, high quality is not necessary for these processes. Indirect use of water is neutral because water use in our value chain is not a major material issue. We manufacture TVs, Visual Solutions and electronic cards so, water is not needed for the use of your products by our customers. We do not anticipate any changes on direct and indirect use importance rating in the future.
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Not very important	Currently, there is no recycled water us in our plants. Water re-use is available only for certain processes. Therefore, we are at a neutral position. However, it will become more important in the future because we have a target of using 50% recycled water by 2030. We're planning on accomplishing this target by purchasing recycled water from Manisa Organized Industrial Zone as they are building an advanced treatment wastewater facility to serve the Zone. Recycled water is not necessarily a major topic in our value chain and we do not anticipate it to change going forward.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Frequency of measurement	Method of measurement	Please explain
Water withdrawals – total volumes	100%	Monthly	Water Meters and bills	Water is monitored regularly by water counters in each plant. Also Manisa Industrial Zone bills us on water withdrawal each month which shows the total volumes.
Water withdrawals – volumes by source	100%	Monthly	Water Meters and bills	Vestel Elektronik has two water sources: municipal water and groundwater (well). Vestel has counters for both sources. Also Manisa Industrial Zone bills us on water sources separately to show volumes by source.
Entrained water associated with your metals & mining and/or coal sector activities - total volumes [only metals and mining and coal sectors]	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	Monthly	Analyses reports of Manisa Organized Industrial Zone	80% of our water use is municipal water. Municipal water quality measurements are conducted every month by Manisa Organized Industrial Zone at the Public Health Directorate. Water hardness and conductivity measurements are made in plants, at the outlets of water softening systems and reverse osmosis systems. Groundwater (well water) quality measurements does not take place because it is only used in garden irrigation and fire tanks.
Water discharges – total volumes	100%	Monthly	Bills	Vestel Elektronik discharges its wastewater to the wastewater treatment facility of Manisa Organized Industrial Zone. Manisa Organized Industrial Zone measures and monitors the total amount of water discharge and bills Vestel Elektronik on a monthly basis.
Water discharges – volumes by destination	100%	Monthly	Bills	Vestel Elektronik discharges 100% of its wastewater to the wastewater treatment facility of Manisa Organized Industrial Zone. Therefore the destination of total volume is monitored and measured.
Water discharges – volumes by treatment method	100%	Monthly	Analysis Report	We give our wastewater to the Manisa Organized Industrial Zone Treatment Plant. Discharge limits are checked by examining wastewater analysis reports every month. Limit values were not exceeded throughout the year. Manisa Organized Industrial Zone uses activated sludge process to treat the wastewater of all companies in the Zone. After the treatment, treated water is discharged to Karacay Creek; and then to Gediz River by the Industrial Zone.
Water discharge quality – by standard effluent parameters	100%	Monthly	Effluent parameters report	Vestel Elektronik discharges 100% of its wastewater to the wastewater treatment facility of Manisa Organized Industrial Zone. Every month, Industrial Zone representatives come to take samples from the discharge points of the plants. So, water discharge quality by standard effluent parameters are measured and monitored on a monthly basis. Major wastewater parameters monitored are: chemical oxygen demand, suspended solids, oil and grease, pH, total chromium, total nickel, total copper, total lead, total zinc
Water discharge quality – emissions to water (nitrates, phosphates, pesticides, and/or other priority substances)	100%	Monthly	Manisa Organized Industrial Zone's water report	Manisa Organized Industrial Zone analyzes the waste water and sends us the effluent parameters on a monthly basis. These parameters are: suspended solids, grease, chemical oxygen demand, pH, chrome, nickel, copper, lead, zinc.
Water discharge quality – temperature	100%	Monthly	Manisa Organized Industrial Zone's water report	Vestel Elektronik discharges 100% of its wastewater to the wastewater treatment facility of Manisa Organized Industrial Zone. Every month, Industrial Zone representatives come to take samples from the discharge points of the plants. During this sampling process, the temperature of the wastewater is also measured and monitored. Therefore all water discharge temperature is monitored and measured.
Water consumption – total volume	100%	Monthly	Water Meters and bills	100% of water consumption data is measured and monitored on a monthly basis. Water consumption data is calculated as: Total Net Water Consumption = Total Water Withdrawal - Water Discharged. Water withdrawal and water discharge data is taken from the monthly bills and counters as explained above.
Water recycled/reused	Not relevant	<Not Applicable>	<Not Applicable>	We do not have counters for recycled water as of 2022 but we are planning on expanding our water monitoring system going forward. We'll also be able to monitor the recycled water use from the bills because we are planning on purchasing recycled water from Manisa Organized Industrial Zone.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Monthly	Vestel provides a safe and healthy working environment for all its employees throughout its facilities. Drinking-use water is analyzed and monitored twice a month, and domestic water is monthly.	Vestel provides a safe and healthy working environment for all its employees throughout its facilities. Drinking-use water is analyzed and monitored twice a month, and domestic water is monthly. Drinking water is purchased in dispenser size bottles. Both sources of water are sent to Public Health Directorate. The Directorate measures sanitation and hygiene parameters to make sure that water is safely managed.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, how do they compare to the previous reporting year, and how are they forecasted to change?

	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Please explain
Total withdrawals	454.42	Lower	Increase/decrease in efficiency	Lower	Increase/decrease in efficiency	Overall water withdrawal has decreased due to water efficiency projects such as installation of faucets with sensors.
Total discharges	408.98	Lower	Increase/decrease in efficiency	Lower	Increase/decrease in efficiency	Our wastewater is discharged to treatment in Manisa Organized Industrial Zone. Water discharge is directly linked to water withdrawal quantity. Since water withdrawal decreased, total discharges decreased, as well.
Total consumption	45.44	Lower	Increase/decrease in efficiency	Much lower	Increase/decrease in efficiency	In 2022, Vestel Elektronik's annual production increased. Although there is an increase in the production, there is a decrease in the water usage thanks to the water efficiency projects.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress, provide the proportion, how it compares with the previous reporting year, and how it is forecasted to change.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Identification tool	Please explain
Row 1	Yes	100%	About the same	Other, please specify (Our all facilities are located in Manisa Organized Industrial Zone.)	About the same	Other, please specify (We do not anticipate a change in the locations of production facilities)	WRI Aqueduct WWF Water Risk Filter	Vestel Elektronik plants are located in: Manisa Organized Industrial Zone, Manisa, Turkey Major Basin: Mediterranean Sea, East Coast Minor Basin: Gediz River WRI Aqueduct Overall Water Risk: Extremely High (>80%)-High (3-4) We withdraw 100% of our water from this area which is indicated as a water stress area. Being aware of this fact, we put emphasis on our water efficiency projects and decreased the total amount of water withdrawal compared to the previous year.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Groundwater – renewable	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Groundwater – non-renewable	Relevant	58.64	Lower	Increase/decrease in efficiency	Groundwater (well water): We decreased our overall water consumption in our plants with water projects.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Third party sources	Relevant	395.78	Lower	Increase/decrease in efficiency	In 2021, 424.57 megaliters of tap water was used. In 2022, this figure has been reduced by 7% to 395.78 megaliters. We decreased our overall water consumption in our plants with water projects. Such as; -The waste water recovery project of pure water devices : 22,346 m3 of water will be saved annually. -With the improvements made in the existing mechanical lines, water leaks were eliminated, the use of sensor faucets in WCs, and the timed relay in Blue Collar WC urinals were used to cut the water for 1 minute and give the water for 1 minute. Amount of Water Saving 28,800 m3/year Improvements made in Process Metal Washing Lines: Water saving amount of 30,000 m3/year.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Third-party destinations	Relevant	408.98	Lower	Increase/decrease in efficiency	Vestel Elektronik discharges 100% of its wastewater to the wastewater treatment facility of Manisa Organized Industrial Zone. The wastewater quantity is directly linked to water withdrawal; so a decrease in withdrawal quantity enabled lower wastewater quantity in 2022.

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	Primary reason for comparison with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Secondary treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Primary treatment only	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Discharge to the natural environment without treatment	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	
Discharge to a third party without treatment	Relevant	408.98	Lower	Increase/decrease in efficiency	100%	Vestel Elektronik discharges 100% of its wastewater to Manisa Organized Industrial Zone's wastewater treatment plant without pre-treatment as our wastewater is not heavy in wastewater parameters. Manisa Organized Industrial Zone uses activated sludge process method to treat wastewater, then discharges it to Karacay Creek, which is connected to Gediz River. Wastewater discharge is connected directly to water withdrawal quantity. The water withdrawal has decreased hence the discharged water has decreased, as well.
Other	Not relevant	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	

W1.2k

(W1.2k) Provide details of your organization's emissions of nitrates, phosphates, pesticides, and other priority substances to water in the reporting year.

	Emissions to water in the reporting year (metric tonnes)	Category(ies) of substances included	List the specific substances included	Please explain
Row 1	0	Priority substances listed under the EU Water Framework Directive	Major wastewater parameters monitored are: chemical oxygen demand, suspended solids, oil and grease, pH, total chromium, total nickel, total copper, total lead, total zinc.	Vestel Elektronik discharges 100% of its wastewater to the wastewater treatment facility of Manisa Organized Industrial Zone. Every month, Industrial Zone representatives come to take samples from the discharge points of the plants. So, water discharge quality by standard effluent parameters are measured and monitored on a monthly basis.

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	2698688000	454.42	59387526.9574402	We anticipate an increase in our total water withdrawal efficiency because our revenue is expected to increase and we are conducting more water efficiency projects going forward. For instance, in all plants, all water counters will be changed with digital ones in order to monitor real time consumption.

W1.4

(W1.4) Do any of your products contain substances classified as hazardous by a regulatory authority?

	Products contain hazardous substances	Comment
Row 1	No	The Company regularly reviews the Restricted Materials List it publishes and demands full compliance from suppliers. Suppliers are required to have a test report showing compliance with the European Union's Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) Directive, compliance with the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), battery test reports from accredited organizations, and declarations and test reports stating that they do not use harmful chemicals on the Substances of Very High Concern List. Suppliers are informed about the Regulation No. 30105 on Registration, Evaluation, Authorization and Restriction of Chemicals (KKDİK) prepared by the Ministry of Environment and Urbanization of the Republic of Türkiye within the scope of harmonization with the European Union REACH Regulation, and those covered by the Regulation are required to complete the registration process.

W1.5

(W1.5) Do you engage with your value chain on water-related issues?

	Engagement	Primary reason for no engagement	Please explain
Suppliers	Yes	<Not Applicable>	<Not Applicable>
Other value chain partners (e.g., customers)	Yes	<Not Applicable>	<Not Applicable>

W1.5a

(W1.5a) Do you assess your suppliers according to their impact on water security?

Row 1

Assessment of supplier impact

Yes, we assess the impact of our suppliers

Considered in assessment

Supplier impacts on water availability
Supplier impacts on water quality

Number of suppliers identified as having a substantive impact

127

% of total suppliers identified as having a substantive impact

100%

Please explain

Vestel Supplier Monitoring and Development Program was launched to enable suppliers to effectively participate in sustainability processes, understand and improve their current levels. Within the scope of this program, which was designed in line with Vestel's and its suppliers' vision of achieving their sustainability and water stewardship goals which aims to inform, evaluate and develop suppliers on sustainability, suppliers are expected to share their data on environmental social and governance issues with Vestel through specified platforms and software and to participate in the evaluation studies to be carried out by independent evaluation institutions.

Vestel Supplier Monitoring and Development Program consists of four stages:

1. Training
2. Sustainability self-assessment questionnaire
3. Input and validation of environmental and social data
4. Audit

W1.5b

(W1.5b) Do your suppliers have to meet water-related requirements as part of your organization's purchasing process?

	Suppliers have to meet specific water-related requirements	Comment
Row 1	Yes, water-related requirements are included in our supplier contracts	<Not Applicable>

W1.5c

(W1.5c) Provide details of the water-related requirements that suppliers have to meet as part of your organization's purchasing process, and the compliance measures in place.

Water-related requirement

Engaging with their suppliers on water security actions

% of suppliers with a substantive impact required to comply with this water-related requirement

1-25

% of suppliers with a substantive impact in compliance with this water-related requirement

1-25

Mechanisms for monitoring compliance with this water-related requirement

Off-site third-party audit

Response to supplier non-compliance with this water-related requirement

Retain and engage

Comment

ESG audits within the Vestel Supplier Monitoring and Development Program started in Q4 of 2022. After the ESG audit, "ESG audit score" will be calculated for each supplier in line with the findings determined in the audit. The calculation will be made out of 100 points, and companies that score 75 and above and have no critical non-compliance will be deemed successful in the audit.

Sustainability trainings will take place in H2 of 2023.

Water-related requirement

Reducing total water withdrawal volumes

% of suppliers with a substantive impact required to comply with this water-related requirement

1-25

% of suppliers with a substantive impact in compliance with this water-related requirement

1-25

Mechanisms for monitoring compliance with this water-related requirement

Off-site third-party audit

Response to supplier non-compliance with this water-related requirement

Retain and engage

Comment

ESG audits within the Vestel Supplier Monitoring and Development Program started in Q4 of 2022. After the ESG audit, "ESG audit score" will be calculated for each supplier in line with the findings determined in the audit. The calculation will be made out of 100 points, and companies that score 75 and above and have no critical non-compliance will be deemed successful in the audit.

Sustainability trainings will take place in H2 of 2023.

Water-related requirement

Setting and monitoring water withdrawal reduction targets

% of suppliers with a substantive impact required to comply with this water-related requirement

1-25

% of suppliers with a substantive impact in compliance with this water-related requirement

1-25

Mechanisms for monitoring compliance with this water-related requirement

Off-site third-party audit

Response to supplier non-compliance with this water-related requirement

Retain and engage

Comment

ESG audits within the Vestel Supplier Monitoring and Development Program started in Q4 of 2022. After the ESG audit, "ESG audit score" will be calculated for each supplier in line with the findings determined in the audit. The calculation will be made out of 100 points, and companies that score 75 and above and have no critical non-compliance will be deemed successful in the audit.

Sustainability trainings will take place in H2 of 2023.

Water-related requirement

Setting and monitoring water pollution-related targets

% of suppliers with a substantive impact required to comply with this water-related requirement

1-25

% of suppliers with a substantive impact in compliance with this water-related requirement

1-25

Mechanisms for monitoring compliance with this water-related requirement

Off-site third-party audit

Response to supplier non-compliance with this water-related requirement

Retain and engage

Comment

ESG audits within the Vestel Supplier Monitoring and Development Program started in Q4 of 2022. After the ESG audit, "ESG audit score" will be calculated for each supplier in line with the findings determined in the audit. The calculation will be made out of 100 points, and companies that score 75 and above and have no critical non-compliance will be deemed successful in the audit.

Sustainability trainings will take place in H2 of 2023.

W1.5d

(W1.5d) Provide details of any other water-related supplier engagement activity.

Type of engagement

Other

Details of engagement

Other, please specify (Onboarding & Compliance)

% of suppliers by number

76-99

% of suppliers with a substantive impact

76-99

Rationale for your engagement

According to our Supplier Code of Conduct, below clauses must be agreed and signed to become our supplier (100% coverage)

- All relevant laws, regulations and legislation regarding the environment (including all laws on air emissions, wastes, wastewater and chemicals) should be abided by.
- Efforts should be made to reduce carbon emissions and the consumption of natural resources and to increase the amount of recycled waste.

Impact of the engagement and measures of success

Supplier Code of Conduct is a part of our purchasing contracts; therefore the measure of success is the % of suppliers who signed our supplier code of conduct. We aim to keep this number at 100%.

Comment

Vestel Elektronik is a part of Zorlu Holding. Zorlu Holding has a sustainability strategy that is called Smart Life 2030. In line with our Smart Life 2030 sustainability strategy, we develop human-oriented ecosystems and innovative business models, and engage in value-creating partnerships to pioneer sustainability-oriented products, services and solutions in Türkiye and around the world. One of the our targets is "Achieving 100% sustainable supply chain by 2030 including strategic suppliers".

W1.5e

(W1.5e) Provide details of any water-related engagement activity with customers or other value chain partners.

Type of stakeholder

Other, please specify (Manisa Organized Industrial Zone)

Type of engagement

Innovation & collaboration

Details of engagement

Other, please specify (Waste water advanced treatment project)

Rationale for your engagement

As Vestel Elektronik, we get our water from Manisa Organized Industrial Zone. The wastewater from our factories is sent to the MOIZ treatment plant. Our goal is to ensure that the wastewater coming out of our facilities is treated with advanced treatment technology and returned to our facilities as raw water. The investment and operation process of MOIZ is expected to be completed.

Impact of the engagement and measures of success

Treatment percentage of waste water

Type of stakeholder

Customers

Type of engagement

Education / information sharing

Details of engagement

Run an engagement campaign to educate stakeholders about the impacts on water that (using) your products, goods, and/or services entail

Rationale for your engagement

We work with major electronic brands as their ODM partner. We share information with our B2B customers regarding our water stewardship performance and strategy on a yearly basis. We also share information with our all of our customers through our integrated report:

http://www.vestelinvestorrelations.com/en/_assets/pdf/Vestel-Elektronik-Integrated-Annual-Report-2022.pdf (Pages 32-33, 62, 134, 135, 215)

Impact of the engagement and measures of success

Measures of success: Customer engagement & satisfaction

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

	Water-related regulatory violations	Fines, enforcement orders, and/or other penalties	Comment
Row 1	No	<Not Applicable>	

W3. Procedures

W3.1

(W3.1) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

	Identification and classification of potential water pollutants	How potential water pollutants are identified and classified	Please explain
Row 1	Yes, we identify and classify our potential water pollutants	Domestic and industrial wastewater are generated in the facility. This wastewater is discharged into the sewage network of Manisa Organized Industrial Zone. The facility holds a Connection Permit Certificate and Connection Quality Control Permit Certificate issued by Manisa OIZ in accordance with the Regulation on Water Pollution Control. Pollution loads of wastewater are measured by MOIZ by taking samples every 15 days. Measurement values were found to be below the limit values specified in the Regulation on Water Pollution Control. http://www.vestelinvestorrelations.com/en/_assets/pdf/Vestel-Elektronik-Integrated-Annual-Report-2022.pdf Page:208	<Not Applicable>

W3.1a

(W3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.

Water pollutant category

Other nutrients and oxygen demanding pollutants

Description of water pollutant and potential impacts

Chemical Oxygen Demand (COD), Suspended Solid Matter (TSS), Oil & Grease, Zinc (Zn) , Copper (Cu), Nickel (Ni), Lead (Pb), Total Chrome (T.Cr)

Value chain stage

Direct operations

Actions and procedures to minimize adverse impacts

Assessment of critical infrastructure and storage condition (leakages, spillages, pipe erosion etc.) and their resilience

Resource recovery

Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements

Upgrading of process equipment/methods

Please explain

Domestic and industrial wastewater are generated in the facility. This wastewater is discharged into the sewage network of Manisa Organized Industrial Zone. The facility holds a Connection Permit Certificate and Connection Quality Control Permit Certificate issued by Manisa OIZ in accordance with the Regulation on Water Pollution Control. Pollution loads of wastewater are measured by MOIZ by taking samples every 15 days. Measurement values were found to be below the limit values specified in the Regulation on Water Pollution Control.

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

More than once a year

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market

Enterprise risk management

International methodologies and standards

Databases

Tools and methods used

EcoVadis

SEDEX

WRI Aqueduct

WWF Water Risk Filter

Enterprise Risk Management

Environmental Impact Assessment

IPCC Climate Change Projections

ISO 14001 Environmental Management Standard

ISO 14046 Environmental Management - Water Footprint

Contextual issues considered

Water availability at a basin/catchment level

Implications of water on your key commodities/raw materials

Water regulatory frameworks

Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers

Employees

Investors

Local communities

NGOs

Regulators

Suppliers

Water utilities at a local level

Comment

Vestel assesses three topics related to water risk.

- Lack of water supply
- Process water quality
- Drinking water quality

Periodic drinking water analyses are carried out at Vestel by the Manisa Provincial Directorate of Health, and filtration and UV disinfection services are also provided at the facilities.

- Within the scope of its water risk management, Vestel carries out analyses by monitoring the WRI Aqueduct Water Risk Atlas.

We reduce water consumption and increase water efficiency by water efficiency projects.

W3.3b

(W3.3b) Describe your organization’s process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

	Rationale for approach to risk assessment	Explanation of contextual issues considered	Explanation of stakeholders considered	Decision-making process for risk response
Row 1	<p>Vestel Elektronik uses various tools for risk assessment as selected in the question above. These risks are identified using ISO 14001 EMS risk & opportunities analysis.</p> <p>When identifying risks and opportunities related to water, we first consider the operations, needs and expectations of all stakeholders. When assessing risks, we use our risk matrix, which consists of impact severity and probability of occurrence (risk = probability x impact). We use a 5 x 5 risk matrix: 1 indicates the lowest, 5 indicates the highest risk or opportunity. Once we assess the risks according to their scores; the risk response mechanism takes place. We create action plans according to the scores of related risks and opportunities. Measures against water-related risks are developed and/or the continuation of the existing measures taken is ensured.</p> <p>In order to reduce risks; technology, infrastructure, process flow changes can be realized (such as insurance, partnerships). Activities that cause increased water-related risks are abandoned. Once the actions are taken to reduce water-related risks, we assess the risks again and make sure that the risk level is acceptable. We conduct the similar process for water-related opportunities.</p>	<p>In order to mitigate very high and high risks, we work on water projects such as water reduction, water reuse and water recycling. To support the reduction of water related risks, we are improving our Water Management Framework, including:</p> <ul style="list-style-type: none"> - Water Position - Water Scarcity - Water Environmental Impacts - Water regulatory compliance - Water quality - The amount of water withdrawal and discharge 	<p>Our risk and opportunity analysis is done periodically according to ISO 14064 and ISO 50001 standards. When identifying risks and opportunities related to climate change, we first consider the operations, needs and expectations of all stakeholders. Main stakeholders influencing Vestel's risk assessment are suppliers, employees, customers (B2C and B2B), consumers, NGOs and public authorities such as Manisa Organized Industrial Zone.</p>	<p>In the context of managing risks centrally, Vestel has adopted the Zorlu Holding Risk Policy and Procedure and the Corporate Risk Management Framework, which are prepared within Zorlu Holding and applicable to all related companies. Vestel is a publicly listed company whose shares are traded on Borsa Istanbul. Vestel's risk management framework is in full compliance with the Turkish Commercial Code and Capital Markets Board (CMB) regulations. Recognizing that the climate crisis is the most important short, medium and longterm risk threatening humanity and its future, Vestel addresses the actual and potential risks posed by the climate crisis on human life and the business world, and the implications of these risks on its business cycle within the framework of the Task Force on Climate-related Financial Disclosures (TCFD). In this context, climate risks are addressed as transition and physical risks. https://www.fsb-tcfd.org/recommendations/</p> <p>Other detailed information on Vestel's risk management processes and financial risks is presented in the Corporate Governance / Risks and Evaluation of the Board of Directors section on page 170.</p> <p>http://www.vestelinvestorrelations.com/en/_assets/pdf/Vestel-Elektronik-Integrated-Annual-Report-2022.pdf</p>

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, only within our direct operations

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

We use a 5 x 5 risk matrix to assess the risks and opportunities. 1 indicates the lowest, 5 indicates the highest risks or opportunities. Once we assess the risks and opportunities according to their scores; the risk response mechanism takes place. We create action plans according to the scores of related risks and opportunities.

We define substantive financial or strategic impact as having a "very high" risk score of 20-25. The definitions are as below:

- Regarding Quality; Loss of customer / product return,
- Regarding Prestige/Company Reputation; Loss of international prestige, loss of trust in the brand in society, official institutions and the sector,
- Regarding Business Continuity; Having an unplanned stop for more than 1 month,
- Regarding Material Loss (Equipment Damage, Penalty, Poor Quality Cost, etc.); More than 1 million USD loss,
- Regarding Occupational Safety / Employee Health / Emergencies; Death as a result of accident or natural disaster, occupational illness / diagnosis,
- Regarding Employee Engagement / Satisfaction; General work stoppage due to dissatisfaction,
- Regarding Compliance Requirements; Closure of the company or production facility
- Regarding Environment; Regional severe impact to environment

In addition, a prioritization analysis was conducted with all stakeholders. In four-stage impact analysis, each subject is evaluated according to financial impact and risks, regulatory impacts, innovation opportunities and sectoral examples and competitive advantages. As a result of the analysis, water and wastewater are among the high priority issues.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	1	100	According to WWF Water Risk Filter & WRI Water Aqueduct, Vestel Elektronik operates in a water stress area (Manisa Organized Industrial Zone). WWF Water Risk Filter overall risk: 3.3; WRI: High (3-4)

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

Turkey	Other, please specify (Gediz)
--------	-------------------------------

Number of facilities exposed to water risk

1

% company-wide facilities this represents

100%

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

100%

Comment

According to WWF Water Risk Filter & WRI Water Aqueduct, Manisa Organized Industrial Zone is in water stress area: WWF Water Risk Filter overall risk: 3.3; WRI: High (3-4). All of Vestel Elektronik facilities are in the same location.

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Turkey	Other, please specify (Gediz River)
--------	--------------------------------------

Type of risk & Primary risk driver

Chronic physical	Water stress
------------------	--------------

Primary potential impact

Reduced revenues from lower sales/output

Company-specific description

Vestel is located in a water stress area: WWF Water Risk Filter overall risk: 3.3; WRI: High (3-4).

Therefore, Vestel assesses three topics related to water risk.

- Lack of water supply
- Process water quality
- Drinking water quality

Timeframe

More than 6 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

73936657

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

Vestel and its suppliers may face problems in accessing quality and sufficient water for their production activities as a result of water stress that may increase due to climate change.

In 2022, Vestel Elektronik's revenue is 26,986,880,000 TRY.

1-day production interruption causes 73,936,657 TRY decrease in our revenue.

Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

Description of response

Vestel focuses on minimizing water consumption, which it considers as one of the biggest risks in manufacturing processes. In order to achieve this, the Company strives to develop and expand water-efficient projects and to recycle water. Ongoing and planned water efficiency projects are listed below:

- Elimination of water leaks with improvements made in existing mechanical lines
- With the improvements made in the existing mechanical lines, water leaks were eliminated, the use of sensor faucets in WCs
- Rainwater collection projects in Central Factory
- Truck wash area use water recovery project

Cost of response

2558350

Explanation of cost of response

Total amount of water efficiency projects between 2022 and 2025.

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Evaluation in progress	<p>In 2022, we have started Vestel Supplier Monitoring and Development Program where we assess water risks in our value chain.</p> <p>ESG audits within the Vestel Supplier Monitoring and Development Program started in Q4 of 2022. After the ESG audit, "ESG audit score" will be calculated for each supplier in line with the findings determined in the audit. The calculation will be made out of 100 points, and companies that score 75 and above and have no critical non-compliance will be deemed successful in the audit. Sustainability trainings will take place in H2 of 2023.</p> <p>Following these processes, supplier sustainability scores are determined and reflected on supplier scorecards. 80% of the audited supplier companies are in the medium risk category of sustainability level, 10% are in the good category, and 10% are in the acceptable risk level category. All companies have successfully completed the program. The Company aims to carry out the same program with the rest of the suppliers in 2023.</p> <p>In 2022, Vestel Elektronik did not have any suppliers with which relations were terminated due to any social non-compliance. Activities required for improving the scope of ESG audits for all critical suppliers are followed by the Supply Chain Working Group.</p>

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Efficiency

Primary water-related opportunity

Water recovery from sewage management

Company-specific description & strategy to realize opportunity

Manisa Organized Industrial Zone (MOIZ) has a plan to build an advanced treatment plant which will treat waste water further. This plant will enable MOIZ to recycle water and send it back to companies in the Zone. We have a target of using 50% recycled water by 2030. We will be able to accomplish this target by purchasing recycled water from MOIZ. We see this as a great opportunity to reach our targets and increase our resilience as we are based in a water stress area.

Estimated timeframe for realization

4 to 6 years

Magnitude of potential financial impact

Low-medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

4891760

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

50% of water consumption estimation in 2025 is multiplied by estimated recycled water unit cost in 2025. This is the cost of the opportunity per year. Had we built our own advanced wastewater treatment plant it would cost us much more; therefore this is an opportunity for Vestel Elektronik.

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

Vestel Elektronik

Country/Area & River basin

Turkey	Other, please specify (Gediz River)
--------	-------------------------------------

Latitude

38.617717

Longitude

27.360392

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

454.42

Comparison of total withdrawals with previous reporting year

Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

58.64

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

395.78

Total water discharges at this facility (megaliters/year)

408.98

Comparison of total discharges with previous reporting year

Lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

408.98

Total water consumption at this facility (megaliters/year)

45.44

Comparison of total consumption with previous reporting year

Lower

Please explain

W5.1a

(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been third party verified?

Water withdrawals – total volumes

% verified

76-100

Verification standard used

International Standard on Assurance Engagements 3000 - "Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("ISAE 3000" Revised)

Please explain

<Not Applicable>

Water withdrawals – volume by source

% verified

76-100

Verification standard used

International Standard on Assurance Engagements 3000 - "Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("ISAE 3000" Revised)

Please explain

<Not Applicable>

Water withdrawals – quality by standard water quality parameters

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

Water discharges – total volumes

% verified

76-100

Verification standard used

International Standard on Assurance Engagements 3000 - "Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("ISAE 3000" Revised)

Please explain

<Not Applicable>

Water discharges – volume by destination

% verified

76-100

Verification standard used

International Standard on Assurance Engagements 3000 - "Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("ISAE 3000" Revised)

Please explain

<Not Applicable>

Water discharges – volume by final treatment level

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

Water discharges – quality by standard water quality parameters

% verified

Not verified

Verification standard used

<Not Applicable>

Please explain

Water consumption – total volume

% verified

76-100

Verification standard used

International Standard on Assurance Engagements 3000 - "Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("ISAE 3000" Revised)

Please explain

<Not Applicable>

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	<p>Commitment to align with international frameworks, standards, and widely-recognized water initiatives</p> <p>Commitment to prevent, minimize, and control pollution</p> <p>Commitment to reduce or phase-out hazardous substances</p> <p>Commitment to reduce water withdrawal and/or consumption volumes in direct operations</p> <p>Commitment to reduce water withdrawal and/or consumption volumes in supply chain</p> <p>Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace</p> <p>Commitment to stakeholder education and capacity building on water security</p> <p>Commitment to water stewardship and/or collective action</p> <p>Commitment to the conservation of freshwater ecosystems</p> <p>Reference to company water-related targets</p> <p>Recognition of environmental linkages, for example, due to climate change</p>	<p>Vestel Elektronik's Environmental Policy and water targets apply to all operations throughout the company. This policy is in line with ISO 14001 EMS standards. Based on this policy: We will work to reduce environmental impacts by developing energy efficient, environmentally friendly products, and for this purpose, we will ensure that product designs and technology are constantly developed and improved.</p> <p>We will reduce the consumption of natural resources, especially raw materials, energy, water and chemicals, during the design and manufacturing stages. We will ensure responsible and reasonable use of water, improve water performance, and assess water stress and risks. We will perform works to increase the environmental awareness and performance of our internal and external stakeholders, by using all our communication resources. We will provide continuous training to our employees so that they acquire the right behaviour habits regarding environmental awareness.</p> <p>Our Environmental Policy can be seen at: http://www.vestelinvestorrelations.com/en/_assets/pdf/vestel-elektronik-management-system-policy.pdf Water Stewardship progress can be seen at: http://www.vestelinvestorrelations.com/en/_assets/pdf/Vestel-Elektronik-Integrated-Annual-Report-2022.pdf</p>

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual or committee	Responsibilities for water-related issues
Chief Executive Officer (CEO)	An effective management structure is of great importance for the integration of environmental, social and governance (ESG) topics throughout the company. The CEO has the highest level of direct responsibility for water-related issues and oversees all environmental, social and governance matters. The CEO reports directly to the Board of Directors. The CEO is also the head of Vestel Sustainability Committee which manages water-related issues. The Committee meets quarterly.
Board-level committee	The Early Detection of Risk Committee was established pursuant to the Board of Directors' resolution dated 15 March 2013, in order to identify risks which could threaten the existence, development and continuity of the Company, take necessary measures against these risks and undertake risk management activities. These risks also include water-related risks. The Early Detection of Risk Committee is composed of at least two Board members. In case the Committee has only two members, both of them, and in case it has more than two members, the majority of them, must be non-executive Board members. The Committee continues its activities with regard to the early detection of threats which may have negative consequences on the development and continuity of the Company and manage the risks effectively by developing action plans against such threats. The Early Detection of Risk Committee convenes as frequently as necessitated for the efficiency of its activities and in principle at least three times a year. The Committee held six meetings in 2022 and submitted six risk reports to the Board of Directors.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Monitoring progress towards corporate targets Overseeing acquisitions, mergers, and divestitures Overseeing and guiding public policy engagement Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation/R&D priorities Setting performance objectives	Vestel's CEO reports directly to the Board of Directors and is the head of Vestel Sustainability Committee. Vestel Sustainability Committee meets quarterly. Sustainability Committee is responsible from governance mechanisms of all water-related issues as selected above.

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues	Primary reason for no board-level competence on water-related issues	Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future
Row 1	Yes	Criteria used is the employment background and degree of Vestel's CEO: Vestel's CEO obtained his bachelor's degree in mechanical engineering from Istanbul Technical University in 1976 and his MBA from Brunel University in the UK in 1979. Following his return to Turkey, he worked in managerial positions at various companies in the private sector before joining Vestel in 1988. Having assumed various managerial positions at Vestel since 1988, he served as the Chairman of Vestel Foreign Trade and as an Executive Committee Member at Vestel Elektronik until 2013. Since January 1, 2013, he has been the CEO of the Vestel Group of Companies. He served as the President of TURKTRADE (Turkish Foreign Trade Association) for two terms between 2002 and 2006. From 2010 to 2014, he sat at the board of Europe's largest ICT Confederation, DIGITALEUROPE, as the first Turkish national to hold this position. Fast Company Magazine has announced the 3rd of the Sustainability Leaders 50 list, in which Turkey's leading holdings, companies and banks as well as startups participate. Vestel's CEO ranked 16th on the list.	<Not Applicable>	<Not Applicable>

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Chief Executive Officer (CEO)

Water-related responsibilities of this position

- Assessing future trends in water demand
- Managing water-related risks and opportunities
- Monitoring progress against water-related corporate targets
- Managing public policy engagement that may impact water security
- Managing value chain engagement on water-related issues
- Integrating water-related issues into business strategy
- Managing annual budgets relating to water security
- Managing water-related acquisitions, mergers, and divestitures
- Providing water-related employee incentives

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

Vestel's CEO is the head of Vestel Sustainability Committee. Vestel Sustainability Committee meets quarterly. CEO makes the decisions regarding water-related issues based on identified and assessed risks and opportunities.

Name of the position(s) and/or committee(s)

Sustainability committee

Water-related responsibilities of this position

- Assessing future trends in water demand
- Assessing water-related risks and opportunities
- Managing water-related risks and opportunities
- Monitoring progress against water-related corporate targets
- Managing value chain engagement on water-related issues
- Integrating water-related issues into business strategy
- Managing annual budgets relating to water security

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

Duties and responsibilities of Vestel Sustainability Committee:

- To determine corporate policies and strategies related to water-related issues.
- To ensure integration of water policies and strategies with corporate business objectives.
- To evaluate non-financial risks and opportunities including water-related issues.
- To determine the KPIs and targets of critical issues related to sustainability.
- To ensure the implementation of the decisions taken for sustainability and water stewardship, to approve the necessary financial investments for these, and to monitor the performance to ensure that the targets are met.
- To determine the strategic framework of external evaluation and rating tools on sustainability and to follow up the results.
- To revise the company strategy when necessary according to global trends regarding sustainability and water-related issues.
- To encourage cooperation with NGOs, public institutions and universities on water-related issues.

Name of the position(s) and/or committee(s)

Environment/Sustainability manager

Water-related responsibilities of this position

- Assessing future trends in water demand
- Assessing water-related risks and opportunities
- Managing water-related risks and opportunities
- Conducting water-related scenario analysis
- Setting water-related corporate targets
- Monitoring progress against water-related corporate targets
- Managing value chain engagement on water-related issues

Frequency of reporting to the board on water-related issues

Not reported to board

Please explain

Sustainability Manager is a part of Vestel Sustainability Committee. With the environment manager, he conducts water-related risks and opportunities analysis, manages these risks and opportunities and assesses future trends in water demand. Sustainability Manager also manages Sustainability Working Groups. Sustainability Working Groups have been established to control and coordinate sustainability and water-related issues. Members of Sustainability Working Groups consist of experts and/or managers responsible for sustainability issues assigned by each department. These groups meet monthly. Sustainability Working Groups report to the Sustainability Committee.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Contribution of incentives to the achievement of your organization's water commitments	Please explain
Monetary reward	Please select	Please select		
Non-monetary reward	Chief Operating Officer (COO)	Company performance against a sustainability index with water-related factors (e.g., DJSI, CDP Water Security score, etc.)	Vestel Elektronik's performance in ESG issues is monitored through sustainability indices. The Company been listed in the Borsa Istanbul Sustainability Index since 2016. With an Environmental, Social and Governance (ESG) score of 75 from the Refinitiv rating agency, Vestel Elektronik ranks 12th among 118 companies in its sector on a global basis. This incentive serves for better management of ESG issues throughout the value chain.	The COO is recognized within Vestel and Zorlu Holding (parent company) when water-related sustainability index scores are increased

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, trade associations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

Vestel Elektronik complies with all relevant regulations and standards and ensures compliance with periodic controls. The company works in cooperation with professional chambers, NGOs (SKD, TÜSIAD, ISO, UNEP, TOBB, UNDP etc.). It participates in organized seminars and workshops, follows new developments closely and gives opinions on draft regulations. Opinions are given based on Vestel Elektronik's water policy/water commitments.

Vestel Elektronik complies with all related regulations and standards and ensure its compliance via periodic controls. The Company works closely with Ministry of Environment Urbanization Climate Change, attends Ministries' seminars and workshops, follows new developments closely and gives its opinions on draft regulations through trade associations. The opinions are given based on Vestel Elektronik's water policy/water commitments. Vestel closely follows developments within the scope of the European Union (EU) Green Deal. Within this framework, it contributes to policy development processes by taking part in the activities of TUSIAD EU Green Deal Task Force.

Vestel assumed the chairmanship of the TOBB DTM Environment Commission in 2020. Vestel actively followed the harmonization efforts of the Ministry of Environment and Urbanization of the Republic of Türkiye on the environmental legislation, especially the Recycling Participation Fee (GEKAP), and took part in the policy-making processes.

Vestel CEO is a board member of TURKTRADE.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

Vestel-Elektronik-Integrated-Annual-Report-2022.pdf

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	One of our long-term business objectives is being resilient in the areas we operate. Therefore we have a target to use 50% recycled water by 2030 in our own operations. Our operations target is to reduce water consumption per unit of product by 7% by 2030 taking 2021 as the base year.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	In order to achieve our long-term objectives, we have identified a specific pillar in our business strategy: To become a net zero company. In this regard, we are applying innovative business models and adopting the circular economy. Under this strategy, we will invest in water re-use and recycling projects.
Financial planning	Yes, water-related issues are integrated	5-10	We have allocated budgets for water-related matters to achieve our long-term objectives. For example, we are going to purchase water meters to increase the traceability of important water streams.

W7.2

(W7.2) What is the trend in your organization’s water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

367

Anticipated forward trend for CAPEX (+/- % change)

355

Water-related OPEX (+/- % change)

85

Anticipated forward trend for OPEX (+/- % change)

45

Please explain

CAPEX: Water related CAPEX has increased from 2021 to 2022 as we increased our investments. We anticipate to increase our CAPEX as we identified 4 major projects for water efficiency in the plants: rainwater collection, reducing water consumption by using environmentally friendly chemicals in the paint shop, truck washing process water recycling and decreasing water use in bathrooms.

OPEX: Our OPEX includes municipal water, groundwater and waste water expenses (bills) as well as water analysis costs. We expect a rise in supplied water unit prices going forward. Also, since our target is to use 50% recycled water by 2030; our water supply costs will increase as the unit price of the recycled water will be higher than regular water unit costs.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

	Use of scenario analysis	Comment
Row 1	Yes	

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization’s business strategy.

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Water-related	<p>Within the scope of its water risk management, Vestel carries out analyses by monitoring the WRI Aqueduct Water Risk Atlas.</p> <p>Vestel Elektronik carries out scenario analysis by WRI Aqueduct Water Risk Atlas tool. Based on this tool scenarios are defined as follows:</p> <p>The "optimistic" scenario (SSP2 RCP4.5) represents a world with stable economic development and carbon emissions peaking and declining by 2040, with emissions constrained to stabilize at ~650 ppm CO2 and temperatures to 1.1–2.6°C by 2100.</p> <p>The "business as usual" scenario (SSP2 RCP8.5) represents a world with stable economic development and steadily rising global carbon emissions, with CO2 concentrations reaching ~1370 ppm by 2100 and global mean temperatures increasing by 2.6–4.8°C relative to 1986–2005 levels.</p> <p>The "pessimistic" scenario (SSP3 RCP8.5) represents a fragmented world with uneven economic development, higher population growth, lower GDP growth, and a lower rate of urbanization, all of which potentially affect water usage; and steadily rising global carbon emissions, with CO2 concentrations reaching ~1370 ppm by 2100 and global mean temperatures increasing by 2.6–4.8°C relative to 1986–2005 levels.</p>	<p>Vestel Elektronik's plant is located in Vestel City (Vestel Organized Industrial Zone). According to WRI Aqueduct Water Risk Atlas, all facilities of Vestel Elektronik will be in high water stress area in 2030 and 2040 for optimistic, business as usual and pessimistic scenarios.</p>	<p>Vestel Elektronik supplies the water it uses in its production processes from the Manisa Organized Industrial Zone's tap water supply and well water. Aware of the pressure on water resources, Vestel aims to implement water recovery models and focuses on minimizing water consumption, which is considered one of the biggest risks in production processes. Company strives to develop and expand water efficient projects and to recycle water. Vestel also carries out projects to utilize recycled water. Vestel is working to purchase recycled water from the advanced water treatment plant in the Manisa Organized Industrial Zone.</p>

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Definition used to classify low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	No, but we plan to address this within the next two years	<Not Applicable>	Other, please specify (Unavailable categorization.)	Water is not a direct raw material in our products. For this reason, categorization is not currently available.

W8. Targets

W8.1

(W8.1) Do you have any water-related targets?

Yes

W8.1a

(W8.1a) Indicate whether you have targets relating to water pollution, water withdrawals, WASH, or other water-related categories.

	Target set in this category	Please explain
Water pollution	No, but we plan to within the next two years	Currently, we send our wastewater to the Manisa Organized Industrial Zone wastewater treatment plant. Our wastewater is treated here. A treatment fee is paid for this.
Water withdrawals	Yes	<Not Applicable>
Water, Sanitation, and Hygiene (WASH) services	No, but we plan to within the next two years	
Other	Yes	<Not Applicable>

W8.1b

(W8.1b) Provide details of your water-related targets and the progress made.

Target reference number

Target 1

Category of target

Water consumption

Target coverage

Company-wide (direct operations only)

Quantitative metric

Reduction per revenue

Year target was set

2021

Base year

2021

Base year figure

403

Target year

2030

Target year figure

271

Reporting year figure

401

% of target achieved relative to base year

1.51515151515152

Target status in reporting year

Underway

Please explain

Our target is to reduce water consumption per revenue by 33% by 2030 taking 2021 as the base year. Since our base year is 2021, we'll show our achievement in the next years.

Target reference number

Target 2

Category of target

Supplier engagement

Target coverage

Company-wide (direct operations only)

Quantitative metric

Increase in number of suppliers engaged

Year target was set

2022

Base year

2021

Base year figure

0

Target year

2030

Target year figure

147

Reporting year figure

7

% of target achieved relative to base year

4.76190476190476

Target status in reporting year

Underway

Please explain

We started Vestel Supplier Monitoring and Development Program in 2022 to engage suppliers on water stewardship. In 2022, a total of 7 suppliers completed the necessary training and were subjected to audits as part of the Vestel Supplier Monitoring and Development Program. 80% of the audited supplier companies are in the medium risk category of sustainability level, 10% are in the good category, and 10% are in the acceptable risk level category. All companies have successfully completed the program. The Company aims to carry out the same program with the rest of the suppliers in 2023. In 2022, Vestel Elektronik did not have any suppliers with which relations were terminated due to any social non-compliance. Activities required for improving the scope of ESG audits for all critical suppliers are followed by the Supply Chain Working Group.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

Yes

Vestel-Elektronik-Integrated-Annual-Report-2022.pdf

W9.1a

(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Total withdrawals : 454.42 Total discharges : 408.98 Total consumption : 45.44	ISAE 3000	Our water traceability data has been verified by a 3rd party PWC company. PWC performs an independent limited assurance engagement on the Selected Sustainability Information for the year ended December 31, 2022. PWC has performed limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 - "Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("ISAE 3000" Revised) and International Standard on Assurance Engagements 3410 - "Standard on Assurance Engagements on Greenhouse Gas Statements" ("ISAE 3410") issued by the International Auditing and Assurance Standards Board.

W10. Plastics

W10.1

(W10.1) Have you mapped where in your value chain plastics are used and/or produced?

	Plastics mapping	Value chain stage	Please explain
Row 1	Yes	Direct operations	Carrying out efforts to reduce the consumption of plastic raw materials and plastic waste generated in production processes and offices, Vestel Elektronik has made a commitment to reduce the use of plastic and reuse it by recycling under the Business World Plastics Initiative, of which it is a signatory. In this respect, it cooperates with domestic and foreign suppliers and start-ups in order to ensure the availability of recycled and alternative plastic raw materials. Vestel Elektronik has started to use bioplastic and recyclable parts in its products that are more easily biodegradable and leave no toxic residues, and aims to increase the use of bioplastic and recyclable parts in 2023. Hence, Vestel has a detailed inventory of plastic consumption in its factories. Total amount of plastic usage can also be founded in Vestel Elektronik's 2022 Integrated Report page 216. http://www.vestelinvestorrelations.com/en/_assets/pdf/Vestel-Elektronik-Integrated-Annual-Report-2022.pdf

W10.2

(W10.2) Across your value chain, have you assessed the potential environmental and human health impacts of your use and/or production of plastics?

	Impact assessment	Value chain stage	Please explain
Row 1	Yes	Direct operations Product use phase	Within the scope of corporate risk management, impact assessments of our plastic use and plastic production were made. Vestel carries out Industry 4.0 activities in production. These efforts make direct and indirect contributions to the circular economy and the elimination of waste and risks. In other words, Vestel invests in the most efficient production processes and circular economy models. - Vestel continues to work on zero waste factories. - In addition to the development of products that ensure natural resource efficiency and reduce pollution, investments are made in repair and second-hand sales models. - Vestel carries out R&D activities to use recycled and recyclable raw materials.

W10.3

(W10.3) Across your value chain, are you exposed to plastics-related risks with the potential to have a substantive financial or strategic impact on your business? If so, provide details.

	Risk exposure	Value chain stage	Type of risk	Please explain
Row 1	Yes	Direct operations Supply chain Product use phase	Regulatory	Regulations related to the taxes related to the use of plastics that have recently entered into force in the world, especially England, which is one of our largest markets, are among the most important risks in our corporate risk assessment. Together with German due diligence, these risks are addressed throughout the entire supply chain.

W10.4

(W10.4) Do you have plastics-related targets, and if so what type?

	Targets in place	Target type	Target metric	Please explain
Row 1	Yes	Plastic polymers Plastic packaging Waste management	Reduce the total weight of virgin content in plastic polymers Increase the proportion of renewable content from responsibly managed sources in plastic polymers Reduce the use of plastics additives Reduce the total weight of plastic packaging used and/or produced Eliminate problematic and unnecessary plastic packaging Reduce the total weight of virgin content in plastic packaging	<p>Carrying out efforts to reduce the consumption of plastic raw materials and plastic waste generated in production processes and offices, Vestel has made a commitment to reduce the use of plastic and reuse it by recycling under the Business World Plastics Initiative, of which it is a signatory.</p> <p>Recycling the production and engineering waste and residues generated throughout all processes under the cooperation of Production, R&D and Quality Control teams and reusing them in its products and product components, Vestel Elektronik has aimed to use a total of 1,887 tonnes of recycled plastics including 629 tonnes by the end of 2021, 629 tonnes by the end of 2022 and 629 tonnes by the end of 2023. In line with this commitment, 704 tonnes of recycled plastics were used in 2022, exceeding the target. Besides, Vestel aims to improve TV product and packaging designs without compromising on quality and durability and reduce the use of plastics by 831 tonnes by the end of 2023 when compared to the base year 2020 through the activities to be performed under the cooperation of its R&D and Production units.</p> <p>We aim to achieve the selected targets by implementing projects such as using corrugated cardboard instead of EPS, using recycled plastic, recycling engineering scraps from production lines, and canceling some single-use plastic packaging in our suitable products. processes. All these targets are monitored internally and carried out within the framework of IPG commitments.</p>

W10.5

(W10.5) Indicate whether your organization engages in the following activities.

	Activity applies	Comment
Production of plastic polymers	No	
Production of durable plastic components	Yes	Back cover, front panel, foot and various packaging materials are produced for TV products.
Production / commercialization of durable plastic goods (including mixed materials)	No	
Production / commercialization of plastic packaging	No	
Production of goods packaged in plastics	Yes	Packaging materials are produced for our TV products. In the packaging system, sustainable products are packaged with sustainable parts with the help of studies on the use of cardboard-derived materials. Styrofoam parts are replaced with recyclable cardboard-derived parts, reducing the amount of plastic waste every day.
Provision / commercialization of services or goods that use plastic packaging (e.g., retail and food services)	No	

W10.7

(W10.7) Provide the total weight of plastic durable goods/components sold and indicate the raw material content.

Row 1

Total weight of plastic durable goods/components sold during the reporting year (Metric tonnes)

14.91

Raw material content percentages available to report

% virgin fossil-based content

% virgin fossil-based content

100

% virgin renewable content

<Not Applicable>

% post-industrial recycled content

<Not Applicable>

% post-consumer recycled content

<Not Applicable>

Please explain

W10.8

(W10.8) Provide the total weight of plastic packaging sold and/or used, and indicate the raw material content.

	Total weight of plastic packaging sold / used during the reporting year (Metric tonnes)	Raw material content percentages available to report	% virgin fossil-based content	% virgin renewable content	% post-industrial recycled content	% post-consumer recycled content	Please explain
Plastic packaging sold	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Plastic packaging used	4747.4	% virgin fossil-based content		<Not Applicable>	<Not Applicable>	<Not Applicable>	Studies continue on recycled content and there will be developments in this area in the coming years. In the current situation, plastic packaging materials of Vestel Elektronik are virgin fossil-based content. However, there are number of ongoing R&D projects to increase recycled content in the packaging such as in packaging bags and shrinks.

W10.8a

(W10.8a) Indicate the circularity potential of the plastic packaging you sold and/or used.

	Percentages available to report for circularity potential	% of plastic packaging that is reusable	% of plastic packaging that is technically recyclable	% of plastic packaging that is recyclable in practice at scale	Please explain
Plastic packaging sold	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Plastic packaging used	% technically recyclable	<Not Applicable>	100	<Not Applicable>	All of our plastic packaging is recyclable

W11. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Management Systems Manager	Environment/Sustainability manager

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please indicate your consent for CDP to share contact details with the Pacific Institute to support content for its Water Action Hub website.

Yes, CDP may share our Main User contact details with the Pacific Institute

Please confirm below

I have read and accept the applicable Terms